

Home Sales Rise in April as Prices Continue Slide

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The number of home sales in Los Angeles County continued to rise in April, with prices beginning to show signs of stability after a yearlong rollercoaster plunge.

About 18 percent more homes and 19 percent more condominiums were sold than in the previous month, according to data supplied by HomeData Corp. based in Hicksville, N.Y. (The Business Journal adjusts the percentage change in sales volume to reflect differences in the number of monthly selling days as compiled by HomeData.) Year to year, single-family home sales increased by 44 percent and condominium sales were up 104 percent.

At the same time, the figures show, the median price of a single-family home dropped to \$303,000 – only slightly less than a month before – while the median condominium price held steady at \$297,000. Those prices, however, were dramatically lower than a year ago, when they were \$456,000 for homes and \$400,000 for condos.

“What’s happening is that the numbers are getting back in line with income,” said Christopher Thornberg, principle analyst and founder of Beacon Economics, an L.A. consulting firm specializing in real estate. “Prices a couple of years ago were just ridiculous; so high, relative to incomes, that they didn’t make any sense at all. With prices getting back to sensible levels, lo and behold, people are starting to get back in the market.”

While the recent boom seems to be primarily driven by the sale of low- and midlevel properties, often in foreclosure, there is some evidence indicating that it may be becoming more widespread.

Michael Nourmand, president of Nourmand & Associates Realtors, which deals primarily with homes worth more than \$5 million in Beverly Hills, West Hollywood, Brentwood, Santa Monica and Pacific Palisades, said that just 18 such properties have closed escrow since Jan. 1. About 180 more are in escrow now.

“That’s really shocking,” Nourmand said. “I think it’s because prices are down 30 percent; if it would have sold for \$10 million at the end of September, it’s probably worth about \$7 million now. The market is definitely moving and in the last month things have started to pick up.”

Agents at all levels of the market said that they are getting multiple offers on properties, and in some cases those drive up the price.

“We had 50 offers on one home,” Vera McCance, an agent with Century 21 U.S. Realty in Covina, said of a property that was listed for \$350,000 but sold for \$385,000. “It’s crazy. Buying power is what’s getting the home.”

Andre Martinez, an agent who works for El Dorado Realty Inc. in Long Beach and does about 70 percent of his business in foreclosures, has seen the same thing.

“I’m submitting lots more offers,” he said. “I’m seeing a lot more traffic. People are looking for deals.”

Many are first-time homebuyers with enough cash to make a big down payment, Martinez noted.

It’s not certain that the prices will hold. Some agents contend that the market has hit close to bottom, with the likelihood that values will rise.

“I think they’re still softening a little but at a much slower rate,” Nourmand said. “I’m optimistic that, by the end of the year, they will start to pick up and maybe we’ll see some single-digit appreciation in 2010.”

Economists tend to be more pessimistic.

“There’s a big difference between getting close to the bottom and hitting the bottom,” Thornberg said.

With more foreclosures likely to enter the market later this year, he added, prices may go down again before they stabilize.

“There’s a panic mode out there making people want to buy right now because they think that these prices aren’t going to last,” he said. “Actually they’re going to last for a whole bunch of years.”

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