



Real Estate Market Report October 2011



**For Sale – 29744 Ski Ranch St.
Murrieta, CA 92563**



**For Sale – 38659 Vista Rock Dr.
Murrieta, CA 92563**



**For Sale – 39180 Anchor Bay #B
Murrieta, CA 92563**



**For Sale – 39779 Chambray Dr.
Murrieta, CA 92563**

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

www.SWRiversideCountyHomes.com

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October, 2011

Historically, following the starting of school and end of summer, the number of houses for sale increases and the number of sales and pending sales decrease. While this was true for September, it may not be the norm for the upcoming months for several reasons.

Several key observers of the Temecula Valley market believe the Temecula Valley market has "bottomed out and that the economy is outperforming the nation as a whole" on several fronts: •

- The rental market is saturated and people have to live somewhere. Our analysis is the Temecula Valley market is defined as a "Extremel Seller's Market" with slightly less that 3 months of inventory for sale. Temecula Valley overall has been a "Extreme to Normal Seller's Market" for the last 6 months!

At the end of September, pending sales of houses under contract were at the highest levels in any September since 2006. Pending sales have been at their highest levels since 2006 for 5 months! For September, demand for homes overall weakened slightly. The Temecula Valley market went from 4.95 months of inventory to 5.97 months of inventory. This means for September, compared to August, there were more homes for sale compared to sales in the month.

However pending sales are high for September, a normally slower month, and an increase in months of inventory may not represent the trend of the Fall. The Temecula Valley market is also changing by price levels. Below \$300,000 the market is defined as a Extreme Seller's Market. Between \$300,000 and \$700,000 the market is between a Balanced and Normal Buyer's Market. Over \$700,000 the market is an Extreme Buyer's Market.

Buying and selling in this market requires a deep understanding of the history and pressures in each area of town and each price band. We hope this Temecula Valley Properties Advanced Market Report with detailed information by price range, zip code and area help you make the best decisions for you and your family It is our pleasure to deliver it to you so you can spot trends as we see them. Please, call us if we can provide you any additional information.

Regards,

Tom Olsewski

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Summary of the SW Riverside County Market

Cash Buyers in 2011

30.7% of sales were for CASH in
October.

Home Sales in October

998 Homes Sold

6.9% decrease from last year



Homes for Sale

2655 Homes **FOR SALE**

Month's of Inventory

2.66 Month's Inventory

This is considered a
Extreme Seller's Market.

Market Inventories in different Price Ranges

Below \$400k = **Extreme Seller's Market**

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

\$500K & Up = **Balanced Market**

Average Price

\$194,315 average price of homes

Median Sold Price

\$178,000 median price of homes

Days on Market

76 Days – Average Days on Market

Top selling **Region** = **Menifee**

Distressed Property and Investor Market Insert – **65.6%** of all sales in October 2011
were in a distressed situation

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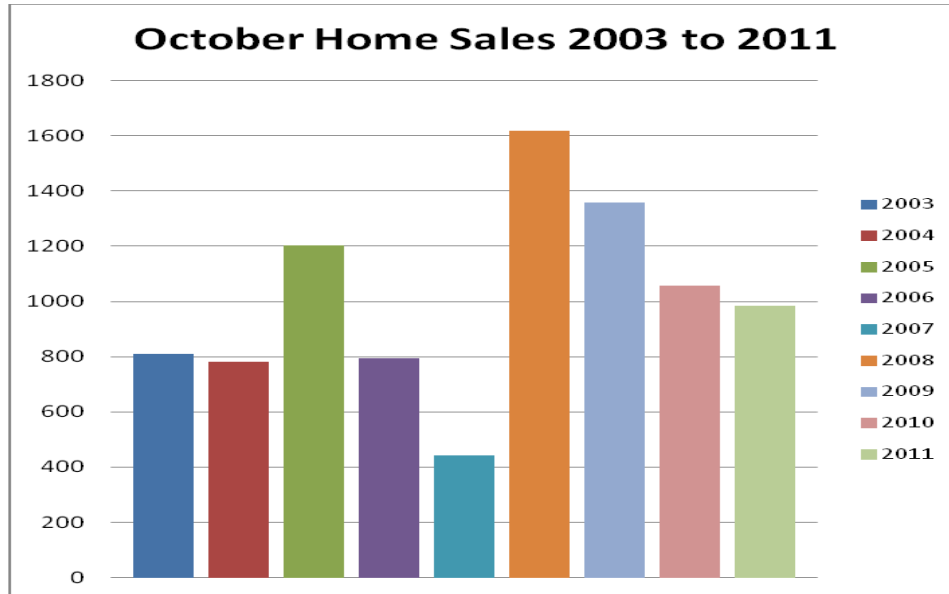
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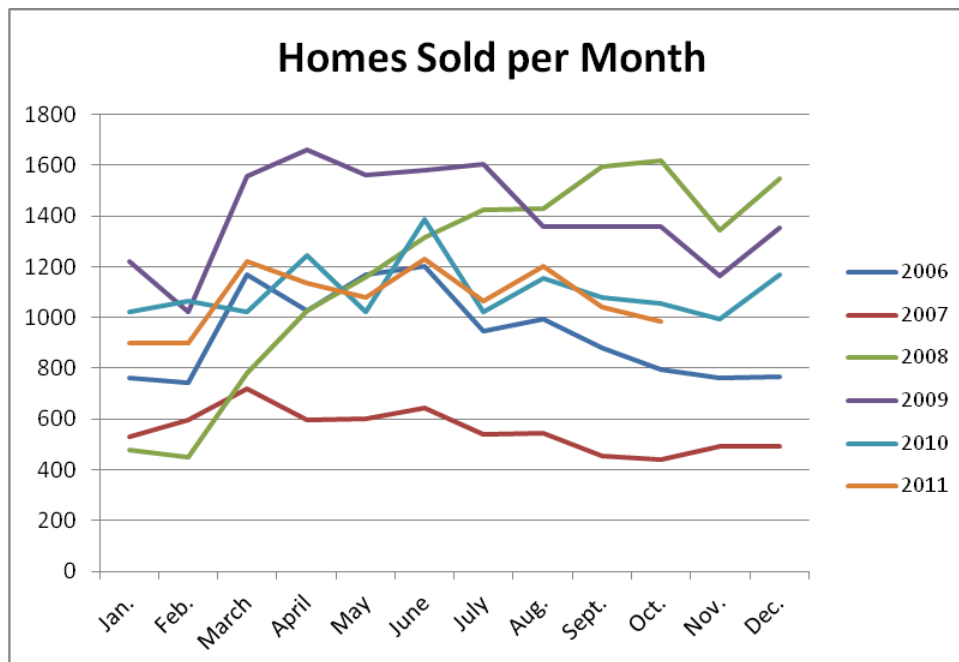
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Sales are on the decline for the month of October. After hitting an all time high in 2008, sales at the beginning of this year have lost steam.



The chart below follows the trends of number of sold homes during any given month. Last month **998** homes sold in Southwest Riverside County. This is a **6.9% decrease** in sold homes since this month last year.



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October 2011 Homes Sales By Price Band				
Price Range	# of Solds	Active Listings	Month's of Inventory	Market
\$0-\$100K	124	261	2.10	Extreme Seller's Market
\$100K-\$200k	485	1150	2.37	Extreme Seller's Market
\$200K-\$300K	283	791	2.80	Extreme Seller's Market
\$300K-\$400K	69	207	3.00	Normal Seller's Market
\$400K-\$500K	16	60	3.75	Normal Seller's Market
\$500K-\$600K	10	36	3.60	Normal Seller's Market
\$600K-\$700K	6	26	4.33	Normal Seller's Market
\$700K-\$800K	1	26	26.00	Extreme Buyer's Market
\$800K-\$900K	2	14	7.00	Balanced Market
\$900K-\$1M	1	12	12.00	Normal Seller's Market
\$1M-\$2M	1	55	55.00	Extreme Buyer's Market
\$2M-\$3M	0	9	N/A	Extreme Buyer's Market
\$3M<	0	8	N/A	Extreme Buyer's Market
Overall MKT	998	2655	2.66	Extreme Seller's Market
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 October. That combined with the lower number of homes for sale has once again created an **Extreme Seller's Market**. Although it shows a **Extreme 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**.



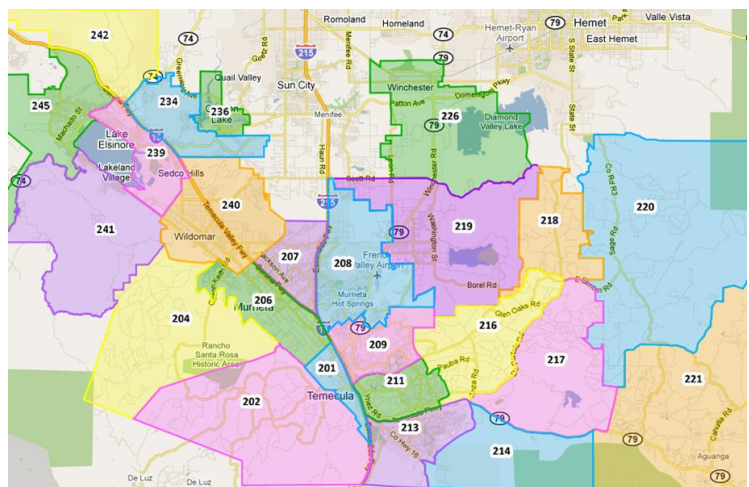
October 2011 Homes Sales By Region

Region	# of Sold	Active Listings	Month's of Inventory	Avg. Sale Price	Avg. DOM
Temecula South	62	139	2.24	\$294,769	66
Temecula North	95	196	2.06	\$266,596	86
Temecula West	5	30	6.00	\$569,000	117
Murrieta North	45	120	2.67	\$228,551	100
Murrieta West	39	120	3.08	\$331,613	72
Murrieta East	89	246	2.76	\$222,037	82
Winchester	51	103	2.02	\$234,250	92
Wildomar	37	94	2.54	\$217,158	72
Menifee	227	414	1.82	\$174,085	78
Hemet	140	363	2.59	\$122,056	62
San Jacinto	60	169	2.82	\$125,957	79
Perris	130	323	2.48	\$142,139	70
Lake Elsinore	93	287	3.09	\$177,149	76

12+ months of inventory	Extreme Buyer's Market	High Depreciation
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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

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 **65.6%** 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.

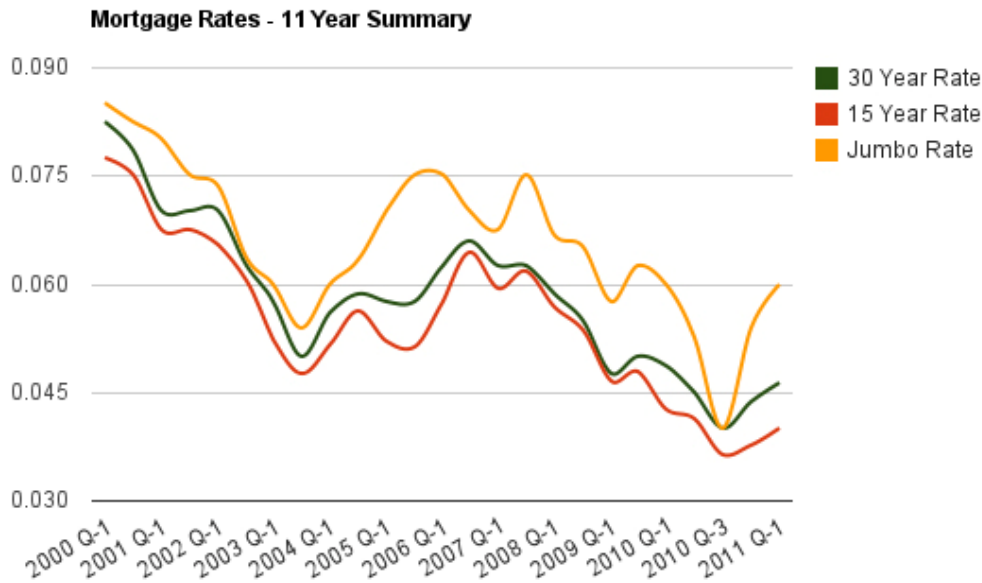
	2009 Sales	%	2010 Sales	%	Oct. 2011 Sales	%
REO Sales	11,258	67.00%	5,802	43.80%	353	39.30%
Short Sales	2,512	14.95%	3,935	29.71%	278	26.31%
Total Distressed Sales	13,770	81.95%	9,737	73.51%	631	65.60%
Total Sales (Normal Resale and Distressed)	16,802		13,246		998	

Strong Performing Areas – for Investors

Menifee	
Month's of Inventory	1.82
Low Selling Price	\$46,250
Average Selling Price	\$174,085
Average Rent	\$1,433
Estimated Cap Rate	9.88%
Estimated Cash on Cash Return (25% down)	39.51%

Hemet	
Month's of Inventory	2.59
Low Selling Price	\$35,000
Average Selling Price	\$122,056
Average Rent	\$1,080
Estimated Cap Rate	10.62%
Estimated Cash on Cash Return (25% down)	42.47%

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.



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.