

Housing market settling, experts say

For-sale inventory of homes adjusting

By **SUNITA VIJAYAN**
The Salinas Californian

After several years of home price fluctuations in south Monterey County, some experts predict the market will settle soon.

Last month, the Monterey County Association of Realtors reported the median price for a single-family home in south Monterey County at \$459,000, compared to \$534,000 in August 2005.

Sandy Haney, MCAR's chief executive officer, said home prices have dipped significantly because many new homes have been built and aren't finding buyers.

"In 2004 and 2005, south county had a real inventory problem, where there were not enough sellers and too many buyers," Haney said. "Now, however, they have the opposite problem, because there are too many sellers and not enough buyers."

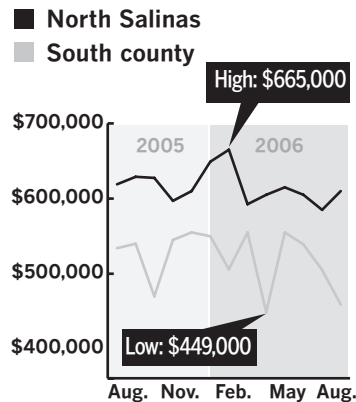
The first six months of this year show south county's median home price dropping, she said, but the statistics are not out of step with the rest of the county.

"Looking at inventory (of unsold homes), I can say that the market has adjusted this year," Haney said. "The inventory is what makes the difference."

Only 15 fewer homes have

Prices compared

Median home prices in 2005 and 2006 in north Salinas and south Monterey County:



RYAN GLENN/THE SALINAS CALIFORNIAN

sold in south county this year compared to the same time last year, she said, despite having so many more on the market.

Besides seeing more houses up for sale in the past couple of months, she said fewer people buy homes in August. Most tend to buy earlier in the year, and are too busy in the summer months preparing children for school to focus on home buying, Haney said.

Now is an excellent time to purchase a home, she said, because sellers are offering plenty of incentives to make themselves stand out from the crowd.

Factors such as gas prices and the war in Iraq can affect the housing market's momentum, she said, but expects

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— **Luis Tostado**,
Real Estate appraiser, King City

prices to continue to decline for now.

"There's all sorts of things people feel uneasy about today, and that's what buyer's confidence is (about)," Haney said. "If buyers don't feel comfortable, they will step back into the sidelines and not buy."

Legacy Real Estate agent Lucy Jensen of Soledad said she expects to see the housing market stabilize in about 18 months.

Prices won't go down much more, Jensen said.

"Prices will always go up — it's just a matter of when," she said. "Monterey County is a very desirable place to live in and it always will be."

Jensen said Soledad had 140 resale homes on the market as of Sept. 13, and the number is escalating because most buyers prefer buying a brand new home instead.

"It's going to take us a long time to reduce the inventory level to a more normal level," she said.

Jensen said she advises sellers to seek the counsel of a

professional real estate agent to set a home sale price. Buyers should earn preapproval for a mortgage from a reputable lender.

Luis Tostado, a real estate appraiser in King City, said a three- to four-bedroom house had an asking price of at least \$480,000 last year. Today, the same house can sell for about \$430,000.

"Last year was a sellers' market, meaning there were more buyers than sellers," he said. "Therefore, sellers had the choice on what price they wanted to set. But now ... buyers have more of an advantage over the sellers."

Tostado said he finds a lot of people from places such as the Silicon Valley who buy south county homes, but don't want to get involved in the communities.

"We call them 'bedroom communities,' because (commuter residents) are not investing in the community, like voting and so on," he said.

Contact Sunita Vijayan
at svijayan@thecalifornian.com.

WHO HAS THE



IN BLACK?

Photos.

