

REAL ESTATE

Real Estate is Stable, but Still a Tough Market

By Erik Derr

The South Bay housing market, which for the last several months has shown slow but consistent growth, continued with smaller inventories and relatively steady prices through October, according to the South Bay Association of Realtors. "Despite ongoing reduced prices in some submarkets," the housing market appears relatively stable, said Sheri Fejeran, president of the association. "Inventories are way down compared to last year, and properties for sale are spending less time on the market."

Equally important, she said, "Condominiums under contract are up significantly, suggesting a recent increase in sales activity."

The average price of a single-family home sold in the South Bay --- including the communities of Carson, El Segundo, Gardena, Harbor City, Hawthorne, Hermosa Beach, Lawndale, Lomita, Manhattan Beach, Redondo Beach, San Pedro, Torrance and Wilmington --- was \$651,868 in October 2009, nearly unchanged from the average price in October 2008. Meanwhile, the average condominium/townhouse sale price was \$513,099, down 8.3 percent from the same period last year. The single family median price in the South Bay was \$529,000 in October, a 3.7 percent rise over that of October 2008. The median price of a condominium/townhouse was \$456,000, a 3.4 percent decrease over last year.

The number of single-family homes sold in the South Bay in October 2009 was down 5.4 percent when compared to October 2008, while condominium/townhouse unit sales were down 5.9 percent. The number of properties listed for sale last month was significantly lower than the number of properties listed on the market 12 months ago, following a similar drop in inventory between September 2008 and September of this year. This last October, there were 49.9 percent fewer single family homes and 41.1 percent less condominium/townhouses on the market than there were during the same time in 2008. "From what I've seen, things in the local home market are going in the right direction," said Tony Morey, a media salesman from Los Angeles who explained he wanted to buy a house in the South Bay to live closer to his advertising territory. "I know the numbers here haven't been great, but they're better than a lot of

other markets," he said, between sips of an iced coffee drink. "Yeah, I'm definitely interested."

Just watch out, warns real estate agent Kaye Thomas, who focuses her business in the South Bay's Beach Cities area. She writes in her October real estate blog, at beachcityrealestateinfo.blogspot.com, that, yes, the area's market numbers seems to be moving in a positive direction. But her head is left spinning from the reported disparities between the South Bay and other real estate markets --- and she knows she's not alone. "On the one hand," Thomas says, "it seems that foreclosure filings in October 2009 in California are up 22 percent from September 2009 and are running 20 percent higher then in October 2008. On the other hand, our South Bay/Beach Cities real estate market has still not seen a huge number of (bank-owned properties)... the number of short sales seems to be on the rise but still not nearly as high as in other markets." She tell readers, "If you are a bit confused about what's happening...join the club."

Thomas agrees with the SBAR data that the inventory of available houses in the Beach Cities area is "significantly lower then we have seen in a long time" and while "pending home sales are up...closed sales volume continues to hold up better then expected." But, she warns, "Don't be misled."

Thomas continues that "well priced entry level homes in all the Beach Cities are selling in days often with multiple offers" and "a moderately-priced (bank-owned property) in east Manhattan Beach "just sold with an all-cash offer after less then three days on the market at a price well over the listed price. Yet, other homes that are priced above market continue to "sit with little or no interest until they are either taken off the market or the price is reduced enough to generate renewed interest. This seems to be true across the board in all price ranges and in all cities."

Thomas ends her blog entry by complaining, "Sometimes it seems that no matter what banks say in their ads they really don't want to make loans."

Many houses that enter escrow end up back on the market because of appraisal problems,

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Mortgage Corner

By Steve R. Murillo

"Is now a good time to buy a home?" I get this question all the time. It's a good question in normal times, but it's a GREAT question now. These are definitely NOT normal times. Obviously the answer depends on many things, the most important of which is your personal financial situation. Since I can't see into your wallet, let's take a peek at the macroeconomics of the question---namely, the health of the real estate market.

First, it's important to understand that the South Bay housing market is unique. It's not all doom and gloom in the South Bay like you hear about in outlying areas such as Corona, Palmdale or Temecula. Our location, climate, the reputation of our schools and the safety of our community have insulated us somewhat from the full ravages of the recession.

Second, interest rates are at all-time lows and that makes home ownership affordable for a lot of people. There are buyers out there, my friend, but because of all the media hype about the recession, they're scared out of their minds. They circle the market cautiously, and when they see an obvious deal, they pounce! Often this sort of mentality generates multiple offers. I therefore advise my sellers to price their homes BELOW market value if they are serious about selling. You have to get the attention of these cautious buyers, and the only way to do that is by creating obvious value. This selling technique takes guts, but if you can brave the uncertainty,

your property will sell quickly at market value or better.

As a would-be buyer, you might be asking yourself if we've hit the bottom of the market. The reality is that no one can ever time the bottom of any market, but I can tell you what I've been hearing and seeing. My title reps, fellow realtors, mortgage brokers and escrow officers all seem to be reporting an increase in business. It's not going great guns by any stretch, but we are seeing a healthy up-tick in the velocity of trade. Prices seem to be stabilizing, and in some cases, properties are going out for over asking price.

For example, I've been working with a buyer now for three months, and in that time we've looked at over 30 properties and been beaten out of three because he wanted to go in with a "lowball" offer. All three properties went out at slightly above asking price. Just now he's starting to realize that his "lowball" strategy needs to be reexamined. I am inclined to agree with him if we want to get into escrow within the next millennium.

Beyond a roof over your head, there are the obvious advantages of equity accumulation and tax sheltering of your income. We will look at these topics in the coming weeks.

Steve Murillo is a licensed broker who owns a boutique mortgage and real estate company in Downtown Manhattan Beach. For questions regarding real estate financing, real estate, or suggestions on a topic you'd like to see here, please send an e-mail to Steve@Istmanhattan.com. •

Open House Directory

OPEN HOUSE

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| Bill Ruane | Re/Max Beach Cities Realty 310-877-2374 |
| 2. Sun 1:00-4:00 | 4323 Crest Dr #B, MB 3 Bd. 2.5 Ba. \$1,789,000 |
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| 4. Sun 1:00-4:00 | 312 44th St #D, MB 4 Bd. 4.5 Ba. \$2,299,000 |
| Bill Ruane | Re/Max Beach Cities Realty 310-877-2374 |
| 5. Sun 1:00-4:00 | 316 44th St #E, MB 4 Bd. 4.5 Ba. \$2,299,000 |
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| 6. Sun 2:00-4:00 | 1215 Ashmill St, Carson 4 Bd. 2.5 Ba. \$575,000 |
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