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OF REALTORS®

2010 California Real Estate Market Forecast

California REALTOR® EXPO

October 7, 2009

Leslie Appleton-Young

C.A.R. Vice President and Chief Economist

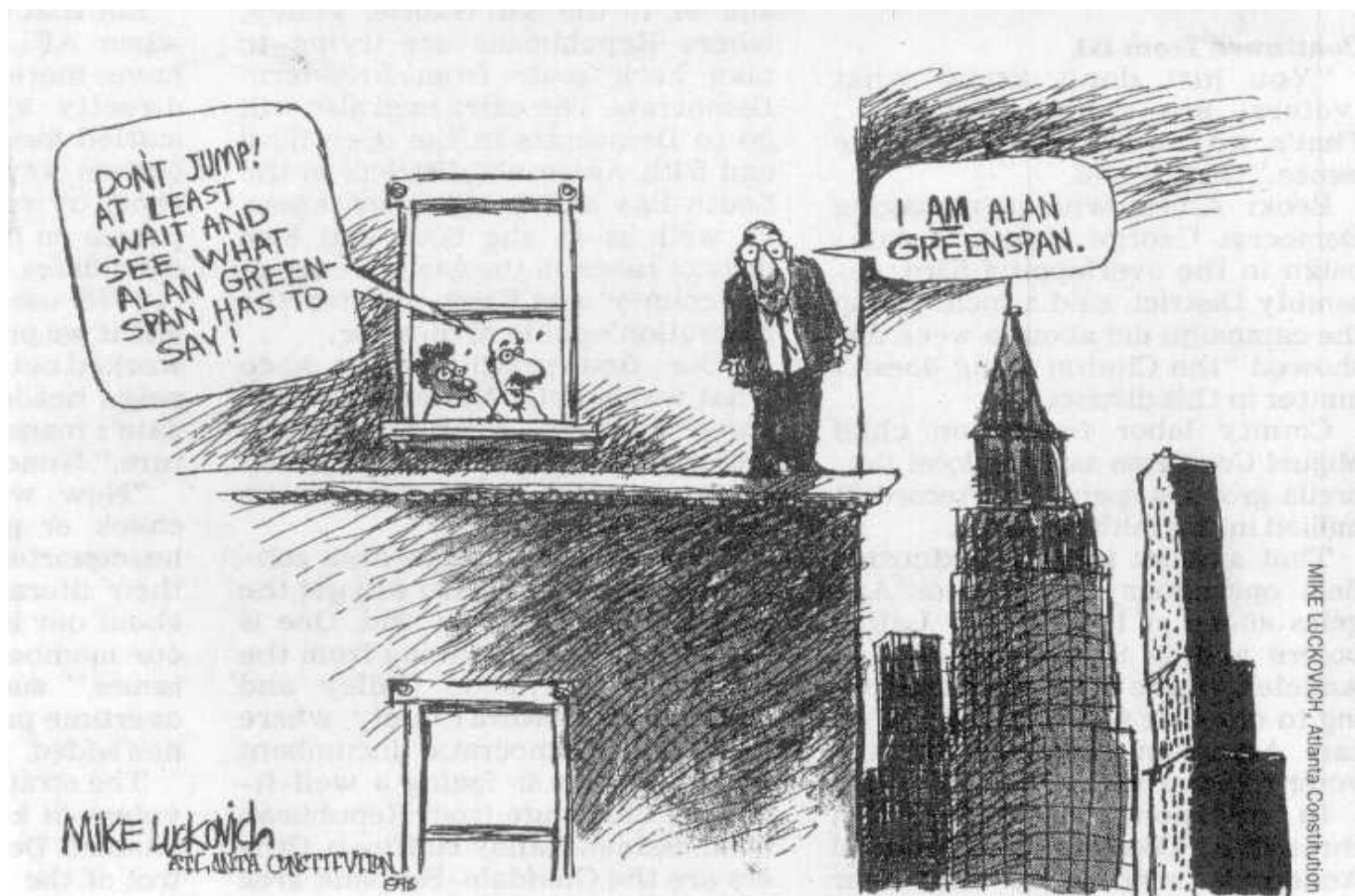
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US and California Economic Conditions

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Historic Fiscal Stimulus

Fiscal Policy: “Spend Now – Worry Later”

To date: \$3 trillion in government spending

MBS purchases (\$693 billion)

TARP (\$372 billion)

Obama stimulus package (\$304 billion)

Cash for Clunkers

First-time Buyer Tax Credit

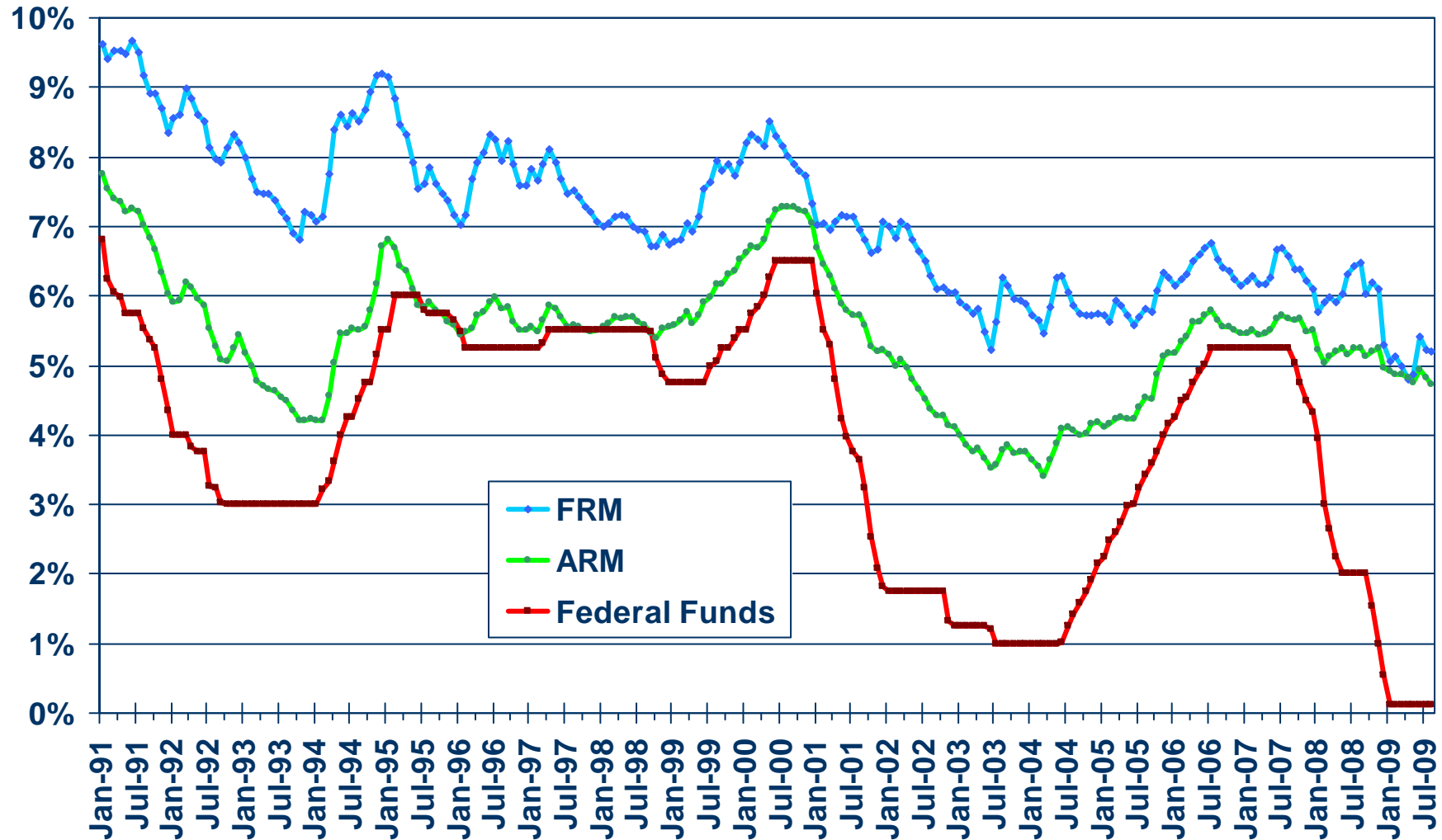
Extension of Unemployment Benefits

Tax Cuts

Result: Federal budget deficit will reach 1.6 trillion
this year

Mortgage Rates and Monetary Policy

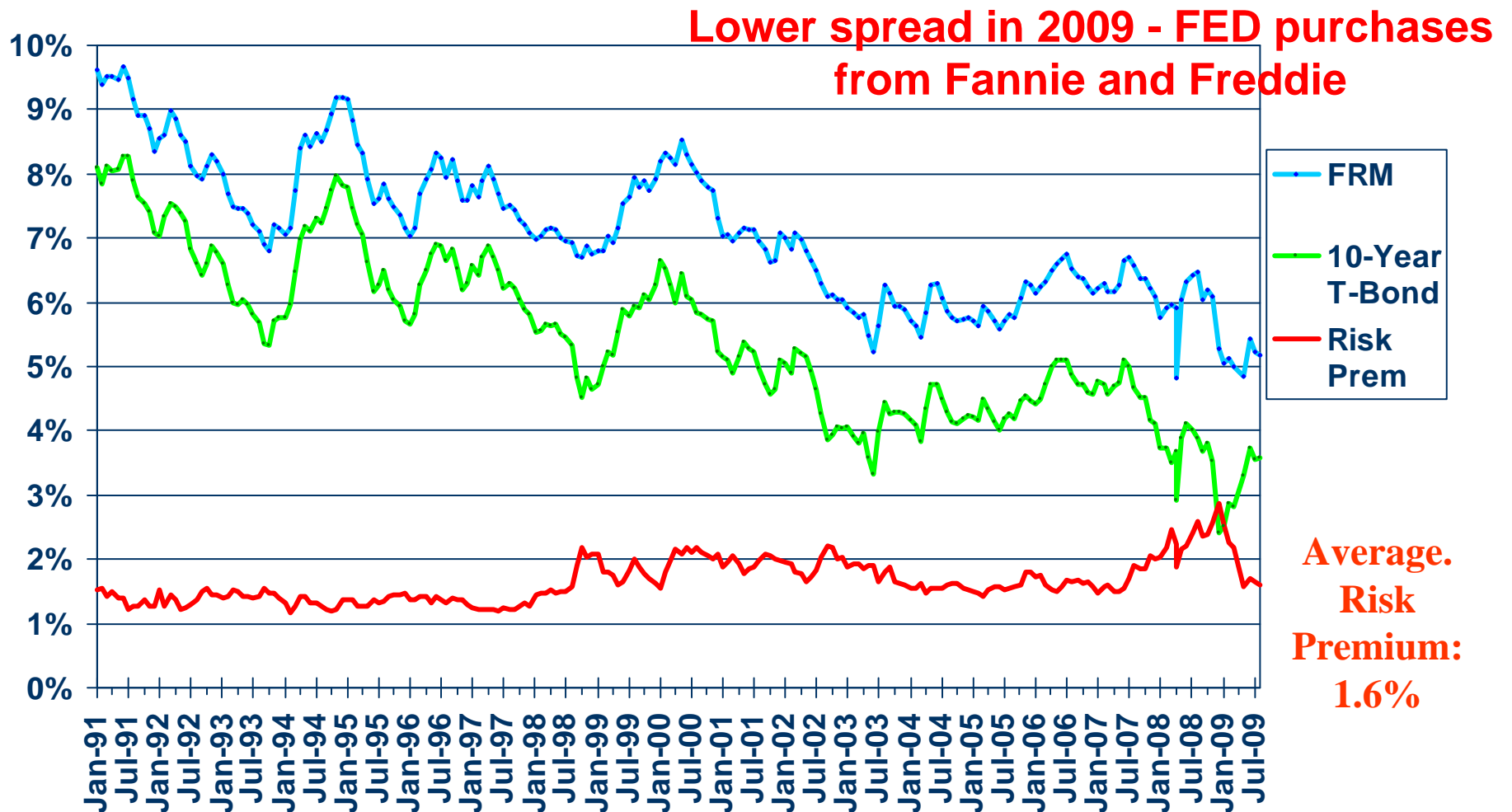
“Whatever it Takes”



SOURCE: Federal Home Loan Mortgage Corporation

30-Year FRM vs. 10-Year T-Bond

Above-Average Risk Premiums Associated With Mortgage Loans

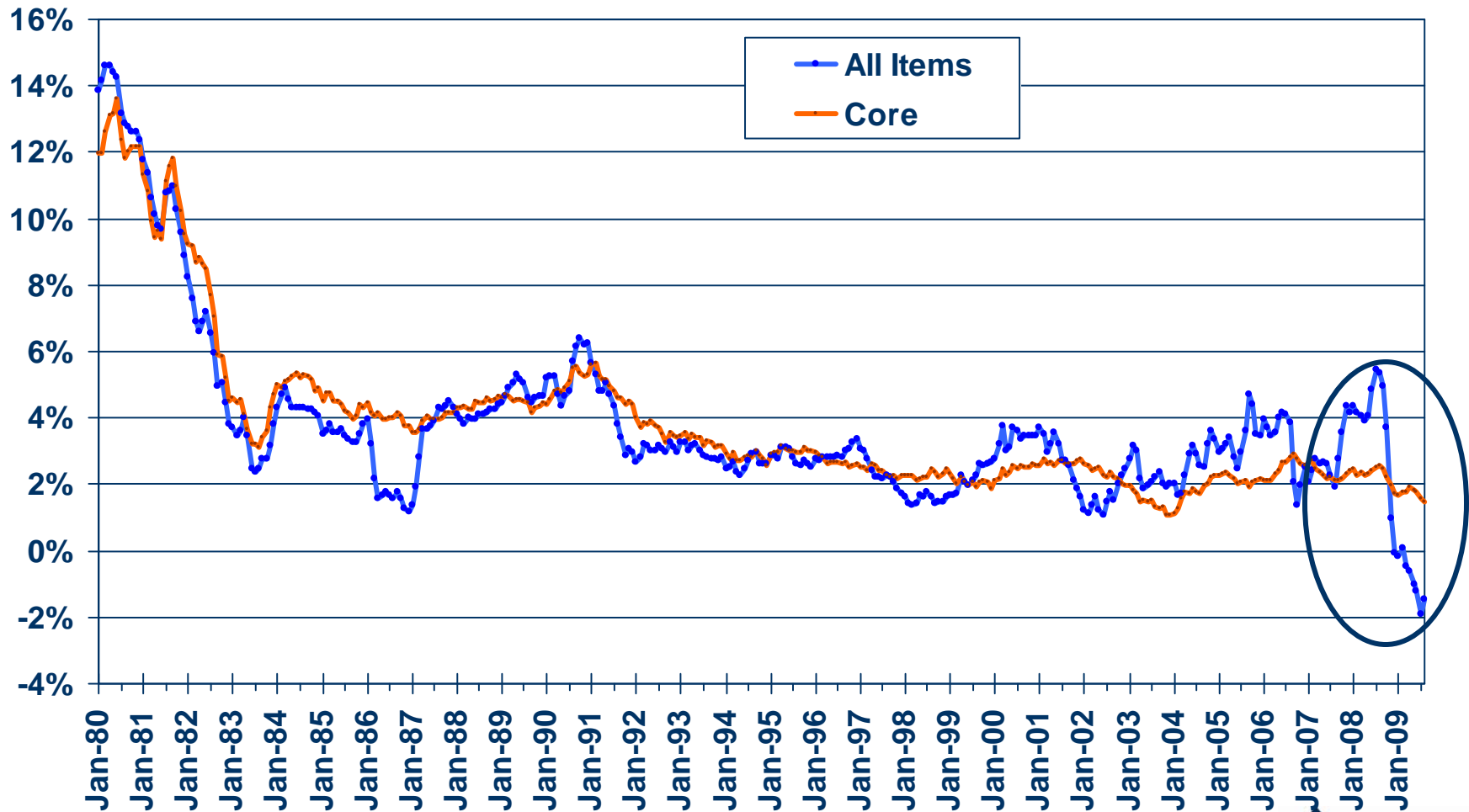


SOURCE: Federal Home Loan Mortgage Corporation – 30-yr FRM
Federal Reserve Board – 10-Year T-Bond

Consumer Price Index

August 2009: All Items -1.4% YTY; Core 1.5% YTY

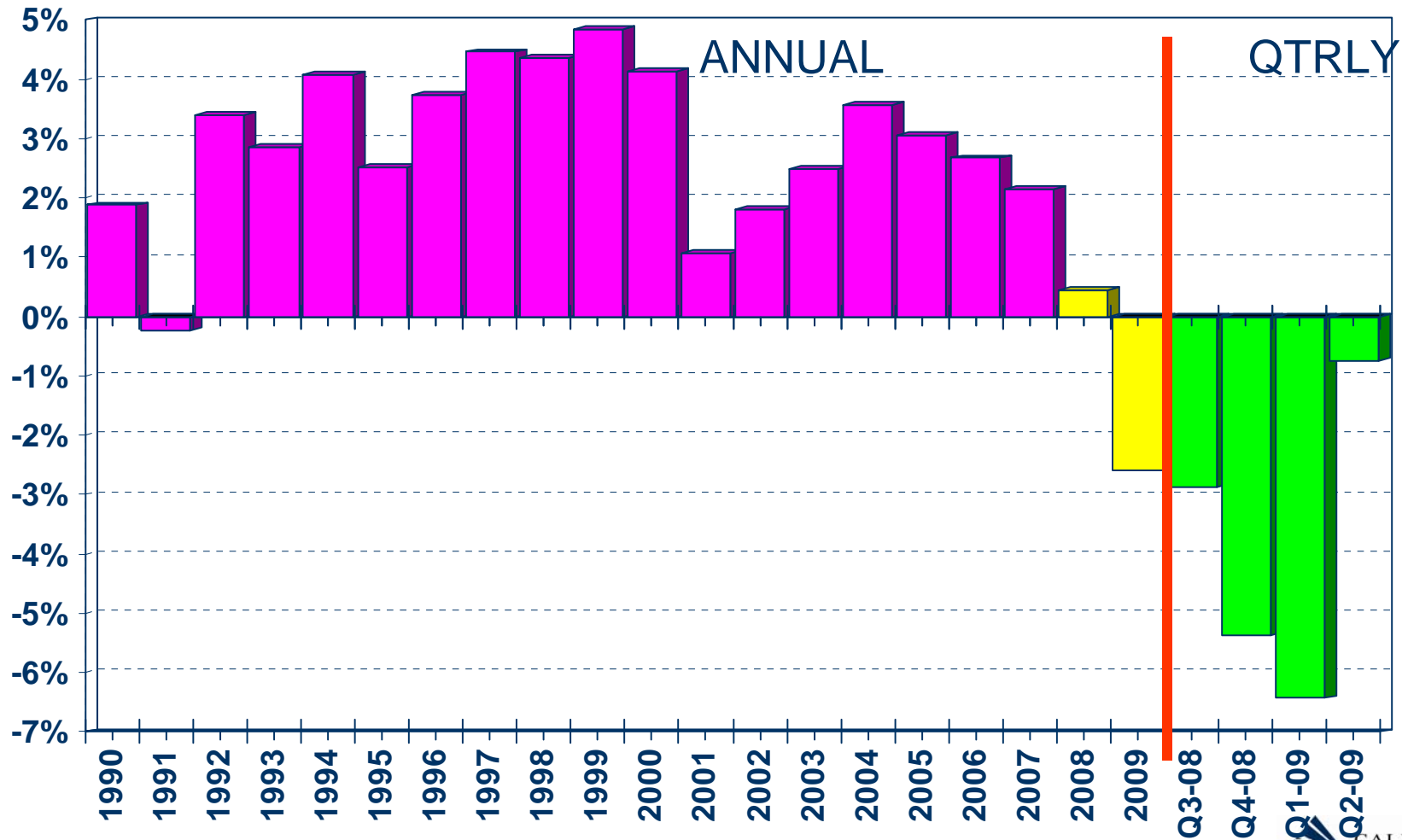
PERCENT CHANGE FROM A YEAR AGO, 100=1982-1984



Gross Domestic Product

2008: +0.4%; 2009P -2.6%; Q2: -0.7%

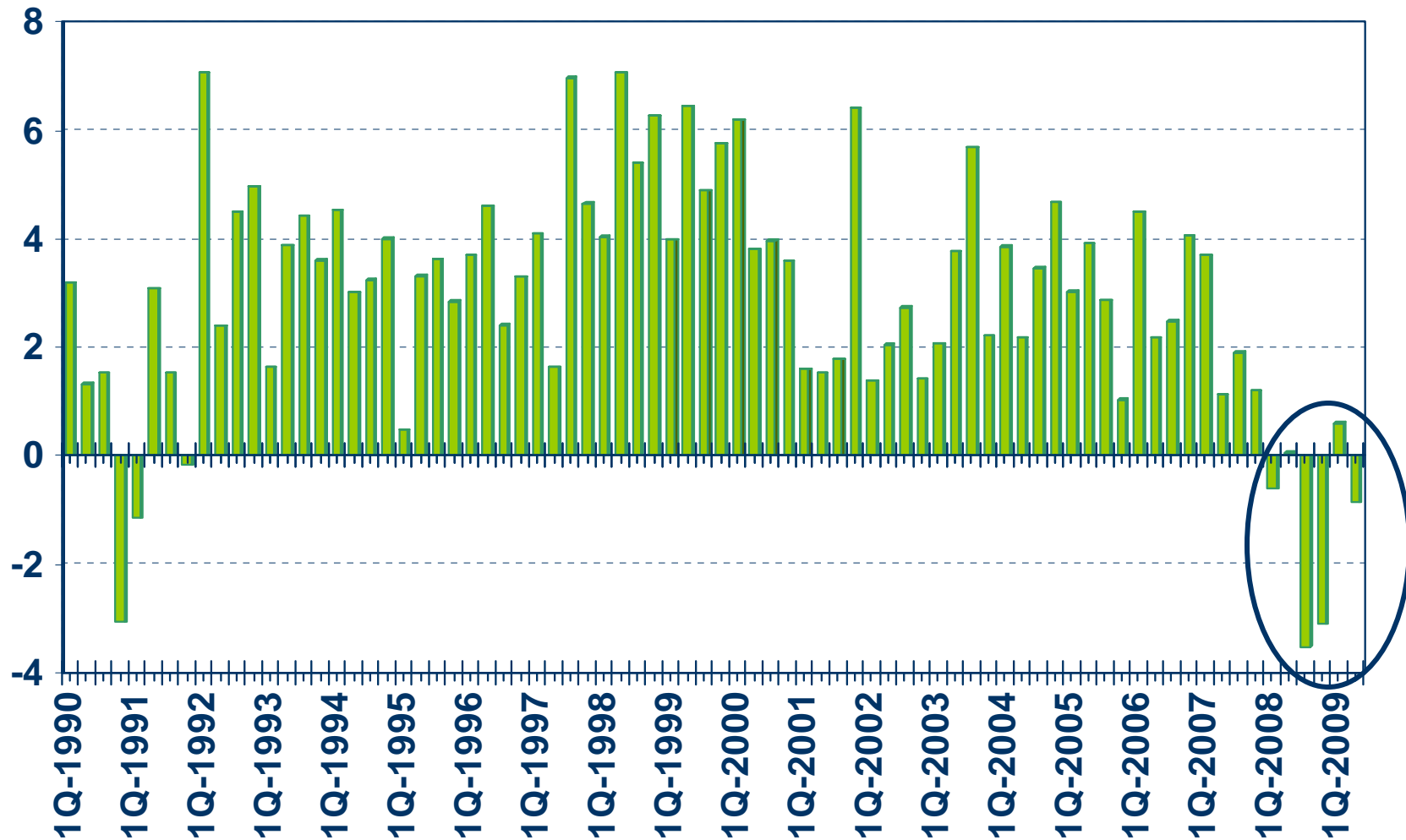
ANNUAL PERCENT CHANGE, CHAIN-TYPE (2005) \$



Personal Consumption

2009 Q2: -0.87%

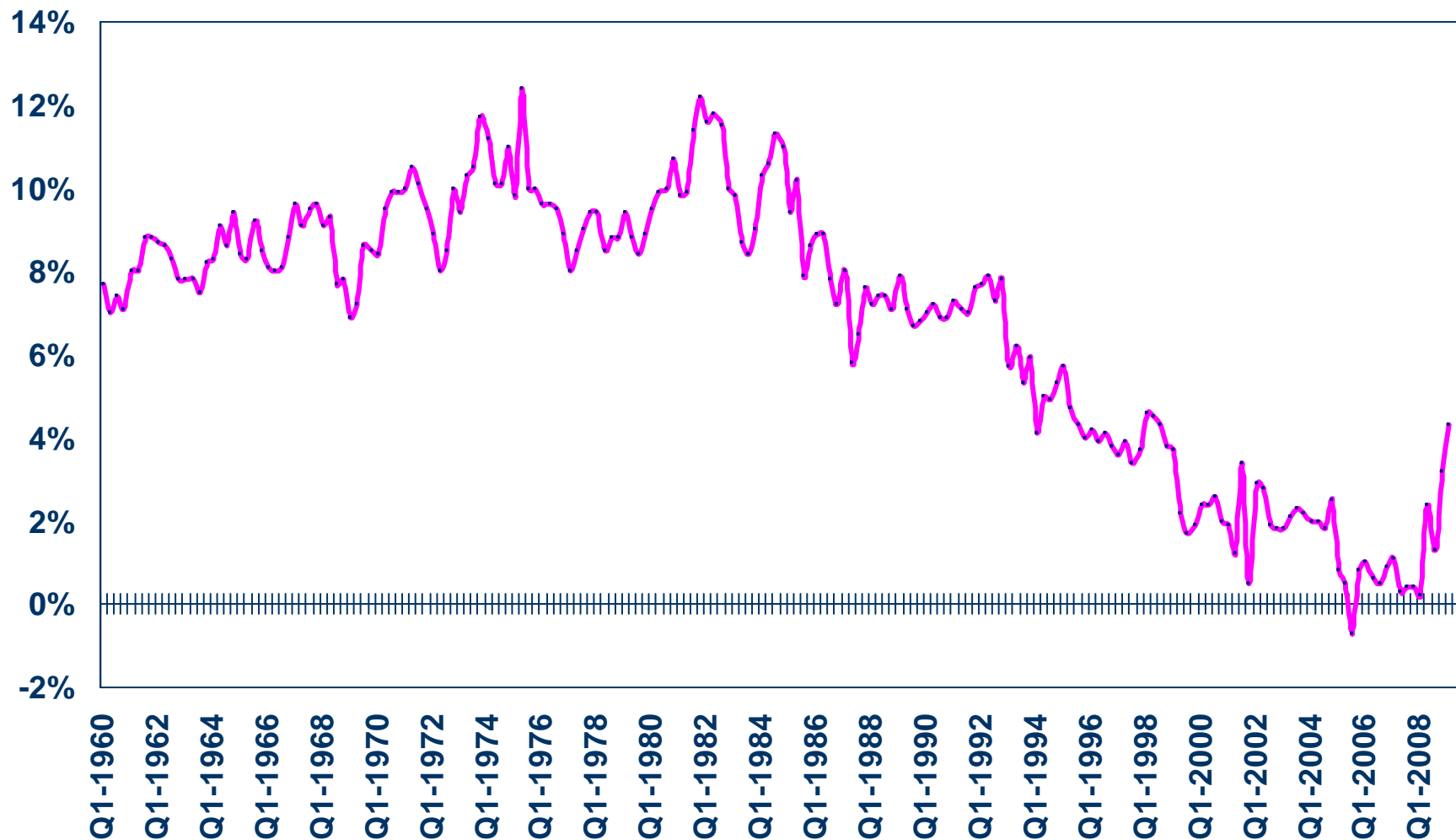
QUARTERLY PERCENT CHANGE



SOURCE: US Dept of Commerce,
Bureau of Economic Analysis

U.S. Savings Rate: 1960 – 2009

Is increase Permanent or Temporary?



SOURCES: BEA S&P 500

Consumer Behavior: Permanent Change or Temporary Hiatus From Spending?

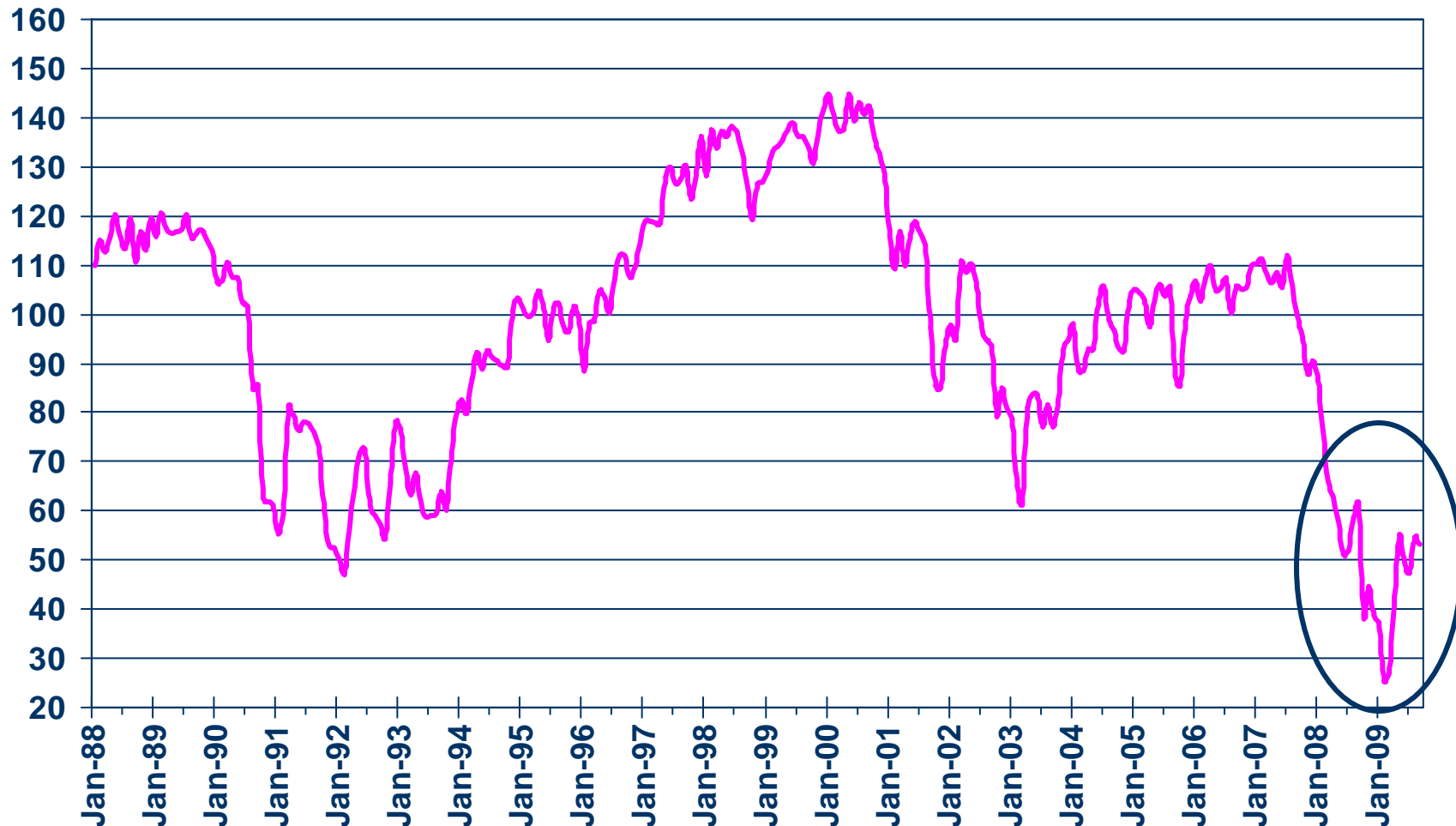
“Credit impaired lower income consumers can’t spend the way they used to and wealth impaired affluent consumers won’t.”

UCLA Forecast 9/09

Consumer Confidence Index: Better...Sort Of

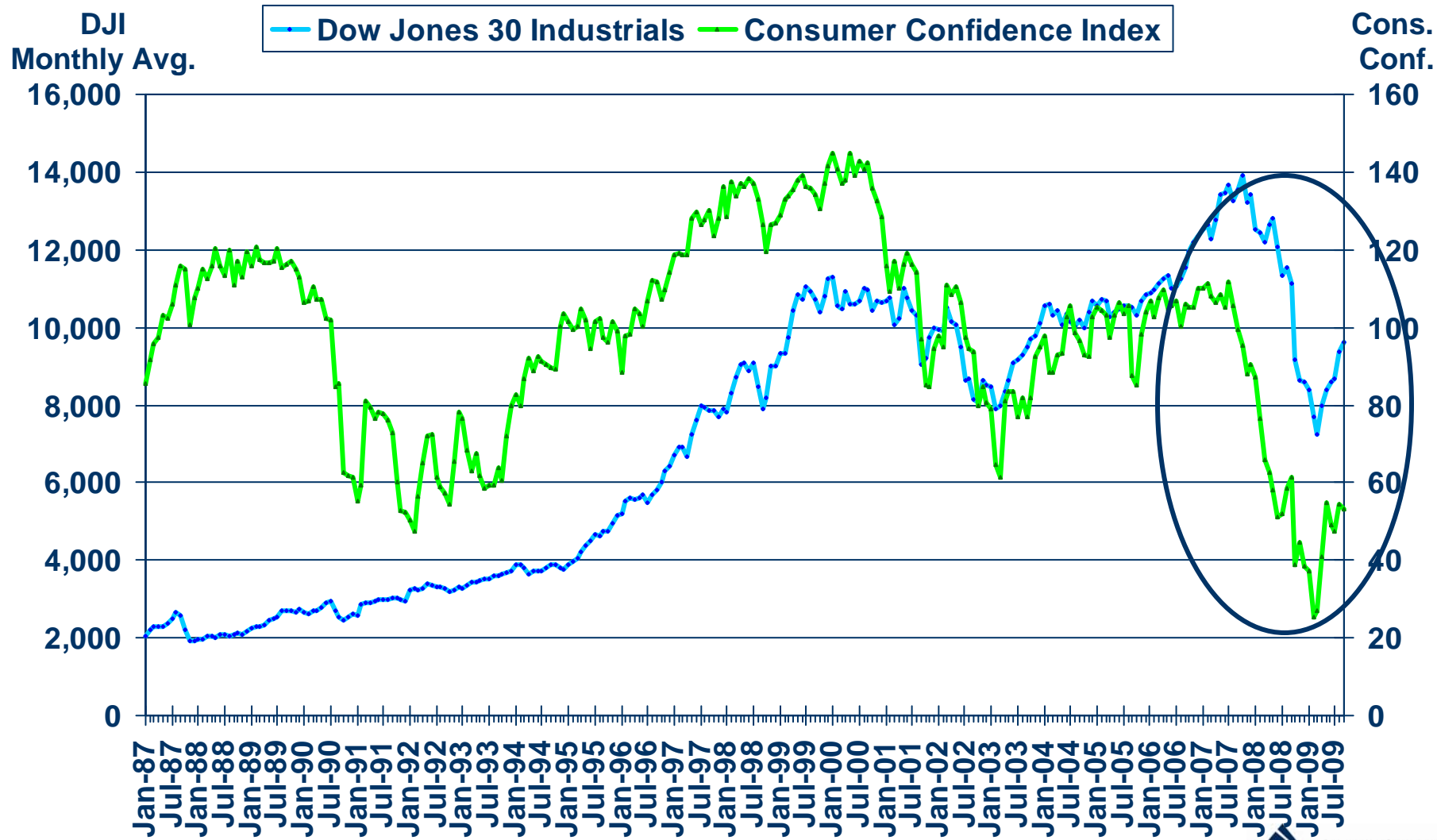
August 2009: 54.5 September 2009: 53.1

INDEX, 100=1985



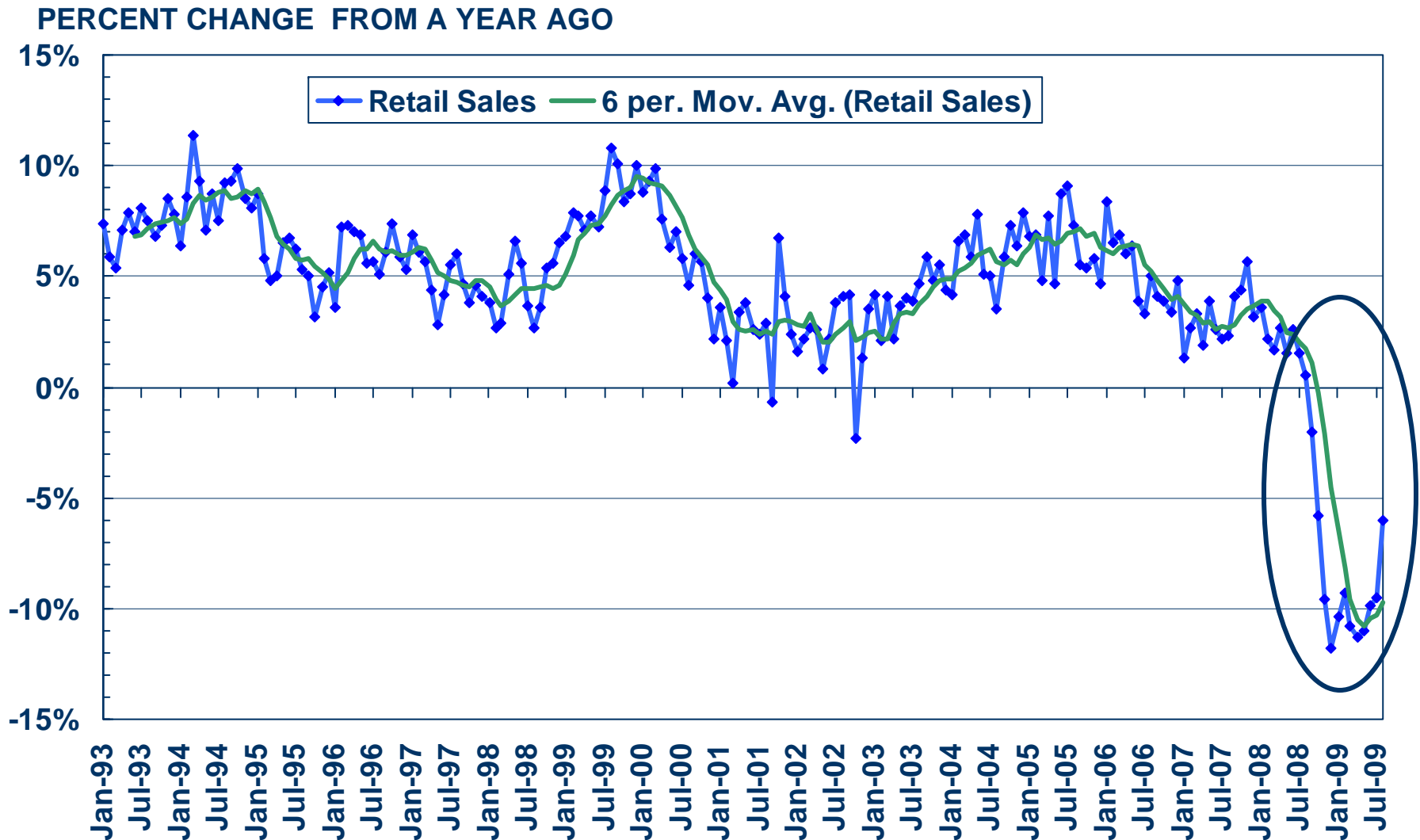
Dow Jones Stock Price and Consumer Confidence

30 Industrial Index vs. Consumer Confidence Index 1987-2009



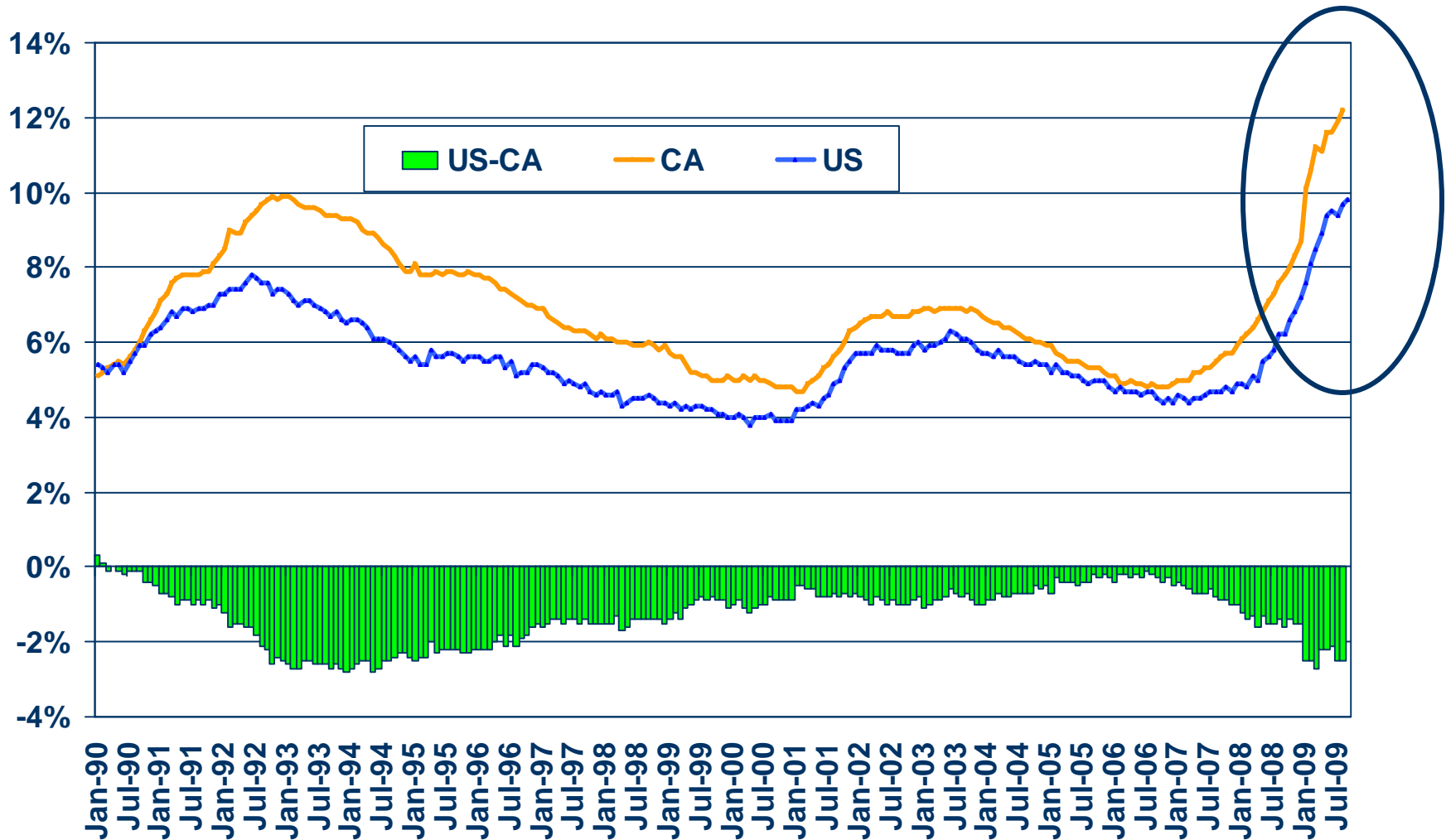
Retail Sales

2009 August - 6.0% YTY



Unemployment Rate

California (8/09 12.2%) vs. United States (9/09 9.8%)

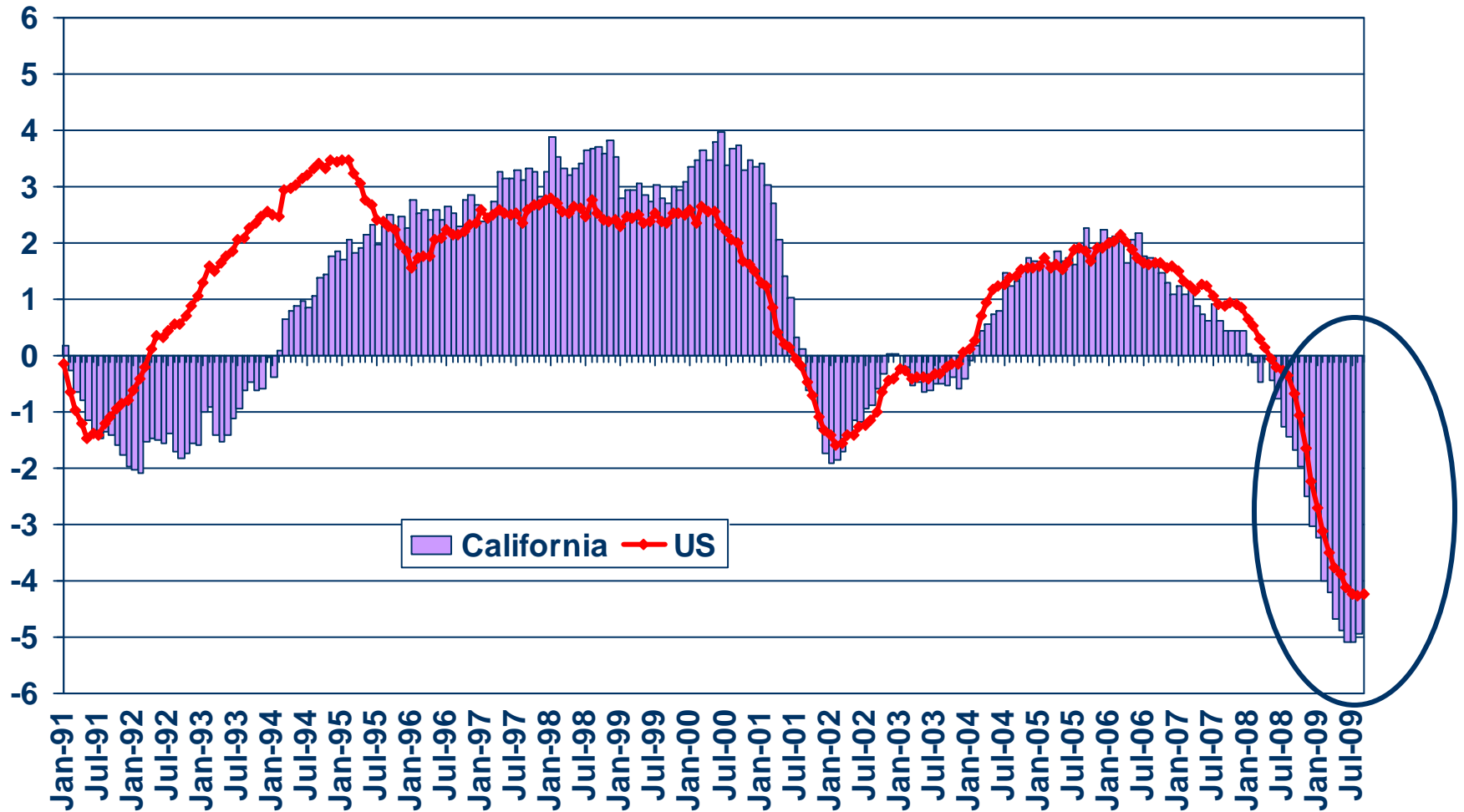


SOURCE: CA Employment Development Division

Employment Growth, California vs. U.S.

8/09 CA: -4-9% YTY 9/09 US: -4.2% YTY

YEAR TO YEAR % CHANGE



SOURCE: CA Employment Development Division

Nonfarm Employment By Region

(Thousands)	Nonfarm Employment Aug-09	Nonfarm Employment Aug-08	Change	Percent Change
Southern California	7,918.8	8,289.4	-370.6	-4.5%
Bay Area	3,088.7	3,243.6	-154.9	-4.8%
Central Valley	1,906.2	1,990.4	-84.2	-4.2%
Central Coast	478.0	492.0	-14	-2.8%
North Central	131.6	137.9	-6.3	-4.6%
CALIFORNIA	14,234.1	14,975.6	-741.5	-5.0%

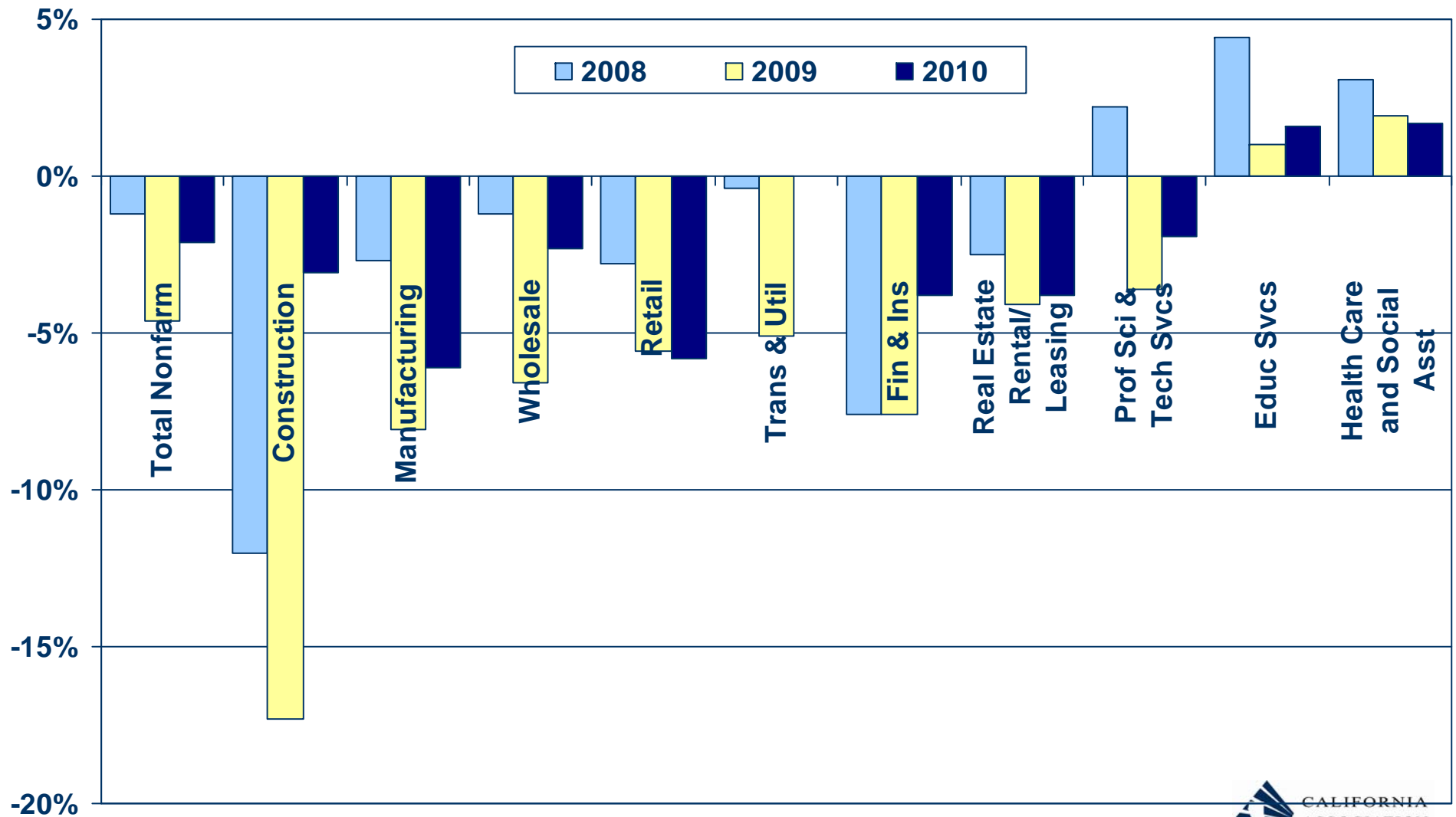
SOURCE: CA Employment Development Division



Employment by Sector

YTY % Changes in California 2008-2010

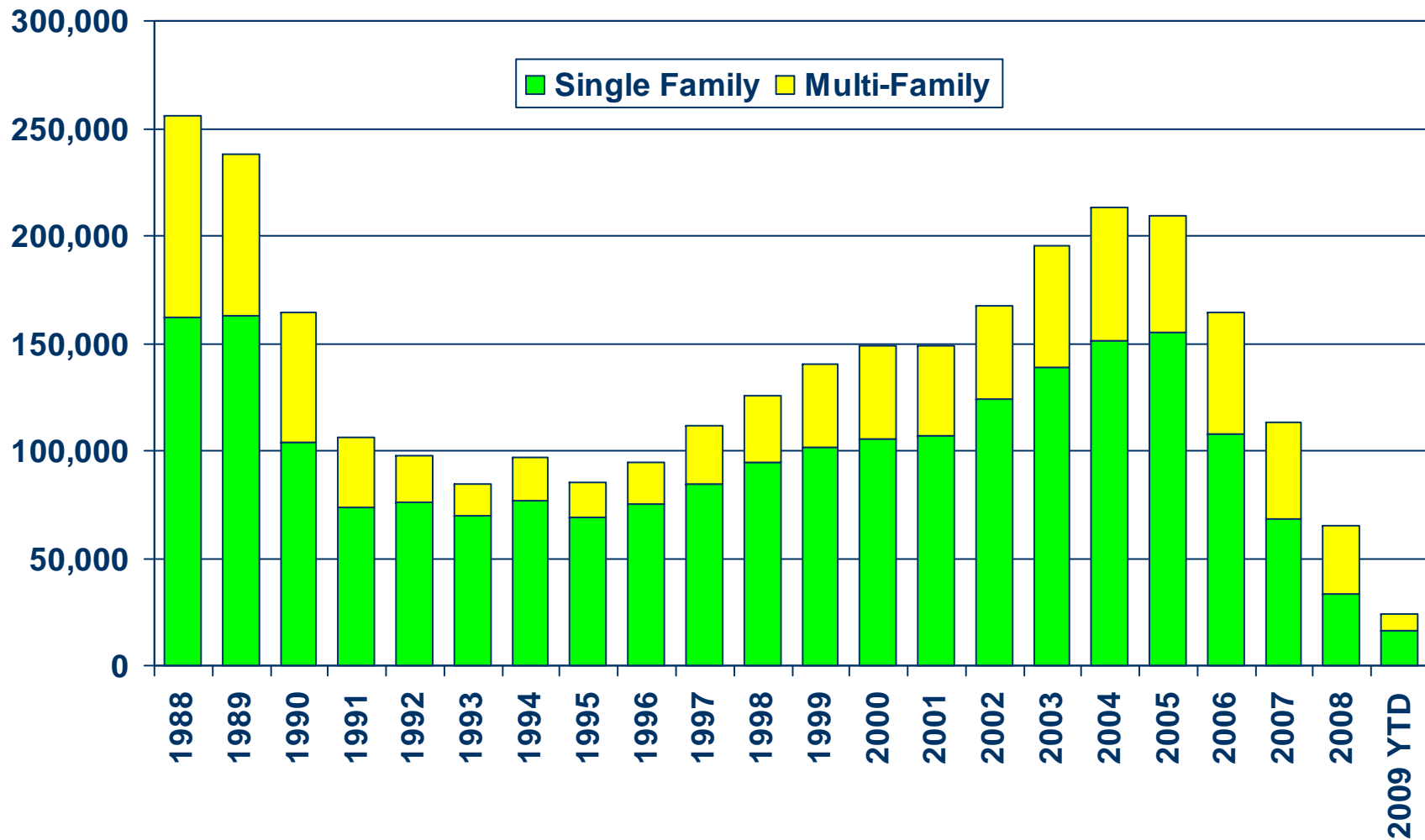
% Change



SOURCE: CA EDD, LAEDC

New Housing Permits

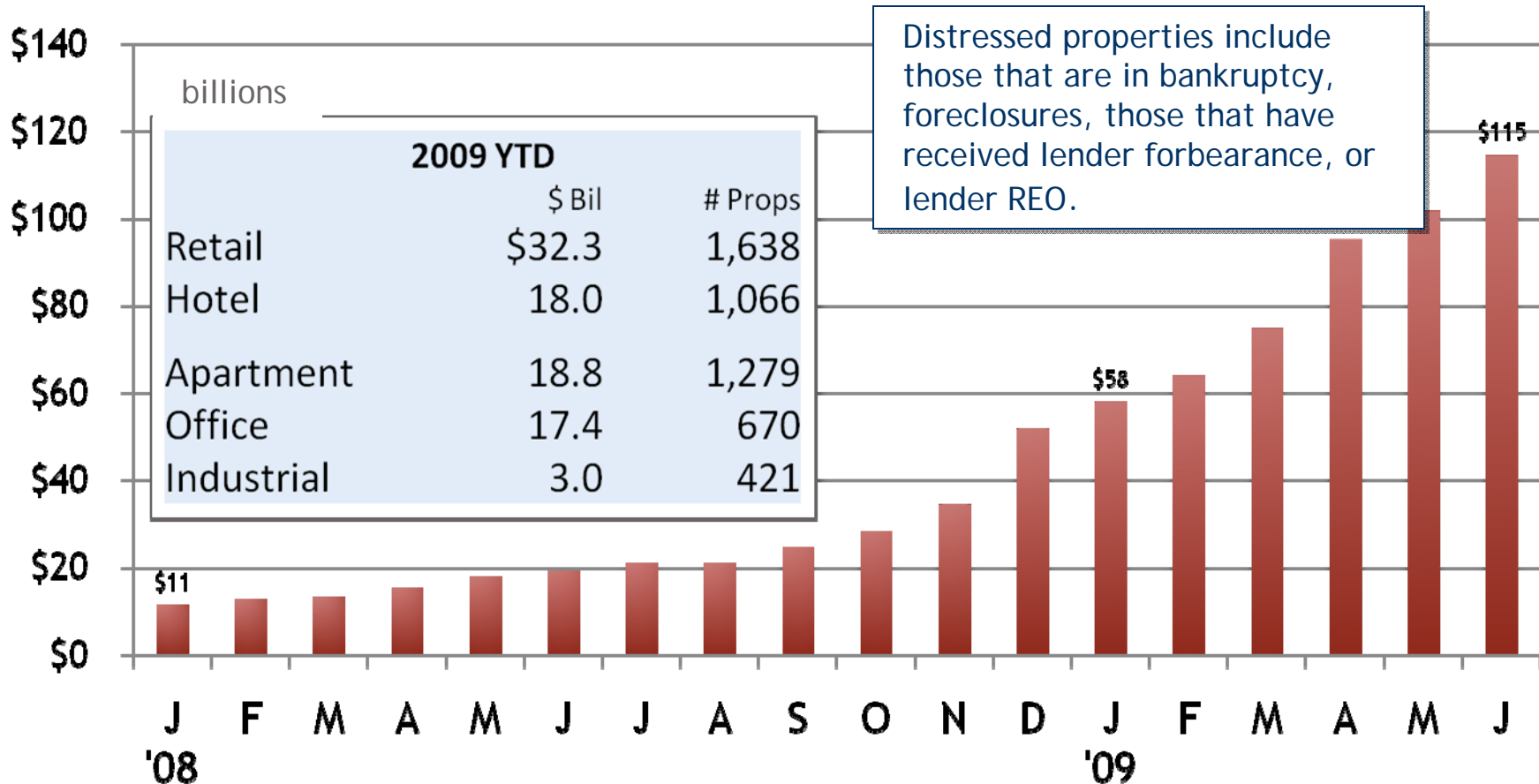
California, 1988-2009: Down 48.8% YTD



SOURCE: Construction Industry Research Board

Distressed Commercial RE Growing

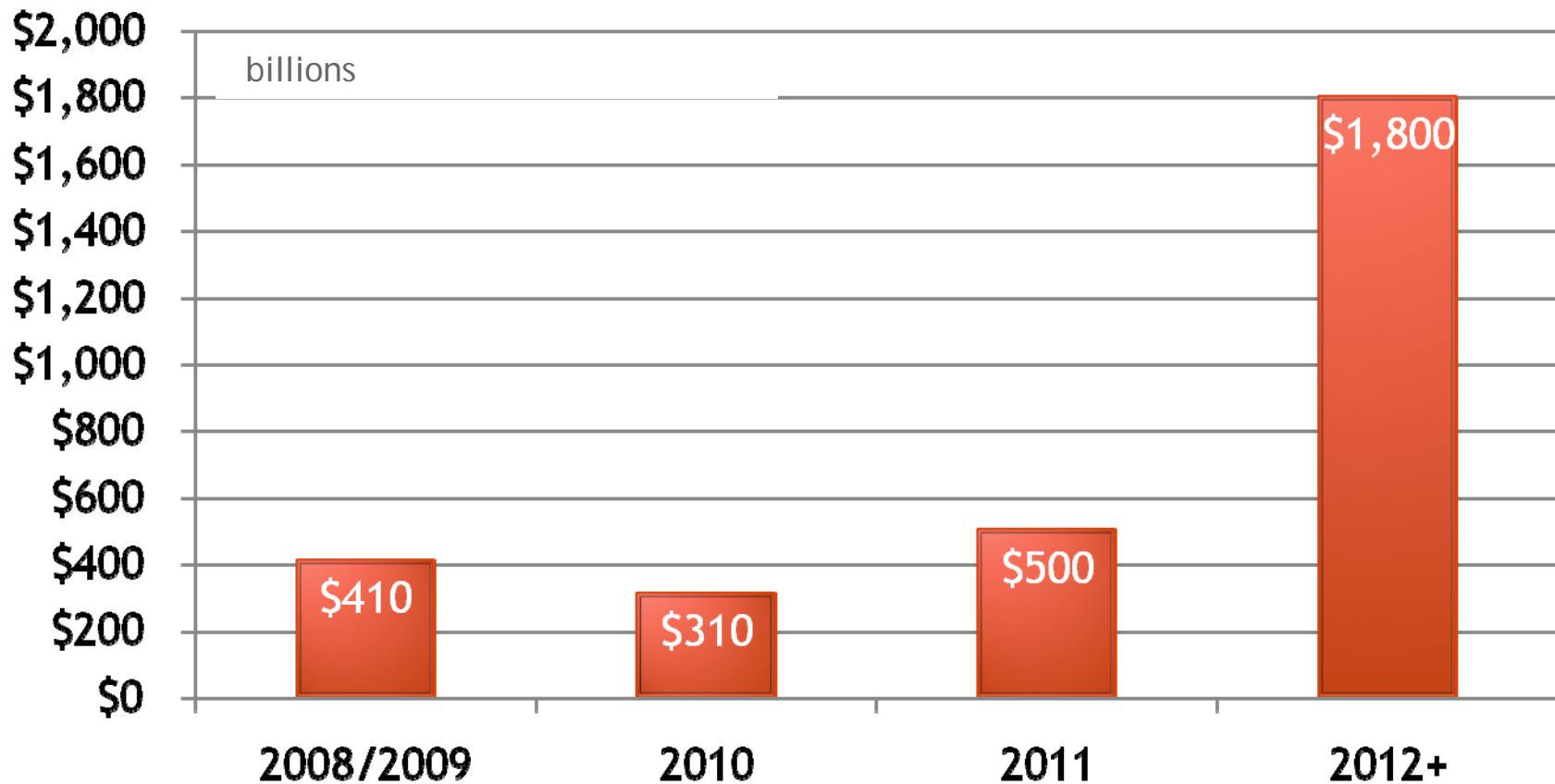
Cumulative Distress



Source: Real Capital Analytics

Commercial Debt Crisis Ahead

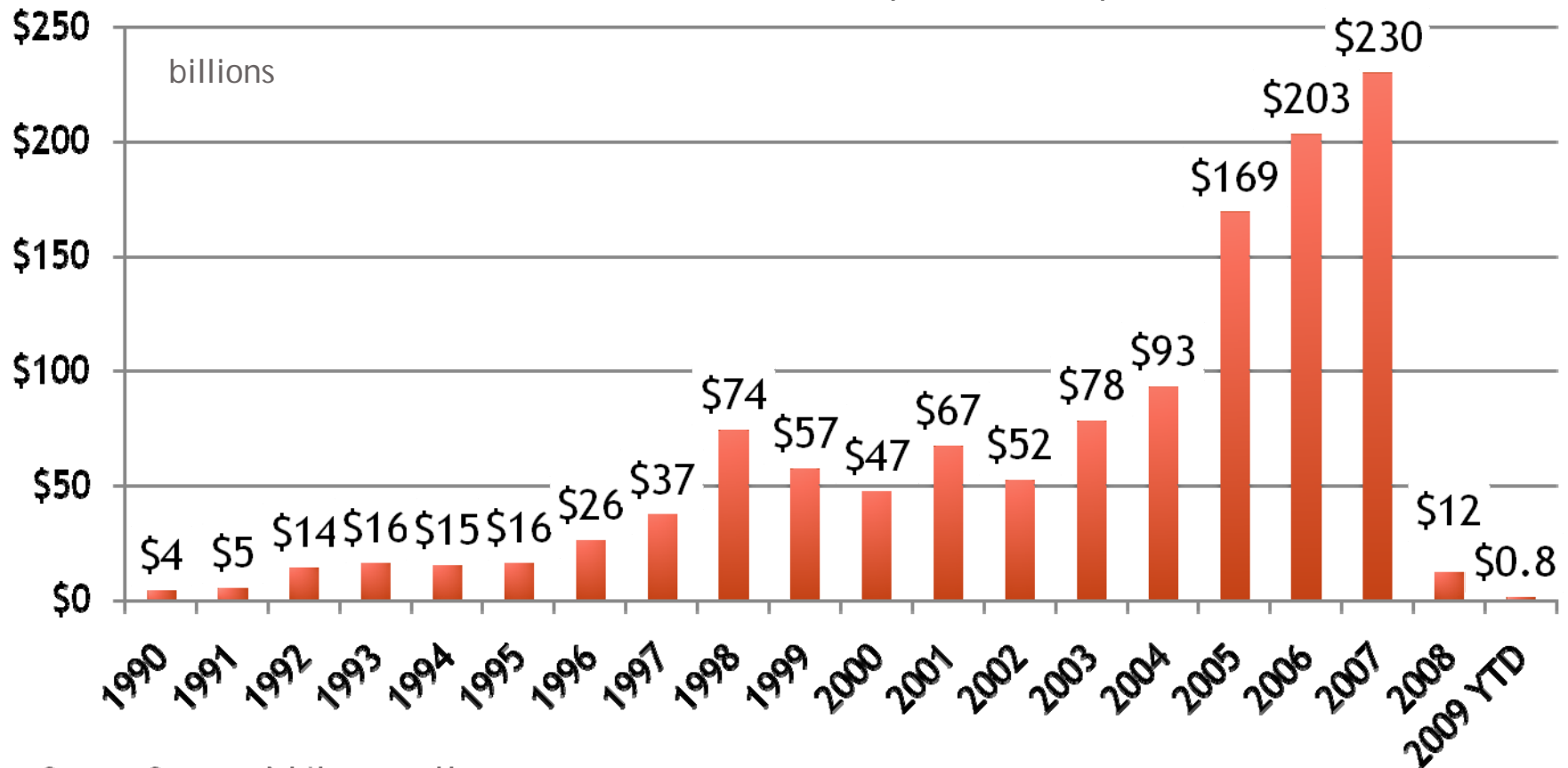
Commercial Real Estate Debt Maturities



Source: Goldman Sachs and REIT filings

Commercial MBS Market

U.S. CMBS Issuance (\$ billions)



Source: Commercial Mortgage Alert

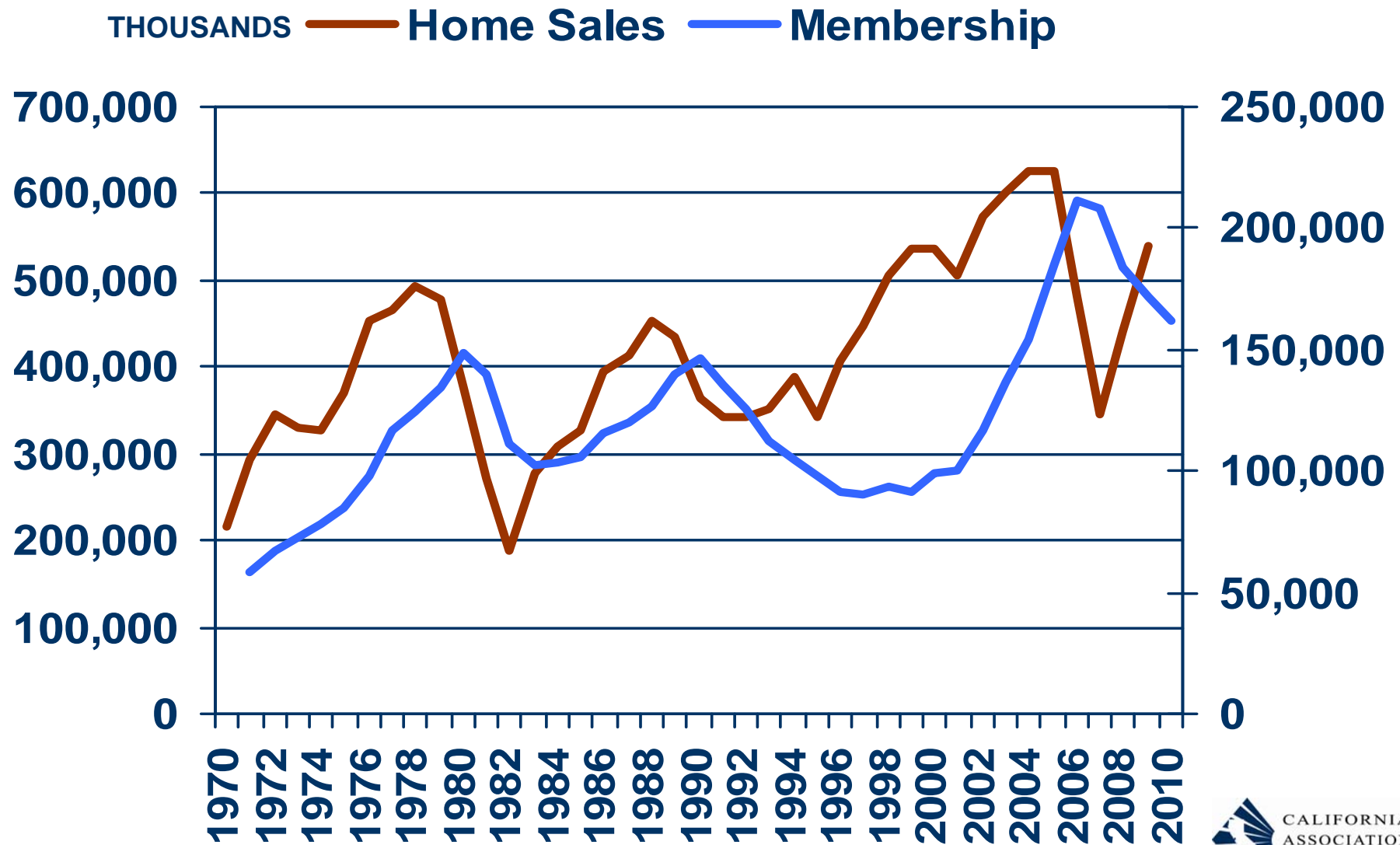


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California Real Estate Market

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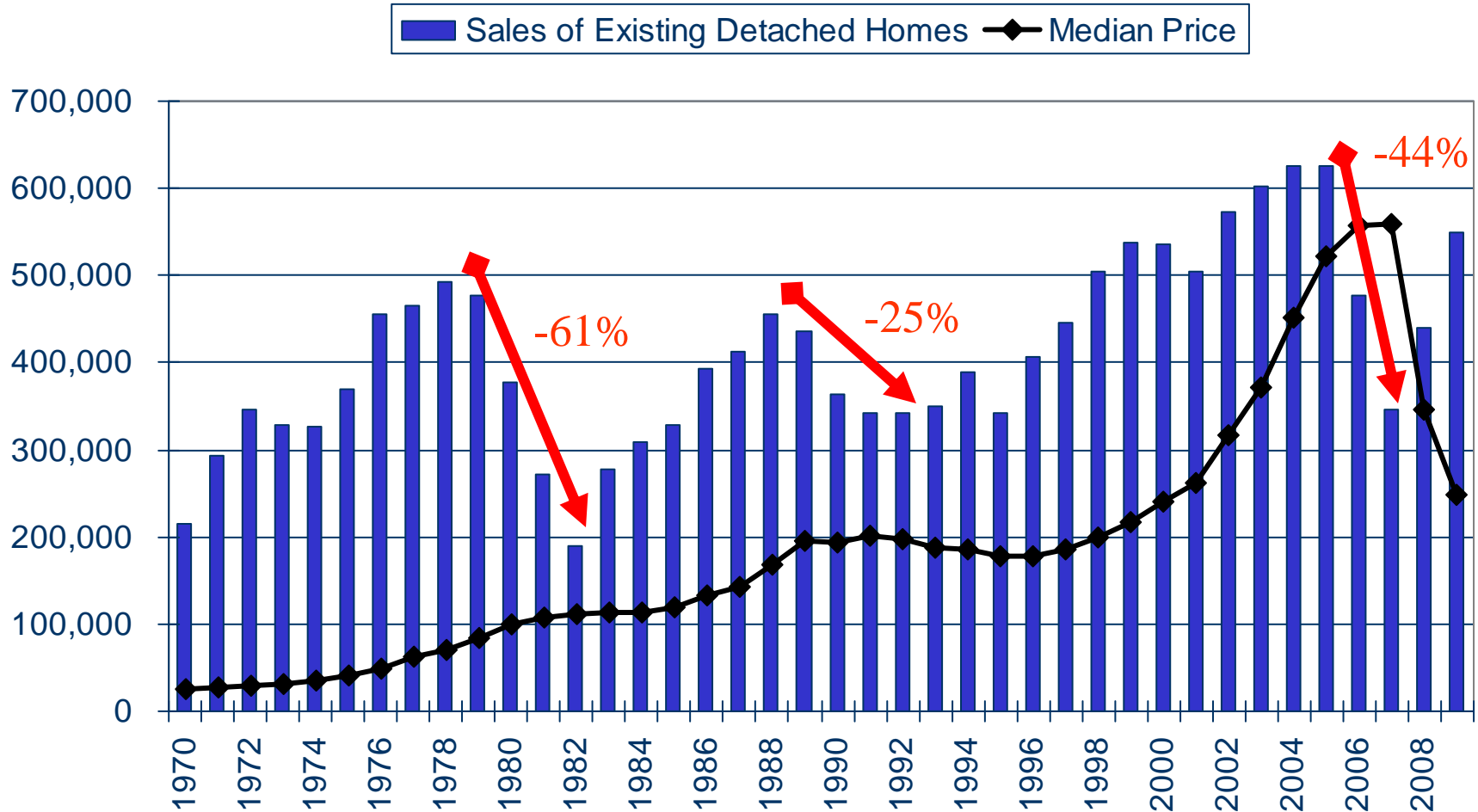
California's Housing Cycles and Membership 1970-2009



Sales Hit Bottom in 2007, Up in 2008 & 2009

California Sales of Existing Homes and Median Price

UNITS/MEDIAN PRICE \$



SOURCE: California Association of REALTORS®

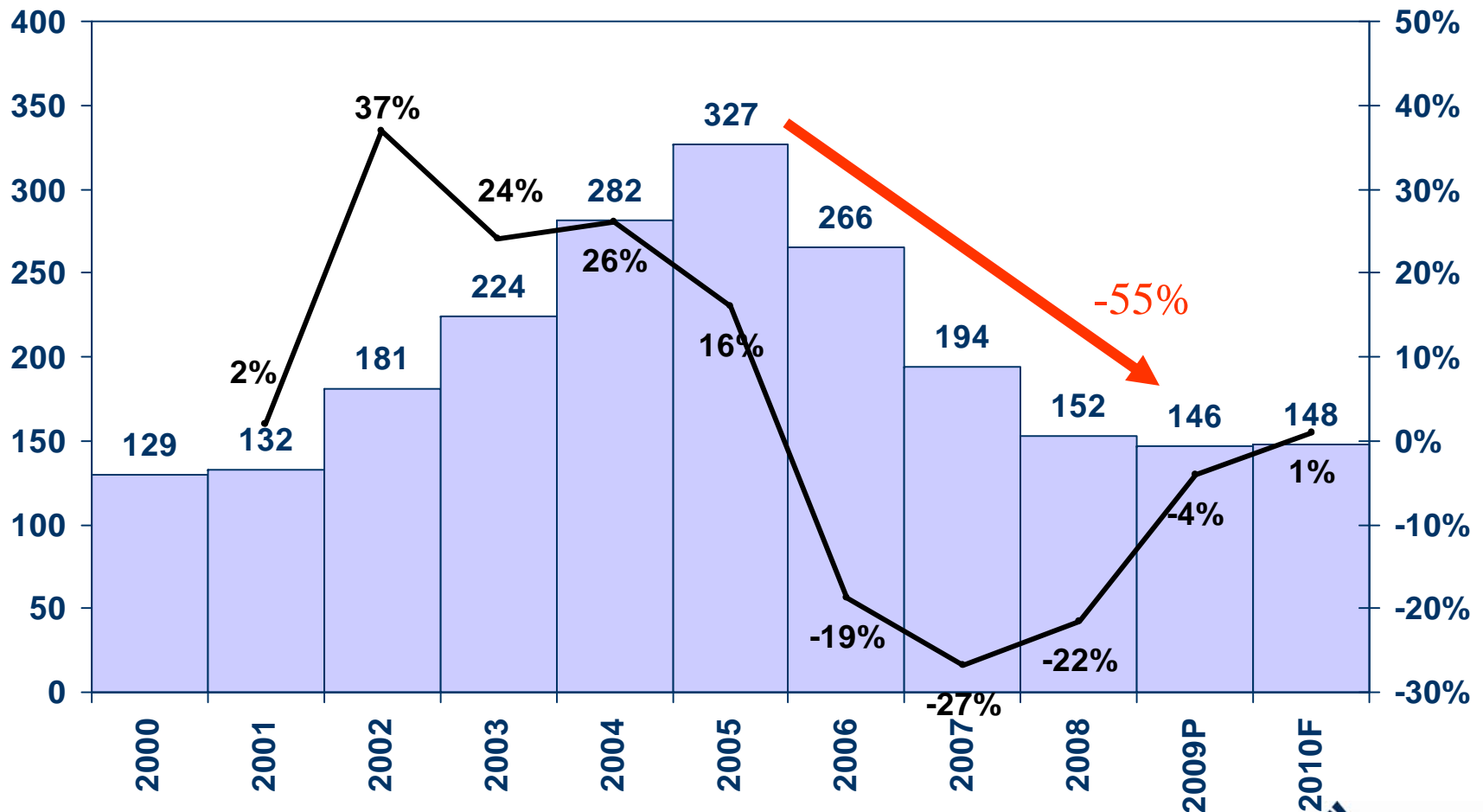


Dollar Volume of Sales Peaked in '05 Down 55% Thru '09

\$ in Billion

% Change

■ \$ Volume of Sales — Percent Change

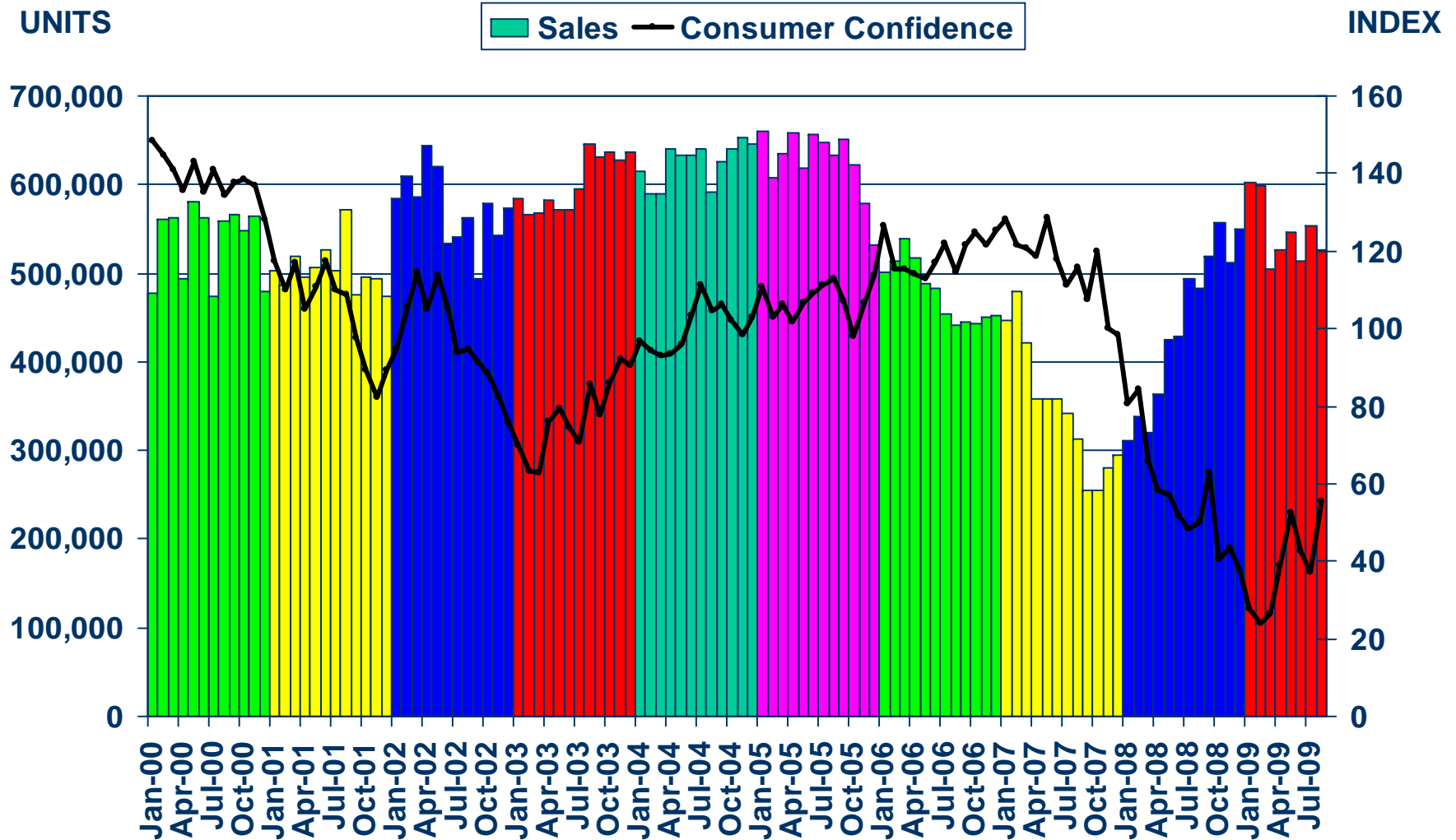


SOURCE: California Association of REALTORS®



Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, August 2009 Sales: 526,970 Units, Up 38.2% YTD, Up 9.0% YTY



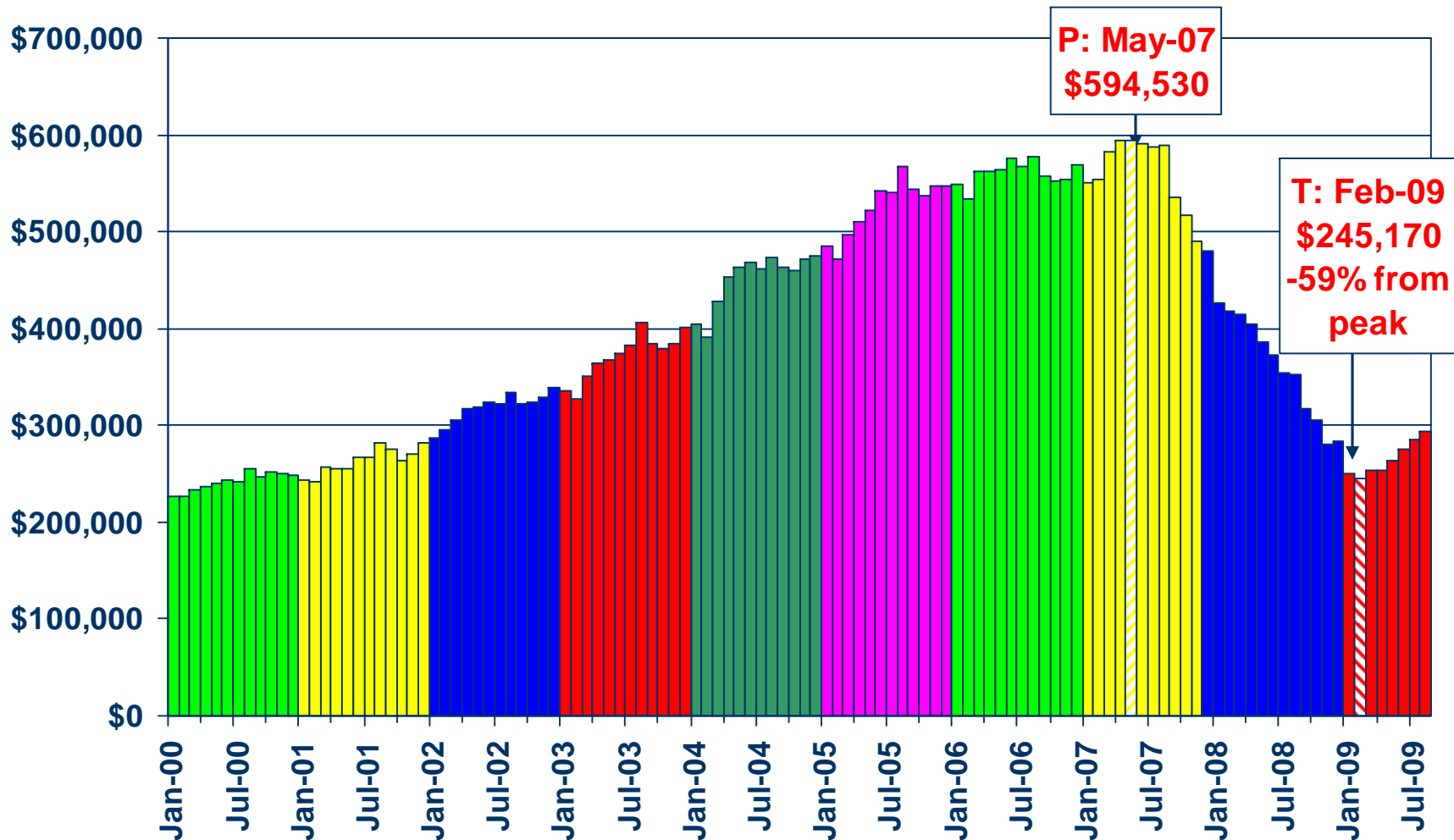
SOURCE: California Association of REALTORS®; The Conference Board

*Sales are seasonally adjusted and annualized



Median Price of Existing Detached Homes

California, August 2009: \$292,960, Down 16.9% YTY



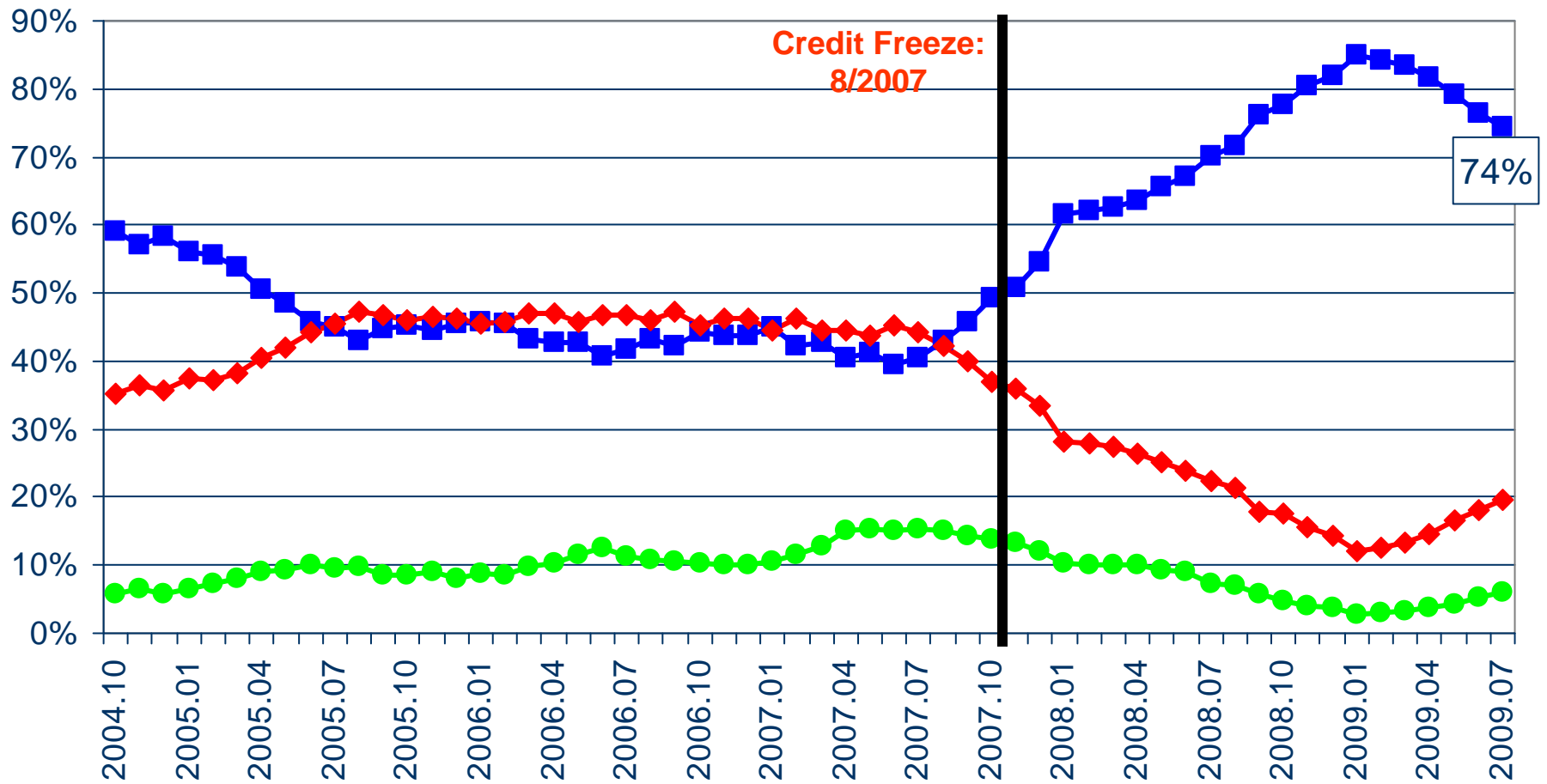
SOURCE: California Association of REALTORS®



Sales By Price Range

October 2004 – present

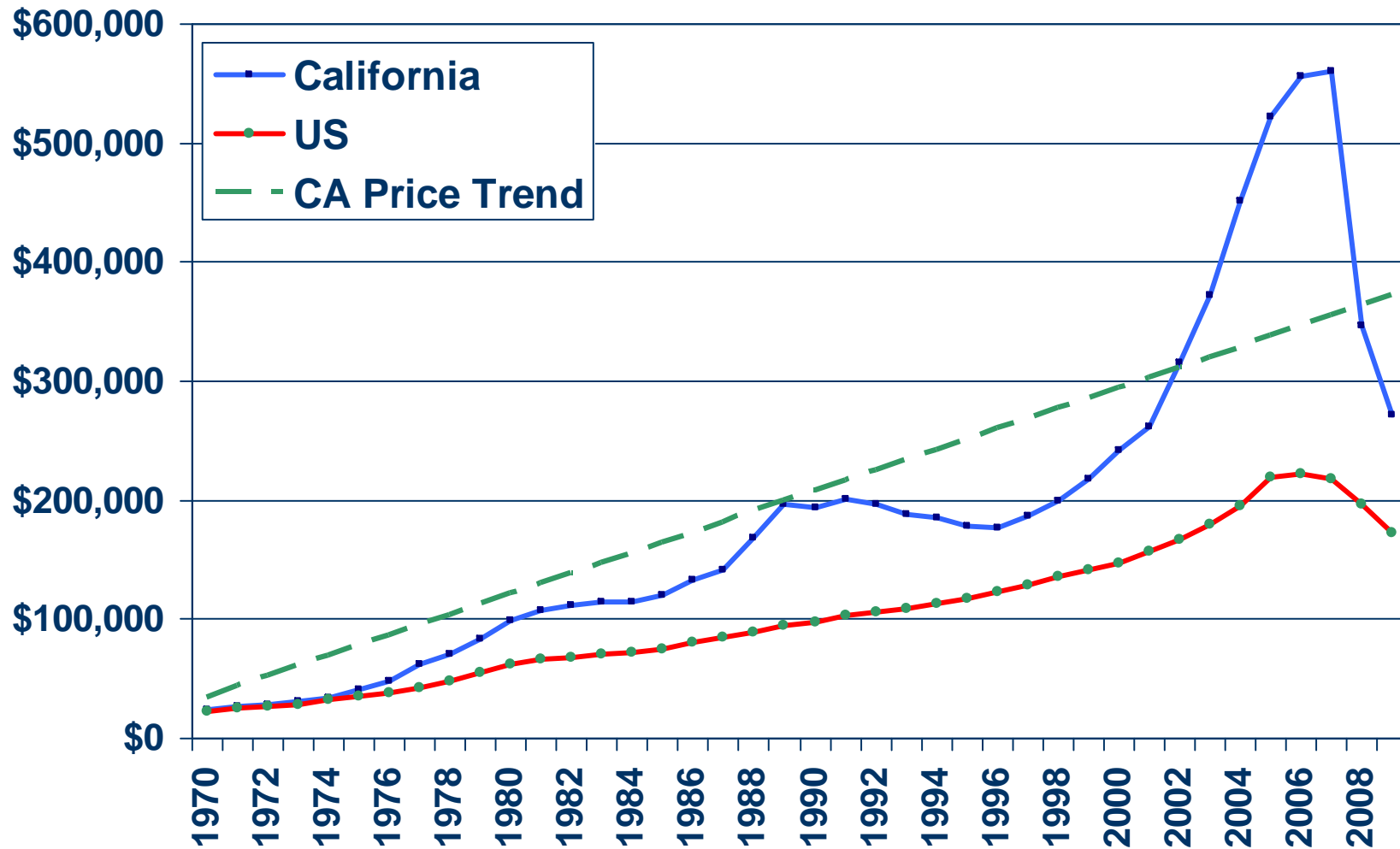
■ Under 500
 ◆ 500 to 999
 ● 1 Mil +



California vs U.S. Median Prices 1970-2009

1970: CA \$24,640 US \$23,000

2009: CA \$271,000 US \$172,600



SOURCE: California Association of REALTORS®



Peak vs Current Price - August 2009

Region	Peak Month	Peak Price	Aug-09 Median	% Chg From Peak
High Desert	Apr-06	\$334,860	\$111,770	-66.6%
Monterey Region	Aug-07	\$798,210	\$298,940	-62.5%
Riverside/San Bernardino	Jan-07	\$415,160	\$166,600	-59.9%
Palm Springs/Lower Desert	Jun-05	\$393,370	\$169,080	-57.0%
Sacramento	Aug-05	\$394,450	\$192,050	-51.3%
CALIFORNIA	May-07	\$594,530	\$292,960	-50.7%
Northern Wine Country	Jan-06	\$645,080	\$347,920	-46.1%
Los Angeles	Aug-07	\$605,300	\$339,980	-43.8%
Northern California	Aug-05	\$440,420	\$255,600	-42.0%
San Diego	May-06	\$622,380	\$375,710	-39.6%
San Luis Obispo	Jun-06	\$620,540	\$382,560	-38.4%
San Francisco Bay Area	May-07	\$853,910	\$531,580	-37.7%
Santa Clara	Apr-07	\$868,410	\$555,000	-36.1%
Ventura	Aug-06	\$710,910	\$466,200	-34.4%
Orange County	Apr-07	\$747,260	\$499,440	-33.2%

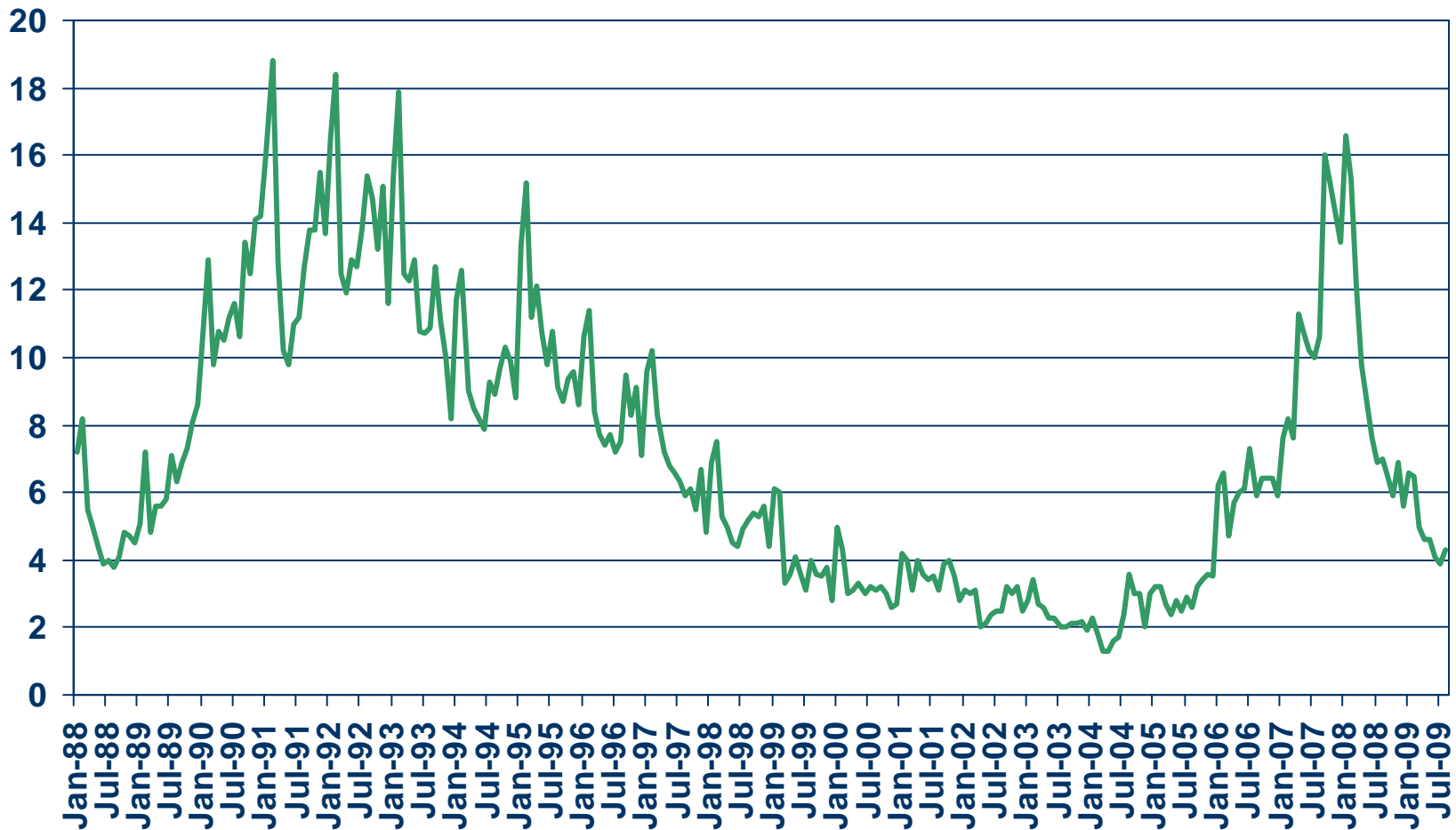
SOURCE: California Association of REALTORS®



Unsold Inventory Index

California, August 2009: 4.3 Months

MONTHS



SOURCE: California Association of REALTORS®



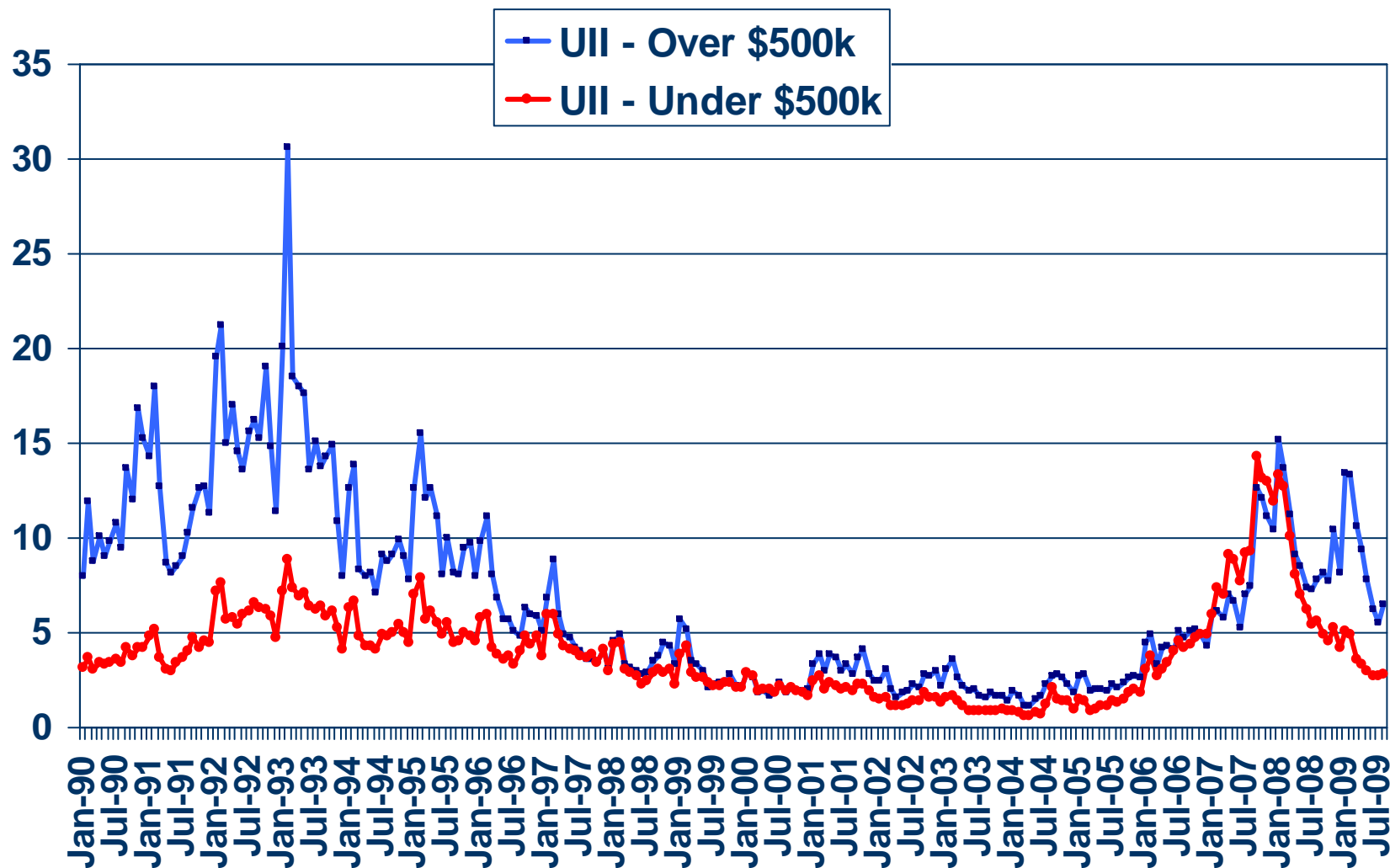
Unsold Inventory Index (Months)

Price Range (Thousand)	Aug-09	Jul-09	Aug-08
\$1,000K+	12.8	9.6	10.8
\$750-1000K	6.1	5.2	7.6
\$500-750K	4.2	3.9	6.5
\$300-500K	3.9	3.5	6.3
\$0-300K	2.9	3.1	6.4
Total	4.3	3.9	7.0

SOURCE: California Association of REALTORS®



Unsold Inventory Index: Over & Under \$500K



SOURCE: California Association of REALTORS®



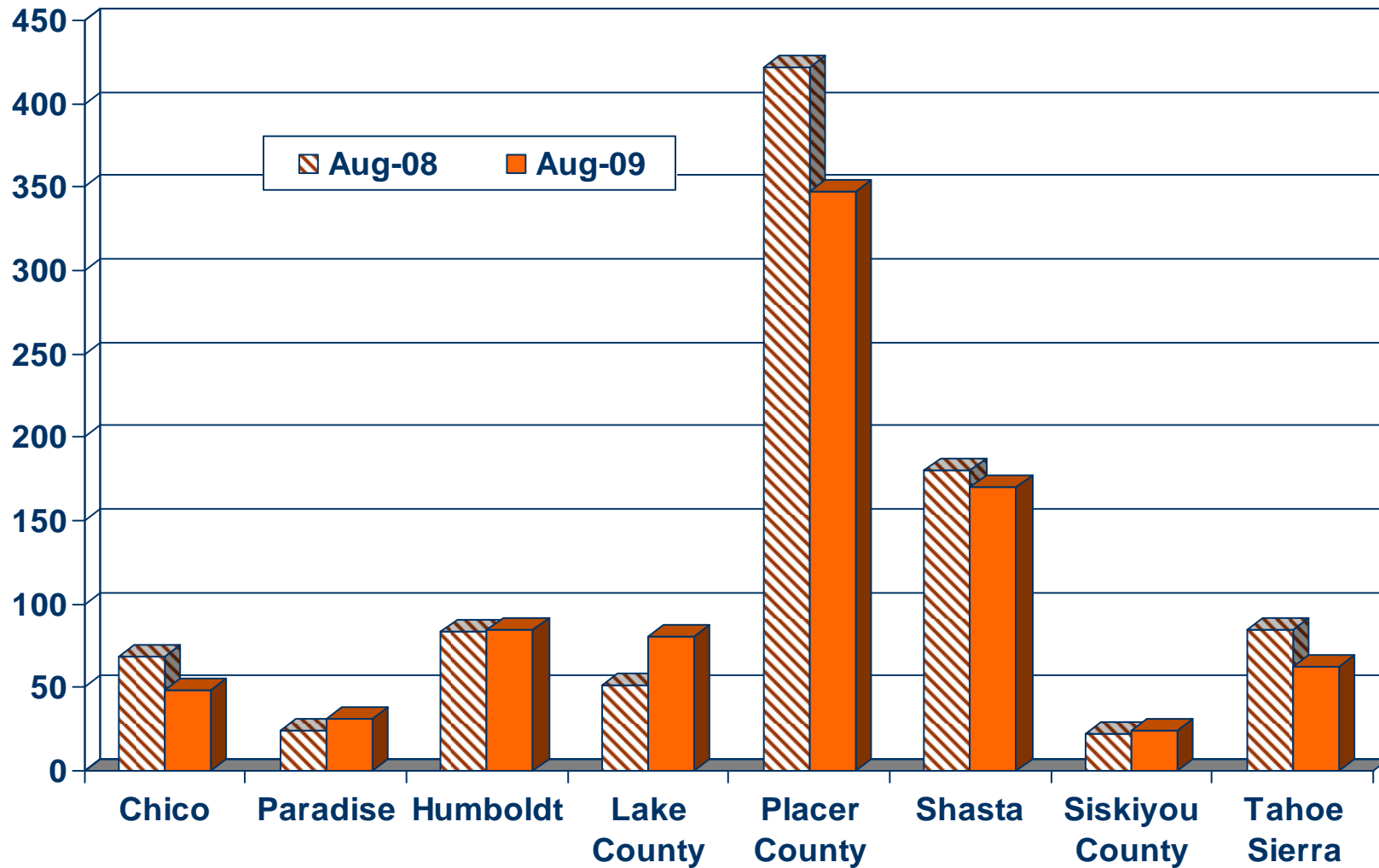


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Regional Markets

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Home Sales in Northern California



SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

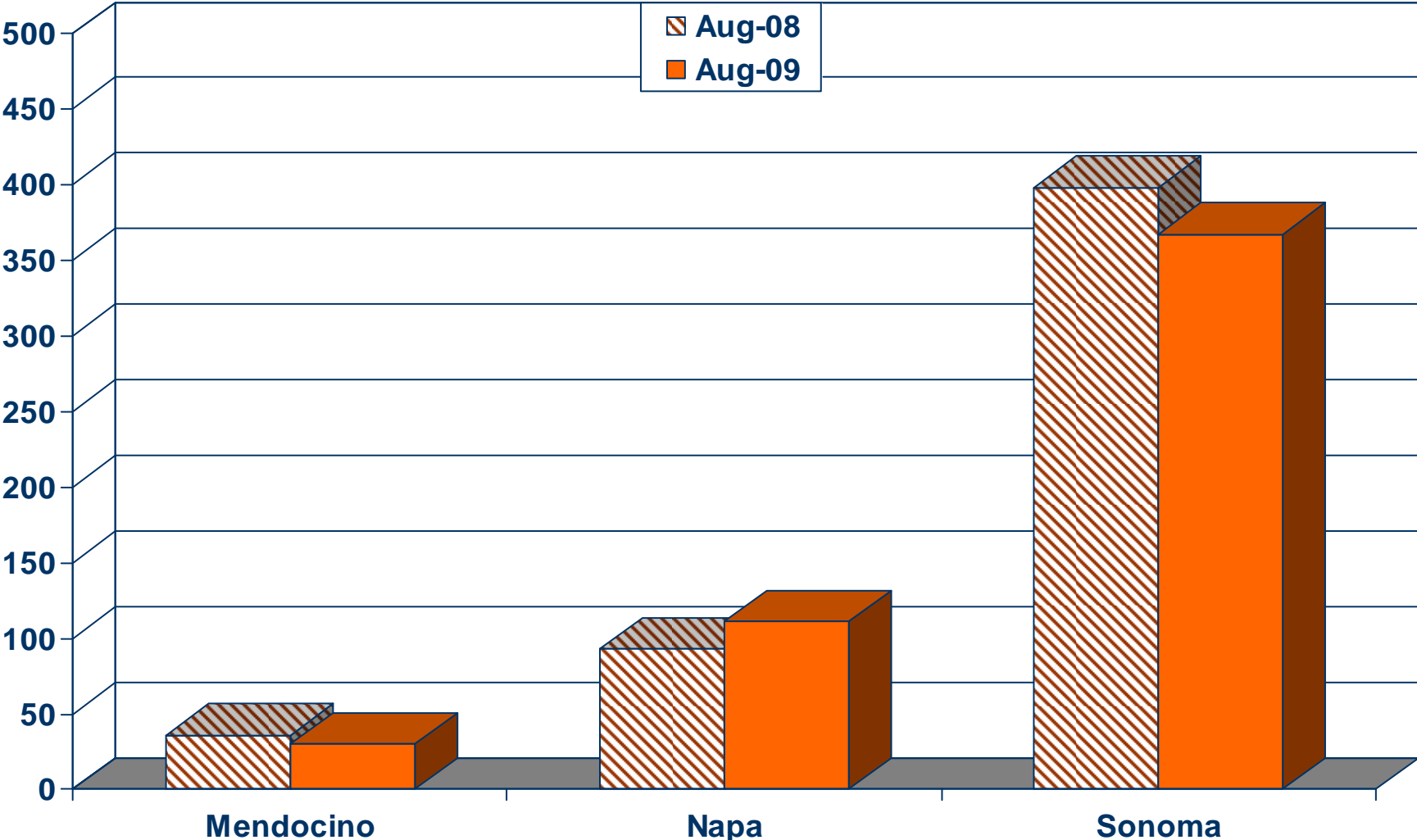
Northern California

Region	Aug-09	Jul-09	Aug-08	M-t-M	Y-t-Y
Chico	\$ 271,428	\$ 295,237	\$ 291,176	-8.1%	-6.8%
Humboldt	\$ 230,405	\$ 280,128	\$ 296,153	-17.8%	-22.2%
Lake County	\$ 145,833	\$ 160,000	\$ 218,750	-8.9%	-33.3%
Paradise	\$ 174,999	\$ 172,499	\$ 195,999	1.4%	-10.7%
Placer County	\$ 309,406	\$ 301,770	\$ 346,575	2.5%	-10.7%
Shasta County	\$ 203,125	\$ 198,499	\$ 231,632	2.3%	-12.3%
Siskiyou County	\$ 170,000	\$ 166,666	\$ 208,333	2.0%	-18.4%
Tahoe Sierra	\$ 547,619	\$ 551,136	\$ 687,499	-0.6%	-20.3%

SOURCE: California Association of REALTORS®



Home Sales in Northern Wine Country



SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

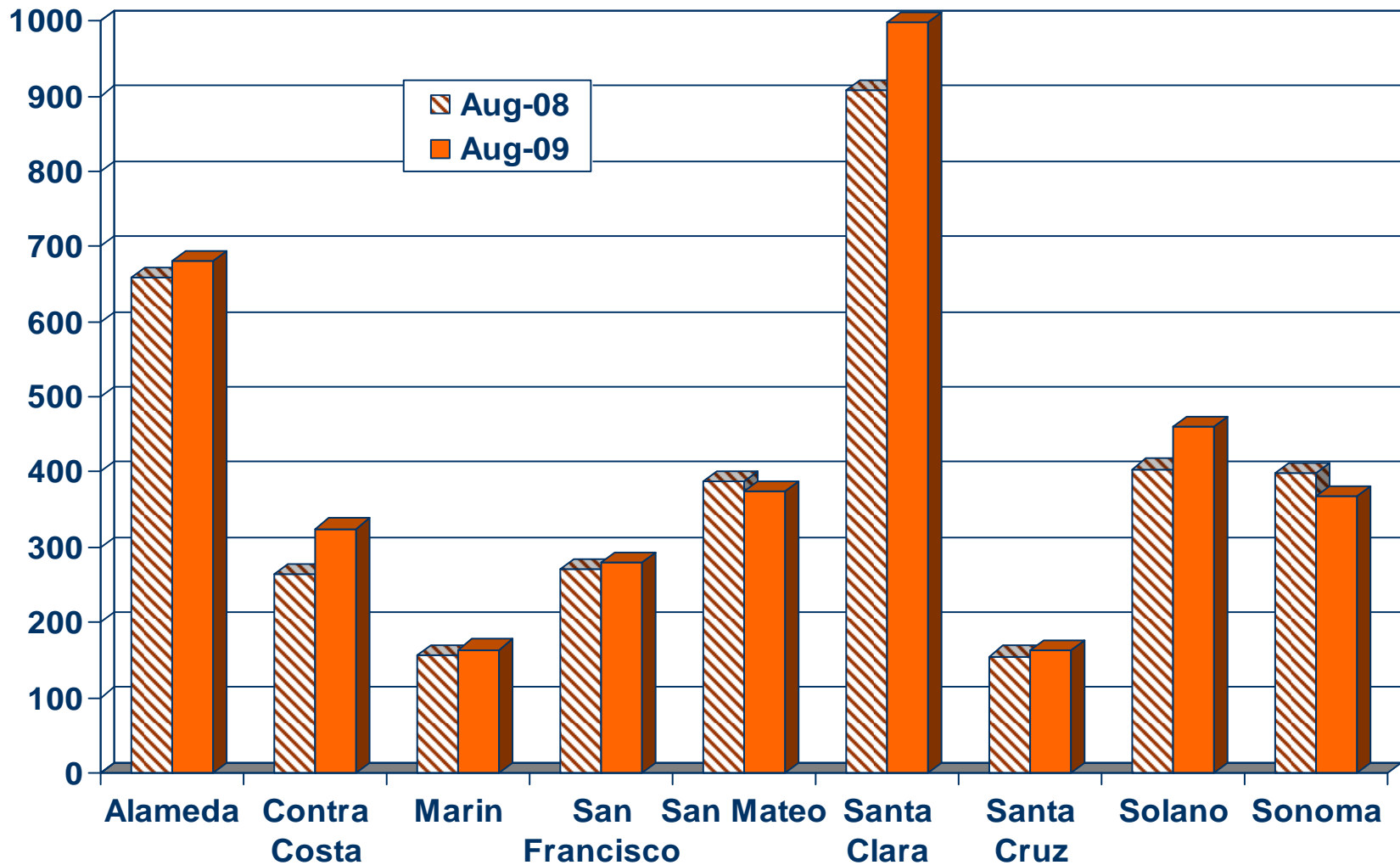
Northern Wine Country

Region	Aug-09	Jul-09	Aug-08	M-t-M	Y-t-Y
Mendocino	\$ 218,750	\$ 258,333	\$ 322,222	-15.3%	-32.1%
Napa	\$ 337,096	\$ 369,642	\$ 455,882	-8.8%	-26.1%
Sonoma	\$ 361,792	\$ 365,966	\$ 382,945	-1.1%	-5.5%

SOURCE: California Association of REALTORS®



Home Sales in Bay Area Counties



SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

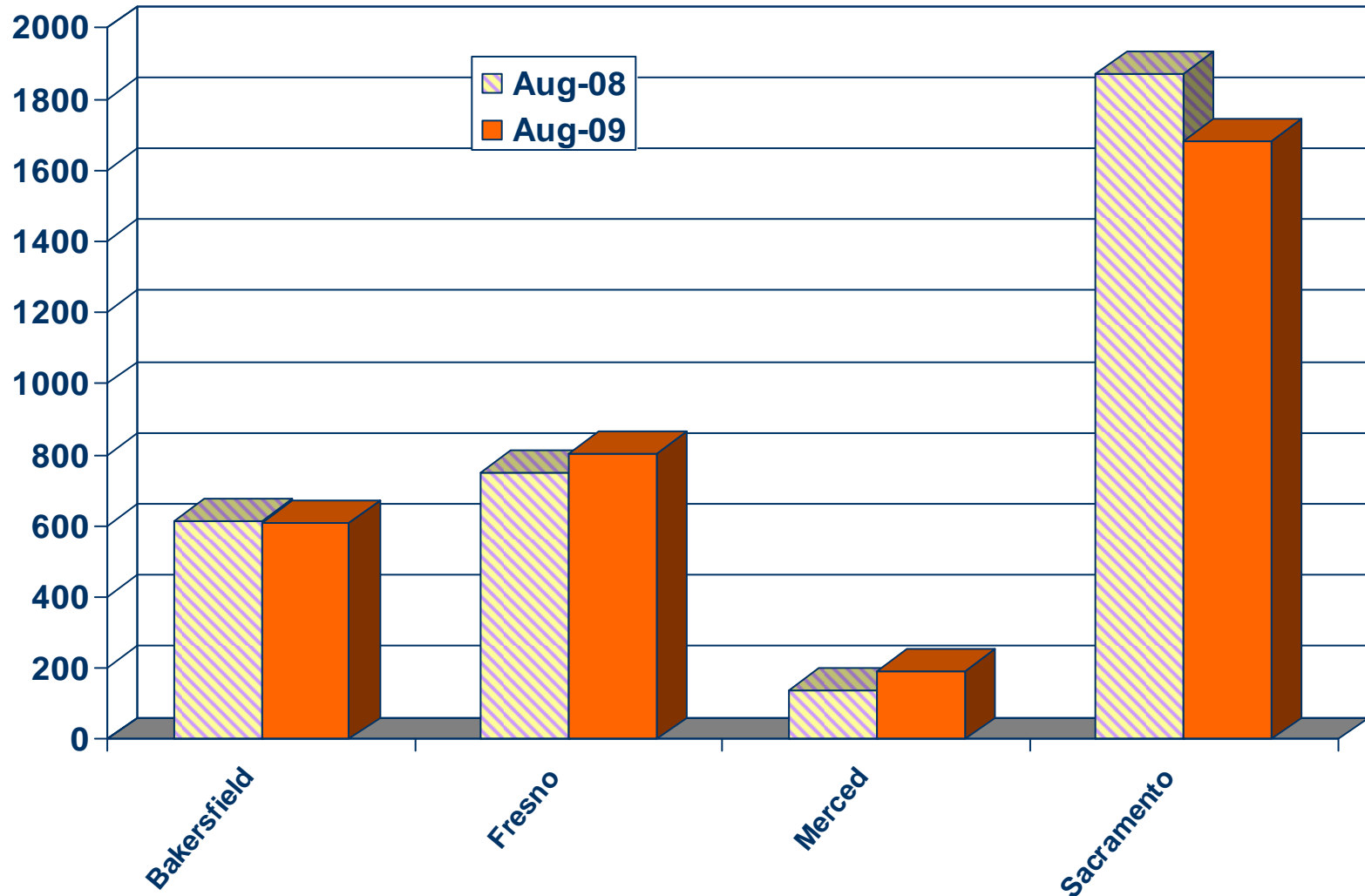
Bay Area Counties

County	Aug-09	Jul-09	Aug-08	M-t-M	Y-t-Y
Alameda	\$ 447,802	\$ 450,515	\$ 514,974	-0.6%	-13.0%
Contra Costa	\$ 627,747	\$ 628,099	\$ 701,298	-0.1%	-10.5%
Marin	\$ 835,000	\$ 762,500	\$ 929,999	9.5%	-10.2%
San Francisco	\$ 655,405	\$ 704,645	\$ 789,773	-7.0%	-17.0%
San Mateo	\$ 672,500	\$ 755,000	\$ 787,500	-10.9%	-14.6%
Santa Clara	\$ 555,000	\$ 587,000	\$ 650,000	-5.5%	-14.6%
Santa Cruz	\$ 500,000	\$ 535,000	\$ 582,000	-6.5%	-14.1%
Solano	\$ 210,577	\$ 209,066	\$ 267,592	0.7%	-21.3%
Sonoma	\$ 361,792	\$ 365,966	\$ 382,945	-1.1%	-5.5%

SOURCE: California Association of REALTORS®



Home Sales in Central Valley Region



SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

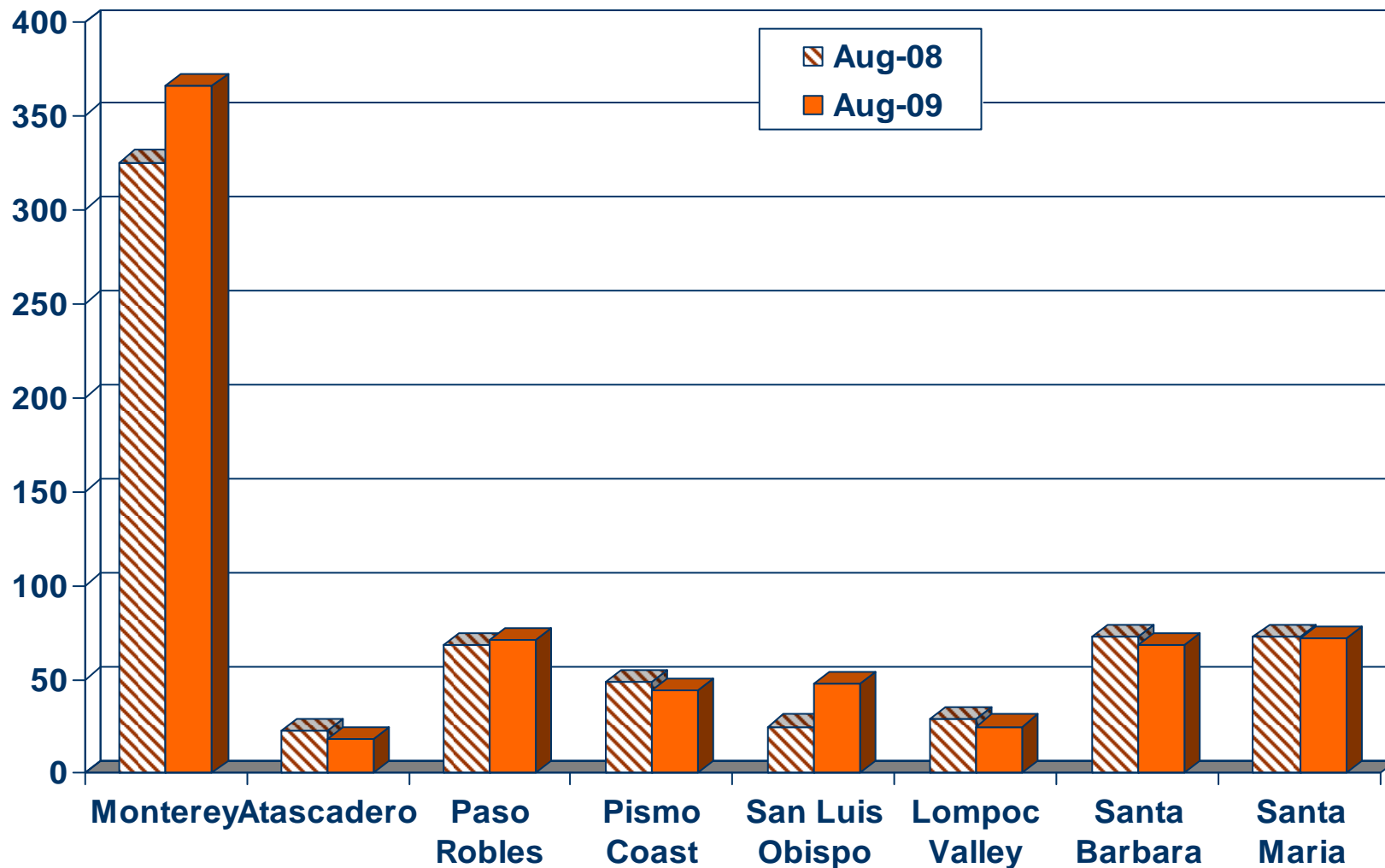
Central Valley Regions

County	Aug-09	Jul-09	Jul-08	M-t-M	Y-t-Y
Bakersfield	\$ 133,250	\$ 133,750	\$ 180,000	-0.4%	-26.0%
Fresno	\$ 149,047	\$ 146,707	\$ 189,506	1.6%	-21.3%
Merced	\$ 107,586	\$ 110,571	\$ 134,761	-2.7%	-20.2%
Sacramento	\$ 192,047	\$ 183,835	\$ 220,894	4.5%	-13.1%

SOURCE: California Association of REALTORS®



Home Sales in Central Coast Region



SOURCE: California Association of REALTORS®



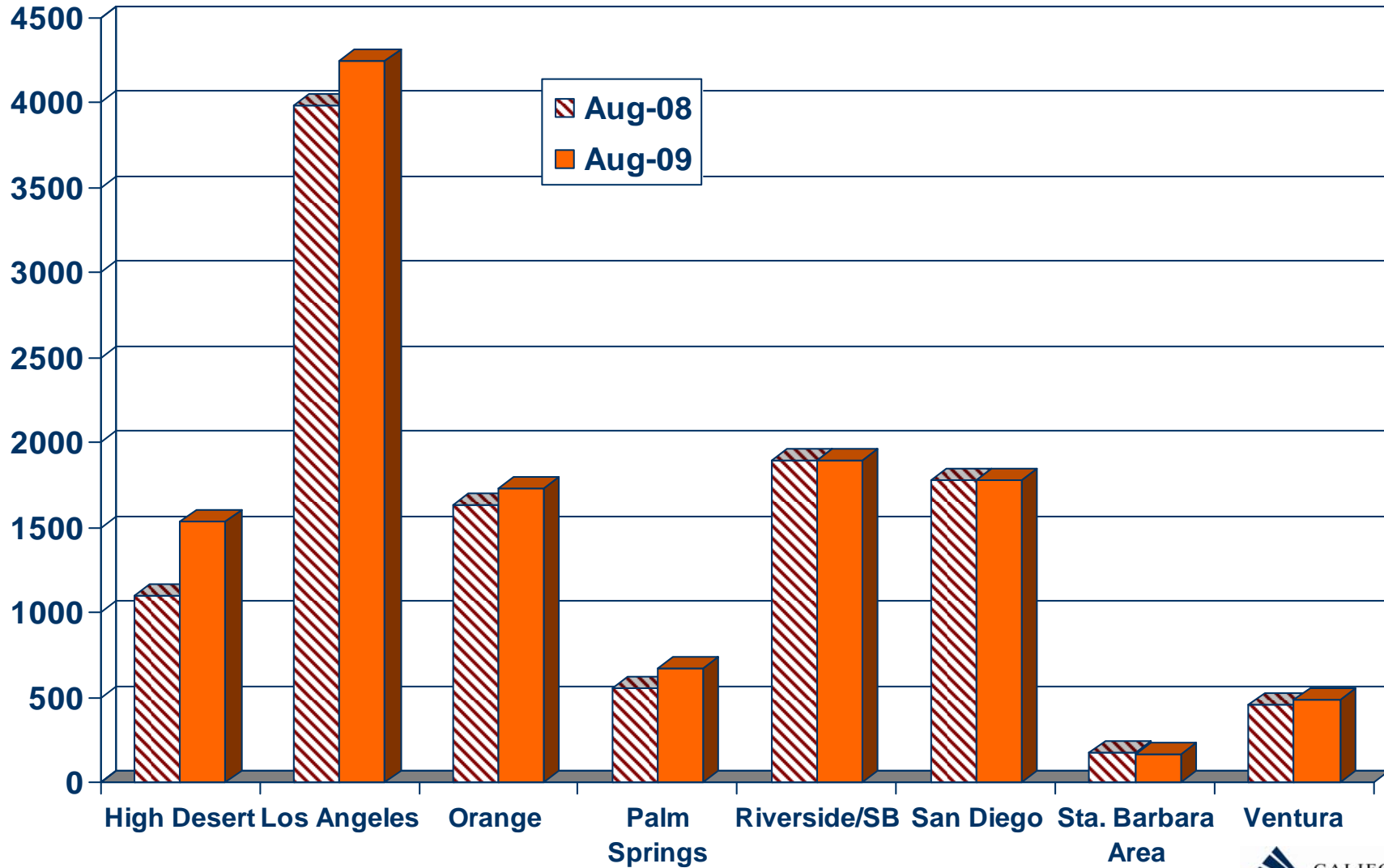
Median Price of Existing Detached Homes

Region	Aug-09	Jul-09	Aug-08	M-t-M	Y-t-Y
Monterey County					
Monterey	\$ 235,000	\$ 230,000	\$ 302,000	2.2%	-22.2%
San Luis Obispo County					
Atascadero	\$ 372,727	\$ 343,750	\$ 391,666	8.4%	-4.8%
Paso Robles	\$ 309,375	\$ 338,235	\$ 341,176	-8.5%	-9.3%
Pismo Coast	\$ 433,333	\$ 500,000	\$ 531,250	-13.3%	-18.4%
San Luis Obispo	\$ 512,500	\$ 468,749	\$ 515,625	9.3%	-0.6%
Santa Barbara County					
Lompoc Valley	\$ 208,333	\$ 188,000	\$ 291,666	10.8%	-28.6%
Santa Barbara	\$ 828,750	\$ 882,500	\$ 1,000,000	-6.1%	-17.1%
Santa Maria	\$ 250,000	\$ 257,895	\$ 262,500	-3.1%	-4.8%

SOURCE: California Association of REALTORS®



Home Sales in Southern California Regions



SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

Southern California Regions

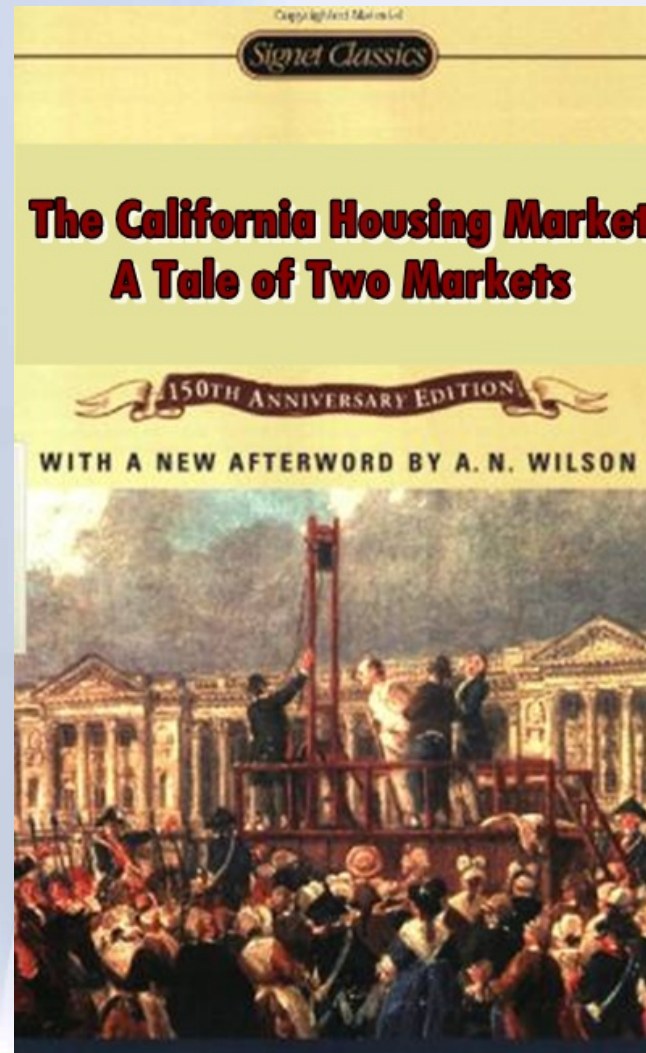
County	Aug-09	Jul-09	Aug-08	M-t-M	Y-t-Y
High Desert	\$ 111,771	\$ 110,653	\$ 169,203	1.0%	-33.9%
Los Angeles	\$ 339,982	\$ 339,432	\$ 394,869	0.2%	-13.9%
Orange	\$ 499,437	\$ 500,212	\$ 511,268	-0.2%	-2.3%
Palm Springs	\$ 169,076	\$ 163,077	\$ 221,944	3.7%	-23.8%
Riverside/SB	\$ 166,601	\$ 165,465	\$ 225,394	0.7%	-26.1%
San Diego	\$ 375,706	\$ 372,645	\$ 388,712	0.8%	-3.3%
Sta. Barbara-So. Coast	\$ 828,750	\$ 882,500	\$ 1,000,000	-6.1%	-17.1%
Sta. Barbara-North Cnty.	\$ 244,047	\$ 243,477	\$ 266,666	0.2%	-8.5%
Ventura	\$ 466,197	\$ 456,435	\$ 478,408	2.1%	-2.6%

SOURCE: California Association of REALTORS®





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A Tale of Two Markets: San Mateo & Hayward

San Mateo, Sep 2009:

- ↓ Median Price: \$698,000 Down 15% YTY
- ↑ 54 SF Det Units Sold, Up 26% YTY
- ↓ 2.0 Months of Supply, Down 45% YTY
- ↓ 206 Properties For Sale, Down 20% YTY
- 173 NODs, 119 Foreclosures, 42 REOS

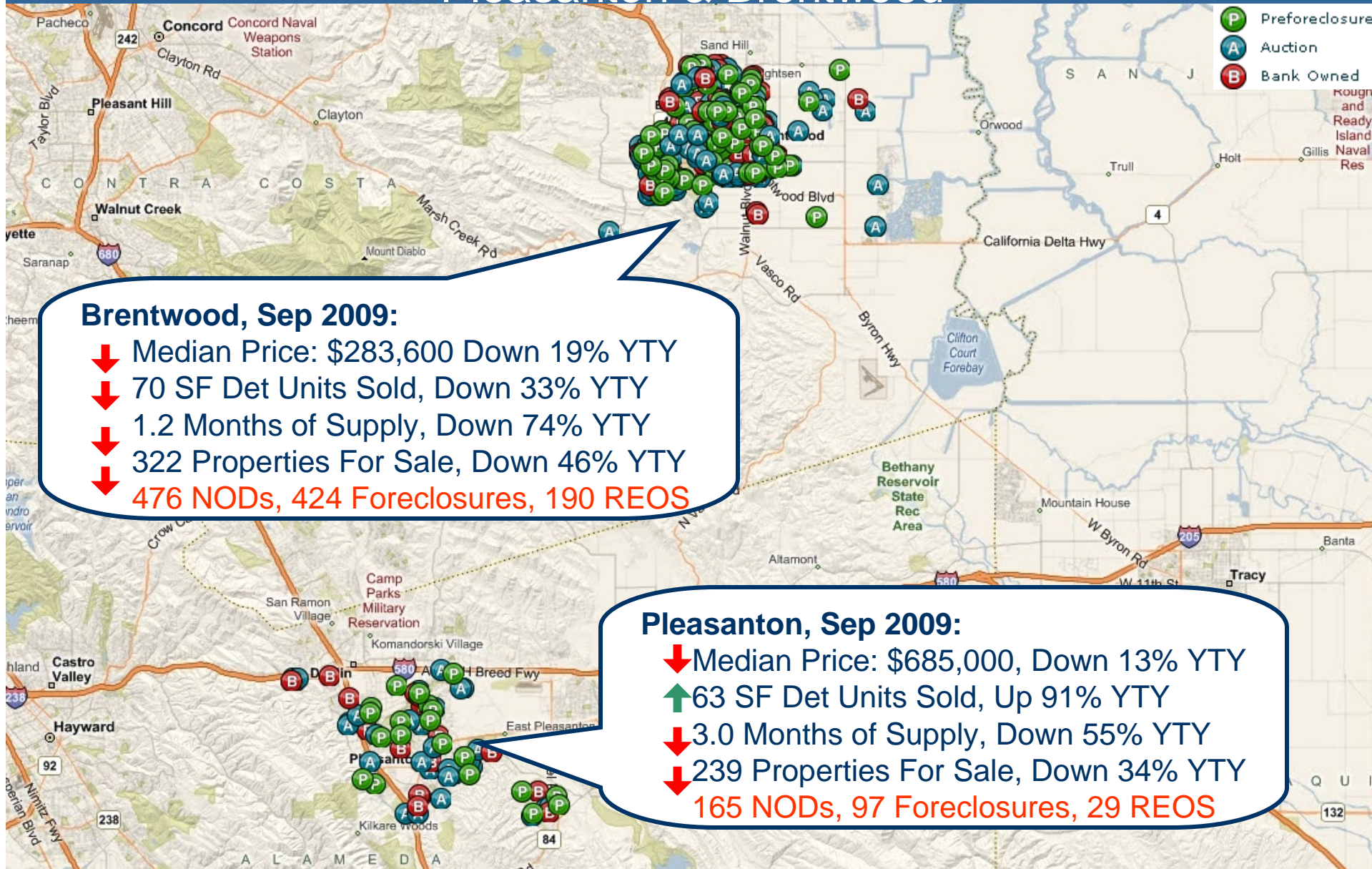
Hayward, Sep 2009:

- ↓ Median Price: \$280,000 Down 12% YTY
- ↓ 116 SF Det Units Sold, Down 13% YTY
- ↓ 1.0 Month of Supply, Down 77% YTY
- ↓ 391 Properties For Sale, Down 65% YTY
- 895 NODs, 811 Foreclosures, 324 REOS

-  Preforeclosure
-  Auction
-  Bank Owned

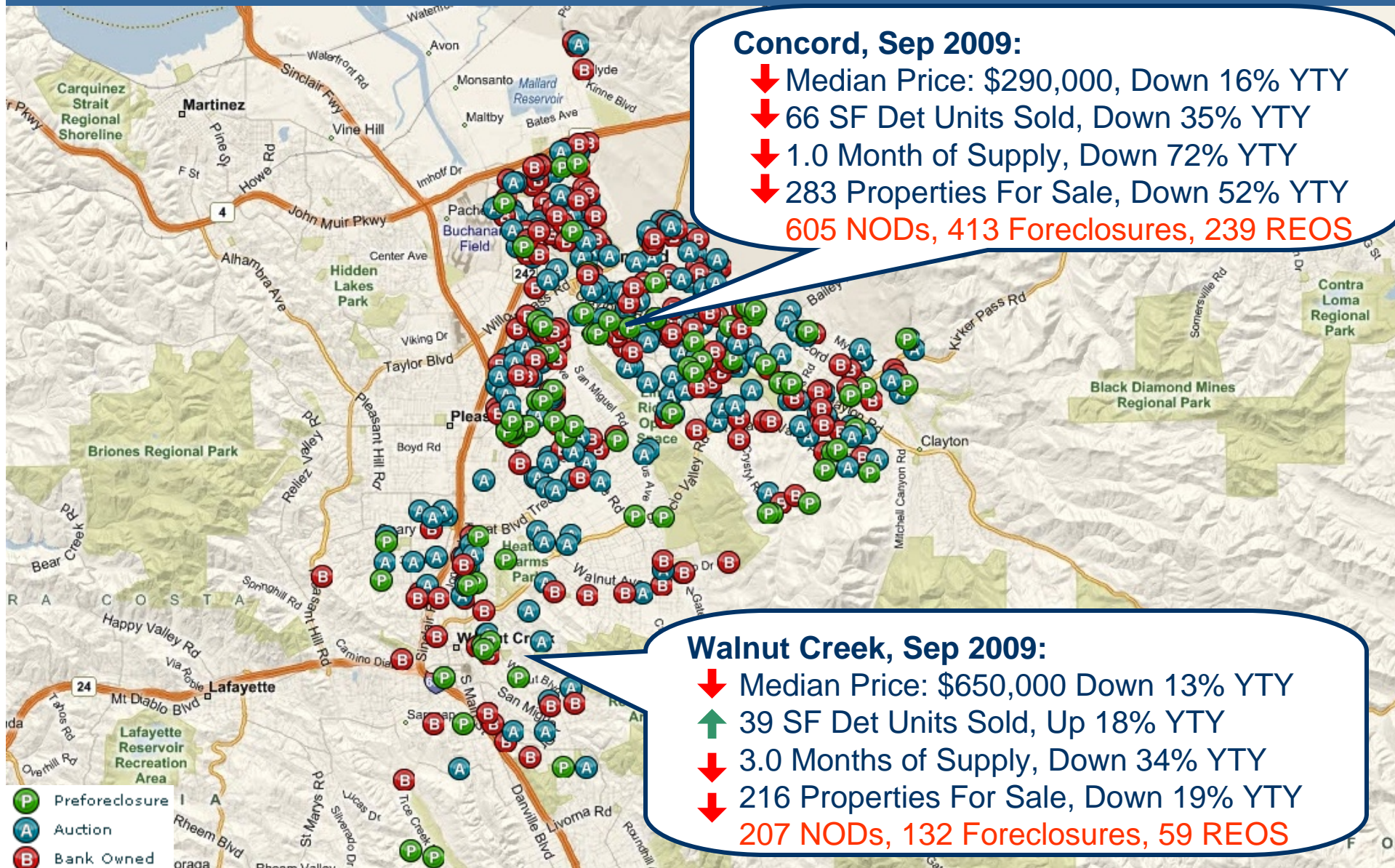


A Tale of Two Markets: Pleasanton & Brentwood



Source: ForeclosureRadar.com, C.A.R.

A Tale of Two Markets: Walnut Creek & Concord



Concord, Sep 2009:

- ↓ Median Price: \$290,000, Down 16% YTY
 - ↓ 66 SF Det Units Sold, Down 35% YTY
 - ↓ 1.0 Month of Supply, Down 72% YTY
 - ↓ 283 Properties For Sale, Down 52% YTY
- 605 NODs, 413 Foreclosures, 239 REOS

Walnut Creek, Sep 2009:

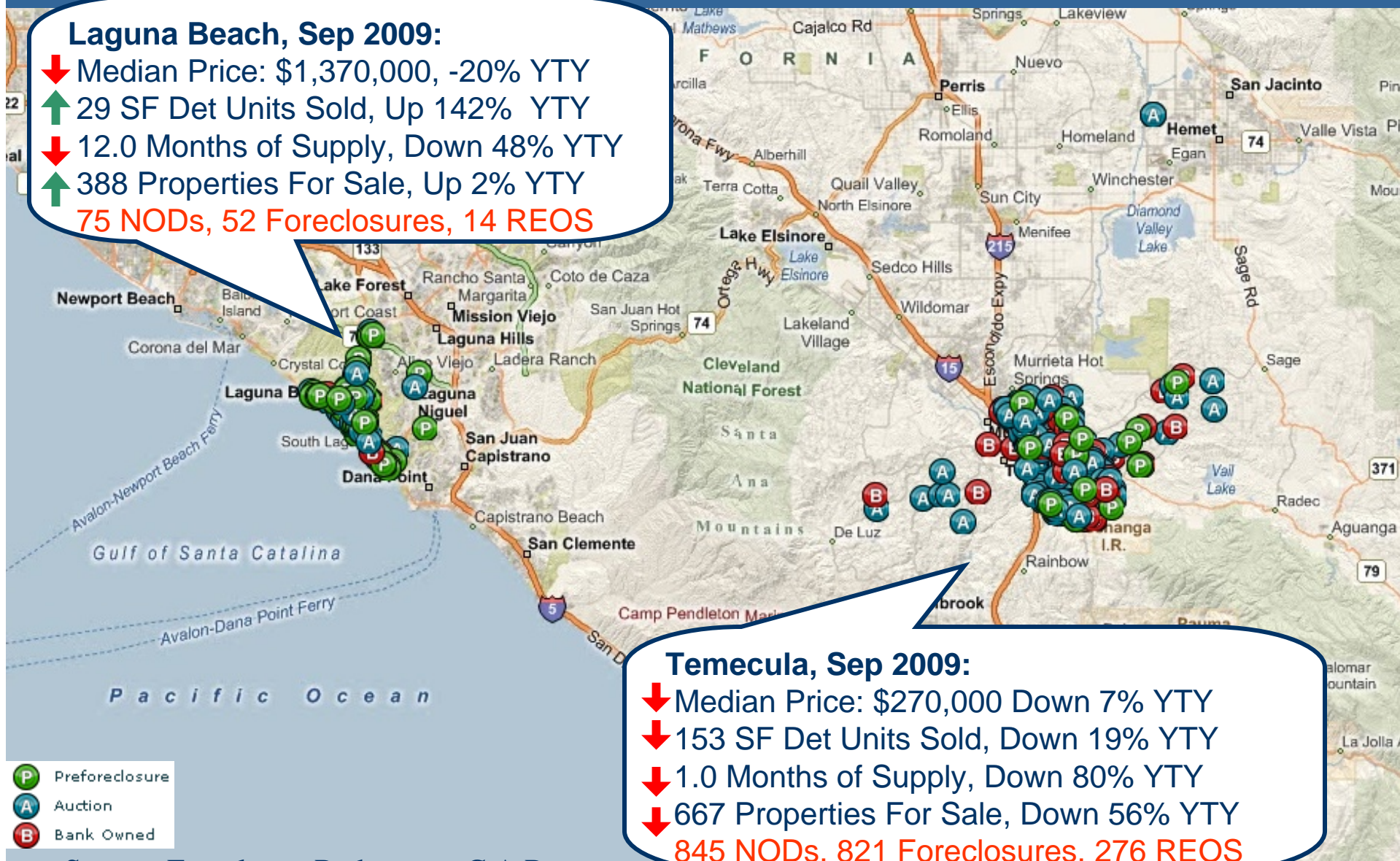
- ↓ Median Price: \$650,000 Down 13% YTY
 - ↑ 39 SF Det Units Sold, Up 18% YTY
 - ↓ 3.0 Months of Supply, Down 34% YTY
 - ↓ 216 Properties For Sale, Down 19% YTY
- 207 NODs, 132 Foreclosures, 59 REOS

Source: ForeclosureRadar.com, C.A.R.

A Tale of Two Markets: Laguna Beach & Temecula

Laguna Beach, Sep 2009:

- ↓ Median Price: \$1,370,000, -20% YTY
- ↑ 29 SF Det Units Sold, Up 142% YTY
- ↓ 12.0 Months of Supply, Down 48% YTY
- ↑ 388 Properties For Sale, Up 2% YTY
- 75 NODs, 52 Foreclosures, 14 REOS

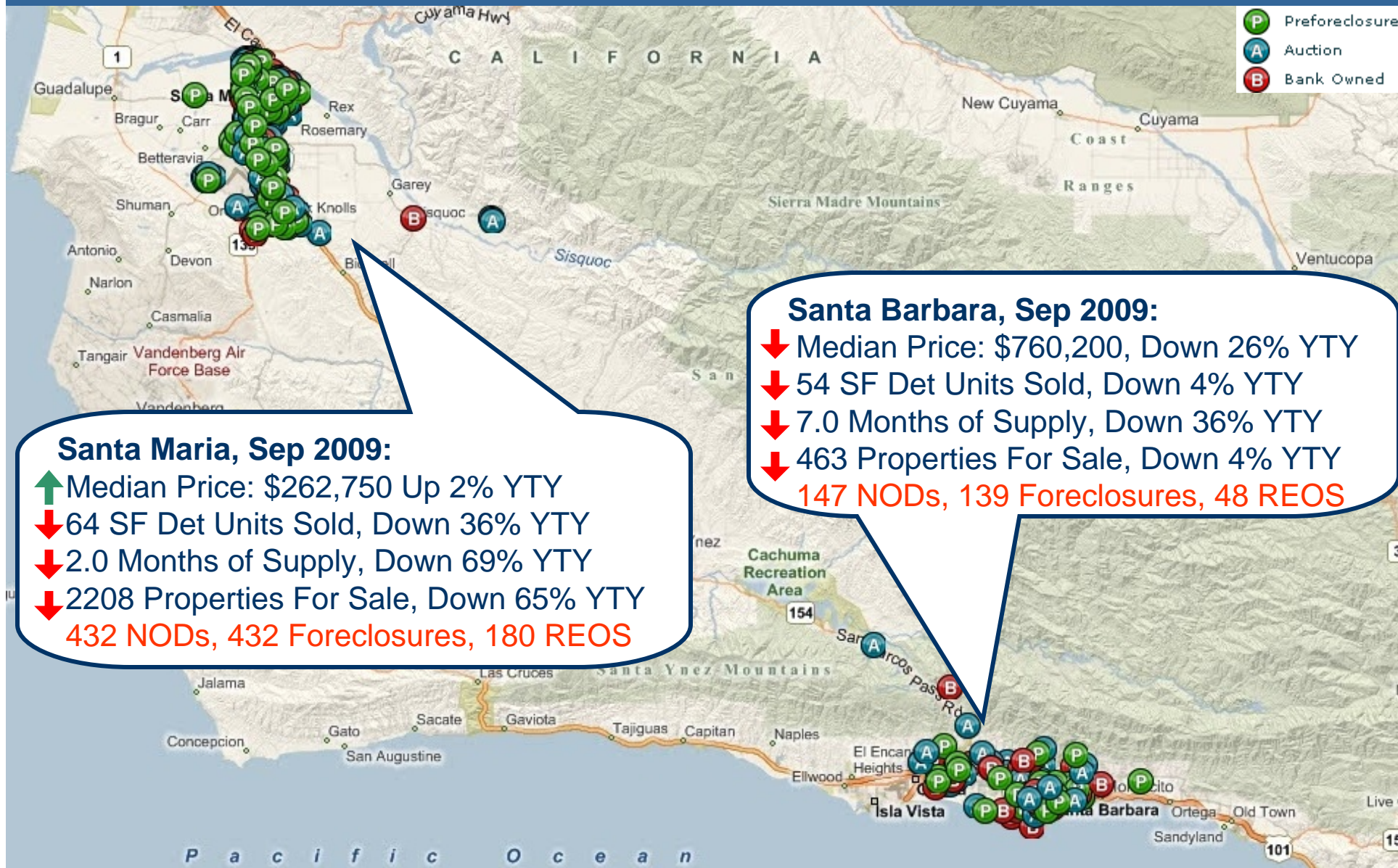


Temecula, Sep 2009:

- ↓ Median Price: \$270,000 Down 7% YTY
- ↓ 153 SF Det Units Sold, Down 19% YTY
- ↓ 1.0 Months of Supply, Down 80% YTY
- ↓ 667 Properties For Sale, Down 56% YTY
- 845 NODs, 821 Foreclosures, 276 REOS

Source: ForeclosureRadar.com, C.A.R.

A Tale of Two Markets: Santa Barbara & Santa Maria

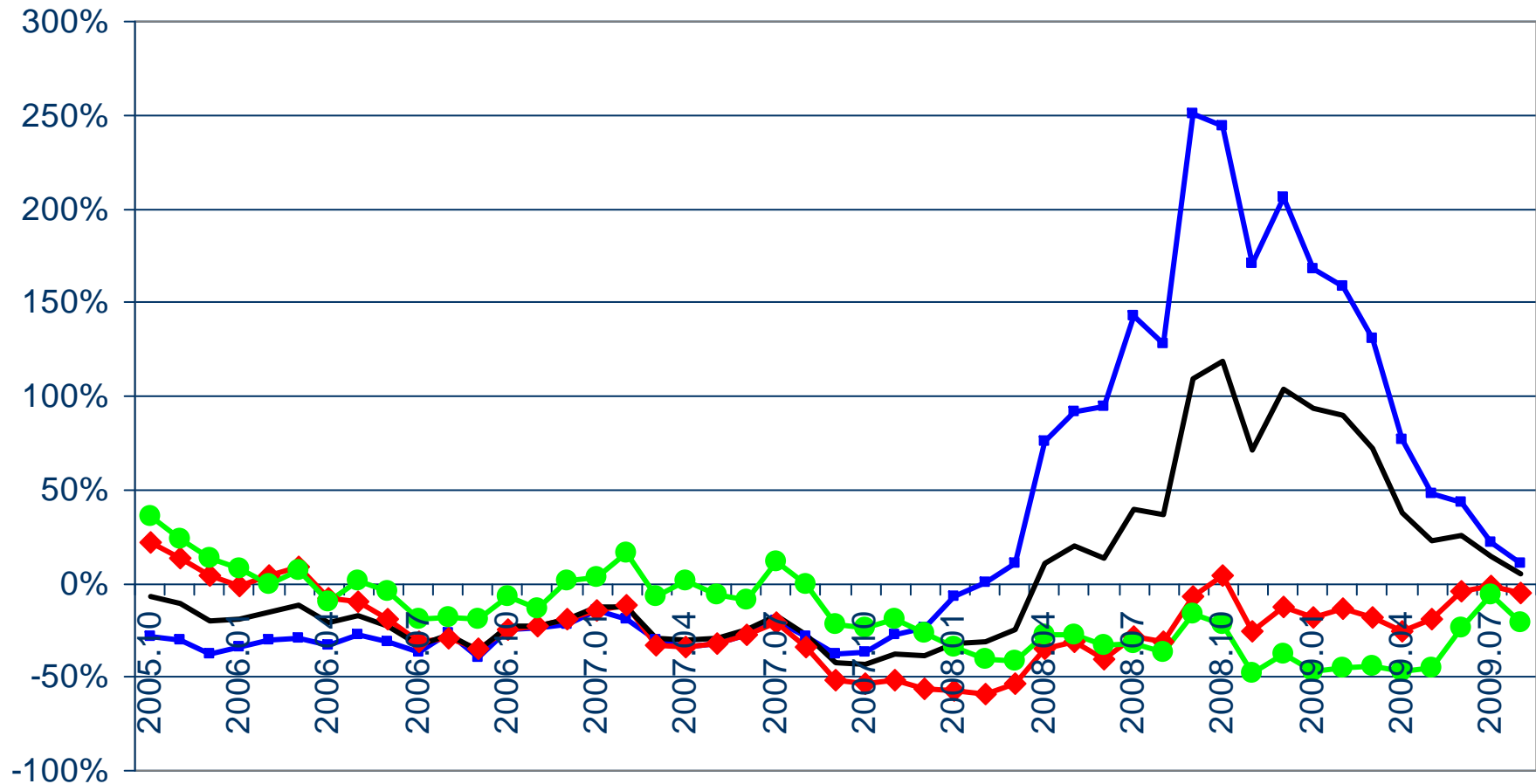


Santa Maria, Sep 2009:
 ↑ Median Price: \$262,750 Up 2% YTY
 ↓ 64 SF Det Units Sold, Down 36% YTY
 ↓ 2.0 Months of Supply, Down 69% YTY
 ↓ 2208 Properties For Sale, Down 65% YTY
 432 NODs, 432 Foreclosures, 180 REOS

Santa Barbara, Sep 2009:
 ↓ Median Price: \$760,200, Down 26% YTY
 ↓ 54 SF Det Units Sold, Down 4% YTY
 ↓ 7.0 Months of Supply, Down 36% YTY
 ↓ 463 Properties For Sale, Down 4% YTY
 147 NODs, 139 Foreclosures, 48 REOS

Year-to-Year Percent Change in Sales By Price Interval

■ Under 500
 ◆ 500 to 999
 ● 1 Mil +
 — Total

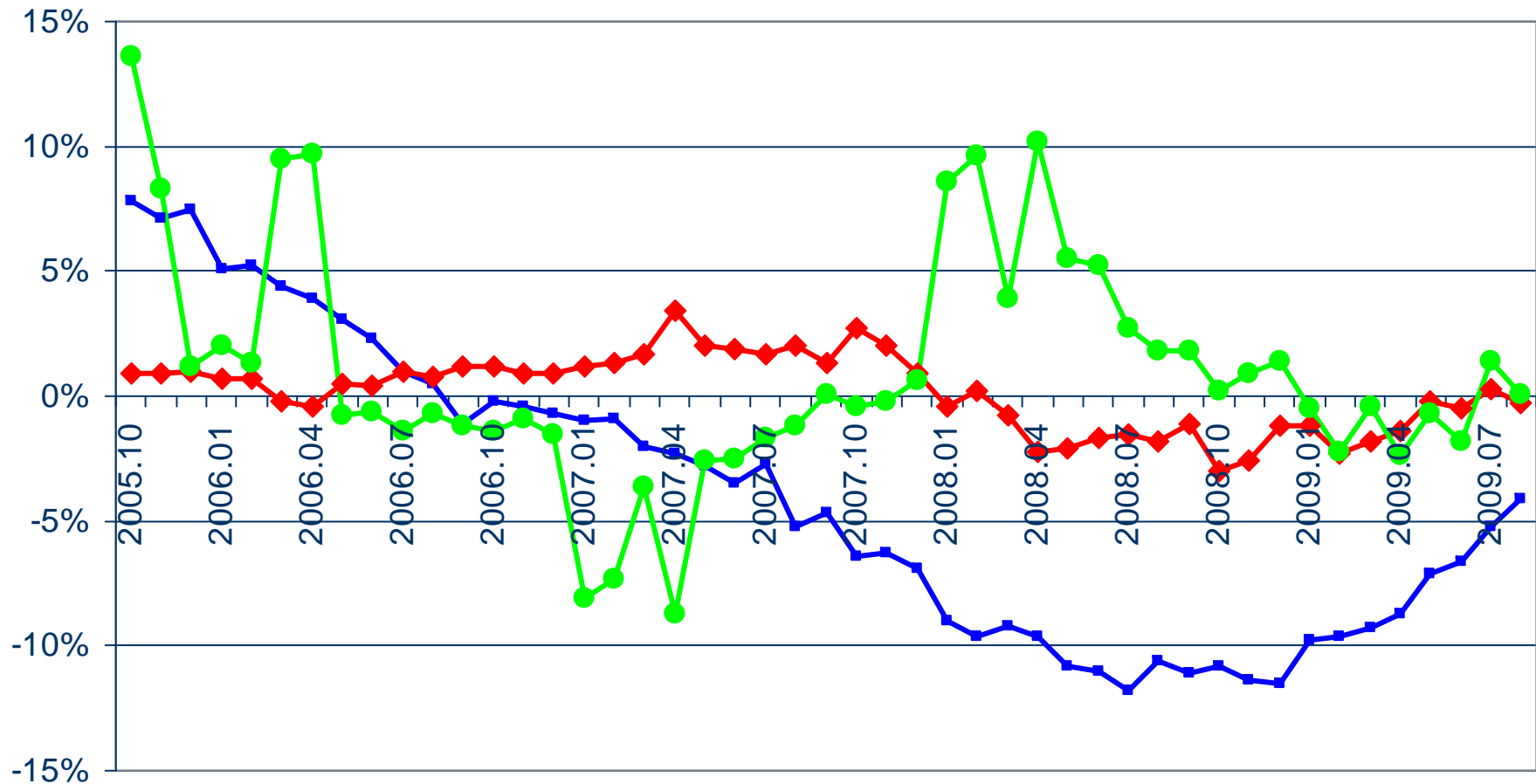


SOURCE: California Association of REALTORS®



Year-to-Year Percent Change in Median Price Within Price Interval

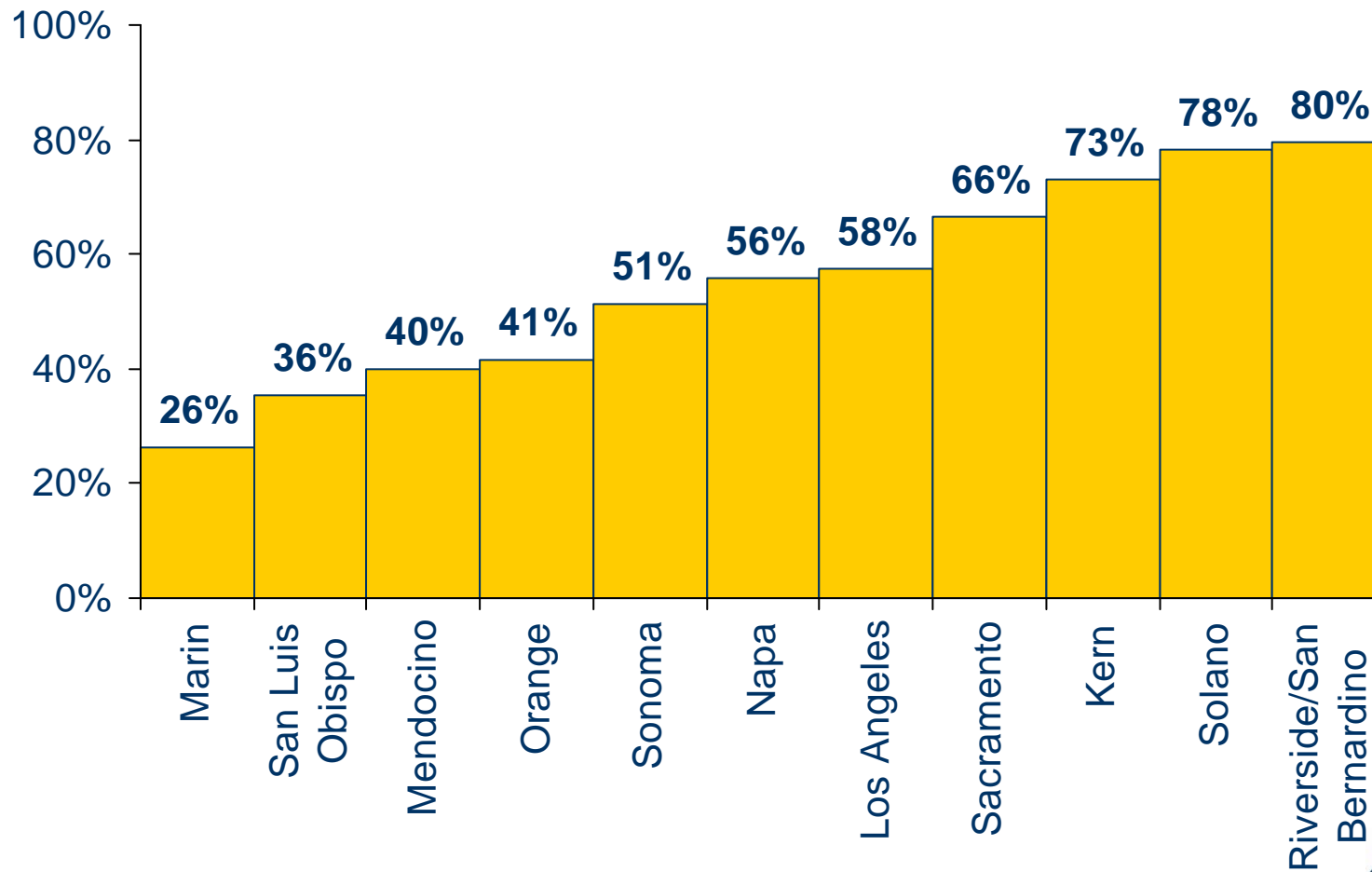
■ Under 500
 ◆ 500 to 999
 ● 1 Mil +



SOURCE: California Association of REALTORS®



Distressed Sales to Total Sales Ratio (Aug 2009)



SOURCE: California Association of REALTORS®



Distressed Sales to Total Sales Ratio

County/Region	Mar-09	Jun-09	Jul-09	Aug-09
Marin	33.1%	21.6%	26.9%	26.4%
San Luis Obispo	50.5%	41.8%	38.4%	35.5%
Mendocino	41.9%	51.1%	40.0%	40.0%
Orange	56.7%	44.5%	40.6%	41.4%
Sonoma	67.1%	56.6%	46.8%	51.3%
Napa	69.4%	51.9%	52.0%	55.7%
Los Angeles	69.2%	61.2%	58.9%	57.6%
Sacramento	70.5%	70.6%	65.9%	66.4%
Kern	83.5%	76.9%	73.7%	72.9%
Solano	88.4%	84.0%	83.3%	78.1%
Riverside/San Bernardino	87.1%	83.5%	82.2%	79.5%

SOURCE: California Association of REALTORS®



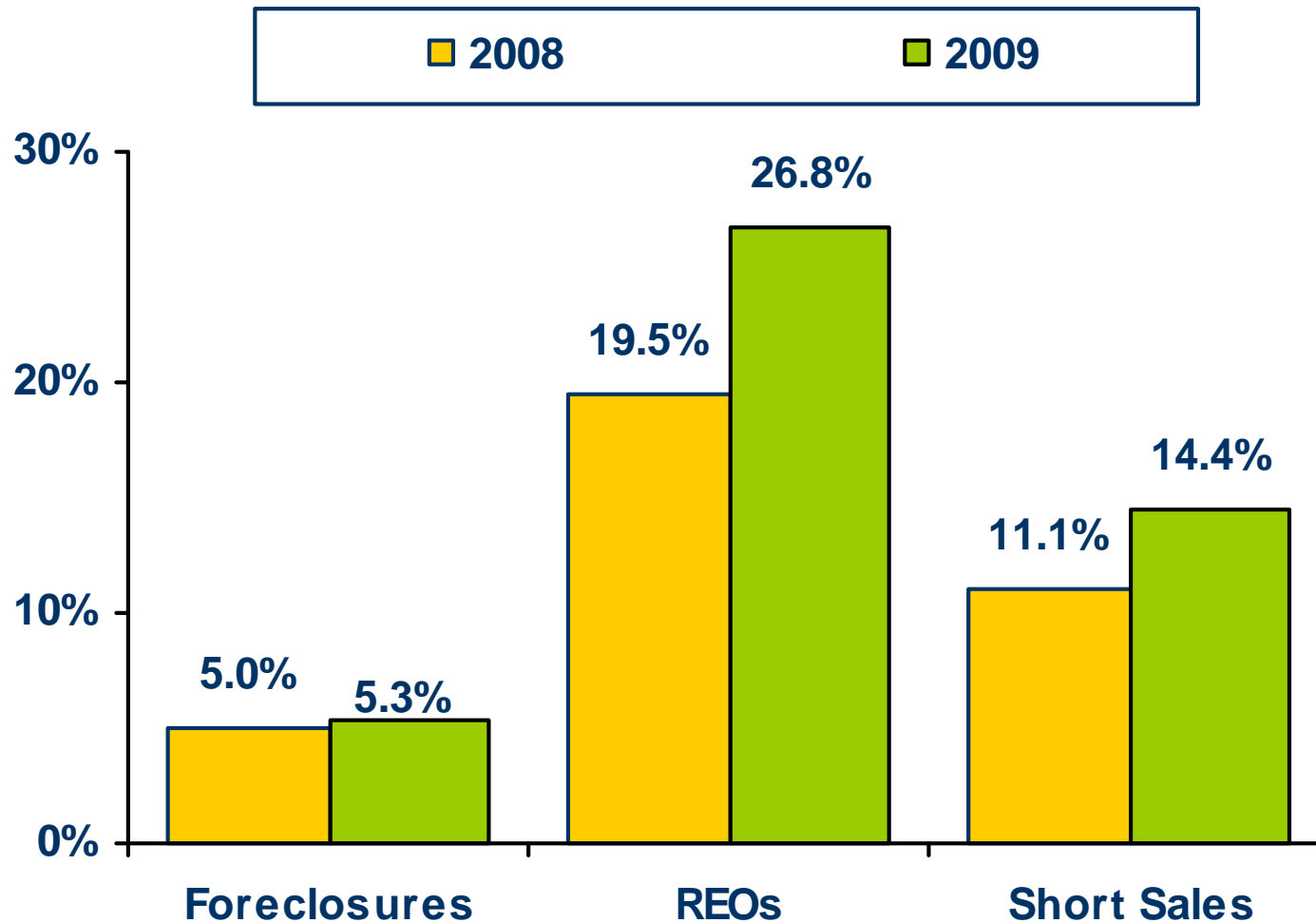
Distressed Sales vs. Non Distressed Sales

	Distressed	Non-Distressed
Median Home Price	\$250,000	\$485,000
Price/SF	\$154	\$277
Percent of Sales with Multiple Offers	68.1%	44.7%
Number of Offers (Average)	6.1	4.0
Percent of All Cash Sales	22.4%	17.1%
Number of Days on MLS	43	50
Number of Days in Escrow	45	35
Percent of Sales with Net Cash Loss	68.9%	17.9%
Net Cash Gain/Net Cash Loss to Seller	-\$100,000	\$85,000

Source: C.A.R. 2009 Housing Market Survey



Percent of Distressed Properties



Q. Was the property purchased/sold as a foreclosure, REO, short sale, or none of the above?

Source: C.A.R. 2009 Housing Market Survey

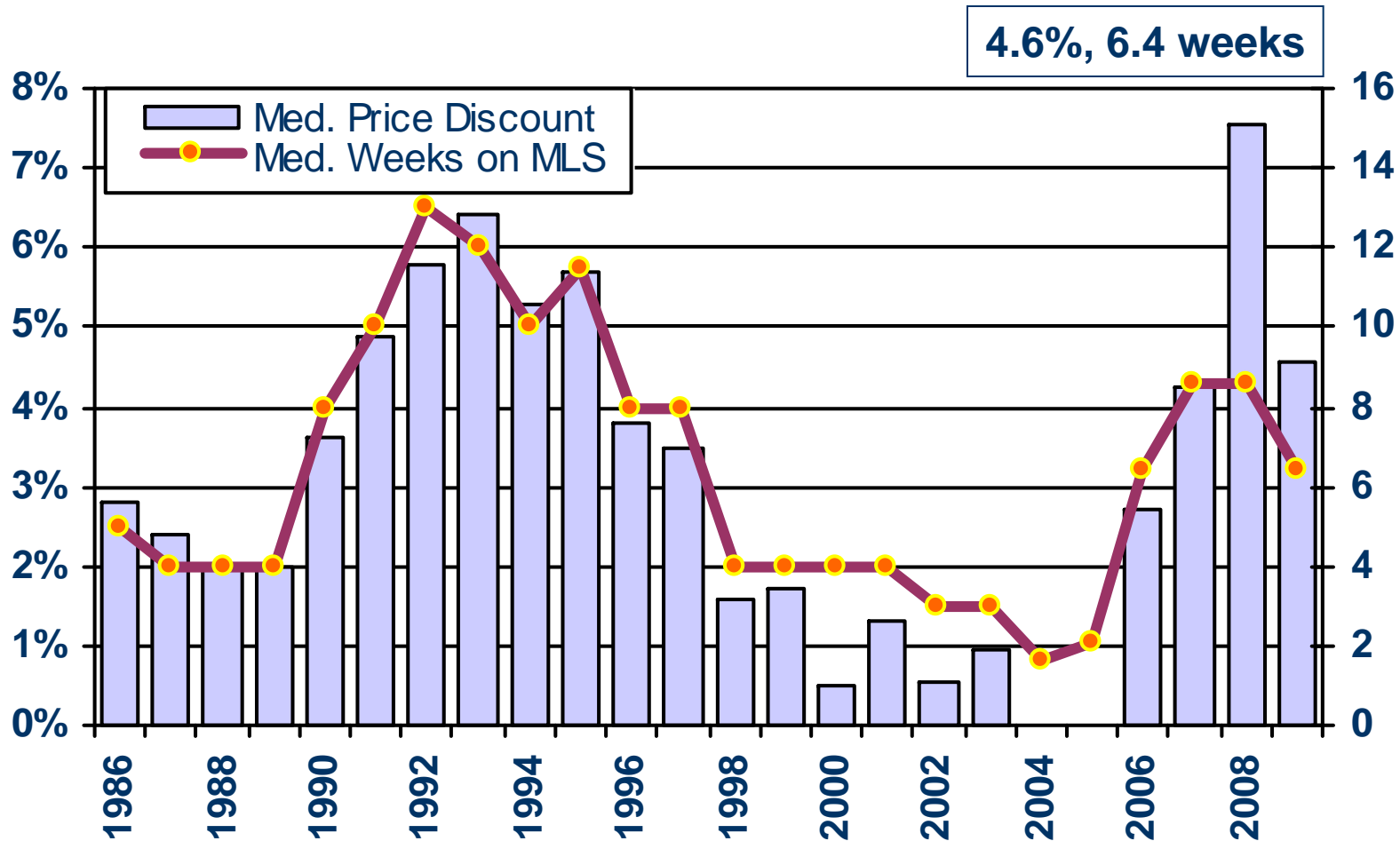


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2009 Housing Market Survey

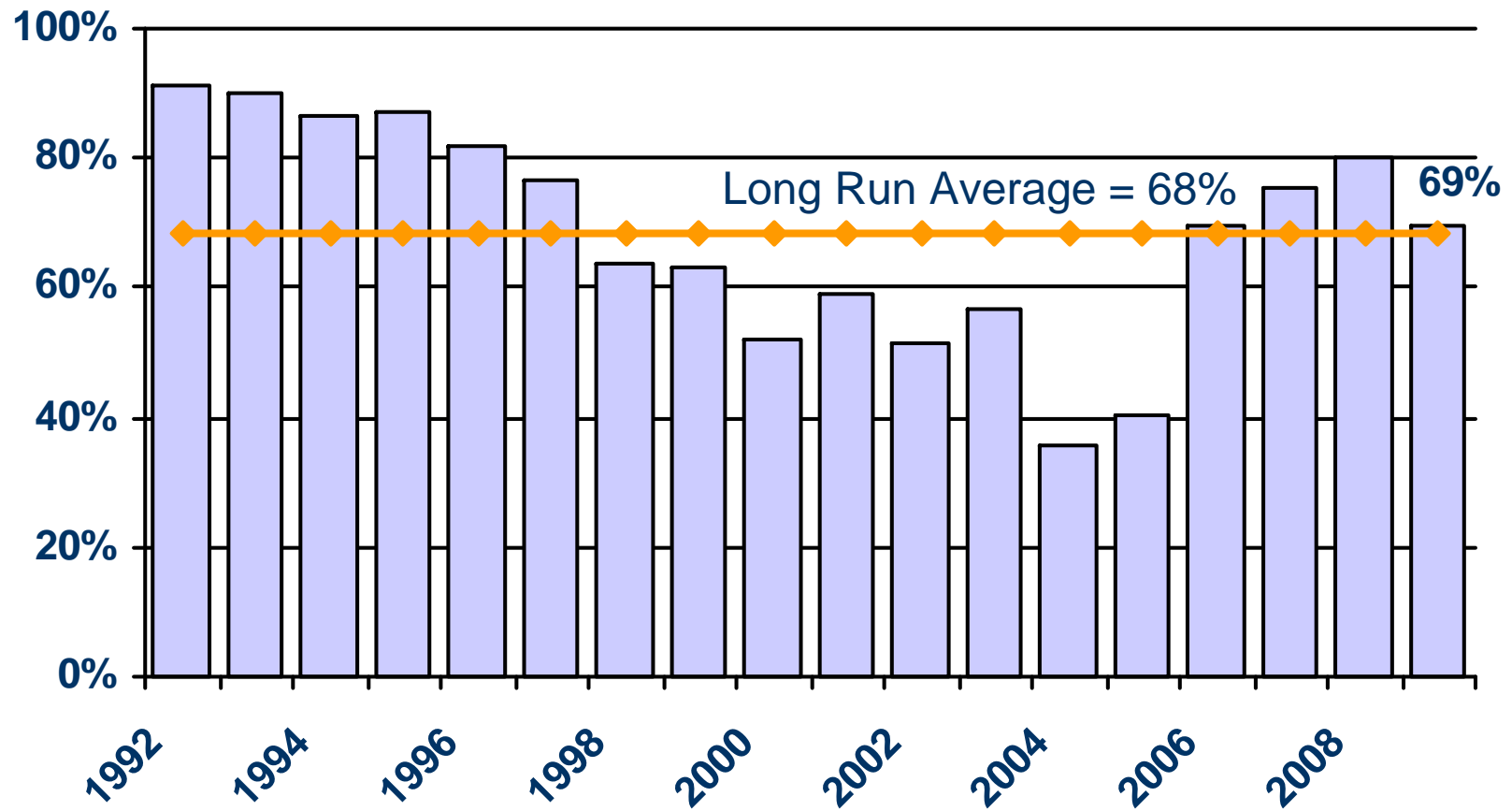
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Median Price Discount And Weeks On Market



Q. What was the original list sales price of the property?
 What was the final sales price of the property? How
 many weeks did the property remain on the MLS?

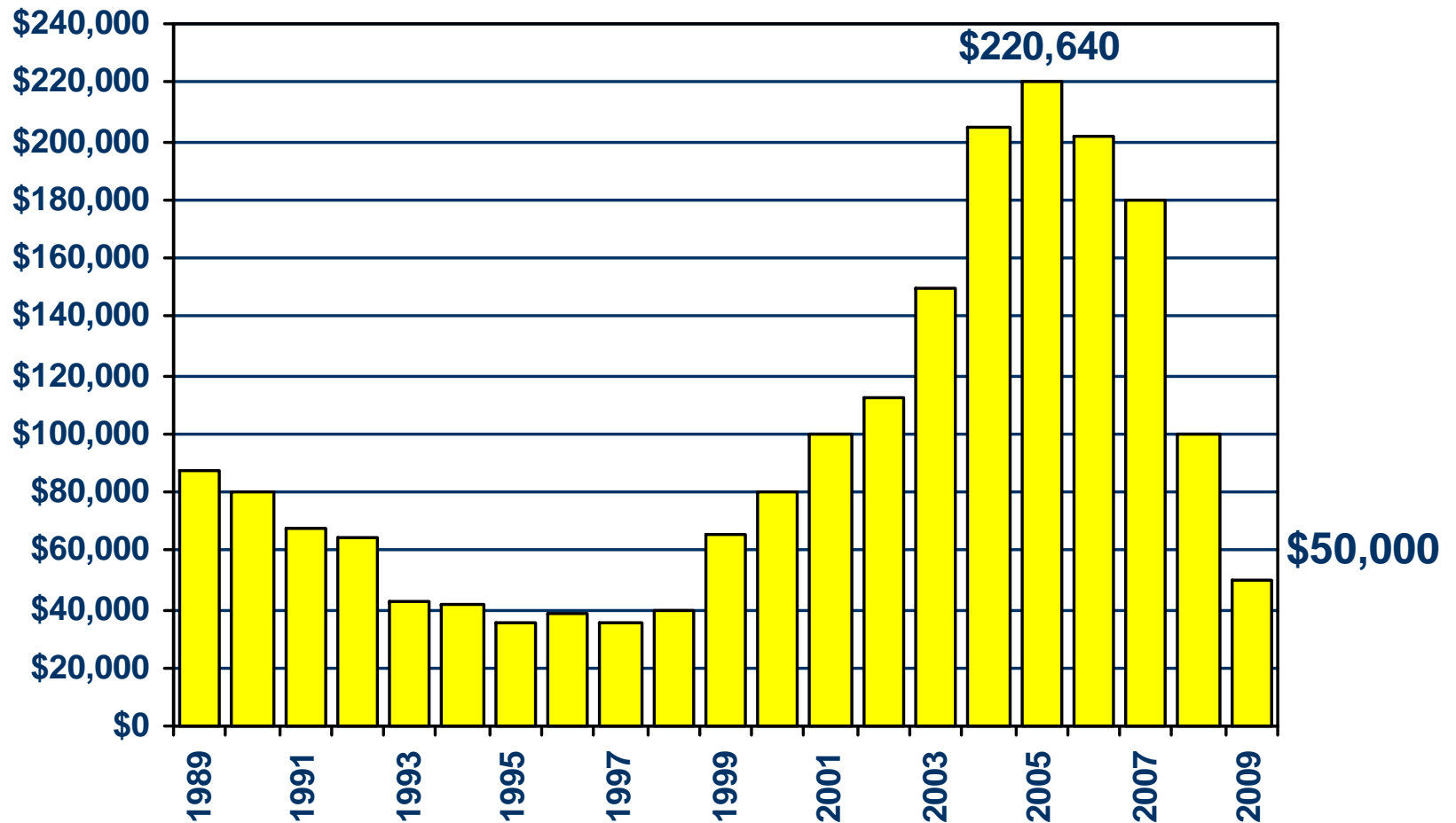
Percent with Price Discount Selling price below listing price



Q. What was the original list sales price of the property?
What was the final sales price of the property?

Median Net Cash To Sellers

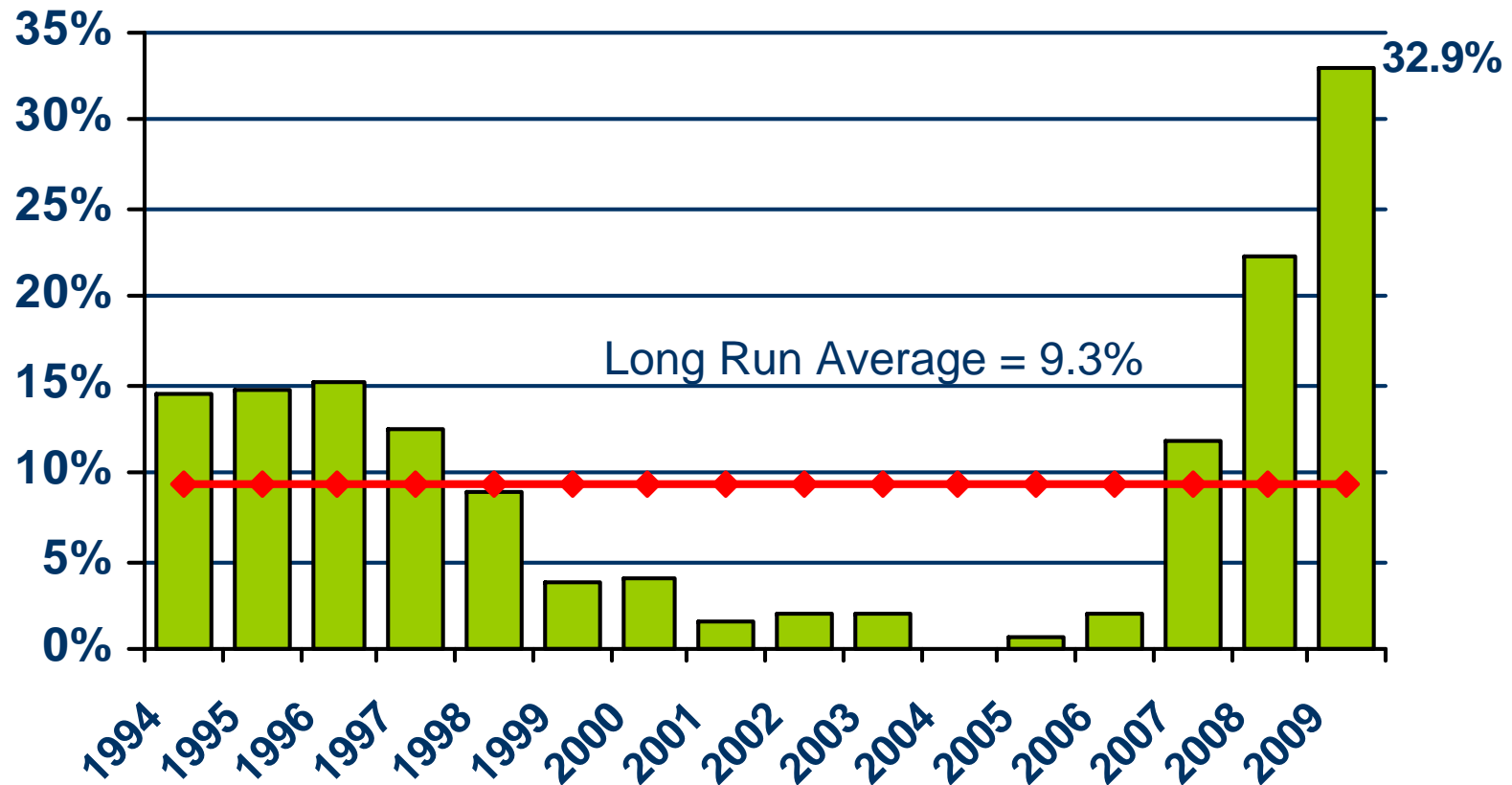
2005: \$220K 2009: \$50K



Q. What was the net cash gain or net loss to the seller as a result of this sale?

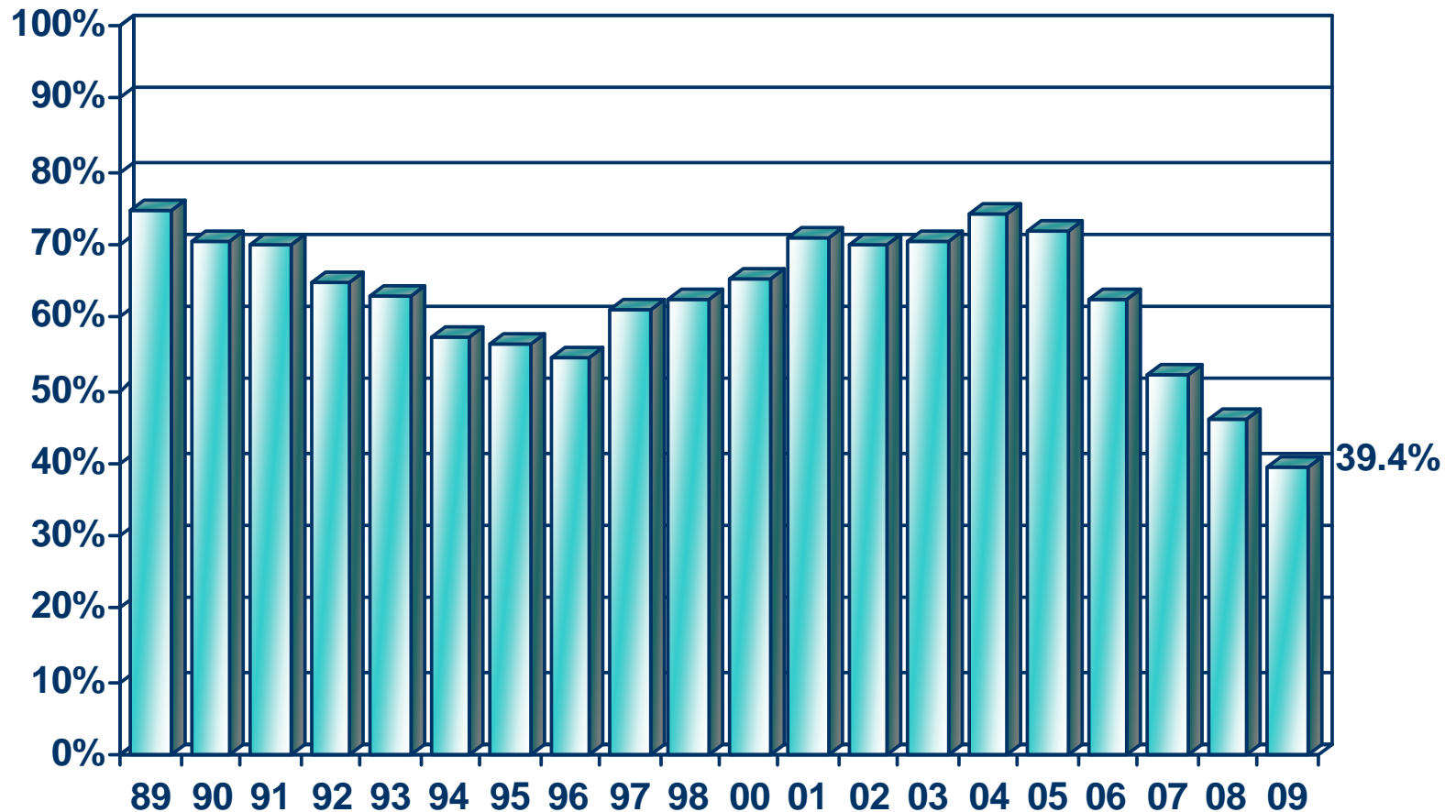
Sellers Reporting a Net Cash Loss

Percent of All Sellers



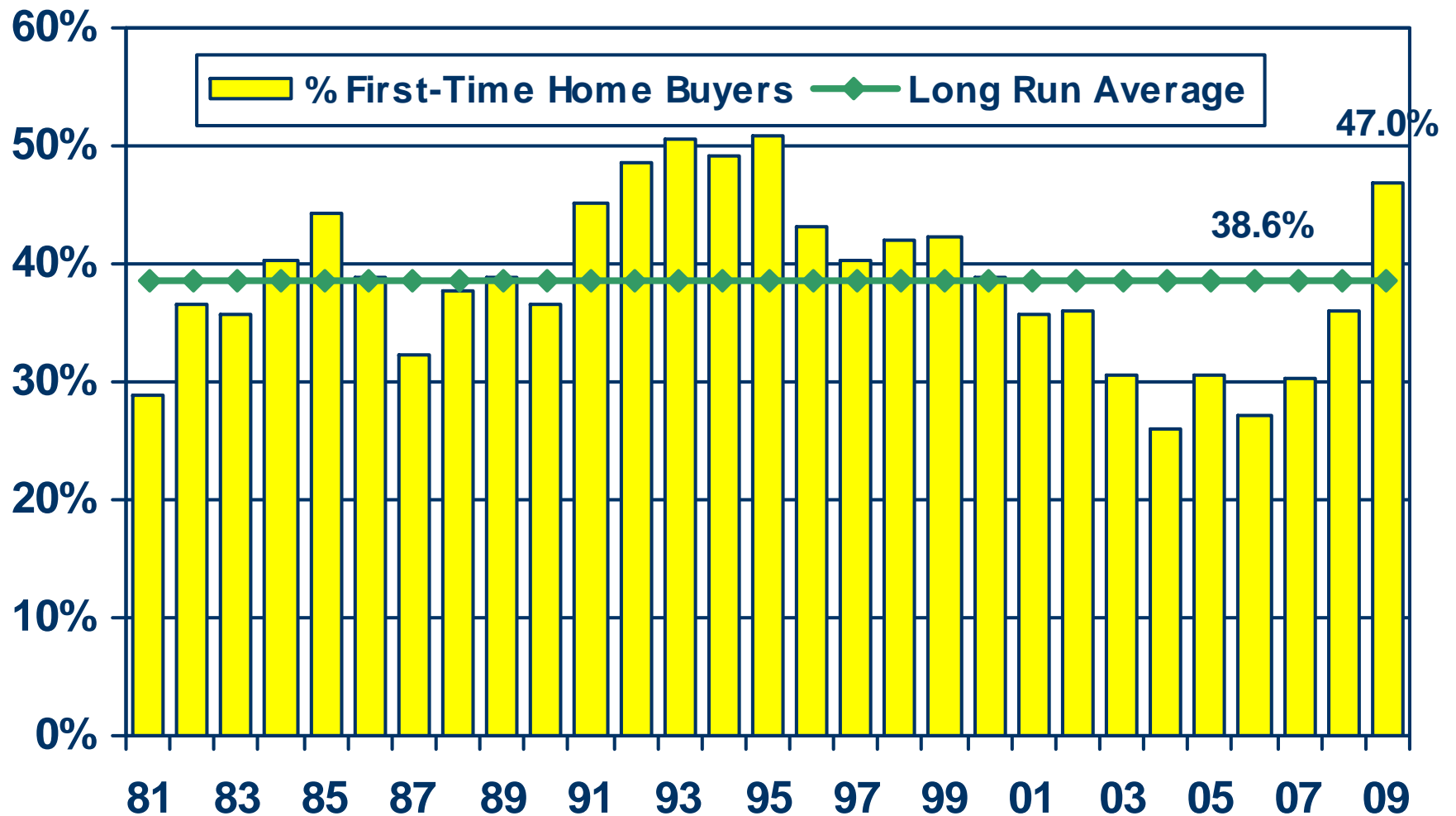
Q. What was the net cash gain or net loss to the seller as a result of this sale?

Proportion of Home Sellers Planning to Repurchase



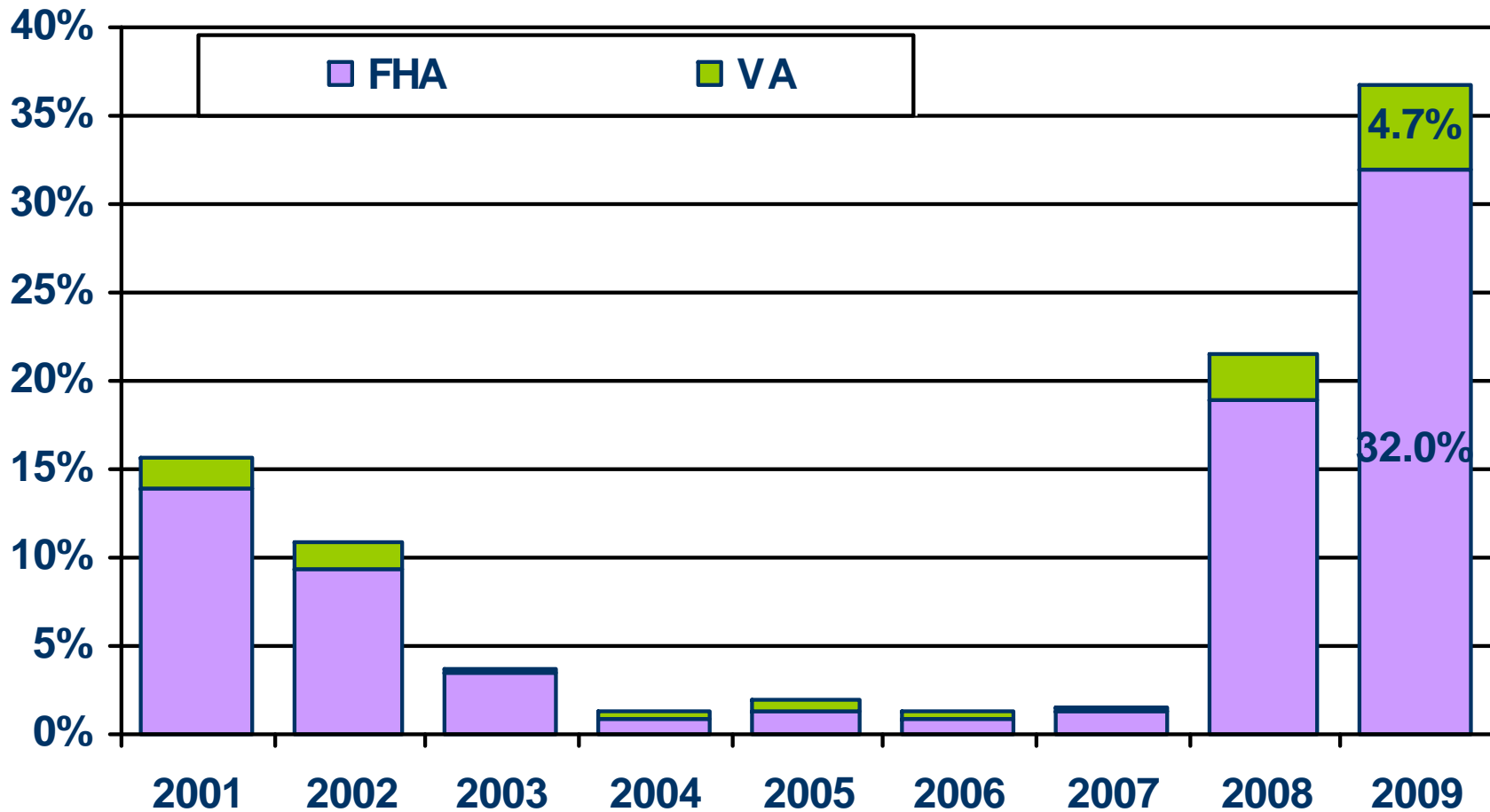
Q. Is the seller planning on purchasing another home?

Proportion of First-Time Homebuyers California



Q. Was the buyer a first-time buyer?

FHA and VA Mortgages (First Mortgage)



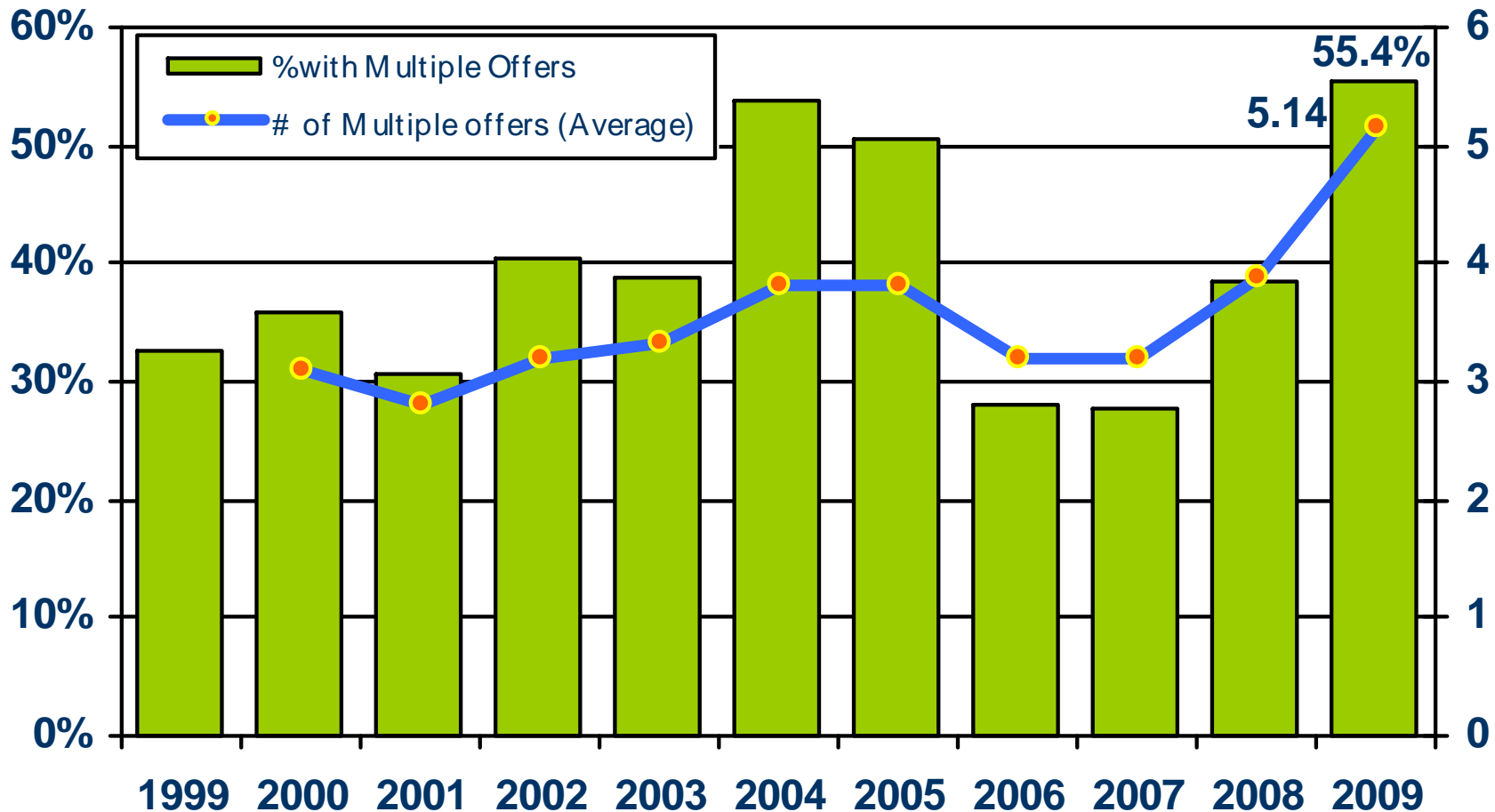
Q. Please indicate the type of mortgage

FHA vs. Conventional

(New First Mortgages)

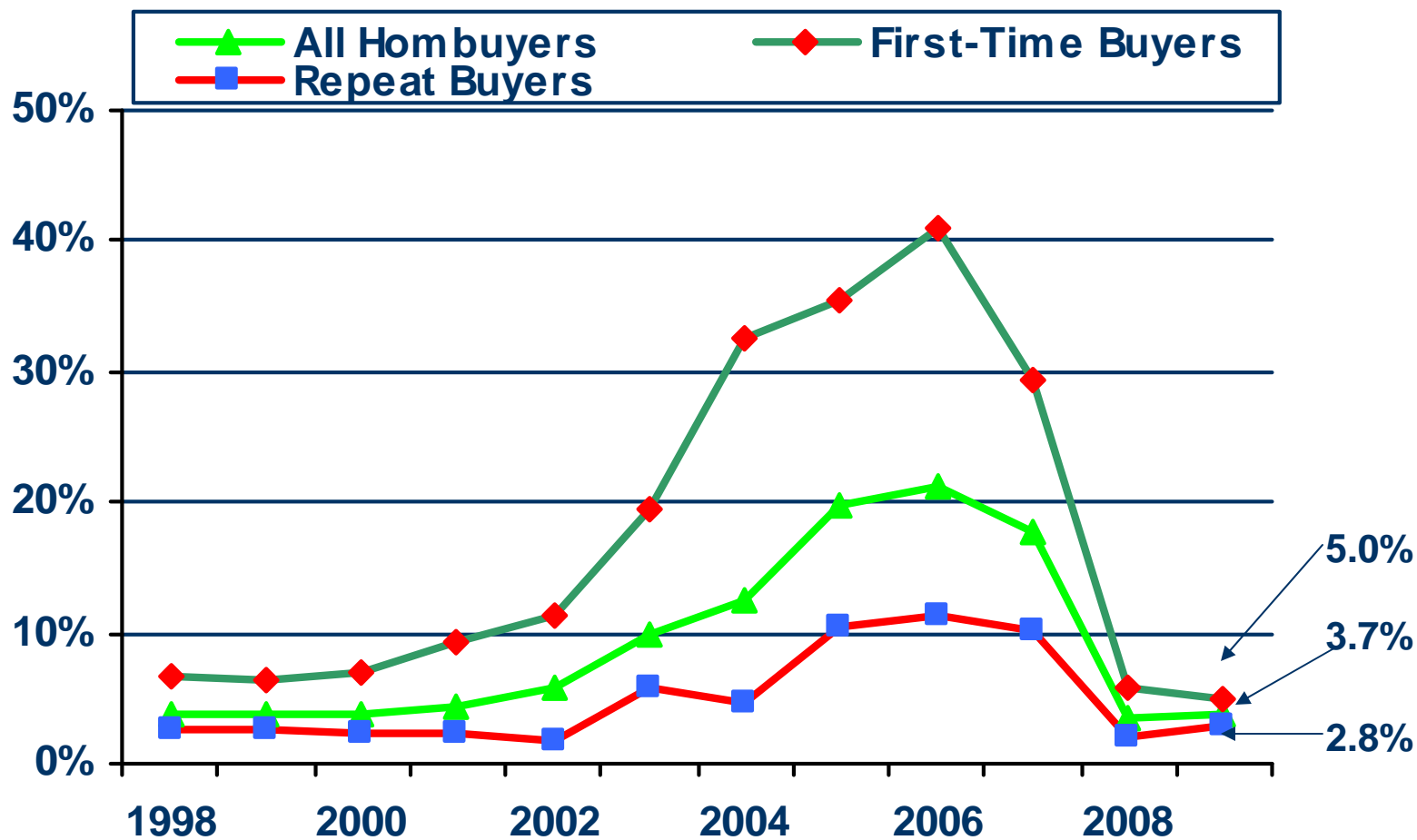
	FHA	Conventional
Median Home Price	\$261,500	\$455,000
Median Down Payment (Dollar)	\$9,888	\$92,000
Median Down Payment (% to Price)	3.5%	20.0%
Share of All Home Sales	32.0%	63.3%
Percent of Mortgages with Distressed Property	62.6%	37.4%
Percent of First-Time Buyers	75.8%	40.2%

Multiple Offers: Over 1/2 homes sold 2009 had multiple offers

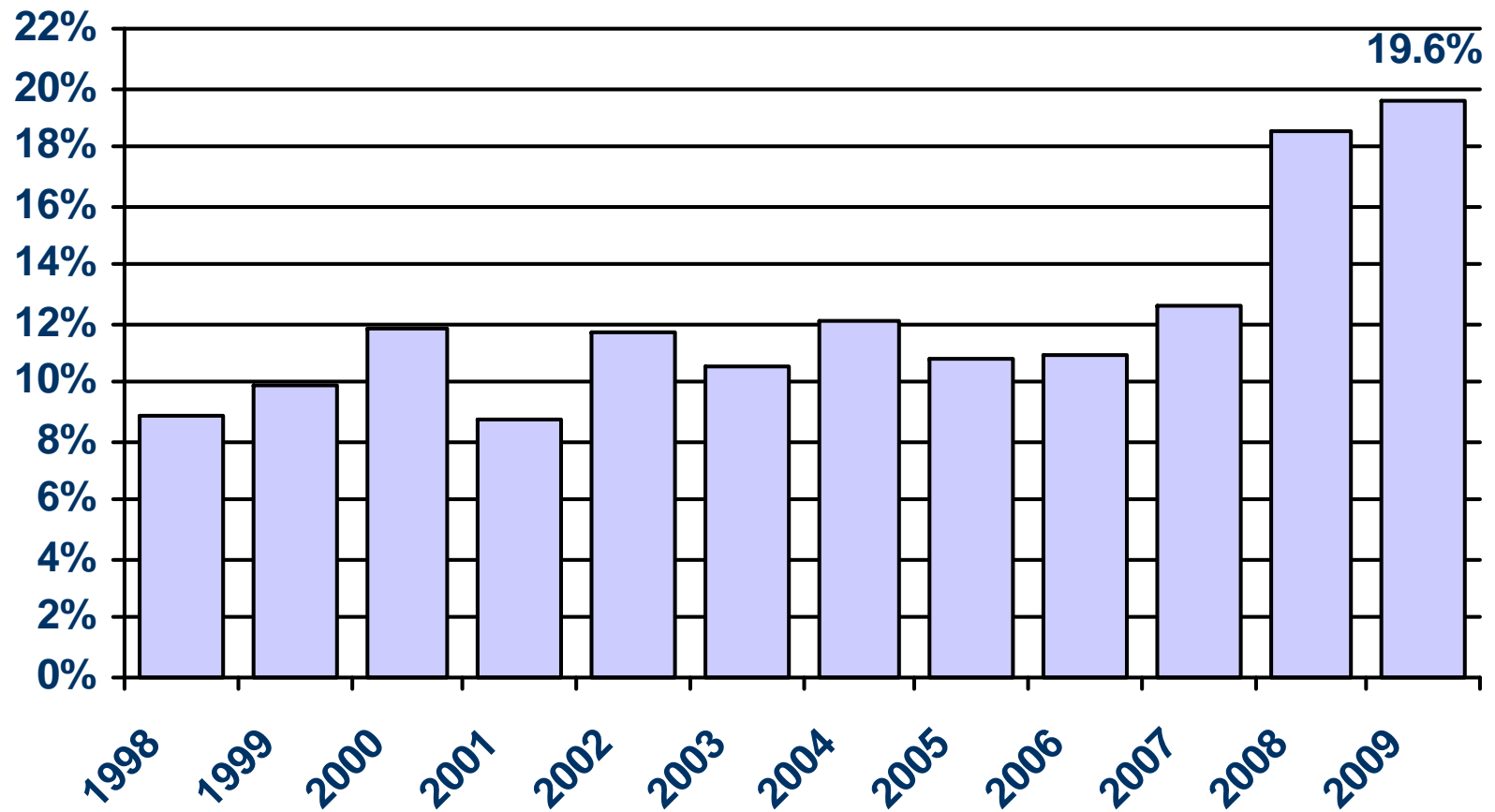


Percent of Buyers with Zero Down Payment

First-Time Buyers vs. Repeat Buyers

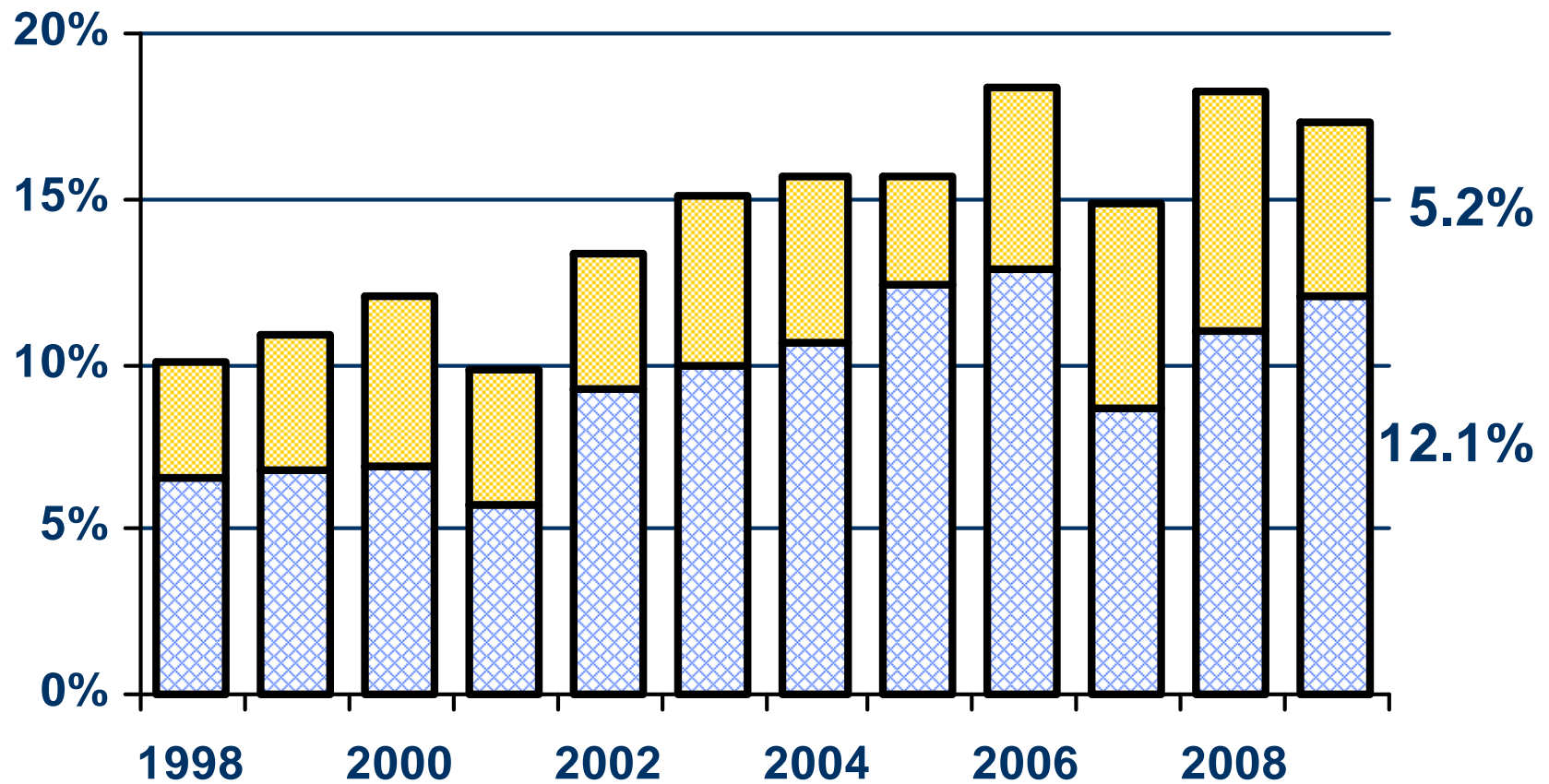


Percent of All Cash Sales



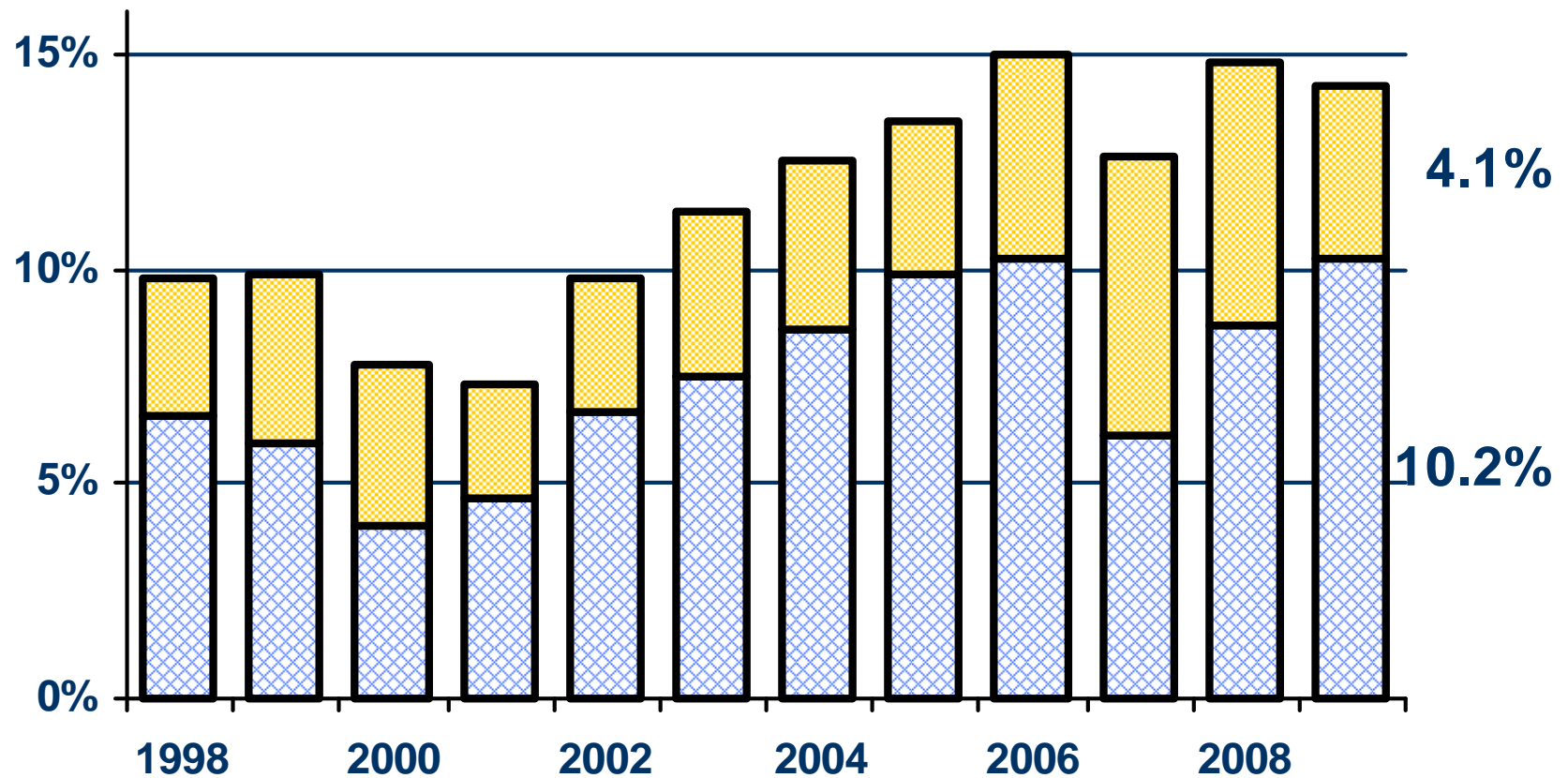
Buyer Use of Property (All Homes)

Investment/Rental Property Vacation/Second Home



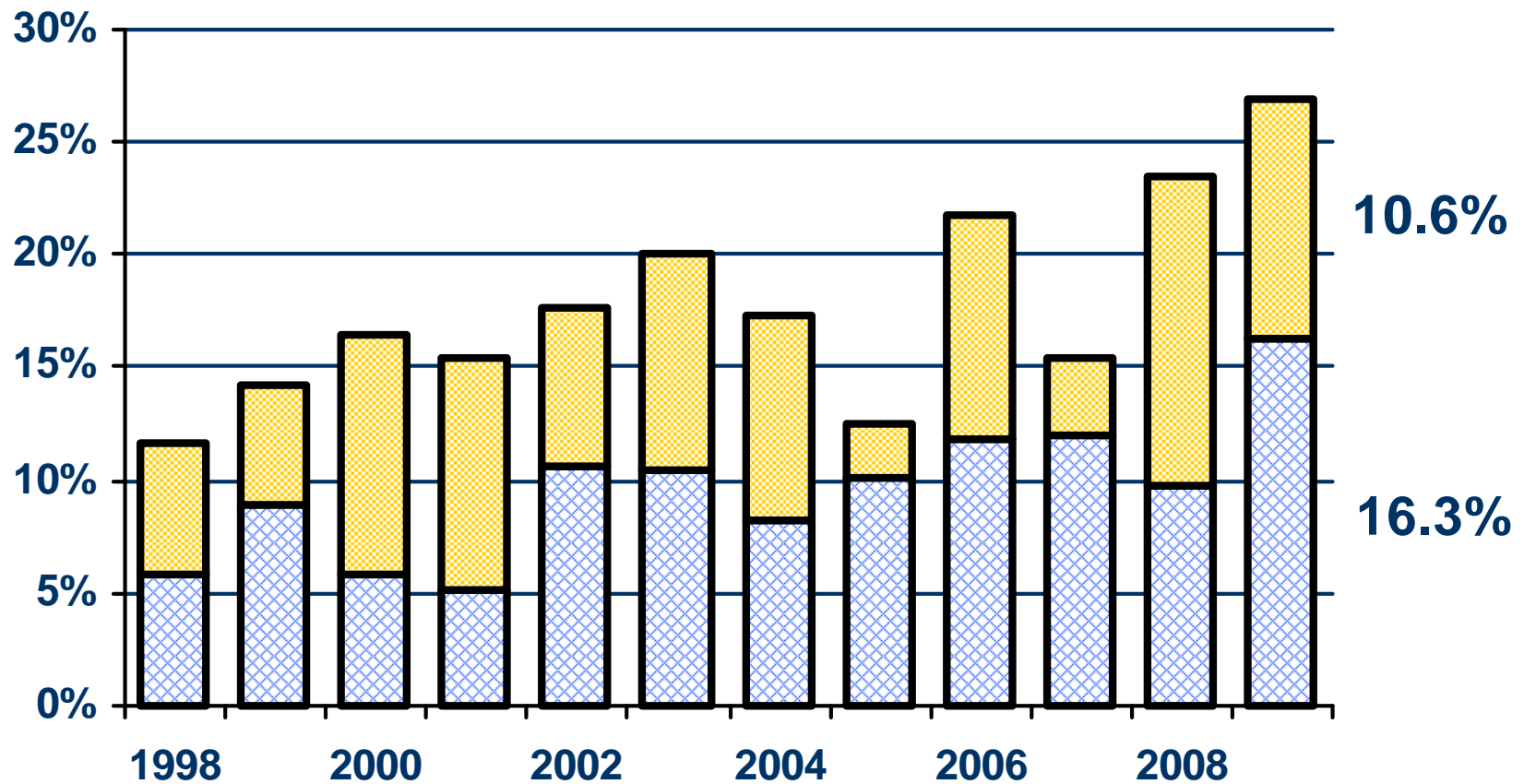
Buyer Use of Property (Single-Family Detached Homes)

Investment/Rental Property Vacation/Second Home

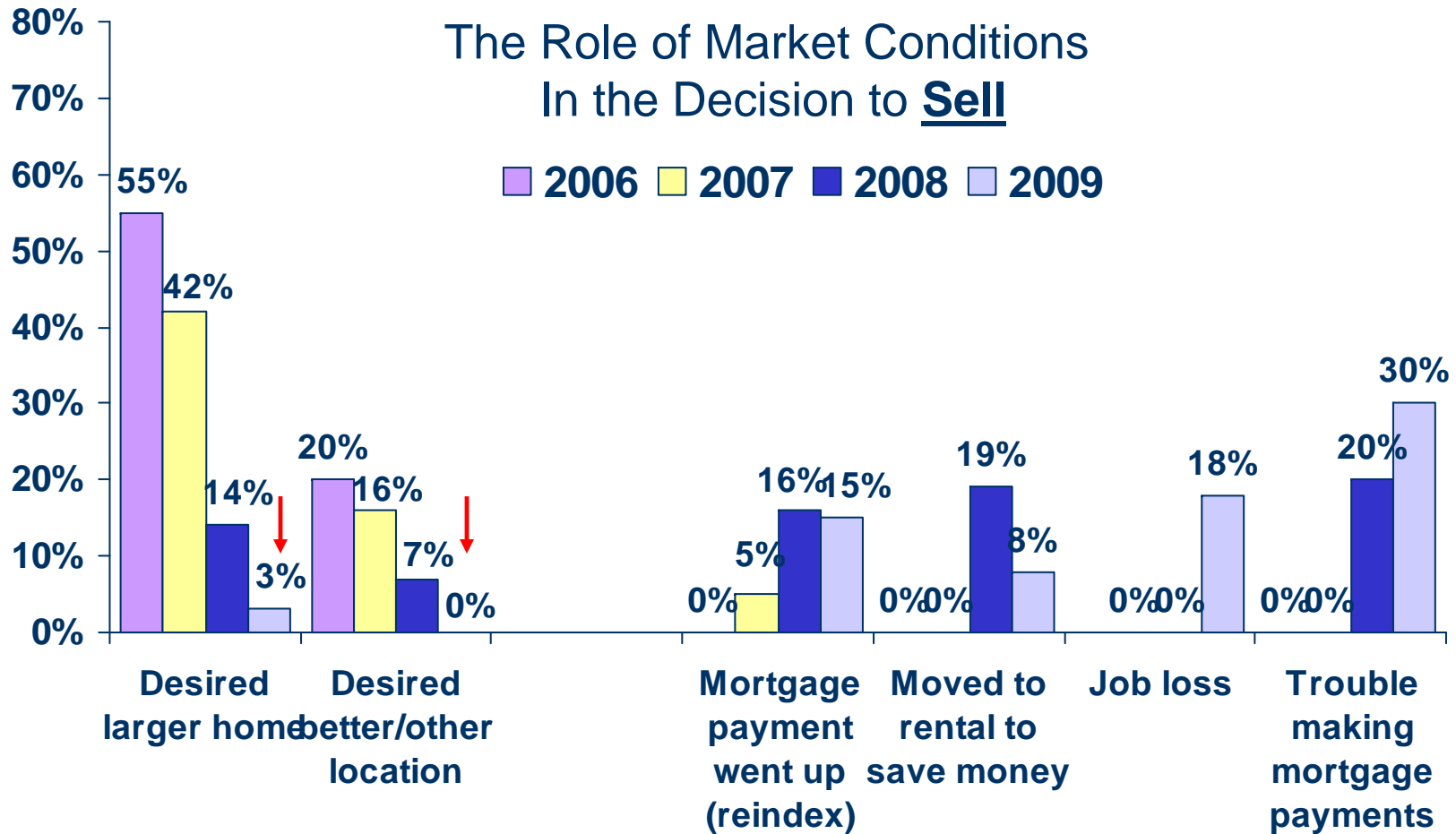


Buyer Use of Property (Condos/Townhomes)

Investment/Rental Property Vacation/Second Home



Sellers Are Reacting to Financial Stress



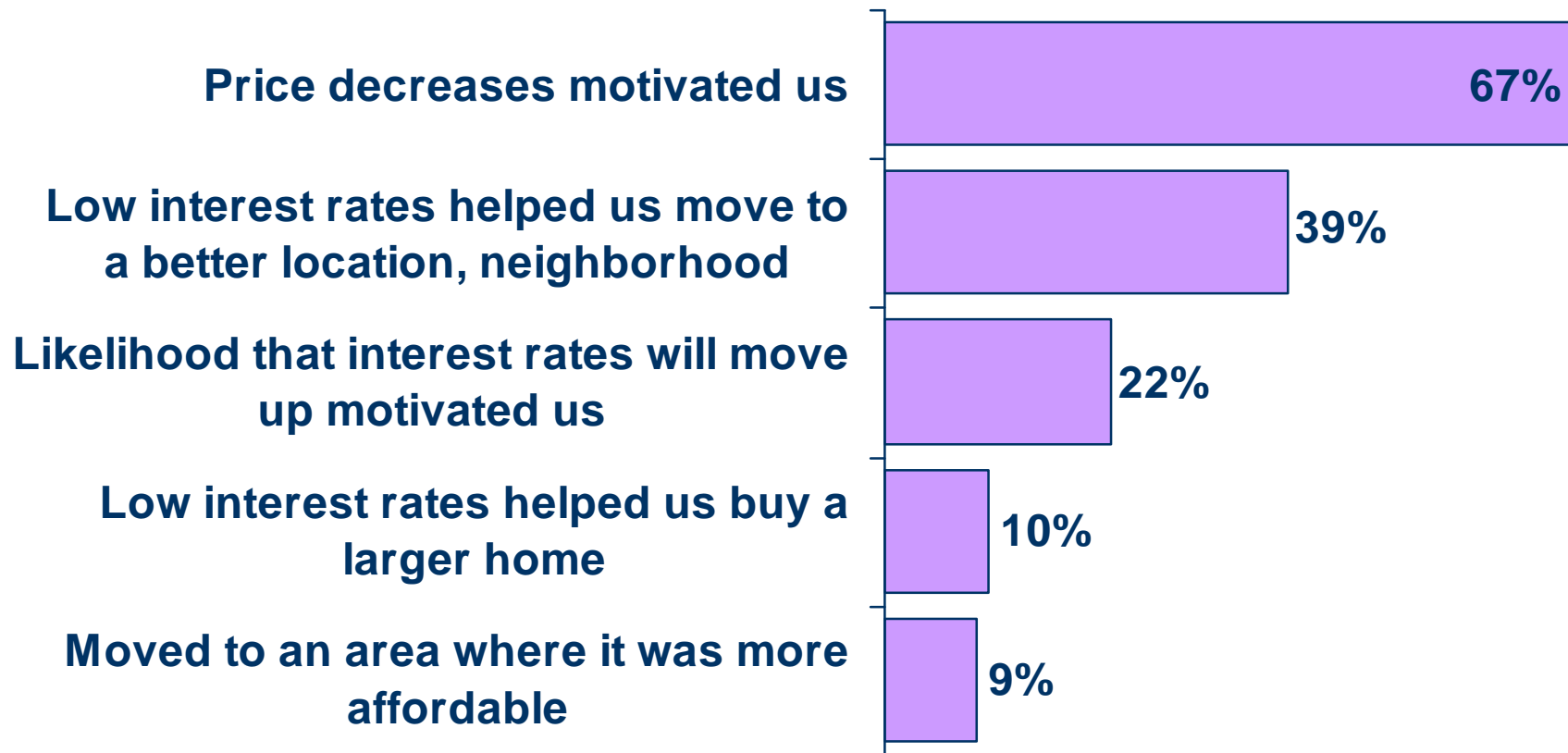
Signs of Distress in 2008-2009

SOURCE: C.A.R. 2009 Survey of Home Sellers



While Buyers See Opportunities ...

The Role Of Market Conditions In The Decision To Buy



SOURCE: C.A.R. 2009 Survey of Home Buyers



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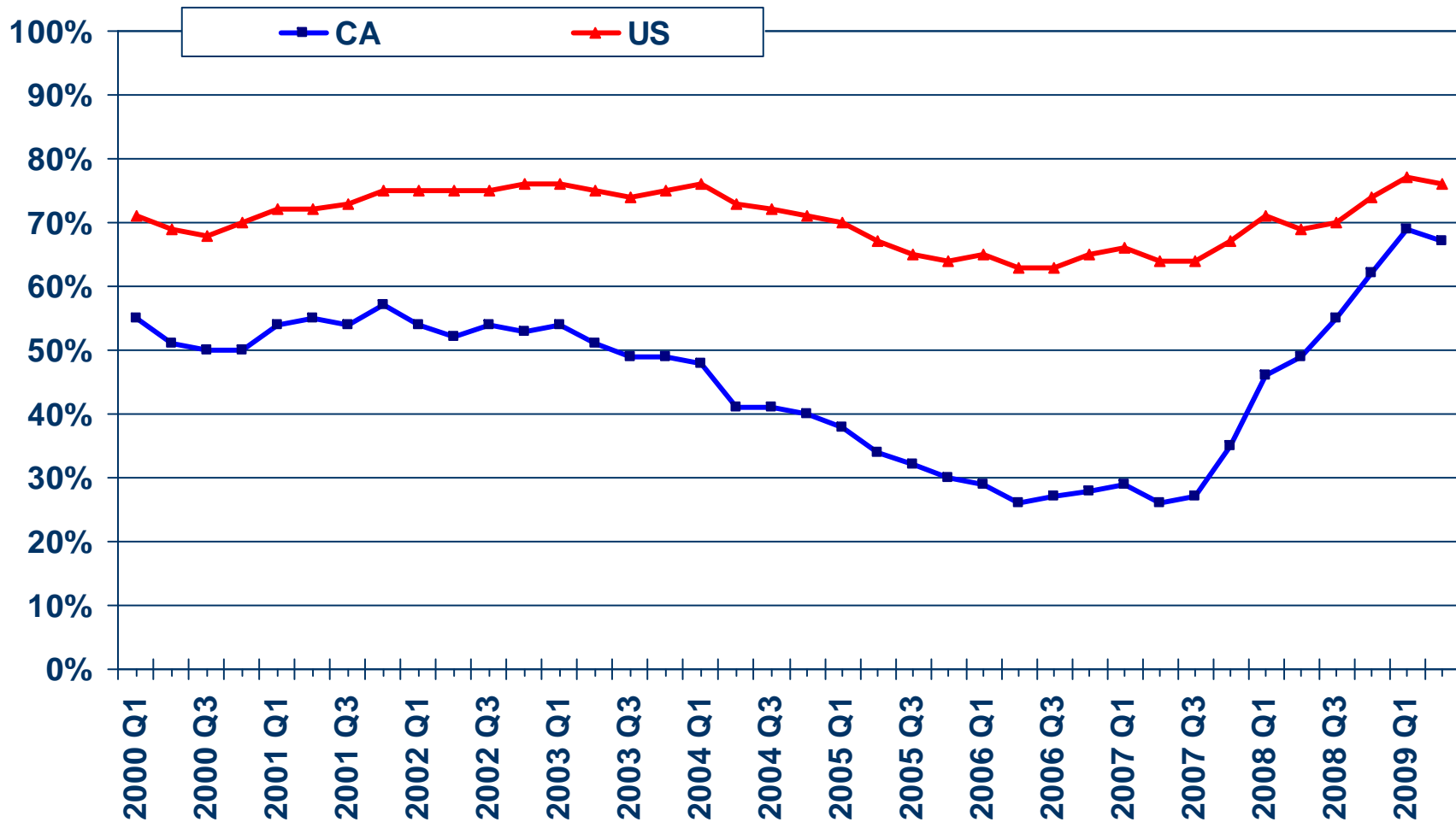
The Bottom Line: Great Time to be a First Time Buyer

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First-time Buyer Housing Affordability Index

California Vs. U.S. 2000-2009

% OF HOUSEHOLDS THAT CAN BUY



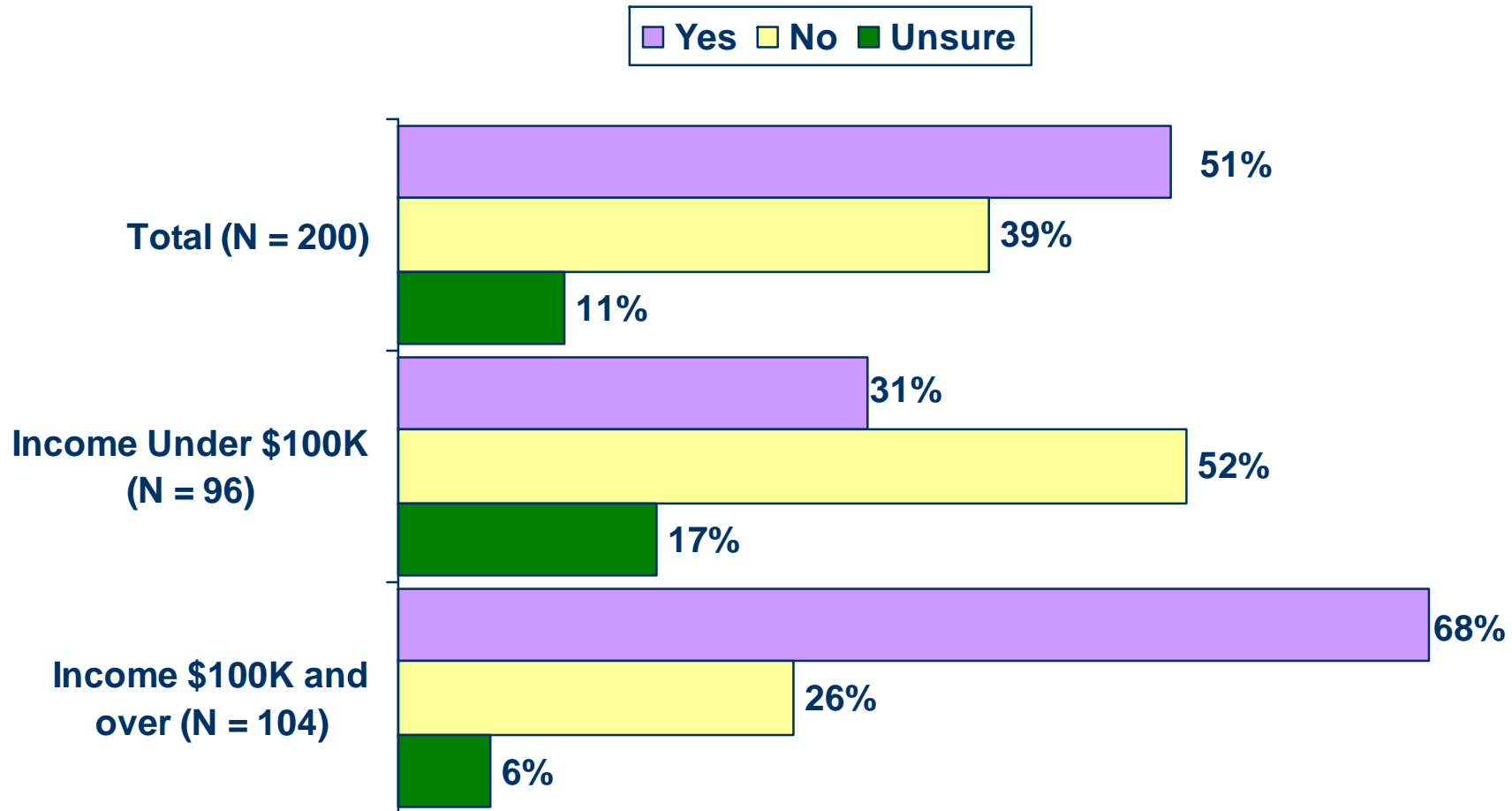
SOURCE: California Association of REALTORS®



Federal First-Time Buyer Tax Credit

- **Legislation Passed February 2009**
- **Retroactive to January 1, 2009**
- **Extended/modified version of 2008 Tax Credit**
 - Current expiration November 30, 2009
 - 6 month extension under deliberation
- **National Impact – 1.4 million families in US (IRS)**
- **California Results – 39% of first-timers would not have bought in 2009 w/o tax credit (C.A.R. Survey)**

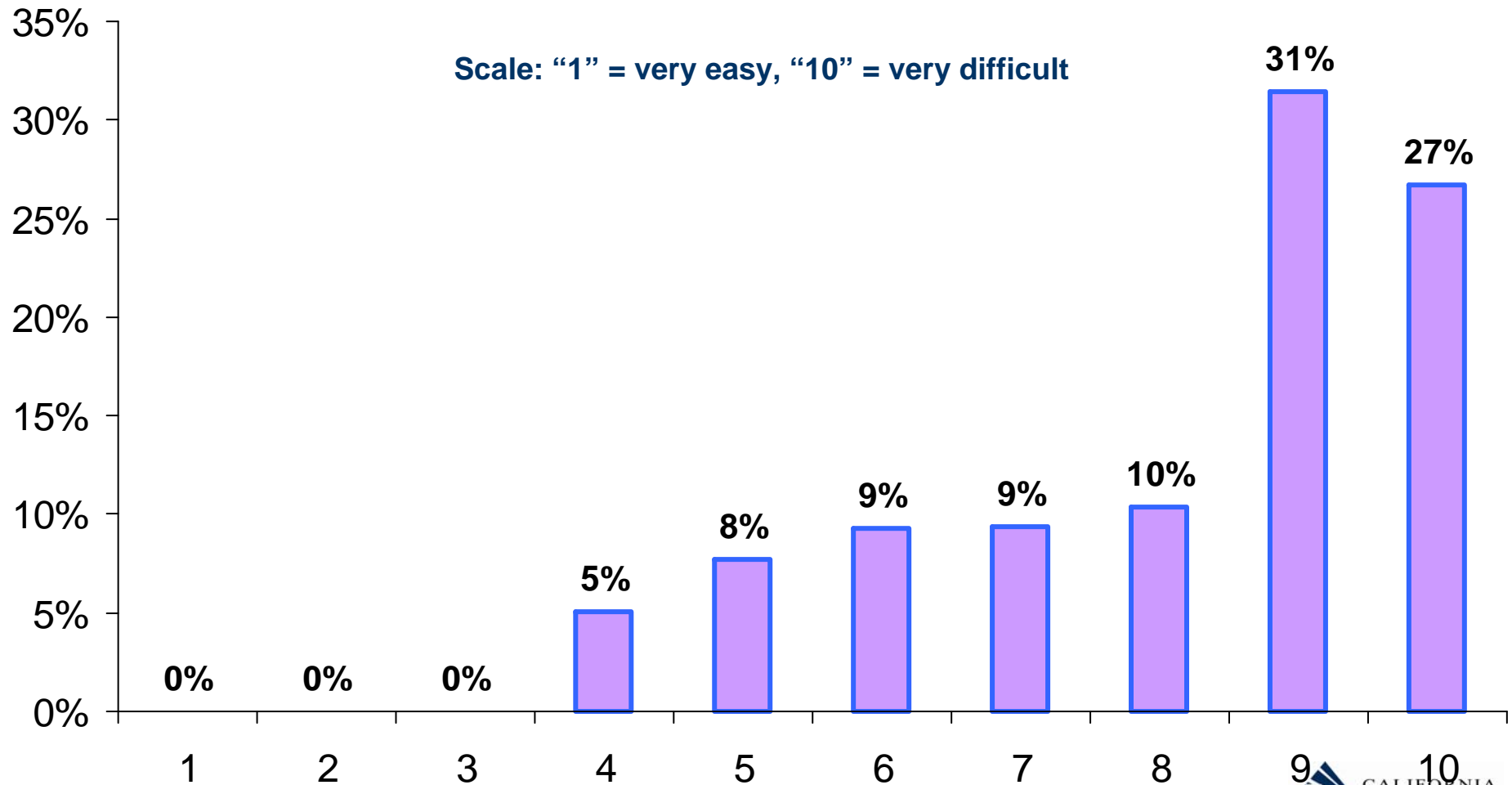
Bought Home Regardless of Federal First-Time Home Buyer Tax Credit?



Q. Would you have bought a home if there were not a Federal First-Time Home Buyer Tax Credit, or if you knew you did not qualify for the credit? CAR Telephone Survey 2009

Level of Difficulty to Obtain Financing (All Buyers)

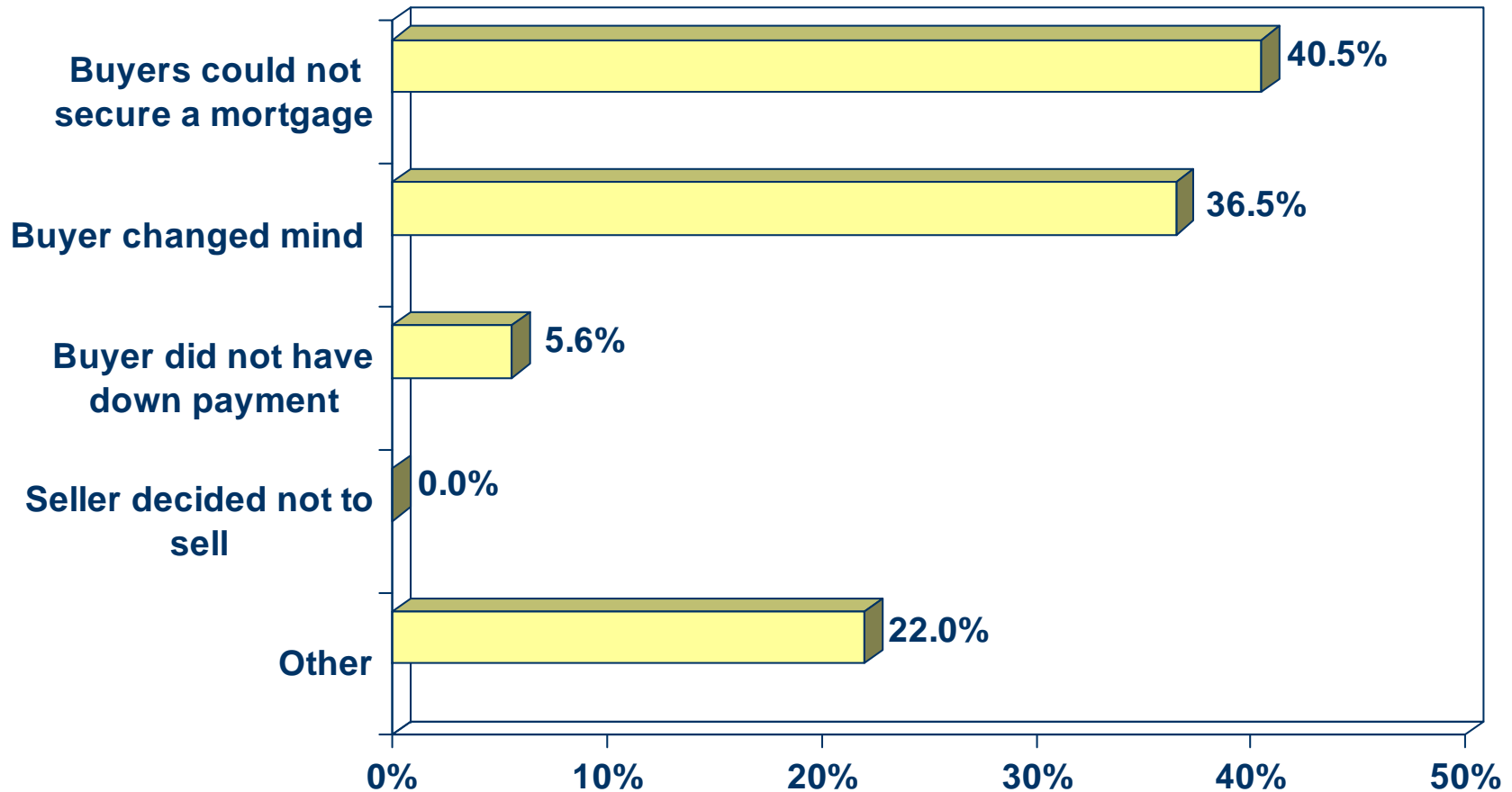
Mean = 8.1 Median = 9



Q. Please rate how easy of difficult it was to obtain financing on a scale of 1 to 10, with 1 being very easy and 10 being very difficult.

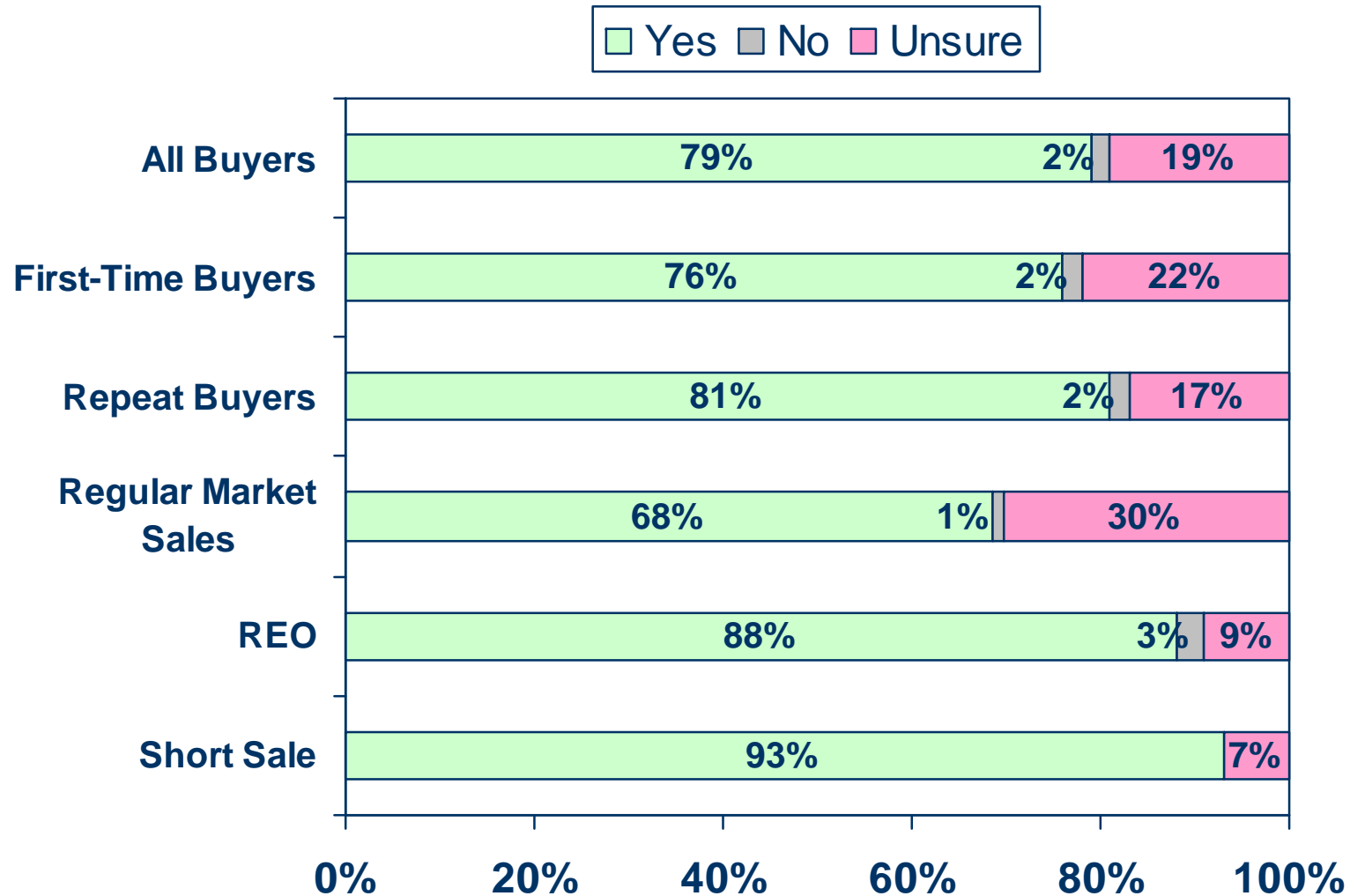
Reasons Why Property Fell Out of Escrow

All Homes



Q. Do you know why the property fell out of escrow previously?

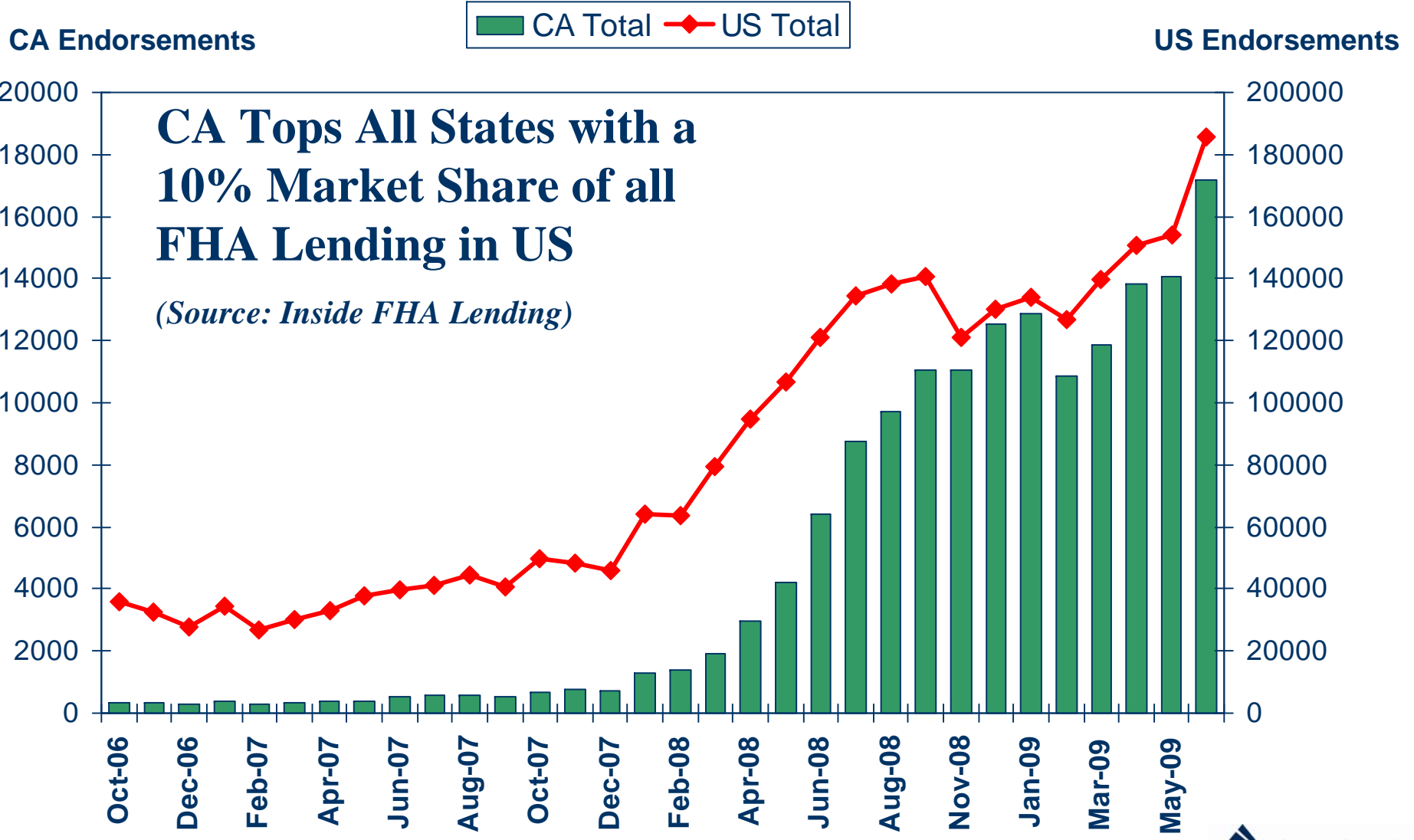
Buyers Who Know the Terms of Their Loan



Q. Do you know the term of your loan?

FHA Loans in CA

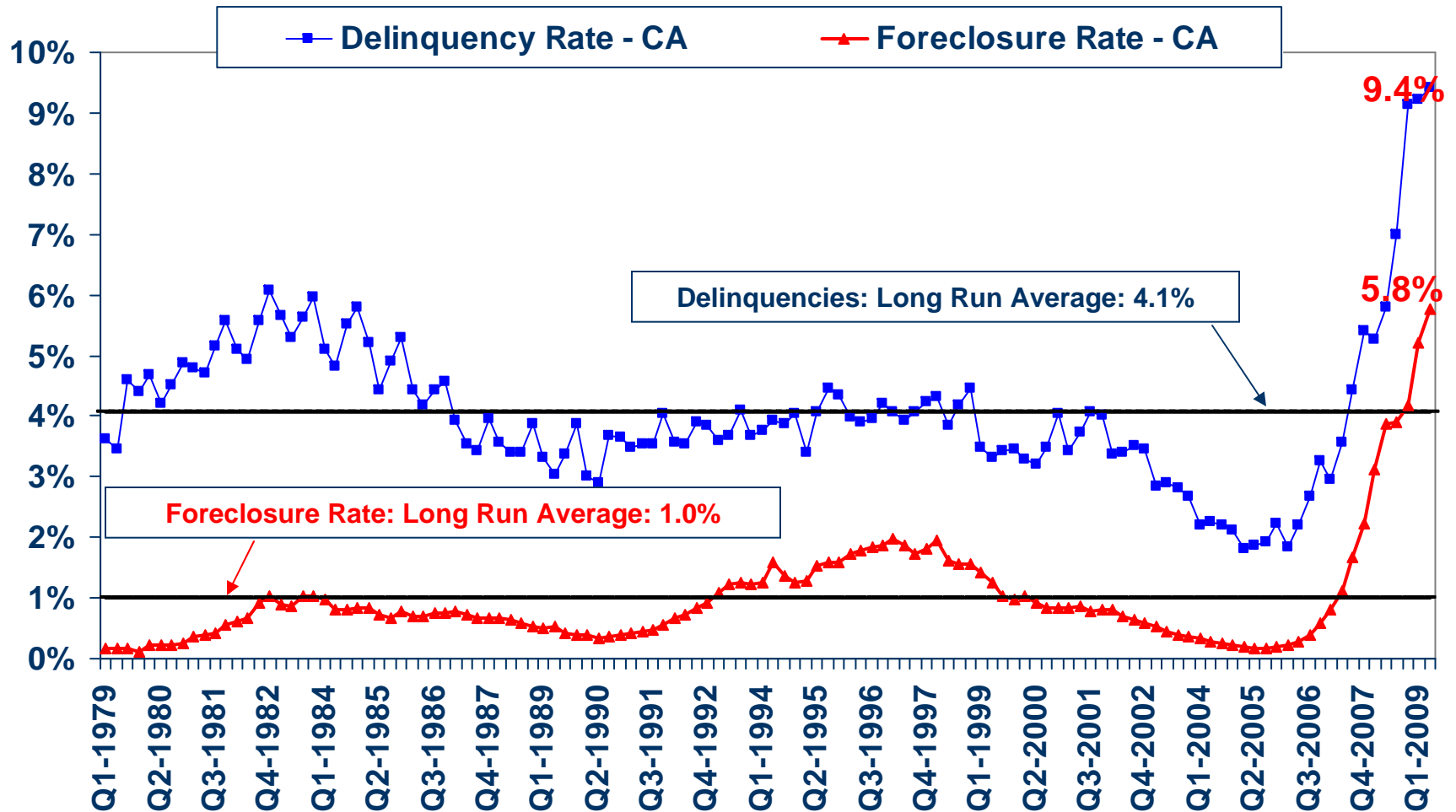
of Total Loans in CA & US



Source: HUD

CA Mortgage Foreclosure & Delinquency Rates

California: Q2-2009, NSA



SOURCE: Mortgage Bankers Association



California Subprime & Alt A Loans

As of May 2009

As of May 2009	Sub-Prime	Alt-A
Number of All Loans in Category	345,505	632,215
Loans as Share of All Housing Units	3%	5%
ARMs As Share of All Loans in Category	66%	70%
Number of ARMs	226,997	440,022
Percent of ARMs...		
...Already Reset	84.6%	46.9%
...To Reset Next 1-11 Months	7.9%	5.2%
...To Reset Next 12-23 Months	2.4%	7.4%
...To Reset Next 24+ Months	5.0%	40.4%

SOURCE: FirstAmerican CoreLogic, LoanPerformance Data, U.S. Census Bureau, and Federal Reserve Bank of New York, compiled by C.A.R.

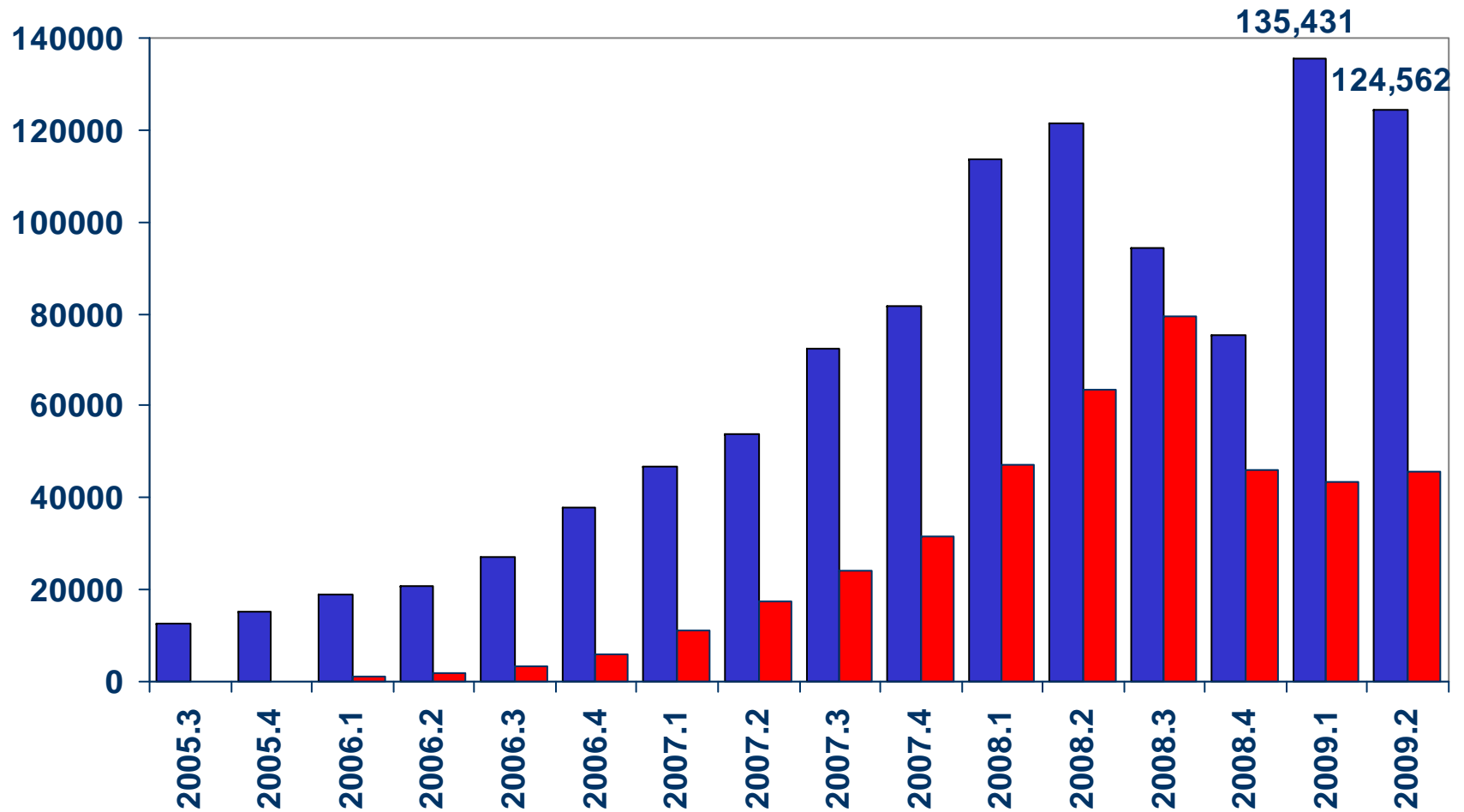


NODs & Trustees Deeds Filed in California

2005 - 2009

No. of Defaults or TDs

■ NODs ■ Trustee Deeds

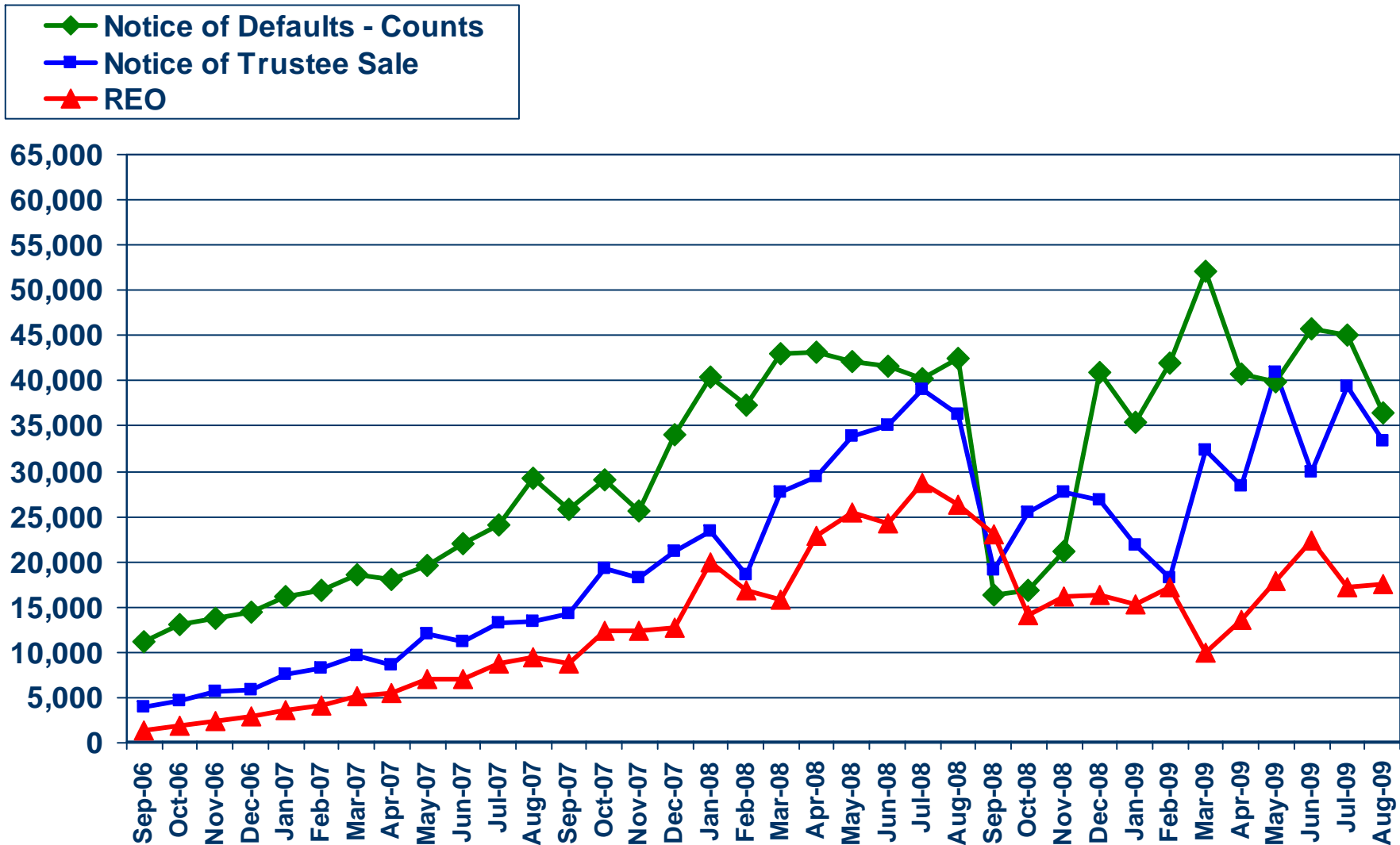


Source: DataQuick Information Systems



Government Intervention

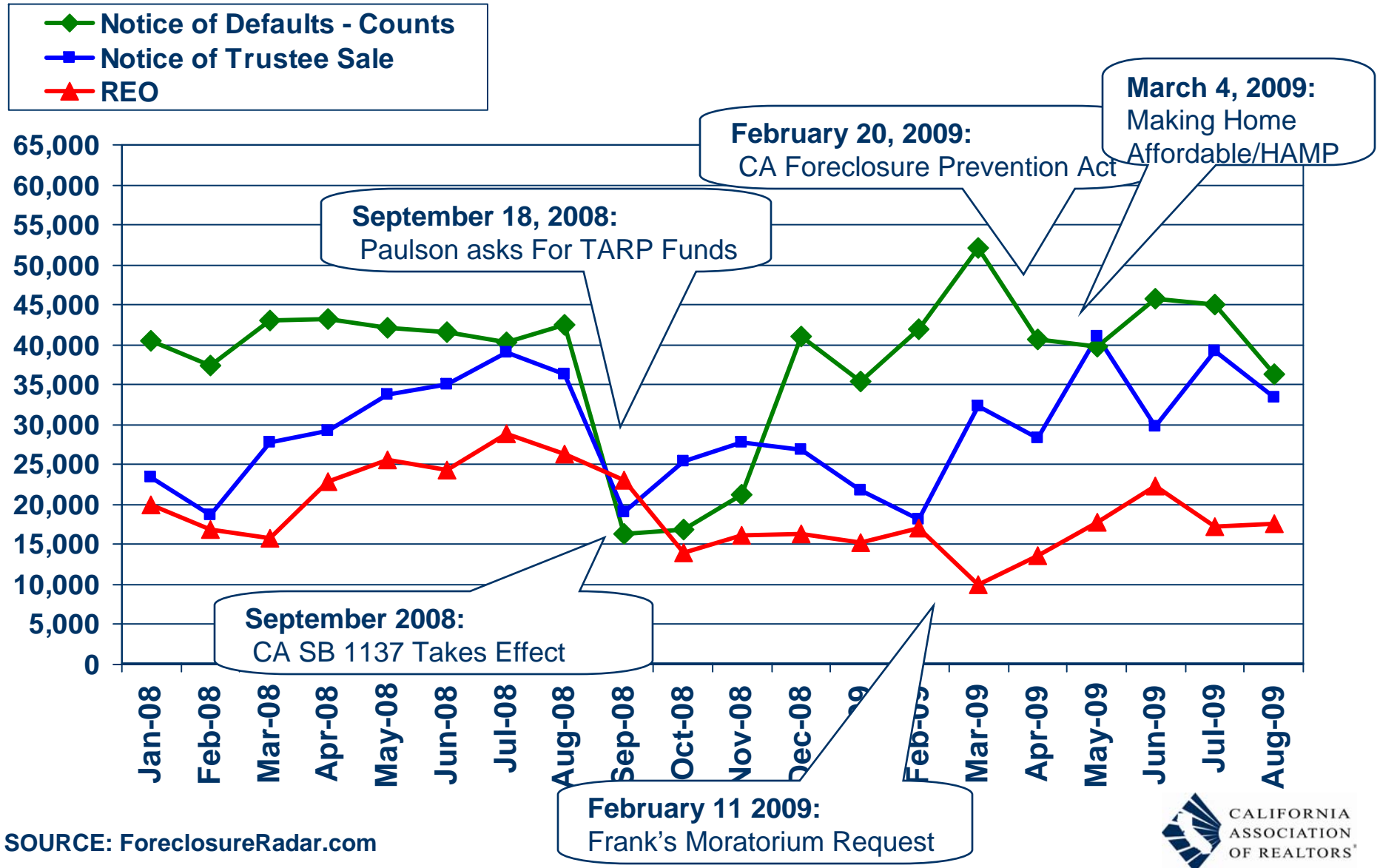
California Foreclosure Activity 09/06 - present



SOURCE: ForeclosureRadar.com

Government Intervention

California Foreclosure Activity 2008 - present



SOURCE: ForeclosureRadar.com



2010 Forecast



Wild Cards

- **First-time Buyer Tax Credit**
- **Additional Stimulus – Job Creation Prerequisite to Sustainable Growth**
- **Foreclosure Pipeline**
- **Commercial Defaults – Impact on Credit Market**
- **Inflation - Will Fed monetize the deficit?**
- **H1N1 (Stock tip: Purell)**

U.S. Economy

	2004	2005	2006	2007	2008	2009f	2010f
US GDP	3.6%	3.1%	2.7%	2.1%	0.4%	-2.6%	1.9%
Nonfarm Job Growth	1.1%	1.7%	1.8%	1.1%	-0.4%	-3.7%	-1.0%
Unemployment	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	10.0%
CPI	2.7%	3.4%	3.2%	2.8%	3.8%	-0.5%	1.9%
Real Disposable Income, % Change	3.4%	1.3%	4.0%	2.2%	0.5%	0.8%	2.1%

Forecast Date: October 2009

California Economy

	2004	2005	2006	2007	2008	2009f	2010f
Nonfarm Job Growth	1.0%	1.8%	1.7%	0.8%	-1.2%	-4.3%	-1.1%
Unemployment Rate	6.2%	5.4%	4.9%	5.4%	7.2%	11.6%	12.1%
Population Growth	1.4%	1.2%	1.1%	1.1%	1.2%	1.1%	1.1%
Real Disposable Income, % Change	3.6%	1.3%	3.4%	1.5%	0.1%	-0.4%	0.1%

Forecast Date: October 2009



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2009 Forecast vs. Actual

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California Housing Market Forecast

	2003	2004	2005	2006	2007	2008e	2009f
SFH Resales (000s)	601.8	624.7	625.0	477.5	353.3	395.6	445.0
% Change	5.1%	3.8%	0.04%	-23.6%	-26.0%	12.0%	12.5%
Median Price (\$000s)	\$372.7	\$450.8	\$524.0	\$556.6	\$558.1	\$381.0	358.0
% Change	17.9%	20.9%	16.2%	6.2%	0.3%	-31.7%	-6.0%
30-Yr FRM	5.8%	5.8%	5.9%	6.4%	6.3%	5.9%	6.2%
1-Yr ARM	3.8%	3.9%	4.5%	5.5%	5.6%	5.2%	5.3%

Forecast Date: October 2008



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2010 California Housing Market Forecast

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California Housing Market Outlook

	2003	2004	2005	2006	2007	2008	2009F	2010F
SFH Resales (000s)	601.8	624.7	625.0	477.5	346.9	439.8	540.0	527.5
% Change	5.1%	3.8%	0.03%	-23.6%	-27.3%	26.8%	22.8%	-2.3%
Median Price (\$000s)	\$371.5	\$450.8	\$522.7	\$556.4	\$560.3	\$346.4	\$271.0	\$280.0
% Change	17.5%	21.3%	16.0%	6.5%	0.7%	-38.2%	-21.8%	3.3%
30-Yr FRM	5.8%	5.8%	5.9%	6.4%	6.3%	6.0%	5.2%	5.6%
1-Yr ARM	3.8%	3.9%	4.5%	5.5%	5.6%	5.2%	4.8%	5.2%

Forecast Date: October 2009

Source: CALIFORNIA ASSOCIATION OF REALTORS®



Market Opportunities

- **First time buyers: Growing share of the market**
- **Connect with past clients: Valuable information to share**
- **Educate clients: What is Responsible Homeownership?**
- **Educate yourself: Professional Development is Critical**
- **Listen to your clients**

Thank You
lesliea@car.org

