



REAL ESTATE REPORT

SAN DIEGO COUNTY | AUGUST 2012

It's a great time to buy or sell a home...

The rest of the nation is finding out what Californians already know – it's a great time to buy a home.

The S&P/Case-Shiller index of home values reported the first increase in national home values in over half a year. All California cities included in the 20-city index reported higher prices.

Recently, home prices rose 2.0% over the previous year, and 1.8% over the previous month, marking the third consecutive year-over-year and month-over-month increase in home prices nationwide, according to CoreLogic.

More people signed contracts to buy homes in May than any time during the previous two years, says the National Association of REALTORS®. A whopping 14.5% increase in pending sales was cited for the West.

And, a weekly Freddie Mac survey of mortgage interest rates found that by July 2012, rates were the lowest on record.

While there are still large numbers of home owners who are upside-down on their mortgages, fewer are losing their homes to foreclosure. Government reforms are supporting more short sales and regulating the foreclosure process.

With distressed homes pulling down home values for over five years, many sellers of non-distressed homes decided to wait to sell their homes until market conditions improved. The strategy is finally paying off – California home prices are higher, inventories are lower, and, buyers are

competing for homes.

In fact, confidence in the housing market is building so rapidly that buyers and sellers may be surprised at how much market conditions have changed. Shortages of inventory for sale are becoming widespread. Sellers are holding firmly on prices and terms. An unknown number are still withholding their properties in hopes that prices will rise further.

The bottom-line effect for buyers is that homes in their area and price range are more difficult to find. When buyers find the home they want, they find themselves in fierce competition with multiple offers from other buyers. If they aren't prepared with a complete offer, including a prequalification letter from a reputable lender, they may find themselves out of the running.

To illustrate how the market has changed, recently Southland median home prices reached \$295,000, up 1.7% from the previous month and 5.4% from \$280,000, according to DataQuick. Transaction volume recently rose 21% compared to last year.

Dataquick attributes the gains to fewer foreclosures, more transactions in the coastal regions, and a better proportion of sales across all price ranges. For example, sales of homes priced \$300K to \$800K rose 23.1% while homes priced \$800K and above rose 11.8% in May 2012 over the previous year.

A greater percentage of homes priced \$500K or more are selling, the highest since July

2010. At 19.1% of loans, "jumbo" loans (those at or above the conforming limit of \$417K) were the highest they've been since December 2007.

In other words, move-up buyers have joined the marketplace that has been dominated in the past few months by investors and first-time home buyers seeking entry-level homes.

With California home prices posting gains for three consecutive months and sales volume well above last year, the California Association of REALTORS® says that the most critical issue facing the housing market going forward is lack of inventory.

Explains C.A.R. Vice President and Chief Economist Leslie Appleton-Young, "Inventory levels have not been this low since December 2005, when the supply matched the current level."

It takes a typical home 46.6 days to sell, down from 52 days a year ago. That means opportunity for both buyers and sellers if they are ready to move quickly.

Advice for buyers: Be prepared to make an offer with confidence by getting prequalified by your HomeServices Mortgage lender so you can show sellers that you are ready to move forward.

Advice for sellers: It's a good time to downsize, upsize or get out from under an underwater mortgage by selling your home. Homes are selling so quickly that you will be able to sell your home without much effort if it is pristine and priced to sell.

With over 3,000 sales associates in 59 offices across Southern California and the Central Coast, Prudential California Realty is the name to trust when buying or selling a home. Our agents closed more than \$9 billion in sales volume and well over 13,500 transactions last 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.

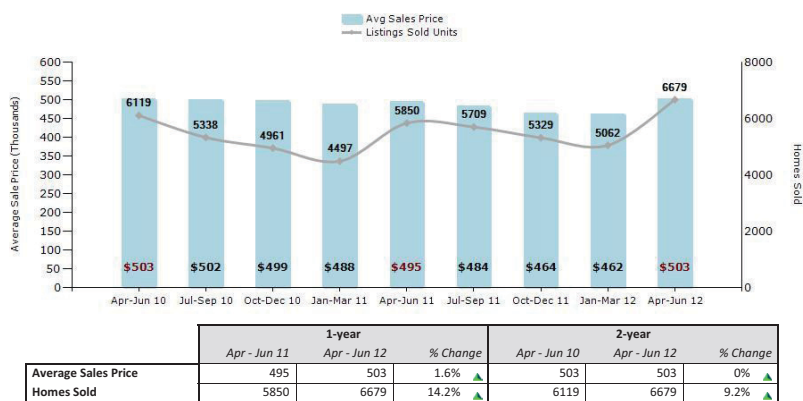
For more information, visit www.prudentialcal.com.

SAN DIEGO COUNTY

In the year ending June 30, 2012, prices for both detached and attached homes were higher than the previous year. Between April and June 2012, prices and sales volume climbed over the previous three-month period for detached homes, while sales volume was higher for attached homes.

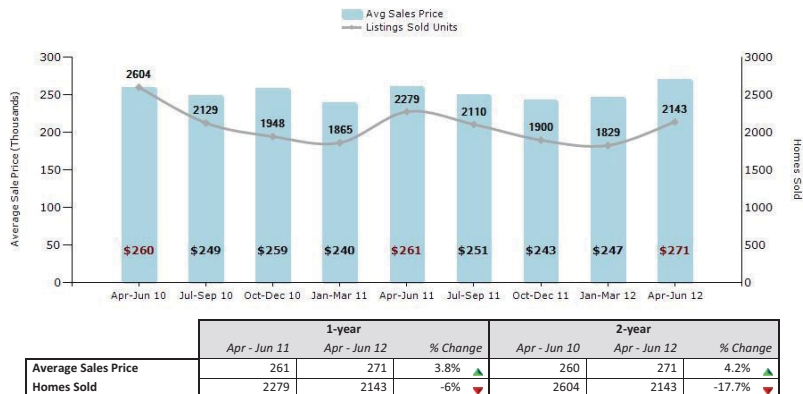
*A balanced market is widely accepted as having three to no more than six months of inventory on hand, with market conditions favorable to both buyers and sellers. A buyer's market is characterized by conditions such as high inventories, falling prices, concessions by sellers, and incentives among other 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 June 30, 2012



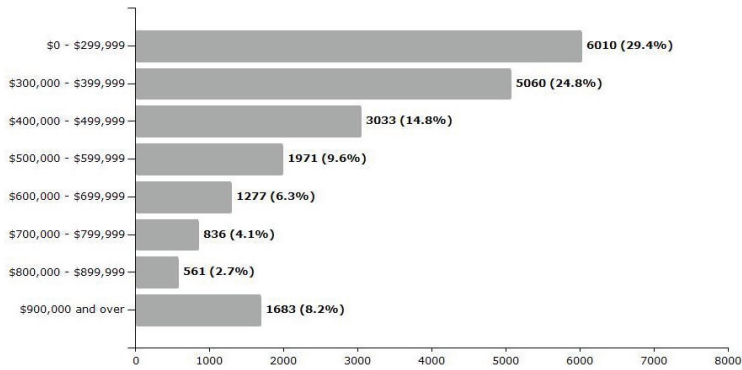
For detached homes, average sale prices and sales volume rose higher between April and June 2012 over the previous three-month period.

Attached Properties - Listings Sold 3 Months Ending June 30, 2012



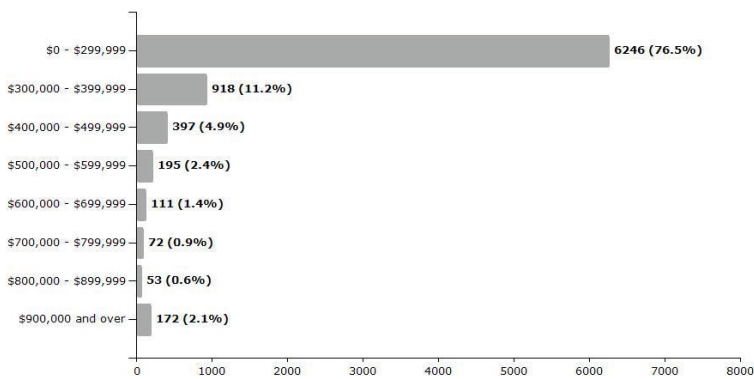
For attached homes, sales volume and prices rose higher between April and June 2012 over the previous three-month period.

Detached Properties - Listings Sold Units By Price Range



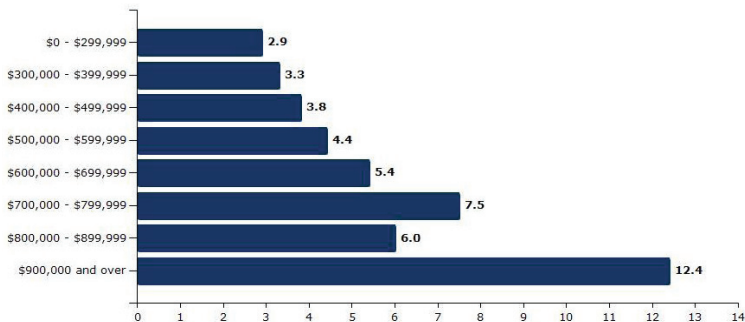
Over half the detached homes sold (54.2%) in the year ending June 30, 2011 were under \$400K.

Attached Properties - Listings Sold Units By Price Range



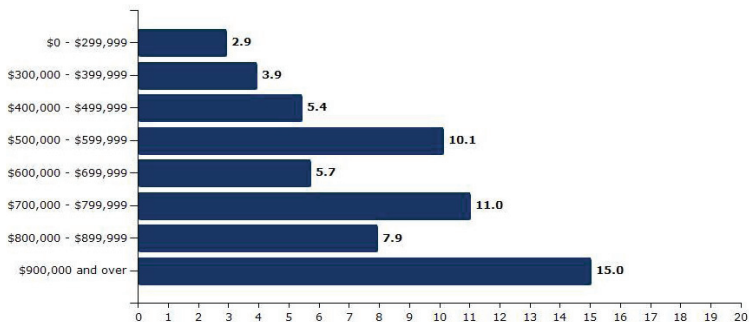
Over one-third (76.5%) of the attached homes sold between 7-1-2010 and 6-30-2011 were under \$300K.

Detached Properties - Inventory in Months' Supply



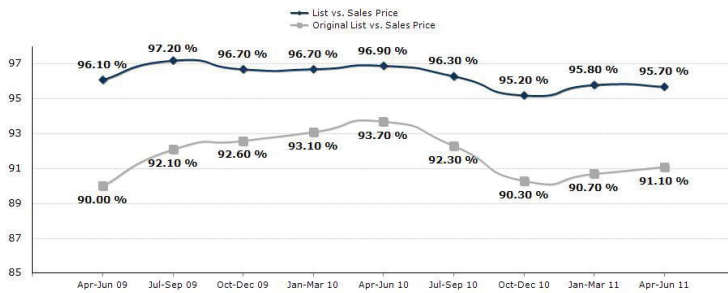
In June 2011, detached home inventories ranged from 2.9 to 12.4 months of supply. A balanced market is considered to have about six months of inventory on hand.

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



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.