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REAL ESTATE

CONSTRUCTION

Mortgage clarity

The Fed advanced wants to make it easier for Americans with mortgages, or shopping for them, to understand how the loans work.

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San Diego Source: www.sddt.com/realestate

The Daily Transcript

Friday, July 24, 2009 / Section B



Real Estate Briefs

By Richard Spaulding

Building in Murphy Canyon on Viewridge sold

The approximately 18,654-square-foot multi-tenant office building in eastern Kearny Mesa at 4801 Viewridge Ave., San Diego 92123, has been sold for \$3.35 million, cash.

The buyer was International Union of Operating Engineers, Local Union No. 12.

The seller of the property (assessor's parcel 369-202-13) was **Hawkins Holdings, LLC**, a California limited liability company.

The one-story building was constructed in 1983 and a 2.12-acre lot.

In July 1997, the property was sold for \$1,445,000 on financing of \$1 million.

In late 2002, the **Adcentive Group**, a promotional products company, leased 6,614 square feet for 60 months at \$475,000, triple net.

SourceCode: 20090723tra

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Housing future foggy here, but there are some bright spots

By JEN LEBRON KUHNEY
The Daily Transcript

SAN DIEGO — There is some good news for San Diego County's homebuilding industry, even if there are some potential bumps along the way, said Russ Valone, **MarketPointe Realty Advisors'** president and CEO.

Valone spoke to Building Industry Association members Wednesday to give his Mid-Year Market Update on construction and the new home market.

"We've been at the bottom for a lot longer than I think we've realized," Valone said.

The median price for resold homes in San Diego County has been up for the past three months in a row.

While there have been fluctuations over the past six months, sold home prices have been relatively steady when compared to the sharp price declines of late 2007 and 2008.

Additionally, inventory levels

are down from their peak during the last quarter of 2008, driving the supply lower than the demand.

Couple that with low building permit activity so far this year, and Valone said Southern California might end up with an inventory shortage when the recession ends, resulting in values rising once more.

"It's not going to happen tomorrow, and everything could still blow up on us, but the supply could be down significantly within the next couple of years," he said.

Indeed, inventory levels might be augmented within the next few months.

So far, 2009 has posted the highest number of notices of default in Southern California within a six-month period, according to MarketPointe's data.

While Valone said the high number of notices of default "could have severe ramifications, but we hope it doesn't."

Valone said he does not think most of the notices of default will result in foreclosures.

However, during the last spike in notice of default activity, the following quarters had most foreclosures ever recorded in Southern California



Oceanside industrial campus sold for \$17.5 million

OCEANSIDE — La Pacifica 1, a three-building, 226,220-square-foot industrial campus at 3801, 3809 and 3817 Ocean Ranch Blvd. in Oceanside 92056, has been sold for \$17.5 million.

The buyer was **DEI, LLC**, c/o Darrell Issa, P.O. Box 1388, Vista 92085. Issa is the Republican House member from the 49th District (Vista).

The seller was **RREEF America REIT III Corp. V.**, which acquired the property (assessor's parcel 160-572-18) in summer 2006 for \$21.7 million. The sale of the three buildings to RREEF was negotiated prior to the start of construction.

Brian Driscoll, Rick Reeder, Dennis Visser and Aric Starck, of Grubb & Ellis|BRE Commercial represented the seller. The buyer was represented by Rusty Williams and Larry Strickland, of **Lee & Associates**.

"These well-designed buildings, and an all-cash buyer, were compelling reasons for the success of this transaction," Driscoll said. Completed in 2006, the concrete tilt-up project features concrete loading areas, as well as a clear height of approximately 25 to 27 feet, and is approximately 80 per-

See Pacifica on 2B

Resales up for third month as housing steadies

Homebuilder stocks move up Fed moves on mortgage disclosures Resales

NEW YORK (AP) — Another augur of good news in the battered housing sector sent homebuilders' stocks higher Thursday morning.

The National Association of Realtors said sales of existing homes rose 3.6 percent in June from May to a seasonally adjusted yearly rate of 4.89 million.

That's the third month-to-month increase in sales of previously occupied homes in a row and the highest sales level since October 2008.

Prices, meanwhile, slid 15 percent in June from the year before, but were up 4 percent from May.

An \$8,000 tax credit for first-time home buyers and foreclosure auctions have propelled home sales — about one in three homes sold in May was a foreclosure or distressed sale, creating strong competition to new homes.

Pacifica

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cent leased with Grubb & Ellis/BRE representing the lessor.

Tenants include **Holsum Bakery** in late 2008 with 10,280 square feet for 63 months at \$435,460; **ColorKote CA, LLC** in mid-2008 with 12,540 square feet for 63 months at \$587,585; **Sliding Visions Inc.** in early 2008 with 66,780 square feet for 72 months at \$3 million; **SPG Solar Inc.** in late 2007 with 12,540 square feet for 36 months at \$352,437; and **Sterling Business Forms Inc.** in mid-2007 with 17,318 square feet for 60 months at \$696,703.

The 15-acre La Pacifica 1 campus is the first phase of a 30-acre industrial project by **La Pacifica 1-Ocean Ranch LLC** (headed by **Cruzan Monroe Investments LLC**). The second phase was originally planned for up to 300,000 square feet of industrial space.

Source Code: 20090723tda

Last week, however, the government said construction of new homes and apartments jumped 3.6 percent in June to the highest level in seven months.

Building permits climbed 8.7 percent.

Also on Thursday, **Fox-Pitt Kelton** analyst Robert Stevenson upgraded homebuilder **D.R. Horton Inc.** (NYSE: DHR) to "In Line" from "Underperform," saying a recent dip in the share price, improved capital levels and the company's low-priced homes make the stock more attractive.

He did caution, however, that D.R. Horton owns too much land and has a lot of exposure to the western part of the country, especially California and Nevada, two of the states worst-struck by diving home prices and foreclosures.

Other analysts have been tempering their negativity on homebuilders this summer on hopes that a modest recovery is drawing near.

A **Stifel Nicolaus** analyst upgraded D.R. Horton and luxury homebuilder **Toll Brothers Inc.** (NYSE: TOL) to "Hold" last week, saying the decline in home prices will moderate and financial companies' earnings are improving.

Earlier this month, a **Credit Suisse** (NYSE: CS) analyst upgraded **KB Home** (NYSE: KBH) to "Neutral," saying he expects a rebound in home orders to continue.

Shares of D.R. Horton rose 6 percent, while Toll Brothers was up 2.8 percent. KB Home stock gained 5.7 percent.

Elsewhere in the sector, **Pulte Homes Inc.** (NYSE: PHM) added 3.7 percent, while **Centex Corp.** (NYSE: CTX), which is being acquired by Pulte, gained 3.8 percent. **Hovnanian Enterprises Inc.** (NYSE: HOV) rose 5.6 percent.

Source Code: 20090723tdf

By JEANNINE AVERSA
The Associated Press

WASHINGTON — The Federal Reserve on Thursday advanced proposals designed to make it easier for Americans with mortgages, or shopping for them, to better understand how the loans work.

The action comes after lax lending and, in some cases, borrowers who didn't fully understand the terms of their home loans, ended up buying houses that they couldn't afford.

That contributed to the worst collapse in the housing and mortgage markets in 70 years.

"Consumers need the proper tools to determine whether a particular mortgage loan is appropriate for their circumstances," said Fed Chairman Ben Bernanke. "It is often said that a home is a family's most important asset, and it is the Federal Reserve's responsibility to see that borrowers receive the information they need to protect that asset."

Among the changes, mortgage lenders would need to explain potentially risky features, such as prepayment penalties, of a mortgage in a one-page "plain-English" question-and-answer format before a consumer applies for a loan.

Improved disclosure of the annual percentage rate, or APR, to capture most fees and settlement costs paid by the borrower also would be required.

For customers with adjustable-rate mortgages, lenders would be required to show consumers how their payment might change.

For instance, by disclosing the highest monthly amount the borrower might pay during the life of the loan.

Lenders also would have to notify customers 60 days in advance — versus the current 25 — of a change in their monthly payment.

Lenders would have to provide a monthly statement of payment options for customers with payments that don't cover the interest on the loan. That

increases the loan balance by the amount of the unpaid interest.

The monthly statement would explain the impact different payment options would have on the loan balance.

The proposal would ban certain payments to mortgage brokers and loan officers that are based on the loan's terms or conditions.

It also would prohibit steering consumers to transactions that aren't in their interest but would lead to increased compensation to the brokers and officers.

The Fed also proposed bolstering disclosures on home-equity lines of credit. Those changes include prohibiting a lender from terminating a customer account for delinquency until the payment is more than 30 days late.

Members of the public, lenders, industry groups and other interested parties have 120 days to comment on the proposals.

After that, the plans could be revised and will be subject to additional consideration by the

See Fed on 3B

Calendar

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Foundation. He will share some of the proven strategies that he used over the past 35 years in distressed commercial and residential markets to create wealth for himself as an investor and for hundreds of clients he serves as a top producing broker. **Organization:** ULI San Diego **Information:** (800) 321-5011 **www.sandiego.uli.org** **Cost:** \$20.00-\$40.00 **When:** Hours: 11:30 AM - 1:00 PM **Where:** La Jolla Executive Tower, 4225 Executive Square, Suite 495, La Jolla

FRIDAY, JUL 31 - SEMINAR

REAL ESTATE INVESTMENT SEMINAR

Learn Insider Secrets before you buy real estate. Find out how to find the deals with foreclosures, short sales, trustee sales, bank owned (reo) and for sale by owner properties. Join Greg Laturno, Attorney, real Estate Investor, Broker and retired FBA agent, Vikki Kuick, MBA in Finance, Real Estate Investor and Realtor and other real estate experts will continue. Seating is limited, please RSVP. **Organization:** Chicago Title **Information:** Gary Laturno (619) 741-9852 **gary-laturno@cox.net** **Cost:** \$10.00 **When:** Hours: 9:00 AM - 12:00 PM **Where:** Chicago Title, 2365 Northside Drive, Suite 600, San Diego, 92108



A complete listing of the Construction Calendar is available at San Diego Source — www.sddt.com/realestate. Send notices about upcoming events to robin.scott@sddt.com for a free listing.
—Compiled by Robin Scott

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reported Thursday that first-time applications for jobless benefits climbed by 30,000 to 554,000 in the week ended July 18.

The number of workers filing claims had dropped by 93,000 over the previous two weeks, reflecting changes in the timing of mid-year auto shut-downs to retool for the new-model year.

Home resales were down 0.2 percent compared with a year earlier.

The median price of an existing home fell 15 percent to \$181,800 from \$215,000 in June 2008, the NAR said.

The number of houses on the market fell 0.7 percent to 3.82 million in June, the NAR said. At the current sales pace, it would take 9.4 months to sell those homes compared with 9.8 months in May.

A seven months' supply is usually consistent with stabilization in prices, NAR chief economist Lawrence Yun said.

It may take until the end of this year or early 2010 before property values steady, he said.

Mounting foreclosures have accelerated the drop in prices.

More than 1.5 million home-

owners had their homes seized by banks or received default or auction notices in the first half of the year, a 15 percent increase from a year earlier and a record, Irvine, Calif.-based **RealtyTrac Inc.** said last week.

The share of homes sold as foreclosures or otherwise distressed properties fell to 31 percent last month, Yun said.

The percentage is "declining measurably" from the 45 percent to 50 percent level seen earlier this year, he said.

Falling property values have both helped and hurt demand.

Some Americans who owe more on their mortgages than their homes are worth can't sell their properties to trade up or to move to areas of the country where more jobs are available.

Seeking to stem the slump in sales and lower borrowing costs, Fed policy makers committed to a \$1.25 trillion program to purchase securities backed by home loans.

Those purchases, as well as direct government purchases of Treasuries, drove rates on 30-year mortgages to a record low 4.78 percent in April, according to figures from **Freddie Mac** (NYSE: FRE). Rates have since gravitated above 5 percent.

In addition, the Obama administration's stimulus plan provided an \$8,000 tax credit for first-time home buyers for purchases completed before Dec. 1.

Growing joblessness may be diluting the effectiveness of these government efforts. With unemployment at a quarter-century high of 9.5 percent and forecast to rise further, more Americans may not be willing to make big-ticket purchases.

Banks have also made it harder to obtain loans for those without good credit.

Wells Fargo & Co. (NYSE: WFC), the biggest U.S. home lender, Wednesday said bad loans jumped in the second quarter as the recession made it harder for borrowers to keep up with payments.

Source Code: 20090723tdb