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Inland housing sales show signs of life

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The Press-Enterprise

First-time home buyers and investors chasing foreclosures continued to fuel the housing market in Riverside and San Bernardino counties last month, pushing prices down and sales up despite worsening economic conditions, according to figures released Tuesday by a real estate information service.

In Riverside County, where foreclosures represented more than 70 percent of the market, there were almost 49 percent more sales last month than in November, 2007, although the median price of the homes that sold fell more than 38 percent to $220,000. In San Bernardino, where repossessed homes accounted for almost 68 percent of sales, the median price dropped to $185,250, down almost 44 percent from a year earlier, while sales increased almost 39 percent.

Throughout Southern California home sales outpaced last year for the fifth consecutive month in November, with 55 percent of buyers of resale homes choosing repossessed properties, said San Diego-based MDA DataQuick in its monthly report on the housing market.

"Bargains and bargain hunters have kept this market alive through some of the bleakest financial news in memory. There's this renewed sense that you can score a 'deal' - something that had been missing for many years," DataQuick President John Walsh said in a prepared statement.

But last month's home sales in Southern California were still the second lowest for any November in 16 years, Walsh added.

Robert Kleinhenz, deputy chief economist for the California Association of Realtors said November sales held up remarkably considering the blows to the nation's financial market that occurred in September and October, including the federal government's takeover of lenders Fannie Mae and Freddie Mac.

Sales are being buoyed by mortgage money that the federal lenders are pumping into the housing market and by low mortgage rates and dramatically more affordable home prices, Kleinhenz said. However, the lending industry's fear of risk is making it difficult for people to qualify for mortgages, he added..

Foreclosures will continue because of high-risk loans made during the housing boom, now combined with rising unemployment, Kleinhenz said. He said he expects foreclosures, which are depressing home prices, will peak in the second or third quarter of next year. "We have not seen a bottoming out of home prices," he said, predicting that the summer of 2009 is the earliest that home prices may stop falling.

Improved affordability is providing opportunity for first-time home buyers. "A lot of people were left out in the

first part of the decade," Kleinhkenz observed.

INCOME PROPERTY

Also investors are taking advantage of an attractive market for buying income properties. At today's low home prices it is easy for an investor to charge enough rent to cover the monthly mortgage, said Bruce Norris, who operates a real estate investment firm in Riverside.

However, foreclosures in the resale market are depressing sales of new homes, with home builders struggling to compete on price, said Mark Knorringa, chief executive of the Building Industry Association of Riverside County. In some cases, he said, builders are not able to sell new houses for enough to cover the cost of construction and development fees.

Home sales						
All homes	Nov-07	Nov-08	% Chng	Nov-07	Nov-08	% Chng
Los Angeles	4,468	5,037	12.7%	$499,000	$340,000	-31.9%
Orange	1,567	2,177	38.9%	$582,750	$400,000	-31.4%
Riverside	2,503	3,719	48.6%	$356,500	$220,000	-38.3%
San Bernardino	1,719	2,385	38.7%	$330,000	$185,250	-43.9%
San Diego	2,400	2,673	11.4%	$440,000	$305,000	-30.7%
Ventura	516	729	41.3%	$521,250	$355,000	-31.9%
SoCal	13,173	16,720	26.9%	$435,000	$285,000	-34.5%
Source: MDA DataQuick, DQNews.com						