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Southern California home sales remain weak

Sales in September drop for the third straight month, but the region's median home price rises slightly. It was the slowest sales pace for that month since 2007.

By Alejandro Lazo, Los Angeles Times

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Sales of homes in Southern California slumped for a third consecutive month in September but prices ticked up, underscoring a weak but stable real estate market headed into the traditionally slow fall and winter months.

Sales of newly built and previously owned houses, town homes and condominiums fell 2.4% from August and 16% from the same month last year, according to real estate research firm MDA DataQuick of San Diego. A total of 18,091 homes were sold last month in the region.

Prices rose slightly as sales continued to move from more affordable areas to pricier neighborhoods. The Southland's median home price was $295,500, up 2.6% from the previous month and up 7.5% from September 2009, DataQuick said Tuesday.

Real estate professionals and economists said the sales pace probably would remain sluggish for the rest of the year as buyers take longer to commit to purchases and sellers wait out the slow period.

"We are in the doldrums. Nothing much is happening," said Richard Green, director of the USC Lusk Center for Real Estate. "We are now kind of bumping along, not doing particularly well, but not doing any worse either, and that is probably where we are going to be for a while."

Glenn Kelman, chief executive of online brokerage Redfin, said the uncertainty in the marketplace after the expiration of tax credits had created a standoff between buyers and sellers.

"There are a huge number of buyers touring houses, but they have no sense of urgency whatsoever," Kelman said. "They are all convinced that property values will drop. They are probably right, and they all want a discount."

And sellers, "instead of lowering their prices," he said, "are boarding up their windows for the winter, and they are going to wait for the spring."

September's sales pace was the slowest for that month since 2007, having fallen for three straight months beginning in July, when the market's boost from federal and state tax credits evaporated, DataQuick reported.

Economists believe those tax incentives pulled sales that would have occurred in the latter part of this year into the first half, and now the housing market is feeling the fallout. Nevertheless, sales in September usually are lower than those in August, and recent sales decreases in no way compare to the freefall of late 2007 and early 2008.

Sales are up 81% from the last bottom, reached in January 2008, when only 9,983 homes sold in the six-county region.

The data released Tuesday reflect deals that closed in September, meaning that home buyers probably were signing contracts on the properties in July and August. Some real estate agents said things have improved since.

Syd Leibovitch, president of Rodeo Realty Inc. in Beverly Hills, said he was optimistic about the rest of the year.

"Things have picked up. They are much better than they were in July, which was really a slow sales month," he said. "In June and July, they were talking about a double-dip recession and consumer confidence had dropped.... In August it got a little better and September it got a little better."

The numbers didn't reflect the recent halt in foreclosures announced by several large lenders, which for the most part didn't include California. At least one major lender, Bank of America Corp., said Monday that it would resume foreclosures in 23 states, although not in California.

Foreclosures as a percentage of the Southland's resale market have dwindled steadily since hitting a peak of 56.7% of the market in February 2009. Last month, they made up 33.4% of the market.

Also Tuesday, the Commerce Department said construction of U.S. single-family homes and apartment buildings in September rose 0.3% from the prior month and 4.1% from September 2009.

"The construction industry perked up a bit in September," said Michael D. Larson, a housing and interest rate analyst for Weiss Research Inc. "Overall starts hit a six-month high, and the single-family market in particular showed relative strength."

"Still," he added, "there's [not] any evidence of a robust recovery here."

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