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### **HOUSING PRICES TAKE TYPICAL HOLIDAY DIP December-to-January drop is biggest since at least 1988 experts cite seasonal inactivity**

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Business

Housing prices in San Diego County took their usual fall from December to January, a time when consumers spend more time at shopping malls than at open houses.

The median price for all homes dropped to \$304,000 from \$333,000 in December, or 8.7 percent.

It was the biggest December-to-January drop recorded by DataQuick Information Systems, whose figures date to January 1988. But experts say it likely reflected the usual sluggishness of the holiday season. A year earlier, the median price dropped 7.6 percent to \$305,000.

The number of sales this year also slid month to month: 2,248 units were sold in January, down 29.6 percent from 3,191 in December. A year earlier, sales were off 36 percent to 2,322.

The data also show slight year-over-year decreases: The median price fell 0.3 percent from January 2010 and sales were down 3.2 percent.

Experts attribute this year's drop to an atypical mix of inventory that includes a relatively high number of lower-priced homes, foreclosures and short sales.

DataQuick analyst Andrew LePage said that combination likely attracted a "high concentration" of investors looking for bargains.

"That tugged (the median price) down," LePage said. "I also do think there are some areas that experienced price erosion."

Single-family resales, which made up about 60 percent of total home sales in January, also dropped off in sales and median price. Such sales fell to 1,364 in January from 1,927 in December, while the median dipped to \$350,000 from \$360,000.

"This is normal for January," LePage said. "It's a relatively low month. The \$10,000 drop in price shows who was buying, and that skewed toward lower-cost homes."

Lou **Galuppo**, residential real estate director at University of San Diego's Burnham-Moores Center for Real Estate, said prices and sales are likely slipping because people are buying more homes in the \$300,000 to \$400,000 range. More than 81 percent of sales were under \$500,000 in January. That's the highest number since May 2009, DataQuick numbers show. In December, properties priced at less than \$500,000 made up 75 percent of sales. It was 78.5 percent one year ago.

"There's nothing normal about this market," **Galuppo** said. "We're literally bouncing. The market is going up and the market is going down."

Last month, foreclosures made up about 33 percent of total resales, up from 31.2 percent in December. January was the third consecutive month that saw an increase in foreclosure resales.

Other factors that could explain January's price and volume drops:

- Almost 30 percent of transactions were made by "absentee buyers," people who likely will not occupy the homes. That's up from 23.8 percent in December and 24.2 year-over-year.
  - Almost 30 percent of transactions were cash. January's figure rose from 26.1 percent in December and 28 percent year-over-year.
  - Sales of new homes reached their lowest point since January 2009, when 119 new units were sold. San Diego County housing, December 2010-January 2011
- |                            | Jan. 2011 | Dec. 2010 | Jan. 2010 | % change |
|----------------------------|-----------|-----------|-----------|----------|
| YOY*Median prices          |           |           |           |          |
| Single-family resale       | \$350,000 | \$360,000 |           |          |
| Condo resale               | \$200,000 | \$212,500 | \$201,500 | -0.7%    |
| New homes*                 | \$398,750 | \$500,000 | \$406,000 | -1.8%    |
| San Diego County           | \$304,000 | \$333,000 | \$305,000 | -0.3%    |
| Sales Single-family resale | 1,364     | 1,927     | 1,403     | -2.8%    |
| Condo resale               | 746       | 935       | 735       | 1.5%     |
| New homes*                 | 138       | 329       | 184       | -25.0%   |
| San Diego County           | 2,248     | 3,191     | 2,322     | -3.2%    |
- \*YOY means year-over-year Source: MDA DataQuick

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