

The Real Estate Report

LOCAL MARKET TRENDS



May/June 2012



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Alameda County Market Hits Bottom and Bounces

Low inventory and high demand are pushing the real estate market in Alameda County off the bottom quickly.

Multiple offers on the best properties continues to be the norm.

Low inventory is here to stay for the next year or two. We don't see that changing much in the near future for several reasons.

First, there is no new home building going on, which is necessary to relieve the pressure.

Second, many existing homeowners aren't going anywhere. If they have good jobs here, where would they go?

Lastly, forget about phantom inventory. As of April, the banks owned 3,331 properties in the county. That number includes homes AND condos. In April there were 1,189 sales of homes AND condos. Even if the banks put all their inventory on the market, it's less than three month's worth!

APRIL SALES STATISTICS

Sales of single-family, re-sale homes rose 8.8% from March, and were up 4.9% year-over-year.

The median price for homes rose 11.5% from March, and was up 7.1% year-over-year. The median price is at its highest level since July 2011.

The sales price to list price ratio rose 0.8 of a point to 99.7%. That's the highest it has been since July 2010.

The market right now is all about momentum.

SALES MOMENTUM...

for single-family, re-sale homes in Alameda County was down 0.6 of a point to 5.7. (See chart below)

PRICING MOMENTUM...

was up 1.2 points to -8.1.

WE CALCULATE...

sales momentum by using a 12-month moving average to eliminate seasonality. By comparing this year's 12-month moving average to last year's, we get a percentage showing market momentum.

| Trends at a Glance (Single-family Homes) | | | |
|---|-----------|-----------|-----------|
| | Apr 12 | Mar 12 | Apr 11 |
| Median Price: | \$425,000 | \$381,100 | \$396,750 |
| Average Price: | \$498,826 | \$469,394 | \$482,596 |
| Home Sales: | 923 | 848 | 880 |
| Sale/List Price Ratio: | 99.7% | 98.9% | 98.8% |
| Days on Market: | 47 | 53 | 53 |

CONDO STATISTICS...

The median price for condos was up 5.2% from last April.

Condo sales were up 10.8% year-over-year.

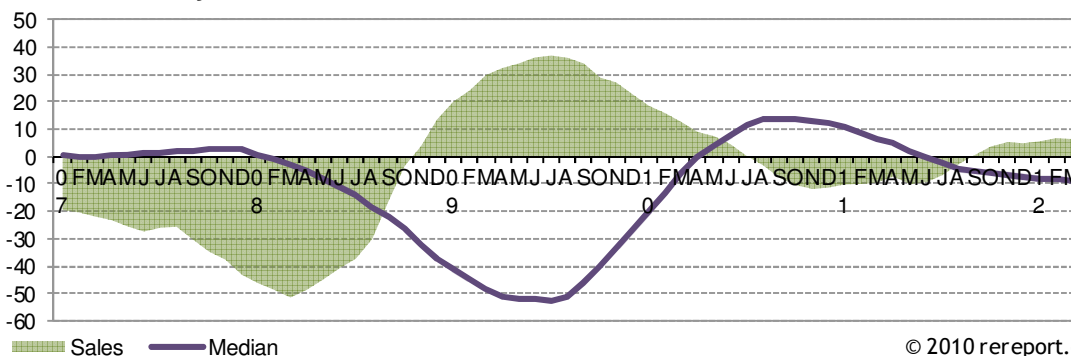
The sales price to list price ratio rose 0.2 of a point to 99%.

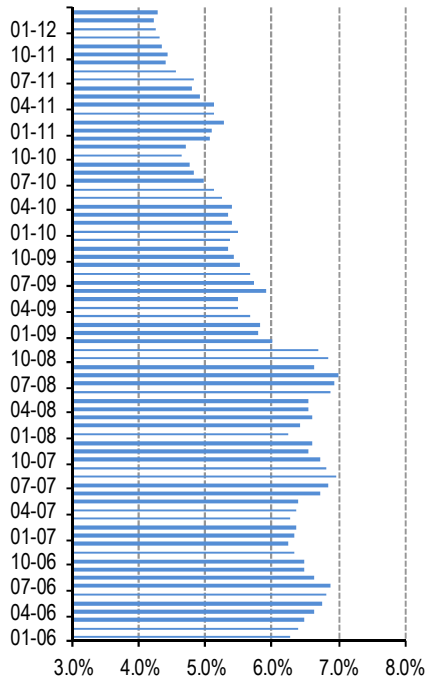
This is an extraordinarily tough market for buyers. It's important to be calm and realistic. If you don't know what to do or where to begin, give me a call and let's discuss your situation and your options.

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Alameda County Homes: Sales & Price Momentum





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Mortgage Rate Outlook

May 4, 2012 -- Mortgage rates eased downward this week to again land at new record lows. After a hopeful late winter and early spring, the economic data began to point to a lower trajectory for growth, and that's where we find ourselves at the moment. Troubles in overseas economies continues to show, while inflation has leveled for the moment. These ingredients are the recipe for lower interest rates in general, as investors look for places to park cash away from uncertain stock markets. Once you mix in a Federal Reserve still accumulating long-term Treasuries and mortgages, you've got everything you need for rock-bottom mortgage rates.

It would be better if more borrowers could take advantage of them, though.

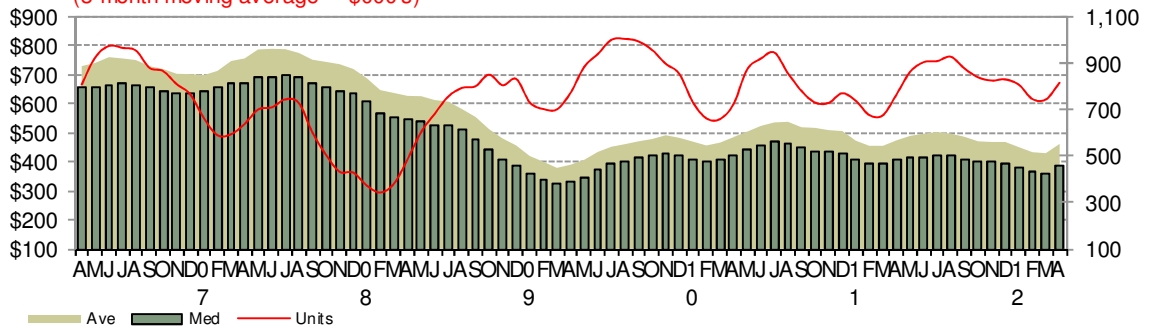
HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages eased by two basis points (0.02%) for the week, and at 4.15%, now stands at a new record low, the third record-setting week of 2012. The FRMI's 15-year companion also shed two basis points (.02%), slipping to a new record low of 3.39%. Important to homebuyers and low-equity-stake refinancers, already-low FHA-backed 30-year mortgages dropped by another single basis point to 3.79%, a fresh low-water mark, while the overall average for 5/1 Hybrid ARMs was unchanged, holding at an average 2.97% for the survey period, its lowest level ever.

In a special question, the Fed asked lenders to compare their willingness to make a mortgage to borrowers in 2006 and 2012 using similar FICO and LTV standards. It what has been painfully obvious to even a casual observer of the mortgage market, lenders are much less willing to lend now compared to then. The reasons are widespread, but include trouble getting mortgage insurance for borrowers, the GSEs requiring buybacks on failed loans, unclear regulations, weak home prices and more. To a degree, all of these issues rely on the other to be solved, and given the thorny issues involved, it may be some time before that happens.

That's a shame, since making it somewhat easier to get a mortgage loan would tend to foster demand, firming home prices. If prices start to rise, losses on failed loans would slow, which might allow some leeway on buybacks. Fewer failing loans would see mortgage insurers in better fiscal straits, allowing them to ease rigid rules. If the market starts to function better all around, regulators might be less tempted to make drastic changes, and new regulations might come sooner rather than later, easing the anxiety of over-regulation which has hung over the market for several years now.

It goes without saying that a functioning housing market would revive the economy in a number of ways. Presently, it's not the only facet of the economy which isn't firing on all cylinders, but it is a sizable one.

Alameda County Homes: Prices & Sales (3-month moving average — \$000's)



DEFINITIONS:

Median Price: The price at which 50% of prices were higher and 50% were lower.

Average Price: Add all prices and divide by the number of sales.

SP/LP: Sales price to list price ratio, or the price paid for the property divided by the asking price.

SP/OLP: Sales price to the original list price ratio, or the price paid for the property divided by the original asking price.

April Sales Statistics

(Single-family Homes)

| County | Prices | | Unit | | | Change from last year | | | Change from last month | | |
|---------------|-------------|-------------|-------|-----|--------|-----------------------|---------|--------|------------------------|---------|--------|
| | Median | Average | Sales | DOM | SP/LP | Median | Average | Sales | Median | Average | Sales |
| Alameda | \$425,000 | \$498,826 | 923 | 47 | 99.7% | 7.1% | 3.4% | 4.9% | 6.3% | 11.5% | 8.8% |
| Albany | \$534,000 | \$573,443 | 33 | 43 | 98.6% | -10.6% | -3.1% | 22.2% | 7.0% | -6.3% | 120.0% |
| Berkeley | \$577,000 | \$561,975 | 4 | 30 | 108.4% | -10.6% | -12.7% | -63.6% | -0.9% | 35.6% | -20.0% |
| Berkeley | \$575,000 | \$657,546 | 37 | 34 | 104.6% | -18.8% | -17.4% | -7.5% | 2.9% | -3.6% | -28.8% |
| Castro Valley | \$467,500 | \$470,940 | 42 | 62 | 98.8% | -2.6% | -1.0% | 27.3% | 10.8% | 23.2% | 5.0% |
| Dublin | \$580,000 | \$592,760 | 38 | 37 | 97.6% | 17.8% | 9.4% | 72.7% | -7.4% | -0.5% | 40.7% |
| Fremont | \$575,000 | \$650,550 | 133 | 35 | 99.1% | -0.2% | 4.1% | 12.7% | -5.6% | -2.5% | 0.0% |
| Hayward | \$274,000 | \$304,105 | 88 | 71 | 98.8% | 1.5% | 5.0% | -16.2% | 8.6% | 5.4% | 0.0% |
| Livermore | \$413,500 | \$469,688 | 88 | 41 | 99.9% | 0.2% | 2.1% | 4.8% | 7.7% | 10.3% | 23.9% |
| Newark | \$372,500 | \$396,808 | 24 | 43 | 99.0% | 2.6% | 8.3% | -25.0% | -6.4% | -3.2% | -7.7% |
| Oakland | \$242,500 | \$382,646 | 221 | 52 | 100.2% | 10.2% | 16.3% | 4.2% | 11.7% | -3.0% | 7.8% |
| Piedmont | \$1,113,000 | \$1,271,333 | 12 | 13 | 104.5% | -16.1% | -22.7% | -33.3% | -6.0% | -9.6% | 20.0% |
| Pleasanton | \$705,000 | \$847,840 | 75 | 34 | 98.5% | 4.4% | 10.1% | 19.0% | 11.5% | 10.8% | 53.1% |
| San Leandro | \$300,000 | \$317,818 | 71 | 60 | 99.1% | 3.0% | 2.1% | 22.4% | 7.9% | 7.1% | -1.4% |
| San Lorenzo | \$270,000 | \$273,063 | 19 | 48 | 99.8% | -1.8% | 0.3% | -9.5% | -5.2% | -5.8% | -5.0% |
| Union City | \$395,600 | \$448,220 | 37 | 51 | 99.0% | -3.6% | 0.6% | 8.8% | 17.4% | 11.8% | 5.7% |

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Foreclosure Statistics

In April, notices of default, the first step in the foreclosure process, fell 25% from March. Year-over-year, notices were down 23.7%, according to ForeclosureRadar.com.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were down 33.5% year-over-year. Month-over-month, notices of sale fell 19.4%.

After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be cancelled for reasons that include a successful loan modification or short sale, a filing error, or a legal requirement to re-file the notice after extended postponements.

Alternatively, if the property is taken to sale, the bank will place the opening bid. If a third party, typically an investor, bids more than the bank's opening bid, the property will be sold to the third party; if not, it will go back to the bank and become part of that bank's REO inventory.

Year-over-year, cancellations were off 53.2%. Compared to March, cancellations were down 8.6%.

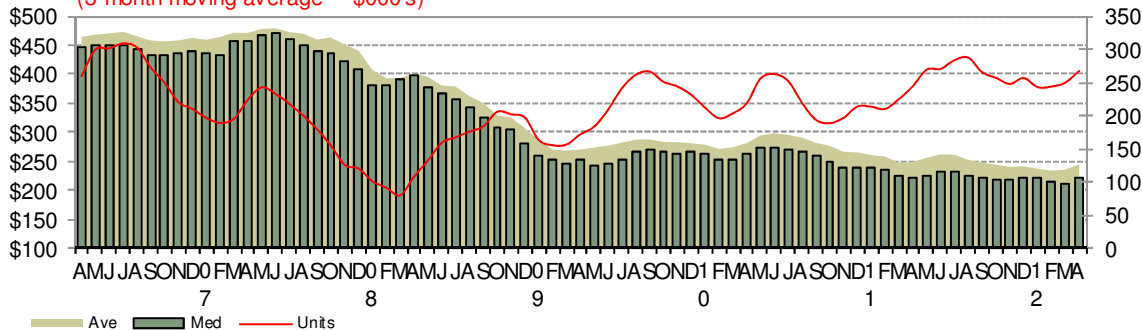
Property that went back to banks dropped 21.6% from March, and were down 63.8% year-over-year.

The total number of properties that have had a notice of default filed decreased by 30.1% in April compared to April 2010.

The total number of properties scheduled for sale decreased by 18.5% year-over-year.

The number of properties owned by the banks dropped 14.5% year-over-year.

Alameda County Condos: Prices & Sales
(3-month moving average — \$000's)



April Sales Statistics

(Condos/Town Homes)

| County | Prices | | Unit Sales | DOM | SP/LP | Change from last year | | | Change from last month | | |
|---------------|-----------|-----------|------------|-----|--------|-----------------------|---------|--------|------------------------|---------|--------|
| | Median | Average | | | | Median | Average | Sales | Median | Average | Sales |
| County | \$232,950 | \$256,769 | 266 | 49 | 99.0% | 5.2% | 1.1% | 10.8% | 3.0% | 2.2% | -4.0% |
| Alameda | \$375,000 | \$369,846 | 13 | 50 | 98.6% | 5.4% | 8.6% | 8.3% | 12.8% | 16.1% | 0.0% |
| Albany | \$259,000 | \$259,000 | 2 | 44 | 98.1% | n/a | n/a | n/a | n/a | n/a | n/a |
| Berkeley | \$305,000 | \$312,500 | 4 | 15 | 97.3% | -2.6% | -17.5% | 0.0% | -18.6% | -23.8% | -42.9% |
| Castro Valley | \$155,000 | \$155,000 | 1 | 41 | 103.4% | -55.7% | -49.0% | -85.7% | -31.0% | -31.0% | -50.0% |
| Dublin | \$317,500 | \$303,683 | 12 | 102 | 102.5% | 0.6% | -5.5% | -50.0% | -9.7% | -6.6% | -53.8% |
| Emeryville | \$203,000 | \$232,100 | 15 | 23 | 96.5% | -23.4% | -9.5% | 36.4% | -14.9% | -29.6% | 25.0% |
| Fremont | \$260,000 | \$283,157 | 57 | 33 | 99.2% | 0.0% | -1.0% | 21.3% | -0.4% | 2.6% | -5.0% |
| Hayward | \$165,000 | \$175,220 | 25 | 63 | 100.7% | 26.9% | 18.0% | -13.8% | 13.1% | 3.1% | -41.9% |
| Livermore | \$219,500 | \$243,643 | 12 | 53 | 100.4% | 16.8% | 18.3% | 20.0% | -8.5% | -26.8% | -7.7% |
| Newark | \$215,000 | \$211,699 | 11 | 62 | 98.6% | 31.9% | 17.2% | 83.3% | 8.4% | 13.0% | 57.1% |
| Oakland | \$230,000 | \$261,140 | 63 | 59 | 97.2% | 12.2% | 9.8% | 28.6% | 7.4% | 18.0% | 10.5% |
| Pleasanton | \$300,944 | \$308,631 | 18 | 29 | 99.0% | -8.4% | -9.0% | 38.5% | 20.0% | 23.4% | 50.0% |
| San Leandro | \$173,000 | \$173,961 | 13 | 48 | 100.5% | -1.1% | -6.8% | 85.7% | 37.9% | 41.2% | -7.1% |
| Union City | \$211,500 | \$222,436 | 19 | 58 | 101.8% | 5.8% | -1.5% | 5.6% | 3.3% | -6.0% | 72.7% |

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ALAMEDA COUNTY



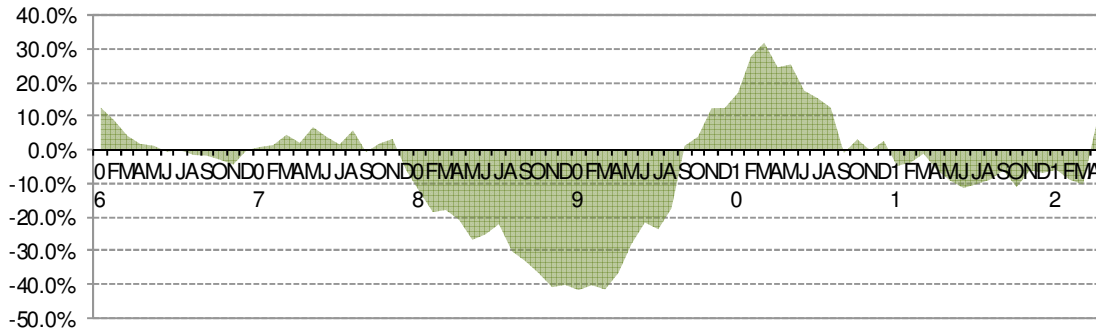
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Go online to see the full report
with the city by city breakdown:

If your home is currently listed, this is not intended as a solicitation.

Alameda County Homes: Year-Over-Year Median Price Change



Alameda County Homes: Sales Price/Listing Price Ratio

