



# Real Estate Market Report February 2011



**For Sale - 30038 Rose Blossom  
Murrieta, CA 92563**



**For Sale - 30054 Mickelson Way  
Murrieta, CA 92563**



**For Sale - 39244 Turtle Bay # D  
Murrieta, CA 92563**



**For Sale - 21012 Canyon Ridge Drive  
Murrieta, CA 92563**

A comprehensive report on the  
SW Riverside County real estate market.

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February, 2011

The positive vibes in the economy have not quite hit southwest Riverside County. Home sales were down in January. There are a strong number of homes under contract, which shows us that sales will get better February and into March.

The number of homes coming on the market has dropped with not as many foreclosures as past years—this is a good thing. The demand for new listings has slowed as homes are staying on the market for longer times. More homes on the market will only continue to drive the market forward.

**Distressed property** sales are also on the rise. Last year, nearly 85% of all sales were either a short sale or foreclosure. **Last month, 71.8% of all sales were a distressed sale.** We are still waiting to see how many distressed properties will come on the market this Spring. Many experts are expecting a large number of distressed properties to be released into the market this year, following the “foreclosure freeze” over the past holidays. There are a number of investor owned homes coming on the market as standard sales.

**Cash Buyers** played a huge role in sales last year and continue to be a strong presence in our market this year. Last year, nearly 1 in 5 sales were for CASH. **Last month (January 2011), almost 1 in 3 sales were for CASH.** That’s 30% of the market selling for CASH.

**Sales over \$500,000** have stalled in Southwest Riverside County. Last month, only 13 homes out of 157 homes on the market, sold over \$500K. That is an **inventory of 12 months.** This is the highest this number has been since the bubble burst in October 2007. The two factors that contribute to this halt in sales are financing and unrealistic sellers. Loans over \$417,000 are considerably harder to qualify for and banks are hesitant to originate these loans. Sorry over \$500K sellers, but with a strong majority of you on the market having purchased your property within the last 5 years—getting your money back is not very likely.

The biggest factor that may change the growth we are seeing are **interest rates.** Last month, interest rates climbed nearly half a point from 4.5% to 5%. When money gets more expensive, sales slow down significantly.

See the rest of our extensive report for an in-depth look at the Southwest Riverside County real estate market.

Enjoy!

Tom Olsewski



## Summary of the SW Riverside County Market

### Cash Buyers in 2010

30.5% of sales were for CASH in  
January.

### Home Sales in January

898 Homes Sold

12.3% decrease from last year



### Homes for Sale

3049 Homes FOR SALE

### Month's of Inventory

3.4 Month's Inventory

This is considered a

**Normal Seller's Market.**

### Market Inventories in different Price Ranges

Below \$400k = Normal Seller's Market

\$400K-\$500K = Normal Seller's Market

\$500K & Up = Extreme Buyer's Market

### Average Price

\$247,602 average price of homes

### Median Sold Price

\$189,900 median price of homes

### Days on Market

84 Days – Average Days on Market

Top selling **Region** = Hemet

Distressed Property and Investor Market Insert – 71.8% of all sales in January 2011  
were in a distressed situation

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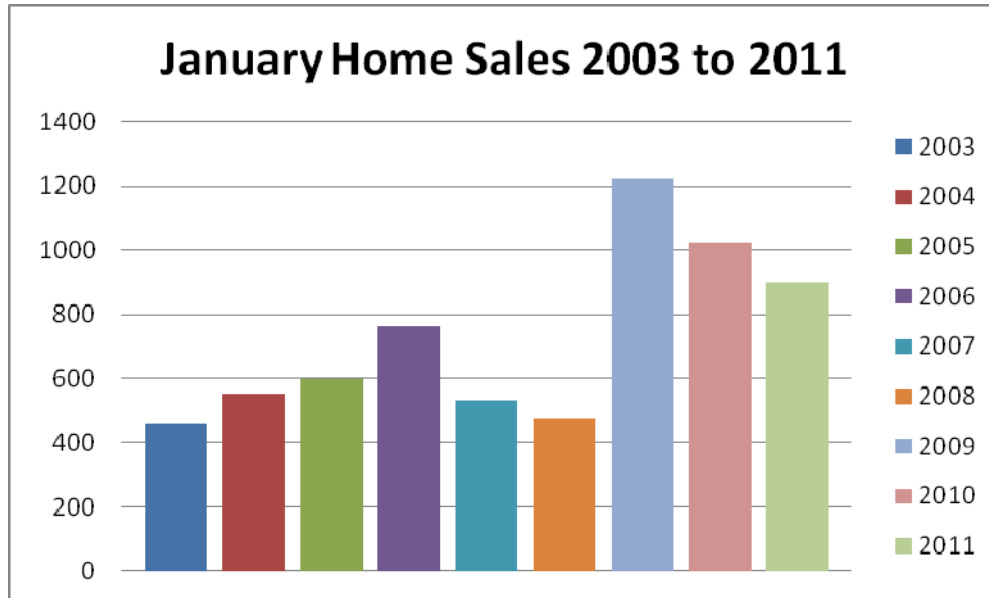
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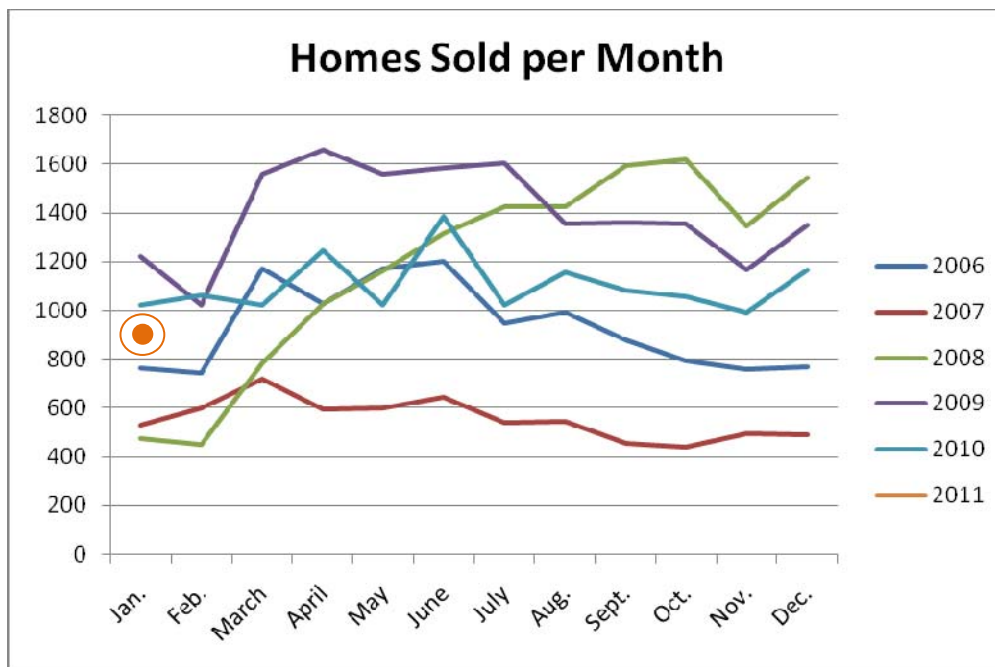
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Sales are on the decline for the month of January. After hitting an all time high in 2009, sales at the beginning of this year have lost steam, uncertain news going into the new year.



The chart below follows the trends of number of sold homes during any given month. Last month **898** homes sold in Southwest Riverside County. This is a **12.3% decrease** in sold homes since this month last year.





January 2011 Homes Sales By Price Band				
Price Range	# of Solds	Active Listings	Month's of Inventory	Market
\$0-\$100K	121	325	2.69	Extreme Seller's Market
\$100K-\$200k	407	1372	3.37	Normal Seller's Market
\$200K-\$300K	288	926	3.22	Normal Seller's Market
\$300K-\$400K	57	221	3.88	Normal Seller's Market
\$400K-\$500K	12	48	4.00	Normal Seller's Market
\$500K-\$600K	2	28	14.00	Extreme Buyer's Market
\$600K-\$700K	5	22	4.40	Normal Seller's Market
\$700K-\$800K	3	22	7.33	Balanced Market
\$800K-\$900K	2	9	4.50	Normal Seller's Market
\$900K-\$1M	1	15	15.00	Extreme Buyer's Market
\$1M-\$2M	0	44	N/A	Extreme Buyer's Market
\$2M-\$3M	0	12	N/A	Extreme Buyer's Market
\$3M<	0	5	N/A	Extreme Buyer's Market
<b>Overall MKT</b>	<b>898</b>	<b>3049</b>	<b>3.40</b>	<b>Normal Seller's Market</b>
12+ months of inventory	Extreme Buyer's Market		High Depreciation	
9-12 months of inventory	Normal Buyer's Market		Moderation Depretiation	
6-9 months of inventory	Balanced Market		Flat or Moderate Depreciation	
3-6 months of inventory	Normal Seller's Market		Moderate to High Appreciation	
0-3 months of inventory	Extreme Seller's Market		High Appreciation	

Southwest Riverside County has seen a drop in the number of sales in the lower price ranges in January. That combined with the lower number of homes for sale has once again created a **Normal Seller's Market**. Although it shows a **Normal Seller's Market** we have to take into consideration the approximate 50% drop in home value over the last 3 to 4 years.

The \$400K-\$500K price range are still in a **Normal Seller's Market**, while the \$500k and up are mainly in an **Extreme Buyer's Market**.





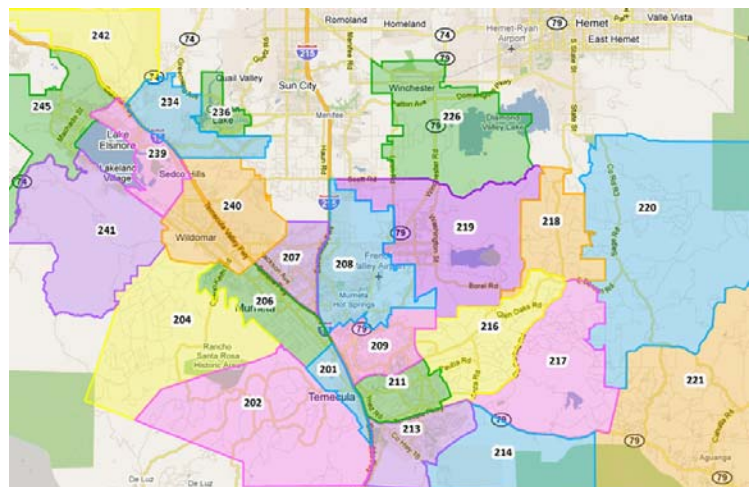
January 2011 Homes Sales By Region					
Region	# of Solds	Active Listings	Month's of Inventory	Avg. Sale Price	Avg. DOM
Temecula South	45	241	5.36	\$291,596	80
Temecula North	65	110	1.69	\$282,647	85
Temecula West	6	27	4.50	\$361,833	79
Murrieta North	41	151	3.68	\$227,068	87
Murrieta West	24	142	5.92	\$320,604	99
Murrieta East	85	151	1.78	\$218,609	99
Winchester	43	123	2.86	\$222,981	78
Wildomar	43	98	2.28	\$202,933	82
Menifee	117	416	3.56	\$180,837	72
Hemet	134	436	3.25	\$125,335	82
San Jacinto	65	248	3.82	\$146,822	81
Perris	110	423	3.85	\$147,659	83
Lake Elsinore	92	381	4.14	\$165,493	84

12+ months of inventory	Extreme Buyer's Market	High Depreciation
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3-6 months of inventory	Normal Seller's Market	Moderate to High Appreciation
0-3 months of inventory	Extreme Seller's Market	High Appreciation

### Sales by Region

The above chart provides detail of how well each region of Southwest Riverside County are selling. **Menifee** and **Hemet** continues to outperform the rest of the market. The demand is driven by a great location, and low cost of ownership.



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## Distressed Property and Investor Market Insert

With about **71.8%** of all sales being Foreclosure and Short Sales, Southwest Riverside County market is prime for investors to help turn it around and make strong returns. This insert outlines short sales and foreclosure sales best areas to invest in, and estimated cash flows and cap rate.

	2009 Sales	%	2010 Sales	%	Jan. 2011 Sales	%
Foreclosure Sales	11,258	67.00%	5,802	43.80%	393	43.76%
Short Sales	2,512	14.95%	3,935	29.71%	252	28.06%
<b>Total Distressed Sales</b>	<b>13,770</b>	<b>81.95%</b>	<b>9,737</b>	<b>73.51%</b>	<b>645</b>	<b>71.83%</b>
Total Sales (Normal Resale and Distressed)	16,802		13,246		898	

## Strong Performing Areas – for Investors

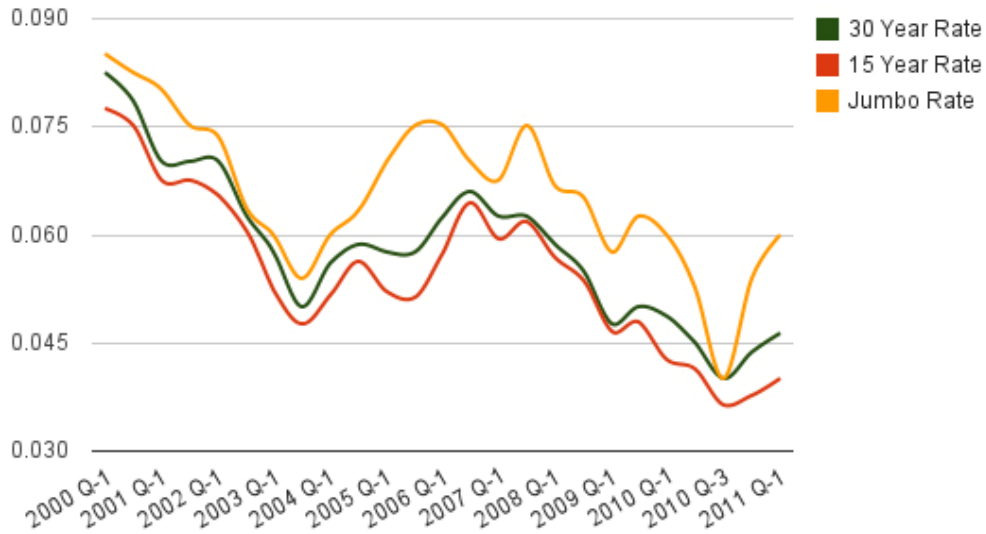
Menifee	
Month's of Inventory	3.56
Low Selling Price	\$28,099
Average Selling Price	\$180,837
Average Rent	\$1,346
Estimated Cap Rate	8.93%
Estimated Cash on Cash Return (25% down)	35.73%

Hemet	
Month's of Inventory	3.25
Low Selling Price	\$35,000
Average Selling Price	\$125,335
Average Rent	\$1,242
Estimated Cap Rate	11.89%
Estimated Cash on Cash Return (25% down)	47.57%

All information presented above is estimated and in no way represents the actual returns of individual properties. Data pulled from CRMLS. Strong performing areas are based on single family homes.



**Mortgage Rates - 11 Year Summary**



The above chart tracks mortgage rates for the past 11 years. As you can see, mortgage rates are ticking back up a little.

**CONFORMING**  
 30 Yr Fixed 4.625%, 1 pt.  
 15 Yr Fixed 4.00%, 1 pt.

**JUMBO (over \$417K loan amount)**  
 30 Yr Fixed 6.00%, 1 pt.  
 7 Yr ARM 5.00%, 1 pt.

I can provide you with a more specific analysis for either your home or your buying price range. Please contact us for more information.