

THE DUPONT GROUP



**Mill Valley & Tiburon
Real Estate Digest**

4th Quarter 2008

**Decker
Bullock**

Sotheby's
INTERNATIONAL REALTY

About the DuPont Group

The DuPont Group's three members include Dave & Jaime DuPont and Melissa Crawford. Please visit our website for more information.

Dave received his MBA from Pepperdine University and is a Certified Financial Planner (CFP) and Real Estate Broker. Prior to his career in real estate Dave worked in private client banking where he managed the assets of some of the Bay Area's most notable individuals and families including investment portfolios, wineries, and ranches.



www.TheDuPontGroup.net

In 2008, 6 of our 10 listings had accepted offers within an average of 6 days and sold for 98% of their listing prices. See page 13 for details.

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*** Long Term Value in Southern Marin ***

The Fall of 2008 will be remembered in Marin County real estate as the beginning of the last great buying opportunity. How long it will last is unknown. Our projection is 3 years or less.

All markets, real estate included, move in cycles, with euphoria soon counter by phobia. Even at its peak, Marin real estate was not over-valued. Why? **The future value of the land.** There is a *very limited supply* of buildable land in Marin County, with pristine environment and temperate climate, with great schools and safe neighborhoods, so close to San Francisco, and the technological epicenter of the world. Considering the burgeoning global population and finite resources, we are, and will be, sheltered here from so many storms.

Prices may fall in the short-term due to financially distressed situations, and the forced liquidations; then home valuations (by comparison to recent sales) will be skewed lower for a time. But investment money and families will seek safe havens (which Marin certainly is) and will bring valuations back in line with the lands' future worth.

Short Term Analysis

In the last 50 years, there have been two years (excluding this year) when average home prices in Marin County have decreased from one year to the next: 1% in 1990 and 1.5% in 1991. There are several reasons for Marin's extraordinary historical price stability, most importantly: the many tech jobs in the area offer a counter-weight during most recessions, as job reduction in technology often lags other sectors; the natural beauty, healthy lifestyle and short supply of housing creates price support; and historically not all Marin towns experience price contractions in the same years-- smoothing average price data.

In 2008, Marin County average home prices contracted a whopping -13%, skewed by Novato home prices, which were down -23%. The bounty of high-end sales in 2007 skewed 2007 average prices higher, so in reality the price correction to Marin housing stock is less. Still, the magnitude of this contraction is worse than anything Marin County has seen in the post-war era.

Interestingly, Southern Marin has fared much better. Our Southern Marin housing price index is down only -3.3% for 2008. Sausalito average home prices are up +2% this year, Mill Valley prices are flat +.1%), Tiburon is down -8.5%, and Belvedere is down -8.6%. Please see each town page for more detailed commentary.

How far are prices likely to fall? This depends on the severity of the current recession, primarily: SF Bay area employment contraction, which indicates future buying in the bottom half of Marin home sales; and the severity of the global Capital Markets correction, which leads buying in the top segment. Please see page 3 for further analysis.

Employment: Interestingly, higher income jobs which fuel home buying in Southern Marin is still fairly stable. We are seeing a small rise in executive relocation as companies cut back in other areas around the country and move some of their producers to Northern CA.

Capital Markets: My fear is that we are just now entering the middle phase of this recession which will last at least through 2009 with consumer spending falling followed by lower corporate profits and weaker equity markets. Against this backdrop, we will be lucky to maintain stock price levels above '03 market lows, as future corporate earnings growth (a key determinant of stock prices) becomes even less clear.

How Far will Housing Prices Fall?

A key indicator of the health of any real estate market is activity in the lower end of the market, as new buyers provide liquidity for growing families to trade up into bigger homes. Median home values are a better barometer than average home values in assessing the health of this market segment.

One way to evaluate how much farther prices will fall is to approximate median incomes in each zip code and to apply some basic financial planning concepts to determine what **median prices should be**. Any study of this nature requires a number of material assumptions which are highlighted below.

Median Incomes: Year 2000 Census Data shows 1999 incomes by zip code. If I increase these incomes each year by an average 3% inflation adjustment, the result is:

Approximate 2008 Median Incomes:

- Tiburon: \$187,500
- Mill Valley: \$153,500
- Sausalito: \$127,285

After tax budget spent on housing: Basic financial planning concepts dictate that no more than 25% - 30% of one's after tax income should be spent on housing costs. Due to the desirable lifestyle and great public schools in Marin County, people tend to stretch their budget a little farther, so my assumption is that the average after-tax income spent on housing in Southern Marin is 37%.

Debt to Equity Ratio: In the United States, the average homeowner's home equity has steadily eroded: from 81.5% in 1950, to 46.5% in 2008. In the calculation below, I use an average Southern Marin homeowner's equity of **35%** -- or 65% of the home is mortgaged. *Small changes in this ratio yield large changes in projected median home values.

Tax Rate: The average assumed **income tax rate** is approximately 12% of gross income after deducting home mortgage interest, property tax, other expenses & personal deductions.

How Far will Housing Prices Fall? (cont.)

Example: A family living in a Tiburon home earns \$187,250, and pays ~\$21,250 income tax after deductions, leaving them with \$166,000. If they spend 37% of this income on their home (30% on interest) they would be able to afford a \$50,000 annual mortgage expense (rate 5.75%), and an \$870,000 mortgage. If the average debt to equity ratio is 65% then the median home value in Tiburon should be approximately \$1,322,650.

	Derived Median	2008 Median	Difference
Mill Valley	1,086,020	1,200,000	-10%
Tiburon	1,322,649	1,637,238	-24%
Sausalito	899,083	1,130,000	-26%

The implication of this study is that median home prices have farther to fall. In Tiburon, adjusted median incomes point to median home values 24% lower than where homes are currently trading. In Sausalito it is 26% lower, and in Mill Valley it is 10% lower.

If Tiburon median home prices are \$1,322,000, then the median family buying a home in Tiburon should have \$463,000 (35% equity) cash in the bank for a down payment, as well as several months of living expenses in their rainy day fund, for a total of approximately \$600,000 in cash. This is a significant cash position for 'median families' buying homes in 'the low end' of the market.

Another important aspect has to do with the public schools and the percentage of after-tax income new families are willing to allocate to be within the Mill Valley or Tiburon public school districts (provided state budget cuts don't materially change the quality of Southern Marin public education). Considering the price of private school over time, the cost savings of public schooling is substantial.



Mill Valley

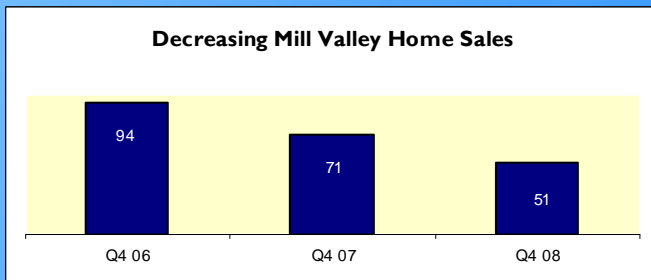
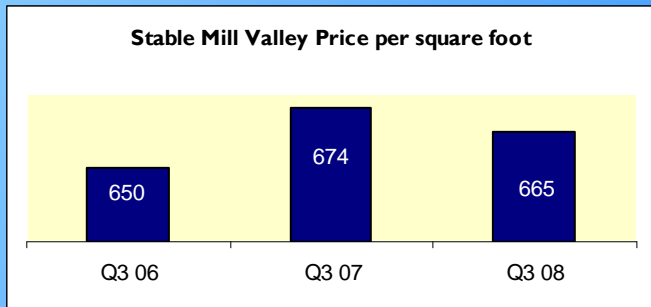
2008 Summary and Current Inventory

Mill Valley has shown remarkable price stability through the first 18 months of national real estate price contraction and economic instability. Price data for Mill Valley has yet to decline from one year to the next. This data is actually misleading. The truth is that the only homes that have sold are those in either preferable locations and/or that are updated and turn key; and what is hidden in the data are the cost of the improvements necessary to actually get a home buyer to buy. Our experience is that buyers are able to buy 10-15% more house for their money than they were in '05 & '06. However, this is true for most towns and price ranges in Southern Marin so Mill Valley's price stability relative to other towns is relevant and significant.

Current Inventory: Many homes were pulled off the market during the holidays and still more are being marketed off the MLS until buying activity increases. Currently, there are 70 homes on the market priced under \$1.85m and 14 (20%) are in contract; and 18 homes on the market priced over \$1.85m, 2 (11%) are in contract.

The Mill Valley housing market appears to be fairly stable at this point— more so than any other Southern Marin town.

Year	Prices	Change
1995	456,926	
1996	492,113	8%
1997	524,941	7%
1998	588,613	12%
1999	735,875	25%
2000	918,469	25%
2001	933,087	2%
2002	947,856	2%
2003	992,521	5%
2004	1,096,015	10%
2005	1,245,978	14%
2006	1,317,504	6%
2007	1,397,270	6%
2008	1,399,100	0.1%



2008 Mill Valley Home Sales

Street Address	Selling Price	Sq Ft	\$ / SqFt	Days on Mkt
359 Woodside Ave	\$1,255,000	1840	682	0
108 Homestead Blvd	\$1,257,500	1547	813	13
202 Chapman Rd	\$1,257,500	1742	722	27
715 Edgewood Ave	\$1,260,000	1845	683	157
384 Carrera Dr	\$1,260,000	2587	487	168
197 Circle Ave	\$1,273,025	1696	751	145
296 Lovell Ave	\$1,285,000	1331	965	33
215 Laverne Ave	\$1,295,000	2314	560	100
12 Molino Ave	\$1,300,000	2178	597	166
240 Sycamore Ave	\$1,300,500	2466	527	125
255 Richardson Dr	\$1,312,000	1850	709	59
540 Northern Ave	\$1,315,000	2052	641	28
188 Hazel Ave	\$1,325,000	2552	519	129
110 Wisteria Way	\$1,350,000	1960	689	23
124 Del Casa Dr	\$1,350,000	1420	951	20
69 Alta Vista Ave	\$1,350,000	1800	750	90
119 Bayview Dr	\$1,355,000	2550	531	55
100 Longfellow Rd	\$1,365,000	1700	803	100
20 Vasco Dr	\$1,370,000	2403	570	65
99 Laverne Ave	\$1,375,000	2720	506	64
2 E Manor Dr	\$1,375,000	2557	538	23
51 De Silva Island Dr	\$1,382,000	1898	728	29
46 Helens Ln	\$1,395,000	1727	808	27
107 Highland Ln	\$1,395,000	2349	594	59
16 Carmelita Ave	\$1,400,000	1450	966	57
890 Chamberlain Ct	\$1,400,000	2611	536	24
1011 Erica Rd	\$1,409,000	2870	491	125
324 E Strawberry Dr	\$1,430,000	2132	671	160
315 Sheffield Ave	\$1,435,000	2338	614	44
442 Laverne Ave	\$1,449,666	2850	509	184
292 Ricardo Rd	\$1,450,000	2184	664	17
15 Euterpe St	\$1,450,000	2404	603	157
923 Alturas Way	\$1,500,000	2055	730	24
219 Ricardo Rd	\$1,535,000	2274	675	6
17 Coronet Ave	\$1,535,000	2349	653	35
355 Vista Linda Dr	\$1,540,000	1755	877	46
Averages	\$1,369,200	2,121	\$670	72

2008 Mill Valley Home Sales

Street Address	Selling Price	Sq Ft	\$ / SqFt	DOM
180 Cascade Dr	\$1,550,000	2200	705	13
20 Blithedale Ter	\$1,550,000	1978	784	61
5 Monte Vista Ave	\$1,575,000	3169	497	30
301 Ricardo Rd	\$1,575,000	2005	786	14
120 LaVerne Ave	\$1,575,000	1963	802	163
15 Madera Way	\$1,575,000	2020	780	105
338 N Ferndale Ave	\$1,575,000	2600	606	20
123 Ricardo Rd	\$1,595,000	1978	806	23
81 Thalia St	\$1,600,000	1595	1003	10
460 Cascade Dr #C	\$1,600,000	2618	611	83
260 Cascade Dr	\$1,600,000	2750	582	28
44 Keats Dr	\$1,600,000	2485	644	77
214 Cleveland Ave	\$1,600,000	3053	524	28
111 Stanford Ave	\$1,600,000	2914	549	17
21 Midway Ave	\$1,610,000	2490	647	70
60 De Silva Island Dr	\$1,612,500	2422	666	195
29 Eugene St	\$1,625,000	2241	725	20
7 Hollyhock Ct	\$1,626,000	1707	953	22
1082 W California Ave	\$1,634,000	2530	646	46
250 Laverne Ave	\$1,642,000	2034	807	55
56 De Silva Island Dr	\$1,645,000	2422	679	25
77 De Silva Island Dr	\$1,645,000	2422	679	62
64 De Silva Island Dr	\$1,650,000	2034	811	33
7 Glen Dr	\$1,665,000	1757	948	31
309 Corte Madera Ave	\$1,675,000	2521	664	19
112 Grace Ln	\$1,695,000	2403	705	16
378 Lowell Ave	\$1,700,000	2386	712	62
77 Tamalpais Ave	\$1,735,000	2596	668	86
55 Buena Vista Ave	\$1,750,000	1800	972	22
342 Lovell Ave	\$1,750,000	1414	1238	42
272 Hazel Ave	\$1,762,500	3275	538	117
33 Rose Ave	\$1,770,000	2393	740	70
4 Leo Ln	\$1,804,000	3500	515	51
537 Midvale Way	\$1,815,000	3536	513	62
74 Nelson Ave	\$1,835,000	1918	957	27
116 Walnut Ave	\$1,840,750	1858	991	21
30 Dell Ln	\$1,850,000	1838	1007	17
Averages	\$1,662,345	2,347	\$742	50

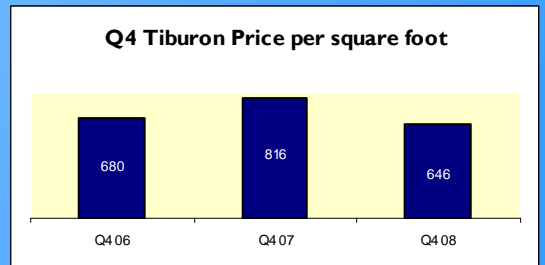
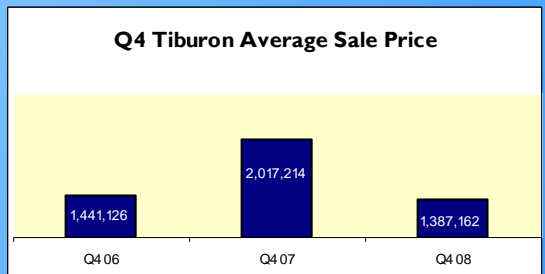
Tiburon

2008 Summary and Current Inventory

Tiburon seems to be poised for a larger price drop than most other Southern Marin towns. Prices fell -8.5% in 2008 after an +11% increase in 2007. 2007 witnessed a slew of high-end home sales stoked by stock markets gains, which helps explain the 11% price gain. Our analysis of median home prices in Tiburon indicate that prices could fall by another 24% in order to align with incomes (provided median incomes do not fall during the next few years). Additionally, the housing stock in Tiburon contains a number of very expensive homes which historically were purchased by successful entrepreneurs and executives after liquidity events (IPOs and M & A events) or successful careers. There are still plenty of people that can afford these homes, as shown by the dramatic increase in money market accounts as investors cash in stocks. It will remain to be seen at what pace high-end home sales continue in Tiburon. The Reed School District, staggeringly beautiful views, safe neighborhoods and a great community should continue to draw people to Tiburon from around the world.

Current Inventory: We will have to see what inventory comes on the market in the next 8 weeks. Currently, there are 25 homes priced under \$1.85m and only one is in contract. There are 44 homes on the market priced over \$1.850m and only 4 are in contract. These numbers do not forecast price stability unless buying activity increases.

Year	Prices	Change
1995	685,910	
1996	782,958	14%
1997	801,875	2%
1998	904,346	13%
1999	1,201,239	33%
2000	1,600,227	33%
2001	1,564,849	-2%
2002	1,440,495	-8%
2003	1,500,565	4%
2004	1,669,561	11%
2005	1,990,514	19%
2006	1,976,550	-1%
2007	2,194,058	11%
2008	2,008,279	-8%



2008 Tiburon Home Sales

Street Address	Selling Price	Sq Ft	\$ / SqFt	DOM
42 Claire Way	\$900,000	1006	895	50
80 Lyford Dr #4	\$920,000	1547	595	92
5 Corinthian Ct #22	\$938,000	1420	661	126
15 Corinthian Ct #32	\$980,000	1158	846	27
12 Neds Way	\$995,000	1855	536	153
4 Greenwood Cove Dr #-A	\$1,020,000	2078	491	99
72 Mercury Ave	\$1,060,000	1376	770	11
27 Mara Vista Ct	\$1,062,000	1504	706	41
5035 Paradise Dr	\$1,072,000	1534	699	230
4 Red Hill Cir	\$1,100,000	2502	440	162
20 Red Hill Cir	\$1,140,000	2135	534	14
22 Juno Rd	\$1,150,000	1354	849	12
6 Linda Vista Ave	\$1,150,000	1792	642	137
290 Cecilia Way	\$1,150,000	1582	727	48
269 Trinidad Dr	\$1,165,000	2296	507	216
267 Trinidad Dr	\$1,180,000	2296	514	202
265 Trinidad Dr	\$1,200,000	2296	523	202
27 Apollo Rd	\$1,200,000	1828	656	180
107 Trestle Glen Ter	\$1,200,000	1583	758	36
27 Lagoon Vista	\$1,295,000	1360	952	20
221 Martinique Ave	\$1,350,000	2436	554	21
1837 W Centro West St	\$1,357,000	1856	731	21
699 Hilary Dr	\$1,365,000	1950	700	36
126 Red Hill Cir	\$1,375,000	2112	651	76
496 Irving Ct	\$1,422,000	1795	792	21
283 Karen Way	\$1,425,000	2164	659	11
16 Lagoon Vis	\$1,425,000	2331	611	163
101 Reed Ranch Rd	\$1,450,000	3078	471	128
104 Howard Dr	\$1,471,420	2270	648	23
9 Saba Ln	\$1,490,000	1983	751	15
95 Seafirth Rd	\$1,500,000	2358	636	61
47 Mercury Ave	\$1,515,812	1694	895	15
12 Mara Vista Ct	\$1,516,000	1784	850	38
111 Jamaica St	\$1,526,000	2772	551	14
132 Jamaica St	\$1,550,000	2021	767	0
201 Jamaica St	\$1,636,975	2346	698	183
25 Lagoon Vis	\$1,637,500	1928	849	1
6 Saint Lucia Pl	\$1,665,000	2241	743	16
Averages	\$1,277,755	1,937	\$680	76

2008 Tiburon Home Sales

Street Address	Selling Price	Sq Ft	\$ / SqFt	DOM
1496 Vistazo St W	\$1,680,000	1872	897	14
3 Playa Verde	\$1,690,000	2623	644	0
20 Sonora Ct	\$1,690,000	2036	830	12
41 Geldert Ct	\$1,725,000	2993	576	286
2051 Vistazo St	\$1,749,000	2613	669	19
689 Hilary Dr	\$1,819,000	2948	617	127
63 Trinidad Dr	\$1,825,000	2570	710	126
5 Bayshore Ter	\$1,860,000	3735	498	63
140 Rancho Dr	\$1,865,000	3002	621	43
23 Sutter Ct	\$1,870,000	2299	813	19
4737 Paradise Dr	\$1,880,000	3199	588	113
16 Mark Ter	\$1,950,000	2632	741	82
37 Terrace Ct	\$1,950,000	2659	733	0
107 Paradise Dr	\$1,965,000	1724	1,140	7
2350 Paradise Dr	\$1,975,000	850	2,324	40
229 Martinique Way	\$1,985,000	3058	649	314
11 Cecilia Ct	\$2,000,000	3443	581	218
270 Blackfield Dr	\$2,000,000	2595	771	13
305 Paradise Dr	\$2,058,000	2130	966	0
23 Sonora Ct	\$2,100,000	2641	795	79
70 Red Hill Cir	\$2,125,000	2990	711	118
260 Esperanza St	\$2,176,900	3100	702	43
3 Seafirth Ln	\$2,200,000	3834	574	145
181 Stewart Dr	\$2,245,000	2658	845	74
12 Tara View Rd	\$2,285,000	2618	873	71
96 Sugarloaf Dr	\$2,300,000	2796	823	103
6 Wilkins Ct	\$2,300,000	3139	733	17
4975 Paradise Dr	\$2,315,000	3601	643	55
9 Stevens Ct	\$2,350,000	3454	680	166
15 Upper Cecilia Way	\$2,375,000	3696	643	31
30 Rowley Cir	\$2,500,000	3104	805	21
105 Rock Hill Dr	\$2,500,000	2211	1,131	36
9 Wilkins Ct	\$2,510,000	3604	696	115
10 Shepherd Way	\$2,625,000	3669	715	19
334 Blackfield Dr	\$2,675,000	3975	673	13
181 Avenida Miraflores	\$2,675,000	3800	704	8
236 Trinidad Dr	\$2,870,000	2626	1,093	9
27 Venado Dr	\$2,885,000	4088	706	16
Averages	\$2,145,997	2,910	\$787	69

Marin Realtors & Top Agent Consolidation

An interesting pattern has emerged in Marin County real estate during the past year. Many top agents have left the mundane brokerages (Coldwell Banker, McGuire, Frank Howard Allen, Pacific Union) and have affiliated with brokerages with more robust marketing capabilities; as in the case of Decker Bullock Sotheby's—a brokerage that has merged with an international clearing house providing home sellers a platform to access a global networks of home buyers.

There are a plethora of reasons why the number of homes sold has fallen so precipitously. It is possible that one of the reasons unit sales are dropping is that agents are having a difficult time articulating value to would-be buyers. In a declining market, home buyers are anxious and need pertinent historical data, insight and long term vision into the real estate market in which they are investing.

When selecting a listing agent for your home, simply picking a past top agent, or a friend of a friend may not best serve your bottom line. The work habits most realtors have evolved over the last 10 years of fairly easy selling are not translating well to selling homes in this environment—as recent home sales data shows so painfully.

A key to selecting a listing agent is finding a team with diverse skill sets: one that knows relevant market data; who can create a flawless home marketing plan and execute it; who are able to articulate current economic issues as they relate to home buyers; and who can provide a logical line of reasoning as to why Marin Real Estate is a safe place to invest one's nest egg over time—which it is!

The DuPont Group at Decker Bullock Sotheby's has thrived in this changing market, claiming 2008 as our best year yet. We strive to earn your business through hard work, skillful marketing, deductive and logical insight in the markets in which we specialize. Please call or refer us to anyone you know that might need our help.



The DuPont Group 2008 Results Analysis:

Our 2008 home listing results have set a new standard for home sales in Southern Marin. In a declining market where the time it takes to sell a home increased from 60 to 70 to 80 days, our group sold our first 5 listings in an average of 6 days at 98% of the asking price. We listed a home in Mill Valley mid-November during the economic maelstrom, and sold it within 3 days at 99% of the asking price—a price 23% above where a group of tenured, knowledgeable Mill Valley realtors thought the home would trade.

Flash Branding: One of the primary difficulties in marketing homes for sale, is that they have a very short marketing window—after 4-6 weeks a listing is often considered “stale” and attracts mostly low offers. The DuPont Group has created a trademarked process, coined “Flash Branding™” that borrows proven marketing concepts from other industries to deliver results in promoting, advertising and selling homes. We are eager to earn your business, please call us for more information about this process.

2008 Home Listing Sales

110 Hazel Avenue

www.110hazel.com

Sold in 5 days, 99% of list price



5 Monte Vista Ave

www.5MonteVista.com

Sold in 9 days, 99% of list price



108 Homestead Blvd

www.108Homestead.com

Sold in 3 days, 97% of list price



30 S Knoll Road

www.30southknoll.com

Sold in 2 days, 100% of list price



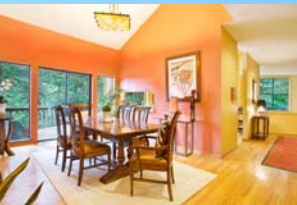
20 Marguerite Ave

www.20Marguerite.com

Sold in 7 days, 98% of list price

33 Shell Road

Sold 10 days, 94% of list price



Current Homes for Sale

11 Roseville Court, Tiburon

www.11Roseville.net

\$3,245,000

Wonderful Family house at the end of a private Cul-de-Sac with views of San Francisco and both bridges.



19 Belvedere Avenue, Belvedere

www.19BelvedereAve.com

\$2,788,000

Sleek and sexy mid-century contemporary Hedrick Bull home, with City, Headland, Golden Gate Bridge views.



408 Tennessee Glen, Mill Valley

www.408TennesseeGlen.com

\$2,780,000

Recently built 6 Bedroom family home, steps to Tennessee Valley trails, refined details & great flow.



28 Vine Avenue, San Anselmo

www.28Vine.com

\$1,325,000

Private, Seminary, family retreat walking distance to town and schools, with moxie architectural style.



134 W. Blithedale Ave., Mill Valley

www.134WBlithedale.com

\$889,000

One of a kind recently renovated Pied-a-Terre steps from town with great light and outdoor space.



1410 Vistazo Street W., Tiburon

www.1410Vistazo.com

\$887,000

Recently remodeled Condo with high end finishes and straight-on views of San Francisco and Bay; part of a lively community of like minded people.



Extraordinary Sausalito Parcels

Wolfback Estate, Sausalito

www.WolfbackEstate.com

\$18,000,000

Once in a lifetime opportunity to own one of the best view lots in the Bay Area if not the world. 2.6 acres with multiple flat home sites. The properties are located 3 minutes above the Golden Gate Bridge.



Wolfback Ridge Road, Sausalito

www.WolfbackRidge.com

Lot 8: \$1,250,000

Lot 9: \$1,750,000

Lot 10: \$1,950,000

These three buildable lots lie behind private gates and face South & West with views of San Francisco, the Bay & Gate surrounded by GGNRA land.

Exceptional Properties for Sale in Early 2009

Modern Architecture for the true Aficionado

www.61Wolfback.com

\$3,995,000

Dwell Magazine "Home of the Year"

Finished Jan. '09—custom home for the discerning Empyrean design by Charlie Lazor

86 Bay Vista Drive, Mill Valley

www.86BayVista.com

~\$1,700,000

This recently updated home is steps to Strawberry Village, and centrally located to everything Marin.



Raccoon Straights

100 Tiburon Blvd.
Mill Valley, CA 94941

THE DUPONT GROUP



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“Dave had a level of professionalism and intellect that was by far the best I have encountered in a real estate transaction. We always knew Dave was our advocate and had a commitment to finding us the right home.”

