SANTA BARBARA ASSOCIATION OF REALTORS

June 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 June was $1,035,000 for sales across the entire Santa Barbara South Coast area. This price level is lower than last month at $1,207,000 and below the the median sale price for the second quarter of $1,085,000. The number of sales of houses and PUDs that closed escrow in June was 69, about equal to last month at 70, higher than the average number of sales (closed escrows) so far this year of 64 per month. Closed escrows in 2007 averaged over 70 per month.

For condominiums, the median sale price in June was $614,000, up substantially from $585,000 last month, above the average of $599,000 seen so far this year, but still lower than the overall median of $629,000 seen for 2007. Condominium sales with closed escrows totaled 19 for June, compared to 19 last month, and equal to the average of 19 closed escrows per month for the first quarter of 2008. Sales year-to-date remain substantially below the average of 30 sales per month for 2007.

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 six months of 2008, the number of sales has totaled 502 for houses, PUDs, and condominiums combined, down substantially from the 704 closed escrows during the same period in 2007. The median sale price for houses and PUDs has been $1,150,000, compared to $1,262,500 for 2007. For condominiums, the median sale price has been $599,000, compared to $640,000 for the same period in 2007. The number of new listings through June has been lower by almost 6% for houses & PUDs, compared to the same period in 2007, and lower by less than 3% 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 June 2008, figure 1 shows 81 sales pending for houses and PUDs, improved over last month, but still below the average for the first quarter of 91 sales pending per month. For condominiums, the number of new sales pending for June was 29, up from last month at 20, and above the monthly average of 22 seen for the first quarter of this year.

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 81 new sales of houses and PUDs with the number of active listings, 625 at the end of June, results in an inventory of 7.7 months. This inventory level is improved somewhat from 8.2 months at the end of May, but still higher than the level of 7.4 months at the end of the first quarter of 2008. 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 29 new sales pending for June was improved over the 20 new sales pending last month. This level, when compared to the 281 condominiums actively for sale at the end of June, results in a current inventory of 9.7 months, improved over last month and lower than the level of 13.2 months 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 110 new sales pending in June results in an overall inventory level for houses, PUDs, and condominiums of 8.2 months at the end of June 2008. The combined number of closed escrows totals 502 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 57% of all sales have been over $1 million, including 20% of all sales at a price of over $2.5 million. There have been 29 sales greater than $5 million so far this year, compared to 33 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.

Santa Barbara South Coast

2008 MLS Market Activity

	2008 Year-to-Date		June 2008		
	Closed Escrows	Median Sales Price	Sales Pending	Active Listings	Inventory (Months)
Houses / PUDs	381	$1,150,000	81	625	7.7
Carpinteria/ Summerland	24	$ 990,562	7	68	9.7
Montecito	84	$3,562,500	14	146	10.4
Santa Barbara	147	$1,060,000	33	254	7.7
Hope Ranch	9	$2,525,000	1	21	21.0
Goleta	117	$ 790,000	26	136	5.4
Condos	121	$ 599,000	29	281	9.7
TOTALS	502	$ 942,175	110	906	8.2

Figure 1

Santa Barbara South Coast

2008 MLS Sales Summary

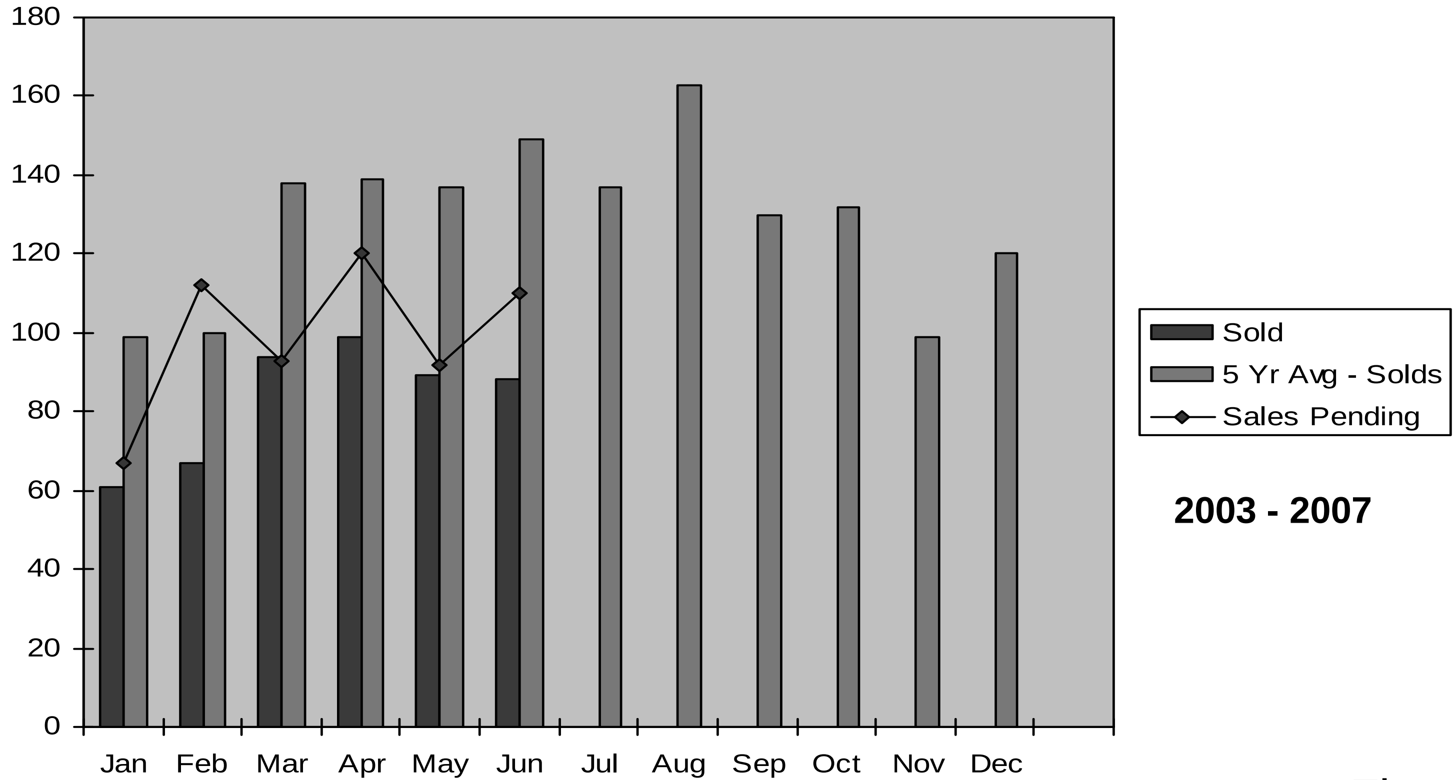
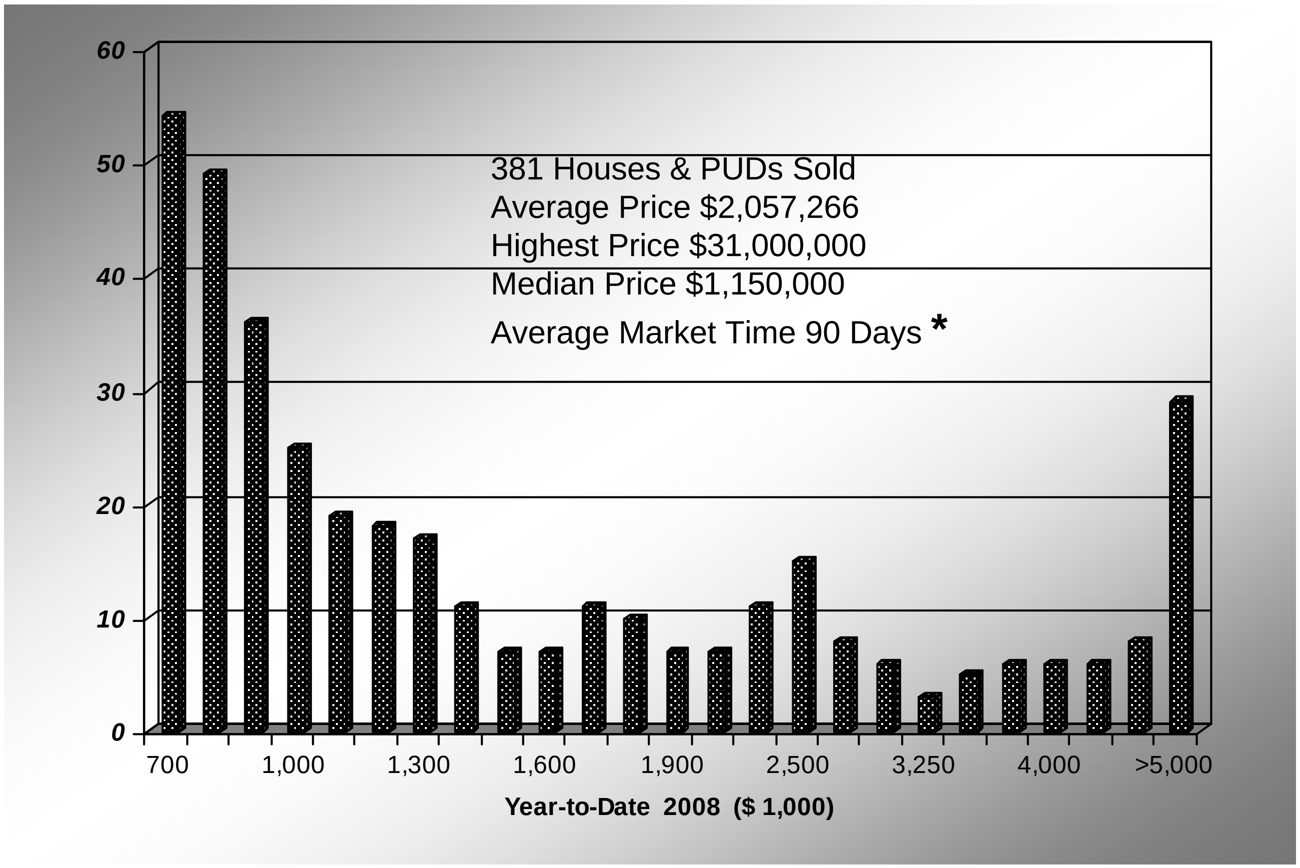


Figure 2

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

Santa Barbara South Coast
2008 MLS Sales Summary



Fifty Seven Percent of House & PUD Sales Greater than $1,000,000,
including Twenty Percent of Total Sales Greater than $2,500,000

Figure 3