

Business

ECONOMY ON THE EDGE

S.J. FORECLOSURES FALL MOST IN U.S.

BUT ECONOMY STILL POOR LAST QUARTER, BROOKINGS SAYS

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San Joaquin County, long a poster child for the housing bubble bust, led the nation's 100 largest metropolitan areas with its second-quarter decline in bank-owned foreclosures.

That ranking, however, belies the area's still-suffering housing market and should be taken with a grain of salt, said Howard Wial, a fellow with the Brookings Institution's Metropolitan Policy Program.

The Stockton metropolitan area remained 96th in the nation with 12.5 bank-owned foreclosures (also known as real estate-owned) per 1,000 mortgageable properties. But that was down from 13.18 per 1,000 in the first quarter, an improvement that was tops in the nation.

"It's good news that you had a decline in foreclosures in the last quarter," Wial said.

However, he added, it didn't make much difference given San Joaquin County's high stock of bank-owned properties.

"It's a minuscule dent right now," he said. "If it continues, then it will make a difference."

Overall, the largest U.S. metropolitan areas face an uncertain economic recovery, with house prices falling more slowly and unemployment remaining historically high, according to a Brookings report being released today.

"While most large metropolitan areas saw growth in output and jobs in the second quarter, it's far too early to open the champagne. The good news isn't all that good," said Wial, a co-author of the report. "We are nowhere near where we were prior to this recession."

Employment growth also remains minimal in the Stockton metro area.

There was a very small gain in the second quarter, but that followed six months of job declines, Wial said.

"Maybe the bleeding has stopped, but there's certainly no healing going on. Not yet, anyway."

The Brookings report also found:

» In the second quarter, home prices had fully deflated in most metropolitan areas, including some that experienced a large housing price boom and bust. All large metropolitan areas taken together, including Las Vegas and many of the major Great Lakes metropolitan areas, had housing that was underpriced by 2.0 to 9.3 percent.

» For the first time since the beginning of the national recession in late 2007, a majority of metropolitan areas - 83 of 100 - saw job growth in the second quarter this year. That was up from 40 in the first three months of 2010, 23 in the last three months of 2009 and five in the third quarter 2009.

» Job growth in manufacturing boosted overall job growth in most major metropolitan areas in the second quarter and especially benefited those in the Midwest. In the second quarter, manufacturing employment grew by 0.5 percent in the 100 largest metropolitan areas combined.

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