

Local Real Estate trends and values expert Katie Somple has recently completed her first quarter research for 2008. Depending on what side of the fence you're on, the news is either a cold splash of water for sellers, or a starter pistol for buyers. In her typical straight talk fashion she translates her statistical research into pearls of wisdom and bottom line conclusions.

**Real Estate Straight Talk,
by Katie Somple**

St. Helena sales are down by 50% and the amount it takes to sell a house here has doubled since the current buyer's market officially rolled into town in August of 2007. While the median price of a home in St. Helena continues to hover around the \$1 million mark, it's not a good time to be a seller, and it's a great time to be a buyer.

GOOD NEWS

BAD NEWS

There are signs of escrow increases throughout the Valley- in the lower price ranges in particular where foreclosures and short sales are tempting buyers back	This is not the time to test the market or push the envelope on asking prices.
Low ball offers are de rigeur when the charts arrows start pointing down- sellers shouldn't be insulted. Counter all offers at a reasonable amount based on recently sold comps. If you get an offer you're one of the fortunate ones- (there has only been 16 sales in St. Helena this year.)	Comparable sales are coming down, not going up. Therefore, if you get a reasonable offer based on TODAY'S comps you should consider it since tomorrow's comps (and therefore the value of your house) will likely continue downward and so may the level of the offers.
If the 3 year recovery trend repeats itself, barring unforeseen national and international financial disasters, we should begin to see signs of recovery around Spring 09 and perhaps even some appreciation again in 2010	Historically St Helena (and Napa Valley) market slumps last about 3 years, start to recovery. The current slump began creeping into the valley in the Spring of 07 and was in full force and effect by August. Most industry experts are saying the worst isn't over and that a new wave of foreclosures on loans that were sold in 06 are cueing up for additional foreclosures.
St Helena's real estate value increases have been double digit following the last 3 market slumps. There is good reason to believe this will happen again once the excess inventory of foreclosures and must-sell homes are absorbed.	A significant number of foreclosures are being experienced in the sound end of the Valley. (St. Helena has only had a handful.)
City of Napa is experiencing a rare magic market right now. (A magic market occurs when the price of a house is low enough so that an 80% loan-to-value mortgage payment can be covered by market rents.) Sales in the under \$300K are selling now.	The strategy of waiting for prices to drop to their lowest incurs the risk that the cherries will be picked over and only B locations or worse will be available.
I keep a Cherry Basket file in all price ranges for clients who realize the significance of buying the best locations at today's low prices. A+ locations ALWAYS appreciate faster and for more than lesser locations. The long-term strategy of buying premium locations now is wiser than waiting in most cases.	The strategy of waiting for prices to drop to their lowest incurs two risks: the cherry locations will be picked over, and recovery could happen swiftly as it has in the past and you may have waited too long.
There hasn't been a better buyer's market since	Borrowing guidelines have gotten stricter and the

<p>1971 when there was a tri-fecta of ideal market conditions: extremely low interest rates/over-supply of inventory/ motivated sellers with long hang time on the market</p>	<p>rules of the game change daily (stay close to your local lender and ask to be on their email distribution lists to get weekly updates).</p>
<p>Napa Valley, and particularly St. Helena, is last to experience market slumps and first to recover</p>	<p>We're in the thick of it</p>
<p>If you are both a seller and a buyer in this market you are fortunate because you can make up the difference on the discounted amount you will have to sell for with what you buy!</p>	<p>This is not a good time to cash out for retirement.</p>

Katie Somple is the Owner and Broker of LifeStyle Properties, a niche specialty real estate brokerage, located in downtown St. Helena. Katie is the author of Inside Track, an authoritative newsletter focusing on the St. Helena real estate market and beyond. For additional market information and updates visit www.lifestyleproperties.com or email katie@lifestyleproperties.com