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Marketwatch

Palm Springs Real Estate

By Scott Lyle

MAY, 2009

CREDENTIALS

#1 Agent in Sales
 Volume for Palm
 Springs: 2008

Over 30 years
 experience in Palm
 Springs

Licensed Agent since
 1978

Real Estate Broker
 Since 1981

Over 3000 closed
 escrows

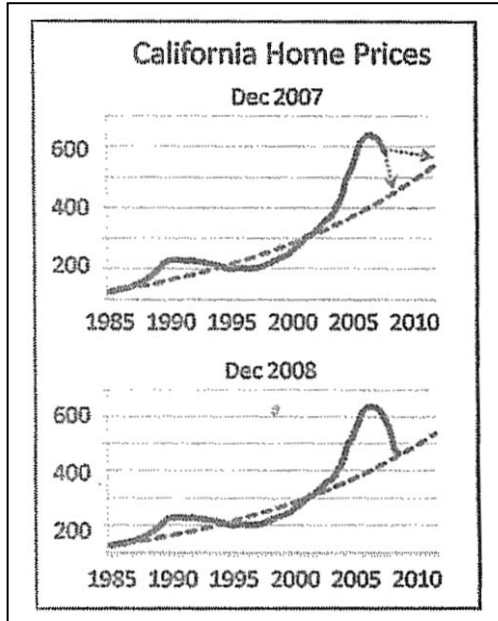
Palm Springs Area
 Realtor of the Year
 (1991)

Board of Directors,
 California Association
 of Realtors (1992)

Past President, Palm
 Springs Regional
 Association of
 Realtors (1993)

Member Who's Who
 in Luxury Real Estate

Certified New Home
 Sales Professional



REAL ESTATE IS THE BEST LONG TERM INVESTMENT

From 1960 – present California real estate has averaged 5.6% appreciation. Look at the graph on the left and you can see what the average price has done since 1985. The best buying opportunities occurred in the mid to late 90s. In the mid-2000s the price increase was too high and now we are giving those back and more. If you believe in a buy low/sell high strategy, then folks this is your time!

Marketwatch is a free insider newsletter of current Palm Springs Area Real Estate trends, explanations, statistics and opportunities. It is available free to clients of Scott Lyle Realtors and interested individuals.

WHAT THE BOTTOM OF A REAL ESTATE MARKET LOOKS LIKE

The Palm Springs real estate market is in a buyer's trough. If you're an investor, this is the time to drink well. Inventory is dropping rapidly as noted in the statistics below because sellers are now realistic. But with the steady stream of foreclosures and pre-foreclosures (short sales) coming on the market, today's low price levels will last through the summer and probably into the fall.

At some point, the foreclosure mess will subside and when that happens, watch for a spike in home prices. I predict a 5% increase. After that you will see very low but constant year over year appreciation. We all will look back at 2009 as the year to have purchased.

What a difference 6 months make! 6 months ago 70% of the sales occurring were distressed sales. Now that figure has been cut in 1/2 to 36%. There are now 20% less properties on the market in the lower desert, compared to just 4 months ago. Sales have increased by 70% valleywide and 86% in Palm Springs.

How do you take advantage of this market? It depends on your financial objectives, resources and risk tolerance. Many investors are snapping up the lower priced homes and making them into income producing rentals. Others are getting into the best locations and putting a large enough down payment that the property can rent for the payments and costs.

But the absolute best investment is the one where you live in and enjoy the home. A full time residence or maybe a vacation home. What a perfect time to buy a vacation home. You can enjoy your savings and in a few years sell the investment and have made money on it.

Interest rates are low with fixed rate 30 year loans at 5% up to \$500,000. For loans higher than that 30 year fixed rates are 6.375%. These low rates strengthen your buying exponentially. And there is financing out there. Sure loans need to be fully documented but we have excellent lenders who will do everything possible to get you the financing you need and deserve.

In summary I am rating this current market a **STRONG BUY**.

VALLEY-WIDE RESIDENTIAL REAL ESTATE STATISTICS AS OF MID-MAY, 2009

	JANUARY, 2009	MID-MAY, 2009	NOTES
ACTIVE LISTINGS	5809	4264	20% Drop in Available Inventory
PENDING SALES	903	1554	Up 70% from January, 2009
BANK-OWNED HOMES FOR SALE	1475	1004	Down 32% since January, 2009
SOLD HOMES	1855 (Jan-May '08)	2168 (Jan-May '09)	Sales UP 17% for same period vs. 2008

PALM SPRINGS ONLY RESIDENTIAL REAL ESTATE STATISTICS AS OF MID-MAY, 2009

	JANUARY, 2009	MID-MAY, 2009	NOTES
ACTIVE LISTINGS	1182	1051	11% Drop in Available Inventory
PENDING SALES	154	287	Up 86% from January, 2009
BANK-OWNED HOMES FOR SALE	273	218	Down 20% since January, 2009
SOLD HOMES	453 (Jan-May '08)	418 (Jan-May '09)	Sales Down 8% for same period vs. 2008

* Valleywide is all residential properties in Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Bermuda Dunes, Indio & Coachella

Status	# Of Homes	Low Price	High Price	Average Price	Median Price	Total Volume	Avg. Days On Market	Palm Springs %	# Bank Owned	% of Bank Owned Properties
Palm Springs										
Active	1051	\$39,900	\$14,900,000	\$598,705	\$350,000	\$618,462,648	143	25%	218	21%
Pending	287	\$39,900	\$1,747,000	\$327,892	\$247,700	\$95,356,960	132	18%	74	26%
YTD Sold	418	\$19,500	\$2,400,000	\$301,107	\$233,175	\$126,464,823	108	19%	160	38%
Valleywide										
Active	4264	\$24,900	\$20,000,000	\$672,705	\$389,500	\$2,838,844,714	142		1475	25%
Pending	1554	\$29,900	\$7,195,000	\$280,074	\$199,950	\$419,897,757	116		565	36%
YTD Sold	2168	\$19,500	\$11,000,000	\$272,766	\$192,000	\$597,357,174	88		1267	58%

Median Price vs. Average Price

I have noticed that media outlets like to use the Median Price to describe the increase and decrease in home selling prices. This is a very deceiving number and is widely misunderstood. The median price is the middle between all homes selling. This means that if there are more lower priced homes selling than higher priced homes, the median price will drop. Currently, financing is readily available for lower priced properties and more difficult for jumbo financing. Combine that with the fact that first time home buyers have been priced out of the market for years. Now the affordability index is way up so they can purchase homes. Also, first time home buyers do not have a house to sell. This makes for a perfect storm for the lower priced homes and investor homes to dominate the market.

So therefore, the median price is going to drop dramatically. But what that doesn't mean is that home prices are falling by that amount. If the median price drops 50% then homes may be selling for an average sales price that is 30% lower. Just look at the chart above and you will find that the median prices are much lower than the average prices. I just want you to know what you are reading when you see these figures quoted in the paper or hear it on the news.

Just so we remain clear, in the Palm springs area, real estate prices have dropped an average of between 20% - 50% off the high ... depending on the neighborhood, and product (type of home or property). There is no easy number than you can apply across the board.

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REAL LIFE CLASSIFIED ADS – JUST FOR A LAUGH!

- Auto Repair Service. Free Pick-up and delivery. Try us once; you'll never go anywhere again.
 - Great Dames for sale.
 - We will oil your sewing machine and adjust tension in your home for \$1.00.
 - Tired of cleaning yourself? Let me do it.
 - Dog for sale: eats anything and is fond of children.
 - The hotel has bowling alleys, tennis courts, comfortable beds, and other athletic facilities.
 - Toaster: A gift that every member of the family appreciates. Automatically burns toast.
 - Stock up and save: Limit one!
 - Man wanted to work in dynamite factory. Must be willing to travel.
 - Dinner Special-Turkey \$2.34; Chicken or Beef \$2.25; Children \$2.00



Scott Lyle



Debi Ward



Kurt Kihlman



Gina Lyle



Brad White



Harold Watts



Larry Seeger

Disclaimer.

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