

Inside This Issue

- > LOCAL MARKET TRENDS.....1
- > MORTGAGE RATE OUTLOOK.....2
- > HOME STATISTICS.....2
- > FORECLOSURE STATS.....3
- > CONDO STATISTICS.....3
- > SFR SALES * & PENDING CHART.....4



Bill Phillips

Phillips Real Estate

337 El Dorado Street, Suite 3-B

Monterey, CA 93940

(831) 372-8092

bill@billandred.com

<http://www.BillandRed.com>

DRE #00625289

The Real Estate Report

local market trends

MONTEREY COUNTY

Mortgage Debt Relief Act to Expire

Once upon a time, when a homeowner did a short sale, the IRS counted the difference between what the bank took and what the homeowner owed as income. Not much incentive there.

In 2007, the federal government enacted the MDRA that allows qualified taxpayers to exclude that "income".

The law will end December 31st.

You must close the short sale by then.

Other qualifications include:

- Good for up to \$2,000,000 in forgiven debt
- Only works for principal homes
- The tax rule can be applied to debt used to refinance your home, provided the principal balance of the old mortgage, immediately before the refinancing, would have qualified.

See "The Mortgage Forgiveness Debt Relief Act and Debt Cancellation" for additional information. Use this link: <http://tinyurl.com/5pe43f>.

If you've been considering a short sale, it's time to get off the stick. Short sales are notorious for taking a long time, like six months or more.

If you are in are upside down and are having problems making your payments, it's time to do something. It's going to take a long time before and upside down property becomes positive.

MARKET STATISTICS

In January, sales of single-family, re-sale homes dropped 36.5% from December, and were off 18.5% year-over-year.

Condo sales fell 20.8% from December, and were down 17.4% year-over-year.

The median price for homes was up 5% from December, and up 10.8% year-over-year.

The median price for condos gained 6.7% compared to December, and was up 113.3% year-over-year.

Inventory of both homes and condos continues to be low. Home inventory was down 26.2% compared to last January.

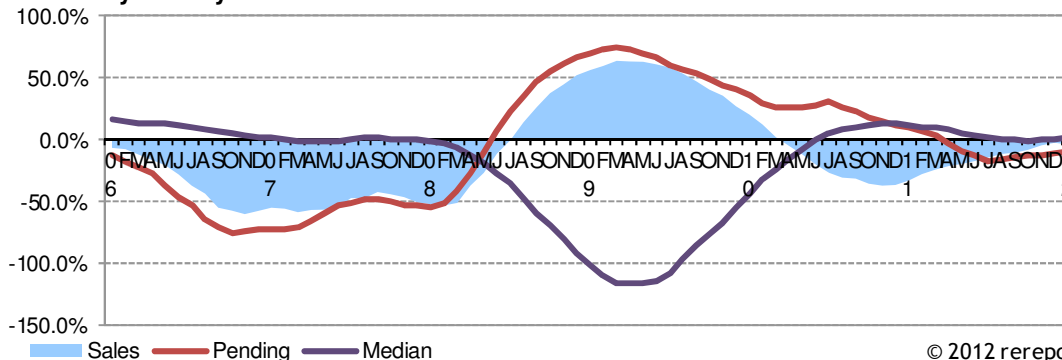
Trends at a Glance			
(Single-family Homes)			
	Jan 12	Dec 11	Jan 11
Median Price:	\$ 282,500	\$ 269,000	\$ 255,000
Average Price:	\$ 490,867	\$ 416,827	\$ 483,096
Units Sold:	172	271	211
Pending Sales:	616	581	654
Inventory:	707	807	958
Sale/List Price Ratio:	96.6%	97.4%	98.6%
Days on Market:	80	88	88
Days of Inventory	123	89	136

Condo inventory was down 15.3% year-over-year.

Pending sales for homes was off 5.8% year-over-year, while condo pending sales were off 11.9%.

Please remember, while statistics are nice, they will not determine the price you pay or get for a property. That will come down to you and the buyer or seller.

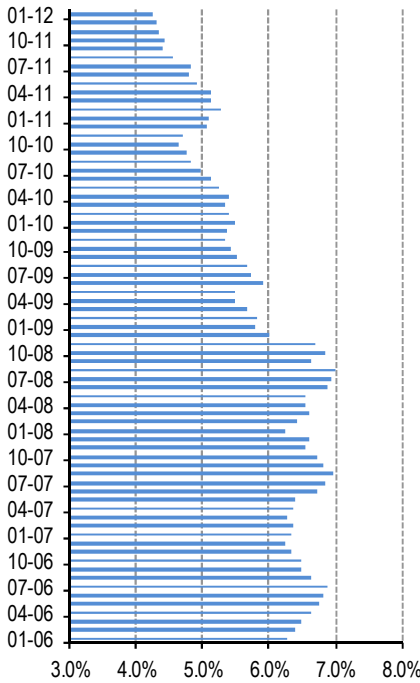
Monterey County Homes: Sales Momentum



© 2012 rereport.com

Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Feb. 3, 2012 -- Expectations for a continuing period of weak economic growth continue to be confounded by stronger economic data. A flare higher in rates last week -- fostered by that warmer data -- was cut off at the knees by softer-than-expected fourth quarter GDP growth and a Federal Reserve who not only moved their expectations of increasing interest rates further down the road, but also increased expectations that more mortgage or bond-buying programs might come in 2012.

While weaker growth may yet emerge, whether from deepening troubles in the Eurozone or some yet-unseen issue, the fact is that the economy is showing signs of increasing expansion, at least for the moment. Certain of the interest rates which mortgages track moved measurably higher on Friday, with the 10-year Treasury finishing the week well above the week's low.

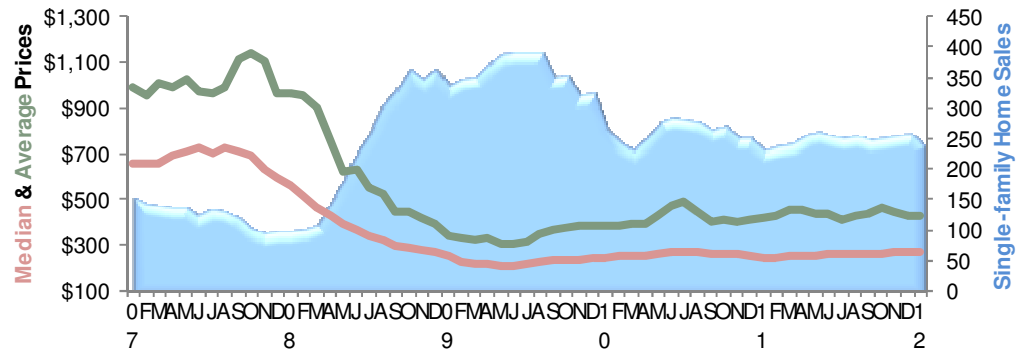
HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages declined by ten basis points (.10%) from last week, sliding to an average 4.18%, a new record low. The FRMI's 15-year companion shed nine basis points (.09%) to finish the weekly survey

at an average 3.46%, also a new bottom. Important to homebuyers and low-equity-stake refinancers, FHA-backed 30-year mortgages declined by just three hundredths of a percentage point to 3.84%, while the overall average for 5/1 Hybrid ARMs decreased by seven basis points to crack the 3% mark and end the week at 2.99%. Conforming 30-year FRMs matched their previous low of 4.01%, but jumbo 30-year FRMs marched into new record low territory with an eleven basis point drop to 4.49%.

We expect to see mortgage rates rise a little next week. The better economic tenor this week (especially the ISM service and employment reports on Friday) pulled money out of bonds and into stocks, as safe-haven funds seek some opportunity for better gains. Figure on a rise of 4-5 basis points, perhaps.

Monterey County Homes - Prices & Sales

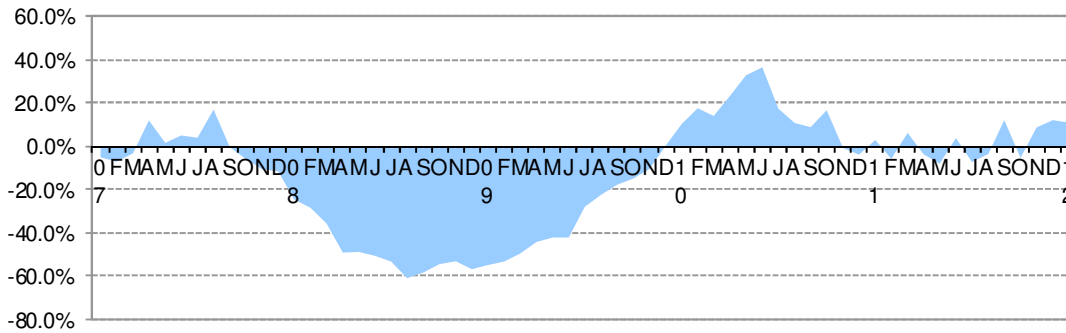
(3-month moving average—prices in \$000's)



Monterey County - January 2012													
Single-Family Homes								% Change from Year Before					
Prices								Prices					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven	
County	\$ 282,500	\$ 490,867	172	616	707	123	96.6%	10.8%	1.6%	-18.5%	-5.8%	-26.2%	
Carmel	\$ 880,000	\$ 900,500	13	28	131	302	95.0%	14.7%	-0.6%	-18.8%	12.0%	0.8%	
Carmel Valley	\$ 905,000	\$ 847,143	7	23	64	274	93.0%	23.5%	5.8%	-22.2%	21.1%	-35.4%	
East Salinas	\$ 203,500	\$ 204,896	24	62	31	39	100.0%	32.1%	16.7%	-7.7%	-16.2%	-47.5%	
Marina	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a	
Monterey	\$ 485,000	\$ 463,650	10	28	39	117	95.8%	-2.8%	-5.7%	42.9%	-3.4%	-42.6%	
North County	\$ 334,950	\$ 322,421	14	69	57	122	97.7%	-3.7%	-1.4%	-26.3%	-1.4%	-6.6%	
North Salinas	\$ 219,000	\$ 220,423	23	140	54	70	98.4%	0.7%	-5.4%	-45.2%	4.5%	-8.5%	
Pebble Beach	\$ 1,794,130	\$ 2,687,030	8	12	79	296	93.8%	-38.9%	-24.5%	0.0%	71.4%	-18.6%	
Pacific Grove	\$ 545,000	\$ 614,065	13	22	75	173	94.1%	5.3%	19.1%	62.5%	-4.3%	-2.6%	
Seaside	\$ 275,000	\$ 279,877	13	38	24	55	92.8%	10.0%	-3.6%	-23.5%	-13.6%	-42.9%	
Salinas MH	\$ 565,000	\$ 690,755	10	47	67	201	93.4%	5.6%	-17.8%	11.1%	51.6%	-23.0%	
South County	\$ 168,000	\$ 161,135	23	113	43	56	96.7%	10.5%	5.1%	-20.7%	-16.3%	-57.8%	
South Salinas	\$ 256,000	\$ 280,271	14	28	33	71	99.9%	-13.2%	-4.7%	55.6%	-26.3%	-17.5%	

Bill Phillips
 Phillips Real Estate
 337 El Dorado Street, Suite 3-B
 Monterey, CA 93940
 (831) 372-8092
bill@billandred.com
<http://www.BillandRed.com>
 DRE #00625289

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



Bill Phillips
Phillips Real Estate
 337 El Dorado Street, Suite 3-B
 Monterey, CA 93940
 (831) 372-8092
bill@billandred.com
<http://www.BillandRed.com>
 DRE #00625289

FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in Monterey County dropped 32.1% in December from November. Year-over-year, notices were down 33%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, dropped 10.8% from November. Year-over-year, they were down 15.3%.

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.

In December, cancellations were up 10.3% year-over-year.

Year-over-year, properties going back to the bank declined 20.4%, which is very good news. They increased 20% from November. Expect a surge in properties going back to the bank in February.

The total number of homes that have had a notice of default filed dropped 11.9% from November. Year-over-year, the total number of properties with a notice filed decreased 36.1%.

The total number of homes scheduled for sale decreased by 33.8% year-over-year, and were down 0.5% month-over-month.

The total number of bank-owned properties in Monterey County declined by 16.4% from last December.

Monterey County Condos- Prices & Sales

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

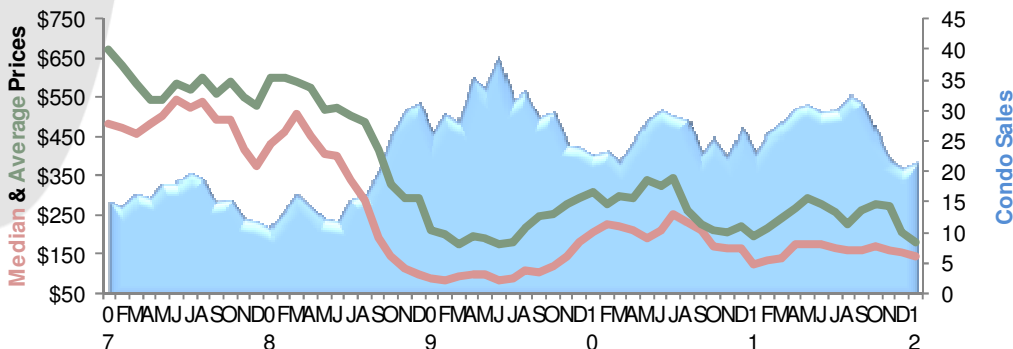


Table Definitions

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.

DOI

Days of Inventory, or how many days it would take to sell all the property for sale at the current rate of sales.

Pend

Property under contract to sell that hasn't closed escrow.

Inven

Number of properties actively for sale as of the last day of the month.

Monterey County - January 2012

Condos/Townhomes	Prices								% Change from Year Before				
	Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$	160,000	\$ 184,605	19	59	83	131	98.6%	113.3%	-2.6%	-17.4%	-11.9%	-15.3%
Carmel Valley	\$	235,000	\$ 330,000	4	8	23	173	92.9%	-66.4%	-45.6%	33.3%	-11.1%	43.8%
Monterey	\$	205,000	\$ 223,333	3	17	19	190	98.8%	n/a	n/a	n/a	n/a	n/a
North Salinas	\$	83,000	\$ 86,571	7	16	2	9	100.8%	36.1%	31.4%	-30.0%	-23.8%	-71.4%
Pacific Grove	\$	-	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a

THE REAL ESTATE REPORT

Monterey County

Bill Phillips

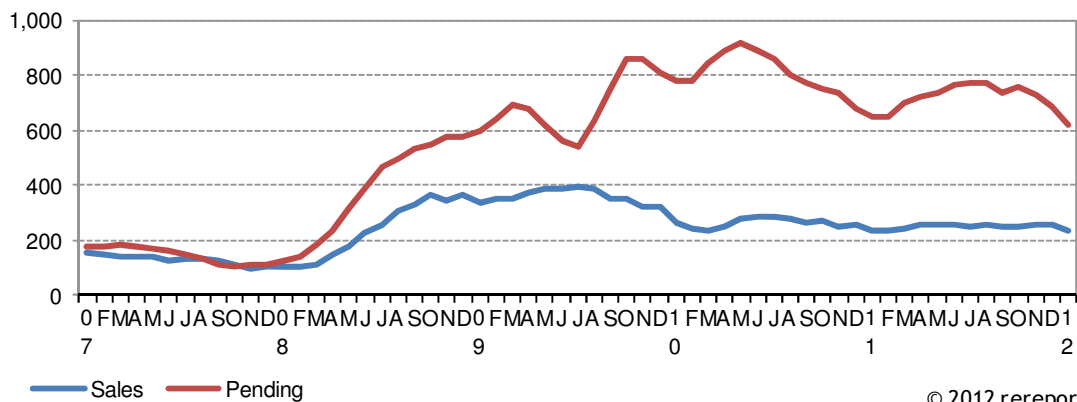


Phillips Real Estate
337 El Dorado Street, Suite 3-B
Monterey, CA 93940
bill@billandred.com

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

<http://www.BillandRed.com>

Monterey County Homes: Pending & Existing Home Sales
(3-month moving average)



© 2012 rereport.com