

Inland home sales fall sharply in July

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Southern California last month saw its biggest year-over-year drop in home sales in more than two years, with the severest declines in San Bernardino and Riverside counties, reflecting the end of a home buying fever stoked by federal incentives.

In addition, the sales drop in Inland Southern California reflected a shrunken inventory of bargain-priced foreclosed homes available for sale, said Andrew LePage, an analyst with MDA DataQuick of San Diego, which on Tuesday released its monthly report. Sales were driven the previous July by a much larger number of bank-owned homes that attracted first-time buyers and investors, he said.

Of the six California counties, San Bernardino last month saw the steepest year-over-year drop in sales, down 28 percent for a total of 2,556 sales, followed by Riverside County where sales declined by nearly 25 percent 3,529. Overall, the region averaged a 21 percent decline.

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HOME SALES

	# Sold Jul-09	# Sold Jul-10	Pct. Chng	\$ Median Jul-09	\$ Median Jul-10	Pct. Chng
Los Angeles	8,082	6,515	-19.4%	\$321,000	\$339,000	5.6%
Orange	3,128	2,527	-19.2%	\$420,000	\$450,000	7.1%
Riverside	4,699	3,529	-24.9%	\$185,000	\$200,000	8.1%
San Bernardino	3,549	2,556	-28.0%	\$140,000	\$155,000	10.7%
San Diego	3,809	3,070	-19.4%	\$320,000	\$338,000	5.6%
Ventura	837	749	-10.5%	\$375,000	\$370,000	-1.3%
SoCal	24,104	18,946	-21.4%	\$268,000	\$295,000	10.1%

SOURCE: MDA DATAQUICK, DOWNS.COM

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A smaller selection of foreclosed homes for sale also pushed up Inland home prices, as buyers competed for what little was available, LePage said.

Last month the median home price -- where half sold for less and half for more -- was \$200,000 in Riverside County, which was an increase of more than 8 percent from July, 2009 when it was \$185,000. The median price of homes sold last month in San Bernardino was \$155,000, up almost 11 percent from \$140,000 a year earlier.

The median home price also was nudged higher by the mix of homes that sold, LePage said. The percentage of existing home sales that were foreclosures fell to about 45 percent in Riverside County from nearly 59 percent a year earlier and to about 50 percent in San Bernardino County from about 61 percent a year earlier. An increase in sales of homes that were not foreclosures generally meant the condition of the homes being sold was better and the prices higher, he said.

Real estate analysts said while the April deadline for home sales to qualify for the federal tax credit of up to \$8,000 was probably the reason for most of the sharp drop in year-over-year sales in July, other contributing factors included a gloomy job picture that has eroded consumer confidence and tighter mortgage lending criteria.

"The number of people out of work for more than 99 weeks is higher than we have seen since [the Great Depression](#) and that puts a drag on everyone's attitude...and for good reason," said [Richard Green](#), director of the USC Lusk Center for Real Estate.

Brad Kemp, director of research for Beacon Economics, said although the economy is slowly improving and most industries have turned the corner, don't expect a strong pickup in home sales anytime soon.

"The recession may be over but don't believe the recessionary effects are over," he said. "It takes time for home buyers to have a more positive view and to have the money for a down payment."

Kemp said he will be watching to see if the July sales decline becomes extended in coming months but that he would be surprised if the downturn is protracted.

Noting that home prices and interest rates are exceptionally attractive, Kemp said "for people currently renters who are looking to get into the market, this may be a great time to buy."

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