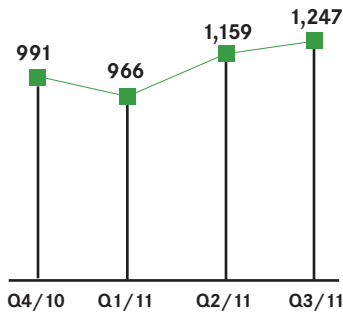


Low Inventory Provides Opportunity for Home Sellers

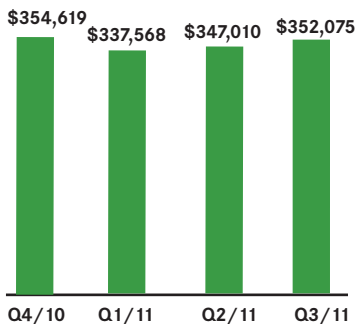
Got Equity? Buyers Seek Ready-to-Occupy Homes

THIRD QUARTER 2011

Unit Sales



Median Price**



SONOMA COUNTY

A depleted inventory of homes on the market across Sonoma County and a general lack of motivation among homebuyers were behind a slight increase in home sales and relatively “flat” home prices in the third quarter of 2011, according to a report by the research division of The Wine Country Group by Better Homes and Gardens based on an analysis of MLS data.

Countywide, 1,247 existing, single-family detached homes were sold during the third quarter of 2011, an 8 percent increase from 1,159 homes sold in the second quarter and up 11 percent from 1,125 homes sold during last year’s third quarter. Despite the increase in completed sales, home prices were “flat” to slightly lower in some Sonoma County communities. Countywide, the median sales price edged up a percentage point from \$347,010 in the second quarter to \$352,075, but that price was 8 percent below the year-ago figure of \$382,668.

Thirteen of the 24 communities included in the report experienced both quarter-over-quarter and year-over-year percentage increases in the number of homes sold, including Cloverdale, Guerneville, Healdsburg, Petaluma, Santa Rosa, Sebastopol and Sonoma. Santa Rosa set the pace with 519 homes sold, followed by Petaluma (159 sales) and Sonoma (106). The number of homes sold likely would have been

higher if not for the declining inventory of homes available for purchase in many Sonoma County communities. The current lack of inventory of move-in-quality homes in some areas and price ranges may present a window of opportunity for homeowners with equity and a desire to sell their current home or trade up.

While some homebuyers continued to mark time while awaiting the availability of a home that meets their quality and price expectations, investors with cash continued to compete with first-time and entry-level buyers for priced-to-sell short sale and REO properties. With much of the demand concentrated in this segment of the market, home prices remained “flat” or declined. Only five communities – Cazadero, Glen Ellen, Healdsburg, Jenner and Monte Rio – reported higher median sales prices on both a quarterly and annualized basis. In the county’s population centers along the 101 corridor, the continued presence of large numbers of distressed properties led to mixed or lower median sales prices.

Looking ahead, both homebuyers and sellers seem to have adjusted to the notion that a “flat” real estate market characterized by modest ups and downs in sales and prices may be “the new normal” for Sonoma County – at least until the economy or rising interest rates motivate them to make a move.

SONOMA COUNTY YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q3/11	Homes Sold Q3/10	% Change	Avg DOM* Q3/11	Avg DOM* Q3/10	Change (days)	Median Price Q3/11	Median Price Q3/10	% Change
Annapolis	2	0	100	280	0	0	\$354,850	0	0
Bodega Bay	16	9	78	123	87	36	\$542,000	\$585,000	-7
Cazadero	5	6	-17	119	35	84	\$288,500	\$182,500	58
Cloverdale	39	29	34	71	84	-13	\$245,000	\$290,000	-16
Cotati	12	13	-8	25	86	-61	\$342,500	\$409,000	-16
Forestville	14	12	17	63	70	-7	\$227,500	\$322,500	-29
Geyserville	4	6	-33	52	58	-6	\$892,500	\$435,000	105
Glen Ellen	10	6	67	44	172	-128	\$774,500	\$537,500	44
Graton	2	0	100	61	0	0	\$302,500	0	0
Guerneville	26	23	13	82	45	37	\$216,500	\$225,000	-4
Healdsburg	49	45	9	71	81	-10	\$600,000	\$558,000	8
Jenner	1	1	0	149	167	-18	\$545,000	260,000	110
Kenwood	10	5	100	53	66	-13	\$416,500	\$650,000	-36
Monte Rio	10	9	11	87	86	1	\$257,750	\$230,000	12
Occidental	7	3	133	56	47	9	\$685,000	\$785,500	-13
Penngrove	10	7	43	65	63	2	\$597,500	\$715,000	-16
Petaluma	159	145	10	76	50	26	\$380,000	\$419,000	-9
Rohnert Park	76	67	13	65	44	21	\$287,600	\$319,000	-10
Santa Rosa	519	480	8	63	57	6	\$297,000	\$335,000	-11
Sebastopol	66	59	12	52	84	-32	\$477,500	\$529,000	-10
Sonoma	106	99	7	98	70	28	\$406,000	\$460,000	-12
The Sea Ranch	14	20	-30	124	101	23	\$500,000	\$601,000	-17
ValleyFord	0	1	-100	0	12	0	0	\$510,000	0
Windsor	90	80	13	55	45	10	\$330,000	\$355,000	-7
Dillon Beach (Marin Co)	1	5	-80	97	165	-68	\$440,000	\$475,000	-7

* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.
 ** The median home price for the entire county is the mean of median home prices of cities within Sonoma County.

Other notes:

The Dillon Beach community in Marin County is served by the Bodega Bay office of The Wine Country Group by Better Homes and Gardens. It is included for informational purposes and is not factored into the Sonoma County totals. Bodega and Fulton recorded no home sales in either Q3 2011 or Q3 2010 and are not included in the chart, although their results are included in the aggregate sales and median price data.

Data are sourced from multiple listing services and are deemed reliable but not guaranteed. All percentages rounded to nearest whole number.