

# The Real Estate Report

LOCAL MARKET TRENDS



SAN DIEGO COUNTY  
— NORTH INLAND

February 2009



**Kristi Gonzalez**

Real Estate Broker

**Keeps YOU Smiling!!!**

(858) 566-2073

Kristi@HouseProSanDiego.com

http://www.HouseProSanDiego.com

## Bank-Owned Properties Continue to Dominate Market

Sales of bank-owned property continued to make up the majority of home sales in San Diego County in January.

These sales are pushing statistical prices down.

The median price for single-family, re-sale homes dropped 4.4% from December, and was down 29.7% year-over-year.

Sales of single-family, re-sale homes were down 20% from December, but were up 47.7% year-over-year. Sales continue to be concentrated in the lower-priced cities where the bulk of the bank-owned property is: Chula Vista up 128.2%, Escondido up 214.6%, Oceanside up 118.2%, El

Cajon up, and Encanto up 214.3%, just to name the cities with the

The median price for condos fell 6% from December, and was off 37.3% year-over-year.

Trends at a Glance (Single-family Homes)			
	Jan 09	Dec 08	Jan 08
Median Price:	\$325,000	\$340,000	\$462,000
Average Price:	\$418,765	\$427,807	\$606,649
Home Sales:	1,422	1,778	963
Sale/List Price Ratio:	95.6%	98.3%	94.8%
Days on Market:	63	73	82
(Condos/Town Homes)			
Median Price:	\$188,000	\$199,900	\$299,900
Average Price:	\$249,878	\$255,659	\$392,564
Home Sales:	707	913	467
Sale/List Price Ratio:	96.0%	97.9%	95.0%
Days on Market:	64	69	80

largest number of sales.

Condo sales were down 22.6% month-over-month, but gained 51.4% compared to last January.

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.

The sales price to list price ratio decreased 2.7 points to 95.6%. The sales price to list price ratio for condos dropped 1.9 points to 96%.

Days on market for homes dropped ten to 63 days. Days on market for condos was down five to 64 days.

The real estate market is very hard to generalize.

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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## CBIA Pressing for Housing Stimulus Measure

Sacramento (Feb. 3) – Housing production in California in 2009 is expected to decrease from the already record-low numbers seen in 2008, the California Building Industry Association announced today, leading CBIA officials to strengthen the call to state and federal lawmakers to enact a homebuyer tax credit in hopes of reinvigorating the housing market and the economy.

The Association is forecasting just 63,400 units will be produced in 2009, a 3 percent decrease from the record-low 65,380 units produced in 2008. In comparison, the low point of the homebuilding recession in the early 1990s was 84,656 units in 1993, while the worst year during the recession of the early 1980s was 85,656 in 1982. To meet the need for new

housing generated by population growth, the state estimates builders should produce about 220,000 new homes and apartments annually.

Robert Rivinius, CBIA's President and CEO, said the prospect of having another year of record-low housing production should be a wake-up call to policy makers to enact housing stimulus measures to reduce any further loss to the industry and the overall economy.

"The housing industry is an extremely productive economic generator when operating at normal levels, helping to create jobs and generate much-needed revenue for state and local governments," Rivinius said. "We will continue to ask state and federal lawmakers to enact a tax credit for new homebuyers, which has proven in the past to

be an effective means of revitalizing distressed housing markets."

Rivinius cites the temporary homebuyer tax credit enacted by Congress during the 1970s when the housing market was going through a similar downturn.

"Within months of its enactment, home sales doubled and within two years, new housing construction was back to normal levels nationwide," he said. "We continue to believe that in today's economic climate, a tax credit for new homebuyers would provide a much needed jolt to the languishing housing market, and in turn, the entire economy."

The forecast, prepared by the Construction Industry Research Board, predicts California will produce

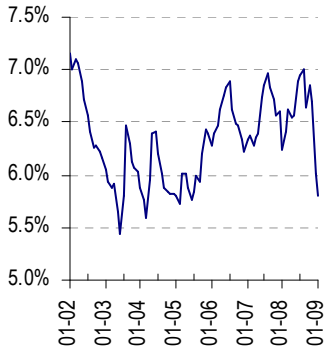
30,000 single-family units in 2009, down 9 percent from the 33,048 constructed in 2008, and 33,400 multifamily units, up a modest 3 percent from the 32,332 permits issued in 2008.

"These numbers do not bode well for our industry, or the economy, and we could be in for a very rough year," Rivinius said. "We hope our lawmakers at the state and federal level will recognize how vital a healthy housing market is to the overall economy and enact stimulus measures immediately to help our industry and to help the overall economy from falling further into recession."

# The Real Estate Report

## Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Feb. 6, 2009 -- Mortgage rates moved a little higher amid the raging "stimulus" debate. It seems to us that more than one factor is the cause behind the mild lift in rates, not the least of which are glimmers of hope amid the economic data.

HSH's overall average for the week, our Fixed-Rate Mortgage Indicator -- inclusive of conforming, jumbo and 'expanded conforming' interest rates -- rose by eight basis points (.08%), finishing the week at 5.94%. The overall 5/1 Hybrid ARM average moved .06 upward, landing at a week-ending value of 5.67%. Conforming 30-year FRMs trudged upward by nine basis points, while Jumbo 30-year FRMs actually declined to 6.83% for the period.

One of the factors pressing interest rates higher is that the influential 10-year Treasury continued to move higher, and finished the week stalking the 3% mark. As we've noted on a

number of occasions, the Treasury has still considerable but somewhat diminished influence on FRM rates in the present environment. For example, the 10-year Treasury has now risen by 75 basis points since touching a weekly low of 2.18% on December 26, but conforming mortgage rates have only lifted by 31 basis points over that time.

What this does mean, though, is that spreads -- the differential between the 10-yr Note and the average 30-year FRM -- are starting to narrow, an encouraging sign of sorts. Normally, the difference between those values runs between 150-170 basis points or so; in late December, amid still-considerable panic in the market, that gap stood at a whopping 313 basis points. Since then, that spread has narrowed to about 250 basis points again, a signal of calming in the credit markets. For jumbos, the gap is now the narrowest in three

months. It does seem that the market is trying to inch itself back towards whatever might pass for 'normal' these days.

After existing home sales bounced up by 6.5% in December, the National Association of Realtors reported that their Pending Home Sales Index also bumped up by 6.3 points during that month, which means that January's existing home sales figures are likely to also sport a rise when they're released. The increase is due to improving affordability. Home sales figures still remain low but do seem to be finding some kind of bottom around these levels. Also, the pace of credit tightening is slowing, according to the Federal Reserve's survey of Senior Loan Officers. Lenders reporting tightening standards for prime mortgage borrowers fell below 50% for the first time in a year. The decline in demand for such loans has slowed, too.

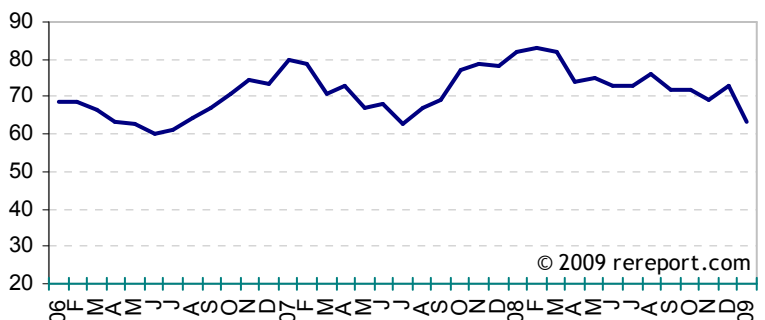
"IT DOES SEEM THAT THE MARKET IS TRYING TO INCH ITSELF BACK TOWARDS WHATEVER MIGHT PASS FOR 'NORMAL' THESE DAYS."

## January 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	\$418,765	\$325,000	1,422	63	95.6%	-31.0%	-29.7%	47.7%	-2.1%	-4.4%	-20.0%
North County Inland	\$389,587	\$350,000	428	64	96.5%	-33.3%	-32.7%	57.4%	-6.4%	0.0%	-20.9%
Bonsall	\$886,125	\$702,500	8	33	97.3%	17.4%	1.1%	60.0%	60.0%	60.0%	60.0%
Escondido	\$270,948	\$241,000	129	65	98.9%	-34.5%	-40.5%	214.6%	-12.6%	-3.6%	-20.9%
Julian	\$392,500	\$392,500	2	124	85.1%	19.8%	19.8%	0.0%	101.3%	101.3%	0.0%
Mira Mesa	\$364,514	\$360,500	22	40	99.9%	-15.2%	-12.3%	10.0%	-1.8%	2.0%	-38.9%
Poway	\$610,352	\$460,000	21	49	96.6%	-22.7%	-37.0%	40.0%	-3.0%	-1.6%	-22.2%
Ramona	\$310,208	\$302,000	21	100	94.3%	-32.7%	-32.1%	75.0%	-19.2%	-12.5%	-30.0%
Rancho Bernardo	\$679,890	\$542,000	50	55	94.6%	-20.5%	-26.3%	42.9%	-13.7%	-16.6%	0.0%
Rancho Penasquitos	\$531,657	\$502,036	13	36	98.0%	-16.4%	-21.4%	-23.5%	-6.3%	-8.0%	-40.9%
San Marcos	\$396,758	\$377,700	56	54	98.5%	-31.3%	-31.0%	86.7%	1.3%	3.5%	-21.1%
Scripps Ranch	\$591,069	\$515,600	13	53	96.0%	-15.9%	-25.3%	8.3%	-12.5%	-22.5%	0.0%
Valley Center	\$448,500	\$371,500	12	95	90.7%	-45.4%	-47.7%	33.3%	1.6%	-3.5%	9.1%
Vista	\$293,867	\$272,450	62	58	96.1%	-40.3%	-37.5%	72.2%	-10.1%	-5.3%	-27.9%

San Diego County: Days on Market



# The Real Estate Report

## What to Know When Buying a Home

Buying a home is one of the most complicated transactions you will ever do. So many people and companies are involved that it is easy for mistakes to be made. Freddie Mac offers a number of tips:

- Get pre-approved for a loan. With a pre-approved loan, you'll have more clout as the seller considers your offer.
- Make sure it's in writing. Don't settle for verbal agreements. If the seller says he'll replace the carpet or leave his washer and dryer, get it in writing.
- Get a good-faith estimate. Your mortgage lender is required to provide you with a good-faith estimate of closing costs within three days of receiving your application. They need to provide it in

writing. If you don't have to pay loan application fees, you may want to compare lenders and compare closing costs.

- Don't settle for the first lender you come across. Contact at least three lenders and compare rates.
- Lock-in your rate. One of the most stressful parts of the loan process is watching rates inch up and down each day and trying to figure out when to lock in your rate. Once you do lock in, be sure to get a written statement that outlines your interest rate and length of the lock.
- Get a home inspection. A professional home inspector will examine the house's major systems and let you know if there are any problems or

defects. You can then use the information in your negotiations. Look for an inspector who is a member of the American Society of Home Inspectors. Members are required to have completed at least 250 paid professional home inspections and passed two written exams that test the inspector's knowledge. Also, ask for references.

- Shop for homeowners' insurance as soon as your offer is accepted. The National Association of Realtors recently cautioned homebuyers to not take homeowners insurance for granted. You and your spouse may have a clean claims history and a stellar credit history - something insurance companies use to determine whether they will

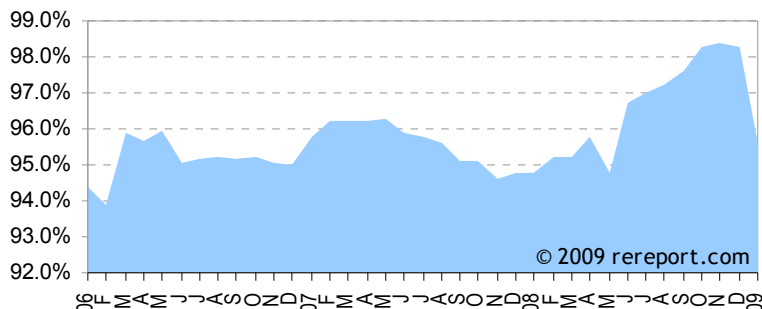
insure you - but it's not just you they're looking at. If the house you're eyeing has had claims, there's a chance they won't insure you, especially if it's a water-related claim.

- Read everything. When you have the closing meeting to sign the mountain of papers, make sure you read through everything carefully and don't hesitate to ask questions if there is anything you don't understand.

Finally, give yourself enough time between your closing and your move date, just in case there are delays in the closing process.

January 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	\$249,878	\$188,000	707	64	96.0%	-36.3%	-37.3%	51.4%	-2.3%	-6.0%	-22.6%
North County Inland	\$191,565	\$175,000	121	59	97.8%	-31.3%	-31.1%	23.5%	-3.1%	-3.3%	-28.4%
Escondido	\$117,418	\$102,350	36	45	94.7%	-51.8%	-60.6%	176.9%	-2.0%	-13.1%	-21.7%
Poway	\$174,850	\$174,850	1	9	96.5%	n/a	n/a	n/a	-48.3%	-52.5%	-66.7%
Mira Mesa	\$187,382	\$190,500	17	68	98.7%	-24.3%	-18.8%	112.5%	-20.1%	-15.0%	-15.0%
Ramona	\$190,000	\$190,000	2	332	87.7%	n/a	n/a	n/a	115.7%	171.4%	-60.0%
Rancho Bernardo	\$272,660	\$285,750	22	68	96.9%	-4.7%	7.8%	-12.0%	3.1%	12.1%	-33.3%
Rancho Penasquitos	\$174,567	\$166,250	6	21	101.1%	-42.6%	-33.5%	-45.5%	-29.4%	-24.1%	-50.0%
San Marcos	\$224,767	\$233,500	18	61	101.3%	-28.4%	-29.2%	38.5%	-4.0%	-15.7%	-14.3%
Scripps Ranch	\$278,944	\$295,000	9	54	97.2%	-23.7%	-15.2%	80.0%	36.8%	52.1%	125.0%
Vista	\$142,463	\$157,500	8	53	100.3%	-29.4%	-19.2%	14.3%	-14.3%	1.6%	-61.9%

### San Diego County: Single-family Homes Sales Price/Listing Price Ratio



# THE REAL ESTATE REPORT

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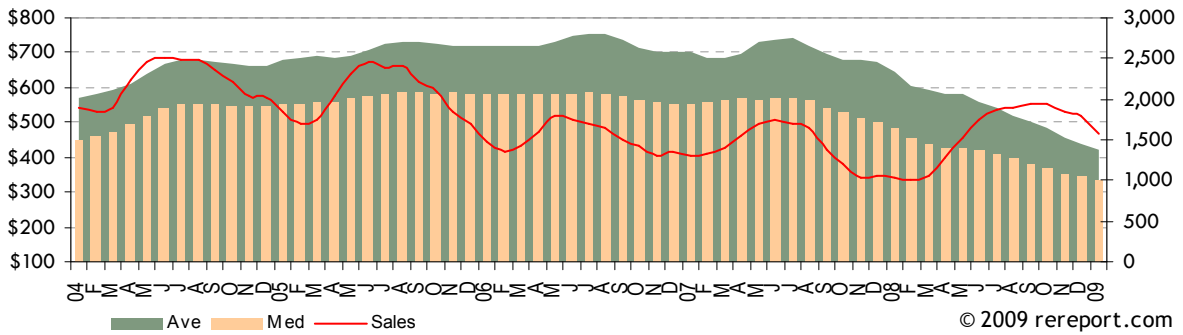
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## San Diego County Homes: Prices & Sales

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



## San Diego County Condos: Prices & Sales

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

