



CALIFORNIA
ASSOCIATION
OF REALTORS®

Regional Real Estate Overview

Valley Economic Summit

May 6, 2009

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California Association of REALTORS®

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Outline

- **California Housing Market Conditions**
- **Local Housing Market Conditions**
- **Real Estate Finance – Rates, Distressed Sales**
- **Market Summary**



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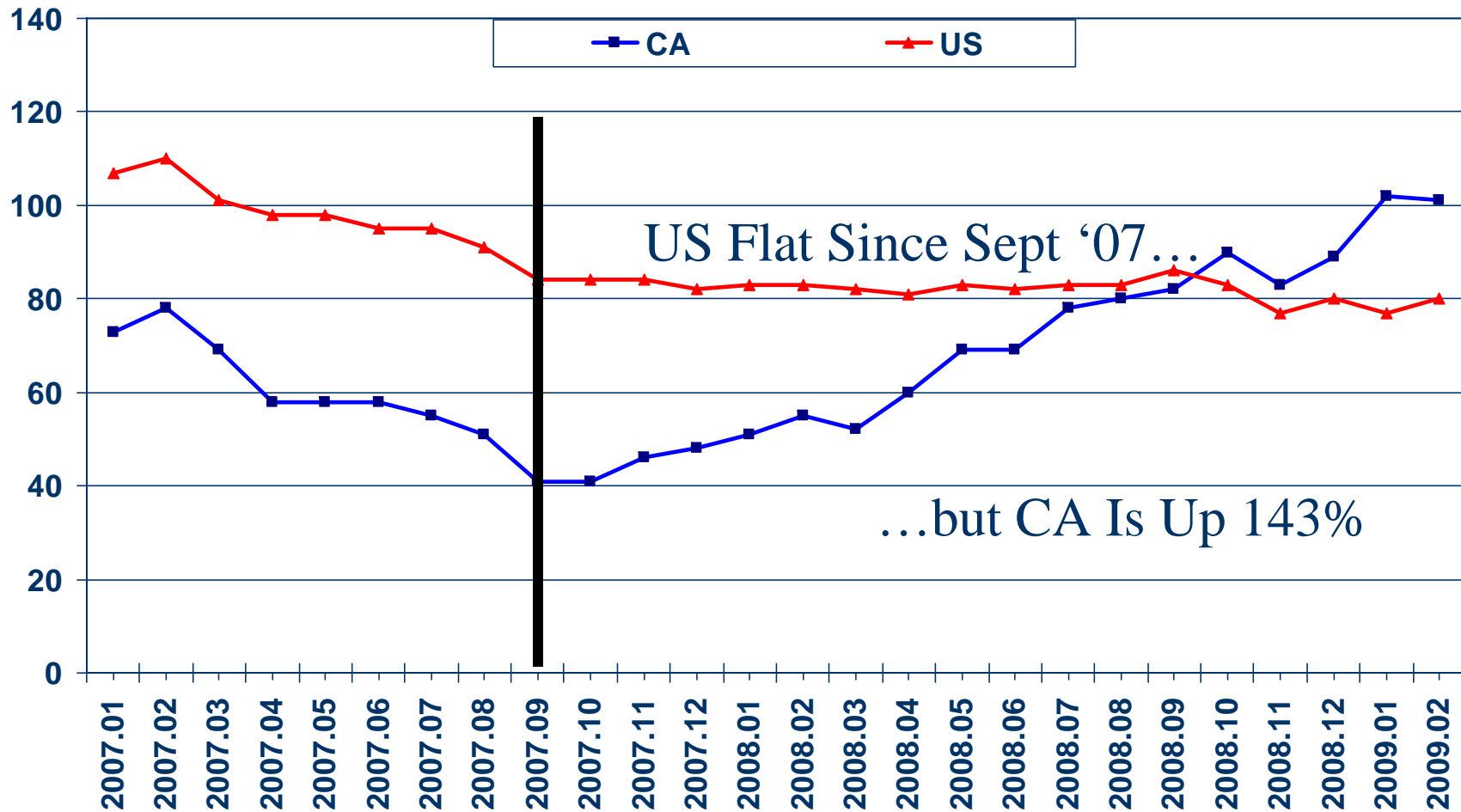
California Housing Market Conditions

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CA Sales Are Improving Ahead of US

California Vs. U.S. 2007-Present

Sales Index (Jan 2004=100)

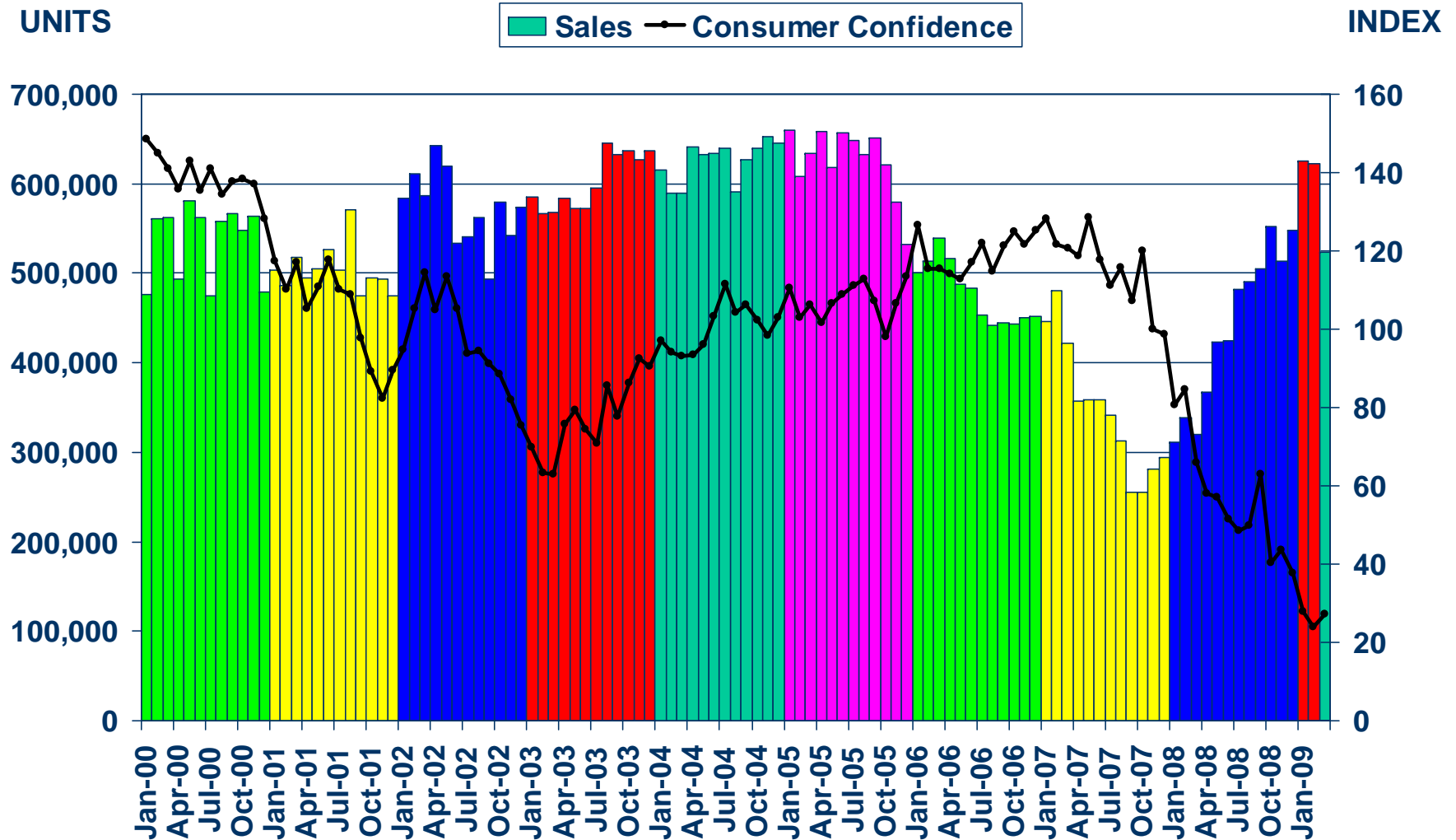


SOURCE: California Association of REALTORS®



Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, Mar. 2009 Sales: 522,980 Units, Up 82.7% YTD, Up 63.8% YTY



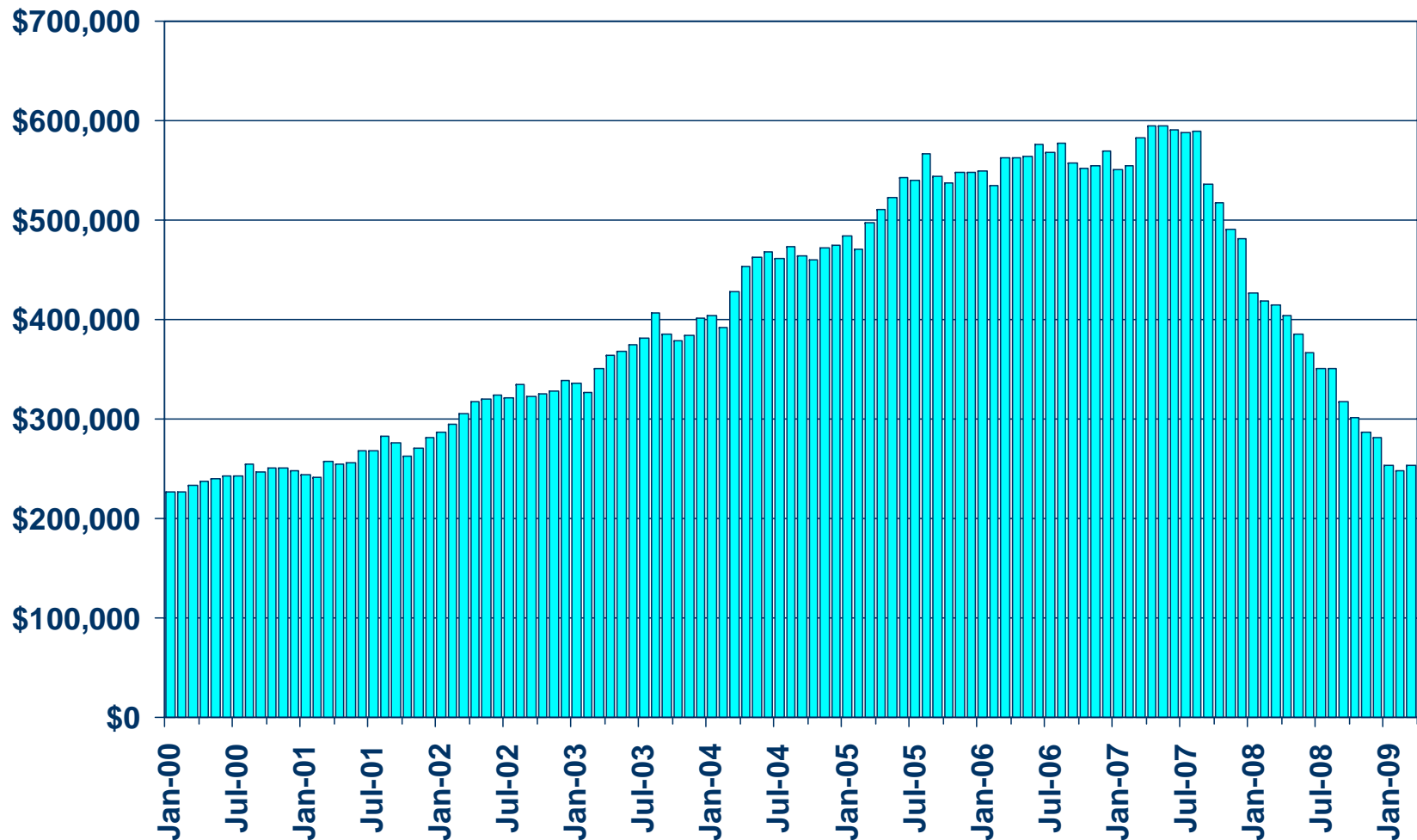
SOURCE: California Association of REALTORS®; The Conference Board

*Sales are seasonally adjusted and annualized



Median Price of Existing Detached Homes

California, March 2009: \$253,040, Down 39.0% YTY

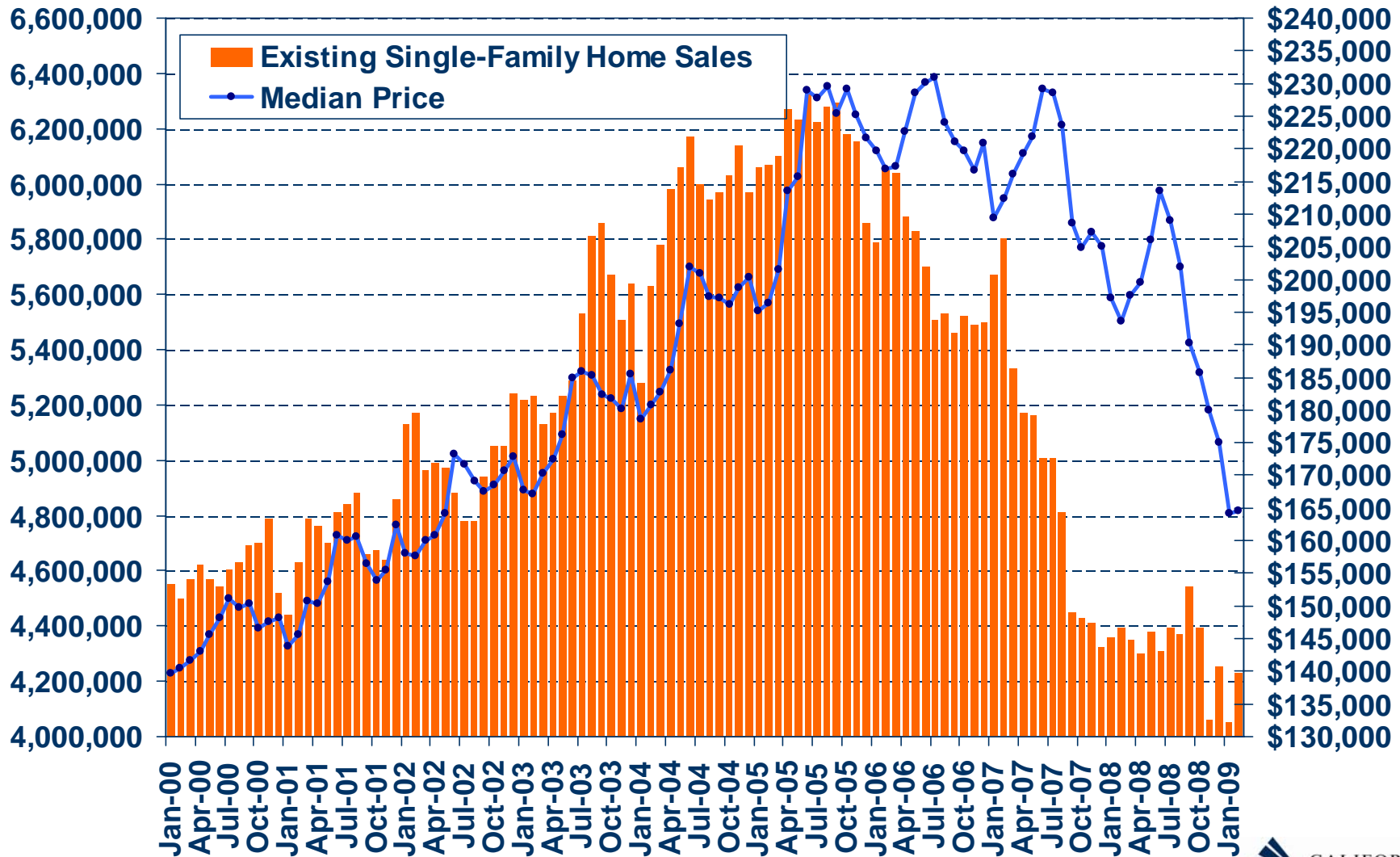


SOURCE: California Association of REALTORS®



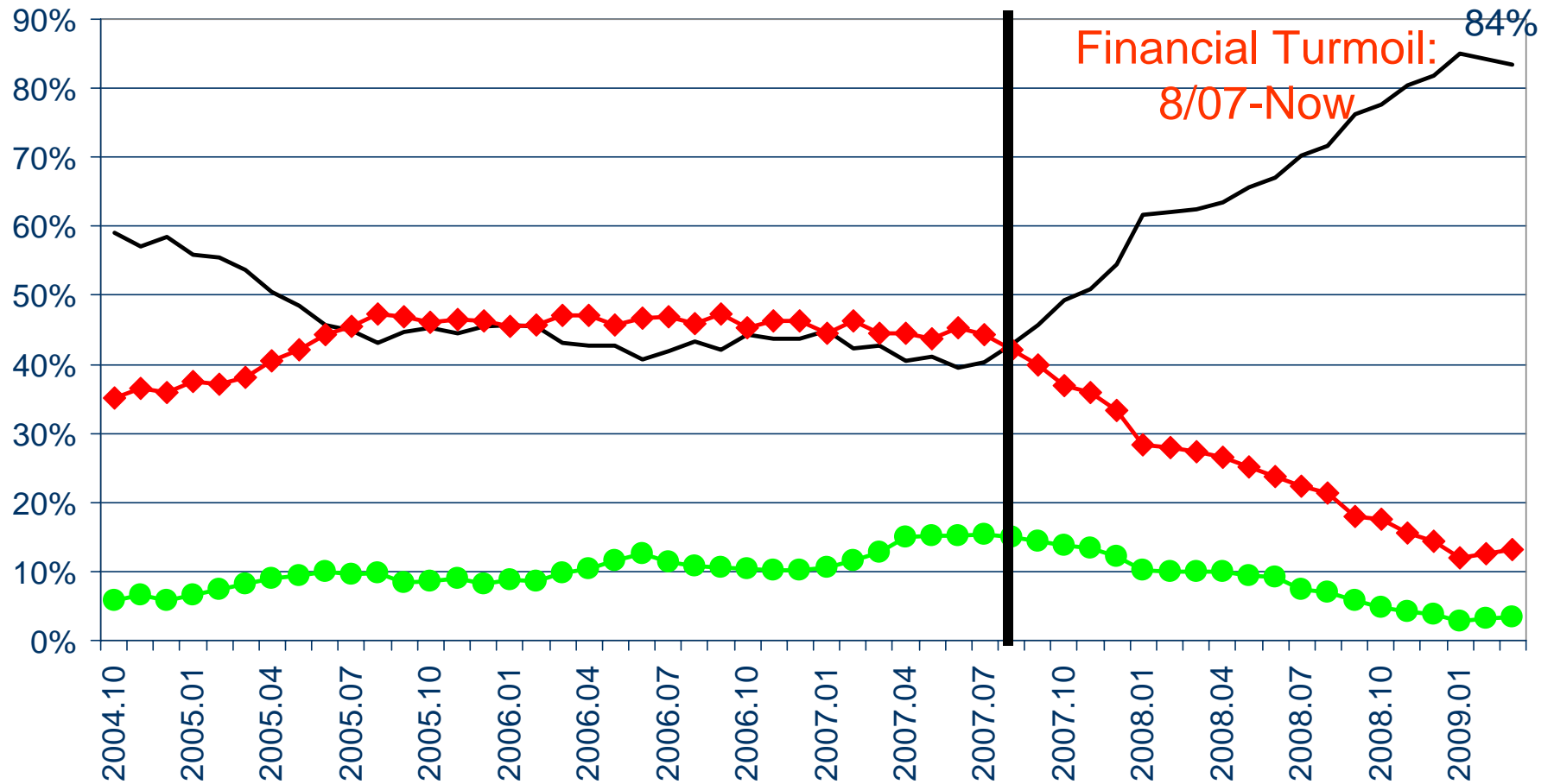
US Sales and Median Price

Feb. 2009 - Sales: Down 3.6% YTY, Median Price: Down 15.0% YTY



Sales By Price Range

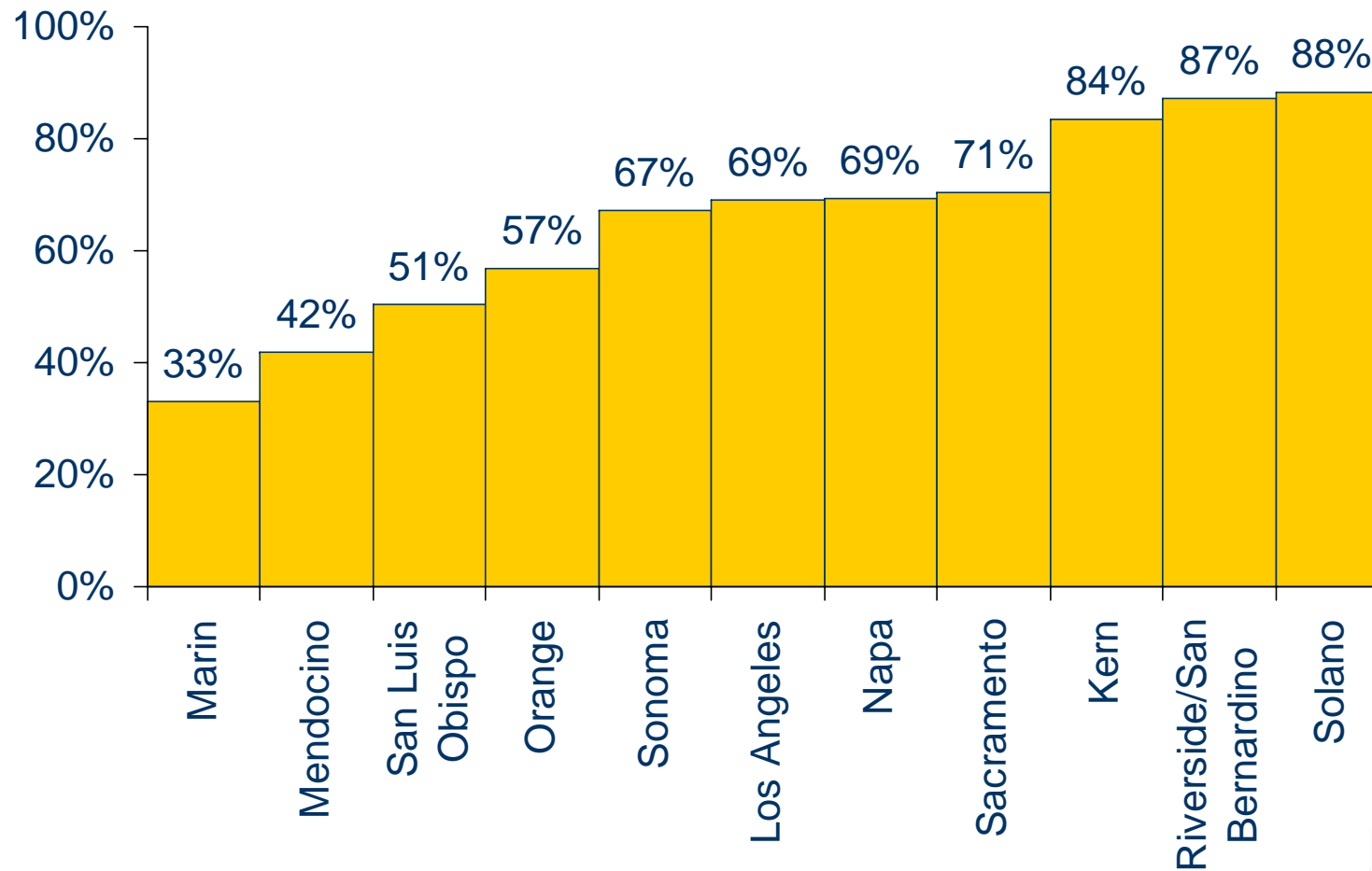
— Under 500 ◆ 500 to 999 ● 1 Mil +



Peak vs Current Price - March 2009

Region	Peak Month	Peak Price	Mar-09 Median	% Chg From Peak
Monterey Region	Aug-07	\$798,210	\$243,920	-69.4%
High Desert	Apr-06	\$334,860	\$114,670	-65.8%
Palm Springs/Lower Desert	Jun-05	\$393,370	\$157,660	-59.9%
Riverside/San Bernardino	Jan-07	\$415,160	\$167,340	-59.7%
CALIFORNIA	May-07	\$594,530	\$253,040	-57.4%
Sacramento	Aug-05	\$394,450	\$169,300	-57.1%
San Francisco	May-07	\$853,910	\$403,780	-52.7%
Los Angeles	Aug-07	\$605,300	\$295,100	-51.2%
Ventura	Aug-06	\$710,910	\$364,920	-48.7%
Northern Wine Country	Jan-06	\$645,080	\$332,990	-48.4%
Santa Clara	Apr-07	\$868,410	\$448,750	-48.3%
San Diego	May-06	\$622,380	\$323,320	-48.1%
San Luis Obispo	Jun-06	\$620,540	\$359,680	-42.0%
Northern California	Aug-05	\$440,420	\$255,520	-42.0%
Orange County	Apr-07	\$747,260	\$444,520	-40.5%

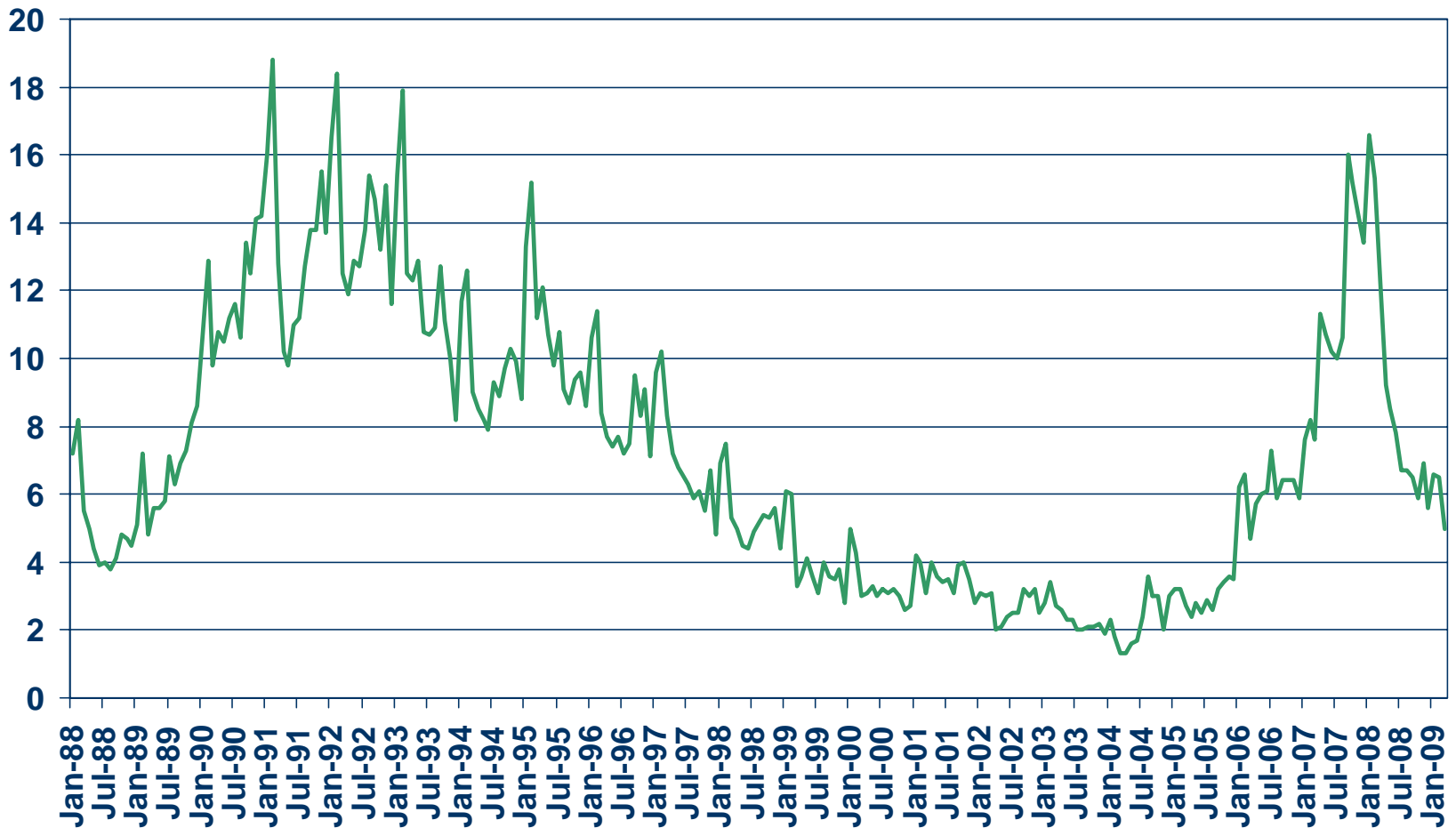
Distressed Sales to Total Sales Ratio (March 2009)



Unsold Inventory Index

California, March 2009: 5.0 Months

MONTHS



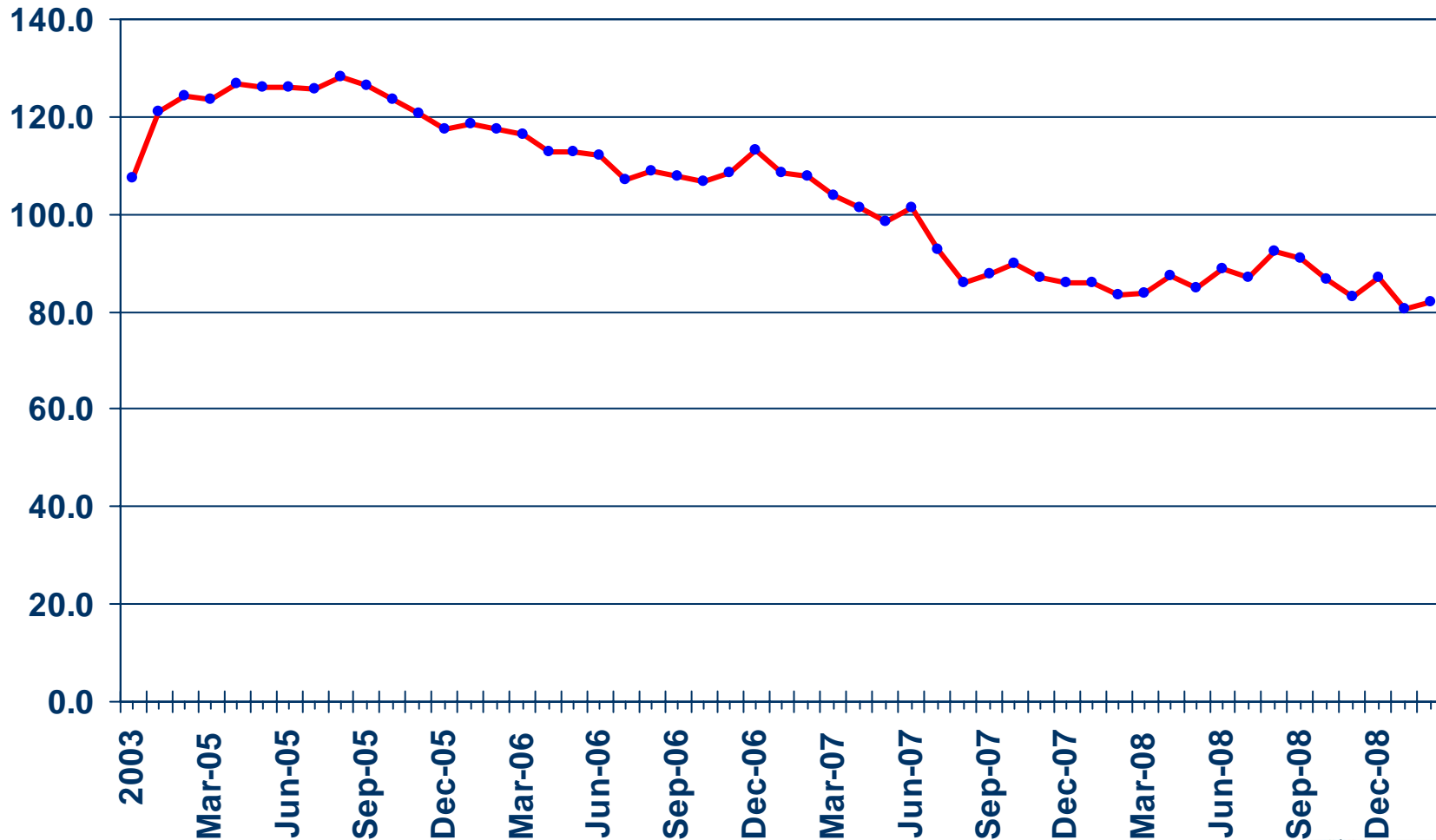
SOURCE: California Association of REALTORS®



U.S. Pending Home Sales Index

2003-2009

SEASONALLY ADJUSTED
ANNUAL RATE

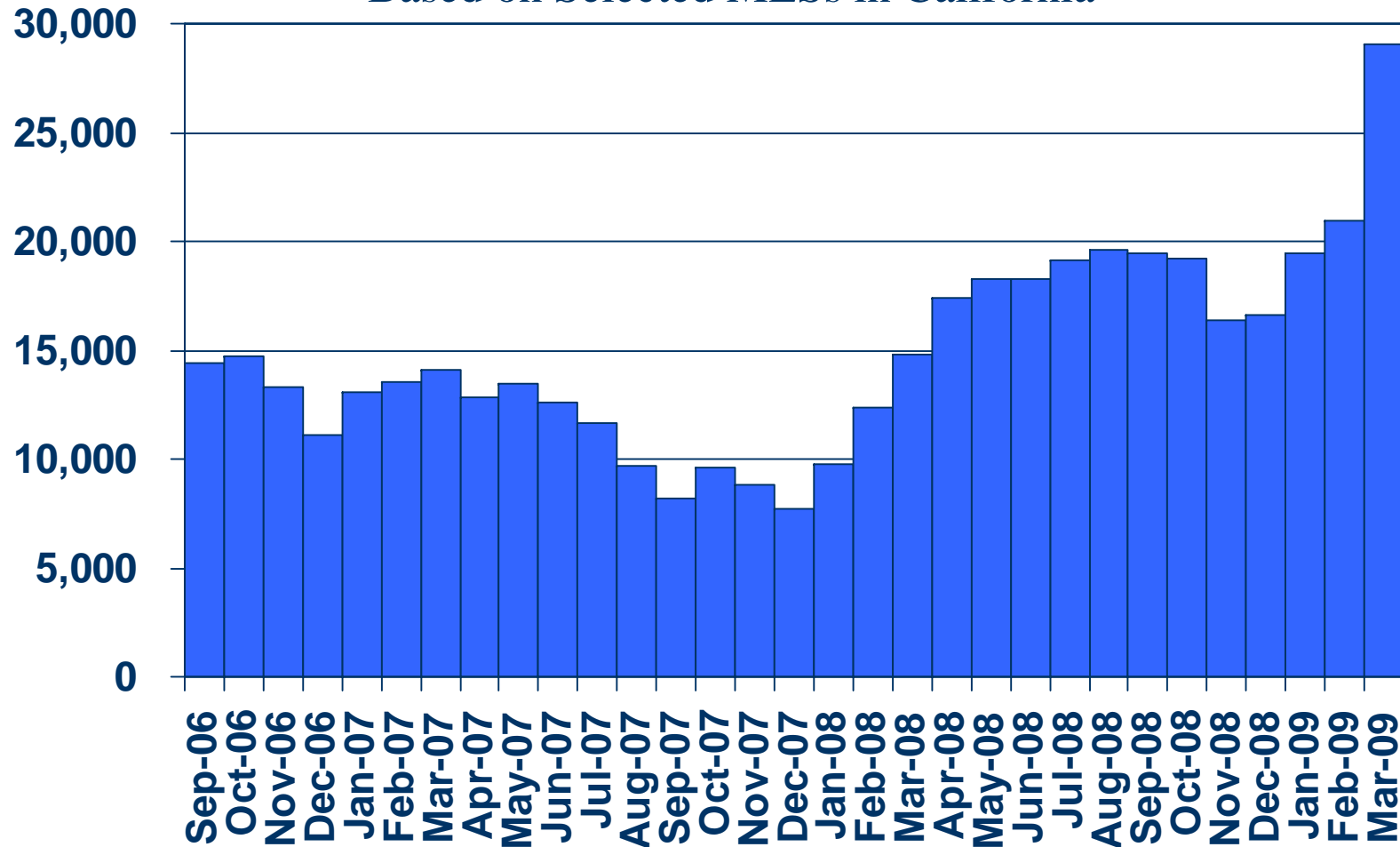


Properties Under Contract in CA

March 2009: 29,082 Units, Up 38.7% MTM, Up 96.0% YTY

UNITS

Based on Selected MLSs in California



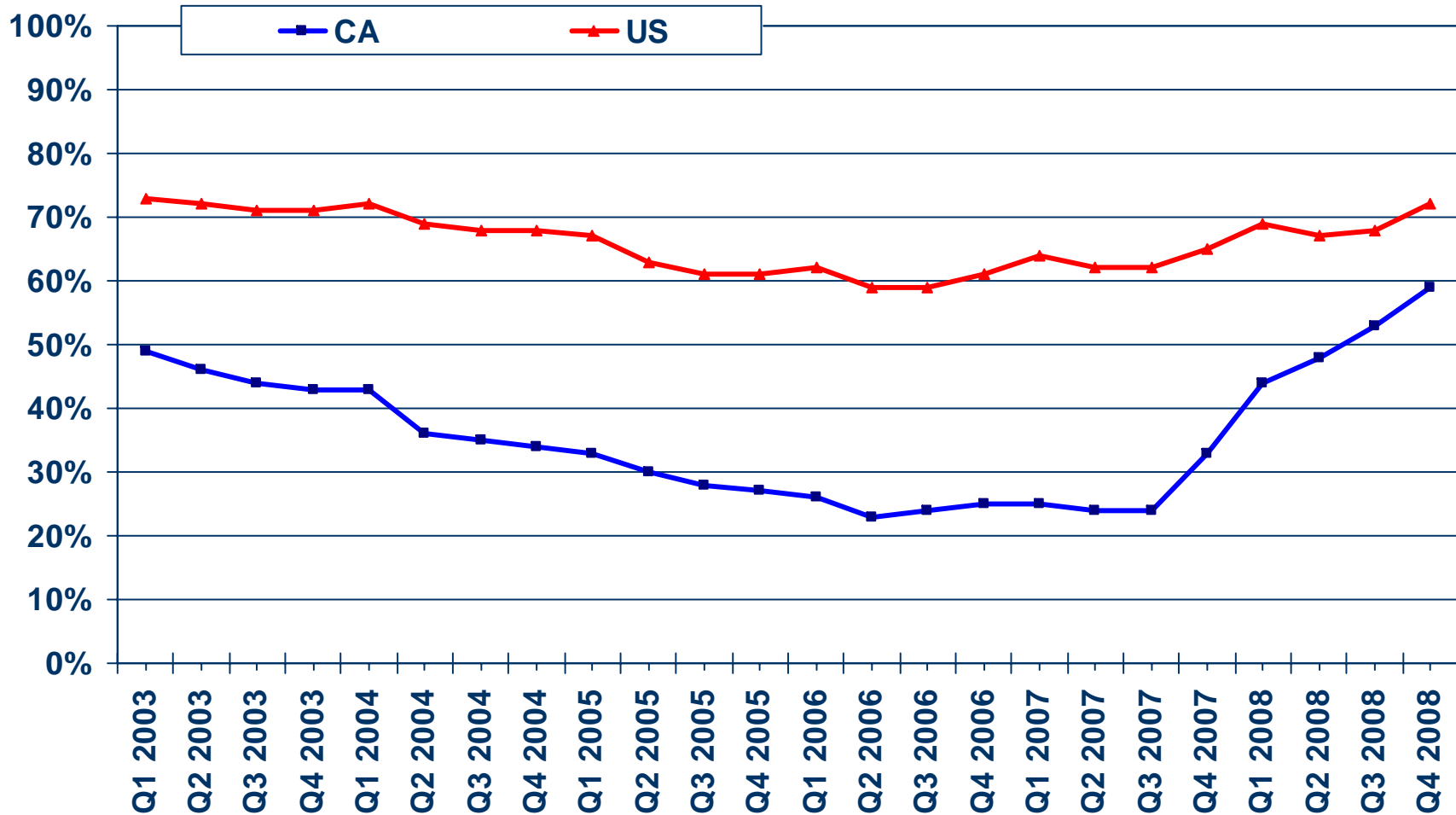
SOURCE: Clarus MarketMetrics, compiled by C.A.R.



First-time Buyer Housing Affordability Index

California Vs. U.S. 2003-2008

% OF HOUSEHOLDS THAT CAN BUY

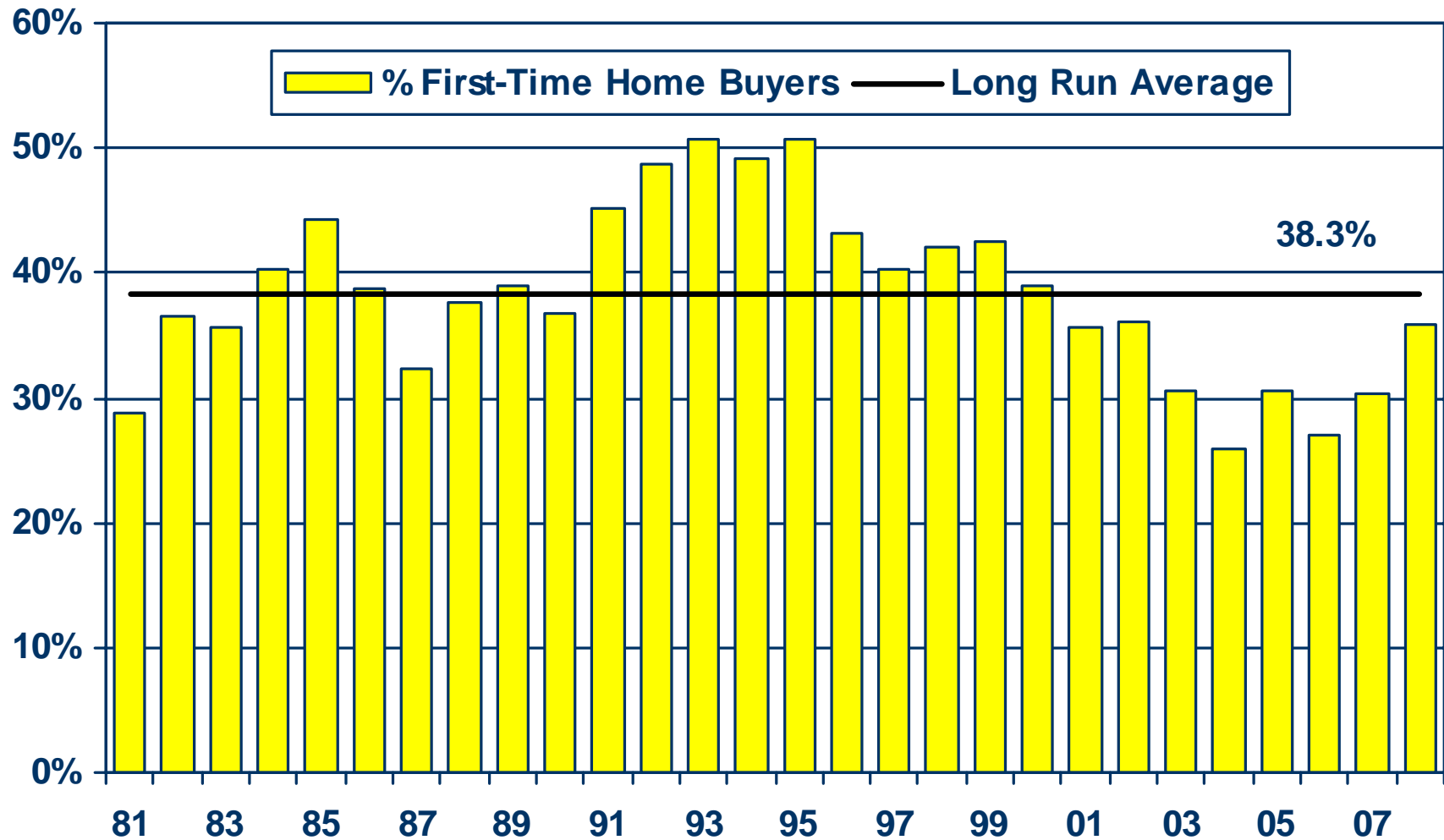


SOURCE: California Association of REALTORS®



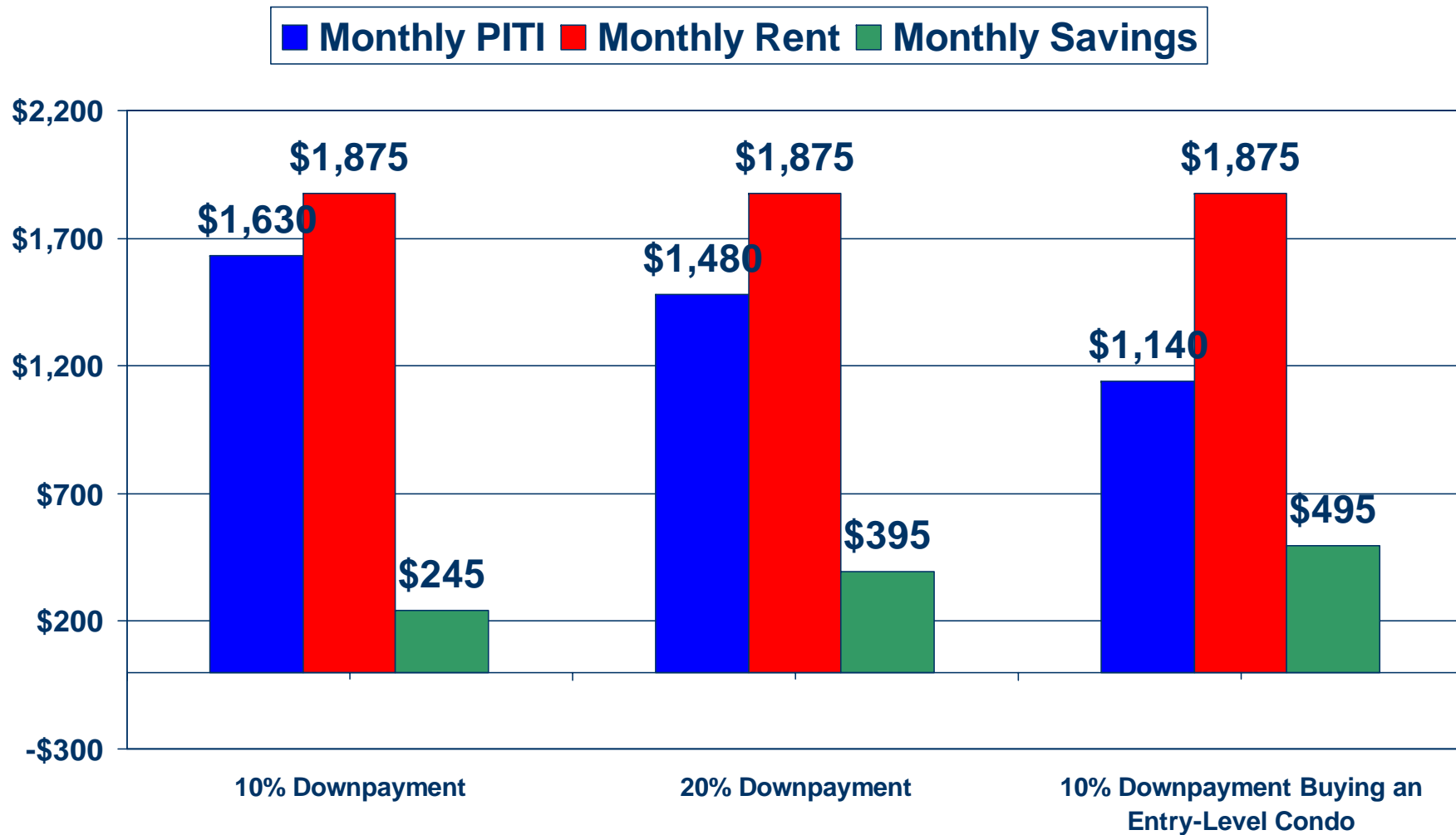
Proportion of First-Time Home Buyers

2008: 35.9%



Renting Versus Buying in 2009

Out-of-Pocket Cost Analysis



SOURCE: C.A.R.



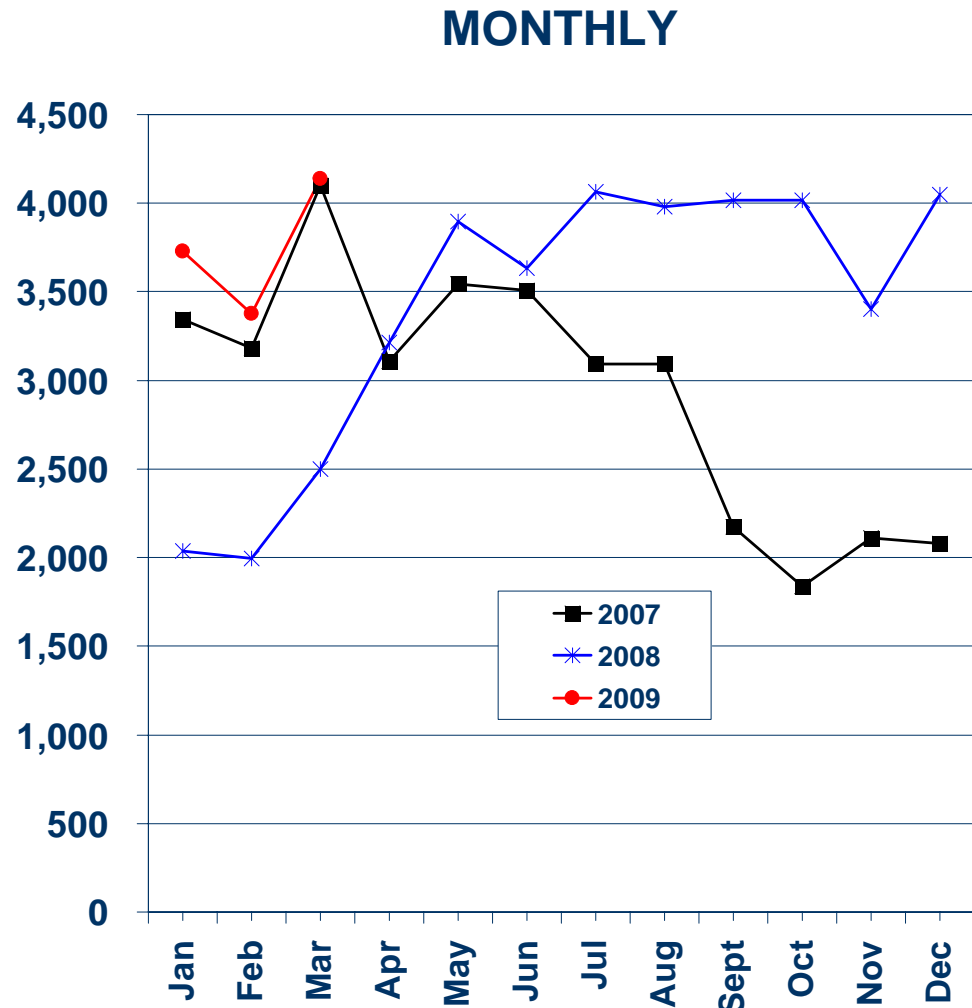
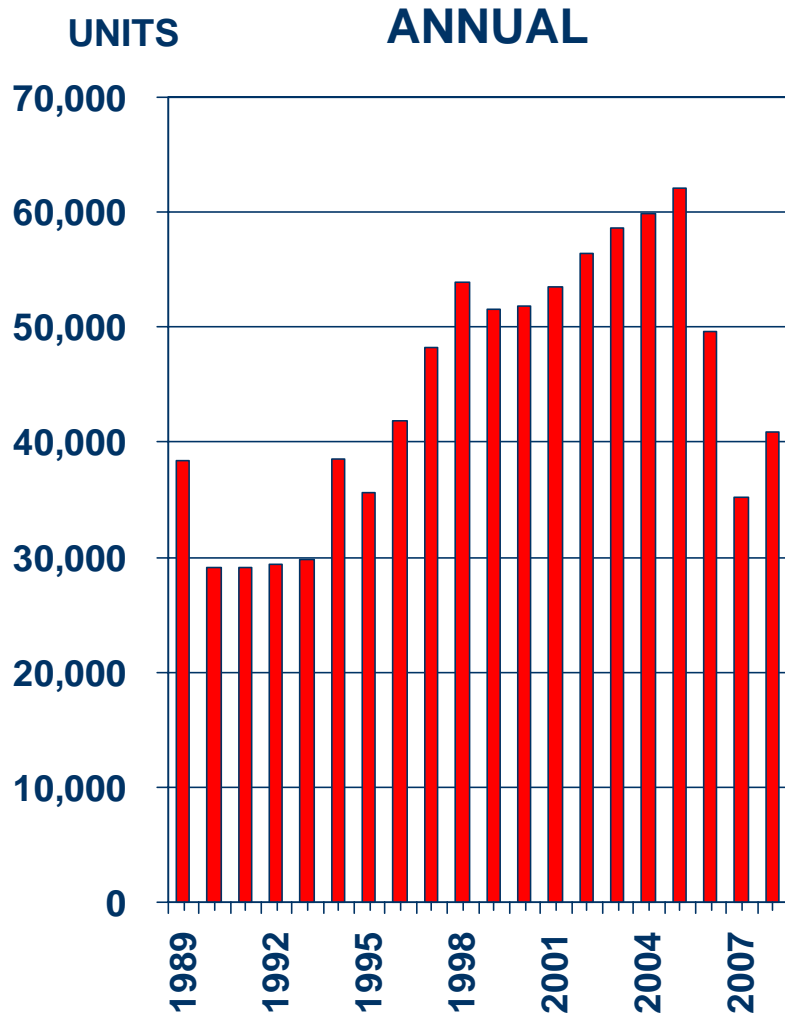
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Local & Regional Market Conditions

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Sales of Existing Detached Homes

Los Angeles County, 2008 Sales: 40,913 Units, Up 16.3% YTY



SOURCE: California Association of REALTORS®

Sales of Existing Detached Homes

Southern California Regions

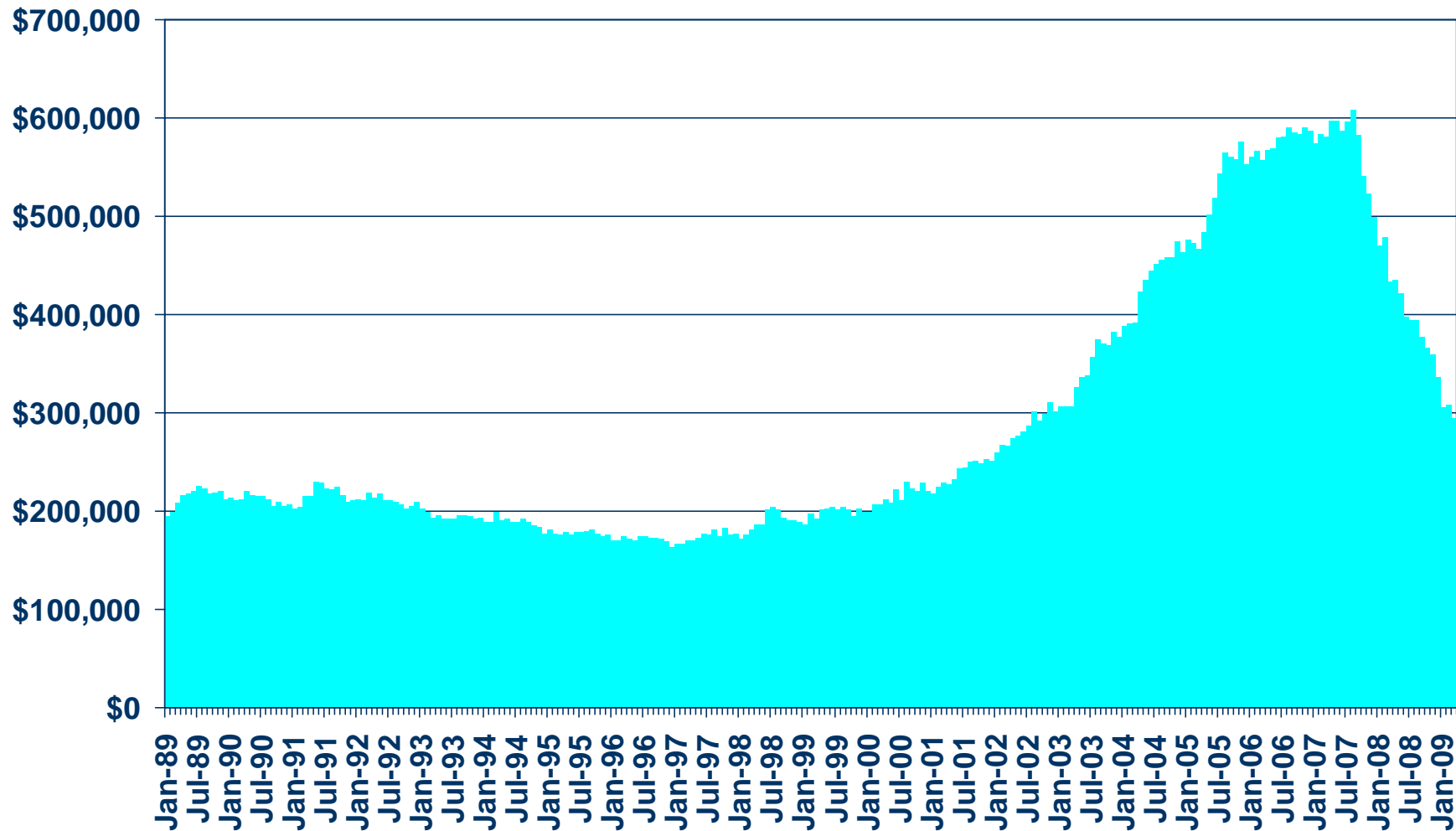
County	Mar-09	Feb-09	Mar-08	M-t-M	Y-t-Y	Y-t-D
High Desert	1,519	1,252	557	21.3%	172.7%	199.8%
Los Angeles	4,138	3,374	2,498	22.6%	65.7%	72.7%
Orange	1,512	1,186	1,026	27.5%	47.4%	54.2%
Palm Springs	738	626	430	17.9%	71.6%	64.7%
Riverside/SB	2,141	1,620	944	32.2%	126.8%	141.7%
San Diego	2,563	2,090	1,095	22.6%	134.1%	131.2%
Sta. Barbara Area	139	120	135	15.8%	3.0%	11.7%
Ventura	485	382	273	27.0%	77.7%	73.0%

SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

Los Angeles County, March 2009: \$295,100, Down 31.9% YTY



SOURCE: California Association of REALTORS®



Median Price of Existing Detached Homes

Southern California Regions

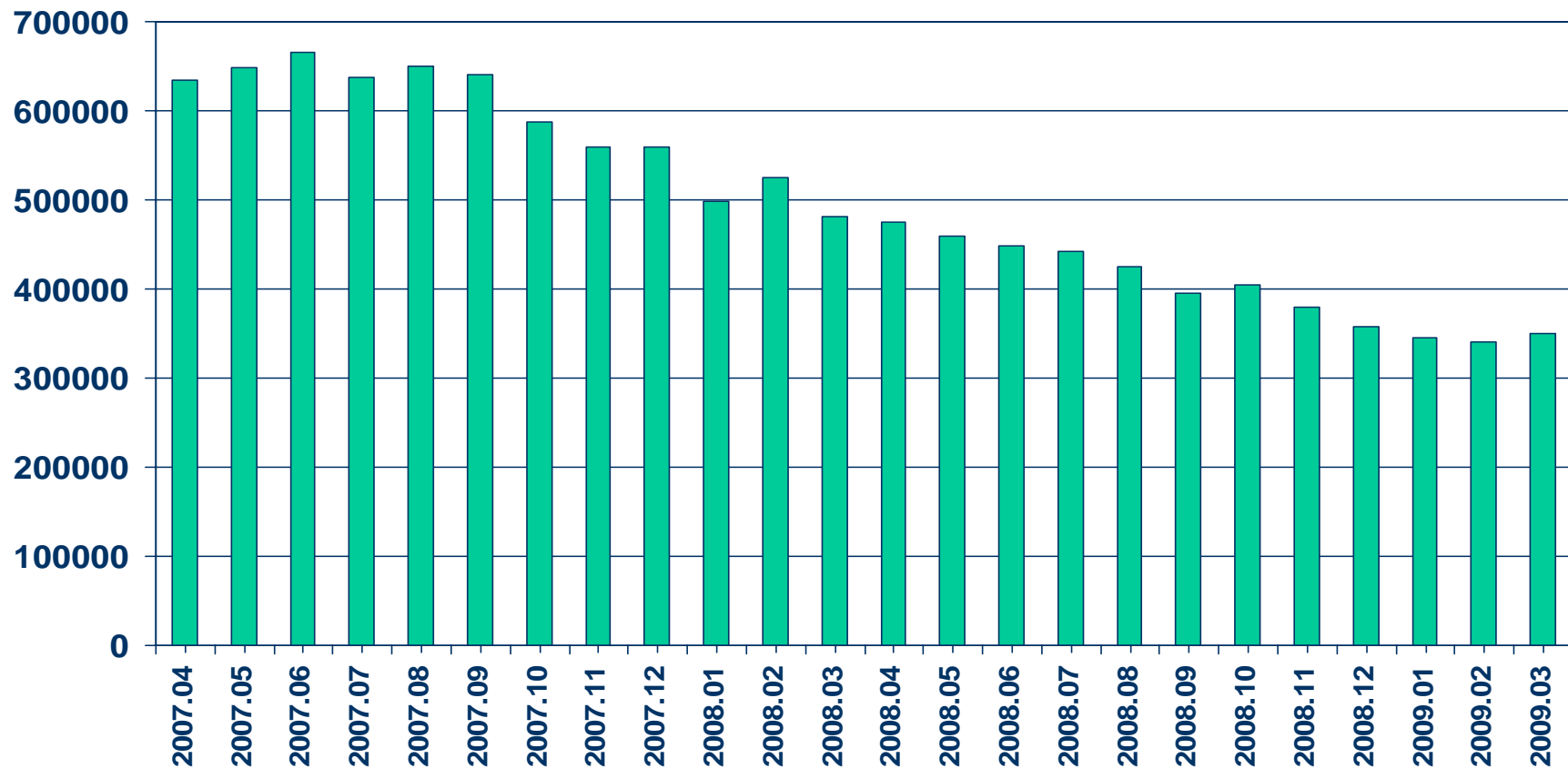
County	Mar-09	Feb-09	Mar-08	M-t-M	Y-t-Y
High Desert	\$ 114,669	\$ 121,967	\$ 210,664	-6.0%	-45.6%
Los Angeles	\$ 295,102	\$ 308,538	\$ 433,399	-4.4%	-31.9%
Orange	\$ 444,525	\$ 433,690	\$ 592,105	2.5%	-24.9%
Palm Springs	\$ 157,661	\$ 155,999	\$ 311,538	1.1%	-49.4%
Riverside/SB	\$ 167,341	\$ 174,405	\$ 276,627	-4.1%	-39.5%
San Diego	\$ 232,315	\$ 320,977	\$ 447,500	-27.6%	-48.1%
Sta. Barbara-So. Coast	\$ 825,000	\$ 725,000	\$ 1,155,000	13.8%	-28.6%
Sta. Barbara-North Cnty.	\$ 228,124	\$ 228,260	\$ 327,083	-0.1%	-30.3%
Ventura	\$ 364,919	\$ 359,632	\$ 504,213	1.5%	-27.6%

SOURCE: California Association of REALTORS®



Median Price

San Fernando Valley, Mar '09-\$350,000, +2.9% MTM, -27.2% YTY



SOURCE: Clarus MarketMetrics, Comiled by C.A.R.



Median Home Sales Price

Los Angeles County, Cities & Communities

	Mar-09	Mar-08	Yearly % Change
Los Angeles County	\$300,000	\$449,000	-33.2%
Burbank	\$425,000	\$487,500	-12.8%
Canoga Park	\$300,000	\$380,250	-21.1%
Chatsworth	\$415,000	\$475,000	-12.6%
Encino	\$469,000	\$490,000	-4.3%
Glendale	\$503,500	\$580,000	-13.2%
Granada Hills	\$375,000	\$437,500	-14.3%
Los Angeles	\$328,500	\$515,000	-36.2%

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.



Median Home Sales Price

Los Angeles County, Cities & Communities

	Mar-09	Mar-08	Yearly % Change
Mission Hills	\$287,000	\$390,000	-26.4%
Newhall	\$194,000	\$390,000	-50.3%
North Hills	\$300,000	\$429,250	-30.1%
North Hollywood	\$323,000	\$413,500	-21.9%
Northridge	\$450,000	\$515,000	-12.6%
Pacoima	\$216,500	\$350,000	-38.10%
Panorama City	\$184,000	\$362,500	-49.20%
Reseda	\$272,000	\$354,000	-23.20%

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.



Median Home Sales Price

Los Angeles County, Cities & Communities

	Mar-09	Mar-08	Yearly % Change
San Fernando	\$235,000	\$360,000	-34.70%
Santa Clarita	\$385,000	\$475,000	-18.90%
Sherman Oaks	\$565,000	\$740,000	-23.60%
Stevenson Ranch	\$447,000	\$1,040,000	-57.00%
Sun Valley	\$252,000	\$425,000	-40.70%
Sylmar	\$269,000	\$402,500	-33.20%
Tarzana	\$476,000	\$478,000	-0.40%
Temple City	\$462,000	\$588,000	-21.40%
Tujunga	\$340,000	\$537,500	-36.70%

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.



Median Home Sales Price

Los Angeles County, Cities & Communities

	Mar-09	Mar-08	Yearly % Change
Valencia	\$415,000	\$433,750	-4.30%
Valley Village	\$400,000	\$560,000	-28.60%
Van Nuys	\$329,000	\$420,000	-21.70%
West Hills	\$507,000	\$565,000	-10.30%
Winnetka	\$285,000	\$377,000	-24.40%
Woodland Hills	\$462,000	\$492,500	-6.20%

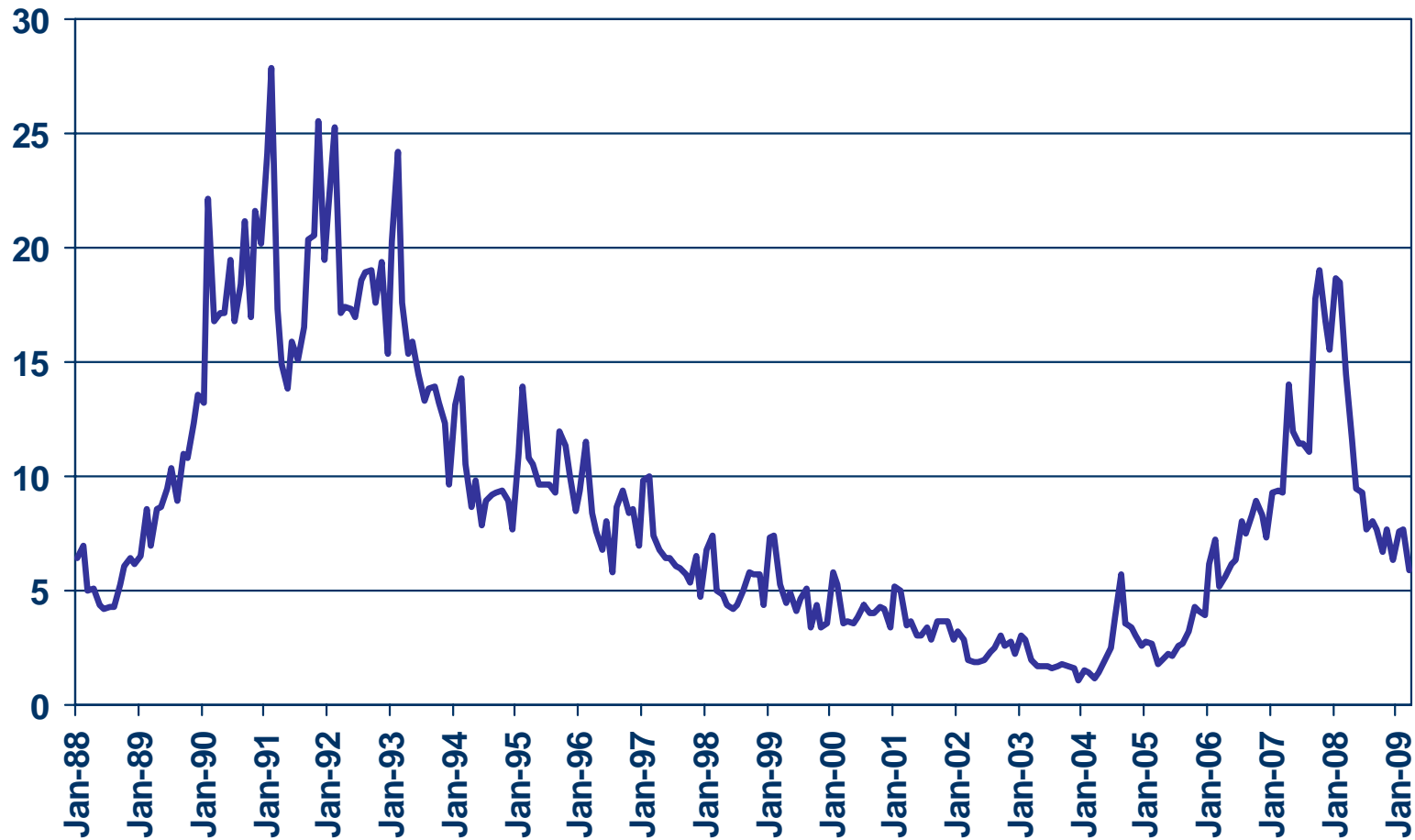
SOURCE: C.A.R.; DataQuick Information Systems. The price statistics are derived from all types of home sales -- new and existing, condos and single-family.



Unsold Inventory Index

Los Angeles County, March 2009: 5.9 Months

MONTHS



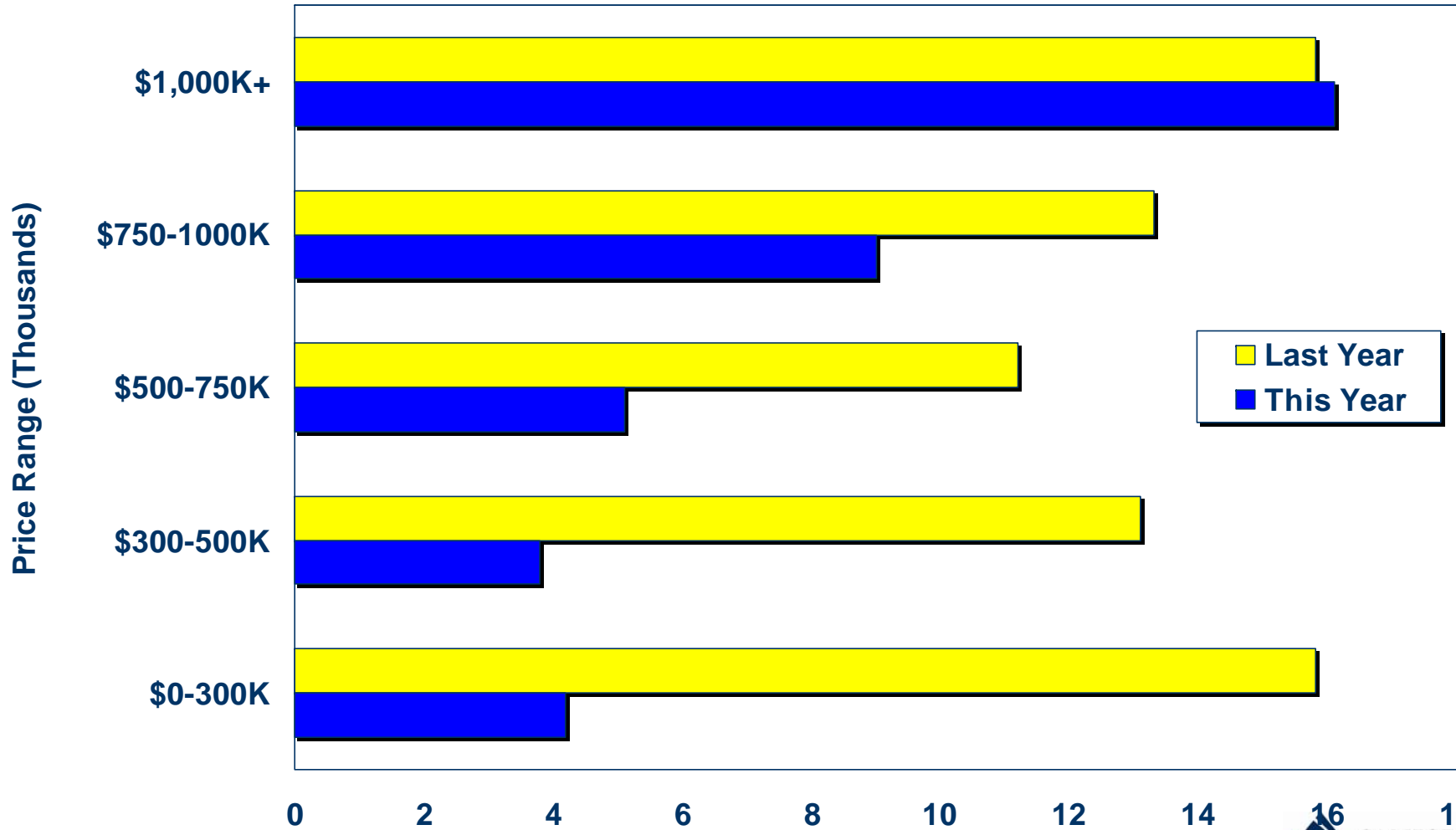
SOURCE: California Association of REALTORS®



Unsold Inventory By Price Range

Los Angeles Existing Homes March 2009 vs. March 2008

Monthly Supply



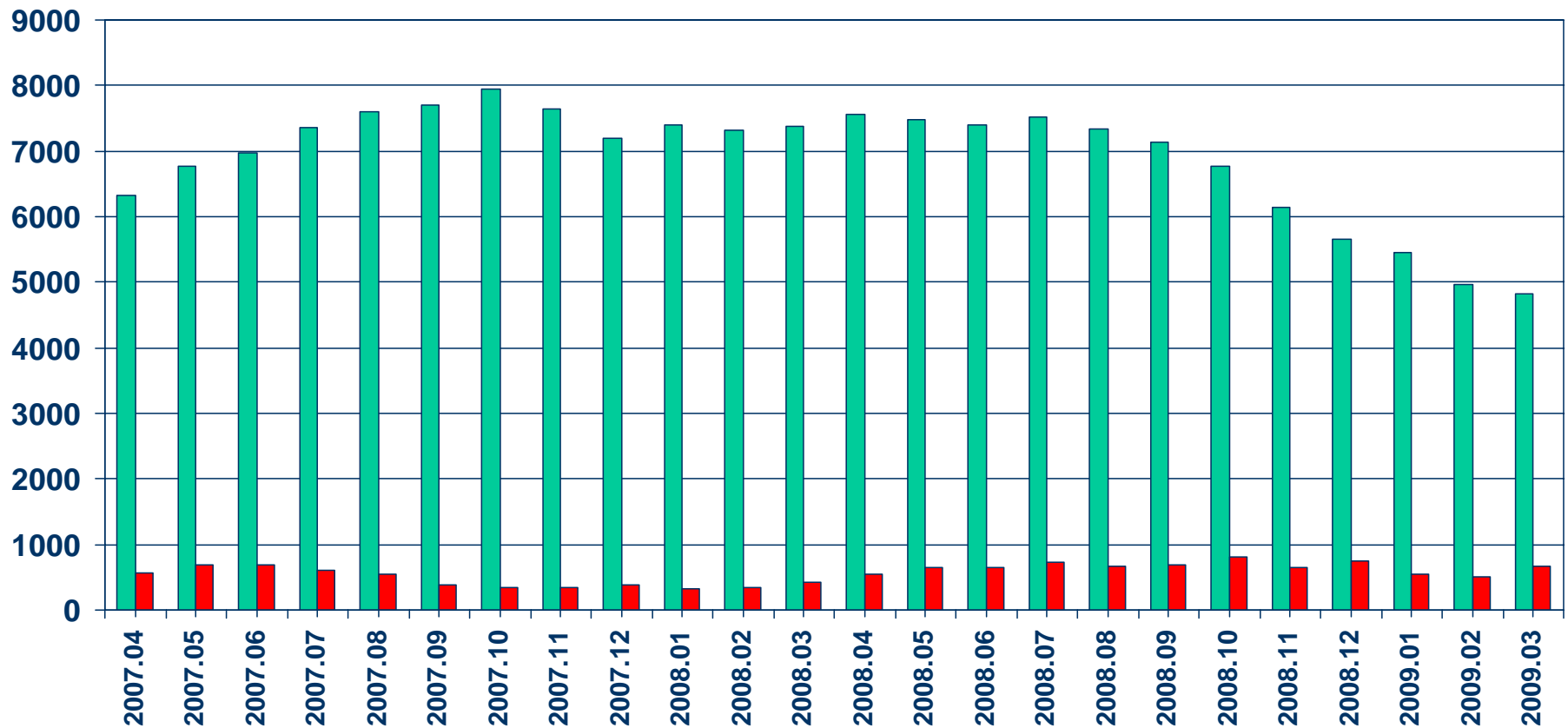
SOURCE: California Association of REALTORS®



Supply and Demand: Listings vs Sold Units

San Fernando Valley, Mar '09-For Sale:-42%YTY, Sold:+12.6% YTY

■ # Units For Sale ■ # Sold Units

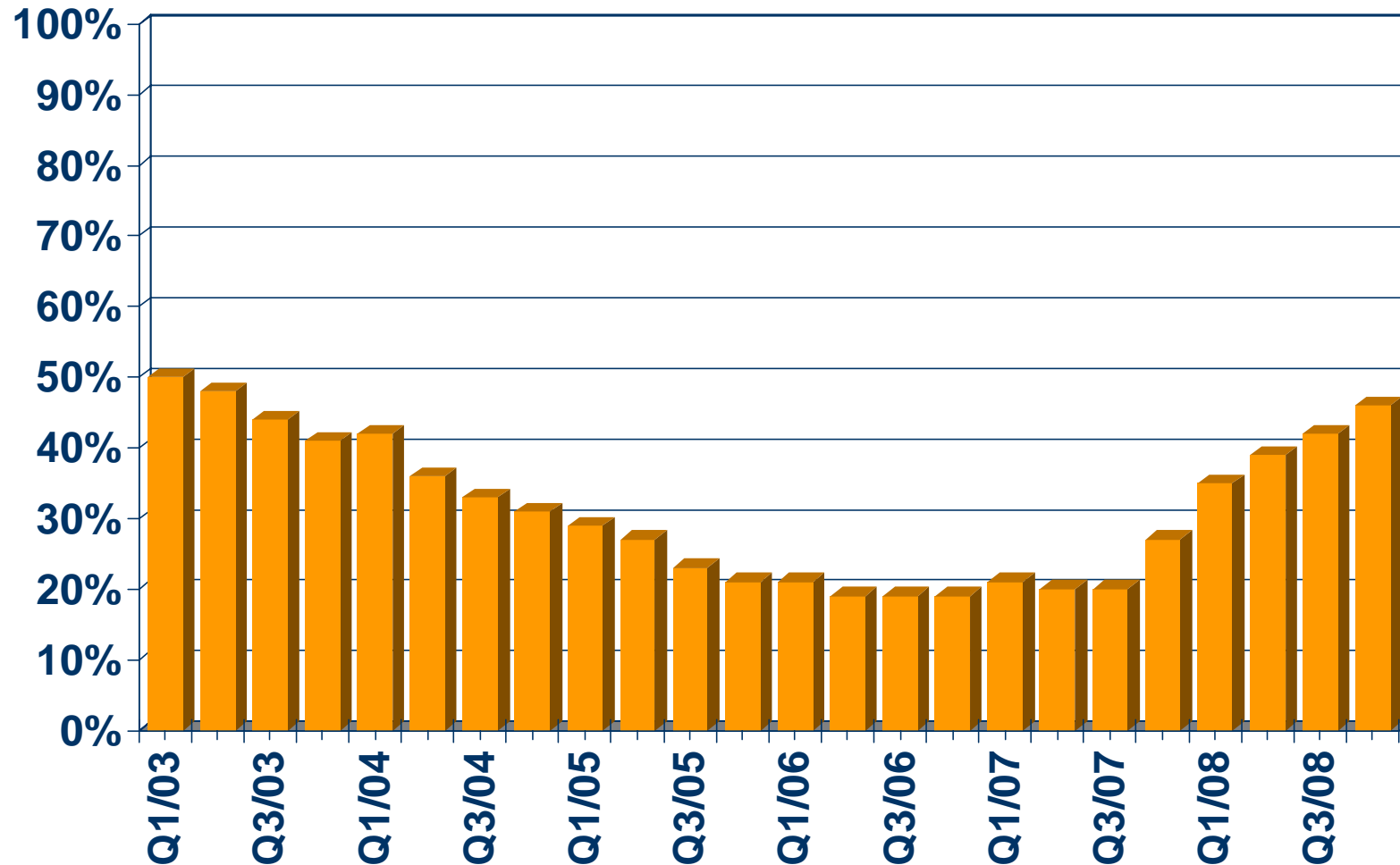


SOURCE: Clarus MarketMetrics, Comiled by C.A.R.



First-time Buyer Housing Affordability Index

Los Angeles County, 4th Quarter 2008: 46%

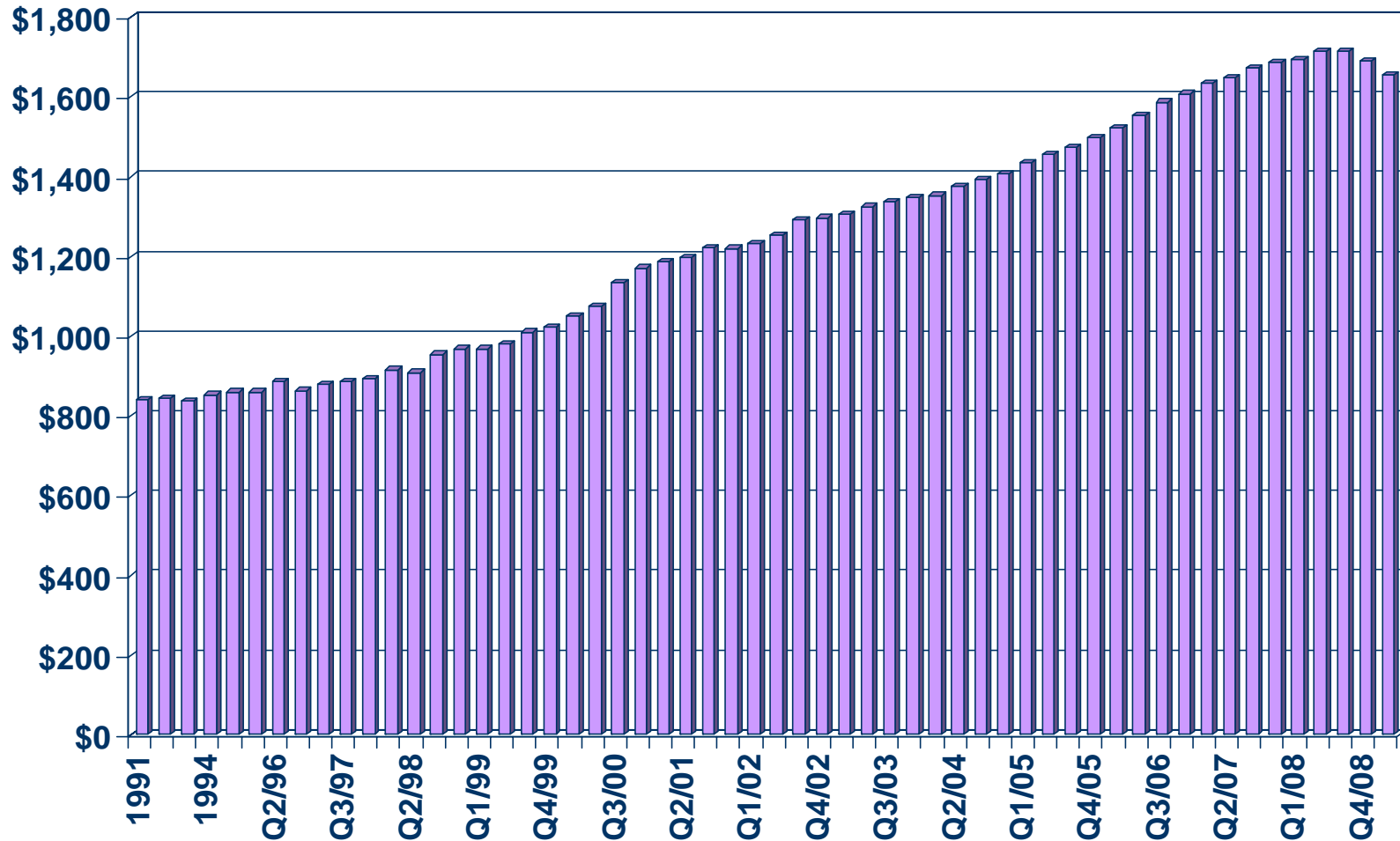


SOURCE: California Association of REALTORS®



Asking Rents for Class A&B Apartments

Los Angeles County, 2009 Q1: \$1,655 Down 2.3% YTY



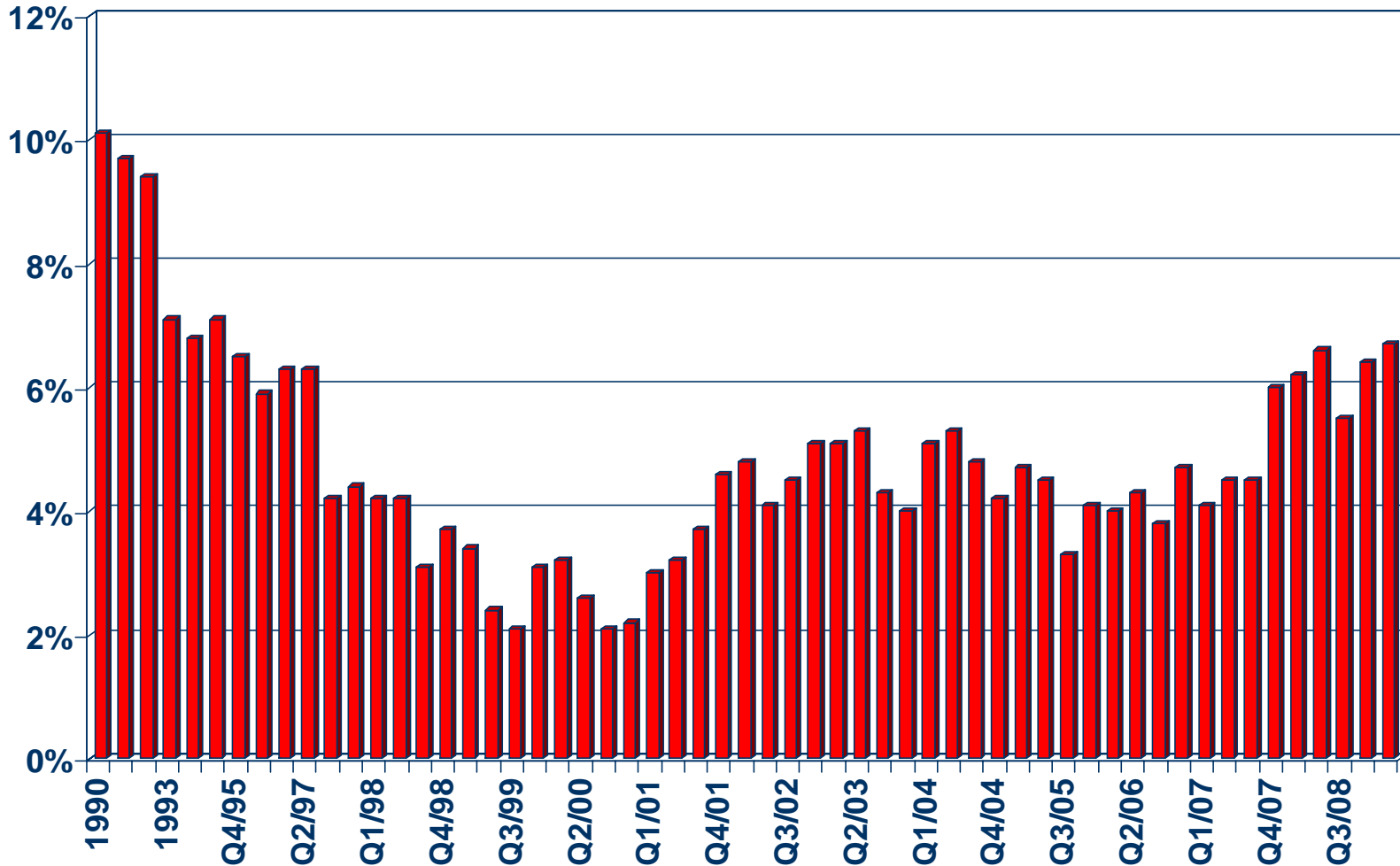
SOURCE: California Association of REALTORS®



Vacancy Rates for Class A&B Apartments

Los Angeles County, 2009 Q1: 6.7%

VACANCY RATE

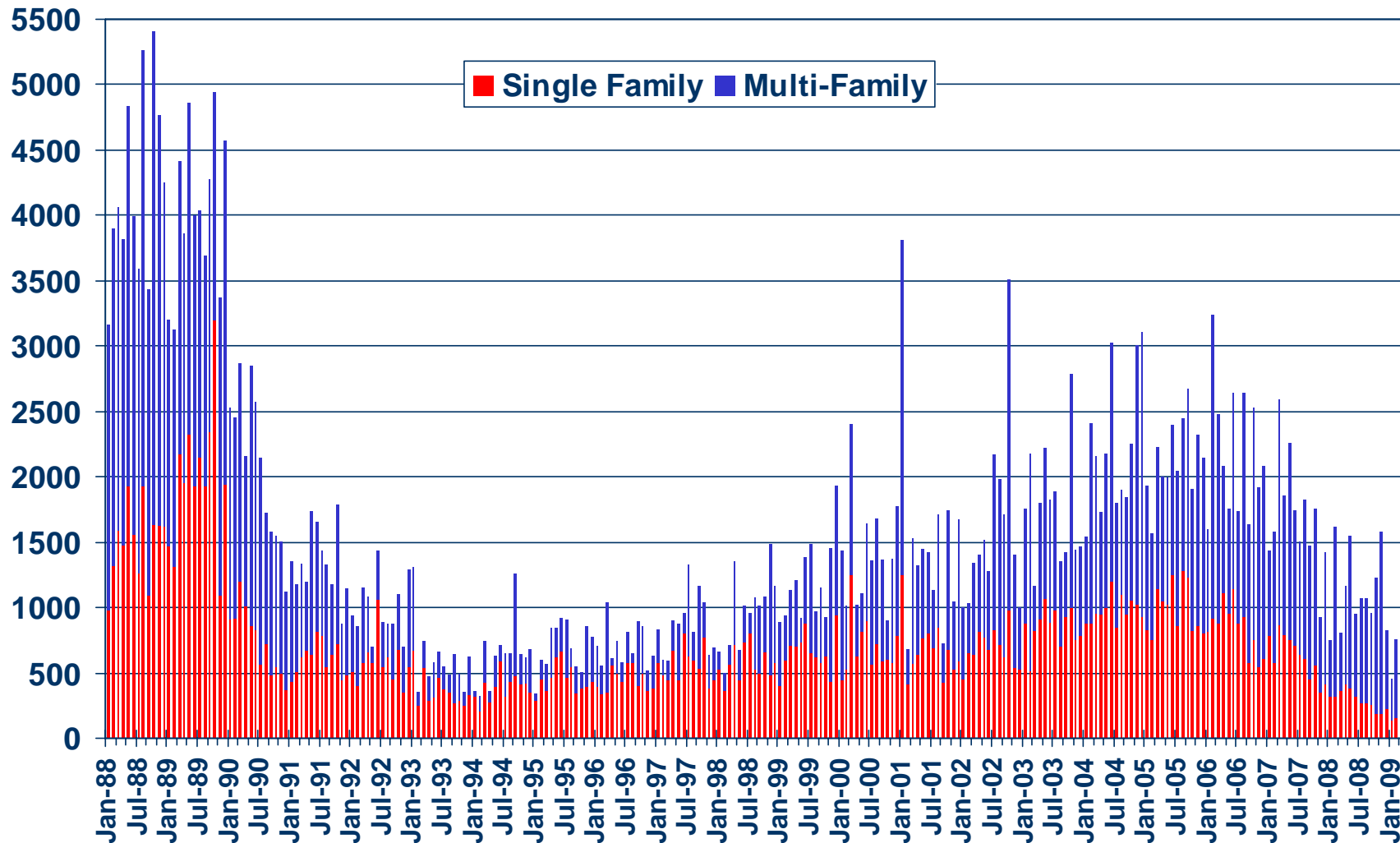


SOURCE: California Association of REALTORS®



New Housing Permits

LA County, March 2009: 583 Units, Down 43.5% YTD



SOURCE: Construction Industry Research Board



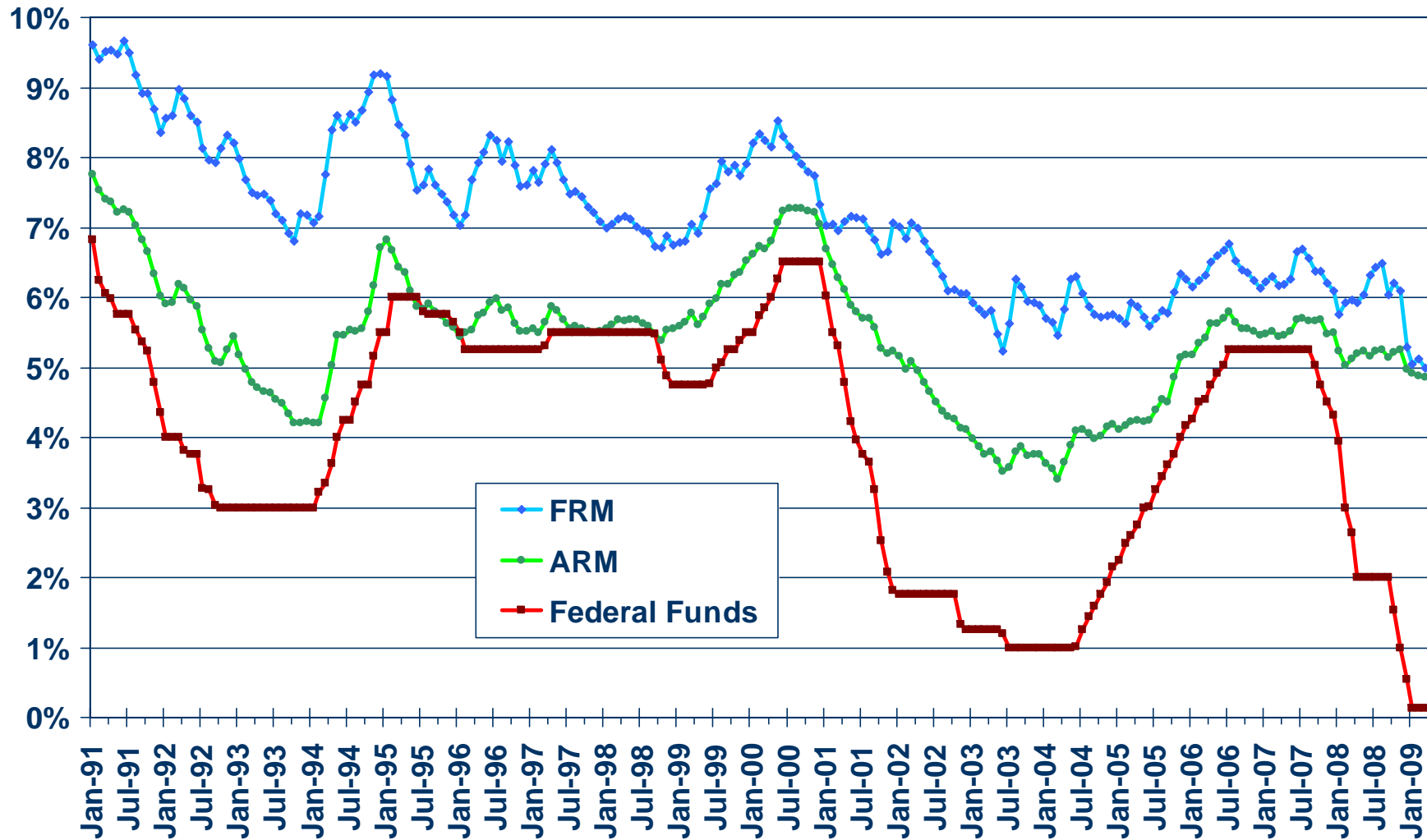


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Real Estate Finance

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Mortgage Rates

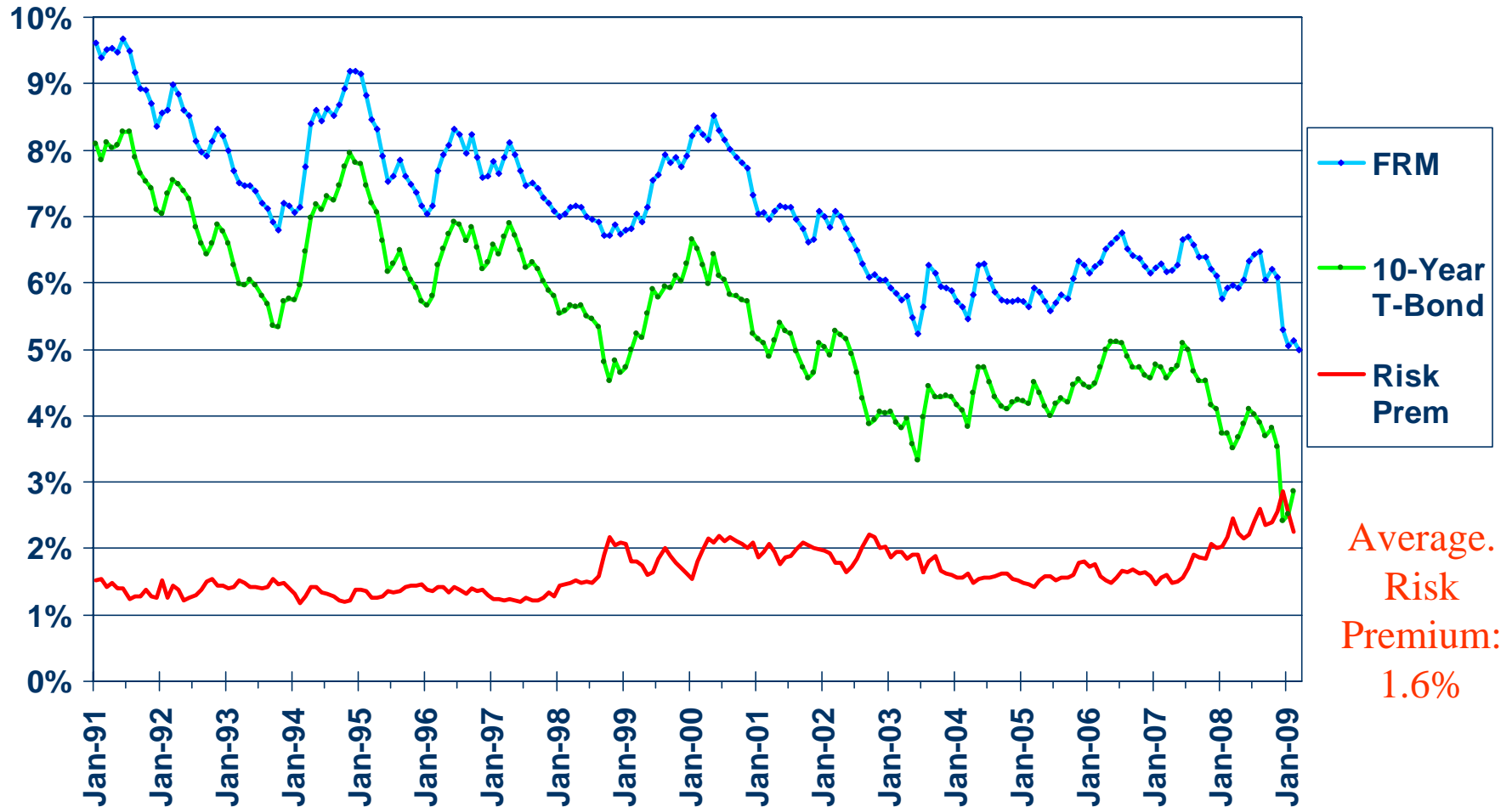


SOURCE: Federal Home Loan Mortgage Corporation



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

Notices of Default – CA Q1-2009

Houses and Condos

Region	2009-Q1	2008-Q4	2008-Q1	QTQ %Chg	YTY %Chg
SoCal	80,234	42,826	65,309	87.3%	22.9%
Bay Area	19,438	11,157	16,531	74.2%	17.6%
Central Valley	29,919	17,888	26,793	67.3%	11.7%
Statewide*	135,431	75,230	113,809	80.0%	19.0%

* Includes additional counties

NOTES:

- SB1137 imposed a 30-day Notice of Intent to File NOD, effective 9/08

SOURCE: Data Quick Information Systems



California Subprime & Alt A Loans

As of December 2008

	Sub-Prime	Alt-A
Number of All Loans in Category	403,634	673,309
Loans as % of All Housing Units	3%	5%
ARMs As % of All Loans in Category	69%	70%
Number of ARMs	278,507	472,663
Percent of ARMs...		
...Already Reset	71%	46%
...To Reset Next 1-11 Months	19%	5%
...To Reset Next 12-23 Months	4%	7%
...To Reset Next 24+ Months	5%	43%

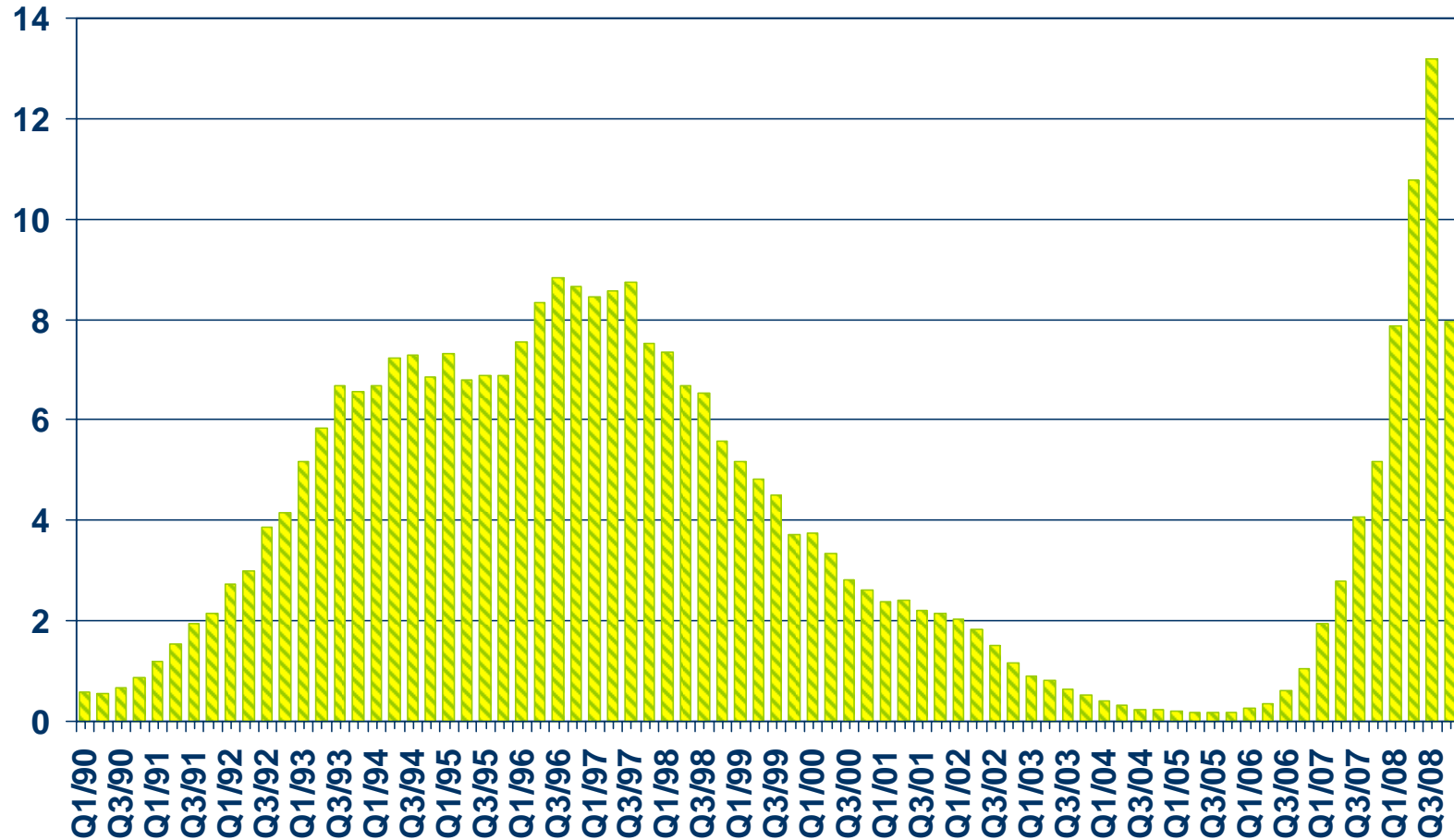
SOURCE: FirstAmerican CoreLogic, LoanPerformance Data, U.S. Census Bureau, and Federal Reserve Bank of New York, compiled by C.A.R.



Foreclosures

Los Angeles County

THOUSANDS

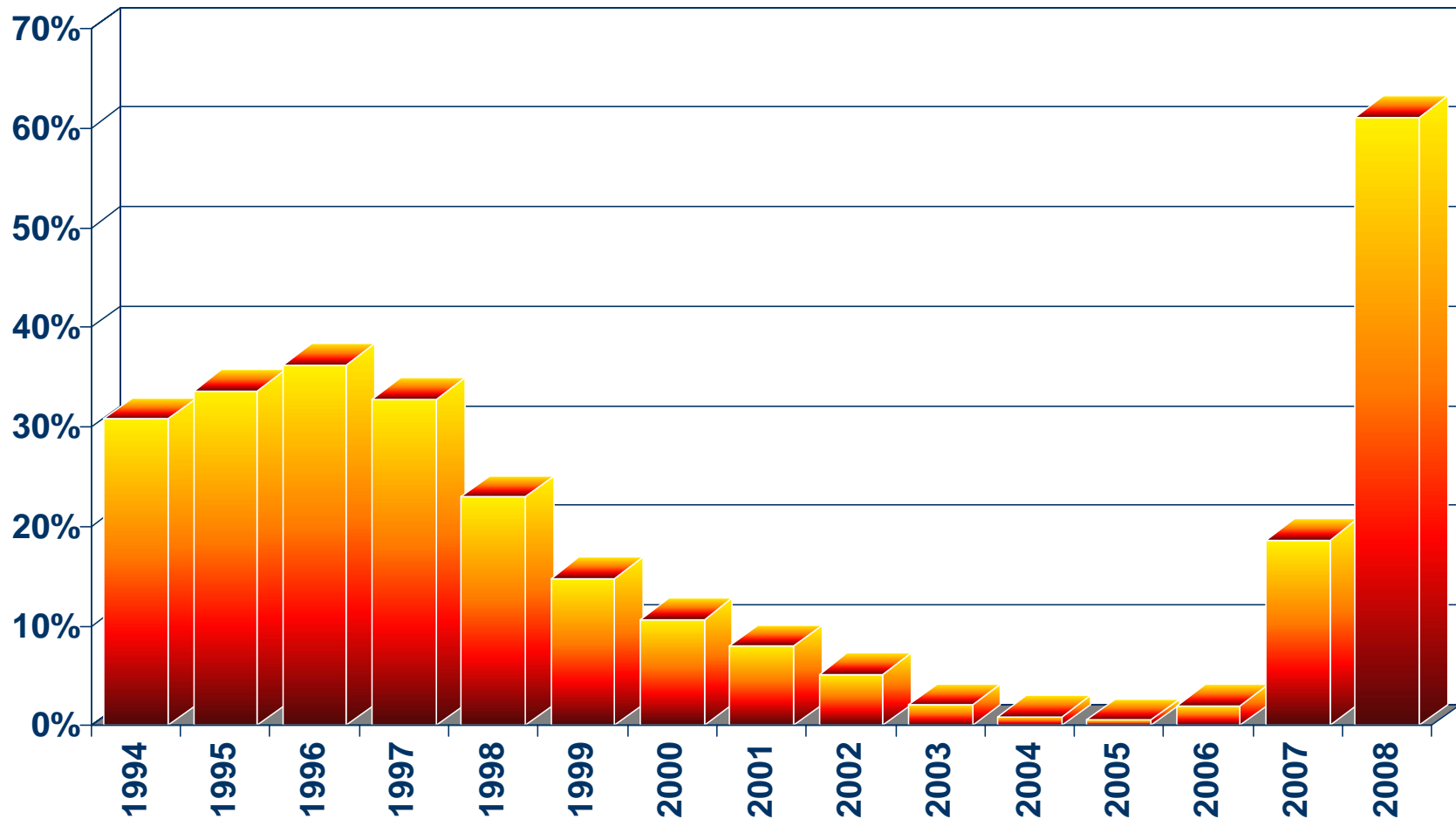


SOURCE: Real Estate Research Council



Proportion of Foreclosures in Housing Transfers

Los Angeles County



SOURCE: Real Estate Research Council



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California Housing Market Outlook

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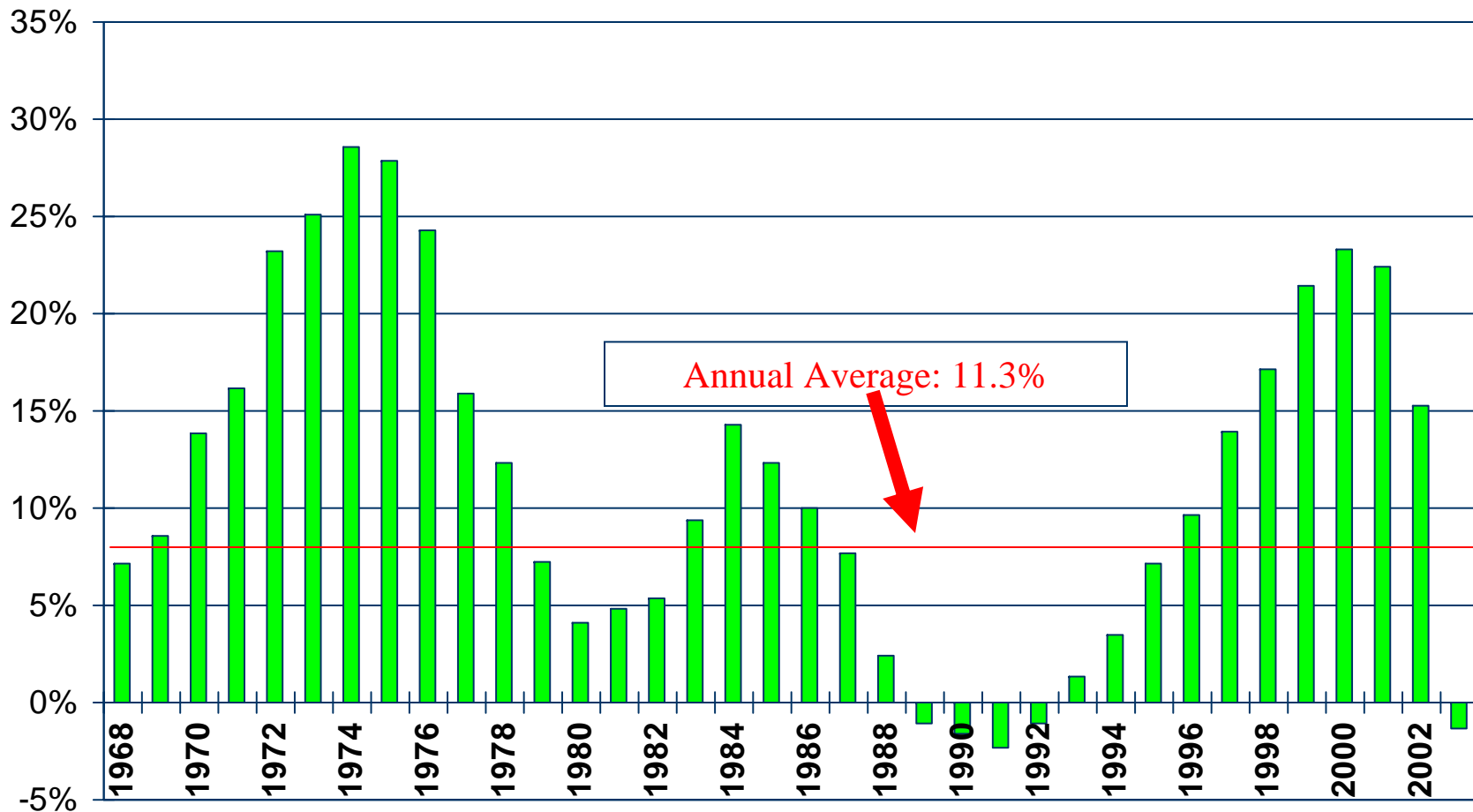
California Housing Market Summary

	2003	2004	2005	2006	2007	2008	2009F
SFH Resales (000s)	601.8	624.7	625.0	477.5	346.9	439.8	550.0
% Change	5.1%	3.8%	0.03%	-23.6%	-27.3%	26.8%	25.0%
Median Price (\$000s)	\$371.5	\$450.8	\$522.7	\$556.4	\$560.3	\$346.4	\$248.0
% Change	17.5%	21.3%	16.0%	6.5%	0.7%	-38.2%	-28.4%
30-Yr FRM	5.8%	5.8%	5.9%	6.4%	6.3%	6.1%	5.1%
1-Yr ARM	3.8%	3.9%	4.5%	5.5%	5.5%	5.2%	4.8%

April 2009

5-Year Rate of Return on Median Price Home

Purchased in Year Shown - Sold After 5 Years (California)



Note: Return on 7-Year Horizon: +17.5%

Market Opportunities

- **Buyers**
 - First-Time Buyers in Driver's Seat
 - Repeat Buyers: More for Money
- **Financing**
 - Know Fannie/Freddie terms
 - FHA for first time buyers
 - Qualifying is Key
 - FRM-ARM Spread Narrow
- **REOs/Loan Mods**
 - REOs in play through rest of year
 - Multiple Loan Mod programs

The End - - Thank You