

## HOUSING: Key market index up 8th month in a row

Cheapest homes drive prices higher; Riverside still down

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San Diego County home values rose in December for the eighth straight month, driven mostly by high demand at the bottom of the market, according to seasonally adjusted data from Standard & Poor's Case-Shiller Index.

The 1.1 percent monthly increase, and the 2.7 percent increase from December 2008, extended a home price rebound that has surprised analysts with its strength. Values are still down 37.4 percent from an April 2006 peak, but they've jumped 8 percent since hitting an apparent bottom in May 2009.

"It's crazy," said Chris Thornberg, an economist with Beacon Economics in Los Angeles, who had predicted growth would be slower, and that prices would stay near a bottom for longer. "I mean, what the hell? It's weird. It's waaaaay too early."

The housing market has been searching for equilibrium after ready access to loans inflated a housing bubble that burst in 2006. Since then, home prices declined 40 to 50 percent until the apparent local rebound began in the spring.

Most analysts credit a federal tax credit and federal efforts to hold down mortgage interest rates. However, that doesn't explain why San Diego's value increase was more than double the national rate.

"It's Southern California, check the weather reports," said Robert Martinez, director of research for MarketPointe Realty Advisors, a real estate consultant. "Though also we have low inventory."

Competition for low-priced homes between investors and new homebuyers has driven a brisk pace of value growth in the lower third of the San Diego County market.

Homes priced at less than \$304,465 have increased an average of 1.9 percent each month since hitting a bottom in July. For perspective, during last decade's boom the index rose at a monthly pace of 2.4 percent on average during a stretch from July 2003 through July 2004.

Case-Shiller doesn't track data for Riverside County, but the most recent data from MDA DataQuick showed median housing prices at \$196,000 in December, down 6.2 percent from December 2008.

"It's pretty much slogging along," said Marjo Wood, a Murrieta-based real estate agent for Prudential California Realty.

Riverside homeowners are still mostly underwater, First American CoreLogic said Tuesday. Taken together, Riverside and San Bernardino counties owe \$208 billion on their homes, which are now worth \$199 billion. San Diego fared better, owing \$189 billion on homes worth a total of \$261 billion.

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