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The Real Estate Report

local market trends

SANTA CRUZ COUNTY

Home Sales Up

Sales of single-family, resale homes in Santa Cruz County were up 3.2% year-over-year. This comes on the heels of four straight months of double-digit declines.

Home sales have been lower than the year before for eleven of the past fourteen months.

The entry level market continues to lag due to low incomes and increased difficulty in getting a mortgage. This impacts the move-up market because those potential buyers can't sell their entry level homes.

Home inventory also continues to be a problem with the number of homes for sale about half the average for the past eight years.

SEPTEMBER MARKET STATISTICS

Year-Over-Year

- Median home prices increased by 9.8% year-over-year to $675,000 from $615,000.
- The average home sales price rose by 21.2% year-over-year to $791,856 from $653,214.
- Home sales rose by 3.2% year-over-year to 195 from 189.
- Total inventory* fell 33.8% year-over-year to 569 from 859.
- Sales price vs. list price ratio fell by 1% year-over-year to 98.7% from 99.8%.
- The average days on market rose by 24.6% year-over-year to 48 from 39.

Compared To Last Month

- Median home prices improved by 0.1% to $675,000 from $674,000.
- The average home sales price rose by 5.2% to $791,856 from $753,030.
- Home sales Up by 6.0% to 195 from 184.
- Total inventory* increased 4.4% to 569 from 545.
- Sales price vs. list price ratio dropped by 1.1% to 98.7% from 99.8%.
- The average days on market increased by 41.5% to 48 from 34.

CONDOMINIUM STATISTICS

Year-Over-Year

- Median condo prices increased by 15.5% year-over-year to $425,800 from $368,800.
- The average condo sales price rose by 8.8% year-over-year to $458,778 from $421,650.
- Condo sales rose by 87.5% year-over-year to 45 from 24.
- Total inventory* fell 17.9% year-over-year to 115 from 140.
- Sales price vs. list price ratio rose by 1.1% year-over-year to 99.0% from 97.9%.
- The average days on market fell by 49.3% year-over-year to 38 from 76.

* Total inventory is active listings plus contingent or pending listings. Active listings do not include contingent listings.

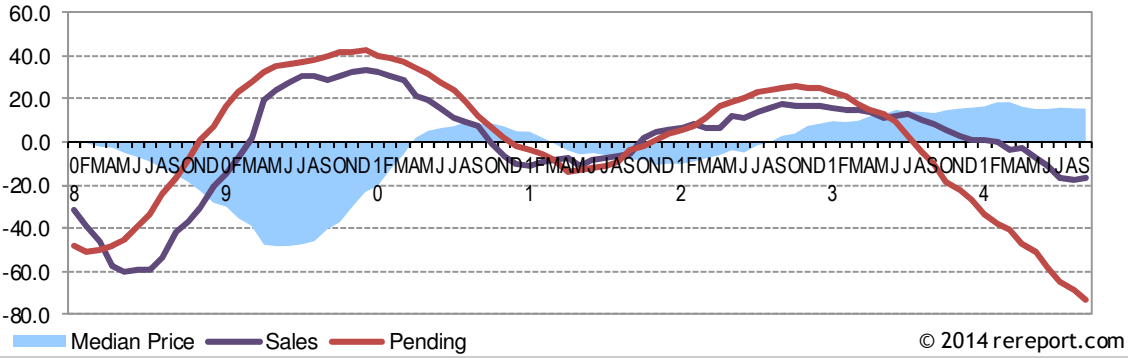
Trends at a Glance
(Single-family Homes)

	Sep 14	Aug 14	Sep 13
Median Price:	$675,000	$674,000	$615,000
Average Price:	$791,856	$753,030	$653,214
Units Sold:	195	184	189
Pending Sales:	105	105	212
Active:	464	464	607
Sale/List Price Ratio:	98.7%	99.8%	99.8%
Days on Market:	48	34	39
Days of Inventory:	69	72	95

Santa Cruz County Price Differences
from January 2013 & Peak & Trough

	YTD	Peak %	Trough %	Peak	Trough
Homes: detached					
3-month	40%	-11%	76%	May-07	Apr-09
12-month	40%	-17%	40%	May-06	Aug-09
Homes: attached					
3-month	41%	-25%	121%	Sep-05	Jan-12
12-month	55%	-27%	58%	May-06	Feb-12

Santa Cruz County Homes: Momentum



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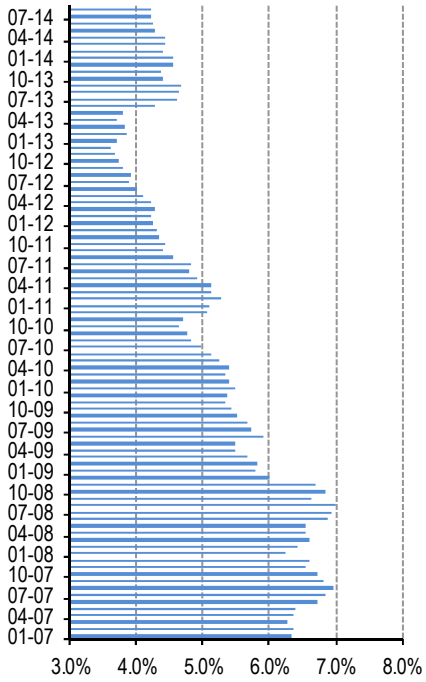
Mortgage Rate Outlook

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.

Balancing Act For Mortgage Rates

October 3, 2014 -- HSH.com's broad-market mortgage tracker -- our weekly Fixed-Rate Mortgage Indicator (FRMI) -- found that the overall average rate for 30-year fixed-rate mortgages slipped backward by four basis points (.04%) drifting back to an average rate of 4.23 percent. The FRMI's 15-year companion shed three basis points to ease to an average rate of 3.49 percent. Fully-insured FHA-backed 30-year FRMs dipped the most, sporting a six basis point trim off last week's average, as these lowest-priced fixed rate mortgages eased down to 3.92 percent for the week. Finally, the overall 5/1 Hybrid ARM failed to move at all, holding a third consecutive week at an average 3.21 percent, still holding close to a 2014 high.

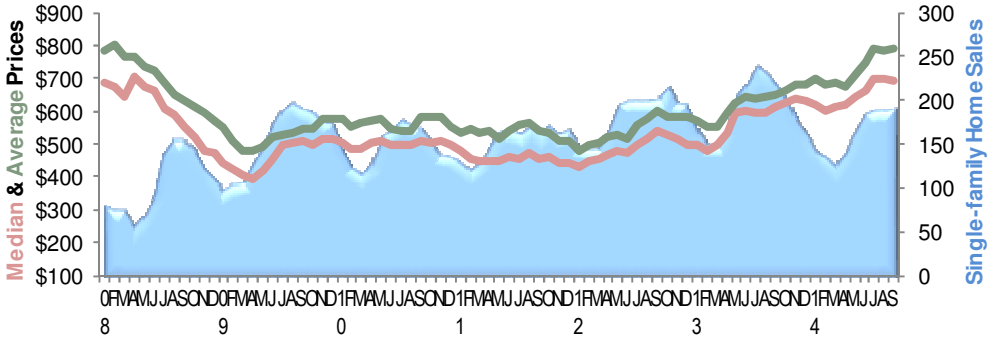
Spending for new construction projects eased in August, sliding by 0.8 percent as outlays for new homes declined by 0.1 percent, commercial building slipped 1.4 percent and public-works outlays fell by 0.9 percent. The pattern here has been a little erratic of late; In June, all three components declined, only to rebound in July and now to again decline in tandem in August.

After falling on deaf ears for much of the summer, news of an accelerating economy finally prompted a small lift in mortgage rates when business activity resumed a few weeks ago. Of late, the news has been solid, but hardly spectacular, and without a straight-up trajectory for the economy, rates have found a little space to slip. The reality is that nothing has really changed, excepting the injection of a little more volatility in interest rates. The economy is growing (has been, if somewhat more so), inflation remains muted (has been, if somewhat less so), the Fed's monetary policy is on auto-pilot (has been) and the world's troubles continue and low available investment yields continue to make the US the place to be.

Overall, that's good news, since we are likely to continue to see low and stable mortgage rates for a while, even if we do have flares of volatility. There's not much reason to expect anything more than rates wandering by a couple of basis points next week, probably upward if anything.

Santa Cruz County Homes - Prices & Sales

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



Santa Cruz County - September 2014													
Single-Family Homes									% Change from Year Before				
	Prices								Prices				
Cities	Median	Average	Sales	Pend	Inv	DOI	SP/LP		Med	Ave	Sales	Pend'	Inven
County	$ 675,000	$ 791,856	195	105	464	69	98.7%		9.8%	21.2%	3.2%	-56.6%	-24.8%
Aptos	$ 664,000	$ 889,300	10	3	38	110	99.2%		2.1%	31.0%	25.0%	-70.0%	35.7%
Capitola	$ 825,000	$ 933,167	6	5	15	73	98.8%		10.1%	9.6%	-50.0%	-44.4%	-34.8%
Rio del Mar	$ 625,000	$ 924,722	9	8	42	135	100.4%		-26.0%	13.7%	-18.2%	-50.0%	-38.2%
Seacliff	$ 785,000	$ 785,000	2	1	6	87	101.5%		13.4%	13.4%	0.0%	0.0%	-57.1%
San Lorenzo Vly	$ 480,000	$ 526,723	31	18	52	49	100.3%		4.1%	14.7%	0.0%	-63.3%	-34.2%
Soquel	$ 665,000	$ 742,833	15	7	28	54	97.8%		-0.1%	5.2%	50.0%	-22.2%	0.0%
Scotts Valley	$ 882,500	$ 907,188	16	13	46	83	97.9%		28.8%	13.6%	-5.9%	-45.8%	-23.3%
Santa Cruz	$ 735,000	$ 870,742	58	18	101	51	98.7%		13.3%	28.0%	-4.9%	-70.5%	-22.9%
East County	$ 663,000	$ 748,105	19	12	66	101	97.2%		84.2%	58.0%	26.7%	-62.5%	-22.4%
West County	$ 699,000	$ 699,000	1	3	10	290	95.9%		1100.0%	6.6%	0.0%	0.0%	0.0%
Watsonville	$ 453,000	$ 457,707	11	6	13	34	99.1%		32.3%	27.7%	-8.3%	-62.5%	-56.7%

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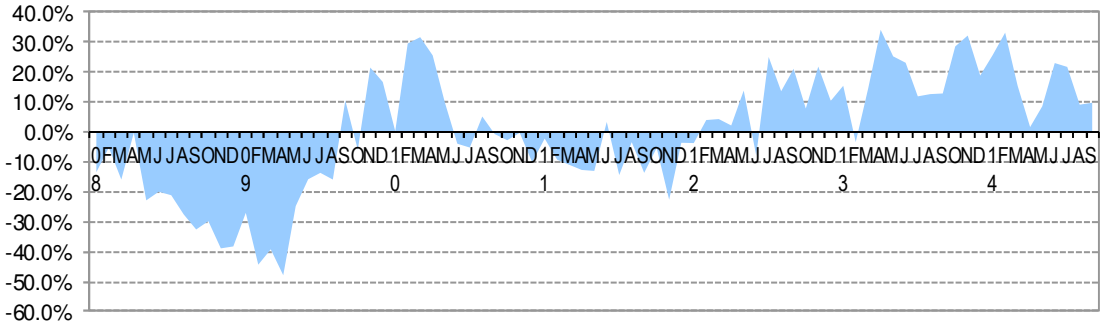
Santa Cruz County Homes: Year-Over-Year Median Price Change



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FORECLOSURE STATISTICS

Notices of default, the first step in the foreclosure process, in Santa Cruz County jumped 45.5% in August from July. Year-over-year, notices were down 3%. There were 32 notices in August.

Notices of sale, which set the date and time of an auction, and serve as the homeowner's final notice before sale, were up 60% from July. Year-over-year, notices were down 33.3%. There were 32 notices in August.

After the filing of a Notice of Trustee Sale, there are only three possible outcomes. First, the sale can be cancelled for reasons including: successful short sale or loan modification, 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 August, cancellations were off 41.7% from July, and they were down 65% year-over-year. There were 14 cancellations.

Properties going back to the bank rose 75% in August from July, they went from 4 to 7. Year-over-year, properties going back to the bank were up 16.7%.

The total number of properties that have had a notice of default filed were up 18.4% year-over-year. They were up 47.3% from the month before.

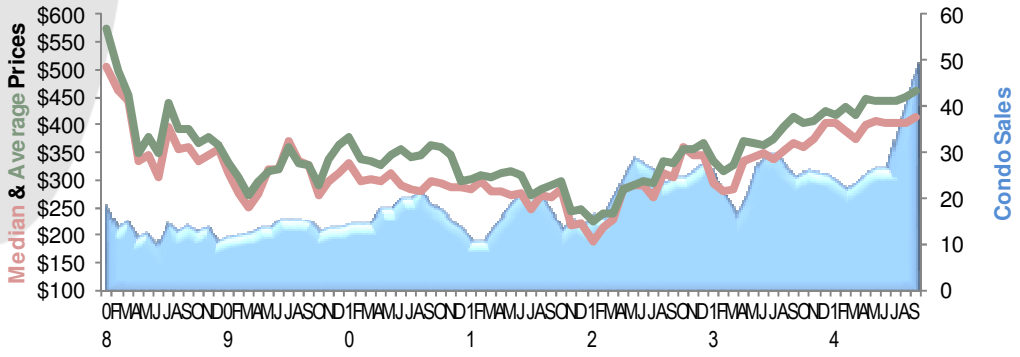
The total number of properties scheduled for sale was up 9.3% from July, and, they were down 36.1% year-over-year.

The total number of homes owned by the banks was down 25.4% year-over-year. Banks now own approximately 150 properties in Santa Cruz County. That is about three week's supply, at the current sales rate.

For further details and a city-by-city breakdown of foreclosure statistics, go to http://propertyradar.com.

Santa Cruz County Condos- Prices & Sales

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



Santa Cruz County - September 2014													
Condos/Townhomes									% Change from Year Before				
	Prices								Prices				
Cities	Median	Average	Sales	Pend	Inv	DOI	SP/LP		Med	Ave	Sales	Pend'	Inven
County	$ 425,800	$ 458,778	45	27	88	57	99.0%		15.5%	8.8%	87.5%	8.0%	-23.5%
Aptos	$ 482,000	$ 482,000	2	0	4	58	98.7%		26.0%	26.0%	100.0%	n/a	-20.0%
Capitola	$ 400,000	$ 375,360	5	1	7	41	101.6%		12.6%	-5.8%	0.0%	-83.3%	-46.2%
Rio del Mar	$ 554,500	$ 569,833	6	4	26	126	97.7%		-15.4%	-23.0%	50.0%	100.0%	-3.7%
Scotts Valley	$ 485,000	$ 493,667	3	5	4	39	100.8%		49.2%	51.9%	200.0%	400.0%	0.0%
Santa Cruz	$ 412,700	$ 432,624	22	8	24	32	99.1%		31.0%	31.3%	100.0%	-20.0%	-35.1%
Watsonville	$ 312,000	$ 263,167	3	5	9	87	97.6%		n/a	n/a	n/a	400.0%	50.0%

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.

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Santa Cruz County

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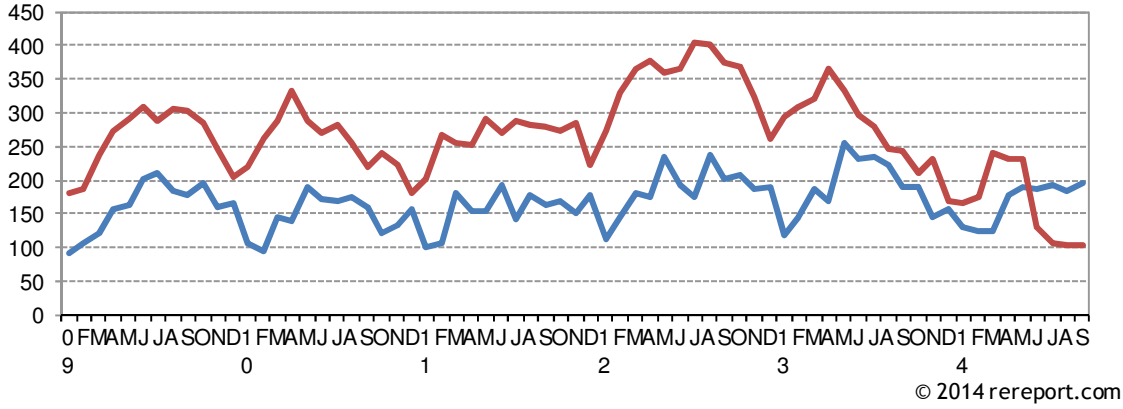
This is not intended as a solicitation if your home is currently listed.

Santa Cruz County Homes: **Pending** & **Closed** Home Sales
(3-month moving average)



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