



Desert Homes Today Realty

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Experts weigh in on real estate market's future in valley...

Lou Hirsch
The Desert Sun
October 15, 2006

What's happening now with the valley real estate market, and what's ahead in the coming months? The Desert Sun asked some local real estate executives for their analysis.

Lorenzo Lombardelli,

Owner and president of valley-area Re/Max offices

By January or February, Lombardelli projects the market should stabilize, with prices holding steady and unsold inventory dropping as owners not serious about selling take their listings off the market. "There are plenty of buyers in the market," he said. "But consumers aren't sure when to pull the trigger - they're worried that if they buy now, the prices will go down even further later."

Todd Banks,

General manager, Dyson & Dyson Real estate, Indian Wells

"This is a buyers' market that we're in right now," said Banks, though sellers need to be more flexible to clinch deals. "Sellers who need to sell are pricing it right."

Some home categories are more price sensitive than others. "The million-dollar market is hotter now than it was a year ago. The \$500,000 to \$1 million homes are sort of just sitting there."

"I think 2007 should be a good year from what I'm hearing," said Banks.

Gene Darr,

Vice president of brokerage for California Lifestyle, La Quinta

Current seasonal activity is picking up, and the housing market should perk up in 2007, "particularly the second part of the year." Conditions should prove better than those of summer 2006. "It was a disastrous summer in terms of units sold," Darr said, although luxury homes priced above \$1 million continue to sell strongly.

Going forward, home shoppers in most price categories should benefit from a growing selection, provided sellers are flexible.

Rick Olds,

Owner of Zephyr Real Estate, Palm Springs and Rancho Mirage

Continued normalizing of the market will likely bring a thinning of the ranks of real estate agents. But demand for local homes should continue to rise as the population grows.

"Interest rates have recently been ticking back down and they are still historically low," Olds noted.

"It's the kind of real estate market that I've been used to for the past 20 years," he added. "If we get a situation where there's 3 to 5 percent annual appreciation, that's a very healthy, normal market."

Malcolm MacEwen,

Senior vice president for desert regional operations, Coldwell Banker Residential Real Estate

"We have started to see the traditional increase in seasonal activity in the past 30 days."

"We're seeing signs that sellers are being realistic and adjusting to the marketplace."

MacEwen said 2007 should come in on par with 2006 for unit sales, which in the big historical picture would still make it a strong year for the valley. This year will likely end with unit sales about 30 percent below those for 2005, with prices generally holding level with 2005.

Louise Hampton,

Palm Springs-based agent with Prudential California Realty and former Prudential franchise owner

"Now we're seeing the market get back to normal. We're seeing more seasonal normality."

Hampton notes prices are not tumbling down, buyers are coming back with the arrival of the peak visitor season, and they will have a better selection than two years ago. "People will be getting back to the old reasons for buying in the desert - they want to vacation here, or retire here or live here," she said. "The flippers are gone."

On the downside of the 2004 buying frenzy: "Buyers were giving up things they maybe shouldn't have given up - like home inspections - just to get a property. Now buyers can catch their breath."

Robert Saunders,

District manager with Tarbell Realtors, Rancho Mirage

Demand is continuing for local homes among baby-boom retirees and others seeking second homes, at prices still lower than in other regions of Southern California. About 20 percent of his customers are coming from areas outside the valley, such as Los Angeles, Orange and San Diego counties.

Saunders said valley infrastructure, including retail and office-based services, are growing to meet the demands of a growing local population, which bodes well for future housing demand.

"We still haven't hit what you'd call a 'normal' market," he said. "We're coming off three really good years - 2003, 2004 and 2005."

Rich LaRue,

Owner of valley-area offices of Realty Executives

There is reason for optimism because mortgage rates remain historically low, current seasonal home-shopping activity is up considerably over three months ago, and sales prices are holding steady. "I don't see a massive sell-off happening, but we've seen people coming down a little on price," LaRue said. "Sellers are getting realistic."

But some sellers still need to adjust their expectations because the market has changed from 2004. "The days of making \$50,000 more than the previous (comparable-home sale) are over."

VALLEY'S UNSOLD INVENTORY

As of Wednesday, Oct. 4, there were 7,775 unsold valley properties on the Multiple Listing Service, on the market for an average of 98 days. Here's how that breaks down:

By price range

- Under \$250,000: 1,115 properties (14.3 percent of total). Average time on market: 106 days
- \$250,000 to \$499,999: 3,983 properties (51.2 percent of total). Average time on market: 92 days
- \$500,000 to \$749,999: 1,282 properties (16.5 percent of total). Average time on market: 94 days
- \$750,000 to \$999,999: 628 properties (8 percent of total). Average time on market: 97 days
- \$1 million and higher: 767 (9.9 percent of total). Average time on market: 125 days

By housing type

- Single-family houses: 5,960 properties (76.7 percent). Average time on market: 98 days
- Condos and townhomes: 1,781 properties (22.9 percent). Average time on market: 106 days
- Other (includes timeshares, co-ops): 34 properties (less than 1 percent). Average time on market: 97 days

Sources: California Desert Association of Realtors, Multiple Listing Service

HOW HOMES HAVE FARED

Here's a comparison of sales counts and market times for resale houses and condos during two recent one-year periods in four sales-price categories. Data is from the Multiple Listing Service.

Under \$500,000

- July 1, 2004 to June 30, 2005: 5,240 properties sold, median market time 32 days
- July 1, 2005 to June 30, 2006: 4,815 properties, 53 days

\$500,000 to \$749,000

- July 1, 2004 to June 30, 2005: 1,276 properties, 44 days
- July 1, 2005 to June 30, 2006: 1,105 properties, 67 days

\$750,000 to \$999,000

- July 1, 2004 to June 30, 2005: 641 properties, 49 days
- July 1, 2005 to June 30, 2006: 570 properties, 71 days

\$1 million and over

- July 1, 2004 to June 30, 2005: 610 properties, 75 days
- July 1, 2005 to June 30, 2006: 760 properties, 75 days

Source: California Desert Association of Realtors

FIRST 8 MONTHS

2005 vs. 2006

Homes sold

- Jan. 1-Aug. 31, 2005: 8,452
- Jan. 1-Aug. 31, 2006: 6,377

Median price

- Jan. 1-Aug. 31, 2005: \$375,000
- Jan. 1-Aug. 31, 2006: \$380,000

Median time on market

- Jan. 1-Aug. 31, 2005: 42 days
- Jan. 1-Aug. 31, 2006: 68 days

Sources: California Desert Association of Realtors, Multiple Listing Service

TALE OF TWO AUGUSTS

Here's how the valley housing market fared in August compared with a year ago.

Homes sold

- August 2005: 1,329
- August 2006: 788

Median price

- August 2005: \$360,000
- August 2006: \$389,000

Annual price appreciation

- August 2005: 19.7 percent
- August 2006: 8.1 percent

Median time on market

- August 2005: 47 days
- August 2006: 76 days

Unsold inventory

- August 2005: 3,452
- August 2006: 7,261
- Current (As of Oct. 4): 7,775

Highest-price home sold

- August 2005: \$3.28 million (Palm Desert)
- August 2006: \$2.75 million (Palm Springs)

Sources: DataQuick Information Systems, California Desert Association of Realtors, Multiple Listing Service

For a List of Properties Available in Your “Area of Interest”, please visit:

<http://www.deserthomestoday.com/DHTR/DHTR-forms-hotproperties.htm>

To Find Out The Approximate Value of Your Property in the Desert, please visit:

<http://www.deserthomestoday.com/DHTR/DHTR-forms-home-cma-report.htm>



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