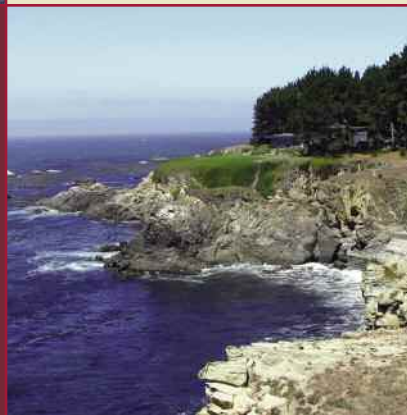


# 2008 MARKET REPORT



**An analysis of the  
Luxury Real Estate  
market of  
Mendocino and  
Sonoma counties**



**KENNEDY**  
& associates

## Snapshot of the financing market

The Economic Stimulus Act of 2008 provides for substantial changes in loan guidelines to help consumers and lenders. The changes are a result of very tight credit markets precipitated by the collapse of the sub-prime and alt - A mortgage markets. Loan defaults have created huge numbers of foreclosures and short sales resulting in a very skittish financial marketplace.

There is no shortage of money available for home mortgages because the American Mortgage has been federalized, at least for the timebeing. More than 90% of the new loans now are being made through the Federal Housing Administration insurance program, plus Fannie Mae and Freddie Mac. FHA is owned by the federal government, and Fannie and Freddie are operating under federal conservatorship. All three have access to global capital markets at rock bottom costs because their borrowings are generally guaranteed by the Treasury.

The Economic Stimulus Act changes loan limits for government underwritten FHA loans and increases loan limits for conforming loans underwritten by Fannie Mae. While not an answer for homes in higher price ranges, the new levels do provide options for many. Here are the loan guide lines for our area:

Sonoma County - FHA & Conforming Loan Limits - \$520,950

Mendocino County - FHA Loan limits - \$373,750- Conforming conventional loan limits \$417,000

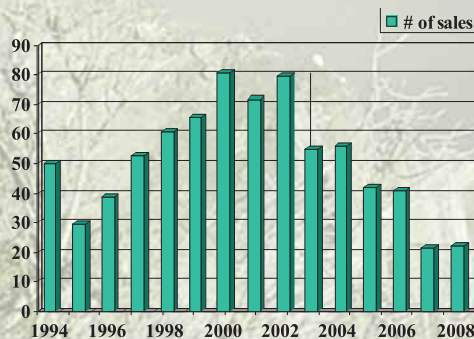
If you are looking for a conforming product, plan on a minimum of 20% down and demonstrate good credit levels to get the best rates. The 2009 FHA loan advantages include some relaxed credit guidelines and lower down payments. Generally, 3.5% is a good down payment for these loans. These new FHA loan limits will also apply to refinances under a program called FHA Secure. Homeowners facing ownership issues should investigate FHA refinance as billions of dollars have been set aside for borrowers.

If you are in the market for a new home, do your homework first. Find a lender that has access to multiple investors and product lines and get pre-qualified for the financing. Mortgage rates are at historic lows, but banks are being cautious. If you are thinking of selling, pricing of your property to fair market value and comparable sales data is critical. Appraisers are in the hot-seat having to strongly justify the value they place on properties. Working with an experienced Real Estate Broker will help guide you through these changing times.

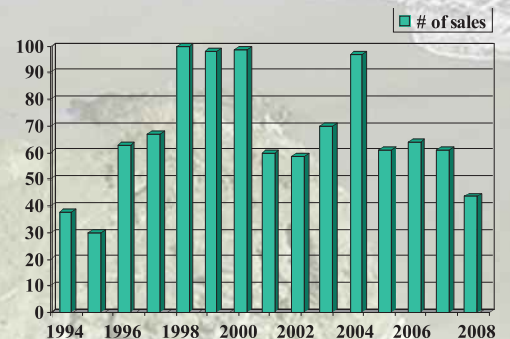
### Top 15 Residential Sales/Single Family Homes

| Address         | City          | Sales Price | Days on Market |
|-----------------|---------------|-------------|----------------|
| Sculpture Point | The Sea Ranch | \$2,750,000 | 423            |
| Sculpture Point | The Sea Ranch | \$1,600,000 | 23             |
| Tide Pool       | The Sea Ranch | \$1,530,000 | 161            |
| Bluff Reach     | The Sea Ranch | \$1,450,000 | 37             |
| Pilots Reach    | The Sea Ranch | \$1,425,000 | 426            |
| Clippers Reach  | The Sea Ranch | \$1,375,000 | 49             |
| Tide Pool       | The Sea Ranch | \$1,350,000 | 89             |
| Foremast        | The Sea Ranch | \$1,300,000 | 93             |
| Fish Rock Rd    | Gualala       | \$1,250,000 | 300            |
| Highway 1       | Timber Cove   | \$1,195,000 | 44             |
| Rock Cod        | The Sea Ranch | \$1,175,000 | 12             |
| Sounding        | The Sea Ranch | \$1,300,000 | 210            |
| Seal Rock Reach | The Sea Ranch | \$1,000,000 | 732            |
| Wild Moor       | The Sea Ranch | \$ 995,000  | 13             |
| Whalebone       | The Sea Ranch | \$ 935,000  | 77             |

### GUALALA AREA HOME SALES



### SEA RANCH HOME SALES



## Are all housing markets the same? 2007/2008

In this world of 24/7 news, global markets, and countless reports on the housing market, it's easy to be misled by information that may not be applicable to your local market area. Differences in housing markets become more apparent when you compare neighborhoods, communities and counties. It is important to note that for the most part, differences in the mix of homes for sale in a market are driven by local conditions. Because of the barrage of information out there with respect to real estate, it's best to turn to the expert in your local market when considering buying or selling a property.

### SEA RANCH- Sonoma County

Overall the market on The Sea Ranch experienced a 25% decrease in the total number of units sold, and a 10-12% decrease in value. Sales ranged from \$460,000 to \$2,750,000 with a median price if \$809,000, down from last year's median of \$847,000. Of the 44 homes sold, one fourth of them were for over \$1 million. The average marketing time for Sea Ranch homes was 140 days.

### GUALALA- Mendocino County line to Iversen

A total of 24 homes were sold in the Gualala market, compared to 22 in 2007. The year ended with a substantial decrease in the median price of homes to \$455,500 compared to \$545,000 in the prior 2 years. Homes took on average 171 days to sell.

### POINT ARENA – Manchester- Irish Beach

In the Coastal Communities from Point Arena to Irish Beach 7 homes sold, with the median home price dropped over 20% from the 2007 median value of \$482,500 to \$400,000. The average days on market for this region was 164 days.

## HOUSE SALES 2007

| AREA        | #  | LOW         | HIGH        |
|-------------|----|-------------|-------------|
| Anchor Bay  | 6  | \$ 350,000  | \$1,480,000 |
| Annapolis   | 0  |             |             |
| Elk         | 3  | \$1,000,000 | \$1,700,000 |
| Gualala     | 12 | \$ 307,000  | \$ 775,000  |
| Irish Beach | 1  | \$ 631,000  |             |
| Iversen     | 4  | \$ 600,000  | \$1,250,000 |
| Manchester  | 1  | \$ 411,500  |             |
| Point Arena | 5  | \$ 170,000  | \$ 570,000  |
| Sea Ranch   | 61 | \$ 370,000  | \$3,500,000 |
| Timber Cove | 8  | \$ 375,000  | \$2,595,000 |

TOTAL SALES 101

## LAND SALES 2007

| AREA        | #  | LOW         | HIGH        |
|-------------|----|-------------|-------------|
| Anchor Bay  | 2  | \$ 770,000  | \$1,100,000 |
| Annapolis   | 2  | \$ 250,000  | \$ 310,000  |
| Elk         | 1  | \$2,350,000 |             |
| Gualala     | 3  | \$ 110,000  | \$ 475,000  |
| Iversen     | 2  | \$ 189,000  | \$ 285,000  |
| Irish Beach | 0  |             |             |
| Manchester  | 4  | \$ 100,000  | \$1,000,000 |
| Point Arena | 3  | \$ 160,000  | \$ 535,000  |
| Sea Ranch   | 24 | \$ 65,000   | \$ 775,000  |
| Timber Cove | 5  | \$ 72,500   | \$ 220,000  |

TOTAL SALES 46

## HOUSE SALES 2008

| AREA        | #  | LOW         | HIGH        |
|-------------|----|-------------|-------------|
| Anchor Bay  | 12 | \$ 275,000  | \$1,250,000 |
| Annapolis   | 1  | \$ 350,000  |             |
| Elk         | 0  |             |             |
| Gualala     | 10 | \$ 195,000  | \$ 600,000  |
| Irish Beach | 2  | \$ 400,000  | \$ 490,000  |
| Iversen     | 1  | \$ 305,000  |             |
| Manchester  | 1  | \$ 335,000  |             |
| Point Arena | 4  | \$ 149,000  | \$ 750,000  |
| Sea Ranch   | 44 | \$ 460,000  | \$2,750,000 |
| Timber Cove | 2  | \$1,195,000 | \$1,245,000 |

TOTAL SALES 77

## LAND SALES 2008

| AREA        | # | LOW        | HIGH        |
|-------------|---|------------|-------------|
| Anchor Bay  | 1 | \$ 825,000 |             |
| Annapolis   | 1 | \$ 125,000 |             |
| Elk         | 1 | \$ 250,000 |             |
| Gualala     | 1 | \$ 285,000 |             |
| Iversen     | 5 | \$ 43,000  | \$ 375,000  |
| Irish Beach | 1 | \$ 150,000 |             |
| Manchester  | 0 |            |             |
| Point Arena | 2 | \$ 350,000 | \$ 570,000  |
| Sea Ranch   | 7 | \$ 140,000 | \$1,055,000 |
| Timber Cove | 5 | \$ 35,000  | \$ 330,000  |

TOTAL SALES 24

