

The Real Estate Report

LOCAL MARKET TRENDS



SONOMA COUNTY

January/February 2012

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Sales Up Sharply, Prices Down in 2011

Both single-family, re-sales homes and condo/loft sales were strong in 2011. Home sales were up 9.6% over 2010. Condo/loft sales gained 5.6% over 2010.

Home prices turned around last year after eking out a small gain in 2010. The median price for homes dropped 7.4% while the average price was off 7.3%. The median price for condos/lofts was down 12.4%. The average price dropped 13.1%.

Go to my website for full details plus the California Association of REALTORS® forecast for 2012.

DECEMBER MARKET STATISTICS

Sales of single-family, re-sale homes rose 1.8% from November, and were up 9.9% year-over-year.

The median price for homes fell 0.6% from November, and was down 4.5% year-over-year. For the year, the median price for homes priced under \$500,000 lost 7.7%. For homes priced between \$500,000 and \$1,000,000, the median price was up 2%. The median price for homes over \$1,000,000 dropped 1%.

Condo sales were up 20.8% year-over-year.

The median price for condos rose 5.3% from November, but was down 10.1% compared to last December.

SALES MOMENTUM...

for homes gained one point to +8.

WE CALCULATE...

momentum by using a 12-month moving average to eliminate seasonality. By comparing this year's 12-month moving average to last year's, we get a percentage showing market momentum.

| Trends at a Glance (Single-family Homes) | | | |
|---|-----------|-----------|-----------|
| | Dec 11 | Nov 11 | Dec 10 |
| Median Price: | \$315,000 | \$317,000 | \$330,000 |
| Average Price: | \$379,868 | \$386,248 | \$426,445 |
| Home Sales: | 398 | 391 | 362 |
| Sale/List Price Ratio: | 96.8% | 96.1% | 96.5% |
| Days on Market: | 120 | 122 | 111 |

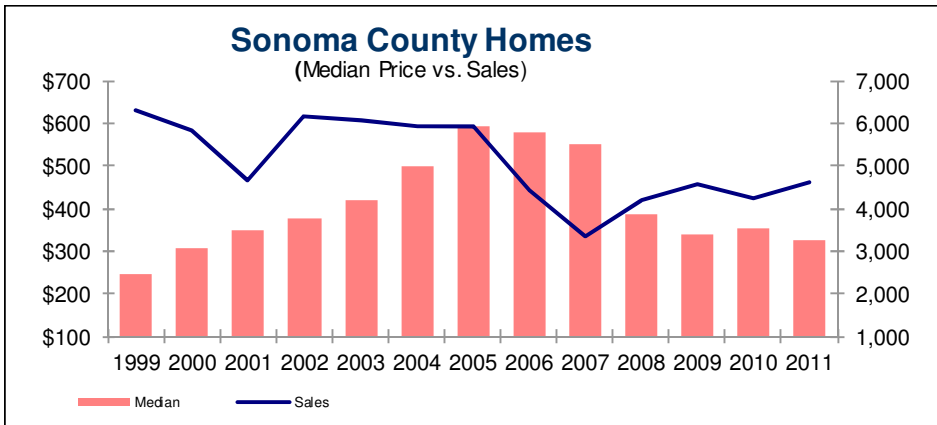
PRICING MOMENTUM...

peaked at +7 in September 2010. In December, pricing momentum was up one point to -8.

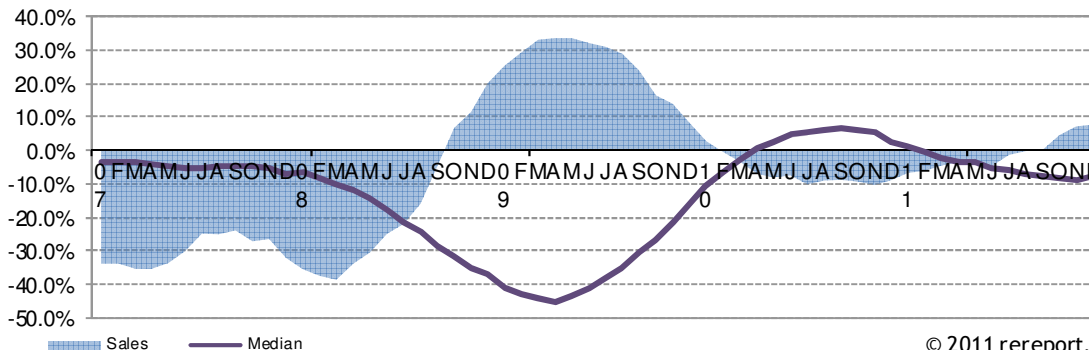
Please remember, while statistics are nice, they will not determine the price you pay or get for a property. That will come down to you and the buyer or seller.

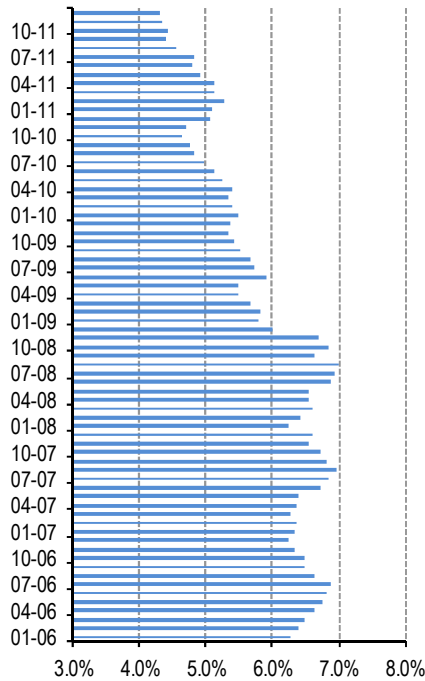
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Sonoma County Homes: Sales Momentum





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Mortgage Rate Outlook

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 refinancers, 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.

DEFINITIONS:

Median Price: The price at which 50% of prices were higher and 50% were lower.

Average Price: All 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.

DOM: Days on Market, or how many days it took from when the property was listed to when it was put into escrow.

December Sales Statistics

(Single-family Homes)

| County | Prices | | Unit | | SP/LP | Change from last year | | |
|--------------|-----------|-----------|-------|-----|-------|-----------------------|---------|--------|
| | Median | Average | Sales | DOM | | Median | Average | Sales |
| County | \$315,000 | \$379,868 | 398 | 120 | 96.8% | -4.5% | -10.9% | 9.9% |
| Bodega Bay | \$530,000 | \$482,000 | 5 | 97 | 95.1% | 12.2% | 2.0% | 150.0% |
| Cloverdale | \$238,450 | \$363,325 | 12 | 127 | 98.5% | -17.8% | 22.0% | 0.0% |
| Cotati | \$320,000 | \$332,740 | 5 | 70 | 96.0% | -27.3% | -40.8% | 66.7% |
| Forestville | \$215,000 | \$231,429 | 7 | 103 | 98.0% | 49.0% | 57.5% | -30.0% |
| Glen Ellen | \$315,000 | \$390,571 | 7 | 271 | 92.3% | 46.5% | 81.7% | 600.0% |
| Guerneville | \$180,000 | \$218,029 | 5 | 140 | 96.3% | -28.0% | -29.1% | -44.4% |
| Healdsburg | \$505,000 | \$533,750 | 12 | 138 | 94.3% | -18.9% | -58.3% | -14.3% |
| Penngrove | \$713,500 | \$713,500 | 2 | 32 | 96.2% | 18.9% | 24.3% | -60.0% |
| Petaluma | \$410,000 | \$432,468 | 51 | 122 | 97.0% | 25.4% | 26.4% | 10.9% |
| Rohnert Park | \$276,000 | \$276,208 | 24 | 94 | 99.6% | -12.4% | -8.7% | 50.0% |
| Santa Rosa | \$280,000 | \$338,922 | 173 | 120 | 97.3% | -9.7% | -9.7% | 10.2% |
| Sebastopol | \$517,000 | \$579,542 | 12 | 88 | 96.0% | 3.4% | -5.8% | -36.8% |
| Sonoma | \$400,000 | \$528,103 | 28 | 97 | 96.7% | -4.6% | -4.7% | 0.0% |
| Windsor | \$310,000 | \$325,070 | 39 | 116 | 97.1% | -15.8% | -12.4% | 25.8% |

December Sales Statistics

(Condos/Townhomes)

| County | Prices | | Unit | | SP/LP | Change from last year | | |
|--------------|-----------|-----------|-------|-----|-------|-----------------------|---------|--------|
| | Median | Average | Sales | DOM | | Median | Average | Sales |
| County | \$142,000 | \$160,149 | 58 | 117 | 96.1% | -10.1% | -13.4% | 20.8% |
| Rohnert Park | \$139,000 | \$129,485 | 17 | 131 | 97.5% | -15.8% | -24.8% | 240.0% |
| Santa Rosa | \$137,500 | \$157,553 | 25 | 85 | 97.6% | -4.8% | 0.0% | -3.8% |
| Sonoma | \$270,000 | \$270,000 | 3 | 219 | 95.4% | 50.0% | 50.0% | 200.0% |

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Foreclosure Statistics

Notices of default, the first step in the foreclosure process, in Sonoma County fell 4.6% in November from October. Year-over-year, notices were up 1.4%.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, surged 22% from October, and were up 4.2% 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 November, cancellations were down .7% from October. They were up 5.3% year-over-year.

Properties going back-to-bank decreased 28.6% from October and were down 11.8% year-over-year.

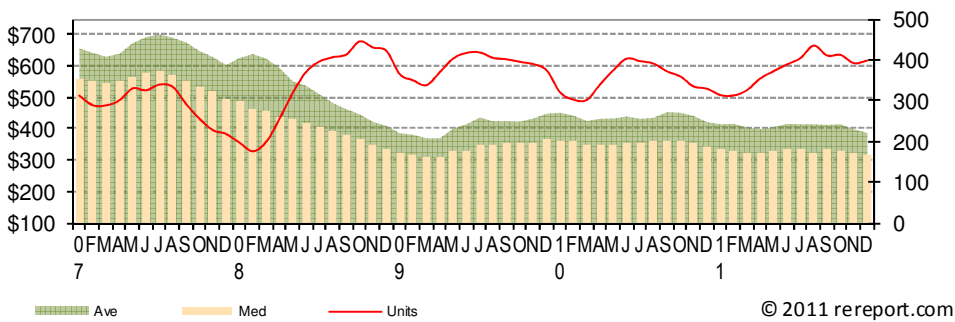
The total number of homes that have had a notice of default filed decreased by 3.4% from October, and were down 9.3% year-over-year.

The total number of homes scheduled for sale decreased by 22.3 year-over-year, but were up 0.7% from October.

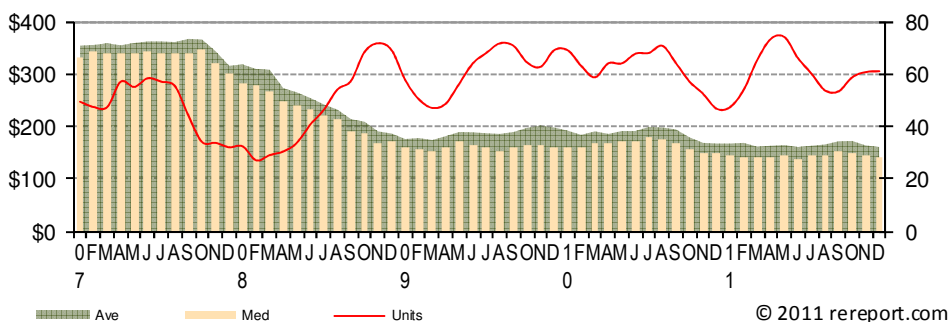
And, last but not least, the number of homes owned by the banks rose 2.9% year-over-year.

These statistics were provided by ForeclosureRadar.com. For full details on a particular Sonoma County city, visit them.

Sonoma County Homes: Prices & Sales
(3-month moving average — \$000's)



Sonoma County Condos: Prices & Sales
(3-month moving average — \$000's)



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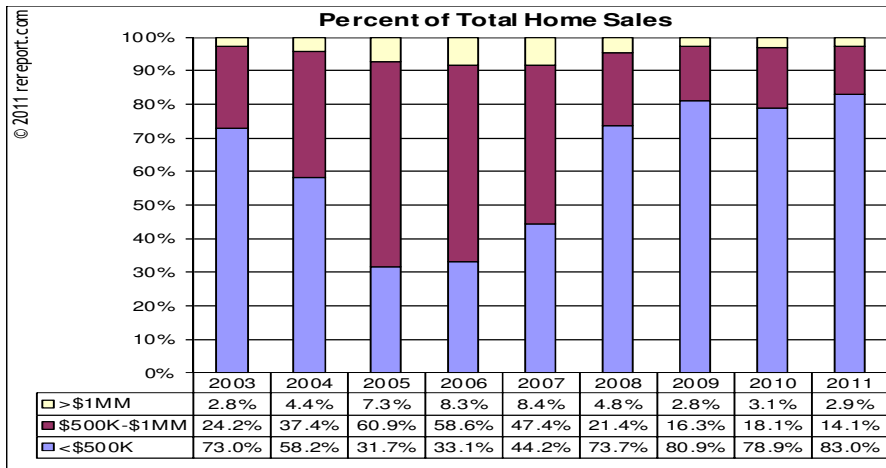
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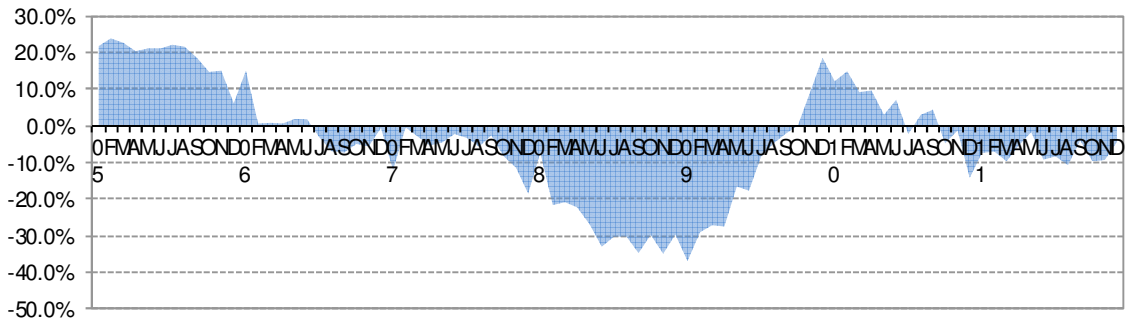
6601 Commerce Blvd.
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Go online to see the full report
with the city by city breakdown:

<http://www.c21classicproperties.com>



Sonoma Homes: Year-Over-Year Median Price Differential



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