

SANTA BARBARA ASSOCIATION OF REALTORS

October 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 October was \$862,500, down from last month at \$935,000, for sales across the entire Santa Barbara South Coast area. This price level remains substantially lower than median price levels seen for the rest of the year, ranging from a high of \$1,295,000 in February to \$935,000 in September. The number of sales of houses and PUDs that closed escrow in September was 72, up somewhat from the last few months, and higher than the average of 67 sales per month seen so far this year, compared to over 70 in 2007.

For condominiums, the median sale price in October was \$497,000, up from last month at \$475,000, but still down in comparison to the rest of the year at \$560,500. For 2007, the overall median sale price was \$630,000. Condominium sales with closed escrows totaled 28, up slightly from last month at 25. 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 ten months of 2008, the number of closed escrows has totaled 904 for houses, PUDs, and condominiums combined, down 16% from the 1,079 closed escrows during the same period in 2007. The median sale price for houses and PUDs has been \$1,050,000, compared to \$1,260,000 for the same period in 2007, down nearly 17% from last year. For condominiums, the median sale price has been \$560,500, compared to \$630,000 for the same period in 2007, down by 11% from last year. The number of new listings through October has been lower by 4% for houses & PUDs, compared to the same period in 2007, and lower by almost 12% 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 September 2008, figure 1 shows 70 sales pending for houses and PUDs, equal to the level seen last month, but still lower than the average of 76 sales pending per month seen so far this year. For condominiums, the number of new sales pending for September was 20, down dramatically from 35 last month, and lower than an average of about 29 sales pending per month seen so far 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 70 new sales of houses and PUDs with the number of active listings, 582 at the end of October, results in an inventory of 8.3 months. This inventory level is the same as seen last month, and near the average seen 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 20 new sales pending for October, compared to the 230 condominiums actively for sale at the end of October, results in a current inventory of 11.5 months, almost double the level seen last month. As noted before, 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 90 new sales pending in October results in an overall inventory level for houses, PUDs, and condominiums of 9.0 months at the end of October 2008. The combined number of closed escrows totals 904 so far this year for 2008, an average of just over 90 closed escrows per month. This level is down 18% compared to the average of 111 per month through this same period for 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 52% of all sales have been over \$1 million, including 18% of all sales at a price of over \$2.5 million. There have been 42 sales greater than \$5 million so far this year, compared to 46 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		October 2008		
	Closed Escrows	Median Sales Price	Sales Pending	Active Listings	Inventory (Months)
Houses/PUDs	673	\$1,050,000	70	582	8.3
Carpinteria/ Summerland	49	\$ 845,000	10	68	6.8
Montecito	131	\$3,300,000	7	172	24.6
Santa Barbara	271	\$ 999,000	32	219	6.8
Hope Ranch	17	\$2,850,000	2	20	10.0
Goleta	205	\$ 800,000	19	103	5.4
Condos	231	\$ 560,500	20	230	11.5
TOTALS	904	\$ 870,000	90	812	9.0

Figure 1

Santa Barbara South Coast

2008 MLS Sales Summary

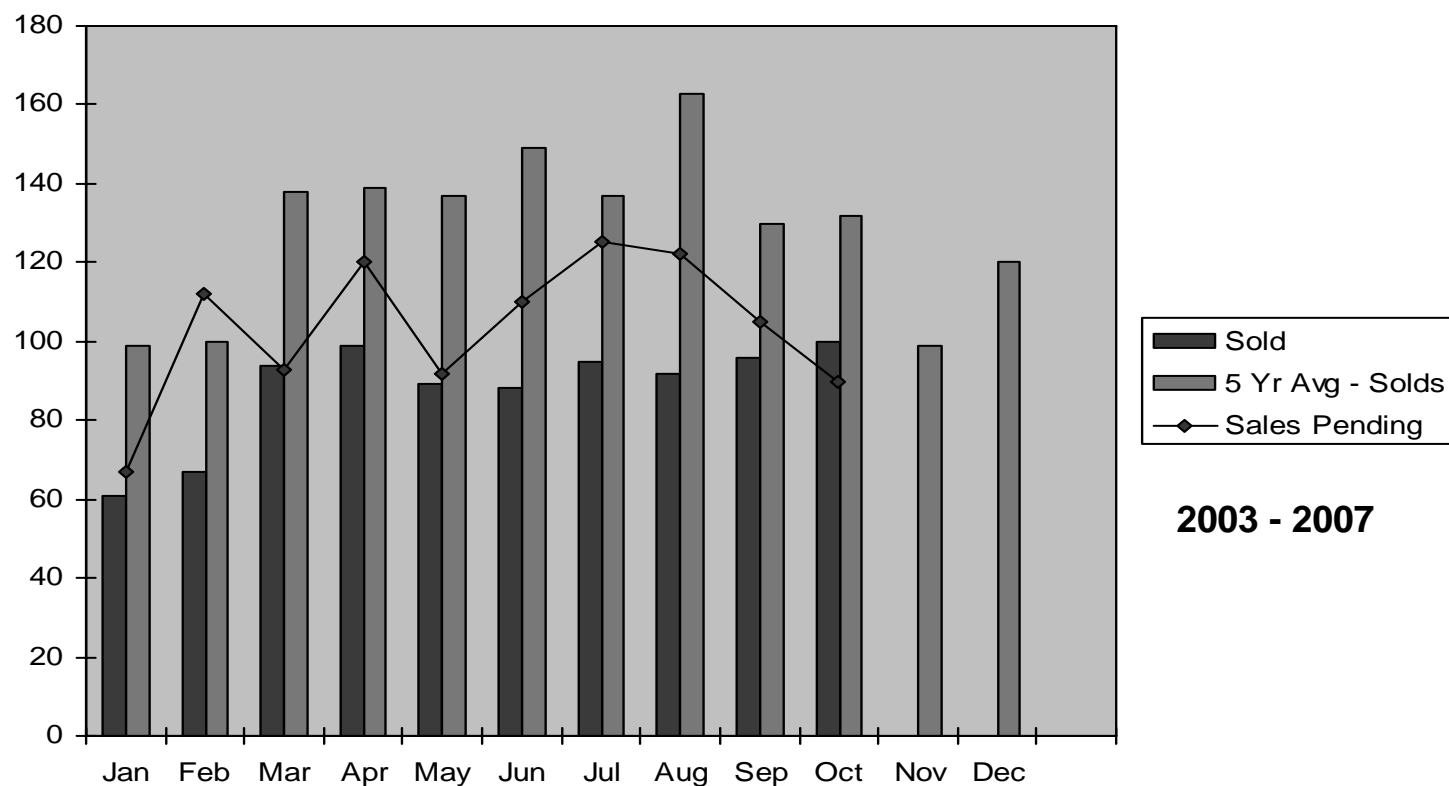
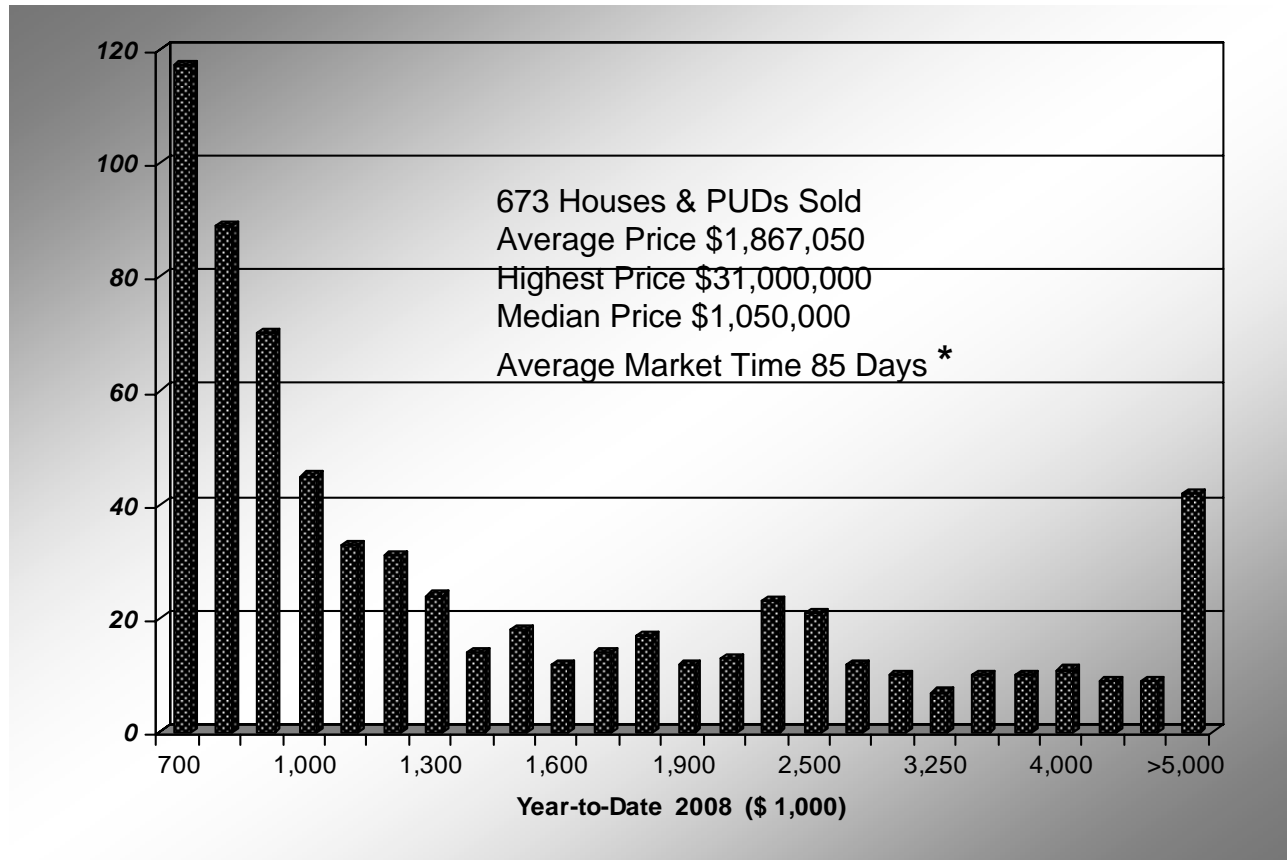


Figure 2

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

Santa Barbara South Coast 2008 MLS Sales Summary



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

Figure 3