

The Real Estate Report

LOCAL MARKET TRENDS



SAN DIEGO COUNTY
— SOUTH COUNTY



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Home and Condo Sales Climb in February

Sales of single-family, re-sale homes rose 9.6% from January, but were down 21.5% year-over-year. Condo sales gained 10.1%, month-over-month, down 33.1% compared to last February.

Prices took a hit last month, mainly because of the large number of bank-owned properties making its way through the market. The median price for single-family, re-sale homes in San Diego County fell 7.5% from the month before, and was down 21.4% year-over-year. The average price was down 6.2% from December, off 13.6% year-over-year.

The median price for condos dropped 1.7%, off 20.3% year-over-year. The average price was down 9.2%, off 16.2% compared to last February.

The sales price to list price for single-family homes rose 0.7 of a point to 94.5%. The ratio for condos gained 0.4 of a point to 94.9%.

Trends at a Glance (Single-family Homes)			
	Feb 08	Jan 08	Feb 07
Median Price:	\$440,000	\$475,500	\$560,000
Average Price:	\$601,391	\$641,371	\$695,799
Home Sales:	938	856	1,195
Sale/List Price Ratio:	94.5%	93.8%	95.5%
Days on Market:	84	82	78
(Condos/Town Homes)			
Median Price:	\$295,000	\$300,000	\$370,000
Average Price:	\$362,210	\$398,979	\$432,143
Home Sales:	479	435	716
Sale/List Price Ratio:	94.9%	94.5%	95.9%
Days on Market:	86	83	80

Days on market for homes rose two days to 84 days. Days on market for condos rose three to 86 days. Take these numbers with a

grain of salt. If a property listing is canceled, withdrawn or expired and then re-listed, days on market is reset to zero.

The real estate market is very hard to generalize. It is a market made up of many micro markets. As Leslie Appleton-Young, chief economist for the California Association of Realtors, recently said, "Knowing the median price is interesting, but it is as indicative of the value of your home as knowing the median temperature in America is to predicting the local weather." For complete information on a particular neighborhood or for an evaluation of your home's worth, call me.

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14 California Counties Get Maximum FHA Limit

Tens of thousands of California families could benefit from affordable government-insured mortgages

On March 5th, the FHA published the new temporary loan limits ranging from \$271,050 to \$729,750. This increase will help provide economic stability to communities in California and give hundreds of thousands of homeowners and homebuyers throughout the country a safer, more affordable mortgage alternative. Loan limits will be set at 125 percent of the median sales price for the area.

The counties that received the maximum level include: Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Benito, San Francisco, San Mateo,

Santa Barbara, Santa Clara, Santa Cruz and Ventura.

However, these higher loan limits are temporary and expire at the end of 2008. U.S. Department of Housing and Urban Development Secretary Alphonso Jackson continued to call on Congress to pass a permanent bipartisan solution to help more families qualify for FHA-insured mortgages, which allow low-income, minority and first-time homeowners access to prime-rate financing so they afford to purchase a home.

While FHA has seen an increase in business in California, FHA modernization legislation still remains critically necessary. Legislation, which has been pending in Con-

gress for two years, offers flexible down-payment requirements, permanent loan limits higher than the current amount of \$362,790, and fairly-priced insurance premiums.

"FHA modernization could help a quarter of a million families this year alone. It passed the House and Senate in overwhelmingly bipartisan fashion. But a final bill has yet to cross the President's desk. Congress must act now," Jackson stressed.

Jackson also explained how FHASecure, the refinancing arm of FHA, has helped more than 100,000 homeowners refinance their mortgage since it was announced last fall. FHASecure includes homeowners who are cur-

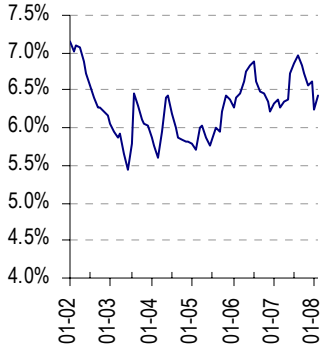
rent on their loan or past due because their teaser rates reset; some borrowers who owe more on their homes than they are worth; and those in the process of foreclosure. Families are saving an average of \$400 a month compared to the cost of their previous exotic subprime loans. FHASecure is on pace to help 300,000 families by the end of 2008.

"FHA is back. And we're letting the American people know about it, sending letters out to 850,000 homeowners with resetting rates, including 54,000 Californians, who might qualify for FHA," Jackson added.

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Mortgage Rate Outlook

30-Year Fixed Mortgage Rates



Feb. 29, 2008 -- Overall 30-year fixed mortgage rates rose to highs not seen since last October, but a deluge of weak economic data should beat them back down as the calendar turns to March.

Commonly, the difference between the benchmark 10-year Treasury and conforming 30-year fixed-rate mortgages is about 160 basis points (1.60%), give or take. This week's gap between those two values is a whopping 2.52%, as investors seek the safety of Treasuries and continue to shun even good-quality mortgages. The comparable jumbo spread, about 180 basis points in recent 'normal' times, is approaching double that, with this week's spread (3.40%) among the highest we can remember. Both conforming and jumbo

average rates rose this week, to 6.30% and 7.18% respectively.

Existing Home Sales eased by 0.4% in January, landing at a 4.89 million (annualized) rate of sale. That was actually a little better than was expected, but, some 10.3 months of unsold inventory (at the present sales pace) remain on the market. That means that home prices, already falling by varying amounts depending upon whose indicator you prefer, will continue to be pressured downward.

The same story appeared in New Home Sales for January. The stability in builder sentiment seen this month wasn't matched by any upswing in sales, which slipped by 0.4% to a 588,000 annualized rate of sale. Prices for new homes have

declined by some 15% when compared against last year, while the months of inventory available for sale ticked up to 9.9. That increase belies that the actual number of unsold homes has been declining for months, from 547,000 units at the 2007 peak to 482,000 at the end of January. As builders put up fewer new homes, inventory should continue to decline, and at some point we'll get to a level where modest levels of new building will need to occur to meet demand.

If rates trend down in the next few weeks, borrowers shouldn't wait in hopes of lower rates, but should grab any deal which makes their transaction work.

"IF RATES TREND DOWN IN THE NEXT FEW WEEKS, BORROWERS SHOULDN'T WAIT IN HOPES OF LOWER RATES."

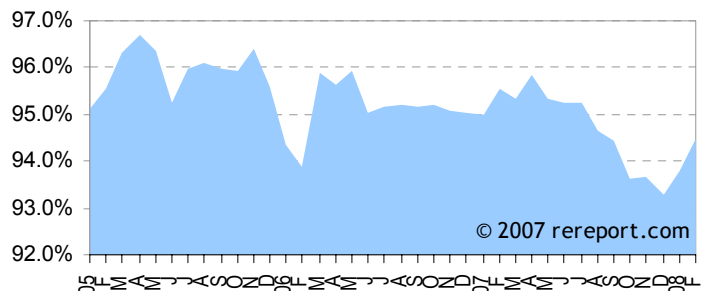
February Sales Statistics

(Single-family Homes)

	Prices		Unit			Change from last year			Change last month		
	Average	Median	Sales	DOM	SP/LP	Ave.	Med.	Sales	Ave.	Med.	Sales
County	\$601,391	\$440,000	938	84	94.5%	-13.6%	-21.4%	-21.5%	-6.2%	-7.5%	9.6%
South County	\$445,143	\$415,000	126	86	96.2%	-25.4%	-23.3%	5.9%	1.8%	-0.5%	9.6%
Bonita	\$652,475	\$645,000	4	70	96.9%	-12.6%	-8.5%	-42.9%	15.9%	16.8%	0.0%
Chula Vista	\$444,342	\$423,500	97	89	96.2%	-28.4%	-23.2%	18.3%	-2.1%	-2.1%	24.4%
Imperial Beach	\$1,123,000	\$1,123,000	2	176	87.7%	135.0%	153.1%	-66.7%	150.5%	135.2%	-66.7%
National City	\$282,362	\$289,500	6	103	99.7%	-40.9%	-38.5%	0.0%	-8.6%	-7.8%	0.0%
Otay Mes	\$387,187	\$375,000	15	63	98.8%	-24.2%	-25.5%	-6.3%	0.9%	0.3%	-16.7%
San Ysidro	\$314,500	\$314,500	2	20	100.6%	-35.8%	-35.8%	0.0%	-21.0%	-26.8%	-33.3%

San Diego County: Single-family Homes

Sales Price/Listing Price Ratio



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What to Know When Buying a Home

Buying a home is one of the most complicated transactions you will ever do. So many people and companies are involved that it is easy for mistakes to be made. Freddie Mac offers a number of tips:

- Get pre-approved for a loan. This lets you know how much you can really afford. Also, with a pre-approved loan, you'll have more clout as the seller considers your offer.
- Make sure it's in writing. Don't settle for verbal agreements. If the seller says he'll replace the carpet or leave his washer and dryer, get it in writing.
- Get a good-faith estimate. Your mortgage lender is required to provide you with a good-faith estimate of closing costs within three days of

receiving your application. They need to provide it in writing. If you don't have to pay loan application fees, you may want to compare lenders and compare closing costs.

- Don't settle for the first lender you come across. Contact at least three lenders and compare rates.
- Lock-in your rate. One of the most stressful parts of the loan process is watching rates inch up and down each day and trying to figure out when to lock in your rate. Once you do lock in, be sure to get a written statement that outlines your interest rate and length of the lock.
- Get a home inspection. A professional home inspector will examine the house's major systems and let you know if

there are any problems or defects. You can then use the information in your negotiations. Look for an inspector who is a member of the American Society of Home Inspectors. Members are required to have completed at least 250 paid professional home inspections and passed two written exams that test the inspector's knowledge. Also, ask for references.

- Shop for homeowners' insurance as soon as your offer is accepted. The National Association of Realtors recently cautioned homebuyers to not take homeowners insurance for granted. You and your spouse may have a clean claims history and a stellar credit history - something insurance companies use to

determine whether they will insure you - but it's not just you they're looking at. If the house you're eyeing has had claims, there's a chance they won't insure you, especially if it's a water-related claim.

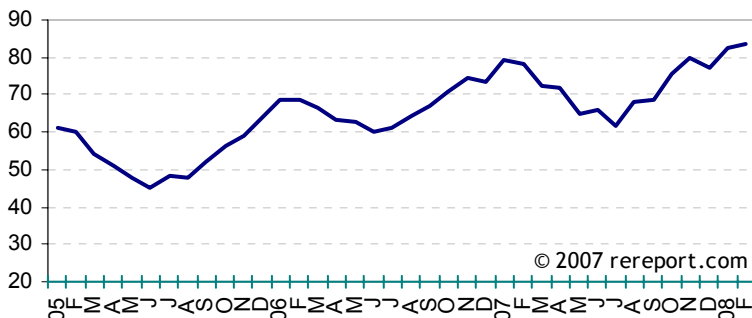
- Read everything. When you have the closing meeting to sign the mountain of papers, make sure you read through everything carefully and don't hesitate to ask questions if there is anything you don't understand.

Finally, give yourself enough time between your closing and your move date, just in case there are delays in the closing process.

February Sales Statistics (Condominiums/Townhomes)

	Prices		Unit			Change from last year			Change last month		
	Average	Median	Sales	DOM	SP/LP	Ave.	Med.	Sales	Ave.	Med.	Sales
County	\$362,210	\$295,000	479	86	94.9%	-16.2%	-20.3%	-33.1%	-9.2%	-1.7%	10.1%
South County	\$245,765	\$269,000	45	117	94.9%	-29.4%	-21.1%	-10.0%	-10.7%	-7.8%	7.1%
Chula Vista	\$255,769	\$280,000	32	118	95.5%	-27.4%	-20.6%	0.0%	-14.1%	-6.7%	33.3%
Imperial Beach	\$254,500	\$254,500	2	73	96.4%	-33.6%	-36.4%	-81.8%	15.9%	14.9%	-50.0%
Otay Mes	\$226,436	\$250,000	7	82	91.3%	-26.7%	-11.3%	133.3%	-14.0%	-10.4%	-12.5%
San Ysidro	\$161,380	\$161,380	2	110	97.2%	-25.4%	-25.4%	0.0%	-7.8%	-6.4%	-50.0%

San Diego County: Days on Market



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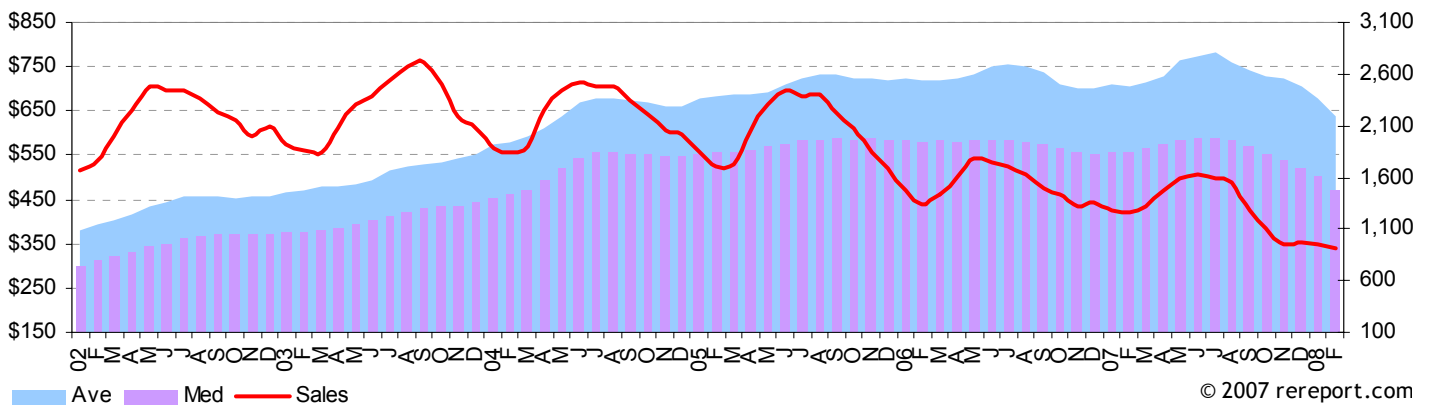
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San Diego County — Single-family Homes: Prices & Sales

(3-month moving average — price in \$000's)



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