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March 16, 2003

## Housing market stable, steady

By HEATHER BOERNER  
Sentinel staff writer

Aptos — When Bob Uehling started looking for a house in December, the median home price hovered around \$510,000 in Santa Cruz County.

In the three months it took him to find his place overlooking New Brighton State Beach, he didn't see much of a change. It was all too expensive.

"I couldn't find anything for less than \$400,000 in the Jewel Box," he said, referring to the Capitola neighborhood where streets are named for jewels. "I didn't see much movement at all from December until February. There wasn't much demand and not much on the market. It was something of a stalemate."

Home price numbers confirm this. New statistics from the Santa Cruz Association of Realtors show that in the three months since the end of the year, home prices went from \$510,000 to \$525,000 in February. And while a \$15,000 increase may seem a lot, real estate agents consider that kind of a change a blip.

To them, it indicates a stable, steady housing market.

"It's just an odd time," said Realtor Terry Ballantyne with Bailey Properties. "From week to week, people don't know what the market will do. Economically, people aren't sure if we are moving forward or moving back. People are a little hesitant."

There are plenty of reasons the market should start to decline. The economy is slow. There is talk of war. But there's another very good reason median home prices have been above \$500,000 for 10 months. Santa Cruz County, simply, is a desirable place to live.

Garv Gangnes, who crunches the numbers at his Real Options Realty office in Capitola, said that one of the barometers for how the market will change is the unsold inventory index. This index is smack in the middle of the scale, indicating that the market shouldn't do much in the next month or so. And that means the market and its median home price should stay the same, barring any changes to factors such as interest rates.

Interest rates fell to all-time lows again earlier this month, when the rates for 30-year, fixed-rate loans hit 5.25 percent. That's the reason the market is staying afloat, he said.

Mortgage consultant Tai Boutell of Santa Cruz Home Finance said one of the reasons the market remains steady is new loan programs that allow people to borrow more than they could otherwise. One allows people to pay only the interest on their loan for the first five years. For people seeking starter homes, that's a blessing.

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That's what Uehling did. Uehling, a tax manager for West Marine, sold a 3,000 square-foot townhouse in Charlotte, N.C., for \$320,000 to move to the area. And he wanted to buy a house for the same amount.

He rented for more than a year looking for his opportunity.

He searched and eventually switched his focus to condominiums, which he could afford. He bought an 800 square-foot condo on Park Avenue for \$324,000. Right now, the place is gutted because it had 35-year-old appliances and design that he's replacing.

That's what a lot of people are doing, Ballantyne said. With interest rates low and the market calm, she said "This is the sweet spot in the market."

"Anything under \$500,000 is selling briskly," she said. "But above that, it's calm. And condos are doing a brisk business."

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