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DRE #01715978



The Real Estate Report

local market trends

MONTEREY COUNTY

Home Sales Down in 2011

Single-family, re-sales home sales were down 5.1% last year in Monterey County.

Unfortunately, after a nice gain of 14.1% in 2010, the median price was down last year. The median price for homes dropped 1.8%. The average price, on the other hand, was up 4.1%.

Condo sales in the county were up 2.8% compared to 2010.

The median price for condos dropped 9.2%.

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

In December, sales of single-family, re-sale homes dropped 0.7% from November, but were up 0.7% year-over-year.

Condo sales rose 9.1% from November, but were down 17.2% year-over-year.

The median price for homes was up 1.1% from November, and up 12.1% year-over-year.

Trends at a Glance			
(Single-family Homes)			
	Dec 11	Nov 11	Dec 10
Median Price:	\$ 269,000	\$ 266,000	\$ 240,000
Average Price:	\$ 416,827	\$ 383,075	\$ 395,510
Units Sold:	271	273	269
Pending Sales:	581	669	587
Inventory :	807	903	961
Sale/List Price Ratio:	97.4%	98.0%	98.1%
Days on Market:	88	67	79
Days of Inventory	89	96	107

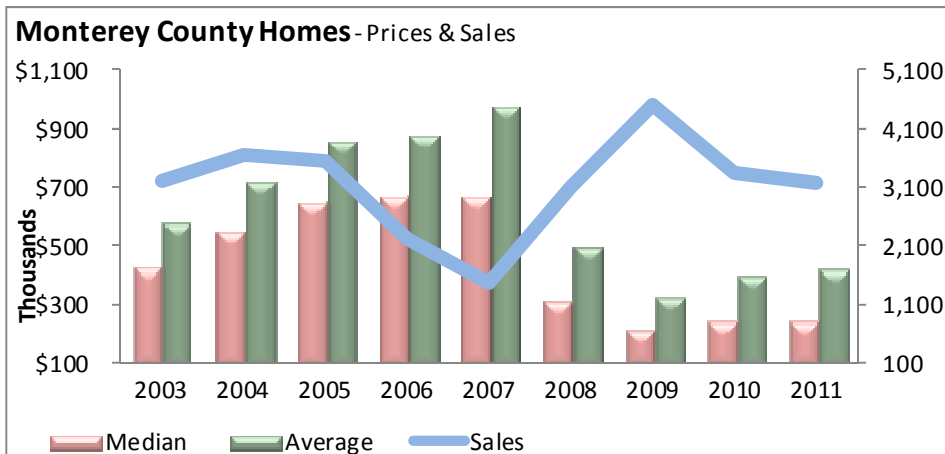
The median price for condos gained 26.1% compared to November, but was down 14% year-over-year.

Inventory of both homes and condos continues to be low. Home inventory was down 16.6% compared to last December.

Condo inventory was down 12.3% year-over-year.

Pending sales for homes was off 1% year-over-year, while condo pending sales were off 17%.

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.



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

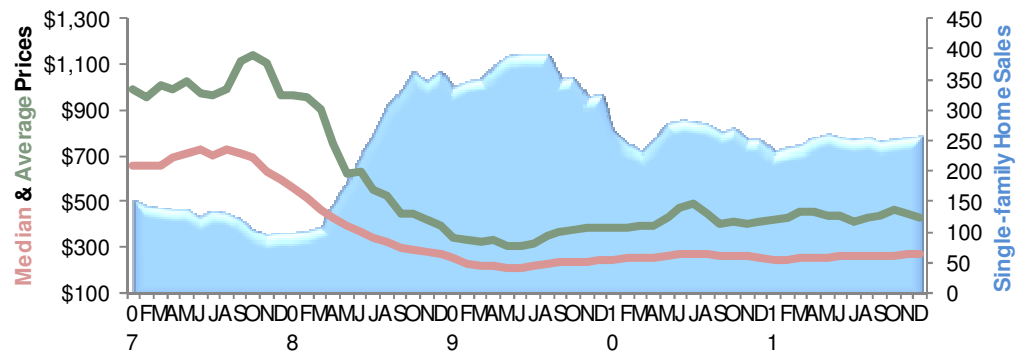
3.89%, while the overall average for 5/1 Hybrid ARMs erased three basis points to end at 3.07%. All the averages are within a basis point or so of record lows.

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.

Monterey County Homes - Prices & Sales

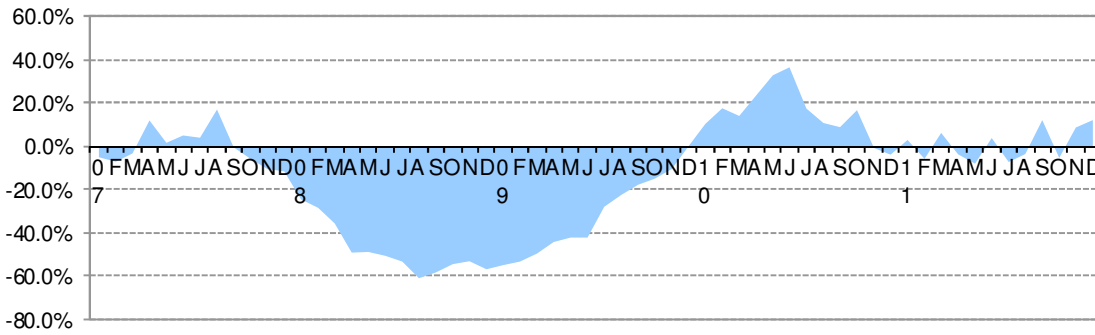
(3-month moving average—prices in \$000's)



Monterey 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	\$ 269,000	\$ 416,827	271	581	807	89	97.4%		12.1%	5.4%	0.7%	-1.0%	-16.0%
Carmel	\$ 1,000,000	\$ 1,179,360	14	27	138	296	91.5%		-4.1%	-36.7%	16.7%	12.5%	7.0%
Carmel Valley	\$ 640,000	\$ 697,979	12	21	70	175	93.8%		-13.5%	-7.8%	-7.7%	23.5%	-24.7%
East Salinas	\$ 193,500	\$ 192,327	28	61	34	36	100.2%		20.9%	13.6%	-20.0%	-17.6%	-19.0%
Marina	\$ -	\$ -	0	0	0	0	0.0%		n/a	n/a	n/a	n/a	n/a
Monterey	\$ 422,500	\$ 490,357	14	29	43	92	97.9%		-8.2%	-0.7%	27.3%	38.1%	-40.3%
North County	\$ 272,500	\$ 273,581	26	57	71	82	96.6%		-17.4%	-19.9%	-7.1%	-10.9%	34.0%
North Salinas	\$ 200,000	\$ 228,738	47	127	62	40	99.3%		-4.8%	4.8%	14.6%	5.0%	-13.9%
Pebble Beach	\$ 1,251,500	\$ 1,673,580	12	13	84	210	97.7%		-72.6%	-63.4%	1100.0%	62.5%	-8.7%
Pacific Grove	\$ 449,500	\$ 553,056	18	22	83	138	94.1%		-27.5%	-18.3%	80.0%	29.4%	2.5%
Seaside	\$ 259,500	\$ 302,408	18	41	34	57	95.5%		1.8%	0.7%	-35.7%	2.5%	-17.1%
Salinas MH	#VALUE!	#VALUE!	#####	#####	#####	#####	#####		#####	#####	#VALUE!	#####	#####
South County	\$ 181,000	\$ 181,138	47	104	54	34	99.2%		13.1%	14.5%	-11.3%	-1.0%	-55.7%
South Salinas	\$ 285,000	\$ 271,241	13	37	35	81	95.5%		-3.2%	-6.7%	8.3%	19.4%	-2.8%

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Monterey 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 Monterey County dropped 13% in November from October. Year-over-year, notices were off 24%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, spiked 68.6% from October. This was to be expected after the surge in Notices of Default in August. Year-over-year, they were down 6.6%.

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 up 9.3% year-over-year, but down 3.3% from October.

Year-over-year, properties going back to the bank declined 29.4%, which is very good news. They decreased 12.2% from October. Expect a surge in properties going back to the bank in February. There is a three month lag from Notice of Sale to Back to Bank.

The total number of homes that have had a notice of default filed dropped 18.1% from October. Year-over-year, the total number of properties with a notice filed decreased 36.3%.

The total number of homes scheduled for sale decreased by 30.8% year-over-year, but were up 7.1% month-over-month.

The total number of bank-owned properties in Monterey County declined by 18% from last November.

Monterey County Condos- Prices & Sales

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

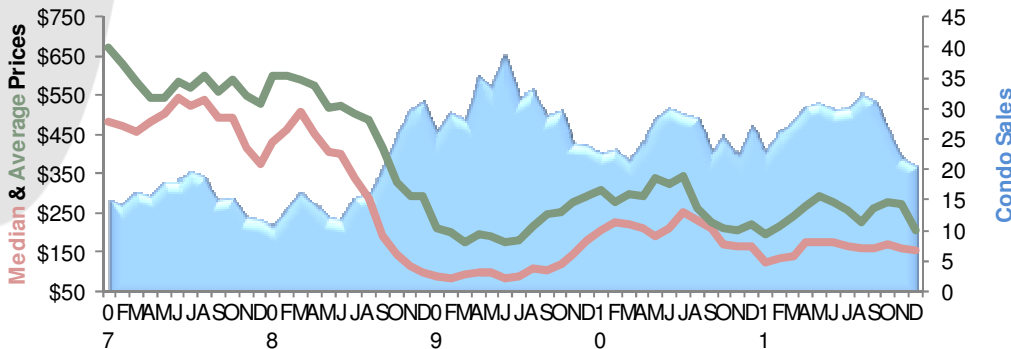


Table Definitions

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 - December 2011

Monterey 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	\$ 150,000	\$ 183,933	24	44	93	116	98.0%	-14.0%	-23.9%	-17.2%	-17.0%	-12.3%
Carmel Valley	\$ 385,000	\$ 388,333	3	7	23	230	96.8%	-18.9%	-4.4%	-50.0%	16.7%	35.3%
Monterey	\$ 150,000	\$ 161,722	9	10	22	73	99.6%	-4.8%	-19.8%	12.5%	150.0%	-26.7%
North Salinas	\$ 88,650	\$ 89,733	6	13	6	30	97.9%	32.3%	32.9%	50.0%	-18.8%	-53.8%
Pacific Grove	\$ 305,000	\$ 305,000	2	3	6	90	92.4%	-36.5%	-36.5%	0.0%	50.0%	-14.3%

THE REAL ESTATE REPORT

Monterey County

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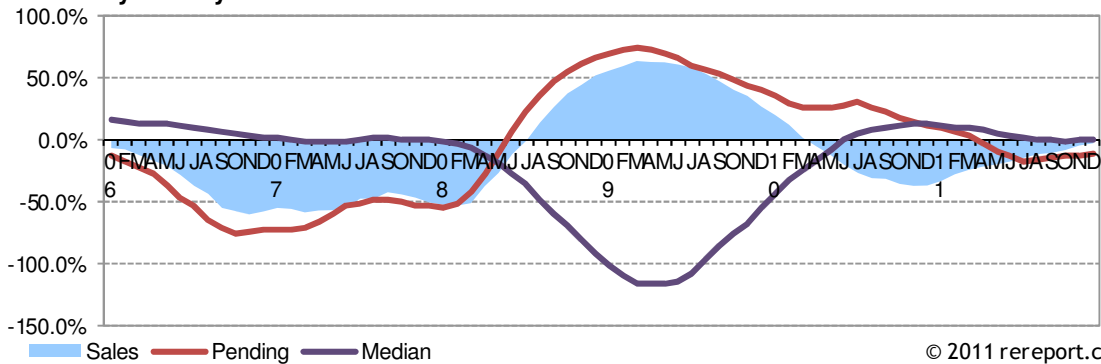


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Go online to see the full report
with the city by city breakdown:

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Monterey County Homes: Sales Momentum



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