

# The Real Estate Report

LOCAL MARKET TRENDS



SAN DIEGO COUNTY  
— NORTH INLAND



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## Year Ends on Up Note

The San Diego County real estate market ended 2008 with the median price of single-family, re-sale homes rising for the first time in seventeen months. The median price gained 2.4% in December from the month before. Year-over-year, the median price was off 30.1% compared to November's decline of 35.6%.

Also, year-over-year home sales were up for the eighth month in a row, by 73.1%. For the year, home sales were up 20.3% over 2007. If we're not at the bottom of this downturn, we're pretty close. The market will probably continue to bounce off the bottom for the next six months as we work

our way through the bank-owned property on the market.

36.2% compared to December 2007.

Trends at a Glance (Single-family Homes)			
	Dec 08	Nov 08	Dec 07
Median Price:	\$348,000	\$340,000	\$497,500
Average Price:	\$437,587	\$426,489	\$667,830
Home Sales:	1,721	1,507	994
Sale/List Price Ratio:	95.6%	96.6%	93.2%
Days on Market:	63	59	71
(Condos/Town Homes)			
Median Price:	\$199,000	\$196,450	\$312,000
Average Price:	\$252,563	\$249,023	\$372,598
Home Sales:	868	770	557
Sale/List Price Ratio:	96.2%	96.6%	95.0%
Days on Market:	60	63	73

Condo sales were up 12.7% month-over-month, and were up 55.8% compared to last December. Year-to-date, condo sales are down 3.9%.

The median price for condos rose 1.3% from November, but was off

The sales price to list price ratio decreased a full point to 95.6%. The sales price to list price ratio for condos dropped 0.4 of a point to 96.2%.

Days on market for homes gained four to 63 days. Days on market for condos was down three to 60 days.

Visit my web site to view the complete 2008 Annual Report.

The real estate market is very hard to generalize. It is a market made up of many micro markets. For complete information on a particular neighborhood or for an evaluation of your home's worth, call me.

To "STOP" receiving this Monthly Newsletter or to receive this Newsletter via "EMAIL", please call or email me and I will make the changes immediately.

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## C.A.R. Releases 2008 Housing Market Report

LOS ANGELES (Dec. 16) – Rising home sales, declining home prices, stricter loan underwriting standards, and the financial market meltdown contributed to a turbulent year in California's housing market, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) "State of the California Housing Market 2008-2009" report released today.

Sales generally improved over last year in all parts of the state, with significant price declines leading to sharp increases in the Central Valley and Southern California. Sales of existing detached homes hit bottom in the last quarter of 2007, and have since risen in year to year comparisons. Following two years of steep declines exceeding 20 percent, annual sales in the Califor-

nia housing market are expected to increase 12 percent to 395,600 in 2008, with a further 12.5 percent annual increase projected for 2009. The increase in sales is largely attributed to the growth in the absorption of distressed properties with mark-downs in prices.

Consistent with the increasing trend of distressed sales, almost one of five (19.8 percent) sellers sold their property because the property was in foreclosure, short sales, or default, an increase of 6 percent from 2007.

"Many home sellers sold their properties at a loss, as price declines eliminated equity gains," said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. "The number of sellers who sold

their home with a loss almost doubled from 11.9 percent in 2007 to a record-setting 22.2 percent in 2008, well above 1.9 percent in 2006, and almost triple the long-term average of 7.7 percent."

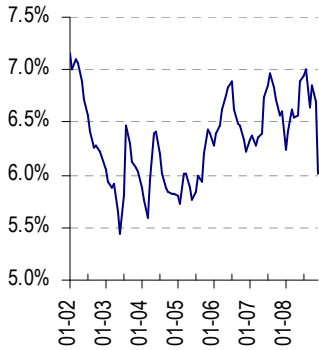
Homes in the mid-to-upper price range were less likely than lower-priced homes to suffer a loss from a sale. Twenty-eight percent of sellers with homes valued under \$500,000 had a net cash loss in 2008, an increase from 16 percent in 2007; twenty percent with homes valued between \$500,000 and \$999,999 had a net cash loss in 2008, an increase from 9 percent in 2007; and million-dollar home sellers who had a net cash loss from their home sale dropped from 8 percent in 2007 to 5 percent in 2008.

The long-term value of homeownership again was demonstrated in 2008. Home sellers who owned their properties for a longer period of time, and did not refinance or cash out, were less likely to experience a loss from their home sale. While only 3 percent of sellers who owned their homes for more than five years had a net cash loss from their home sale – unchanged from 2007 --47 percent of sellers who owned their homes for less than three years had a net cash loss in 2008, an increase from 34 percent in 2007; thirty-three percent of sellers who owned their homes between three to five years had a net cash loss in 2008, a jump from 7 percent in 2007.

# The Real Estate Report

## Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



January 2, 2009 -- Mortgage rates were basically unchanged this week, which included the first days of 2009. Thinly traded markets, vacations and holidays being what they are, a lack of any real direction is pretty typical.

The average 30-year fixed rate mortgage nudged a lone basis point higher. HSH's Fixed-Rate Mortgage Indicator FRMI rose to 5.89%. The overall average for the 5/1 Hybrid ARM slipped by fourteen basis points, landing at 5.8% for the week.

Conforming mortgage rates shed three basis points, to 5.28%, while 30-year fixed-rate jumbo mortgages moved back to 7% to start the year.

Now that investors have closed the books on 2008, we may start to see some money shift away from low-yielding but highly secure investments, especially Treasuries. With a new administration coming in, new opportunities may present them-

selves as the government moves 'stimulus' off the drawing board and into the economy. Consumer moods have remained quite bleak over the past few months, but the downturn in December's Consumer Confidence index was unexpectedly weak. The Conference Board reported a December value of 38.0, below expectations and a downshift from November's 44.9 level. Other surveys, such as the one from the University of Michigan, have showed some firming of attitudes. As an example, the weekly ABC News/Washington Post poll of Consumer Comfort shed a single tick during the week ending December 28, landing at -49, but has more or less been steady over the past month, albeit at weak levels. Perhaps the Conference Board's indicator leans more heavily on employment for weighting purposes, and job losses have been largely increasing of late.

That's not quite true, though, if you can believe the latest weekly unemployment claims data. During the week ending December 27, a drop in new claims of some 94,000 happened, so the number of new applications for benefits fell to 492,000, the lowest figure in months. Rather than some new spate of hiring (or, more properly, a diminishing of firing) the figure is probably distorted by seasonal adjustment problems related to the Christmas holiday week.

If previous years are any indications we should see a flare higher in mortgage-related activity, a resumption of more-volatile markets, and probably, slightly higher interest rates as investors begin to reposition for the period just ahead. If the 10-year Treasury is any indication, rates may tick a little higher early next week.

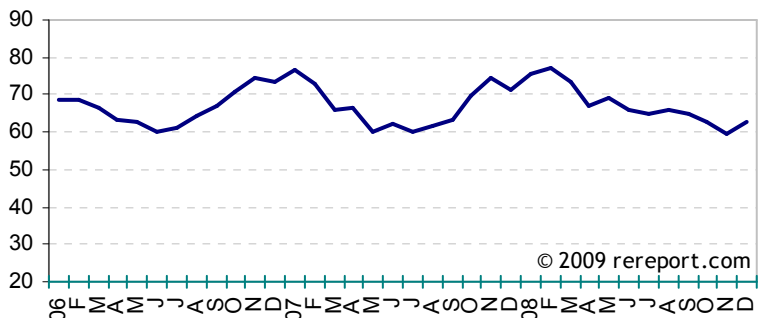
“WE MAY START TO SEE SOME MONEY SHIFT AWAY FROM LOW-YIELDING BUT HIGHLY SECURE INVESTMENTS, ESPECIALLY TREASURIES.”

## December Sales Statistics

(Single-family Homes)

County	Prices		Unit			Change from last year			Change last month		
	Average	Median	Sales	DOM	SP/LP	Ave.	Med.	Sales	Ave.	Med.	Sales
County	\$437,587	\$348,000	1,721	63	95.6%	-34.5%	-30.1%	73.1%	2.6%	2.4%	14.2%
North County Inland	\$416,056	\$350,000	541	65	96.7%	-27.5%	-31.7%	73.4%	7.3%	2.9%	13.7%
Bonsall	\$886,125	\$702,500	8	33	97.3%	17.4%	1.1%	60.0%	60.0%	60.0%	60.0%
Escondido	\$309,852	\$250,000	163	64	99.7%	-35.6%	-40.3%	191.1%	0.6%	-7.1%	14.0%
Julian	\$195,000	\$195,000	2	92	97.8%	-78.3%	-78.3%	100.0%	-10.6%	-6.0%	-66.7%
Mira Mesa	\$371,289	\$353,500	36	49	101.1%	-20.1%	-22.3%	80.0%	-4.1%	-7.0%	56.5%
Poway	\$629,241	\$467,500	27	40	93.7%	-11.5%	3.9%	22.7%	28.0%	32.6%	12.5%
Ramona	\$384,007	\$345,000	30	78	97.3%	-15.1%	-15.9%	30.4%	10.8%	8.7%	66.7%
Rancho Bernardo	\$788,099	\$650,000	50	71	92.3%	0.2%	4.0%	0.0%	29.4%	22.8%	19.0%
Rancho Penasquitos	\$567,705	\$545,450	22	42	96.1%	-20.1%	-19.2%	22.2%	6.2%	3.2%	37.5%
San Marcos	\$391,597	\$365,000	71	60	98.1%	-24.1%	-27.7%	61.4%	0.1%	2.8%	29.1%
Scripps Ranch	\$675,677	\$665,000	13	72	96.3%	-13.1%	-9.1%	62.5%	3.3%	2.3%	0.0%
Valley Center	\$441,345	\$385,000	11	67	93.1%	-36.6%	-37.9%	83.3%	-12.6%	-28.0%	0.0%
Vista	\$326,767	\$287,750	86	75	97.2%	-31.2%	-32.2%	138.9%	0.7%	-1.1%	6.2%

San Diego County: Days on Market



# The Real Estate Report

## Negotiating Closing Costs

Shop around before choosing a mortgage lender, but don't stop there. When you receive your good faith estimate of closing costs, or GFE, the negotiation hasn't ended.

The lender or mortgage broker is required to give you a GFE within three working days of accepting your loan application. The GFE comes in the form of an itemized list of estimated closing costs for everything from the lender's fees to the appraisal charge to the title insurance premium to a partial month's interest payment.

The lender or broker charges some fees, and third parties charge others. The first step is to find out which are loan origination fees and which are third-party fees. Don't guess. Ask the lender or broker.

On the GFE, fees are categorized by numerical codes ranging from the 800s to the 1300s. Most of the negotiable lender-charged fees are

in the 800s: application, origination, commitment, loan discount, broker, tax-related service and underwriting fees.

### KEYS TO LOWER CLOSING COSTS

- Ask for a justification for each lender-charged fee.
- If the lender charges an application fee, ask if it will be credited toward closing costs.
- If the lender charges an underwriting fee as well as a processing fee, ask for details of those services. Maybe you'll find a fee that can be waived or reduced.
- Recognize that some items are non-negotiable: taxes, city and county stamps, recording fees, prorated interest and reserves. On the GFE, these items are in the 1000s and the 1200s.

### THIRD-PARTY FEES

Fees charged by third parties are trickier to negotiate. A few third-party fees pop up in the 800s section of the GFE: those for the ap-

praisal, credit report and inspection. The lender is supposed to pass along these charges without marking them up. Theoretically, they are negotiable and you can ask the lender to seek good deals on these three items and pass along the savings. In practice, you probably won't get a break on those services because the lender has contracted for them at a set price.

You can realize some of your biggest savings by negotiating the items in the 1100s section of the GFE: title insurance, title search, title exam, attorney's fees and settlement fees. Most borrowers use a title company recommended by the real estate agent or lender. But you don't have to. You can shop for title insurance and settlement services, just as you shopped for the house and for the loan.

Be prepared for resistance. Some lenders have business affiliations

with title companies, and they'll pressure you to keep the title work in-house.

Title insurance, settlement services Where you shop for these title insurance and settlement services depends on where you live, because different places have different ways of closing real estate and mortgage transactions. In parts of the Northeast, closings are conducted in lawyers' offices. In some places, including Southern California, closings take place at escrow or mortgage companies. In much of the country, the closing takes place in the office of the agency that sells title insurance.

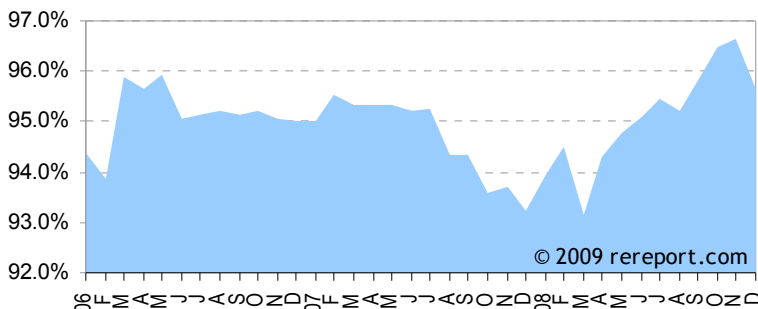
Government regulation can limit your negotiating room. In Texas, the state sets one overall fee for title insurance, title search and settlement services, so title agencies compete on service and not

(Continued on page 4)

December Sales Statistics (Condominiums/Townhomes)											
	Prices		Unit			Change from last year			Change last month		
	Average	Median	Sales	DOM	SP/LP	Ave.	Med.	Sales	Ave.	Med.	Sales
County	\$252,563	\$199,000	868	60	96.2%	-32.2%	-36.2%	55.8%	1.4%	1.3%	12.7%
North County Inland	\$197,629	\$181,000	169	54	98.3%	-39.9%	-45.0%	72.4%	0.2%	3.4%	-2.3%
Escondido	\$119,800	\$117,750	46	46	97.1%	-55.0%	-50.0%	360.0%	4.3%	14.6%	35.3%
Poway	\$338,000	\$368,000	3	65	92.8%	n/a	n/a	n/a	27.4%	18.7%	-57.1%
Mira Mesa	\$234,639	\$224,000	20	46	99.4%	7.8%	-0.4%	122.2%	16.2%	8.0%	0.0%
Ramona	\$88,100	\$70,000	5	25	100.4%	-69.5%	-75.8%	400.0%	0.0%	0.0%	0.0%
Rancho Bernardo	\$264,394	\$255,000	33	43	99.0%	-31.1%	-23.4%	13.8%	0.0%	4.7%	3.1%
Rancho Penasquitos	\$247,333	\$219,000	12	92	97.3%	-26.6%	-43.6%	100.0%	-1.6%	-9.5%	-14.3%
San Marcos	\$234,046	\$277,000	21	54	99.4%	-34.7%	-26.2%	40.0%	13.0%	56.1%	-4.5%
Scripps Ranch	\$203,950	\$193,900	4	26	102.2%	-46.6%	-46.9%	-71.4%	-24.1%	-26.1%	0.0%
Vista	\$166,143	\$155,000	21	70	97.6%	-31.8%	-38.7%	200.0%	-3.3%	6.9%	-8.7%

## San Diego County: Single-family Homes

Sales Price/Listing Price Ratio



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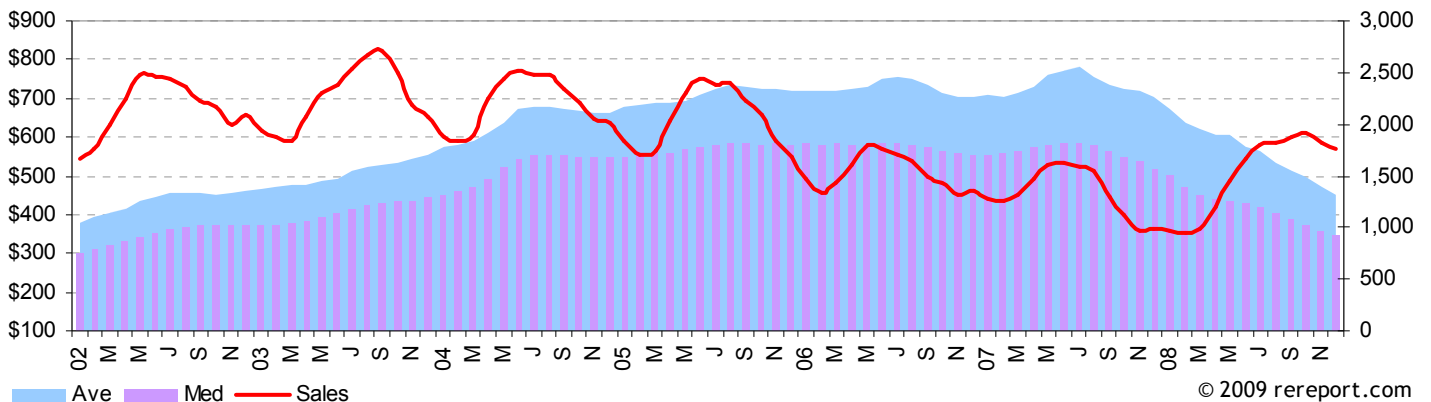
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## San Diego County — Single-family Homes: Prices & Sales

(3-month moving average — price in \$000's)



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price. Regulations aren't as restrictive in most other states and you could save hundreds of dollars in settlement services by shopping around.

"I think it's a matter of what the traffic will bear," says Bob Moulton, president of American Mortgage, a brokerage on Long Island,

N.Y. He gives this tip: If you're refinancing your mortgage, and you've lived in the house less than 10 years, ask to get title insurance at a less-expensive "reissue rate."

And don't forget to shop for hazard insurance -- item No. 903 on the GFE. Compare offers for homeowners insurance policies, either on your own or with the help of an insurance agent. Make

sure the insurance company and settlement agent communicate with each other. You're not going to get that mortgage without proof that you have a homeowner's policy. That requirement is not negotiable.