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[A Very Realistic Expectation For California](#)

The [San Francisco Chronicle](#) reports from California. “More than \$23.6 billion in California housing wealth will evaporate if real estate prices continue to decline and foreclosures on subprime home loans soar, according to a new congressional report. But some economists, including Jon Haveman, a former senior economist with the president’s Council of Economic Advisers, believes the committee’s findings are too optimistic.”

“‘Things are getting exponentially worse,’ said Haveman, a principal at Beacon Economics in San Rafael. Home prices ‘have only now started to drop. They have a ways to go.’”

“Many economists predict the housing market correction will last several years.”

“‘It took Southern California 10 years to recover (from the last housing downturn), and it took the Bay Area six or seven years,’ said Cynthia Kroll, senior regional economist at the Fisher Center for Real Estate and Urban Economics at UC Berkeley. ‘That’s a very realistic expectation.’”

The [Mercury News](#). “Pinole has a \$700,000 house for sale. Bids start at just over half-price. ‘The quaint community of Pinole just 20 miles northeast of San Francisco is about to play host to a once-in-a-lifetime opportunity for homebuyers!’ reads a recent news release from Beverly Hills-based auctioneer Kennedy Wilson.”

“On Nov. 3, the company will auction off the last seven unsold new houses at Serita, a 21-house, soon-to-be-gated subdivision just south of San Pablo Avenue at Pinole Shores Drive. Minimum bids range from \$385,000 to \$435,000 for houses that once had asking prices of \$627,900 to \$728,900.”

“‘This (bursting of the) housing bubble has not been a secret in coming,’ said Charlie Long, Pinole’s interim city manager. ‘It just took a while to get here.’”

“In the case of Serita, it is ‘hard to know whether this is a beginning of (a) rush to exits or simply some folks leaving the show early to avoid congestion,’ he said. ‘Time will tell.’”

“‘This will do hell with our comparables,’ said real estate broker Sharon Brown, who is also a member of the San Pablo City Council. ‘We don’t appreciate what’s going on, but we understand it,’ she said. ‘The developers have to do something to get rid of this inventory.’”

“Serita resident Ted Diaz said he bought his house four or five months ago. He is not happy about the prospect of lower price tags on the seven remaining houses. But he and possibly other Serita residents might ask DeNova to give them rebates, he said.”

“‘I think that would be a fair thing to do,’ Diaz said.”

The [Modesto Bee](#). “Condo conversions were all the rage a couple of years ago, as seven Modesto apartment complexes decided to sell about 500 rentals as owner-occupied units. The first couple of projects sold like hotcakes.”

“Then the real estate market cooled, and sales slowed dramatically. Now after two years of trying, one of those multifamily projects is giving up on traditional sales methods. Instead, the Villas at Creekside is going to auction off its final 29 units Nov. 18, with bids starting at \$100,000 to \$130,000.”

“That’s less than half what those town houses sold for in 2005.”

“‘It costs us a lot of money to carry these units every month, and we can’t keep digging ourselves in deeper,’ said Creekside’s co-owner Pat Cannon. ‘We know it’s time to move on, and we’ll take the price we can get.’”

“So any bid over the minimum will be accepted, and no extra sales or auction commissions will be tacked on, but those who buy will have to pay \$220 per month in homeowners association dues.”

“Cannon said they must attract as many bidders as possible because if the town houses only sell for the minimum bids, then he and his partners will lose half their investment. So will Doug Hopkins and his family, who bought a Creekside town house last year.”

“‘We paid pretty much double (the minimum bid),’ Hopkins said. ‘The owners already here are going to really lose out.’”

The [Fresno Bee](#). “New homes in three central San Joaquin Valley communities are being put up for auction next month in what is becoming an increasingly common way for builders to unload bloated inventories.”

“Jonathan Homes, based in Patterson, is including 50 houses in Kerman, Madera and Riverdale in an auction set for Nov. 10 at the Fresno Convention Center.”

“‘In order to begin building new communities in the area, we must first close out some of our existing ones,’ said Tom Skraby, president and chief financial officer.”

“Skraby said an auction is the best way to sell multiple properties quickly. The houses are built but haven’t been sold in Riverdale. Bids start at \$139,000.”

“Increasingly, builders in the region are turning to auctions to peddle property. The Nov. 10 auction in Fresno comes on the heels of a similar event Oct. 13 and 14 by Anderson Homes. That builder sold 59 houses at two subdivisions in Los Banos and Manteca.”

“The builders are not holding the auctions because they were financially pressed. Rather, the sales are marketing tools.”

“‘Most of them are close-outs. They are toward the tail end of that development,’ said Michael Schack, of Real Estate Disposition Corp., which is selling the houses of Jonathan Homes.”

“This is the second auction in Fresno since July, when 16 bank-owned houses were sold in 45 minutes of feverish bidding at Four Points by Sheraton.”

“Nhung Nguyen bought two houses at the July auction, closing both escrows a few weeks ago. She bid \$132,500 for a five-bedroom, two-bath house on Third Street that was listed for sale at \$184,900, and \$155,000 for a three-bedroom, two-bath house on East Balch Avenue that was listed for \$199,900.”

“‘At that time, it wasn’t a bad deal,’ she said. But prices have fallen in the three months since, and the deals don’t appear as good now.” “‘I’ve seen better deals lately,’ said Nguyen, a real estate agent. ‘There are too many houses in inventory and a lot of foreclosures.’”

“Nguyen added \$3,000 to her purchase price on the Third Street house after the auction company called and said the lender, who foreclosed on the property, was balking.”

“‘The lender wanted the price to be \$145,000 and wasn’t selling it at \$132,000. I said, ‘You can keep it.’ Instead, I paid \$135,000, plus 5%,’ Nguyen said.”

“Nguyen said she continues to look for investment property because prices are so low, and can find deals without going to an auction. She just paid \$225,000 for a house the seller originally bought for \$90,000 in 1990. He listed it for sale for eight months at \$345,000, couldn’t find a buyer and finally sold it to Nguyen.”

“‘If you really want to invest, this is the best time,’ she said.”

The [Orange County Register](#). “Early October home-selling stats from DataQuick show...sales activity was down 41% vs. a year ago for the 22 business days ended Oct. 12. If that holds, it’ll mean that O.C.’s losing streak will hit 25 straight months where the buying pace failed to meet last year’s activity levels.”

“Pricing was also weak. The overall median selling price, down 8.8% in a year, held at the 31-month low (\$570,000) hit last month.”

From [KGET.com](#). “There’s a new problem with real estate foreclosures as some residents have resorted to stripping everything from appliances to door-knobs from foreclosed homes before the houses go back to the bank.”

“17 News has uncovered two cases where the homes that have belonged to former members of the Crisp and Cole Real Estate team. The first home was owned by Jeriel Salinas, a current agent with Crisp Realty.”

“‘When we came in, we noticed that the appliances were missing,’ said real estate agent Susan Ferguson, who said, after walking into a Seven Oaks home, ‘Oops, there’s no stove. Oh wait a minute, there’s no dishwasher. No hang on a minute, there’s a microwave missing.’”

“Salinas stopped making payments on the home, so the lender took it back. Workers at another home said what occurred at the Seven Oaks home is a drop in the bucket, saying door handles have been taken before.”

“‘My boss just spent \$1,300 replacing the door handles,’ said construction worker Robert Velez.”

“Velez walked 17 News through a million-dollar home formerly owned by Crisp and Cole Real Estate broker Jayson Costa. Velez said business is good.”

“‘We’ve done a lot of foreclosures, and yeah, a lot lot of houses,’ he said.”

Posted By: Ben Jones @ 12:12 pm