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HOUSING: Riverside sales up, but prices still languish

By ZACH FOX - Staff Writer

Southwest Riverside County's housing market is defying logic as home sales rocket but prices continue to drop.

"We still have way more supply than we do demand. We still have a lot more (foreclosures) coming on to the market," said Gene Wunderlich, a real estate agent in Wildomar. "We probably have three times as many coming on to the market as being bought, so supply is still far outstripping demand."

For the second straight month, house sales in the region during June were more than double during the same month a year before. At the same time, price depreciation from a year ago reached its steepest level yet, with the average price of a sale 38 percent below a year ago.

The median sales price of all houses fell to \$282,000, down 30 percent from \$400,000 a year ago, according to sales data from the Multi-Regional Multiple Listing Service, an online database that real estate agents use to post properties.

Some real estate agents say home prices have reached their trough. Earl Bonawitz of Murrieta thinks that home prices will not drop any further.

"We see stabilization there right now," said Bonawitz. "Anything that comes on at 100 dollars a square foot is moving."

House prices have fallen 17 straight months in Southwest Riverside County.

Bonawitz said that the average price drops are a result of more sellers approaching the magic price of \$100 per square foot of home space.

Many housing analysts agree that foreclosures are driving the market and leading home price declines.

In June, 794 houses sold in Southwest Riverside County, 129 percent above the 347 sales a year ago.

Foreclosures in the region have continued at a brisk pace, with more homeowners receiving notices of default ---- the first step in the foreclosure process ---- than total houses sold.

Still, Bonawitz and some other agents think house prices have descended so low that the region has become a seller's market for foreclosures, meaning sellers have the advantage in negotiation.

On the other side of the argument, economist Christopher Thornberg with Beacon Economics said the housing market is still far from recovering.

"Buyers have complete control of the market," he said. But banks have tightened lending guidelines.

"You talk about 15 offers on one home ---- well, 14 of them were turned down by the bank."

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