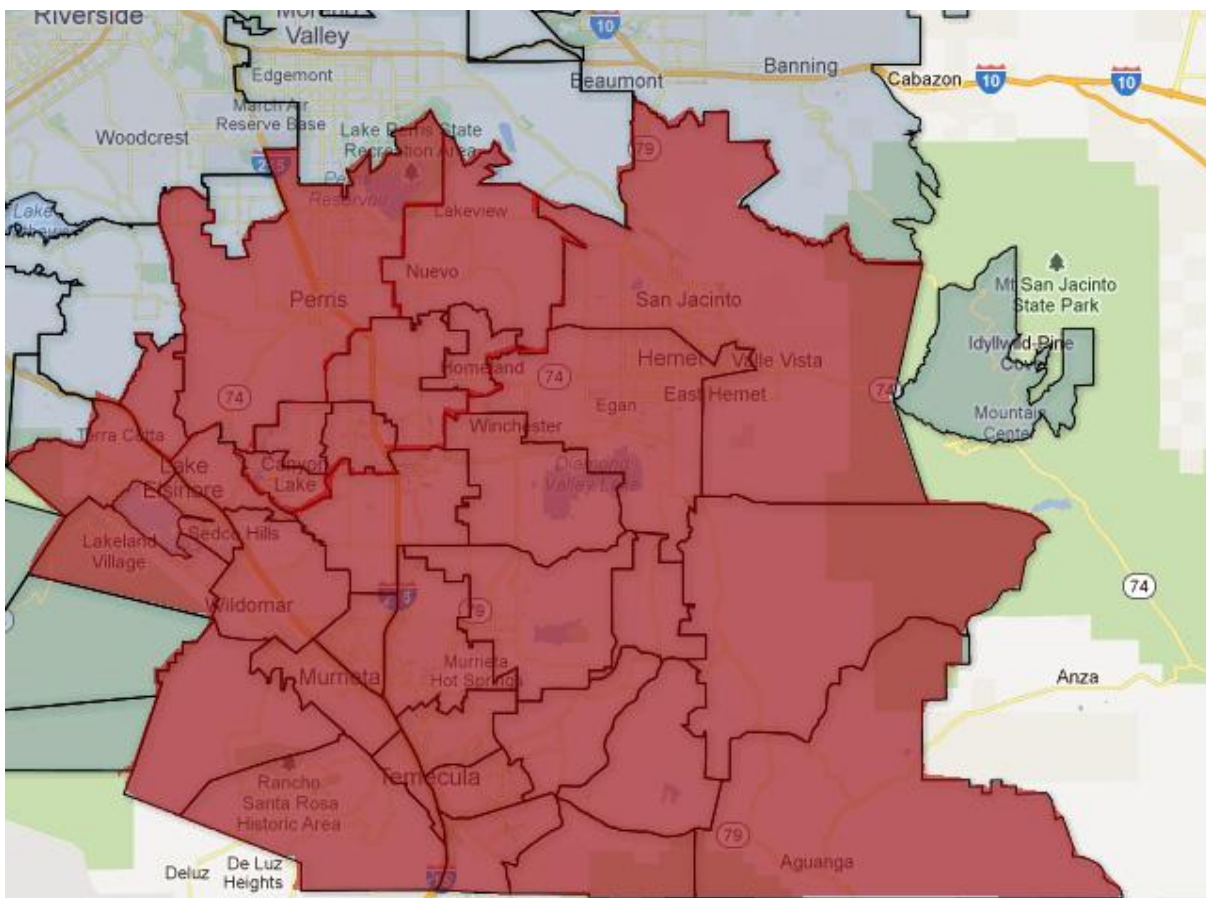




# Real Estate Market Report May 2012



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

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May, 2012

May was a month of changes for many reasons. May was the first month in over a year that the number of homes that sold during the month was more than the same month of the previous year. During May 1237 homes sold which was up 9.6% compared to May of 2011.

May also showed a high number of homes being taken back by the banks. There were 1459 homes taken back between Riverside County and San Bernardino County and more than 60 percent of the homes being taken back in Riverside County. Foreclosures have not been recorded in numbers as large as were seen in 2010 and 2011 because of the settlement large banks reached earlier this year with the federal and state governments on how they used to be processed, but that is expected to change in the next few months.

There is anticipation that the banks will encourage homeowners who are in trouble keeping up with their mortgage payments to list them as short sales, where the house would be sold for less than it would appraise for. An estimated 43 percent of all Inland homeowners are upside down on the mortgages, meaning they owe more than the home's current value. This could work out for the better since this will put more homes on the market in a market that is in need of new inventory. The number of active homes on the market is down 20.6% since last month.

The average days on the market for a home have also gone down for a third consecutive month, which means homes are selling faster. Compared to May of 2011 where homes had an average of 135 days on the market, May of 2012 they have an average of 82 days.

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



## Summary of the SW Riverside County Market

### Home Sales in May

**1237** Homes Sold

**9.6%** increase from last year



### Market Inventories in different Price Ranges

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

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

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

### Homes for Sale

**1596** Homes *for Sale*

### Month's of Inventory

**1.29** Month's Inventory

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

### Average Sold Price

**\$241,879** average price of homes

### Days on Market

**82 Days** – Average Days on Market

### Cash Buyers in 2012

**29.7%** of sales were for *Cash* in May

### Financing Type

**29.2%** of sales *FHA*

**24.3%** of sales *Conventional*

**10.5%** of sales *VA Loan*

**Top selling Region = Menifee**

Distressed Property and Investor Market Insert – **54.5%** of all sales in May 2012 were in a distressed situation

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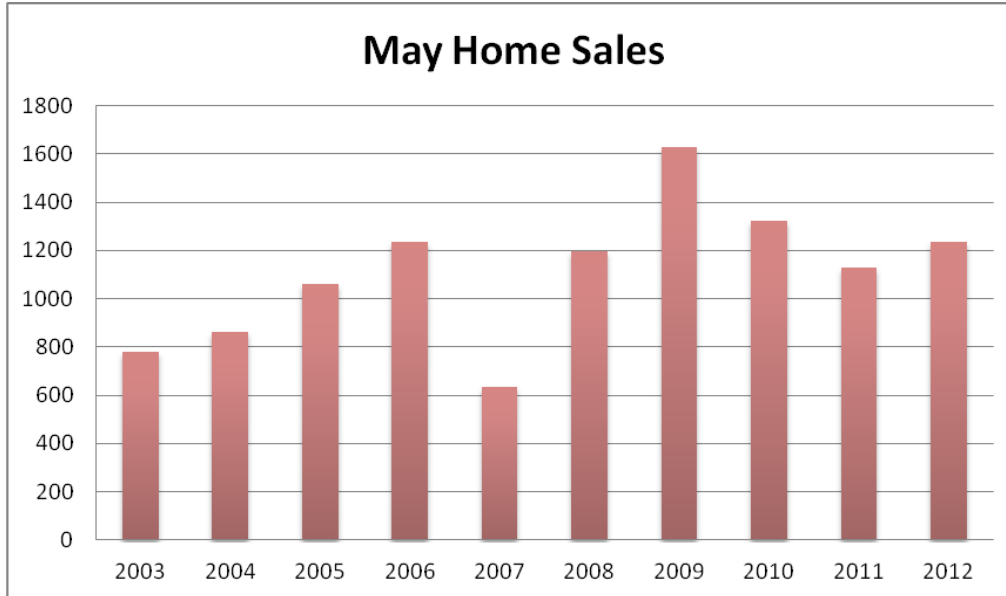
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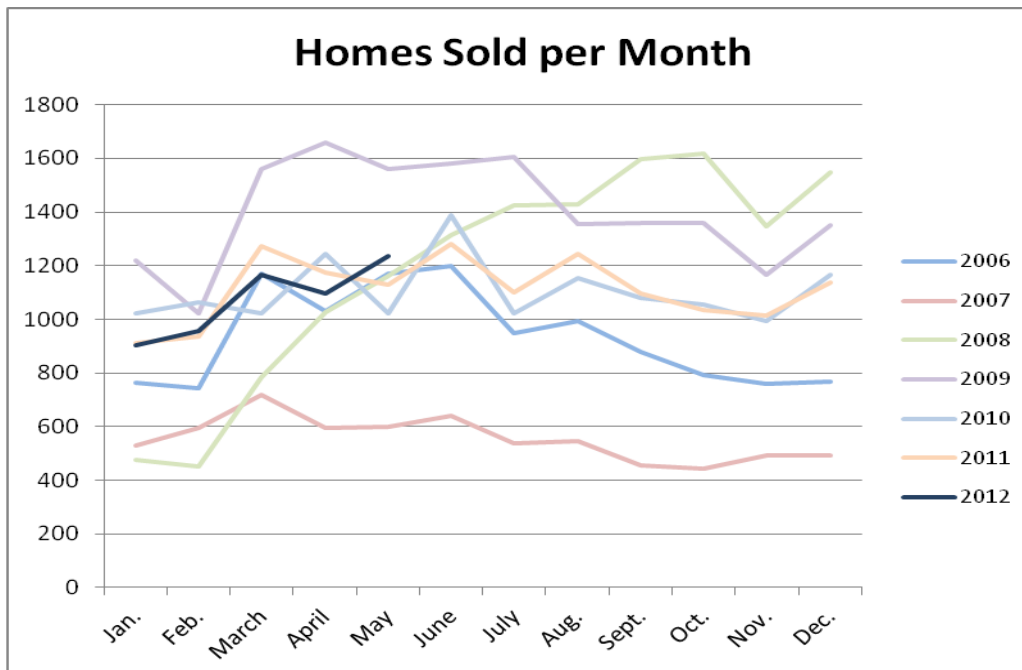
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Sales are on the decline for the month of May. After hitting an all time high in 2009, sales at the beginning of this year have lost steam.



The chart below follows the trends of number of sold homes during any given month. In May **1237** homes sold in Southwest Riverside County. This is a **9.6% increase** in sold homes since this month last year.



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## May 2012 Homes Sales By Price Band

Price Range	# of Sold	Active Listings	Month's of Inventory	Market
\$0-\$100K	140	175	1.25	Extreme Seller's Market
\$100K-\$200k	522	510	0.98	Extreme Seller's Market
\$200K-\$300K	389	409	1.05	Extreme Seller's Market
\$300K-\$400K	127	213	1.68	Extreme Seller's Market
\$400K-\$500K	25	65	2.60	Extreme Seller's Market
\$500K-\$600K	14	42	3.00	Normal Seller's Market
\$600K-\$700K	5	31	6.20	Balanced Market
\$700K-\$800K	5	26	5.20	Normal Seller's Market
\$800K-\$900K	2	21	10.50	Normal Buyer's Market
\$900K-\$1M	2	9	4.50	Normal Seller's Market
\$1M-\$2M	6	76	12.67	Extreme Buyer's Market
\$2M-\$3M	0	11	N/A	Extreme Buyer's Market
\$3M<	0	8	N/A	Extreme Buyer's Market
<b>Overall MKT</b>	<b>1237</b>	<b>1596</b>	<b>1.29</b>	<b>Extreme 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 May. That combined with the lower number of homes for sale has 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 an **Extreme Seller's Market**, while the \$500K and up is a **Balanced Market**.

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### May 2012 Homes Sales By Region

Region	# of Sold	Active Listings	Month's of Inventory	Avg. Sale Price	Avg. DOM
Temecula South	95	93	0.98	\$299,097	90
Temecula North	125	121	0.97	\$317,723	85
Temecula West	5	37	7.40	\$1,052,000	126
Murrieta North	79	42	0.53	\$234,447	74
Murrieta West	59	115	1.95	\$334,330	70
Murrieta East	124	125	1.01	\$240,817	69
Winchester	40	54	1.35	\$242,635	84
Wildomar	46	53	1.15	\$187,509	82
Menifee	193	209	1.08	\$172,868	92
Hemet	142	263	1.85	\$121,663	69
San Jacinto	69	91	1.32	\$132,083	70
Perris	97	129	1.33	\$145,498	73
Lake Elsinore	124	145	1.17	\$174,406	77
Canyon Lake	21	93	4.43	\$343,283	90
Quail Valley	6	5	0.83	\$111,265	60
Sun City	46	36	0.78	\$128,277	80
Romoland	19	27	1.42	\$163,805	100
Homeland	3	15	5.00	\$73,066	90
Nuevo	15	9	0.60	\$120,935	76
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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## What are Sellers Getting for Their Home?

This section shows the percentage of the listing price that the sellers are actually receiving in each of the following areas as well as for the entire market.

Percentage of Listing Price			
Region	Avg. Sell Price	Avg. List Price	% of Listing Price
Temecula South	\$299,097	\$300,766	99.4%
Temecula North	\$317,723	\$321,224	98.9%
Temecula West	\$1,052,000	\$1,163,300	90.4%
Murrieta North	\$234,447	\$236,489	99.1%
Murrieta West	\$334,330	\$345,558	96.8%
Murrieta East	\$240,817	\$242,398	99.3%
Winchester	\$242,635	\$242,331	100.1%
Wildomar	\$187,509	\$190,124	98.6%
Menifee	\$172,868	\$173,197	99.8%
Hemet	\$121,663	\$123,253	98.7%
San Jacinto	\$132,083	\$132,117	100.0%
Perris	\$145,498	\$144,115	101.0%
Lake Elsinore	\$174,406	\$176,128	99.0%
Canyon Lake	\$343,283	\$352,676	97.3%
Quail Valley	\$111,265	\$111,936	99.4%
Sun City	\$128,277	\$130,623	98.2%
Romoland	\$163,805	\$160,642	102.0%
Homeland	\$73,066	\$75,600	96.6%
Nuevo	\$120,935	\$124,743	96.9%
<b>TOTAL MKT</b>	<b>\$241,879</b>	<b>\$249,854</b>	<b>96.8%</b>

This chart shows that for the month of May home sellers are getting **96.8%** of their asking price. The days of buyer's coming in and offering well below the asking price are no longer here.



## Distressed Property and Investor Market

With about **54.5%** 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	%	May 2012 Sales	%
REO Sales	5,802	43.80%	4,886	38.21%	330	26.7%
Short Sales	3,935	29.71%	3,433	26.84%	344	27.8%
<b>Total Distressed Sales</b>	<b>9,737</b>	<b>73.51%</b>	<b>8,319</b>	<b>65.05%</b>	<b>674</b>	<b>54.5%</b>
Total Sales (Normal Resale and Distressed)	13,246		12,788		1,237	

## Strong Performing Areas – for Investors

Menifee	
Month's of Inventory	1.08
Low Selling Price	\$29,000
Average Selling Price	\$172,868
Average Rent	\$1,273
Estimated Cap Rate	8.84%
Estimated Cash on Cash Return (25% down)	35.35%

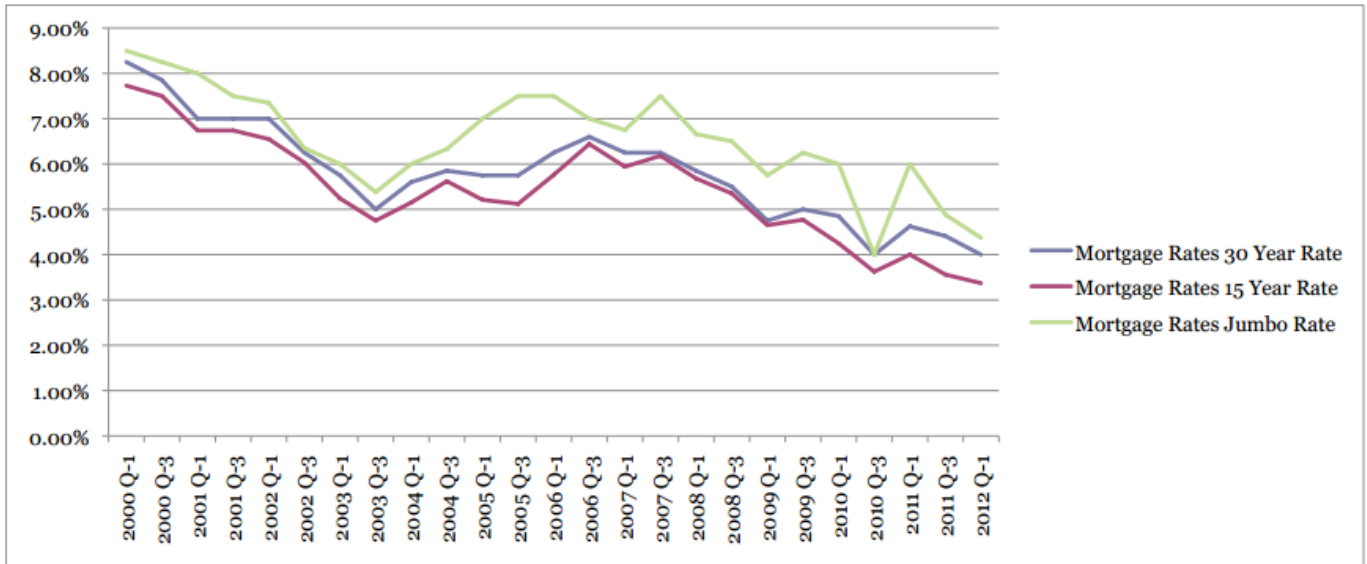
Hemet	
Month's of Inventory	1.85
Low Selling Price	\$38,000
Average Selling Price	\$121,663
Average Rent	\$1,160
Estimated Cap Rate	11.44%
Estimated Cash on Cash Return (25% down)	45.77%

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 – 12 Year Summary



The above chart tracks mortgage rates for the past 12 years. As you can see, mortgage rates are at close to their lowest levels.

### CONFORMING

30 Yr Fixed 3.99%

15 Yr Fixed 3.25%

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

30 Yr Fixed 4.37%

7 Yr ARM 3.87%

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

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