



# Northern California Home Sellers Adapt to a Changing Market

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*In Sacramento, Placer and Eldorado Counties we see about ninety to one hundred net pending sales per day against an average of about two hundred and fifty to three hundred new listings. On average, there are greater than three hundred daily property price reductions, and for the last few days that number has eclipsed four hundred.*

PR9.NET July 10, 2006 - California - Why is this important? Had one religiously followed the daily real estate market activity over the course of the last two years, and fully understood what they were following, it would have been possible to anticipate a market correction. If one's belief was strong enough they could have sold the market short, at the very least they could have liquidated at the top of this market cycle.

But what does one do now if they need to sell, and they are one of the fifteen thousand strong that have listed their property for sale with a Broker? Do not despair; first understand that many of the listings that you as a seller will be competing against have been listed too high for the present market conditions. This is evidenced by the fact that on average there are greater than three hundred daily downward price adjustments as previously mentioned. Moreover, the actual market slide was so sudden that it would be hard for many to comprehend what happened and to adjust to the new real estate environment.

Further complicating the situation is that new home sales, until recently, appeared strong. Moreover, the economic forecast for existing homes sales in California and other parts of the country continues to show small to moderate gains versus the twenty to thirty percent annual gains to which we had grown accustomed. The Central Valley is the enigma, and in contrast to forecasted gains anticipated in other areas of the state, the market has sharply declined, essentially wiping out two years of gains.

Thus the reality is that whether we like it or not, the Central Valley's real estate market is faced with some real liquidity issues. Even though the decline in prices is not reflected in the published median price statistics, the decline really exists. As a result of the liquidity issues it will take some time to be a realized decline, versus today's wholesale markdown in prices, or unrealized decline.

This real estate market represents an opportunity for both buyers and sellers. There is still tremendous appreciation in the marketplace, and homeowners have done very well through this cycle. Those homeowners that purchased property this year, or last year, are just going to have to wait out the cycle, or liquidate with a loss.

The rental market is firm at the moment, so if one cannot afford to absorb the loss they may wish to consider renting their home or adding a border, rather than defaulting on their credit obligations.

Understand too that there are buyers in this market place. One may want to get creative with their transaction. If one can afford to carry a note they will open themselves up to a larger pool of buyers (of course creativity options add an element of risk into the equation).

A nice home situated in a better than average location will sell at the right price. If one prices themselves out of the market at the onset they will very likely destroy their listing. The fixer property market is still alive, but remember, prices have adjusted substantially and the new federal lending guidelines ninety day hold rule has effectively removed wholesale flippers from the marketplace.

A further positive is that the fixed income market, specifically ten year and thirty year fixed mortgages is still very good. The Fed appears to have an excellent handle on the market right now. If the Fed does not raise rates at the next FOMC meeting the market in the Central Valley could be poised for a slight rebound.

If one is defaulting on their mortgage, the absolute worst thing they can do would be to walk away from their credit obligations without exploring all of their options. Learn about short sales specific to mortgage obligations and learn about the negative tax consequences associated with foreclosure.

Ed Fitch is a financial expert, published author, and has written articles for Northern California Real Estate Publications.

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## About Fitch properties

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