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**Chuck Lynn**



**Lifestyles Real Estate**  
 500 Seabright Ave., Suite 105  
 Santa Cruz, CA 95062  
 (831) 247-4577  
[CL@SoldonSantaCruz.com](mailto:CL@SoldonSantaCruz.com)  
<http://www.SoldOnSantaCruz.com>  
 DRE #01432387

# The Real Estate Report

## local market trends

SANTA CRUZ COUNTY

### Home Sales and Prices Rebound in June

#### COUNTY STATISTICS...

After a desultory May, sales and prices of single-family, re-sale homes were up in June.

The median price for single-family, re-sale homes in Santa Cruz County was up 5.3% year-over-year, while the average price gained 13.3%. The larger gain in the average price points to more high-end homes being sold.

Home sales rose 13.3% last month. Year-to-date, home sales are up 15.5%.

#### SALES MOMENTUM...

turned around last month and rose three points: -4.

#### PENDING MOMENTUM...

a harbinger of future sales, dropped three points to -9.

#### PRICING MOMENTUM...

after peaking at +12% last August, rose one point to -6.

#### MORE STATISTICS...

Year-over-year, home inventory was down for by 13.3%.

The sales price to list price ratio dropped 0.6 of a points to 96.0%.

Pending sales were off for the eleventh month in a row: 0.3%.

All these statistics are year-over-year.

#### IN THE CONDO MARKET...

the median price was down 16.7% year-over-year.

Condo sales were up 2.6% year-over-year.

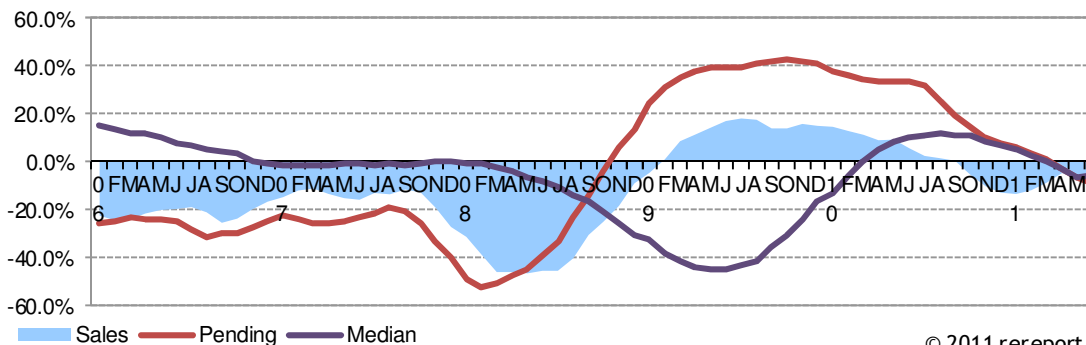
Pending sales were down for the tenth month in a row year-over-year: 18.6%.

Inventory, on the other hand, increased for the thirteenth month in a row: up 25.5% year-over-year.

Remember, the real estate market is a matter of neighborhoods and houses. No two are the same. For complete information on a particular neighborhood or property, call.

Trends at a Glance (Single-family Homes)			
	Jun 11	May 11	Jun 10
Median Price:	\$ 545,000	\$ 437,500	\$ 517,500
Average Price:	\$ 621,828	\$ 541,212	\$ 549,258
Units Sold:	170	141	150
Inventory:	697	691	804
Sale/List Price Ratio:	96.0%	96.6%	97.5%
Days on Market:	75	63	84
Days of Inventory:	119	147	155

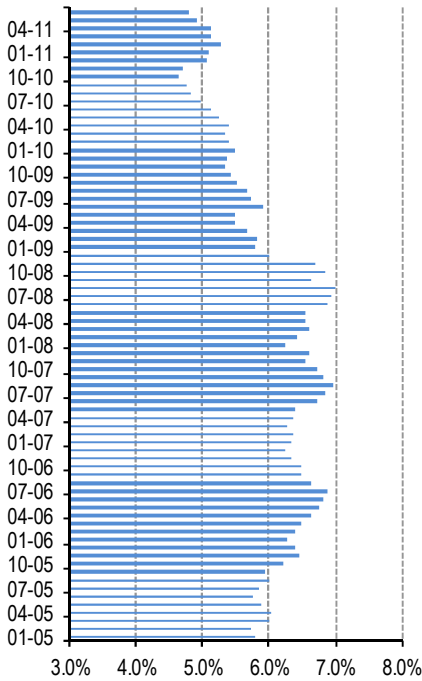
**Santa Cruz County Homes: Sales Momentum**



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## Mortgage Rate Outlook

### 30-Year Fixed Mortgage Rates



The chart above shows the National monthly average for 30-year fixed rate mortgages as compiled by [HSH.com](http://www.HSH.com). The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

July 1, 2011 -- The downward swing for mortgage rates may have come to at least a temporary end. Somewhat better economic news, a hopeful start to a resolution of the Greek debt mess, growing concerns about our own debt-limit ceiling and the turn of both the quarter and half-year are all factors contributing to the upward pressure. The end of the Fed's QE2 program no doubt has played a small role in the increase in rates, too. It's also worth noting that the government's push to drive oil prices downward through the use of the Strategic Petroleum Reserve should also help to put additional billions of dollars back in consumer pockets and eventually into the economy as the year moves forward. This should help continue or even possibly improve the strength of the recovery.

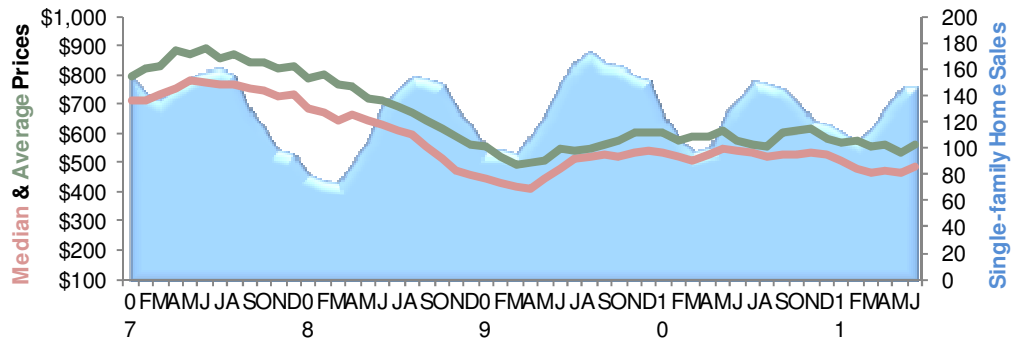
The benchmark 10-year Treasury has risen appreciably over the past seven days, running from 2.93% on June 24 to a close of 3.18% this afternoon. A little more optimism and a little less fear among investors pushed the Dow Jones Industrial Average up by a fat 650 points this week, and a lot of cash to fuel that rally seemed to be generated by selling Treasuries of all stripes. The quarter-point rise in the 10-year's risk-free yield puts pressure on the rates of other, more risky investment products, and mortgage

rates will begin the second half of 2011 moving higher.

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 moved two basis points higher, moving to an average of 4.79%. FHA-backed 30-year fixed-rate mortgages, especially important to first-time homebuyers and low-equity refiners, also moved two basis points upward to close the week at 4.44%. Given the wide differential in interest rates, at least some borrowers should be considering hybrid 5/1 ARMs; whose five-year fixed periods now averages just 3.40%, up three hundredths of a percentage point from last week. A borrower with a \$300,000 loan willing to accept the risk of higher future payments would save about \$20,000 over the next five years.

### Santa Cruz County Homes - Prices & Sales

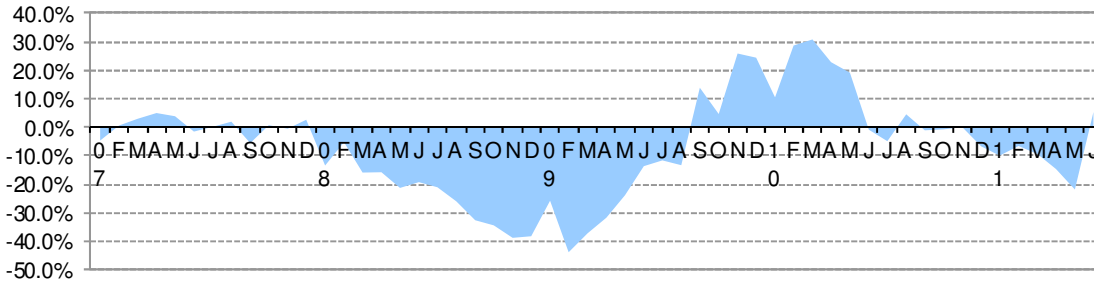
(3-month moving average—prices in \$000's)



Santa Cruz County - June 2011												
Single-Family Homes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 545,000	\$ 621,828	170	334	697	119	96.0%	5.3%	13.2%	13.3%	-0.3%	-13.3%
Aptos	\$ 503,000	\$ 516,923	13	14	34	76	95.4%	-13.6%	-8.6%	62.5%	-26.3%	-33.3%
Capitola	\$ 700,000	\$ 999,300	5	9	19	110	92.5%	1.1%	44.3%	150.0%	12.5%	-34.5%
Rio del Mar	\$ 390,000	\$ 415,000	3	17	66	638	90.1%	-47.1%	-44.1%	-50.0%	-32.0%	-21.4%
Seacliff	\$ 485,000	\$ 651,000	5	6	12	70	98.7%	-32.2%	-5.1%	25.0%	200.0%	-33.3%
San Lorenzo Vly	\$ 275,000	\$ 328,688	24	55	102	123	96.6%	-24.7%	-13.6%	-35.1%	-6.8%	-5.6%
Soquel	\$ 485,500	\$ 551,375	8	18	44	160	95.9%	-19.1%	-21.8%	-11.1%	-10.0%	18.9%
Scotts Valley	\$ 769,000	\$ 805,271	17	33	68	116	93.7%	1.2%	18.3%	54.5%	32.0%	-22.7%
Santa Cruz	\$ 627,450	\$ 684,139	56	79	161	83	96.5%	6.3%	6.4%	86.7%	5.3%	-6.9%
East County	\$ 355,000	\$ 615,500	13	33	80	178	96.3%	-37.4%	3.9%	44.4%	-10.8%	0.0%
West County	\$ 2,537,500	\$ 2,537,500	2	5	16	232	91.3%	316.0%	250.4%	-33.3%	66.7%	-33.3%
Watsonville	\$ 302,000	\$ 306,069	13	55	32	71	98.1%	5.0%	9.9%	-27.8%	7.8%	-8.6%

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**Santa Cruz County Homes:** Year-Over-Year Median Price Change



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**FORECLOSURE STATISTICS**

Notices of default, the first step in the foreclosure process, in Santa Cruz County decreased 21.6% in May from the year before. Notices were up 22.1% from April.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were down 13.3% year-over-year.

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 January, cancellations were up 23.2% year-over-year.

Properties going back to the bank surged 32.4% in May from April. Year-over-year, properties going back to the bank declined 15.5%.

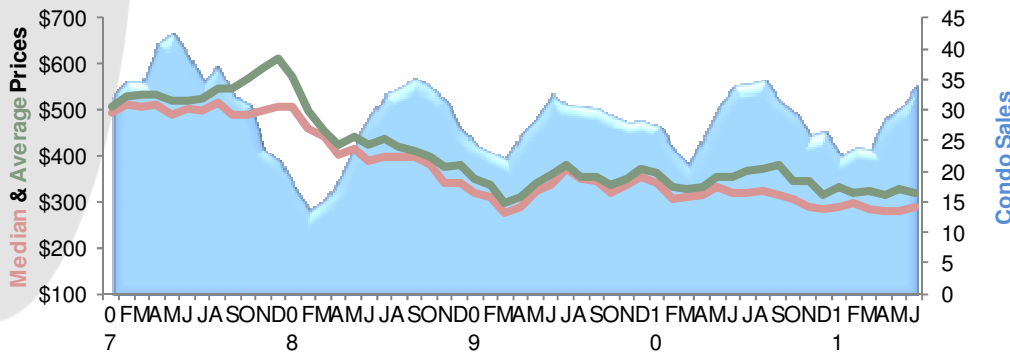
The total number of homes that have had a notice of default filed declined by 21% in May compared to May 2010. They were up 8.1% from April.

The total number of homes scheduled for sale decreased by 3.1% from April, and, were down 12.8% year-over-year.

Unfortunately, the total number of homes owned by the banks was up 19.9% year-over-year.

**Santa Cruz County Condos- Prices & Sales**

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



**Santa Cruz County - June 2011**

Condos/Townhomes		% Change from Year Before										
Prices		Prices					Sales					
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 275,000	\$ 286,080	39	70	231	172	99.2%	-16.7%	-22.3%	2.6%	-18.6%	25.5%
Aptos	\$ 399,000	\$ 399,000	1	1	4	116	100.0%	-18.6%	-18.6%	0.0%	-50.0%	100.0%
Capitola	\$ 260,000	\$ 305,250	6	9	23	111	99.7%	-27.4%	-17.3%	50.0%	-25.0%	9.5%
Rio del Mar	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
Scotts Valley	\$ 271,900	\$ 271,900	1	12	10	290	100.0%	-50.1%	-50.1%	0.0%	9.1%	-9.1%
Santa Cruz	\$ 286,500	\$ 321,371	14	18	74	153	99.7%	-28.3%	-20.0%	16.7%	-28.0%	32.1%
Watsonville	\$ 141,500	\$ 180,389	9	23	17	55	99.5%	-15.7%	-0.9%	-25.0%	64.3%	13.3%

**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.

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Santa Cruz County



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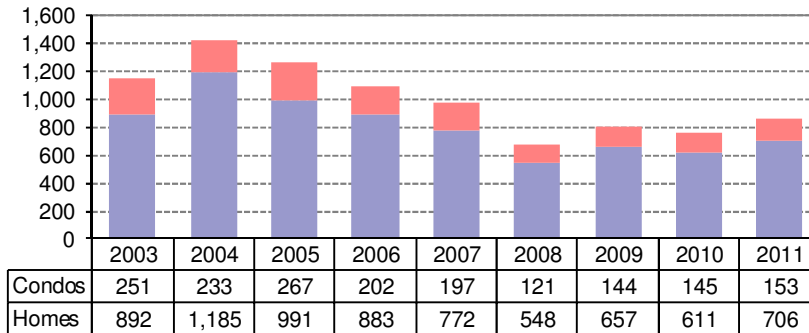
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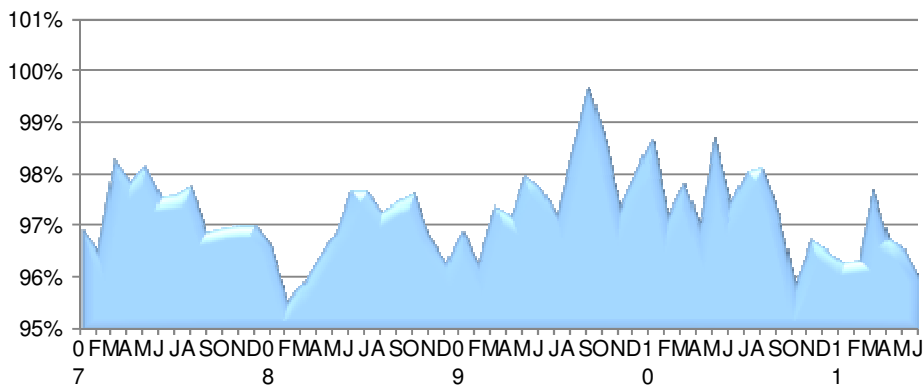
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with the city by city breakdown:

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**Santa Cruz County**  
Sales Year-to-Date



**Santa Cruz County Homes: Sales Price/Listing Price Ratio**



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