

SANTA BARBARA ASSOCIATION OF REALTORS

September 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 September was \$935,000 for sales across the entire Santa Barbara South Coast area. This price level is down from the \$942,500 seen last month, and 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 \$942,500 last month. The number of sales of houses and PUDs that closed escrow in September was 71, up somewhat from the last two months, and higher than the average of 66 sales per month seen so far this year, compared to over 70 in 2007.

For condominiums, the median sale price in September was lower dramatically at \$475,000, compared to \$572,500 last month and \$583,500 in July. For 2007, the overall median sale price was \$630,000. Condominium sales with closed escrows totaled 25, about the same as last month, and a little 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 nine months of 2008, the number of closed escrows has totaled 799 for houses, PUDs, and condominiums combined, down 22% from the 1,027 closed escrows during the same period in 2007. The median sale price for houses and PUDs has been \$1,075,000, compared to \$1,257,125 for the same period in 2007, down 14% from last year. For condominiums, the median sale price has been \$572,500, compared to \$630,000 for the same period in 2007, down by 9% from last year. The number of new listings through September has been lower by 4% for houses & PUDs, compared to the same period in 2007, and lower by 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, down from the 81 sales pending seen last month, and 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 35, lower than the level of 41 seen last month, but higher than the average of 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, 580 at the end of September, results in an inventory of 8.3 months. This inventory level is slightly more than last month, but is at a level 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 35 new sales pending for September, compared to the 224 condominiums actively for sale at the end of September, results in a current inventory of 6.4 months, somewhat higher than last month, but improved over levels seen earlier this year. 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 105 new sales pending in September results in an overall inventory level for houses, PUDs, and condominiums of 7.7 months at the end of September 2008. The combined number of closed escrows totals 799 so far this year for 2008, an average of 88 closed escrows per month. This level is down 22% compared to the average of 114 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 53% of all sales have been over \$1 million, including 18% of all sales at a price of over \$2.5 million. There have been 39 sales greater than \$5 million so far this year, compared to 43 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

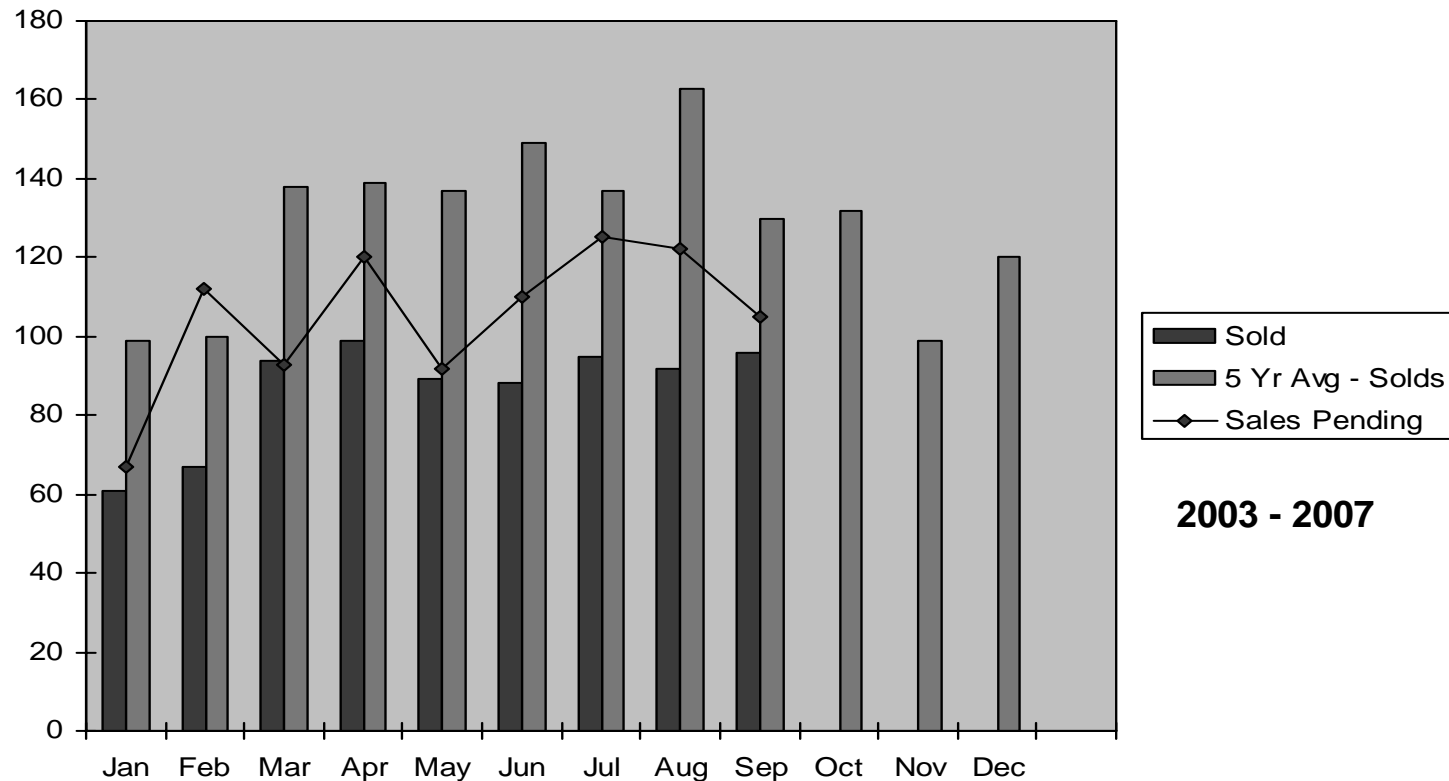
2008 MLS Market Activity

	2008 Year-to-Date		September 2008		
	Closed Escrows	Median Sales Price	Sales Pending	Active Listings	Inventory (Months)
Houses/PUDs	595	\$1,075,000	70	580	8.3
Carpinteria/ Summerland	43	\$ 850,000	7	72	10.3
Montecito	120	\$3,463,000	12	154	12.8
Santa Barbara	239	\$ 999,000	31	228	7.4
Hope Ranch	16	\$2,702,750	3	19	6.3
Goleta	177	\$ 800,000	20	107	5.4
Condos	204	\$ 572,500	35	224	6.4
TOTALS	799	\$ 884,500	105	804	7.7

Figure 1

Santa Barbara South Coast

2008 MLS Sales Summary

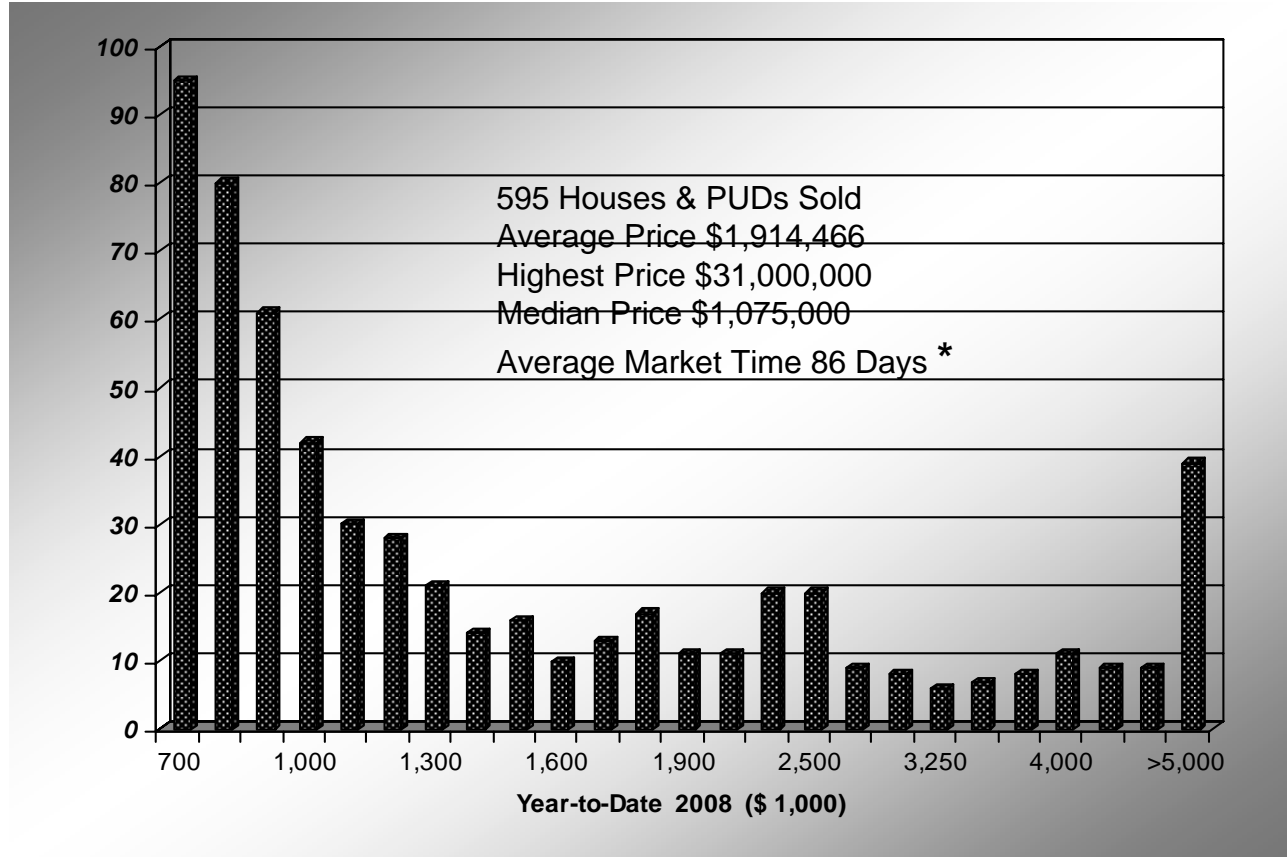


2003 - 2007

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

Figure 3