

West Riverside County

Vol. XXX, No. IV

Residential Trends Executive Summary

January 2007

Editor: Robert D. Martinez- Director of Research

GENERAL MARKET TRENDS

The condition of the West Riverside new home market depends on the angle at which one observes the data. From a quarterly perspective, the rose-colored bespectacled analyst might assess that the outlook is good as a 10 percent increase in overall net sales level this quarter is the first positive increase in a fourth quarter since 1999. In fact, in the 2000's, the fourth quarter has declined from the third quarter an average of 27 percent, a trend that substantially reversed this quarter and a fact that makes the eternal optimist grin. The pessimistic analyst, however, will point to the annual numbers which saw more than a 40 percent overall decline from 2005 to the lowest annual sales volume level since 2001. It is obvious then, that the current state of the West Riverside new home market is, at best, clear as mud.

Pricing in the region remains relatively flat as the overall weighted average sales price decreased a slight 1.4 percent this quarter to \$483,266 while weighted average home sizes increased less than 1 percent to 2,752 square feet. Combined, these slight changes in home size and price produced a \$3.62 decrease in the overall value ratio, roughly 2 percent, to \$176 per square foot. In the attached sector the weighted average price increased by more than 8 percent from last quarter to \$327,387 while the weighted average attached home size gained a more substantial 12 percent to 1,412 square feet; the largest average attached home size since the third quarter of 2001. The price increase coupled with the larger home size increase produced a value ratio decline of more than 3 percent to \$232 per square foot. The weighted average price in the detached sector decreased by 2 percent this quarter to \$498,972. The weighted average home size increased by an almost imperceptible 0.2 percent to 2,887 square feet, producing a 2 percent value ratio decline to roughly \$173 per square foot.

Total inventory, including homes released and unsold and those in future phases of current developments, continues to approach record highs pushing past 22,000-unit threshold for the first time since the third quarter of 1991. Of these units, however, slightly more than 15 percent are units that have been made available for sale yet remain unsold. This unsold inventory level represents more than a 9 percent decrease from last quarter. The unsold inventory is composed of 3,101 units of detached product, down nearly 13 percent from last quarter, and 287 units of attached product, up 53 percent over last quarter.

West Riverside County Summary Overview						
	4th Qtr 2006			3rd Qtr 2006		
	Attached	Detached	Total	Attached	Detached	Total
Developments	28	350	378	24	352	376
Total Sold	268	2,660	2,928	247	2,468	2,715
Net Cancelled	21	268	289	11	305	316
Net Sold	247	2,392	2,639	236	2,163	2,399
Weighted Average Price	\$327,387	\$498,972	\$483,266	\$301,988	\$508,947	\$490,119
Weighted Average Sqft	1,412	2,887	2,752	1,258	2,882	2,734
Weighted Average \$/Sqft	\$231.94	\$172.85	\$175.62	\$240.06	\$176.58	\$179.24
Offered & Unsold Inventory	287	3,101	3,388	188	3,555	3,743
Remaining for Development	2,152	16,832	18,984	1,461	14,964	16,425
Total Inventory	2,439	19,933	22,372	1,649	18,519	20,168