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L.A. County median home price ties record high as housing market sizzles

An open house in Manhattan Beach in 2015. A new report shows L.A. County's median home price has now tied a record reached in 2007. (Jay L. Clendenin / Los Angeles Times)

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The median home price in Los Angeles County rose nearly 6% in April from a year earlier, hitting $550,000 and tying a record reached in summer 2007.

The milestone comes more than five years after prices bottomed out in early 2012 and as agents say potential buyers are increasingly finding homes harder to afford.

Orange County surpassed its pre-bust high last year. In April, it set a new record of $675,000, according to a report on Southern California home prices released Tuesday by CoreLogic.

San Diego County also exceeded its pre-bust peak for the first time last month, as the median price — the point at which half the homes sold for more and half for less — climbed 7.4% to $525,000.

The high prices have caused buyers to increasingly look to the lower-cost Inland Empire, where developers are starting to ramp up construction on several large master-planned communities.

The moves away from coastal Southern California remain far below last decade, however. And many economists say there are other key differences between today and last decade's bubble, which ultimately triggered the financial crisis and lengthy recession.

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Instead of reckless lending driving the upswing, economists point to an improving job market, historically low mortgage rates and a shortage of homes for sale — in other words, a more sustainable rise triggered by a mismatch between supply and demand.

"The way homes are purchased today is different than the way homes were purchased last time," said Selma Hepp, chief economist with Los Angeles brokerage John Aaroe Group.

Los Angeles County median price on the rise

Source: CoreLogic	Andrew Khouri / @latimesgraphics

The record median prices, as calculated by CoreLogic, also are nominal values that do not take into account inflation. The L.A. County median is 12.4% below the 2007 peak after adjusting for rising prices.

Lower mortgage rates also have made housing more affordable than last decade, noted Chris Thornberg, founding partner of Beacon Economics, who called last decade's housing crash.

"It's not a bubble," he said of today's market. "It doesn't smell like a bubble. It doesn't walk like a bubble."

A recent report from real estate firm Trulia drilled deeper than median prices, looking at such factors as size and the values of homes not on the market. It estimated that only 37.4% of the homes in L.A. County are worth more now than at the height of the housing bubble without even adjusting for inflation.

Homes that have fully recovered their value are primarily in wealthy areas along the coast or on hillsides, underscoring the unevenness of the economic recovery and the fact that prices in such neighborhoods didn't fall there as much during the bust.

Across the six-county Southern California region — Los Angeles, Orange, Riverside, San Bernardino, Ventura and San Diego — April's median was $485,000, up 6.2% from a year earlier, according to CoStar..

That's 4% below the region's nominal peak of $505,000 reached in 2007.

Riverside, San Bernardino and Ventura counties are also below their peak.

Across the six-county region, home sales fell 4.8% from a year earlier — a drop CoreLogic blamed partly on there being one less business day last month than April 2016.