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Article

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North County's home values increased a little more than 10 percent in 2013 after a year in which the prices of homes sold both sputtered and soared among the region's 35 ZIP codes.

At year's end, the annual median price of detached homes sold in North County in 2013 sold stood at \$540,000, a healthy jump from \$489,500 a year ago, but not as high as the 15 percent spike in detached homes elsewhere in the county, according to the HomeDex report from the North San Diego County Association of Realtors (NSDCAR).

Prepared for the Realtor group by Dr. Robert Brown, an economics professor at California State University San Marcos, the report monitors median prices of homes countywide by ZIP codes as well as other indicators of the region's housing market.

"I would describe North County's housing market last year as one in sustained recovery," Brown has said. "The slight increases in the number of sold units, along with strong price gains, are resulting in much higher overall market activity."

However, it wasn't until June that monthly median prices of detached homes in North County began to exceed those of comparable months in 2012. From then on, there were a couple of months in which the median price gains for those months exceeded 20 percent, prompting housing market cynics to prophesy a return of the housing bubble that popped the housing market beginning in 2007.

Such spikes, however quickly came to naught when per-month gains returned to the 10 percent level beginning in August.

The ZIP codes experiencing the highest price gains were somewhat predictable; Rancho Santa Fe home prices rose 60 percent from what they were a year ago, followed by a 40 percent gain in Ramona home prices. Escondido's 92027 ZIP code, covering the eastern neighborhoods, experienced a 32 percent year-over gain.

Conversely, Cardiff and Solana Beach home prices slipped 13 and 11 percent respectively from 2012. Both these communities' statistics, as well as home sale data for Rancho

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Santa Fe, may not reliable indicators of local community conditions, taking into account the relatively low numbers of homes sold.

Few, if any, are as keen observers of the North County housing market as Brown, given his many years as the principal investigator of the HomeDex report that goes to NSDCAR members. The Cal State San Marcos economist looks at data beyond home prices in gauging the condition of the region's housing market.

After noting that North County median prices have returned pretty much to what they were in late 2007 and early 2008, Brown reported the number of homes sold each month were higher than comparable months in 2012 for the first seven months of 2013, followed by decreases in sold homes during the balance of the year.

He speculated one reason for the midyear decline in monthly sales could be the decreasing number of distressed properties now on the market. Today's numbers of foreclosures and other distressed listings are 35 percent of what they were in May 2009 and 25 percent of such properties on the market in June 2010.

But it's the availability — or lack thereof — of homes to sell that is primarily responsible for price gains, following the supply and demand axiom of old. In a region already starved for homes listed for sale, there were 3.42 percent fewer homes on the market than there were a year ago. The November inventory fell 13.42 percent just in 30 days and was the 28th consecutive month in which listings were fewer than the same month in 2012.

Days on market is another number home-sale experts consider to take the housing market's temperature. In December, the median days on market was 33 for homes sold that month, which compares favorably with 36 days for those sold in North County a year ago.

Brown attributed the recent positive news about the jobs market as well as improved budgets for national, state and local governments as factors that both encourage and empower buyers to buy.

But there are other reasons that might explain faster home sales, including the continuing availability of cheap mortgage money, the sense of urgency on the part of some who want to buy now before rates and prices increase, and an emotional pent-up demand caused by those who are just plain tired of waiting.

Statewide, the California Association of Realtors is forecasting a 6 percent increase in median home prices this year and fixed-rate, 30-year mortgages rising to 5.3 percent.

Strange as it may seem, rising prices and interest rates, though perceived as negative, may be the catalysts needed to sustain the housing recovery well into 2014.

Daniels is a North County Realtor, public relations consultant and former Escondido city councilman.

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