



# REAL ESTATE REPORT

SAN DIEGO COUNTY | DECEMBER 2011

## Opportunities for Home Buyers and Investors

The numbers tell the story. California and Southland housing market conditions are creating great opportunities for home buyers and investors.

Housing sales for 2011 are on track to parallel the volume achieved in 2010, when half the year's sales were boosted by federal and state incentives. In fact, unsold inventories are at 5.1 months on hand, well below the 5.9 months on hand in September 2010.

The California Association of REALTORS® says that September 2011 home sales were higher for the third consecutive month and are at "stable levels." Pending sales, or contracts yet to close, were up year-over-year for the fifth month in a row.

September 2011 housing sales volume was 6.7% higher than the previous year, according to DataQuick. The median-priced California home was \$249,000, down from \$265,000 a year ago.

That's close to the April 2009 low of \$221,000 but well off the early 2007 peak of \$484,000.

Opportunities for first-time, move-up and investment buyers

Month-to-month sales prices were down statewide by 3.2% due largely to the high levels of distressed homes and the lowering of temporary conforming loan limits.

Foreclosures accounted for more than 34.2% of the market across the state, while short sales made up 17.8% of sales volume in September.

With 52% of the housing market in distress as of Q3 2011, prices are falling despite a 0.3% increase in demand, as distressed homes typically sell at a significant discount compared to other homes.

First-time home buyers and lower income borrowers are cashing in with conforming loans requiring relatively low down payments. FHA loans in the Southland were 32.5% of purchase mortgages in September 2011, up from 31.8% in August.

Lower conforming loan limits negatively impacted high-priced areas in California. Homes priced \$500,000 and above were 19.8% of the market, down from 20.1% in August and 21.6% a year ago.

But the effect wasn't nearly as devastating as expected. In September 2011, "jumbo loans" were 17.8% of the market, up from 17.2% in August and well over the 10% low set in early 2009. That's positive for move-up buyers, who are looking to buy into a better cost-to-value home than they may currently own. Dataquick found that mid- to high-end homes are "normal, compared with recent history at 37.1% of the market, just over the 10-year average of 36.8%."

Low prices are attracting investors in record numbers. Investors purchased 29.7% of foreclosed homes at auction, said DataQuick in a foreclosure report. But the door may be closing on that opportunity – notices of default in Southern California were 15.2% lower and homes lost to

foreclosure were 15.7% lower in Q3 2011 than they were in Q3 2010.

Many investors are snapping up homes without paying for a mortgage – a whopping 59% of non-occupying home buyers paid cash for homes in September 2011.

Those buyers who did take out a mortgage found their payments lower – \$1,084, down from \$1,101 in August and \$1,177 in September 2010.

By the first week of November 2011, mortgage interest rates dropped to 4%, and welcome news that the economy grew by a modest 2.5% in Q3 2011 has made home buying conditions even more attractive.

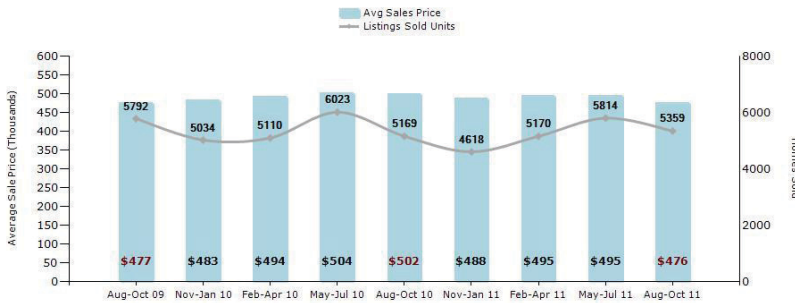
By any measure, it's a great time to buy a home, especially in Southern California.

## SAN DIEGO COUNTY

In the three months between August and October 2011, sales volume in both detached and attached homes was lower than in the previous period. Prices were lower in detached homes but held in attached homes which were higher overall year-over-year. In addition, sales prices for detached homes were higher year-over-year.

*\*A balanced market is widely accepted as having six months of inventory on hand with market conditions favorable to both buyers and sellers. A buyer's market is characterized by conditions such as high inventories, falling prices, concessions by sellers, and incentives among other indicators. A seller's market has low inventories of homes for sale, escalating prices, and keen competition between buyers, including multiple offers. Detached homes stand alone and share no common walls with any other neighboring home. Attached homes share at least one common wall with another home. The type of home ownership is determined by whether it is a condominium, townhome, duplex, co-operative or other.*

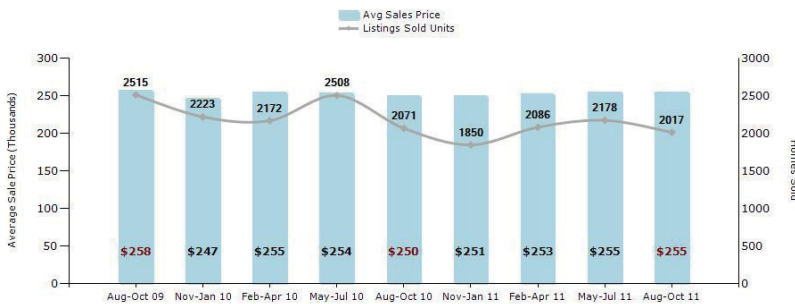
### Detached Properties - Listings Sold 3 Months Ending October 31, 2011



	1-year			2-year		
	Aug - Oct 10	Aug - Oct 11	% Change	Aug - Oct 09	Aug - Oct 11	% Change
Average Sales Price	502	476	-5.2% ▼	477	476	-0.2% ▼
Homes Sold	5169	5359	3.7% ▲	5792	5359	-7.5% ▼

In the three months ending October 31, 2011, detached home prices and transaction volume were lower than the previous period.

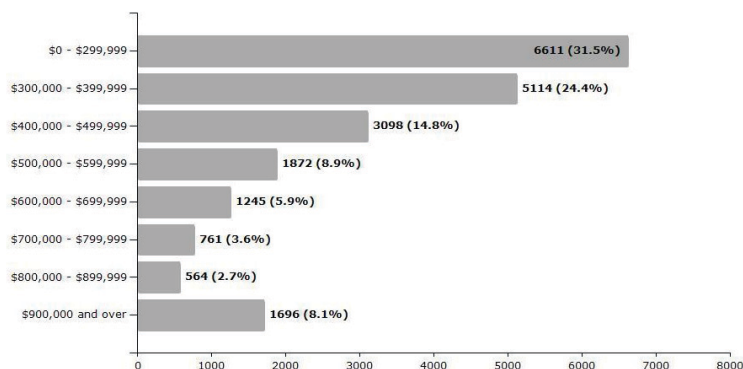
### Attached Properties - Listings Sold 3 Months Ending October 31, 2011



	1-year			2-year		
	Aug - Oct 10	Aug - Oct 11	% Change	Aug - Oct 09	Aug - Oct 11	% Change
Average Sales Price	250	255	2% ▲	258	255	-1.2% ▼
Homes Sold	2071	2017	-2.6% ▼	2515	2017	-19.8% ▼

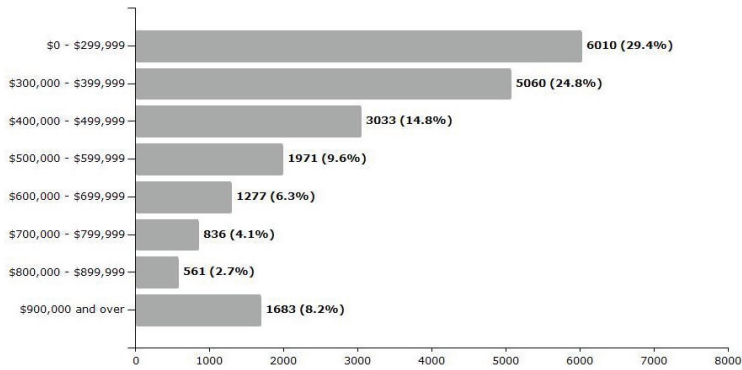
In the three months ending October 31, 2011, attached home prices were the same as the previous period, while transaction volume was the third highest of the year.

### Detached Properties - Listings Sold Units By Price Range



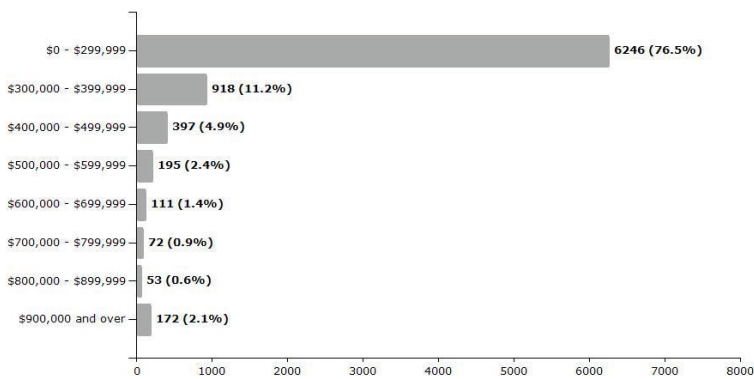
For the year ending October 31, 2011, over half, or 55.9%, of detached homes sold were under \$400K.

### Detached Properties - Listings Sold Units By Price Range



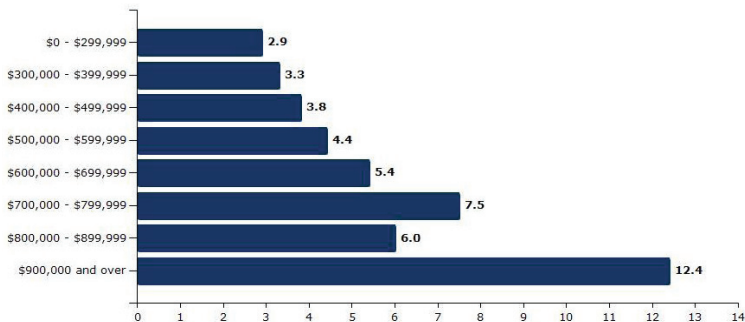
Over half the detached homes sold (54.2%) in the year ending June 30, 2011 were under \$400K.

### Attached Properties - Listings Sold Units By Price Range



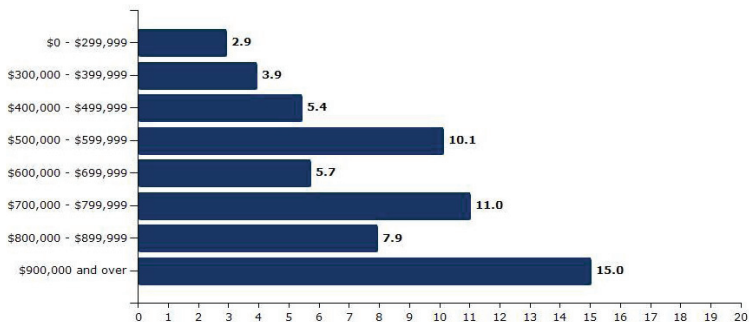
Over one-third (76.5%) of the attached homes sold between 7-1-2010 and 6-30-2011 were under \$300K.

### Detached Properties - Inventory in Months' Supply



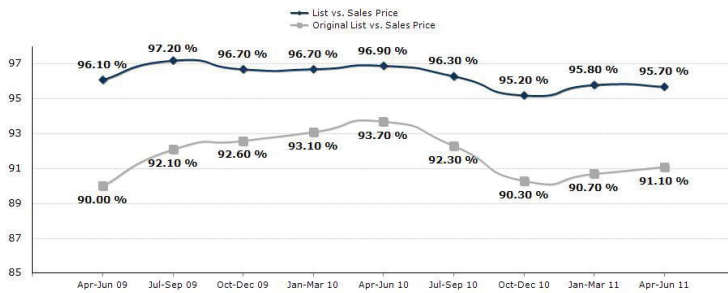
In June 2011, detached home inventories ranged from 2.9 to 12.4 months of supply. A balanced market is considered to have about six months of inventory on hand.

### Attached Properties - Inventory in Months' Supply



Attached home supplies in June 2011 were between 2.9 and 15 months on hand. A balanced market has about six months of inventory on hand.

### Detached Properties - Sales Price Ratio



Sellers of single family homes are overpricing their homes when they first put them on the market. On average, sellers are receiving nearly 92% of the original list price and 96% of the most recently published price.

### Attached Properties - Sales Price Ratio



Sellers of attached homes are overpricing their homes when they first put them on the market. On average, sellers are receiving nearly 92% of the original list price and 96% of the most recently published price.

### Detached Properties - Hot & Cold Zip Codes By Average Sale Price

Property Zip	Current Quarters Apr. 2011 - Jun. 2011 Average Sale Price	Previous Quarters Jan. 2011 - Mar. 2011 Average Sale Price	% Average Sale Price Gain/Loss
Zip 92086 (Warner Springs)	\$233,983	\$76,000	207.9%
Zip 92003 (Bonsall)	\$619,117	\$461,098	34.3%
Zip 92054 (Oceanside)	\$510,464	\$391,975	30.2%
Zip 92091 (Rancho Santa Fe)	\$1,654,444	\$1,283,000	29%
Zip 92109 (Pacific Beach)	\$955,830	\$741,177	29%
Zip 92059 (Pala)	\$165,076	\$209,976	-21.4%
Zip 92060 (Palomar Mountain)	\$430,466	\$560,000	-23.1%
Zip 92008 (Carlsbad)	\$595,074	\$847,814	-29.8%
Zip 92101 (Downtown San Diego)	\$0	\$482,500	-100%
Zip 92036 (Julian)	\$0	\$305,000	-100%

For detached homes, Q2 2011 showed gains in five San Diego zip codes.

### Attached Properties - Hot & Cold Zip Codes By Average Sale Price

Property Zip	Current Quarters Apr. 2011 - Jun. 2011 Average Sale Price	Previous Quarters Jan. 2011 - Mar. 2011 Average Sale Price	% Average Sale Price Gain/Loss
Zip 92113 (Logan Heights)	\$209,550	\$104,750	100%
Zip 92008 (Carlsbad)	\$513,147	\$281,142	82.5%
Zip 92106 (Point Loma)	\$380,200	\$225,333	68.7%
Zip 92054 (Oceanside)	\$500,950	\$347,942	44%
Zip 92007 (Cardiff)	\$431,500	\$302,275	42.8%
Zip 92061 (Pauma Valley)	\$395,000	\$545,000	-27.5%
Zip 92004 (Borrego Springs)	\$145,100	\$206,800	-29.8%
Zip 92065 (Ramona)	\$150,400	\$225,000	-33.2%
Zip 92114 (Encanto)	\$65,000	\$144,983	-55.2%
Zip 92091 (Rancho Santa Fe)	\$0	\$181,750	-100%

For attached homes, Q2 2011 showed gains in five San Diego zip codes.



With over 3,400 sales associates in 58 offices across Southern California and the Central Coast, Prudential California Realty is the name to trust when buying or selling a home. Our agents close more than \$12 billion in sales volume and well over 16,000 transactions each year. We also provide every aspect of domestic and international relocation to corporations around the world. As one of the top five brokerages in the nation and the largest affiliate in the Prudential Real Estate international network, we have the resources and connections to protect your interests and make sure your experience is a successful one.

Prudential California Realty is proud to be a member of HomeServices of America Inc., a Berkshire Hathaway affiliate. For more information, visit [www.prudentialcal.com](http://www.prudentialcal.com).