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MAGAZINE: REAL ESTATE

FROM: WINTER 2008 ISSUE | BY: JOANNA POSNER

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It's Prime Time on the West Coast

DECEMBER 15, 2008

There are deals to be had, so now's the time to get into these West Coast hot spots.

By Joanna Posner

For some savvy buyers, it's during a housing downturn that opportunity is at its best. And the West Coast is no exception. From the quaint to the ultrasophisticated, these "best of" housing markets cater to investors, second-home buyers and everyone in between. It just depends on what lifestyle—and budget—you're in the market for.



Going Coastal

Malibu has long been known for its beauty and allure and—for most—its impenetrable real estate market. But, says Anthony Marguleas, president of Los Angeles-based Amalfi Estates, Malibu is actually more affordable than people think. Especially now, with more motivated sellers and more inventory on the market. "There are definitely ocean-view properties that you can pick up for a good value," says Marguleas.

On the south end of L.A.'s coastline is Marina Del Rey, where the high-rise condominiums have dropped 10% to 20% in value from their peak about a year ago. Ranging from \$700,000 to \$1.4 million, you get what you pay for, as these condos come with an ocean or marina view.

In the Bay Area sits an enclave of small coastal communities. The most well known of the pack is Half Moon Bay, and though each community boasts a distinct personality and small-town feel, they are only about 25 miles from San Francisco. Prices start at \$369,000 and go as high as \$3.35 million.

If you take a departure from California and look to the Pacific Northwest, you'll find a batch of islands that some second-home owners or retirees are flocking to and leaving their worries behind. This coastal gem is known as the San Juan Islands. Bob Christian, general manager of Century 21 North Homes Realty, points out that while many other West Coast markets are already on the upswing, the whole Northwest has been flat year over year.

So San Juan County's average price of \$836,000, compared to last year's prices that were running \$1.1 million, is pretty close to the bottom. "If buyers wait much longer, we're going to be on that up tick as well, and they're going to miss the bottom," he says.

"From an investment standpoint, the coastal communities will hold their value a lot better because there's so much demand," says Marguleas. In fact, San Diego's hottest coastal destinations have been predominantly insulated from the downturn.

"Who wouldn't want to live or retire in La Jolla or Del Mar?" asks Lori Staehling, president of the San Diego Association of Realtors. "But for those who want to take advantage of the bargains, these markets may not be an option."

Downtown Living

There was a day when buying in downtown San Diego was a pipe dream for many, but not today. "With the prices going down over the past couple of years, downtown San Diego is now affordable for a second home," says Dennis Serraglio, director of sales and marketing of Bosa Development. He believes that being able to walk to all of the amenities, from the symphony to a nice meal out, is what makes downtown so appealing.



And while the bright lights and big city offer options for both the luxury buyer and discount shopper, you can rest assured you're getting a deal regardless of your taste. Belinda Barone, regional director for Southern California Keller Williams Realty, says, "Downtown prices are down almost 79% for single-family homes."

Up in the Pacific Northwest is downtown Seattle, where many second-home buyers are snatching up condos to get a piece of Seattle's unique and eclectic flair, which, Christian says, you can't find in many cities. One such distinction is Pike Place Market, the oldest public market in the country. With condos selling in the mid-\$300,000 range and no state income tax in Washington, downtown Seattle might not be a bad place to settle.

Recreation

There's a reason why the desert has attracted second-home buyers and retirees for so long. But unlike Palm Springs or Las Vegas, Phoenix gives you the best of desert living with a metropolitan edge.

And to add to its appeal, Floyd Scott, broker/owner of the Century 21 Arizona Foothills, says prices have come down between 35% and 50% over the last two and a half years. With golfing, walking trails and lakes aplenty in many of the master-planned communities, Scott recommends Gilbert and Queen Creek located in the Southeast Valley for more moderately priced housing at \$120 to \$140 per square foot.

But for those interested in affluent living, north Scottsdale fits the bill, where a higher elevation affords a cooler climate, world-class golf courses take center stage, and homes sell in the range of \$200 to \$300 per square foot.

A world away from Phoenix is central Oregon, where a relaxed atmosphere can be found in both Redmond and Sisters. "They seem to be the hottest markets for second-home owners and retirees," says Christian, "because they're on the eastern side of the Cascade Mountain Range and get 300 days of sunshine a year."

This is where actors go to blend in, where outdoor activities are second to none, and an area so remote that you can actually see all of the stars at night. With prices in the low \$200,000s, Redmond and Sisters personify small-town charm.

Bargain Hunting

As short sales and foreclosures sweep San Diego County, they're bringing home values down with them. So while downtown San Diego has its share of bargain homes—falling as low as \$90,000 in places like Golden Hill—discounts abound all across the county.

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According to National City's Global Insights Report, San Diego housing prices have fallen 32% from their peak in 2005, with the median sales price for a single-family resale home at \$349,000, compared to 2005's median price of \$505,900. "In national terms, San Diego ranked as the 29th most overvalued market in 2005; now we're the 33rd most undervalued," Barone notes, while emphasizing that homes are on sale big-time right now.

In north Oceanside, for example, home prices have declined as much as 50%, and the average single-family home price is \$240,000, with condos at \$176,000. "And this is ocean living," says Barone. "You can't beat that."

The economy may be uncertain right now, but there's one thing that's clear in the housing market: The opportunity is ripe. Whether for a second home, retirement property or otherwise, the West Coast is teeming with a housing surplus, and there is no better time than now to be in the buyer's seat.

**Know Your Market**

Even in today's market, many potential buyers are walking away from the negotiating table, frustrated because their offers aren't getting accepted. And Lori Staehling, president of the San Diego Association of Realtors, knows why. She explains that the best-priced properties, especially the bank-owned ones, are already selling at a deep discount, and therefore receiving multiple offers at or above asking price. For buyers who think these aggressively priced homes will sell for less than asking, think again.

"It's critical that people educate themselves. What have homes sold for in the last three months, what's the price per square foot, and how does that compare to your home?" says Staehling, who is also a realtor with Prudential California Realty. "If the home looks like a good deal, don't expect to go in with a low-ball offer and get an even better deal."

**About the author:**

Joanna Posner



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