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Dawn Boquet

Masterpiece Realty

1237 Camino Del Mar, Suite A
 Del Mar, CA 92014
 (858) 205-0145
dawn@search-SanDiegoRealEstate.com
<http://search-sandiegorealestate.com>
 DRE #01876384

The Real Estate Report

local market trends

NORTH COASTAL SAN DIEGO COUNTY

Pending and Closed Sales Up in February

Pending sales, a harbinger of future closed sales, rose 12.6% from January, and were up 13% year-over-year.

Closed sales were up 8.2% month-over-month, but down 5.7% year-over-year. This is the eighth month in a row closed sales have been lower than the year before.

The median price for single-family, re-sale homes fell 2.2% compared to last February. The median price has been higher than the year before sixteen out of the past eighteen months.

SALES MOMENTUM...

for homes in San Diego County was flat at -8% in February.

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 +6.

PENDING MOMENTUM...

continued rising for the second month in a row, up one point to -10%.

MORE STATISTICS...

Inventory was down for the first month since April 2010: -2.5% compared to last February.

The sales price to list price ratio dropped 0.2 of a point to 96.7%.

Days of Inventory, or how long it would take to sell the current inventory of homes at the present sales rate, decreased by 37 days to 198. 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 while up from January, was down 10.2%, year-over-year. This is only the fourth month since October 2009 the median price has been lower than the year before.

Condo sales were also down in February, dropping 34.5% year-over-year.

Trends at a Glance			
(Single-family Homes)			
	Feb 11	Jan 11	Feb 10
Median Price:	\$ 352,000	\$ 355,000	\$ 360,000
Average Price:	\$ 471,509	\$ 448,190	\$ 459,185
Home Sales:	1,347	1,244	1,428
Pending Sales:	3,397	3,016	3,006
Inventory:	9,871	9,754	10,119
(Condos/Town Homes)			
Median Price:	\$ 202,000	\$ 215,650	\$ 207,100
Average Price:	\$ 249,155	\$ 238,369	\$ 252,990
Condo Sales:	675	713	760
Pending Sales:	1,731	1,558	1,652
Inventory:	4,925	4,900	5,435

Of more concern are pending sales, which were off 4% from last January.

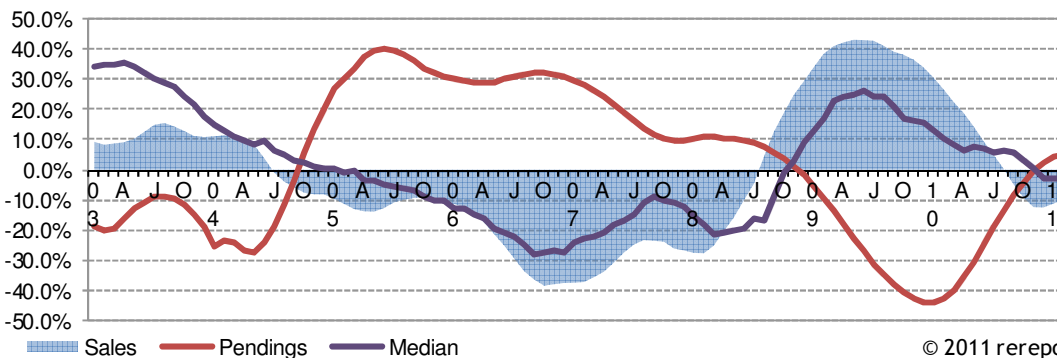
Inventory was down for the third month in a row, dropping 12.4% year-over-year.

The sales price to list price ratio was flat at 97.3%.

The number of days it took to sell a condo in February was also flat at 94 days.

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.

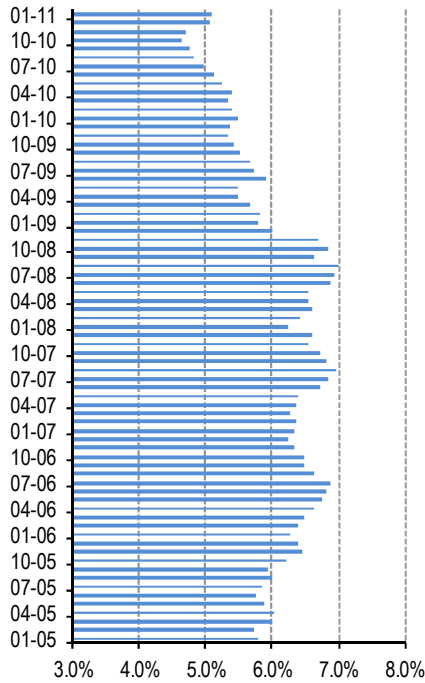
San Diego County Homes: Sales Momentum



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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.

Mar. 4, 2011 -- An economy gaining momentum and a world economy producing price strains may ultimately drive interest rates higher, but as long as political unrest and the future economic drag of rising oil and gasoline costs remain in play, they remain tomorrow's problem.

The Fed's economic tonic -- low interest rates and plenty of liquidity -- seems to be having the long-awaited effect of boosting growth to more self-sustaining levels. How long these policies can be maintained without fueling inflation remains to be seen, but the Fed maintains they will be able to effectively deal with it when it returns. Fed Chairman Bernanke said in his testimony before Congress this week: "We have all the tools we need to achieve a smooth and effective exit at the appropriate time."

Whether markets will feel that way or not remains to be seen, and interest rates will surely rise even as the Fed employs its measures.

HSH.com's overall mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- noted that the overall average rate for 30-year fixed-rate mortgages eased again by five basis points (.05%) starting March at an average 5.18%. A key component of the first-time homebuyer market, FHA-backed 30-year fixed-rate mortgages slipped a little less, declining by three basis points to land at 4.81% for the

week. Hybrid 5/1 ARMs, often the most viable alternative to the traditional 30-year FRM (especially for jumbo buyers) split the decline of those two products, losing four hundredths of a percentage point (.04%) to close the period at 3.87%.

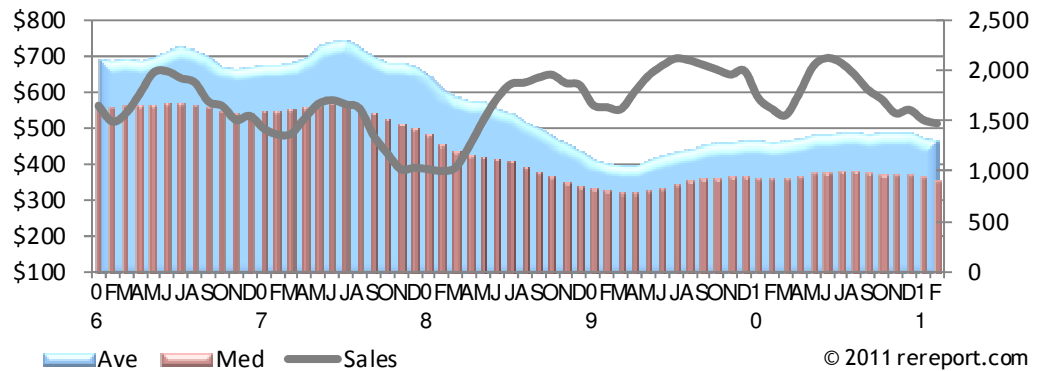
The markets seem to have taken to heart Mr. Bernanke's promises of a benign Fed policy for some time into the future, and might even be said to be expressing a growing confidence in the Fed's ability to manage the inflation it hopes to foster.

But, the Fed's record of managing inflation is spotty at best, and the effect of expensive oil may not overwhelm the positive effects of more people getting back to work. Certainly, these items should be given the benefit of the doubt, for at least a while. However, we believe higher interest rates are a far more likely occurrence than lower ones, and borrowers in the markets need to be wary for a flare in interest rates as we move forward. It is worth noting the recent experience of rates rising from 4.32% to about 5% in just about two month's time last fall and early winter.

The drift downward in interest rates over the last few weeks represents an opportunity for those in process to grab a slightly lower interest rate, and perhaps a reason for some potential homebuyers to step into the market ahead of the Spring home buying season.

San Diego County — Homes: Sold Prices & Unit Sales

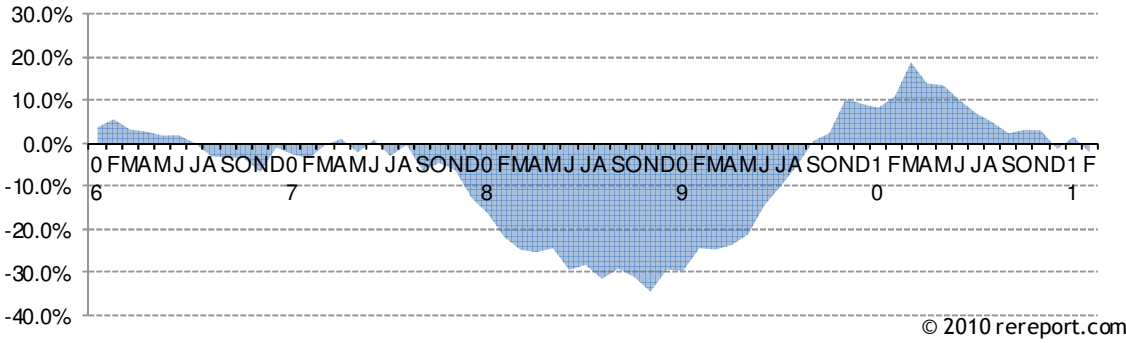
(3-month moving average — price in \$000's)



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North San Diego County Coastal - February 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	\$ 352,000	\$ 471,509	1,347	3,397	9,871	198	96.7%		-2.2%	2.7%	-5.7%	13.0%	-2.5%
N. County Coast	\$ 475,000	\$ 708,788	317	819	2,658	226	95.8%		5.8%	2.2%	-3.6%	16.3%	-5.7%
Cardiff by the Sea	\$ 1,337,250	\$ 1,278,380	4	9	48	324	94.7%		55.9%	49.1%	100.0%	0.0%	-14.3%
Carlsbad	\$ 620,000	\$ 654,367	61	125	358	158	95.9%		-1.6%	-2.7%	29.8%	0.0%	3.2%
Carmel Valley	\$ 1,000,000	\$ 1,189,170	30	67	152	137	95.7%		17.0%	13.7%	15.4%	52.3%	-16.9%
Del Mar	\$ 1,325,000	\$ 1,662,270	11	29	124	304	91.9%		-23.6%	-23.6%	83.3%	141.7%	-10.8%
Encinitas	\$ 683,000	\$ 727,500	21	57	180	231	95.9%		-18.9%	-24.1%	-16.0%	23.9%	-19.3%
Fallbrook	\$ 351,000	\$ 348,019	26	100	326	339	95.5%		2.9%	-3.4%	-38.1%	29.9%	-5.8%
La Jolla	\$ 1,220,000	\$ 1,404,000	15	42	212	382	94.1%		-20.2%	-14.9%	15.4%	20.0%	-12.0%
Oceanside	\$ 305,000	\$ 302,343	83	194	586	191	96.2%		-9.2%	-17.0%	-17.0%	-7.6%	12.0%
Rancho Santa Fe	\$ 2,050,000	\$ 2,766,310	13	48	235	488	91.4%		-6.8%	6.2%	-13.3%	54.8%	-13.9%
San Marcos	\$ 384,500	\$ 381,262	52	127	370	192	95.8%		5.3%	-0.6%	-8.8%	15.5%	-8.6%
Solana Beach	\$ 1,123,500	\$ 1,066,750	4	10	45	304	94.9%		36.3%	31.3%	-33.3%	42.9%	-21.1%
Vista	\$ 305,000	\$ 305,846	49	138	392	216	97.6%		1.7%	5.6%	4.3%	0.7%	1.6%

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 9.5% in January from the year before, but were up 2.8% from December.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, retreated in January after spiking in December. Notices of sale were down 6.1% year-over-year.

Both of these statistics are positive signs.

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 January, cancellations rose 7.9% from December, a positive sign, but were down 18.5% year-over-year, a negative sign.

Properties going back to the bank soared 67% from December, but were off 6.4% compared to January 2010.

The number of homes sold to third parties also took a leap, rising 47% from December, but were down 22.9% year-over-year.

The good news is that the total number of homes that have had a notice of default filed declined by 17.6% in January compared to January 2010.

(Continued on page 4)

San Diego County — Condos: Sold Prices & Unit Sales

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

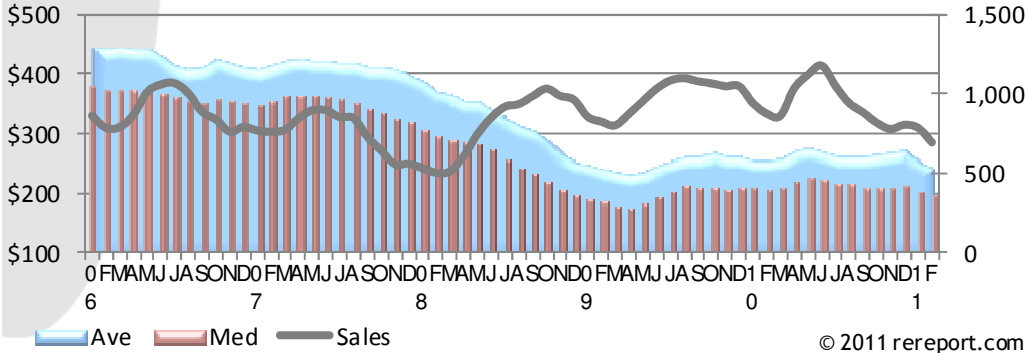


Table Definitions

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 - February 2011												
CONDOS								% Change from Year Before				
Prices								Prices				
Cities	Median	Average	Sales	Pend	Inven	DOI	SP/LP	Med	Ave	Sales	Pend	Inven
County	\$ 202,000	\$ 249,155	675	1,731	4,925	197	97.3%	-10.2%	-9.0%	-34.5%	-4.0%	-12.4%
N. County Coast	\$ 282,500	\$ 323,603	130	357	1,091	227	95.9%	-14.4%	-15.0%	-41.2%	5.6%	-11.7%
Cardiff by the Sea	\$ 693,500	\$ 693,500	2	12	17	230	96.8%	21.3%	21.3%	0.0%	50.0%	-22.7%
Carlsbad	\$ 297,000	\$ 332,600	24	59	180	203	95.5%	-12.6%	-11.7%	4.3%	-10.6%	-3.2%
Carmel Valley	\$ 447,500	\$ 437,286	14	36	84	162	97.7%	14.9%	8.3%	0.0%	20.0%	-23.6%
Del Mar	\$ 595,000	\$ 557,500	6	5	51	230	88.9%	3.9%	-18.1%	50.0%	-28.6%	13.3%
Encinitas	\$ 320,000	\$ 346,723	13	26	73	152	94.8%	-10.9%	-6.9%	18.2%	0.0%	10.6%
La Jolla	\$ 423,500	\$ 454,250	16	41	200	338	94.3%	15.0%	-4.7%	-27.3%	13.9%	18.3%
Oceanside	\$ 137,700	\$ 161,699	37	126	346	252	96.8%	-15.8%	-21.6%	-26.0%	1.6%	-7.7%
Rancho Santa Fe	\$ 545,000	\$ 545,000	1	1	14	378	99.1%	n/a	n/a	n/a	n/a	n/a
San Marcos	\$ 188,000	\$ 199,674	29	46	145	135	99.9%	-27.7%	-28.6%	70.6%	-6.1%	3.6%
Solana Beach	\$ 582,500	\$ 635,750	4	18	55	371	92.9%	-19.2%	-9.6%	0.0%	63.6%	10.0%
Vista	\$ 176,000	\$ 183,514	13	29	61	127	98.8%	-1.9%	-3.5%	30.0%	-6.5%	-21.8%



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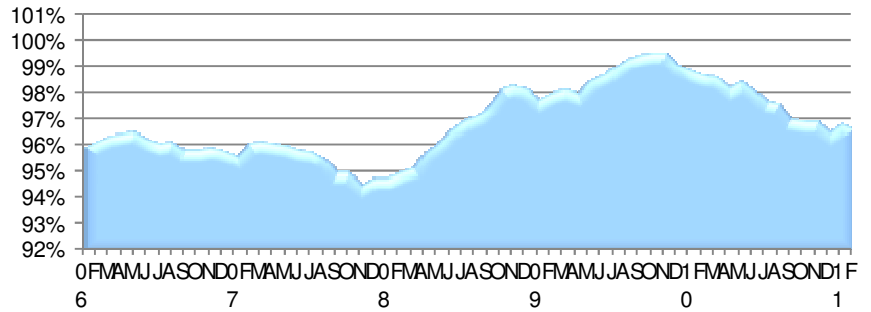
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Also, the total number of homes scheduled for sale declined by 14.4%.

But, alas, the number of homes owned by the bank rose by 6.8%.

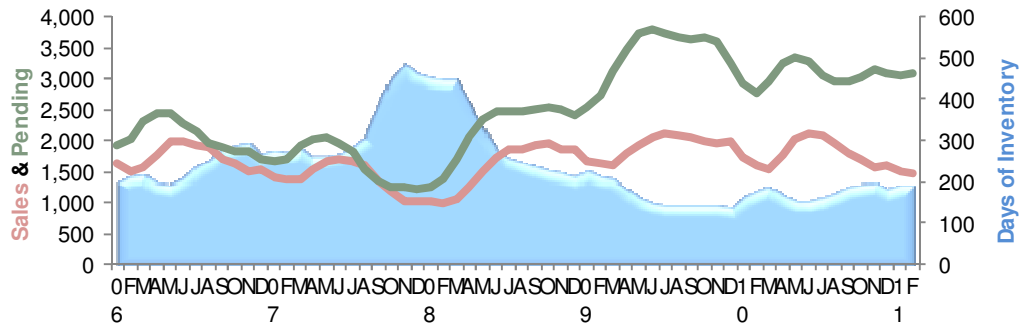
All-in-all, the numbers are pretty much a mixed bag at this point.

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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