

## Home sales down 24%, price up 4%

Ongoing turmoil within the home lending industry, tighter qualifying standards for home loans and the negative psychological impact both have on prospective home buyers squeezed the single-family home resale market in the San Fernando Valley during July, the Southland Regional Association of Realtors reported on Tuesday.



Winnie Davis, SRAR President

A total of 617 single-family homes changed owners during July, down 23.7 percent from the 809 sales of a year ago and 10.6 percent lower than the June tally.

Reflecting more activity in higher price ranges, the single-family median price of \$630,000 was up 3.8 percent in July compared to a year ago. However, it was off 3.8 percent from the record-high of \$655,000 that was set this June.

"There are still plenty of loans available at decent interest rates, yet many lenders have raised their qualifying standards to a point where buyers with an only slightly flawed credit history have difficulty getting a loan," said Winnie Davis, president of the Association. "It's also taking longer to get a loan approved and processed, which is slowing down the entire process."

"The good news is that untenable, unworkable loans are off the table and traditional financing is back," Davis said. "People who have solid credit, with good FICO scores, and have 10 percent or 20 percent down can readily find a favorable loan."

Realtors also assisted in the sale last month of 276 condominiums. That total was down 12.9 percent from a year ago, but up 12.7 percent from the June total.

The median price of the 276 condos that changed owners last month was \$407,500, up 1.9 percent from a year ago and from the June 2007 figure. The condo median has been hovering around the \$400,000 market since the record high of \$415,000 was set in February 2006.

Davis and Jim Link, the Association's executive vice president, agreed that reports of problems in the relatively small so-called sub-prime sector of the home loan industry has the biggest impact on first-time home

buyers. The sub-prime market catered to buyers with a weak or flawed credit history and limited income.

"The people getting squeezed the hardest are the first-time home buyers or people with really good credit but too little income or nothing for a down payment," Link said. "Because so few lenders are offering 100 percent loans at affordable rates, this segment of the market is paralyzed."

Even some buyers with good credit and money for a down payment are sitting on the sidelines, hesitant to jump into the market because of the negative publicity and unfounded fears that prices may drop.

"Prices in the San Fernando Valley are not likely to tumble," Link said. "Throughout Southern California, some regions with more new home sales may be hit harder than others, but the San Fernando Valley is not one of those small pockets."

Instead, Link said, the Valley's established communities and mature, vibrant economy suggest it will weather this market



## SOUTHLAND REGIONAL ASSOCIATION OF REALTORS®

readjustment with little impact on resale prices.

"The silver lining is that buyers with a decent down payment are enjoying the best selection of homes for sale in years," Link said. "There are plenty of opportunities to buy a fantastic home at a great price with reasonable, negotiable terms."

A total of 7,195 properties were listed on the Association's Multiple Listing Service, up 12.8 percent from a year ago and 5.4 percent higher than the total reported this June. At the current pace of sales, the inventory represents an 8.6-month supply, slightly higher than the 5- to 6-month inventory that represents a balanced market. During the height of the sellers' market, the inventory frequently hovered at less than a 1-month supply. During the recession of the 1990s it was higher than a 19-month supply.

## Homes Go All Green

The first development in Southern California to go completely "green" is being developed by a prominent leader of the Southland Regional

Association of Realtors.

Realtor Jennie Stabile and her son Al are developing 41 energy-efficient, solar powered, green homes in Lancaster. It will be the first community in Southern California to participate in the California Energy Commission's new solar homes partnership.

"I hope this will start a trend among builders statewide," Stabile said. "And, some day, I hope all homes are green, energy-efficient homes."

The solar electric power offers owners a chance to shave up to 50 percent off monthly electric bills. No longer are solar panels an eyesore. Instead, the solar panels are beautifully integrated into roofing tiles. Owners also will benefit from a \$2,000 federal tax credit.

The green aspects of the development include: water-efficient landscape designed for the California High Desert; weather-based irrigation controls; engineered wood products; low-VOC paints; and recycling of construction waste materials.

The homes also will have an improved building envelope with R-21 rated insulation in the walls and R-49-rated insulation in the attic, along with air ducts that are buried in the attic insulation.



The homes will have an high efficiency gas furnace and central air conditioning systems, special air filters, high-performance, triple-pane windows, fluorescent lighting, attic radiant heat barrier, and tankless water heaters. The homes will be tested to ensure that they are air tight and that the ducts distribute air efficiently.

A grand opening celebration is set for Sept. 27 featuring three open model homes that highlight the solar-powered, energy-efficient and green benefits. For more information, write via e-mail to [obelsole@geltzcomm.com](mailto:obelsole@geltzcomm.com) or call toll-free 866-433-2728.

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