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Survey: Home price plunge in S.D. fourth-worst in U.S.

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7:13 p.m. March 25, 2008

SAN DIEGO – Home prices around the county dropped a record 16.7 percent over the last year, making the region the fourth-weakest market of 20 surveyed in the monthly Standard & Poor's/Case-Schiller home price index.

Nationally, Case-Schiller reported Tuesday that all but one of the 20 metro areas experienced year-over-year declines in January, with Las Vegas and Miami tied with a negative 19.3 percent and Phoenix down 18.2 percent. Charlotte, N.C., was the only metro area to register an increase, up 1.8 percent.

Overall, prices in the 20 cities fell nearly 11 percent in January from a year earlier, the biggest drop in the index's two-decade history.

“Unfortunately, it does not look like early 2008 is marking any turnaround in the housing market, after the declining year recorded through 2007,” said David M. Blitzer, chairman of Standard & Poor's index committee, in a statement. “Home prices continue to fall, decelerate and reach record lows across the nation.”

Prices have fallen month-to-month for five straight months in all 20 cities tracked by the index. And the declines are getting steeper, with 13 of the 20 cities reporting their biggest single monthly decline in January.

In San Diego, the index is off 21.1 percent from the all-time peak set in June 2006. In the previous local downturn in the early-1990s, San Diego's monthly year-over-year declines never reached the double-digit rate, Case-Schiller's research shows.

Case-Schiller also looked at how housing values have held up in three tiers roughly representing the low, middle and high portions of each market.

In San Diego, the lowest tier – covering homes sold for less than \$420,873 – saw the biggest drop from the peak, down 28.6 percent.

The mid-priced tier, from \$420,873 to \$629,470, has dropped 23.1 percent, while the top-priced tier has fallen 14.6 percent from the peak.

Peter Dennehy, senior vice president of the San Diego-based Sullivan Group Real Estate Advisors, said the prices dropped the most in the lowest-priced housing tier because that was where first-time buyers most often used the subprime loans that are now resetting at unaffordable interest rates.

Despite the grim news, Dennehy noted that for most homeowners who bought before 2004, their homes are still worth more than they paid.

“For most people, this is just a small story,” he said.

Dennehy estimated that 50,000 homes were sold per year from 2004 to 2007, and it is those owners who may be “upside down,” as real estate insiders put it, with mortgages worth more than the homes.

“It is not an insignificant number, but not all those people are in distress,” Dennehy said. “I think the percentage of total mortgages in the county that are in some level of distress is still well under 10 percent.”

He predicted that prices will continue falling and called that a welcome sign for a market that rose so rapidly in recent years.

“Definitely, there are some real bargains out there and not just in condo conversions anymore,” Dennehy said. “Now you can buy in some neighborhoods where you can start to be able to buy detached homes in the \$300,000s and \$400,000s. We have not seen prices like that for a while. Even in some pretty nice neighborhoods, \$500,000s and \$600,000s are not unheard of price points.”

■ The Associated Press contributed to this report.

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