



REAL ESTATE REPORT

SAN DIEGO COUNTY | MAY 2012

Recent sales trends are stronger than usual

With consumer confidence at the highest level in over a year, the outlook for late spring home buyers is growing increasingly positive.

“Recent sales trends are stronger than usual with sales in major metropolitan areas such as Los Angeles, Orange County and San Diego all logging double-digit gains from the previous year,” said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. “Recent encouraging signs in the GDP, employment picture, and consumer confidence suggest that a growing economy is in the making. All this, combined with continued-low mortgage rates, lays out a good foundation for the housing market to continue to grow as we enter the spring home buying season.”

According to the Thomson Reuters/University of Michigan’s latest reading, consumer confidence in March was well above economists’ forecasts, due to “favorable income and job trends” offsetting bubbling gas prices.

As a precursor to future consumer spending, confidence is a widely watched economic indicator. Consumer spending accounts for approximately 66% of gross domestic product.

More than one-third of families reported that they were in a better financial position than at any time in the previous four years, and over 38% said job conditions had improved.

Jobs are the most important variable in housing; while the number of new jobs added in March was fewer than in

February, more jobs were added by private sector employers. At the end of March, unemployment shrank to 8.2%, said the Labor Department.

Housing is already benefiting. By early April, mortgage applications had risen for seven consecutive weeks. Applications for conventional loans were up over 10%.

The number of national foreclosures dropped in February from the previous month and the year before, says Corelogic.

“With the spring buying season upon us, the inventory may decline further as the pace of distressed-asset sales rises along with the rest of the housing market,” said Mark Fleming, chief economist for CoreLogic. Distressed properties still make up more than half of homes sold in California.

According to Dataquick, the Southland housing market posted “the highest number of February home sales in five years.” Record levels of “investor and cash buyers” poured into homes priced under \$300,000. Across six Southern California counties, the median price paid for homes edged up from January, but prices were held under the previous February by a high percentage of distressed homes in the mix.

Because of shortages in many areas, with as little as one to two months’ supply on hand, sales volume has risen six out of the last seven months in Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties.

The result is multiple offers and higher asking prices in homes under \$300,000, as

transactions rose nearly 10% compared to the year-ago period.

Sellers of entry-level and affordable properties are seeing prices rise, but generally, prices are rising for mid-priced or upscale homes, except in pockets of some communities. Median prices are up 1.8% from January 2012, but 3.7% below year-ago levels.

As long as distressed sales dominate the market, prices will stay in check, but what makes it a great time to buy a home is such low prices coupled with low interest rates, which have hovered at or below 4% for benchmark 30-year fixed rate loans for months.

Advice for buyers: Pre-approval for your home loan has never been more important! Nearly 33% of home buyers paid cash last month. To compete, buyers needing a mortgage must be prepared. Talk to one of our knowledgeable HomeServices mortgage (www.hslca.com) advisors for assistance to help yours be just like a cash offer.

Advice for sellers: Banks are committed to moving more distressed homes through the pipeline. That will cause prices to remain in check. Be prepared to be flexible with your price if comparables come in low. If you are a seller of a “short sale,” your position has improved. Banks are making it easier to sell short, but you must be prepared with comparable home sales. Ask your Prudential California Realty sales professional to help you negotiate a “short sale” price for your home, so you can market your home with more confidence, knowing the bank will approve.

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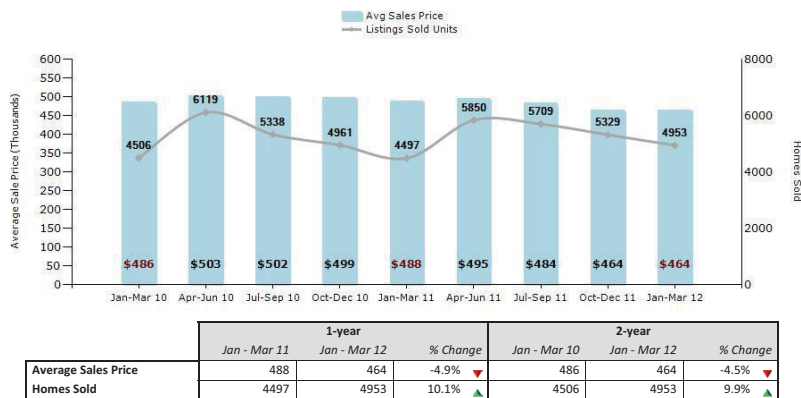
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SAN DIEGO COUNTY

In the three months between January and March 2012, prices were flat and sales volume for detached homes was lower than in the previous three-month period. Meanwhile, prices rose for attached homes. Homes are more affordable in San Diego County than they've been in over a year, when home prices are coupled with today's low interest rates.

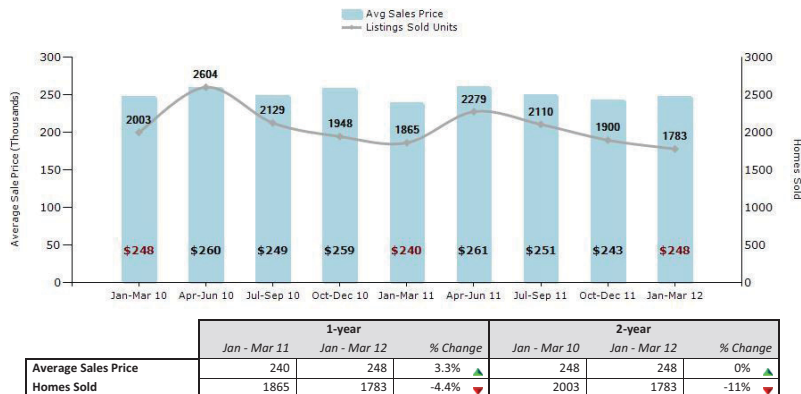
A balanced market is widely accepted as having three to no more than six months of inventory on hand, with market conditions favorable to both buyers and sellers. A buyer's market is characterized by conditions such as high inventories, falling prices, concessions by sellers, and incentives among other 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 March 31, 2012



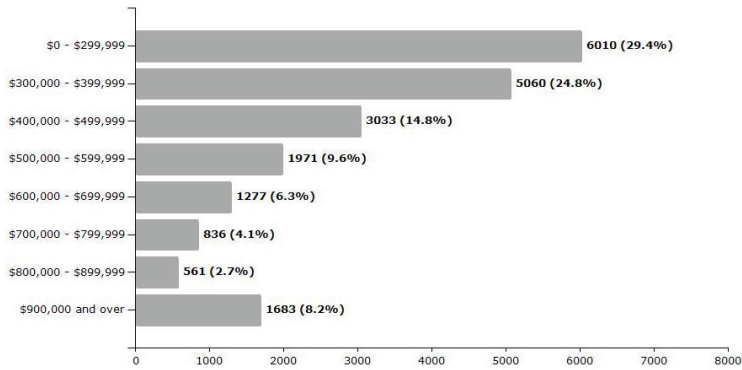
Sales volume for detached homes declined while prices held steady between January and March 2012 over the previous three-month period.

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



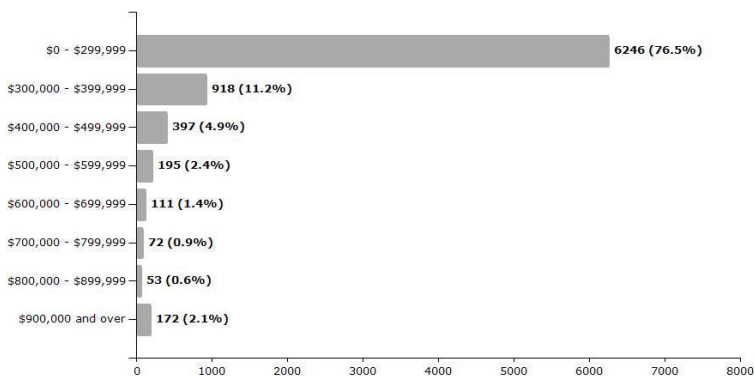
Sale prices rose while transaction volume declined for attached homes between January and March 2012 over the previous three-month period.

Detached Properties - Listings Sold Units By Price Range



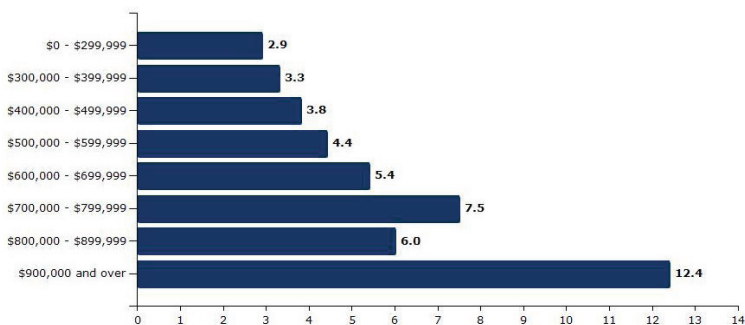
Over half the detached homes sold (54.2%) in the year ending June 30, 2011 were under \$400K.

Attached Properties - Listings Sold Units By Price Range



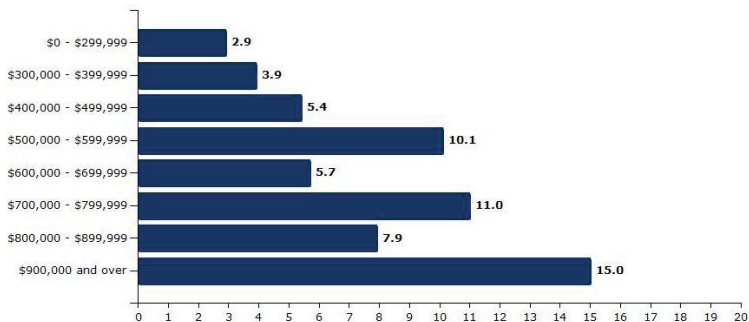
Over one-third (76.5%) of the attached homes sold between 7-1-2010 and 6-30-2011 were under \$300K.

Detached Properties - Inventory in Months' Supply



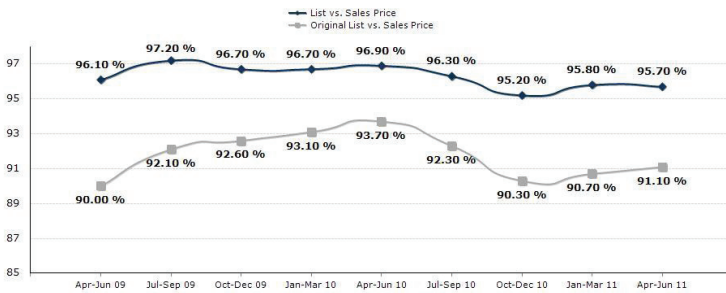
In June 2011, detached home inventories ranged from 2.9 to 12.4 months of supply. A balanced market is considered to have about six months of inventory on hand.

Attached Properties - Inventory in Months' Supply



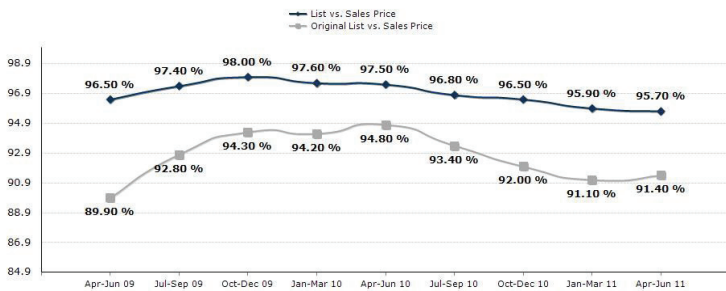
Attached home supplies in June 2011 were between 2.9 and 15 months on hand. A balanced market has about six months of inventory on hand.

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



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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.



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