



Desert Homes Today Realty

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Realtor's Struggle with Snail-Slow Sales

Money is there, but consumers waiting to pull buying trigger.

Lou Hirsch
The Desert Sun
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Are Coachella Valley home buyers and sellers getting psyched out by the local housing market?

Some owners and investors - struggling to sell their properties across many price categories - blame market psychology for the current slowdown.

As an investor, Alan Waters of Palm Desert typically does several remodel/upgrade projects on homes in the valley each year.

He recently had a property for sale in Palm Springs for more than 18 months.

"Even following a substantial price reduction of more than \$200,000, bringing the price \$100-per-square-foot below the neighborhood average, the property had not sold," said Waters, whose day job as CEO of Wilson Johnson involves commercial rather than residential real estate.

"This indicates to me that price is not the driving determination with buyers in this market," Waters said of his investment experience. "Uncertainty and 'bubble talk' are the issues."

Other observers are inclined to agree that psychological factors are at play.

Lorenzo Lombardelli, owner and president of valley-area Re/Max real estate offices, contends that consumers are waiting for the market to stabilize. For their peace of mind, buyers are looking for the market to establish a set record of "comparable sales" to show that home price appreciation and supplies are holding steady - and won't be fluctuating as dramatically as they have in recent months.

"There are plenty of buyers in the market," Lombardelli 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."

Experts say nostalgia is playing a big role in the current mind-set of many sellers, who have been slow to drop prices and instead are still chasing the quick, big-dollar paydays that local sellers saw in their 2004-2005 heyday.

"Nobody wants to be the first one (on the block) to bring their price down, especially if they think there's going to be a bump-up later in the market demand," said Patrick Veling, president of Brea-based research firm Real Data Strategies.

"This market is being driven totally by psychology."

[end of story] See side bar article, below: "A Price to Pay"

A PRICE TO PAY

The tougher market is already taking a toll on some players in the real estate game. With competition among properties tightening, and fast sales no longer a sure thing, the ranks of area real estate agents are beginning to thin.

The California Desert Association of Realtors recently estimated that the number of active agents in the valley - which ballooned to more than 5,000 during the market peak - will likely drop by 15 percent to 20 percent in the coming year.

Experts say the toughening market is testing the true passion of agents for the hard work now involved in clinching deals, and many who see the business as a part-time job or hobby will likely fall by the wayside.

"The agents who stay in local real estate will be those who treat the business as a full-time profession," said Malcolm MacEwen, senior vice president of desert regional operations at Coldwell Banker Residential Real Estate.

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