

December 14, 2010

# San Diego Market Update 11<sup>th</sup> Annual Residential Real Estate Conference

LESLIE APPLETON YOUNG | CHIEF ECONOMIST | CALIFORNIA ASSOCIATION OF REALTORS®



# US and California Economic Overview

2011

# Latest Economic News





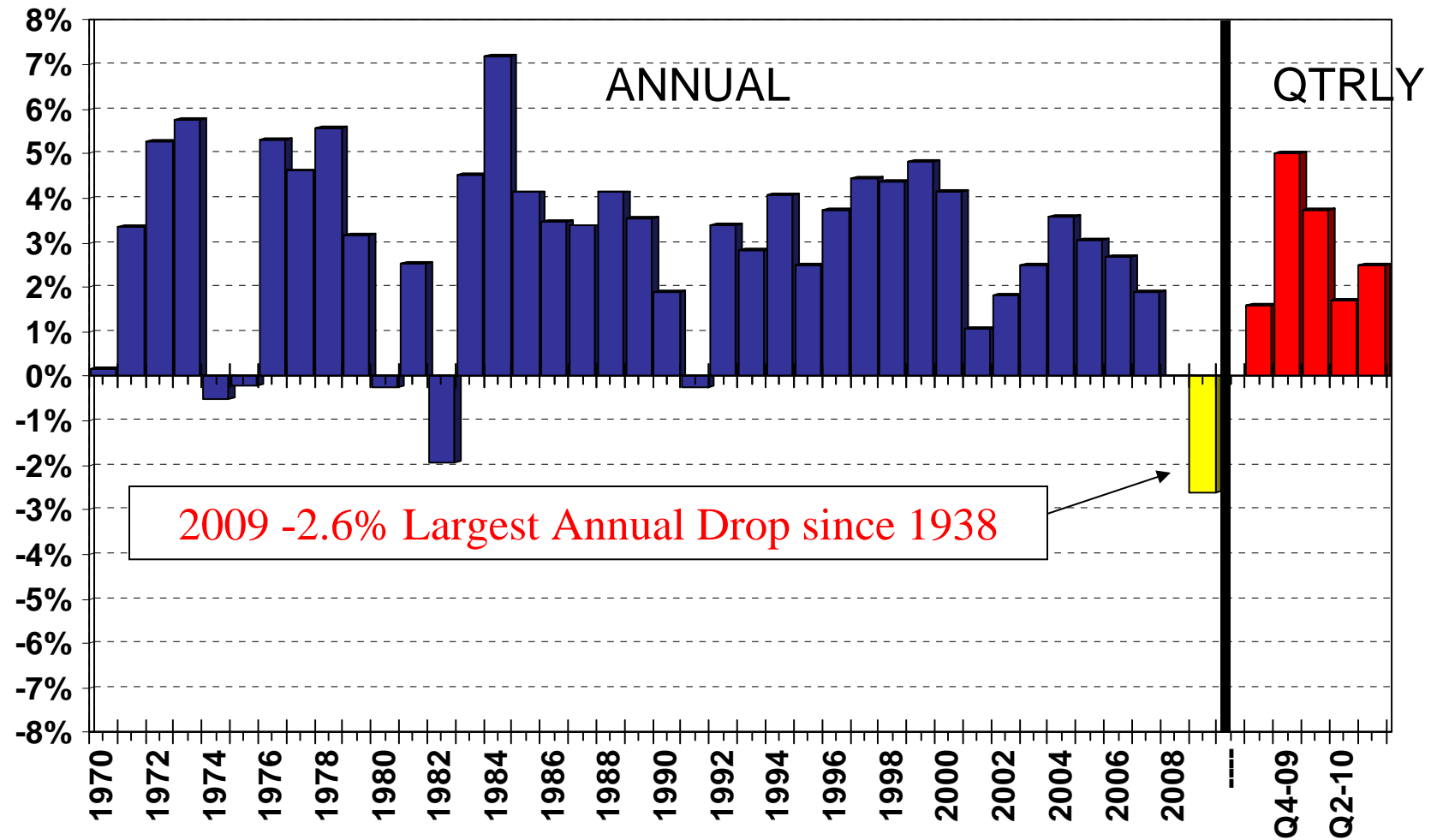
## Not so fast – Late breaking news...

- Tax cuts extended for everyone. STIMULUS
  - Unemployment benefits also extended; cuts in payroll and business taxes
  - \$900 B cost over 2 years
- 11/10 Jobs data disappointing: 39,000 new jobs
- Deficit Reduction Task force Recommendations:  
QEII –quantitative easing part 2
  - Fed buying \$600B in long term Treasuries over then next 8 months

# GDP: Gaining Momentum?

2010 Q2: +1.7% Q3: +2.5%

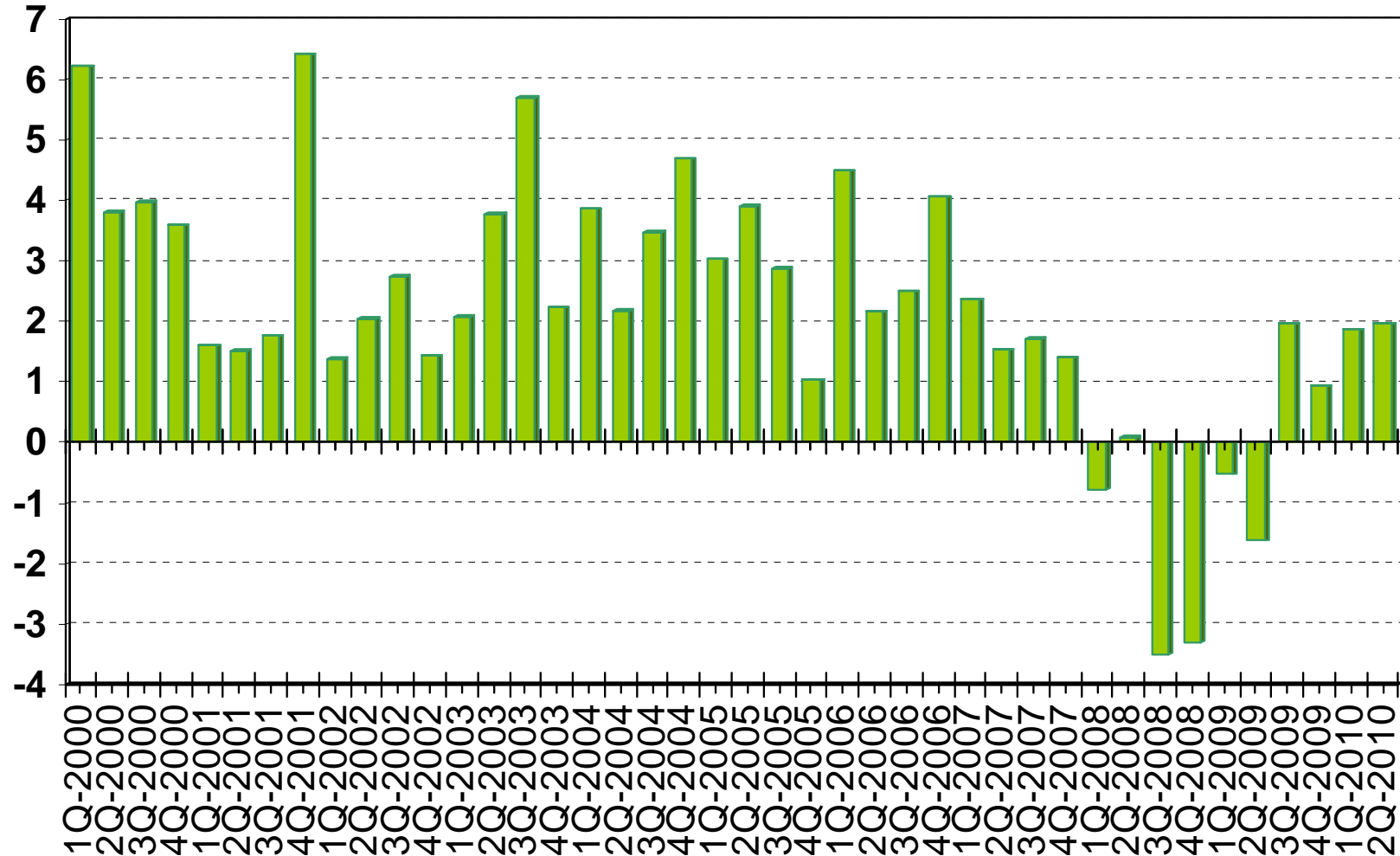
ANNUAL PERCENT CHANGE, CHAIN-TYPE (2005) \$



# Consumer Spending: Trading Down

2010 Q2: 1.9%

QUARTERLY PERCENT CHANGE

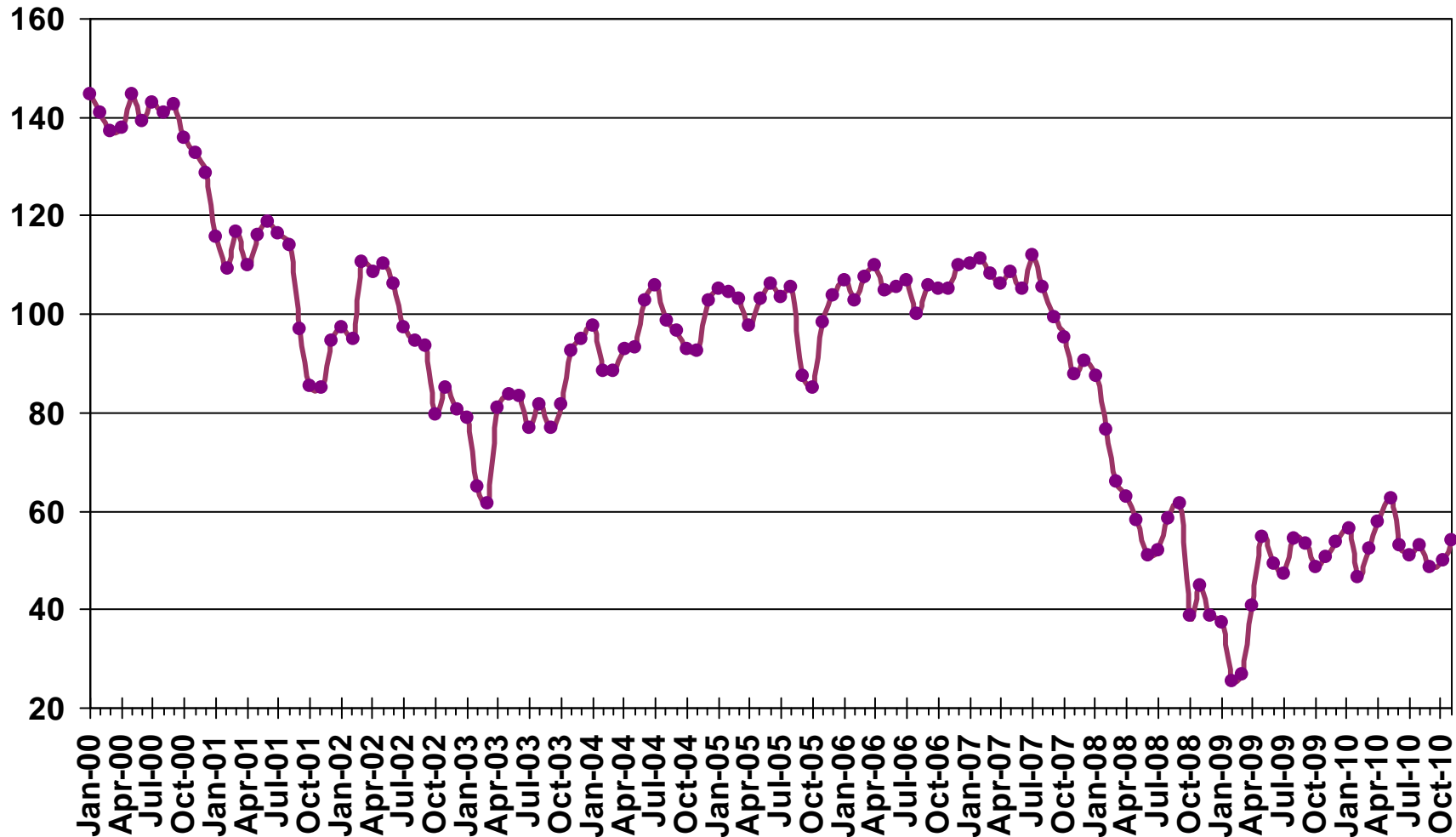


SOURCE: US Dept of Commerce,  
Bureau of Economic Analysis

# U.S. Consumer Confidence

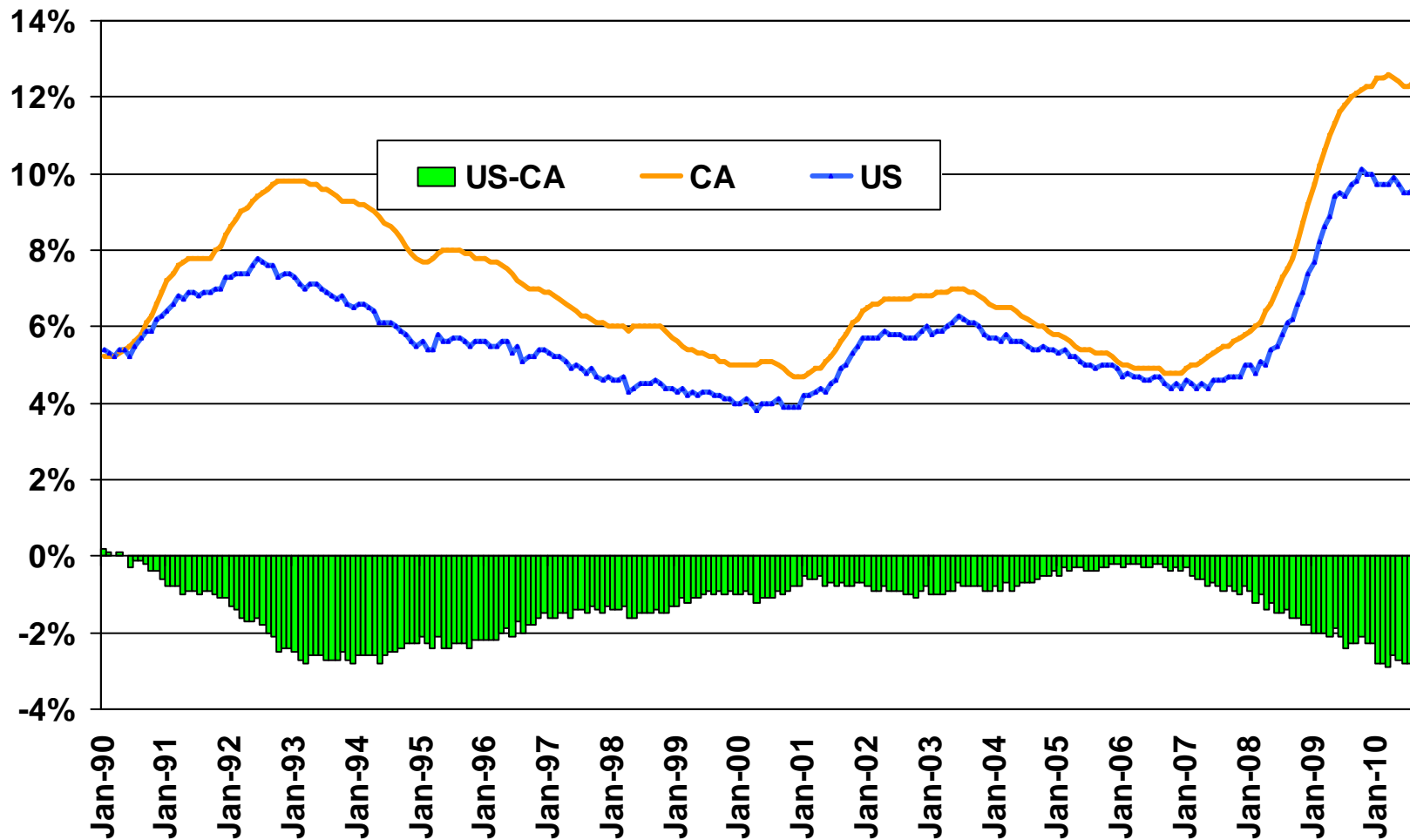
## November 2010: 54.1

INDEX, 100=1985



# Jobs: Unemployment High Despite Growth

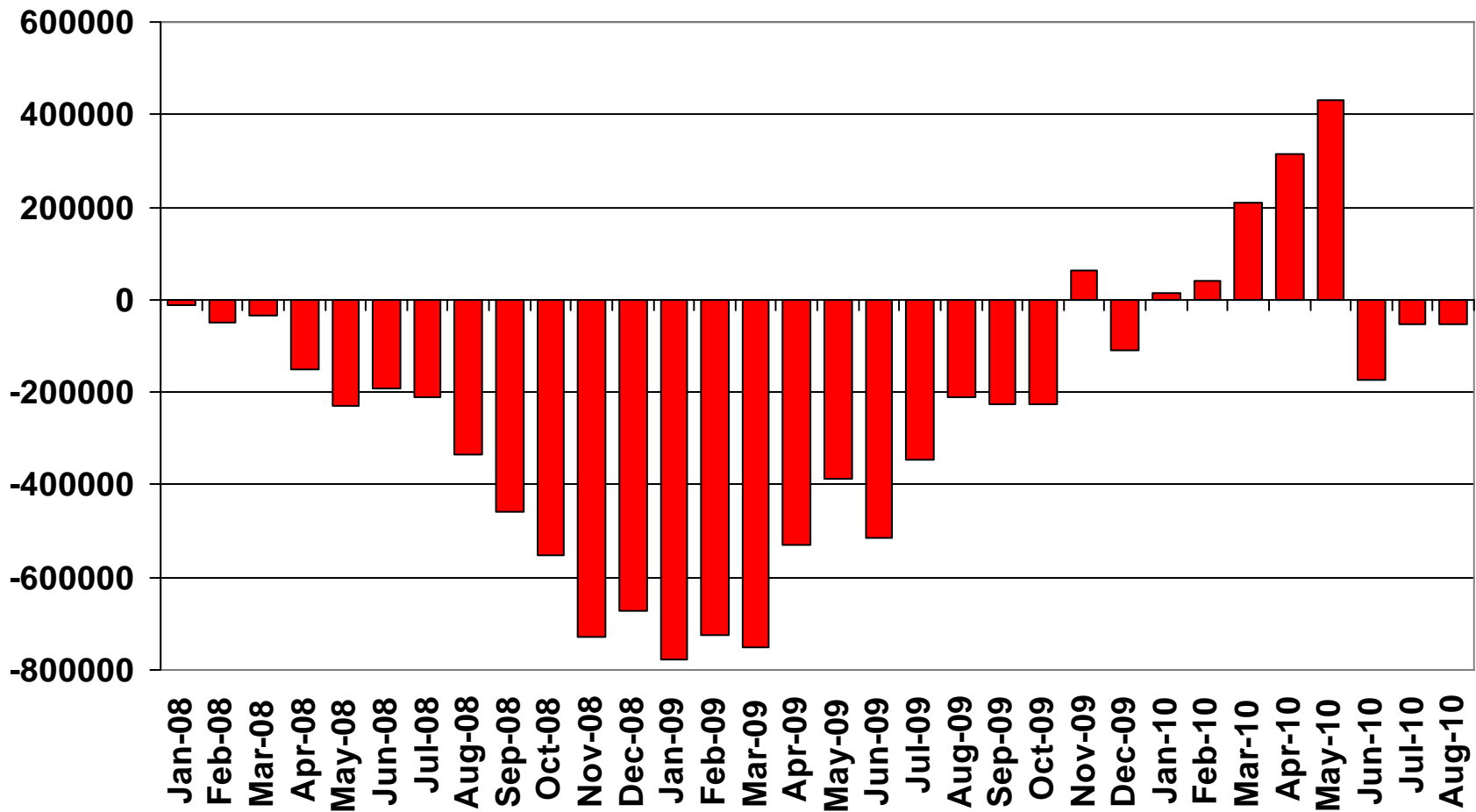
California 12.4% United States 9.7%



SOURCE: CA Employment Development Division

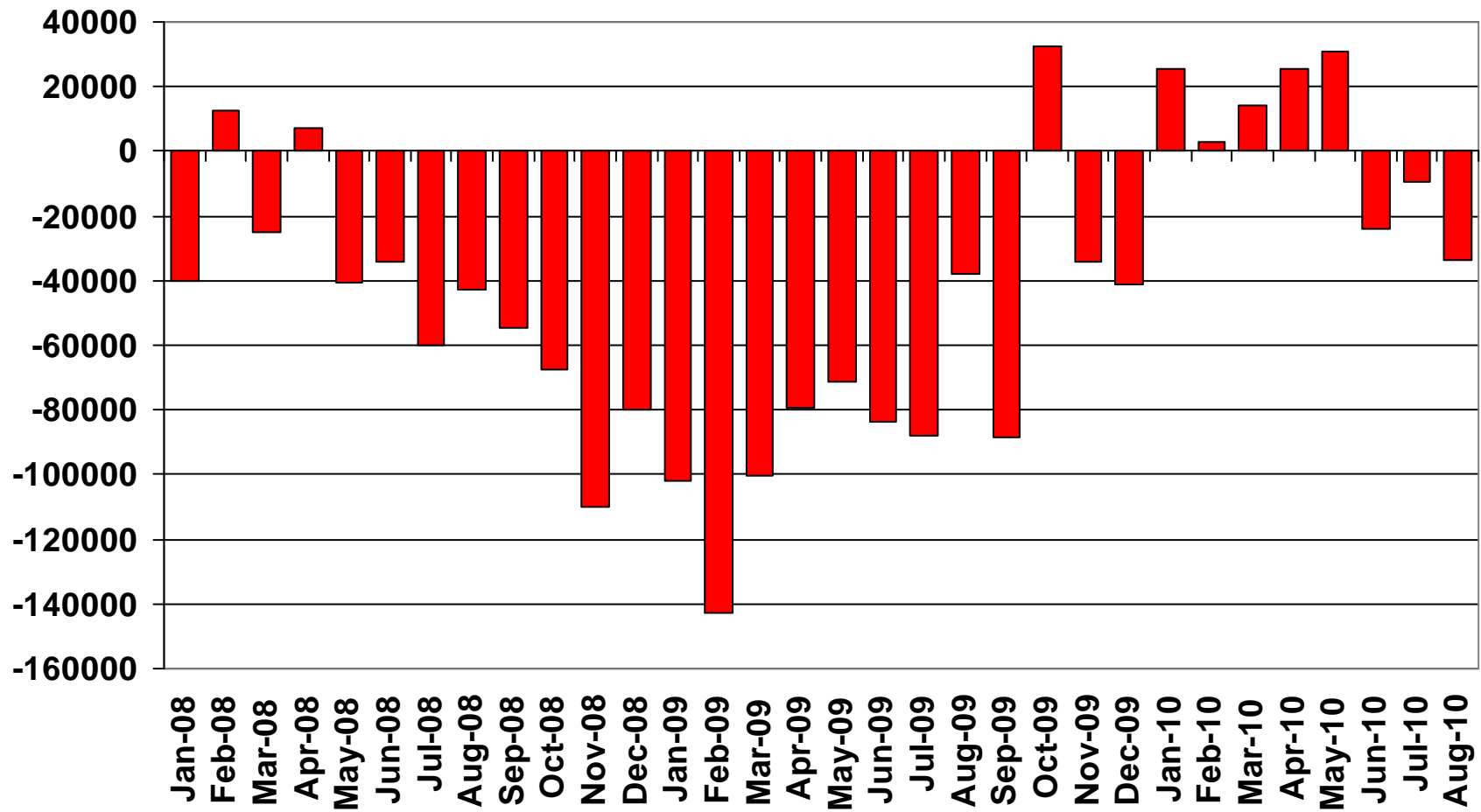
# U.S. Jobs: Stuck at the Bottom

## Month-to-Month Changes



SOURCE: CA Employment Development Division/ Non-Farm Job Growth

# CA Jobs: No Upward Momentum Month-to-Month Changes



SOURCE: CA Employment Development Division

# CA Jobs by Sector: 2005 - 2010

## Construction/Manufacturing/Trade Lead Losses

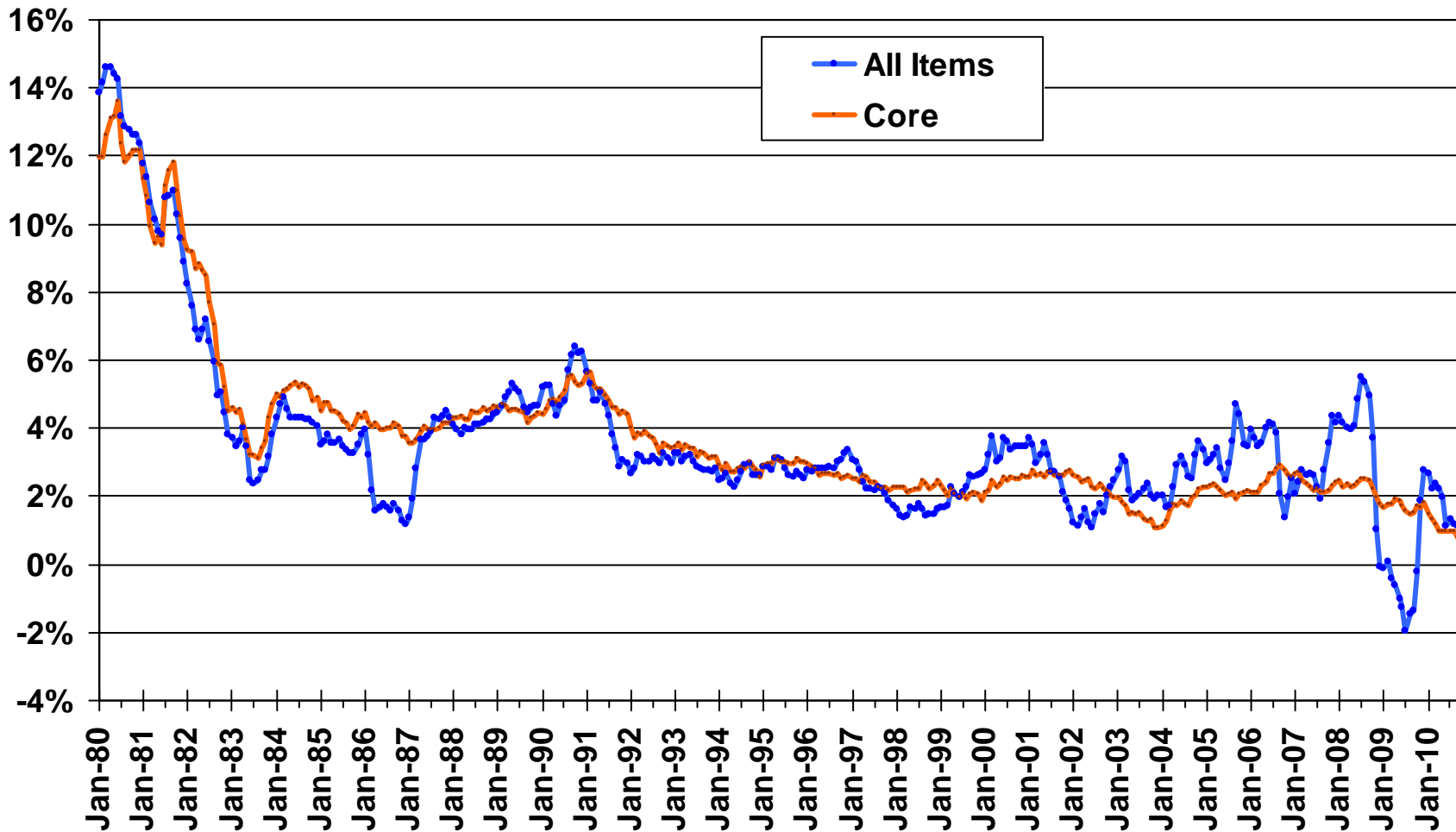
Industry	2000	2005	2010 YTD	2005 to 2010
Mining and Logging	26,500	23,600	26,400	2,800
Construction	733,400	905,300	567,200	(338,100)
Manufacturing	1,852,700	1,502,600	1,250,800	(251,800)
Trade, Transportation & Utilities	2,727,900	2,822,100	2,572,000	(250,100)
Information	576,700	473,600	444,600	(29,000)
Financial Activities	806,900	927,200	776,900	(150,300)
Professional & Business Services	2,221,800	2,159,800	2,059,900	(99,900)
Educational & Health Services	1,401,000	1,586,500	1,725,300	138,800
Leisure & Hospitality	1,335,600	1,475,200	1,509,900	34,700
Other Services	487,700	505,500	479,600	(25,900)
Government	2,318,100	2,420,200	2,354,100	(66,100)
<b>TOTAL</b>	<b>14,488,300</b>	<b>14,801,600</b>	<b>13,766,700</b>	<b>(1,034,900)</b>

SOURCE: CA Employment Development Division

# Consumer Price Index

October 2010: All Items +1.2% YTY; Core +0.6% YTY

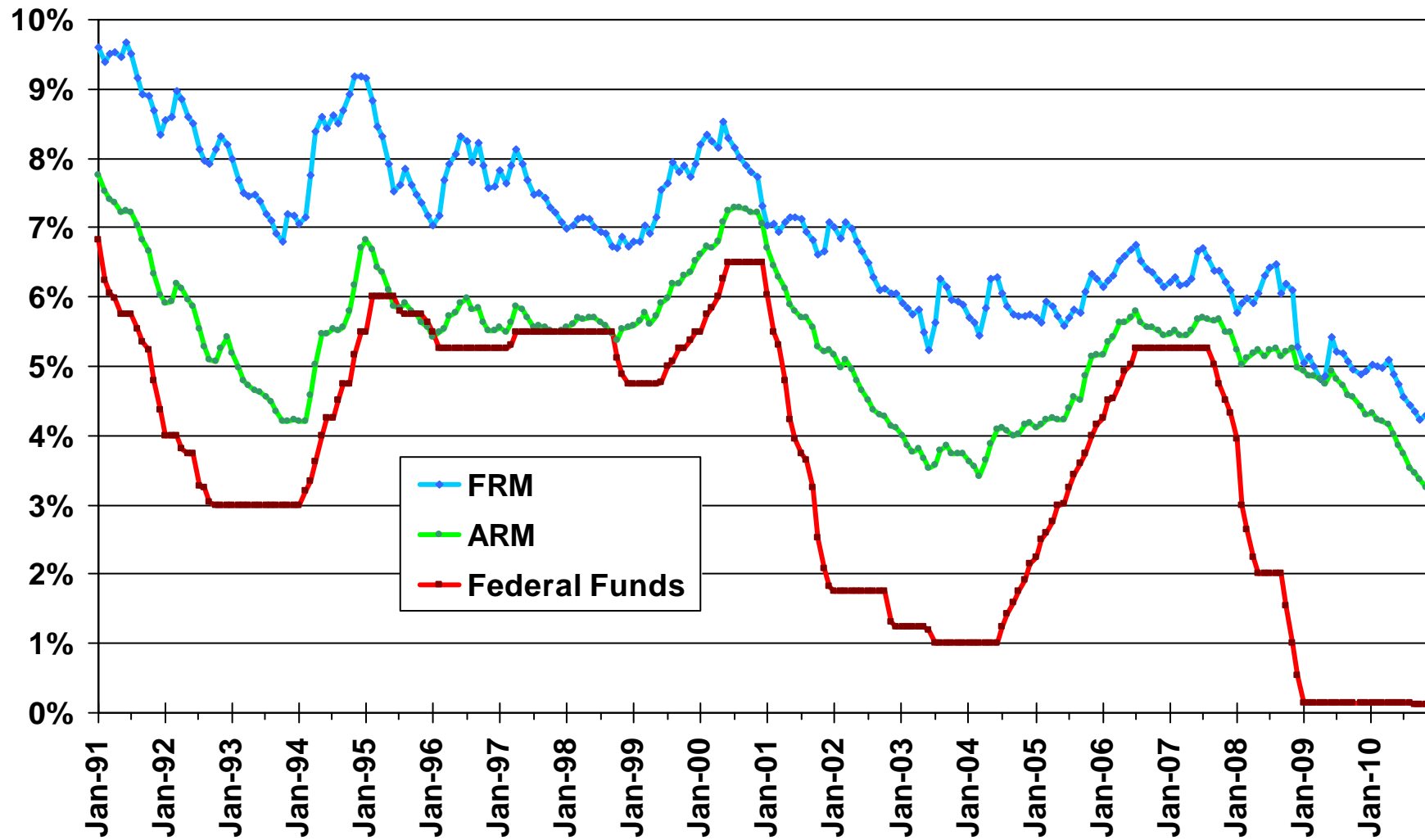
PERCENT CHANGE FROM A YEAR AGO, 100=1982-1984



# "I am Alan Greenspan"



# Mortgage Rates



SOURCE: Federal Home Loan Mortgage Corporation



## Economic Outlook

- Recession over, slow recovery expected
- Government support in first half of 2010
- Now its up to the private sector
- CA strengths: global trade and tech
- Exports: computers, electronics, medical, & aerospace
- Jobs: CA will add 180K new jobs in 2011
- Inflation: Well in check through 2011
- Monetary policy: No rate hikes until 2011

# US Economic Outlook: 2011

Economic Variable	2004	2005	2006	2007	2008	2009	2010p	2011f
US GDP	3.6%	3.1%	2.7%	1.9%	0.0%	-2.6%	2.7%	2.4%
Nonfarm Job Growth	1.1%	1.7%	1.8%	1.1%	-0.4%	-4.3%	-0.5%	1.0%
Unemployment	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.7%	9.6%
CPI	2.7%	3.4%	3.2%	2.8%	3.8%	-0.3%	1.5%	1.3%
Real Disposable Income, % Change	3.4%	1.3%	4.0%	2.2%	0.5%	0.9%	1.2%	1.1%

# CA Economic Outlook: 2011

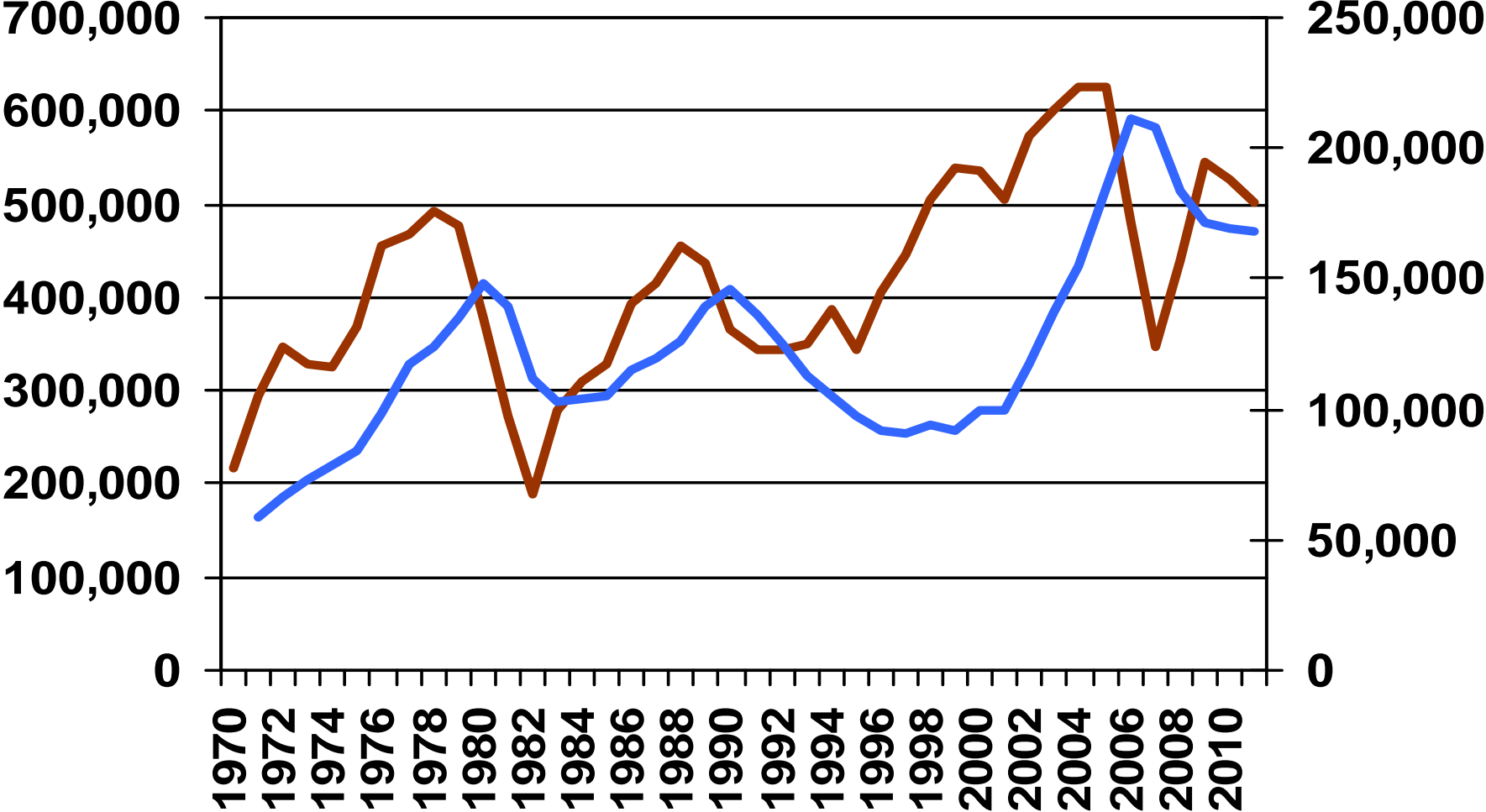
Economic Variable	2004	2005	2006	2007	2008	2009	2010f	2011f
Nonfarm Job Growth	1.0%	1.8%	1.7%	0.8%	-1.3%	-6.0%	-1.0%	1.6%
Unemployment Rate	6.2%	5.4%	4.9%	5.4%	7.2%	11.4%	12.3%	11.4%
Population Growth	1.4%	1.2%	1.1%	1.1%	1.2%	1.1%	1.0%	1.0%
Real Disposable Income, % Change	3.6%	1.3%	3.4%	1.5%	0.1%	-2.2%	0.6%	1.9%

2011

# California Real Estate Market

# California's Housing Cycles and Membership 1970-2010

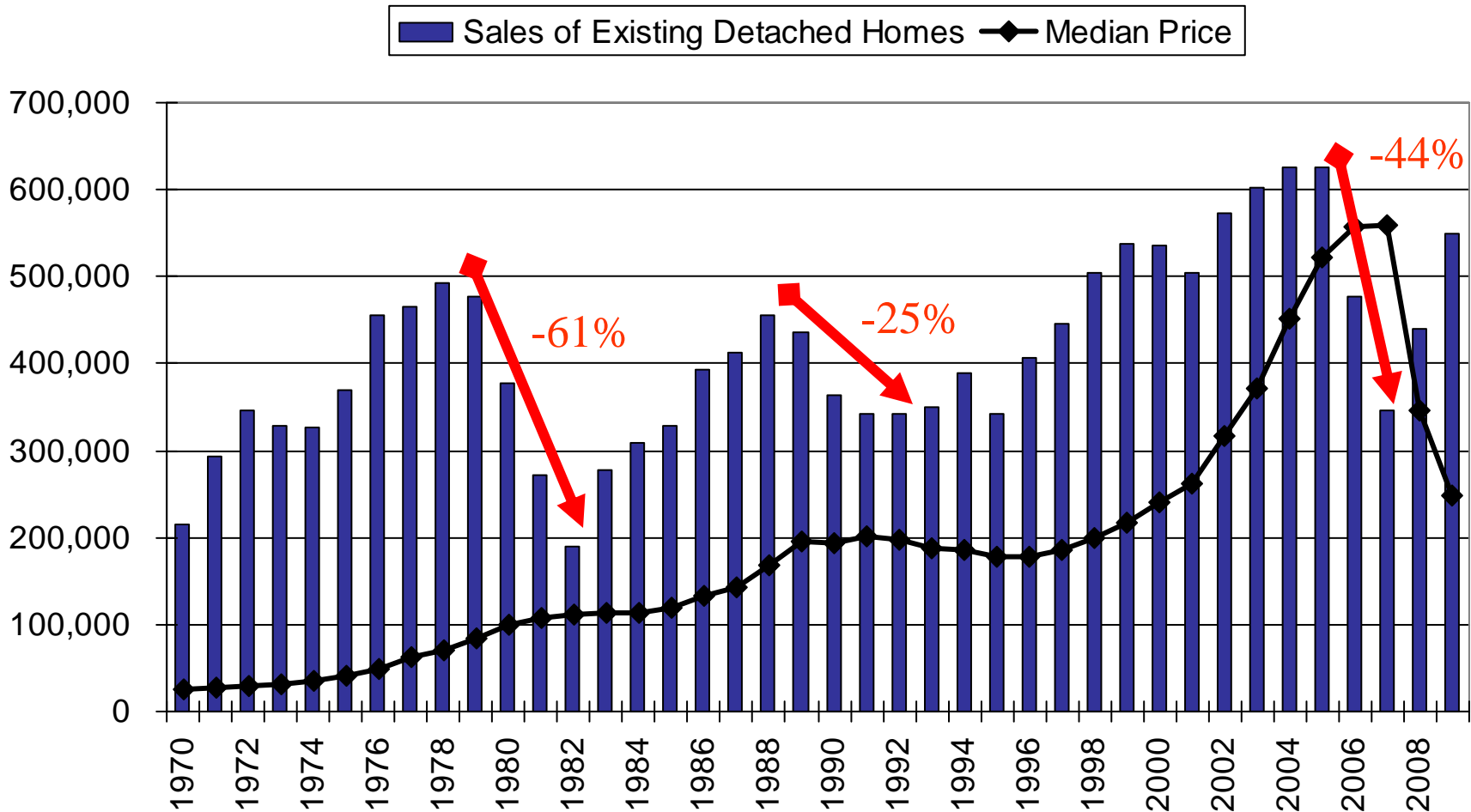
THOUSANDS — Home Sales — Membership



# 3 Real Estate Cycles: 3 Different Stories

## California Sales of Existing Homes and Median Price

UNITS/MEDIAN PRICE \$



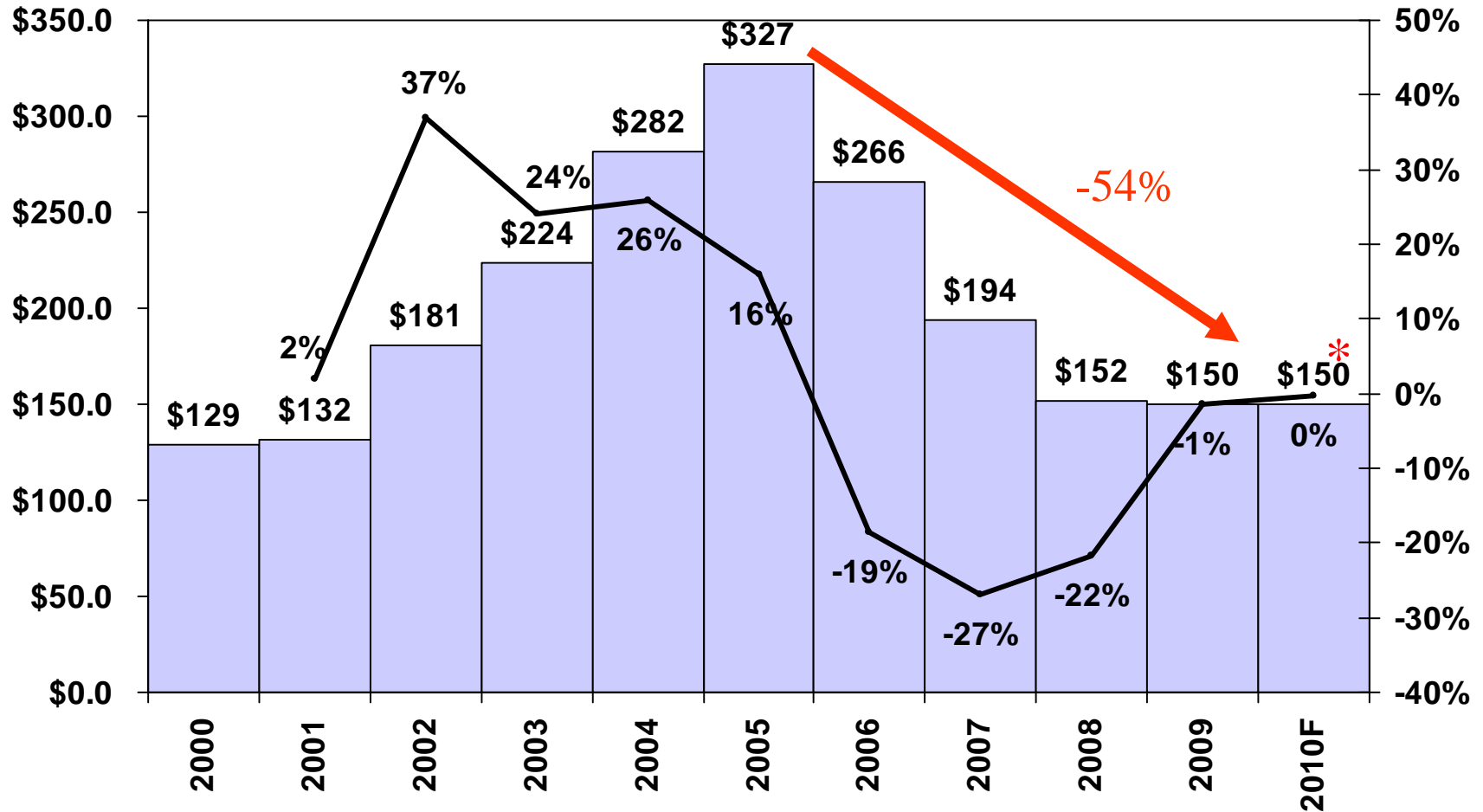
SOURCE: California Association of REALTORS®

# Dollar Volume of Sales Down 54%

\$ in Billion

% Change

■ \$ Volume of Sales — Percent Change

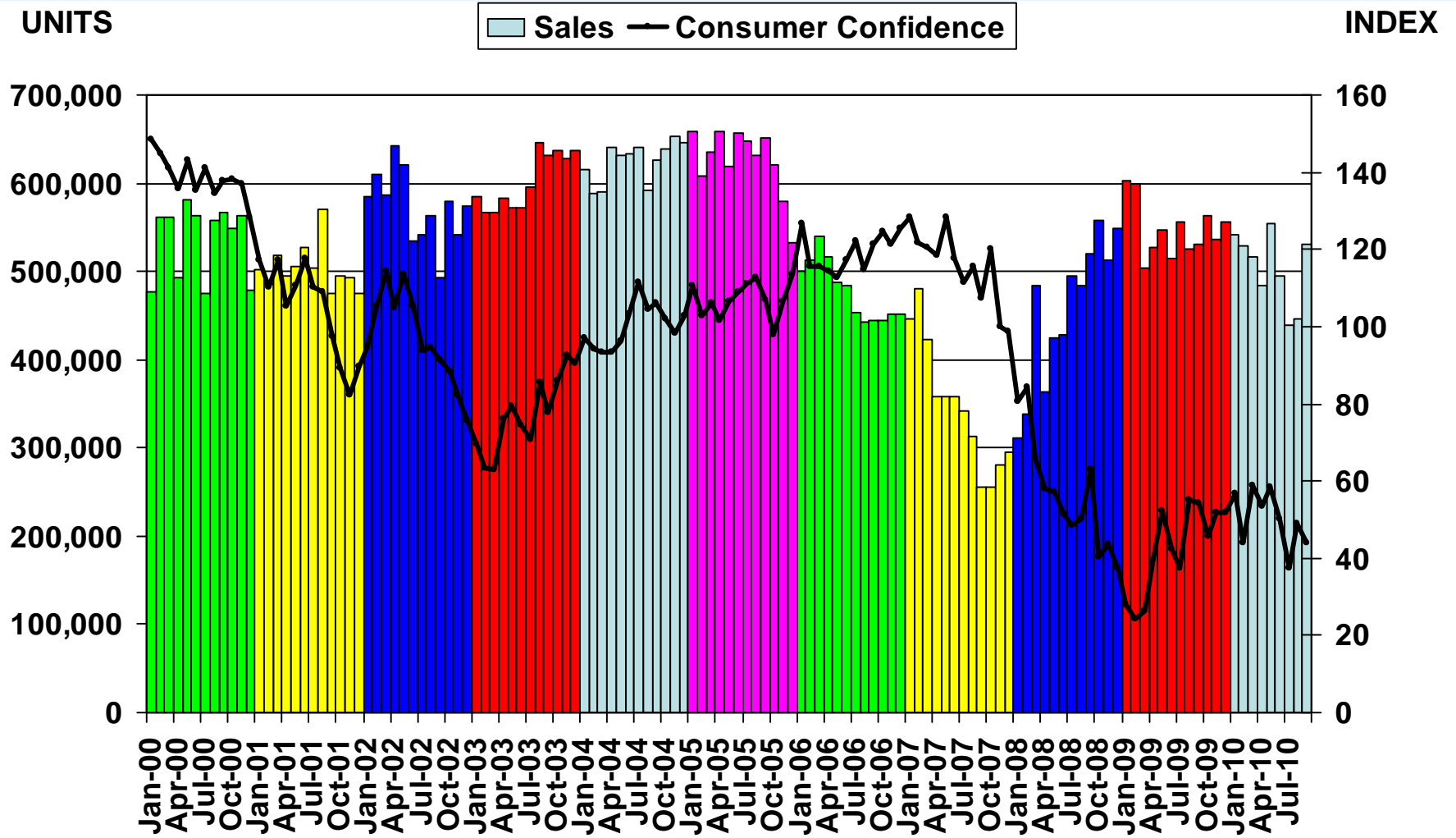


SOURCE: California Association of REALTORS®

\*Based on \$248,000 Median Price

# Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, September 2010 Sales: 466,580 Units, -12.2% YTY, -8.4% YTD

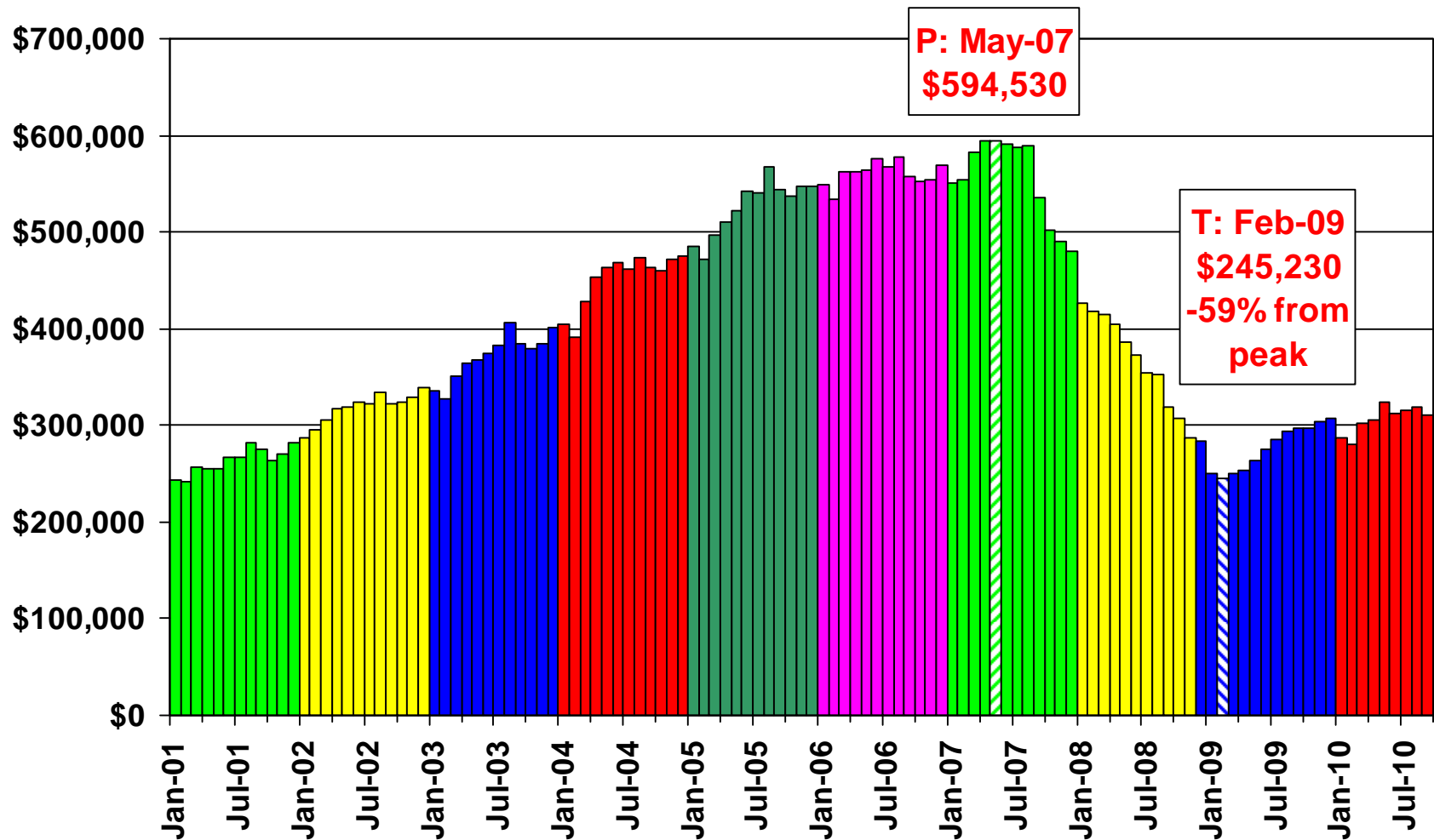


SOURCE: California Association of REALTORS®; The Conference Board

\*Sales are seasonally adjusted and annualized

# Median Price of Existing Detached Homes

California, September 2010: \$309,900, -2.7% MTM + 4.5% YTY



SOURCE: California Association of REALTORS®

# Trough vs. Current Price – Aug 2010

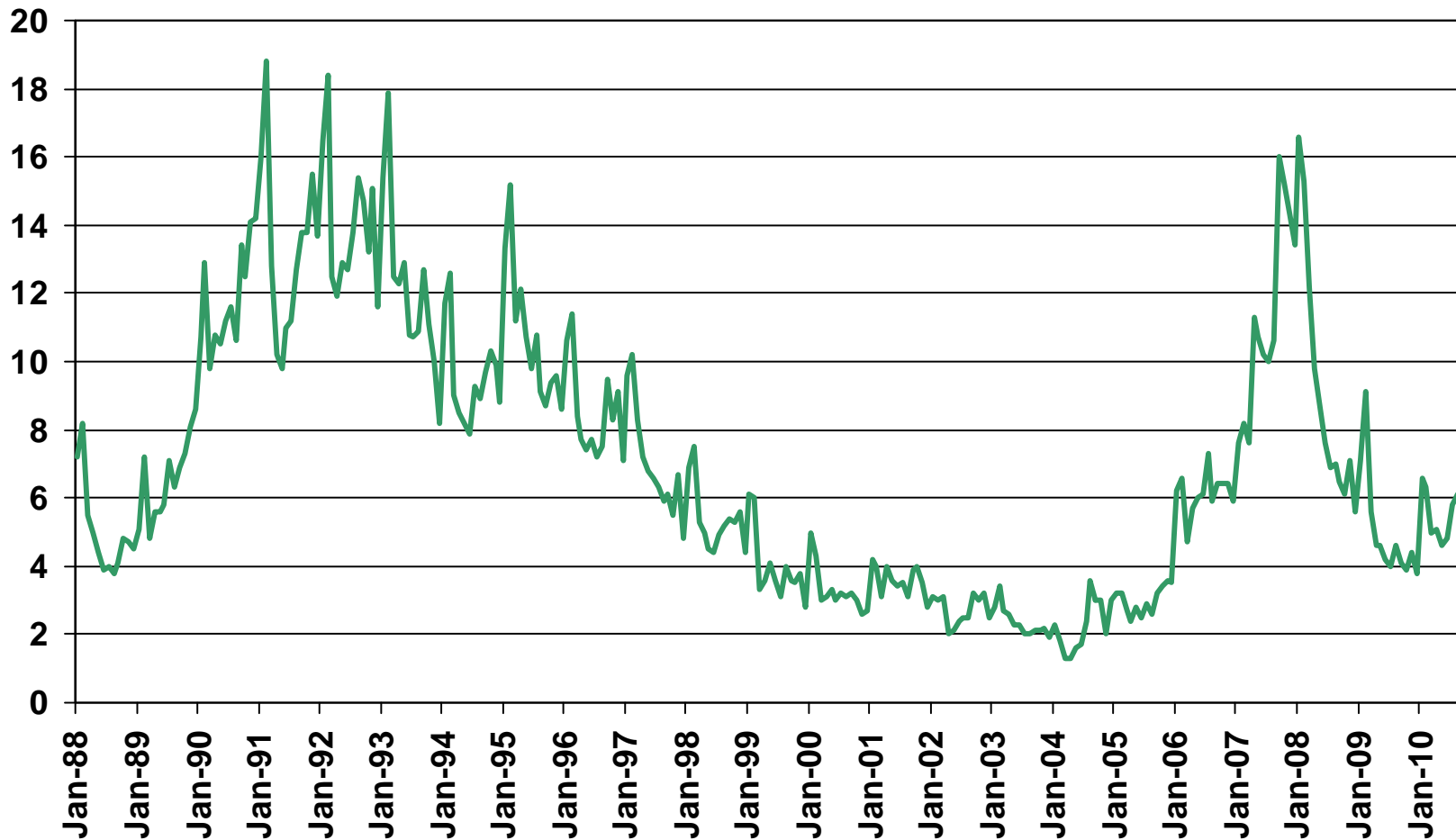
Region	Trough Month	Trough Price	Aug-10 Median	% Chg From Trough
San Francisco Bay Area	Feb-09	\$399,040	\$591,990	48.4%
Monterey Region	Feb-09	\$241,130	\$352,270	46.1%
Santa Clara	Feb-09	\$445,000	\$633,250	42.3%
<b>CALIFORNIA</b>	<b>Feb-09</b>	<b>\$245,230</b>	<b>\$318,660</b>	<b>29.9%</b>
Northern Wine Country	Feb-09	\$310,950	\$377,110	21.3%
Ventura	Feb-09	\$359,630	\$434,480	20.8%
High Desert	May-09	\$106,210	\$127,860	20.4%
Riverside/San Bernardino	Apr-09	\$156,840	\$188,570	20.2%
Los Angeles	Mar-09	\$295,100	\$349,600	18.5%
Orange County	Jan-09	\$423,100	\$499,580	18.1%
San Diego	Mar-09	\$326,830	\$384,700	17.7%
Palm Springs/Lower Desert	Apr-09	\$150,140	\$175,140	16.7%
Sacramento	Apr-09	\$167,340	\$186,750	11.6%
San Luis Obispo	Apr-09	\$338,160	\$358,890	6.1%
Northern California	May-10	\$243,200	\$248,490	2.2%

SOURCE: California Association of REALTORS®

# Unsold Inventory Index

California, September 2010: 6.2 Months

MONTHS



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Unsold Inventory Index (Months)

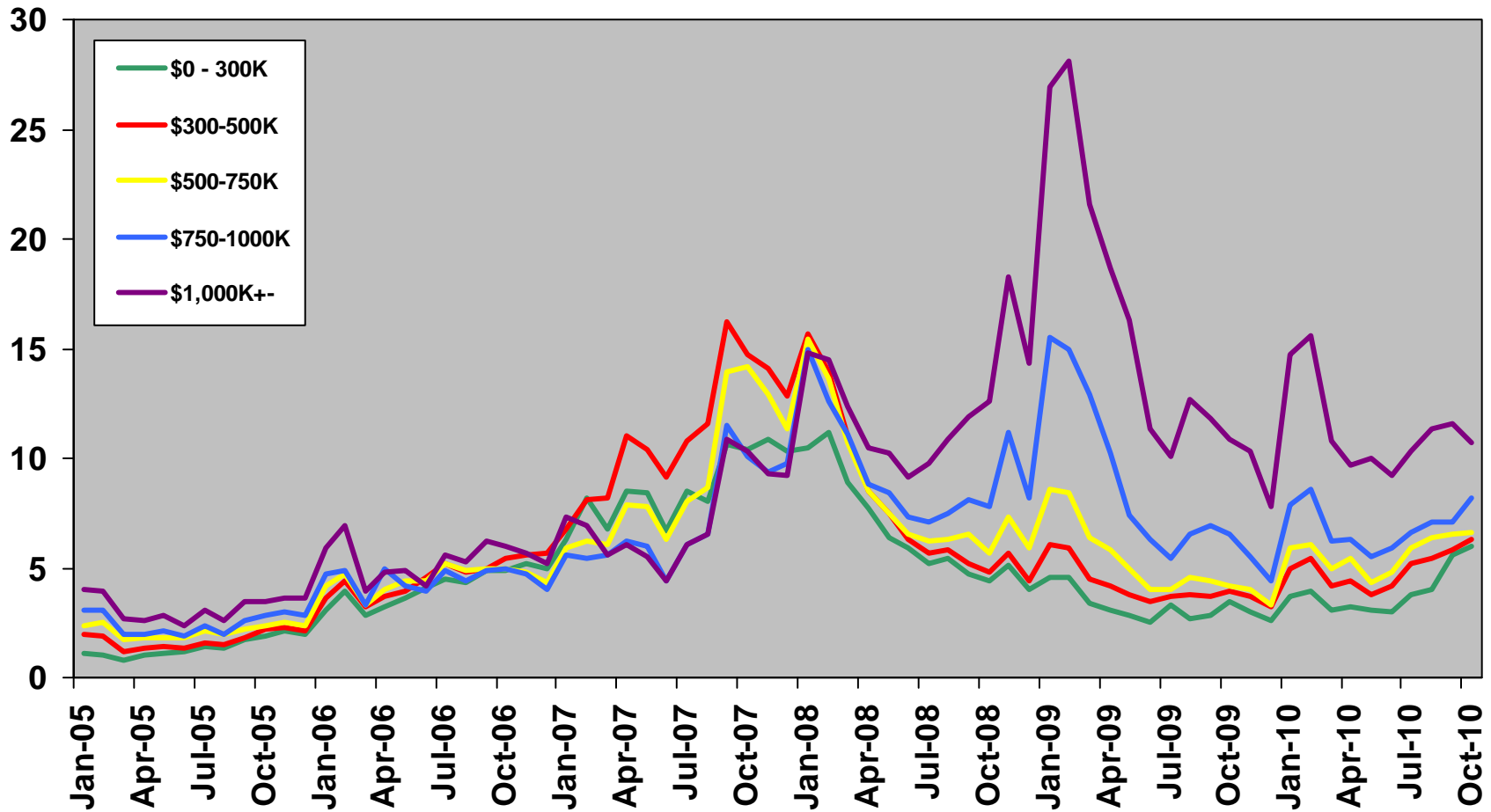
Price Range (Thousand)	Oct-10	Sep-10	Oct-09
\$1,000K+	10.7	11.6	10.9
\$750-1000K	8.2	7.1	6.5
\$500-750K	6.6	6.5	4.2
\$300-500K	6.3	5.8	3.9
\$0-300K	6.0	5.6	3.5

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Unsold Inventory By Price Range

Jan 2005 – Oct 2010

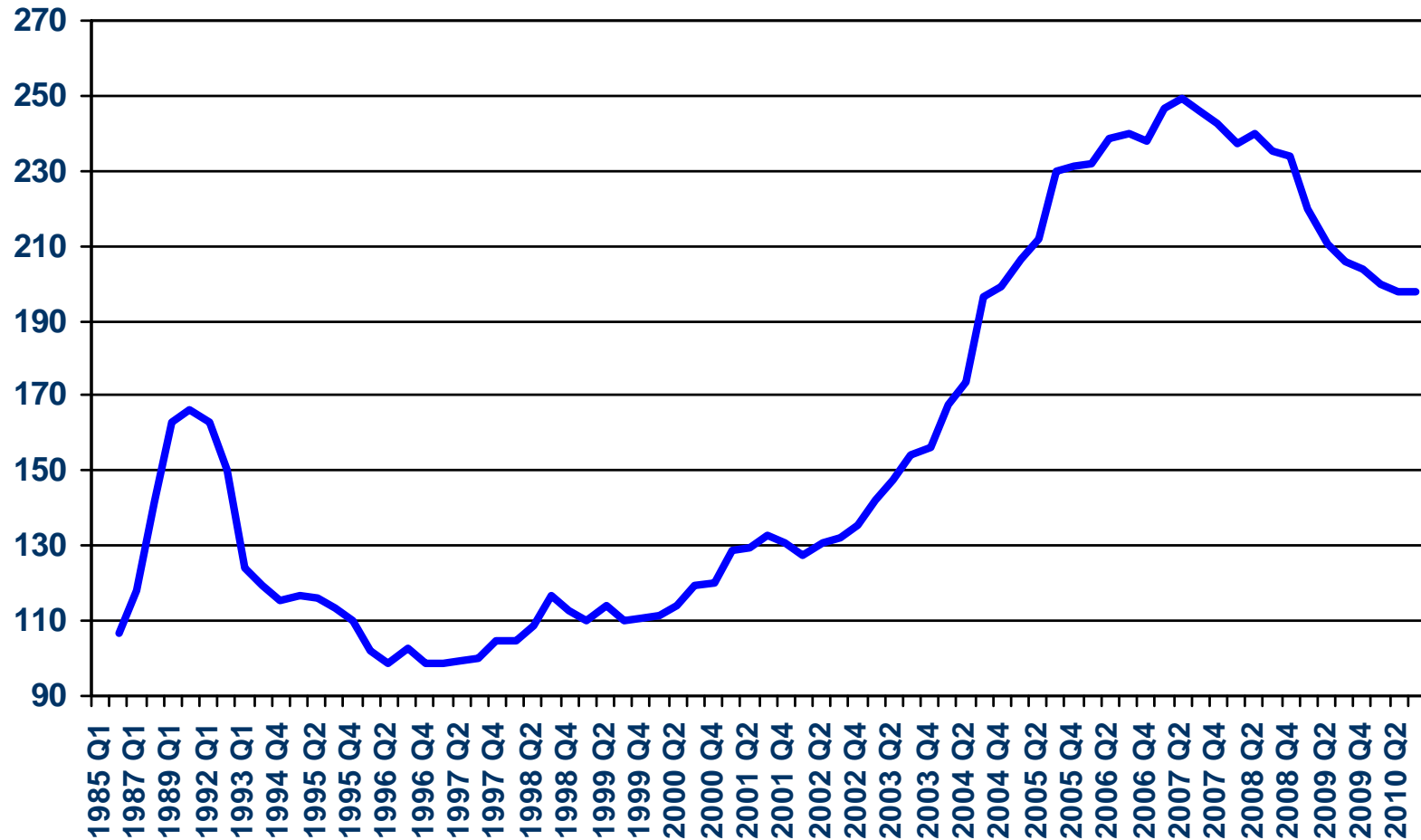
MONTHS



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# First Republic Prestige Home Index™

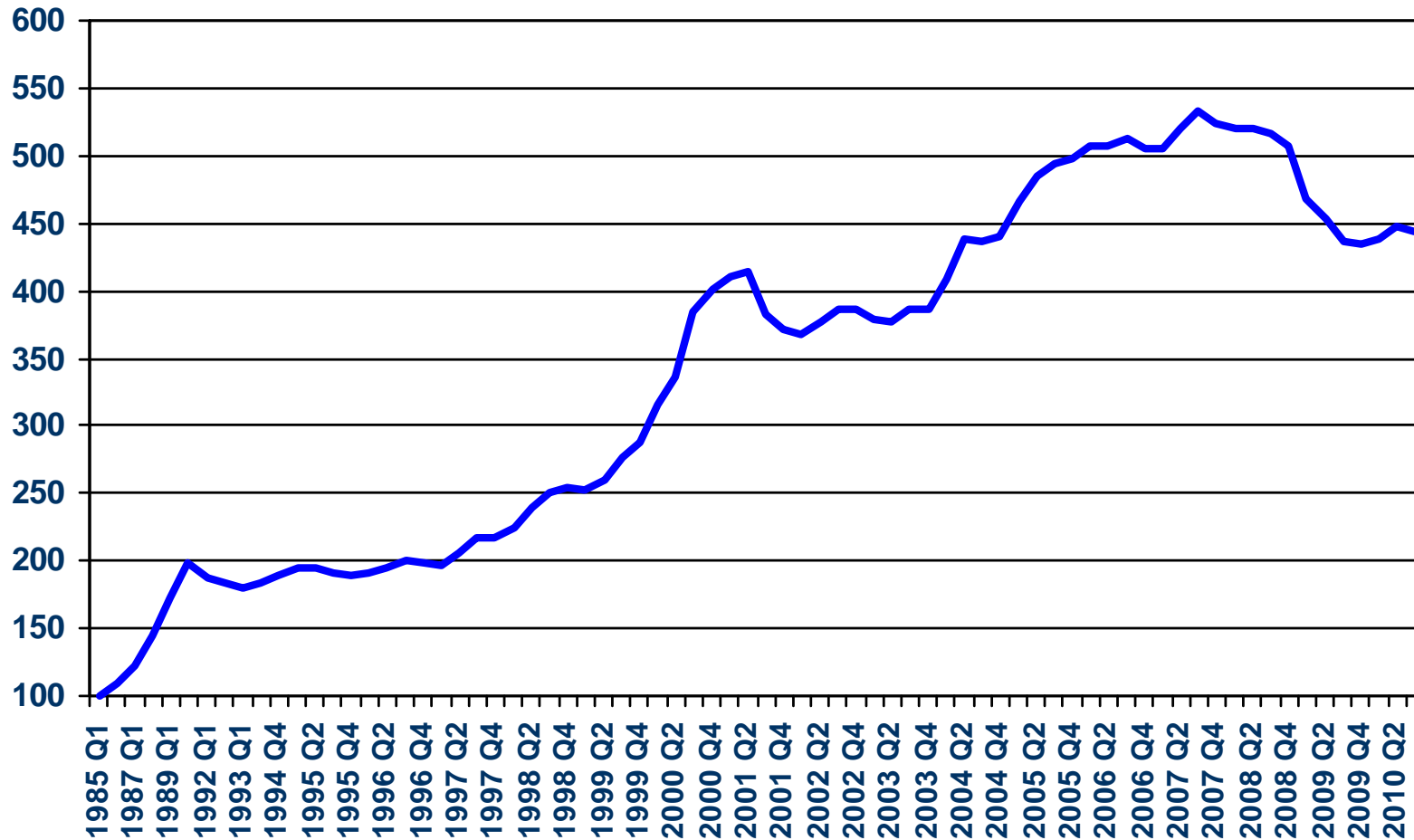
Los Angeles Area, 3Q 2010: 197.86



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

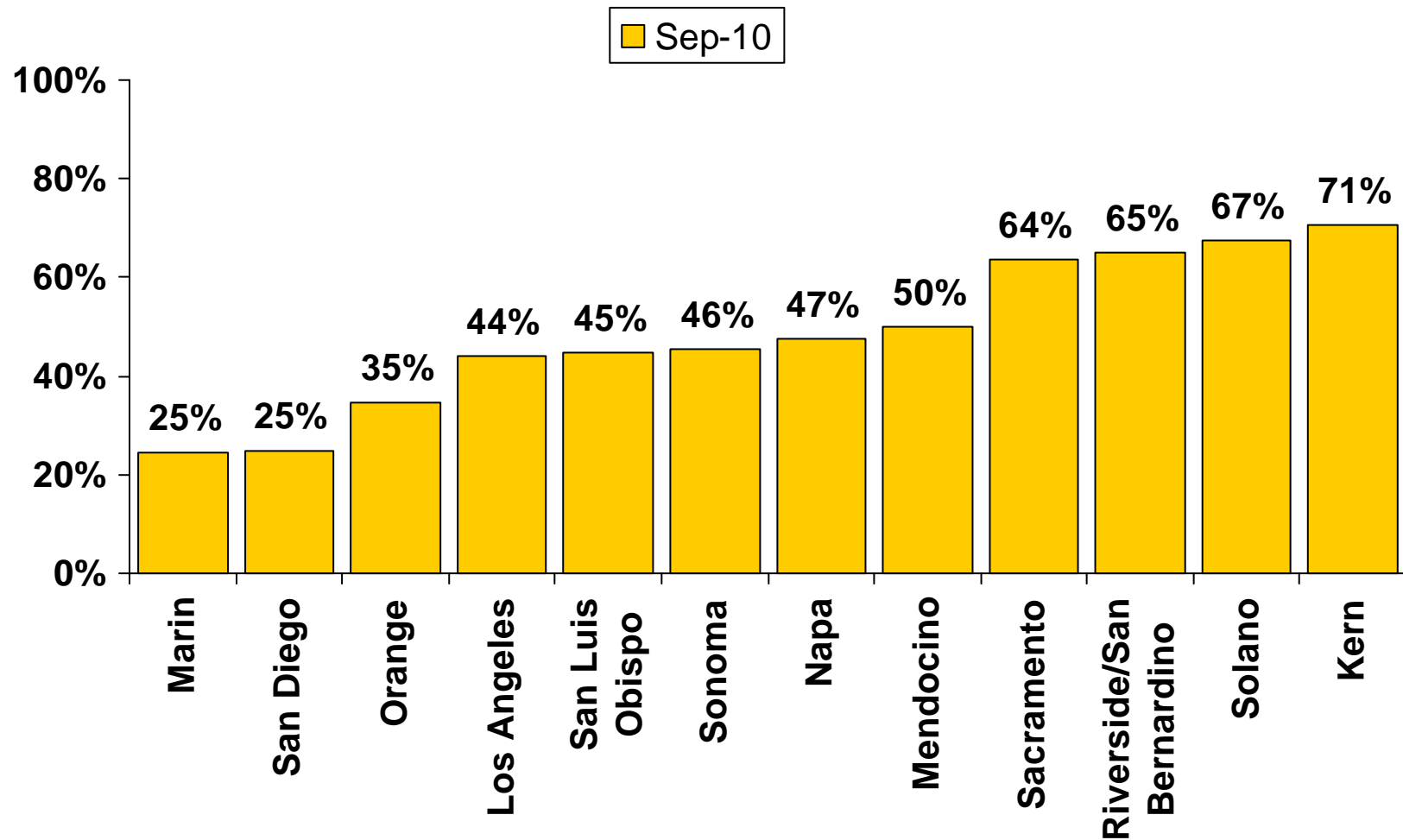
# First Republic Prestige Home Index™

San Francisco Area, 3Q 2010: 443.52

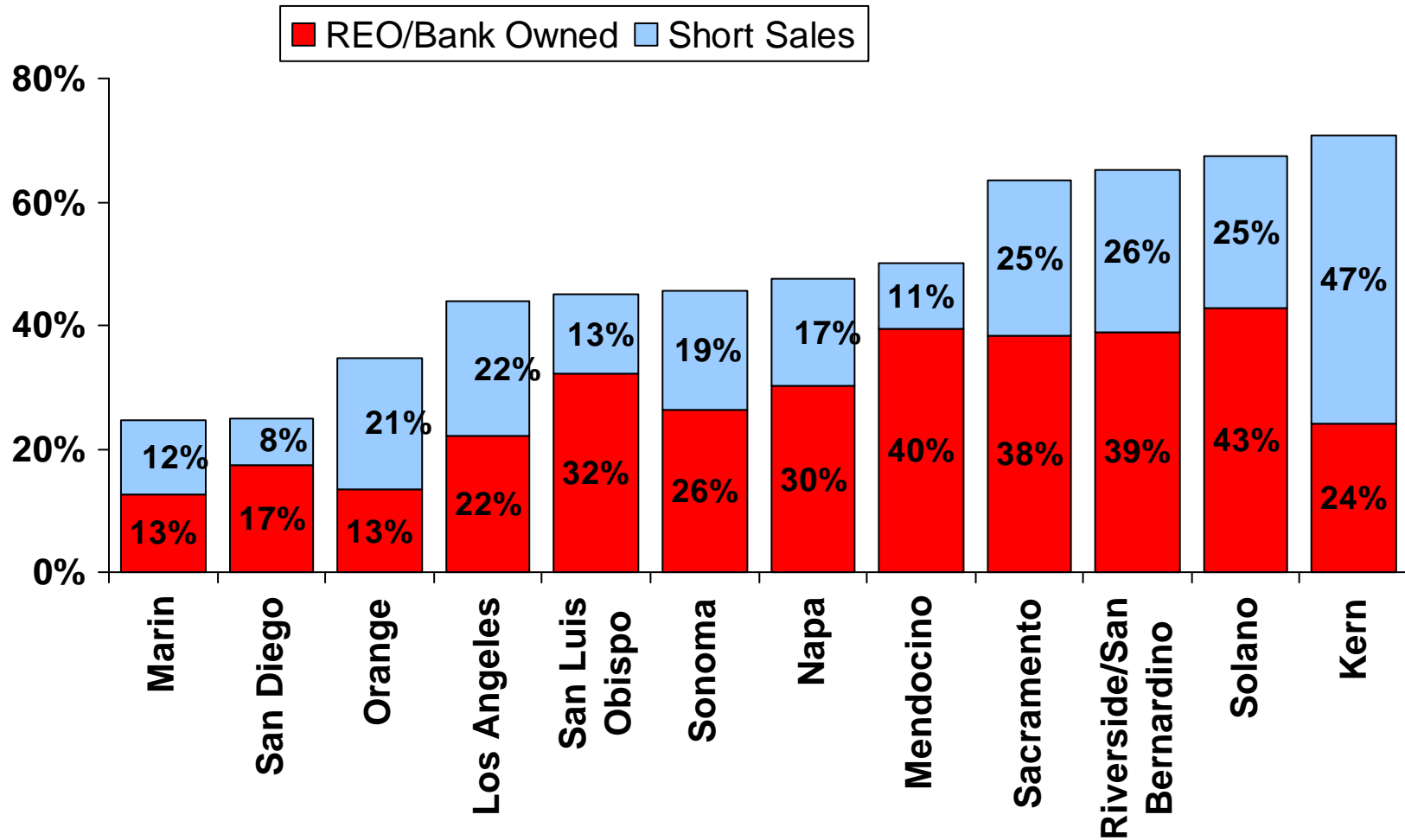


SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Distressed Sales to Total Sales Ratio



# Distressed Sales Breakdown (Sep 2010)



# Notices of Default – CA Q3-2010

## Houses and Condos

Region	2010-Q3	2010-Q2	2009-Q3	QTQ %Chg	YTY %Chg
SoCal	45,461	37,748	62,772	20.4%	-27.6%
Bay Area	12,690	12,231	18,812	3.8%	-32.5%
Central Valley	20,374	16,156	24,588	26.1%	-17.1%
<b>Statewide*</b>	<b>83,261</b>	<b>70,051</b>	<b>111,689</b>	<b>18.9%</b>	<b>-25.5%</b>

\* Includes additional counties

SOURCE: Data Quick Information Systems

# Foreclosures (Trustee Deeds Recorded)- CA Q3-2010

## Houses and Condos

Region	2010-Q3	2010-Q2	2009-Q3	QTQ %Chg	YTY %Chg
SoCal	22,980	24,686	26,699	-6.9%	-13.9%
Bay Area	6,757	6,797	7,462	-0.6%	-9.4%
Central Valley	12,934	13,354	13,291	-3.1%	-2.7%
<b>Statewide*</b>	<b>45,377</b>	<b>47,669</b>	<b>50,013</b>	<b>-4.8%</b>	<b>-9.3%</b>

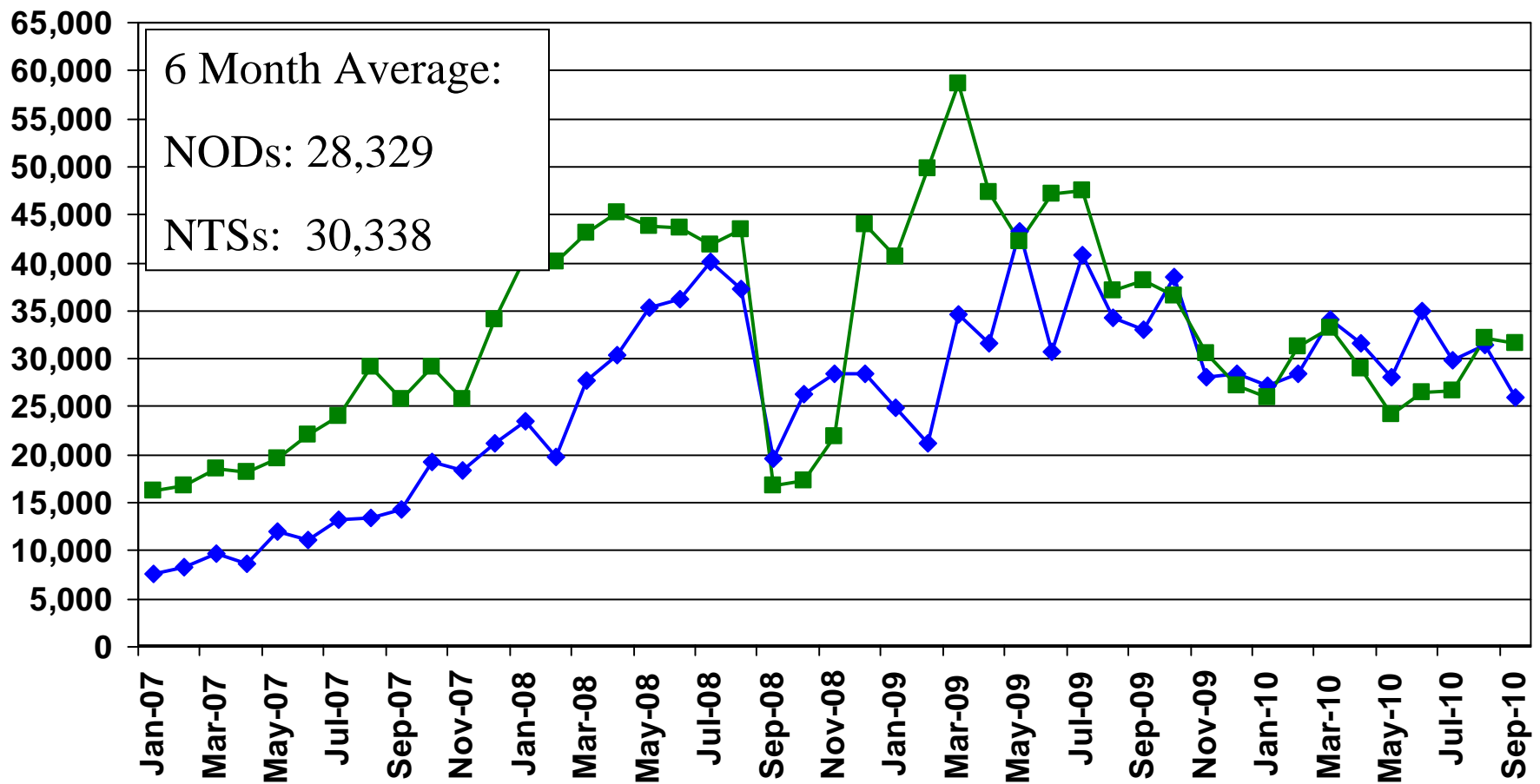
\* Includes additional counties

SOURCE: Data Quick Information Systems

# California Foreclosure Filings, Sept. 2010

NOD: 31,594, -36.3% YTD • NTS: 26,039, -7.6% YTD

◆ Notice of Trustee Sale - Counts    ■ Notice of Defaults - Counts

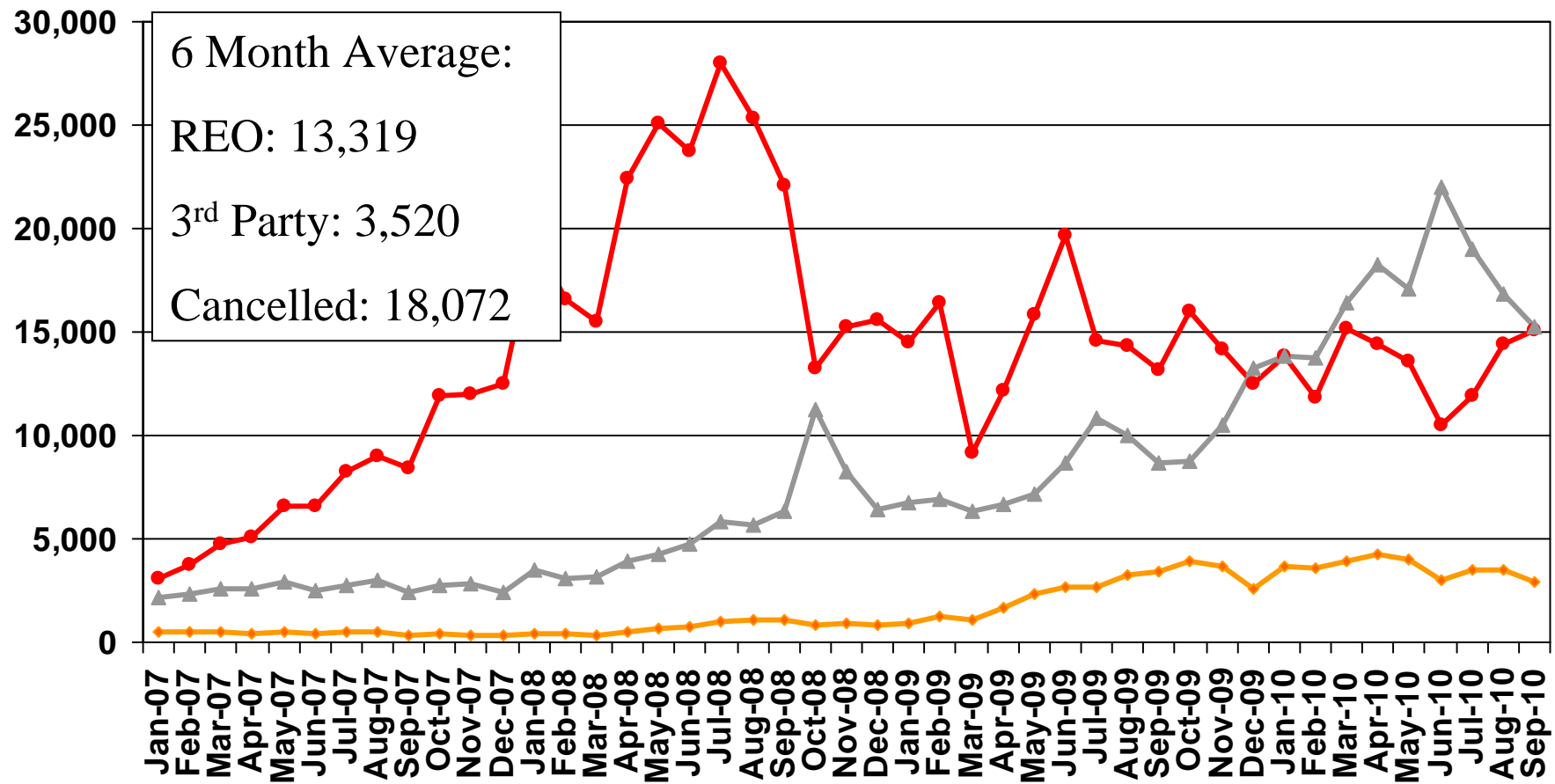


SOURCE: ForeclosureRadar.com

# California Foreclosure Outcomes, Sept. 2010

REO: -7.1% YTD • 3<sup>rd</sup> Party: +67.7% YTD • Cancel: +111.8% YTD

● REOs ● Sold to 3rd Party ▲ Cancellations



SOURCE: ForeclosureRadar.com

The background features a blue gradient with various sized, semi-transparent circles in shades of green, orange, pink, light blue, and purple. On the left side, the year '2011' is written vertically in a large, light blue, sans-serif font. In the top right corner, there is a black rounded rectangle.

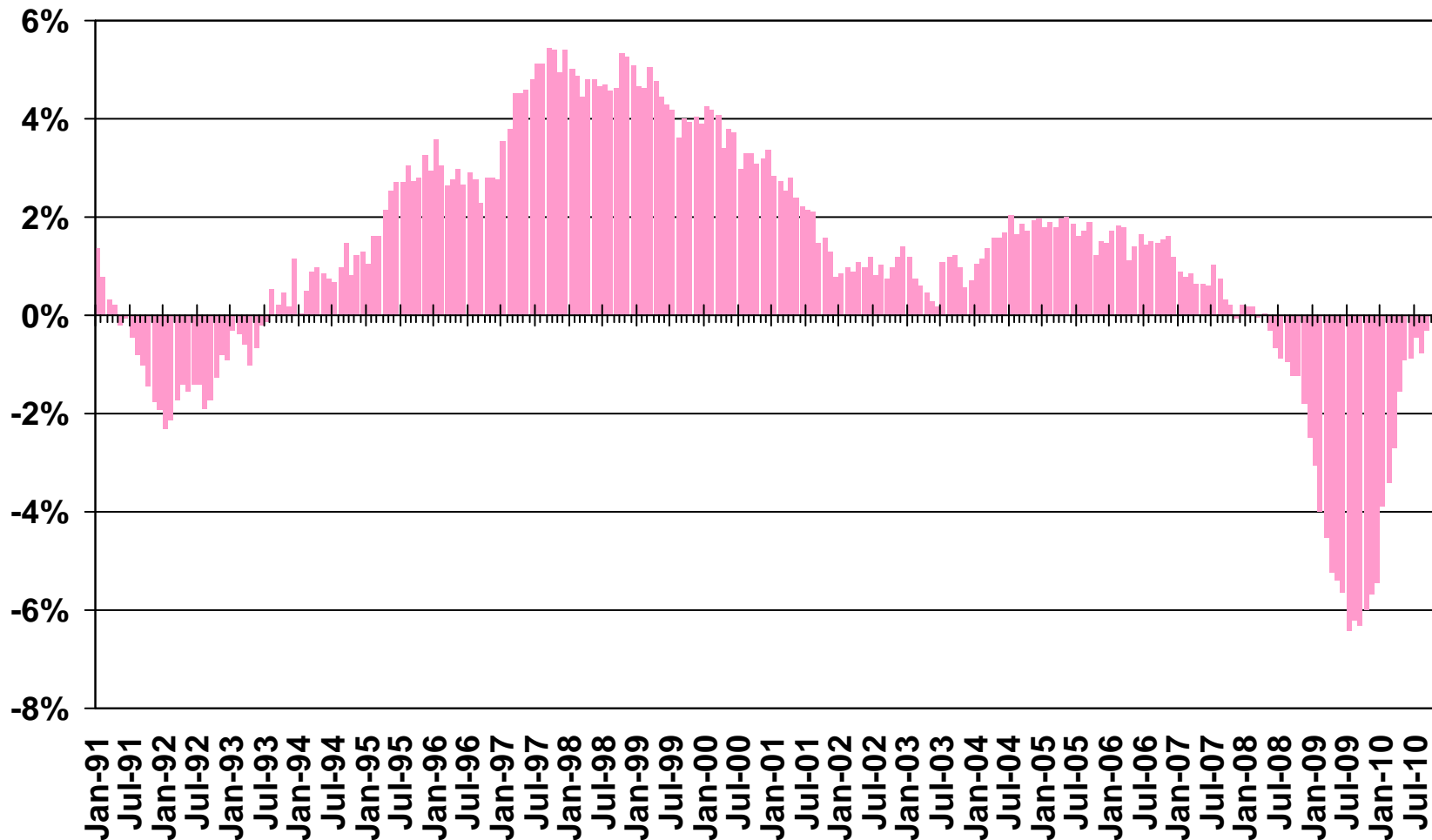
# San Diego Housing Market

**LESLIE APPLETON YOUNG** | CHIEF ECONOMIST | CALIFORNIA ASSOCIATION OF REALTORS®

# Nonfarm Employment

San Diego County, October 2010: Down 0.1% YTY

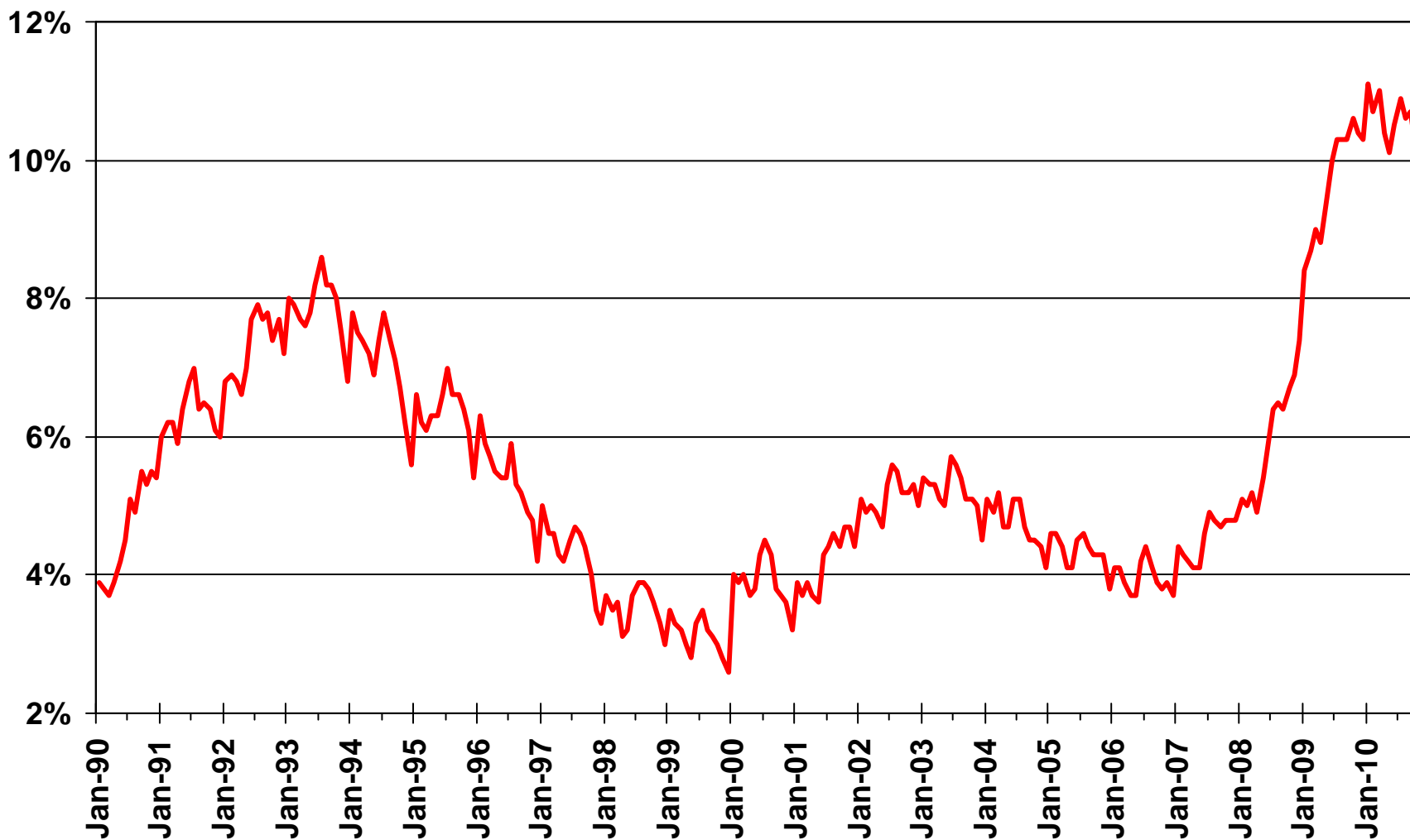
Y-T-Y PERCENT CHANGE



SOURCE: CA Employment Development Division

# Unemployment Rate

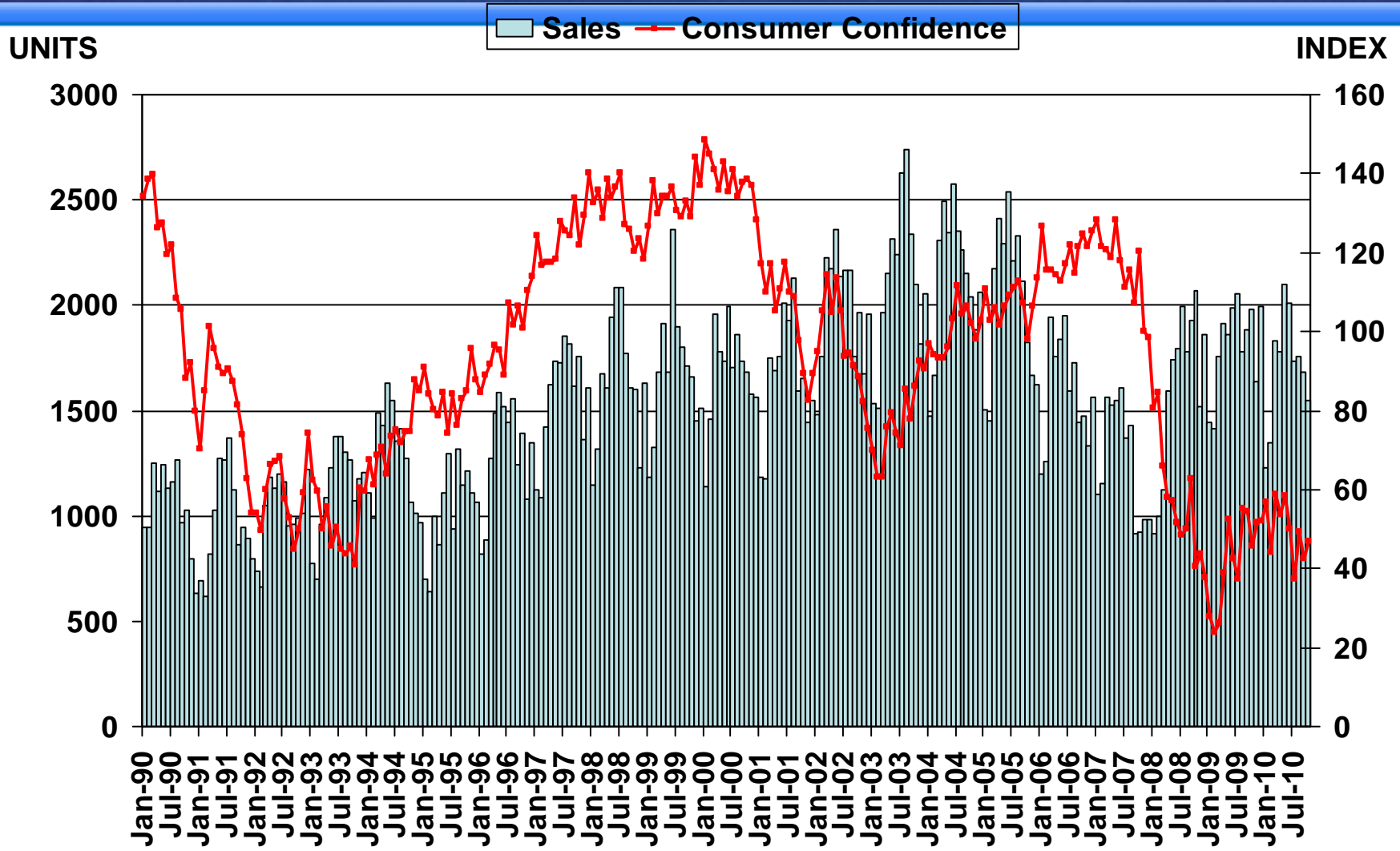
San Diego County, October 2010: 10.2%



SOURCE: CA Employment Development Division

# Sales of Existing Detached Homes and Pacific West Consumer Confidence

San Diego County, October 2010: 1,551 Units, -5.9% YTD, -21.6% YTY

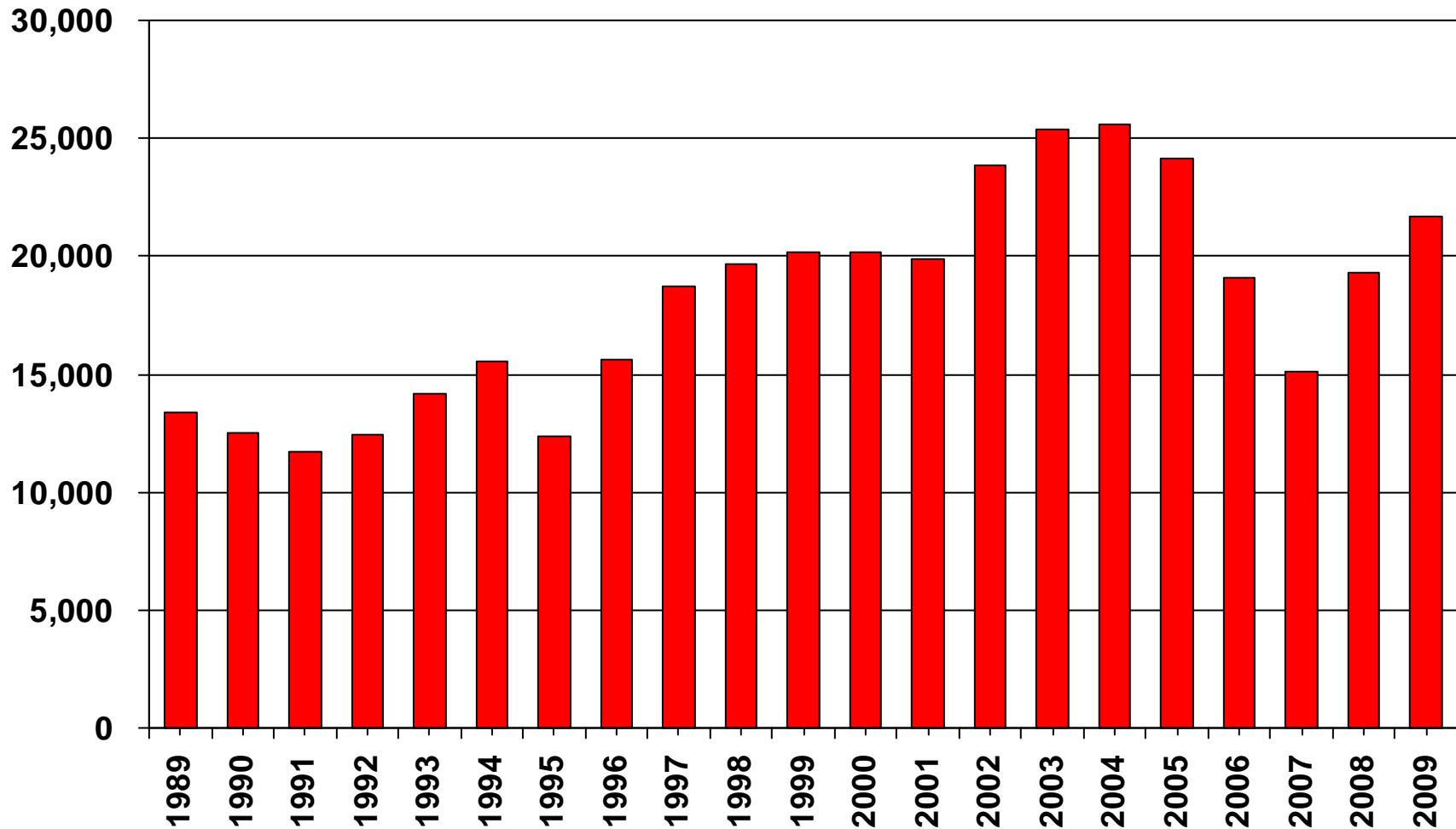


SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®;  
The Conference Board

# Sales of Existing Detached Homes

San Diego County, 2009: 21,702 Units, Up 12.3% YTY

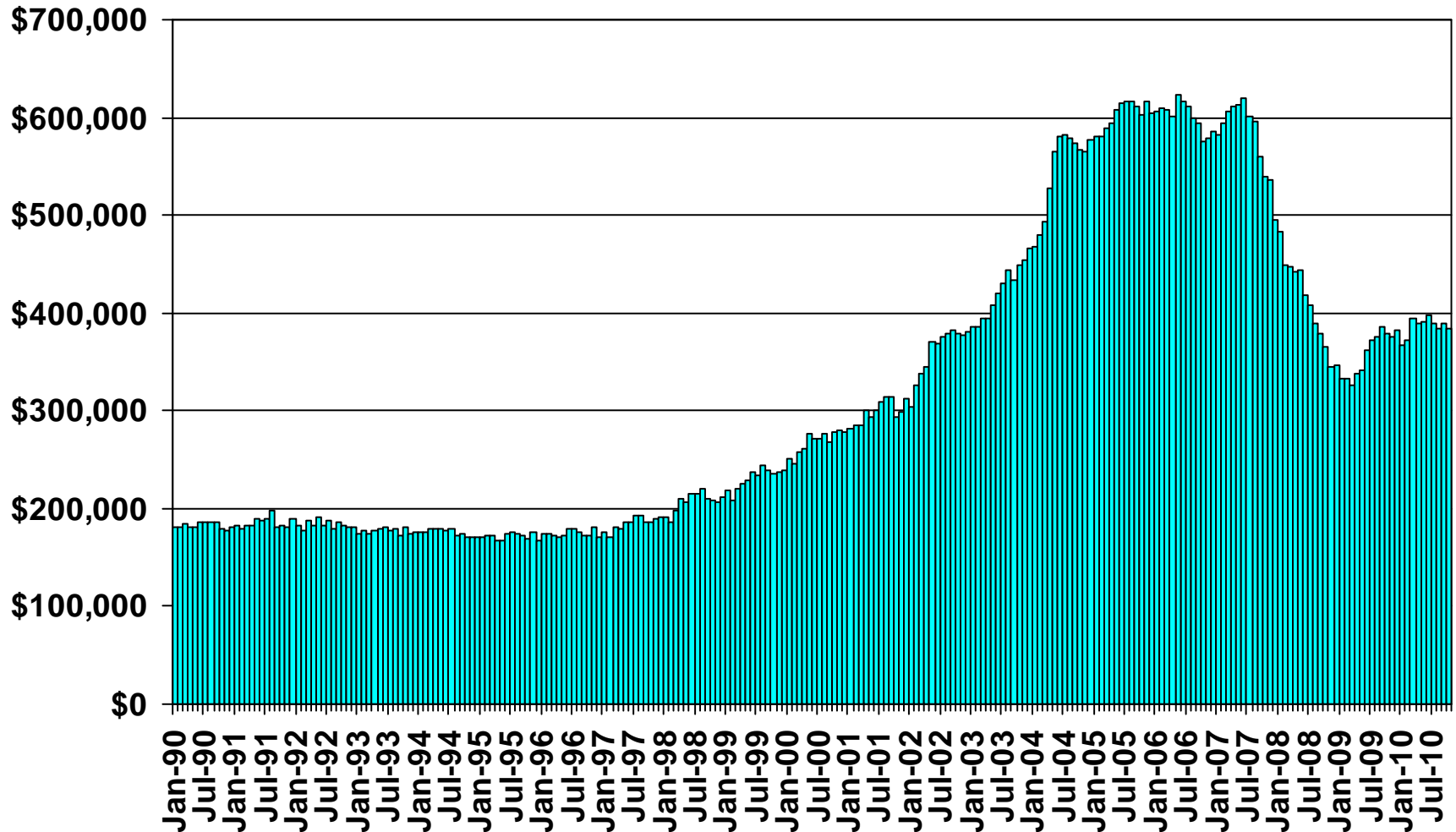
UNITS



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Median Price of Existing Detached Homes

San Diego County, October 2010: \$384,570, Up 1.6% YTY



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Median Home Sales Price

## San Diego County – Existing Detached Homes

City	Oct '09	Oct '10	YTY % Change
Carlsbad	633,500	675,000	6.6%
Chula Vista	355,000	368,500	3.8%
El Cajon	330,000	326,250	-1.1%
Encinitas	759,000	950,000	25.2%
Escondido	279,000	375,000	34.4%
Fallbrook	327,250	326,000	-0.4%
La Jolla	1,575,000	1,279,000	-18.8%
La Mesa	385,000	367,000	-4.7%
Lakeside	312,250	308,000	-1.4%
Lemon Grove	249,000	263,000	5.6%

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Median Home Sales Price

## San Diego County – Existing Detached Homes

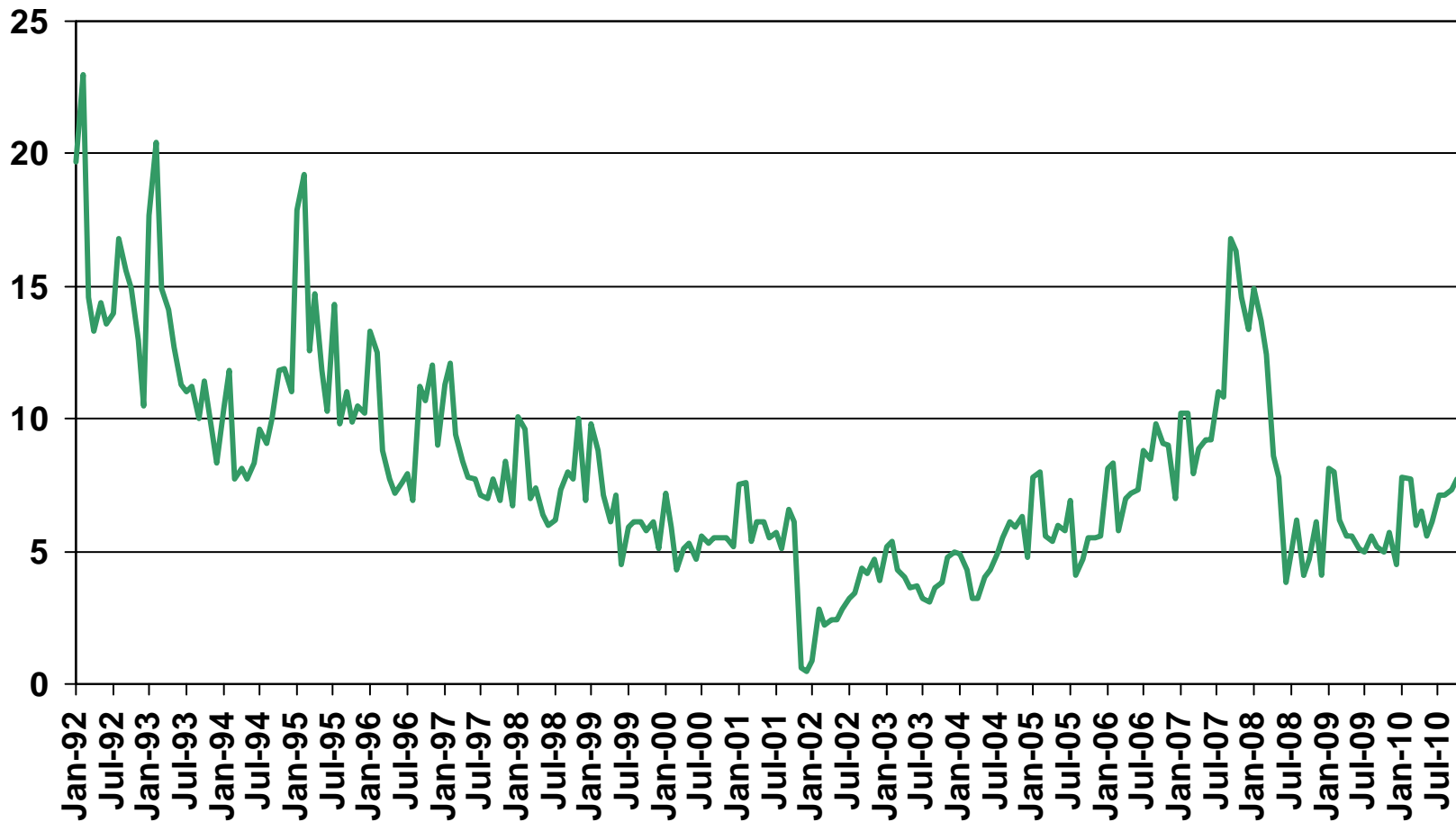
City	Oct '09	Oct '10	YTY % Change
Oceanside	330,000	332,500	0.8%
Poway	527,500	483,825	-8.3%
San Diego	442,000	420,000	-5.0%
San Marcos	404,500	407,000	0.6%
Santee	329,750	342,500	3.9%
Spring Valley	260,000	260,000	0.0%
Vista	310,000	300,000	-3.2%

SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Unsold Inventory Index

San Diego County, October 2010: 7.7 Months

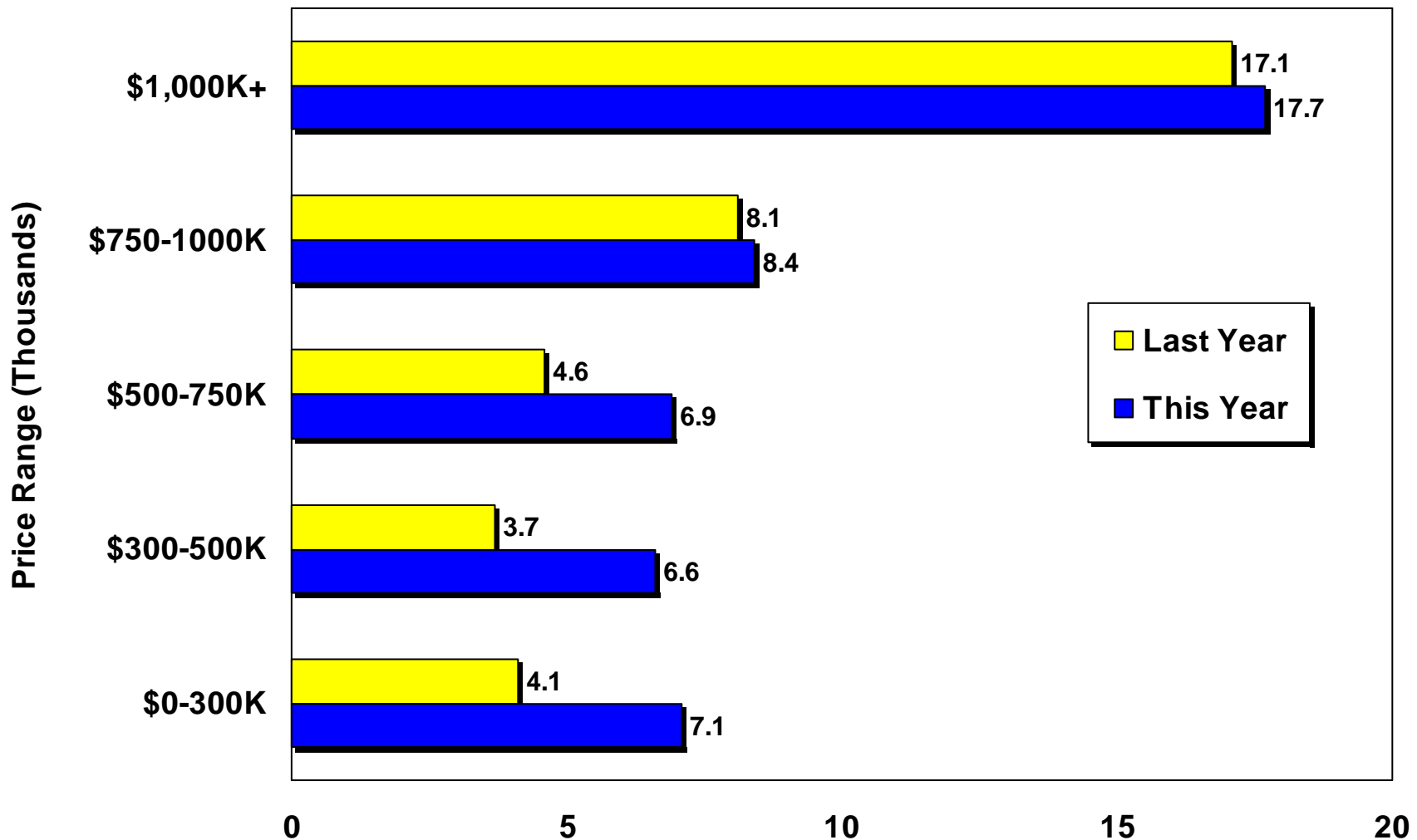
MONTHS



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Unsold Inventory By Price Range

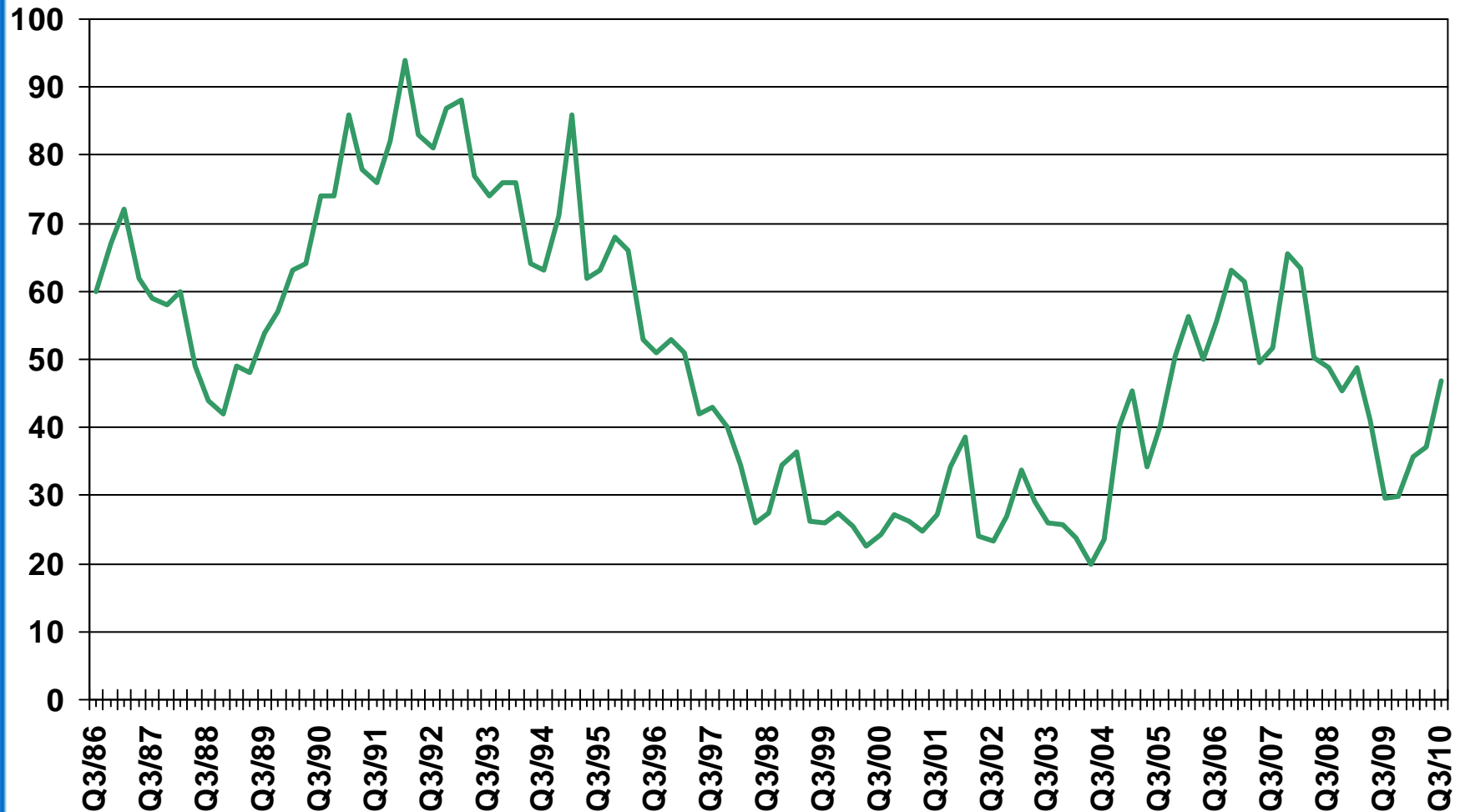
San Diego County Existing Homes Oct. 2010 vs. Oct. 2009



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Median Time on the Market

Single-Family Homes, San Diego County, 2010 Q3: 46.8 Days



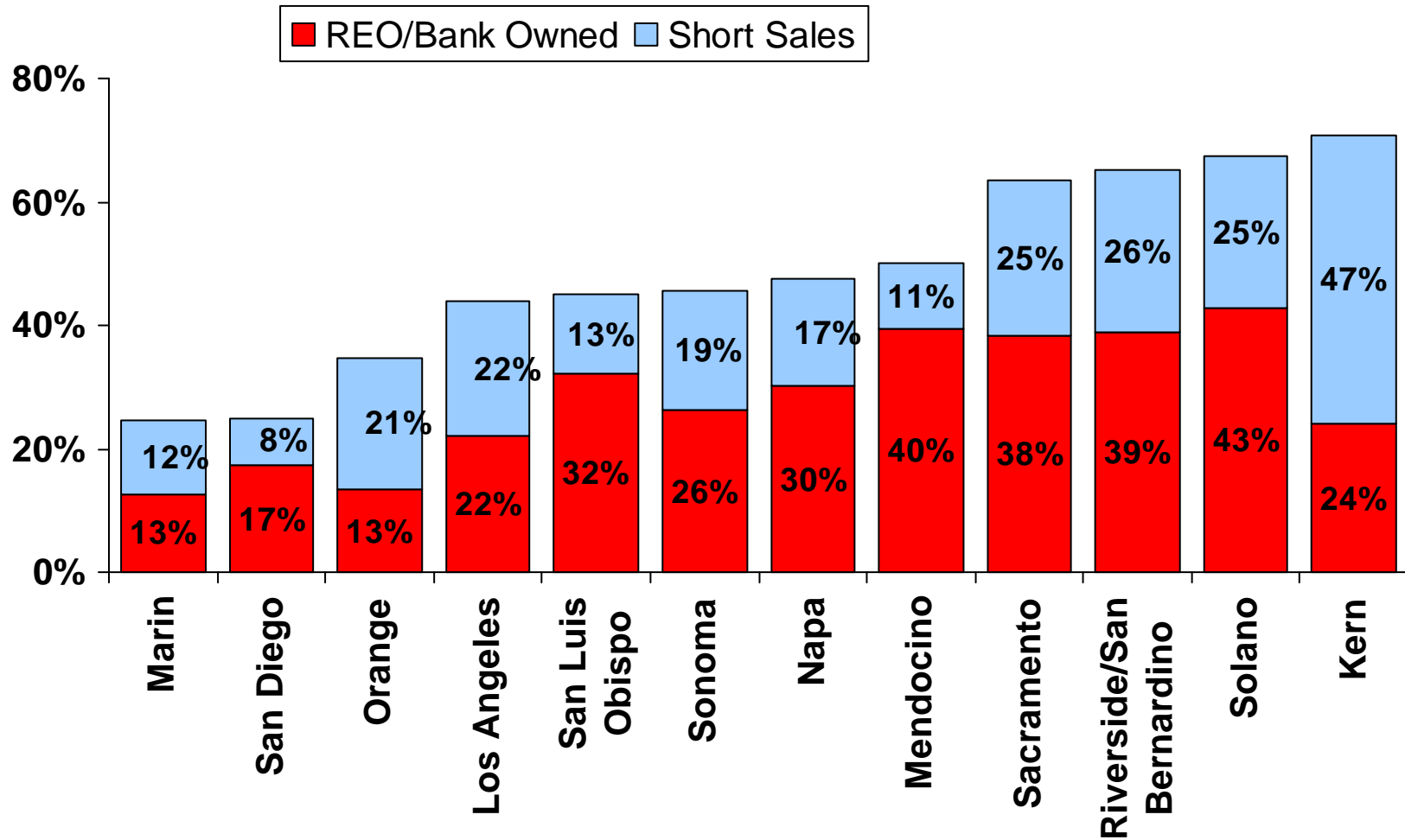
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

## Distressed Sales to Total Sales Ratio

County/Region	Sep-09	Aug-10	Sep-10
Kern	72.2%	63.3%	70.8%
Los Angeles	53.7%	46.7%	43.9%
Marin	27.6%	29.1%	24.6%
Mendocino	48.8%	51.6%	50.0%
Napa	56.1%	38.9%	47.4%
Orange	40.1%	36.2%	34.7%
Riverside/San Bernardino	77.6%	65.0%	65.0%
Sacramento	64.7%	62.8%	63.5%
San Diego	34.0%	26.9%	25.0%
San Luis Obispo	30.9%	40.7%	44.9%
Solano	75.1%	66.6%	67.4%
Sonoma	47.6%	41.5%	45.6%

SOURCE: California Association of REALTORS®

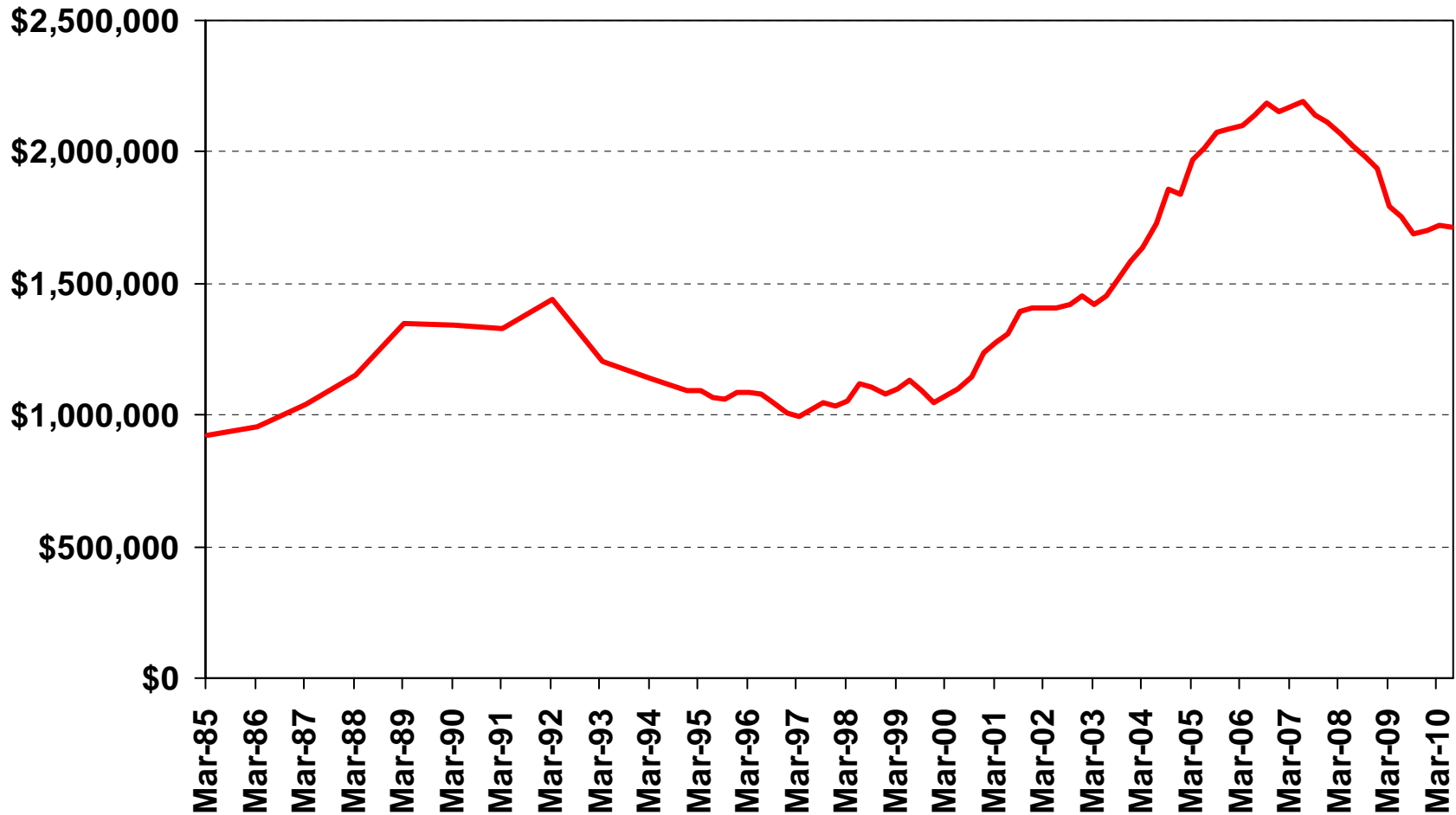
# Distressed Sales Breakdown (Sep 2010)



# Prestige Home Index - Average Home Value

San Diego Area, 3Q 2010: \$1,698,286

## AVERAGE HOME VALUE



SOURCE: First Republic Bank

# Market Cycle – San Diego County

<b>Sales</b>	<b>Month</b>	<b>Monthly Sales</b>	<b>Percentage Change</b>
Peak	Aug-03	2,738	
Trough	Jan-08	915	-66.6%
Current	Oct-10	1,551	69.5%

SOURCE: California Association of REALTORS®

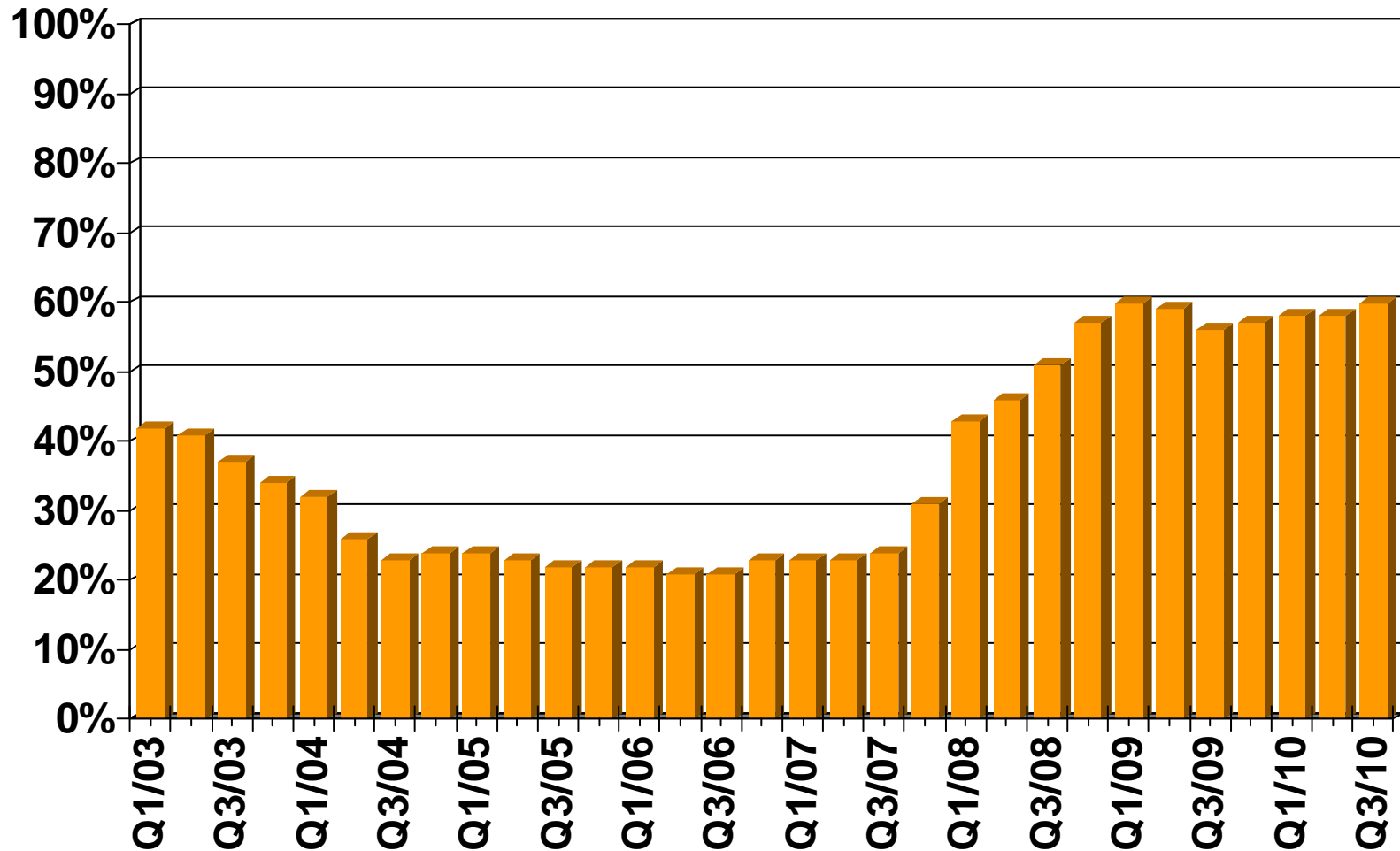
# Market Cycle – San Diego County

<b>Median Price</b>	<b>Month</b>	<b>Monthly Price</b>	<b>Percentage Change</b>
Peak	May-06	\$622,380	
Trough	Mar-09	\$326,830	-47.5%
Current	Oct-10	\$384,580	17.7%

SOURCE: California Association of REALTORS®

# First-time Buyer Housing Affordability Index

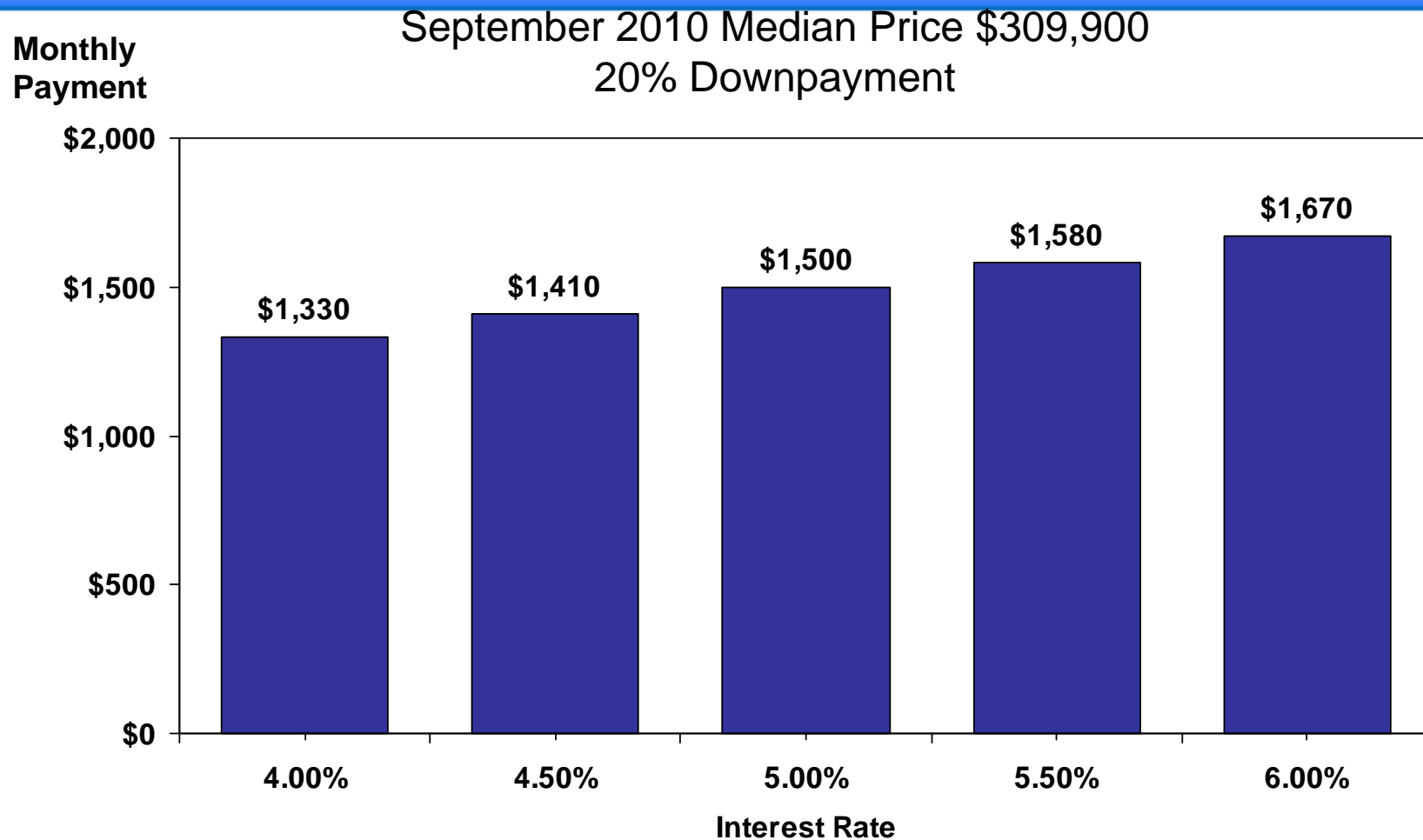
San Diego County, 3<sup>rd</sup> Quarter 2010: 60%



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# What Happens When Rates Increase?

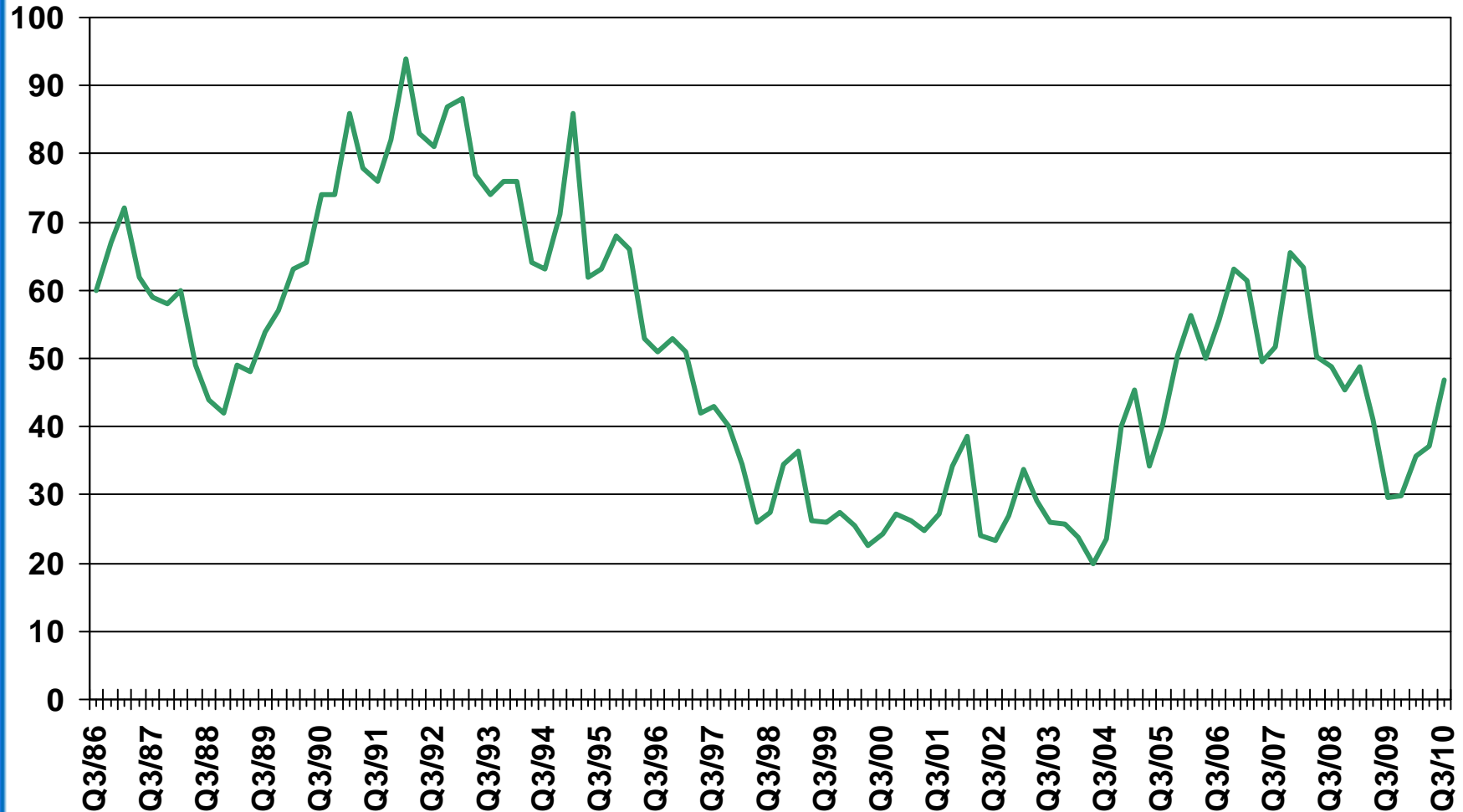
## Monthly Mortgage Payment on Median Priced Home



SOURCE: C.A.R. Traditional Housing Affordability Index Methodology

# Median Time on the Market

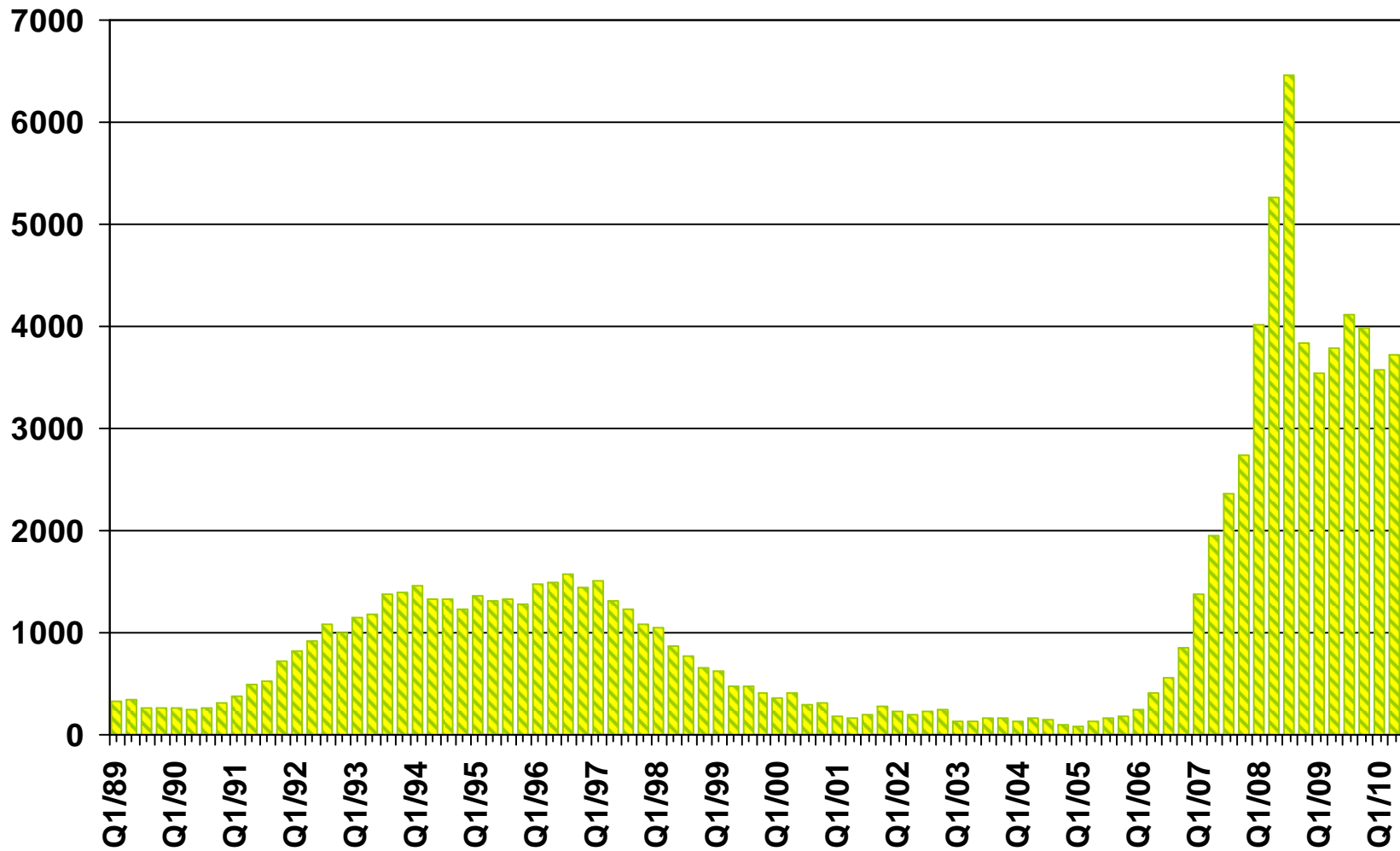
Single-Family Homes, San Diego County, 2010 Q3: 46.8 Days



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®

# Foreclosures

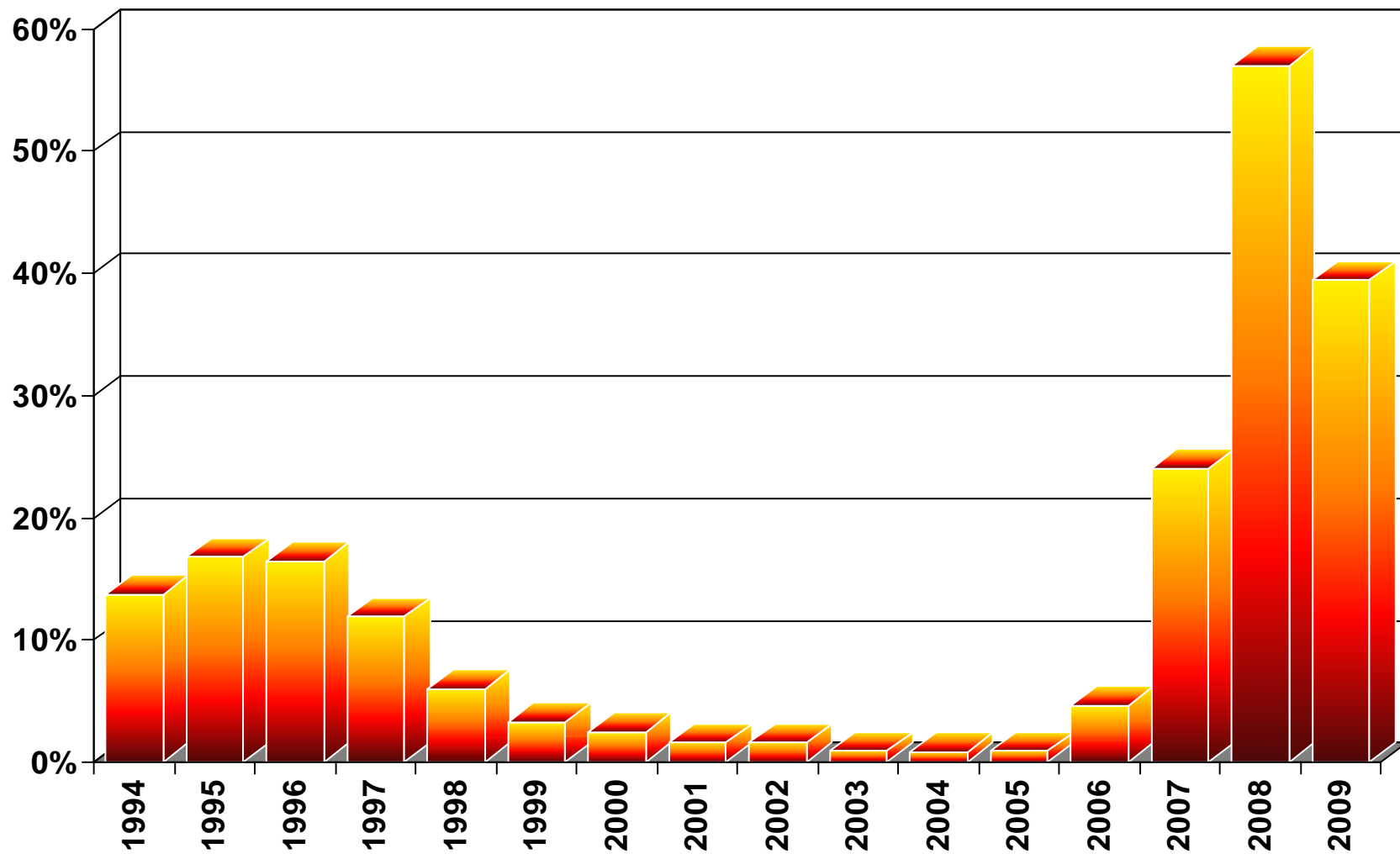
## San Diego County



SOURCE: Real Estate Research Council

# Ratio of Foreclosures to Home Sales

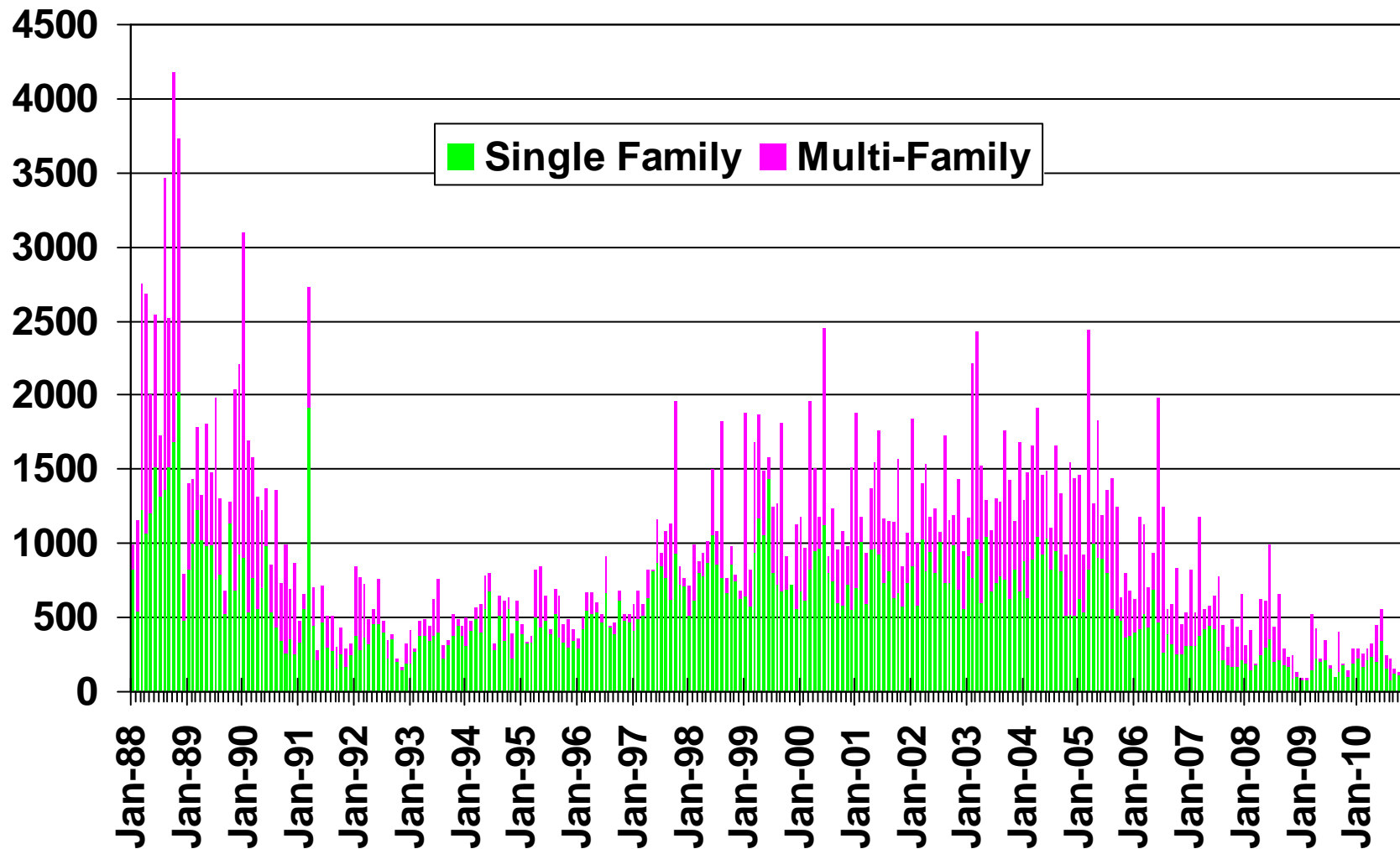
## San Diego County



SOURCE: Real Estate Research Council

# New Housing Permits

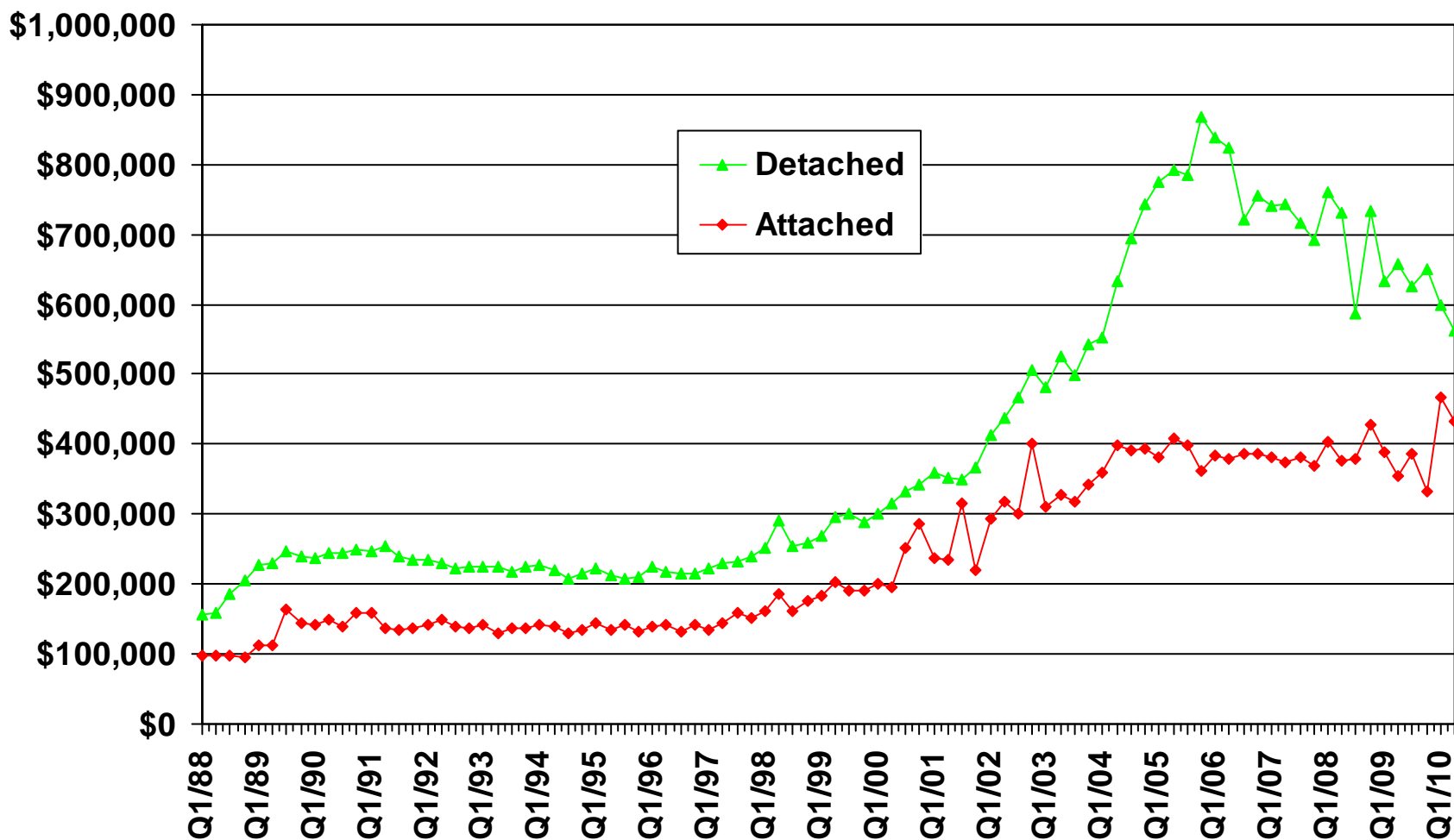
San Diego County, October 2010: 138 Units, Up 13.7% YTD



SOURCE: Construction Industry Research Board

# Median Price for New Homes

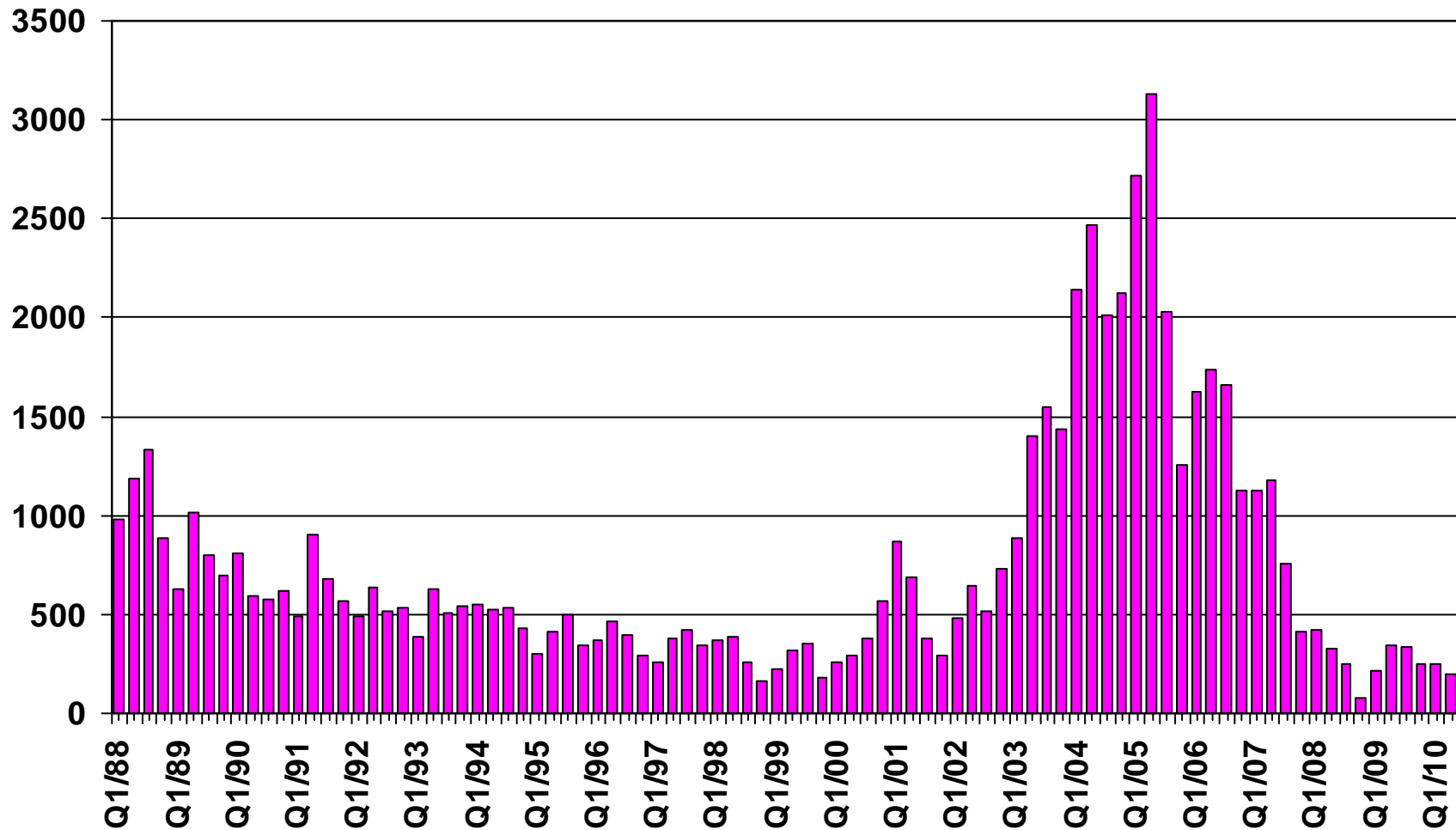
San Diego County 2Q10 Detached: \$562,990, Attached: \$432,000



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®;  
Hanley Wood

# New Home Sales

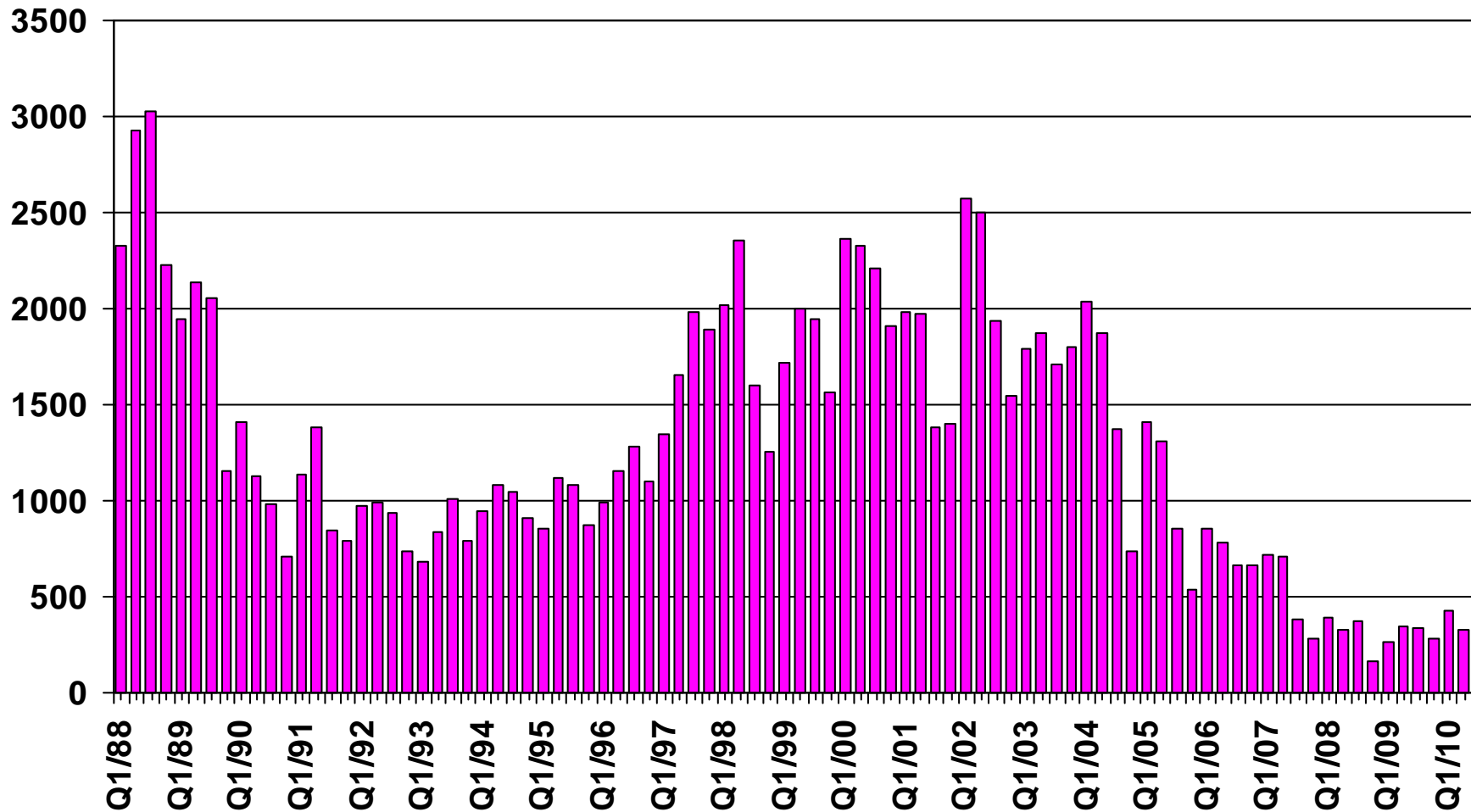
San Diego County (Attached), 2010 Q2 Sales: 201 Units



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®;  
Hanley Wood

# New Home Sales

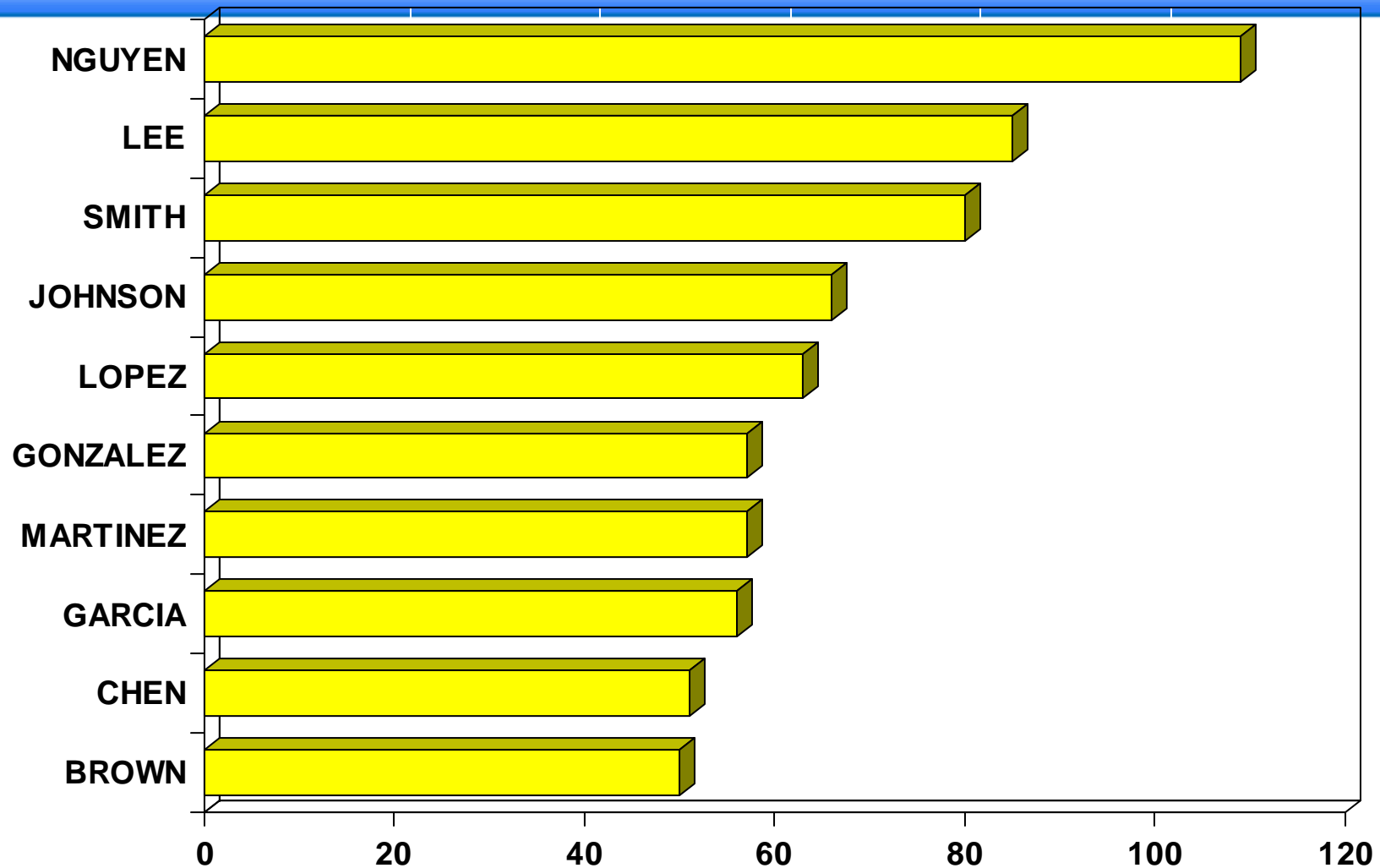
San Diego County (Detached), 2010 Q2 Sales: 327 Units



SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®;  
Hanley Wood

# Top 10 Home Buyer Surnames

San Diego County



Note: Data is based on 2010 data.

Number of Buyers

SOURCE: DataQuick Information Systems

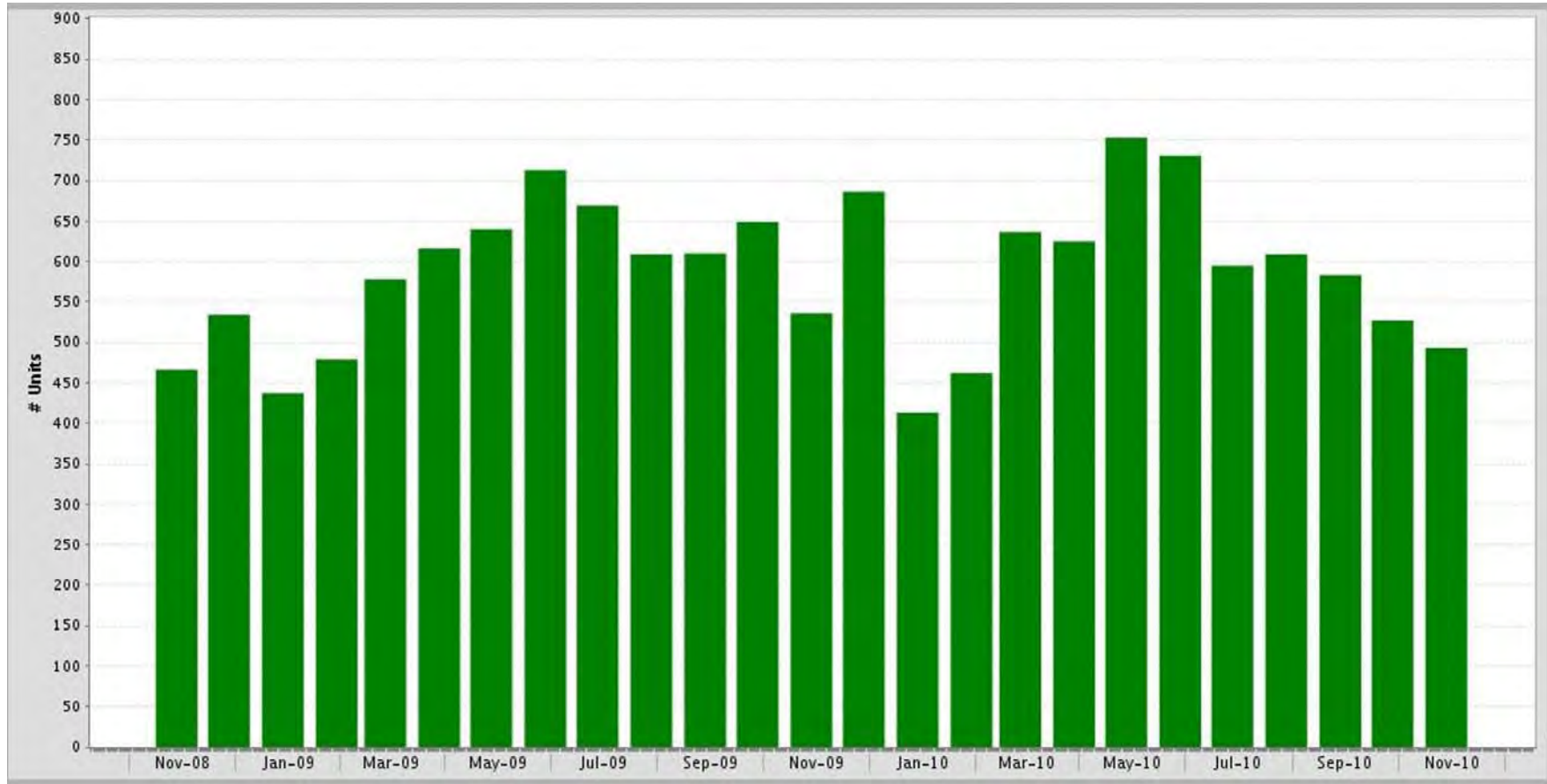
2011

# City of San Diego

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# Sales of Single-Family Detached Home

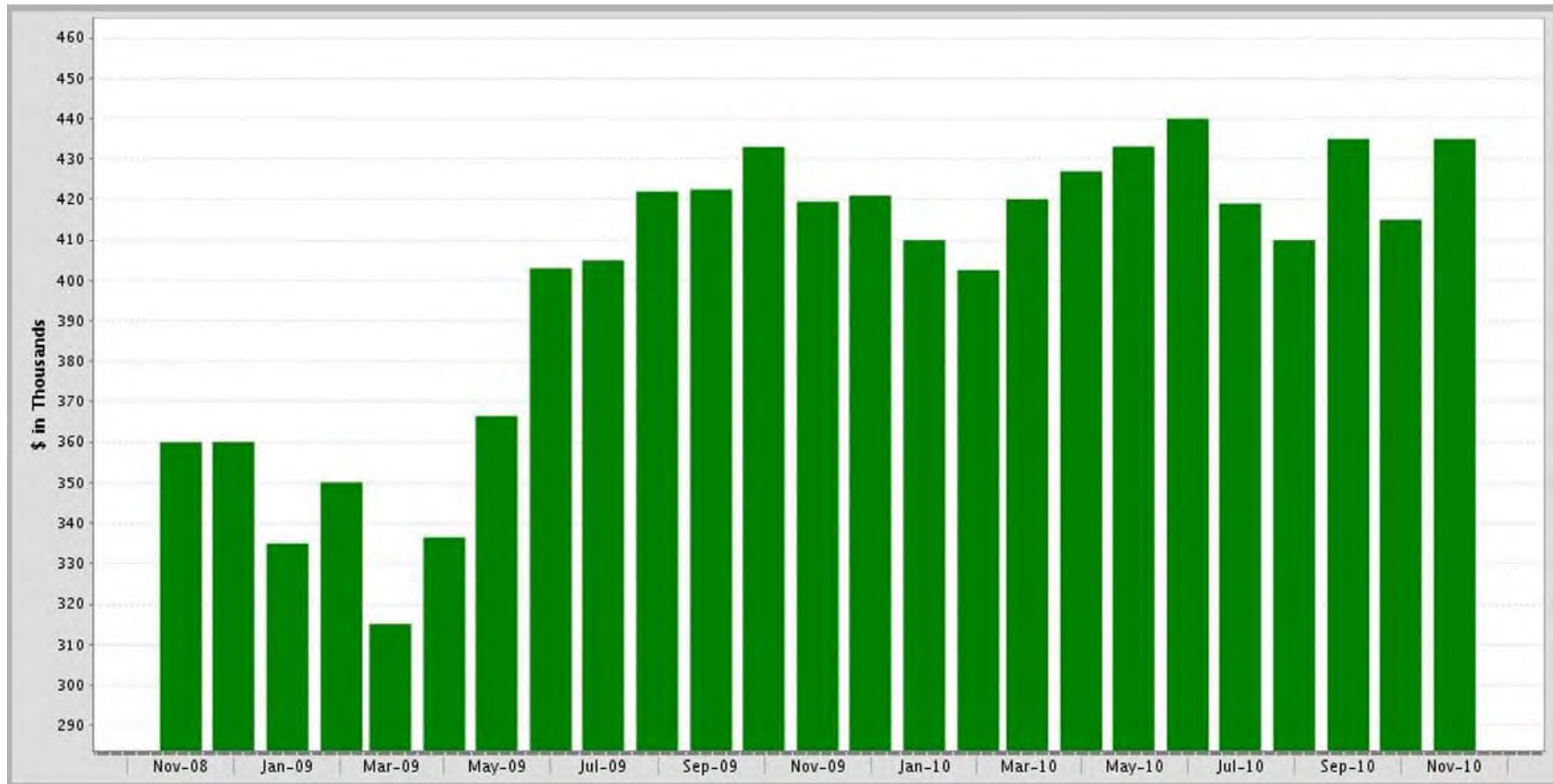
San Diego, November 2010: 493 Units, Down 6.4% MTM, Down 8.0% YTY



SOURCE: Clarus Market Metrics

# Median Price of Single-Family Detached Home

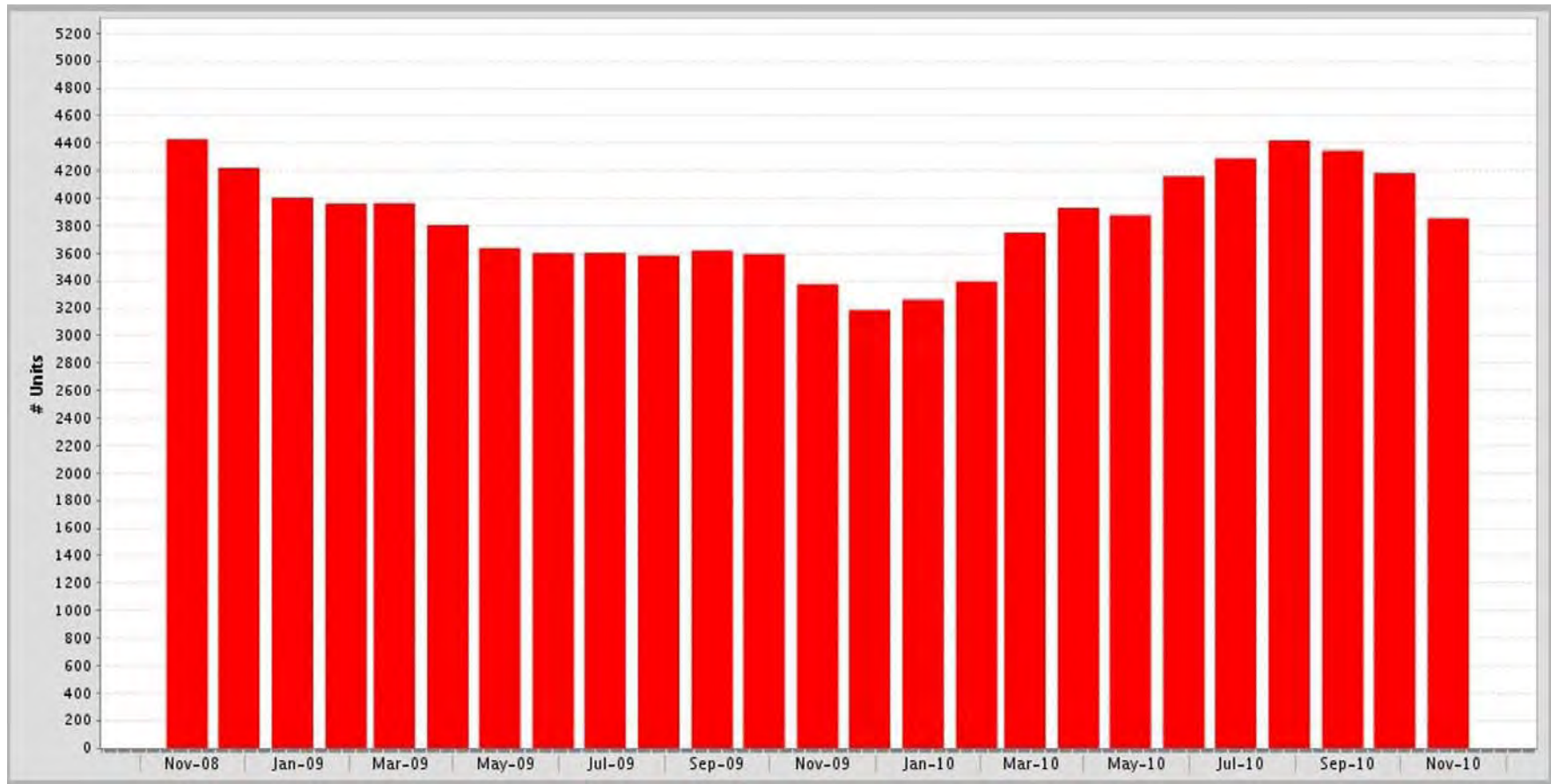
San Diego, November 2010: \$435,000, Up 4.8% MTM, Up 3.7% YTY



SOURCE: Clarus Market Metrics

# Number of For Sale Properties

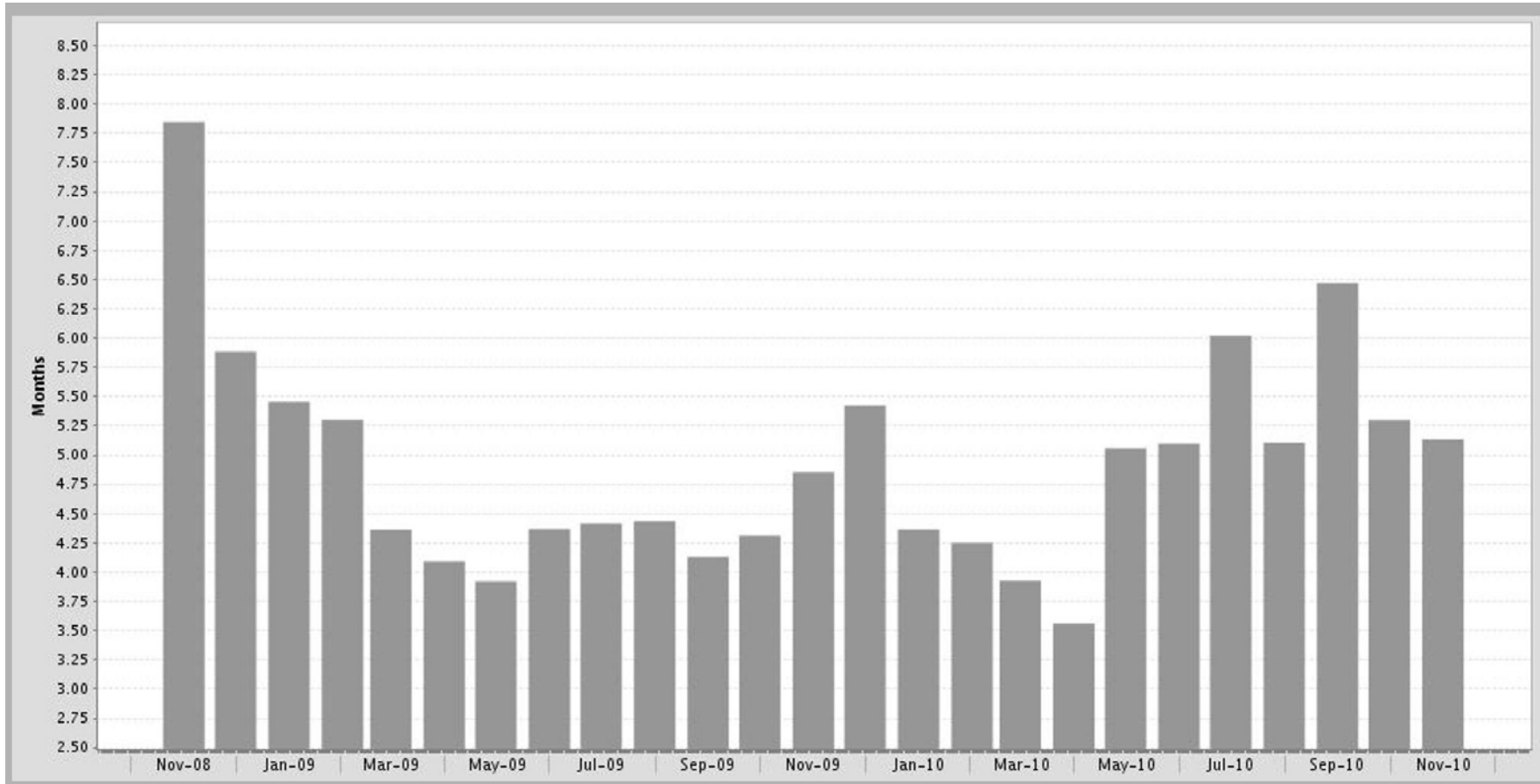
San Diego, November 2010: 3,853 Units, Down 7.9% MTM, Up 14.2% YTY



SOURCE: Clarus Market Metrics

# Months Supply of Inventory

## San Diego, November 2010: 5.1 Months



SOURCE: Clarus Market Metrics



**Foreclosure** **Radars**<sup>TM</sup>

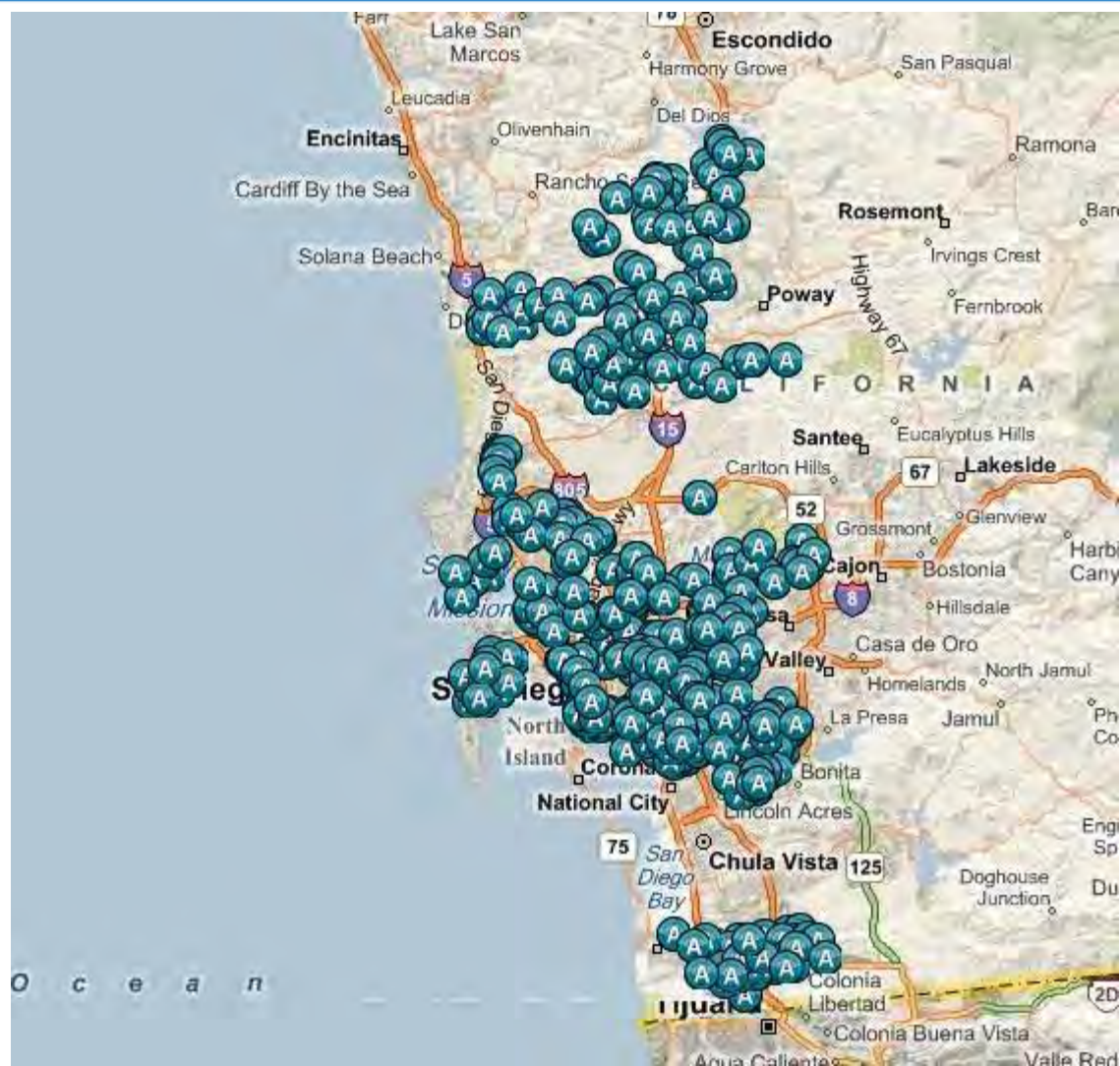
# San Diego

## Preforeclosure: 2,471



Source: ForeclosureRadar.com

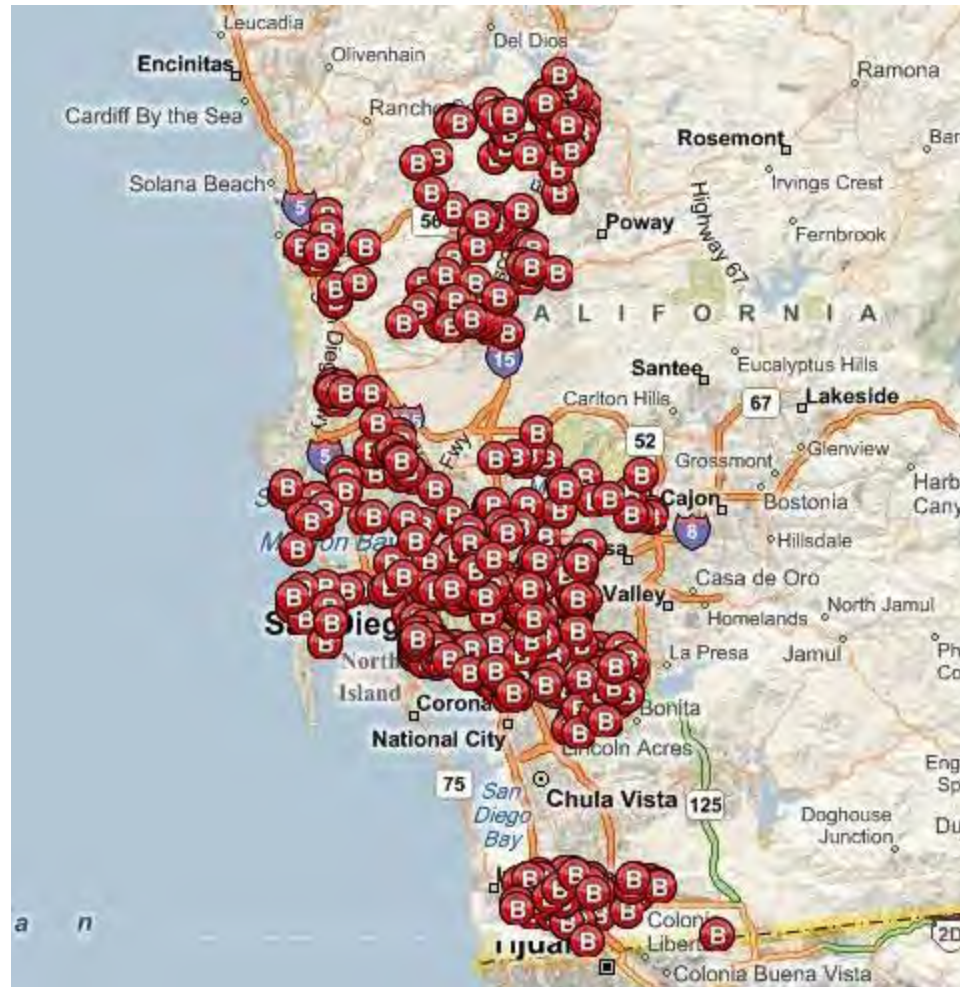
# San Diego Auction: 2,861



Source: ForeclosureRadar.com

# San Diego

## Bank Owned: 1,045



Source: ForeclosureRadar.com

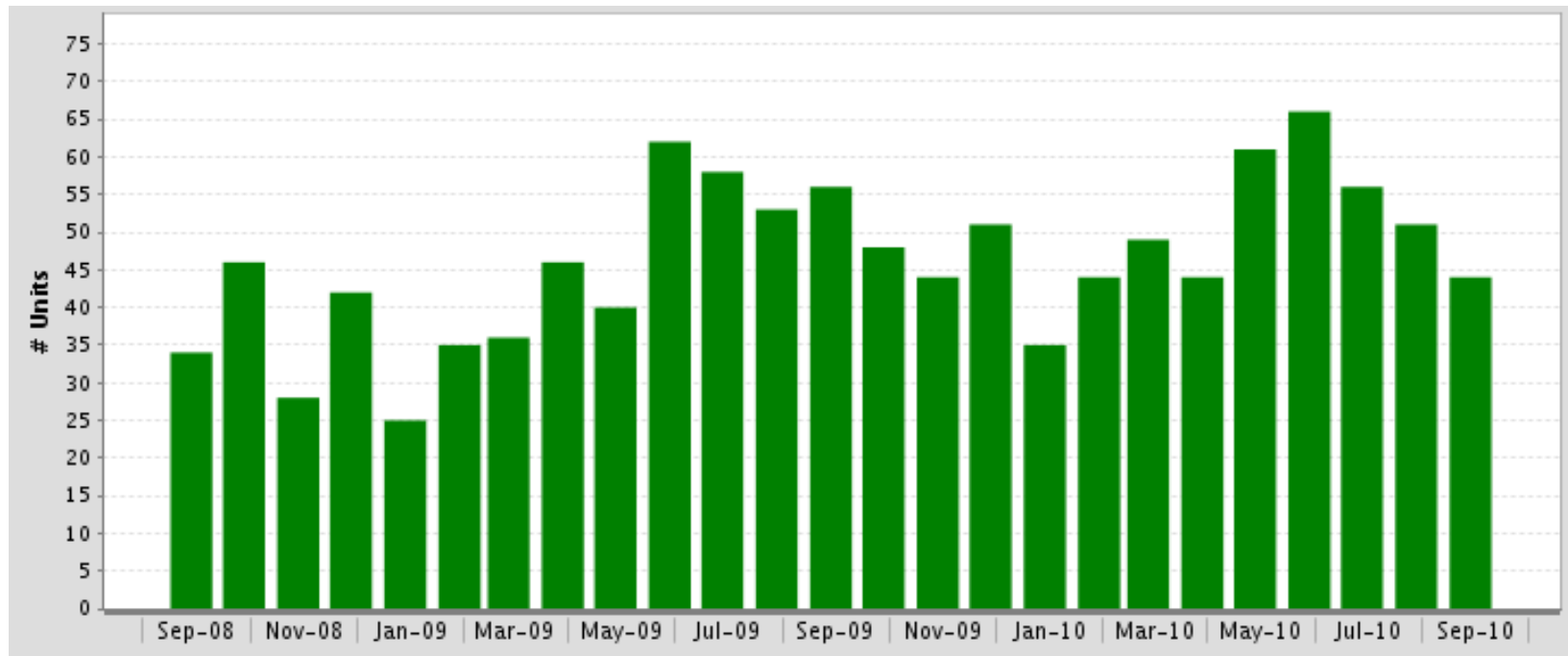
The background features a blue gradient from dark at the top to light at the bottom. On the left, the year '2011' is written vertically in large, light blue, semi-transparent numbers. A vertical column of five colored circles (green, orange, pink, light blue, purple) is positioned to the right of the numbers. Numerous other semi-transparent circles in various colors and sizes are scattered across the background. A black rounded rectangle is in the top right corner.

# San Clemente

**LESLIE APPLETON YOUNG** | CHIEF ECONOMIST | CALIFORNIA ASSOCIATION OF REALTORS®

# Sales of Single-Family Detached Home

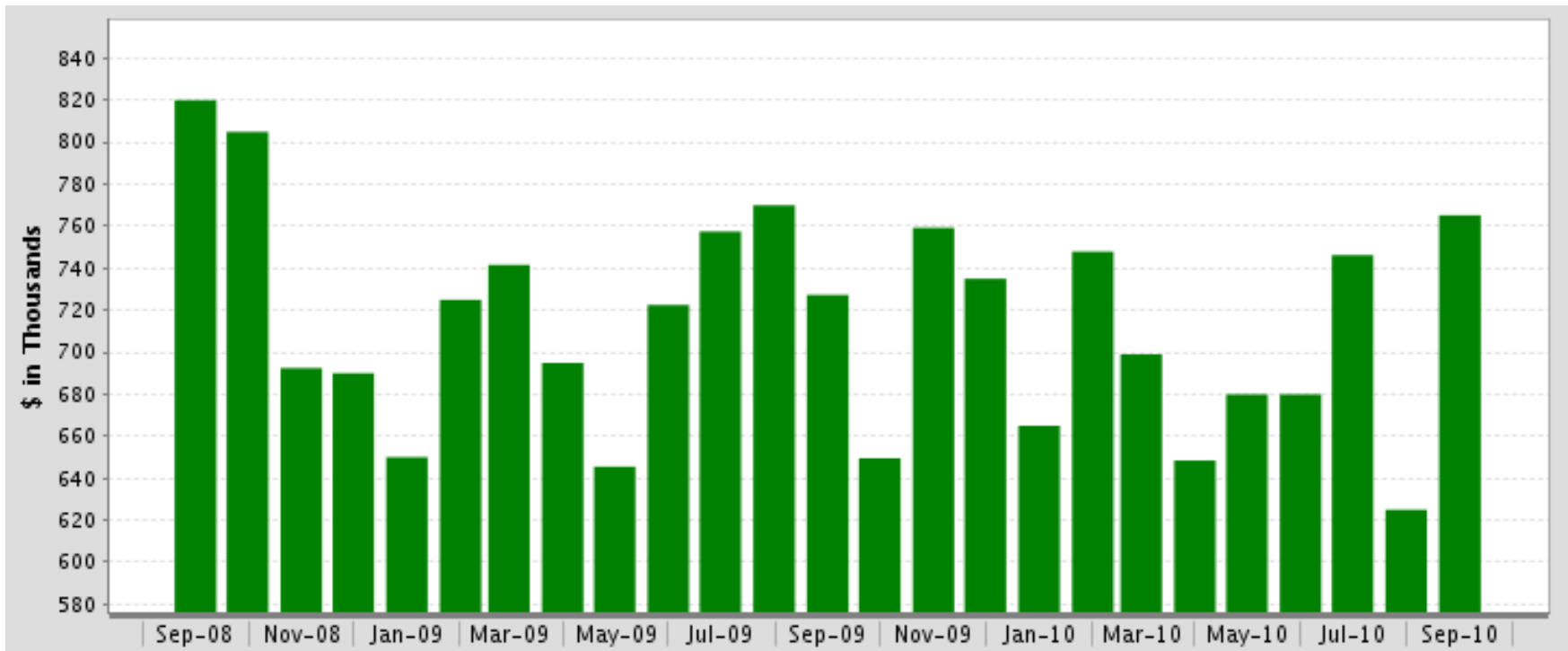
San Clemente, Sept 2010: 44 Units, -13.7% MTM, -21.4% YTY



SOURCE: Clarus Market Metrics

# Median Price of Single-Family Detached Home

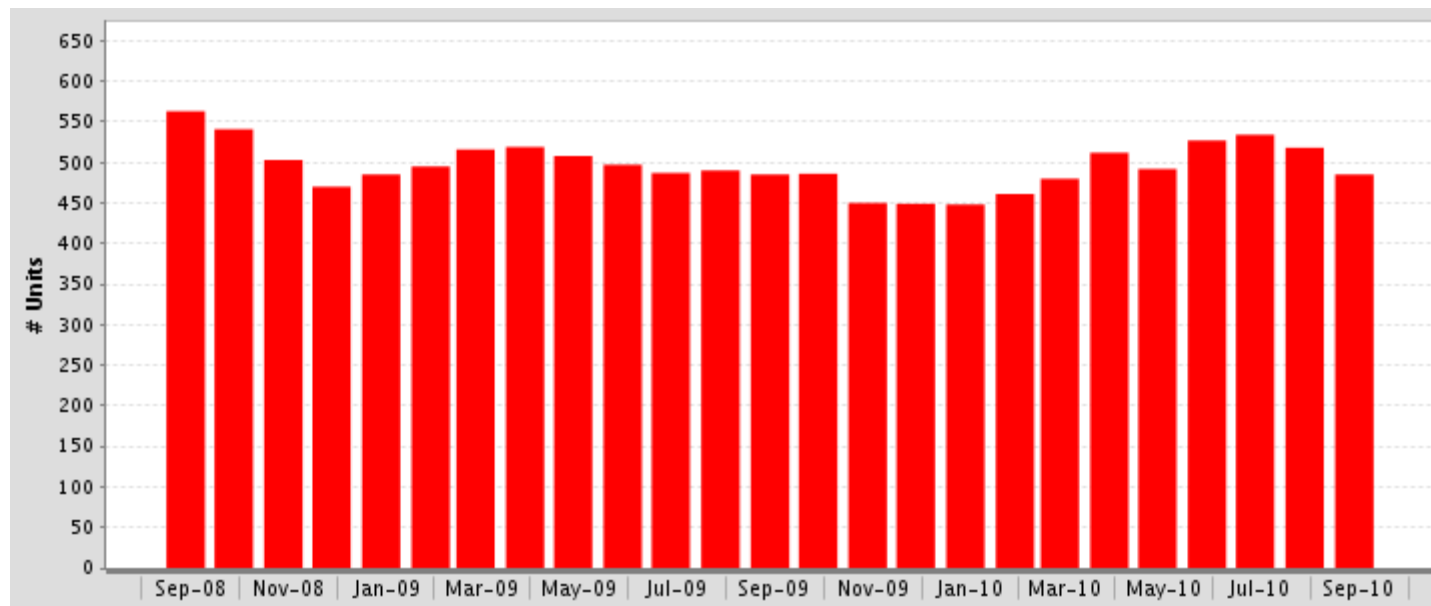
San Clemente, Sept-2010: \$765,250, +22.4% MTM, +5.2% YTY



SOURCE: Clarus Market Metrics

# Number of For Sale Properties

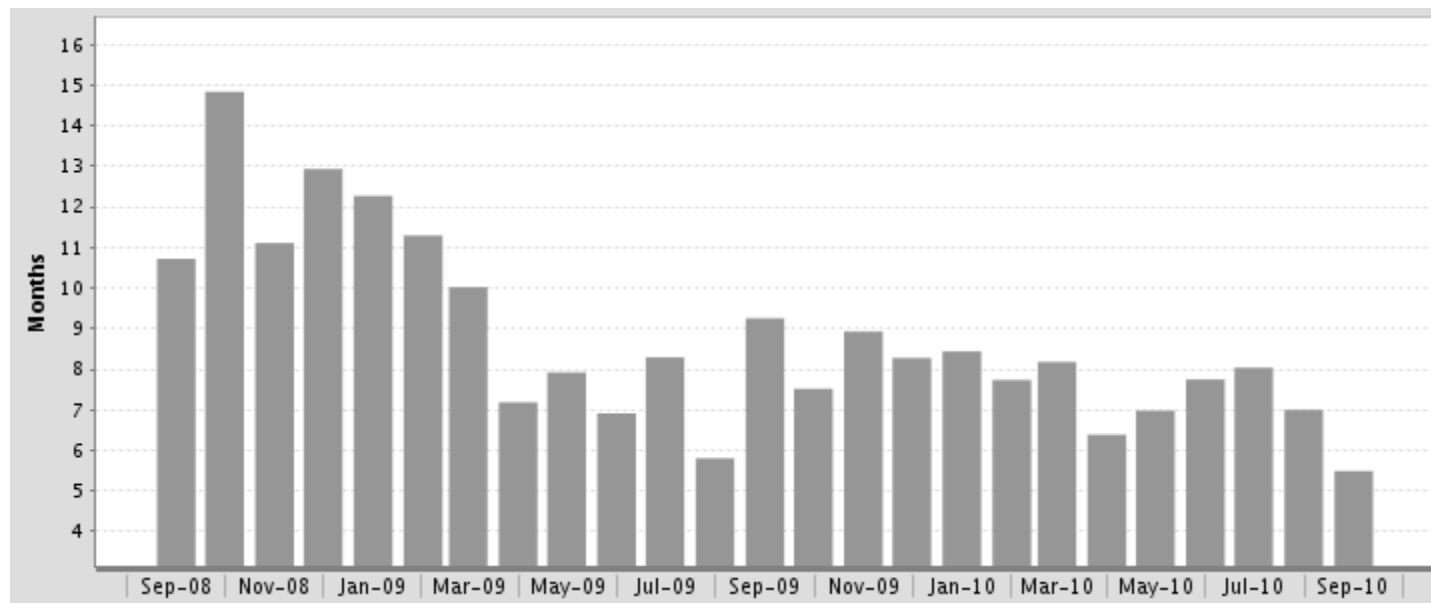
San Clemente, Sept-2010: 485 Units, -6.4% MTM, Even YTY



SOURCE: Clarus Market Metrics

# Months Supply of Inventory

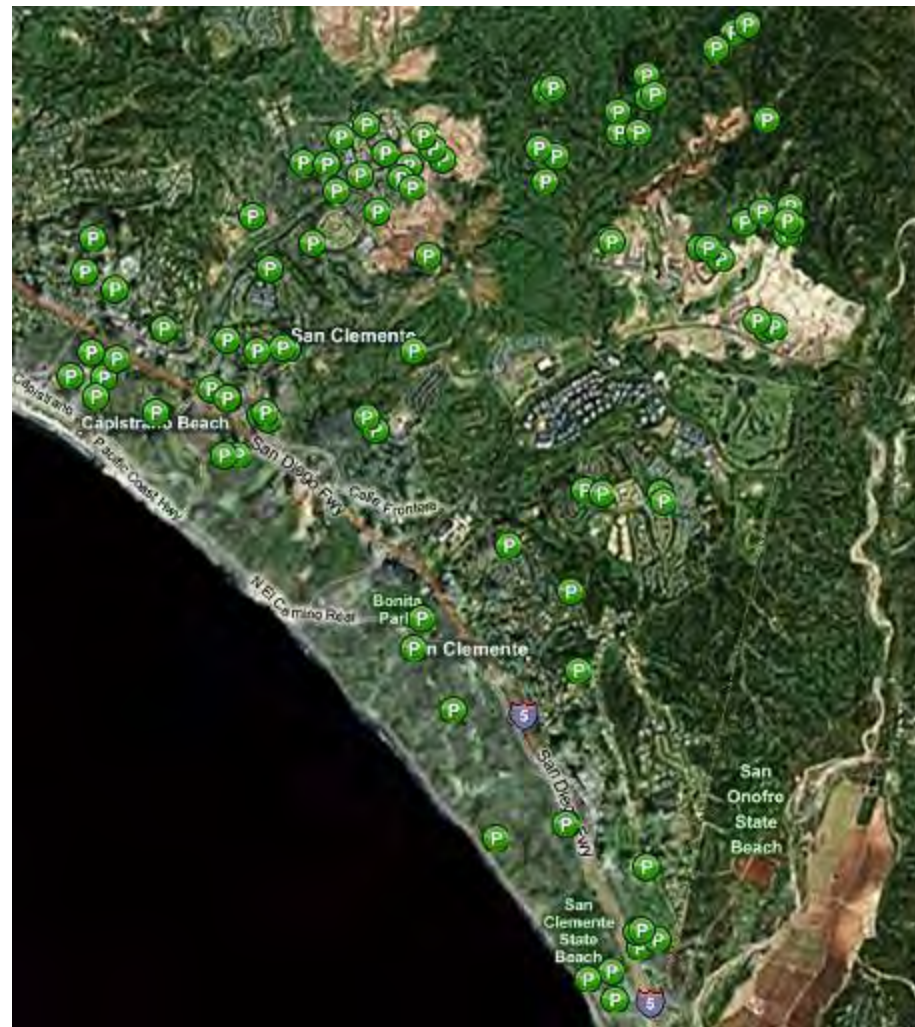
San Clemente, September 2010: 5.5 Months



SOURCE: Clarus Market Metrics

# San Clemente: Foreclosure Mapping (Hybrid)

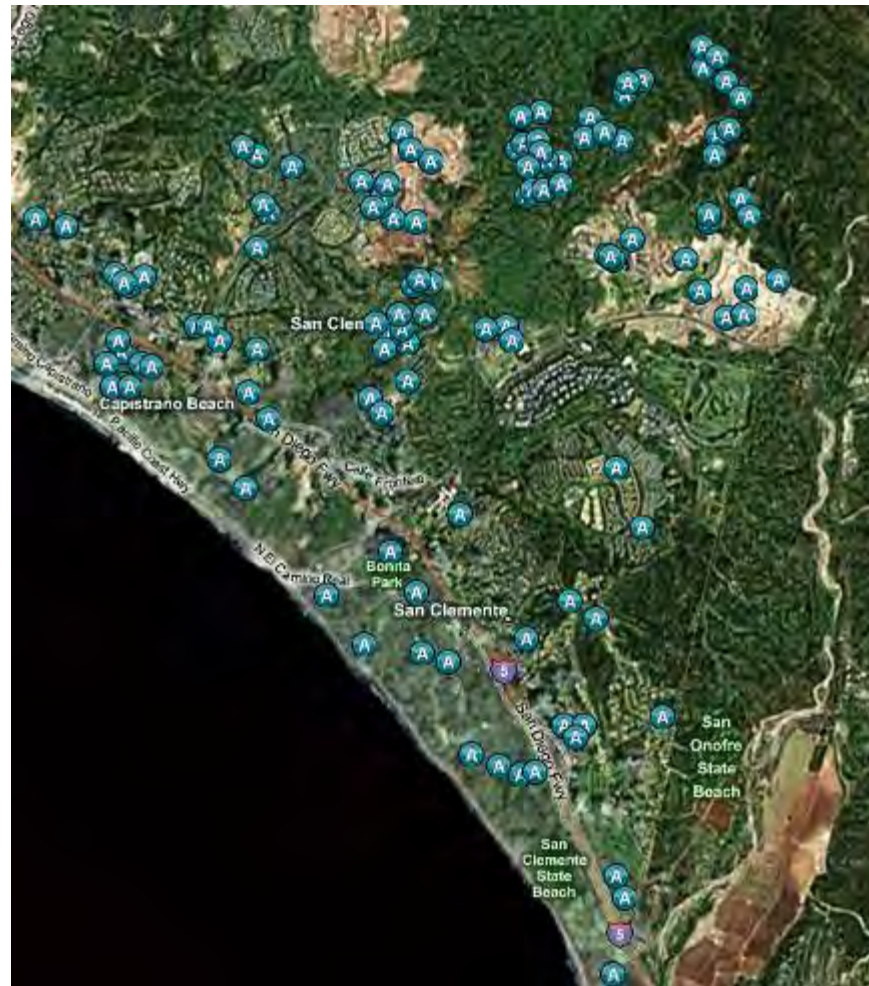
Preforeclosure: 96



- P** Preforeclosure
- A** Auction
- B** Bank Owned

# San Clemente: Foreclosure Mapping (Hybrid)

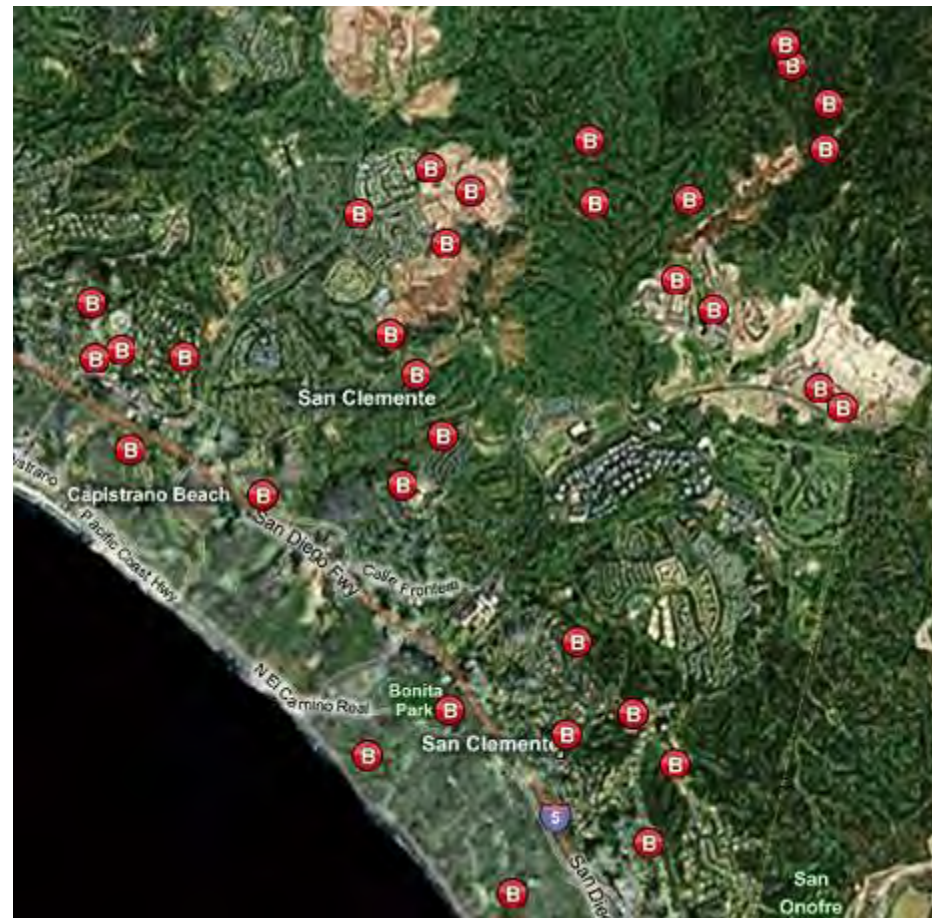
## Auction: 124



-  Preforeclosure
-  Auction
-  Bank Owned

# San Clemente: Foreclosure Mapping (Hybrid)

Bank Owned: 34



- Preforeclosure
- Auction
- Bank Owned



# What Happened?

2017

# Trustee Sales in Anaheim Scheduled for 10/7/10

Trustee Sales

Trustee sales in Anaheim scheduled for Oct 7.

[Trustee Sale of House?](#) House can be saved thru bankruptcy. 877-246-2745, Irvine lawyer. ASGLawFirm.com

[File Past Year Tax 2008](#) Do Your 2007, 2008, 2009 Tax Online Past Tax Free to Pay Easy & Fast [www.BuyPastTax.com](#)

# 1872 W. Admiral, 92801

3 bd, 2.5 ba, built in  
1982

Purchased in Sept 2005  
for \$594,000 with 30%  
down

In April 2006, added a  
second for \$57,000

In Oct 2006, refinanced  
the second into a new  
second for \$100,000

Defaulted in 2010

Zestimate of current value  
= \$364,000



# 1572 W. Oranewood, 92802

3 bd, 2 ba, 2,016 sq ft  
built in 1977

Purchased in June 2003  
for \$455,000 with 30%  
down

March 2004: added a  
second for \$75,000;  
added a third for  
\$90,500; added a fourth  
for \$80,000

Within one year of  
purchase the property  
had \$565,000 in debt on  
it!

Defaulted in 2010

Zestimate of current value  
= \$442,000



# 8871 Regal, 92804

3 bd, 2 ba, 1,314 sq ft  
built in 1956

Purchased as REO in  
2007 for \$417,000 with  
zero down

Had previously sold for  
\$568,000 in 2005

Defaulted in 2010

Zestimate of current value  
= \$367,500



# 2414 E. Underhill, 92806

3 bd, 2 ba, 1,459 sq ft  
built in 1957

Purchased for \$640,000  
in July 2006 with  
piggyback financing:  
\$500,000 first and  
\$140,000 second, i.e.  
zero down

Defaulted in 2010

Zestimate of current value  
= \$387,000



# Conclusions

Excessive borrowing against home equity is the untold part of the foreclosure story

“House Prices, Home Equity-Based Borrowing, and the U.S. Household Leverage Crisis” by Mian and Sufi: *American Economic Review* (forthcoming):

*39% of new defaults from 2006 to 2008 attributable to home equity borrowing*

## Most common homebuyer surnames in California

	1990	2000	2010
1	Smith	Smith	Nguyen
2	Lee	Garcia	Lee
3	Johnson	Lee	Garcia
4	Garcia	Nguyen	Chen
5	Brown	Martinez	Lopez
6	Williams	Johnson	Rodriguez
7	Miller	Lopez	Gonzalez
8	Wong	Hernandez	Hernandez
9	Martinez	Rodriguez	Martinez
10	Jones	Gonzalez	Kim



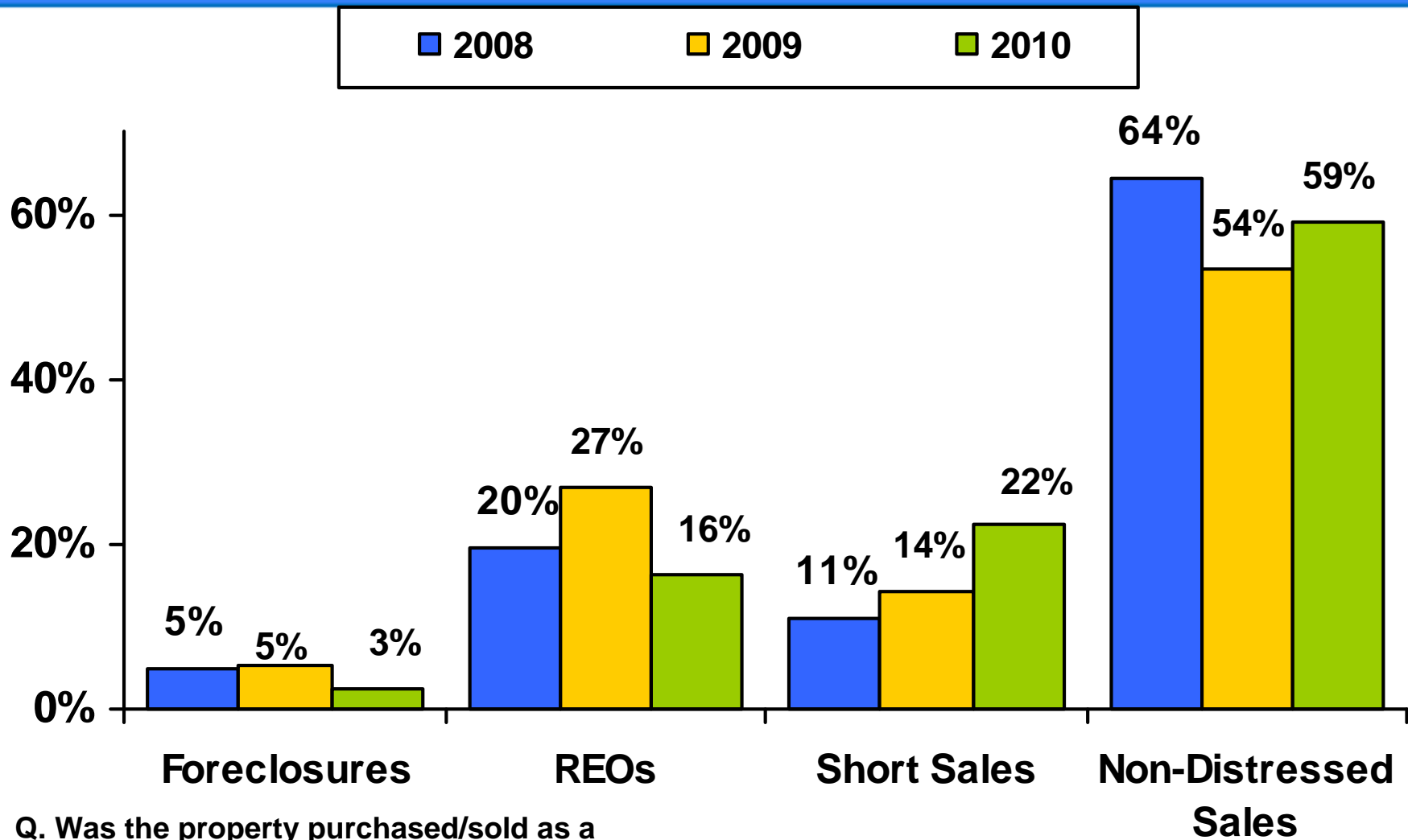
# Annual Housing Market Summary

June 2010

# Distressed Sales vs. Non Distressed Sales

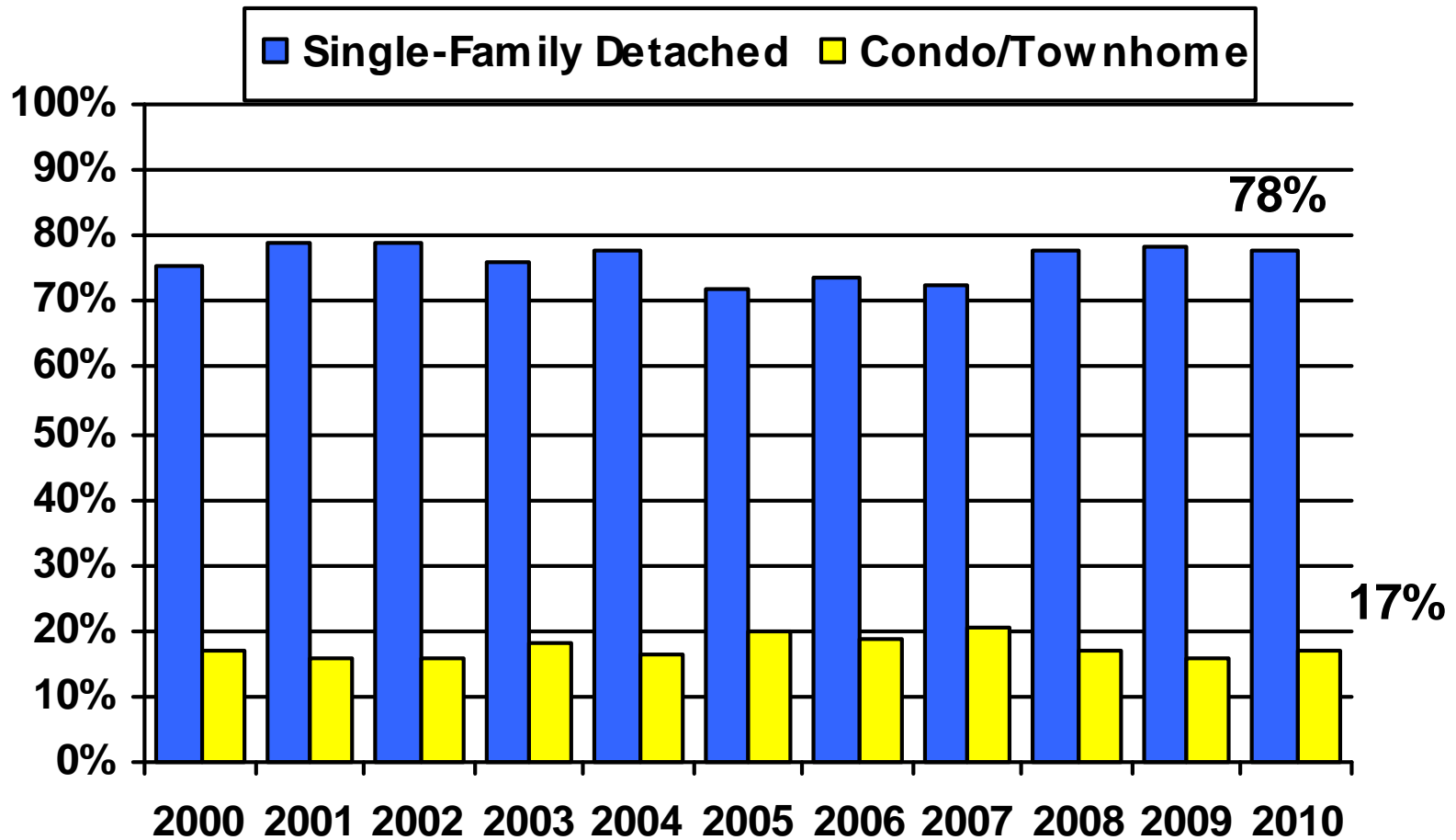
	<b>Distressed</b>	<b>Non-Distressed</b>
<b>Median Home Price</b>	\$256,000	\$440,000
<b>Price/SF</b>	\$164	\$283
<b>Percent of Sales with Multiple Offers</b>	67.3%	39.0%
<b>Number of Offers (Average)</b>	4.4	3.9
<b>Percent of All Cash Sales</b>	24.9%	21.8%
<b>Number of Days on MLS</b>	53	35
<b>Number of Days in Escrow</b>	45	40
<b>Percent of Sales with Net Cash Loss</b>	64.6%	14.5%
<b>Net Cash Gain/Net Cash Loss to Seller</b>	-\$143,000	\$125,000

# Share of Distressed Properties Falls in 2010



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

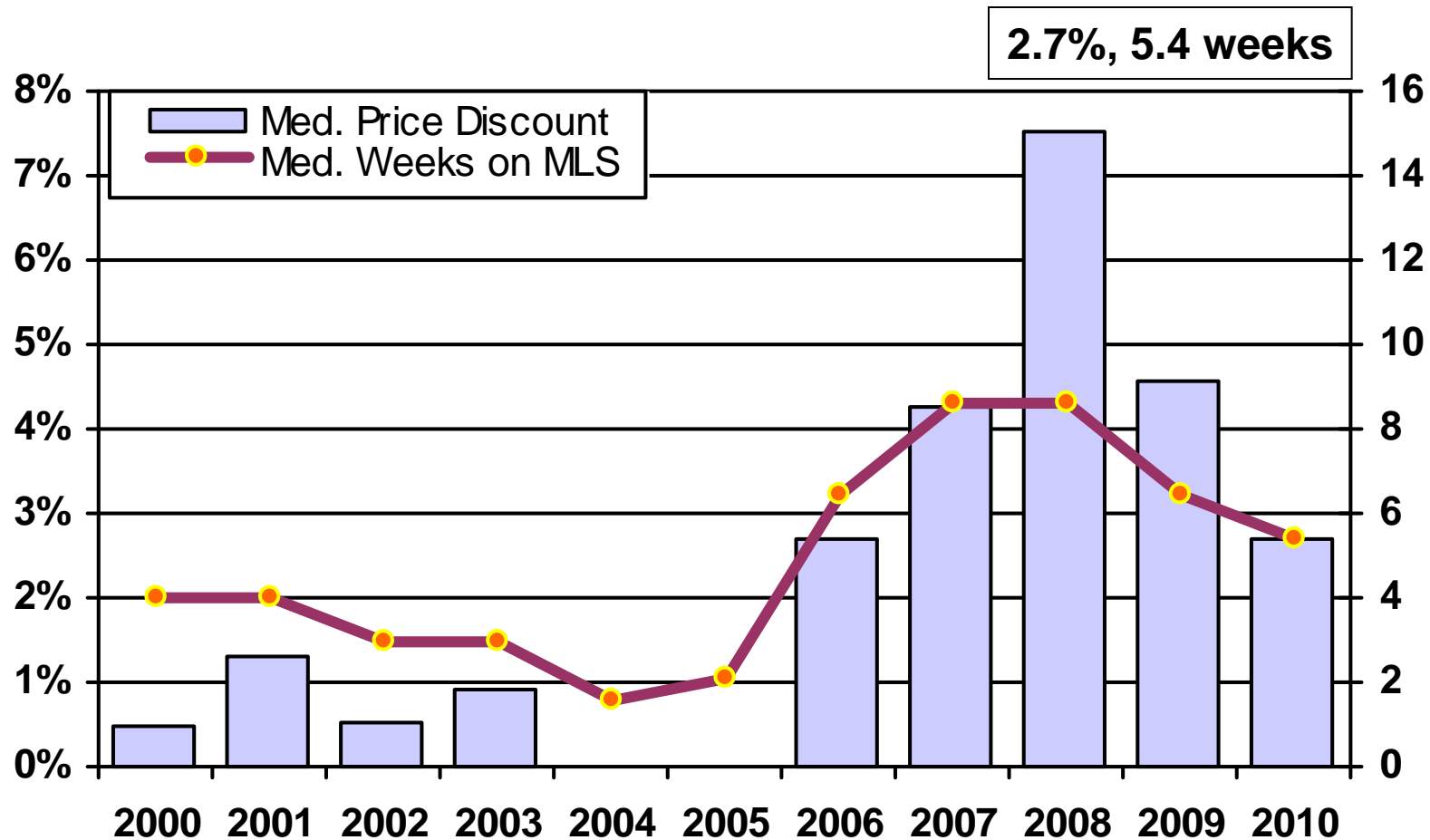
# Type of Residence



Note: Figures do not total 100% due to "other" types of homes sold.

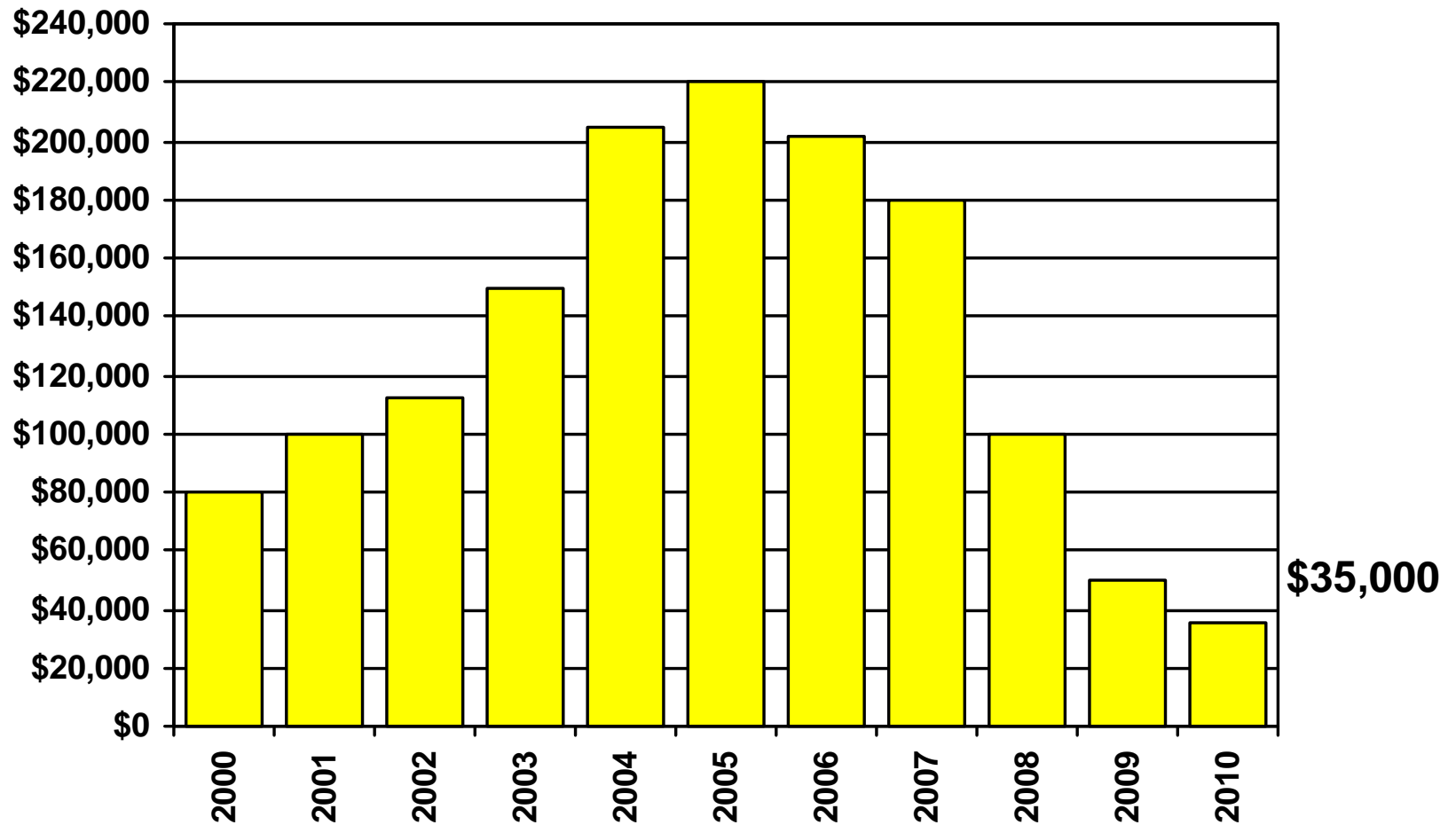
Q. What type of residence was purchased?

# 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?

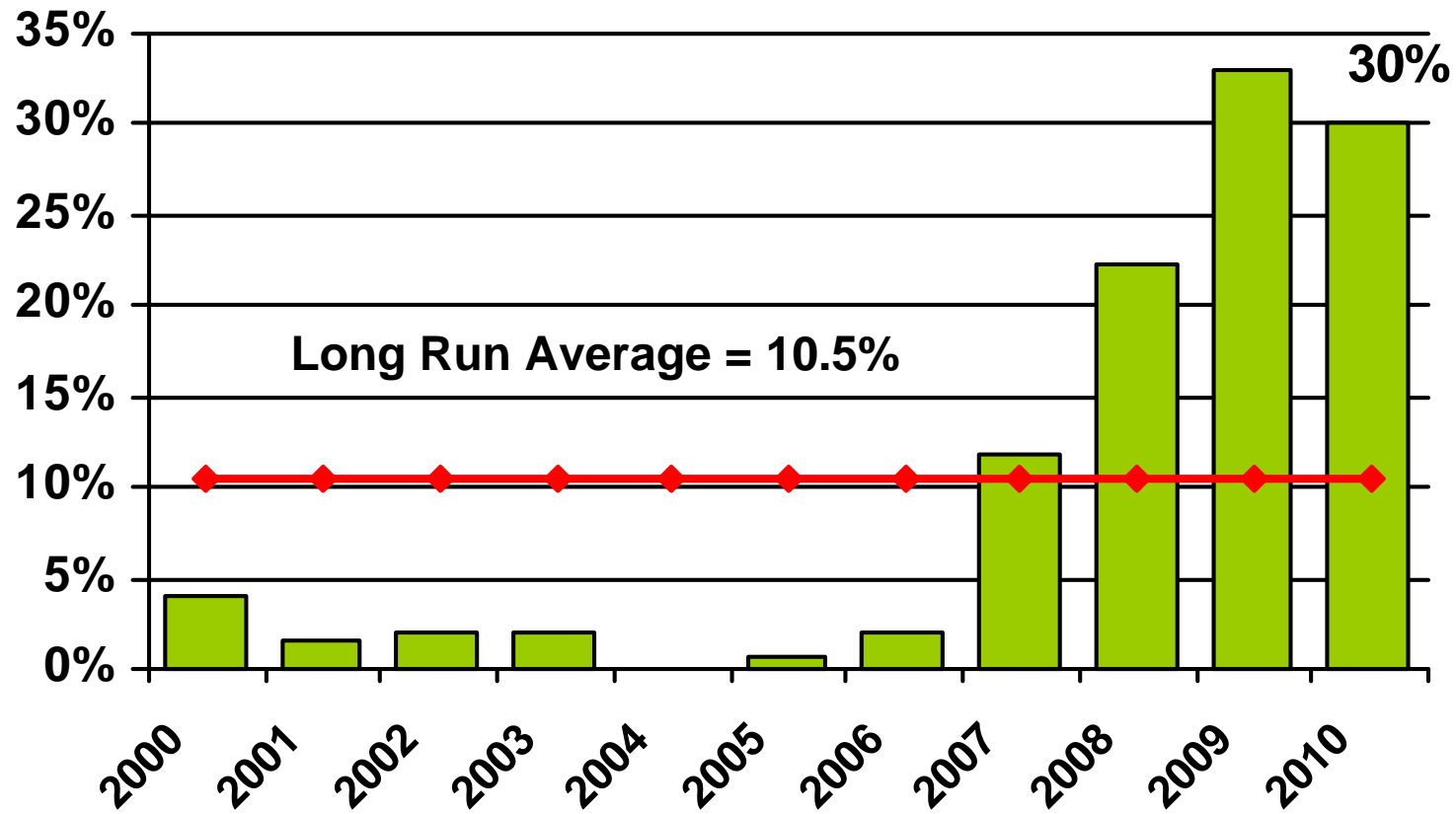
# Net Cash To Sellers at Record Lows



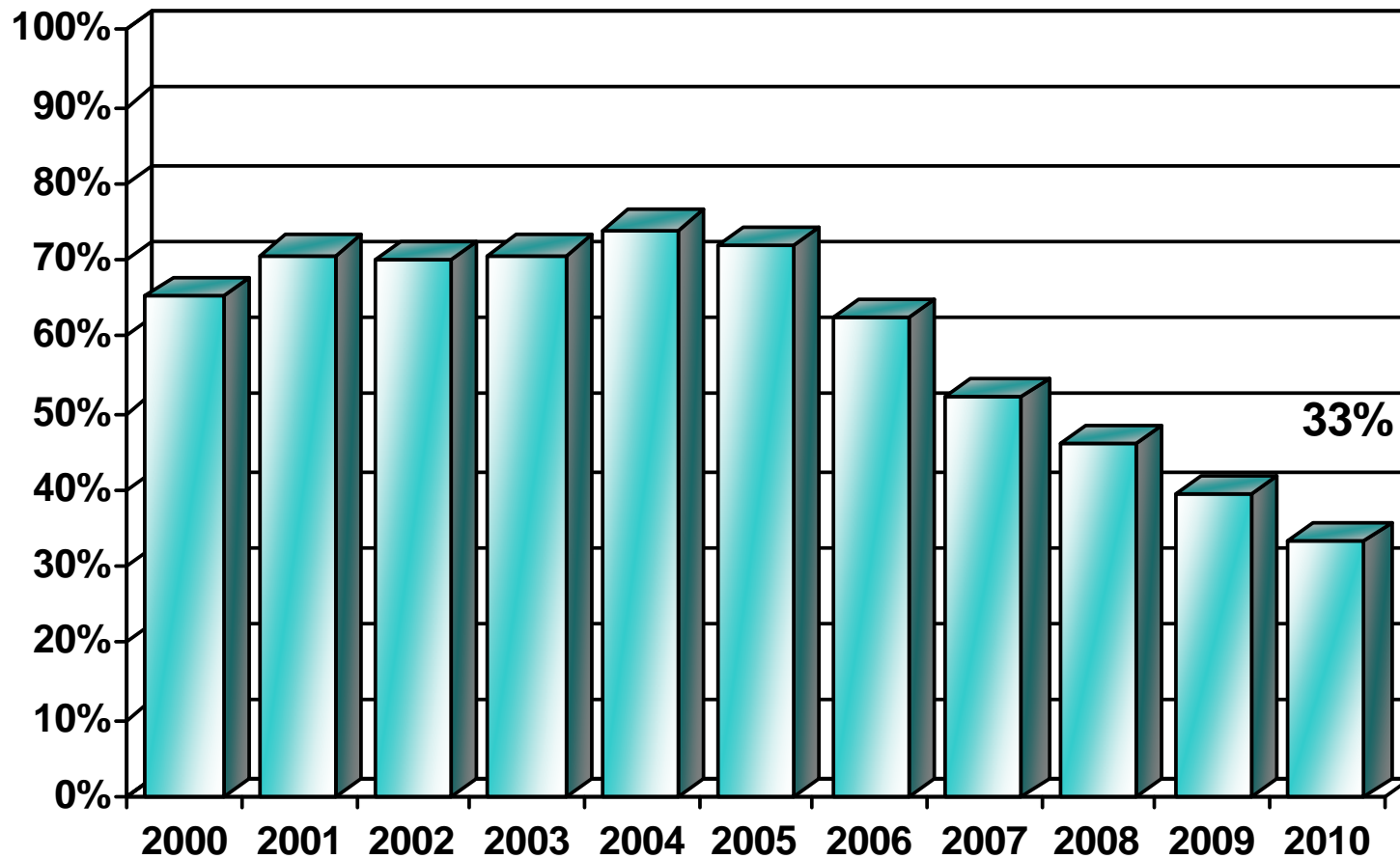
Q. What was the net cash gain or net loss to the seller as a result of this sale?

# 30% 2010 Sellers Sold at a Loss

Percent of All Homes

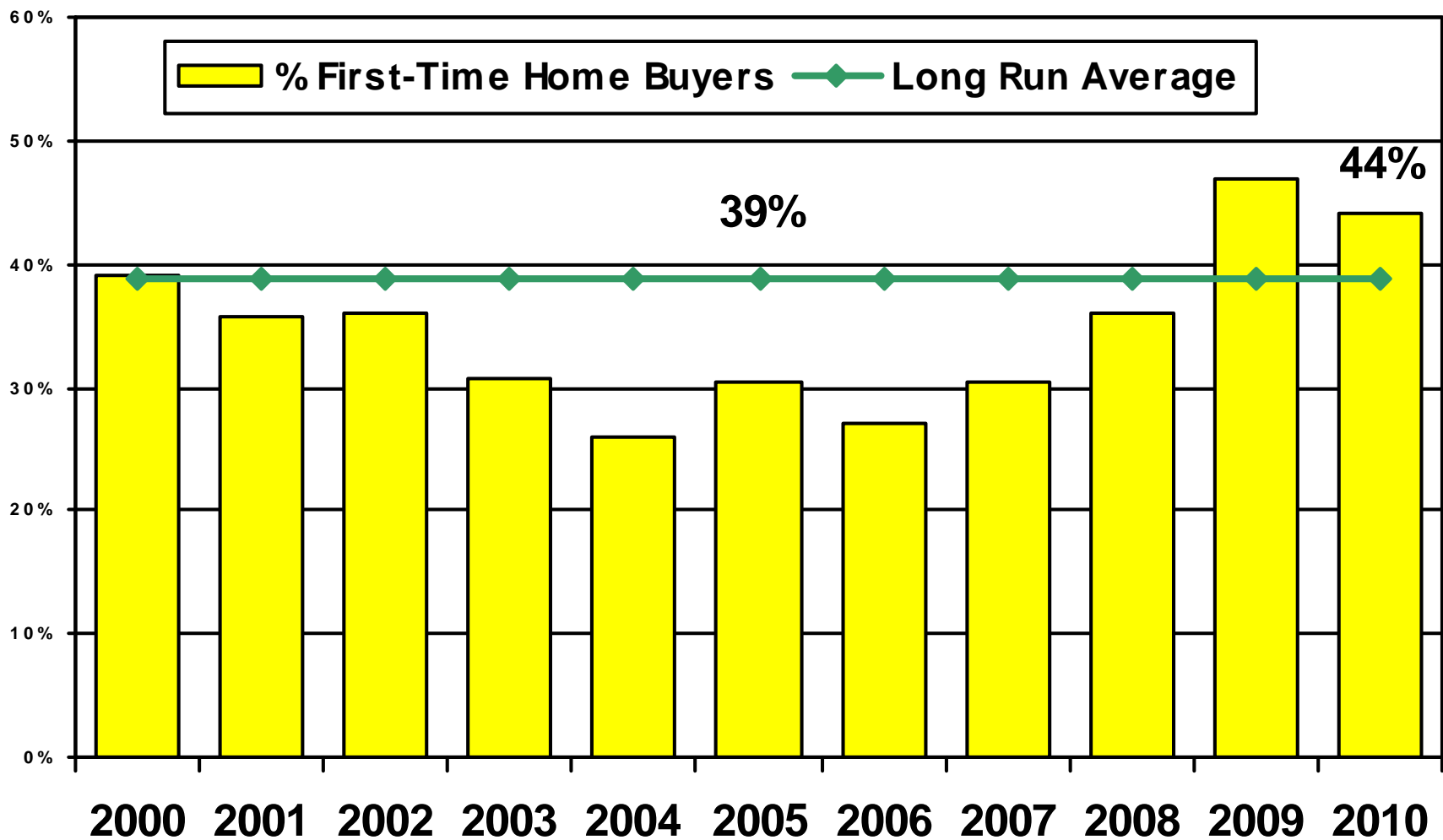


# Home Sellers Planning to Repurchase at Historic Lows



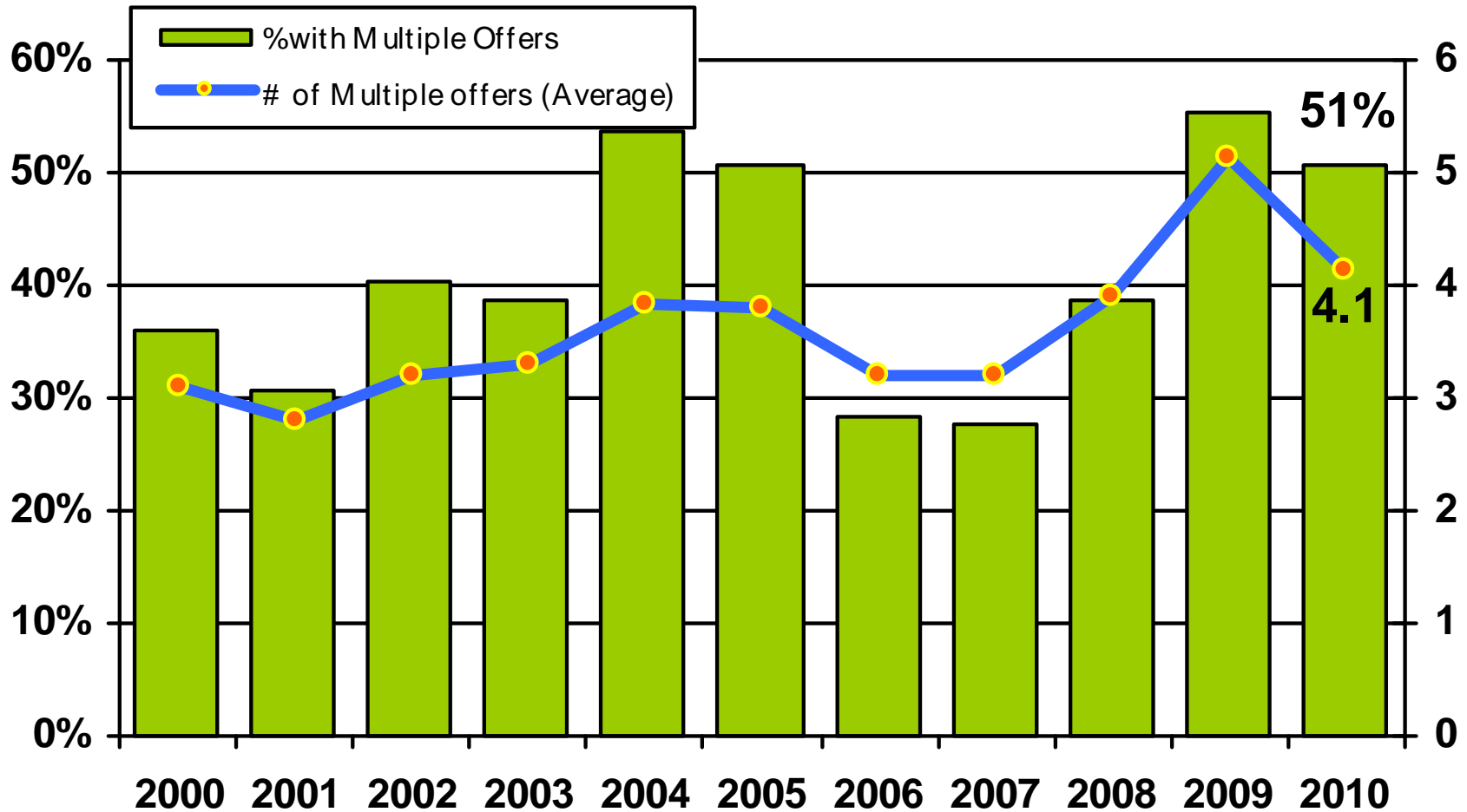
Q. Is the seller planning on purchasing another home?

# Share of First-Time Buyers Remains High California



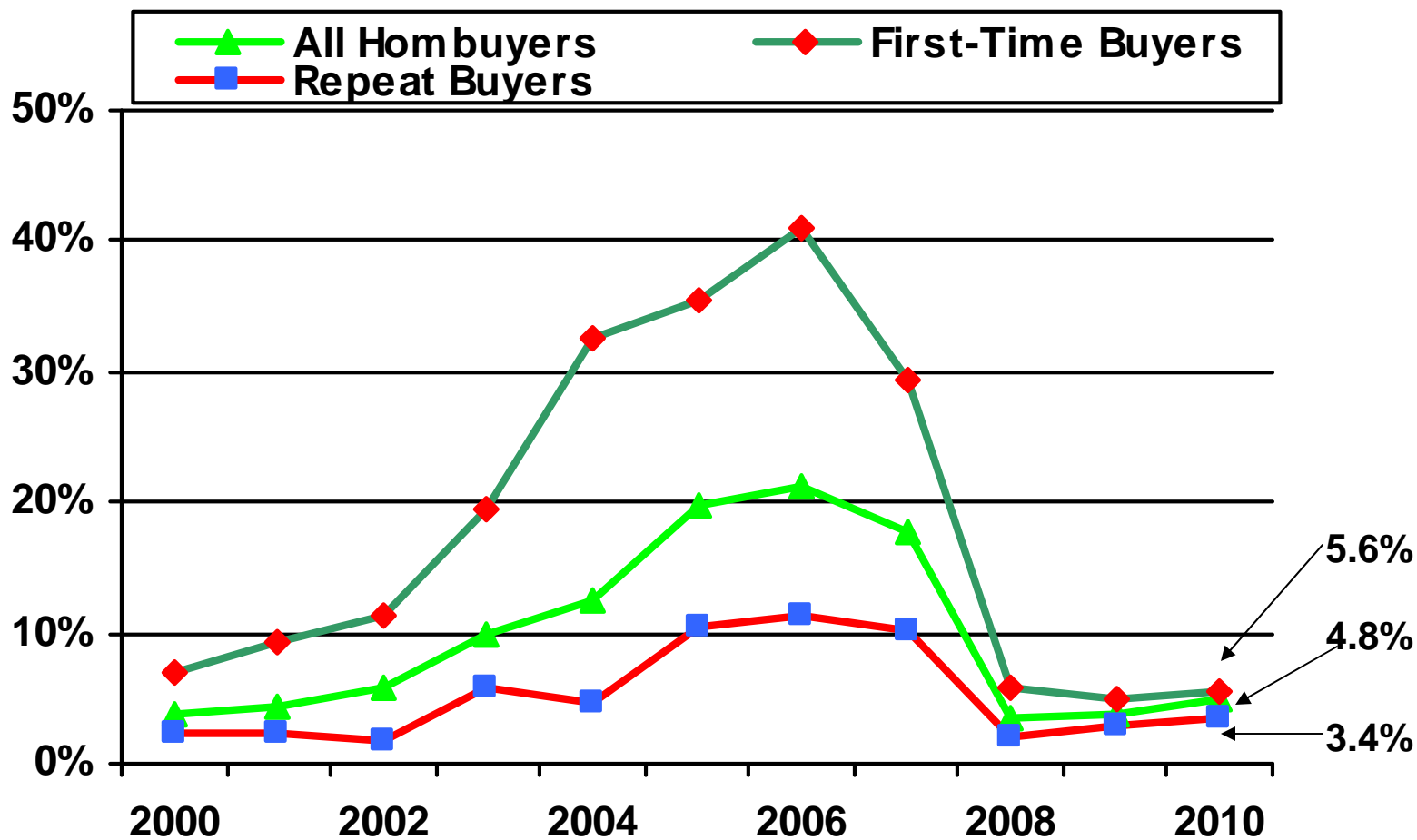
Q. Was the buyer a first-time buyer?

# Multiple Offers Common: Buyers Face Highly Market

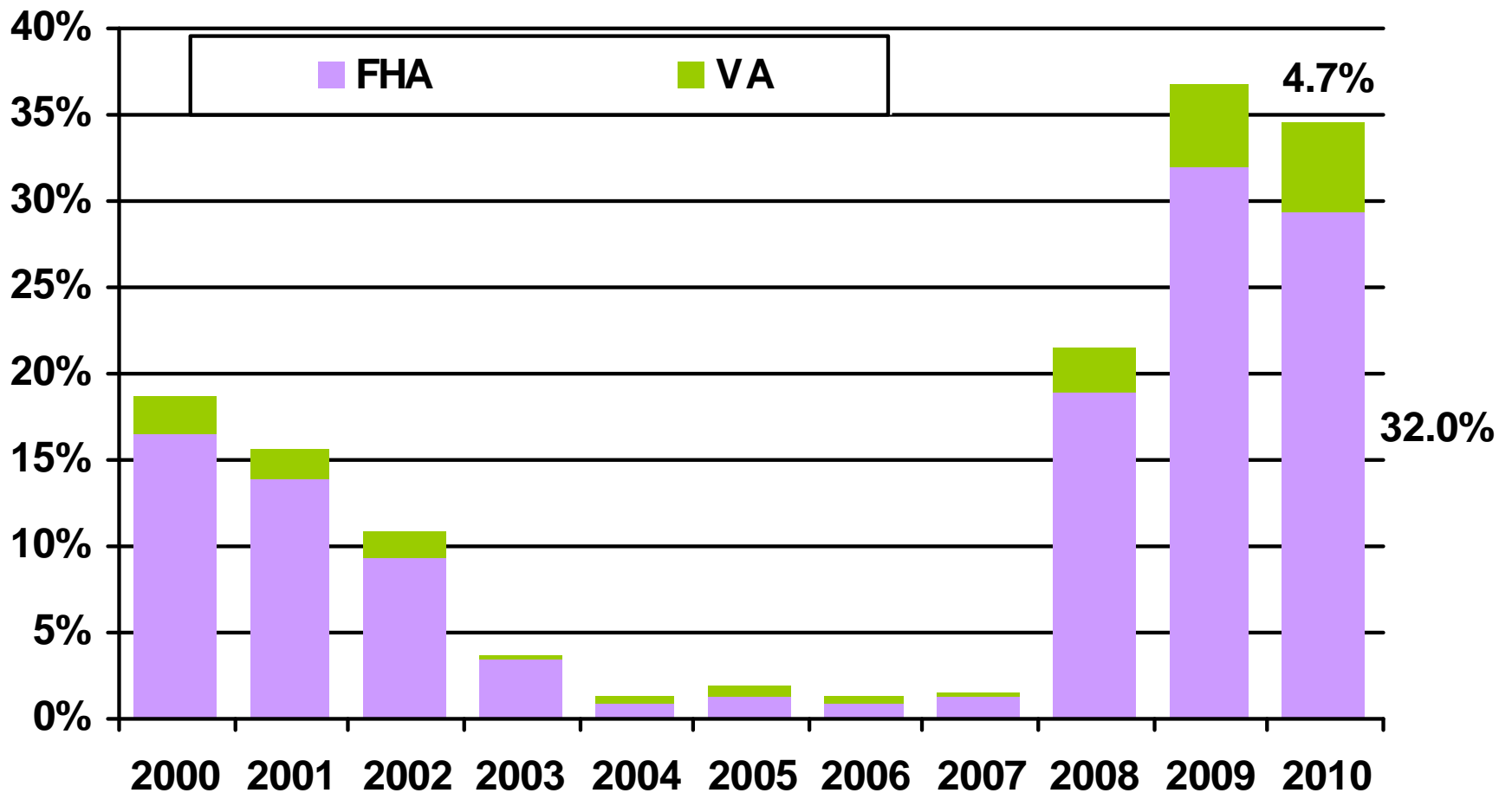


# Percent of Buyers with Zero Down Payment

First-Time Buyers vs. Repeat Buyers

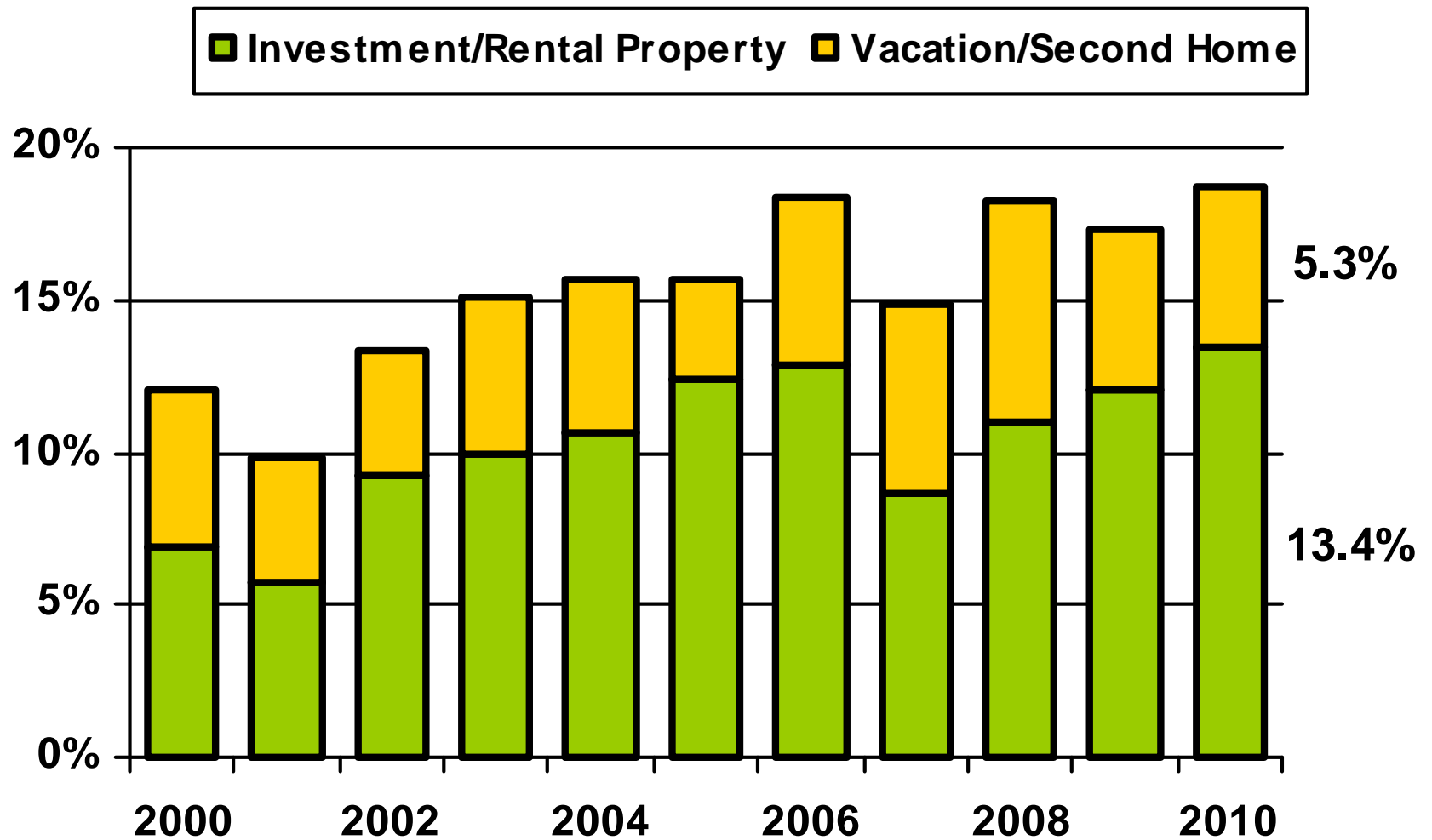


# FHA Loans Fuel Sales in Last 3 Years (First Mortgage)

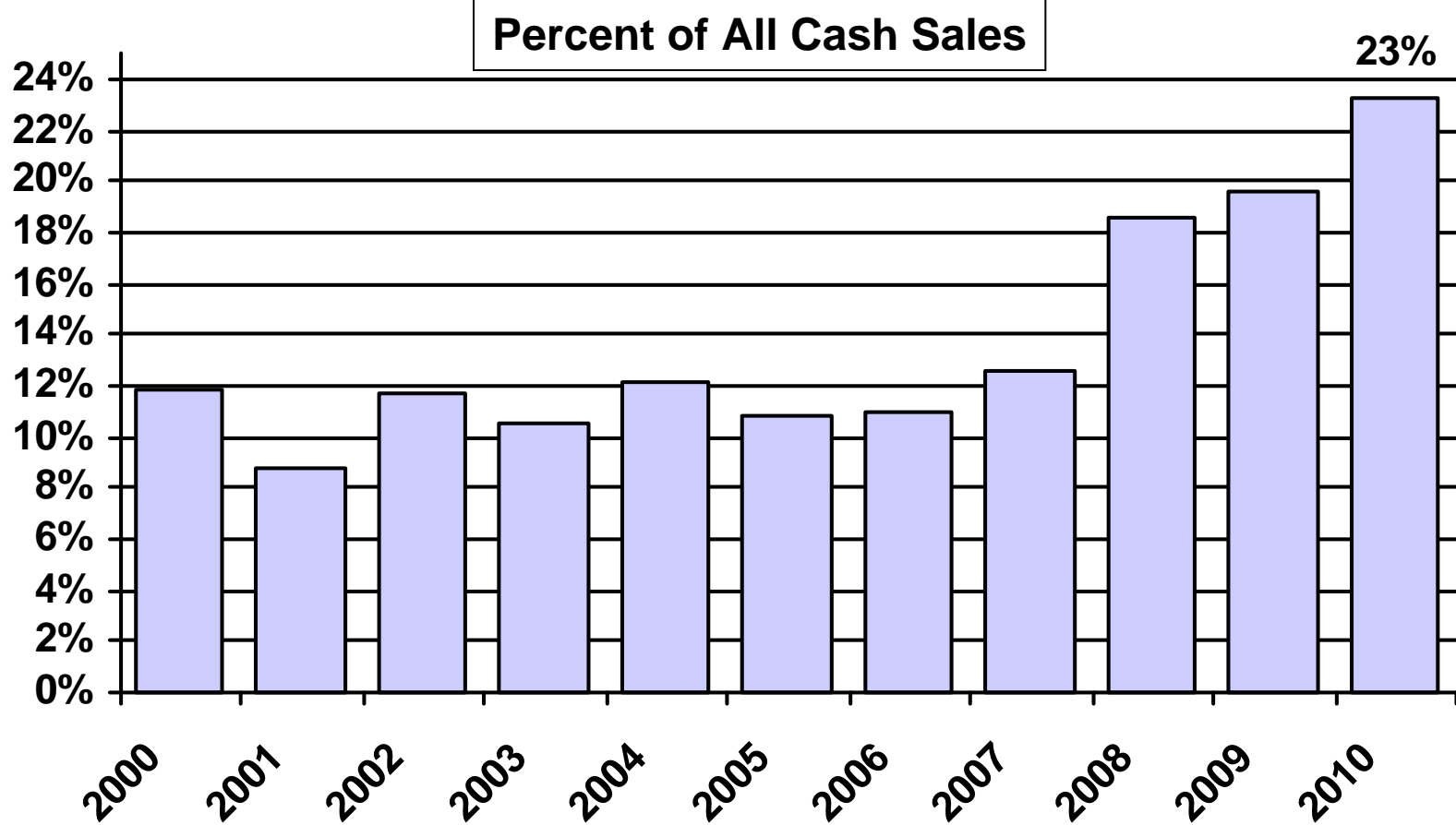


Q. Please indicate the type of mortgage

# Sales to Investors Continue to Grow



# More Buyers Pay with All Cash





**C.A.R. 2011 FORECAST**

# 2011 California Housing Market Outlook

	2005	2006	2007	2008	2009	2010f	2010p	2011f
SFH Resales (000s)	625.0	477.5	346.9	439.8	546.5	527.5	492.0	502.0
% Change	0.00%	-23.6%	-27.3%	26.8%	24.3%	-2.3%	-10.0%	2.0%
Median Price (\$000s)	\$522.7	\$556.4	\$560.3	\$346.4	\$275.0	\$280.0	\$306.5	\$312.5
% Change	16.0%	6.5%	0.7%	-38.2%	-20.6%	3.3%	11.5%	2.0%

2011



## **Leslie Appleton-Young**

Chief Economist  
lesliea@car.org



Follow me on Twitter: @appletony

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