



**A MESSAGE FROM OUR MANAGER:
JEFFREY GIBSON**

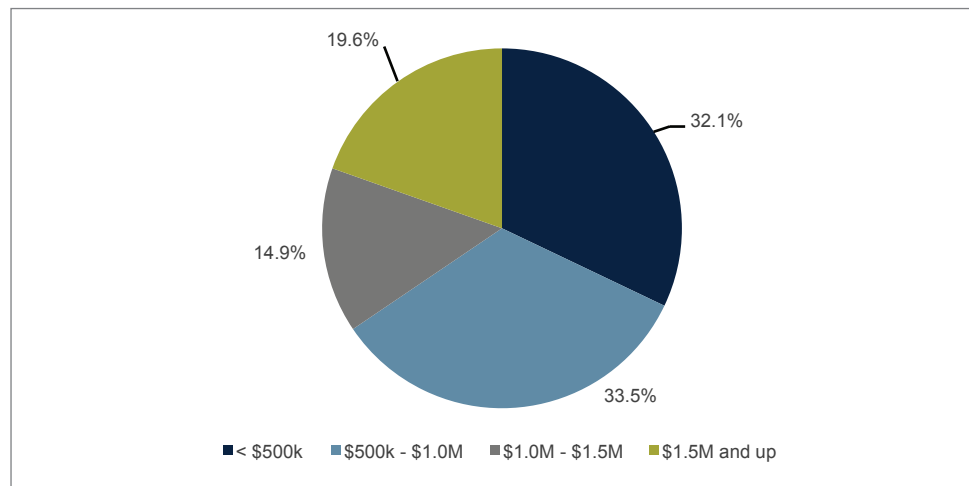
This year saw the robust spring market continue through the summer, according to BAREIS. Strong sales volume was driven by very limited inventory and renewed buyer confidence. These factors resulted in many stories of multiple offers on a single property in both the single-family home and condominium markets throughout Napa and Sonoma. The glut of foreclosed-upon-homes and short-sales over the past several years, which resulted in a drop in comparable market prices, has been greatly reduced.

Increased demand has caused prices to start to climb in certain price ranges. If prices continue to rise as high as 2007 levels, they would reach our market's high watermark. The accompanying statistics reveal a bit of a slow down in the market for the month of September, but this is driven primarily by limited available inventory.

WINE COUNTRY BROKERAGE

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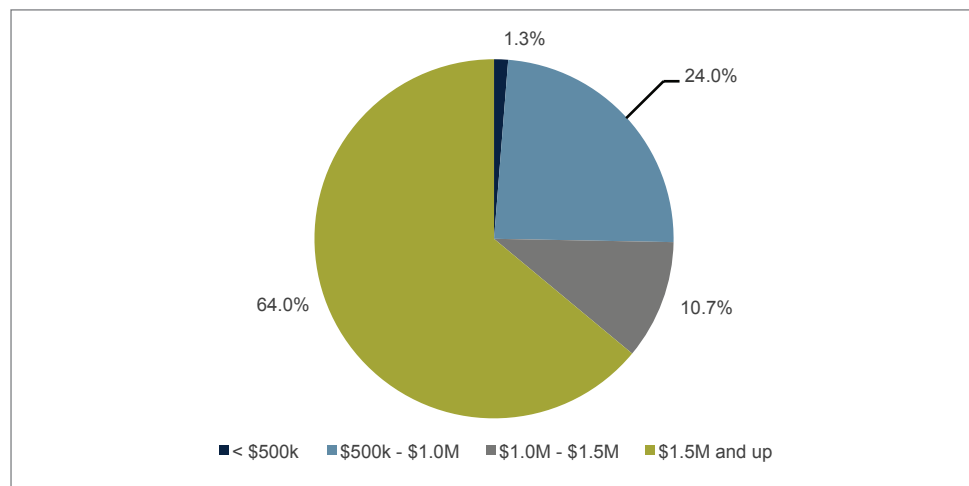
SONOMA VALLEY MARKET SUMMARY -SINGLE FAMILY HOMES



Source: BAREIS

In Sonoma Valley the Discount Ratio (ultimate sales price compared to list price) ticked up from 95% to 96%, and is the highest it's been in the third quarter for at least 5 years. The less than \$1,000,000 category in Sonoma Valley is the hot spot for Q3 2012. In Q3 2011 it made up 59% of total volume vs 66% in Q3 2012. The discount ratio in the \$500,000 and less is 100%, meaning sellers were getting exactly what they were asking. That increased from 96% in Q3 2011.

ST. HELENA MARKET SUMMARY -SINGLE FAMILY HOMES



Source: BAREIS

In St. Helena the Discount Ratio also ticked up 1 percent from 92% to 93%, the highest since 2008. Units sold almost doubled in St. Helena from Q3 2011. St. Helena Average Sales Price is up 72% overall, and up 86% in the \$1.5M and up category. The \$1.5M and up made up 32% of the volume in St. Helena in Q3 2011, but makes up 64% of the total volume in Q3 2012. Bigger properties are selling again.

SONOMA VALLEY

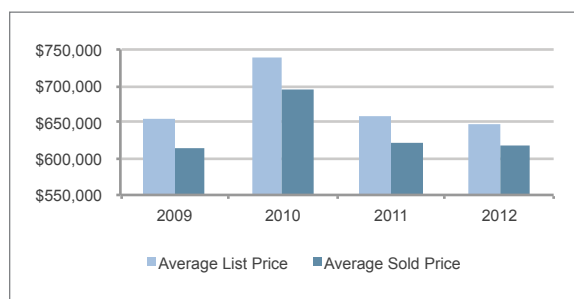


ABOUT SONOMA VALLEY

Approximately 40 miles north of San Francisco, Sonoma real estate is perfectly situated to maximize residents' quality of life. Although world-renowned as a wine mecca, Sonoma maintains the tight-knit feel of a small community with a charming downtown. In 1846, the California Republic declared its independence from Mexico with Sonoma named the capital of this short-lived sovereign state. Consequently, Sonoma is known as the birthplace of California, a town rich in history surrounded by breathtaking natural beauty.

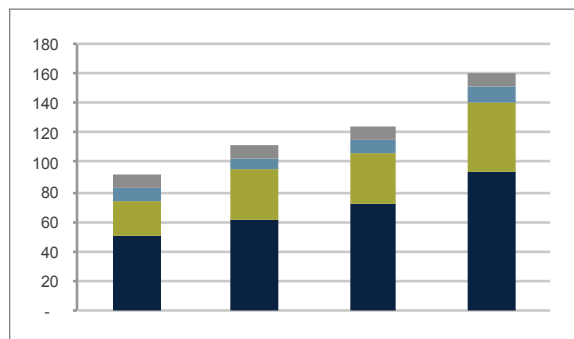
AVERAGE SALES PRICE (SFH) - Q3 COMPARISONS

PRICE RANGE	2009	2010	2011	2012	% CHANGE (2012 v 2011)
Up to \$500,000	\$311,236	\$344,180	\$309,742	\$339,944	10%
\$500K - \$1M	\$647,683	\$692,510	\$684,562	\$724,387	6%
\$1 - \$1.5M	\$1,112,278	\$1,163,500	\$1,254,028	\$1,234,492	-2%
\$1.5M and up	\$1,861,750	\$2,733,444	\$2,260,444	\$2,168,210	-4%
TOTALS	\$615,502	\$696,235	\$623,131	\$618,660	-1%



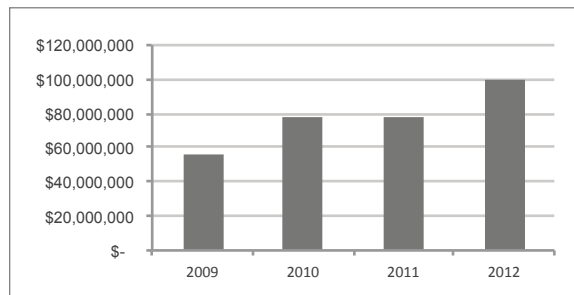
CLOSED UNITS: # OF SIDES (SFH) - Q3 COMPARISONS

PRICE RANGE	2009	2010	2011	2012	% CHANGE (2012 v 2011)
Up to \$500,000	50	61	72	94	31%
\$500K - \$1M	24	35	35	46	31%
\$1 - \$1.5M	9	7	9	12	33%
\$1.5M and up	8	9	9	9	0%
TOTALS	91	112	125	161	29%



CLOSED VOLUME (SFH) - Q3 COMPARISONS

PRICE RANGE	2009	2010	2011	2012	% OF CHANGE
Up to \$500,000	\$15,561,818	\$20,994,990	\$22,301,409	\$31,954,695	32.1%
\$500K - \$1M	\$15,544,400	\$24,237,850	\$23,959,655	\$33,321,790	33.5%
\$1 - \$1.5M	\$10,010,500	\$8,144,500	\$11,286,250	\$14,813,902	14.9%
\$1.5M and up	\$14,894,000	\$24,601,000	\$20,344,000	\$19,513,888	19.6%
TOTALS	\$56,010,718	\$77,978,340	\$77,891,314	\$99,604,275	28%



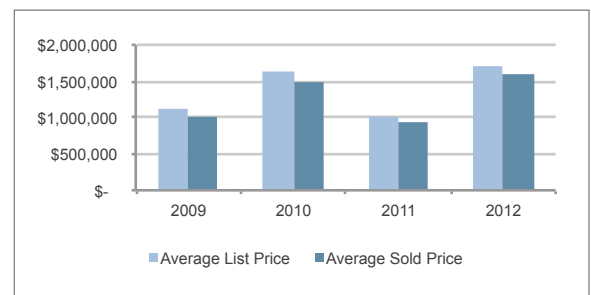


ABOUT ST. HELENA

Located north of Napa, Yountville & Oakville, St. Helena is referred to as the heart of Napa Valley. St. Helena has a population of just 5,000 people and spans approximately 4 square miles and is home to some of the best wineries, restaurants and shopping in Wine Country and some of the most exquisite estate properties in Wine Country.

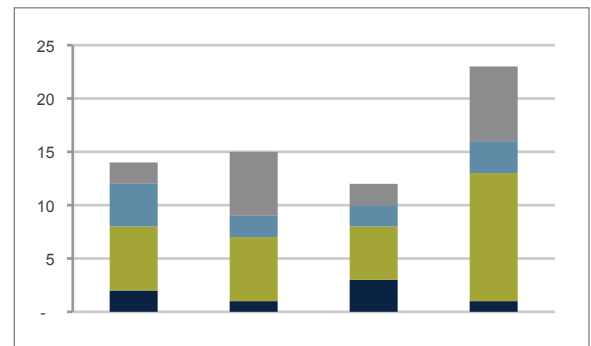
AVERAGE SALES PRICE (SFH) - Q3 COMPARISONS

PRICE RANGE	2009	2010	2011	2012	% CHANGE (2012 v 2011)
Up to \$500,000	\$350,000	\$414,300	\$395,000	\$460,000	16%
\$500K - \$1M	\$720,062	\$686,667	\$765,950	\$732,333	-3%
\$1 - \$1.5M	\$1,192,500	\$1,106,250	\$1,260,000	\$1,308,333	4%
\$1.5M and up	\$2,275,000	\$2,616,875	\$1,797,500	\$3,340,714	86%
TOTALS	\$1,024,312	\$1,496,537	\$923,729	\$1,589,478	72%



CLOSED UNITS: # OF SIDES (SFH) - Q3 COMPARISONS

PRICE RANGE	2009	2010	2011	2012	% CHANGE (2012 v 2011)
Up to \$500,000	2	1	3	1	-67%
\$500K - \$1M	6	6	5	12	140%
\$1 - \$1.5M	4	2	2	3	50%
\$1.5M and up	2	6	2	7	250%
TOTALS	14	15	12	23	92%



CLOSED VOLUME (SFH) - Q3 COMPARISONS

PRICE RANGE	2009	2010	2011	2012	% OF CHANGE
Up to \$500,000	\$700,000	\$414,300	\$1,185,000	\$460,000	1.3%
\$500K - \$1M	\$4,320,371	\$4,120,000	\$3,784,750	\$8,788,000	24%
\$1 - \$1.5M	\$4,770,000	\$2,212,500	\$2,520,000	\$3,925,000	10.7%
\$1.5M and up	\$4,550,000	\$15,701,250	\$3,595,000	\$23,385,000	550%
TOTALS	\$14,340,371	\$22,448,050	\$11,084,750	\$36,558,000	230%

