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# The Real Estate Report

## local market trends

NORTH COASTAL SAN DIEGO COUNTY

### Mortgage Rates Reach Record Lows

Thirty year fixed mortgage rates are down in the low, very low, 4% area.

Which is great for those who have the down payment, minimum 3.5% for FHA-backed loans and 5% for bank loans, and can qualify. Those few, those lucky few. (With all credit to Shakespeare's St. Crispin's day speech.)

Then there are the people who would love to re-finance, but are underwater. No joy.

Record low interest rates are having NO affect on the market.

In other news, foreclosure starts surged in August, with Bank of America leading the way by nearly doubling their initial notices of foreclosure, as reported by <http://foreclosureradar.com>.

In San Diego County, according to <http://foreclosureradar.com>, the number of bank-owned properties, called REOs, was 6,277 in August.

In the MLS, there are 925 properties listed for sale as REO. We are only counting active listings, not

pending-continue to show, which the MLS counts as active.

There are 933 REO properties in escrow.

That totals 1,858 REO properties either for sale or in escrow. That's 29.6% of all bank-owned properties in play.

### MARKET STATISTICS

The sale of single-family, re-sale homes were up 7% year-over-year. This is the third month in a row home sales have been higher than the year before. Year-to-date, home sales are down 3.9%.

Condo sales were off 13.1% from August and up 1% year-over-year. Year-to-date, condo sales are down 10.7%.

The median price for homes was down 2% from August, and down 6.7% year-over-year.

The median price for condos gained 0.7% compared to August, but was down 3.3% year-over-year.

Inventory of both homes and condos continues to be weak. Home inventory was down 13.2% com-

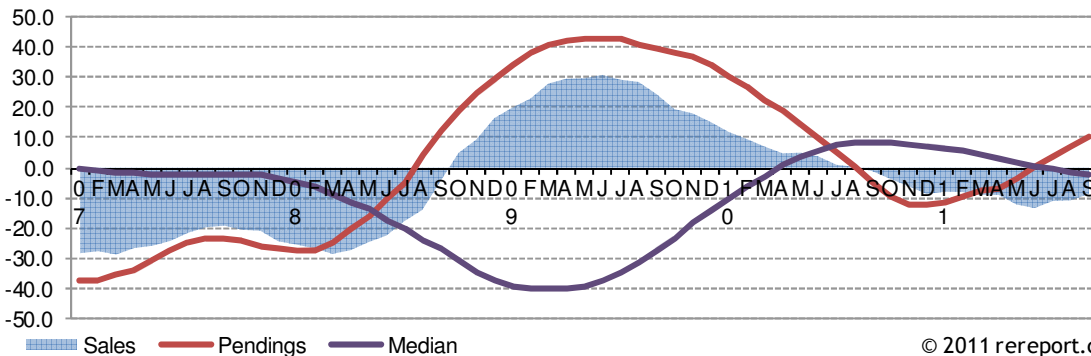
Trends at a Glance			
(Single-family Homes)			
	Sep 11	Aug 11	Sep 10
Median Price:	\$ 350,000	\$ 357,000	\$ 375,000
Average Price:	\$ 463,321	\$ 468,112	\$ 487,418
Home Sales:	1,841	1,889	1,720
Pending Sales:	3,583	3,707	2,946
Inventory:	9,760	10,102	11,244
(Condos/Town Homes)			
Median Price:	\$ 207,000	\$ 205,000	\$ 220,000
Average Price:	\$ 270,030	\$ 272,916	\$ 270,281
Condo Sales:	813	936	830
Pending Sales:	1,632	1,681	1,549
Inventory:	4,286	4,456	5,568

pared to last September: 9,760 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 down 18.8% year-over-year.

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.

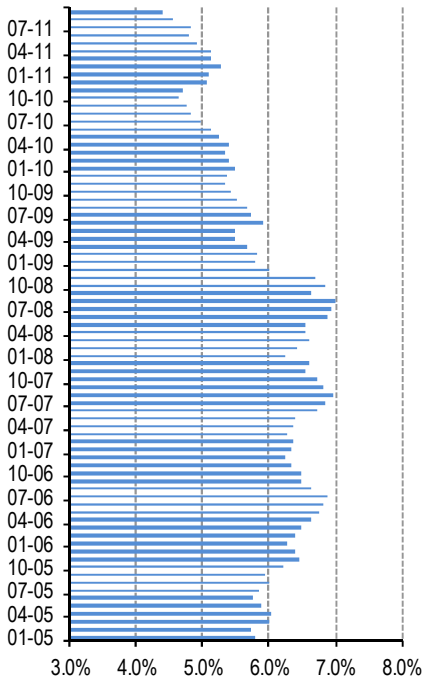
**San Diego County Homes: Sales Momentum**



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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](http://HSH.com). The average includes mortgages of all sizes, including conforming, "expanded conforming," and jumbo.

Oct. 7, 2011 -- The economic news wasn't quite so bleak this week, and we passed the end of the quarter. This pulled some money out of hiding, and the stock market had a little better time of it for at least the time being. To the extent that things aren't getting economically worse at the moment suggests that rates might stabilize at bit. After a small upward blip last week, mortgage rates sported a small downward blip for this one.

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 decreased by four basis points (0.04%) from last week, slipping back into new record-low territory and stopping at an average 4.32%. FHA-backed 30-year fixed-rate mortgages, especially important to first-time homebuyers and low-equity refinancees manages a five-basis-point fall, easing to another record low of 3.94% for the week. The broad average of 15-year FRMs, popular among refinancees, closed at 3.63% for the period. The Fed's Operation Twist is exerting some influence on short-term interest rates, the kinds which govern ARMs, and rates on most ARMs have ticked up over the last couple of weeks as a result. Hybrid 5/1 ARMs, the most popular kind among adjustable rate products, saw their five-year fixed-rate periods post a four-

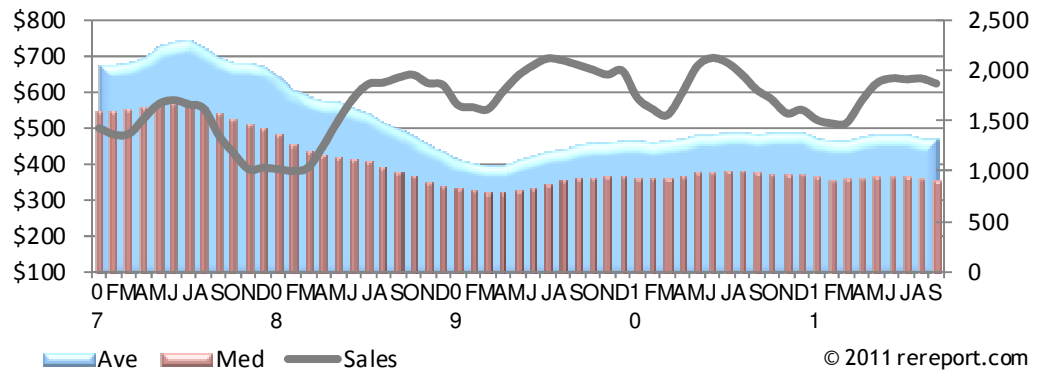
basis-point rise to finish HSH's survey at a still-attractive 3.13% .

Could we be at the cusp of an uptick in the economy? September's data seems to suggest that things have at least stopped getting worse, and with lower gasoline prices, lower interest rates via the Fed's new emphasis and even a little bit more hiring in the mix, we just might be. What does that mean for mortgage rates? As we've noted here before, mortgage rates just love bleak economic news, and we've certainly had plenty over the last couple of months. That the data suggest some economic stabilization would also serve to stabilize rates, but there's likely to be a long slog ahead of us yet until we get to the point where the economy no longer needs extra supports just to gin up a little growth.

For the moment, though, mortgage interest rates may tick up a couple of basis points over the next week. Investor enthusiasm at even a series of "better" reports will probably not last, given that all they've really confirmed is that things remain pretty lousy, and we're working in a period of time when lackluster gains seem outside.

### San Diego County — Homes: Sold Prices & Unit Sales

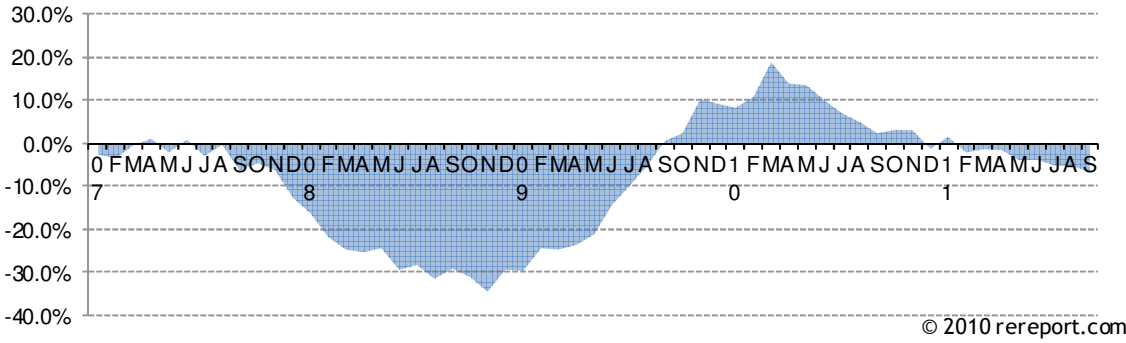
(3-month moving average — price in \$000's)



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North San Diego County Coastal - September 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	\$ 350,000	\$ 463,321	1,841	3,583	9,760	154	96.8%	-6.7%	-4.9%	7.0%	21.6%	-13.2%
N. County Coast	\$ 465,000	\$ 684,212	446	862	2,830	184	96.1%	-11.4%	-5.5%	6.4%	33.2%	-9.6%
Cardiff by the Sea	\$ 659,000	\$ 748,556	9	12	52	129	95.2%	-23.4%	-41.1%	28.6%	200.0%	-1.9%
Carlsbad	\$ 639,450	\$ 649,784	84	132	522	135	96.2%	-10.0%	-10.8%	31.3%	11.9%	19.7%
Carmel Valley	\$ 992,000	\$ 1,161,380	30	61	252	185	96.5%	16.0%	26.4%	-28.6%	38.6%	23.5%
Del Mar	\$ 1,100,000	\$ 1,391,550	19	25	143	180	91.2%	-30.7%	-22.9%	35.7%	150.0%	-5.3%
Encinitas	\$ 762,000	\$ 808,052	29	63	259	196	97.0%	-9.2%	-17.4%	-6.5%	34.0%	18.8%
Fallbrook	\$ 309,500	\$ 365,565	47	88	392	188	97.3%	-3.3%	-4.0%	27.0%	25.7%	6.8%
La Jolla	\$ 1,300,000	\$ 2,049,380	21	52	309	355	91.1%	-1.1%	36.2%	-16.0%	57.6%	3.7%
Oceanside	\$ 325,250	\$ 333,108	122	239	886	154	97.8%	-1.3%	1.7%	8.9%	35.8%	38.4%
Rancho Santa Fe	\$ 1,850,000	\$ 1,888,990	17	35	297	447	91.0%	-23.4%	-32.3%	30.8%	20.7%	-3.9%
San Marcos	\$ 337,500	\$ 331,016	74	134	533	156	95.6%	-11.2%	-12.0%	0.0%	18.6%	24.8%
Solana Beach	\$ 915,000	\$ 965,232	7	14	68	224	94.3%	-1.1%	-14.4%	0.0%	40.0%	30.8%
Vista	\$ 299,900	\$ 317,996	61	141	512	176	96.2%	-11.8%	1.2%	-9.0%	33.0%	27.4%

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



**FORECLOSURE STATISTICS**

After a large spike in August, notices of default, the first step in the foreclosure process, in San Diego County declined 26.5% in September from the year before, and were down 21.9% from August.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, dropped 32.8% from August, and were down 38.2% 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 September, cancellations fell 3.7% from August, and were down 20.4% year-over-year.

Properties going back to the bank were down 24.7% from August, and were down 49.2% compared to September 2010.

The total number of properties that have had a notice of default filed declined by 12.5% in September compared to September 2010.

The total number of properties scheduled for sale declined by 26.4%, year-over-year. Both of these are very positive signs.

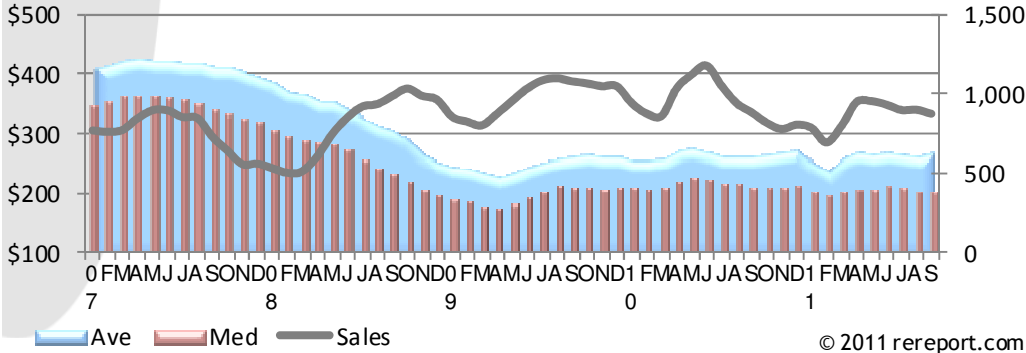
The total number of properties owned by banks dropped by 2.5% year-over-year.

Foreclosure statistics provided by:

<http://foreclosureradar.com>.

**San Diego County — Condos: Sold Prices & Unit Sales**

(3-month moving average — price 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.

North San Diego County Coastal - September 2011												
CONDOS								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend	Inven
County	\$ 207,000	\$ 270,030	813	1,632	4,286	153	97.6%	-3.3%	1.4%	1.0%	-0.9%	-18.8%
N. County Coast	\$ 287,000	\$ 375,168	193	343	1,042	157	96.6%	2.5%	8.9%	-6.3%	3.9%	-9.2%
Cardiff by the Sea	\$ 437,915	\$ 488,266	7	7	24	70	94.5%	-10.6%	-20.0%	0.0%	40.0%	20.0%
Carlsbad	\$ 361,000	\$ 359,803	35	55	259	169	98.3%	11.1%	2.1%	52.2%	-9.8%	16.7%
Carmel Valley	\$ 375,000	\$ 377,042	24	35	119	102	95.7%	7.0%	-3.3%	60.0%	52.2%	14.4%
Del Mar	\$ 570,000	\$ 609,600	5	3	47	255	93.4%	156.2%	133.3%	25.0%	-40.0%	-6.0%
Encinitas	\$ 350,000	\$ 444,185	15	30	109	153	96.2%	-1.4%	20.8%	66.7%	20.0%	25.3%
La Jolla	\$ 756,000	\$ 751,391	23	59	226	211	93.2%	73.8%	0.0%	27.8%	55.3%	10.8%
Oceanside	\$ 169,900	\$ 217,336	61	110	416	145	97.6%	-1.6%	2.2%	-21.8%	-12.7%	2.0%
Rancho Santa Fe	\$ -	\$ -	0	0	0	0	0.0%	n/a	n/a	n/a	n/a	n/a
San Marcos	\$ 235,000	\$ 235,714	25	76	183	124	97.9%	-2.1%	-6.9%	-3.8%	76.7%	14.4%
Solana Beach	\$ 650,000	\$ 731,000	5	15	72	331	96.7%	3.2%	30.6%	66.7%	15.4%	33.3%
Vista	\$ 170,000	\$ 192,072	16	25	82	103	98.1%	-4.5%	9.7%	33.3%	-3.8%	13.9%

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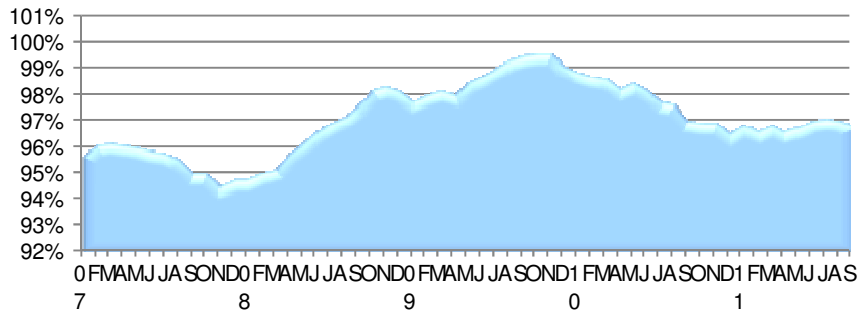


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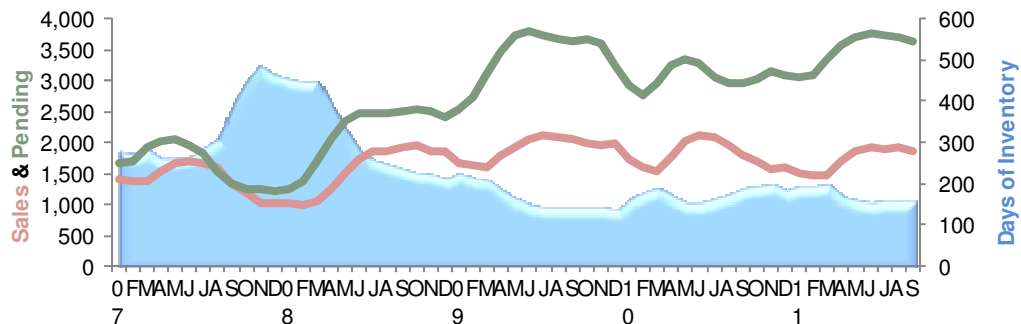
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**San Diego County: Single-family Homes**  
Sales Price/Listing Price Ratio



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



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