

WINE COUNTRY MARKET TRENDS

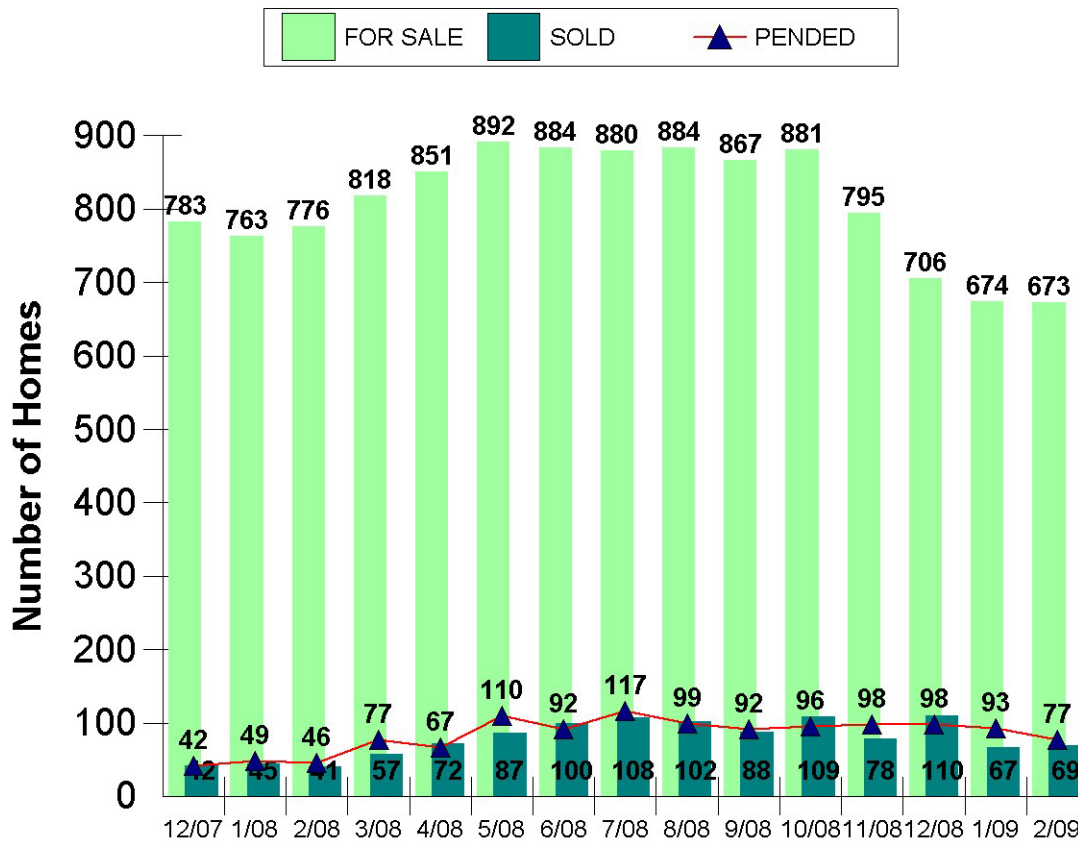
FEBRUARY 2009



THE WINE COUNTRY GROUP™

NAPA COUNTY TRENDS:

The inventory of homes and condominiums for sale at the end of February in Napa County (673) was 13% below the inventory (776) at this time last year. New sales (77) and closed escrows (69) were over 65% ahead of the pace of a year ago (46 and 41 respectively). The sale of distressed properties (bank owned sales and short sales) continues to strongly influence the current market. Over the past six months, 63% of all the closings in Napa County were distressed sales. The median price of homes closed in February, 2009 fell to \$310,000 compared to \$390,000 in January and \$535,000 in February of 2008. For the last six months, the difference between the median price of distressed closed sales and non-distressed closed sales narrowed to 27%. Last July, this spread was 60%. In our view, this indicates a stabilizing of the market prices. Also, of the 864 active and contingent (sale pending) units in Napa County, 42% of them are distressed properties indicating to me that the distressed inventory is, perhaps, being absorbed. The higher end market continues to languish with no sales or closings in the month of February with 150 units in inventory priced at \$1,500,000 or above. Over the last six months, the pace has averaged just 2 sales per month in this price range.



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