

Our Neighborhood News

September 2003

"Through perseverance many people win success out of what seemed destined to be certain failure - Benjamin Disraeli

Valley Home Sales Set Record for High Resale Prices

Reprinted with permission Southland Regional Board of Realtors® - REALTOR® REPORT

Following historical patterns, local home sales increased during July even as the median price of single-family homes set a record high and inched closer to \$400,000, the Southland Regional Association of REALTORS® reported.

A total of 1,273 single-family homes closed escrow last month, up 5.0 percent from a year ago, and 5.6 percent ahead of the figure reported this June. It was the best total for the month since 1999, and the third best in 15 years.

"You'd never know it from these figures, but buyers are reacting to the stunning increases in resale prices," said Tom Carnahan, president of the Southland Regional Association of REALTORS®. "Low interest rates help buyers absorb some of the price increase, but some home sellers, especially in the upper end of the market, are too aggressive with their asking price. "Yet just when I think prices cannot possibly go higher," he said, "the median price jumps to another record high."

The median price of the 1,273 homes that changed owners last month hit \$395,000, up 21.5 percent from a year ago and 5.8 percent ahead of this June.

Homes broke median price records that had been set just the previous month.

"It seems like every month brings double digit jumps in the median price," said Jim Link, executive vice president of the 8,000 member Southland Regional Association of REALTORS®. "We're hearing reports of homes prices over \$800,000 taking longer to sell and meeting more buyer resistance, but generally the market remains strong."

Link said the July sales numbers do not reflect recent increases in interest rates on home loans which for most of the year had been hovering at or near 40-year lows. Rates that had been just above 5 percent earlier this year now are closer to 6.3 percent or lower depending on the type of loan.

"Typically, rising interest rates bring more buyers into the market as they race to secure favorable interest rates," Link said. "Personally, I don't expect rising rates to have much of an impact: Even at 6.3 percent they remain at historically low levels and no economists are predicting a sizable, dramatic increase which might impact home sales."

Rather than stop sales, the recent

increases in interest rates force some buyers, especially first-time home buyers, to adjust their price range, Carnahan said. "We're also seeing homes staying on the market a little longer until the seller gets the message that the asking price is too high," Carnahan said. "Even with this slight shift, I don't see anything that could slow down the local real estate market."

Indeed, pending escrows - a measure of future resale activity - suggested that sales will increase from current levels over the next several months. A total of 1,857 open escrows were pending at the end of July, up 2.6 percent from a year ago.

Just as it has throughout the year, the only brake on sales is the extremely limited inventory of homes listed for sale.

There were 2,340 active listings on the association's Multiple Listing Service at the end of July, down 31.9 percent from a year ago and nearly 12 percent below the figure reported this June. That figure represents less than a 1.4-month supply at the current sales pace in huge region that should have closer to a five- or six-month supply or more than 8,500 listings.



Mark Stewart, CRS
Broker-Associate
Lisa Stewart, e-PRO
Realtor-Associate

"Your Neighbor since 1969"

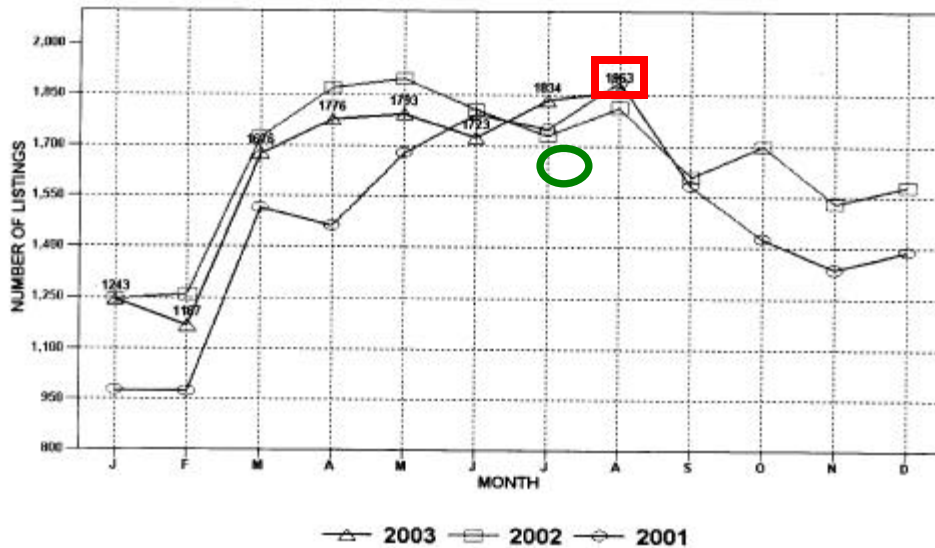
(818) 222-9595

MarkandLisa@SoldMedal.com



RESIDENTIAL ESCROWS CLOSED

SRAR SFV DIVISION AUGUST 2003

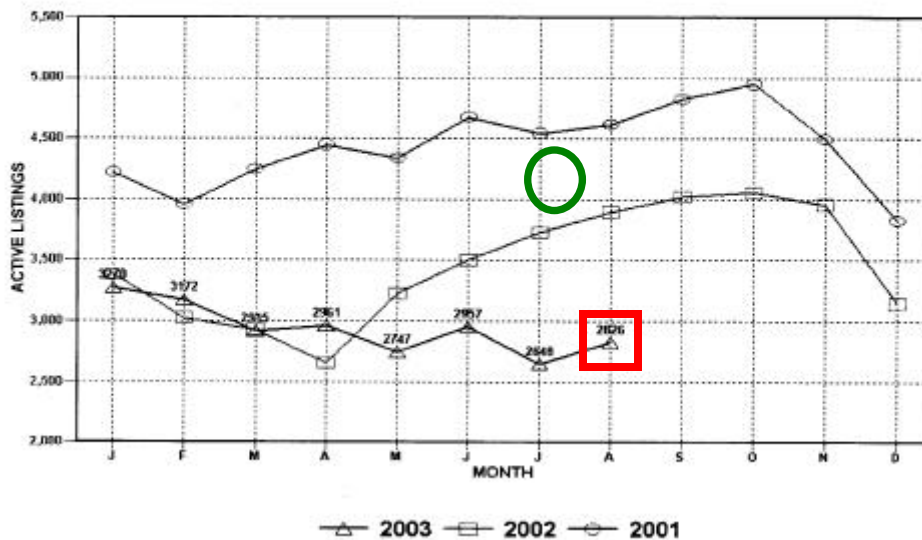


As you can see by the chart above, the number of escrows closed in the San Fernando Valley in August 2003 is **1863**.

That is a little higher than both 2002 and 2001, which appears to be about **1800**.

RESIDENTIAL INVENTORY

SRAR SFV DIVISION AUGUST 2003



Our home inventory in the San Fernando Valley at the end of August 2003 stands at **2826**.

This number is quite a bit lower than last year, but substantially less than August of 2001 when we had approximately **4700** homes on the market.