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[The Cooling-Off Is A Plus For Some In California](#)

The [Burbank Leader](#) reports from California. “The average price for a single-family home in Burbank dropped almost 5% from August to September, and the number of residences listed on the open market in the same period increased almost 50%, according to the National Assn. of Realtors. ‘There’s a decline, no doubt about it,’ said Judy Graff, a broker in Burbank.”

“The average asking price for a single-family home in August was about \$692,000 and about \$658,000 in September, she said.”

“‘The housing boom [lasted] from 1998 to spring 2005,’ said Ken Fears, an economist with the National Assn. of Realtors. ‘The housing market has been slowing down since then and, since July 2007, home sale prices have sharply decreased.’”

“‘It used to be that if you could fog a mirror, you could get a loan,’ Graff said. ‘Now, lenders want to see a 10% down payment and excellent credit scores. If the median price of a single-family home is \$700,000, you would need to have \$70,000 sitting in the bank. How many young couples have that kind of money?’”

“The problem remains prevalent in Burbank but may not be an impediment to ownership for all, Burbank Assistant City Manager Mike Flad said. ‘Cost of housing is one of our largest obstacles,’ he said. ‘But the cooling-off is a plus for some who can enter the market with lower prices.’”

From [Business Week](#). “One of the most rapidly appreciating real estate markets during the boom, this part of Southern California has been hit hard. Foreclosures are up, and builders are dumping inventory.”

“The median home price, which had more than doubled this decade, to a peak of \$622,000 in May of last year, has settled back to a recent \$595,000, according to the California Association of Realtors.”

“Some of the strongest growth came from what locals call the North County, an area just up Interstate 5 from the city of San Diego. In Carlsbad, Realtor Jim Klinge says he has been following a three-bedroom, Mediterranean-style villa purchased in January, 2006, for \$950,000 and listed now at \$849,000.”

The [Sun Post](#). “Complaints from two developers that rising foreclosures and a large housing inventory have crippled sales led the City Council this week to postpone the fees developers owe for homebuilding reservations under the city’s growth cap.”

“Stockton attorney Mike Hakeem, lobbying on behalf of developers Raymus Homes and FCB Homes, (said) that no one else would be willing to pay for the reservations this year because the housing market was so bad.”

“‘Who is going to buy a \$600,000 house when there’s brand new houses for \$400,000 and \$450,000?’ Hakeem said.”

“Mayor Willie Weatherford drove home Hakeem’s point, warning that ‘if no houses are built because of the economy, then the city gets nothing. There is a surplus in the housing market. Do we want to add to that problem?’”

“As [foreclosures](#) rise in Manteca, the growing number of dilapidated, empty homes has attracted vagrants and teen parties to otherwise quiet neighborhoods, police say. A new law will allow the city to clean up vacant, neglected houses and penalize the banks and absentee owners who allow their properties to go to pot.”

“On Monday, Oct. 15, the City Council voted unanimously to enact a law that will impose fines of as much as \$1,000 a day on owners of abandoned homes, with a maximum penalty of \$100,000.”

“The Manteca Police Department estimated that banks now own as many as 300 homes in the city, while another 800 properties are in some stage of foreclosure.”

“Council members roundly applauded the law at their meeting, though some worried that the heftier penalties could thwart banks’ attempts get buyers back into the homes. ‘All of a sudden you’ve got a \$100,000 lien on your property,’ Councilman Steve DeBrum said. ‘What will that do to those houses that are for sale?’”

The [LA Times](#). “The state unemployment rate ticked up in September, when more than 1 million Californians were looking for work, the first time that benchmark had been breached in nearly three years.”

“The housing slump and mortgage meltdown were behind the biggest job losses in the state last month. The construction sector got rid of 5,000 jobs, bringing the number lost over the last year

to 28,600 for a 3% decline, the Employment Development Department said.”

The [Union Tribune](#). “Job growth in San Diego County lagged behind the population growth rate in September, as the decline in the real estate industry continued to weigh down the local economy, according to the California Employment Development Department.”

“With home-building plans stalled and sales continuing to falter, construction and real estate firms shed 1,000 jobs last month. ‘If it weren’t for the declines in construction and real estate, San Diego would be having a better growth rate than we did last year,’ said Alan Gin, an economist at the University of San Diego.”

“‘We’ve been saying for a while that the housing market was going to have an impact on the economy, and that’s exactly what we’re seeing now,’ said Christopher Thornberg, a former UCLA economist. ‘We’re seeing the weaknesses spread from construction and real estate into retail and transportation and, most disturbingly, a lot of temporary jobs. Temporary workers are usually the first who get hired when the economy’s doing well and the first to go when it’s doing poorly.’”

The [Modesto Bee](#). “Unemployment rates in Stanislaus, San Joaquin and Merced counties swelled above last year’s averages, the result of a shaky economy and deepening housing crisis.”

“‘It is indicative of the economy shifting,’ said Liz Baker, EDD labor market analyst for Stanislaus and San Joaquin counties.”

“The housing slowdown has taken an even larger toll on San Joaquin County. Its unemployment rate was 7.8 percent last month, up from 6.5 percent the previous year. The county saw huge declines in manufacturing, construction, professional business services and financial activities. Combined, those industries lost about 2,100 jobs.”

“‘All are definitely related to the housing crisis and mortgage credit issues,’ Baker said.”

The [Mercury News](#). “The implosion of the mortgage and housing industries has caused the East Bay’s job market to stall. The East Bay economy, which as recently as a year ago was bolstered by the startling growth of the housing industry and its satellite sectors, now is struggling to produce jobs on a consistent basis, according to a state labor report released Friday.”

“‘We are in a housing recession in Northern California,’ said Scott Anderson, a senior economist with San Francisco-based Wells Fargo Bank. ‘I see the fingerprints of the housing slowdown in a number of industries.’”

“The Employment Development Department estimated that, adjusted for seasonal changes, the East Bay in September lost 800 jobs.”

“‘The East Bay is being hit very hard by the residential real estate downturn,’ said Jon Haveman, an economist and partner with Beacon Economic. ‘It has been hit hard for the last several months.’”

“Why the decline? The weakness in four key sectors tied directly to housing, residential construction, specialty trades construction, real estate, and credit intermediation, which consists largely of mortgage agents and loan officers, tells much of the tale. Over the yearlong period, those four industries shed 8,100 jobs.”

“But in 2006, the housing market produced a starkly different story. Those same four industries during the year that ended in September 2006 produced 5,500 jobs. That’s a swing of nearly 14,000 jobs from the positive to the negative column.”

“A survey of the four housing-related industries shows that California lost 33,000 of those types of jobs during the 12 months. The East Bay accounted for one-fourth of those losses. And 23 percent of all the construction jobs that were lost in California in the last year vanished in the East Bay.”

“‘Almost all of the job losses in September in California were in construction, finance and real estate,’ said said Dennis Meyers, an economist with the state Finance Department.”

“Some economists believe California and the East Bay won’t soon escape the housing nose dive.”

“‘We don’t think this will be over any time soon,’ Haveman said. ‘We expect home price declines in California to continue through 2009. Employment declines will continue into 2008. The real estate bubble has a long way to go before it completely bursts.’”

From KESQ.com. “The Coachella Valley is in a housing slump, but its underlying economy is strong due to the region’s population growth, according to a report released Wednesday.”

“According to the Coachella Valley Economic Partnership’s annual report, the median price of a new home in the area was \$419,999 in the second quarter of 2007, down from \$462,760 in the year-ago period.”

“‘Right now, existing residential prices are 20 percent too high and new home prices are 13 percent too high,’ said the report’s author, economist John Husing.”

“Volume across the valley fell 16.8 percent compared to the same month last year, according to the California Association of Realtors.”

The [Pinnacle News](#). “Foreclosure rates in San Benito County have skyrocketed from last year. With four foreclosures this week and an additional 13 letters of default sent out to homeowners. To date, there have been 213 property foreclosures this year, according to an industry newsletter.”

“Pam Gibbs lives next door to an abandoned house, the result of a foreclosure. The grass is dying and the plants are unkempt, one of the windows upstairs is broken.”

“‘The house has been abandoned for several weeks,’ Gibbs said. ‘The family that lived there left in the middle of the night. It’s not uncommon. I think the bank was going to auction it off. I talked to several of my friends who have seen the exact same thing. I don’t know what it’s going to do to our property value.’”

“Down the street at 2611 Glenview Drive there is a sign for a live auction to be held Saturday. Lender Greg Dolan of Shamrock Funding said this situation is happening all over.”

“Business for lenders like Dolan dropped close to 90 percent because the majority of borrowers took 100 percent financing on their loans, he said. Then something happens and they can’t make the payments.”

“‘Anybody and everybody could get loans two years ago,’ Dolan said. ‘People were qualifying by moving their entire extended family into a house, then something happens and they can’t make the payments.’”

“Not everyone whose homes have been foreclosed on was the victim of a multi-rate mortgage suddenly going through the roof. Many of the borrowers got themselves into trouble by taking out a second or a third mortgage and then couldn’t make the payments.”

“Chuck and Mary Stetson didn’t want their street identified, but said that four of their neighbors have had houses for sale at one time or another during the last year.”

“‘Only one of them still has his house for sale, but the price has been dropped four times,’ Mary Stetson said. ‘It’s gotten to the point where I think most of them are renting the houses because they can’t get what they’re asking for them. We used to know everyone in the neighborhood. Now we don’t know anybody.’”

“Another problem people are seeing is short sales that are devaluing surrounding properties.

According to a real estate Web site, there was a 25 percent decline in the average price of houses sold in Hollister during the past three years.”

“In 2005 the average sales price of a home in Hollister was \$638,000; in 2006, the average sales price was \$591,000 and in 2007 the average sales price is \$547,000.”

“One person’s loss is another’s gain. There are more affordable homes out there priced for first-time homebuyers.”

““This is a good time to start analyzing the market and analyzing what you’re capable of financially,’ said Karl Skow of Pacific Finance Co. in Hollister. ‘If you’re asking me if it’s turning into a buyer’s market, I say absolutely. This is the start of a true buyer’s market. We might not be there yet, it might be the spring, but it’s a start. There are first-time homebuyer starter homes out there.’”

“That’s not to say that there is a home for every person, but people who want to legitimately own their own home and know the true value of their money can make it happen. They just need to inquire,’ Skow said.”

““Everybody that bought two to three years ago and paid too much is now calling back to re-finance their loans,’ Dolan said. ‘But they have no equity because their homes have depreciated \$80,000, \$90,000, even \$100,000. Many people are just walking away. On the upside, it’s a great rental market.’”

Posted By: Ben Jones @ 11:59 am [Comments \(168\)](#)