

CRISTAL CLARKE



OCTOBER MARKET RECAP

Now that the elections are behind us, there will be no commentary on that from me, we can look forward to our next challenge which is the much talked about "fiscal cliff" and how that will affect the housing markets moving forward. There are obviously many opinions on this issue but I think one thing we can all agree on is that until such time as this is dealt with many people are once again in a wait and see attitude with regards to long term planning.

This is beginning to show up in Local and National numbers with regards to real estate with Mortgage delinquencies inching upwards and posting there largest increase in four years, showing a national rate of delinquencies of 7.7%. The good news is California is not one of the states with the highest "non-current loans" these are; Florida, Mississippi, New Jersey, Nevada and Louisiana. The States with the lowest rate of delinquencies are Montana, Alaska, N & S Dakota and Wyoming all of which are interestingly energy rich States.

In a recent summit Adrian Cooper, CEO of Oxford Economics, commented on America's recent energy boom and that this was likely a "game changer" in terms of U.S. competitiveness in the global market place and that a "brighter future is within reach" although the current roller coaster ride that we have all experienced is likely to continue in the near term.

Lets all hope the Euro zone continues to hold together and that strong foreign interest, including Asia, continues to support real estate markets and housing prices as a collapse of the European Union would most certainly create a drag on housing prices and force them generally lower.

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In the local real estate market place October property sales were up 47.7% year over year and up 27% from last month and are at their highest levels since Oct 2010. On the medium price front prices also continue to rise with the Medium Sales Price in October for Santa Barbara County as a whole jumping to \$815k up 10.1% year over year and up 8.7% from last month. A further sign that increased pressure from low inventory levels may be driving sales volume and prices is once again confirmed with inventory levels shrinking 5.9% from last month and down 32.4% year over year. As you know a lower MSI (Month's Supply of Inventory) is more beneficial for sellers and a higher MSI is more beneficial for buyers so with October's MSI being at its lowest levels, 4.3 months, since Oct 2010 we can expect to see prices continuing to hold firm.



In the local Condo market prices also are posting significant gains with Medium Price(s), Number of Escrow(s) and Year over Year volume increase in most markets. I am sure most of you saw the TV coverage of Storm Sandy that hit the East coast recently and in particular the crane dangling from the side of a residential high rise. A recent trend in this direction is "mega condos" or "irreplaceable asset bases" which range in cost from \$50 million on up and with numerous sales and developments here in the US, mainly East coast, London and beyond we will more than likely see more "trophy" properties being acquired as asset hedges rather than simply a place to live. With recent sales in Manhattan (\$85 million), London (\$90 million) and a Frank Gehry designed condo in Hong Kong recently selling for \$58 million expect more to come in this ultra high end market place. For a detailed analysis of your property please feel free to contact me or for more information visit my web site and check out my blog for local and National updates.

I invite you to view my [Exclusive Properties](#) as well as [All Properties](#) in Montecito, Santa Barbara, Hope Ranch and the surrounding communities.

For comprehensive Santa Barbara area information and much more, please visit my website, Montecito-Estate.com.

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