

The Real Estate Report

LOCAL MARKET TRENDS



December/January 2010

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Median Home Price Continues Rising

The median price for single-family, re-sale homes gained 1.4% in November from October, and it was up 10.4% year-over-year. This is the third month in a row the median price has been higher than the year before. Also, the median price is at its highest level since August 2008.

After a strong October, driven in part by the first-time home buyers tax credit, which was set to expire October 31, sales fell in November: down 17.8% from October. Year-over-year, home sales were up 7.3%. With the extension and expansion of the home-buyers tax credit, we expect sales to pick up and for the first quarter to be very strong. Year-to-date, home sales are up 13.3%.

The tax credit has been extended to April 30th. The difference being,

you only need to have a contract in place by then. After which, you have 60 days to close the contract to qualify for the tax credit. The expansion of the tax credit applies to existing homeowners who have

Trends at a Glance (Single-family Homes)			
	Nov 09	Oct 09	Nov 08
Median Price:	\$370,000	\$365,000	\$335,000
Average Price:	\$476,349	\$464,708	\$418,991
Home Sales:	1,660	2,020	1,547
Sale/List Price Ratio:	99.6%	99.6%	98.4%
Days on Market:	66	64	69

been residing in their principal residence for five consecutive years out of the last eight and are purchasing a home to be their principal residence ("repeat buyer"). They may be eligible for up to a \$6,500 tax credit.

Inventory continues to decline: down 31.2% compared to last November.

Pending sales were up 35.1% year-over-year.

Condo sales were down 14%, month-over-month, but were up 11.5% compared to last November. Year-to-date, condo sales are up 15.1%.

The median price for condos rose 5.7% from October, and was up 13.8% year-over-year.

Condo inventory was down 27.3% compared to last November, while pending sales were up 44.5%.

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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FHA Mortgage Insurance Program Important to Housing Market & Recovery

The Federal Housing Administration mortgage insurance program is a critical part of the American housing fabric and has never been more important than it is in today's market, NAR President Vicki Cox Golder told a congressional panel today.

Testifying before the House Committee on Financial Services, Golder said that the FHA program is fiscally sound with responsible underwriting, and needs enhancements not radical reform. She urged Congress and the administration to tread lightly before making changes to a program that has a profound impact on economic recovery and serves the nation's families.

"With the collapse of the private mortgage market, the importance of the FHA mortgage insurance program has never been more apparent. Thus far in 2009, nearly 80 percent of all FHA insured purchasers are first-time homebuyers. And if you take a closer look at the numbers, you'll see that program is doing exactly what it was designed to do—make more affordable mortgage financing available to homeowners," said Golder.

"As the leading advocate for homeownership and housing issues, NAR knows that without FHA mortgage insurance, our housing market could never start to recover," Golder said.

FHA's decline in reserves is in part a reflection of a projected change in

home price values, and is not tied to excessive increases in defaults or unsound underwriting practices, she said. In citing the recent FHA audit, Golder said, "If FHA makes no changes to the way it does business today, the reserves will actually exceed 2 percent in the next several years. FHA has sufficient reserves."

FHA cash reserves and capital reserves give the agency combined assets of \$30.4 billion—enough to pay all claims over a 30-year period. Most banks are required to hold reserves sufficient to pay only one year of claims. "Realtors® strongly believe that FHA is taking the necessary steps to assure its financial solvency," Golder said.

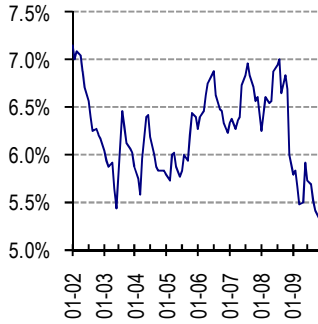
NAR strongly opposes H.R. 3706, the "FHA Taxpayer Protection Act of 2009," which would increase FHA's downpayment requirement. The bill would not add anything to FHA reserves but would put homeownership out of reach for many credit-worthy borrowers.

Golder also thanked Chairman Barney Frank (D-Mass.) and the committee for passing legislation to extend the higher loan limits through 2010, but urged the committee to make the higher limits permanent. "The higher limits are not just for a few states with high median prices. There are currently 245 counties in 28 states that have high cost limits—this is a national issue," she said.

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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Dec. 4, 2009 -- Mortgage rates have been easing a bit lately due to both softer demand for credit and, most recently, some flight-to-quality purchases of US Treasuries related to financing troubles at Dubai World, a state-backed corporation which asked to forego payments on its outstanding debts for at least six months. That is simply more fallout from the global financial crisis.

These troubles first came to light last Thursday. After initial concern, it seems Dubai World's effect on global finance markets is contained for the most part, so some of that move of cash into a safer haven has begun to unwind.

Some surprising economic news came late in the week, and if the again-influential yield on the 10-year Treasury is any indication, mortgage rates seem certain to rise in the days ahead. The 10-year

Treasury rose from a Tuesday low of 3.21% to an estimated 3.48% by Friday's market close; mortgage rates haven't yet fully reflected all of that move, but from Tuesday's low of 4.83%, the all-important 30-year Conforming interest rate had risen to 5.06% by Friday.

For the week, HSH.com's FRMI, our overall average for mortgage rates (including conforming, jumbo and agency jumbo), fell by five basis points, closing the at 5.24%. Both conforming and jumbo rates declined this week, with conforming 30-year FRMs slipping to a 4.91% average. At the same time, the overall average for 5/1 Hybrid ARMs fell five-basis points, landing at 4.56% for the week. Some aggressively-priced 5/1 ARMs can now be found in the market with rates starting as low as the mid-3% range.

Readers and visitors who regularly follow our work know that fluctuations in mortgage rates are a regular recurrence, and that rates rise much more quickly than they fall. This being the case, we always advise borrowers that when they've got a mortgage in place that makes their purchase or refinance deal work, they should lock in the interest rate, rather than trying to guess at any kind of bottom in the market.

Our educated readers also know that 30-year FRMs holding tightly to either side of a 5% threshold is a great deal, whether it's upper 4% or low 5% on the bottom line. Interest rates will kick a little higher next week, probably all the way back to (yawn) early November levels, when they were only outstanding.

November Sales Statistics

(Single-family Homes)

	Prices		Unit			Change from last year			Change last month		
	Average	Median	Sales	DOM	SP/LP	Ave.	Med.	Sales	Ave.	Med.	Sales
County	\$476,349	\$370,000	1,660	66	99.6%	13.7%	10.4%	7.3%	2.5%	1.4%	-17.8%
Central San Diego	\$585,812	\$415,000	356	61	99.7%	14.4%	15.3%	17.1%	6.4%	-1.4%	-21.4%
City Heights	\$219,323	\$225,500	26	44	102.2%	8.9%	11.6%	-3.7%	5.4%	18.7%	13.0%
Clairemont	\$447,873	\$405,000	24	24	99.2%	14.3%	11.0%	26.3%	-2.5%	-6.9%	-33.3%
College Grove	\$385,987	\$367,450	22	61	100.9%	23.7%	23.6%	0.0%	7.5%	8.9%	-8.3%
Coronado	\$1,200,000	\$1,177,500	4	168	94.4%	9.9%	16.5%	0.0%	-16.0%	-13.4%	-69.2%
Del Cerro	\$492,429	\$431,000	21	40	98.6%	23.1%	14.8%	110.0%	5.2%	-13.6%	61.5%
Encanto	\$213,443	\$222,500	52	50	104.4%	2.8%	2.5%	-3.7%	-5.7%	-3.3%	-17.5%
Golden Hill	\$246,625	\$197,500	16	33	98.2%	-23.6%	-34.2%	33.3%	4.2%	-1.1%	33.3%
La Jolla	\$2,570,000	\$1,375,000	24	134	80.0%	-14.3%	-32.9%	84.6%	45.0%	-9.8%	-14.3%
Linda Vista	\$413,083	\$400,100	15	26	100.6%	-6.5%	-4.7%	114.3%	1.0%	-3.6%	7.1%
Logan Heights	\$163,893	\$154,500	14	103	103.8%	-6.3%	8.4%	0.0%	9.7%	8.4%	-12.5%
Mira Mesa	\$413,977	\$426,000	26	54	99.6%	6.9%	12.1%	13.0%	3.8%	5.7%	-25.7%
Mission Hills	\$732,250	\$665,000	10	75	91.1%	-10.7%	-19.6%	-37.5%	-12.4%	-11.6%	-58.3%
Mission Valley	\$460,800	\$490,000	5	10	99.0%	19.0%	25.6%	-54.5%	9.5%	19.5%	-44.4%
Normal Heights	\$432,282	\$425,000	11	56	97.4%	-4.1%	-13.0%	10.0%	-17.2%	-8.7%	-45.0%
North Park	\$448,918	\$435,000	17	35	99.1%	-4.3%	-9.9%	41.7%	-2.4%	-1.1%	-37.0%
Ocean Beach	\$703,188	\$697,500	12	57	97.0%	4.0%	4.5%	100.0%	6.6%	9.0%	-7.7%
Old Town	\$497,125	\$489,000	8	110	96.3%	-6.4%	5.8%	33.3%	-24.0%	-21.1%	0.0%
Pacific Beach	\$1,095,833	\$807,500	12	80	91.1%	38.0%	4.9%	71.4%	46.0%	12.2%	-29.4%
Paradise Hills	\$252,848	\$260,000	23	31	102.6%	6.1%	13.3%	130.0%	5.0%	10.6%	9.5%
Point Loma	\$805,091	\$749,000	11	72	96.1%	32.8%	34.3%	175.0%	-9.4%	11.0%	0.0%
San Carlos	\$402,456	\$399,000	9	28	97.9%	-9.2%	-9.3%	-30.8%	-3.0%	-5.0%	-18.2%
Scripps Ranch	\$776,962	\$730,000	14	51	97.6%	18.8%	12.3%	7.7%	10.3%	4.8%	-46.2%
Sorrento Valley	\$733,500	\$733,500	2	16	95.4%	-4.9%	-4.9%	0.0%	10.3%	10.3%	0.0%
Tierrasanta	\$567,800	\$578,200	9	53	98.5%	14.7%	9.1%	-30.8%	11.3%	19.7%	12.5%
University City	\$644,211	\$620,000	9	37	95.2%	-6.1%	-9.7%	350.0%	-3.2%	-8.8%	-35.7%

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Nine Consecutive Gains for Pending Home Sales

Pending home sales have risen for nine months in a row, a first for the series of the index since its inception in 2001, according to the National Association of Realtors®.

The Pending Home Sales Index,* a forward-looking indicator based on contracts signed in October, increased 3.7 percent to 114.1 from 110.0 in September, and is 31.8 percent above October 2008 when it was 86.6. The rise from a year ago is the biggest annual increase ever recorded for the index, which is at the highest level since March 2006 when it was 115.2.

Lawrence Yun, NAR chief economist, said home sales are experiencing a pendulum swing. "Keep in mind that housing had been underperforming over most of the past year. Based on the demographics of our growing population, existing-home sales should be in the range of 5.5

million to 6.0 million annually, but we were well below the 5-million mark before the home buyer tax credit stimulus," he said. "This means the tax credit is helping unleash a pent-up demand from a large pool of financially qualified renters, much more than borrowing sales from the future.

The PHSI in the Northeast surged 19.9 percent to 100.2 in October and is 44.2 percent above a year ago. In the Midwest the index rose 11.6 percent to 109.6 and is 36.6 percent higher than October 2008. Pending home sales in the South increased 5.4 percent to an index of 115.4, which is 31.6 percent above a year ago. In the West the index fell 11.2 percent to 127.7 but is 21.9 percent above October 2008.

Yun cautioned that home sales could dip in the months ahead. "The expanded tax credit has only been available for the past three

weeks, but the time between when buyers start looking at homes until they close on a sale can take anywhere from three to five months. Given the lag time, we could see a temporary decline in closed existing-home sales from December until early spring when we get another surge, but the weak job market remains a major concern and could slow the recovery process.

"Still, as inventories continue to decline and balance is gradually restored between buyers and sellers, we should reach self-sustaining housing conditions and firming home prices in most areas around the middle of 2010. That would mean broad wealth stabilization for the vast number of middle-class families," Yun said.

The National Association of Realtors®, "The Voice for Real Estate," is America's largest trade association, representing 1.2

million members involved in all aspects of the residential and commercial real estate industries.

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*The Pending Home Sales Index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing.

The index is based on a large national sample, typically representing about 20 percent of transactions for existing-home sales. In developing the model for the index, it was demonstrated that the level of monthly sales-contract activity from 2001 through 2004 parallels the level of closed existing-home sales in the following two months. There is a closer relationship between annual index changes (from the same month a year earlier) and year-ago changes in sales performance than with month-to-month comparisons.

An index of 100 is equal to the average level of contract activity during 2001, which was the first year to be examined as well as the first of five consecutive record years for existing-home sales.

Existing-home sales for November will be reported December 22 and the next Pending Home Sales Index will be on January 5; release times are 10 a.m. EST.

November 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	\$260,037	\$222,000	913	69	99.8%	4.5%	13.8%	11.5%	-6.8%	5.7%	-14.0%
Central San Diego	\$306,495	\$255,500	354	69	99.7%	-8.1%	4.3%	23.3%	-11.1%	2.2%	-20.6%
City Heights	\$128,153	\$109,900	11	56	101.2%	21.2%	8.8%	-8.3%	50.6%	66.5%	-15.4%
Clairemont	\$255,133	\$274,950	12	47	98.4%	32.1%	25.2%	233.3%	12.7%	12.7%	12.7%
College Grove	\$117,565	\$115,000	20	62	104.5%	-19.9%	-23.1%	25.0%	-18.1%	-8.0%	-16.7%
Coronado	\$704,600	\$685,000	5	156	88.3%	n/a	n/a	n/a	-48.5%	-48.8%	-37.5%
Del Cerro	\$184,389	\$156,000	9	99	94.8%	-8.7%	-1.6%	-25.0%	3.5%	-3.3%	-10.0%
Downtown	\$408,399	\$342,500	50	51	97.8%	-14.3%	-17.5%	-2.0%	-18.3%	-12.1%	-43.2%
Golden Hill	\$194,350	\$207,000	5	67	98.3%	12.8%	15.2%	-16.7%	36.8%	88.2%	0.0%
La Jolla	\$775,688	\$623,250	24	124	91.9%	47.0%	22.7%	84.6%	47.0%	22.7%	84.6%
Linda Vista	\$523,814	\$297,750	14	95	192.8%	106.3%	30.9%	27.3%	204.5%	123.8%	-58.8%
Mira Mesa	\$189,526	\$199,000	19	62	104.1%	-6.1%	-4.1%	-5.0%	-3.5%	-0.3%	-20.8%
Mission Hills	\$402,384	\$350,000	19	38	99.3%	11.0%	11.1%	111.1%	-20.5%	-33.3%	11.8%
Mission Valley	\$257,948	\$249,500	36	63	98.4%	9.1%	28.0%	71.4%	1.7%	4.0%	-20.0%
Normal Heights	\$170,355	\$163,000	11	69	98.6%	-19.1%	18.1%	120.0%	-6.4%	23.5%	-42.1%
North Park	\$202,979	\$181,000	19	61	101.2%	6.0%	6.5%	35.7%	7.7%	-8.1%	-26.9%
Ocean Beach	\$335,125	\$331,750	4	41	94.4%	-7.4%	4.5%	0.0%	15.3%	18.5%	-55.6%
Old Town	\$253,306	\$245,000	18	57	96.7%	-4.2%	-9.3%	100.0%	-18.3%	-23.9%	38.5%
Pacific Beach	\$436,821	\$431,000	19	98	94.6%	-43.0%	-10.7%	58.3%	-1.1%	2.6%	11.8%
Paradise Hills	\$130,559	\$128,000	17	58	105.9%	-17.1%	-8.6%	-10.5%	-11.8%	-1.5%	6.3%
San Carlos	\$238,333	\$260,000	3	51	96.6%	37.1%	67.7%	-40.0%	8.7%	26.8%	-50.0%
Scripps Ranch	\$300,840	\$298,500	10	34	100.8%	11.9%	13.7%	150.0%	4.9%	6.6%	-47.4%
Sorrento Valley	\$425,000	\$425,000	1	5	94.4%	n/a	n/a	n/a	22.4%	28.8%	-66.7%
Tierrasanta	\$335,136	\$330,000	11	35	99.1%	-1.9%	-2.5%	175.0%	1.1%	0.3%	175.0%
University City	\$311,323	\$288,500	30	49	99.3%	2.0%	-0.8%	87.5%	3.9%	7.6%	15.4%

THE REAL ESTATE REPORT

SAN DIEGO COUNTY
— CENTRAL SAN DIEGO

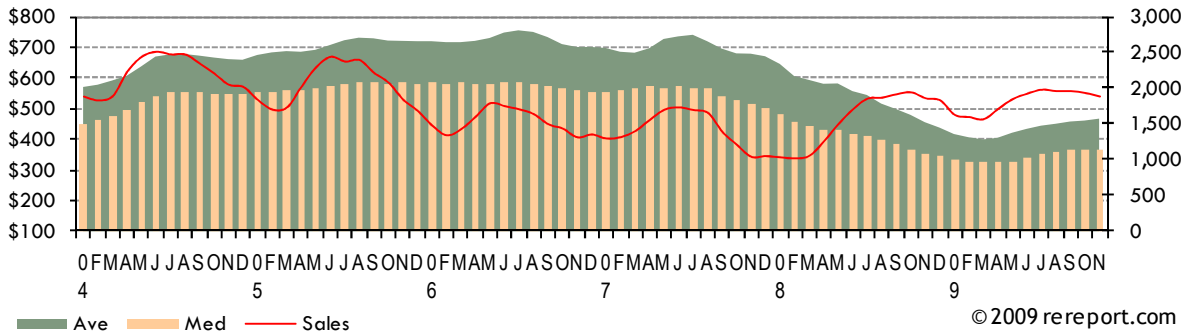
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San Diego County Homes: Prices & Sales (3-month moving average — price in \$000's)



San Diego County Condos: Prices & Sales (3-month moving average — price in \$000's)

