

---

## Cities With Lower-Cost Homes Are Humming; [HOME EDITION]

Annette Haddad. **Los Angeles Times**. Los Angeles, Calif.: Sep 25, 2004. pg. C.1

**Full Text** (567 words)

*(Copyright (c) 2004 Los Angeles Times)*

The lower end of the market is coming out on top.

The 10 hottest housing markets in California last month were in communities situated at the more affordable end of the home-price spectrum. Nine of those 10 were in Southern California, and all saw year-over-year gains in the median sales price of at least 49%, the California Assn. of Realtors said in a report Friday.

Among them is Barstow in the high desert, which surpassed the \$100,000 mark for the first time.

"The areas that are seeing the strongest increases in prices, in the vast majority of cases, are where you have lower-cost homes," said John Karevoll, an analyst at DataQuick Information Systems, which compiled the figures for the real estate agents' group.

For many buyers, these cities have become the entry point into the housing market, with homes that generally sell for \$350,000 or less. They now are experiencing the same trend that began in the so-called move-up markets beginning early last year. In Los Angeles County, the median sales price -- the point at which half the homes sell for more and half for less -- has risen by at least 20% year over year for 14 consecutive months.

"We're seeing this price appreciation in lower-price communities because demand is so deep and there just isn't enough supply," said Leslie Appleton-Young, the chief economist at the Realtors' group. "What is available is going right away."

That's what Inglewood real estate agent Linda Johnson has seen. Strong demand pushed the city's median price up 55% in August from a year earlier, to a record \$349,000.

If houses and condos are priced right, "they should be in escrow within two weeks," Johnson said. The Century 21 agent said two-bedroom condos that she helped sell a decade ago for \$80,000 are selling for about \$225,000 these days.

"And these are apartment conversions with no pool or other amenities," said Johnson, who has been an agent in the same neighborhood for the last 19 years. First-time buyers, in particular, "are jumping on these really fast."

Because housing costs in lower-priced markets are only now picking up steam, it may be a while before they begin to cool, as they have in higher-priced communities, Karevoll said.

The rest of the Southland has started to slow. In August, the median sales price rose 20.4% to a record \$407,000, but that was the smallest gain this year. Likewise, sales across the region fell nearly 10% from a year earlier.

According to data from the agents' group, it would now take 4.3 months to sell the current inventory of single-family homes for sale in California, compared with just two months a year ago.

While supplies are rising, low mortgage rates are helping to keep demand high, particularly in communities where houses are more affordable. The 30-year fixed mortgage rate in August averaged 5.87%, down from 6.26% in August 2003.

"With interest rates still so low, that makes up for higher home values," said Roman Mena, operations manager for Casa Bella Properties, an agency that sells homes in and around Compton. "Many people can still get a monthly payment they can afford."

A buyer paying Compton's August median price of \$247,000 would, with a 20% down payment and a 30-year fixed-rate loan, have a monthly payment of about \$1,150.

**[Illustration]**

Caption: GRAPHIC: Through the roof; CREDIT: Los Angeles Times

Credit: Times Staff Writer

---

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.

Subjects: Affordable housing, Real estate, Housing, Property values

Classification Codes 9190, 8360

Locations: Southern California

Article types: News

Section: *Business; Part C; Business Desk*

ISSN/ISBN: 04583035

Text Word Count 567