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OF REALTORS®

# 2010 California Housing Market Update & Hot Issues

## Santa Cruz Association of REALTORS®

March 22, 2010

**Joel Singer**

Executive Vice President

CALIFORNIA ASSOCIATION OF REALTORS®

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# Outline

- **Economic Conditions in US & CA**
- **Real Estate Finance**
- **CA Housing Market**
- **Local Housing Market Conditions**
- **Forecast Summary**
- **Hot Issues in Public Policy**
  - Congress/D.C.
  - Sacramento

# www.car.org → Market Data → Speeches

The screenshot shows the website interface for the California Association of Realtors (CAR). At the top, the navigation menu includes: Home, **Market Data**, Legal, Government Affairs, Education, Member Resources, Newsstand, Meetings & Events, Business Tools, and About Us. The 'Market Data' section is expanded, showing a sidebar with: Current Research, Market @ A Glance, Research Publications, 2010 Housing Market Forecast, Market Data, and **Speeches & Presentations**. A red arrow points from the 'Speeches & Presentations' link in the sidebar to a box containing the text 'Speeches & Presentations'. The main content area is titled 'WELCOME TO MARKET DATA' and contains several news items with 'MORE >' links. On the right, there is a 'QUICK LINKS' section with buttons for Tools, Brokers, Consumers, Members, and REALTOR® Store. A 'Feedback' button is visible in the bottom right corner.

Market Data - Windows Internet Explorer  
http://www.car.org/marketdata/

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Market Data

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**MARKET DATA**

Home Page > Market Data

**WELCOME TO MARKET DATA**

C.A.R.'s Research and Economics produces commentary, analysis, and statistics on the housing market and economy. In addition to the latest market statistics, you'll find monthly market analysis and summaries.

**What's New**

**California Price Shows Year-To-Year...**  
Market Trends December 2009 [MORE >](#)

**November sales and price report**  
C.A.R. reports November home sales increased 4.7 percent; median home price increased 5.8 percent. [MORE >](#)

**Did You Know...**  
Affordability hit historic high in 2009 [MORE >](#)

**Entry-level housing affordability reaches 64 percent**  
Minimum qualifying income was 19 percent lower in third quarter 2009 than a year earlier. [MORE >](#)

**C.A.R. releases California Housing Market Forecast for 2010**  
The median home price in California will rise 3.3 percent; sales are projected to decrease 2.3 percent. [MORE >](#)

**2008-2009 State of the California Housing Market - Highlights**  
This report examines the developments in the housing market and real estate finance over the past year, and looks ahead to 2009. [MORE >](#)

**QUICK LINKS |**

**Tools**

zipForm 6  
WinForms® is becoming zipForm® 6. The upgrade is FREE for C.A.R. members. [Learn more >](#) | [Upgrade now >](#)

WINFORMS® Online zipForm 6 professional (online)  
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C.A.R. INSURANCE PRODUCTS CALIFORNIA HOUSING MARKET RESEARCH  
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Feedback

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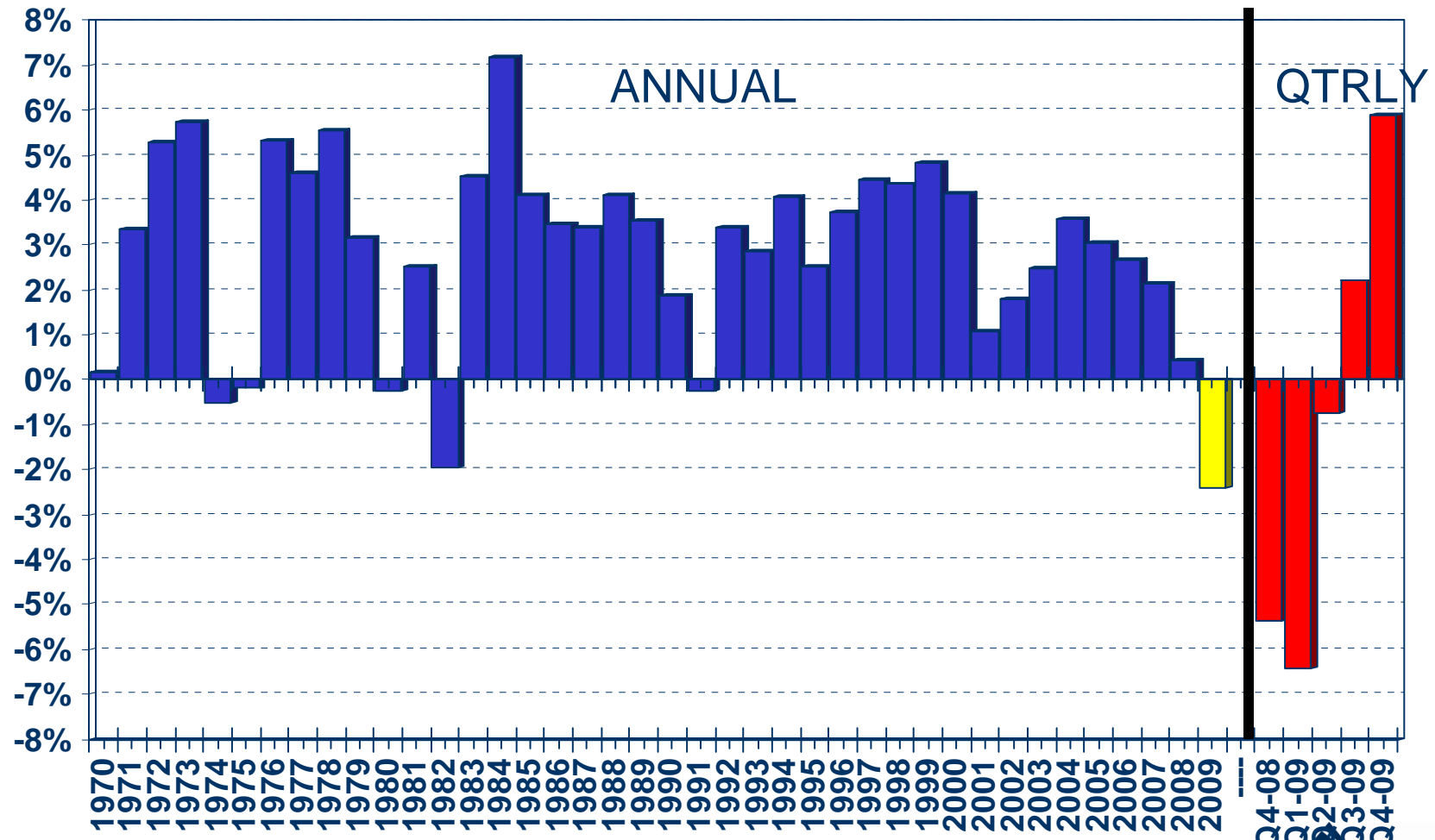
# US and California Economic Conditions

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# Gross Domestic Product

2008: +0.4%; 2009: -2.4%; 2009 Q4: +5.9%

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



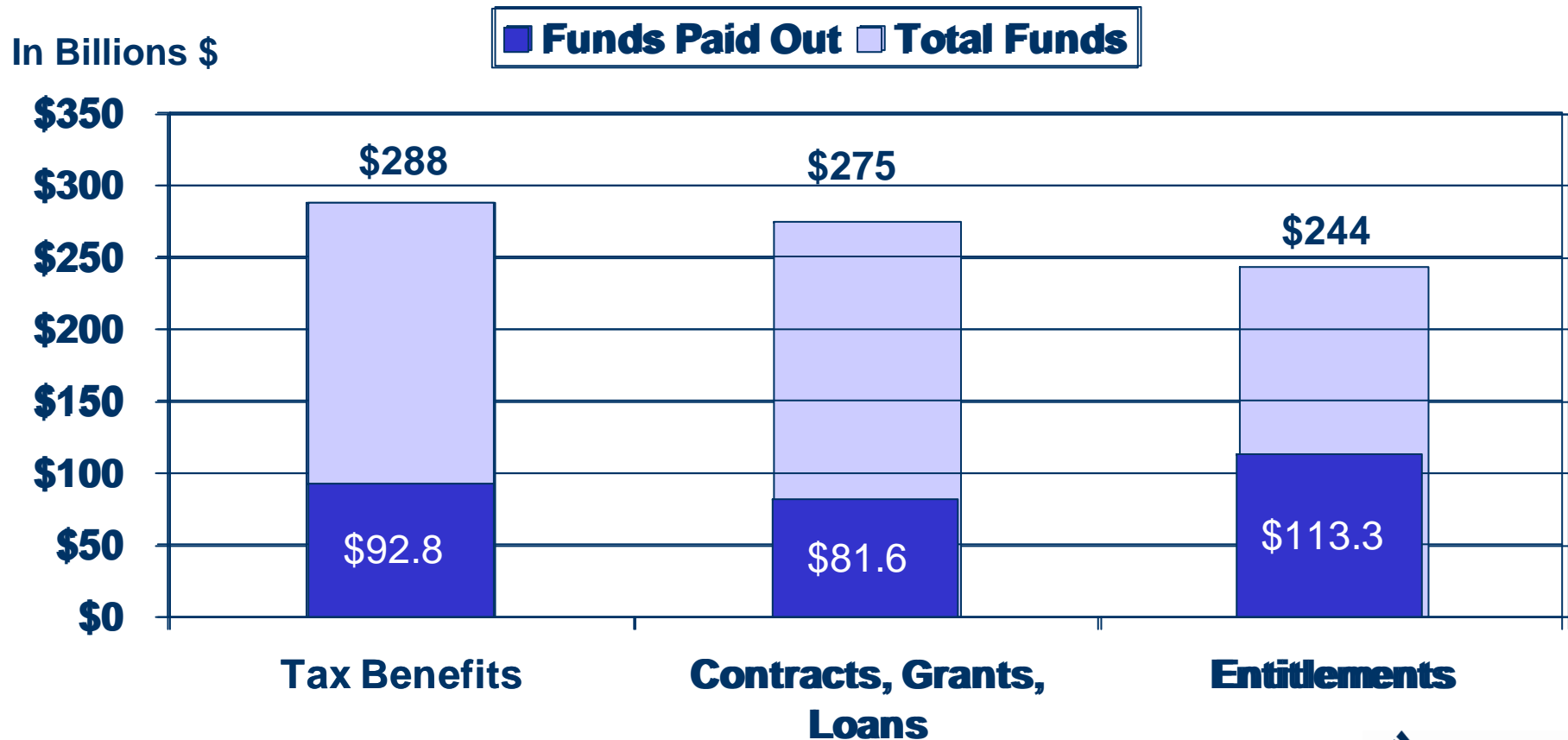
# Obama Stimulus Plan - Update

## How Much Has Been Spent?

**California's Allocation:**

**Funds Awarded: \$18.5B Funds Received: \$8.2B Jobs Created: 110,185**

**US Allocation:**



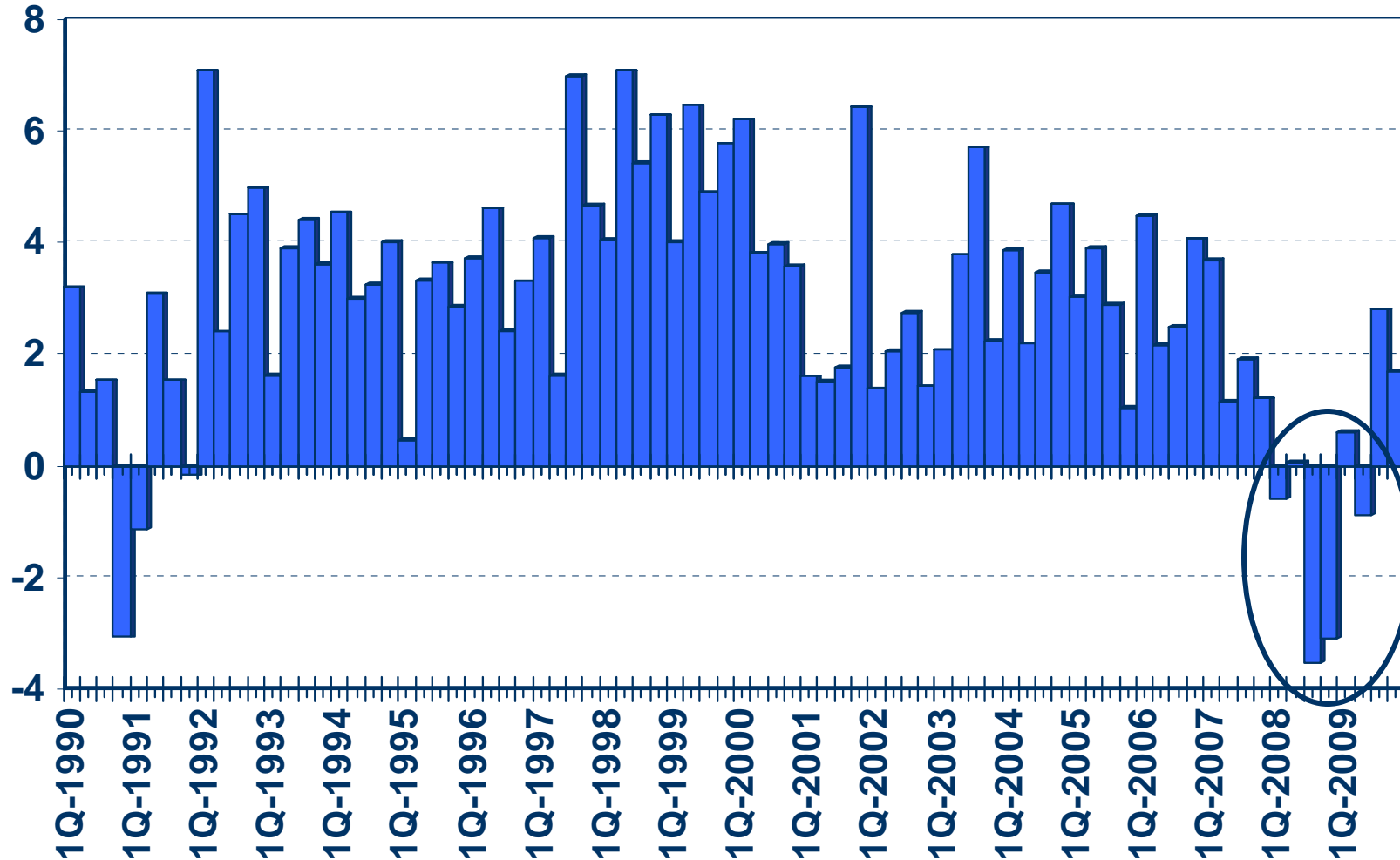
SOURCE: [www.recovery.gov](http://www.recovery.gov), updated 02/26/10



# Personal Consumption

2009 Q4: 1.7%

## QUARTERLY PERCENT CHANGE



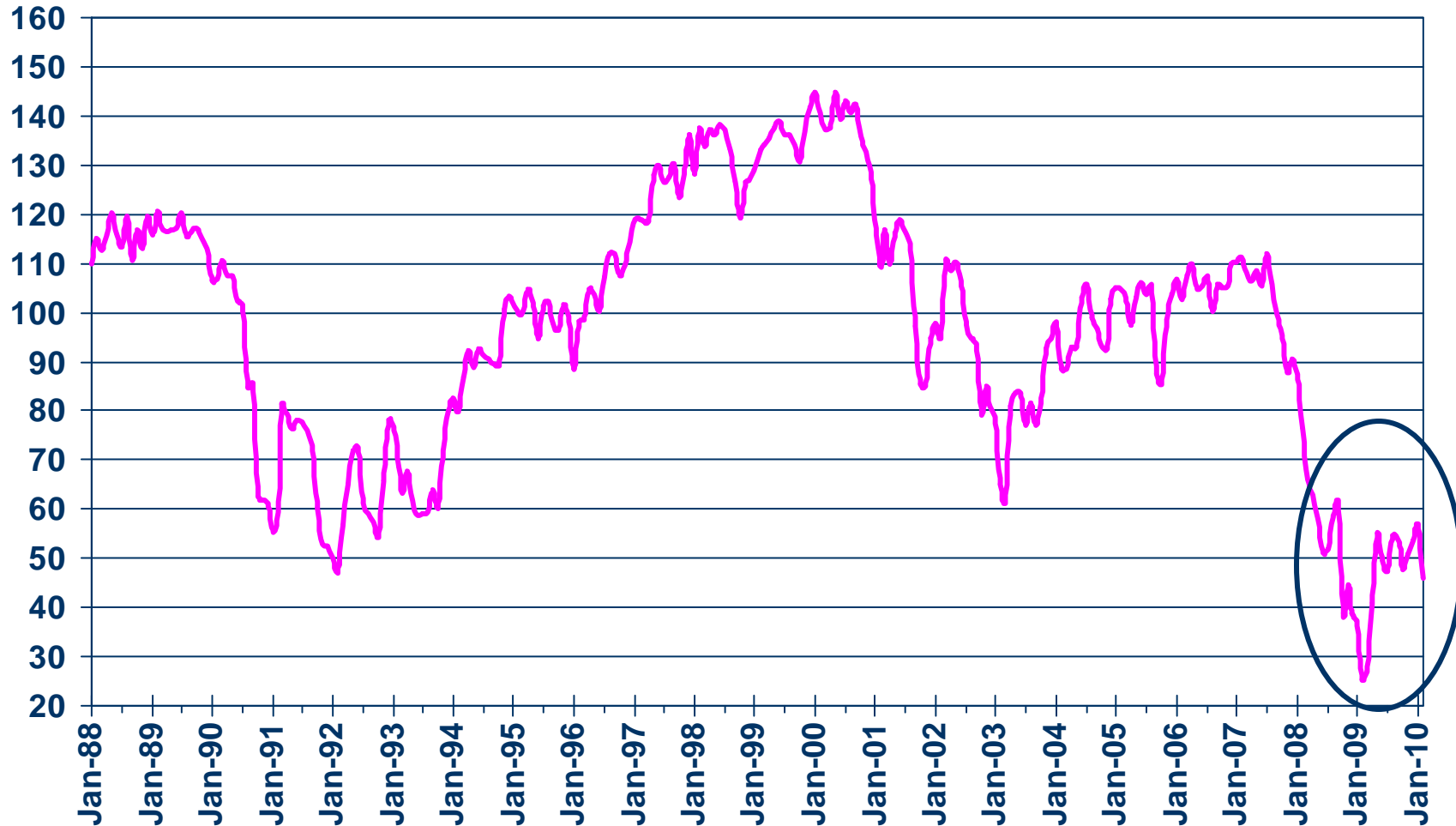
SOURCE: US Dept of Commerce,  
Bureau of Economic Analysis

# Consumer Confidence Index: Better...Sort Of

January 2010: 55.9

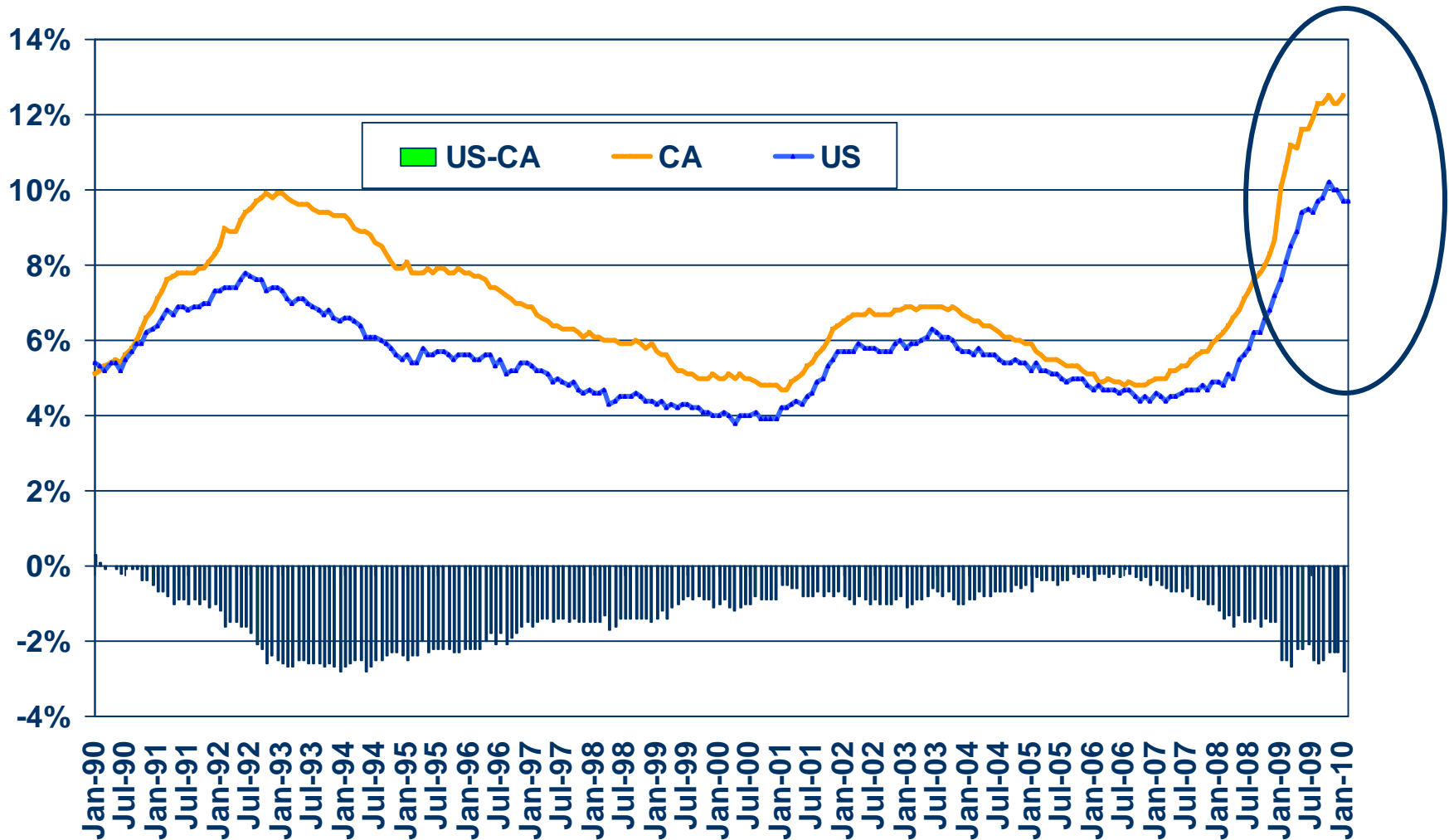
February 2010: 46.0

INDEX, 100=1985



# Unemployment Rate

California (1/10 12.5%) vs. United States (2/10 9.7%)



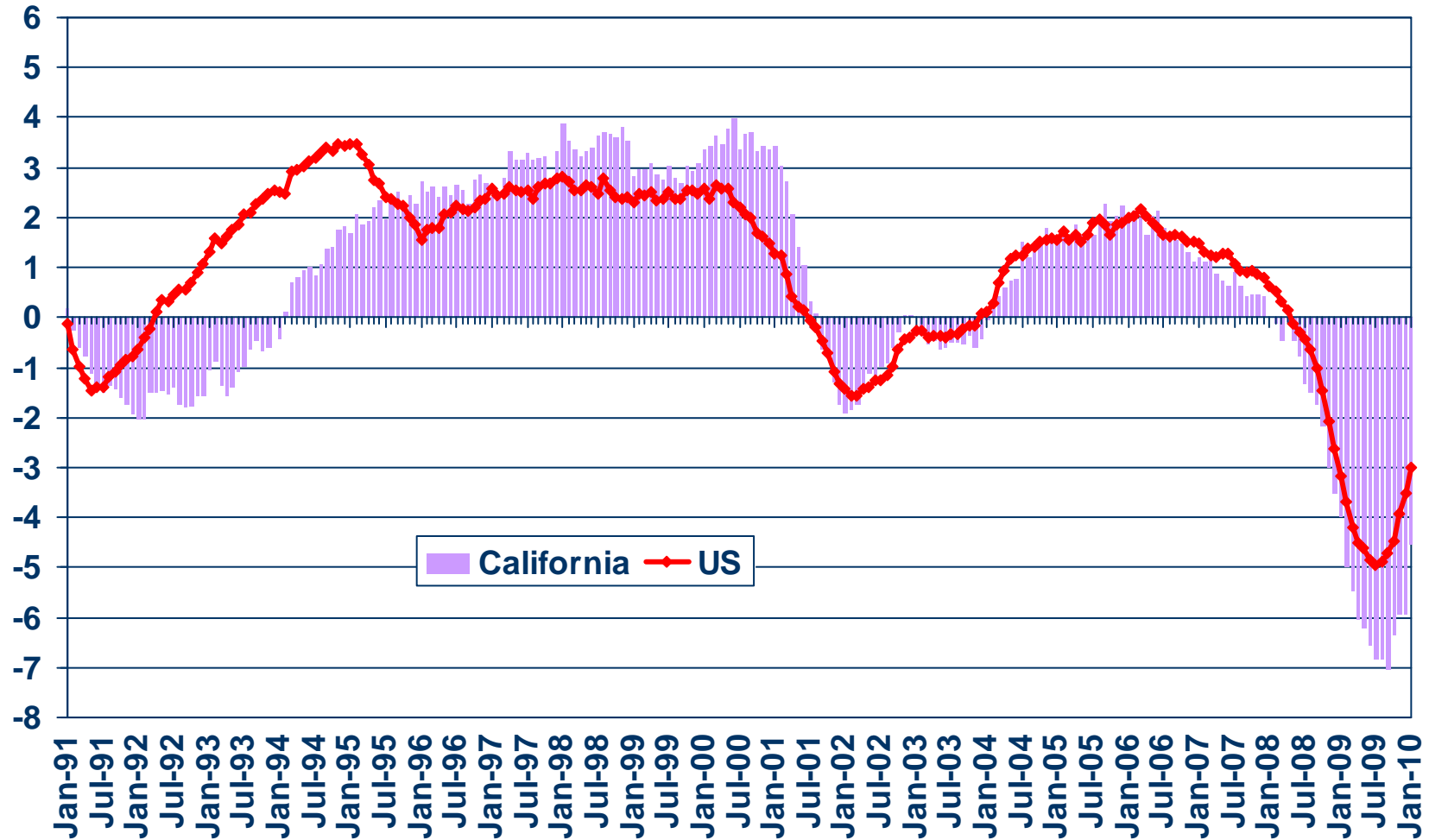
SOURCE: CA Employment Development Division



# Employment Growth

## January 2010: California -4.5% U.S. -2.9%

YEAR TO YEAR % CHANGE



SOURCE: CA Employment Development Division

# Nonfarm Employment

## Bay Area Region

	Nonfarm Employment (Thousands)			% Change
	Jan 2010	Jan 2009	Change	
San Francisco	922.2	975.1	-52.9	-5.4%
Oakland	945.7	1,002.8	-57.1	-5.7%
San Jose	841.7	887.5	-45.8	-5.2%
Napa	58.3	61.1	-2.8	-4.6%
Solano	115.5	119.6	-4.1	-3.4%
Sonoma	168.0	179.9	-11.9	-6.6%
<b>Total</b>	<b>2,883.4</b>	<b>3,046.1</b>	<b>-162.7</b>	<b>-5.3%</b>

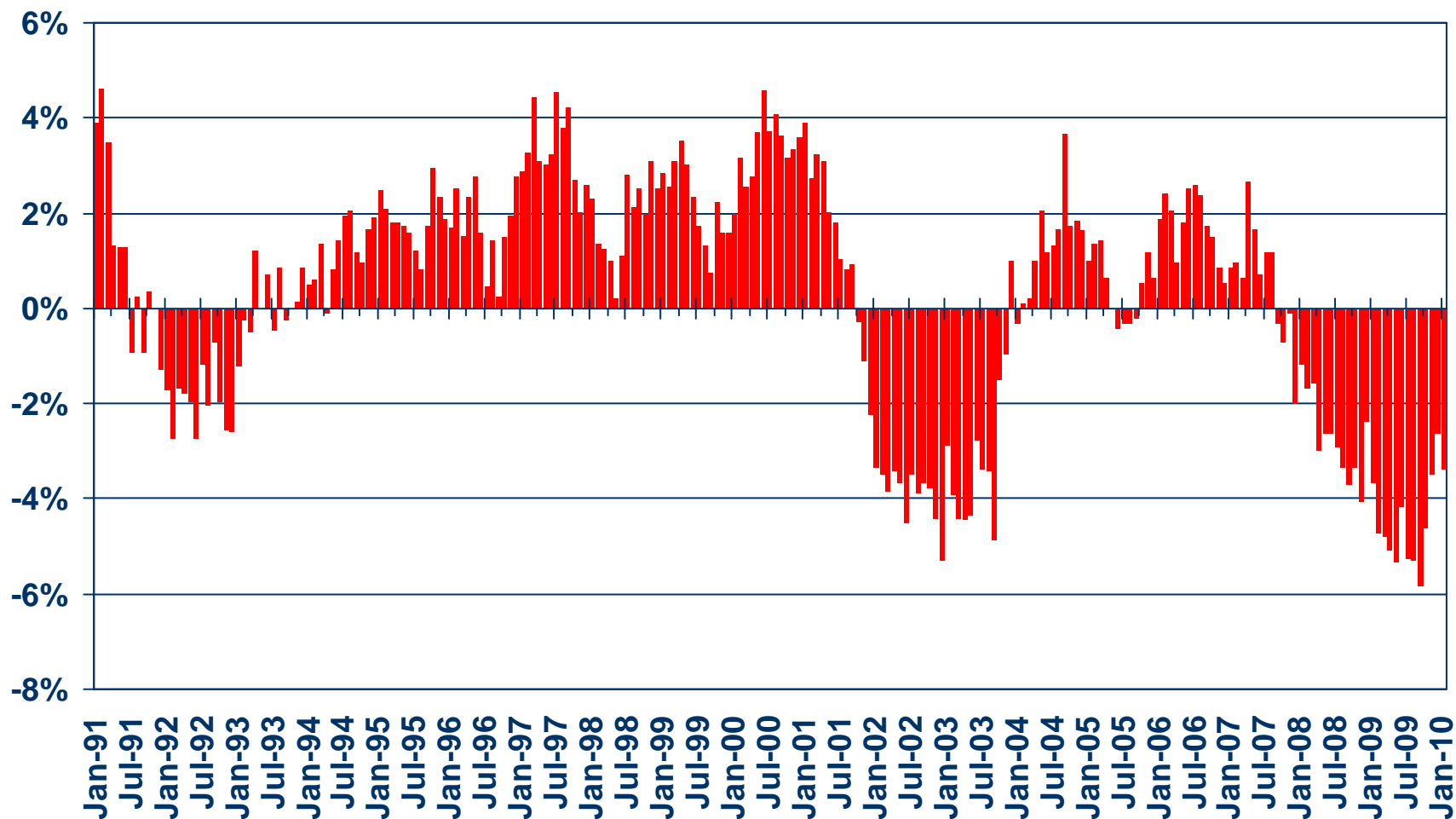
SOURCE: California Economic Development Dept.



# Nonfarm Employment

Santa Cruz County, January 2010: Down 3.4% YTY

## Y-T-Y PERCENT CHANGE



SOURCE: CA Employment Development Division



# Unemployment Rate

## Santa Cruz County

	January 2010	December 2009	January 2009
Unemployment Rate	15.0%	13.3%	12.1%

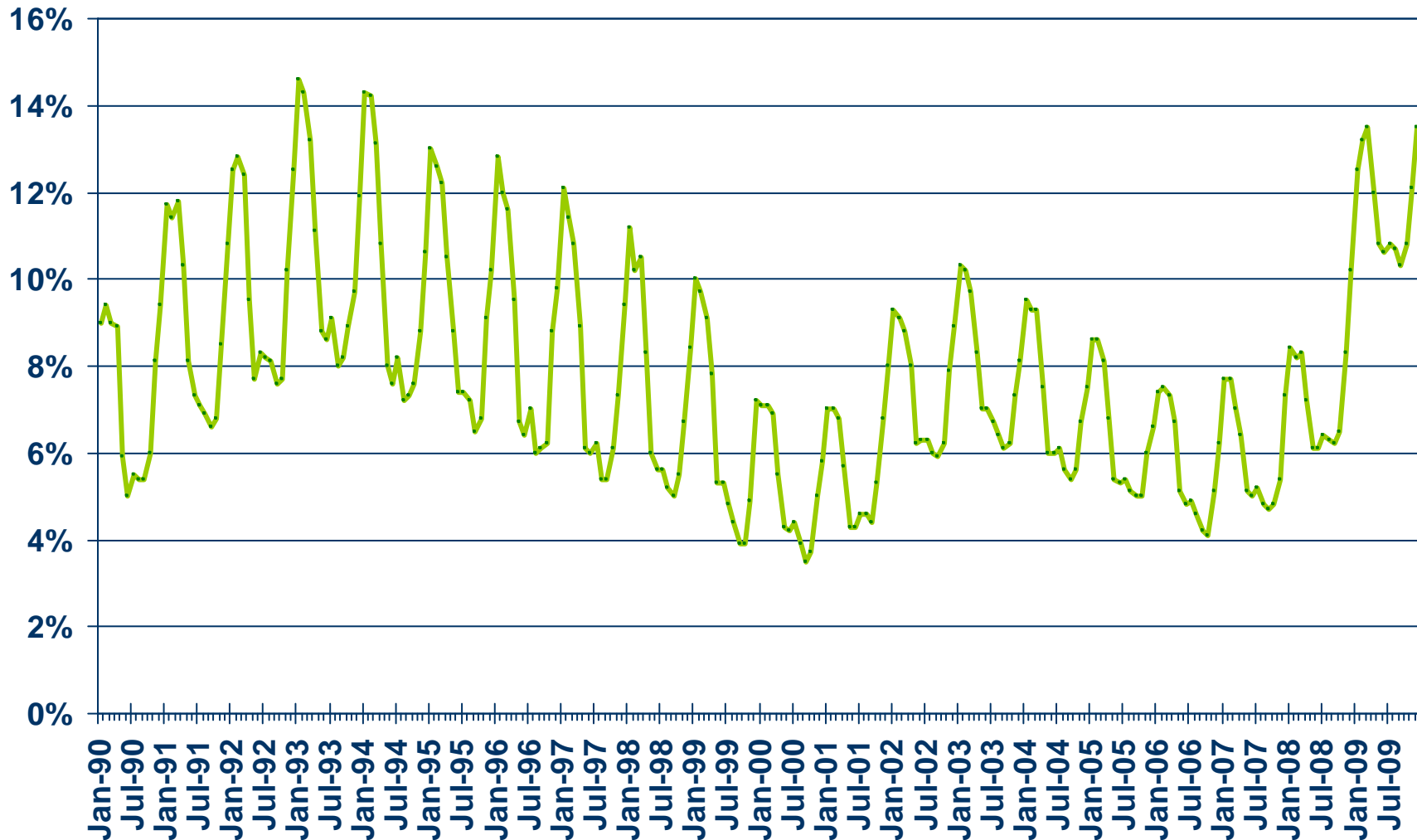
**NOTE:** The data presented above is extracted from the new series with the new benchmark. It may be different from the old data series as presented in the next slide.

SOURCE: CA Employment Development Division



# Unemployment Rate

Santa Cruz County, December 2009: 13.5%



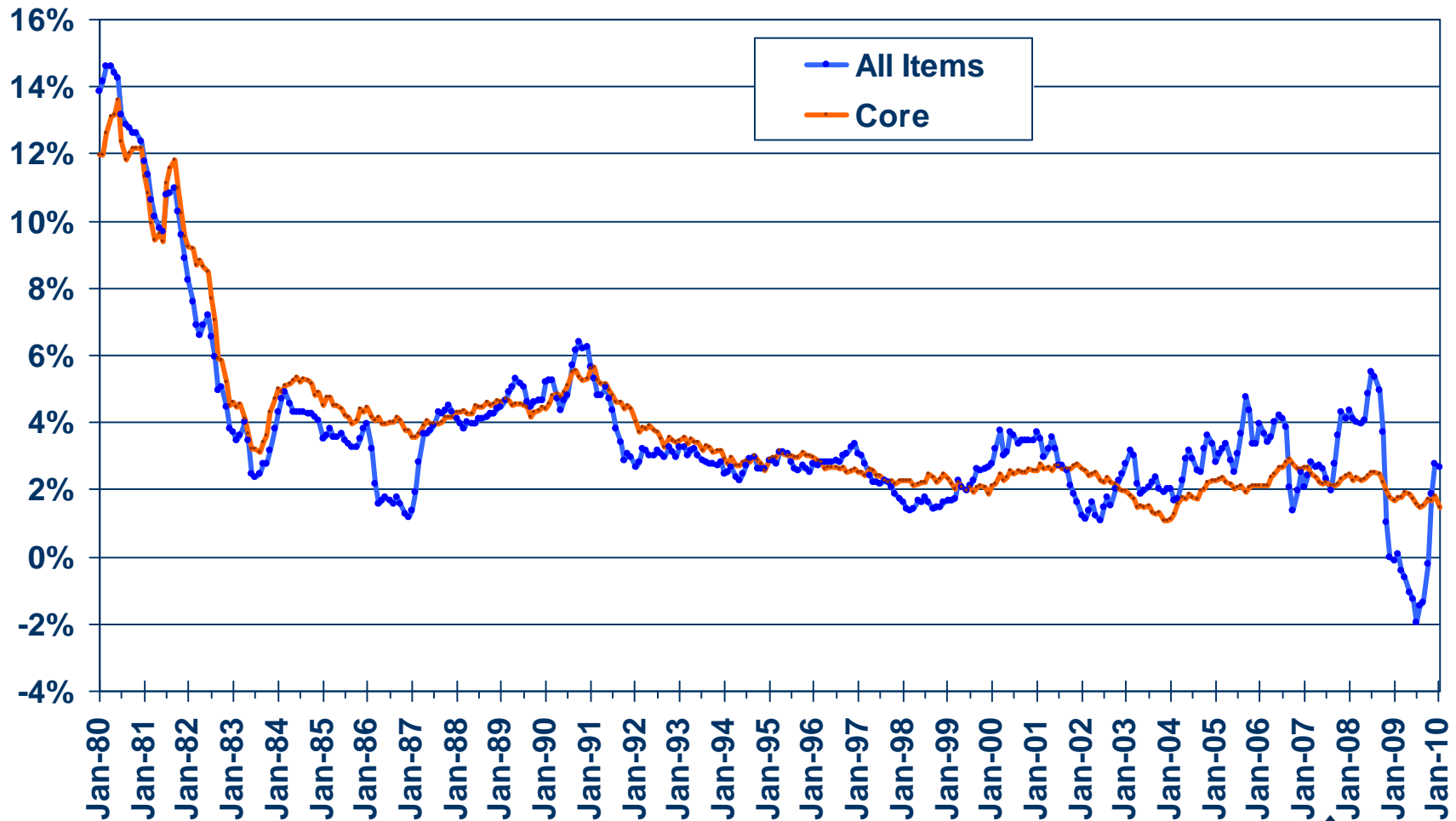
SOURCE: California Association of REALTORS®



# Consumer Price Index

January 2010: All Items 2.7% YTY; Core 1.5% YTY

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



# Summary on Economy

- **Worst behind us, but mixed signals for next 6-12 months**
- **Stimulus driven growth Q4-09, early 2010**
- **Below par GDP growth in 2010**
- **Will stimulus expenditures jumpstart private sector?**
- **Labor market: Mixed signals, U-rate decline in mid-2010**
- **Inflation in check in 2010, concerns in 2011+**
- **Monetary policy: no rate hikes in first half of 2010**

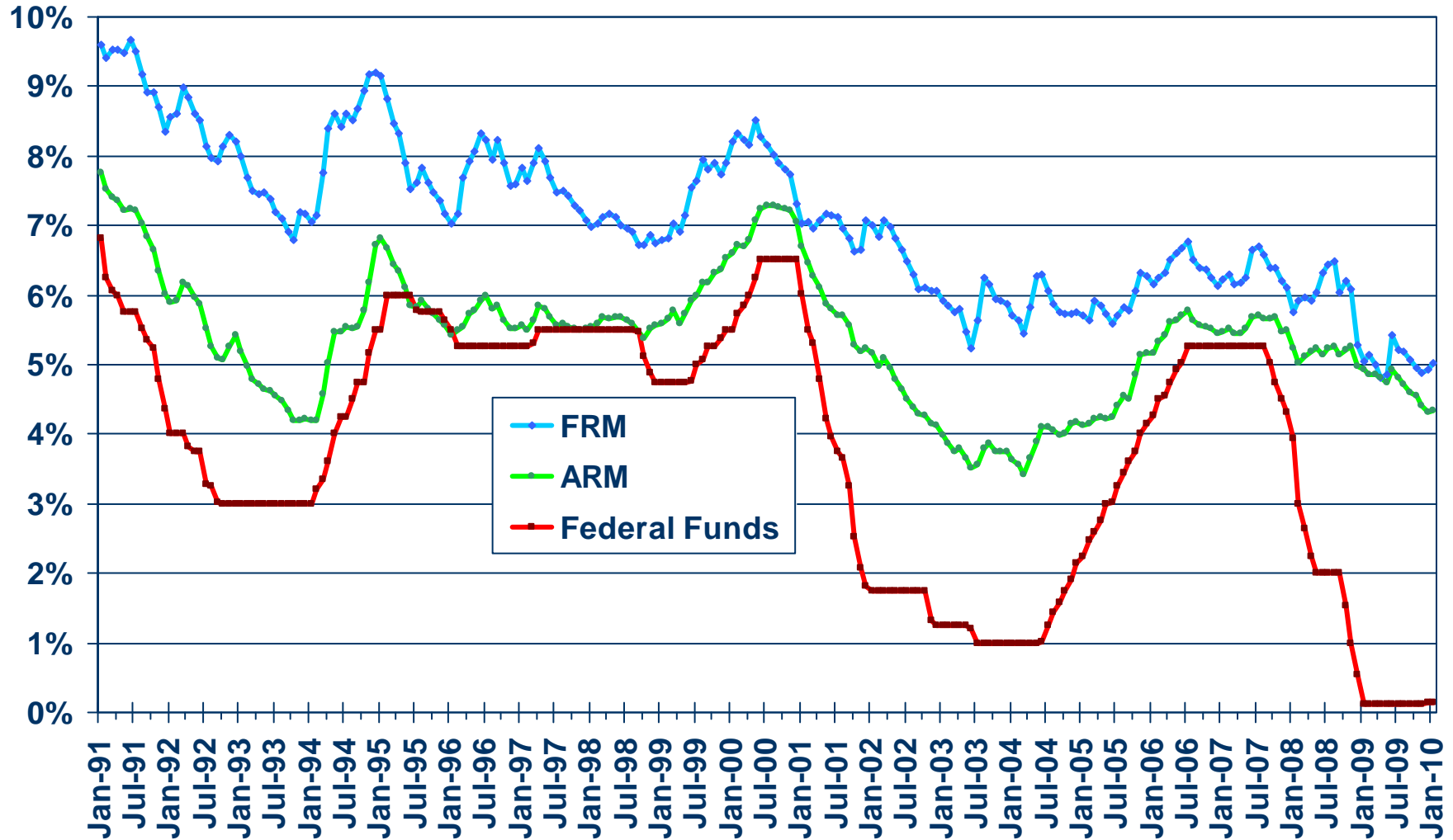


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# Real Estate Finance

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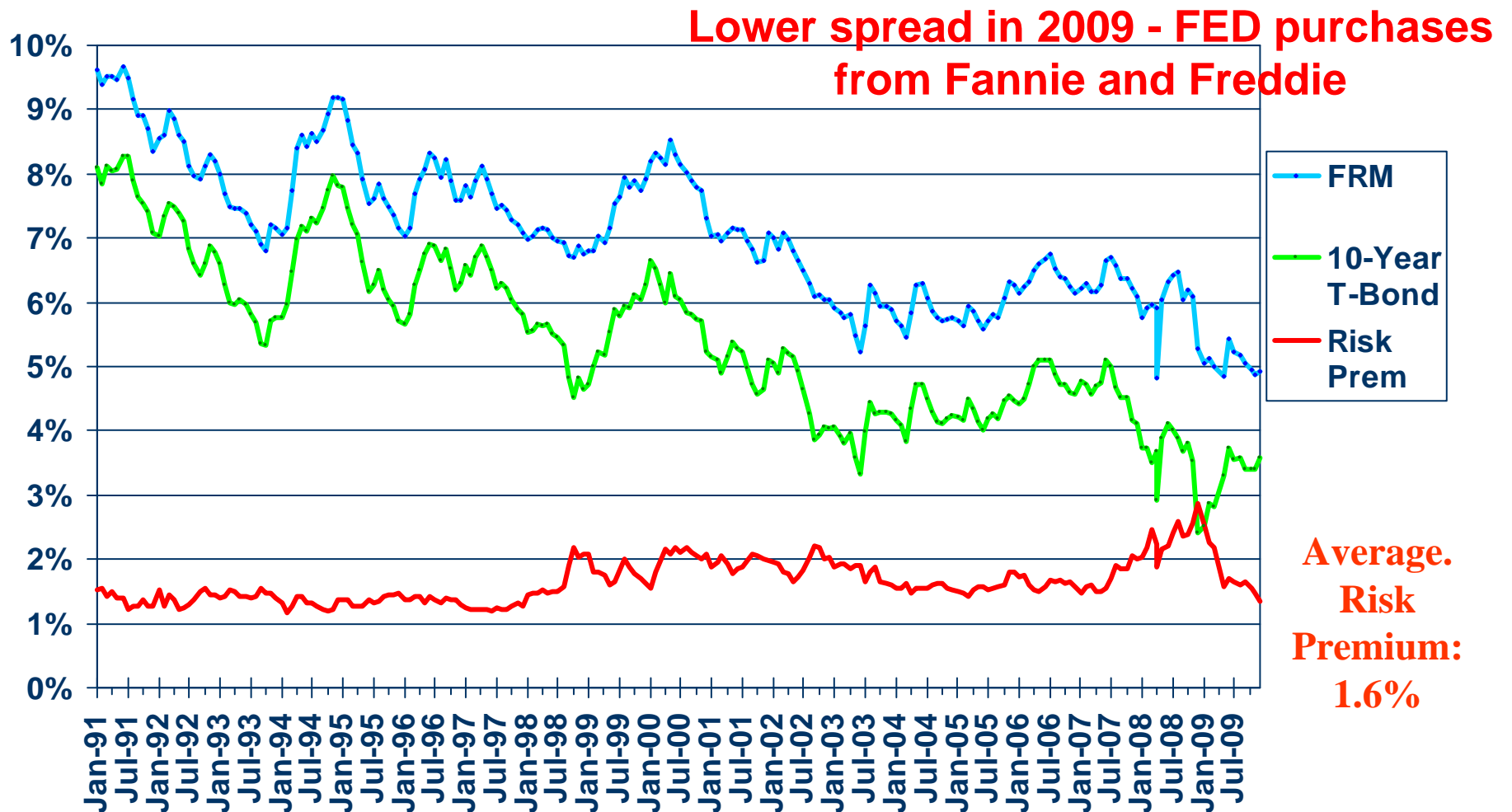
# Mortgage Rates



SOURCE: Federal Home Loan Mortgage Corporation

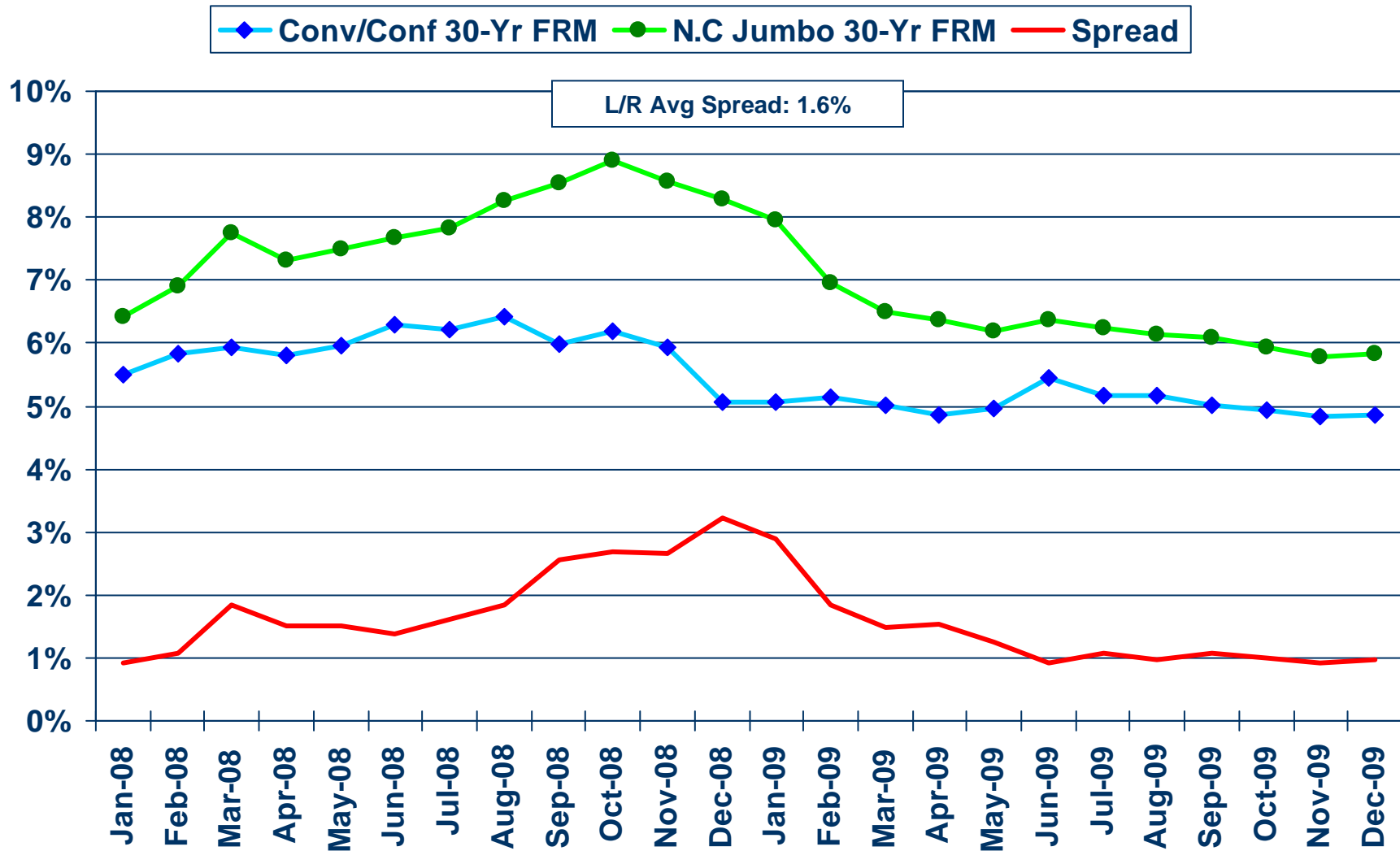
# 30-Year FRM vs. 10-Year T-Bond

Above-Average Risk Premiums Associated With Mortgage Loans



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

# Conv/Conf 30-Yr FRM vs. N.C. Jumbo 30-Yr FRM Spread

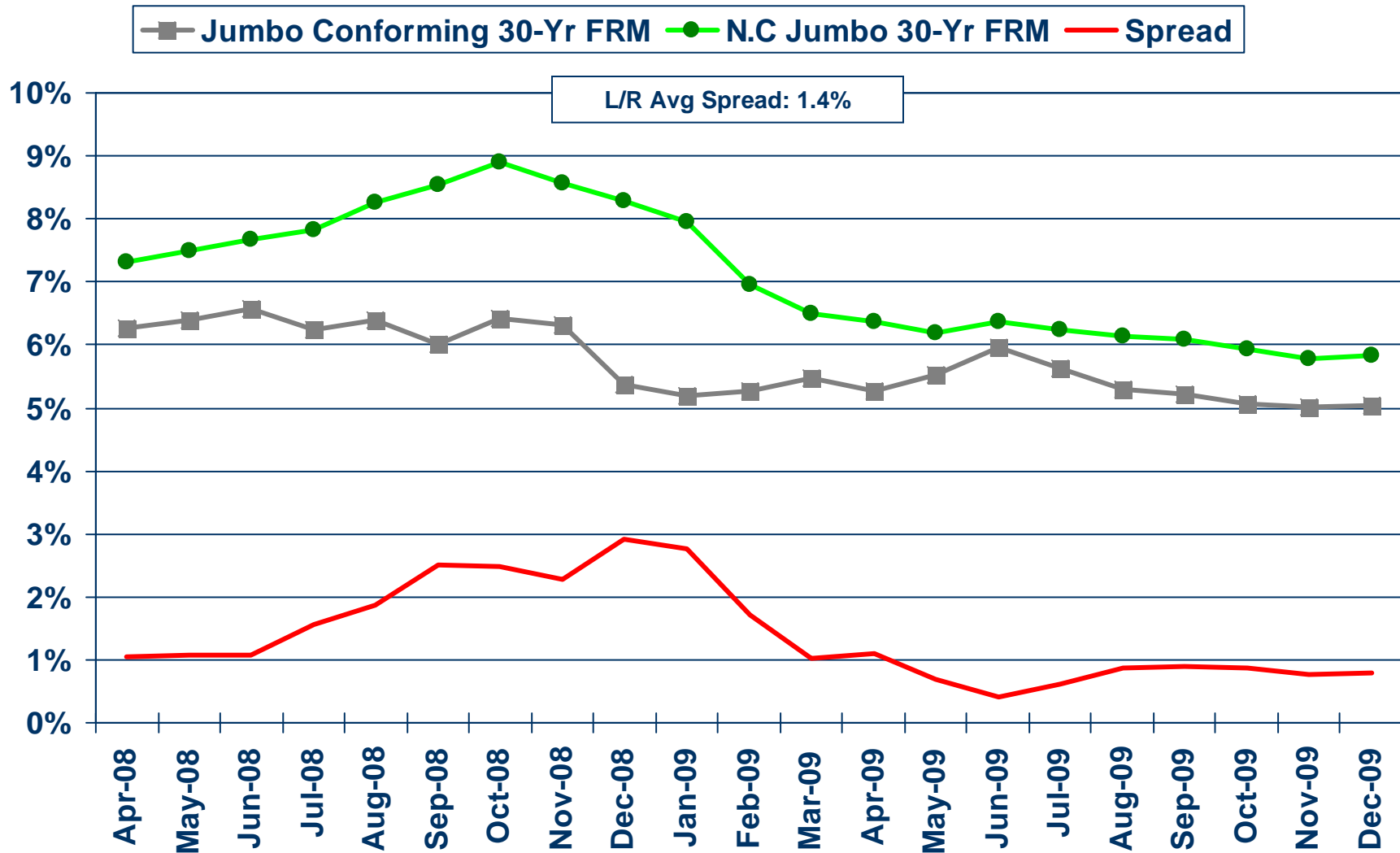


SOURCE: Inside Mortgage Finance, compiled by C.A.R.

Note: data for research purposes only, do not redistribute



# Jumbo Conforming 30-Yr FRM vs. Non-Conforming Jumbo 30-Yr FRM Spread



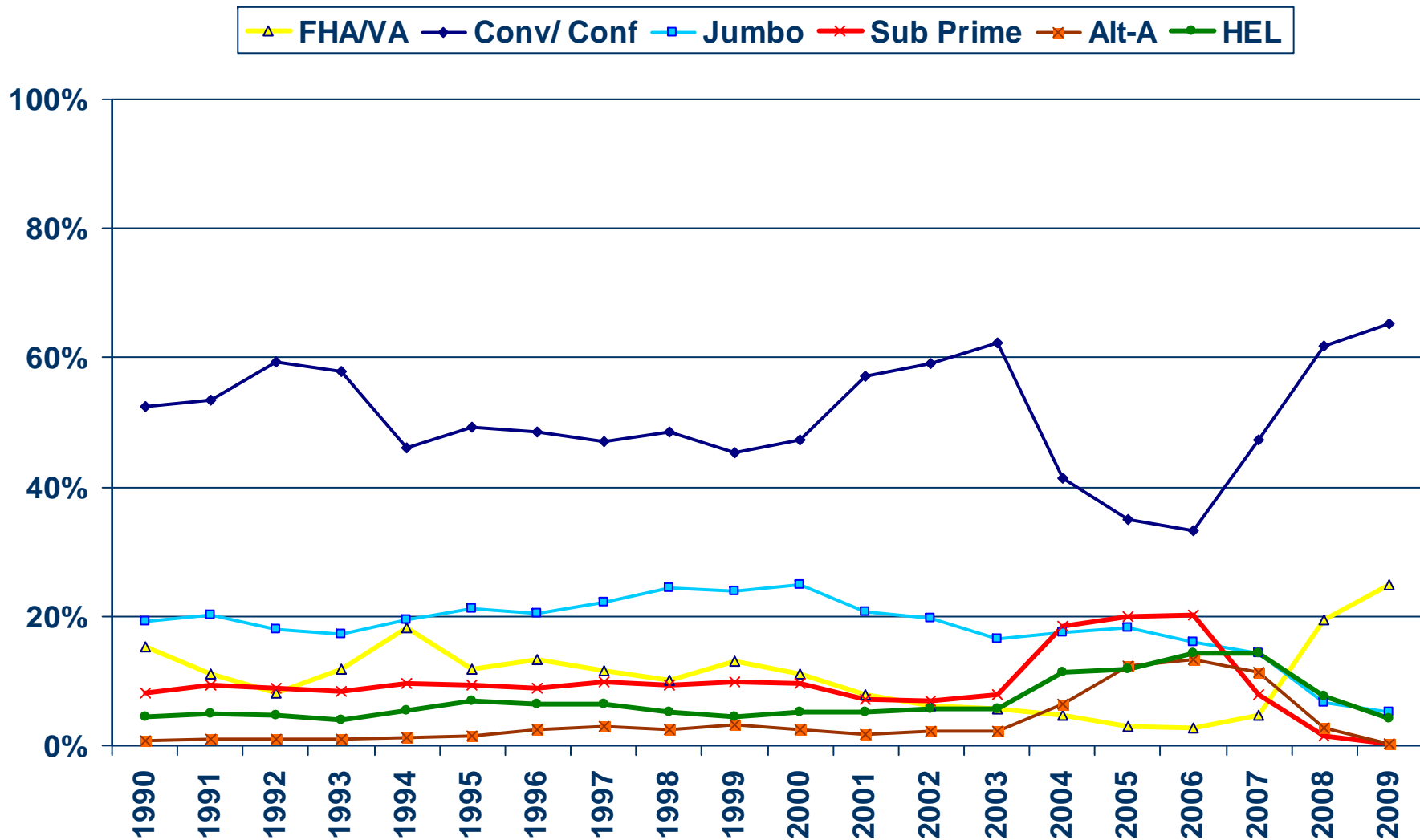
SOURCE: Inside Mortgage Finance, compiled by C.A.R.

Note: data for research purposes only, do not redistribute



# US Mortgage Originations by Type

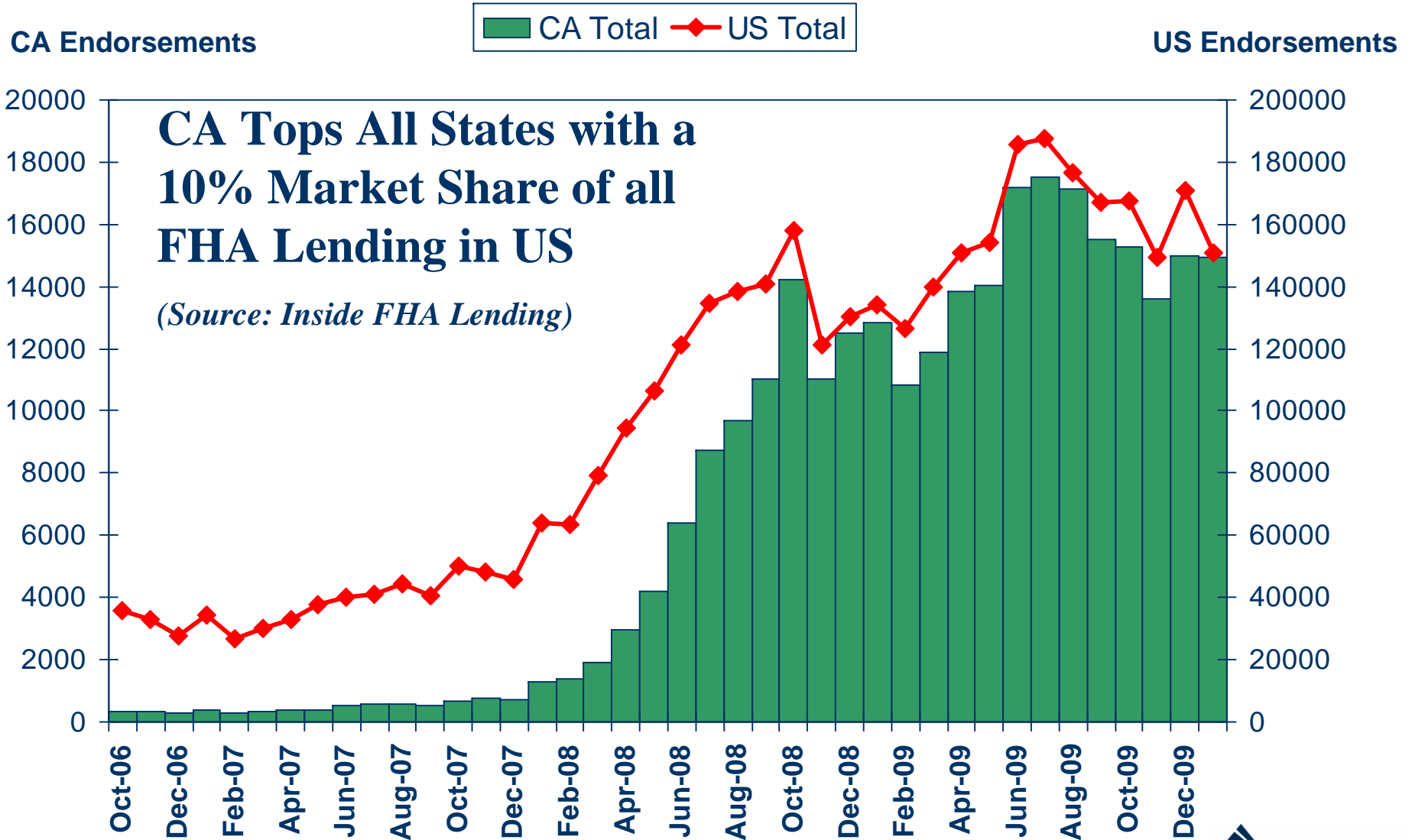
% of Dollar Volume



Source: Inside Mortgage Finance, compiled by C.A.R.

# FHA Loans in CA

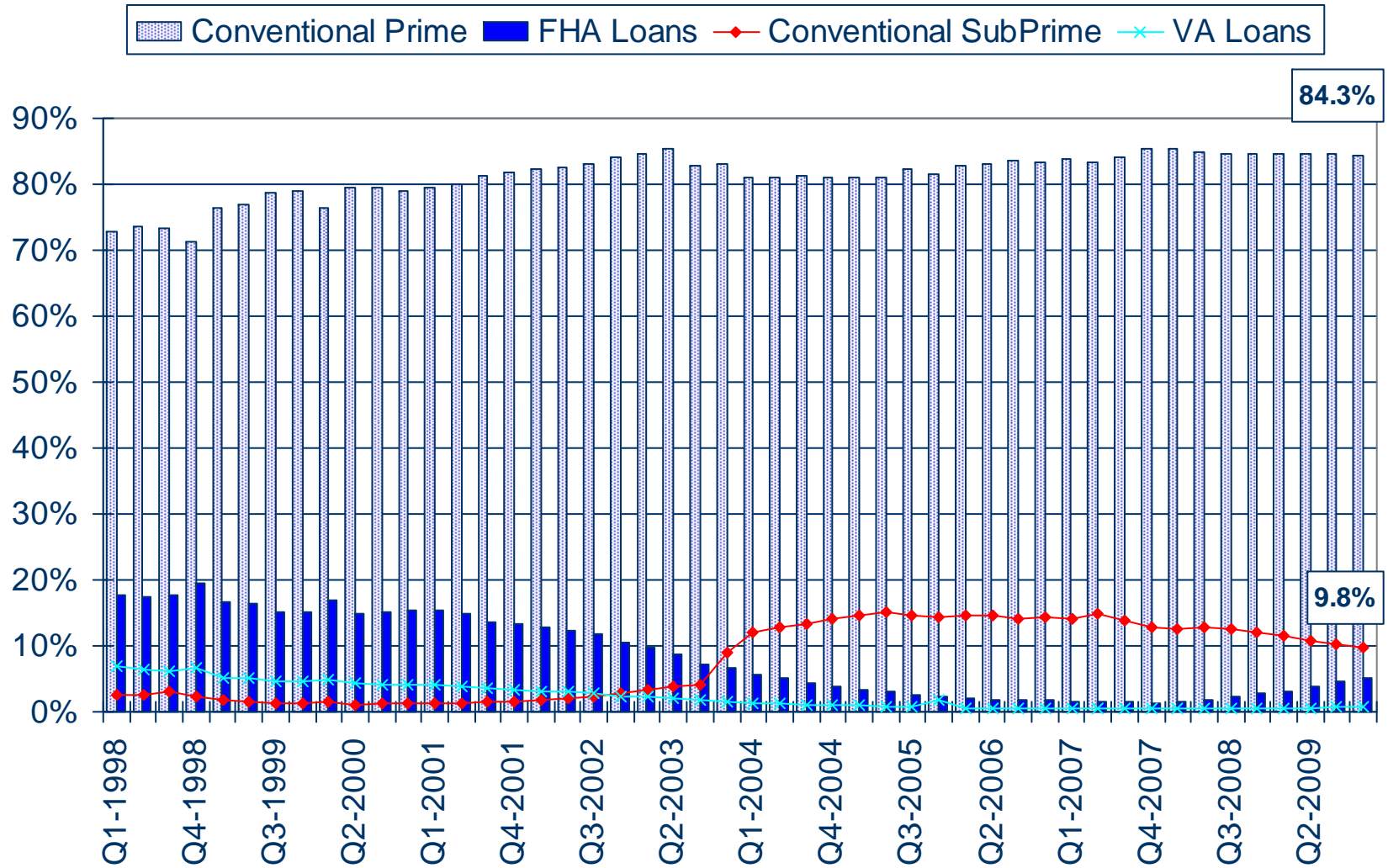
# of Total Loans in CA & US



Source: HUD

# Prime, Sub-Prime, & Other Loans

Q4-2009 As a Percentage of All Loans Outstanding in California

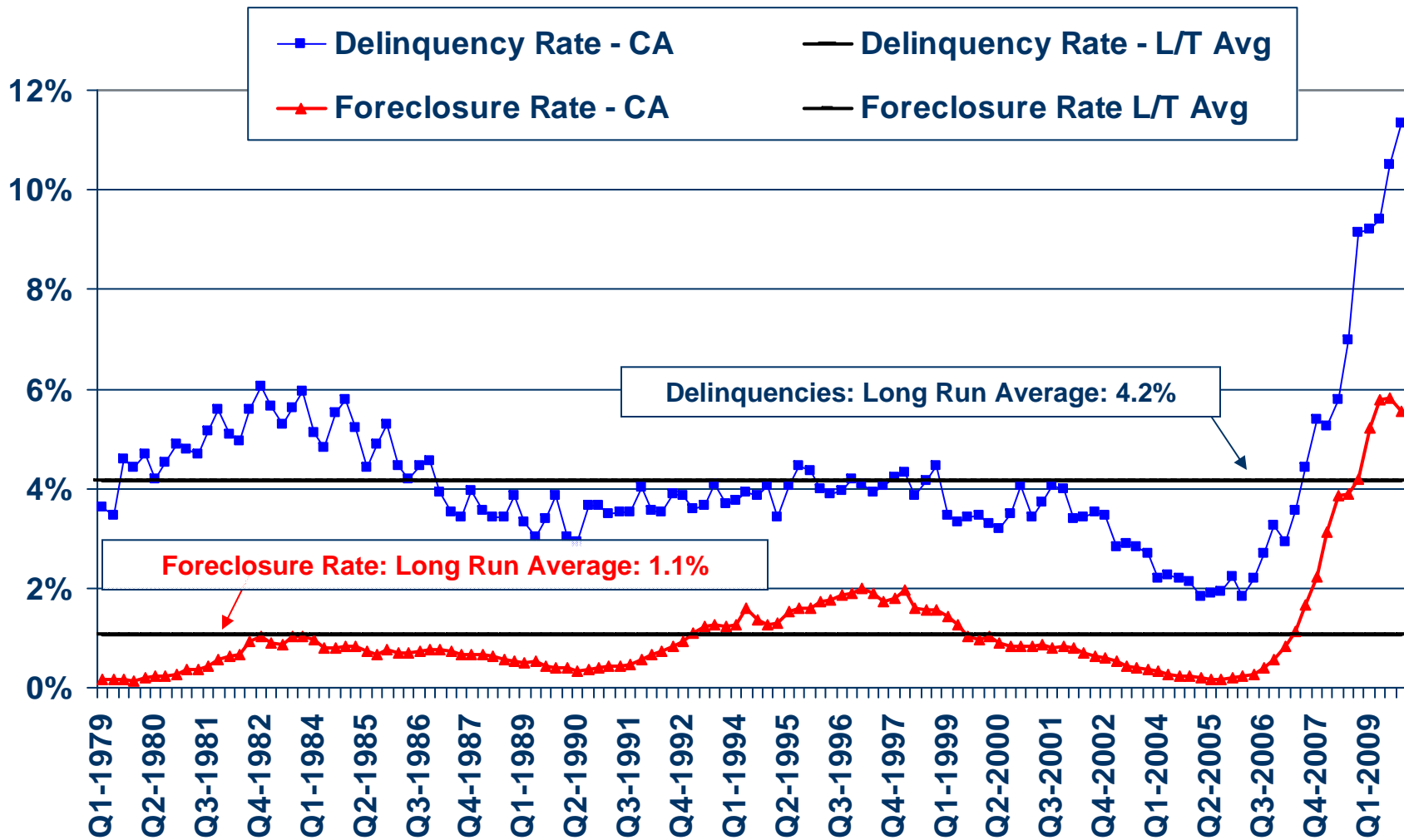


SOURCE: Mortgage Bankers Association, compiled by C.A.R.



# CA Mortgage Foreclosure & Delinquency Rates

California: Q4-2009, NSA



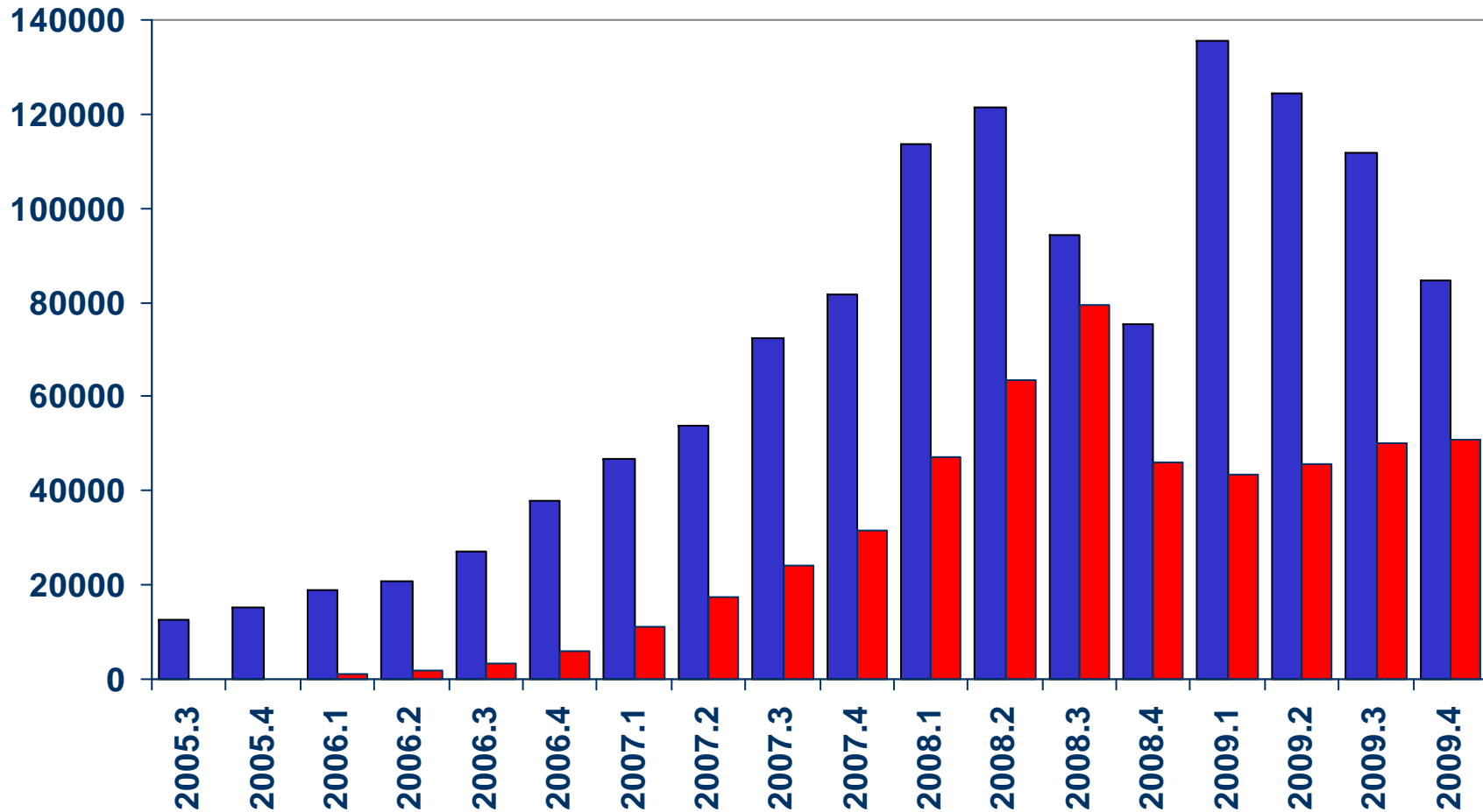
SOURCE: Mortgage Bankers Association

# NODs & Trustees Deeds Filed in California

## 2005 - 2009

No. of Defaults or TDs

■ NODs ■ Trustee Deeds

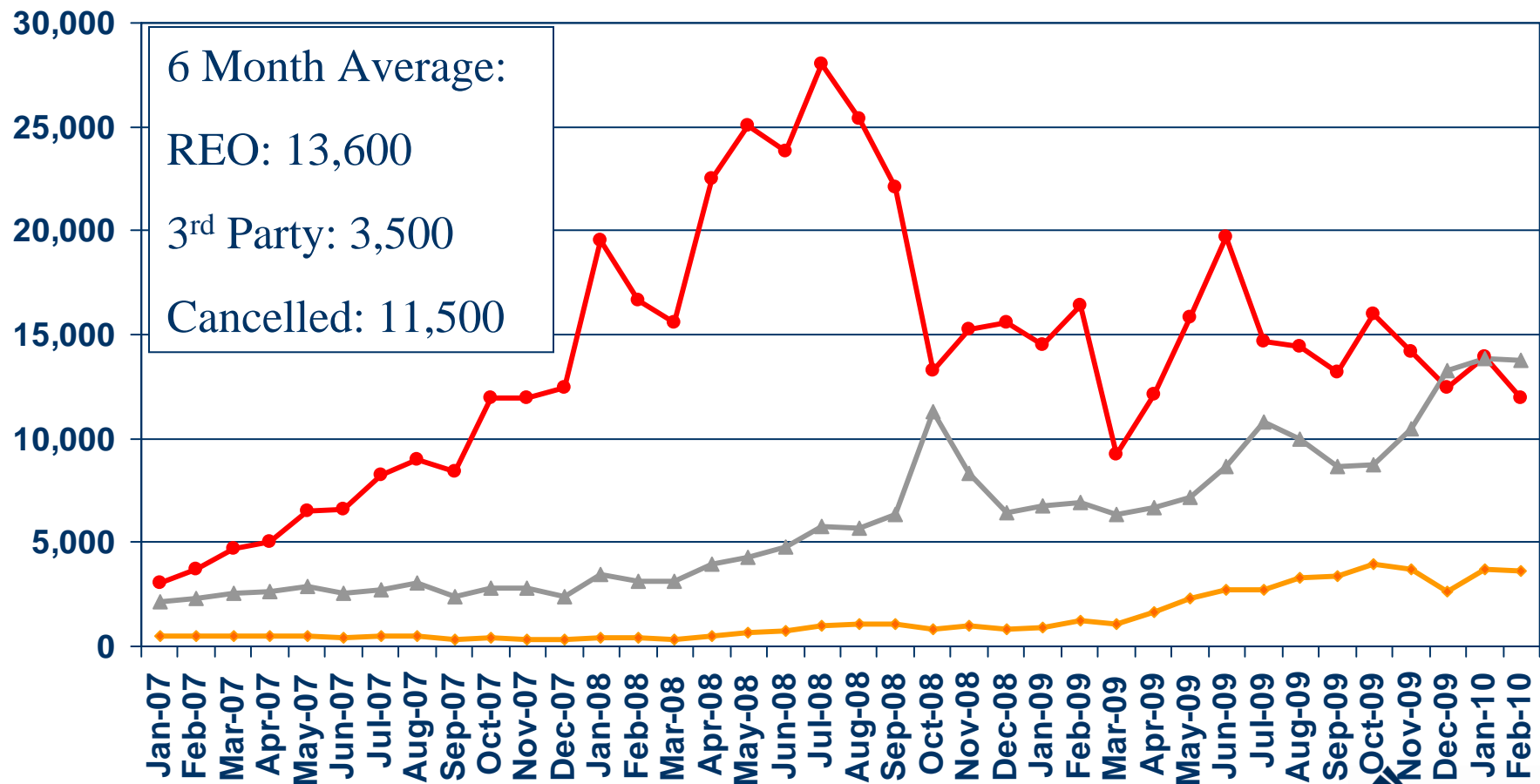


Source: DataQuick Information Systems

# California Foreclosure Outcomes

Feb-10: 11,943 REOs; 3,606 Sold to 3<sup>rd</sup> Party; 13,737 Cancelled

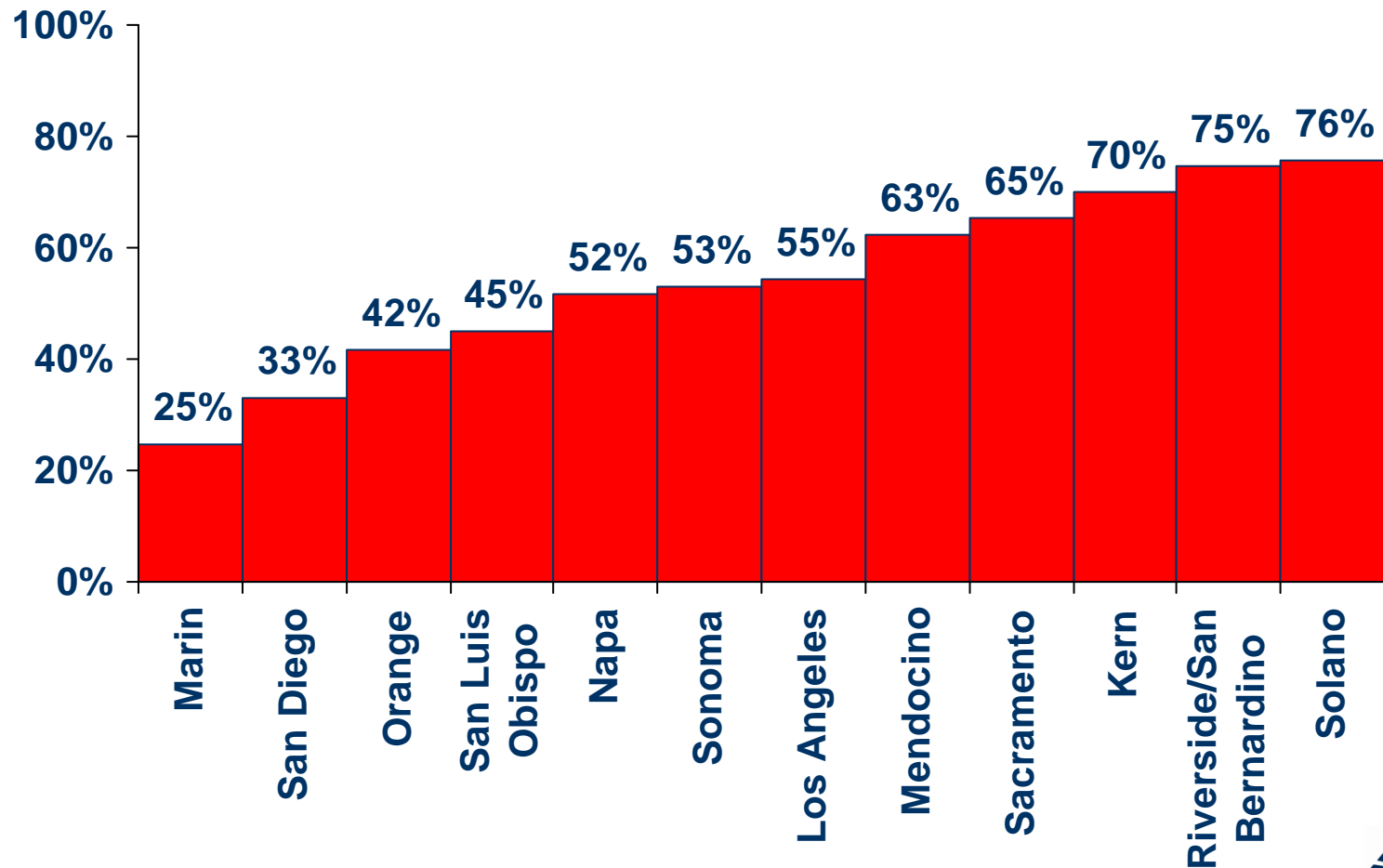
● REOs    ◆ Sold to 3rd Party    ▲ Cancellations



SOURCE: ForeclosureRadar.com



# Distressed Sales to Total Sales Ratio (Dec 2009)



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Distressed Sales to Total Sales Ratio

County/Region	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09
Marin	36.2%	33.1%	21.6%	27.6%	24.5%
San Diego	NA	NA	44.2%	34.0%	32.9%
Orange	57.8%	56.7%	44.5%	40.0%	41.6%
San Luis Obispo	52.2%	50.5%	41.8%	31.9%	44.9%
Napa	59.5%	69.4%	51.9%	56.1%	51.6%
Sonoma	69.5%	67.1%	56.6%	47.6%	53.1%
Los Angeles	57.2%	69.2%	61.2%	55.5%	54.5%
Mendocino	46.2%	41.9%	51.1%	48.8%	62.5%
Sacramento	72.6%	70.5%	70.6%	64.7%	65.2%
Kern	85.3%	83.5%	76.9%	72.8%	70.1%
Riverside/San Bernardino	77.1%	87.1%	83.5%	78.3%	74.8%
Solano	88.8%	88.4%	84.0%	75.1%	75.6%

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Share of Distressed Properties Increased



SOURCE: C.A.R. 2009-2010 State of the California Housing Market Report

# Percent of Distressed Sales to Total Sales

## By Region in California

	California	Southern California	Northern California	Rest Of California
Foreclosures	5%	5%	3%	10%
REO	27%	25%	29%	30%
Short Sales	14%	16%	8%	17%
% of Distressed Sales to Total Sales	47%	46%	41%	57%

SOURCE: C.A.R. 2009-2010 State of the California Housing Market Report



# Distressed Sales vs. Non Distressed Sales

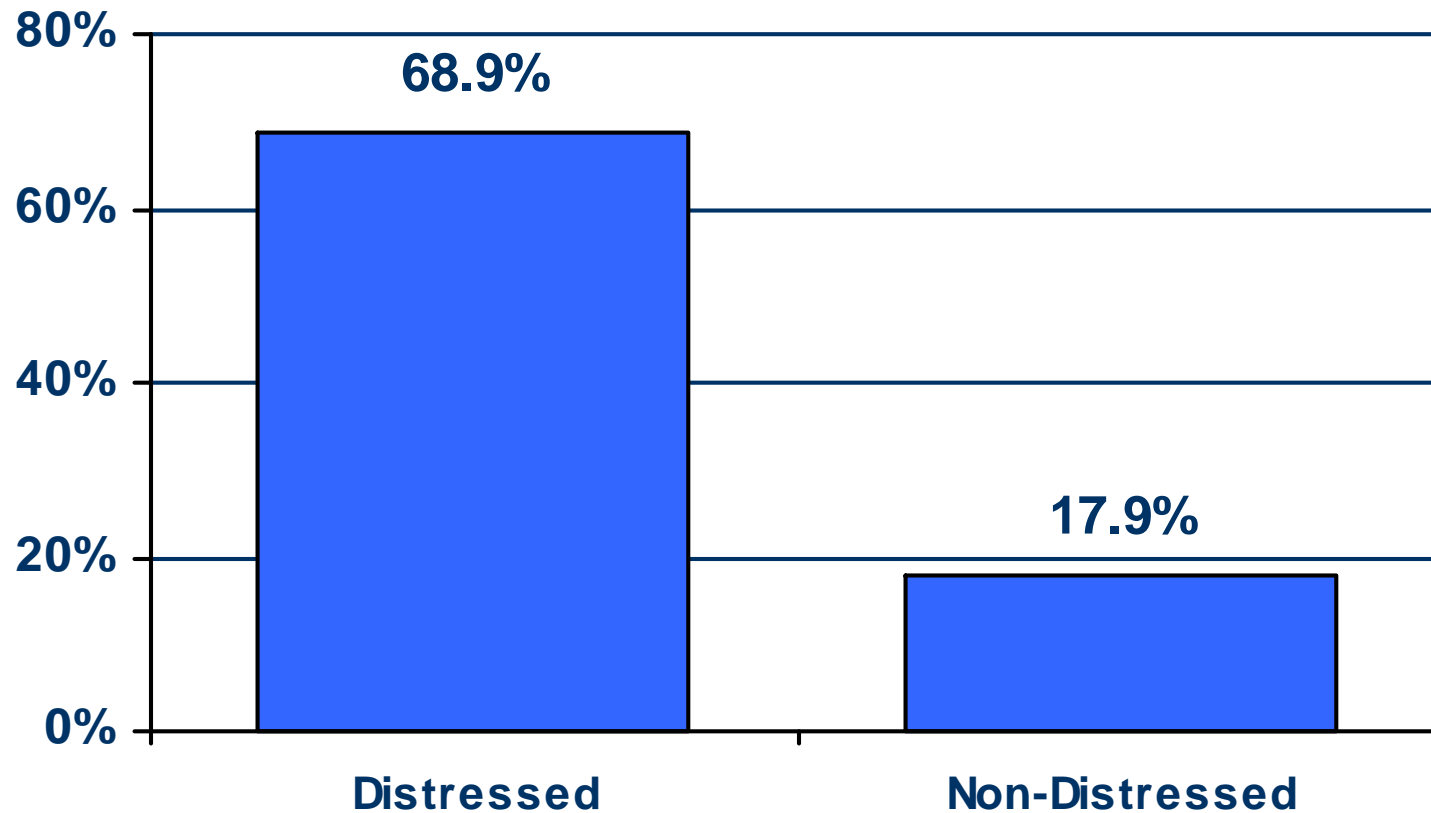
	<b>Distressed</b>	<b>Non-Distressed</b>
<b>Median Home Price</b>	\$250,000	\$485,000
<b>Price/SF</b>	\$154	\$277
<b>Percent of Sales with Multiple Offers</b>	68.1%	44.7%
<b>Number of Offers (Average)</b>	6.1	4.0
<b>Percent of All Cash Sales</b>	22.4%	17.1%
<b>Number of Days on MLS</b>	43	50
<b>Number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

SOURCE: C.A.R. 2009-2010 State of the California Housing Market Report



# Percent of Sellers with Net Cash Loss

## Distressed vs. Non-Distressed

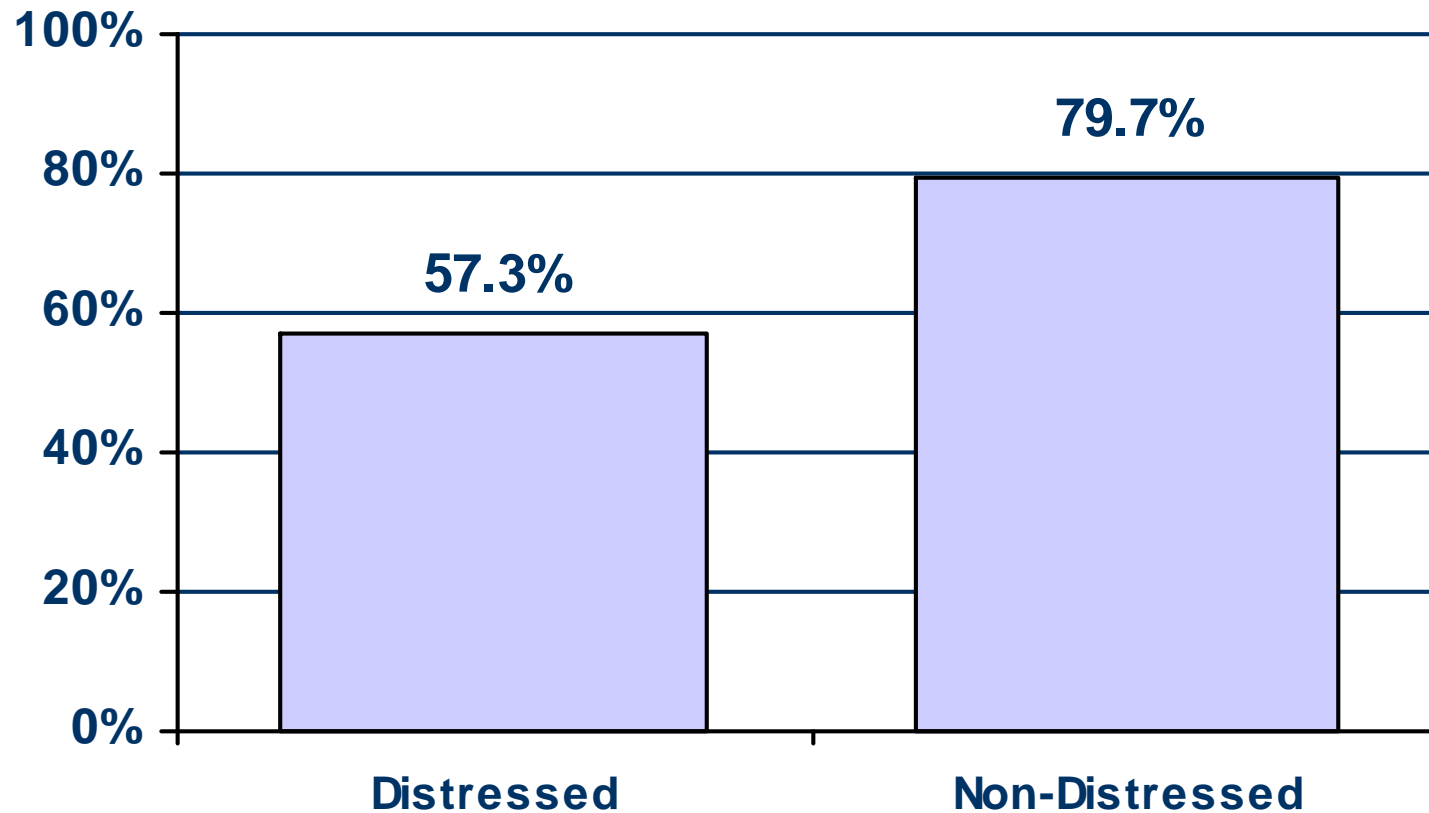


SOURCE: C.A.R. 2009-2010 State of the California Housing Market Report



# Percent with Price Discount

## Distressed vs. Non-Distressed



SOURCE: C.A.R. 2009-2010 State of the California Housing Market Report

# Summing Up Foreclosures

- Government Intervention kept Foreclosures around 30-40% of home sales toward the end of 2009, pace expected to continue into 2010
- NODs have come down from historic highs in first half of 2009 but have spread into higher priced areas
- Cancellations on the rise – due in large part to:
  - **statutory requirement that a foreclosure sale be held within one year-forced cancellation )**
  - **some form of loan workout: HAMP modification, short sale or refinance**
  - **Filing errors**
- Lenders lack the incentive to flood the marketplace with Foreclosures



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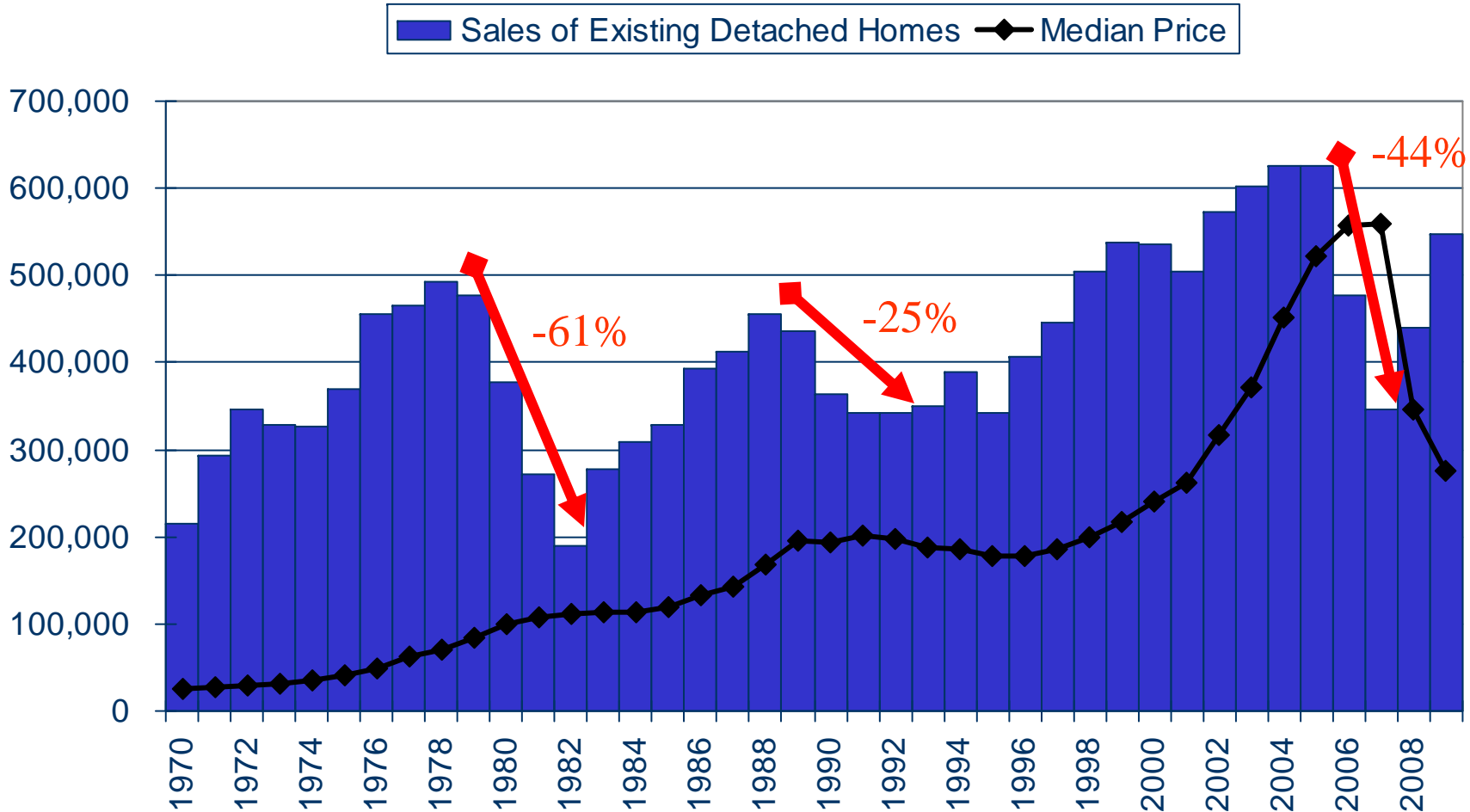
# California Real Estate Market

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# Sales Hit Bottom in 2007, Up in 2008 & 2009

## California Sales of Existing Homes and Median Price

UNITS/MEDIAN PRICE \$



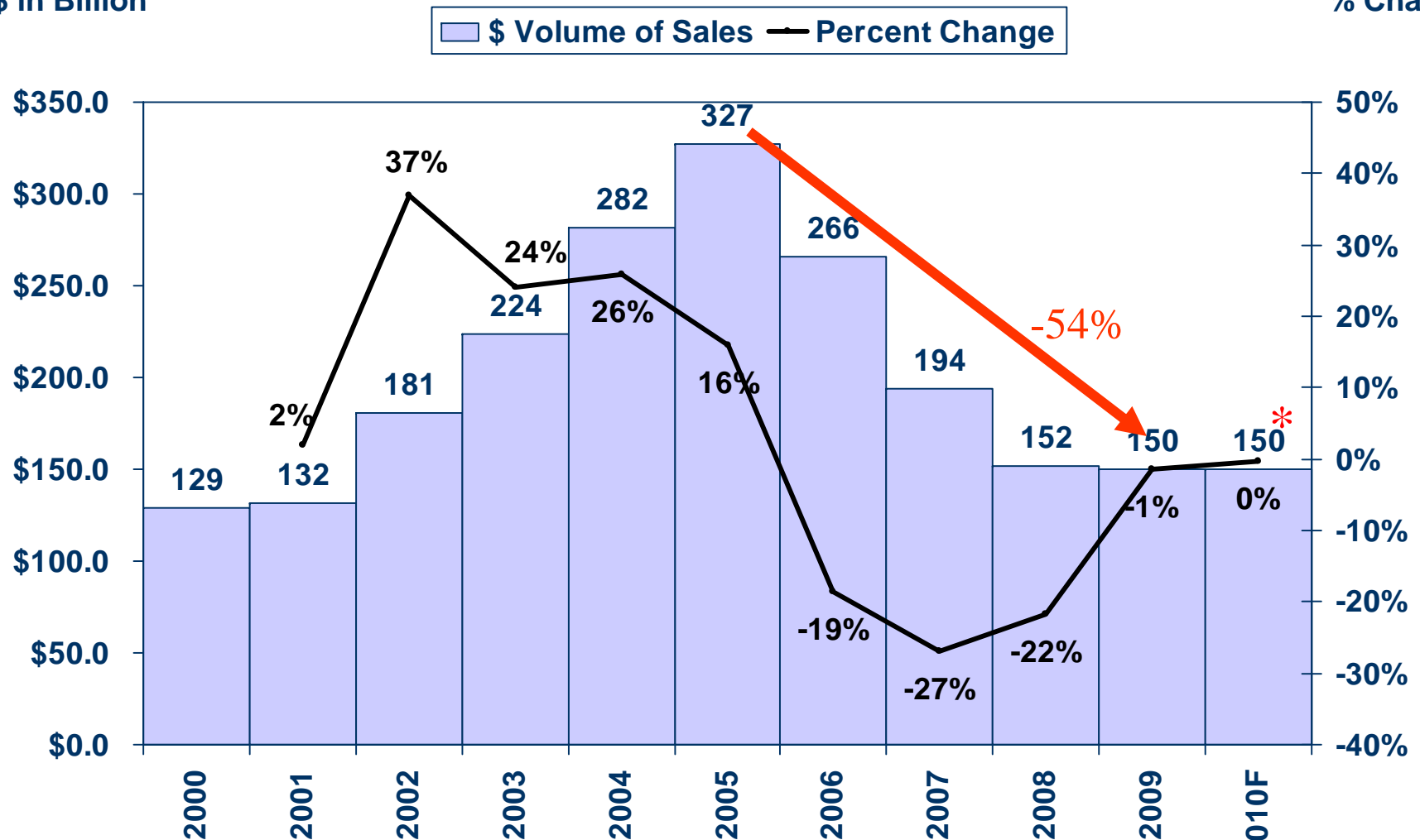
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Dollar Volume of Sales Peaked in '05 Down 54% Thru '09

\$ in Billion

% Change



\*Based on Forecast Price \$284K.

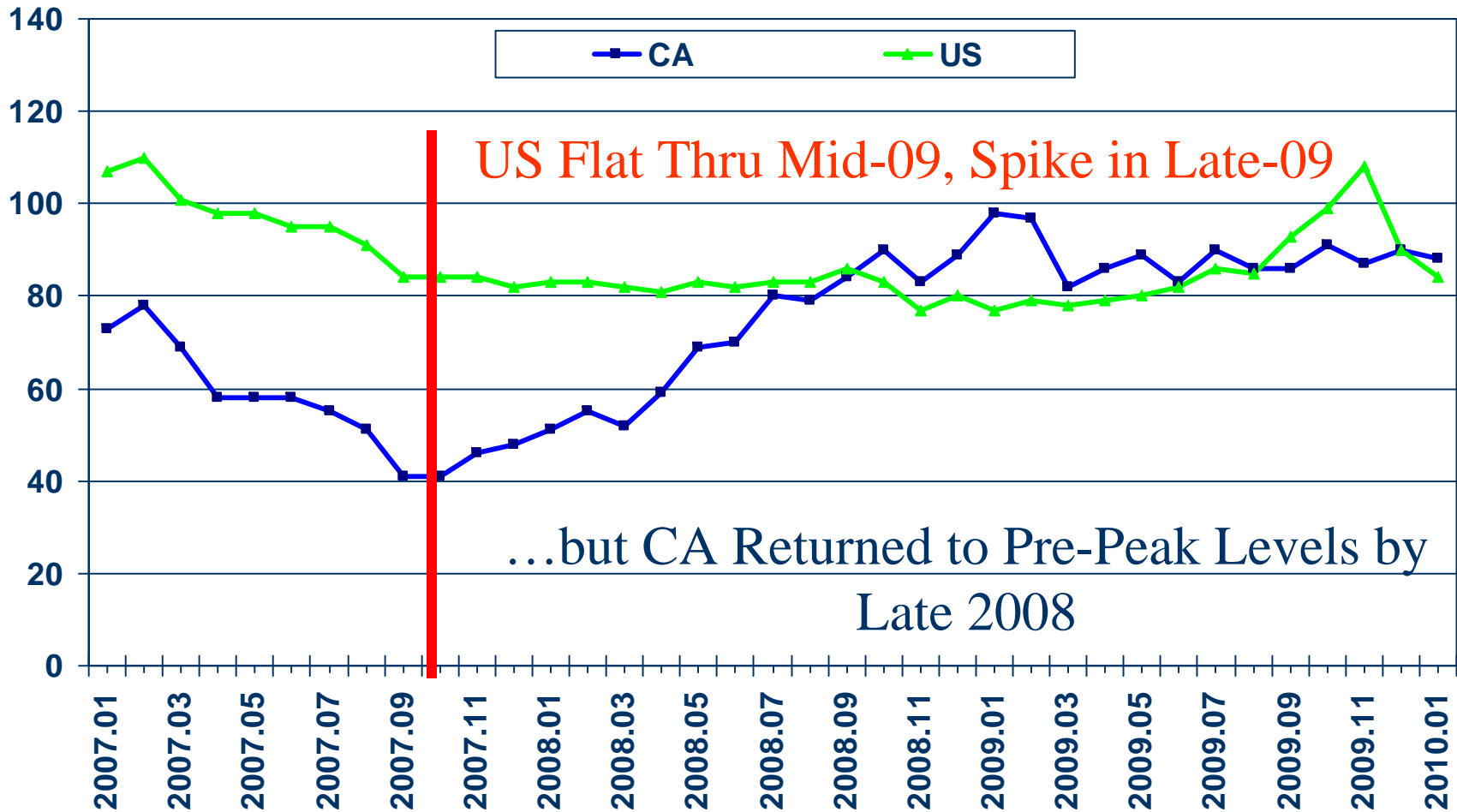
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS® If Price = \$300K, 5% Rise in Volume



# CA Sales Improved ~ 2 Yrs Ahead of US

## California Vs. U.S. 2007-Present

Seasonally Adjusted Sales Index (Jan 2004=100)

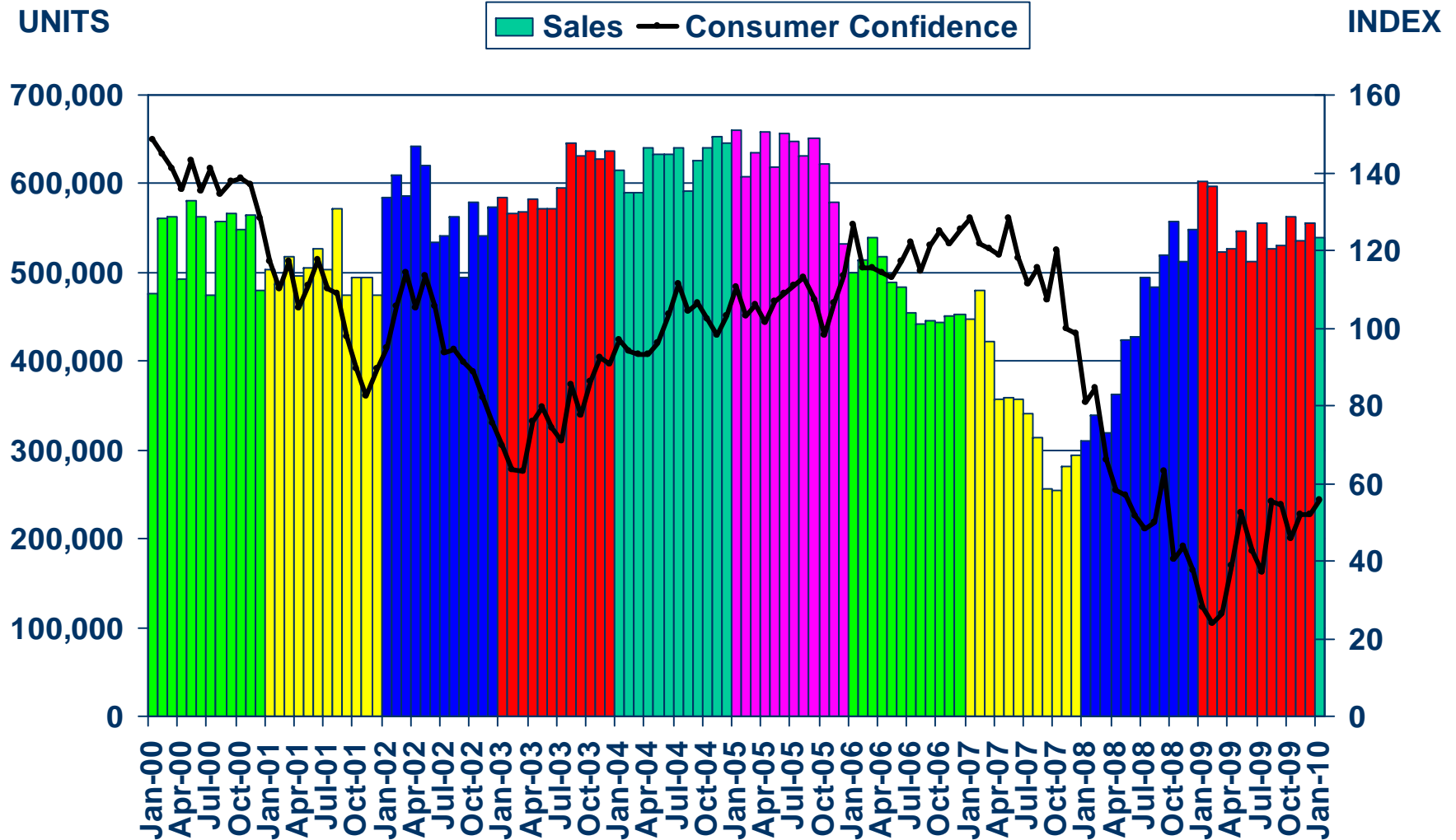


SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, January 2010: 539,040 Units, Down 10.6% YTD, Down 10.6% YTY



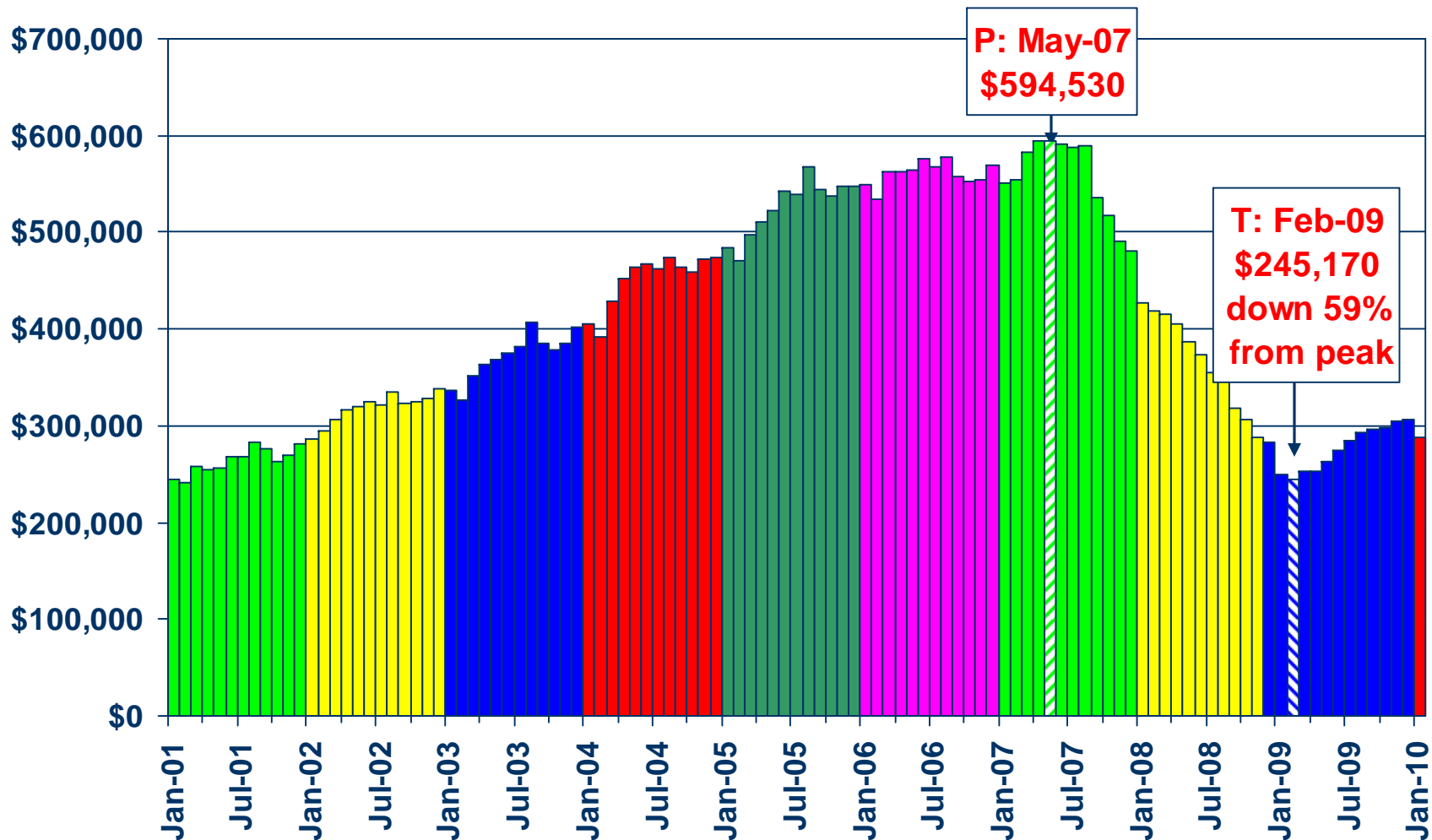
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®; The Conference Board

\*Sales are seasonally adjusted and annualized



# Median Price of Existing Detached Homes

California, January 2010: \$287,440, Up 15.0% YTY



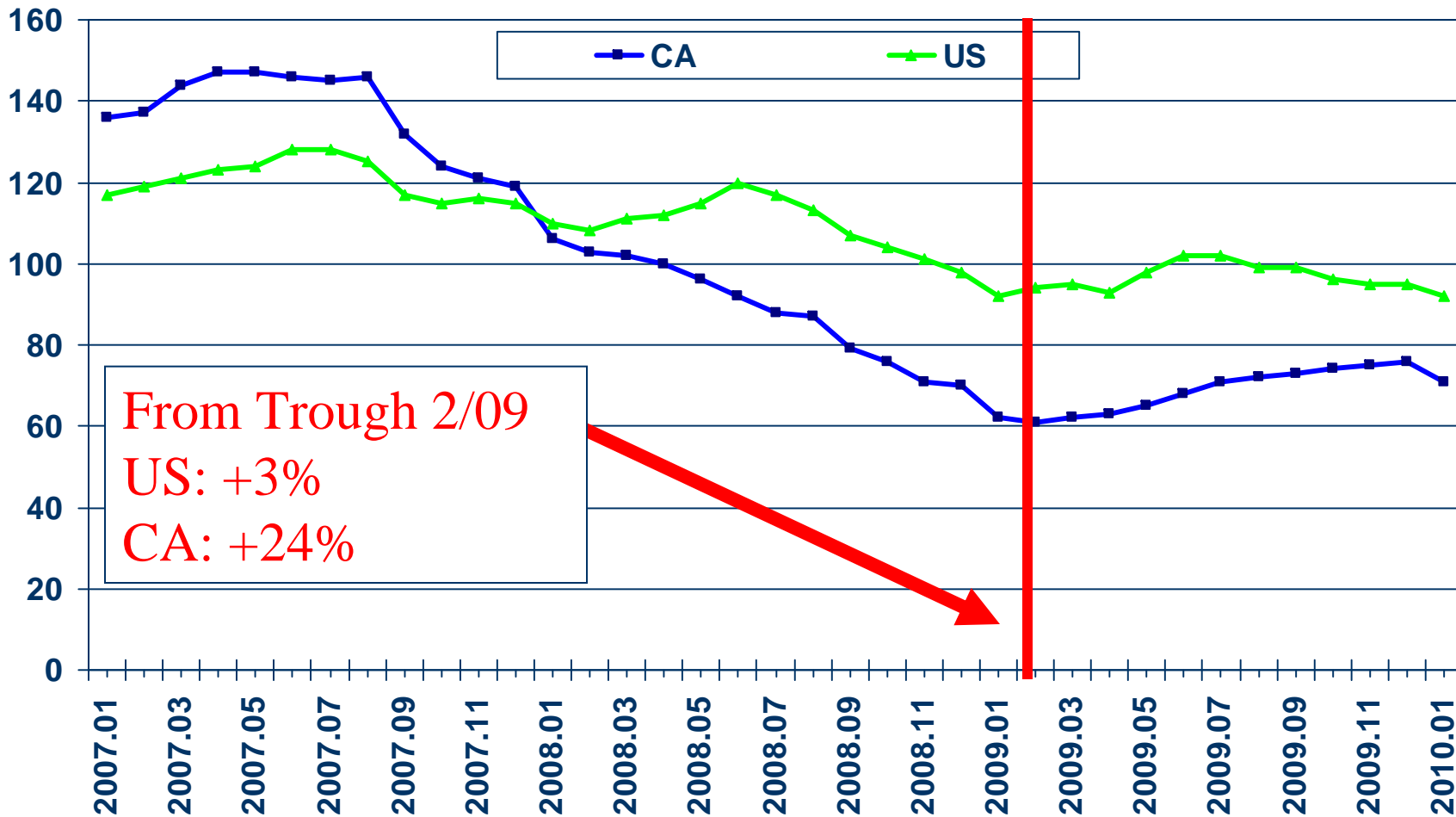
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Median Price of Existing Detached Home

## California Vs. U.S. 2007-Present

Price Index (Jan 2004=100)

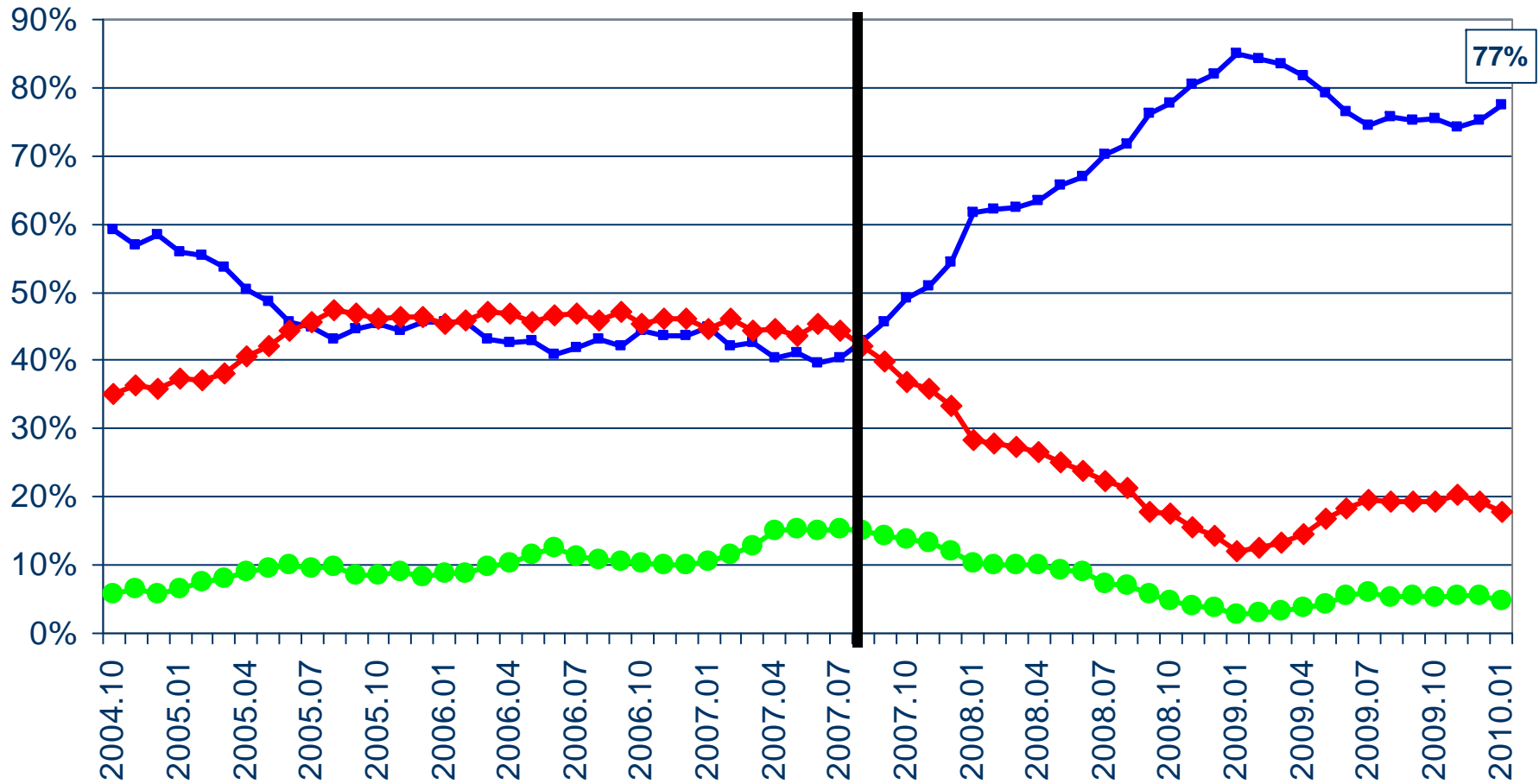


From Trough 2/09  
 US: +3%  
 CA: +24%

# Sales By Price Range

## October 2004 – present

■ Under 500 
 ◆ 500 to 999 
 ● 1 Mil +



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Peak vs. Current Price – January 2010

Region	Peak Month	Peak Price	Jan-10 Median	% Chg From Peak
Monterey Region	Aug-07	\$798,210	\$290,620	-63.6%
High Desert	Apr-06	\$334,860	\$124,480	-62.8%
Riverside/San Bernardino	Jan-07	\$415,160	\$173,790	-58.1%
Sacramento	Aug-05	\$394,450	\$174,830	-55.7%
Palm Springs/Lower Desert	Jun-05	\$393,370	\$179,760	-54.3%
<b>CALIFORNIA</b>	May-07	\$594,530	\$287,440	-51.7%
Northern Wine Country	Jan-06	\$645,080	\$351,360	-45.5%
Los Angeles	Aug-07	\$605,300	\$332,270	-45.1%
San Francisco Bay Area	May-07	\$853,910	\$486,190	-43.1%
San Diego	May-06	\$622,380	\$366,780	-41.1%
Ventura	Aug-06	\$710,910	\$420,690	-40.8%
San Luis Obispo	Jun-06	\$620,540	\$367,650	-40.8%
Santa Clara	Apr-07	\$868,410	\$525,000	-39.5%
Orange County	Apr-07	\$747,260	\$480,790	-35.7%
Northern California	Aug-05	\$440,420	NA	NA

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Trough vs. Current Price – January 2010

Region	Trough Month	Trough Price	Jan-10 Median	% Chg From Trough
San Francisco Bay Area	Feb-09	\$399,040	\$486,190	21.8%
Monterey Region	Feb-09	\$241,130	\$290,620	20.5%
Palm Springs/Lower Desert	Apr-09	\$150,140	\$179,760	19.7%
Santa Clara	Feb-09	\$445,000	\$525,000	18.0%
<b>CALIFORNIA</b>	Feb-09	\$245,170	\$287,440	17.2%
High Desert	May-09	\$106,210	\$124,480	17.2%
Ventura	Feb-09	\$359,630	\$420,690	17.0%
Orange County	Jan-09	\$423,100	\$480,790	13.6%
Northern Wine Country	Feb-09	\$310,950	\$351,360	13.0%
Los Angeles	Mar-09	\$295,100	\$332,270	12.6%
San Diego	Mar-09	\$326,830	\$366,780	12.2%
Riverside/San Bernardino	Apr-09	\$156,840	\$173,790	10.8%
San Luis Obispo	Apr-09	\$338,160	\$367,650	8.7%
Sacramento	Apr-09	\$167,340	\$174,830	4.5%
Northern California	Dec-09	\$246,450	NA	NA

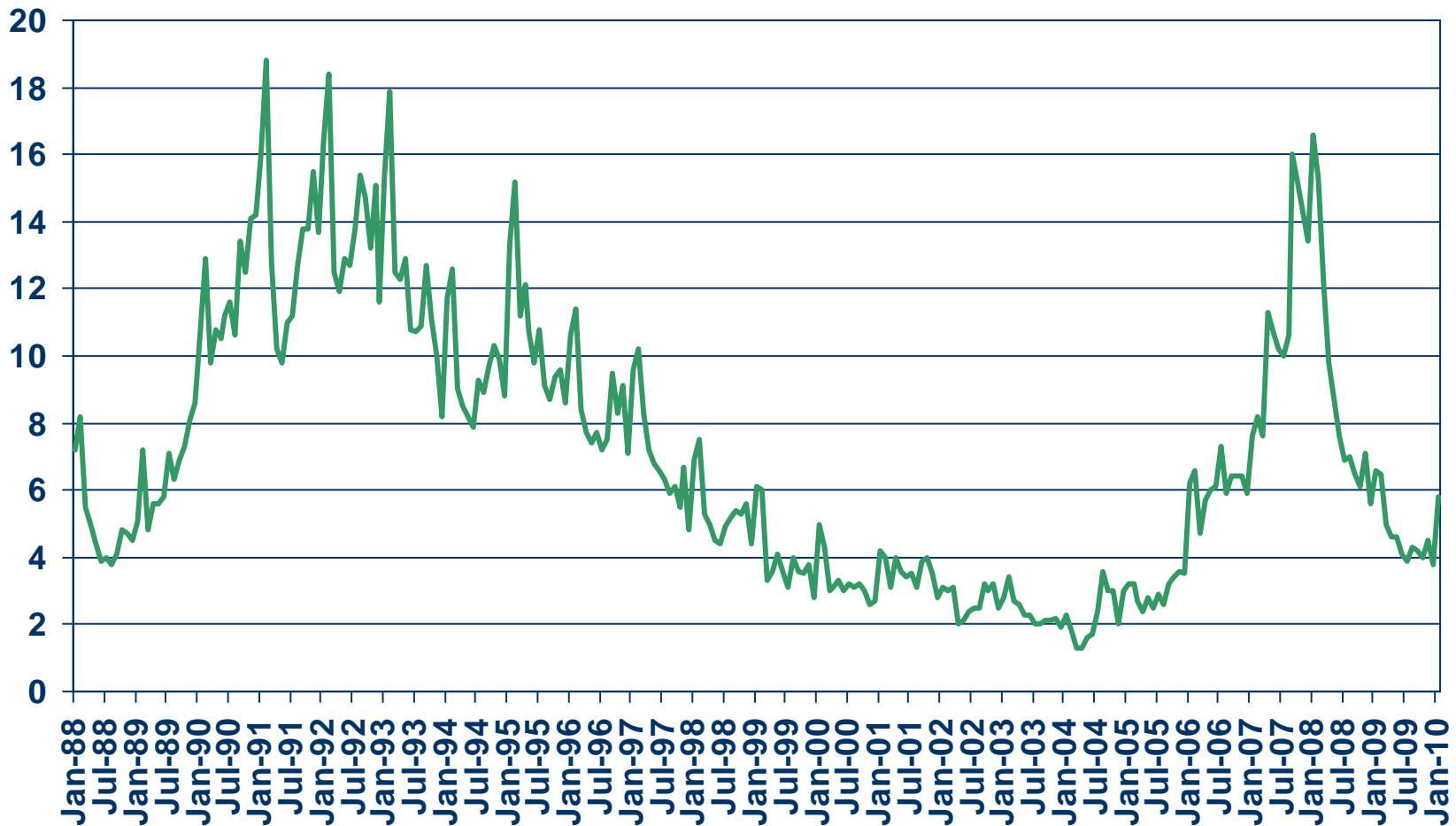
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Unsold Inventory Index

## California, January 2009: 5.8 Months

MONTHS

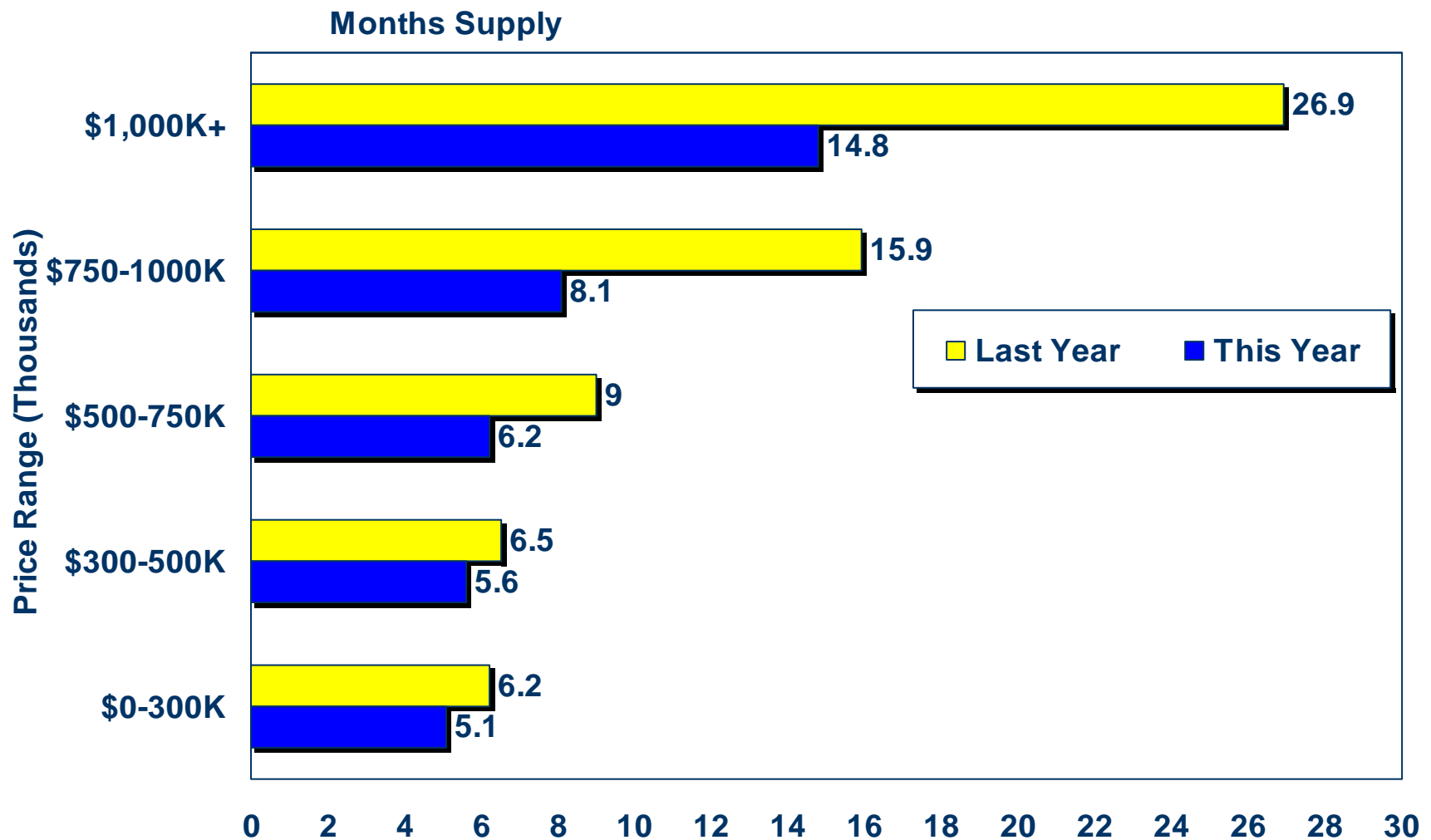


SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Unsold Inventory By Price Range

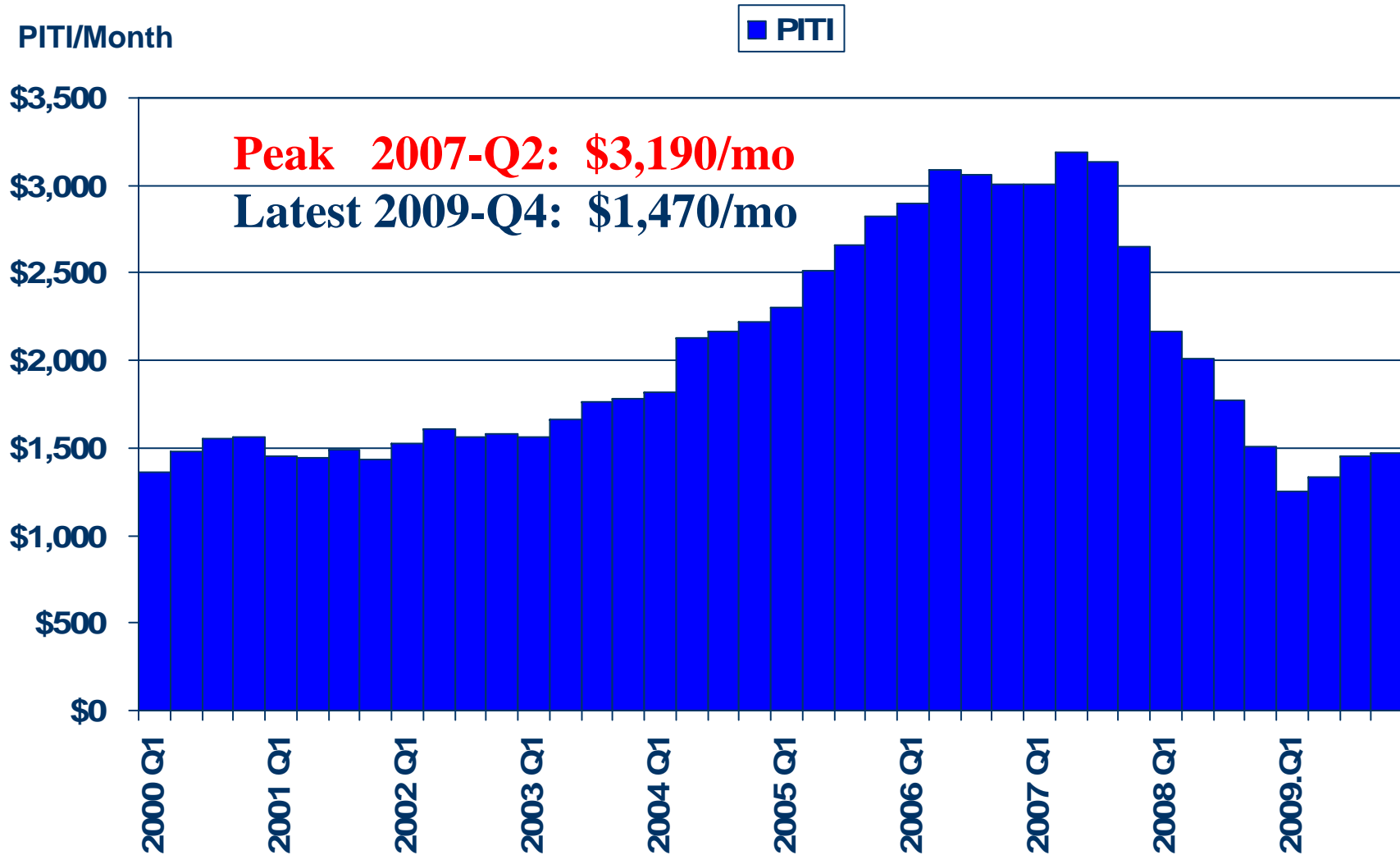
California - Existing Homes January 2010 vs. January 2009



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Entry-Level Monthly House Payment including Interest, Taxes, & Insurance

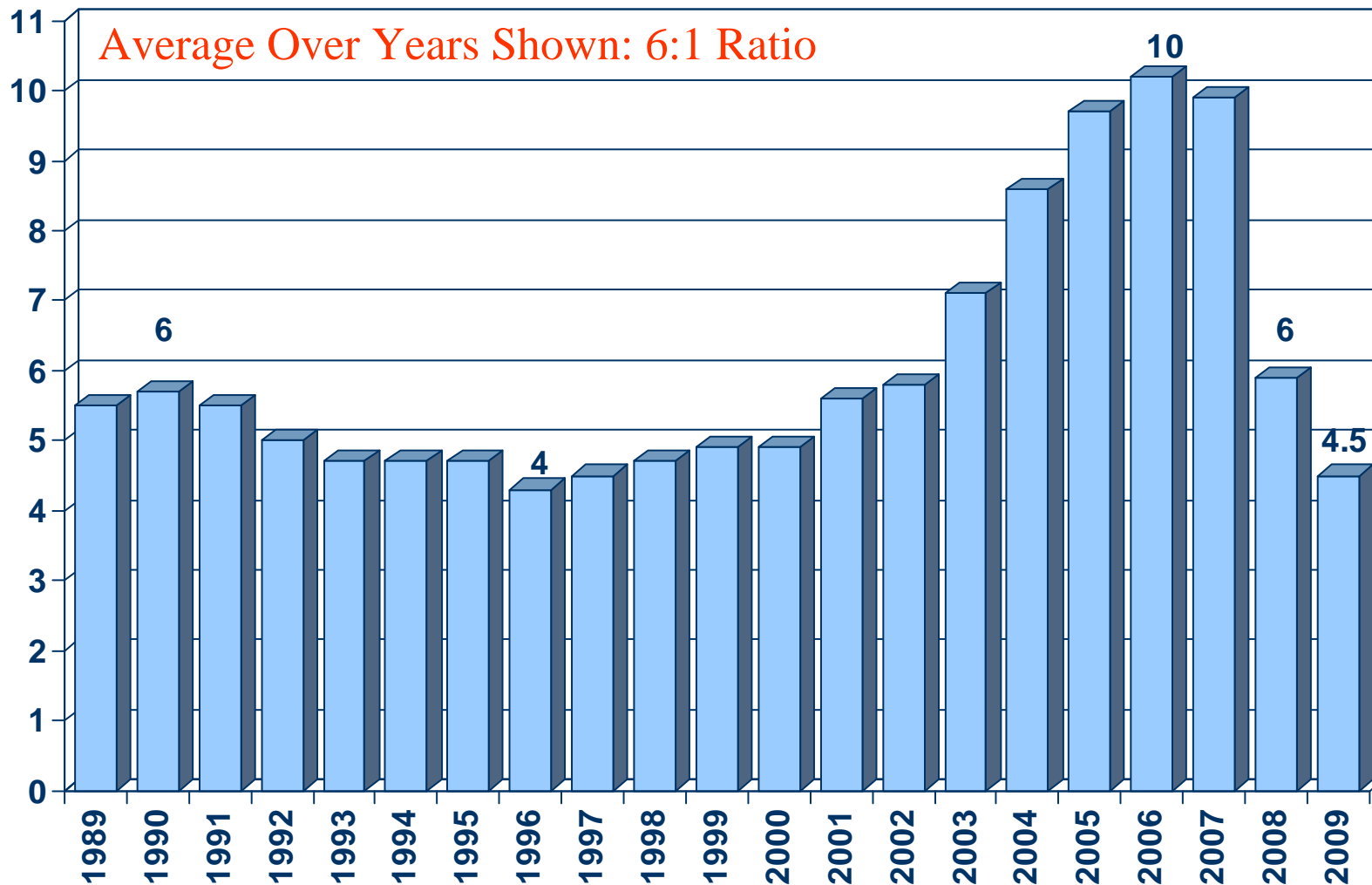


SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Median Price to Median HH Income Ratio

## California



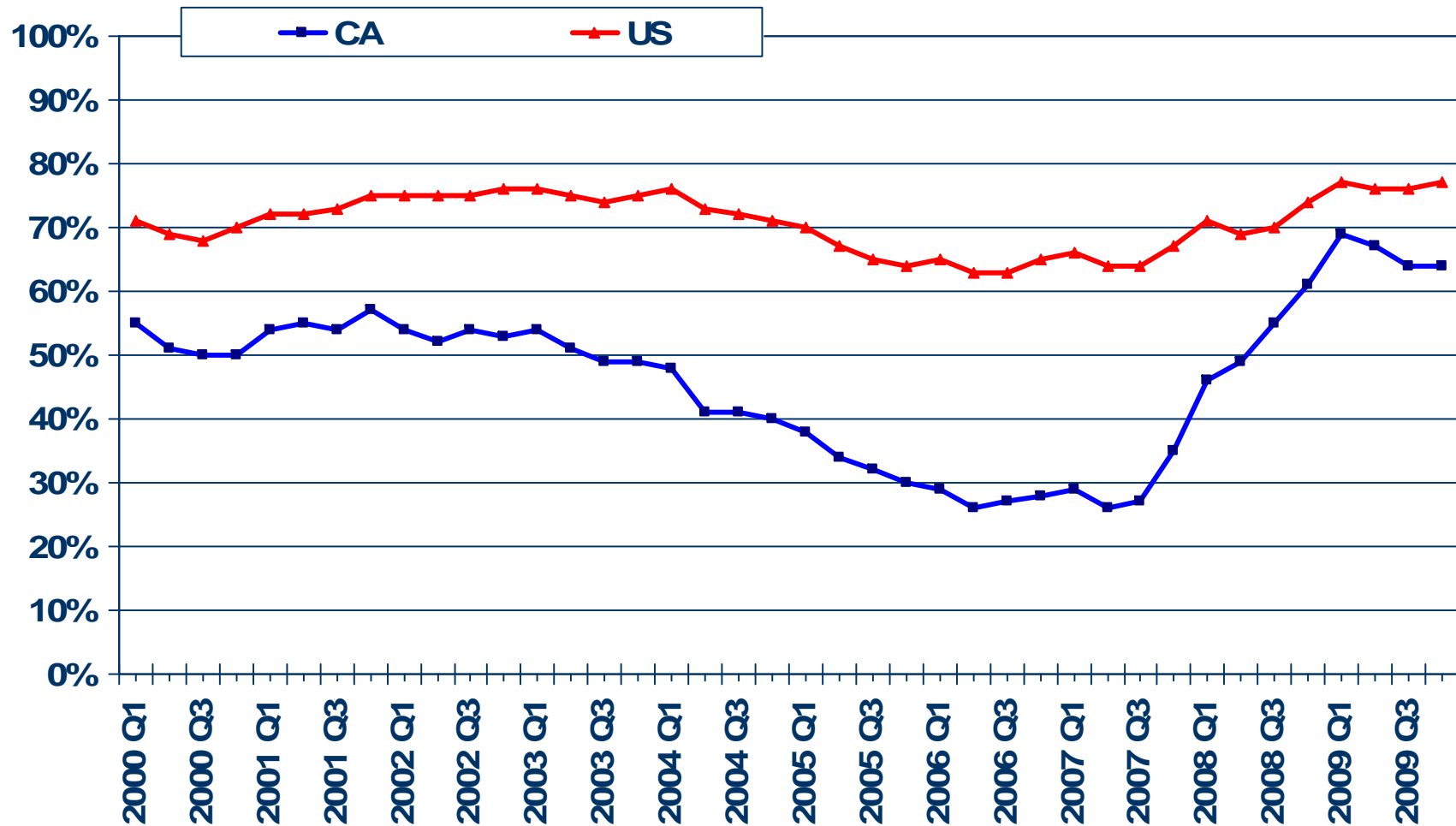
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# First-time Buyer Housing Affordability Index

California Vs. U.S. 2000-2009

% OF HOUSEHOLDS THAT CAN BUY

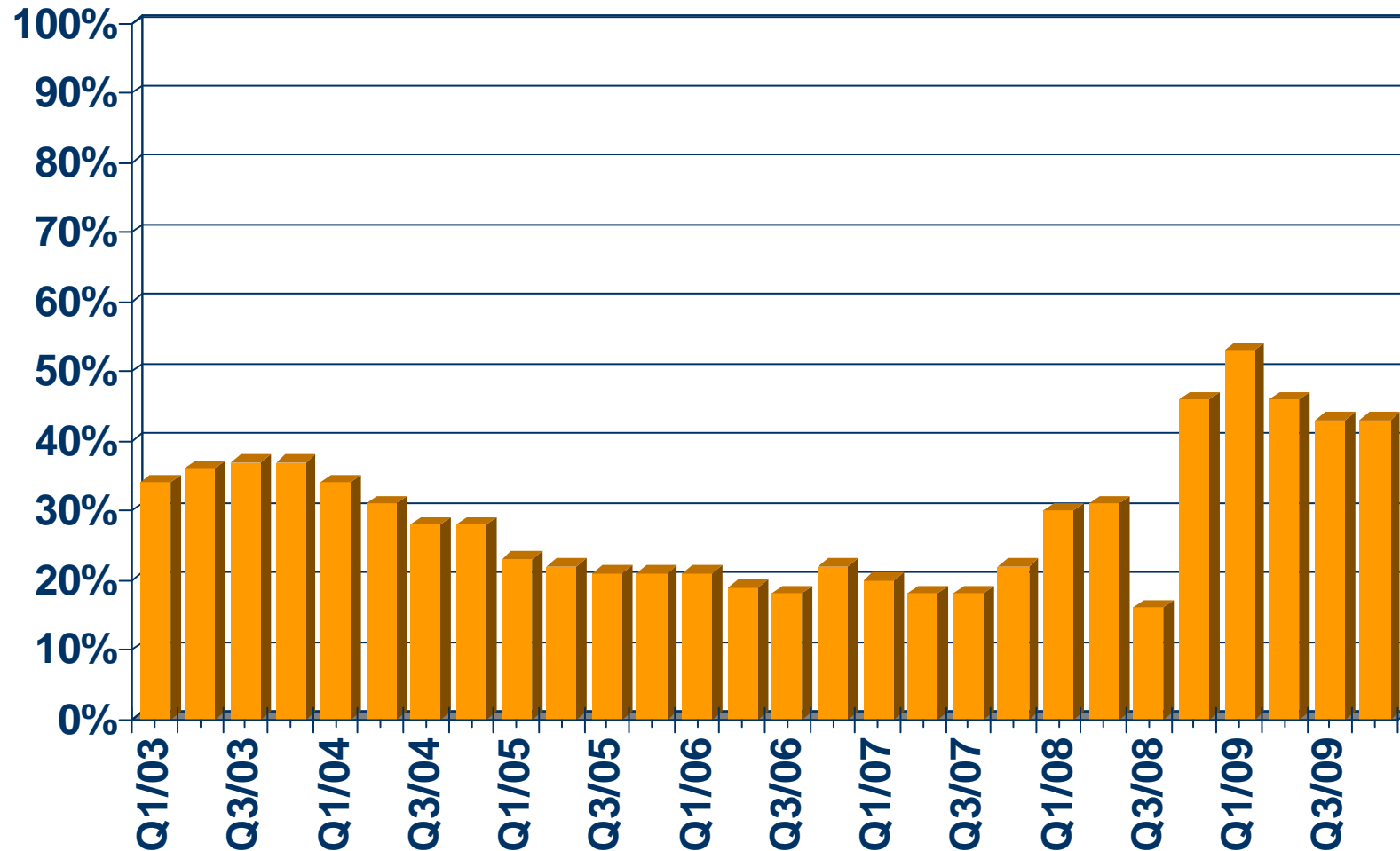


SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# First-time Buyer Housing Affordability Index

Santa Cruz County, 4<sup>th</sup> Quarter 2009: 43%



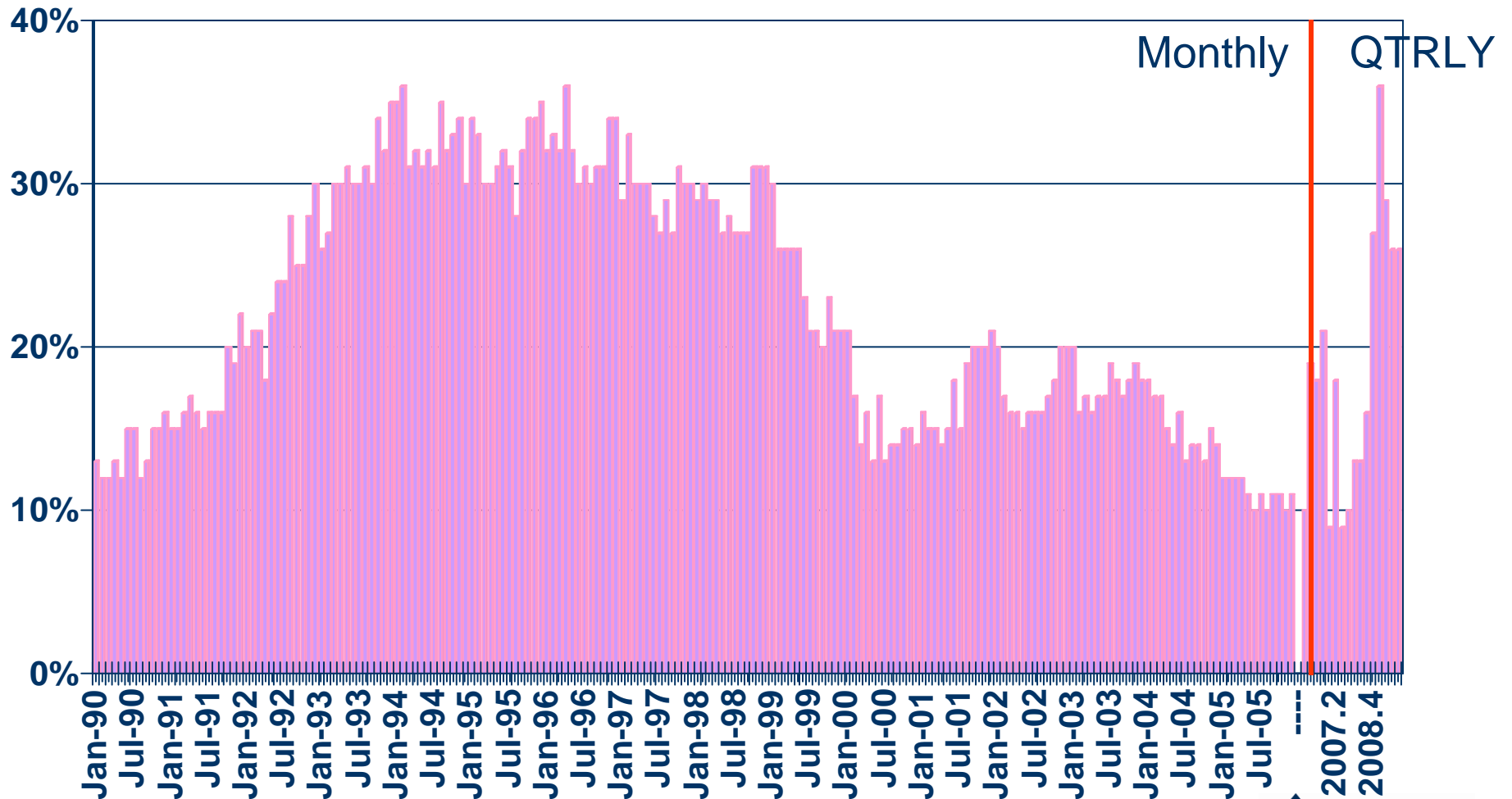
SOURCE: California Association of REALTORS®



# Housing Affordability Index

Santa Cruz County, 4<sup>th</sup> Quarter 2009: 26%

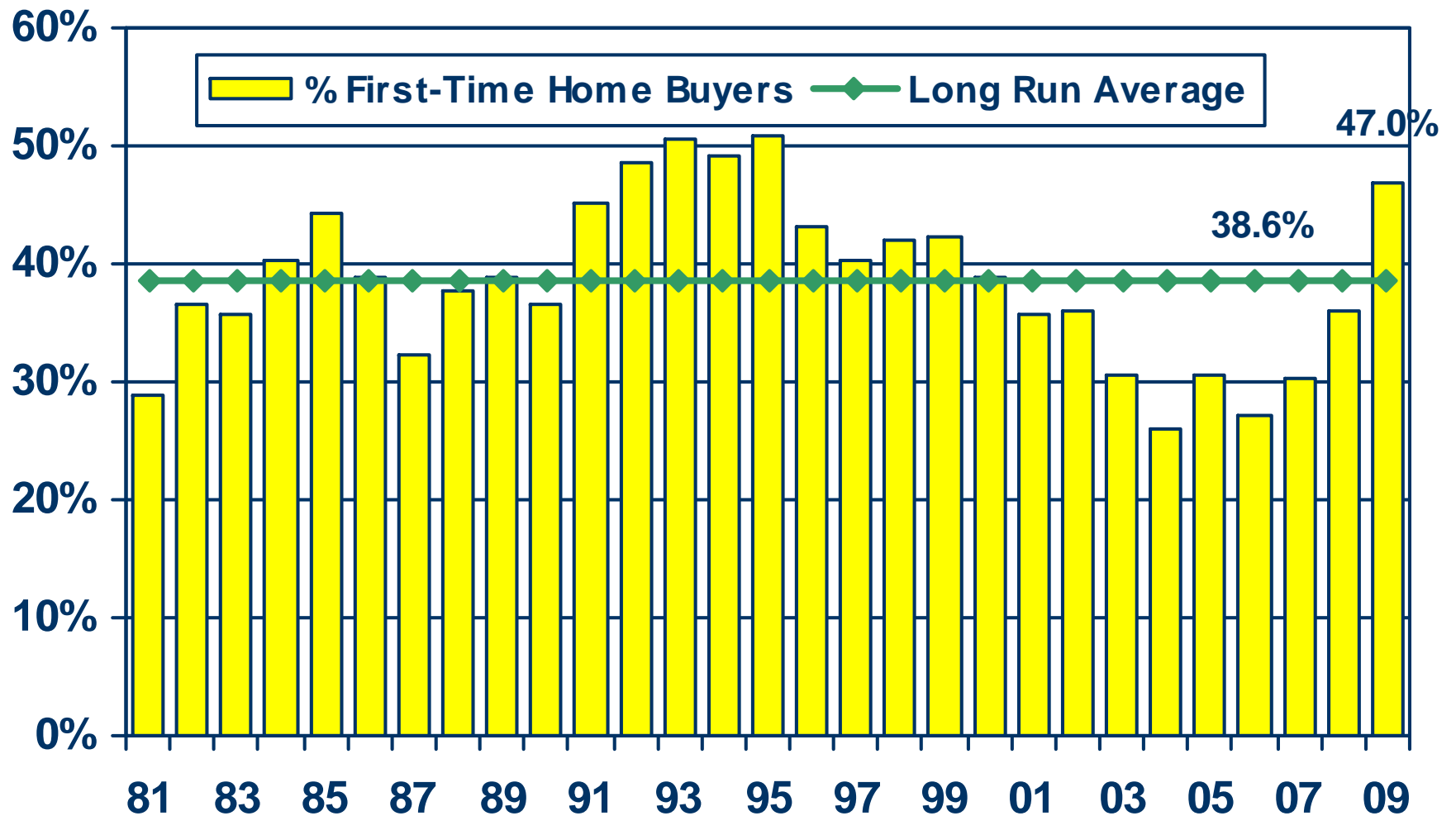
% OF HOUSEHOLDS THAT CAN BUY



SOURCE: California Association of REALTORS®



# Proportion of First-Time Homebuyers California



Q. Was the buyer a first-time buyer?

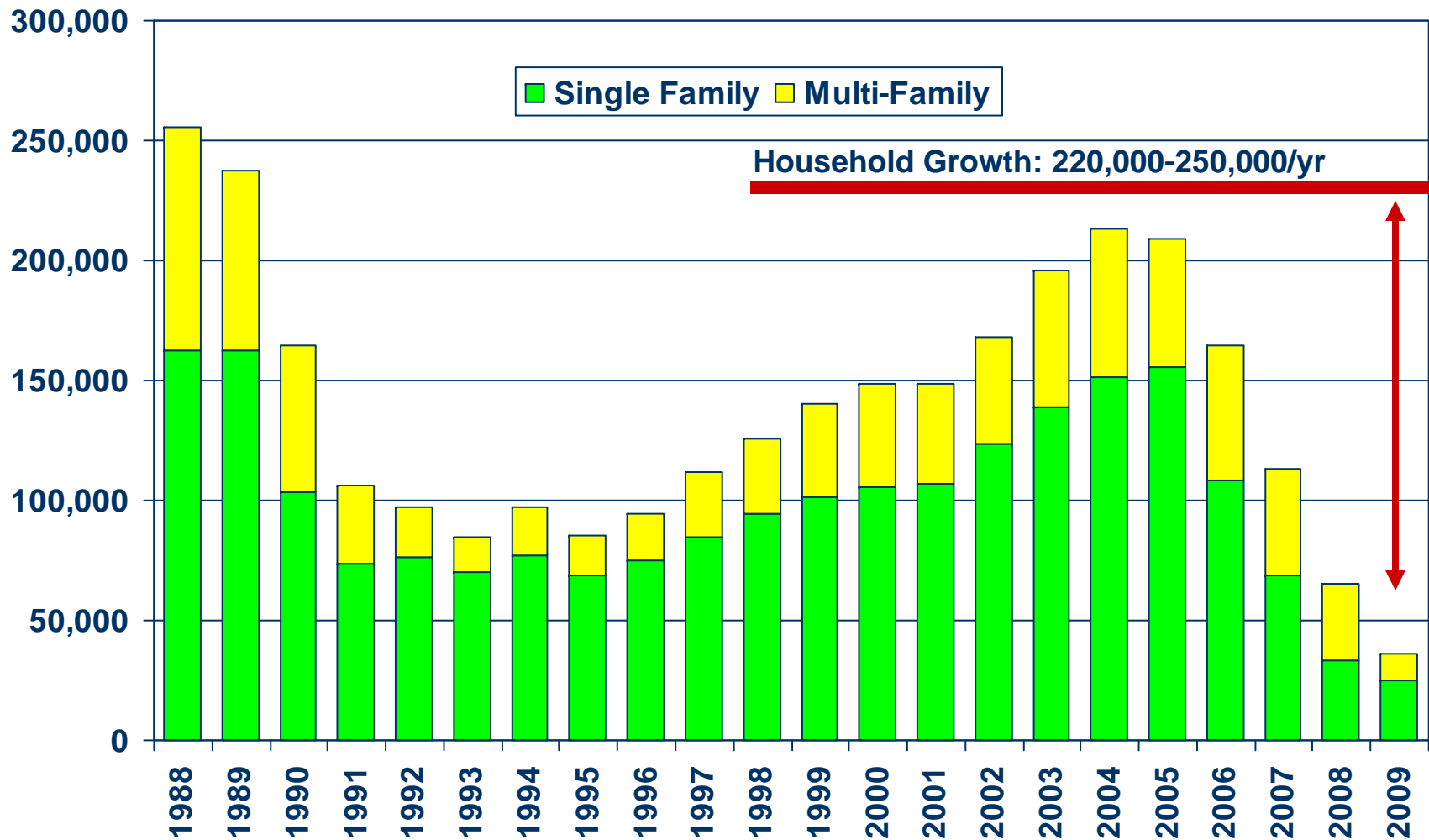
SOURCE: C.A.R. 2009-2010 State of the California Housing Market Report

# Recap on Affordability

- Affordability up strongly
- Mortgage rates at near historic lows
- Median price up but
  - **Price to income ratio at historic low**
- Objectives for buyers:
  - **Right home**
  - **Right price**
  - **Lowest possible rate**
- Also, tax credits and MPP

# CA New Housing Permits

2009: 36,209: -48% from 2008; -83% FROM 2004



SOURCE: CBIA

# Recap on Compare and Contrast

- Sales – CA ahead of US
- Median Price – CA ahead of US
- Inventory – CA supply leaner than US
- Distressed Properties – Bigger share in CA than US, but CA ahead of other states with foreclosure problems
- New Construction – Will lag CA existing home market



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# Bay Area

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# Sales of Existing Detached Homes

## Bay Area Counties

County	Jan-10	Dec-09	Jan-09	M-t-M	Y-t-Y	Y-t-D
Alameda	376	583	424	-35.5%	-11.3%	-11.3%
Contra Costa	197	303	152	-35.0%	29.6%	29.6%
Marin	95	173	69	-45.1%	37.7%	37.7%
San Francisco	172	272	154	-36.8%	11.7%	11.7%
San Mateo	234	369	166	-36.6%	41.0%	41.0%
Santa Clara	604	988	595	-38.9%	1.5%	1.5%
Santa Cruz	95	147	83	-35.4%	14.5%	14.5%
Solano	353	455	396	-22.4%	-10.9%	-10.9%
Sonoma	252	352	336	-28.4%	-25.0%	-25.0%

SOURCE: California Association of REALTORS®



# Median Price of Existing Detached Homes

## Bay Area Counties

County	Jan-10	Dec-09	Jan-09	M-t-M	Y-t-Y
Alameda	\$ 423,077	\$ 450,000	\$ 346,236	-6.0%	22.2%
Contra Costa	\$ 605,978	\$ 580,792	\$ 519,231	4.3%	16.7%
Marin	\$ 729,166	\$ 815,341	\$ 778,409	-10.6%	-6.3%
San Francisco	\$ 646,428	\$ 695,876	\$ 588,028	-7.1%	9.9%
San Mateo	\$ 633,500	\$ 750,000	\$ 551,000	-15.5%	15.0%
Santa Clara	\$ 525,000	\$ 560,000	\$ 450,000	-6.3%	16.7%
Santa Cruz	\$ 495,000	\$ 550,000	\$ 450,000	-10.0%	10.0%
Solano	\$ 215,983	\$ 222,074	\$ 206,034	-2.7%	4.8%
Sonoma	\$ 365,822	\$ 386,915	\$ 326,000	-5.5%	12.2%

SOURCE: California Association of REALTORS®



# Supply Indicators

## Bay Area

	Jan 2010	Dec 2009	Jan 2009
Median Time on the Market	44.8 Days	47.8 Days	65.3 Days
Unsold Inventory Index	5.2 Mos.	3.0 Mos.	8.2 Mos.

SOURCE: California Association of REALTORS®



# Unsold Inventory Index (Months)

County	Jan-10	Dec-09	Jan-09
Alameda	4.8	2.7	7.3
Contra Costa	5.9	3.4	8.0
Marin	7.7	3.8	11.7
San Francisco	6.2	3.6	10.0
San Mateo	4.9	2.8	9.3
Santa Clara	4.7	2.5	8.3
<b>Bay Area</b>	<b>5.2</b>	<b>3.0</b>	<b>8.2</b>

SOURCE: California Association of REALTORS®





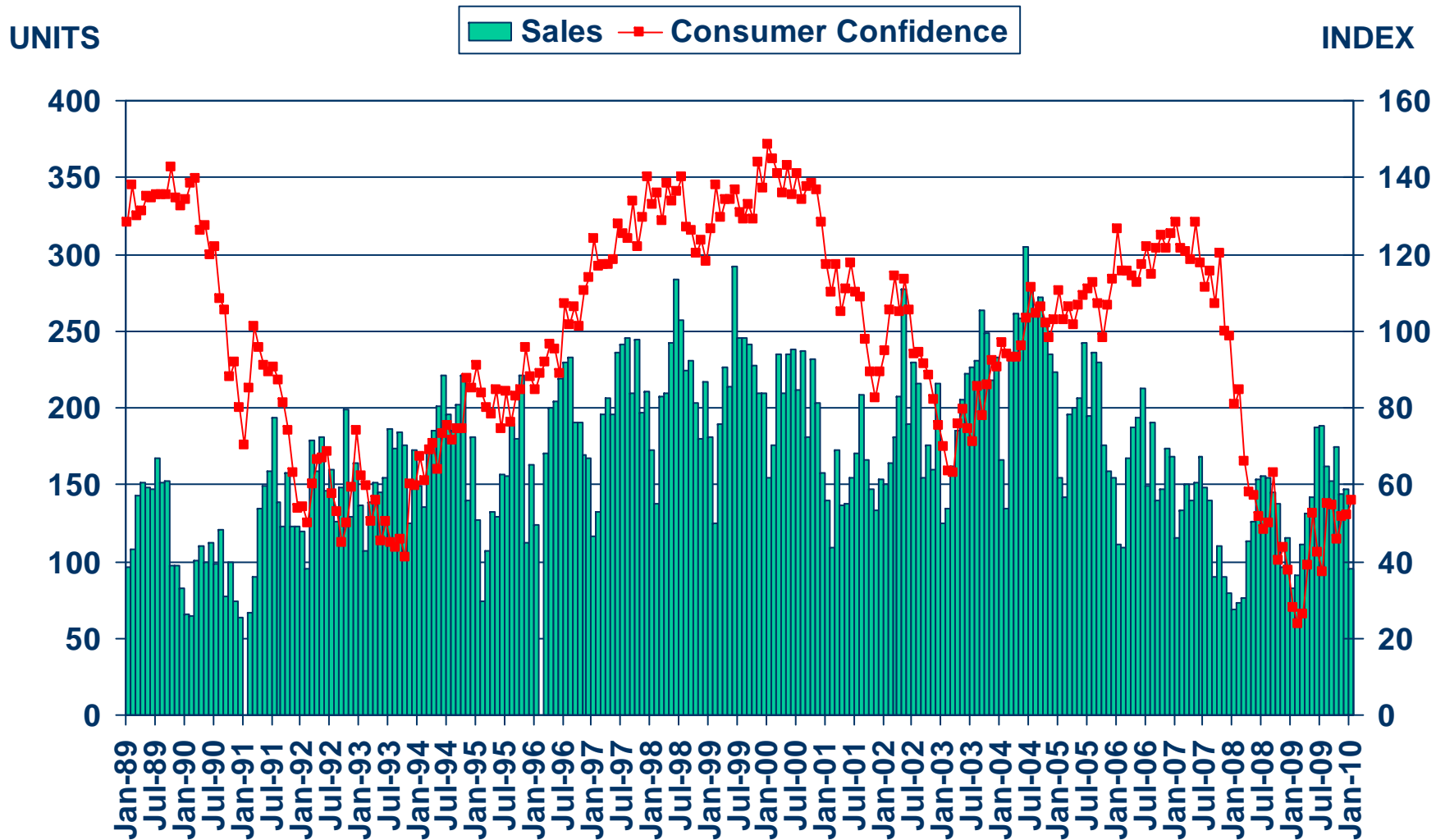
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# Santa Cruz County

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# Sales of Existing Detached Homes and Pacific West Consumer Confidence

## Santa Cruz County, January 2010: 95 Units, Up 14.5% YTD, Up 14.5% YTY

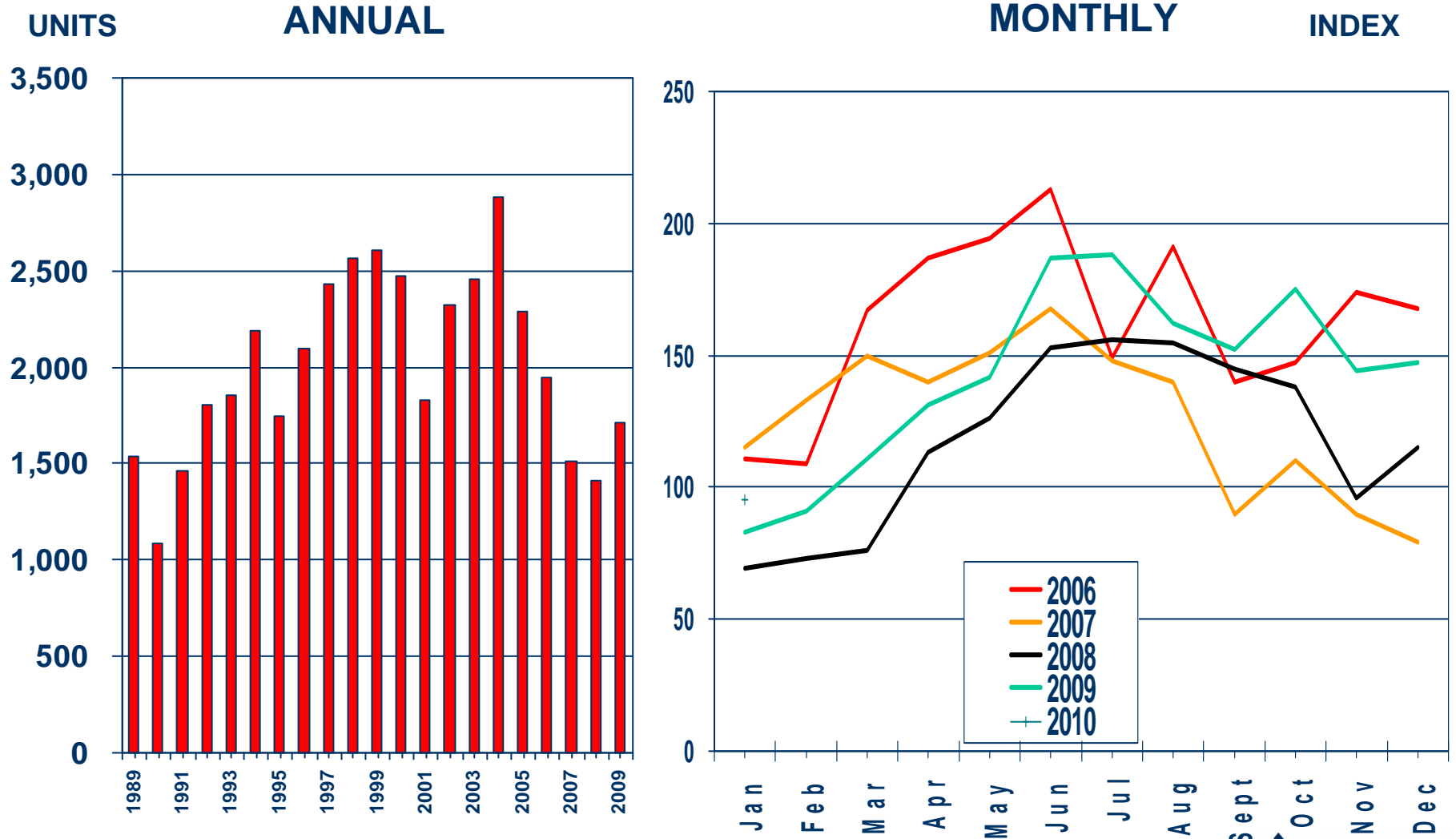


SOURCE: California Association of REALTORS®



# Sales of Existing Detached Homes

Santa Cruz County, 2009: 1,713 Units, Up 21.1% YTY

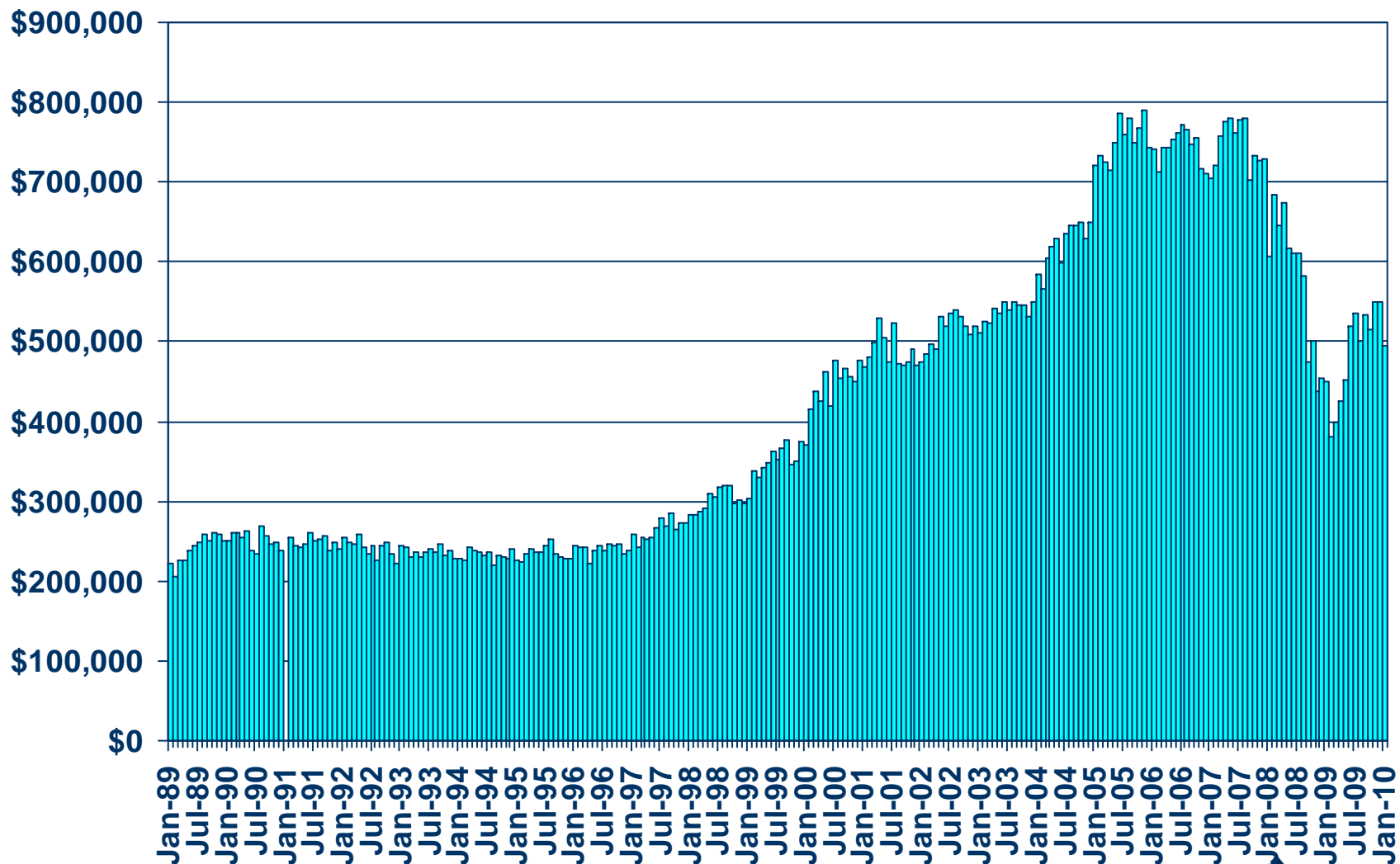


SOURCE: California Association of REALTORS®



# Median Price of Existing Detached Homes

Santa Cruz County, January 2010: \$495,000, Up 10.0% YTY



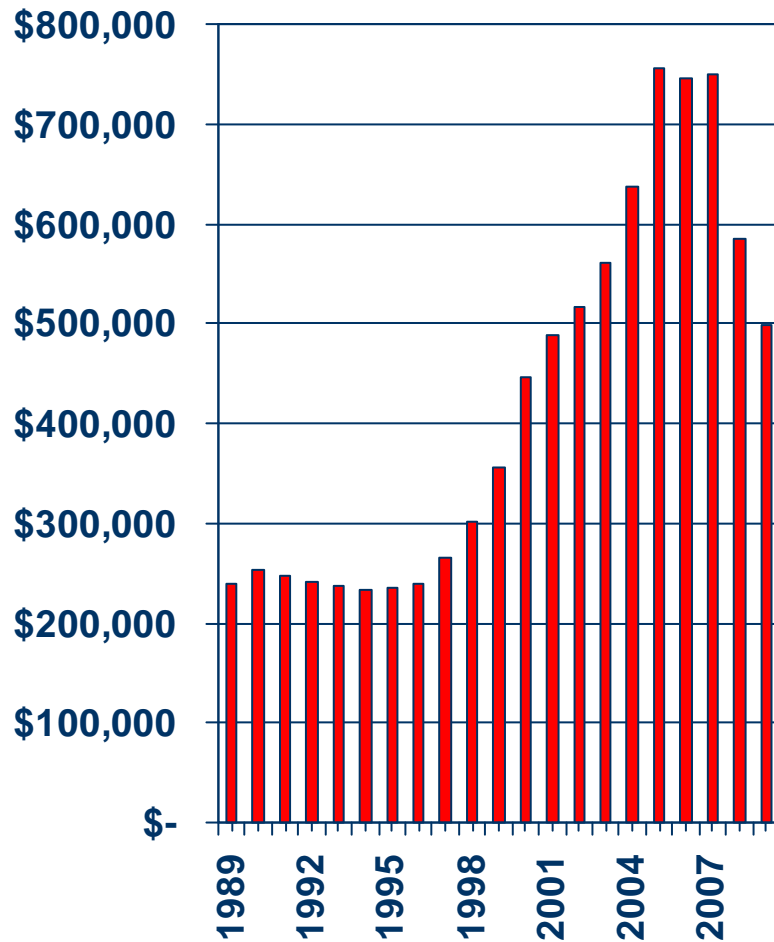
SOURCE: California Association of REALTORS®



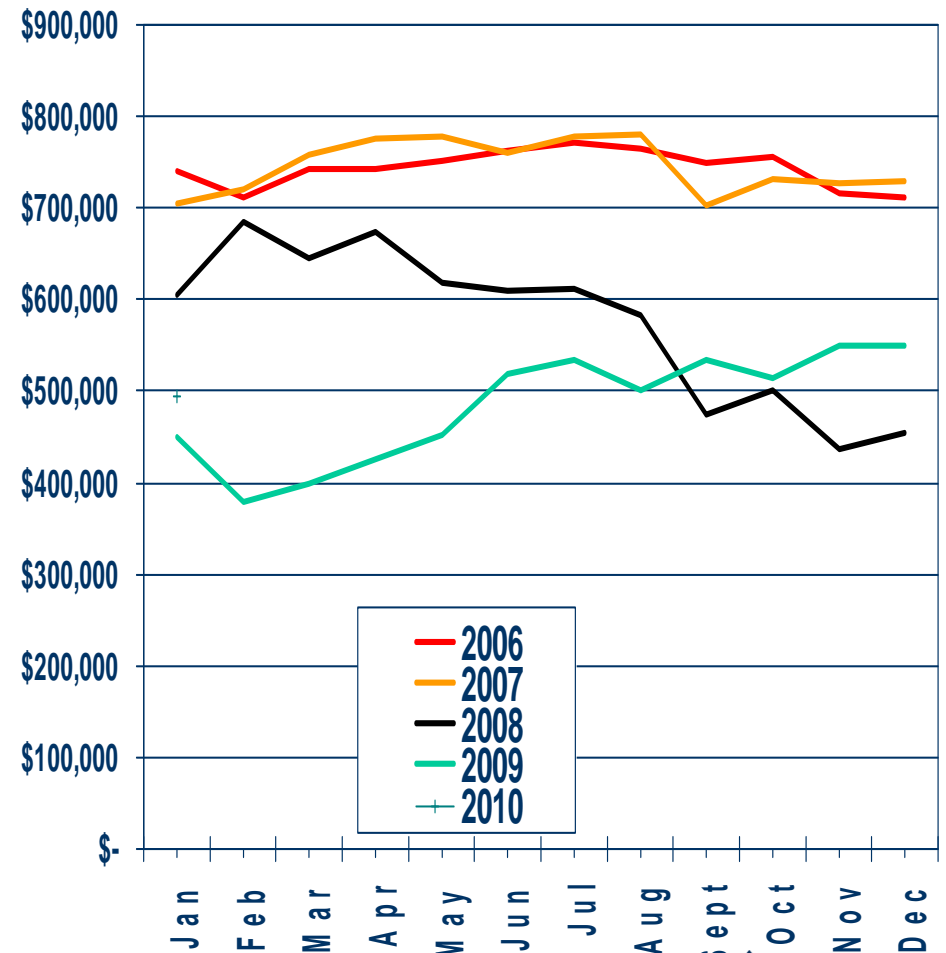
# Median Price Annual Comparison

Santa Cruz County, 2009: \$497,209, Down 15.0% YTY

## ANNUAL



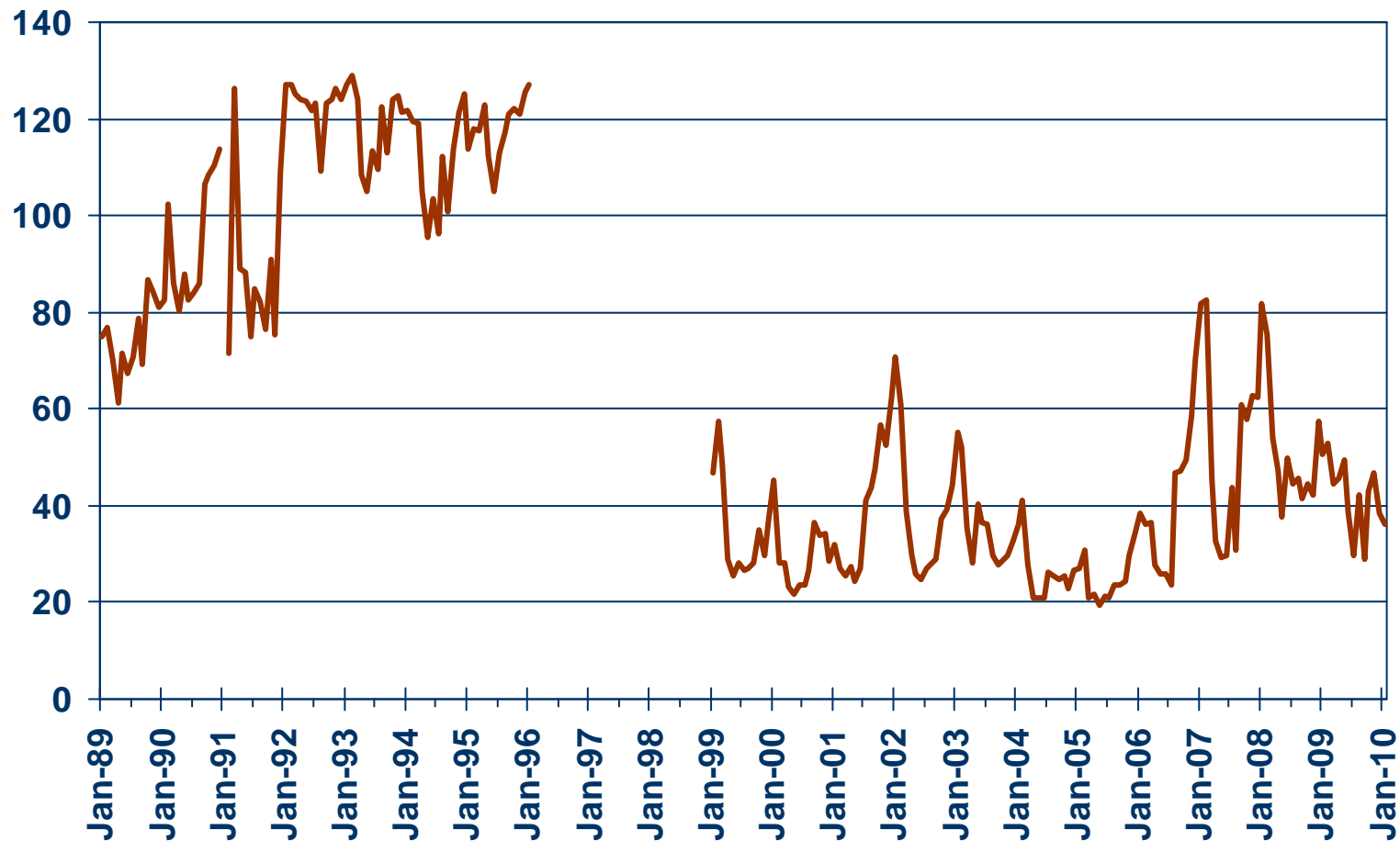
## MONTHLY



SOURCE: California Association of REALTORS®

# Median Time on the Market

Single-Family Homes – Santa Cruz, January 2010: 36.2 Days



SOURCE: California Association of REALTORS®



# Median Home Sales Price

## Santa Cruz County

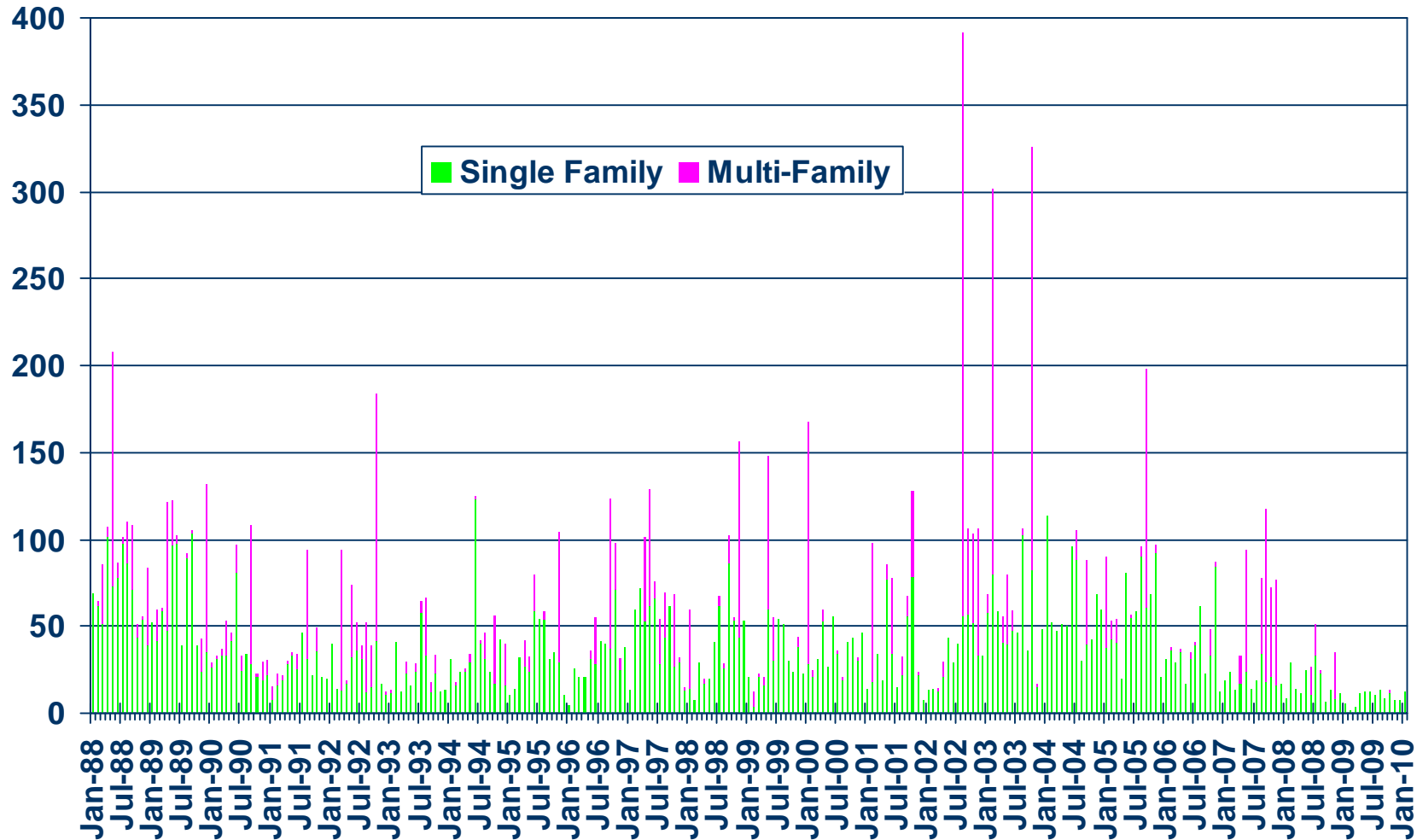
	Jan-10	Jan-09	Yearly % Change
Santa Cruz County	\$385,000	\$355,000	8.5%
Santa Cruz	\$550,000	\$565,500	-2.7%
Watsonville	\$270,000	\$265,000	1.9%
Watsonville	\$285,000	\$305,000	-6.6%

**SOURCE: C.A.R.; DataQuick Information Systems. The price statistics are derived from all types of home sales -- new and existing, condos and single-family.**



# New Housing Permits

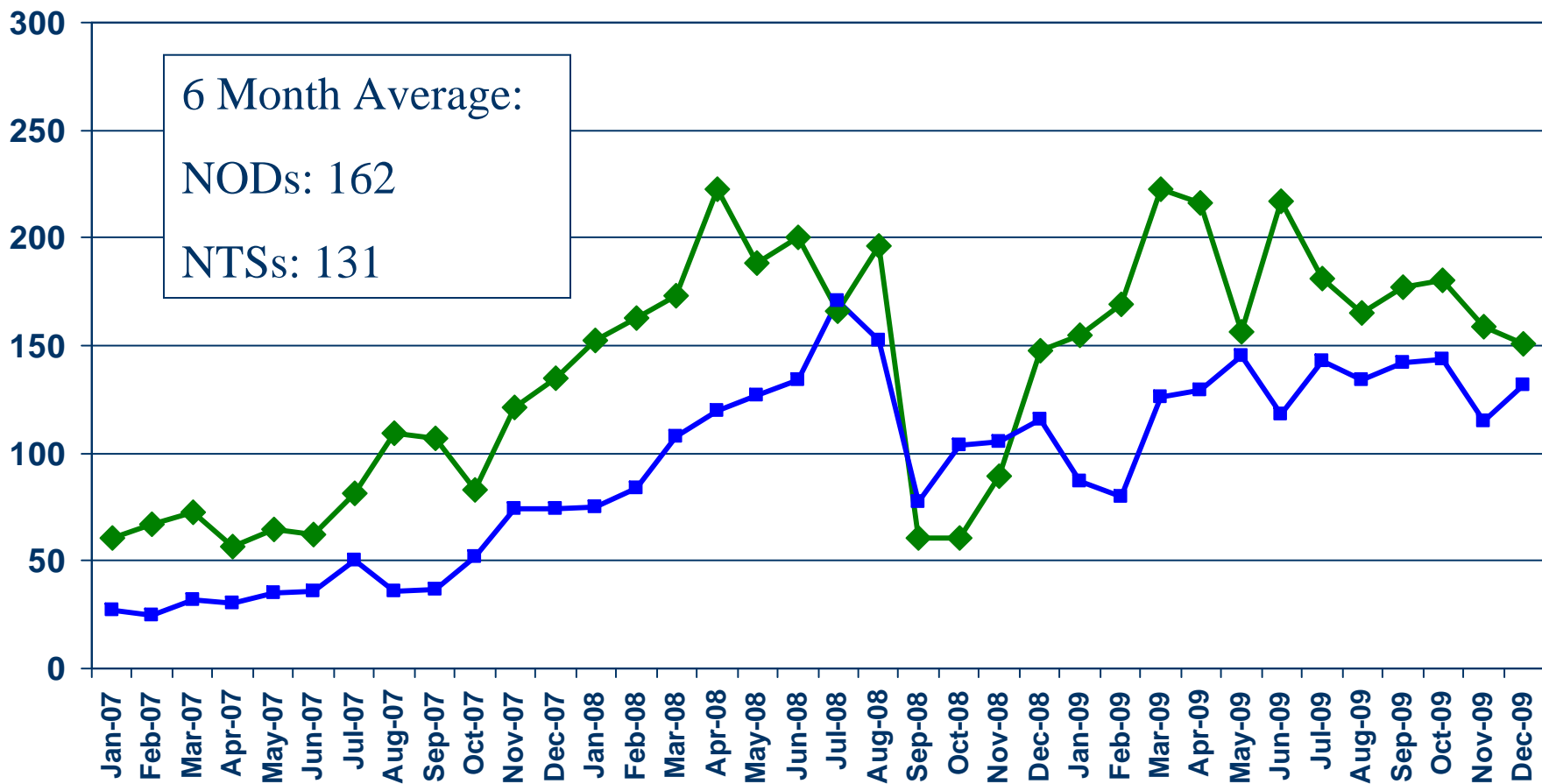
Santa Cruz County, January 2010: 12 Units, Up 100.0% YTD



SOURCE: Construction Industry Research Board

# Santa Cruz County Foreclosure Filings

Feb-10: 181 NODs; 116 NTSs

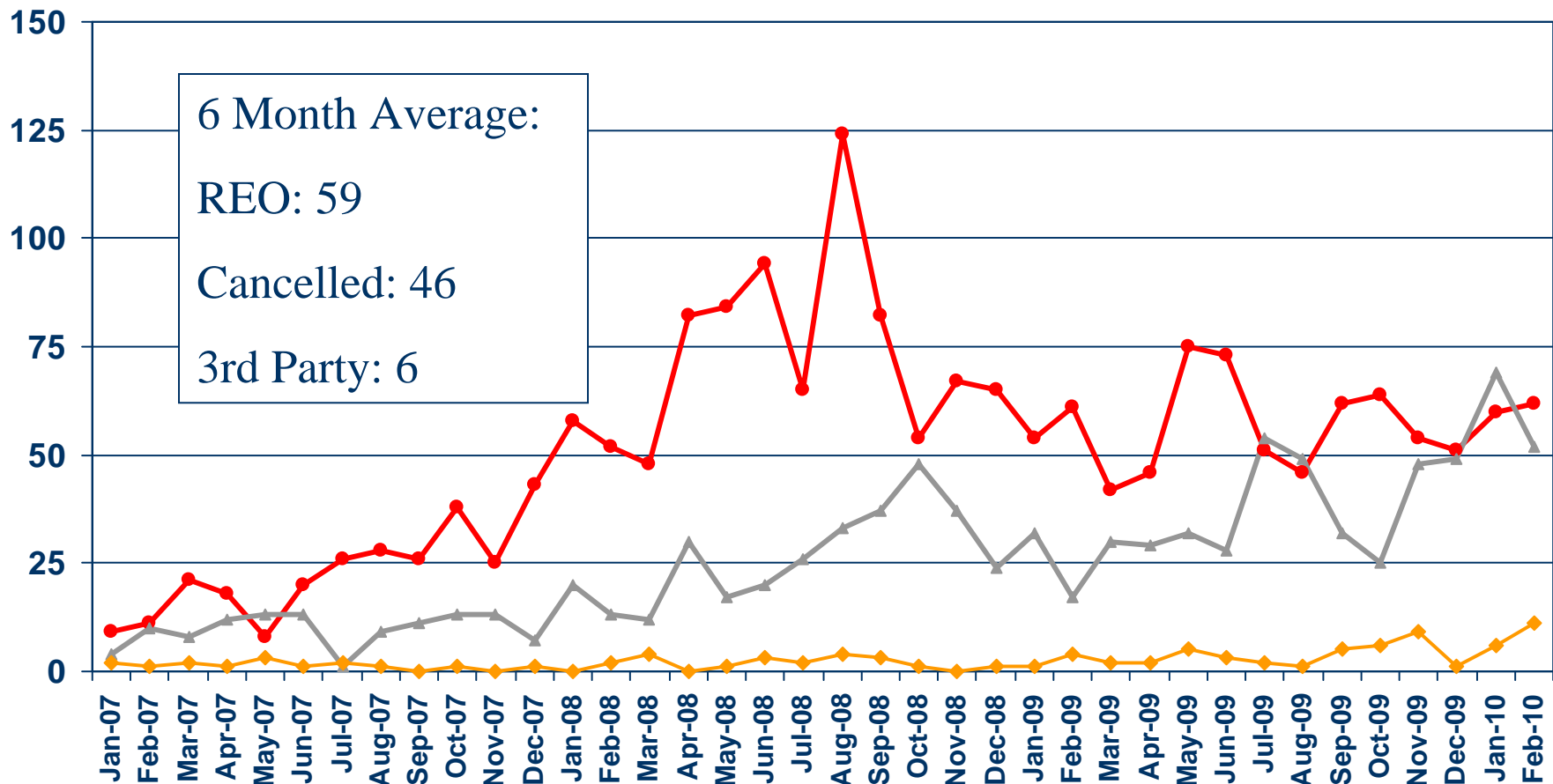


SOURCE: ForeclosureRadar.com



# Santa Cruz County Foreclosure Outcomes

Feb-10: 62 REOs; 11 Sold to 3<sup>rd</sup> Party; 52 Cancelled



6 Month Average:  
 REO: 59  
 Cancelled: 46  
 3rd Party: 6

SOURCE: ForeclosureRadar.com





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# Central Coast

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# Sales of Existing Detached Homes

Region	Jan-10	Dec-09	Jan-09	M-t-M	Y-t-Y	YTD
<b>Monterey County</b>						
<b>Monterey</b>	238	345	301	-31.0%	-20.9%	-20.9%
<b>San Luis Obispo County</b>						
<b>Atascadero</b>	14	22	16	-36.4%	-12.5%	-12.5%
<b>Paso Robles</b>	50	61	53	-18.0%	-5.7%	-5.7%
<b>Pismo Coast</b>	44	58	32	-24.1%	37.5%	37.5%
<b>San Luis Obispo</b>	24	36	26	-33.3%	-7.7%	-7.7%
<b>Santa Barbara County</b>						
<b>Lompoc Valley</b>	22	30	19	-26.7%	15.8%	15.8%
<b>Santa Barbara</b>	59	92	44	-35.9%	34.1%	34.1%
<b>Santa Maria</b>	35	81	70	-56.8%	-50.0%	-50.0%

# Median Price of Existing Detached Homes

Region	Jan-10	Dec-09	Jan-09	M-t-M	Y-t-Y
<b>Monterey County</b>					
<b>Monterey</b>	\$ 248,648	\$ 260,366	\$ 232,499	-4.5%	6.9%
<b>San Luis Obispo County</b>					
<b>Atascadero</b>	\$ 366,666	\$ 330,000	\$ 425,000	11.1%	-13.7%
<b>Paso Robles</b>	\$ 300,000	\$ 277,083	\$ 305,000	8.3%	-1.6%
<b>Pismo Coast</b>	\$ 437,500	\$ 473,333	\$ 400,000	-7.6%	9.4%
<b>San Luis Obispo</b>	\$ 400,000	\$ 428,571	\$ 457,142	-6.7%	-12.5%
<b>Santa Barbara County</b>					
<b>Lompoc Valley</b>	\$ 235,714	\$ 238,888	\$ 234,999	-1.3%	0.3%
<b>Santa Barbara</b>	\$ 773,437	\$ 894,736	\$ 875,000	-13.6%	-11.6%
<b>Santa Maria</b>	\$ 228,124	\$ 265,000	\$ 222,500	-13.9%	2.5%



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# 2010 Forecast

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# U.S. Economy

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

Forecast Date: October 2009

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# California Economy

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

Forecast Date: October 2009

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# California Housing Market Outlook

	2003	2004	2005	2006	2007	2008	2009e	2010f
<b>SFH Resales (000s)</b>	601.8	624.7	625.0	477.5	346.9	439.8	546.7	527.5
<b>% Change</b>	5.1%	3.8%	0.03%	-23.6%	-27.3%	26.8%	24.3%	-3.5%
<b>Median Price (\$000s)</b>	\$371.5	\$450.8	\$522.7	\$556.4	\$560.3	\$346.4	\$275.0	\$299.7
<b>% Change</b>	17.5%	21.3%	16.0%	6.5%	0.7%	-38.2%	-20.6%	9.0%
<b>30-Yr FRM</b>	5.8%	5.8%	5.9%	6.4%	6.3%	6.0%	5.2%	5.6%
<b>1-Yr ARM</b>	3.8%	3.9%	4.5%	5.5%	5.6%	5.2%	4.8%	5.2%

**NOTE: 2009 sales and price are preliminary, subject to revision**

Forecast Date: February 2010

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



# Wild Cards

- **Additional Stimulus – Job Creation Prerequisite to Sustainable Growth**
- **Federal support of housing: rates, MBS purchases, credits**
- **Foreclosure Pipeline**
- **Commercial Defaults – Impact on Credit Market**
- **Inflation Concerns: 2+ Years, Value of Dollar**



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# Hot Issues in Public Policy Congress & D.C.

**What has and is happening in our nation's Capitol?**

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# REALTOR® Victories

- Loan Limits
- First Time Homebuyer Tax Credit
- Low Interest Rates
- Capital for Mortgage Market
- Climate Control & Point of Sale

# C.A.R. Priorities

- Protecting Real Estate Tax Incentives
- Real Estate Finance & Continued Availability of Capital
- Other Issues Impacting REALTORS®, as they come

# Looking Ahead

- What will happen with the end of government support?
  - **Higher Interest Rates?**
  - **When Will Private Investment in Secondary Markets Return?**
- Higher Taxes?
  - **Expiration of Bush Tax Cuts**
  - **Increasing Federal Deficit**
- Failure of HAMP?



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# **C.A.R. Sponsored Legislation -Sacramento-**

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# C.A.R. Sponsored Legislation

- AB 1762 (Hayashi) - Clarifies the current "advance fee" statute: defines the concept of receiving payment before services are performed
- AB 1796 (Hall) - Increases the Office of Real Estate Appraisers regulatory control on Appraisal Management Companies
- AB 1927 (Knight) - Requires a 2/3 vote of CID unit owners to prohibit owners from renting or leasing their units

# C.A.R. Sponsored Legislation

- SB 206 (Dutton) - Creates REO homebuyer's tax credit equal to 10% of a homes sales price: \$8,000 maximum
- SB 1000 (Correa) - Requires lenders to accept a "portable" appraisal at the request of the borrower
- SB 1123 (Negrete McLeod) - Prevents DRE reserve fund transfers ("loans") to other special fund accounts
- SB 1178 (Corbett) - Expands borrowers' anti-deficiency protections
- SB 1427 (Price) - Pre-empts local property maintenance ordinances with existing statewide rule

# www.car.org → Market Data → Speeches

The screenshot shows the website interface with the following elements:

- Browser:** Windows Internet Explorer, address bar shows <http://www.car.org/marketdata/>.
- Logo:** CALIFORNIA ASSOCIATION OF REALTORS®
- Navigation:** Home | **Market Data** | Legal | Government Affairs | Education | Member Resources | Newsstand | Meetings & Events | Business Tools | About Us
- Section Header:** MARKET DATA
- Left Sidebar:** Current Research, Market @ A Glance, Research Publications, 2010 Housing Market Forecast, Market Data, **Speeches & Presentations** (highlighted with a red arrow).
- Main Content:**
  - WELCOME TO MARKET DATA**
  - Introduction: C.A.R.'s Research and Economics produces commentary, analysis, and statistics on the housing market and economy.
  - What's New:**
    - [California Price Shows Year-To-Year...](#) - Market Trends December 2009
    - [November sales and price report](#) - C.A.R. reports November home sales increased 4.7 percent; median home price increased 5.8 percent.
    - [Did You Know...](#) - Affordability hit historic high in 2009
    - [Entry-level housing affordability reaches 64 percent](#)
  - [2008-2009 State of the California Housing Market - Highlights](#) - This report examines the developments in the housing market and real estate finance over the past year, and looks ahead to 2009.
- Right Sidebar:** QUICK LINKS | Tools (zipForm 6, WINFORMS Online, CLARUS RESOURCE, C.A.R. INSURANCE PRODUCTS, C.A.R. Firms Tutor, REALTOR Store), Brokers, Consumers, Members, REALTOR® Store.

The End - - Thank You