

Low prices, interest rates fuel home sales

Staff and wire reports

SANTA CRUZ — Low interest rates and falling home prices caused a sharp jump in state and local home sales in the third quarter.

Sales of existing single-family homes statewide rose 12.9 percent in the July to September period, compared with the same months a year ago, and increased 11.6 percent from the second quarter, according to the California Association of Realtors.

The figures were released Friday.

In Santa Cruz County, home sales jumped 38 percent for the three-month period compared with 1992.

October sales increased over last year with 141 houses changing hands compared with 134 a year ago. October sales pushed the year-to-date total above 1992 by a slight margin, although they remain about 4 percent behind 1991.

But more encouraging to local real estate agents is the increase in sales over the last four months. The July to September quarter was

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up 13 percent over the same period in 1991. The third quarter topped the March through June period by 13.7 percent.

Prices of houses sold in Santa Cruz County continued to slide on year-to-year and month-to-month comparisons. That is a reflection of greater activity in the lower-priced segments of the market, real estate agents said.

The statewide gain was paced by first-time buyers reacting to low interest rates and reduced home prices, said Walt McDonald, president of the real estate trade association.

“There’s no question we’ve had all the makings of a pickup in the

market the last two or three quarters, but for the consumer confidence portion of the formula,” McDonald said. “Buyers have finally convinced themselves this is a good opportunity for first-time home buyers.”

Nationally, home sales grew 15.1 percent over the comparable period last year as the median sales price rose 4.6 percent, according to the National Association of Realtors.

In California, 440,610 existing, single-family detached homes closed escrow in the third quarter on an annualized basis. The annualized figure represents the number of homes that would be sold in

Local home sales

Here are figures on sales in October of existing single family homes on less than one acre in Santa Cruz County sold through the multiple listing service. Percentage change compares with previous periods.

	October '93	October '92	change	Sept. '93	change
Number sold	141	134	5.2%	136	3.7%
Median price	\$223,500	\$233,500	-4.3%	\$240,000	-6.8%
Year-to-date	1,202	1,180	1.9%		
Active listings	1,146	1,455	-21.2%	1,184	-3.2%
New listings	200	304	-34.2%	221	-9.5%

Source: Santa Cruz Association of Realtors

1993 if sales occurred at the quarterly pace throughout the year.

The median sale price was \$189,240 in the third quarter, down 1.2 percent from \$191,590 in the second quarter and down 3.9 percent from \$196,820 in the third quarter of 1992, the California group said.

Larry Kimbell, director of the University of California, Los Angeles Business Forecasting Project, said the pickup in sales is a sign that consumer confidence is improving but other sectors of the

economy must show similar improvement.

“It’s a good early sign but it needs some confirming,” he said.

John Karevoll, financial editor for La Jolla-based Dataquick Information Systems, said sales gains generally are cyclical and that he expects the next big improvement to come in the spring.

“The question is how long will this sales surge last? We expect it to taper off toward the end of the year and pick back