



WALTER STAUSS

REAL ESTATE AND COMMUNITY NEWS

Tel 831.246.HOME • Fax 831.536.1064 • Email walter@831.com • DRE # 01105052

Lifestyles Real Estate • 500 Seabright Avenue • Santa Cruz, California

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Median Home Price Ends Year at Highest Level Since August 2008

The median price of single-family, re-sale homes in Santa Cruz County reached \$560,000 in December, a gain of 24.4% compared to December 2008.

Home sales were up 23.1% year-over-year.

We expect sales to be strong through the Spring selling season because of the extension, and expansion, of the first-time home buyers tax credit of \$8,000 for buying a principal residence. First-time buyer is a buyer who has not owned a principal residence in the three-year period prior to the purchase. There are some income limits. For full information, see: <http://federalhousingtaxcredit.com>.

In addition, the tax credit was expanded to include move-up buyers. The tax credit for move-up buyers is \$6,500. A move-up buyer is a person who has owned and resided in the same home for at least five consecutive years of the eight years prior to the purchase date. Again, for full info, see the web site cited above.

P.S. The tax credit expires April 30th. You need to have a signed contract by then and close the sale within 60 days to qualify for the credit.

The Annual Report

The best that can be said about last year is it's over! Home sales were up 22% from 2008, which was an abysmal year for sales. The 1,750 re-sale homes sold last year were still a far cry far cry from the 2,300 plus homes sold annually in 2003, 2004 and 2005.

The median price dropped 13.9% from 2008. The good news in all this is that prices bottomed out in the first quarter and started strengthening the last nine months of the year. See our monthly chart for Santa Cruz County below which shows the 3-month moving average since January 2006 for single-family, re-sale homes.

The year ended with inventory at its lowest level since March 2005, a sign that prices should keep firming.

Another positive indicator, as we start the new year, is Days of Inventory, which is how long it would take to sell all the homes on the market at the current rate of sales, which ended the year at 97 days. We have to go back to the boom years of 2004 and 2005 to see numbers that low.

Buyers are out there, but they're looking for bargains. Which begs the question, what is a bargain?

A deal has little to do with the sales price to list price ratio. Remember, you are going to have to live in that home and that neighborhood. The most important thing is to find a home, in a neighborhood, you want to live in. If the house is fairly priced, make an offer. But understand, if the house is fairly priced, or even a little under-priced, and it is a good house in a good neighborhood, there will be multiple offers. If you find such a home, you can't hesitate.

It is endemic among buyers that the deals are in bank-owned or short-sale property. But, banks have the property appraised before they put it on the market, and they price it at, or just a little below, market value. Which is why we're seeing multiple offers and prices going over asking.

The real estate market is very hard to generalize. It is a market made up of many micro markets. **For complete information on a particular neighborhood or for an evaluation of your home's worth, call me at 831.246.4663 or send me an email: walter@831.com**

Top 10 metro foreclosure rates

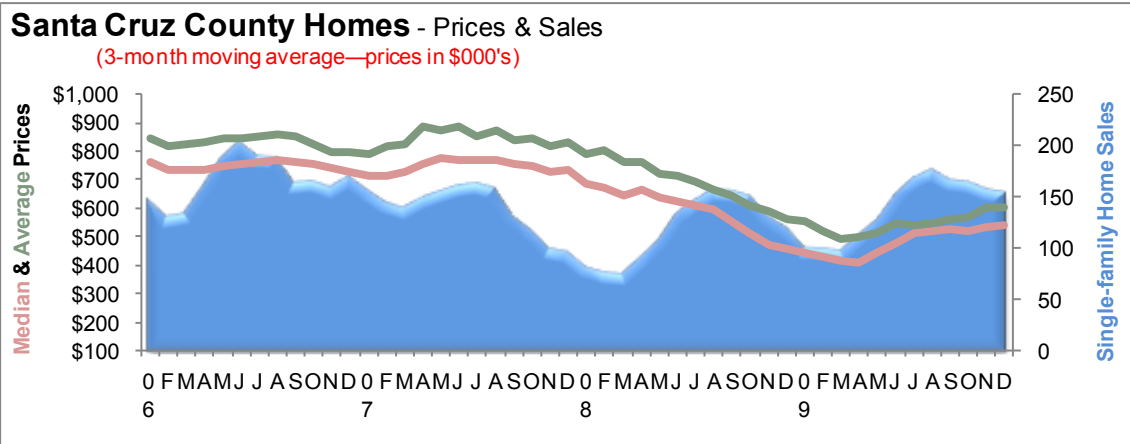
Las Vegas posted the nation's highest metro foreclosure rate for the year, with more than 12% of its housing units receiving a foreclosure notice in 2009—more than five times the national average. Las Vegas reported a quarter-over-quarter decline in foreclosure activity in the fourth quarter—as did all the other metro areas with foreclosure rates ranking among the top 10 for 2009.

With 11.87% of its housing units receiving a foreclosure notice in 2009, Cape Coral-Fort Myers, Fla., documented the second highest metro foreclosure rate. Other Florida cities in the top 10 were Orlando-Kissimmee at No. 7 (8.17%), Port St. Lucie at No. 9 (7.58%), and Miami-Fort Lauderdale-Pompano Beach at No. 10 (7.16%).

Merced, Calif., registered the nation's third highest metro foreclosure rate, with more than 10% of its housing units receiving a foreclosure notice in 2009. Other California cities in the top 10 were Riverside-San Bernardino-Ontario at No. 4 (8.80%), Stockton at No. 5 (8.62%) and Modesto at No. 6 (8.53%).

Davenport's Cement Plant to Close

Cement manufacturer Cemex has announced that it will close its Davenport plant for good. It's up in air what's going to happen with the rail line, but its operator hopes to keep the freight train running, despite the loss of its biggest customer.



Tax Credit Update

FIRST TIME BUYERS:

Credit: Equal to 10 percent of the home's purchase price, up to \$8,000

Who Qualifies:

- Those who haven't owned property in the last three years
- Those with income up to \$225,000 for couples and \$125,000 for individuals (credit phases out for people who make more than these amounts)
- Must be at least 18 years of age to claim credit
- Purchase price must be \$800,000 or less

Deadlines:

- You have until April 30, 2010, to enter into contract for a home purchase by April 30, 2010.
- Transaction must close by June 30, 2010.

CURRENT HOMEOWNERS:

Credit: Equal to 10 percent of the home's purchase price, up to \$6,500

Who Qualifies:

- Those who have owned and lived in their principal residence for at least five consecutive years during the past eight years
- Those with income up to \$225,000 for couples and \$125,000 for individuals (credit phases out for people who make more than these amounts)
- Must be at least 18 years of age to claim credit
- Purchase price must be \$800,000 or less

Deadlines:

- You have until April 30, 2010, to enter into contract for a home purchase by April 30, 2010.
- Transaction must close by June 30, 2010.

Deal of the Month

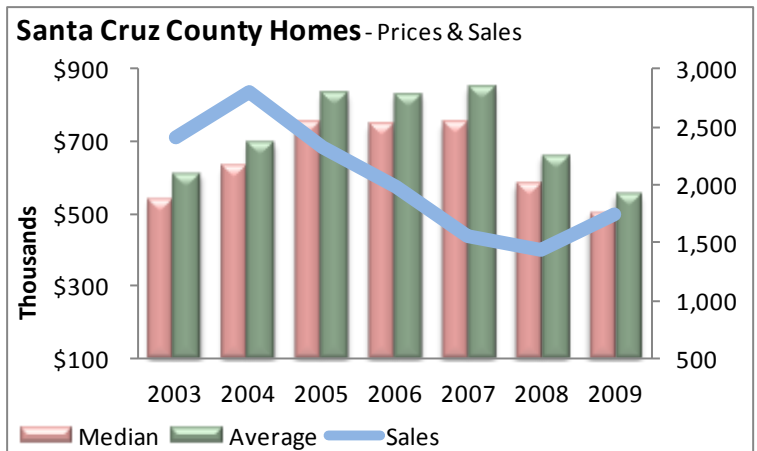
OAHU: Located within Ko Olina Resort and Marina, this Kai Lani condo is fully furnished and ready to go. The Ko Olina Resort is a quick drive from the Honolulu airport yet feels far away .

This home features 2 bedrooms, 2 bathrooms, 1,244 sq ft, some ocean views, and is almost on the beach. Kai Lani is a gated community with impeccably landscaped grounds.

Asking \$629,900, a lot less than the owners' investment, but not a short sale!



For more information about this, or any other property, call me at 831.246.4663 or send me an email: walter@831.com.



Median Price: The price at which 50% of prices were higher and 50% were lower.

Average Price: All all prices and divide by the number of sales.

SP/LP: Sales price to list price ratio, or the price paid for the property divided by the asking price.

DOI: Days of Inventory, or how many days it would take to sell all the property

Santa Cruz County

SINGLE-FAMILY HOMES							% Change from Year Before		
Area	Year	Sales	Prices		SP/LP	DOI	Prices		
			Median	Average			Sales	Med	Ave
SZC	2003	2,419	\$ 540,000	\$ 612,390	97.8%	70			
SZC	2004	2,809	\$ 630,000	\$ 697,787	99.1%	45	20.4%	13.7%	14.2%
SZC	2005	2,317	\$ 750,000	\$ 833,589	99.4%	116	-8.3%	18.0%	18.3%
SZC	2006	1,987	\$ 745,000	\$ 831,073	98.0%	160	-23.6%	4.8%	5.6%
SZC	2007	1,562	\$ 750,000	\$ 852,775	97.5%	254	-22.7%	8.4%	11.0%
SZC	2008	1,434	\$ 581,000	\$ 660,806	97.1%	248	-0.6%	-21.2%	-19.8%
SZC	2009	1,750	\$ 500,000	\$ 553,984	97.9%	97	22.0%	-13.9%	-16.2%

2010 California Real Estate Market Forecast

“California’s housing market continued its strong sales rebound this year, resulting from the continued pace of distressed properties coming to market,” said C.A.R. President James Liptak. “This follows two years of double-digit sales declines in 2006 and 2007. Looking ahead, we expect sales to moderate to a more sustainable pace.”

“After experiencing its sharpest decline in history, we expect the median price to rise modestly next year,” Liptak added. “2010 will mark the beginning of the ‘new normal’ for California’s housing market. This ‘new normal’ likely will feature a steady stream of sales driven by distressed properties in the low end of the market, coupled with moderate home-price appreciation.”

The median home price in California will rise 3.3 percent to \$280,000 in 2010 compared with

a projected median of \$271,000 this year, according to the forecast. Sales for 2010 are projected to decrease 2.3 percent to 527,500 units, compared with 540,000 units (projected) in 2009.

“Housing in California has become a tale of two markets,” Liptak said. “The low end continues to attract first-time buyers and investors, with a resulting shortage in the number of homes for sale. Sellers at the high end, however, continue to be challenged by the ability of home buyers to secure financing as well as their concerns about where prices are headed. While demand from first-time buyers for low-end properties will continue throughout next year, sales could be impacted if discretionary sellers do not return to the market by the second half of 2010.”

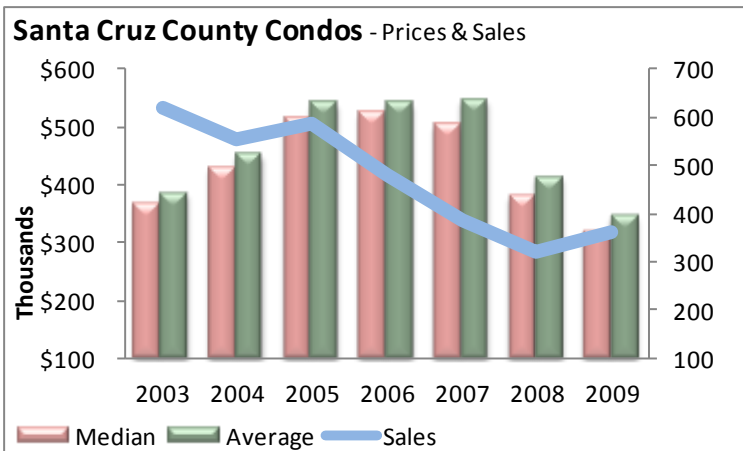
“2009 marked a unique opportunity for first-time home

buyers,” Liptak said. “Homes were more affordable than they have been in years, interest rates hovered near historic lows, and the federal tax credit helped more than 1 million people become homeowners nationwide. Now is the time for Congress to extend the federal tax credit and to expand it to all buyers, not just first-timers.”

“With distressed properties accounting for nearly one-third of the sales in 2010, inventory will be relatively lean, under six months during the off-season months, and a roughly four-month supply during the peak season,” said C.A.R. and Vice President Leslie Appleton-Young. “We expect the median price to decrease slightly through the remainder of 2009 and into next year, then rise before leveling off next summer. For the year as a whole, home prices are forecast to reach \$280,000.”

“Although it appears at this time that lenders are closely monitoring the flow of distressed properties onto the market, there could be an exertion of downward pressure on home prices should a heavier than expected wave of foreclosures come to market next year,” she said.

“The wild cards for 2010 include foreclosures, loan resets, the labor market, and the California budget crisis, as well as the actions of the federal government,” Appleton-Young said.

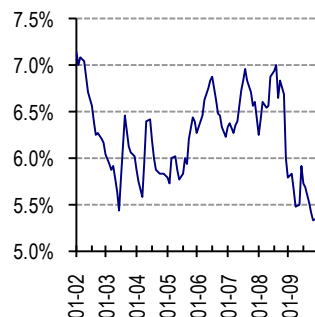


Santa Cruz County										
CONDOS							% Change from Year Before			
Area	Year	Sales	Prices			DOI	Sales	Prices		
			Median	Average	SP/LP			Med	Ave	
SZC	2003	622	\$ 369,000	\$ 386,218	99.0%	22				
SZC	2004	553	\$ 430,000	\$ 452,009	100.6%	28	23.9%	11.4%	10.8%	
SZC	2005	589	\$ 515,000	\$ 541,038	100.3%	93	-6.5%	21.8%	20.5%	
SZC	2006	480	\$ 525,000	\$ 540,380	98.6%	172	-21.2%	5.3%	5.1%	
SZC	2007	386	\$ 503,500	\$ 546,632	98.2%	227	-25.4%	6.0%	6.1%	
SZC	2008	320	\$ 381,000	\$ 413,724	96.9%	260	-24.4%	-17.9%	-15.3%	
SZC	2009	361	\$ 320,000	\$ 346,147	97.6%	146	12.8%	-16.0%	-16.3%	

30-Year Mortgage Rates Slide Below 5%

January 22, 2010: Long-term mortgage rates fell for the third straight week, pushing the average rate on 30-year fixed home loans below 5 percent again, according to Freddie Mac. This week, average interest on 30-year mortgages was 4.99 percent, compared to 5.06 percent last week and 5.16 percent a year ago. Rates on 15-year fixed loans also followed bond yields lower, averaging 4.40 percent, compared to 4.45 percent last week; and adjustable-rate mortgages also fell this week. For the 2010 Outlook for Rates, see: <http://www.hsh.com/2010-Outlook.html#wmt>

30-Year Fixed Mortgage Rates



Upcoming Events

San Francisco's Chinese New Year Parade February 27, 5:15pm

The Chinese New Year Parade in San Francisco is one of the few remaining night illuminated Parades in the country. A San Francisco tradition since just after the Gold Rush, the parade continues to delight and entertain the many hundreds of thousands of people that come to watch it on the street. www.chinese-parade.com

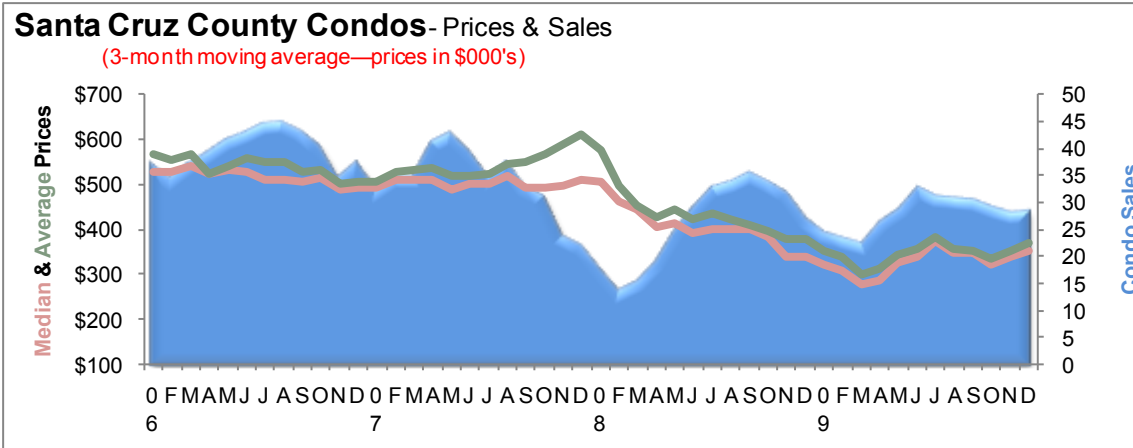
Guided Elephant Seal Walks December 15 through March 31

By reservation only. Año Nuevo State Reserve, Hwy 1, Pescadero 800.444.4445
Winter is the prime season to view thousands of elephant seals, including newborn pups, their mothers, and bulls. www.parks.ca.gov/?page_id=52

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10 Cities Where It's Smarter to Buy

For people who want to own a home, the premium to buy—the spread between what they'd spend to rent and what they'd pay for a mortgage—is much lower than the 15-year average in many cities.

To determine what cities are smart buys, Forbes magazine computed the premium and also identified locales where economists predict home prices will go up the most over the next five years. Here are the top 10 cities the magazine chose as the best places to buy right now.

1. Boston-Cambridge-Quincy, Mass.
2. Charlotte-Gastonia-Concord, N.C.-S.C.
3. Chicago-Naperville-Joliet, Ill.-Ind.-Wis.
4. Cincinnati-Middletown, Ohio-Ky.-Ind.
5. Denver-Aurora-Broomfield, Colo
6. Minneapolis-St. Paul-Bloomington, Minn.-Wis.
7. Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md.
8. Portland-Vancouver-Beaverton, Ore.-Wash.
9. San Francisco-Oakland-Fremont, Calif.
10. Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.V.

Green Corner

Allergic to Off-Gassing?

"Off-gassing" refers to the evaporation of synthetic compounds used in manufacturing a host of products, from cars to computers and toys to tennis balls. Two of the most identifiable types of off-gassing are the telltale "new car" and "new carpet" smells. Adhesives, wallpaper, and paints are other common offenders.

But off-gassing can also be odorless. A study conducted at Stockholm University found that certain computer monitors emit a chemical

— triphenyl phosphate — that can cause allergic reactions. Triphenyl phosphate is a flame retardant that's added to many plastics (in the case of the Swedish study, it was contained in the computer monitors' casings). When turned on, the monitors' heat caused the compound, which is not bonded to the plastic, to start evaporating.

The best way to reduce the chance of having an allergic reaction to off-gassing, says Bassett, is to avoid products that are likely to give off gas. Avoidance, of course, isn't always an option.

So here are more tips on how to reduce off-gassing in your home:

- Regularly move air through your home, either by using fans or, when weather permits, by opening doors and windows. This helps rid exhaust fumes from your home.
- Many offending chemicals—such as formaldehyde—off-gas at higher rates when humidity and temperature are higher. Keep the humidity below 45 percent to decrease the amount of chemicals that will off-gas.
- If you're purchasing a new carpet or products that contain solvents, adhesives, and exposed particle-board, ask that they be opened and allowed to sit in a warehouse or in fresh, circulating air so they can off-gas before they come into your home. Or keep them in your garage (with a door or window cracked open) for at least a week before bringing them into your house. Off-gas levels of many compounds decrease dramatically in the first few days after they are removed from packaging.