

# SANTA BARBARA ASSOCIATION OF REALTORS

## 2008 Real Estate Market Santa Barbara South Coast

The median sale price of houses and planned unit developments (PUDs) sold through the Multiple Listing Service (MLS) in December was \$902,500 for sales across the entire Santa Barbara South Coast area. This price level was down from \$1,200,000 last month, but higher than in October and about the same price level seen in September. The median price for the year 2008 closed out at \$1,035,000. The number of sales of houses and PUDs that closed escrow in December was 64, up dramatically compared to 33 last month, and equal to the average of 64 sales per month for the year, compared to a monthly average of 74 in 2007.

For condominiums, the median sale price in December was \$389,000, down dramatically from \$515,000 last month, and lower than the price levels seen in the last quarter of the year. The median sales price for 2008 closed out at \$535,000, compared to the median price for 2007 at \$630,000. Condominium sales with closed escrows totaled 15 in December, down from last month at 20, and lower than the monthly average of 22 seen for the entire year. For 2007, sales averaged almost 30 sales per month.

The median sale price represents the price point at which half of the sales are higher, and half are lower. The median price doesn't represent the price of any one

property, but reflects the overall composition of the market and it varies from month to month due to changes in the type, age and condition, or location of the properties sold. It is for this reason that longer-term comparisons are more meaningful indicators of market trends.

For 2008, the number of closed escrows totaled 1,041 for houses, PUDs, and condominiums combined, down 16% from the 1,242 closed escrows in 2007. The median sale price for houses and PUDs was \$1,035,000, compared to \$1,232,500 for last year, also down 16%. For condominiums, the median sale price for 2008 was \$535,000, compared to \$629,000 for 2007, down by 15% from last year. The number of new listings in 2008 was lower by 2% for houses & PUDs, compared to 2007, and lower by 11% for condominiums.

The number of sales (closed escrows) lags the time when the contract is signed and escrow opened by typically 30 to 60 days. A more immediate measure of "new sales" activity is indicated by the number of new sales pending for the month. The National Association of Realtors publishes an index, the Pending Home Sales Index (PHSI) as a measure of current sales activity across the nation. Again, there can be monthly fluctuations and seasonal variations, so that comparisons over a longer time period are still better.

Applying this measure of new sales pending for December 2008, figure 1 shows 59 sales pending for houses and PUDs, up from 53 last month, but still lower than the average of more than 75 sales pending per month for the rest of the year. For condominiums, the number of new sales pending for December was 18, up slightly from 16 last month, but still dramatically lower than the average of almost 30 sales pending per month seen in the rest of the year.

The sales pending number reflects “new sales” activity as measured by the number of homes for which a contract was accepted and an escrow opened during the month. Comparing these 59 new sales of houses and PUDs with the number of active listings, 466 at the end of December, results in an inventory of 7.9 months. This inventory level is lower than that seen the last several months, due to a seasonal reduction in the number of new listings. This monthly inventory level is a measure of the length of time to sell all the homes that are for sale at any one time, at the current pace of new sales.

For condominiums, the level of 18 new sales pending for December, compared to the 152 condominiums actively for sale at the end of December, results in a current inventory of 8.4 months, again down from previous months, due primarily to a reduction in the number of new listings. As noted before, these monthly comparisons will change each month due to differences in the price levels and types of property sold.

Generally, an inventory level of about 6 months is considered a balanced market, favoring neither buyers nor sellers, based on national averages and long term market experience. Lower levels of inventory may be considered a seller’s market, whereas levels greater than about 6 months are considered a buyer’s market.

Figure 1 summarizes this information by category and by MLS area for the South Coast market. The combined total of 77 new sales pending in December results in an overall combined inventory level for houses, PUDs, and condominiums of 8 months at the end of December 2008. The combined number of closed escrows totals 1,041 for 2008, an average of almost 87 closed escrows per month. This level is down 16% compared to the average of 103 per month seen for 2007.

Figure 2 shows comparisons of sales over longer periods of time, depicting the number of closed escrows beginning with January for 2008, compared to the average over the past five years, 2003 through 2007. This figure also shows the number of sales pending each month – and thus new sales compared to past contracts.

Figure 3 shows the overall median price distribution for sales of houses and PUDs on the South Coast for 2008, showing that 52% of all sales were over \$1 million, with almost 18% of all sales at a price of over \$2.5 million. There were 48 sales greater than \$5 million in 2008, compared to 51 sales at this price level for 2007.

\* Days on Market (DOM) is the number of days from the date of the contract until the transaction is classified as sale pending.

# Santa Barbara South Coast

## 2008 MLS Market Activity

	<b>2 0 0 8</b>		<b>December 2008</b>		
	<b>Closed Escrows</b>	<b>Median Sales Price</b>	<b>Sales Pending</b>	<b>Active Listings</b>	<b>Inventory (Months)</b>
Houses/PUDs	<b>770</b>	<b>\$1,035,000</b>	<b>59</b>	<b>466</b>	<b>7.9</b>
Carpinteria/ Summerland	<b>60</b>	<b>\$ 807,500</b>	<b>4</b>	<b>63</b>	<b>15.8</b>
Montecito	<b>150</b>	<b>\$3,200,000</b>	<b>13</b>	<b>142</b>	<b>10.9</b>
Santa Barbara	<b>307</b>	<b>\$ 999,500</b>	<b>20</b>	<b>165</b>	<b>8.3</b>
Hope Ranch	<b>20</b>	<b>\$2,875,000</b>	<b>0</b>	<b>18</b>	<b>-</b>
Goleta	<b>233</b>	<b>\$ 769,500</b>	<b>22</b>	<b>71</b>	<b>3.2</b>
Condos	<b>271</b>	<b>\$ 535,000</b>	<b>18</b>	<b>152</b>	<b>8.4</b>
<b>TOTALS</b>	<b>1,041</b>	<b>\$ 851,000</b>	<b>77</b>	<b>618</b>	<b>8.0</b>

Figure 1

# Santa Barbara South Coast

## 2008 MLS Sales Summary

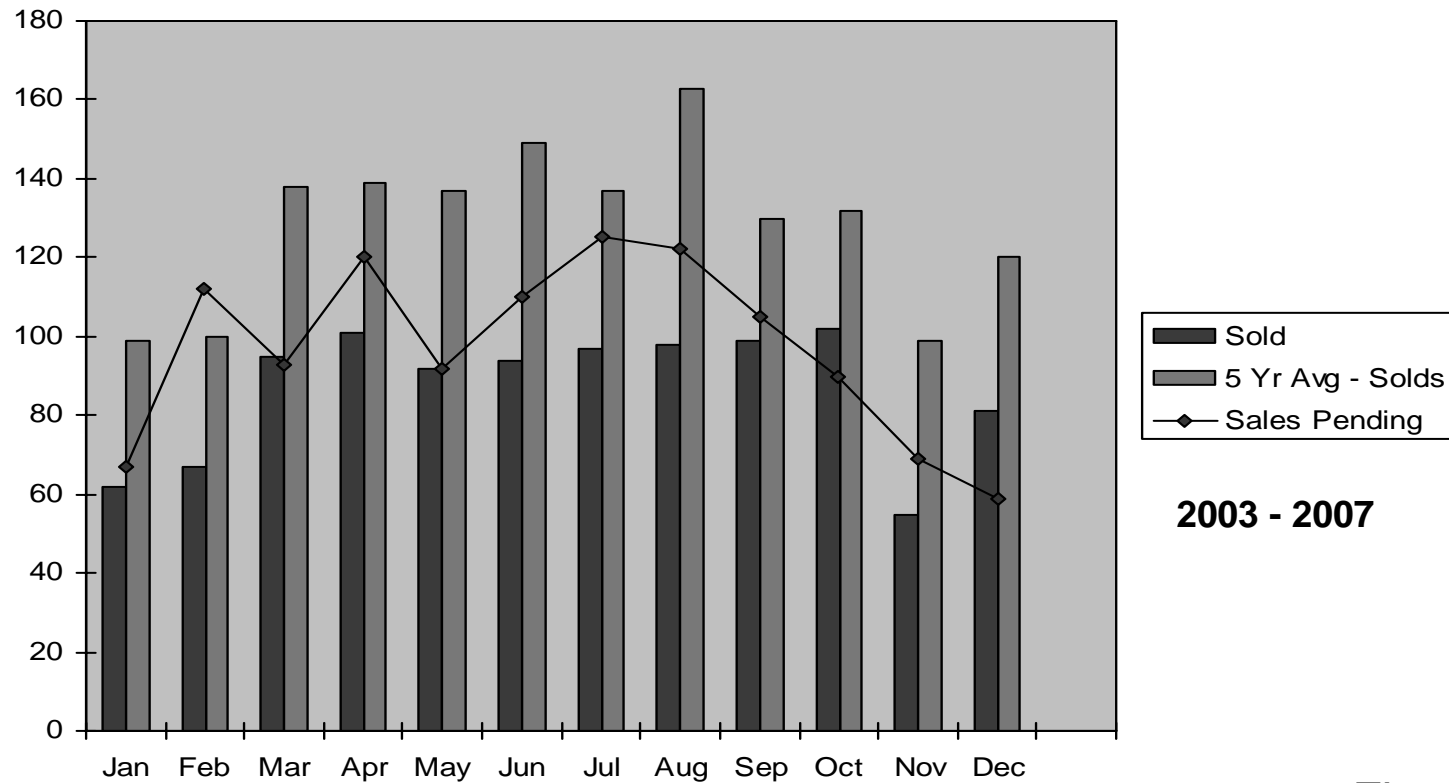
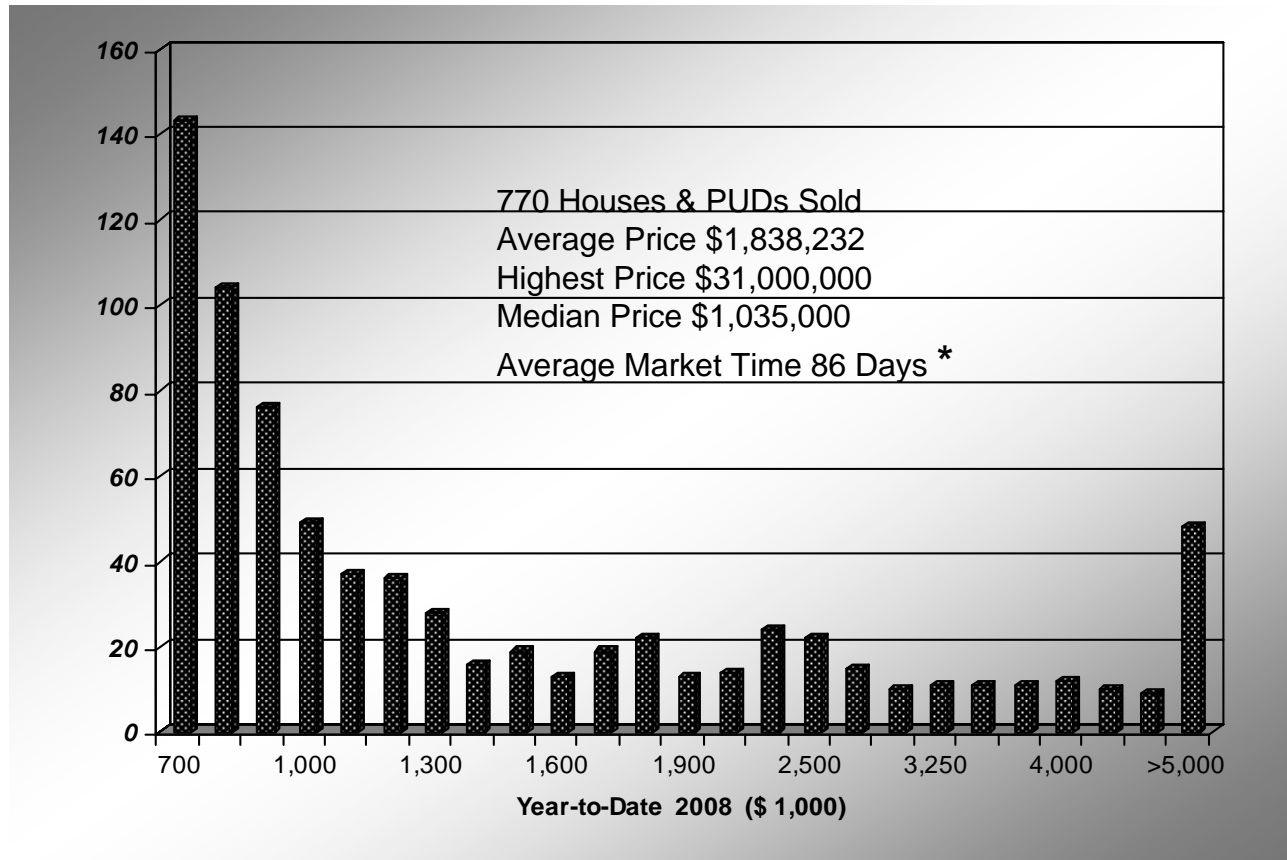


Figure 2

**Number of Sales & Sales Pending – 2008 vs 5-Year Average  
Houses, PUDs & Condominiums Combined**

# Santa Barbara South Coast 2008 MLS Sales Summary



Fifty Two Percent of House & PUD Sales Greater than \$1,000,000,  
with almost Eighteen Percent of Total Sales Greater than \$2,500,000

Figure 3