



UPDATE 2-Housing boom fades in South Calif. as sales fall

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By Jim Christie

SAN FRANCISCO, Jan 18 (Reuters) - Home sales across Southern California declined in December as the region's housing boom lost some steam and buyers turned cautious on luxury properties, a report said on Wednesday.

Home sales across the region fell 4.5 percent to 28,952 last month from a year earlier while the median price paid for a home in Southern California rose 13.0 percent to \$479,000. The sales results for the month reflected strong demand in the market's lower and mid-tiers but rising caution among buyers looking for high-end homes, according to the report by DataQuick Information Systems.

The firm defines the Southern California region as Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties.

"The frenzied part of this real estate cycle is behind us and what we're seeing so far is a normalizing of the market. Mid-market and entry-level homes are selling well, the move-up and prestige markets are leveling off," said Marshall Prentice, president of DataQuick, a real estate information service in La Jolla, California.

Slowing demand for high-priced homes is eroding the overall rate of appreciation for home values in California's most populous region, but at \$479,000 its median-home price matched November's record high, said DataQuick analyst John Karevoll.

The 13-percent rise in Southern California's median-home price was well below the region's peak rate of year-over-year appreciation of 26.9 percent in May 2004.

"What we're watching for here carefully are signs of a significant downturn, especially for price declines ... There are hiccups here and there but as a whole the market does not seem to be showing any signs of an impending decline," Karevoll told Reuters.

LITTLE SIZZLE IN SAN DIEGO

Analysts have been keeping a close watch on San Diego County, one of the hottest U.S. housing markets in recent years. It had the lowest median-home price increase in December from a year earlier of any Southern California county.

San Diego County's median-home price rose 5.1 percent to \$516,000 from a year earlier, compared with double-digit gains in the region's other counties, Karevoll said.

Low-cost San Bernardino County posted the fastest price appreciation: a 28.5 percent rise to a median of \$361,000. Home sales there rose 5.7 percent from a year earlier, compared with a decline of 11.3 percent for home sales in San Diego County.

"It's clearly a market mix issue," Karevoll said of the trend in home sales in Southern California. "Expensive homes are not selling as fast as inexpensive homes."

In pricey northern San Diego County home buyers are no longer snapping up high-end homes, said Jerry Kurbatoff, owner of an executive search firm in the coastal town of Carlsbad.

"They're shopping longer," Kurbatoff said, noting a home on his block has been for sale since October and recently had its priced reduced by \$200,000 to \$1.1 million.

"If you have the capital and you don't have to buy, wait it out because the terms are only going to get better for you," Kurbatoff said. "This is what sellers have to get used to."

Home prices in coastal San Diego County were long overdue for a correction, said economist **Alan Gin**.

"They took a sharper run up in prices, so it makes sense that there's a decrease there," said Gin, of the **Burnham-Moores Center for Real Estate at the University of San Diego**. "Some people have been priced out of the housing market, but others are waiting."

The waiting is keeping homes for sale in San Diego County on the market longer. The most recent data - for November - shows a home for sale there staying on the market for a median of 50.5 days, up from 39.3 days a year earlier, according to the California Association of Realtors.

(Additional reporting by Marty Graham in San Diego)