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The Real Estate Report

local market trends

NORTH COASTAL SAN DIEGO COUNTY

Distressed Property Listings Continue to Fall

Inventory of single-family, re-sale homes was down for the fourth month in a row. It dropped 7.1% compared to last May.

Pending sales, a harbinger of future closed sales, rose 3.1% from April, and were up 16.7% year-over-year. This is the sixth month in a row pending sales have been higher than the year before.

Curiously, closed sales were off 1.5% month-over-month, and down 16% year-over-year. This is the eleventh month in a row closed sales have been lower than the year before.

The median price for single-family, re-sale homes inched up 0.3% from April, but was down 3.9% compared to last May. This is the fourth month in a row the median price has been lower than the year before.

SALES MOMENTUM...

for homes in San Diego County dropped three points to reach -12 in May.

WE CALCULATE...

sales 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.

PRICING MOMENTUM...

dropped one point to +2.

PENDING MOMENTUM...

continued rising for the fifth month in a row, up three points to -4

MORE STATISTICS...

The sales price to list price ratio gained 0.2 of a point to 96.9%.

Days of Inventory, or how long it would take to sell the current inventory of homes at the present sales rate, increased by eleven days to 167. To compare, the median Days of Inventory since January 2001 is 159 days. The average number of days is 179.

CONDO STATISTICS...

The median price for condos was down 3.8%, year-over-year.

Trends at a Glance			
(Single-family Homes)			
	Jun 11	May 11	Jun 10
Median Price:	\$ 370,000	\$ 365,000	\$ 385,000
Average Price:	\$ 476,900	\$ 488,683	\$ 493,106
Home Sales:	1,991	1,866	2,176
Pending Sales:	3,784	3,793	3,005
Inventory:	10,421	10,377	11,517
(Condos/Town Homes)			
Median Price:	\$ 219,000	\$ 210,000	\$ 235,000
Average Price:	\$ 278,932	\$ 265,837	\$ 263,272
Condo Sales:	932	932	1,154
Pending Sales:	1,683	1,711	1,550
Inventory:	4,742	4,763	5,800

Condo sales were also down in May, dropping 19.2% year-over-year.

Pending sales were up 10.4% from last May.

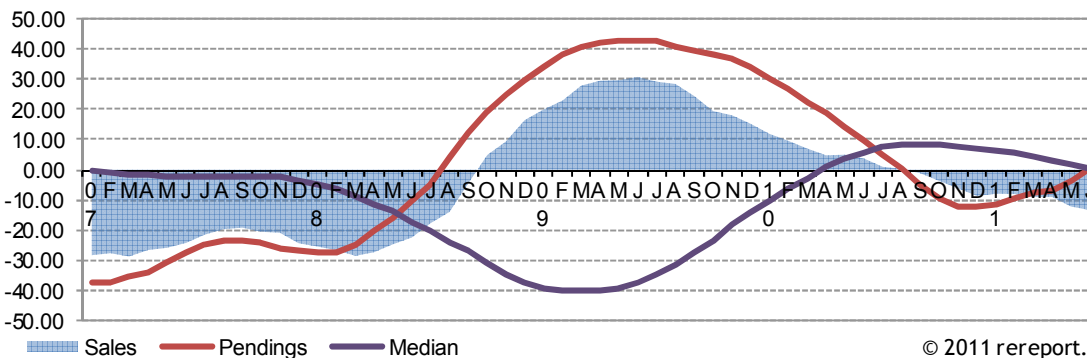
Inventory was down for the sixth month in a row, dropping 17.9% year-over-year.

The sales price to list price ratio rose 0.1 of a point to 97.6%.

Days of inventory rose eleven days to 153.

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.

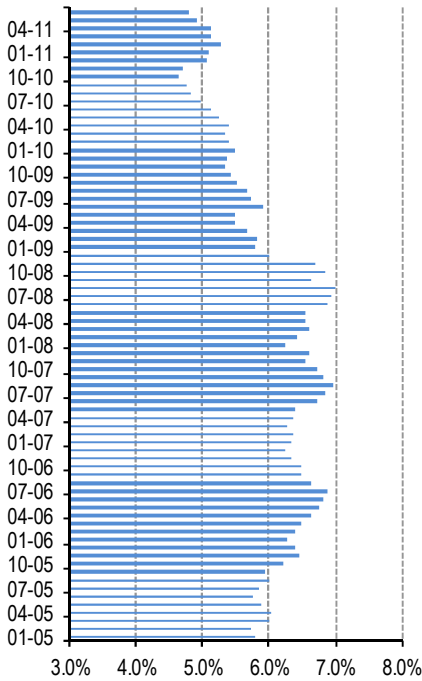
San Diego County Homes: Sales Momentum



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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. The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

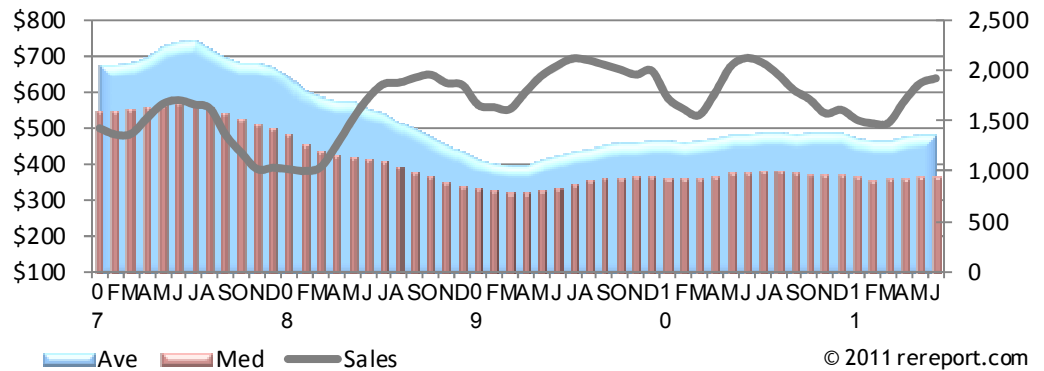
July 1, 2011 -- The downward swing for mortgage rates may have come to at least a temporary end. Somewhat better economic news, a hopeful start to a resolution of the Greek debt mess, growing concerns about our own debt-limit ceiling and the turn of both the quarter and half-year are all factors contributing 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 refinancers, 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.

San Diego County — Homes: Sold Prices & Unit Sales

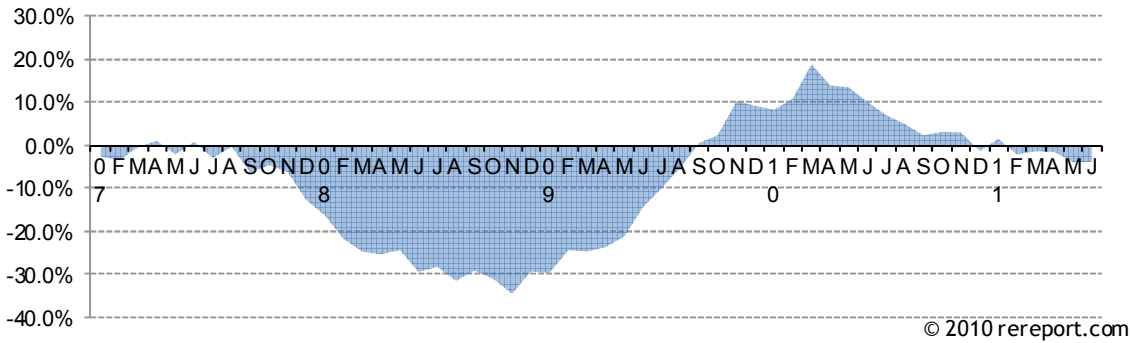
(3-month moving average — price in \$000's)



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North San Diego County Coastal - June 2011												
SINGLE-FAMILY HOMES								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend	Inven
County	\$ 370,000	\$ 476,900	1,991	3,784	10,421	152	97.1%	-3.9%	-3.3%	-8.5%	25.9%	-9.5%
N. County Coast	\$ 510,000	\$ 719,550	486	871	3,039	181	95.8%	2.8%	3.9%	-7.8%	22.7%	-8.2%
Cardiff by the Sea	\$ 692,000	\$ 979,562	8	22	47	170	91.6%	-16.1%	9.9%	-11.1%	266.7%	-13.0%
Carlsbad	\$ 680,000	\$ 700,507	83	160	452	158	95.8%	6.3%	5.0%	-17.0%	6.7%	3.7%
Carmel Valley	\$ 857,500	\$ 1,114,280	39	51	229	170	95.5%	-14.9%	-0.9%	-2.5%	10.9%	4.1%
Del Mar	\$ 1,222,500	\$ 1,324,620	16	24	146	265	92.7%	-6.0%	-49.8%	77.8%	84.6%	-9.9%
Encinitas	\$ 699,500	\$ 847,683	38	75	206	157	94.6%	6.0%	2.8%	40.7%	8.7%	-16.3%
Fallbrook	\$ 370,000	\$ 382,861	51	102	315	179	96.6%	15.6%	6.4%	2.0%	27.5%	-21.3%
La Jolla	\$ 1,337,500	\$ 1,791,990	24	44	277	335	93.0%	4.9%	20.4%	-17.2%	57.1%	-12.1%
Oceanside	\$ 330,500	\$ 363,123	128	219	668	151	97.2%	1.3%	10.9%	-1.5%	53.1%	-1.8%
Rancho Santa Fe	\$ 1,812,500	\$ 2,098,860	22	33	270	356	93.3%	-4.6%	3.3%	-4.3%	50.0%	-12.1%
San Marcos	\$ 409,000	\$ 430,440	95	143	430	131	96.8%	9.8%	14.8%	10.5%	55.4%	0.0%
Solana Beach	\$ 875,000	\$ 1,005,250	10	10	56	162	97.2%	-2.6%	-17.4%	-16.7%	11.1%	-3.4%
Vista	\$ 299,000	\$ 322,669	67	131	373	161	96.4%	-2.3%	-4.4%	-18.3%	63.8%	-12.2%

San Diego County Homes: Year-Over-Year Median Price Change



FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in San Diego County declined 15.6% in May from the year before, and were down 6.1% from April.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, jumped 19.8% from April, but were down 13.1% 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 May, cancellations fell 27.4% from April, and were down 23.5% year-over-year.

Properties going back to the bank were up 5% from April, but were down 12% compared to May 2010.

The total number of properties that have had a notice of default filed declined by 20.5% in May compared to May 2010.

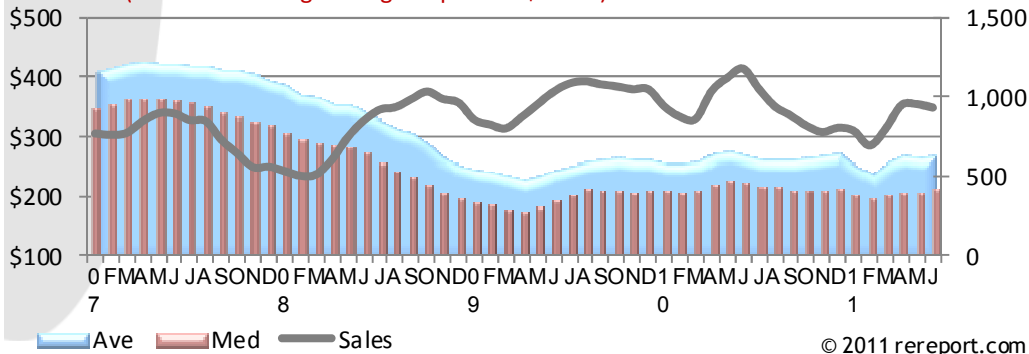
The total number of properties scheduled for sale declined by 22.5%, year-over-year.

But, the total number of properties owned by banks rose by 2.4%. There are about 6,650 properties owned by the banks. At the current rate of sales, that's a two-month supply.

All-in-all, the numbers are pretty much a mixed bag at this point.

San Diego County — Condos: Sold Prices & Unit Sales

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



North San Diego County Coastal - June 2011

CONDOS										% Change from Year Before				
Prices								Prices						
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend	Inven		
County	\$ 219,000	\$ 278,932	932	1,683	4,742	148	97.6%	-0.5%	4.2%	-1.5%	9.6%	-19.6%		
N. County Coast	\$ 295,000	\$ 361,840	200	350	1,172	170	96.7%	-6.1%	2.5%	-4.8%	18.2%	-14.4%		
Cardiff by the Sea	\$ 370,000	\$ 397,000	3	8	21	203	97.1%	-10.8%	-21.0%	-40.0%	300.0%	-38.2%		
Carlsbad	\$ 310,000	\$ 331,763	35	57	233	193	97.5%	-12.7%	-5.3%	0.0%	-3.4%	9.9%		
Carmel Valley	\$ 372,000	\$ 367,561	23	29	107	135	97.1%	-3.4%	-5.9%	0.0%	16.0%	3.9%		
Del Mar	\$ 395,000	\$ 470,000	3	7	40	387	98.1%	-7.7%	6.2%	-25.0%	16.7%	-28.6%		
Encinitas	\$ 333,000	\$ 584,812	16	36	67	121	95.2%	-19.5%	39.4%	6.7%	89.5%	-17.3%		
La Jolla	\$ 480,000	\$ 663,813	23	47	204	257	93.9%	-16.4%	9.5%	-23.3%	74.1%	0.5%		
Oceanside	\$ 164,250	\$ 200,322	66	114	337	148	97.1%	-6.1%	-14.4%	-17.5%	28.1%	-22.4%		
Rancho Santa Fe	\$ 492,500	\$ 492,500	2	1	18	261	97.9%	n/a	n/a	n/a	n/a	n/a		
San Marcos	\$ 240,000	\$ 215,859	32	52	130	118	97.6%	-4.0%	-14.6%	-3.0%	30.0%	-20.2%		
Solana Beach	\$ 579,750	\$ 578,714	14	15	74	153	95.5%	0.8%	5.6%	100.0%	50.0%	25.4%		
Vista	\$ 172,000	\$ 184,567	15	34	65	126	99.5%	25.5%	16.4%	-21.1%	25.9%	6.6%		

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.



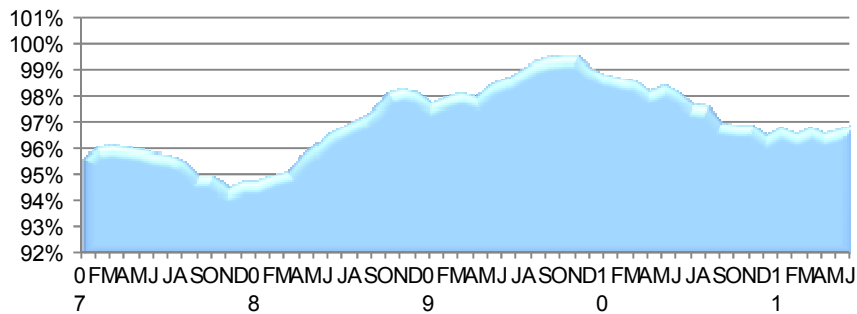
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For a **FREE** subscription and the city by city breakdown, go to our web-site at:

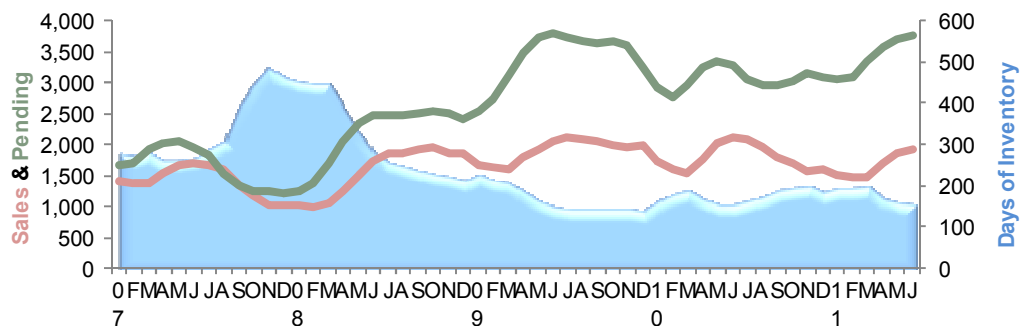
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San Diego County: Single-family Homes
Sales Price/Listing Price Ratio



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San Diego County Homes - Sales, Pending & Days of Inventory
(3-month moving average)



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