

REAL ESTATE REPORT

SAN DIEGO COUNTY | NOVEMBER 2011



It's All About YOU!

Like the rest of the nation, California housing sales are rising on unprecedented affordability. The combination is thrilling for home buyers and investors – prices are still well below peak levels and interest rates are at record lows.

Price gains are small, but steadily improving. August 2011 housing sales volume was 8.6% higher than July and 10.2% higher than a year ago, according to the California Association of REALTORS®.

Median prices were the highest since December 2010. At \$297,060, that's over 20% higher than the February 2009 trough of \$245,230, but well enough below the 2007 peak of \$594,530 to keep buyers interested.

The news for Southern California was even better. Home sales were also 8.6% higher in August than July, and 6% higher than a year ago. Sales gains between July and August typically rise 3.4% because families want to move into their new homes before school begins, so an 8.6% increase is significant, according to Dataquick.

By the first week of October, mortgage interest rates dropped below 4% – the lowest rate since Freddie Mac began keeping records in 1971.

That spells unprecedented opportunity for home buyers and sellers. Yet many buyers are waiting for prices or interest rates to go lower, and many sellers are wondering if now is the time to sell their home.

Yes, it's a great time to buy and sell. For buyers, market conditions couldn't be better – prices are relatively low and interest rates are at rock bottom, affording more home than ever.

Should you wait? There will always be those who try to "time the market," but where is the bottom? You only know for certain when it has passed. For example, those who held their breath when interest rates were dipping below

4% the first week of October have already been disappointed that interest rates didn't go down further. A report that showed more jobs added across the U.S. quickly sent mortgage interest rates above 4% again.

A quick visit to a mortgage calculator will show you this is true:

- For every \$100,000 of mortgage with a 30-year, fixed-rate mortgage at 4¼%, your monthly payment will be \$491.94 and you'll pay \$77,098.36 in interest over the life of the loan.
- The same \$100,000 mortgage at 5% interest costs \$536.82, a difference of \$44.88 more per month and \$93,255.79 in interest over the life of the loan. The difference in interest payments alone is \$16,157.43 per \$100,000 of mortgage.
- Just for argument's sake, let's leave out down payments, taxes and insurance and look at a real world and recent example:
- Let's say that you buy a home in San Diego County for the average sales price of \$486,000. At 4.25%, your payment is \$2,390.83, and your total interest paid over the life of the loan is \$374,698.05.
- If you had purchased your \$486,000 home at 4.03% interest, as you could have in the first week of October, your home would cost you \$2,328.65 (\$62.18 less than at 4.25%) and \$352,314.66 over the life of the loan, a difference of \$22,383.39.

The question is – did you?

You can do all the math, but the message is the same – it doesn't pay to wait. No matter how hard you try to see the bottom, there are too many variables in market conditions that change daily.

That's why we don't buy homes only for financial reasons. We buy homes to raise our

families, be close to friends and relatives, and to be free from a landlord where you get nothing back but cancelled checks at the end of the lease.

Unless you've refinanced your home recently, you can sell your current home and repurchase another at a lower overall cost of acquisition than what you presently have.

You come first

To help you have the best home-buying or -selling experience possible, Prudential California Realty equips its agents with the finest tools and closing services, so they can give you extraordinary service. From our affiliate mortgage lender HomeServices Lending powered by Wells Fargo, to our in-house relocation division, to our closing and title services, we provide you with one-touch access to a wealth of personalized services.

We take you through the buying and selling cycle seamlessly:

- Prepare you to buy with a comprehensive consultation on current market conditions, neighborhood and school reports.
- Assist in the loan preapproval process so you can shop like a cash buyer. Knowing what you can comfortably afford – purchasing power – empowers you to buy right.
- Negotiate on your behalf and help you navigate through disclosures, inspections and all the other steps to a successful closing
- Help you prepare and market your home to sell

Our agents go above and beyond. Buyers are guided through the market with accurate and thorough personal tours and customized feature sheets for comparing homes. Not only do our agents provide access to industry-leading market trends and statistics, we support our sellers with monthly competitive analysis

reports, a consumer video, and our expertise on proper pricing and staging.

The results speak for themselves. Check with your agent, as they most likely outperform the market in:

- Overall average sales price
- Percentage of listings taken versus listings sold

- Sales price to original list price
 - Sales price to most recently available price
- Last but not least, Prudential California Realty pioneered the Value Range Marketing concept which allows buyers to view a larger pool of homes for sale, and sellers to compete in a broader range of homes. This has changed how multiple listing services handle listings instead of boxing buyers and

sellers into narrow price ranges.

No other real estate brokerage can say what we can – that we are the consistent leaders in every market we're in. That's how we put you first.

It's all about you.

SAN DIEGO COUNTY

Sale prices and sales volume were lower in San Diego County for the three months between July and September 2011, following a significant rise during the previous three months. Year-over-year, prices are lower but transaction volume is higher for detached homes, while prices are higher but transaction volume is lower in attached homes.

**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 by Calendar Quarter
3 Months Ending September 30, 2011**



	1-year			2-year		
	Jul - Sep 10	Jul - Sep 11	% Change	Jul - Sep 09	Jul - Sep 11	% Change
Average Sales Price	502	486	-3.2% ▼	473	486	2.7% ▲
Homes Sold	5338	5549	4% ▲	5935	5549	-6.5% ▼

In the three months between July and September 2011, detached home prices and sales volume declined after a large spike during the previous three months.

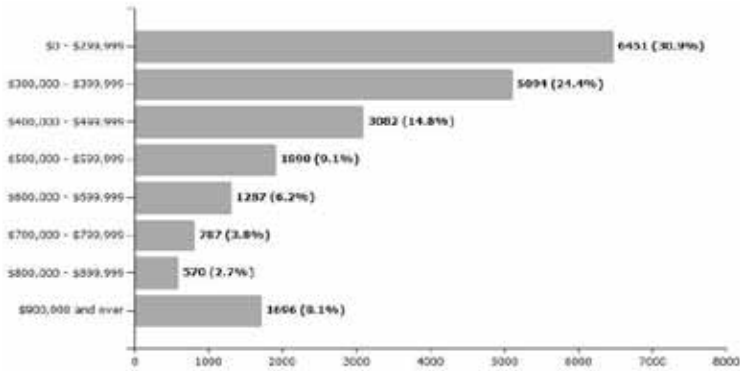
**Attached Properties - Listings Sold by Calendar Quarter
3 Months Ending September 30, 2011**



	1-year			2-year		
	Jul - Sep 10	Jul - Sep 11	% Change	Jul - Sep 09	Jul - Sep 11	% Change
Average Sales Price	249	252	1.2% ▲	250	252	0.8% ▲
Homes Sold	2129	2064	-3.1% ▼	2519	2064	-18.1% ▼

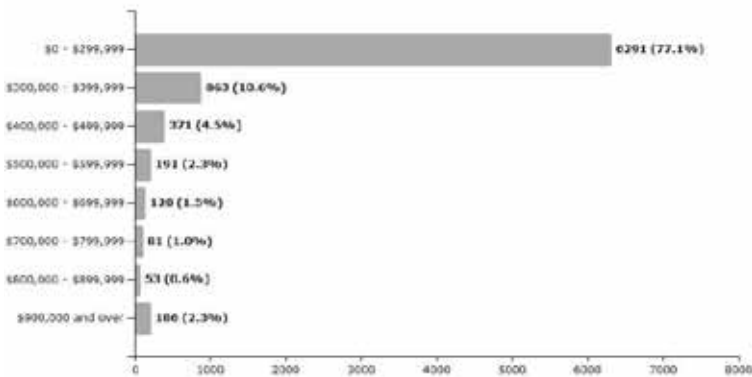
In the three months between July and September 2011, attached home prices and sales volume declined after a large spike during the previous three months.

Detached Properties - Listings Sold Units By Price Range



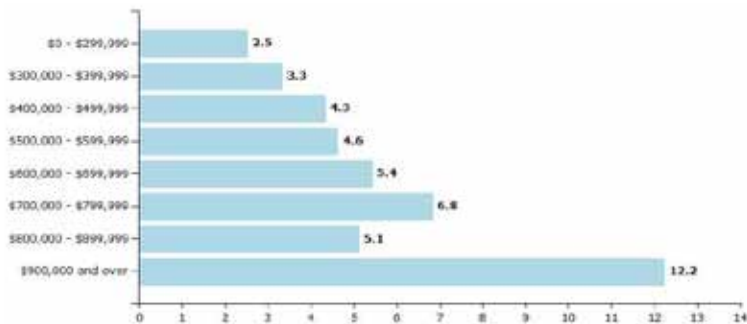
Nearly 56% of detached homes sold in the year ending September 30, 2011 were priced under \$400K.

Attached Properties - Listings Sold Units By Price Range



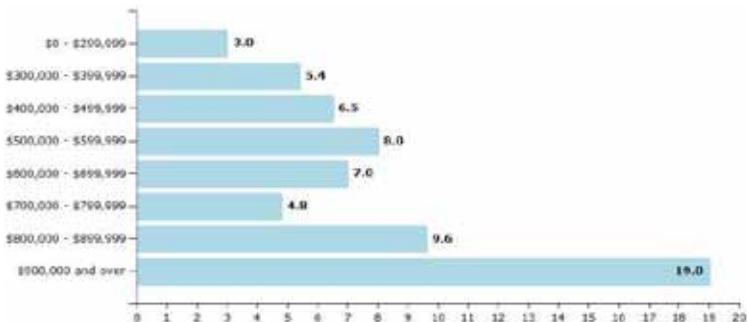
Over 77% of attached homes sold in the year ending September 30, 2011 were priced under \$300K.

Detached Properties - Inventory in Months' Supply



Detached homes are in a balanced market under \$400K. A balanced market has approximately three months of supply on hand.

Attached Properties - Inventory in Months' Supply



Attached homes are in a balanced market under \$300K. A balanced market has approximately three months of supply on hand.

Detached Properties - Sales Price Ratio



Sellers of detached homes are overpricing their homes when they first put them on the market. On average, sellers are receiving 91.5% of the original list price and 95.6% of the most recent 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 91.8% of the original list price and 95.9% of the most recent published price.

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

Property Zip	Jul. 2011 - Sep. 2011 Average Sale Price	Apr. 2011 - Jun. 2011 Average Sale Price	% Average Sale Price Gain/Loss
Zip 92070 (Santa Ysabel)	\$1,653,750	\$242,250	582.7%
Zip 92036 (Julian)	\$252,184	\$165,076	52.8%
Zip 92003 (Bonsall)	\$708,214	\$619,117	14.4%
Zip 92106 (Point Loma)	\$904,191	\$792,417	14.1%
Zip 92029 (Escondido)	\$519,032	\$455,381	14%
Zip 92066 (Ranchita)	\$62,500	\$152,300	-59%
Zip 92086 (Warner Springs)	\$171,500	\$233,983	-26.7%
Zip 92004 (Borrego Springs)	\$183,950	\$237,956	-22.7%
Zip 92103 (Hillcrest Mission Hills)	\$701,155	\$885,598	-20.8%
Zip 92054 (Oceanside)	\$423,384	\$510,464	-17.1%

For detached homes, the three months between July and September 2011 showed price gains in five zip codes over the previous three months. Small sample sizes or large or low sales can skew the statistics; see your Prudential agent for more details.

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

Property Zip	Jul. 2011 - Sep. 2011 Average Sale Price	Apr. 2011 - Jun. 2011 Average Sale Price	% Average Sale Price Gain/Loss
Zip 92067 (Rancho Santa Fe)	\$1,350,000	\$720,000	87.5%
Zip 92024 (Encinitas)	\$500,321	\$314,490	59.1%
Zip 92029 (Escondido)	\$175,000	\$131,333	33.2%
Zip 92084 (Vista)	\$187,000	\$143,333	30.5%
Zip 92114 (Encanto)	\$170,000	\$131,083	29.7%
Zip 92091 (Rancho Santa Fe)	\$0	\$395,000	-100%
Zip 92113 (Logan Heights)	\$137,593	\$209,550	-34.3%
Zip 92004 (Borrego Springs)	\$45,000	\$65,000	-30.8%
Zip 92105 (East San Diego)	\$85,385	\$119,467	-28.5%
Zip 92109 (Pacific Beach)	\$358,012	\$499,476	-28.3%

For attached homes, the three months between July and September 2011 showed price gains in five zip codes over the previous three months. Small sample sizes or large or low sales can skew the statistics; see your Prudential agent for more details.

