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# Scott Lyle Fyle

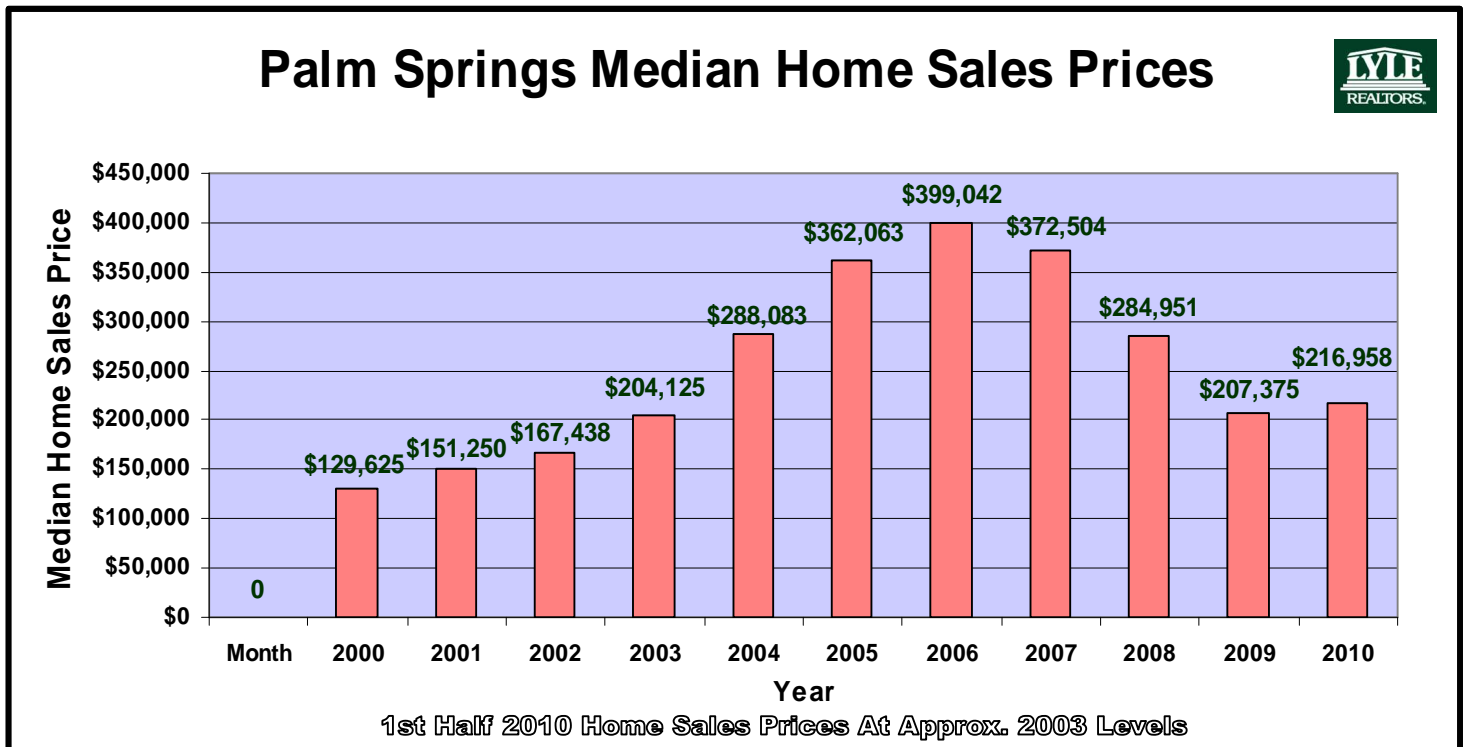
## Palm Springs Real Estate

DRE Lic # 00700215

### Fall, 2010

#### THE BOTTOM OF OUR PALM SPRINGS MARKET?

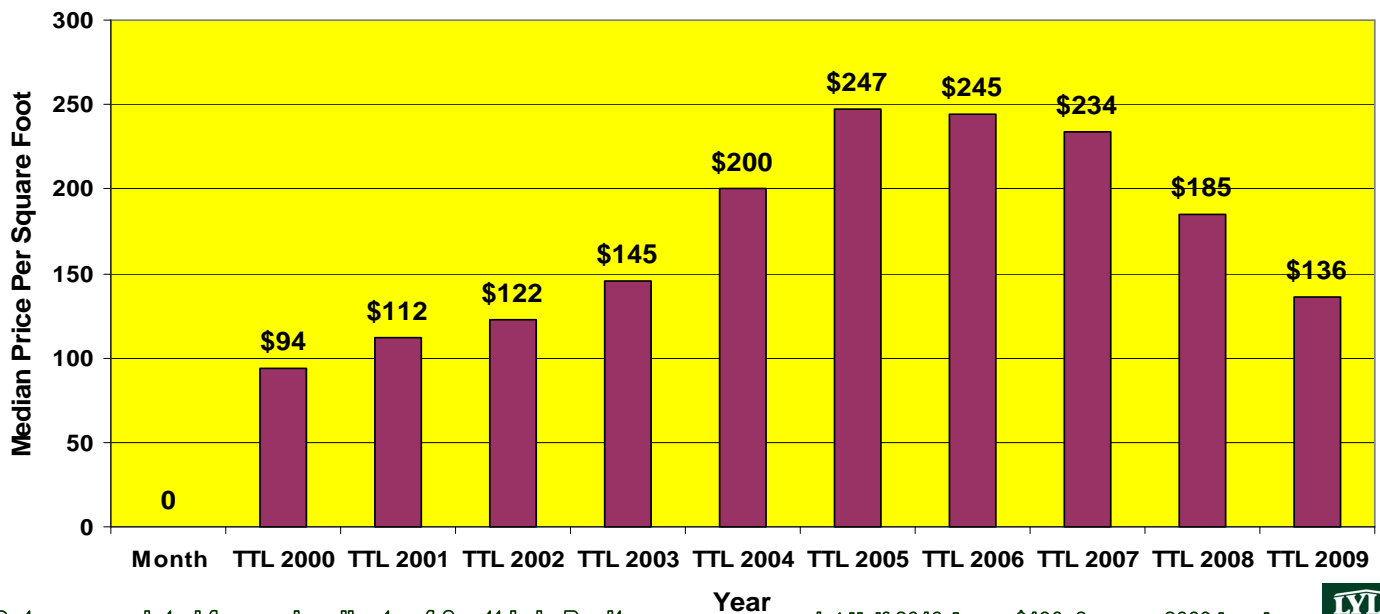
Coming off a busy 1<sup>st</sup> half of 2010, we saw many “fence sitting” buyers jump down off the fence and purchase homes in all price ranges as we entered the summer months. The market took a breath but distressed sales and foreclosure kept coming further putting pressure on prices. Foreclosures are actually starting to trend down (see graph) but are still at high levels. With over 2500 single family homes (approx. 10% of all single family homes) still seriously underwater, we still have a ways to go before we will be at “normal” levels of property foreclosures. Once this does happen, you can expect a nice bounce in appreciation. My best prediction of when this will occur is in the period between the 1<sup>st</sup> quarter 2012 and the 1<sup>st</sup> quarter 2013. Until then you can expect that we will remain in this trough moving up and down about 5% near the bottom of the market.



#### THE LAST 10 YEARS OF PRICE APPRECIATION INCLUDING PROJECTIONS FOR 2010

There are two very obvious and important conclusions one can make looking at accumulated data: (1) We are currently selling properties at 2003/2004 price levels and (2) The 1<sup>st</sup> half of the 2010 market is the first time in four years that we have seen an increase in home sales prices. This is critically important information for both home buyers and sellers. Each individual situation is different (as well as actual neighborhoods) but understanding the market conditions as a whole will give you better awareness of which way to go.

## Palm Springs Median Home Sales Price Per Square Foot



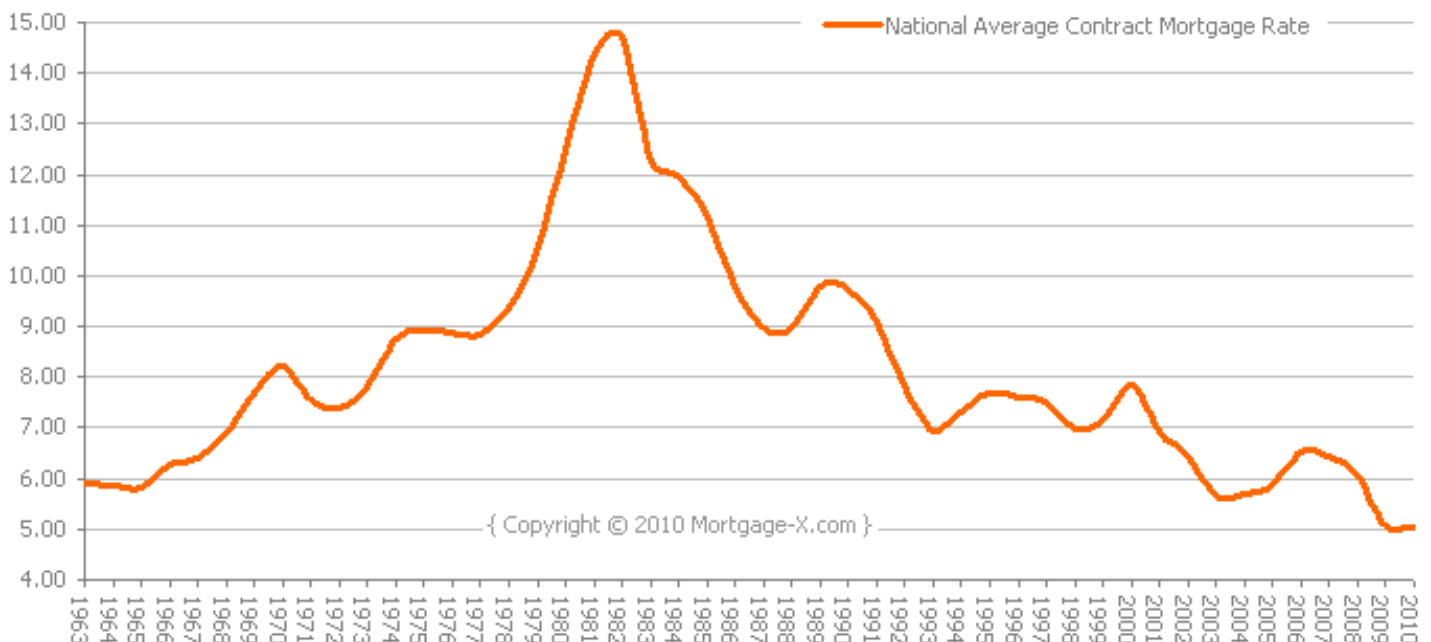
Data accumulated for use by clients of Scott Lyle Realtors

1st Half 2010 Avg. = \$136, Same as 2009 Level.



### THE PAST 10 YEARS OF "PRICE PER SQUARE FOOT" VALUATIONS IN PALM SPRINGS

Price-Per-Square-Foot is a useful measure but can vary drastically depending upon the home's location and condition. But if you look at similar homes, in similar locations, you can use the information as a guide. Then you must make further adjustments in price taking into consideration the home's overall features, age, etc. As of the 1<sup>st</sup> half of 2010, homes in Palm Springs are selling at the same "Price Per Square Foot" levels as late 2002/early 2003.



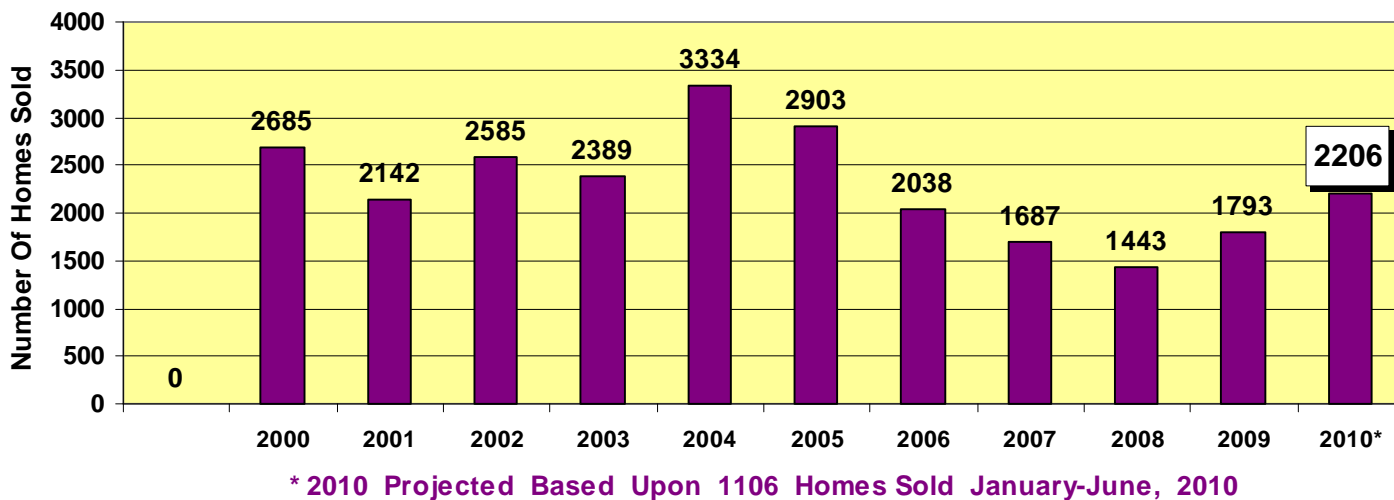
### INTEREST RATES ARE THE LOWEST IN OVER 45 YEARS !!!

Many buyers are not only getting low prices on homes but are also taking advantage of the lowest interest rates in over 45 years. 30 Year Fixed Rates for a \$300,000 primary residence (20% down and credit score of 660-699) can be had for less than 4% as of this writing!

# Palm Springs Annual Home Sales



Projecting An Approx. 23% Increase In Number Of Palm Springs Homes Sold In 2010 Vs. 2009. This Is Opposite Of National Trend.



## NUMBER OF ANNUAL HOME SALES FOR THE PAST 10 YEARS PLUS A PROJECTION FOR YEAR-END 2010

In the above graph, you can easily see how demand started to dramatically drop in the 2<sup>nd</sup> half of 2005. The 1<sup>st</sup> half of 2005 saw 1580 Palm Springs homes sold. The 2<sup>nd</sup> half of 2005 began the drop in sales to 1323. The continued drop in number of homes sold also follows the free fall of asking prices. Buyers have now re-entered the market as prices have dropped dramatically to create excellent buying opportunities. Most people are convinced that the Palm Springs market has indeed hit the bottom. Also, lower interest rates and a reasonable return on investment for investor/rental properties has fueled sales. This trend is predicted to increase slightly over the next few years. Once the national economy improves, vacation home buyers will re-enter the market at a greater number. At that point, the real price appreciation will certainly occur.

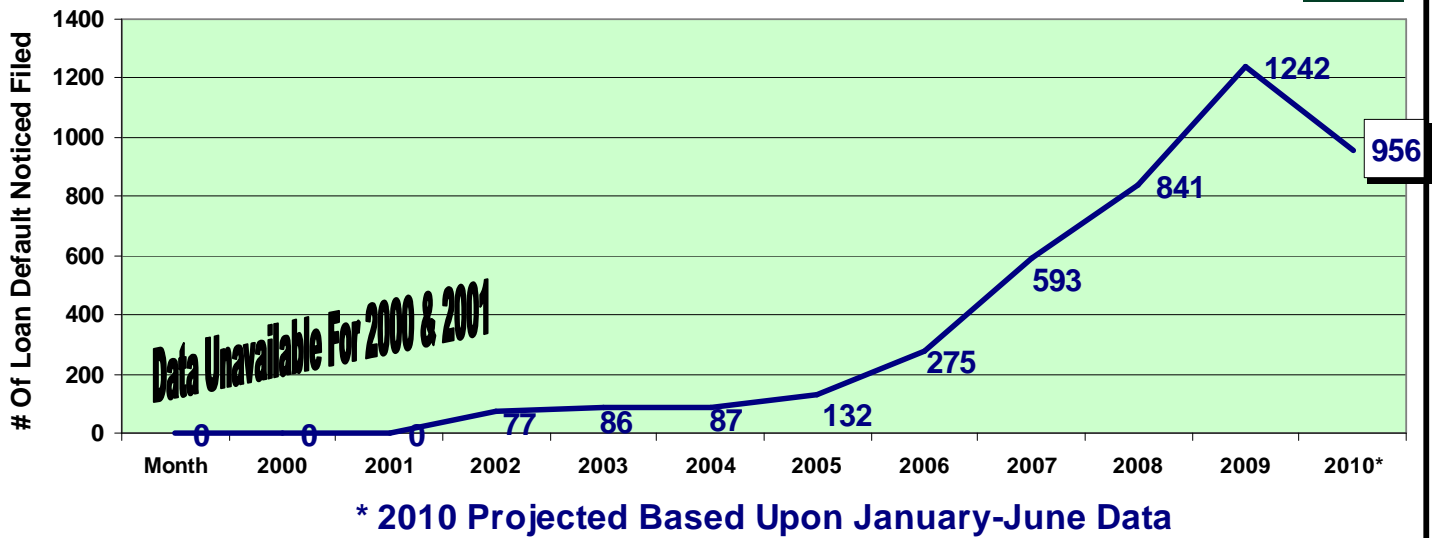
### 1<sup>st</sup> Half 2010....

- Palm Springs Median Home Sales Price = \$216,958
  - Compares to \$176,000 for 2<sup>nd</sup> Half 2009
  - Compares to \$238,750 for 1<sup>st</sup> Half 2009
  - Compares to \$217,667 for 2<sup>nd</sup> Half 2003 !
- Palm Springs Number Of Homes Sold = 1106
  - Compares to 675 for 1st Half 2009
  - Compares to 658 for 2nd Half 2008
  - Compares to 1124 for 1st Half 2003 !

The number of Palm Springs Homes SOLD peaked at 1725 for the 1<sup>st</sup> Half 2004. Since that time, every 6 month period saw sliding #s of homes sold until the upward movement (by nearly 100%) in the 2<sup>nd</sup> Half 2009! This is contrary to the overall National Trend!

## Notice Of Defaults Filed Against Palm Springs Homeowners

Projecting An Approx. 30% Drop In Palm Springs Home Foreclosure Notices In 2010 Vs. 2009



### FORECLOSURE ACTIVITY IN PALM SPRINGS OVER THE PAST 10 YEARS PLUS YEAR-END 2010 PROJECTION

The most telling data! We all know what caused this foreclosure activity but seeing it play out, I find the story very eye opening. Foreclosures are still at high levels and dominating the market place. These are all Notice Of Defaults recorded which includes properties that went all the way to full foreclosure and those that either had their loan modified and reinstated or went through a successful Short Sale. Short sales are making up one half of these total sales and do not have the same blight affect on neighborhoods. They also are helping us get through the mess quicker. Note that this is the first time in nearly 8 years that the Notice Of Foreclosures went down. Foreclosure Notices nearly doubled annually from 2004 – 2008.

### QUARTERLY HOUSING AFFORDABILITY INDEX

Year	Quarter	Median Price		Monthly	Payment	Median	Composite	
		Existing Single-Family Home	Mortgage Rate	P & I Payment	as a % of Income	Family Income		Qualifying Income
2007		217,900	6.52	1104	21.7	\$61,173	52,992	115.4
2008		196,600	6.15	958	18.1	\$63,366	45,984	137.8
2009		172,100	5.14	751	14.6	\$61,845	36,048	171.6
2009	II	174,200	5.02	750	14.4	\$62,366	36,000	173.2
2009	III	178,200	5.3	792	15.5	\$61,324	38,016	161.3
2009	IV	170,300	5.06	736	14.7	\$60,285	35,328	170.6
2010	I r	165,700	5.09	719	14.3	\$60,498	34,512	175.3
2010	II p	177,100	5.07	767	15.2	\$60,498	36,816	164.3

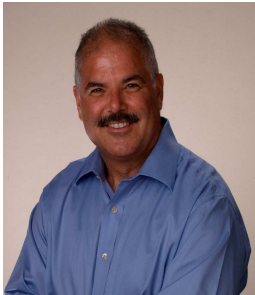
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The NATIONAL ASSOCIATION OF REALTORS® affordability index measures whether or not a typical family could qualify for a mortgage loan on a typical home. A typical home is defined as the national median-priced, existing single-family home as calculated by NAR. The typical family is defined as one earning the median family income as reported by the U.S. Bureau of the Census. The prevailing mortgage interest rate is the effective rate on loans closed on existing homes from the [Federal Housing Finance Board](#) and [HSH Associates](#), Butler, N.J.

## CREDENTIALS

#1 Agent in Sales Volume for Palm Springs: 2008-2010  
◆  
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  
◆  
Certified Distressed Property Expert

## THE SCOTT LYLE TEAM



**Scott Lyle**



**Gina Lyle**



**Debi Ward**



**Kurt Kihlman**



**Harold Watts**



**Brad White**



**Larry Seeger**



**Chip Marler**



**David Lyle**

[www.PalmSpringsFinestHomes.com](http://www.PalmSpringsFinestHomes.com)

[www.PalmSpringsHomeViewer.com](http://www.PalmSpringsHomeViewer.com)