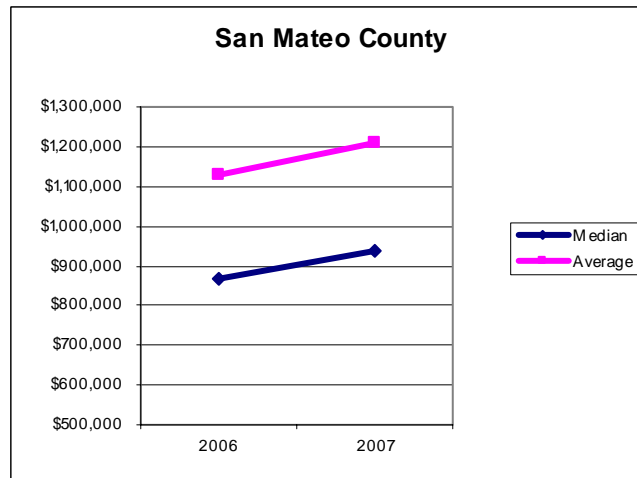


Coastside Real Estate Market Report By Marian S. Bennett, Coldwell Banker

What's in store for San Mateo County Coastside real estate in 2008?

This report provides *hyper-local state of the real estate market* taken directly from local MLS data for the past nine years and my analysis of this data.



San Mateo Countywide showed both an increase in median sales prices and average sales prices for single family homes. 2007 Median Sales Price was \$936,000, a 7.7% increase from 2006. 2007 Average Sales Price was \$1,209,838, a 7.4% increase from 2006.

Our local town results are below.

California Market Today:

Home *prices* overall will most likely continue to soften as the inventory works its way back to normal levels; *sales* of existing homes are expected to stabilize following a tumultuous 2007. The higher end of the market will continue to be strong while the entry levels of the market will continue to be most affected by new credit standards, affordability concerns, and possible standoffs between buyers and sellers. Overall sales may continue to decline without financial liquidity resolution or an unexpected increase in interest rates; otherwise, we continue to work toward stabilization. "Higher priced regions of the state, such as the San Francisco Bay Area...will react more to affordability constraints." Source: California Association of Realtors California Market Forecast for 2008. Summarized.

Our LOCAL Market Today

The Coastside currently has 92 active single family homes listed for sale on the MLS. One-third of those have had price reductions since being listed. Current inventory is about 25% off the

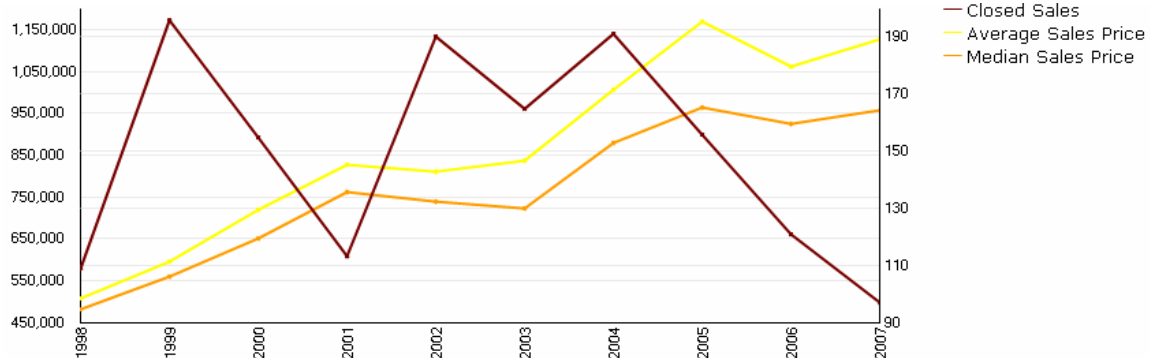
norm for this time of year. Twenty-seven are considered new listings; among the 27, nine of them are between 90 and 522 continuous days on market. It will be an easier year for sellers. The sellers in the market will be those who are truly motivated to sell, and will price, present and market accordingly. This is not the time to test the market. I am not surprised by the lower inventory. To me this is understandable as some sellers hesitate while the mortgage industry rights itself, in addition to fewer buyers in the market – in part due to new mortgage/lending guidelines affecting affordability and also tapped out equity limiting move-up, investment, or second home opportunities.

Factors most affecting our **local Half Moon Bay area** market in 2008:

1. **Perception** – fueled by negative media reporting. While some articles are factual, many create a highly negative spin that only serves to increase a “doom & gloom” scenario. It is common knowledge that negative news sells more than positive. It’s *their job* to get you to read it. It’s *our job* to take all the factors making news and not making news and help you make decisions that are in your best interest.
2. **Affordability** – credit guidelines that mortgage brokers must use to originate loans have changed. Very lenient loan options that began back in 2001 and helped spur the largest run-up in sales prices in history was clearly not sustainable. Fortunately, we are back to realistic risk guidelines in place, meaning those that can afford a home will be able to get one. Unfortunately, some people that entered the market during the last 5 years will lose their homes and fewer people will be able to really afford to buy a home here in San Mateo County.
3. **Fear of the Unknown** – Issues related to fear are the bottoming of the market, Devil’s Slide tunnel, and the City of Half Moon Bay judgment and appeal. Let me address these separately.
 - a. **Bottoming of the Market.** The word on the street is some are waiting for the bottom to hit. Local tracking makes sense but statewide or national has limited value; upcoming financial market updates and rate changes may play a role in perception and affordability; time will tell. Some communities (see below) are experiencing an increase, some a decrease. Even within neighborhoods the results can change. Neighborhood results are not in this report. Ask me for a Neighborhood Report if you’re interested.
 - b. **The Devil’s Slide tunnel** is well under way and is expected to be completed in the next 2-3 years. The big question is how will it change our traffic patterns, and the lifestyle to which many of us have become accustomed? My opinion on this is that we will have more visitors during the times that we typically have visitors, perhaps a few more people will consider living here that didn’t before, and the *perception of access* will improve thereby potentially increasing home values.
 - c. **City of Half Moon Bay judgment and pending appeal:** The City is faced with an unprecedented land use lawsuit judgment against it and a pending appeal. How will the City handle such a tremendous task? They are handling it and are doing what they can to keep us informed. We are told a dedicated website is coming to view current and factual information on what the City is doing. Also, all legal documents can be freely viewed at montarafog.com. It is important to get the facts on this issue and to not rely on rumor or speculation if you are a serious buyer or seller. I can help you protect yourself if you are a buyer or seller.

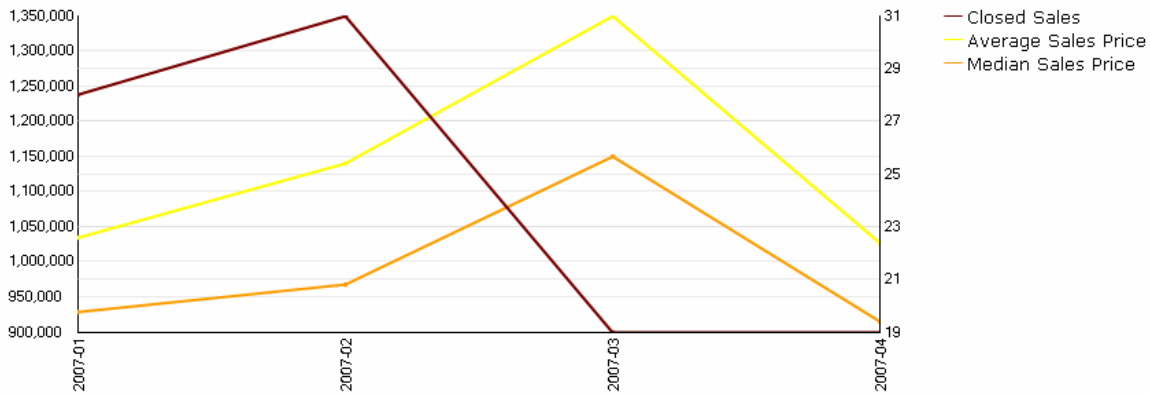
Half Moon Bay

1998-2007:

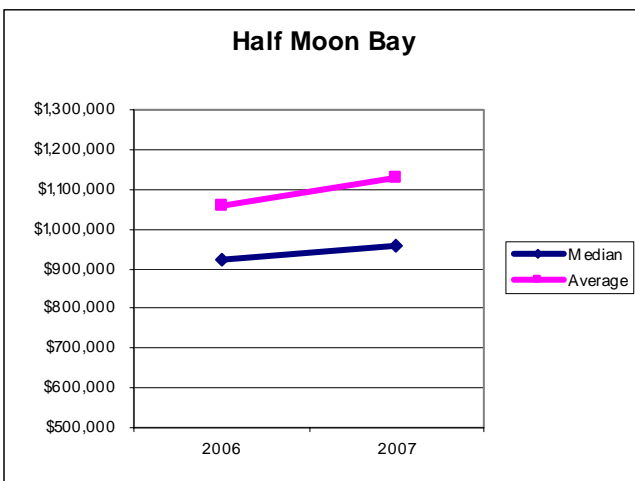


Annual trend shows average sale price increase of 6%; 2007 marked the lowest number of sales in HMB since 1998 (the highest year was 1999 with 196; 2006 had 121 and 2007 had 97 leaving a decrease in number of transactions by 25% from the prior year.

2007:



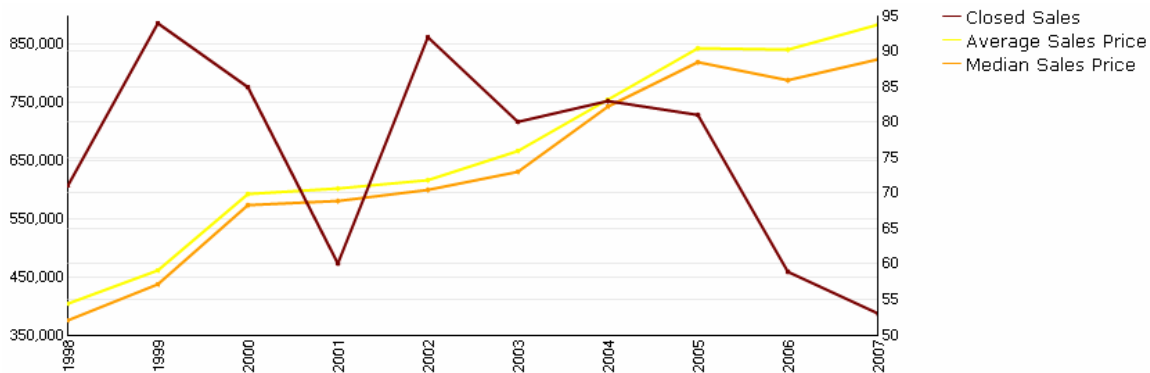
11% decline in average sale price from Q2 to Q4.



Single Family Home:
 2007 Median Sale Price \$957,000
 3.5% Increase from 2006
 2007 Average Sale Price \$1,127,763
 6.3% Increase from 2006

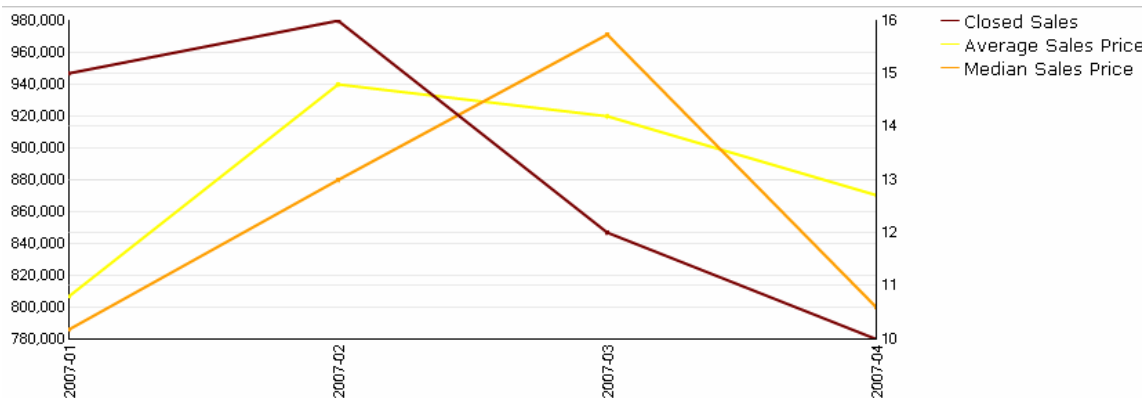
El Granada

1998-2007:

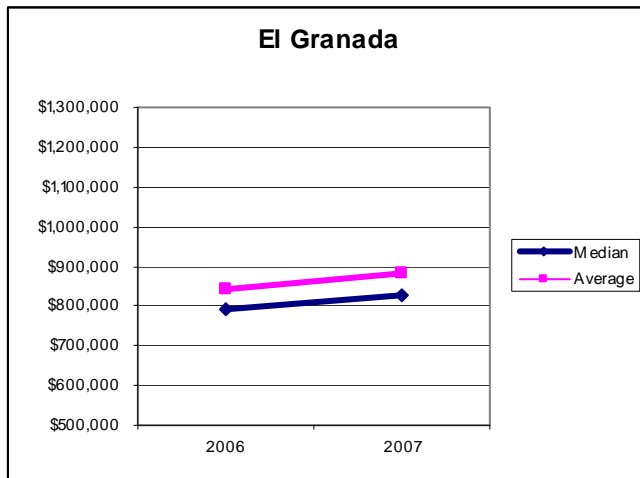


2007 marked the lowest number of sales in EG since 1998 (the highest year was 1999 with 94). Average Sale Price from 2002 to 2007 shows appreciation of 30%.

2007:



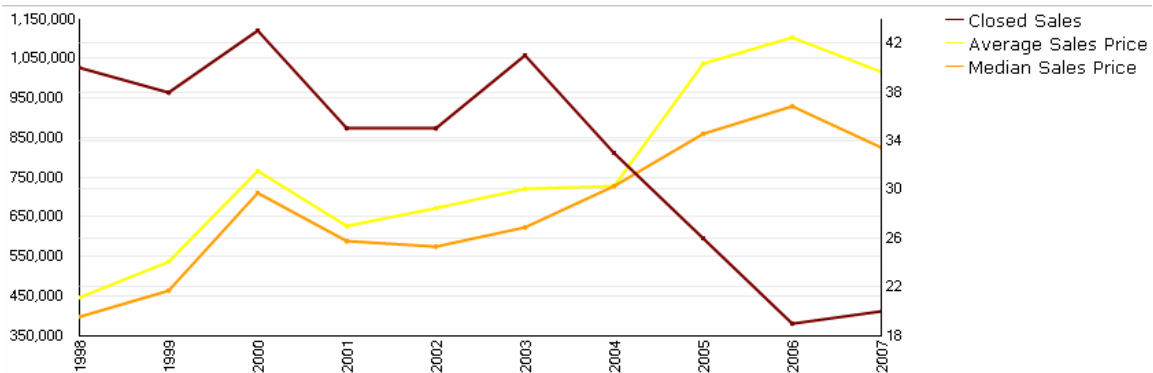
2007 Quarterly figures show a drop in El Granada's average sale price by 9% from Q2 to Q4 (from \$939,628 to \$870,100). 2007 Average Sale Price was \$884,429 – up 5% from 2006.



Single Family Home:
 2007 Median Sale Price \$825,000
 4.4% Increase from 2006
 2007 Average Sale Price \$884,429
 5.2% Increase from 2006

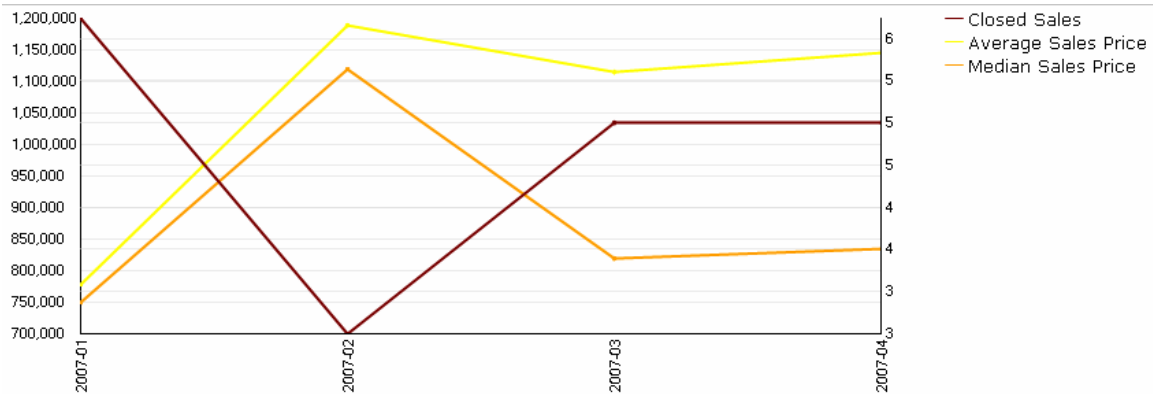
Moss Beach

1998-2007:

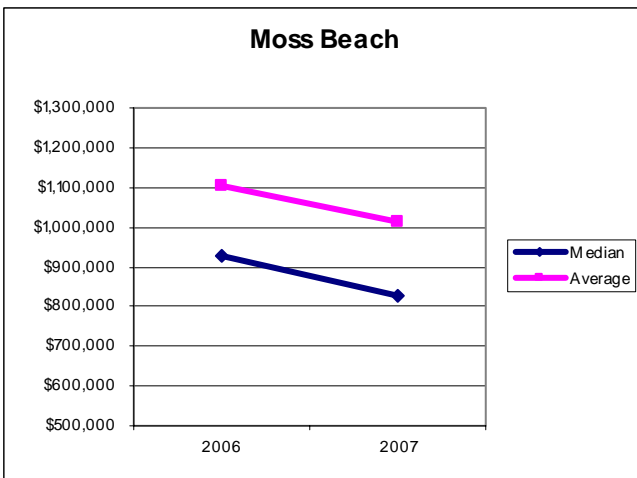


Sales Price appreciation in last five years, 2002-2007 is 34%. 2007 had 1 more sale in 2007 than 2006 (20 vs. 19 for the year) off the high of 43 in 2000.

2007:



Average sales price declined from 06 to 07 by 8.5%. Average Sale Price declined 3.8% from Q2 to Q4.

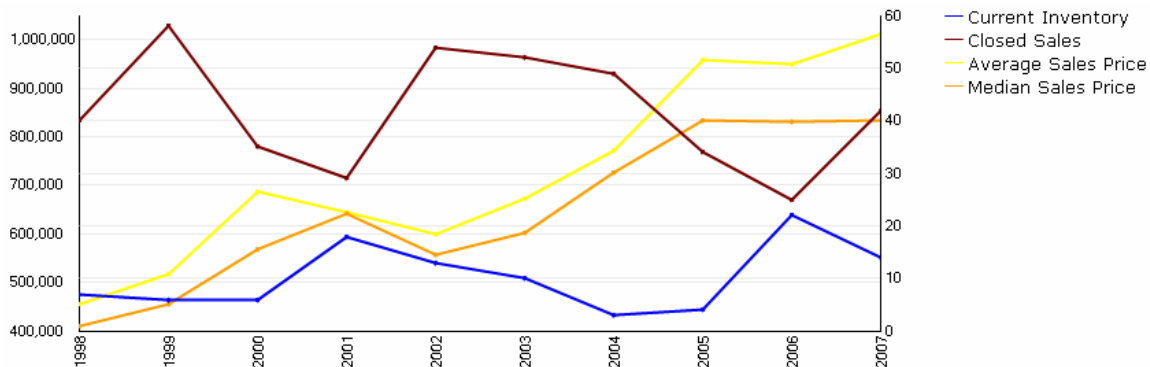


Single Family Home:
 2007 Median Sale Price \$826,000
 11% Decrease from 2006

 2007 Average Sale Price \$1,015,682
 7.8% Decrease from 2006

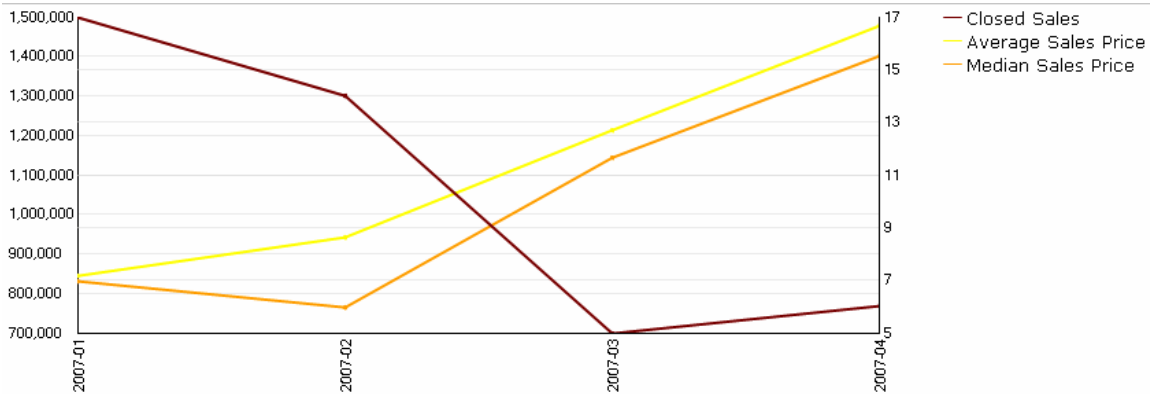
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1998 – 2007:

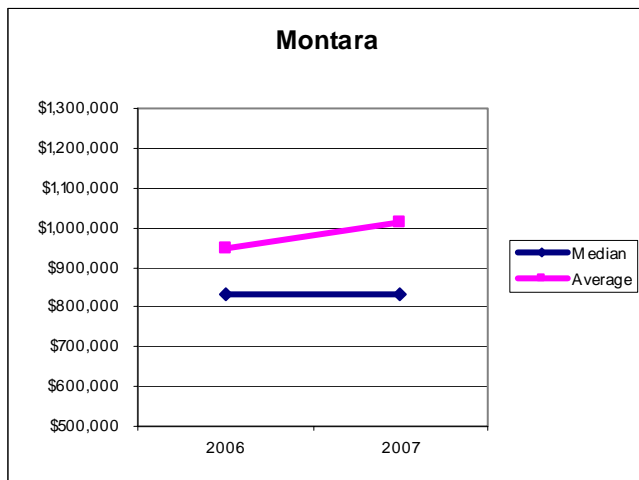


A record year for: Highest number of sales since 1998 - 34 sales in '05, 25 in '06, 42 in '07. Highest average sales price to date - \$1,011,380. Highest median sales price to date - \$832,500. 2006 & 2007 saw the highest inventory levels since 2001.

2007:



Highest sales volume to date – up 79% in the last year alone. Sales Price increased 36% from Q2 to Q4.. The number of closed sales in 2007 increased by 40% (25 in '06; 42 in '07). Of the 7 closed sales in Q4 only, 4 of them were in the \$1-3 million range.

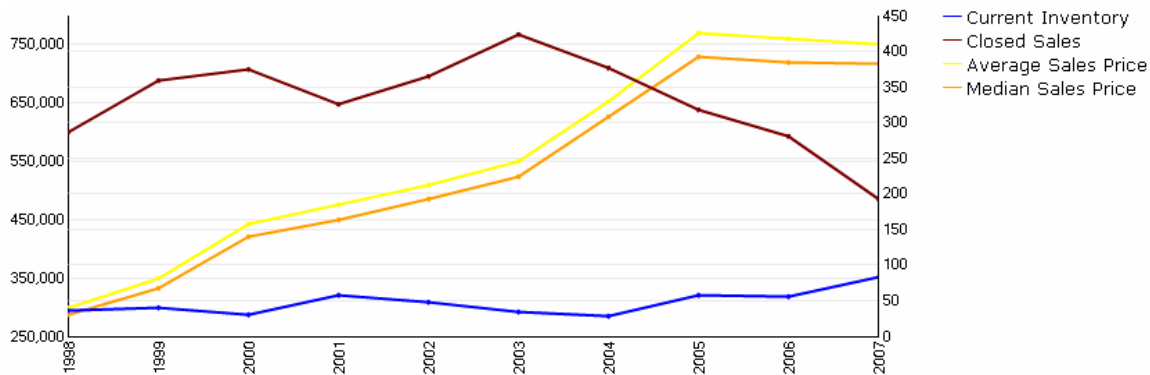


Single Family Home:
 2007 Median Sale Price \$832,000
 0.3% Increase from 2006

 2007 Average Sale Price \$1,011,380
 6.6% Increase from 2006

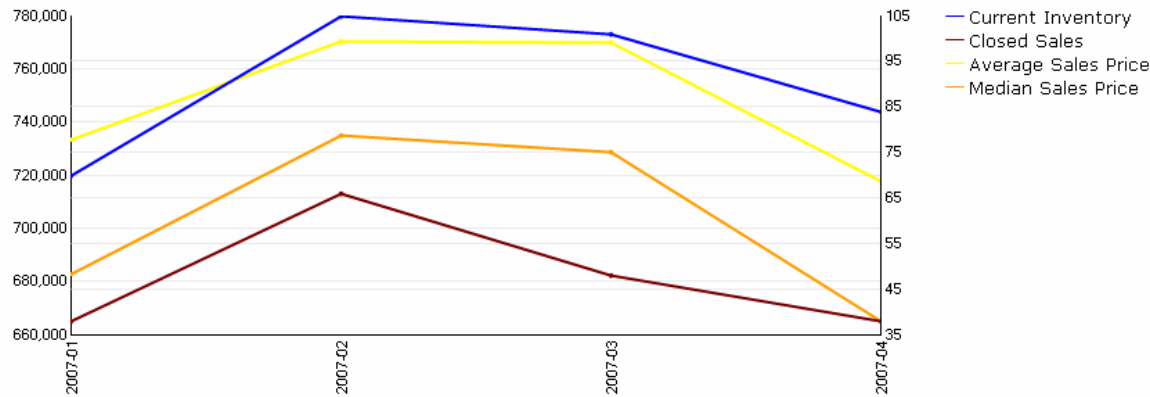
Pacifica

1998 to 2007:

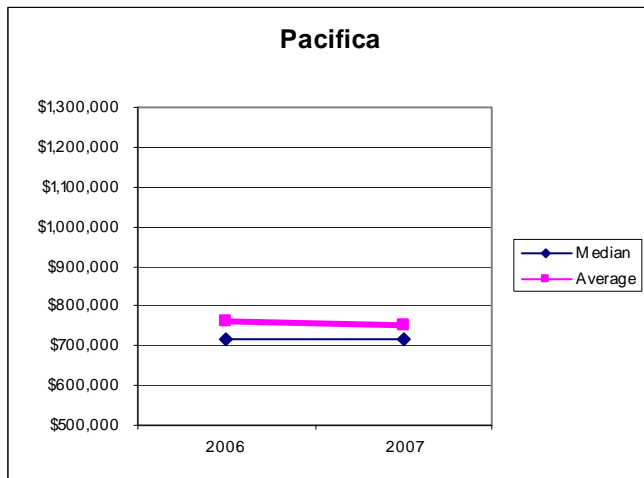


Overall prices have gone up an average of 15% per year for a total of 151%. However, inventory is at its highest which may continue to push prices downward along with affordability concerns.

2007:



The largest drop to date was seen between Q3 and Q4 at 7.5% for average Sales Price of single family homes. Consequently, the number of closed sales plummeted as sellers and buyers could not agree on acceptable terms.



Single Family Home:
 2007 Median Sale Price \$716,500
 0.3% Decrease from 2006

2007 Average Sale Price \$751,661
 1.1% Decrease from 2006

Here are my thoughts if you are currently in or about to be in the real estate market:

Who will benefit most from this market?

1. Sellers who have enough equity to price competitively for their neighborhood trends to get on with their goals and their life. Some will buy a second home, some will invest in another area. Some will move to be closer to other family members using the equity that has built up.
2. Buyers who have a good credit score and have saved a little for a down-payment, have equity or another source of financial support to make a move consistent with their life goals. These buyers will be able to take advantage of historically low rates right now.
3. Those who develop and use a team of professionals to help them achieve their goals – accountant, lawyer, financial planner, real estate professional, mortgage consultant – all play a role and can work together if given the opportunity.

Who will potentially be hurt in this market?

1. Sellers who *have to* sell (for whatever reason) and cannot price their home competitively; and sellers who *want to* sell and will not price their home competitively.
2. Sellers who hire a Realtor and then don't take their counsel. This market demands a Realtor who is on top of the rapidly changing environment on all fronts - real estate, financing, economics, technology, marketing. If a seller hires a Realtor and doesn't tap into these skills, it's a waste of everyone's time, energy, and money.
3. Buyers who have fair to poor credit.
4. Buyers who don't use a Realtor who is representing them as a Buyer's Agent.
5. Buyers who don't do their own research and due diligence.
6. Buyers who continue to wait for the bottom of the market if, for no other reason than to save a few thousand dollars. The right house may not be available when the market hits the bottom. Also, you won't be the only one waiting to jump back into the market. All the waiting serves to drive the market back to the seller side more quickly.
7. Those who rely solely on global news to make local decisions.
8. Those who work with a real estate professional they don't fully trust. If you don't believe the agent you're working with has your best interests in mind, share your concerns with your agent. If that doesn't resolve the issue, find another agent.

If you know anyone who needs to buy or sell and wishes to speak with a low-key but high energy local Realtor, please pass on my name. Thank you for your continued support and as always, please contact me with any questions or comments. I invite you to visit my virtual office at mariansbennett.com or stop by my physical office at 248 Main Street, Suite 200, Half Moon Bay.

Warm regards,

Marian