



Real Estate Market Report December 2011



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



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



**For Sale – 30075 Corte Tolano
Temecula, CA 92591**



**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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December, 2011

South West Riverside real estate markets ended 2011 with a 3.5% decrease in the number of homes sold this year compared to that of a year before. Market strength is focused in some, but not all price bands and some areas of town.

South West Riverside Still lags most California cities in several job growth categories. The result of the South West Riverside job growth, plus inward migration, continued foreclosure activity country and near capacity rental occupancy has put pressure on the South West Riverside real estate market in several key areas: Over the last year home values have not declined equal to the rest of the country and in some South West Riverside areas and price bands, home values have remained steady. Decreasing inventory combined with the greater difficulty of securing loans and the need for more down payment and higher credit score for homes over \$400,000 have also put pressure on the market.

A sure sign of improving strength, there is now throughout the South West Riverside area new major home, condo and apartment construction. Demands for homes under \$400,000, that represent 96.8% of homes sold in 2011, have remained very strong. Yearly total sales, at this price range only, have remained at the same levels as 2010. However inventories, number of homes on the market in this price range, have declined. Consistent demand and lower inventories usually stabilize or slightly increase prices.

Throughout December this price band has been defined as an "Extreme Sellers Market" (See our Price Band, Zip Code and Area charts in this report for specific markets.) Between \$400,000 and \$500,000, home prices are still declining throughout the year with moderate value depreciation. This overall price band is defined as a "Normal Sellers Market".

Above \$500,000 in value, home prices have declined significantly as demand has decreased. Currently there are 181 homes for sale over \$500,000 and last month only 22 of them sold. This is on average a "Balanced Market."

Expect the South West Riverside market in 2012 to continue to strengthen. However homes with severe flaws or not priced at market, are staying on the market for a long time or not selling and are being moved to the rental market. Buying and selling in this market requires a deep understanding of the history and pressures in each area of town and price range. We hope this West South West Riverside Properties Advance Market Report with detailed information by price range; zip codes and area help you make the best decisions for you and your family. It is our pleasure to deliver it to you so together we can spot the trends.

Please, call us if we can provide you any additional information.

Regards,

Tom Olsewski



Summary of the SW Riverside County Market

Cash Buyers in 2011

29.4% of sales were for CASH in December.

Home Sales in December

1050 Homes Sold

10.1% decrease from last year



Homes for Sale

2906 Homes **FOR SALE**

Month's of Inventory

2.77 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

\$198,824 average price of homes

Median Sold Price

\$185,000 median price of homes

Days on Market

81 Days – Average Days on Market

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

Distressed Property and Investor Market Insert – **60.0%** of all sales in December 2011 were in a distressed situation

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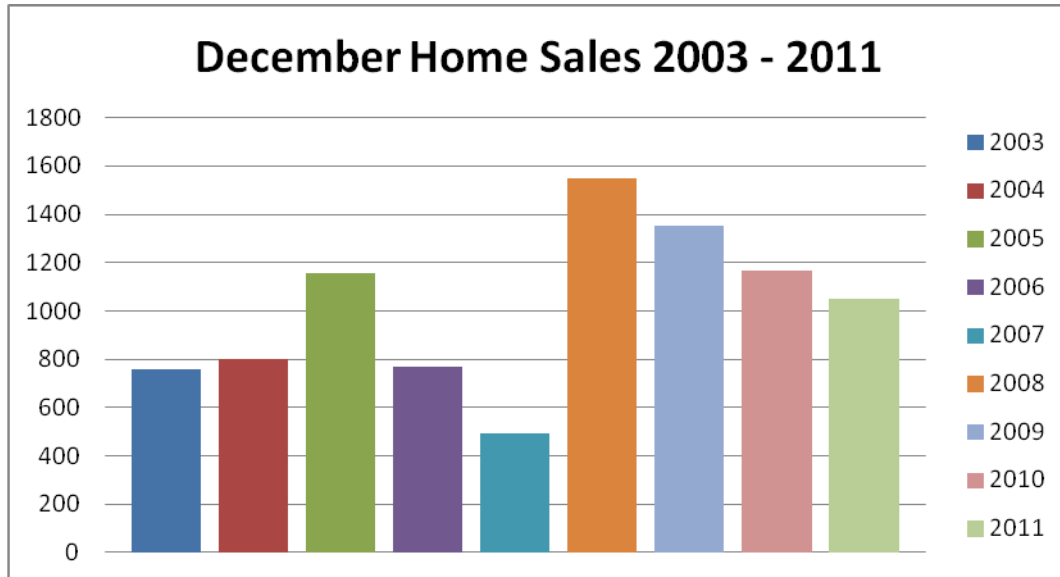
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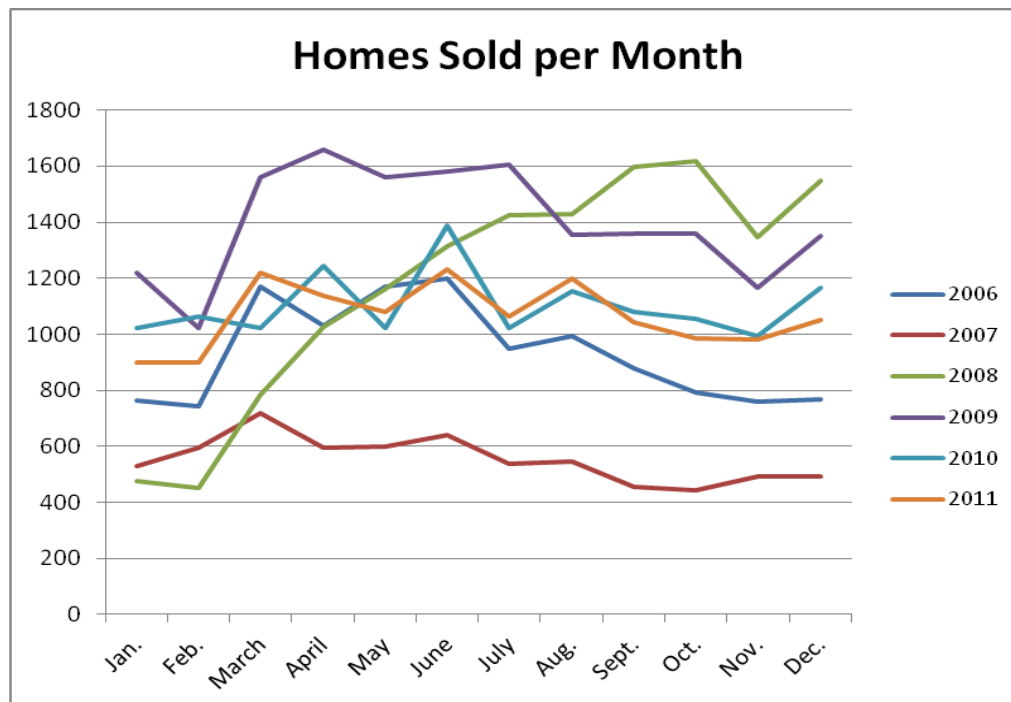
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Sales are on the decline for the month of December. After hitting an all time high in 2008, sales at the beginning of this year have lost steam.



The chart below follows the trends of number of sold homes during any given month. In December **1050** homes sold in Southwest Riverside County. This is a **10.1% decrease** in sold homes since this month last year.



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December 2011 Homes Sales By Price Band

Price Range	# of Sold	Active Listings	Month's of Inventory	Market
\$0-\$100K	165	336	2.04	Extreme Seller's Market
\$100K-\$200k	438	1285	2.93	Extreme Seller's Market
\$200K-\$300K	321	817	2.55	Extreme Seller's Market
\$300K-\$400K	87	234	2.69	Extreme Seller's Market
\$400K-\$500K	17	53	3.12	Normal Seller's Market
\$500K-\$600K	8	39	4.88	Normal Seller's Market
\$600K-\$700K	10	22	2.20	Extreme Seller's Market
\$700K-\$800K	0	24	N/A	Extreme Buyer's Market
\$800K-\$900K	2	15	7.50	Balanced Market
\$900K-\$1M	1	8	8.00	Balanced Market
\$1M-\$2M	1	57	57.00	Extreme Buyer's Market
\$2M-\$3M	0	8	N/A	Extreme Buyer's Market
\$3M<	0	8	N/A	Extreme Buyer's Market
Overall MKT	1050	2906	2.77	Extreme Seller's Market

12+ months of inventory	Extreme Buyer's Market	High Depreciation
9-12 months of inventory	Normal Buyer's Market	Moderation Depreciation
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 November. That combined with the lower number of homes for sale has once again created an **Extreme Seller's Market**. Although it shows an **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 ranges, is a **Normal Seller's Market**, while the \$500K and up is a **Balanced Market**.



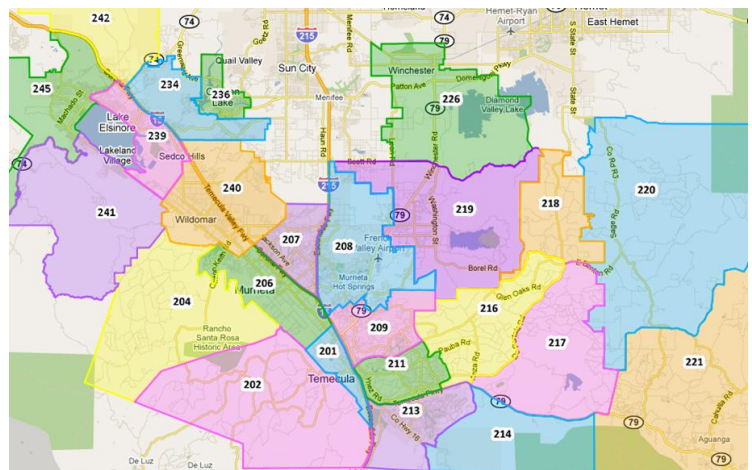
December 2011 Homes Sales By Region

Region	# of Sold	Active Listings	Month's of Inventory	Avg. Sale Price	Avg. DOM
Temecula South	76	149	1.96	\$311,880	81
Temecula North	93	227	2.44	\$289,909	106
Temecula West	3	32	10.67	\$374,000	87
Murrieta North	56	121	2.16	\$215,370	117
Murrieta West	53	126	2.38	\$320,102	87
Murrieta East	100	264	2.64	\$225,559	78
Winchester	56	110	1.96	\$214,786	82
Wildomar	37	91	2.46	\$209,971	63
Menifee	144	499	3.47	\$171,107	81
Hemet	127	426	3.35	\$118,732	73
San Jacinto	66	197	2.98	\$121,356	74
Perris	129	348	2.70	\$144,200	59
Lake Elsinore	111	305	2.75	\$175,395	87

12+ months of inventory	Extreme Buyer's Market	High Depreciation
9-12 months of inventory	Normal Buyer's Market	Moderation 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 **Perris** continue 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 **60.0%** 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	%	Dec. 2011 Sales	%
REO Sales	11,258	67.00%	5,802	43.80%	331	31.5%
Short Sales	2,512	14.95%	3,935	29.71%	299	28.5%
Total Distressed Sales	13,770	81.95%	9,737	73.51%	630	60.0%
Total Sales (Normal Resale and Distressed)	16,802		13,246		1,050	

Strong Performing Areas – for Investors

Menifee	
Month's of Inventory	3.47
Low Selling Price	\$19,000
Average Selling Price	\$171,107
Average Rent	\$1,348
Estimated Cap Rate	9.45%
Estimated Cash on Cash Return (25% down)	37.81%

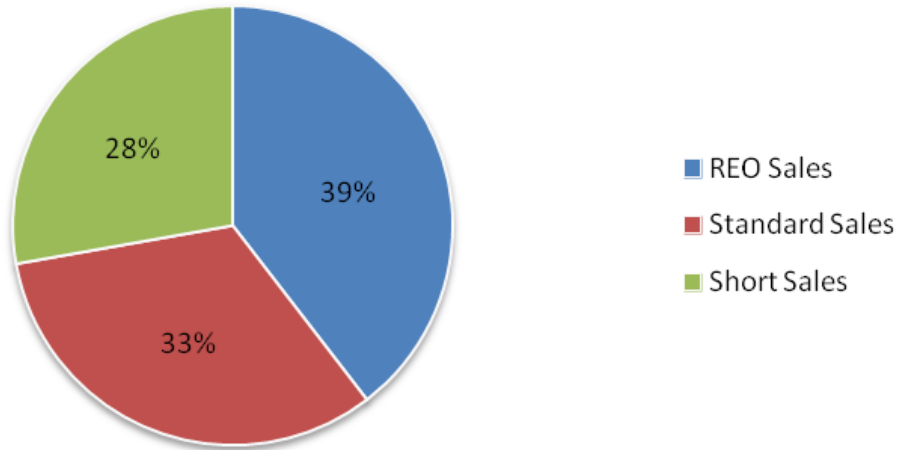
Perris	
Month's of Inventory	2.7
Low Selling Price	\$42,000
Average Selling Price	\$144,200
Average Rent	\$1,420
Estimated Cap Rate	11.82%
Estimated Cash on Cash Return (25% down)	47.27%

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.

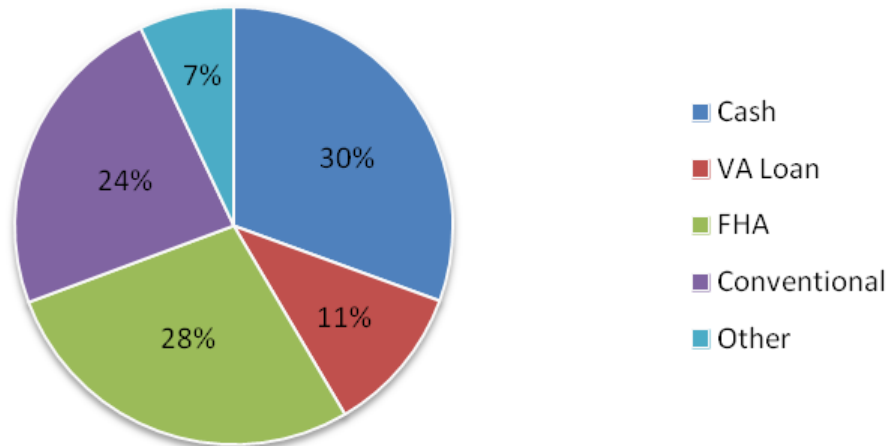


2011 A Year in Review

2011 Homes Sales by Type



2011 Home Sales By Finance Type



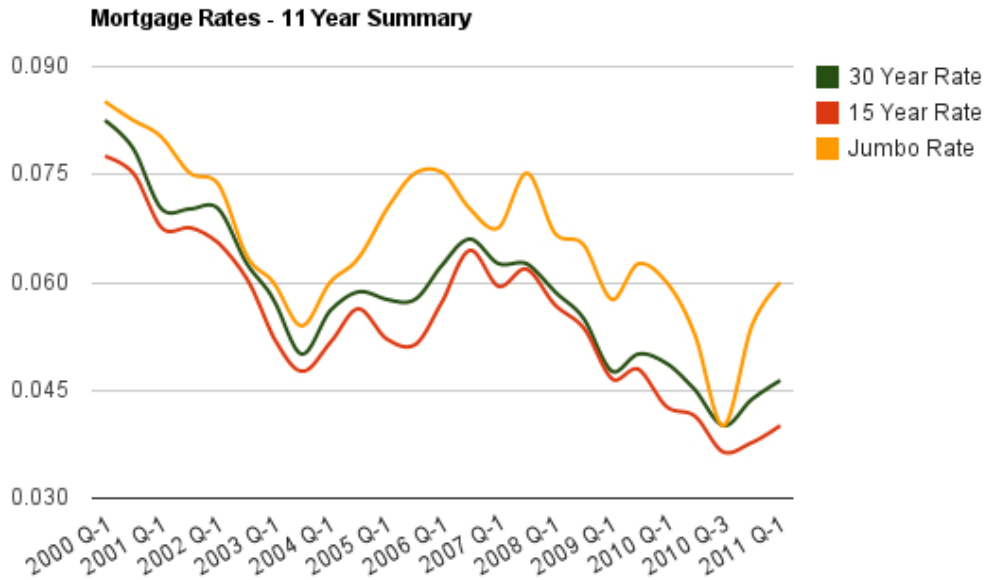
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The above chart tracks mortgage rates for the past 11 years. As you can see, mortgage rates are ticking back up a little.

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.