

OC home prices take a slight dip

By Mike Sheridan

The Register

O.C. Register - 4-18-90
The days of feverish home-price appreciation in Orange County officially came to an end Tuesday.

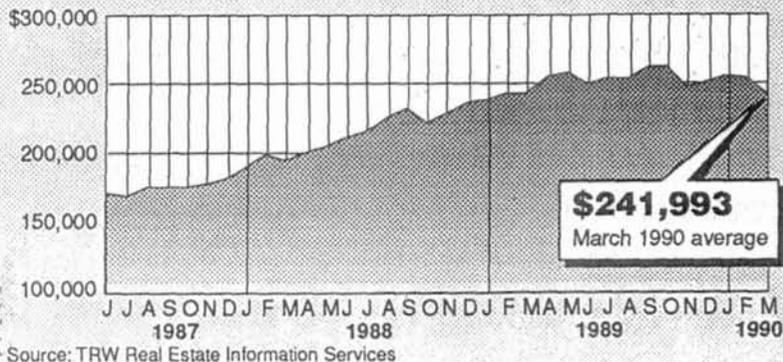
The average price of an Orange County home sold in March dipped 0.1 percent to \$241,993 from \$242,232 in March 1989, TRW Real Estate Services reported. Home sales also headed south, dropping 4.6 percent from a year earlier.

It is the first year-to-year decline TRW has recorded since it began comparing such figures in January 1989. (It began collecting Orange County data in 1987.) The California Association of Realtors, which only tracks sales of resale houses, last recorded a 12-month decline in the median price in June 1985.

The stop was not an abrupt one, however. The year-to-year increase in the average sales price has slowed fairly steadily. Please see **HOMES/18**

OC home prices

The average sales price of a home — including new, resale detached and condominium — since mid-1987.



The Register

HOMES: Experts say prices going through a flat period

FROM 1 since peaking at 27.8 percent in April 1989.

"Basically, it's what we've been saying for some time, that home-price appreciation will be flat for some time," said Phil Vincent, senior economist at First Interstate Bank in Los Angeles.

He noted that housing prices tend to rise and fall in cycles.

"There is a big run up, then it goes flat," he said. "In the early 1980s, we saw flat home prices, then prices took off. We're back on that cycle."

TRW spokesman Martin Dee agreed.

"We're seeing the end of appreciation fever. Homes are not going up in value like they were a year ago," Dee said.

A fall in the average price does not mean the value of any given home declined. Averages can be affected by changes in the number of homes sold in a certain price range. In March, for instance, sales of low-priced condominiums were heavy.

Condos accounted for 26 percent of the home sales last month, up 2 percent from a year ago. The average price of a condominium dropped 4.9 percent, to \$165,811 from \$174,437.

Still, the fall in the average price

is a blow to recent homebuyers. According to a 1988 survey of consumer attitudes by the Building Industry Research Council, 88 percent of home buyers said their primary motivation for purchasing a home was appreciation potential.

In the past two years, making money on real estate was easy. The average home price jumped 26 percent in 1988 and 19 percent last year.

"If you got in at the peak, and that's around July of last year, and expect to make 20 percent in appreciation, you're going to be sorely disappointed," First Interstate's Vincent said.

Vincent believes that a home is still a good investment: "in the long term, though — five years and out."

James Doti, professor of economics at Chapman College in Orange, said the TRW figures seemed to be in line with recent forecasts.

"It's not surprising," he said. "But I'd be cautious about saying home prices have dropped. The number is only an average."

TRW compiles its report from filings with the county recorder of sales of houses and condominiums.