



# Real Estate Market Report January 2012



**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.

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January, 2012

For the last four months the number of homes for sale in the Southwest Riverside County has been at a 3 year low. 2914 homes are currently for sale. The number of homes sold in January has dropped about the same for the last three years.

With very few homes for sale and demand remaining steady, prices should have pressure to move upward. However, our experience is that increased loan requirements, more stringent appraisal requirements, higher down payment requirements and the buyer's perception that values have declined are keeping prices steady. However there exists wide variation in the Southwest Riverside County market (see below). Overall the latest research reinforces that the Southwest Riverside County market will continue to strengthen.

Significantly different Southwest Riverside County markets:

The strongest market in Southwest Riverside County is the Price Band below \$200K which represents 53% all of listings. Throughout the last year and today, 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 \$200,000 and \$500K, home prices have stabilized with slight value depreciation. This overall price band is defined as a "Normal Sellers Market." Over the last 6 months we have seen the lower Price Bands move from an "Extreme Sellers Market" to a "Normal Sellers Market."

Above \$500K it is a completely different story. Above \$500K the Southwest Riverside County market has moved to an "Extreme Buyer's Market" with 12 to 59 months of inventory! 6% of the homes for sale are listed above \$500K. In January only 13 homes sold above \$500K. Four months ago the "Extreme Buyers Market" was limited to homes over \$700K.

The higher the home price also means fewer buyers. In the price band over \$900K, home prices have declined significantly as demand has decreased. Currently there are 345 homes for sale over \$900K and this represents 3% of all the homes for sale in Southwest Riverside County. In January only 2 of them sold. At the top price bands it is a VERY "Extreme Buyers Market."

Expect the Southwest Riverside County market in 2012 to continue to strengthen. However homes with flaws or that are not priced at market, are either staying on the market for a long time and not selling or 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 Southwest Riverside County 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

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## Summary of the SW Riverside County Market

### Home Sales in January

837 Homes Sold

6.8% decrease from last year



### Market Inventories in different Price Ranges

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

\$400K-\$500K = **Balanced Market**

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

### Homes for Sale

2914 Homes *for Sale*

### Month's of Inventory

3.48 Month's Inventory

Type of Market: **Normal Seller's Market**

### Average Sold Price

**\$221,998** average price of homes

### Days on Market

**86 Days** – Average Days on Market

### Cash Buyers in 2012

**31.2%** of sales were for *Cash* in January.

### Financing Type

**30.1%** of sales *FHA*

**21.8%** of sales *Conventional*

**10.3%** of sales *VA Loan*

**Top selling Region = Menifee**

Distressed Property and Investor Market Insert – **63.7%** of all sales in January 2012 were in a distressed situation

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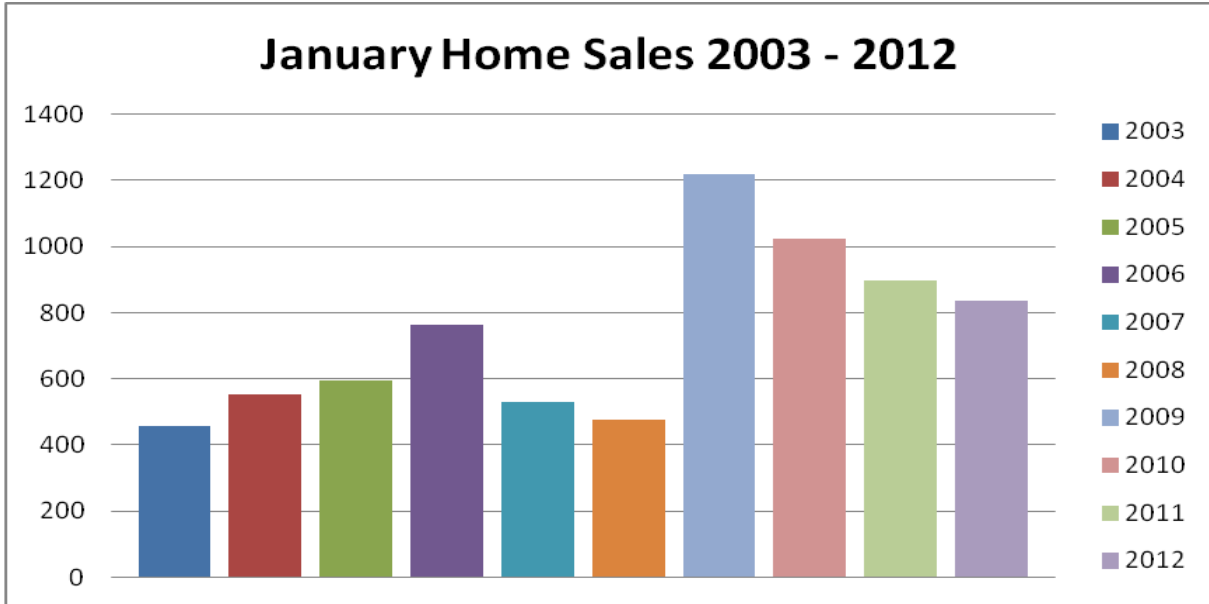
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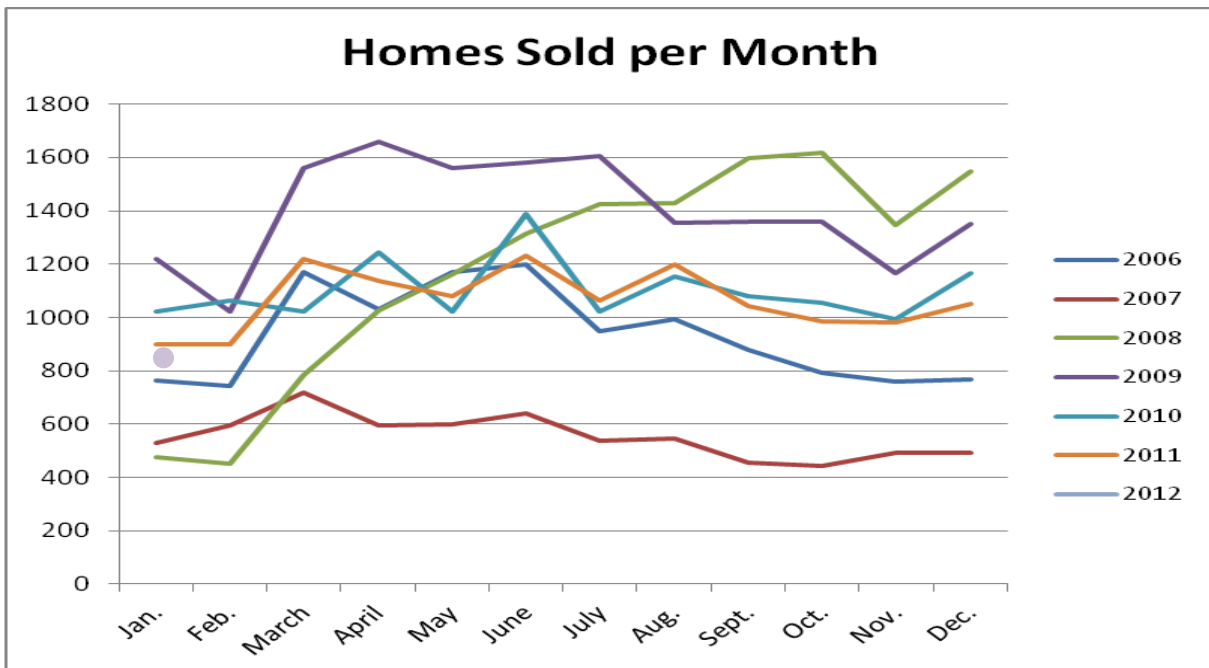
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Sales are on the decline for the month of January. After hitting an all time high in 2009, sales at the beginning of this year have lost steam.



The chart below follows the trends of number of sold homes during any given month. In January **837** homes sold in Southwest Riverside County. This is a **6.8% decrease** in sold homes since this month last year.





January 2012 Homes Sales By Price Band				
Price Range	# of Sold	Active Listings	Month's of Inventory	Market
\$0-\$100K	120	312	2.60	Extreme Seller's Market
\$100K-\$200k	389	1222	3.14	Normal Seller's Market
\$200K-\$300K	243	868	3.57	Normal Seller's Market
\$300K-\$400K	62	261	4.21	Normal Seller's Market
\$400K-\$500K	10	66	6.60	Balanced Market
\$500K-\$600K	4	32	8.00	Balanced Market
\$600K-\$700K	1	27	27.00	Extreme Buyer's Market
\$700K-\$800K	6	12	2.00	Extreme Seller's Market
\$800K-\$900K	0	12	N/A	Extreme Buyer's Market
\$900K-\$1M	1	12	12.00	Normal Buyer's Market
\$1M-\$2M	1	59	59.00	Extreme Buyer's Market
\$2M-\$3M	0	8	N/A	Extreme Buyer's Market
\$3M<	0	10	N/A	Extreme Buyer's Market
<b>Overall MKT</b>	<b>837</b>	<b>2914</b>	<b>3.48</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 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 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 ranges, is a **Balanced Market**, while the \$500K and up is an **Extreme Buyer's Market**.





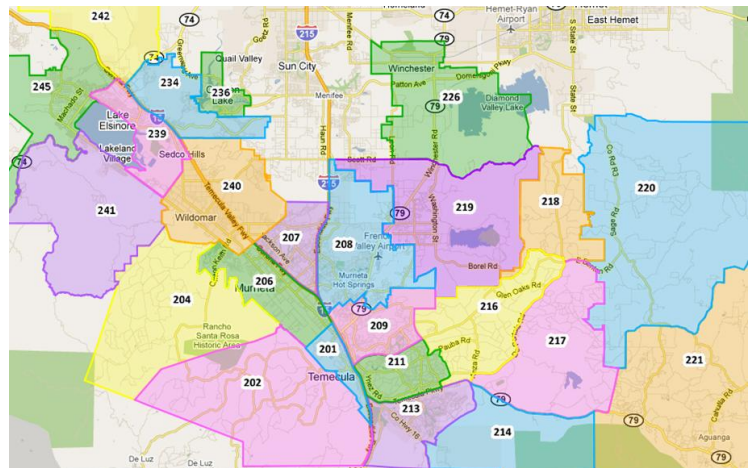
January 2012 Homes Sales By Region					
Region	# of Sold	Active Listings	Month's of Inventory	Avg. Sale Price	Avg. DOM
Temecula South	60	188	3.13	\$270,746	97
Temecula North	87	228	2.62	\$289,987	95
Temecula West	6	29	4.83	\$376,483	103
Murrieta North	34	148	4.35	\$241,879	103
Murrieta West	29	155	5.34	\$346,083	44
Murrieta East	72	247	3.43	\$240,279	95
Winchester	37	113	3.05	\$210,304	99
Wildomar	27	95	3.52	\$183,840	76
Menifee	122	465	3.81	\$161,366	88
Hemet	121	406	3.36	\$123,250	80
San Jacinto	65	194	2.98	\$132,207	70
Perris	93	340	3.66	\$145,943	76
Lake Elsinore	84	303	3.61	\$163,607	95

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

### Sales by Region

The above chart provides detail of how well each region of Southwest Riverside County are selling. **Menifee** and **Hemet** 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

With about **63.7%** 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.

	2010 Sales	%	2011 Sales	%	Jan. 2012 Sales	%
REO Sales	5,802	43.80%	4,886	38.21%	267	31.9%
Short Sales	3,935	29.71%	3,433	26.84%	266	31.8%
<b>Total Distressed Sales</b>	<b>9,737</b>	<b>73.51%</b>	<b>8,319</b>	<b>65.05%</b>	<b>533</b>	<b>63.7%</b>
Total Sales (Normal Resale and Distressed)	13,246		12,788		837	

## Strong Performing Areas – for Investors

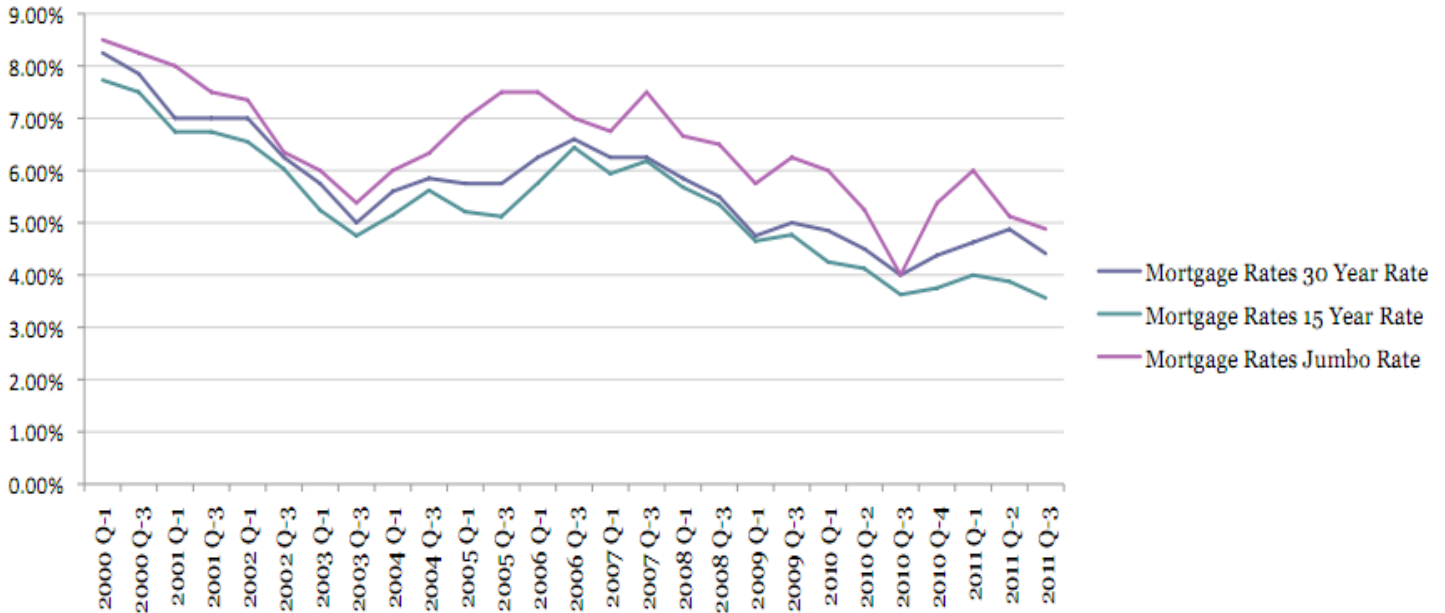
Menifee	
Month's of Inventory	3.81
Low Selling Price	\$39,000
Average Selling Price	\$161,366
Average Rent	\$1,341
Estimated Cap Rate	9.97%
Estimated Cash on Cash Return (25% down)	39.89%

Hemet	
Month's of Inventory	3.36
Low Selling Price	\$31,000
Average Selling Price	\$123,250
Average Rent	\$1,143
Estimated Cap Rate	11.13%
Estimated Cash on Cash Return (25% down)	44.51%

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 at close to their lowest levels.

**CONFORMING**

30 Yr Fixed 4.00%

15 Yr Fixed 3.38%

**JUMBO** (over \$417K loan amount)

30 Yr Fixed 4.75%

7 Yr ARM 3.75%

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