

The 3 Oceans Market Report

market update

SAN CARLOS

Current prices for homes on the market

Trends in pricing

Current levels of supply and demand

Value metrics

Report for the week of
2008-12-05

Presented by Kevin Boer

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City Overview

Real-Time Market Profile		Trend
Median List Price	\$ 1,154,989	← →
Average List Price	\$ 1,217,331	
Least Expensive Listing	\$ 485,989	
Most Expensive Listing	\$ 3,780,000	
Asking Price per Square Foot	\$ 579	← →
Average Days on Market	79	↑ ↑
Total Inventory	78	↑ ↑
Absorbed This Week*	7	
Percent of Properties with Price Decrease	60 %	
Percent Relisted (reset DOM)	21 %	
Percent Flip (price increased)	0 %	
Median House Size (sq ft)	2,092	
Median Lot Size	6,501 - 8,000 sq ft	
Median Number of Bedrooms	3.5	
Median Number of Bathrooms	2.0	
Median Age	57	

Altos Research Value Statistics		
Market Action Index	Cold! Buyer's	16 ↓ ↓

Altos Research calculates the Market Action Index which measures available supply relative to the current level of demand. Index value above 30 indicates conditions favor the seller. See the section below for full details.

Trend Key

Last Month's Trend
 Last Quarter's
 No Clear Monthly/Quarterly

*Metric "Absorbed this Week" covers properties sold and those taken off the market for other reasons. Since sales sometimes take months to close, it is impossible to discern in real-time exactly which properties sold.

Characteristics per Quartile

Quart	Median Price	Med. Sqft.	Med. Lot Size	Bed	Bath	Med. Age	Inven.	New	Ab-sorbed	Avg. DoM
1	\$ 1,624,000	2,880	0.25 - 0.50 acre	4.0	3.0	34	19	1	1	94
2	\$ 1,295,000	2,570	8,001 - 10,000 sq ft	4.0	3.0	46	19	1	1	72
3	\$ 1,071,950	1,850	4,501 - 6500 sq ft	3.0	2.0	56	20	2	2	62
4	\$ 684,450	1,100	4,501 - 6500 sq ft	2.0	1.0	61	20	2	3	91

SAN CARLOS

THIS WEEK

The median single family home price in SAN CARLOS this week is \$1,154,989. The 78 homes have been on the market for an average of 79 days.

The Market Action Index has been trending down lately, while inventory and days-on-market are climbing. The trends imply a weakening market.

QUARTILES

To get a tightly targeted understanding of homes in the market, we break each locale into quartiles. Each quartile is 25% of the homes listed.

Most expensive 25% of homes

Upper-middle 25% of homes

Lower-middle 25% of homes

Least expensive 25% of homes

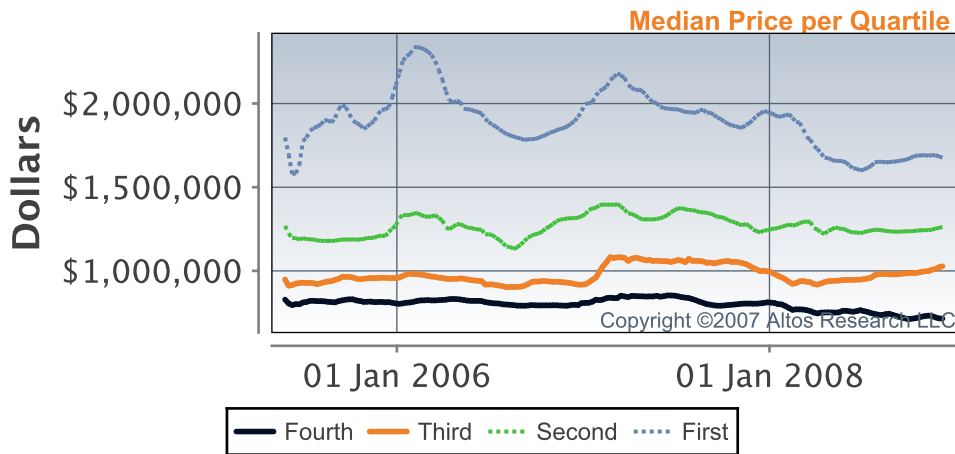
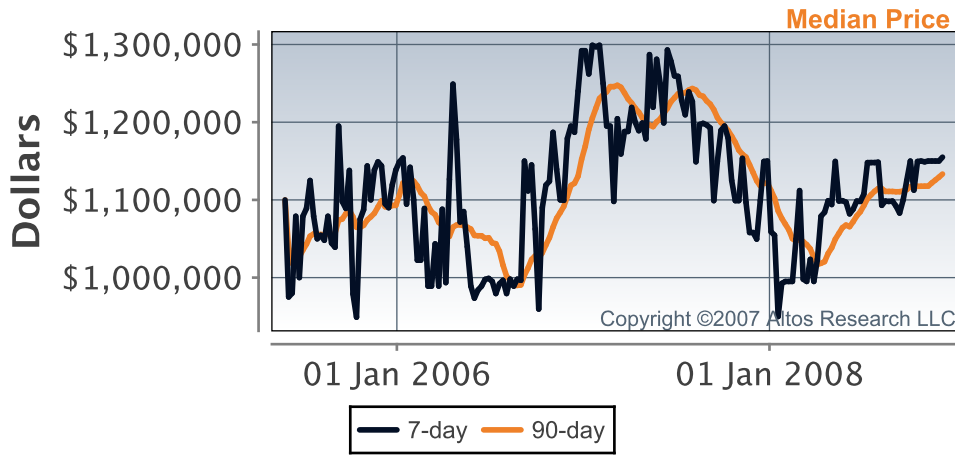
We'll refer to the quartiles in the trend graphs below.

PRICE

The market seems to have paused around this plateau. The Market Action Index is a good leading indicator for the durability of this trend.

QUARTILE PRICES

Often, we find insights by watching pricing trends within the quartile segments. Pricing trends have been lacking strong directional indication lately. Quartile 4 is down, Quartile 1 is essentially flat, while Quartiles 2 and 3 are up in recent weeks. Slack demand sometimes takes hold at either end of the market and converges on the center. Watch for persistent shifts in the Market Action Index for a leading indicator of stronger price moves in the

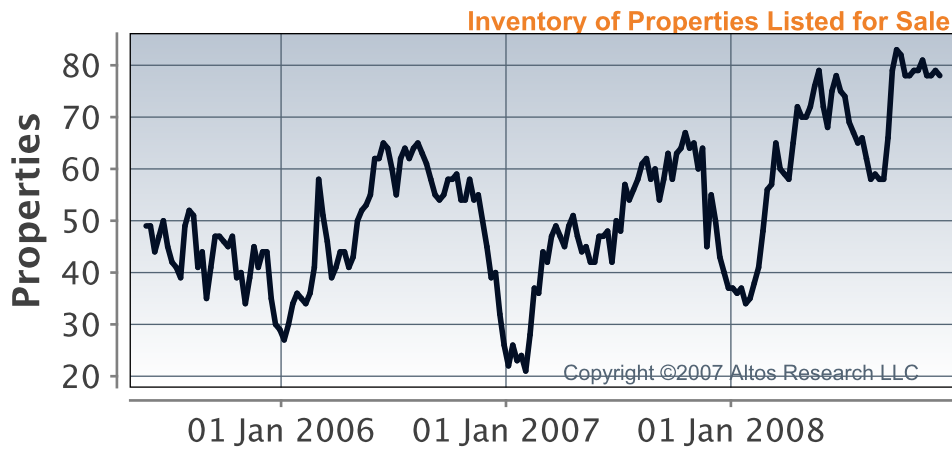
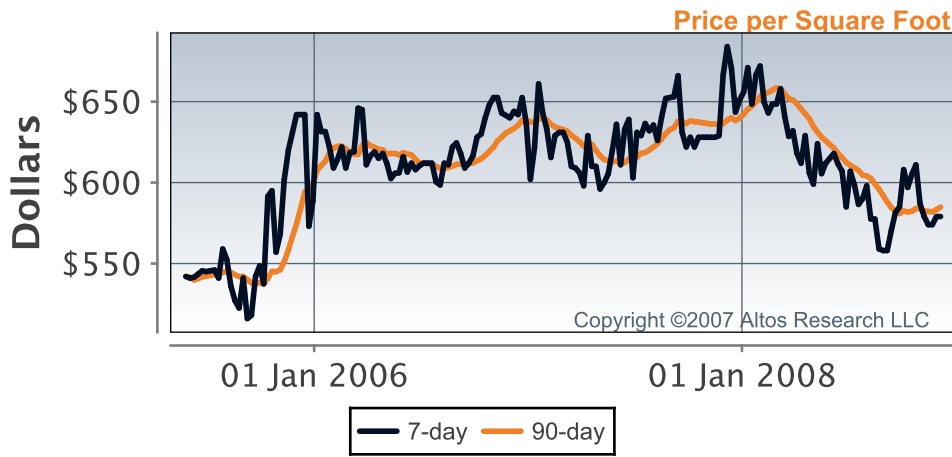


PRICE AND VALUE

The market appears to be placing an increasing premium on homes. When list prices and price per square foot consistently increase in tandem, as they're doing now, you can often find short-term investment opportunities. Watch the Market Action Index for persistent changes as a leading indicator for these trends to flatten or drop.

INVENTORY

Inventory has been climbing lately. Note that rising inventory alone does not signal a weakening market. Look to the Market Action Index and Days on Market trends to gauge whether buyer interest is keeping up with available supply.



Residential house prices are a function of supply and demand, and market conditions can be characterized by analyzing those factors. Watch this index for sustained changes: if the index falls into the Buyer's Market zone for a long period, prices are likely in for a downward correction.



The Market Action Index (MAI) illustrates the balance between supply and demand using a statistical function of the current rate of sale versus current inventory.

An MAI value greater than 30 typically indicates a "Seller's Market" (a.k.a. "Hot Market") because demand is high enough to quickly gobble up available supply. A hot market will typically cause prices to rise. MAI values below 30 indicate a "Buyer's Market" (a.k.a. "Cold Market") where the inventory of already-listed homes is sufficient to last several months at the current rate of sales. A cold market will typically cause prices to fall.

MARKET ACTION INDEX

The SAN CARLOS market is currently quite strongly in the Buyer's Market zone (below 30). The 90-day Market Action Index stands at 16. With several months of inventory available at the current sales rate, buyers should find ample choice.

In terms of supply and demand, the market is getting cooler - more supply is coming on the market relative to the sales demand. However, in recent weeks prices have been moving higher. Since it is technically a Buyer's market, this price trend may be a result of improved quality (newer, larger homes) of the homes being listed. Look at the descriptive statistics where you may notice the homes being listed are larger and younger than they have been in the past.

MARKET ACTION

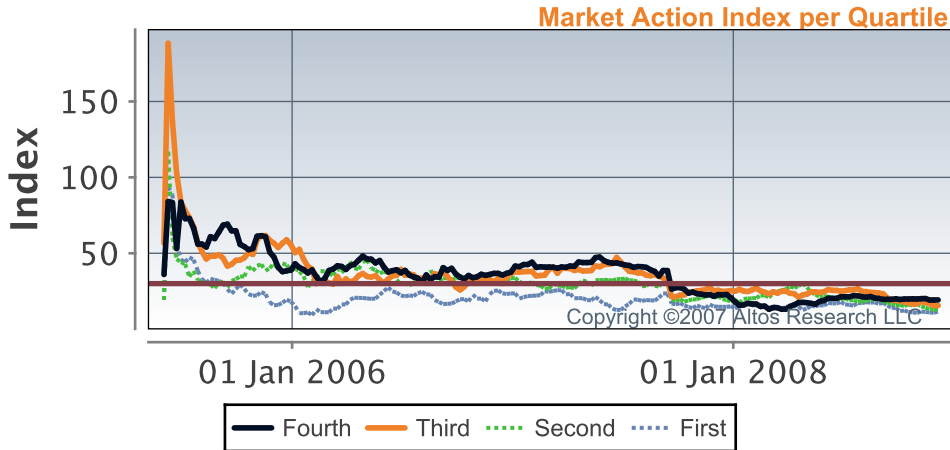
Not surprisingly given the overall Market Action Index, all quartiles are in the Buyer's Market zone with several months of inventory given the current rate of demand for homes in the quartile. Watch the quartile for changes before the overall market shifts. Often one end of the market (e.g. the low end) will improve and signal a strengthening market before the whole group changes.

DAYS ON MARKET (DOM)

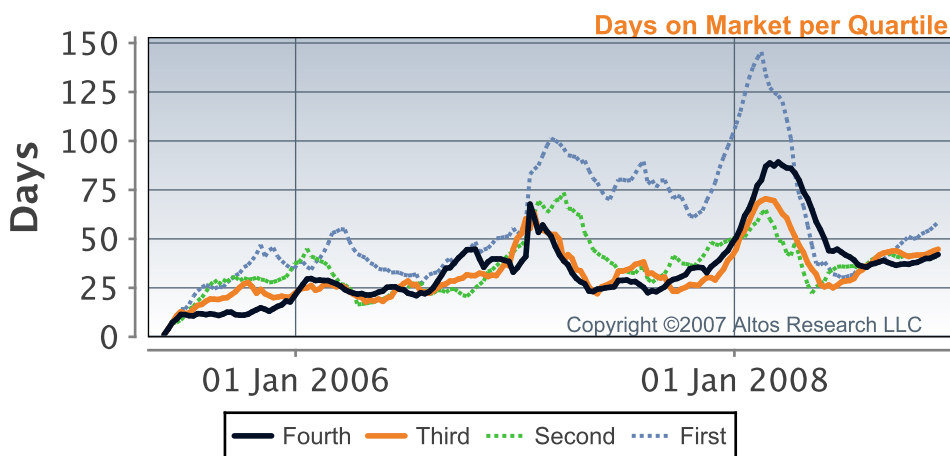
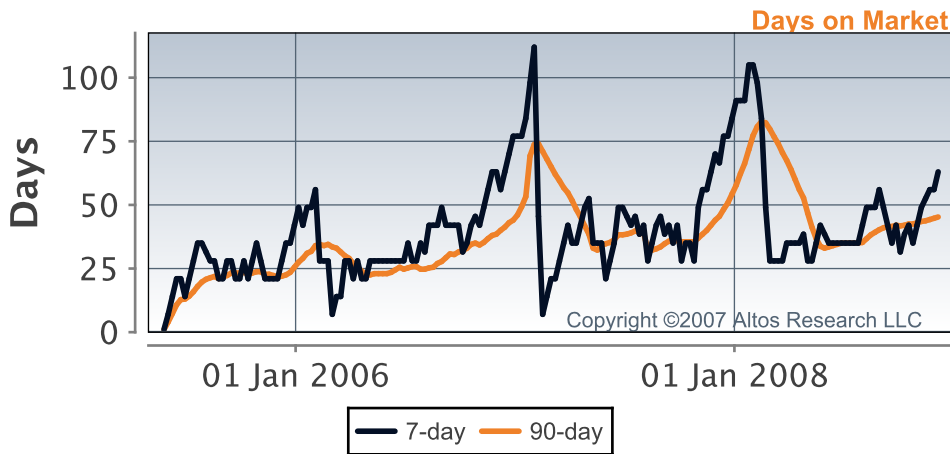
The properties have been on the market for an average of 79 days. Half of the listings have come newly on the market in the past 63 or so days.

DOM PER QUARTILE

It is not uncommon for the higher priced homes in an area to take longer to sell than those in the lower quartiles.



The quartiles can help you answer the question, "How hot is the market for homes in my price range?"



Neighborhood Detail

SAN CARLOS 94070

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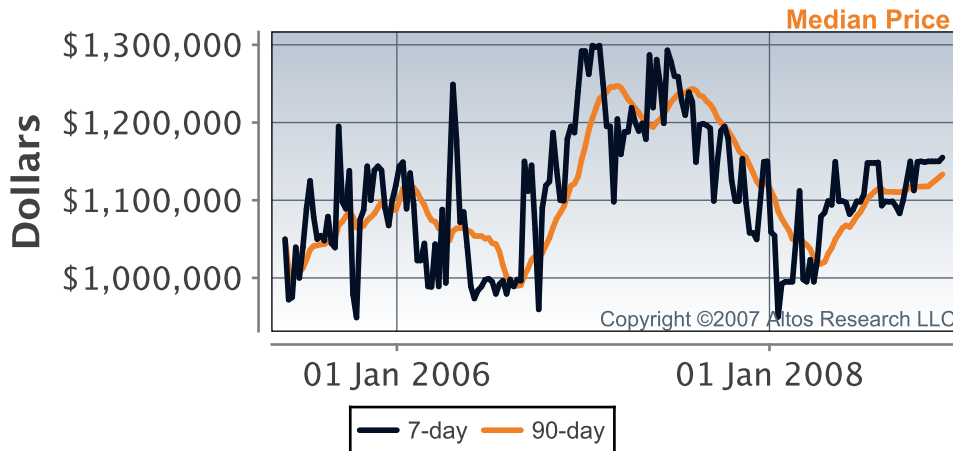
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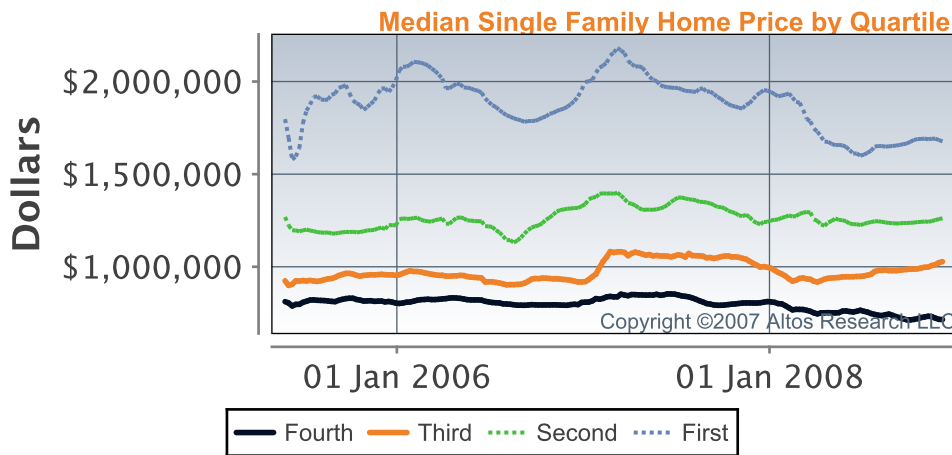
PRICE

In the last few weeks we've seen prices in this zip code bouncing around this plateau. Look for a persistent down-shift in the Market Action Index before we see prices deviate from these levels.



PRICE PER QUARTILE

In the quartile market segments, we see prices in this zip code with a lack of strong directional indication lately. Quartile 4 is down, Quartile 1 is essentially flat, while Quartiles 2 and 3 are up in recent weeks. Slack demand sometimes takes hold at either end of the market and converges on the center. Watch for persistent shifts in the Market Action Index for a leading indicator of stronger price moves in the market as a whole.



Characteristics per Quartile

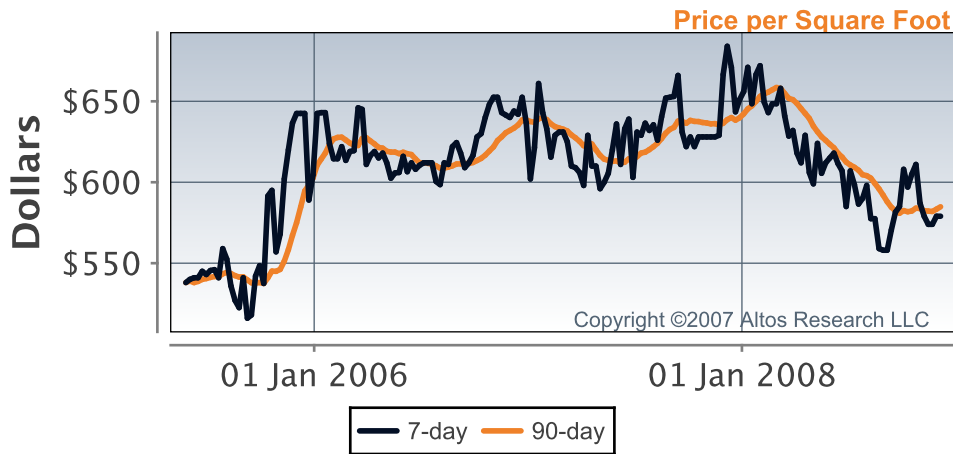
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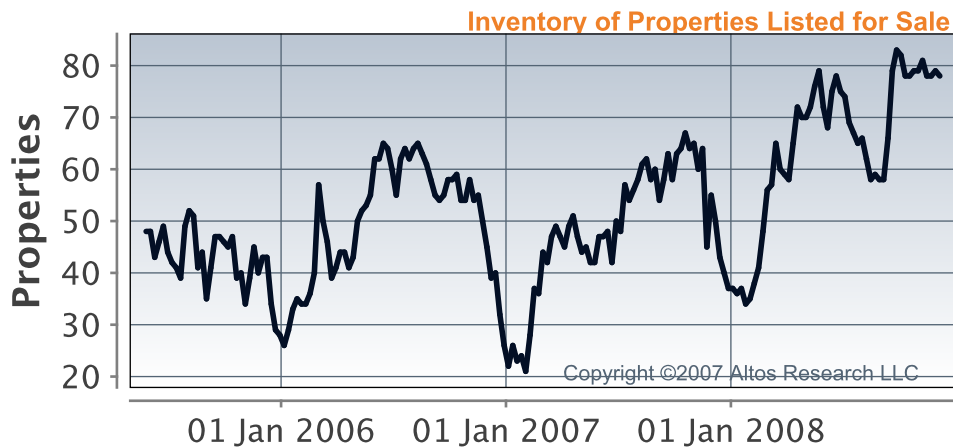
PRICE AND VALUE

The market plateau is seen across the price and value. The price per square foot and median list price have both been reasonably stagnant. Watch the Market Action Index for persistent changes as a leading indicator before the market moves from these levels.



INVENTORY

Inventory has been climbing lately with 78 properties available this week. Note that rising inventory alone does not signal a weakening market. Look to the Market Action Index to gauge whether buyer interest is keeping up with available supply.



MARKET ACTION INDEX

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MARKET ACTION

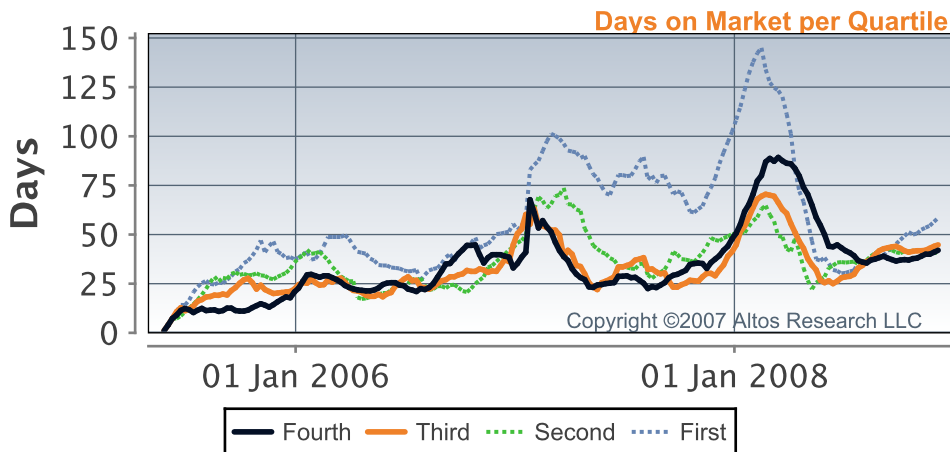
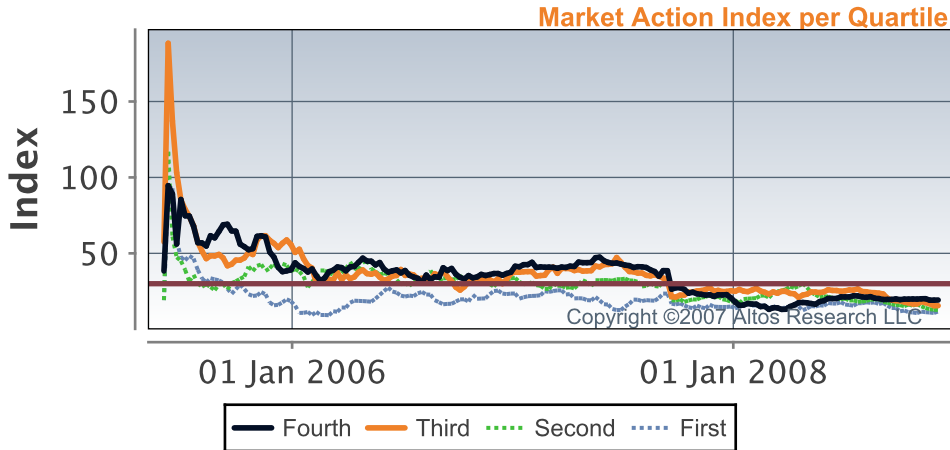
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DAYS ON MARKET

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DAYS ON MARKET

It is not uncommon for the higher priced homes in an area (Quartiles 1 and 2) to take longer to sell than those in the lower quartiles.



About Altos Research Corporation

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