

New-home sales up in state but lower in Santa Cruz County

5-19-85

SACRAMENTO — Buoyed by climbing new-home sales and moderating interest rates, California builders are producing new homes at close to last year's record pace, according to the California Building Industry Association.

"Seasonally adjusted, the annual rate of production for March was 267,000 units, up 7.6% from February and up 9.6% from March 1984," said Stan Swartz, CBIA president.

The San Diego builder said that multi-family units continued to be the stronger residential sector in the first quarter in spite of recent improvement in single-family construction. The single-family rate for the first two months of this year was up nearly 25% from the average rate of the preceding nine months, according to the Construction Industry Research Board.

"For the first quarter of 1985, single-family rates are 10% behind that same period in 1984, but multi-family rates are 16% higher. Overall, we're doing 2% better so far this year than we were during the first quarter of last year," Swartz said.

Statistics for Santa Cruz County were lower for February and March. There were 50 new housing sales in the county in March. For the first three months of 1985 there were 221, down 24.6 percent from the first quarter of 1984 when there were 293 sales.

The Commerce Department recently reported that new home sales in the West took a dramatic 21% jump in March and that the supply of unsold homes at current sales rates would last only 6.4 months, the lowest figure in six months. The Federal Home Loan Bank Board has said that the average interest on new-home mortgages fell to 11.91% in March from 12.21% in February.

"If strong housing demand and moder-

ate interest rates were to continue, and the current pace of production were sustained, the forecast would call for 247,000 new homes this year," Swartz said. "But at this point, it's certainly not something we can count on. Even if we were to do that well, we'd still fall short of this state's annual need for 310,000 new units."

In a related matter, Bank of America said housing starts in California increased 4.6 percent in March to a seasonally adjusted annual rate of 231,700 units.

In its monthly "California Housing Starts" report, the bank says single-family starts rose 3 percent above the February rate to 114,200 units, while multifamily starts increased 6.3 percent to 117,500 units. Construction of buildings containing two to four units led all sectors, increasing 50 percent during the month.

Bank Economists Michael Smith-Heimer and Michael Salkin say results for the first quarter show that housing starts statewide averaged 232,000 annualized units, compared to 230,000 for the first quarter of 1984. Nationwide, housing starts declined to 1.78 million units during the first quarter 1985 from 1.94 million

units during the same period in 1984.

The number of building permits purchased for future construction in California reached a seven-year high during March, rising 6.8 percent to a seasonally adjusted level of 282,500 units. Through the first quarter of 1985, the number of permits issued have averaged 260,000 annualized units.

Based on the quantity of permits purchased, the level of new construction, and the forecast of stable interest rates, the economists expect new construction in California to exceed the current projection of 185,000 units in 1985.

The bank also said, the median California house price rose for the third straight month to \$113,900, up 1.7 percent. Price increases during the first quarter of an average 1.1 percent per month were reminiscent of gains of the last 1970s, the report states.

Although price increases of this magnitude are not expected to continue throughout the year, the economists say that due to the strong demand for housing, price increases will at least match the current level of inflation.

New housing units (Including single and multi-family housing)

Metropolitan statistical areas	MONTH-TO-MONTH COMPARISONS			YEAR-TO-DATE COMPARISONS		
	Current month: Mar. 1985	% change from: Feb. 1985	Mar. 1984	3 Mos. 1985	3 Mos. 1984	% change
Anaheim-Santa Ana	1,636	+85.3	+9.6	3,628	4,324	-16.9
Bakersfield	406	8	-60.8	977	2,074	-52.9
Chico	183	+123.2	-49.9	313	696	-55.0
Fresno	667	+45.6	-9.4	1,824	1,606	+3.6
Los Angeles-Long Beach	4,866	-1.2	+66.5	13,634	9,653	+41.2
Modesto	278	+4.1	-32.7	812	656	+23.8
Oakland	1,334	-15.1	-4.9	3,351	3,086	+8.6
Oxnard-Ventura	451	+29.6	+10.8	1,048	1,266	-17.2
Redding	104	+11.8	-30.7	284	249	+14.1
Riverside-San Bernardino	3,107	+53.1	+19.8	7,103	7,568	-6.1
Sacramento	1,205	-29.1	-22.4	3,666	3,257	+12.6
Salinas-Monterey	130	+31.3	-17.7	401	353	+13.6
San Diego	3,722	+108.0	-3.3	7,922	9,398	-15.7
San Francisco	379	+91.4	-45.8	838	1,259	-33.4
San Jose	585	-16.4	-9.4	1,996	2,153	-7.3
San Luis Obispo	214	+67.2	+35.4	599	577	+3.8
Santa Barbara	209	-24.6	+11.8	697	534	+30.5
SANTA CRUZ	50	-61.5	-63.2	221	293	-24.6
Santa Rosa	178	-49.0	-5.8	704	621	+13.4
Stockton	503	+109.6	+3.3	1,112	1,033	+7.6
Vallejo-Napa	372	+42.5	+118.8	874	564	+55.0
Visalia-Tulare	159	+9.7	+60.6	441	305	+44.6
MSA TOTALS	20,538	+22.2	+4.6	52,445	51,565	+1.7
STATE TOTALS	21,695	+25.9	+5.6	54,432	53,638	+1.5

Source: Construction Industry Research Board using data from the U.S. Department of Commerce, Bureau of the Census