



REAL ESTATE REPORT

SAN DIEGO COUNTY | MARCH 2012

Local Housing Supply Reveals Shortages in Some Price Ranges, Areas

One thing about the housing market is that it never stays the same. For the first time in months, or maybe years, the outlook for spring is overwhelmingly positive and bullish for housing.

A frequent featured guest on major networks, Ron Peltier is CEO of HomeServices of America, the second-largest real estate group in the nation. He commented that “The year 2012 will be a transformational year from correction and continued distress to stabilization and minimal recovery, and slow, steady growth going forward.”

He believes that the U.S. population is growing at approximately 3 million households a year, yet we are currently forming half that number. This means pent-up demand for home ownership as the costs to own drop below the cost to rent in many areas.

“Home prices have corrected to 2002 levels,” said Peltier. “Affordability for home buying is now at an all-time high. Today’s home values are realistic and when looking at the low interest rates and the overall economics of ownership, the monthly cost to own a home today is the same as it was in 1981.”

In addition to unprecedented affordability, other good news is making buying a home easier:

- FHA government-guaranteed loans were restored to higher temporary borrowing limits, already resulting in more sales volume in high-cost areas such as Southern California
- National unemployment rates dropped to 8.4%

- Banks approved more short sales and foreclosure write-offs, allowing stagnant inventory to move through the pipeline
- Mortgage interest rates reached new record lows

But wait – aren’t prices supposed to fall further? Don’t count on it in Southern California.

According to the California Association of REALTORS®, the median price of an existing, single-family detached home rose 1.8% to \$285,920 in December 2011, up from \$280,960 in November. Sales volume has risen for three months in a row to the highest level in a year. Year-over-year, sales are up for the sixth year in a row.

Dataquick found that housing sales surged in December in Southern California, with activity strongest in homes priced under \$300,000 and sold to a record share of “absentee” buyers. Counting new and resale single-family and condo sales, volume was up 14.0% over November, slightly more than the historical 13.2% increase between November and December.

By price segment, luxury homes lost the spotlight to entry-level homes, which leapt 5.9% in transaction volume, bringing the median price down to \$270,000 from \$275,000 in November. Distressed homes accounted for 52.5% of Southland resales.

Non-occupying home buyers – investors and second-home buyers – purchased a record 26.4% of homes sold in December. Cash buyers purchased one-third of all homes, and paid a median price of \$202,500.

Southland home buyers committed to the lowest monthly mortgage payment since January 1988, an affordable \$1,026, down from \$1,049 in November and \$1,205 in December 2010. Adjusted for inflation, payments are 55.8% lower than they were in 1989 and 63.8% lower than they were at the most recent peak, July 2007.

Clearly, these data are offering buy-now signals, as well as sell-now signals, particularly for underwater home owners. But it’s not enough to know whether home prices are up and down, it’s also important to know why the data are changing, and whether that data is relevant to your situation and your goals.

That’s where the importance of local data from your Prudential California Realty real estate professionals comes in. You may be surprised to learn that prices aren’t falling in your neighborhood, or in your price range. It all depends on supply.

In California, and especially Southern California, there is such demand for affordable traditional homes that there are real shortages developing in many areas. Investors, cash buyers, and first-time home buyers are all seeking affordable traditional homes.

For example, detached homes under \$300K are selling as fast as they can close.

Orange County – detached homes – 3.1-month supply
San Diego County – 2.4-month supply
San Fernando Valley – 2.2-month supply
San Gabriel Valley – 1.9-month supply

Santa Barbara County – 2.2-month supply
 Santa Maria and the Santa Ynez Valley – 2.2-month supply
 Southwest Riverside – 3.3-month supply
 Ventura County – 2.2-month supply
 Westside Los Angeles – 3.4-month supply

And there are shortages in other price ranges besides entry level. Due to the restoration of higher loan limits in high-priced areas, Westside Los Angeles has only a 2.8-month supply of homes

priced \$600K to \$699,999. Santa Barbara has only a 2.1-month supply of homes priced \$500K to \$599,999. The San Gabriel Valley has only 2.8 months' supply of homes between \$700K and \$799,999.

Attached homes are also selling rapidly. The San Fernando Valley has only a month's supply of condos and townhomes priced \$700K and above. Southwest Riverside has less than two months'

supply of condos and townhomes – at any price.

To obtain the most recent sales data for your area, contact your local Prudential California Realty sales professional.

Advice for buyers: If you've been on the fence, 2012 is the year to take action.

Advice for sellers: In most markets and price ranges you can put your home on the market with confidence.

SAN DIEGO COUNTY

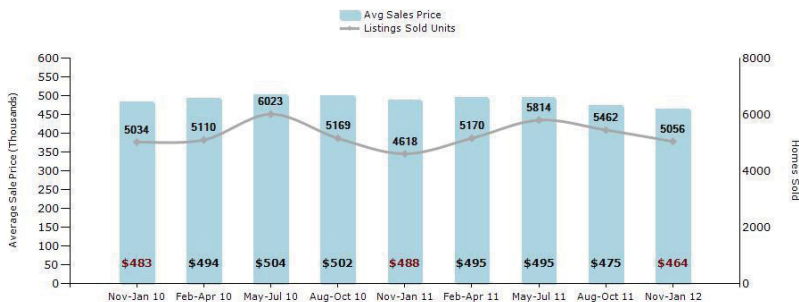
With prices and mortgage interest rates lower than a year ago, buyers are looking for bargains in San Diego County. In the three months between November 1, 2011 and January 31, 2012, both sales volume and prices were down over the previous period for both detached and attached homes. Coupled with record low interest rates, homes are more affordable than they've been in years.

**A balanced market is widely accepted as having three to no more than 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.*

***Small sample sizes and large or low sales volume in metrics such as Hot and Cold Zip Codes can skew statistics. Contact your Prudential California Realty sales professional for more information.*

****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.*

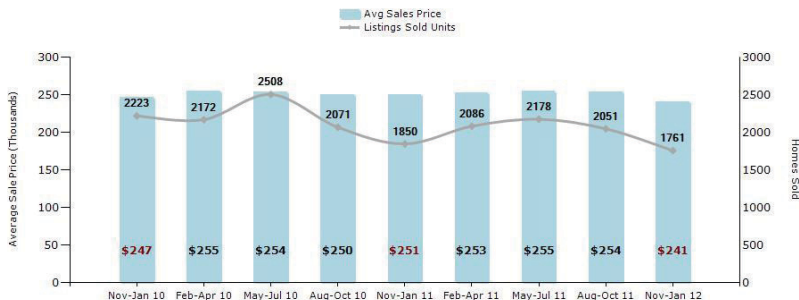
Detached Properties - Listings Sold 3 Months Ending January 31, 2012



	1-year			2-year		
	Nov - Jan 11	Nov - Jan 12	% Change	Nov - Jan 10	Nov - Jan 12	% Change
Average Sales Price	488	464	-4.9% ▼	483	464	-3.9% ▼
Homes Sold	4618	5056	9.5% ▲	5034	5056	0.4% ▲

Following the peak for sales in May through July 2011, sales volume and prices both declined in detached homes for the six months ending January 31, 2012, creating greater affordability.

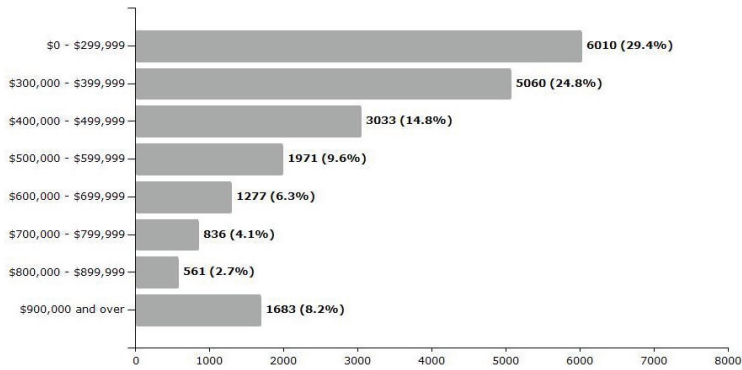
Attached Properties - Listings Sold 3 Months Ending January 31, 2012



	1-year			2-year		
	Nov - Jan 11	Nov - Jan 12	% Change	Nov - Jan 10	Nov - Jan 12	% Change
Average Sales Price	251	241	-4% ▼	247	241	-2.4% ▼
Homes Sold	1850	1761	-4.8% ▼	2223	1761	-20.8% ▼

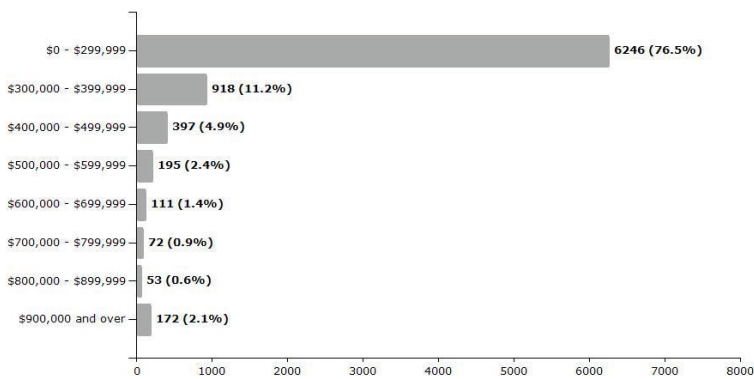
Following the peak for sales in May through July 2011, sales volume and prices both declined in attached homes for the six months ending January 31, 2012, creating greater affordability.

Detached Properties - Listings Sold Units By Price Range



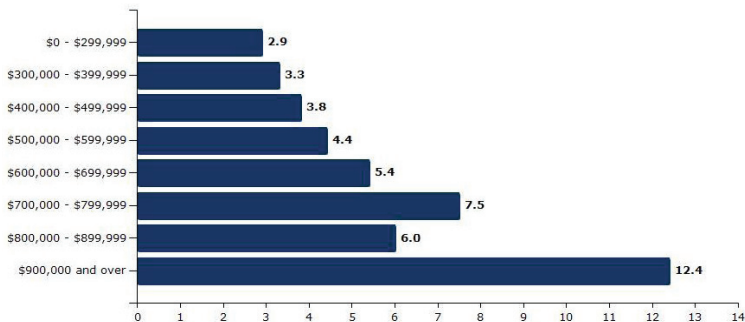
Over half the detached homes sold (54.2%) in the year ending June 30, 2011 were under \$400K.

Attached Properties - Listings Sold Units By Price Range



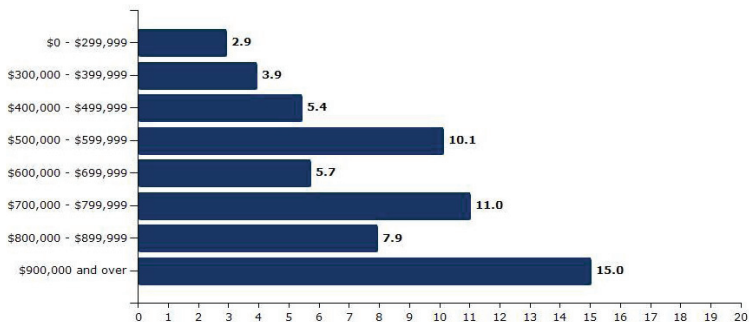
Over one-third (76.5%) of the attached homes sold between 7-1-2010 and 6-30-2011 were under \$300K.

Detached Properties - Inventory in Months' Supply



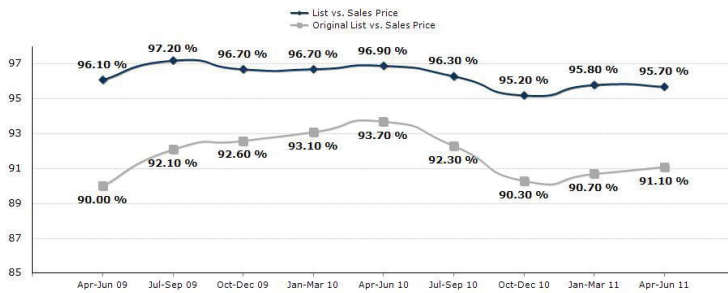
In June 2011, detached home inventories ranged from 2.9 to 12.4 months of supply. A balanced market is considered to have about six months of inventory on hand.

Attached Properties - Inventory in Months' Supply



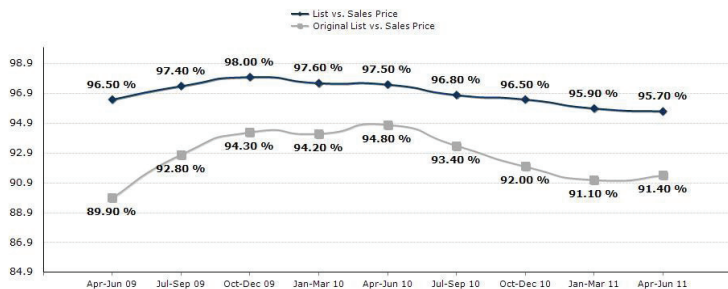
Attached home supplies in June 2011 were between 2.9 and 15 months on hand. A balanced market has about six months of inventory on hand.

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.

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