

SANTA BARBARA ASSOCIATION OF REALTORS

July 2008 Real Estate Market Santa Barbara South Coast

The median sale price of houses and planned unit developments (PUDs) sold through the Multiple Listing Service (MLS) in July was \$944,500 for sales across the entire Santa Barbara South Coast area. This price level is substantially lower than median price levels seen for the rest of the year, ranging from a high of \$1,295,000 in February to \$1,025,000 last month. The number of sales of houses and PUDs that closed escrow in July was 64, down from 69 last month, but equal to the average number of sales per month (closed escrows) so far this year. In comparison, closed escrows in 2007 averaged over 70 per month.

For condominiums, the median sale price in July was \$583,500, down from \$614,000 last month, and a little lower than the average of \$589,500 seen so far this year. For 2007, the overall median of sale price was \$629,000. Condominium sales with closed escrows totaled 31 for July, compared to 20 last month, and substantially higher than the average of 22 closed escrows per month for the rest of 2008. For 2007, sales averaged almost 30 sales per month.

The median sale price represents the price point at which half of the sales are higher, and half are lower. The median price doesn't represent the price of any one property, but reflects the overall composition of the market and it varies

from month to month due to changes in the type, age and condition, or location of the properties sold. It is for this reason that longer-term comparisons are more meaningful indicators of market trends.

For the first seven months of 2008, the number of sales has totaled 602 for houses, PUDs, and condominiums combined, down 27% from the 828 closed escrows during the same period in 2007. The median sale price for houses and PUDs has been \$1,110,000, compared to \$1,250,800 for 2007, down 11% from last year. For condominiums, the median sale price has been \$589,500, compared to \$630,000 for the same period in 2007, down by 6% from last year. The number of new listings through July has been lower by 5% for houses & PUDs, compared to the same period in 2007, and lower by 8% for condominiums.

The number of sales (closed escrows) lags the time when the contract is signed and escrow opened by typically 30 to 60 days. A more immediate measure of "new sales" activity is indicated by the number of new sales pending for the month. The National Association of Realtors publishes an index, the Pending Home Sales Index (PHSI) as a measure of current sales activity across the nation. Again, there can be monthly fluctuations and seasonal variations, so that comparisons over a longer time period are still better.

Applying this measure of new sales pending for July 2008, figure 1 shows 86 sales pending for houses and PUDs, improved over last month, and about the average level of sales per month seen so far this year. For condominiums, the number of new sales pending for July was 39, up from prior months, and even higher than the pending sale levels seen in 2007.

The sales pending number reflects “new sales” activity as measured by the number of homes for which a contract was accepted and an escrow opened during the month. Comparing these 86 new sales of houses and PUDs with the number of active listings, 615 at the end of July, results in an inventory of 7.2 months. This inventory level is improved over the past few months, and is at a level about average so far this year. This monthly inventory level is a measure of the length of time to sell all the homes that are for sale at any one time, at the current pace of new sales.

For condominiums, the level of 39 new sales pending for July is improved over the levels seen for the past two months. This level, when compared to the 260 condominiums actively for sale at the end of July, results in a current inventory of 6.7 months, substantially improved over the last two months, and almost half the level seen at the end of the first quarter. As noted earlier, these monthly comparisons will change each month due to differences in the price levels and types of property sold.

Generally, an inventory level of about 6 months is considered a balanced market, favoring neither buyers nor sellers, based on national averages and long term market experience. Lower levels of inventory may be considered a seller’s market, whereas levels greater than about 6 months are considered a buyer’s market.

Figure 1 summarizes this information by category and by MLS area for the South Coast market. The combined total of 125 new sales pending in July results in an overall inventory level for houses, PUDs, and condominiums of 7.0 months at the end of July 2008. The combined number of closed escrows totals 602 so far this year for 2008. This level is improved over the first quarter average for 2008, but it is still much lower than the average of 103 per month through 2007.

Figure 2 shows comparisons of sales over longer periods of time, depicting the number of closed escrows beginning with January for 2008, compared to the average over the past five years, 2003 through 2007. This figure also shows the number of sales pending each month – and thus new sales compared to past contracts.

Figure 3 shows the overall median price distribution for sales year-to-date of houses and PUDs on the South Coast for 2008, showing that 55% of all sales have been over \$1 million, including 19% of all sales at a price of over \$2.5 million. There have been 34 sales greater than \$5 million so far this year, compared to 35 sales at this price level for the same period in 2007.

* Days on Market (DOM) is the number of days from the date of the contract until the transaction is classified as sale pending.

The source of this information and data is the Santa Barbara Multiple Listing Service, it is deemed to be reliable, and we have no reason to doubt its accuracy, but it is not guaranteed

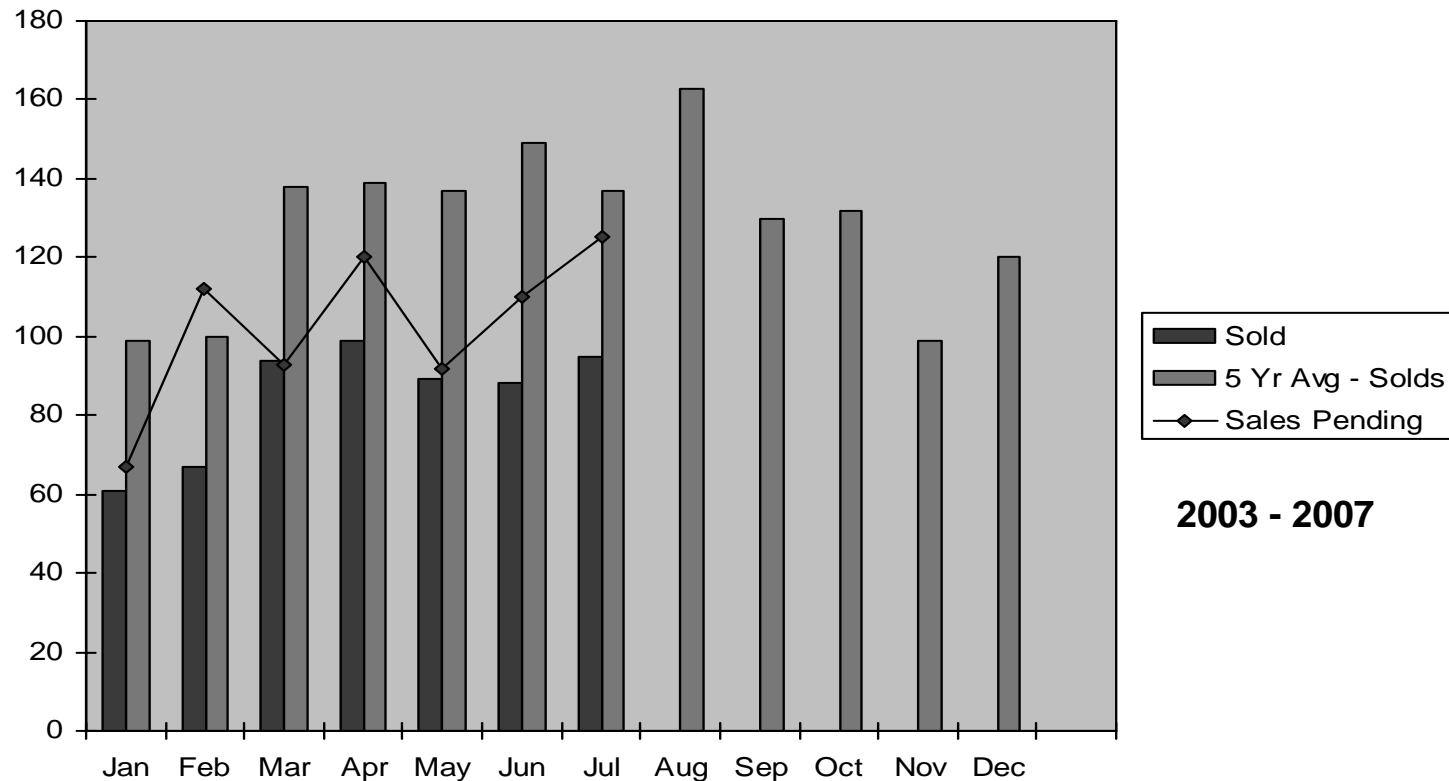
Santa Barbara South Coast

2008 MLS Market Activity

	2008 Year-to-Date		July 2008		
	Closed Escrows	Median Sales Price	Sales Pending	Active Listings	Inventory (Months)
Houses/PUDs	448	\$1,110,000	86	615	7.2
Carpinteria/ Summerland	29	\$ 946,125	5	76	15.2
Montecito	93	\$3,699,000	10	148	14.8
Santa Barbara	177	\$1,025,000	35	250	7.1
Hope Ranch	11	\$2,525,000	5	21	4.2
Goleta	138	\$ 805,000	31	120	3.9
Condos	154	\$ 589,500	39	260	6.7
TOTALS	602	\$ 905,000	125	875	7.0

Figure 1

Santa Barbara South Coast 2008 MLS Sales Summary

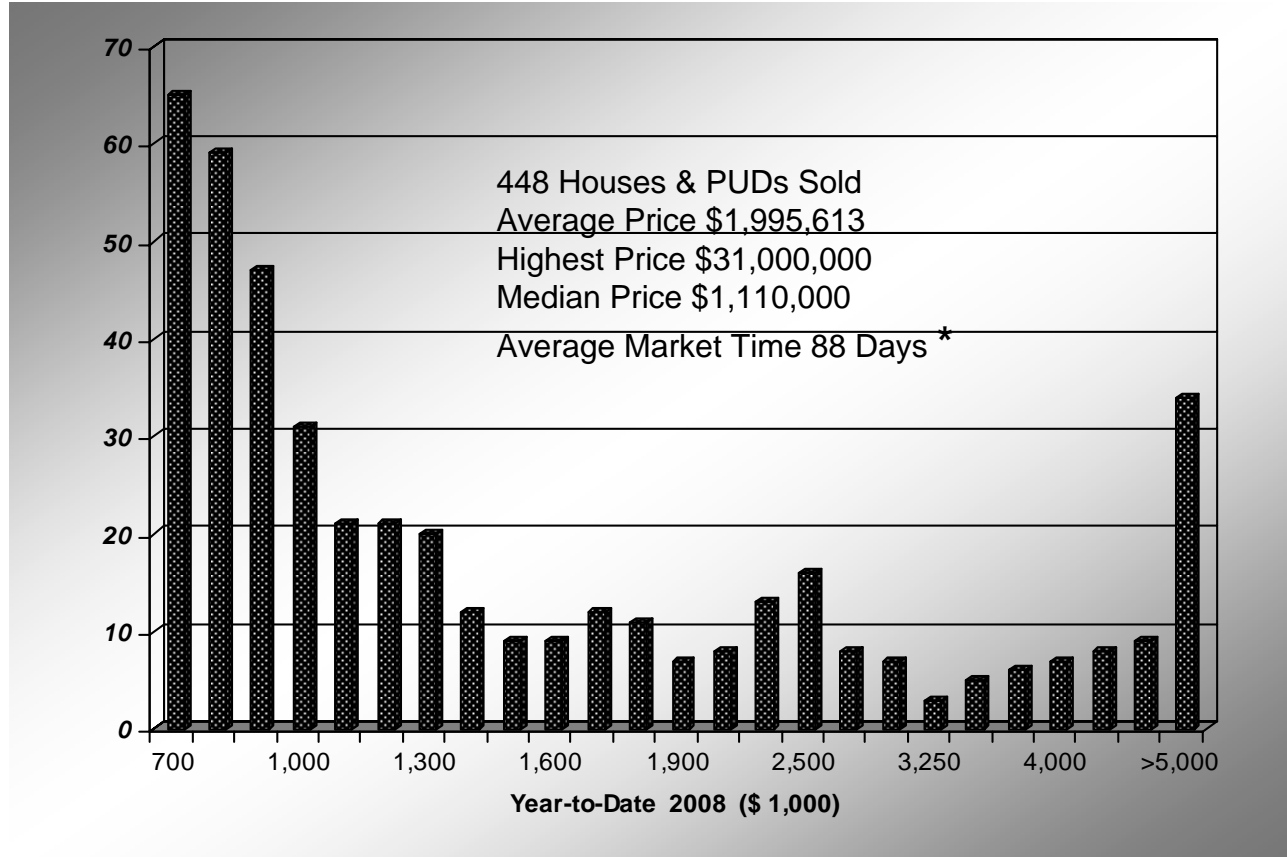


2003 - 2007

Figure 2

**Number of Sales & Sales Pending – 2008 vs 5-Year Average
Houses, PUDs & Condominiums Combined**

Santa Barbara South Coast 2008 MLS Sales Summary



Fifty Five Percent of House & PUD Sales Greater than \$1,000,000,
including Nineteen Percent of Total Sales Greater than \$2,500,000

Figure 3