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The Real Estate Report

local market trends

SANTA CRUZ COUNTY

Sales Up, Prices Down in 2011

Single-family, re-sales home sales were up 9.2% last year in Santa Cruz County.

Unfortunately, after a nice gain in 2010, prices were down. The median price for homes dropped 9.2% and the average price was off 5.6%.

Condo sales in the county were off 0.6% compared to 2010.

The median price for condos dropped 11.1%.

THE CALIFORNIA ASSOCIATION OF REALTORS® expects the median home price to increase 1.7% in 2012. They forecast sales to increase by 1%.

"2012 will be another transition year for the California housing market, as the continued uncertainty about the U.S. financial system, job growth, and the stability of the overall economy remain in the forefront for all market participants," said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. "An improvement in job growth, consumer spending, and corresponding gains in housing are essential to a broader recovery in the economy, but would-be buyers will remain cautious as they weigh these myriad

uncertainties against the clear opportunities presented by today's very affordable housing market.

"The most likely scenario is for the modest recovery to continue, and this should push sales up slightly next year by 1 percent and maintain levels that are significantly higher than those recorded during the depths of the housing downturn.

"The wild cards for 2012 are many, including federal, fiscal, monetary, and housing policies; the contentious political climate during an election year; and the strength of the U.S. economic recovery," said Appleton-Young.

MARKET STATISTICS

Sales of single-family, re-sale homes were up 19.7% year-over-year in December.

Condo sales gained 6.7% year-over-year.

The median price for homes was down 7.2% year-over-year.

The median price for condos dropped 13.2% year-over-year.

Trends at a Glance (Single-family Homes)			
	Dec 11	Nov 11	Dec 10
Median Price:	\$ 485,000	\$ 416,500	\$ 522,500
Average Price:	\$ 554,335	\$ 479,121	\$ 591,497
Units Sold:	158	136	132
Pending Sales:	215	315	202
Inventory:	490	558	573
Sale/List Price Ratio:	97.6%	96.9%	96.6%
Days on Market:	102	79	81
Days of Inventory:	93	119	130

Home inventory continues to shrink and is now at its lowest level since January 2010: 490 homes actively listed. Please note, only active listings are included in this figure. Numbers from the local associations include properties that are also in a pending status, meaning they have an accepted offer, but haven't been taken off the market.

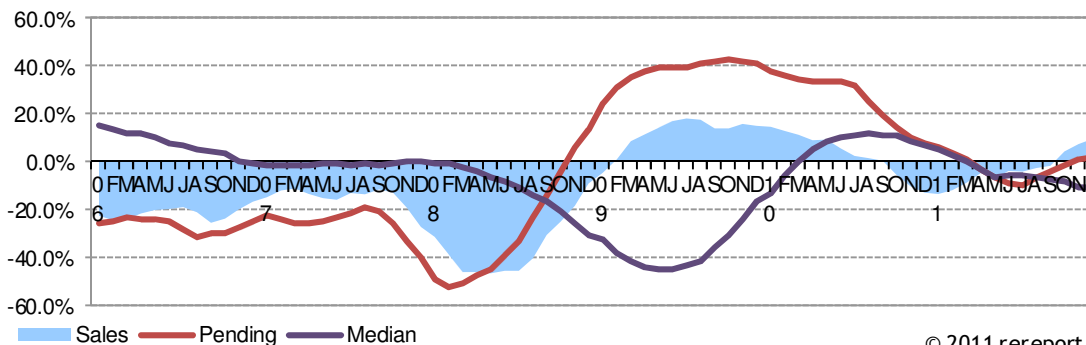
Condo inventory was up 0.6% year-over-year.

Pending sales for homes rose 6.4% from last December.

Condo pending sales were off 7.5%.

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.

Santa Cruz County Homes: Sales Momentum



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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Jan. 6, 2012 -- Out with the old year, in with the new. After several months of improving economic reports, optimism appears to be growing for the moment that the new year will bring steadily improving economic growth. There will no doubt be challenges both expected and unexpected as 2012 progresses, and probably, some beneficial surprises as well.

Will the housing market be one of them? Could be. Sales of existing homes are nudging higher, builders are building again (at least multifamily stock) and mortgage rates, well, mortgage rates really don't get any lower than they are at the moment and are starting 2012 at approximately 60-year lows. That said, better economic news, should it persist, will tend to bump rates higher as we go.

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 slid by three basis points (.03%) from last week, easing to an average 4.26%, while the FRMI's 15-year companion lost four basis points (.05%) to finish the weekly survey at an average 3.56%. Important to homebuyers and low-equity-stake refiners, FHA-backed 30-year mortgages retreated by four hundredths of a percentage point to

3.89%, while the overall average for 5/1 Hybrid ARMs erased three basis points to end at 3.07%. All the averages are within a basis point or so of record lows.

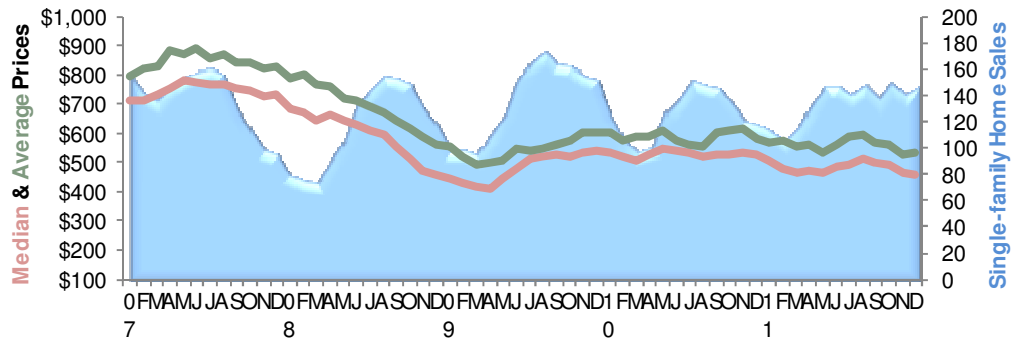
Mortgage rates are at favorable levels, and it would take monumental economic change for better or worse to move them in either direction very much. At the moment, the warmer economic climate here is providing some much-needed distraction from the troubles in Europe, but those issues continue to influence the markets.

Will the good news continue? More clarity should come next week with the release of Retail Sales data for December, consumer borrowing, initial January consumer sentiment readings and a few other indicators. Look for little change in mortgage rates next week, perhaps a couple of basis point upward movement at most.

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

Santa Cruz County Homes - Prices & Sales

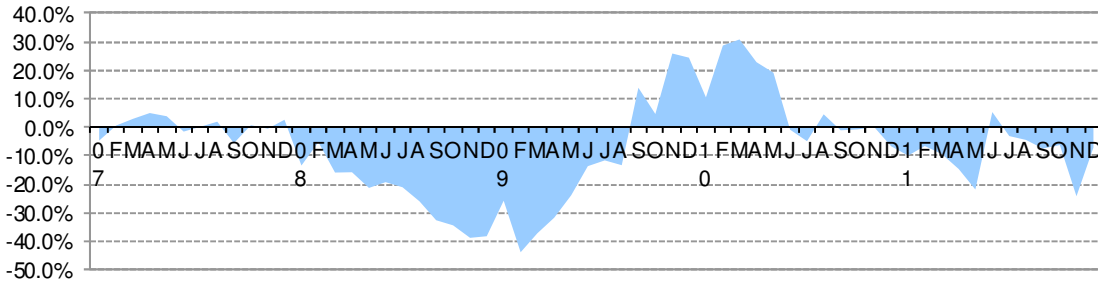
(3-month moving average—prices in \$000's)



Santa Cruz County - December 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	\$ 485,000	\$ 554,335	158	215	490	93	97.6%	-7.2%	-6.3%	19.7%	6.4%	-14.5%
Aptos	\$ 450,000	\$ 528,143	7	9	28	120	96.1%	-34.3%	-29.6%	-36.4%	-18.2%	16.7%
Capitola	\$ 490,750	\$ 526,625	4	3	18	135	99.4%	-19.5%	-43.8%	0.0%	50.0%	-30.8%
Rio del Mar	\$ 619,500	\$ 820,750	12	14	42	105	97.7%	-8.4%	-27.6%	50.0%	40.0%	-8.7%
Seacliff	\$ 511,000	\$ 631,357	7	2	11	47	99.3%	2.2%	26.3%	250.0%	0.0%	-15.4%
San Lorenzo Vly	\$ 246,500	\$ 277,107	28	29	61	65	98.0%	-7.3%	-12.8%	64.7%	-12.1%	-30.7%
Soquel	\$ 525,000	\$ 607,875	4	10	28	210	98.2%	-10.3%	7.0%	-63.6%	-9.1%	12.0%
Scotts Valley	\$ 585,000	\$ 681,706	17	23	54	95	96.5%	-26.3%	-5.0%	88.9%	-8.0%	-11.5%
Santa Cruz	\$ 569,000	\$ 684,912	35	55	106	91	98.5%	-9.5%	5.4%	2.9%	66.7%	-10.2%
East County	\$ 517,000	\$ 577,156	18	15	59	98	95.3%	100.8%	65.6%	80.0%	-48.3%	-16.9%
West County	\$ 580,000	\$ 561,667	3	6	8	80	102.0%	0.9%	-2.3%	200.0%	200.0%	-52.9%
Watsonville	\$ 309,500	\$ 281,950	16	40	36	68	98.2%	-5.5%	-9.9%	0.0%	29.0%	-20.0%

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



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FORECLOSURE STATISTICS

In November, notices of default, the first step in the foreclosure process, in Santa Cruz County rose 5.2% from the year before. Notices were up 15.6% from October.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were up 11.2% year-over-year, and up 26.5% from October.

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 November, cancellations were down 8.5% from October, and were down 8.5% year-over-year.

Properties going back to the bank decreased 8.9% in November from October. Year-over-year, properties going back to the bank decreased 19.6%.

The total number of properties that have had a notice of default filed decreased by 6.4% in November compared to November 2010. They were up 3% from October.

The total number of properties scheduled for sale increased 3.9% from October, but, were down 14.3% year-over-year.

Unfortunately, the total number of homes owned by the banks was up 5.4% year-over-year. Banks now own approximately 523 properties in Santa Cruz County

Santa Cruz County Condos- Prices & Sales

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

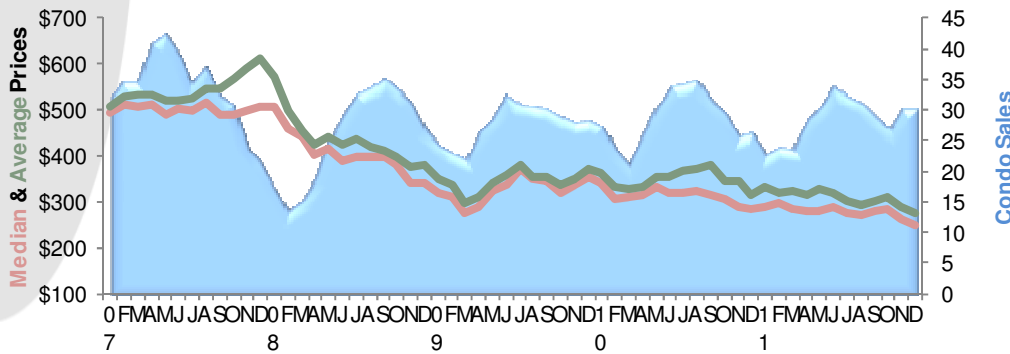


Table Definitions

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.

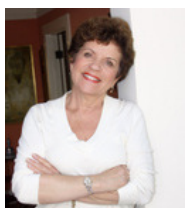
Inven
 Number of properties actively for sale as of the last day of the month.

Santa Cruz County - December 2011

Condos/Townhomes								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend2	Inven
County	\$ 249,500	\$ 273,331	32	49	178	167	94.0%	-13.2%	-8.7%	6.7%	-7.5%	0.6%
Aptos	\$ 390,000	\$ 390,000	2	1	3	45	89.3%	n/a	n/a	n/a	n/a	n/a
Capitola	\$ 234,000	\$ 234,000	2	3	12	180	93.9%	-6.0%	-6.0%	100.0%	0.0%	71.4%
Rio del Mar	\$ 475,000	\$ 564,667	3	2	33	330	97.2%	17.1%	43.7%	-25.0%	0.0%	6.5%
Scotts Valley	\$ 340,000	\$ 320,167	3	3	4	40	97.5%	13.3%	0.1%	0.0%	-62.5%	-20.0%
Santa Cruz	\$ 250,000	\$ 260,986	7	20	57	244	96.6%	-30.9%	-28.4%	-30.0%	100.0%	0.0%
Watsonville	\$ 162,600	\$ 175,850	12	8	13	33	91.6%	-14.9%	-16.0%	20.0%	-42.9%	-18.8%

THE REAL ESTATE REPORT

Santa Cruz County

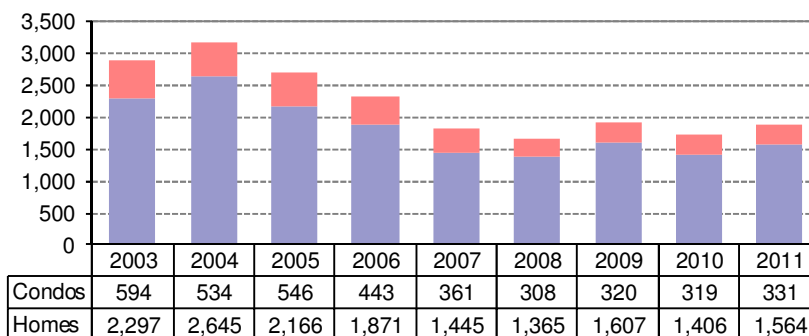


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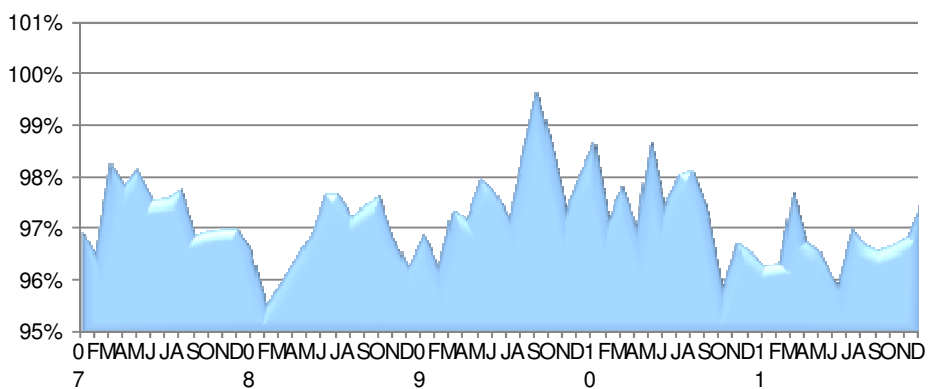
Go online to see the full report
 with the city by city breakdown:

<http://www.CharmanAndSon.com>

Santa Cruz County Sales Year-to-Date



Santa Cruz County Homes: Sales Price/Listing Price Ratio



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