

Tershy's Tid Bits

LOCAL MARKET TRENDS



SANTA CRUZ COUNTY

July/August 2007

Median Price for Homes Dips in June

After rising for five straight months, the median price for Santa Cruz County single-family, re-sale homes fell 4.2%, a year-over-year loss of 0.4%. The average price gained 6.8%.

The median price for condos soared 19.3% to \$545,000, an annual gain of 6.9%. The average price rose 8.9% to \$544,199, down 6% year-over-year.

Home sales rose 8.5% from May, off 21% year-over-year. Condo sales were down 5.3%, month-over-month, and were off 12.2% compared to last June. Year-to-date, home sales are down 11.4%.

Inventory continued to grow, with single-family homes up 5.9% from May and up 5.4% year-over-year. Condo inventory was up 0.7%

month-over-month, but down 7.2% year-over-year.

The sales price to list price ratio for homes fell 0.7 of a point to 97.2%.

Days on market rose six days to 95.

Trends at a Glance (Single-family Homes)			
	Jun 07	May 07	Jun 06
Sale/List Price Ratio:	97.2%	97.9%	97.0%
Days of Inventory:	232	238	174
Days on Market:	95	89	59
Median Price:	\$757,000	\$790,000	\$760,000
Average Price:	\$889,656	\$832,842	\$838,208
Units Sold:	166	153	210
Inventory:	1,286	1,214	1,220

Our days of inventory indicator dropped six to 232 days.

My advice? For buyers, if your credit is a little bit dinged, spend some time improving it. Otherwise,

the upper end of the market favors sellers while the lower end favors buyers.

For sellers, if you are in the lower end of the market, buyers are few and far between. Put your home in mint condition and price it right. If you are in the upper end of the market, it still pays to make your home as presentable as possible, and, if you're in a desirable neighborhood, you will get multiple offers.

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 Bill Tershy.

C.A.R. forecasts 14% sales decline, modest increase in median home price for state

The CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) projected a 14 percent decline in single-family home sales this year, and forecast a 1.8 percent increase in the median price of a home. C.A.R. Executive Vice President Joel Singer delivered the Association's 2007 Midyear Housing Market Forecast as part of the California REALTOR® Showcase in Sacramento.

The 2007 Midyear Housing Market Forecast PowerPoint presentation is available at <http://www.car.org/library/media/papers/pdf/2007%20Midyear%20Forecast.pdf>.

Sales are expected to fall to 410,500 units in 2007, a 14 percent decline from the 477,460 pace recorded in 2006, according to the forecast. The median price of a home will reach \$566,500 this year, a 1.8 percent increase from the \$556,640 median for 2006.

"Sales have declined in all areas of the state, but higher-end markets have experienced somewhat smaller declines," said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. "Sales are weakest in areas that had a lot of new home building in recent years or those areas that had been popular for second home purchases.

"Prices tend to be softer in those areas as well," she said. "This pattern is likely to continue throughout the rest of the year, particularly in areas that were popular among first-time home buyers, which experienced the greatest run-up in prices. Similarly, higher-end markets have seen greater price stability, with the median price of a home declining slightly, if at all. The sales mix, with slower sales in the entry and lower-end of the market and relatively stronger sales in the high end, has helped stabilize the median price."

According to the C.A.R. forecast, the Central Valley region has experienced a greater decline in sales

compared with the state as a whole, and a succession of year-to-year declines in the median price. This trend is likely to continue, due in part to excess inventory of new homes for sale.

The San Francisco Bay Area and moderately priced to higher-priced areas of Southern California have seen a somewhat better sales picture, with small or nonexistent median price declines. These areas should continue to fare better than lower-priced inland markets in the San Bernardino and Riverside areas, according to Appleton-Young. Sales in those areas remain significantly below the record levels of the peak years, she said.

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www.SantaCruzRE.com

American Dream Realty
1041 41st Avenue Santa Cruz, CA 95062



Bill Tershy
REALTOR

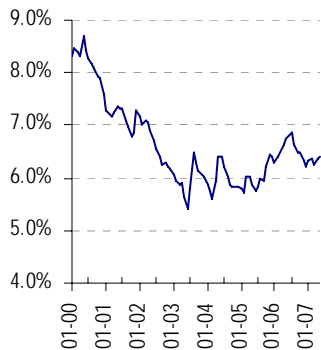
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30-Year Fixed Mortgage Rates



Mortgage Rate Outlook

June 29, 2007 – Mortgage rates remain at elevated levels, according to the nation's widest sampling of mortgage prices. The average 30-year fixed-rate mortgage (FRM) edged one basis point lower, landing at 6.80%, while 5/1 Hybrid ARMs fell four basis points to close the week at 6.47%.

The housing market is dragging growth downward, but perhaps the rate of decline is slowing. Existing Home sales for May rang in at a 5.99 million (annualized) rate of sale, down 0.3% for the month. However, that lumbering sales pace leaves an inventory overhang of nearly nine months of unsold homes available, which may produce downward pressure on home prices. May's median

home price of \$221,600 was unchanged from April.

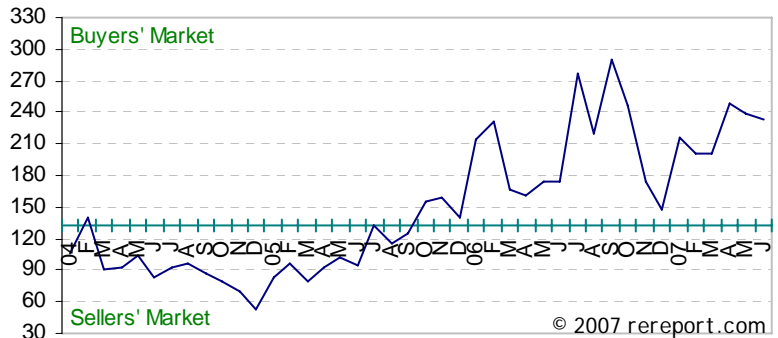
New Home Sales dipped a little more, falling to a 915,000 (annualized) sales level. The 1.6% decline during May came after a surprise 12.5% lift in April sales, itself a jump from truly weak levels. Despite the fall in sales volume, the median price of a new home sold during May bounced up to \$236,100 from April's \$224,112, so either a pricier mix of homes was moved or some builder price incentives expired. Inventory levels for new homes ticked up to 7.1 months available at the present rate of sale.

As you might expect, weak sales of new homes means that little new construction is taking place.

Overall, Construction Spending rose by 0.9% in May, with private non-residential projects rising by 2.7% while public outlays rose by 2.2%. Outlays for residential projects, though, edged back by 0.8%, and have now put in 14 consecutive months of decline. Due to changes in methodology, the Census Bureau revised the last 15 years worth of data through the May report, so historical comparisons may be somewhat distorted, but there is no doubt that the residential investment has been on a downward slope for a while.

“THE HOUSING MARKET IS DRAGGING GROWTH DOWNWARD, BUT PERHAPS THE RATE OF DECLINE IS SLOWING”

Days of Inventory: Single-Family Homes



June Sales Statistics

Single-family Homes

	Prices		Unit New ly		Total		Change from Last Year				Change from Last Month				
	Median	Average	Sales	Listed	Listed	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed
County	\$757,000	\$889,656	166	343	1,286	95	97.2%	-0.4%	6.1%	-21.0%	5.4%	-4.2%	6.8%	8.5%	5.9%
Aptos	\$956,000	\$1,053,000	9	12	64	131	96.0%	15.2%	22.6%	-47.1%	0.0%	-20.8%	-4.8%	12.5%	1.6%
Capitola	\$942,500	\$1,418,750	4	10	31	86	96.3%	-9.8%	35.8%	300.0%	-22.5%	23.2%	87.3%	0.0%	3.3%
Los Gatos Mtns	\$827,500	\$827,250	10	17	65	172	94.4%	-11.9%	-18.6%	25.0%	-27.0%	-4.3%	-17.8%	11.1%	-1.5%
Rio del Mar	\$819,000	\$1,079,985	15	25	84	99	97.1%	-3.6%	9.1%	-11.8%	-1.2%	-4.3%	19.3%	25.0%	10.5%
Seacliff	\$722,000	\$894,400	5	6	24	53	97.3%	-7.7%	13.4%	25.0%	-4.0%	-44.5%	-25.5%	66.7%	4.3%
San Lorenzo Vly	\$515,000	\$575,750	24	56	226	74	96.4%	-12.7%	-4.9%	-25.0%	8.1%	-3.8%	4.6%	-7.7%	8.1%
Soquel	\$783,750	\$878,392	14	18	52	84	95.3%	-5.0%	1.3%	75.0%	2.0%	-11.6%	-11.5%	133.3%	2.0%
Scotts Valley	\$819,000	\$893,535	23	41	107	85	97.0%	-14.6%	-13.6%	-11.5%	-20.7%	-13.3%	-11.2%	35.3%	0.9%
Santa Cruz	\$849,000	\$1,002,541	37	90	242	61	98.9%	6.0%	7.8%	-14.0%	38.3%	4.5%	23.2%	-19.6%	11.5%
East County	\$645,000	\$893,807	13	27	155	108	99.3%	-43.9%	-26.1%	44.4%	33.6%	-20.2%	-6.1%	30.0%	6.9%
West County	\$1,100,000	\$1,067,333	3	8	27	34	97.2%	5.3%	0.6%	0.0%	42.1%	60.0%	55.2%	50.0%	-3.6%
Watsonville	\$600,000	\$556,031	9	33	209	210	96.6%	-7.6%	-12.9%	-25.0%	29.8%	-8.7%	-12.3%	-10.0%	4.5%

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Improving Your FICO Score

It's important to note that raising your score is a bit like losing weight: It takes time and there is no quick fix. In fact, quick-fix efforts can backfire. The best advice is to manage credit responsibly over time.

PAYMENT HISTORY TIPS

- Pay your bills on time. Delinquent payments and collections can have a major negative impact on your score.
- If you have missed payments, get current and stay current. The longer you pay your bills on time, the better your score.
- Be aware that paying off a collection account will not remove it from your credit report. It will stay on your report for seven years.
- If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor. This won't improve your score immediately, but if you can begin to manage your credit and pay on time,

your score will get better over time.

AMOUNTS OWED TIPS

- Keep balances low on credit cards and other "revolving credit". High outstanding debt can affect a score.
- Pay off debt rather than moving it around. The most effective way to improve your score in this area is by paying down your revolving credit. In fact, owing the same amount but having fewer open accounts may lower your score.
- Don't close unused credit cards as a short-term strategy to raise your score.
- Don't open a number of new credit cards that you don't need, just to increase your available credit. This approach could backfire and actually lower score.

LENGTH OF CREDIT HISTORY TIPS

- If you have been managing credit for a short time, don't open a lot of new accounts too rapidly. New accounts will lower your average account age, which will have a larger effect on

your score if you don't have a lot of other credit information. Also, rapid account buildup can look risky if you are a new credit user.

NEW CREDIT TIPS

- Do your rate shopping for a given loan within a focused period of time. FICO® scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur.
- Re-establish your credit history if you have had problems. Opening new accounts responsibly and paying them off on time will raise your score in the long term.
- Note that it's OK to request and check your own credit report. This won't affect your score, as long as you order your credit report directly from the credit reporting agency or through an organization authorized to provide credit reports to consumers.

TYPES OF CREDIT USE TIPS

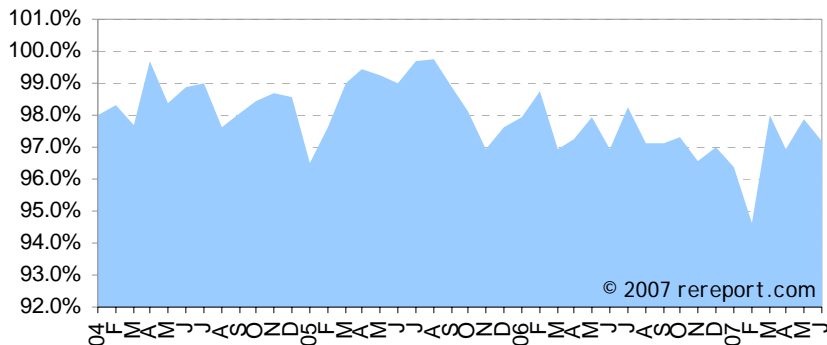
- Apply for and open new credit

accounts only as needed. Don't open accounts just to have a better credit mix - it probably won't raise your score.

- Have credit cards - but manage them responsibly. In general, having credit cards and installment loans (and paying timely payments) will raise your score. Someone with no credit cards, for example, tends to be higher risk than someone who has managed credit cards responsibly.
- Note that closing an account doesn't make it go away. A closed account will still show up on your credit report, and may be considered by the score.

Santa Cruz County: Homes

Sales Price/Listing Price Ratio



“Don't close unused credit cards as a short-term strategy to raise your score.”

June Sales Statistics

Condominiums/Townhomes

	Prices		Unit		Newly		Total		Change from Last Year				Change from Last Month			
	Median	Average	Sales	Listed	Listed	DOM	SP/LP	Med.	Ave.	Sales	Listed	Med.	Ave.	Sales	Listed	
County	\$545,000	\$544,199	36	94	271	95	98.0%	6.9%	-6.0%	-12.2%	-7.2%	19.3%	8.9%	-5.3%	0.7%	
Aptos	\$558,500	\$576,750	4	6	13	93	99.8%	3.7%	7.1%	300.0%	-18.8%	3.4%	3.8%	0.0%	18.2%	
Capitola	\$600,000	\$568,857	7	7	23	71	98.8%	41.2%	32.3%	133.3%	-20.7%	40.6%	30.1%	16.7%	0.0%	
Rio del Mar	\$640,000	\$722,968	4	7	27	165	93.5%	-34.4%	-23.9%	33.3%	-3.6%	42.5%	61.0%	300.0%	0.0%	
Scotts Valley *	*	*	*	*	*	*	*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Santa Cruz	\$545,000	\$519,987	16	45	100	87	97.9%	28.2%	10.2%	33.3%	40.8%	16.0%	2.5%	128.6%	12.4%	
Watsonville	\$331,500	\$331,500	2	21	77	83	100.0%	-20.7%	-27.6%	-50.0%	35.1%	-20.9%	-19.0%	-75.0%	5.5%	

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American Dream Realty
1041 41st Avenue Santa Cruz, CA 95062

www.SantaCruzRE.com

Tershy's
Tid Bits

«OWNERFIRST» «OWNERLAST»
«MAILADDRESS»
«MAILCITY», «MAILSTATE» «ZIPANDZIP»

Street Address	List Price	Sale Price	DOM	Sale Date	Beds	Baths	SqFt	Age	Lot Size
118 SAN JOSE AV	1299000	1250000	28	6/14/2007	3	2	1611	30	6490
121 JOHN ST	1195000	1172000	55	5/24/2007	2	2	965	94	7178
135 SANTA CRUZ ST	1100000	1025000	4	2/16/2007	2	2	1328	48	5009
317 LIGHTHOUSE AV	1050000	965000	13	2/11/2007	3	2	1700	33	7000
215 WOODROW AV	1005000	1005000	0	7/6/2007	2	2	1211	59	4922
219 NATIONAL ST	935000	951000	14	4/25/2007	3	2	1413	24	5096
325 ALTA AV	897000	940000	10	3/19/2007	3	3	1785	30	6250
450 OXFORD WY	847000	837000	100	5/17/2007	3	2	1196	47	6142
109 PLATEAU AV	829500	815000	33	5/31/2007	2	2	1082	61	4965

Ocean front sales in Santa Cruz County within the past six months:

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Santa Cruz County Homes: Prices vs. Sales
(3-month moving average — \$000's)

