

A glut of homes for sale in county

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If you're looking for a home to buy in Santa Cruz County, you've got plenty to choose from.

A leveling off after a three-year-boom in real estate sales and prices has created the largest supply of homes for sale that anybody in the local real estate industry can remember.

The leveling-off, which started about a year ago, means homes are taking longer to sell and prices are rising slowly, if at all.

Bill Meidl, president of Watsonville Federal Savings and Loan, said, "I've never seen so many homes for sale," in his more than 30 years in the busi-

ness.

There are 555 properties listed for sale in the South County area now, according to Board of Realtors figures, nearly double the 288 figure of a year ago. In the rest of the county (Aptos north to the county line), there are 2,620 listings, up from 1,580 a year ago, a 66 percent rise.

Home prices are up, but not by much. In Watsonville, the average sale price has gone up about 5 percent, from \$189,000 to \$197,000 in a year. In the rest of the county, the average price is up about 11 percent, from \$246,000 to \$273,000.

It's not just Santa Cruz County that has gone from a seller's to a

Home Sales

	Watsonville		Santa Cruz	
	Aug. '90	Aug '89	Aug. '90	Aug. '89
Active listings	555	288	2,620	1,580
Sold, year to date	247	298	1,171	1,759
Avg. list price, last six months	\$205,000	\$195,000	\$282,000	\$251,000
Avg. sale price, last six months	\$197,000	\$189,000	\$273,000	\$246,000

Source: Board of Realtors. The Watsonville board includes La Selva Beach, Corralitos, Freedom and Watsonville. The Santa Cruz board covers the rest of the county.

buyer's market — similar situations are common throughout California.

A statewide sampling by the California Association of Realtors showed the number of homes for

sale rose 62 percent in the last 12 months, said Lotus Lou of the CAR staff. The average sale price of homes has dropped 2.2 percent over the last year, Lou said.

Agents are not calling the current market a depressed one — they say it just looks bad compared to the boom times that ended a year ago.

"This is a normal business cycle," said Ralph Oliver, of Oliver Realty in Watsonville. "People in this industry have to prepare for it."

Real estate agents and lenders surveyed for this article offer several reasons for the trend: prices simply reached a point where they couldn't go higher without pricing people out the

market, and, to a lesser degree, uncertainty after the earthquake.

"The market just blew itself out," said Paul Bailey, president of the Watsonville Board of Realtors. Prices were going up so quickly (25 percent a year or more) that the pool of potential first-time home buyers got smaller.

Most single-family homes in Watsonville are selling for between \$175,000 and \$200,000; in the Santa Cruz area they're in the mid-\$200,000s.

At \$200,000, a buyer who can get a 90 percent loan still needs \$20,000 for the down payment; the monthly payments will be in

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REFERENC

WATSONVILLE REGISTER-PAJARONITE AUG. 10, 1990

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the 1,600-a-month range at 10 percent interest.

The softening of the market for first-time buyers also affects those who want to sell the first home they bought several years ago and step up to a nicer place.

Those people need to sell their old houses before they can make the step up, but they're finding it's not always easy to do so. In some cases, Bailey said, sellers are carrying part of the loan to help make the sale.

Wanda Hernandez, of Ponderosa Realty in Watsonville, said, "We're seeing price reductions constantly. You won't get the top of the market price. You're going to take the low."

In Bay and Pajaro villages, the retirement communities of more than 800 small single-family homes on the east side of Watsonville, there are 35 homes for sale.

"That's the most I've ever seen there," said Hernandez, a veteran agent who does a lot of business in the villages. "It's usually between five and 20."

Margie Minogue, of Kane-Hall-Palmtag in Watsonville, said sales have picked up in the last few weeks. "When it's priced right, a home will sell," she said.

After the Oct. 17 earthquake, home sales dropped sharply for two to three months. Agents say they aren't finding that people are leaving strictly because they fear another quake.

Hernandez said some people were thinking about moving, and the earthquake "spurred them on" to leave.

"A lot of my clients who moved (since the quake) were going to move anyway," said Kathy Choate, of Choate Realty in Watsonville, adding that some are headed for the Sacramento area. In Sacramento, home prices are still moderate compared to

this area but are appreciating at a 30 percent annual rate, according to the California Association of Realtors.

One development that was hurt by the earthquake is Green Valley Terrace, a project of 86 townhouses off Pennsylvania Drive in Watsonville.

At the time of the earthquake, the developers, O'Brien and Hicks, had taken deposits on all but two of the homes. After the quake, people started changing their plans, and the developers had to start marketing the homes all over again this spring.

Prices came down \$5,000 — they now range from \$180,900 for two bedrooms to \$199,900 for four bedrooms — and sales are "slow but steady," said sales representative Sundari Dadant, who works in the on-site sales office. Fifty-five of the 86 units have been sold, she said.

In the Brewington Avenue area, east of Freedom Boulevard, there are three new single-family housing developments — Sunrise Park, Brewington Terrace and the Highlands.

Jan Wagner and Lori Wantland, partners in Heritage Properties of Capitola, were hired to sell Brewington Terrace and Sunrise Park last month. There were 26 homes in each development, and 13 left in each when Wantland and Wagner took over.

In three weeks, they've sold seven homes. New homes are selling better than existing homes, Wagner said. "There is a certain mystique about new homes," she said.

The new homes are out of the range of many first-time buyers, but they're still \$50,000 or more cheaper than comparable housing in Santa Cruz.

Wagner said most of the buyers are either from Watsonville or the Santa Cruz area. There are a few buyers from Southern California, Wagner said, who "feel like they died and went to heaven when they see all this green" around Watsonville.