

2012 California Real Estate Market Forecast

Real Estate Education Center
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Overview

- **US and California Economies**
- **California Housing Market**
- **Local Housing Market**
- **Market Forecast**
- **Membership Outlook**

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MARKET DATA

Home Page > Market Data

- Current Research
- Market @ A Glance
- Market Snapshot
- Research Publications
- Market Forecast
- Real Estate 411
- Data & Statistics
- Speeches & Presentations**
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WHAT'S NEW

The Sales-to-List Price Ratio:

California home sales were weaker than expected in July as economic uncertainty continued to have a negative impact on consumer confidence.

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July Pending Home Sales

California pending home sales dipped in July, as did the share of sales of distressed properties, C.A.R. reported today.

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July sales and price report

California home sales decline in July, but still higher than a year ago, C.A.R. reports.

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Downgrades, Debt Concerns, and the Impact on Mortgage Rates

All of the headlines, the problems with U.S. Treasuries, the debt crisis here and abroad are adding another layer of uncertainty to an already uncertain marketplace right now.

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C.A.R. Q2 Housing Affordability Index

Higher home prices reduce housing affordability throughout most of California, C.A.R. reports.

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Speeches & Presentations

US and California Economic Conditions

2011: A Year of Wild Cards



Oil Price Spikes



Political Change on Capitol Hill



Sovereign Debt Crisis in EuroZone



Arab Uprising



Debt Limit Ceiling & Downgrade of US Debt



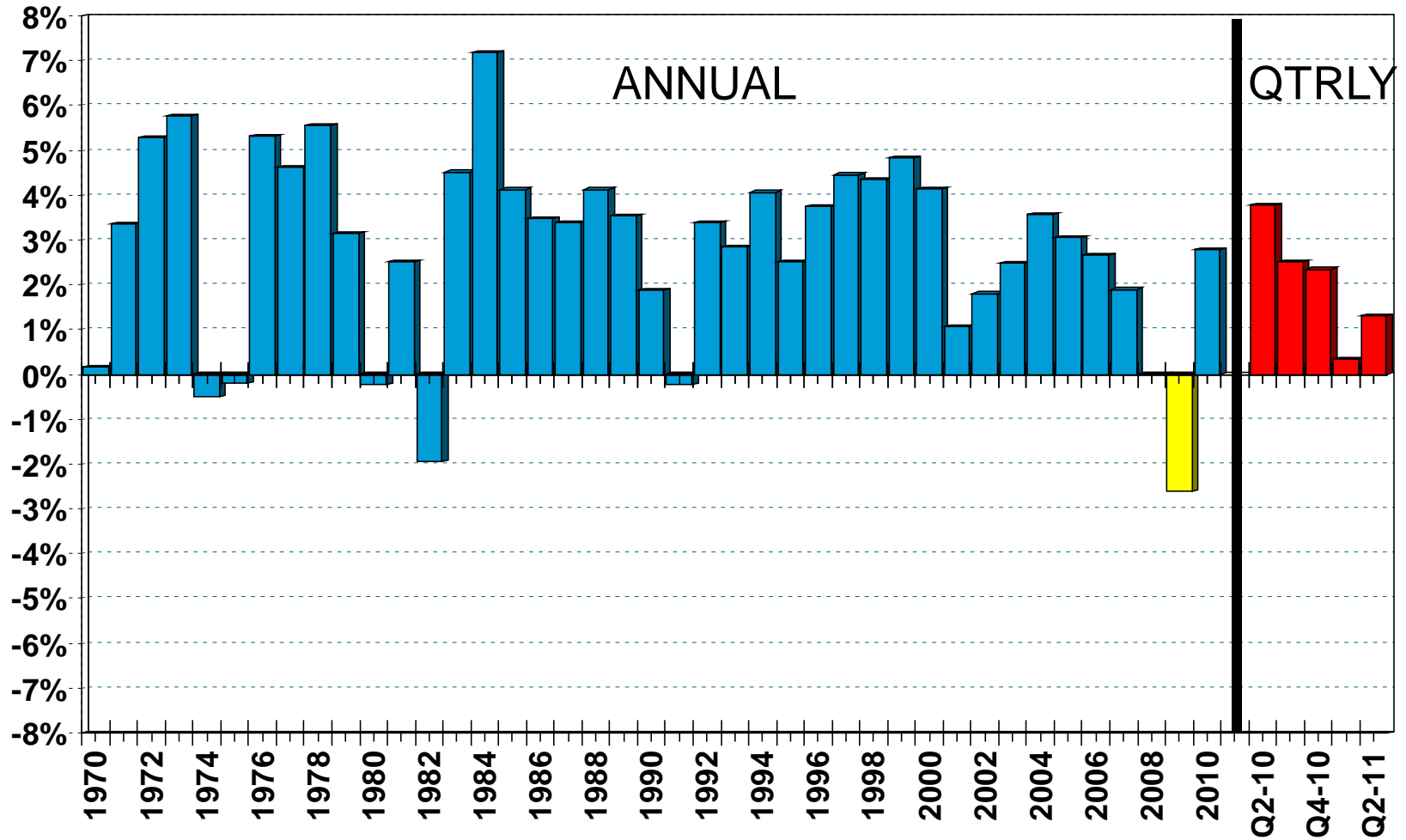
Stock Market Volatility



Gross Domestic Product

2010: 2.8%; 2011 Q2: 1.3%

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

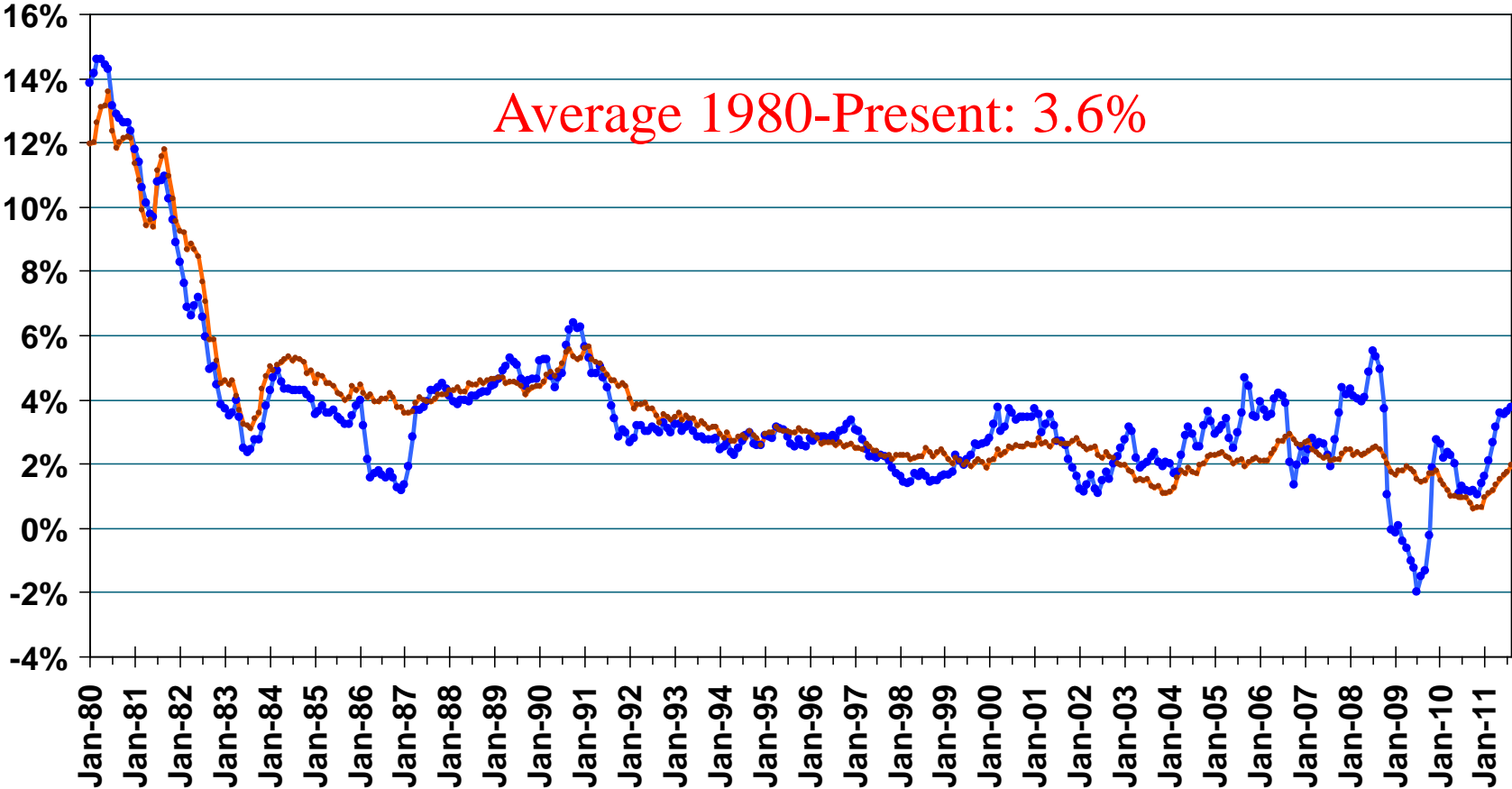


Consumer Price Index

August 2011: All Items +3.8% YTY; Core +2.0% YTY

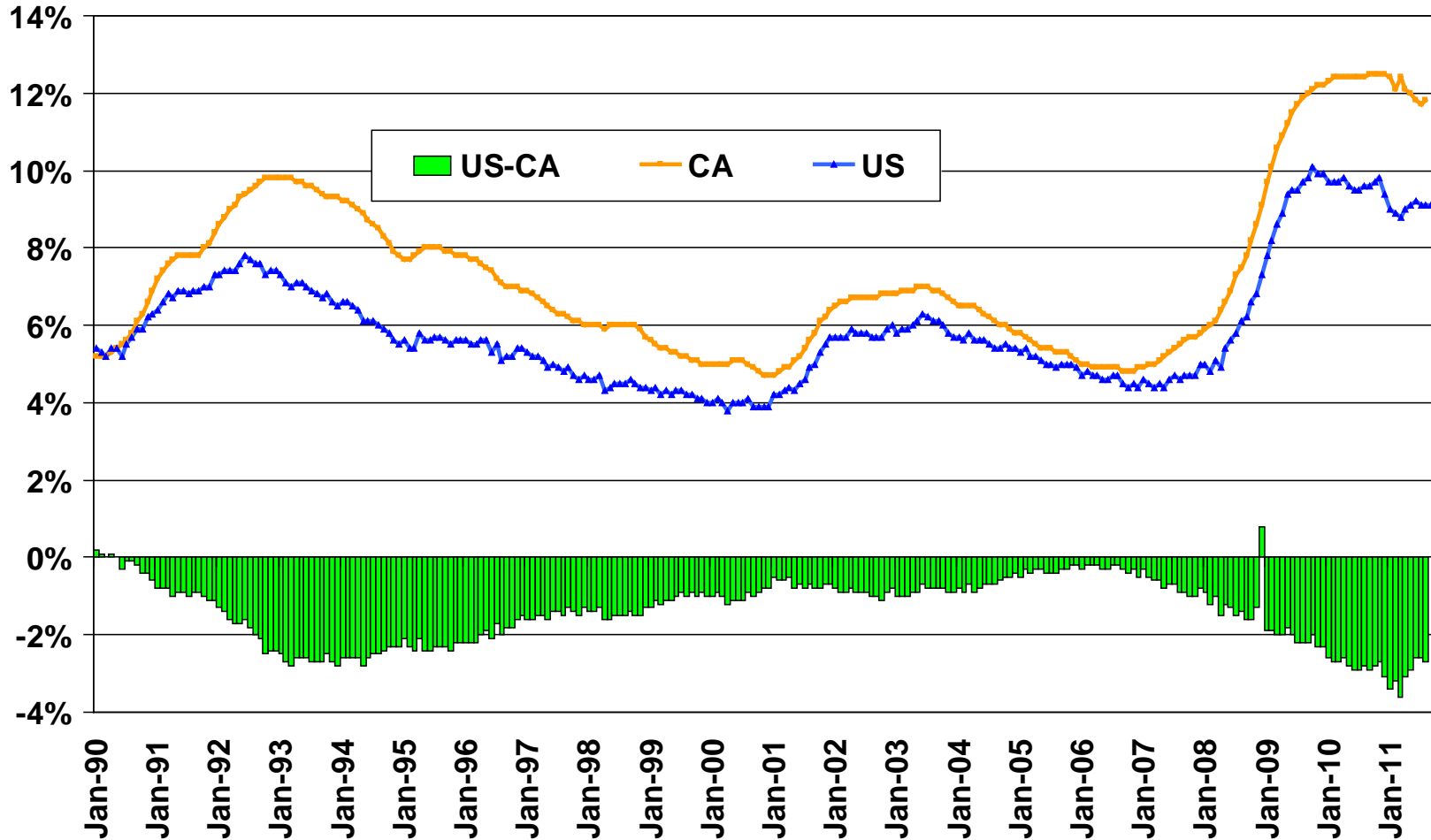
PERCENT CHANGE FROM A YEAR AGO, 100=1982-1984

—●— All Items —●— Core



Unemployment Rate

California vs. United States

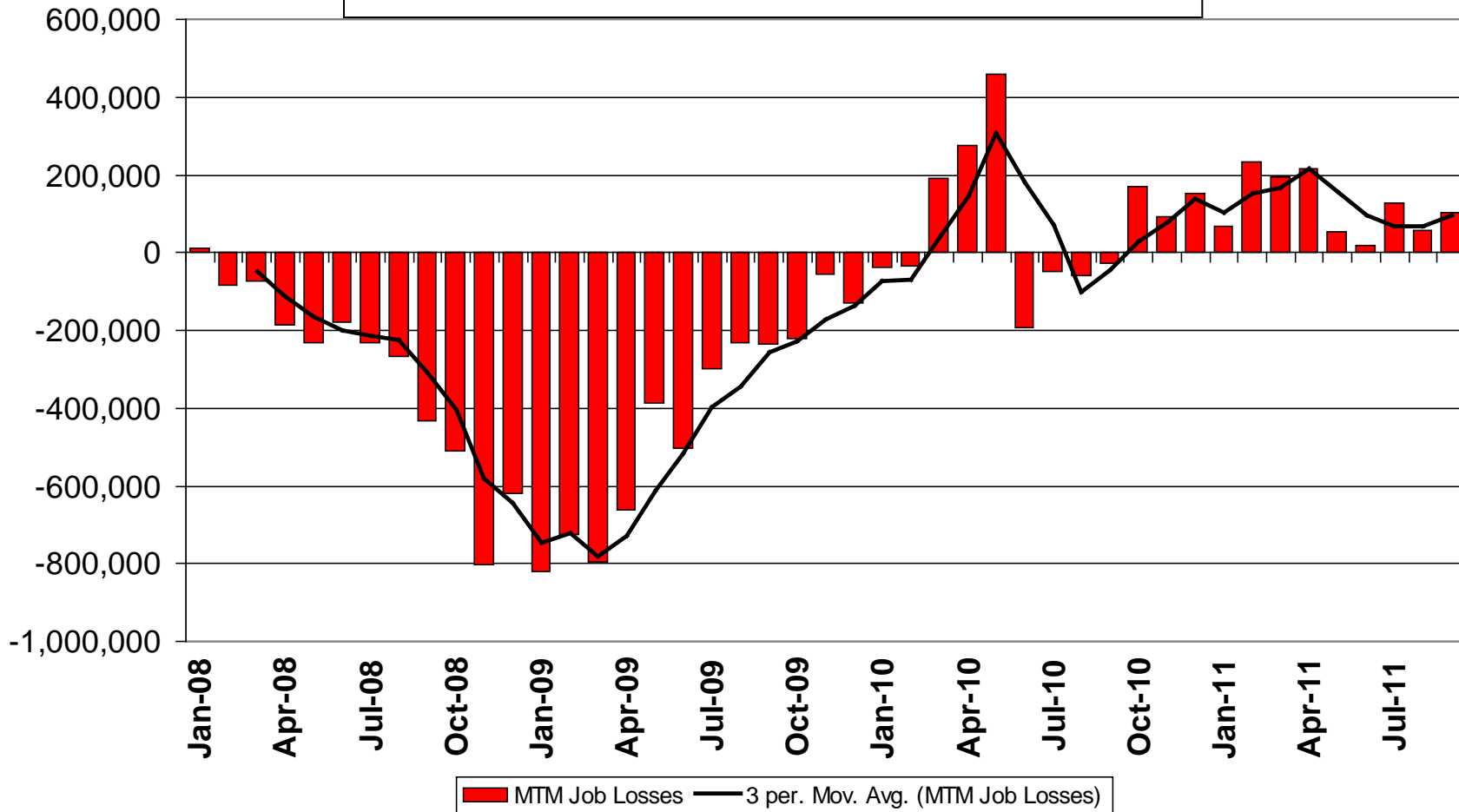


SOURCE: CA Employment Development Division

U.S. Non-farm Job Growth

Month-to-Month Changes

Recession Job Losses: 8.4 million
Since Jan'10: +1.14 million

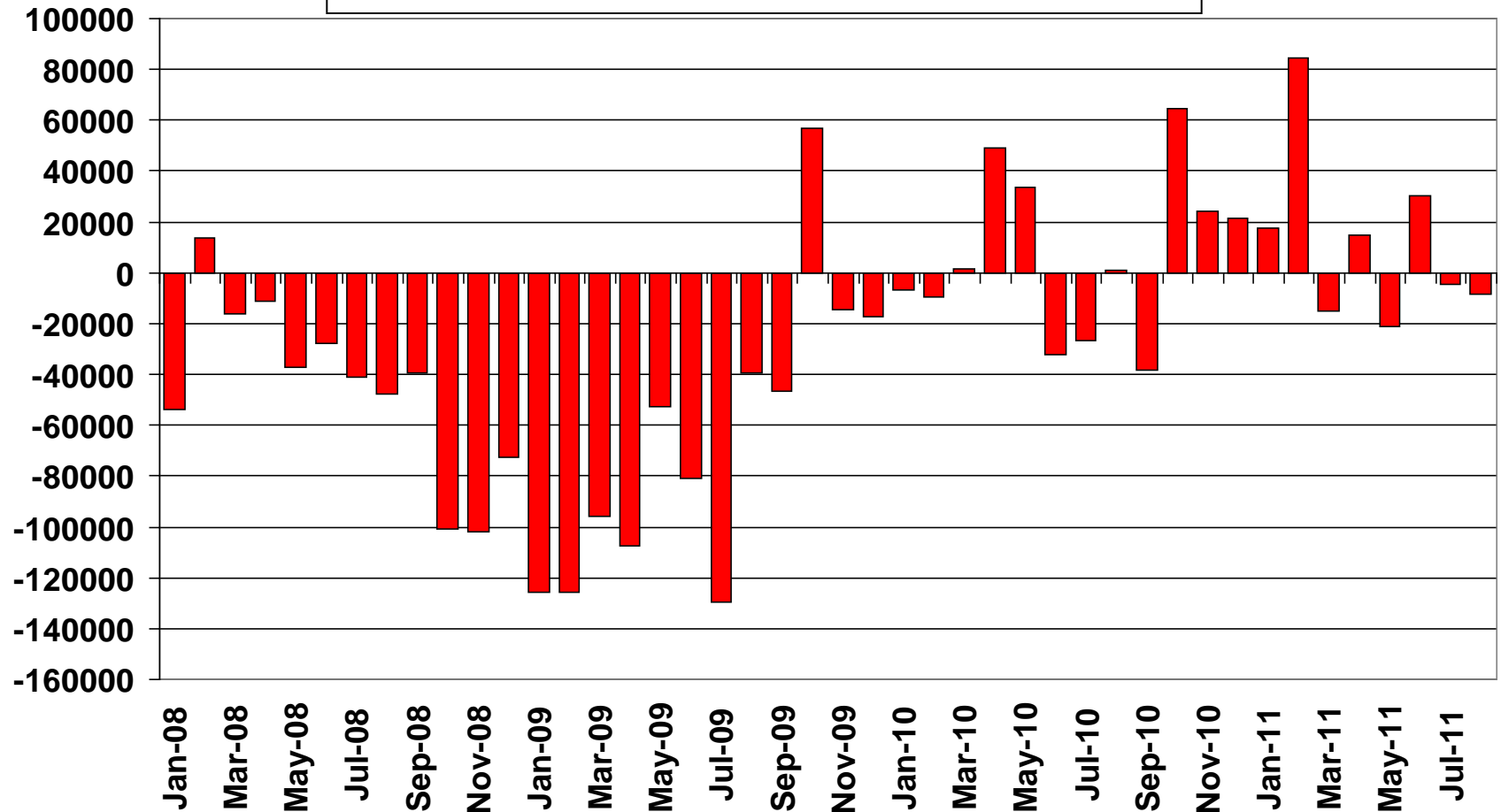


SOURCE: US Dept of Labor, Bureau of Labor Statistics

California Non-farm Job Growth

Month-to-Month Changes

Recession Job Losses: 1 million
Since Jan'10: +170,000



SOURCE: CA Employment Development Division

California Employment Trends by Industry

Industry	2000	2005	2010	Jul-11	Year to Date
Mining and Logging	26,500	23,600	26,800	27,600	800
Construction	733,400	905,300	559,800	567,300	7,500
Manufacturing	1,852,700	1,502,600	1,242,400	1,257,600	15,200
Trade, Transportation & Utilities	2,727,900	2,822,100	2,616,900	2,641,500	24,600
Information	576,700	473,600	429,000	455,400	26,400
Financial Activities	800,800	920,300	759,800	755,800	-4,000
Professional & Business Services	2,222,600	2,160,700	2,069,400	2,136,200	66,800
Educational & Health Services	1,407,100	1,593,400	1,786,900	1,837,000	50,100
Leisure & Hospitality	1,335,600	1,475,200	1,493,700	1,531,600	37,900
Other Services	487,700	505,500	484,700	484,500	-200
Government	2,318,100	2,420,200	2,427,100	2,380,200	-46,900
TOTAL	14,489,100	14,802,500	13,896,500	14,074,700	178,200

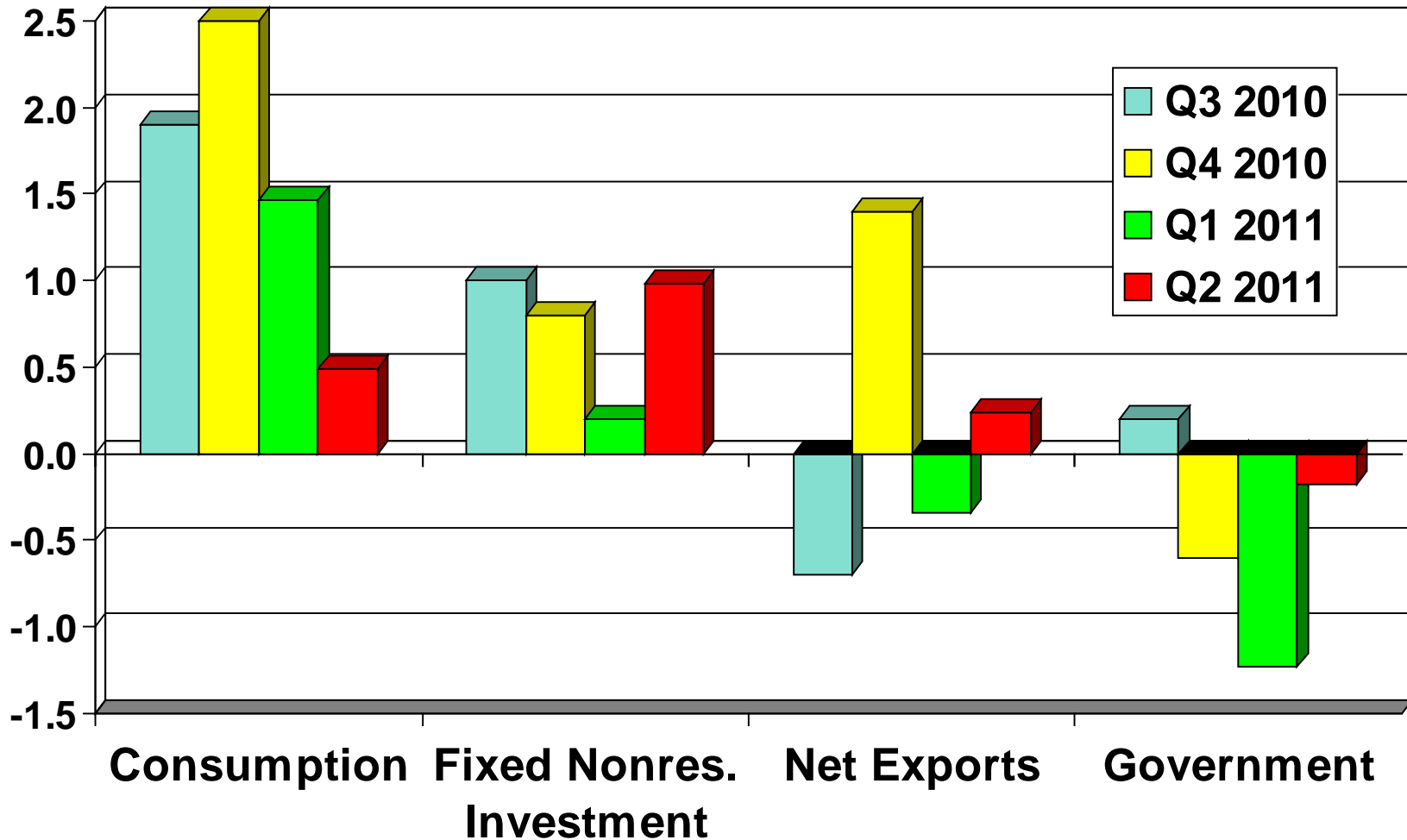


Performance Targets for National Economy

	Current Target	This Year - Projected
Unemployment	6%	9.0%
US GDP	3% or higher	1.7%
Nonfarm Job Growth	3%+ or 400K+/mo	1.0%
CPI	2.5%	3.2%

Components of GDP

Percent Change

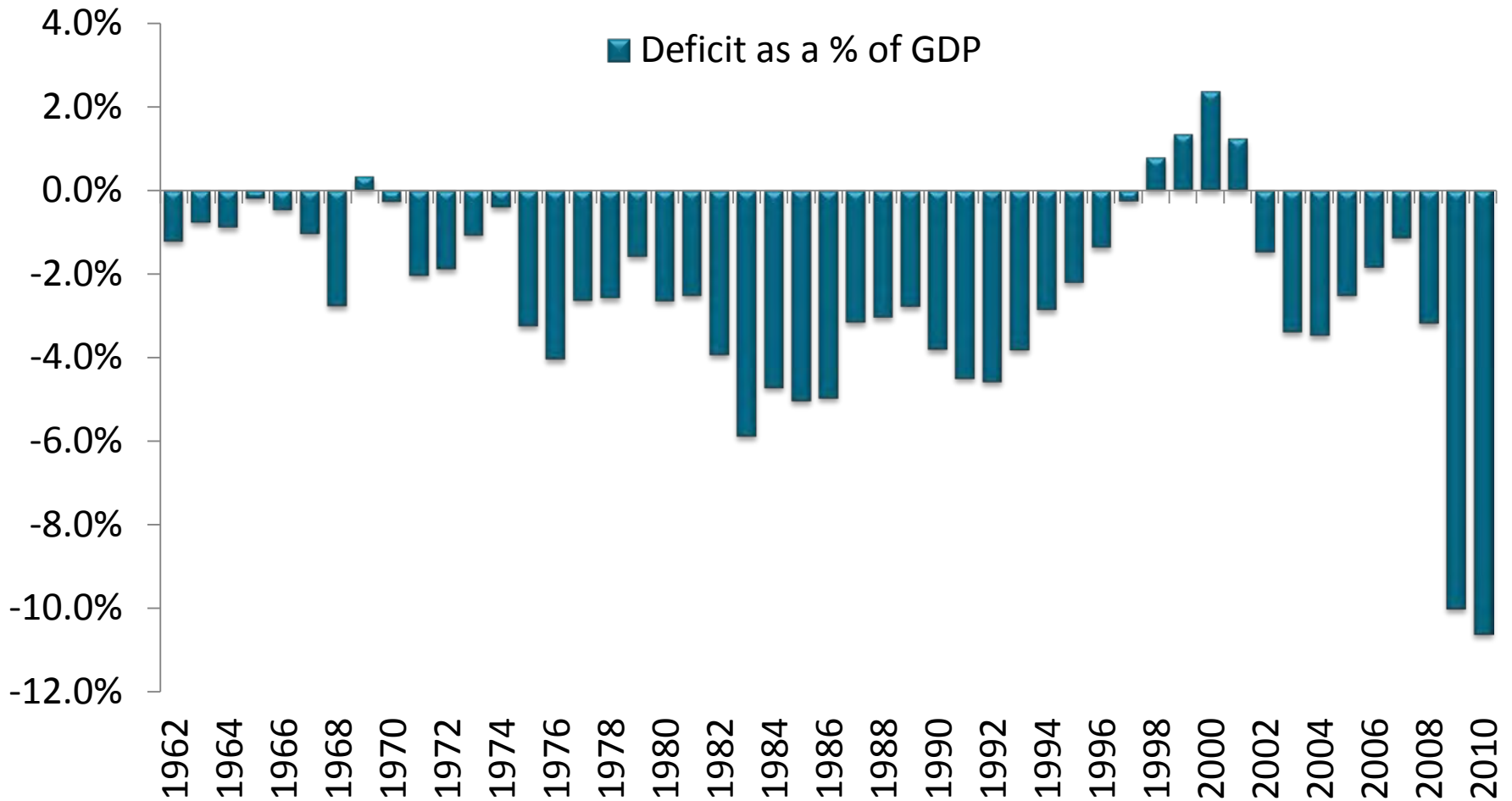


SOURCE: US Dept of Commerce,
Bureau of Economic Analysis



US Deficit Highest in Decades

2010: 11% of GDP (Revenues – Expenses)

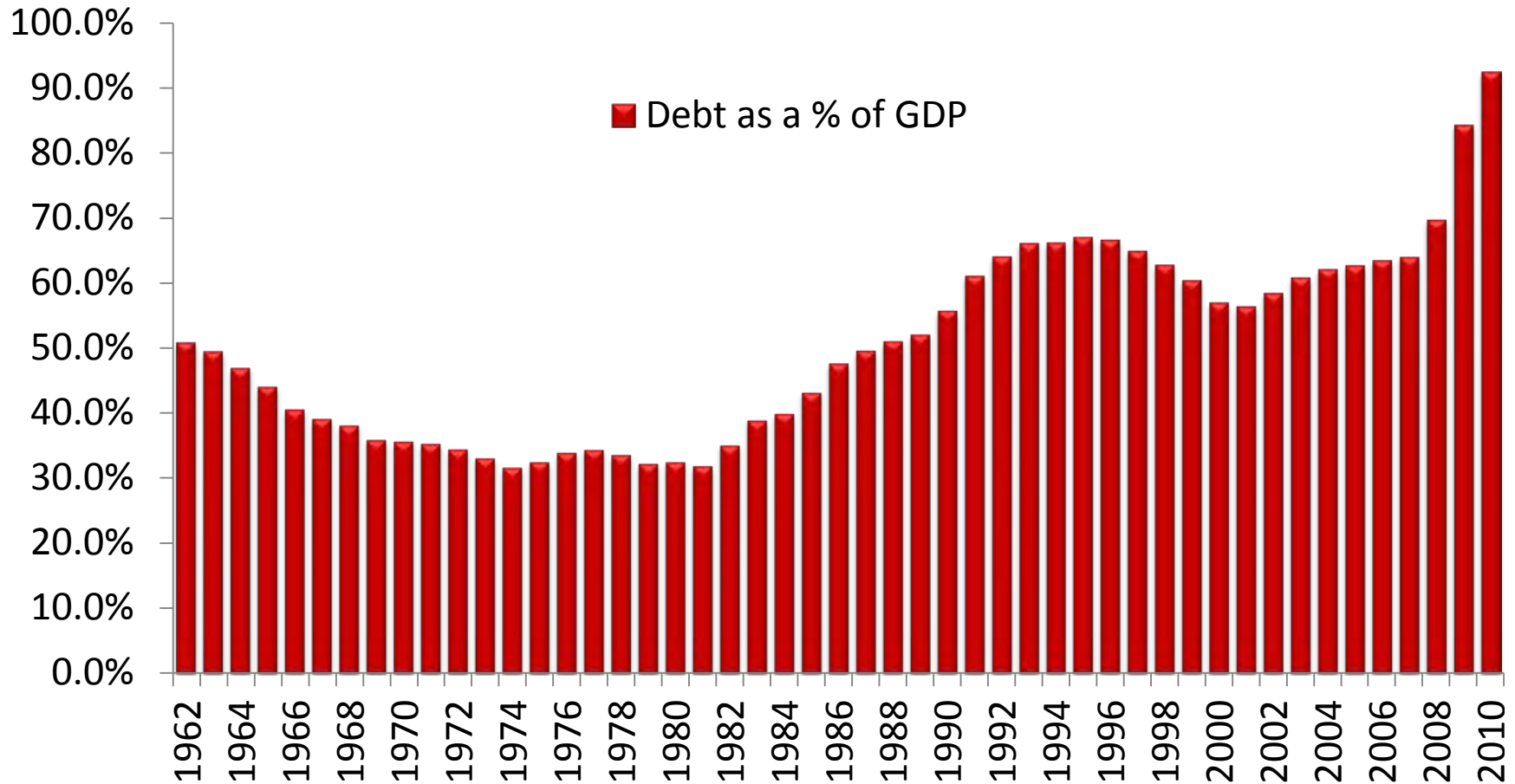


Source: US Treasury, BEA, compiled by C.A.R.

Note: Positive = Surplus

US Debt Jumped as Government Responded to Financial Crisis

2010: 93% of GDP

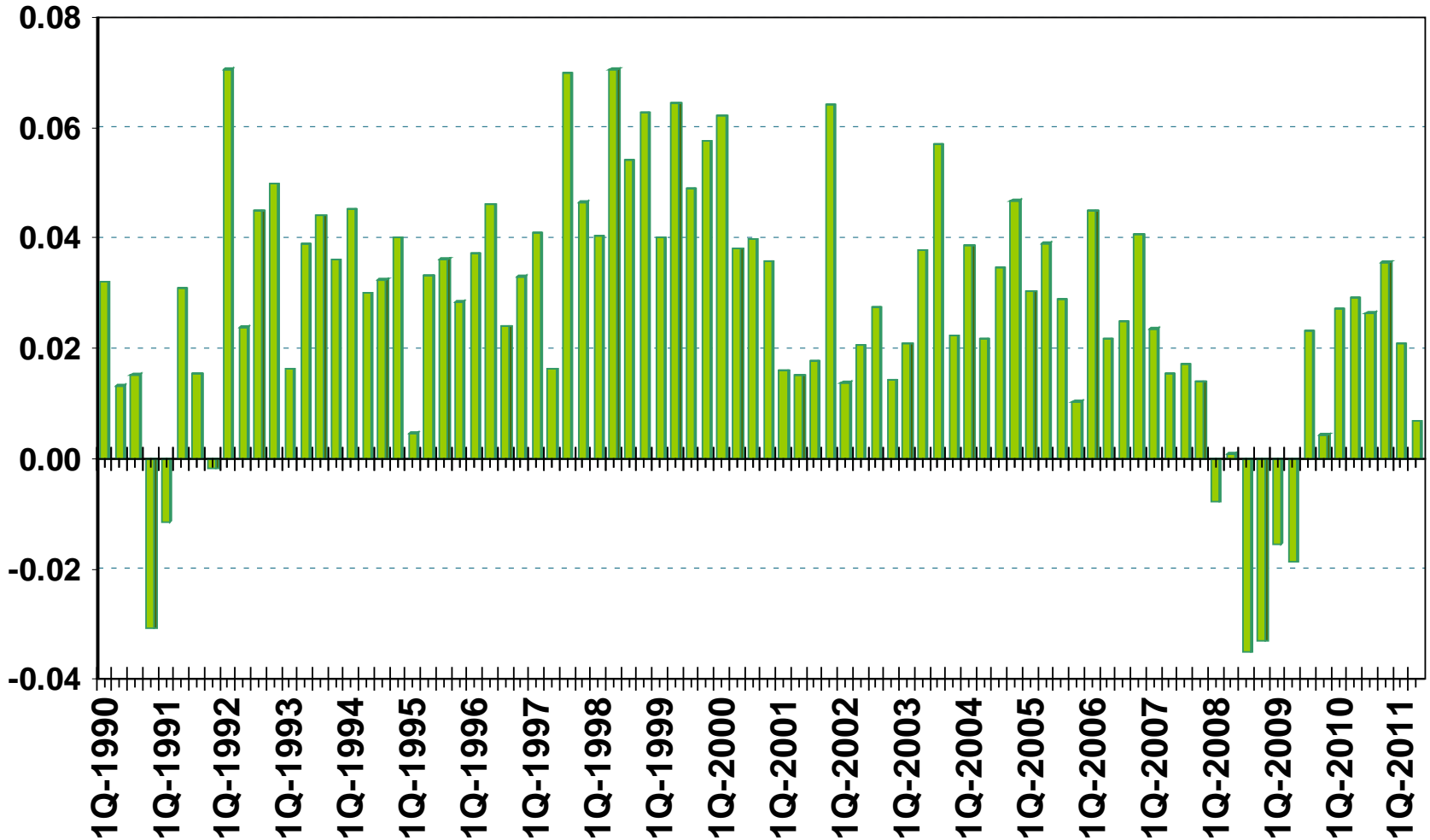


Source: US Treasury, compiled by C.A.R.

Personal Consumption

2011 Q2: 0.7%

QUARTERLY PERCENT CHANGE



SOURCE: US Dept of Commerce,
Bureau of Economic Analysis

U.S. Economic Outlook

	2005	2006	2007	2008	2009	2010	2011f	2012f
US GDP	3.1%	2.7%	2.0%	0.0%	-2.6%	2.9%	1.7%	2.0%
Nonfarm Job Growth	1.7%	1.8%	1.1%	-0.6%	-4.4%	-0.7%	1.0%	0.9%
Unemployment	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	9.0%	8.9%
CPI	3.4%	3.2%	2.8%	3.8%	-0.4%	1.6%	3.2%	2.3%
Real Disposable Income, % Change	1.3%	4.0%	2.2%	0.5%	0.9%	1.4%	1.7%	1.5%

Forecast Date: September 2011

California Economic Outlook

	2005	2006	2007	2008	2009	2010	2011f	2012f
Nonfarm Job Growth	1.8%	1.7%	0.8%	-1.3%	-6.0%	-1.4%	1.5%	2.1%
Unemployment Rate	5.4%	4.9%	5.4%	7.2%	11.4%	12.4%	12.0%	11.2%
Population Growth	1.2%	1.1%	1.1%	1.2%	1.1%	0.9%	0.9%	0.9%
Real Disposable Income, % Change	1.3%	3.4%	1.5%	0.1%	-2.2%	1.6%	1.5%	2.0%

Forecast Date: September 2011

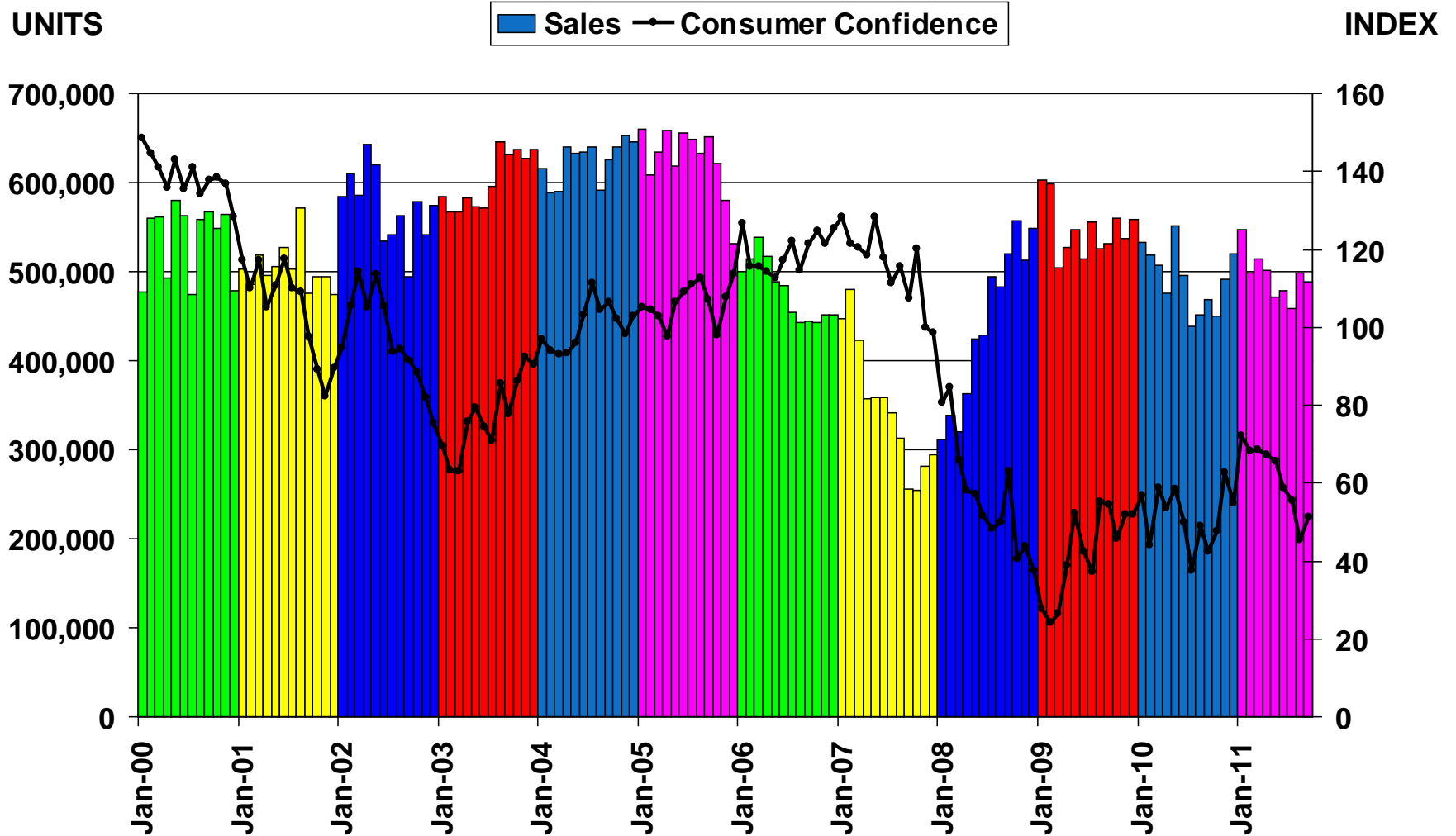
Economic Snapshot

- Recession over, slow recovery expected
- Engine of growth must come from consumers
- Labor market: mixed signals, job growth slow
- Inflation in check through 2011-12
- Monetary policy: No rate hikes until 2013
- Fiscal policy: politics = paralysis

California Housing Market

Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, September 2011 Sales: 487,940 Units, Up 0.4% YTD, Up 4.1% YTY

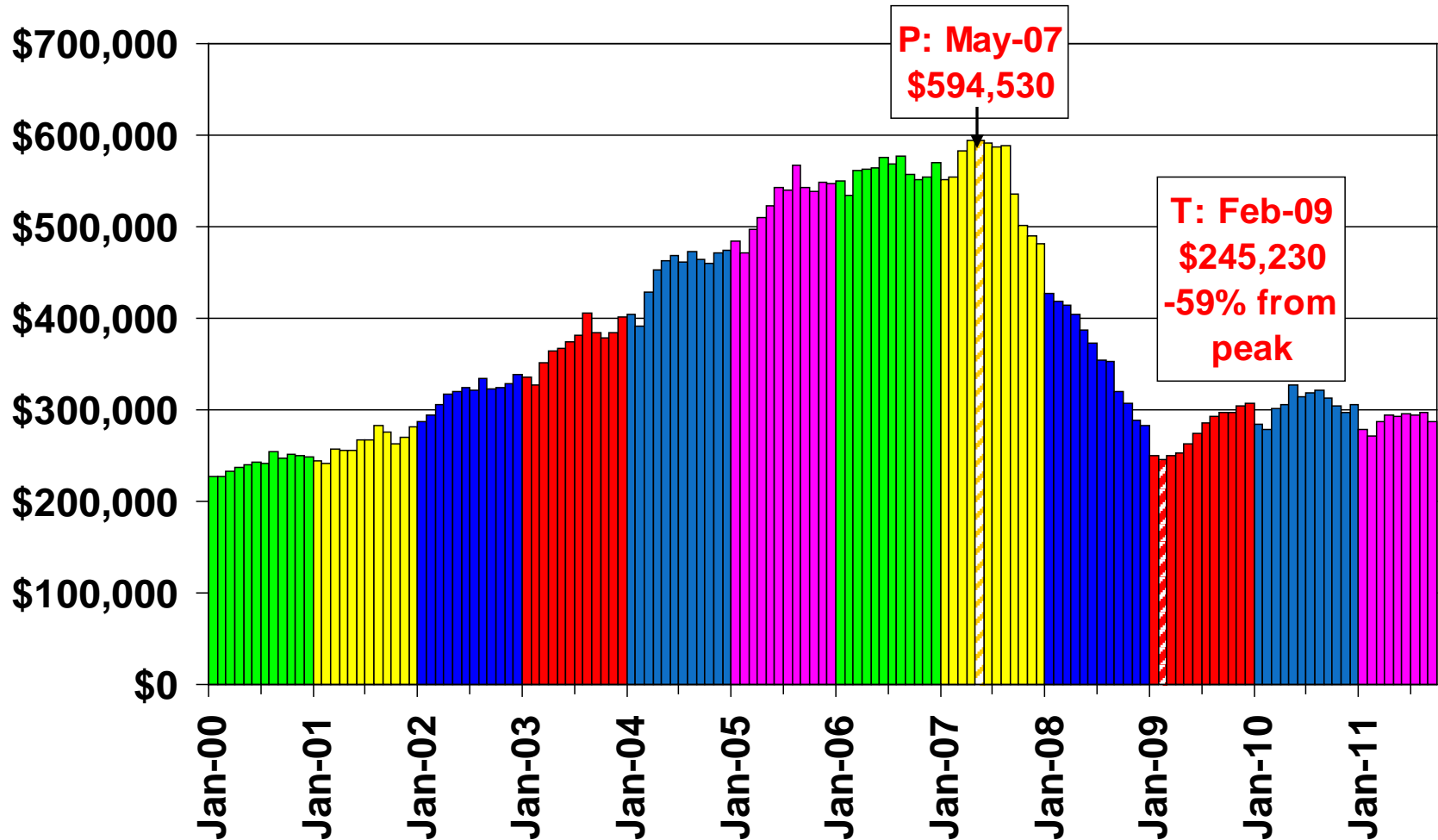


SOURCE: California Association of REALTORS®; The Conference Board

*Sales are seasonally adjusted and annualized

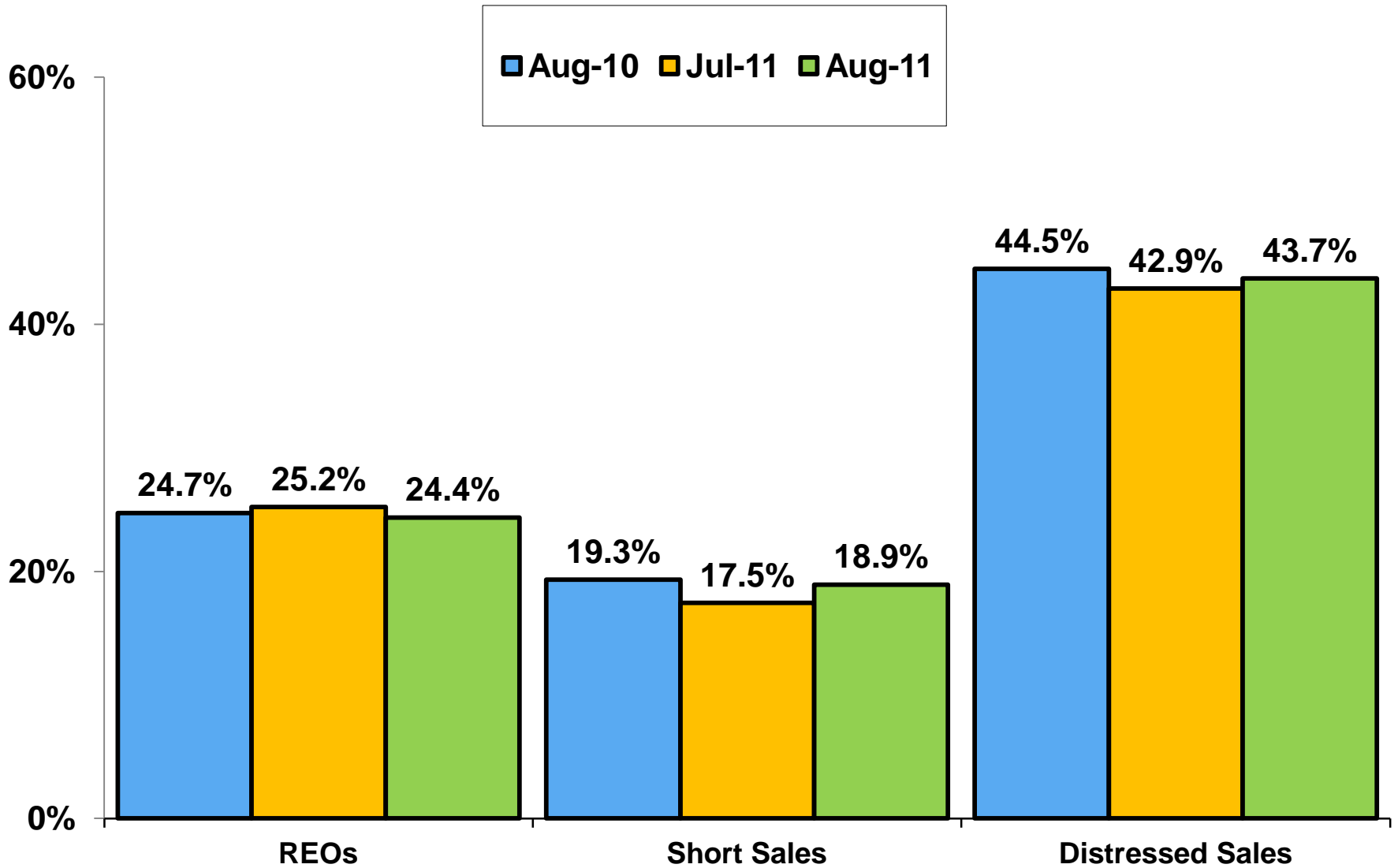
Median Price of Existing Detached Homes

California, September 2011: \$287,440, Down 8.3% YTY



SOURCE: California Association of REALTORS®

Share of Distressed Sales to Total Sales



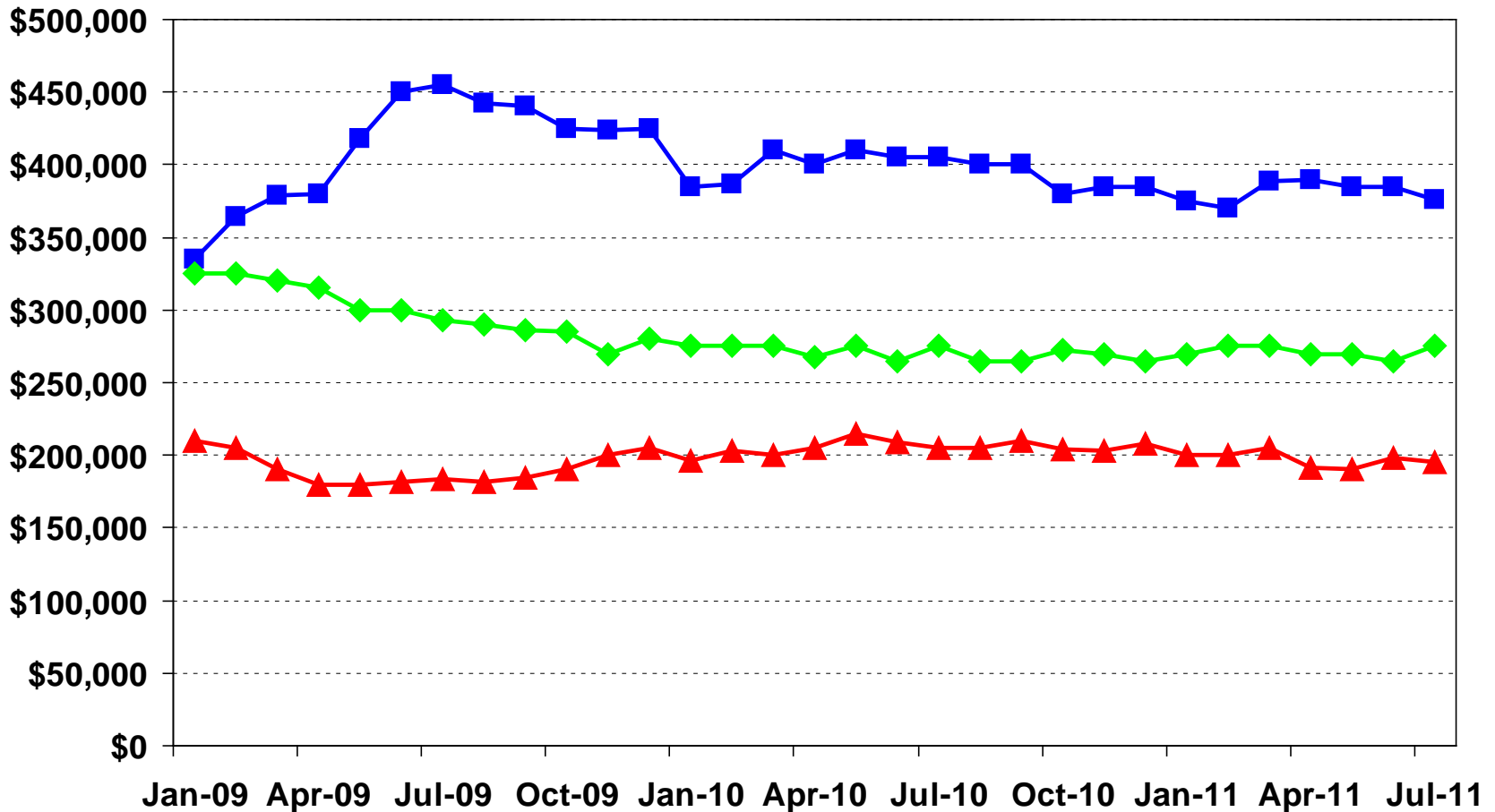
SOURCE: California Association of REALTORS®

Median Price by Type of Sale

REO, Short-Sale, Non-Distressed

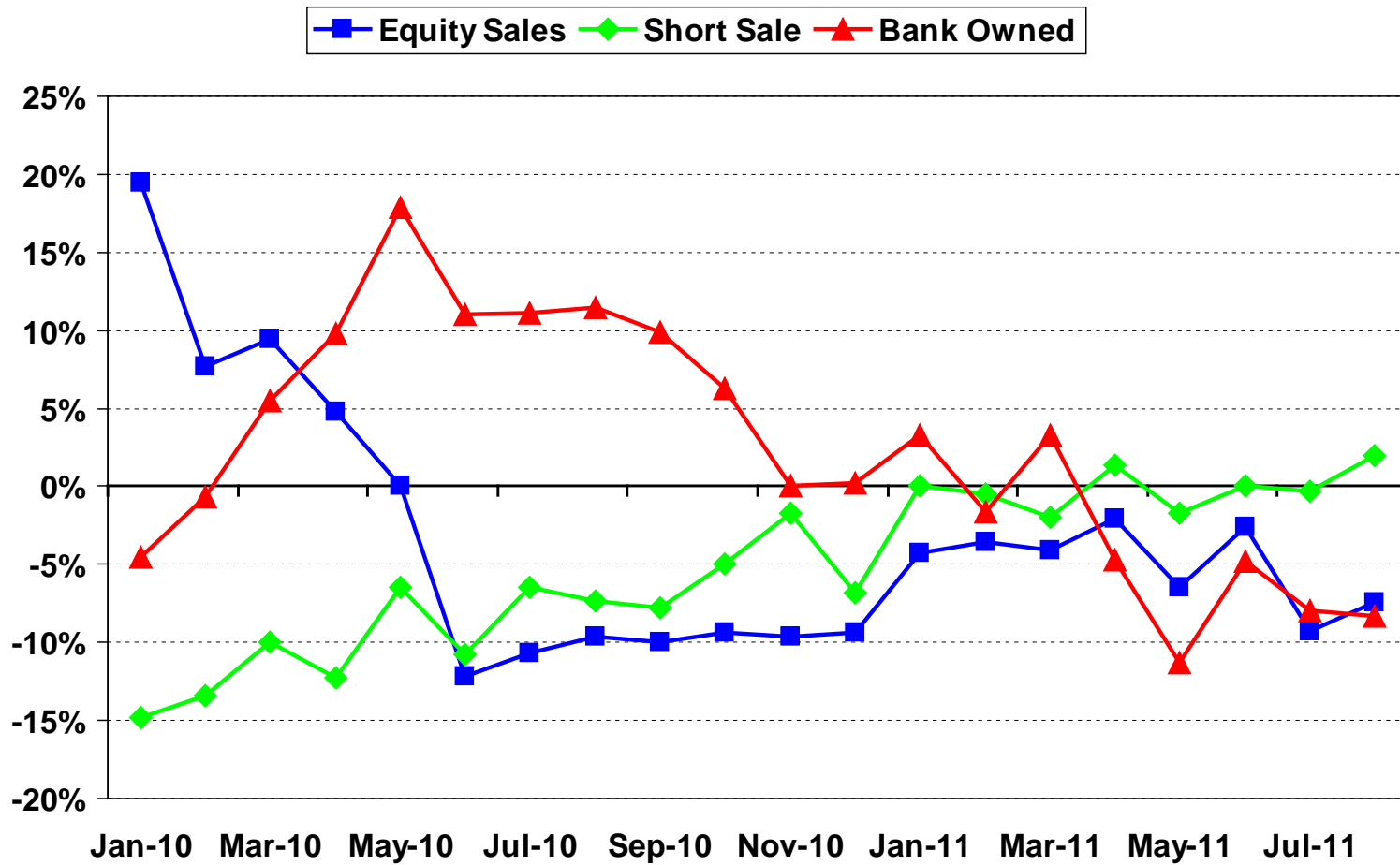
Median Price

■ Non-Distressed ◆ Short Sale ▲ Bank Owned



SOURCE: C.A.R.

Price Trends by Sale Type

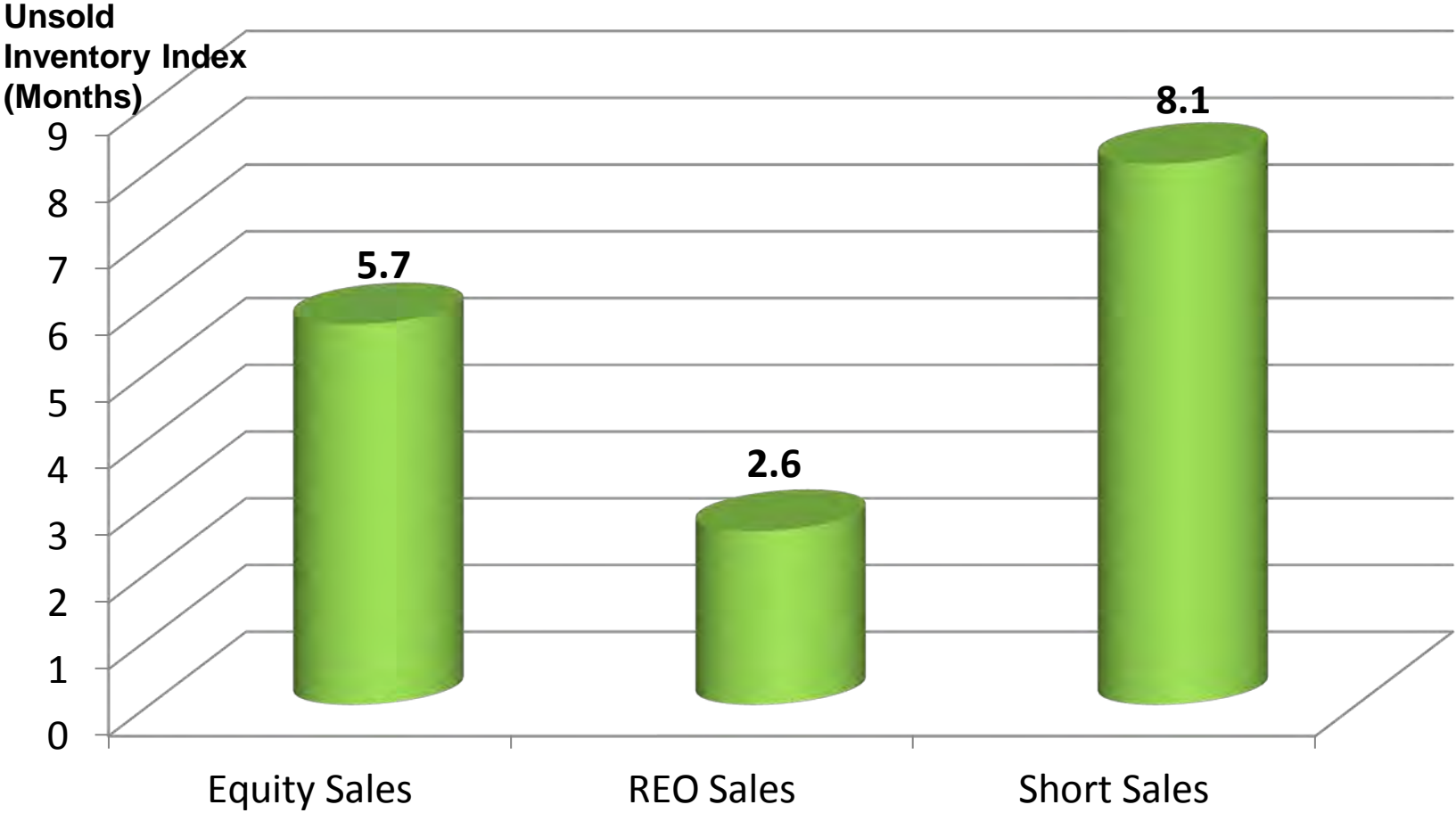


SOURCE: C.A.R.

Unsold Inventory Index (Months)

Price Range (Thousand)	Sep-10	Aug-11	Sep-11
\$1,000K+	11.1	9.1	10.0
\$750-1000K	6.8	6.2	6.1
\$500-750K	6.3	5.6	6.0
\$300-500K	5.6	5.2	5.4
\$0-300K	5.1	4.6	4.7

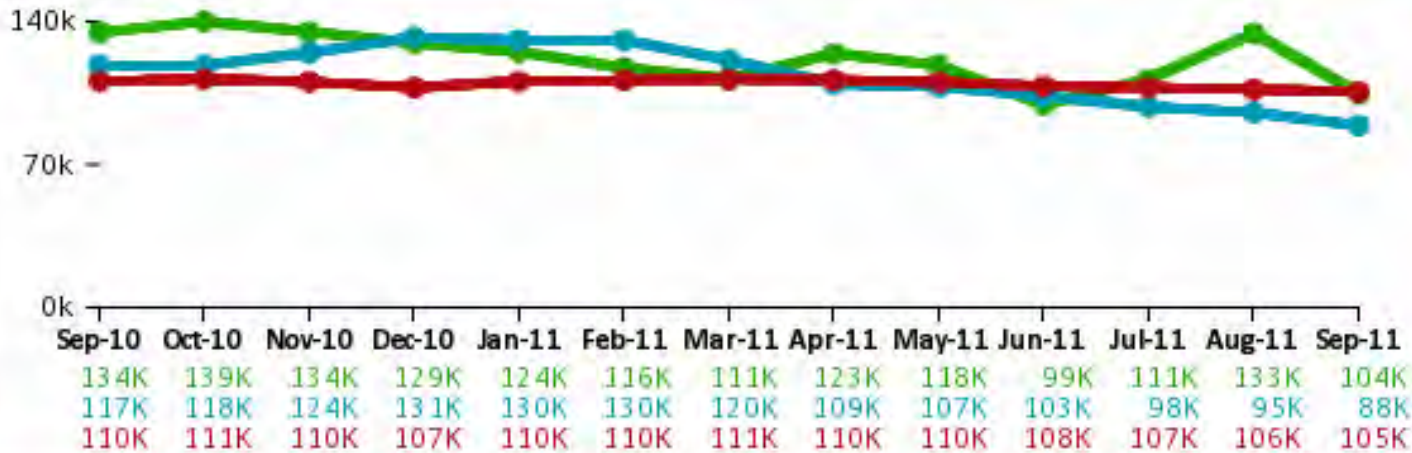
Tight Supply of Inventory for REO Sales (August 2011)



SOURCE: C.A.R.

California Foreclosure Inventory, September 2011

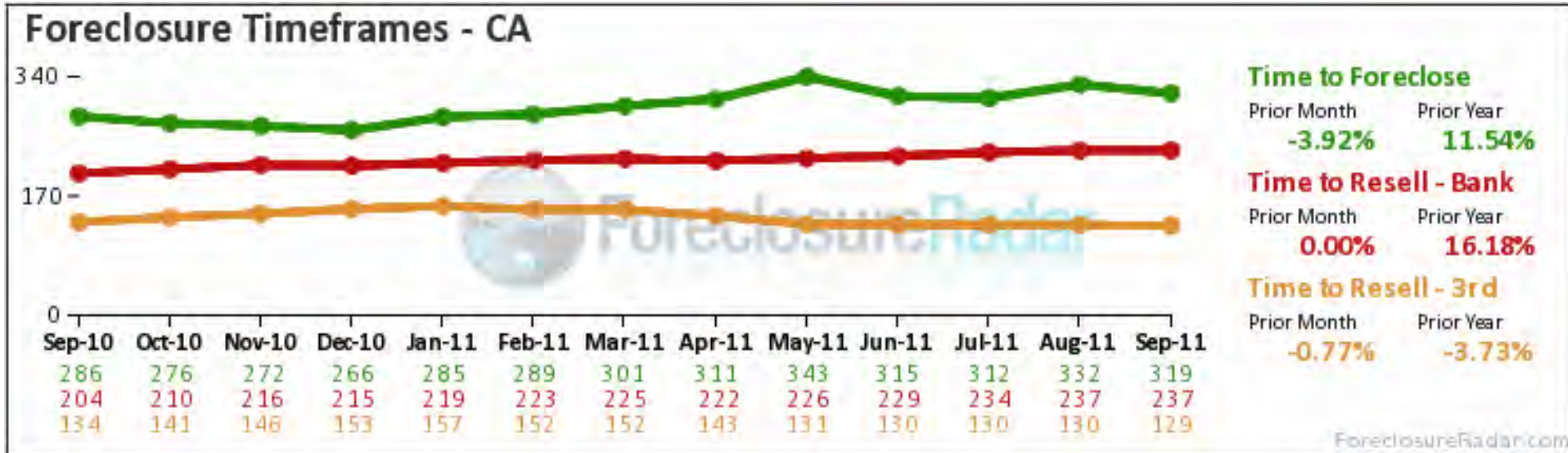
CA Inventories



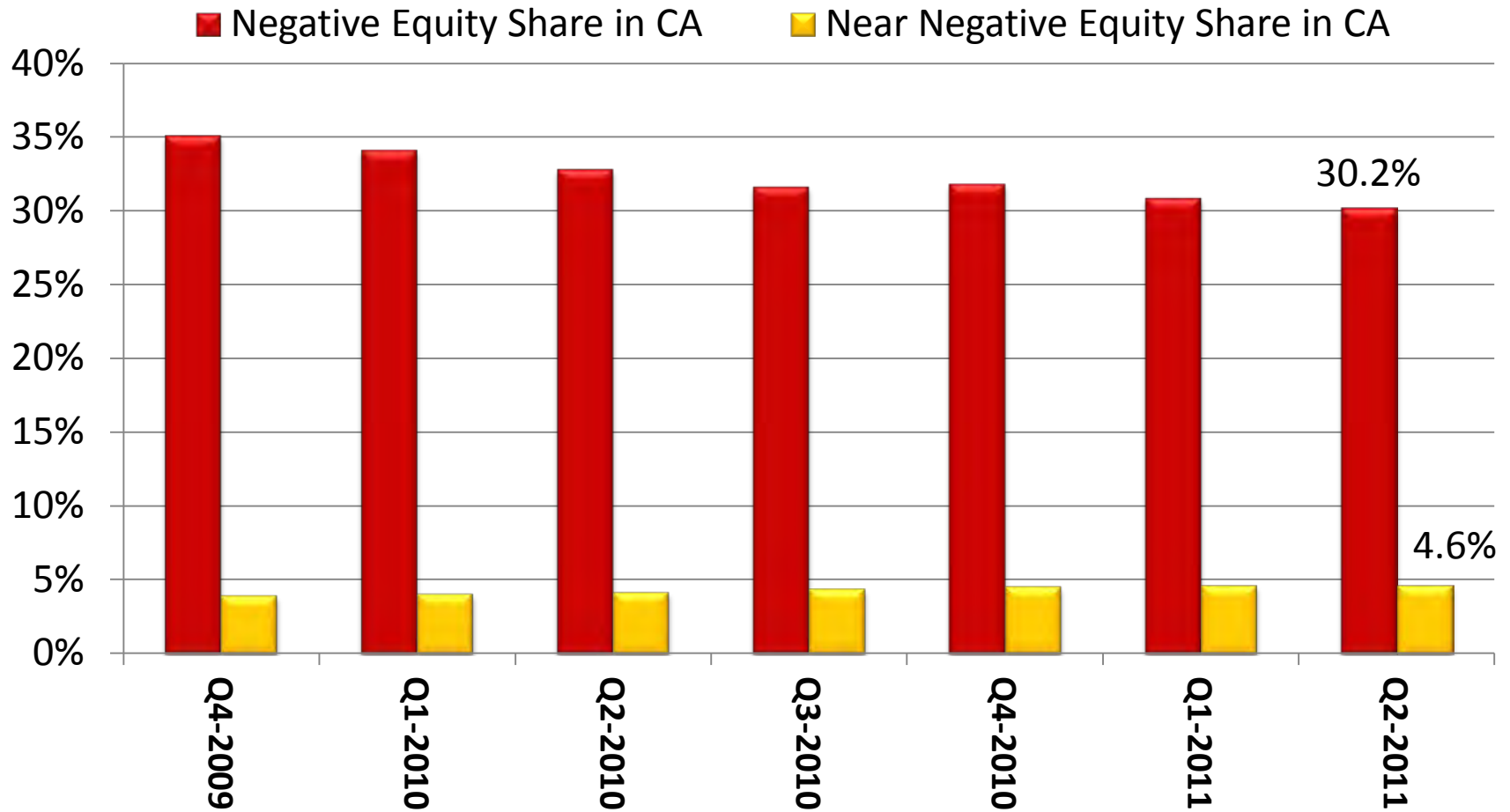
Preforeclosure	
Prior Month	Prior Year
-21.97%	-22.18%
Scheduled for Sale	
Prior Month	Prior Year
-6.65%	-24.80%
Bank Owned (REO)	
Prior Month	Prior Year
-0.98%	-4.70%

ForeclosureRadar.com

California Foreclosure Timeframes- September 2011



CA Underwater Mortgages



SOURCE: CoreLogic

Median Price Trajectory: US and California

	California Median	U.S. Median
Peak	\$ 594,530	\$ 230,900
Trough	\$ 245,230	\$ 156,900
Now: Aug '11	\$ 297,060	\$ 168,400
Peak-Trough	-58.8%	-32.0%
Trough- Now	21.1%	7.3%

Trough Month

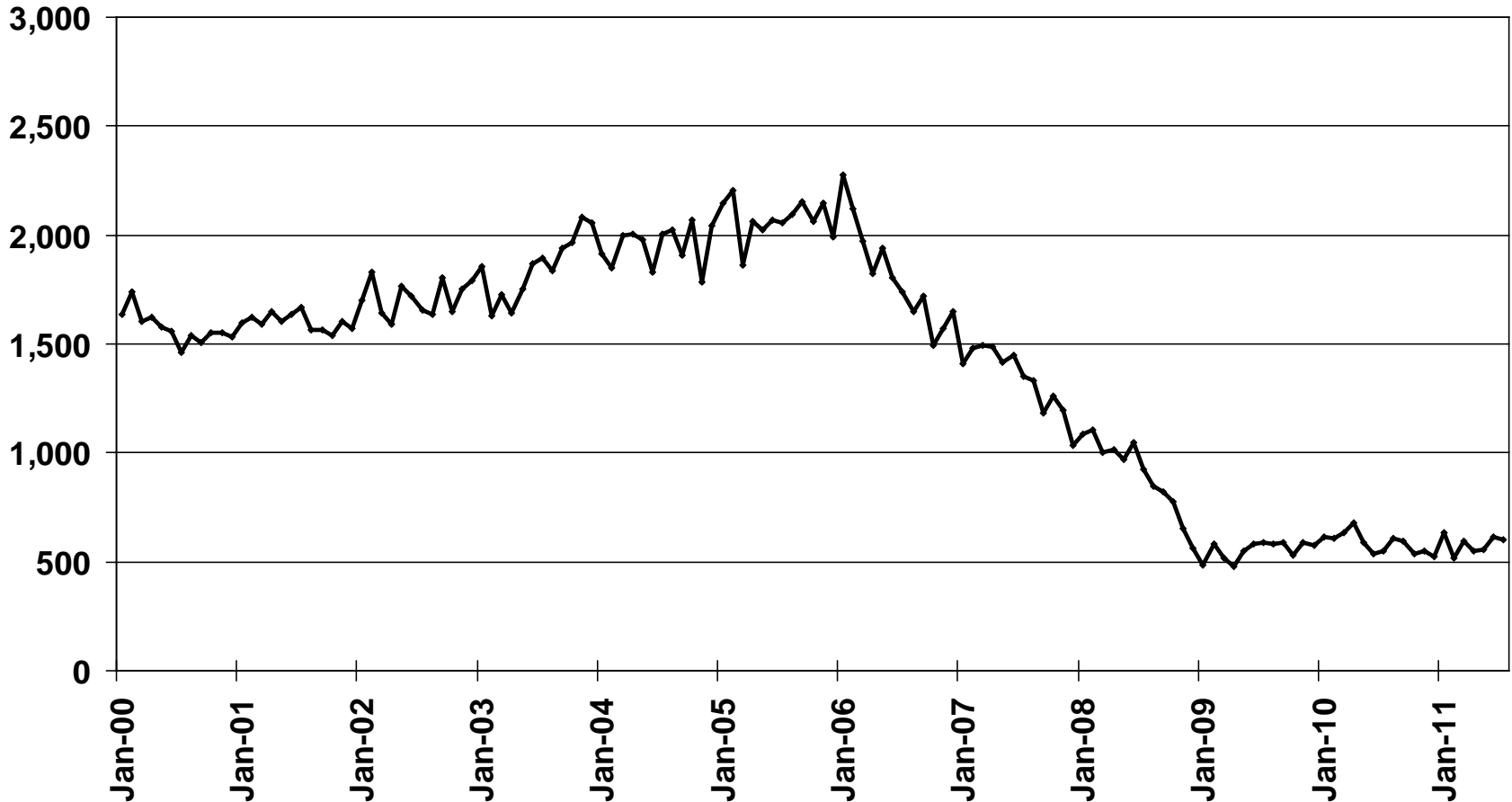
CA: Feb 2009

US: Feb 2011

National Housing Starts

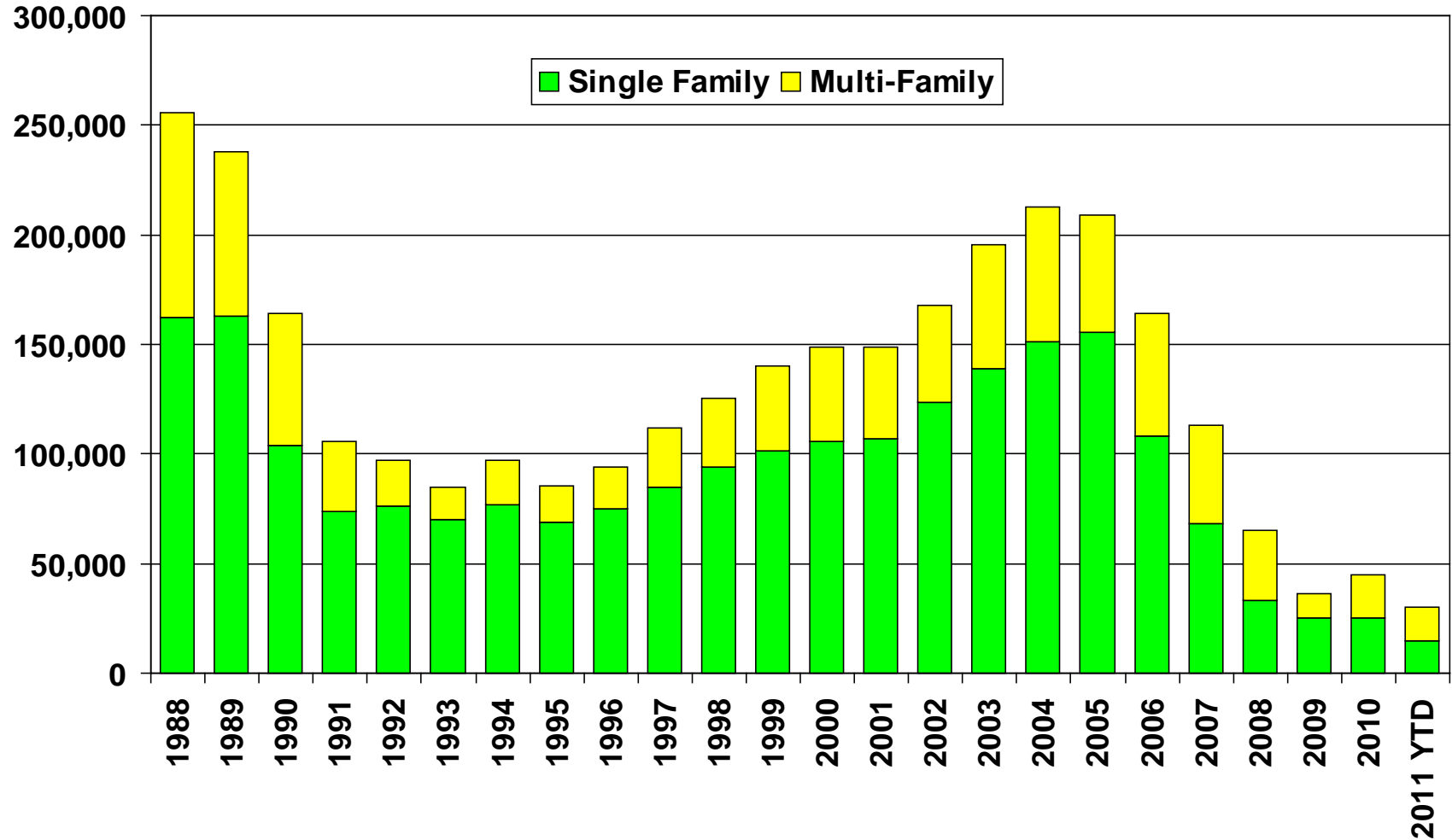
2000-Present

MONTHLY AVERAGE (in 000s)



CA New Housing Permits

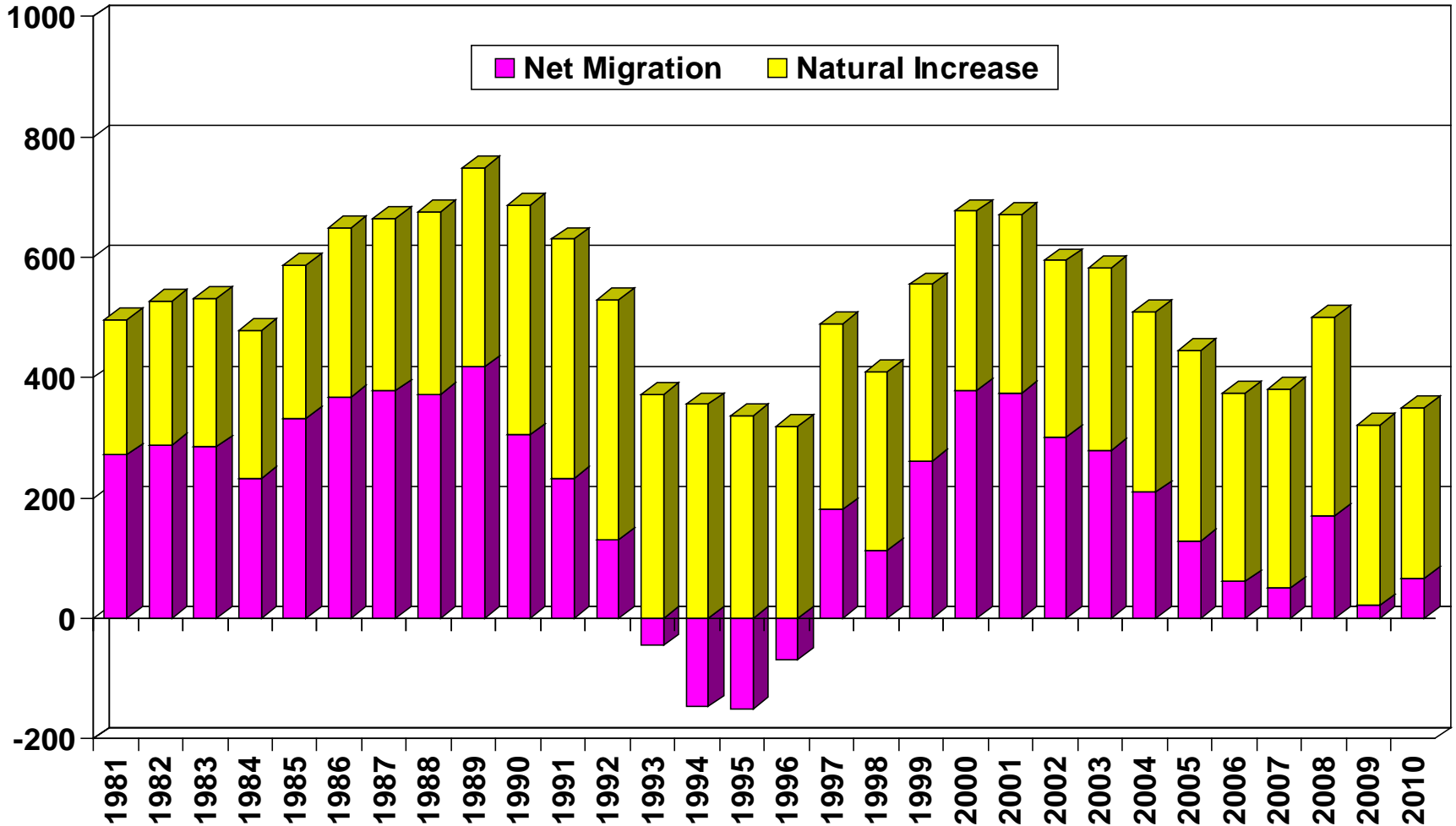
2010: 44,601 units, +22.5% YTY; Aug 2011: +2.6% YTD



Sources of Population Growth

California 1981-2010

THOUSANDS



SOURCE: CA Dept. of Finance

2011 Annual Housing Market Survey

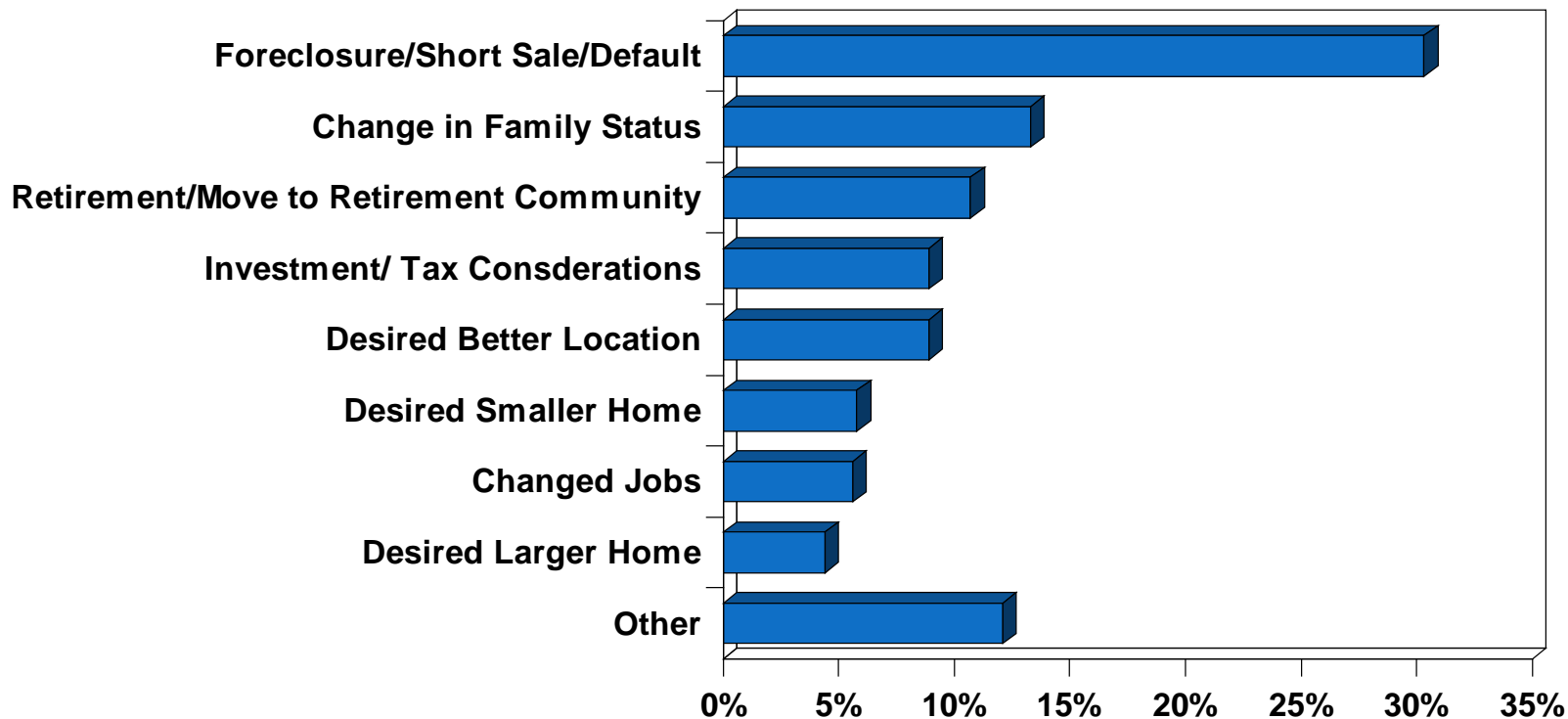
Equity vs. REO vs. Short Sales

	Equity Sales	REO Sales	Short Sales
Share of Total Sales	58.7%	19.7%	20.2%
Median Home Price	\$431,000	\$240,000	\$287,000
Square Footage	1,783	1,500	1,600
Price / SF	\$250	\$112	\$175
Sales-to-List Price Ratio	95.9%	98.0%	95.9%
% of Sales With Multiple Offers	35.2%	58.3%	57.5%
Avg. Number of Offers	3.0	3.0	3.6
% of All Cash Sales	25.5%	34.0%	23.3%
Days on MLS	67	50	141
Days in Escrow	35	35	45

SOURCE: C.A.R Annual Housing Market Survey 2011.

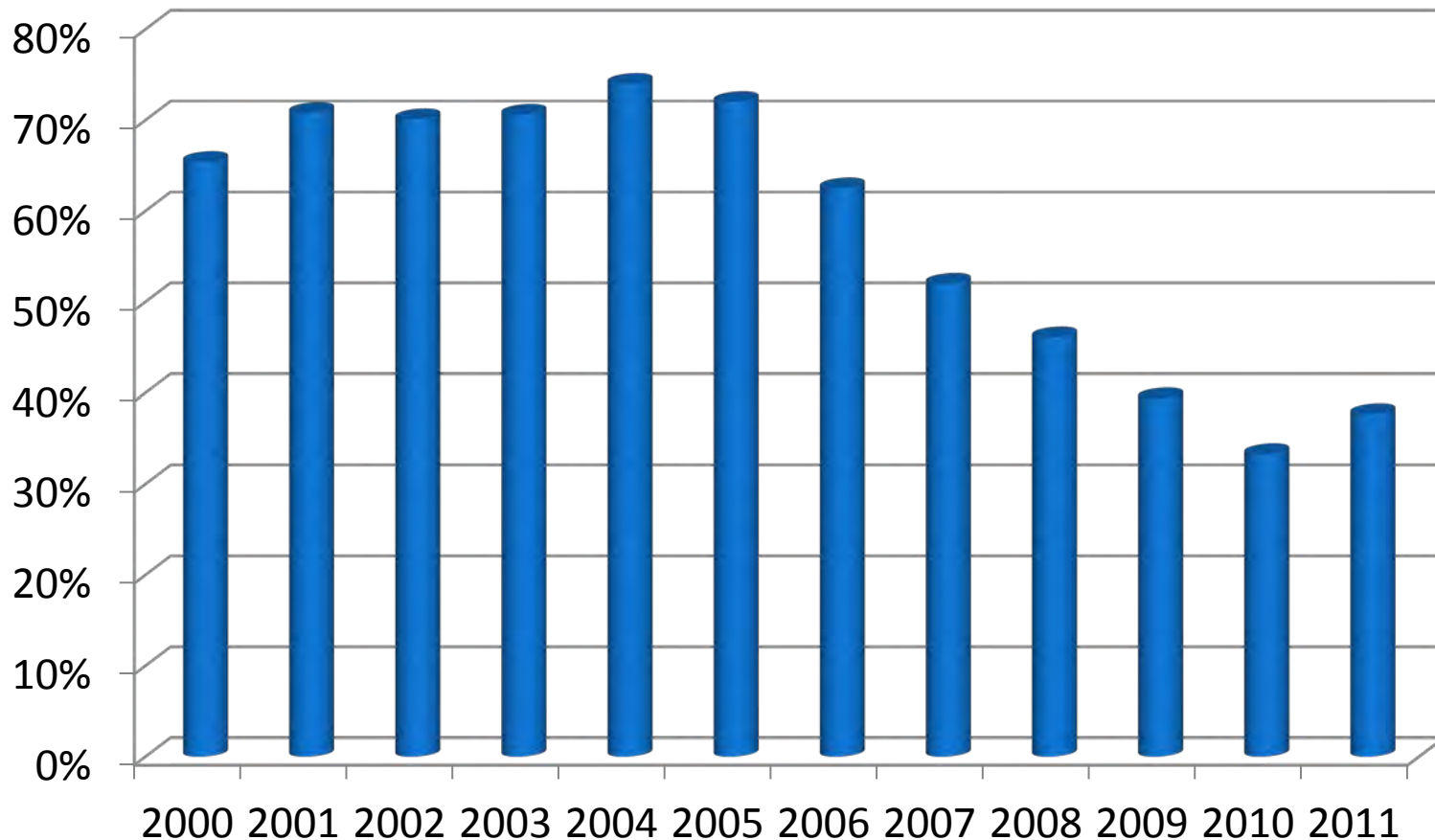


Reasons For Selling All Home Sellers



Q. What was the single most important reason for selling/buying the property?

Proportion of Sellers Planning to Repurchase



Q. Is the seller planning on purchasing another home?

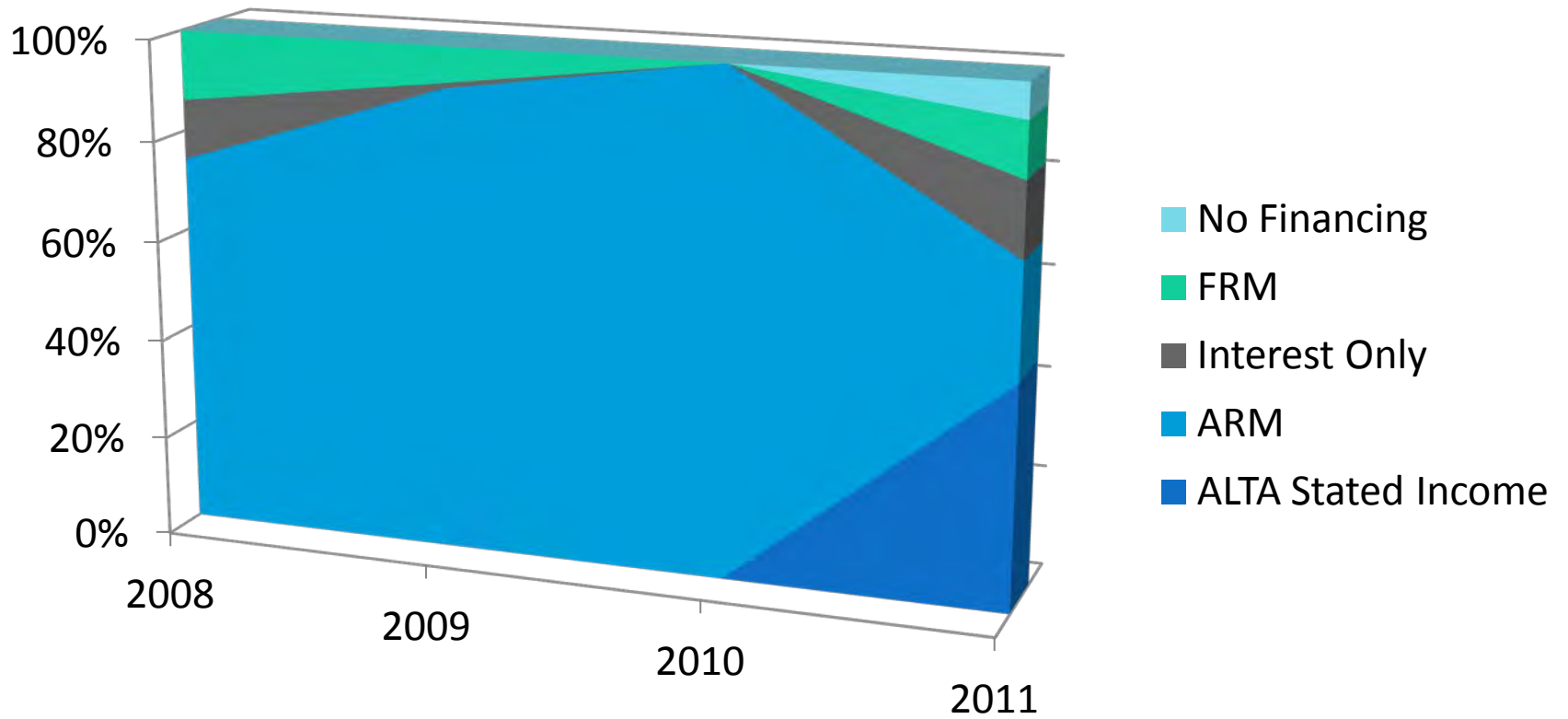
2011 California Seller Survey

Reason	Percent of Sellers
1. Could not afford mortgage	22%
2. Job/income uncertainty	13%
3. Loss of household income	12%
4. Low prices allowed upgrade	7%
5. Mortgage is too expensive	7%

Q: Why did you sell your home?

Top 5 Reasons for Selling

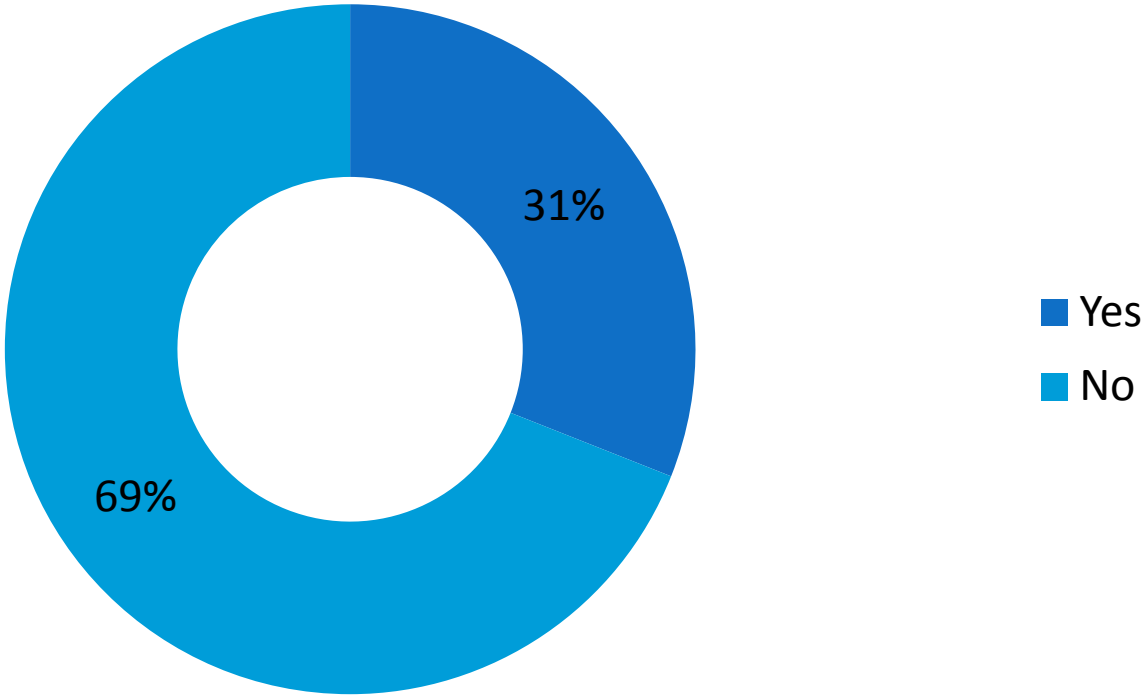
Type of Mortgage



Q: What type of mortgage did you have?

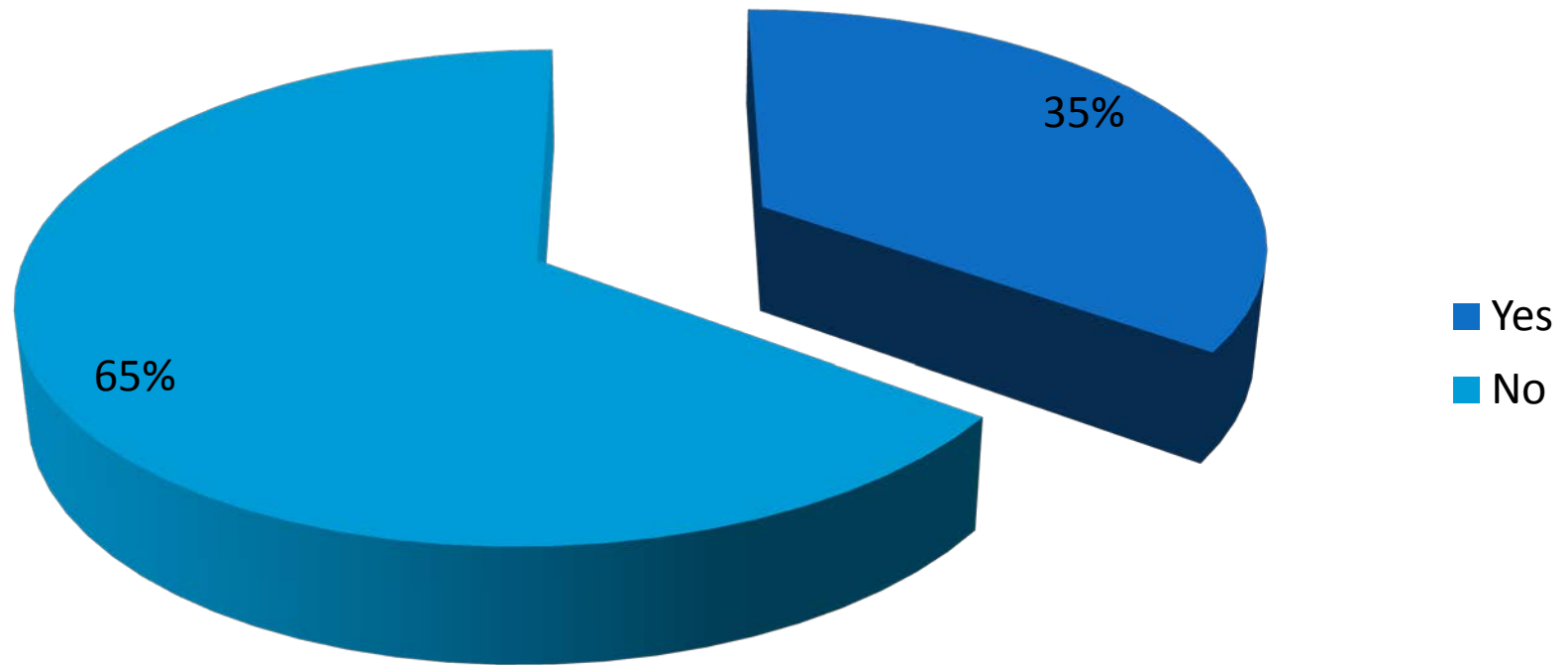
Most Sellers Had Not Tapped Into Their Equity

Cash-out Refi



Q: At the time of your home sale, was any portion of your outstanding mortgage balance due to a cash-out refinance?

Most Sellers Did Not Consider Strategic Default



Q: As you may be aware, some home owners decided to stop paying their mortgages because their home value was lower than the balance on their loan. This is known as strategic default. Did you consider a strategic default?

Quick Facts

- Home was listed more than 2 months (median: 28 weeks) before opening escrow
- Median escrow length was 1.5 months
- Only 40% of sellers closed escrow on time
- 20% of sellers used electronic signature

Reason Seller Selected Agent

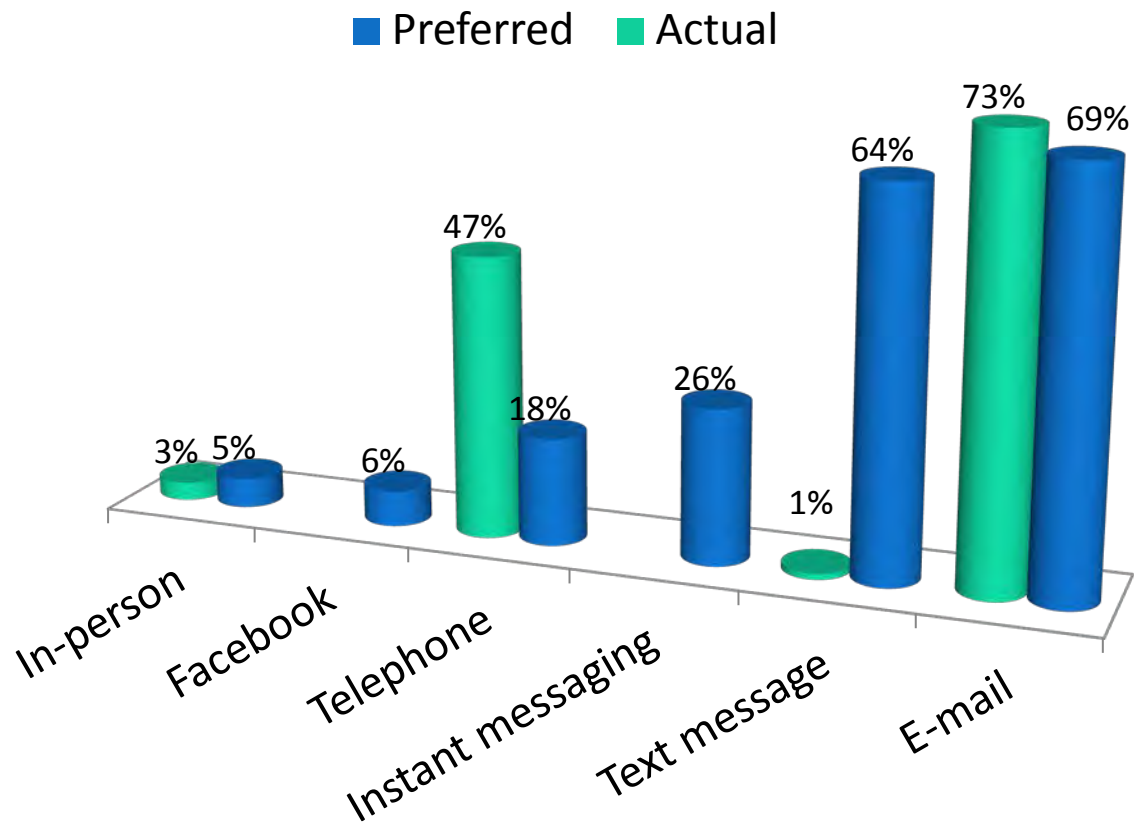
Reason	Percentage of Sellers
1. First to respond	21%
2. Seemed most responsive	21%
3. Seemed most aggressive	19%
4. Worked with agent before	11%
5. Understanding of distressed properties	8%

Q: What was the single most important reason for selecting the agent you used in your recent home sale?

Category	Mean Rating
Marketing the home	3.58
Setting the price	3.39
Assuring the buyer is qualified	3.13
Time on market before going into escrow	3.12
Preparing the home for sale	3.11
Value received for what you paid your real estate agent	3.07
Negotiating the transaction	3.04
Escrow closing on time	2.99
Overall satisfaction with the real estate agent	2.82
Communications with your agent	2.72
Overall satisfaction with the home selling process	2.63

Q: Please rate your degree of satisfaction with your agent for each of the following aspects on a scale of 1 to 5, where 1 is least satisfied and 5 is most satisfied.

Agent Satisfaction Ratings

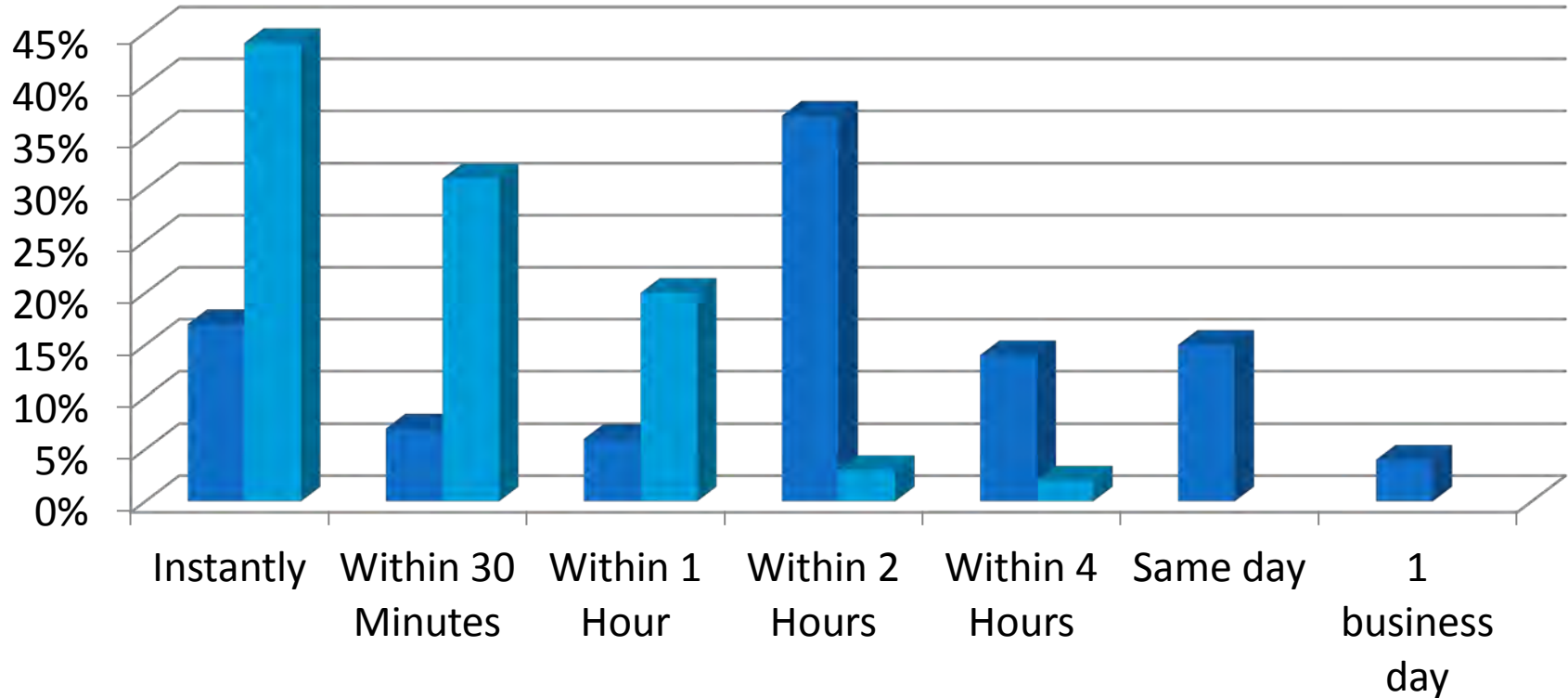


Q: What was your preferred method of communication with your agent?

Q: What was the actual method of communication used most frequently with your agent?

Agent / Seller Communication Gap

Actual Expected



Q: What was the typical response time you EXPECTED from your agent to return any form of communication with you?

Q: On average, what was the ACTUAL time of your agent to return any form of communication to you?

Response Time is of the Essence

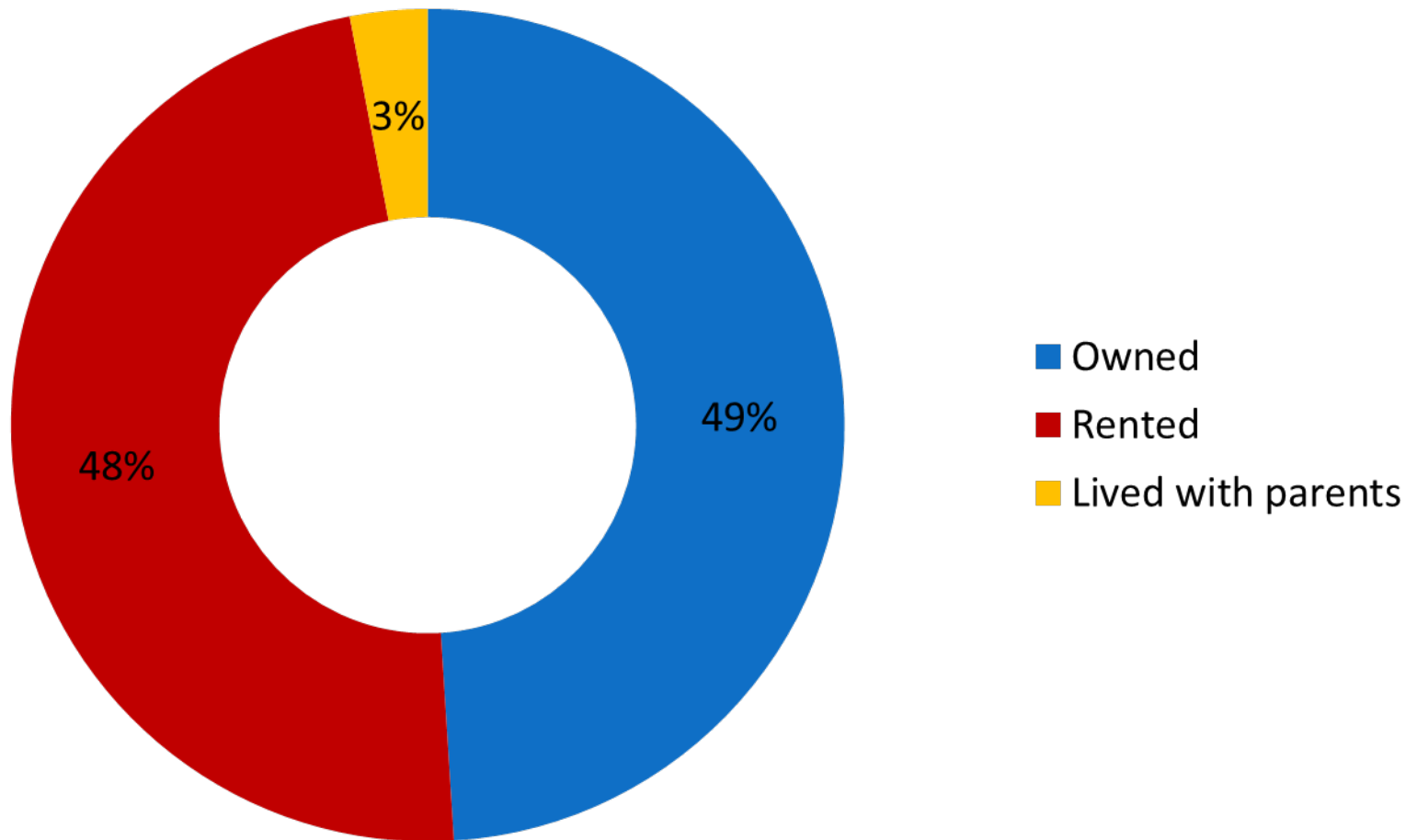
2011 California Buyer Survey

The Buying Experience

- Considered buying for over 4 months & investigated homes/neighborhoods for 2.5 months, on average, before contacting an agent
- Viewed 12 homes in 8 weeks with agent
- 76% didn't close escrow on time
- 49% owned previous home
- Motivated by price decreases & mortgage interest and property tax deductions
- 80% found home through agent

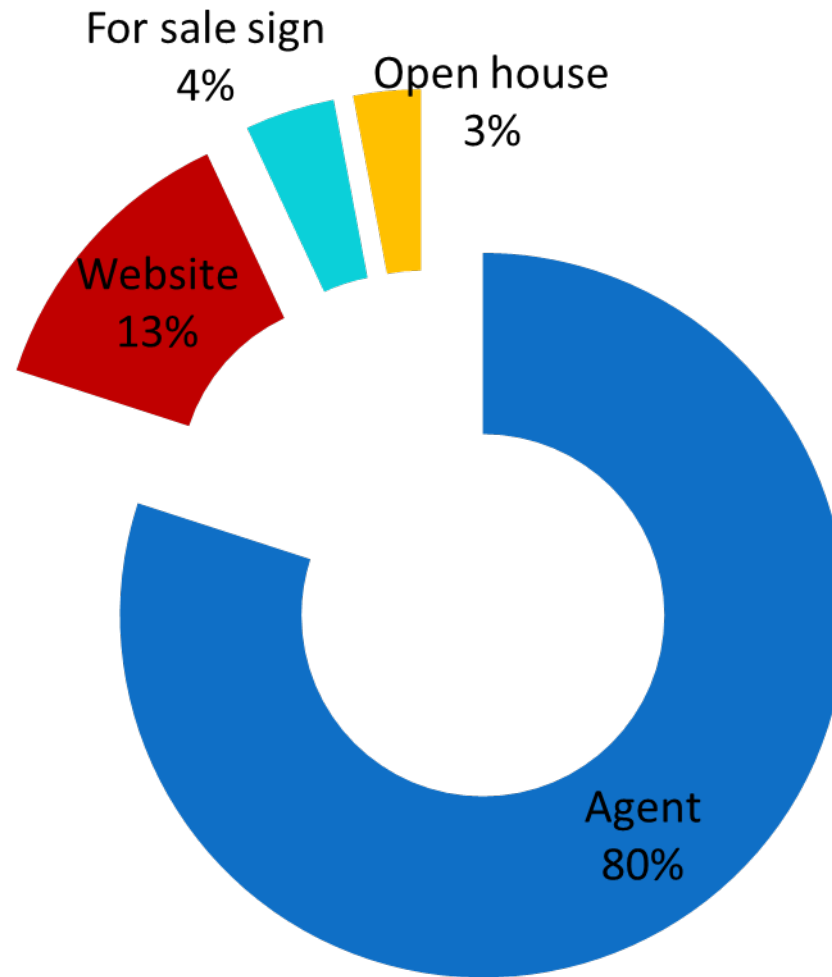


Living Arrangement Before Purchase



Q. What was your living arrangement immediately before your recent home purchase?

How Buyers Found Home - 2011 -



Q. How did you find the home your purchahsed?

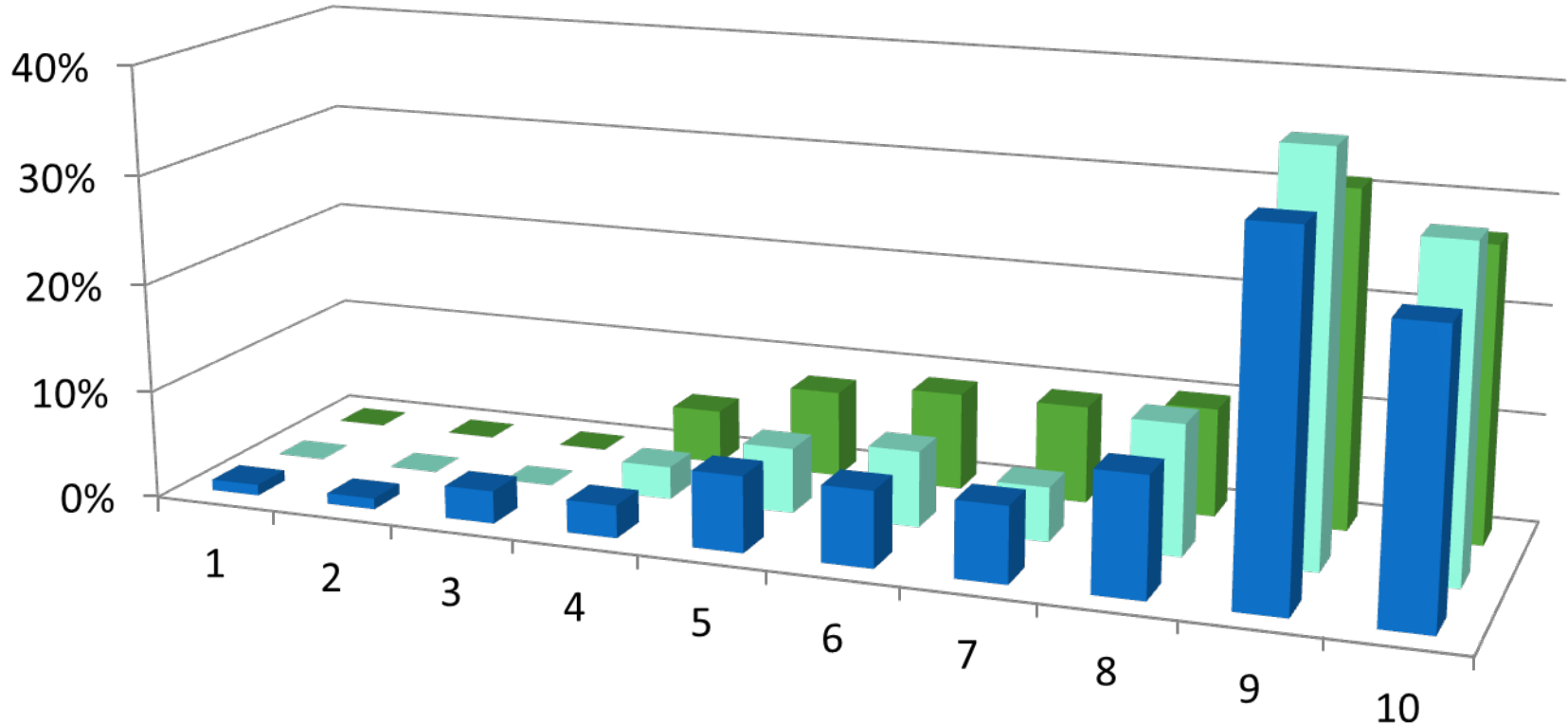
Buyers Continue to Have Difficulties Obtaining Financing

2009: Mean = 8.1 Median = 9

2010: Mean = 8.5, Median = 9

2011: Mean = 8.0, Median = 9

■ 2011 ■ 2010 ■ 2009



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.



Why Buyers Chose their Agent

1. Most responsive (28%)
2. Worked with agent before (18%)
3. First to respond (17%)
4. Most aggressive (16%)
5. Most knowledgeable (6%)

Q. What was the single most important reason for selecting the agent that you used in your recent home purchase?



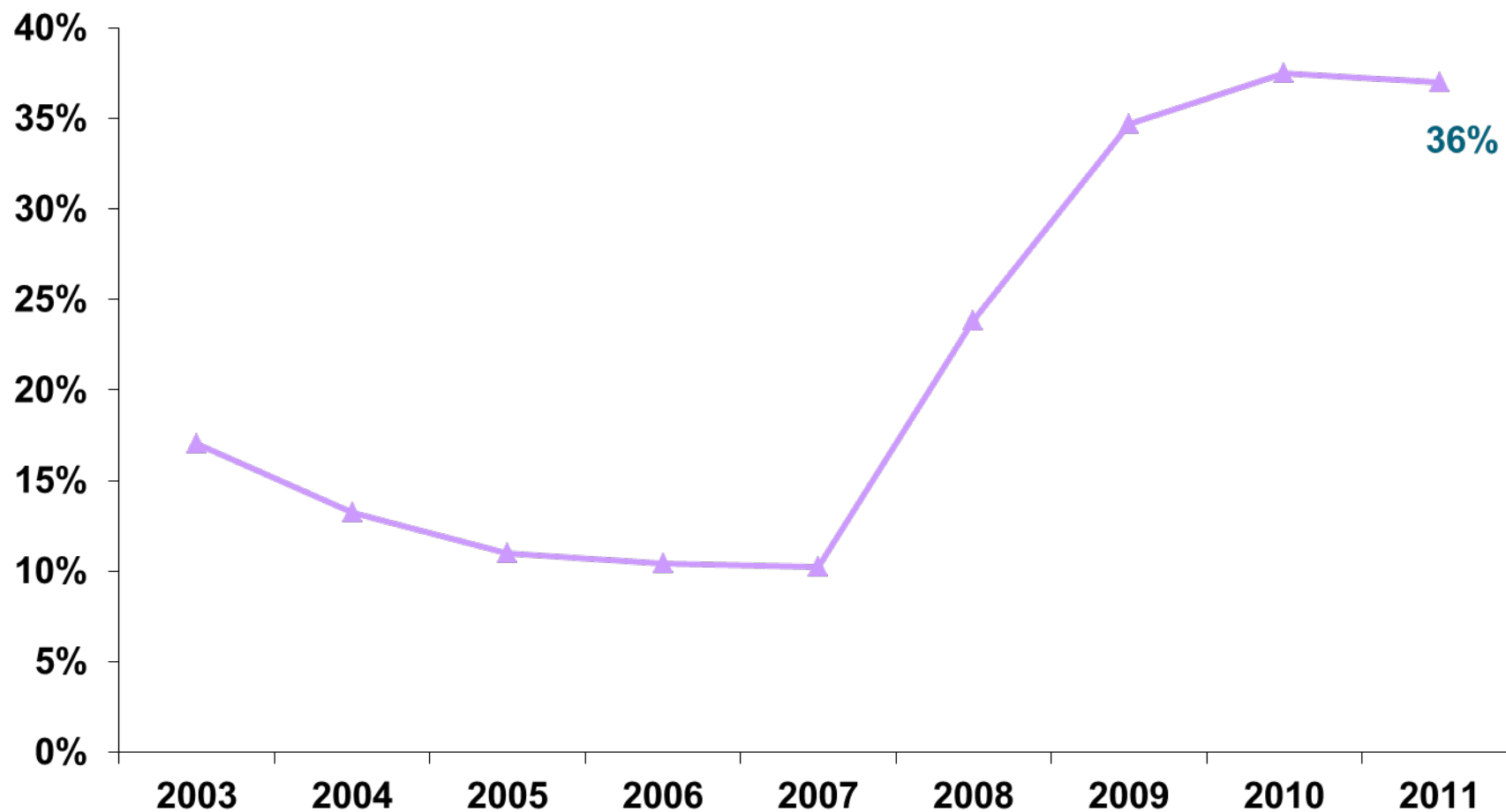
Satisfaction Ratings

Category	Rating
Information on housing market conditions provided by agent	3.27
Agent's negotiating skills	3.20
Assistance provided by agent in searching for a home	3.39
Professional referrals from agent provided (i.e. lender, inspector, etc.)	3.12
Value received for what you paid the agent	3.61
Overall process of finding a home	3.56
Overall satisfaction with agent	3.44

Q. Please rate your degree of satisfaction with these aspects of your home buying experience (aspects shown in the table above).

Over 1/3 of Buyers Expect Instant Response from Agent

- Up 50% in Recent Years -



Q. What was the typical response time you expected from your agent to return any form of communication to you?

Local/Regional Markets

Bay Area



Nonfarm Employment

Bay Area Region

	Nonfarm Employment (Thousands)			% Change
	Aug 2010	Aug 2011	Change	
San Francisco	937.1	944.8	7.7	0.8%
Oakland	942.7	943.2	0.5	0.1%
San Jose	847.7	876.9	29.2	3.4%
Napa/Solano	120.0	117.4	-2.6	-2.2%
Sonoma	168.2	167.7	-0.5	-0.3%
Bay Area Total	3,015.7	3,050.0	34.3	1.1%

SOURCE: California Economic Development Dept.

Sales of Existing Detached Homes

Bay Area Counties

County	Sep-10	Aug-11	Sep-11	M-t-M	Y-t-Y	Y-t-D
Alameda	529	598	528	-11.7%	-0.2%	-1.1%
Contra-Costa (Central County)	334	411	354	-13.9%	6.0%	6.6%
Marin	149	175	168	-4.0%	12.8%	3.7%
Napa	102	117	104	-11.1%	2.0%	2.9%
San Francisco	239	253	239	-5.5%	0.0%	3.3%
San Mateo	358	433	413	-4.6%	15.4%	6.8%
Santa Clara	887	1017	870	-14.5%	-1.9%	-2.2%
Solano	359	439	433	-1.4%	20.6%	-0.3%
Sonoma	379	452	378	-16.4%	-0.3%	1.5%

Median Price of Existing Detached Homes

Bay Area Counties

County	Sep-10	Aug-11	Sep-11	M-t-M	Y-t-Y
Alameda	\$ 462,500	\$ 468,900	\$ 457,320	-2.5%	-1.1%
Contra Costa (Central County)	\$ 648,730	\$ 607,310	\$ 607,840	0.1%	-6.3%
Marin	\$ 797,790	\$ 806,550	\$ 786,590	-2.5%	-1.4%
Napa	\$ 347,830	\$ 354,760	\$ 331,820	-6.5%	-4.6%
San Francisco	\$ 652,240	\$ 632,270	\$ 616,070	-2.6%	-5.5%
San Mateo	\$ 685,000	\$ 742,000	\$ 640,000	-13.7%	-6.6%
Santa Clara	\$ 608,000	\$ 595,000	\$ 569,100	-4.4%	-6.4%
Solano	\$ 199,700	\$ 197,880	\$ 188,790	-4.6%	-5.5%
Sonoma	\$ 369,660	\$ 339,200	\$ 355,670	4.9%	-3.8%

Central Valley Region



Nonfarm Employment

Central Valley Region

	Nonfarm Employment (Thousands)			
	Aug 2010	Aug 2011	Change	% Change
Sacramento	803.7	806.2	2.5	0.3%
Merced	56.6	55.3	-1.3	-2.3%
Bakersfield	220.6	224.9	4.3	1.9%
Fresno	278.0	275.2	-2.8	-1.0%
Modesto	148.0	147.9	-0.1	-0.1%
Stockton	187.8	190.1	2.3	1.2%
Tulare	105.1	105.1	0.0	0.0%
Sutter-Yuba	36.6	37.1	0.5	1.4%
Central Valley Total	1,836.4	1,841.8	5.4	0.3%

SOURCE: California Economic Development Dept.

Sales of Existing Detached Homes

Central Valley Regions

County	Sep-10	Aug-11	Sep-11	M-t-M	Y-t-Y	Y-t-D
Fresno	779	953	909	-4.6%	16.7%	7.7%
Kern (Bakersfield)	555	685	557	-18.7%	0.4%	0.1%
Merced	169	128	126	-1.6%	-25.4%	-20.1%
Sacramento	1,430	1,707	1,612	-5.6%	12.7%	6.2%



Median Price of Existing Detached Homes

Central Valley Regions

County	Sep-10	Aug-11	Sep-11	M-t-M	Y-t-Y
Fresno	\$155,060	\$ 145,730	\$ 141,770	-2.7%	-8.6%
Kern (Bakersfield)	\$130,000	\$ 133,900	\$ 129,480	-3.3%	-0.4%
Merced	\$121,070	\$ 126,670	\$ 120,000	-5.3%	-0.9%
Sacramento	\$181,780	\$ 167,040	\$ 164,370	-1.6%	-9.6%

Southern California Region





Nonfarm Employment

Southern California Regions

(Thousands)	Nonfarm Employment (Thousands)			
	Aug 2010	Aug 2011	Change	% Change
Los Angeles	3,726.2	3,734.4	8.2	0.2%
Orange County	1,347.4	1,359.1	11.7	0.9%
Riverside/SB	1,100.7	1,094.6	-6.1	-0.6%
San Diego	1,222.0	1,235.5	13.5	1.1%
Ventura	269.9	274.6	4.7	1.7%
Southern California Total	7,666.2	7,698.2	32.0	0.4%

SOURCE: California Economic Development Dept.

Sales of Existing Detached Homes

Los Angeles Metro Area

County	Sep-10	Aug-11	Sep-11	M-t-M	Y-t-Y	Y-t-D
Los Angeles	3,503	3,435	3,554	3.5%	1.5%	-9.0%
Orange	1368	1455	1432	-1.6%	4.7%	-5.5%
Riverside	1,994	2,320	2,100	-9.5%	5.3%	-1.7%
San Bernardino	1,173	1,411	1,301	-7.8%	10.9%	0.6%
Ventura	470	523	518	-1.0%	10.2%	3.6%

Median Price of Existing Detached Homes

Los Angeles Metro Area

County	Sep-10	Aug-11	Sep-11	M-t-M	Y-t-Y
Los Angeles	\$355,900	\$312,900	\$330,610	5.7%	-7.1%
Orange	\$557,390	\$508,910	\$500,000	-1.8%	-10.3%
Riverside	\$209,660	\$202,060	\$199,890	-1.1%	-4.7%
San Bernardino	\$141,150	\$135,030	\$130,820	-3.1%	-7.3%
Ventura	\$453,290	\$424,400	\$415,220	-2.2%	-8.4%

Distressed Sales by County

(Percent of Total Sales) 1 of 3

County	Aug-10	Jul-11	Aug-11
Amador	34%	55%	59%
Butte	29%	43%	42%
Humboldt	20%	27%	31%
Kern	63%	62%	60%
Lake	74%	73%	64%
Los Angeles	46%	42%	44%
Madera	62%	86%	73%
Marin	29%	25%	27%
Mendocino	52%	61%	48%
Merced	53%	71%	59%

SOURCE: California Association of REALTORS®

Distressed Sales by County

(Percent of Total Sales) 2 of 3

County	Aug-10	Jul-11	Aug-11
Monterey	59%	61%	62%
Napa	39%	51%	48%
Orange	31%	32%	33%
Riverside	68%	62%	62%
Sacramento	63%	60%	62%
San Benito	60%	65%	67%
San Bernardino	68%	65%	64%
San Diego	27%	26%	27%
San Luis Obispo	41%	42%	45%
San Mateo	27%	23%	25%

SOURCE: California Association of REALTORS®

Distressed Sales by County

(Percent of Total Sales) 2 of 3

County	Aug-10	Jul-11	Aug-11
Santa Clara	31%	28%	31%
Santa Cruz	34%	40%	35%
Solano	67%	70%	71%
Sonoma	41%	46%	43%
Tehama	80%	72%	56%
CALIFORNIA	44%	43%	44%

Short Sales by County

(Percent of Total Sales) 1 of 3

County	Aug-10	Jul-11	Aug-11
Amador	14%	4%	11%
Butte	7%	18%	8%
Humboldt	3%	5%	7%
Kern	20%	20%	19%
Lake	14%	8%	7%
Los Angeles	24%	22%	24%
Madera	12%	12%	7%
Marin	14%	13%	15%
Mendocino	3%	9%	9%
Merced	15%	25%	23%

SOURCE: California Association of REALTORS®

Short Sales by County

(Percent of Total Sales) 2 of 3

County	Aug-10	Jul-11	Aug-11
Monterey	25%	30%	25%
Napa	14%	21%	20%
Orange	19%	20%	20%
Riverside	29%	21%	26%
Sacramento	27%	23%	24%
San Benito	13%	24%	30%
San Bernardino	18%	14%	14%
San Diego	8%	7%	8%
San Luis Obispo	10%	17%	13%
San Mateo	12%	12%	15%

SOURCE: California Association of REALTORS®

Short Sales by County

(Percent of Total Sales) 3 of 3

County	Aug-10	Jul-11	Aug-11
Santa Clara	19%	16%	21%
Santa Cruz	15%	13%	20%
Solano	27%	24%	26%
Sonoma	19%	22%	18%
Tehama	28%	2%	5%
California	19%	17%	19%

SOURCE: California Association of REALTORS®

California Housing Market Forecast

California Housing Market Outlook

	2005	2006	2007	2008	2009	2010	2011f	2012f
SFH Resales (000s)	625.0	477.5	346.9	441.8	546.9	491.5	491.1	496.2
% Change	0.03%	-23.6%	-27.3%	27.3%	23.8%	-10.1%	-0.1%	1.0%
Median Price (\$000s)	\$522.7	\$556.4	\$560.3	\$348.5	\$275.0	\$303.1	\$291.0	\$296.0
% Change	16.0%	6.5%	0.7%	-37.8%	-21.1%	10.2%	-4.0%	1.7%
30-Yr FRM	5.9%	6.4%	6.3%	6.0%	5.1%	4.7%	4.5%	4.7%
1-Yr ARM	4.5%	5.5%	5.6%	5.2%	4.7%	3.5%	3.0%	3.1%

Forecast Date: September 2011

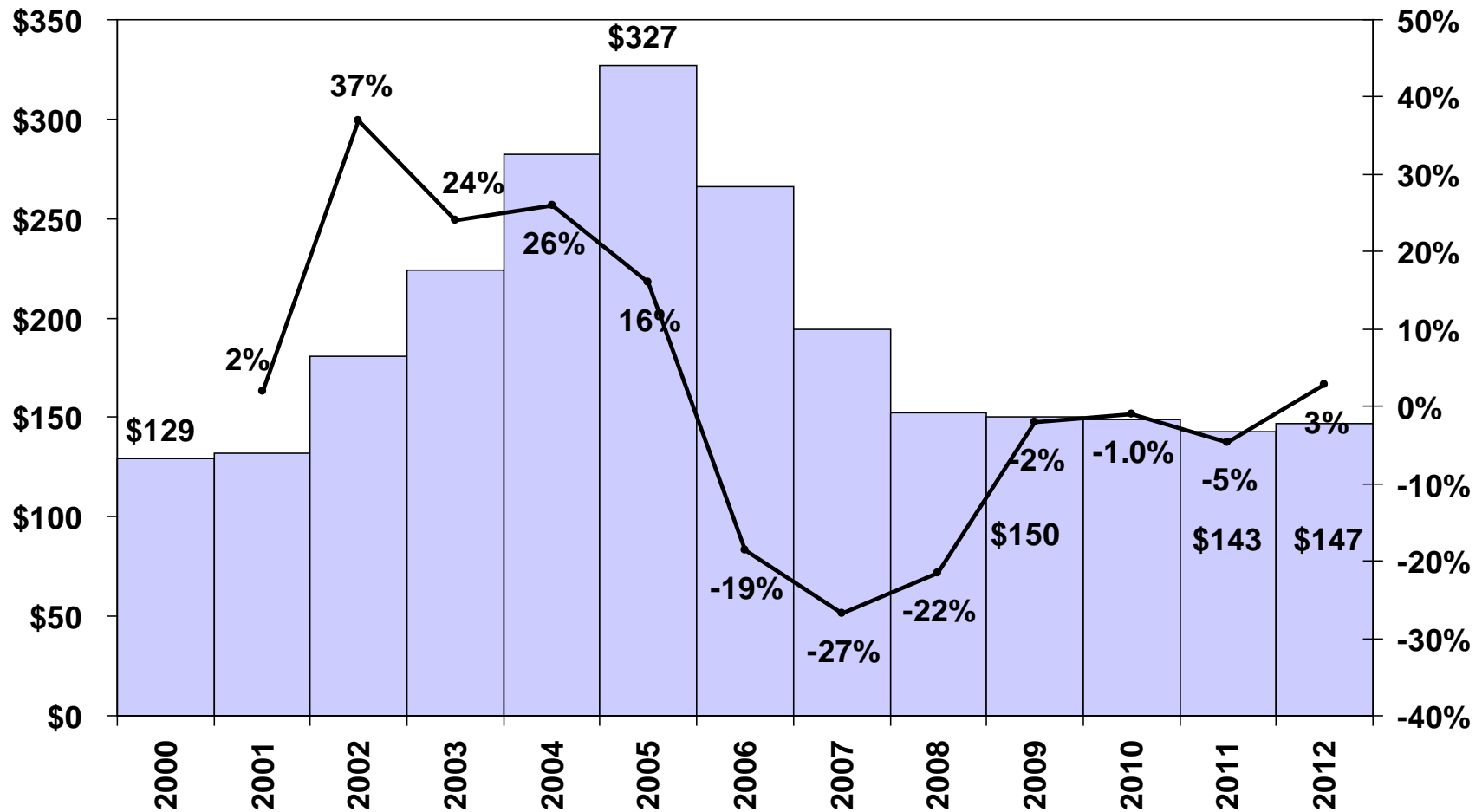
Dollar Volume of Sales

Down 5% in 2011, Up 3% in 2012

\$ in Billion

% Change

■ \$ Volume of Sales — Percent Change



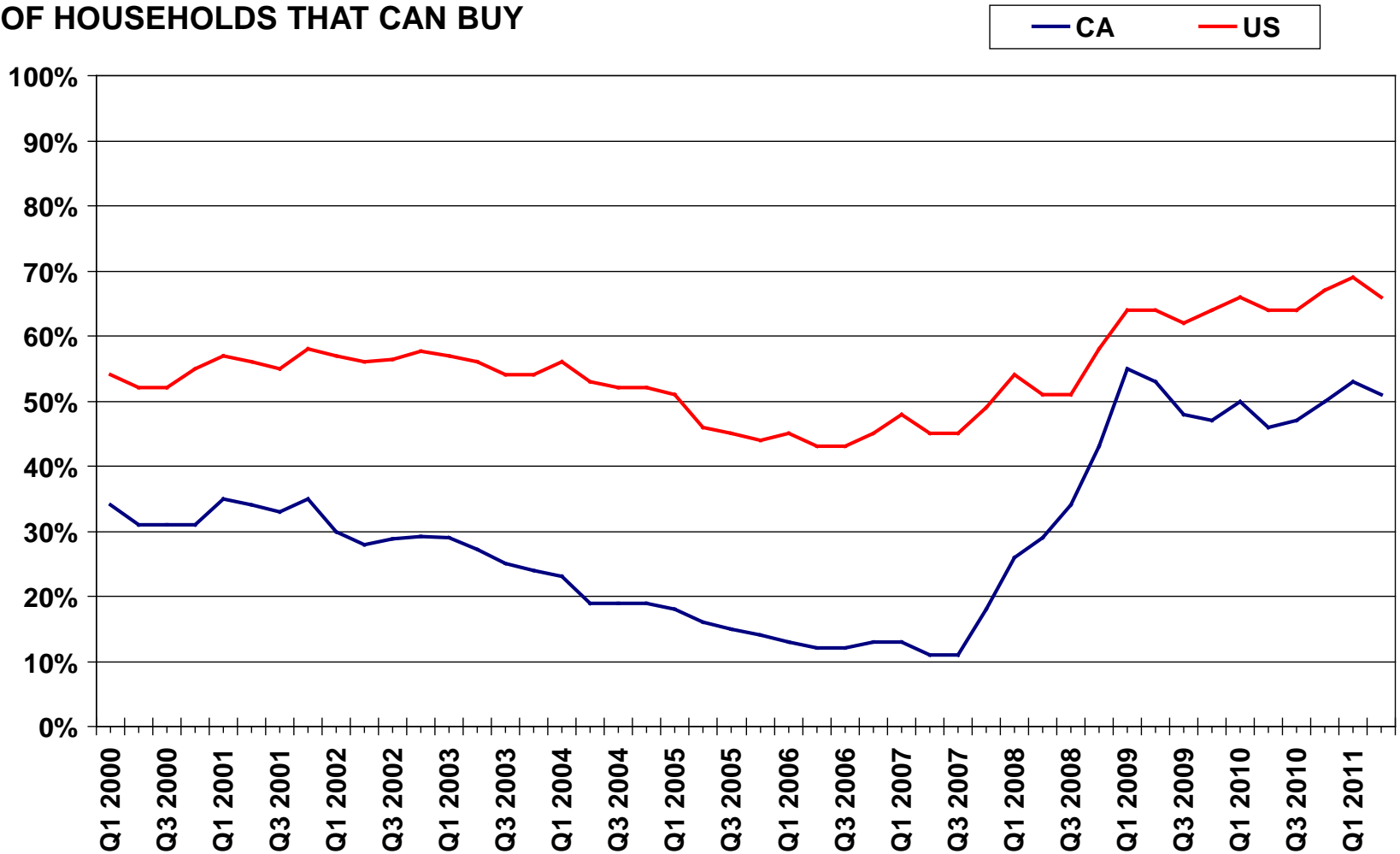
SOURCE: California Association of REALTORS®

Market Opportunities

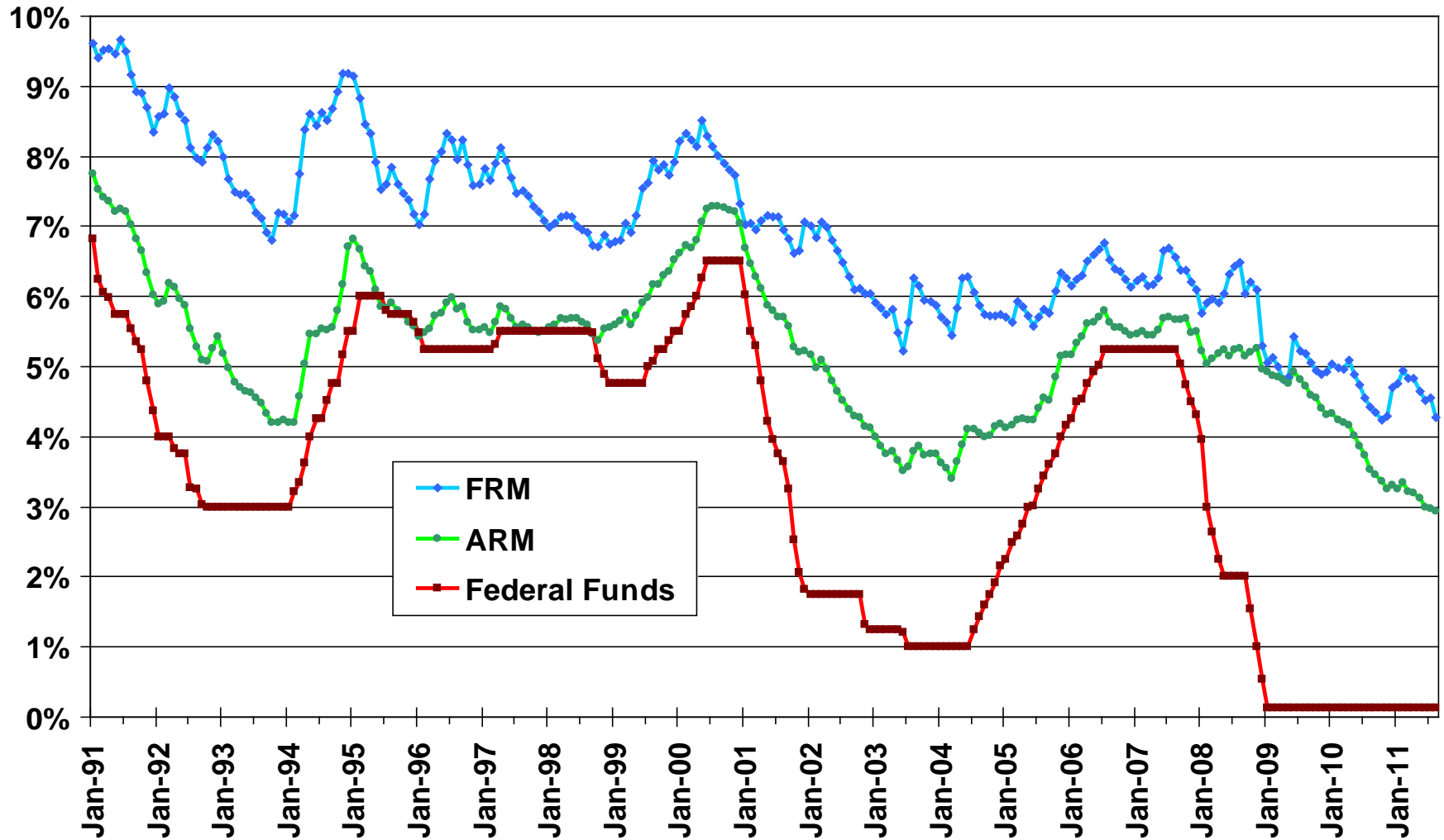
Housing Affordability Index

California Vs. U.S.

% OF HOUSEHOLDS THAT CAN BUY



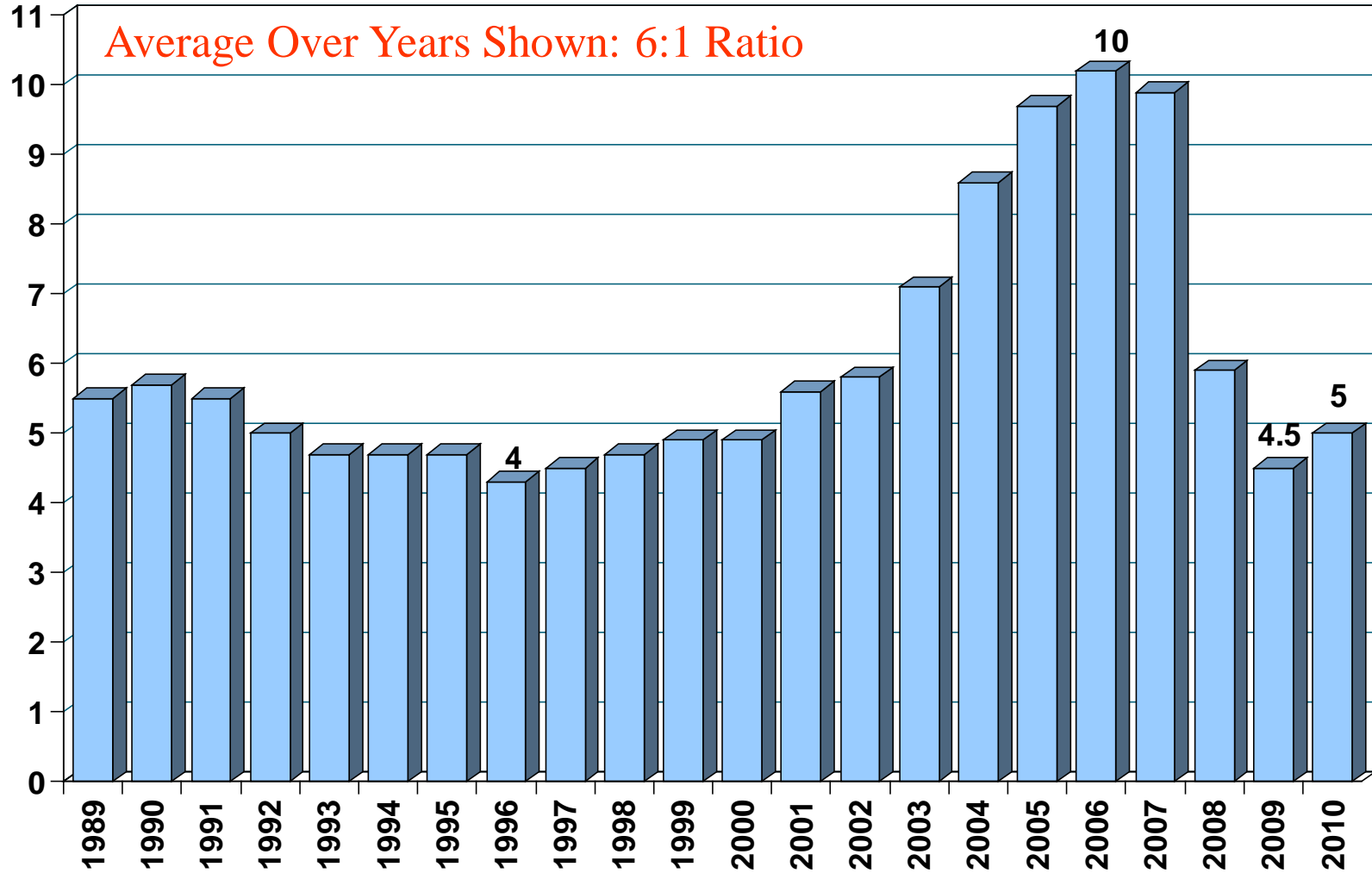
Mortgage Rates



SOURCE: Federal Home Loan Mortgage Corporation

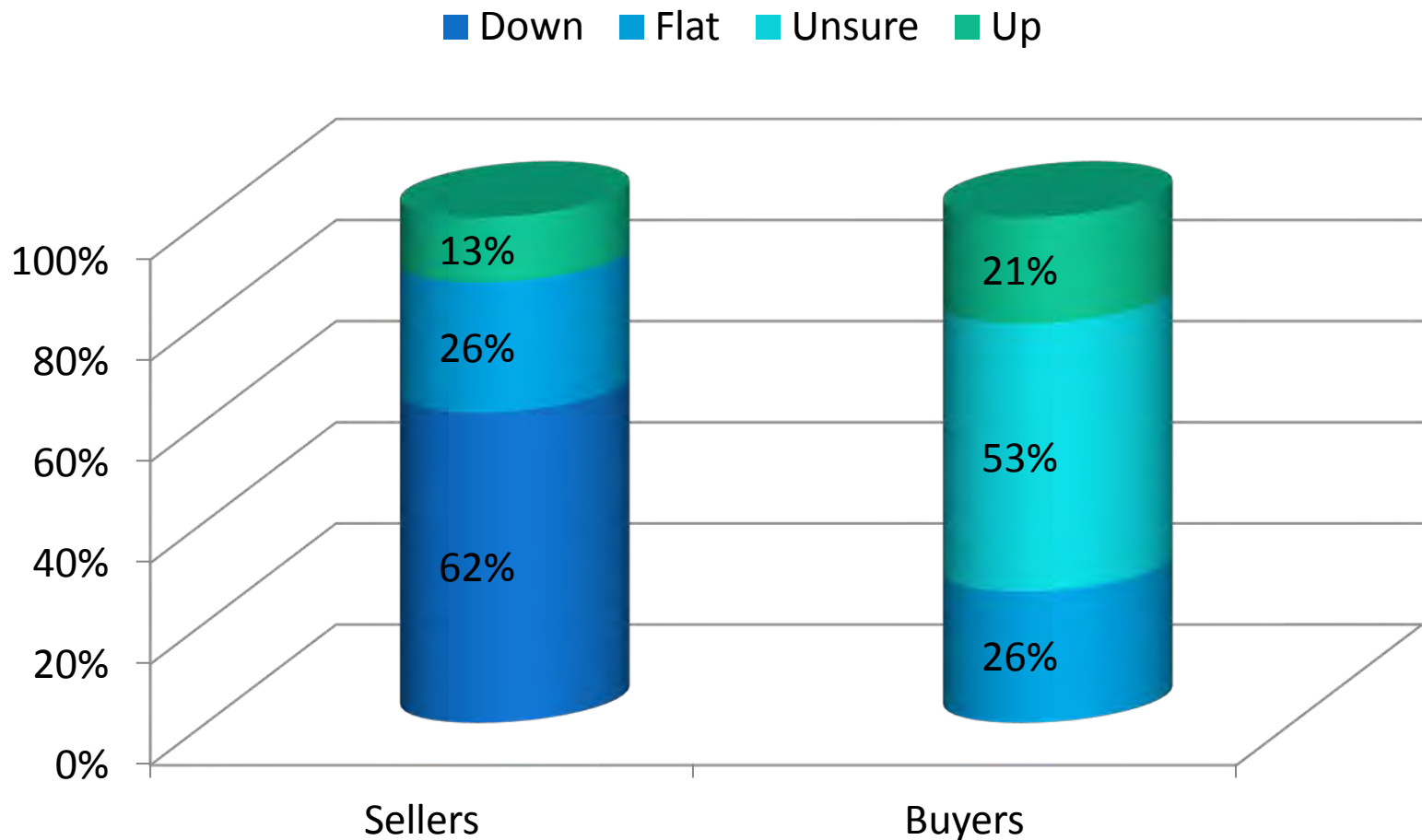
Median Price to Median HH Income Ratio

California



Direction of Home Prices

- Sellers Skeptical, Buyers More Hopeful -

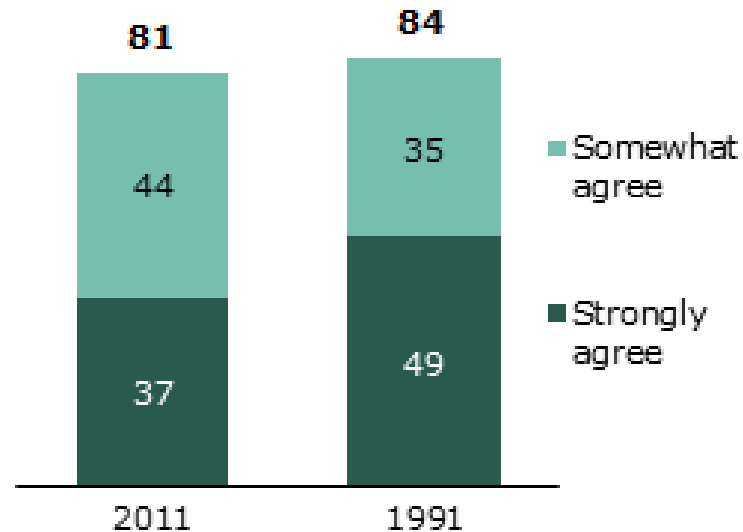


Q: Do you think home prices in your neighborhood will go up, down or stay flat in one year?

8 in 10 Americans Agree Buying a Home is the Best Investment One Can Make

Still the Best Investment

% who agree that buying a home is the best long-term investment a person can make



Note: 2011 results are from Pew Research survey conducted Mar15-29, N=2,142. 1991 results are from CBS News/New York Times, April 1991.

PEW RESEARCH CENTER Q.48

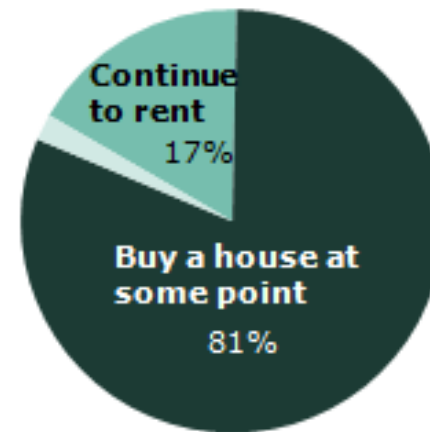
SOURCE: Pew Research Center's "Home Sweet Home. Still. Five Years After the Bubble Burst"

8 in 10 Renters Would Like to Buy in the Future

*“...renters are hardly immune to the allure of homeownership, even in the face of the five-year decline in prices. Asked if they rent out of choice or because they cannot afford to buy a home, just **24% say they rent out of choice.**”*

Rent or Buy?

What current renters would like to do in the future



Note: Based on renters, n=610. Don't know/Refused responses are shown but not labeled.

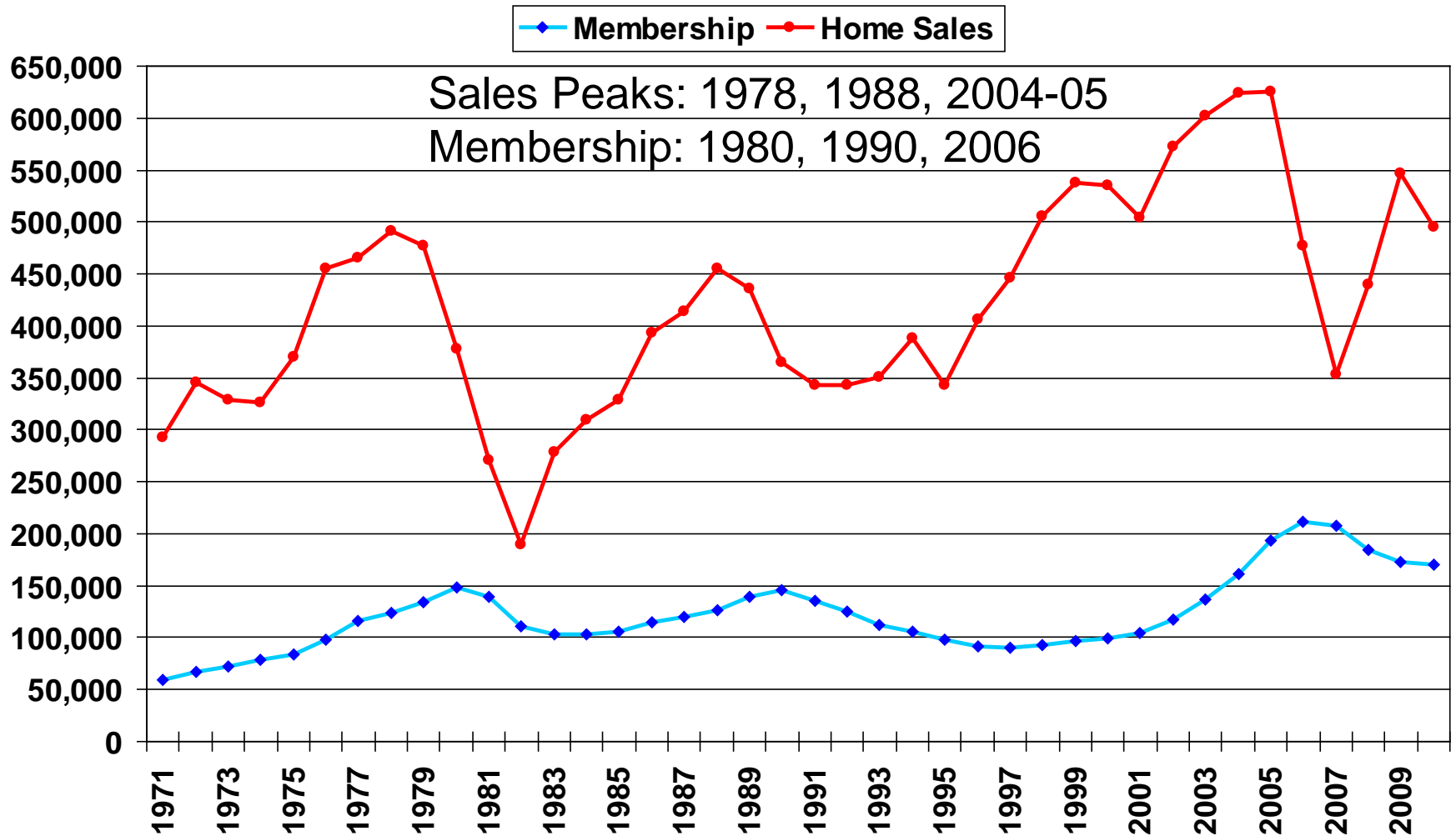
PEW RESEARCH CENTER Q.52

SOURCE: Pew Research Center's "Home Sweet Home. Still. Five Years After the Bubble Burst"

C.A.R. Membership

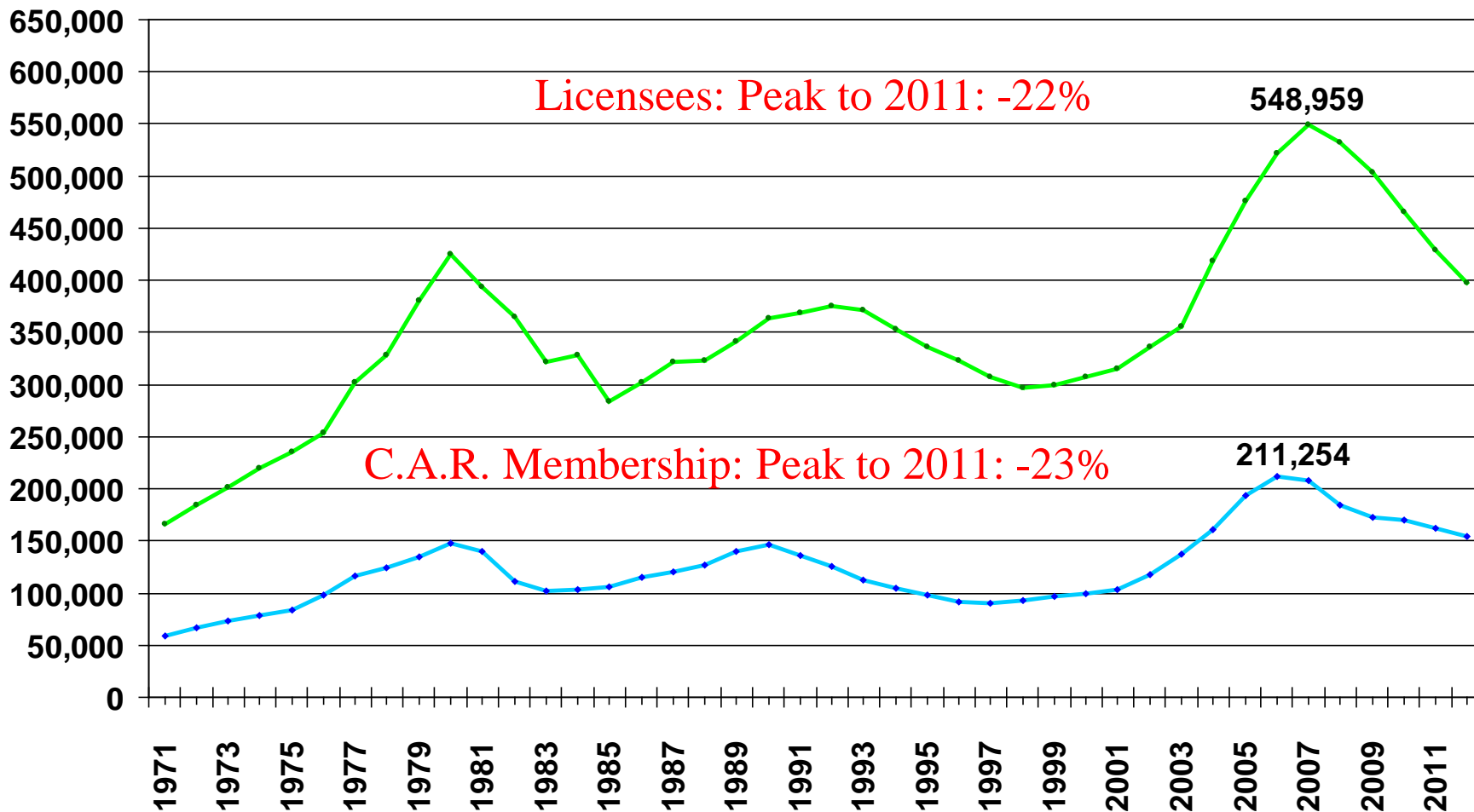
Membership vs. Sales

Membership follows Sales with a 2-Yr Lag

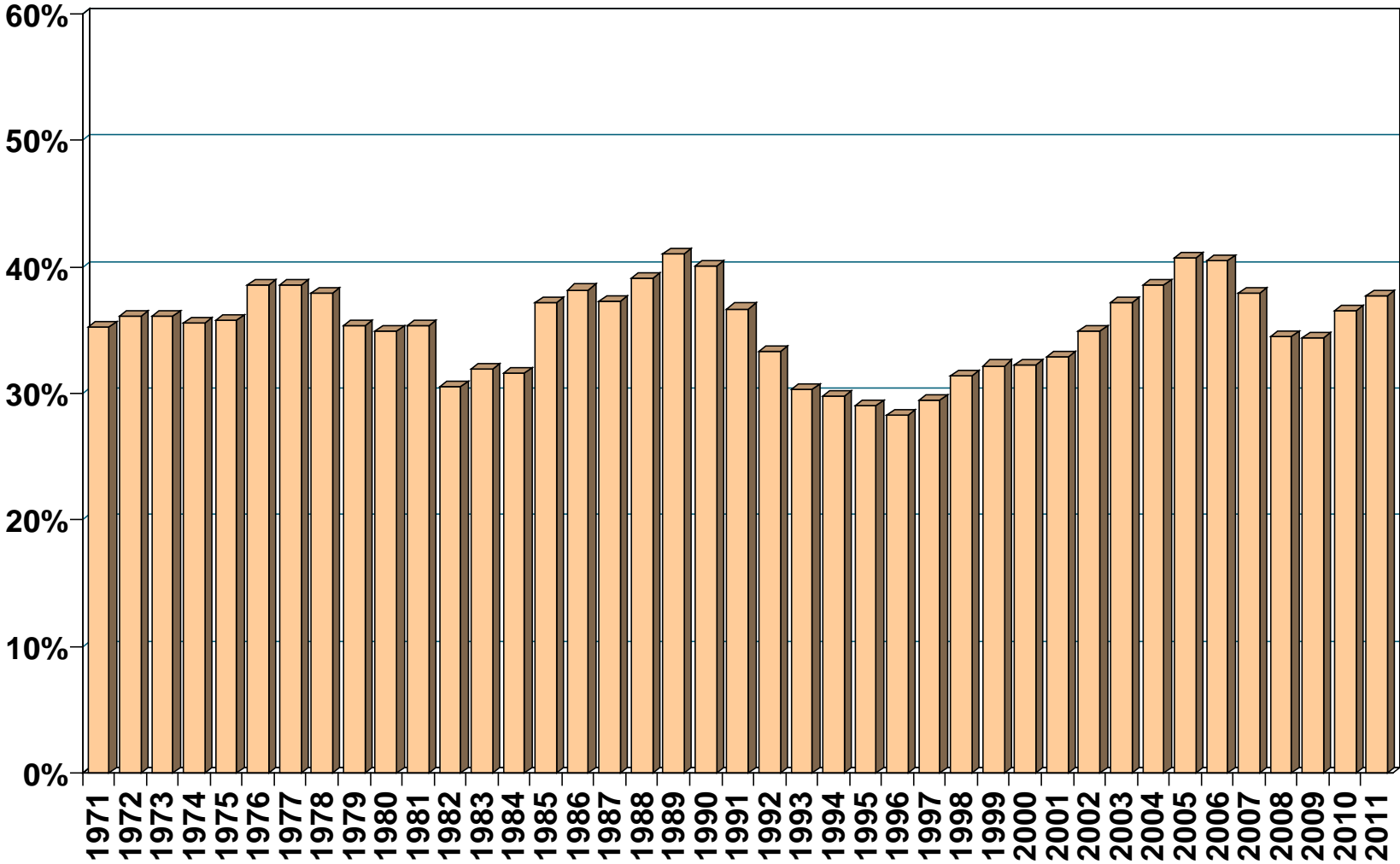


C.A.R. Membership vs DRE Licensees 1971-Present

Membership DRE Licensees



Membership As Share of Licensees



SOURCE: California Association of REALTORS®

Past Declines in Membership

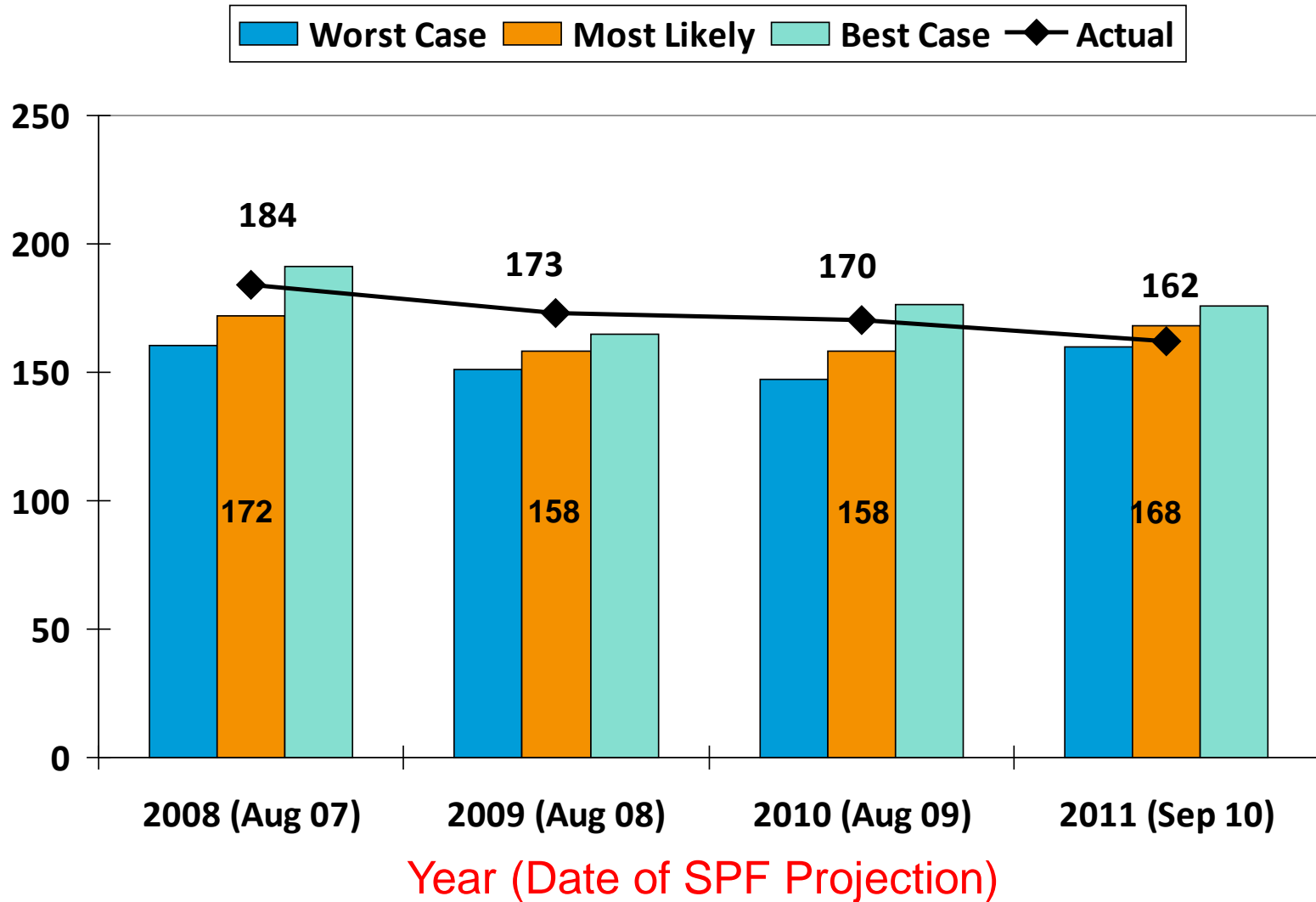
1980-1983

- 148,350 to 102,600
- 31% total decrease over 3 years: -6%, -20%, -8%

1990-1997

- 146,000 to 90,500
- 38% total decrease over 7 years

Membership – SPF Projections and Actual



Membership Outlook – 2011-13

C.A.R. Membership Counts (thousands)								
Status	2006	2007	2008	2009	2010	2011f	2012f	2013f
Renewals	162.8	176.7	162.0	149.5	149.0	143.0	136.0	134.0
New	48.4	31.3	21.8	23.6	21.2	19.0	18.0	18.0
Total	211.3	208.0	183.8	173.1	170.2	162.0	154.0	152.0
C.A.R. Membership Percentage Changes								
Status	05-06	06-07	07-08	08-09	09-10	10-11	11-12	11-12
Renewals	14.2%	8.5%	-8.3%	-7.7%	-0.4%	-4.0%	-4.9%	-1.5%
New	-5.8%	-35.3%	-30.4%	8.3%	-10.2%	-10.4%	-5.3%	0.0%
Total	8.9%	-1.5%	-11.6%	-5.8%	-1.7%	-4.8%	-4.9%	-1.3%
	05-06	06-07	07-08	08-09	09-10	10-11	11-12	11-12
Retention Rate	84%	84%	78%	81%	86%	84%	84%	87%

Forecast Date: August 2011

Summary

- Economy:
 - Recession over, slow recovery expected
 - Labor market: mixed signals, job growth slow
- Housing:
 - Slow improvement
 - Continued but decreasing numbers of distressed sales
 - Prices – stabilizing in 2012
- Membership
 - Temporarily helped by tax credit boost to sales
 - Declining membership through 2013, mainly due to decreases in number of renewing members

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WHAT'S NEW

The Sales-to-List Price Ratio:

California home sales were weaker than expected in July as economic uncertainty continued to have a negative impact on consumer confidence.

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July Pending Home Sales

California pending home sales dipped in July, as did the share of sales of distressed properties, C.A.R. reported today.

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July sales and price report

California home sales decline in July, but still higher than a year ago, C.A.R. reports.

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Downgrades, Debt Concerns, and the Impact on Mortgage Rates

All of the headlines, the problems with U.S. Treasuries, the debt crisis here and abroad are adding another layer of uncertainty to an already uncertain marketplace right now.

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C.A.R. Q2

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The End - - Thank You