

Goleta's Residential Real Estate Market is Built On Value

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There are several reasons Goleta is called, "The good land." Chances are that you are experiencing one of those reasons right now. There are more than 300 days of the year that we experience sunshine here in Goleta. When other areas of the country are buried knee deep in snow, the locals are out playing a round of golf with their friends. During the winter we get lots of inquires about relocation from those who are looking for a milder year round climate. If that is one of the things you are looking for, then Goleta should be your next home.

Even though the California Association of Realtors consistently reports Santa Barbara area as one of the most expensive in the state that should not scare you. Our Santa Barbara Multiple Listing Service (MLS) covers Carpinteria, Montecito, Santa Barbara, Hope Ranch, and Goleta. When sales from Montecito and Hope Ranch are reported to the MLS, they raise our reported median home sales prices causing the average American to conclude that our area is too expensive for them to afford. However when one looks at the average home prices for Goleta in 2010, these homes are more affordable than other Southern California towns. Goleta has a median sold price for December 2010, of \$535,000 and the average sold price being \$616,800.

On a visit to my daughter, who lives in an apartment in Burbank, California over the Christmas holiday I called on a listed home nearby. The home was built in 1940, had been cared for nicely and was 1,500 square feet on a 7,000 square foot lot. The list price was \$650,000 according to the agent. Remembering that Burbank was closer to Hollywood than to the beach, which is another reason for living in Goleta, I was surprised at what \$650,000 would buy out side of our area. When I look around, I can see the great value in our housing stock and even more in the lifestyle of our area.

The local real estate market has attracted three buyers each and every day for the past year causing our inventory to decrease. Two years ago we had thirteen months supply of inventory in the overall area. Today however, we have only seven months or 231 days supply. That means we have one buyer to seven sellers and buyers have more advantage today to negotiate a great deal for themselves now than in the future. As inventory pushes downward with only three and four months supply or less becoming a sellers market, which means buyers have less negotiating power. Over 2010 our residential sales have increased as well as our average sale price. Our local owners realize that we are in an insulated area since our prices have not been as hard hit as others around the county. Throughout this real estate cycle since the downturn after the end of 2006, only 20% of our housing stock is offered as distressed properties. The conservative approach to our housing demand has proven to allow our home owners to hold more value than other areas over time. In fact, during the last 40 years and four real estate cycle changes after a dip in prices, our area has come back stronger than before showing a stair-step affect in value. In 1983 a Goleta tract home cost \$150,000; today's value is \$600.000. Not a bad return on investment for providing shelter.

Currently Goleta has 88 homes and condos for sale. That represents a four months supply of homes. This area leads the way over the past 12 months for low inventory with most homes selling at 98% of list price. The lack of supply and the rising demand continue to drive prices in our local area.

Goleta's suburban neighborhoods spring up during the increase in manufacturing by companies such as Delco, Santa Barbara Research and Raytheon in the 1960-s and 1970's and the majority of our housing stock is from that era. These are generally three-bedroom, two-bath homes with an attached two-car garage. Condos range from one to four bedrooms with the majority of them being two bedrooms, most built during the same boom-time era. Over the years, many of these tract homes and condos have been and continue to be remodeled, some so extensively that they appear to be custom homes today.

Newer homes are found in developments like Storke Ranch built in 2000, Winchester Commons, The Crown Collection, Mountain View Ranch and more recently the Bluffs, to name a few.

Increasingly, many of the original owners who bought in the 1970's are now finding that their home no longer fit their needs and we see the door opening for new families to enjoy the great neighborhoods and schools Goleta has been known to have over the years. Meanwhile, the sellers downsize and take their low tax base with them, if they move elsewhere in Santa Barbara County using Proposition 62.

Goleta has a little over 1300 new housing units slated to come on the market over the next year or two. These are apartments, homes, duplexes, triplexes, mixed use properties and senior living units. The young City of Goleta is determined to address the housing issues of its citizens and employers. This is just one way Goleta is demonstrating its support for work force housing.

If your plans are to stay in the area for at least three to five years this is a great time to purchase real estate. Why? The current market cycle changed at the end of 2006 and most real estate cycles are seven to ten years long from one high point to the next. We have already seen an increase in sales for the area as well as an increase in the average sale prices in 2010, so the indication is that we are past the low point in the market. The good news for buyers is that we still have a bit more inventory and sellers are still competing for buyers to buy their particular home which works out well for buyers negotiations.

A huge advantage for buyers today is historic low interest rates. Did you know that when interest rates go from 5% to 6% the payments for a buyer go up 13%? That can make all the difference in which home a buyer can afford. Having the school district you want for your child could be determined by your monthly payment and the interest rate you pay. Chances of rates going lower are not likely according to the Fed Chairman.

Are you beginning to notice a trend? Yes, there are some inherent risks when investing in real estate, but real estate values have never dropped

down to zero like some stocks I used to own. We all need a place to live. If you are like most people, our most valuable asset is our home so why not take advantage of these historic low interest rates and get a tax deduction for years to come while providing a great lifestyle for yourself and your family? Why not buy where you get more home for your money and buy now in Goleta? You cannot beat the lifestyle.