CALIFORNIA ASSOCIATION OF REALTORS®

Housing Market & Membership Update

C.A.R. SPF Committee

June 4, 2009

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Deputy Chief Economist
California Association of REALTORS®

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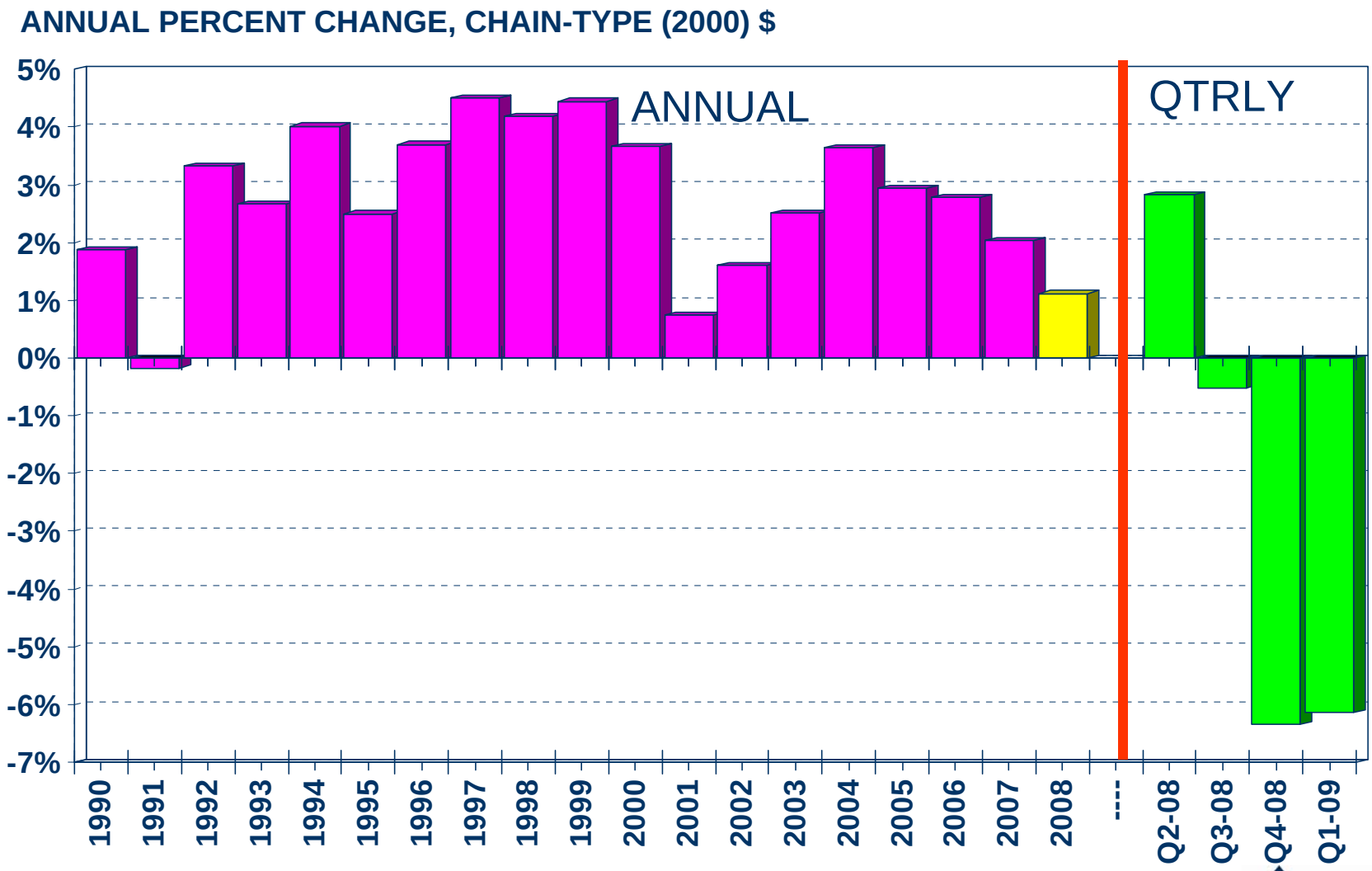
US and California Economic Conditions

Gross Domestic Product

Year 2008: +1.12%; 2008 Q4: -6.3%; 2009 Q1: -6.1%



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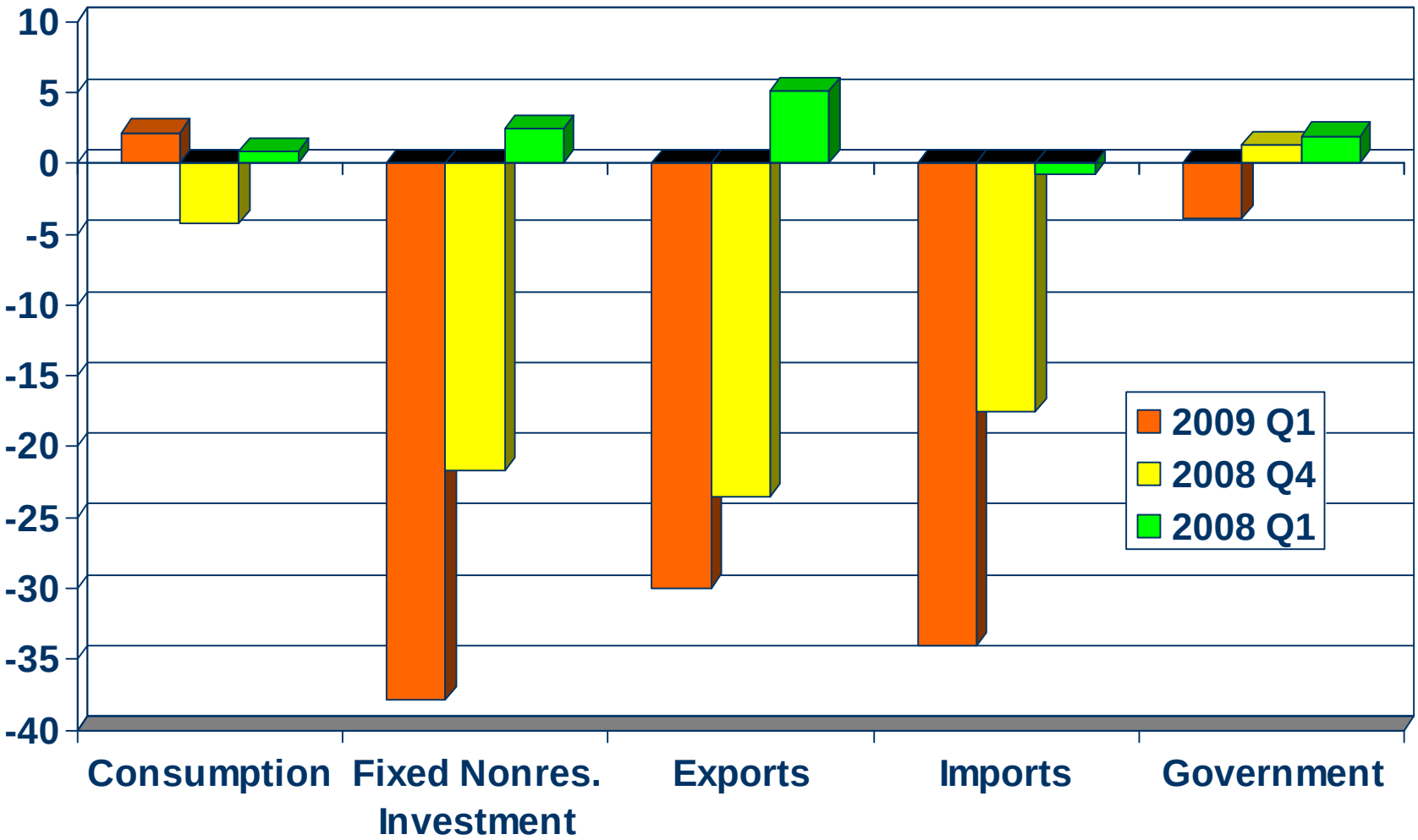
Components of GDP

Percent Change



SOURCE: US Dept of Commerce, Bureau of Economic Analysis

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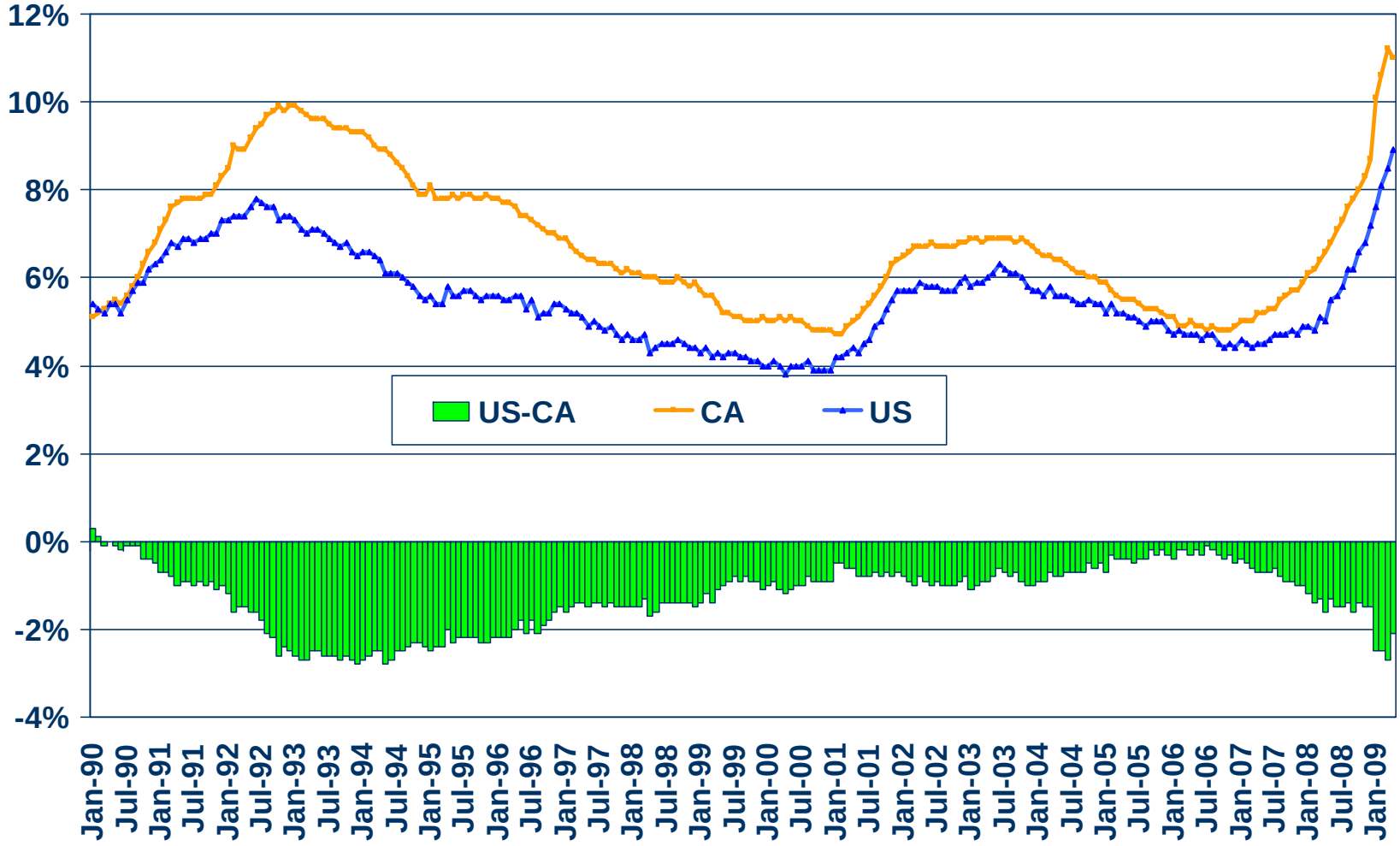
Unemployment Rate

California vs. United States



SOURCE: CA Employment Development Division

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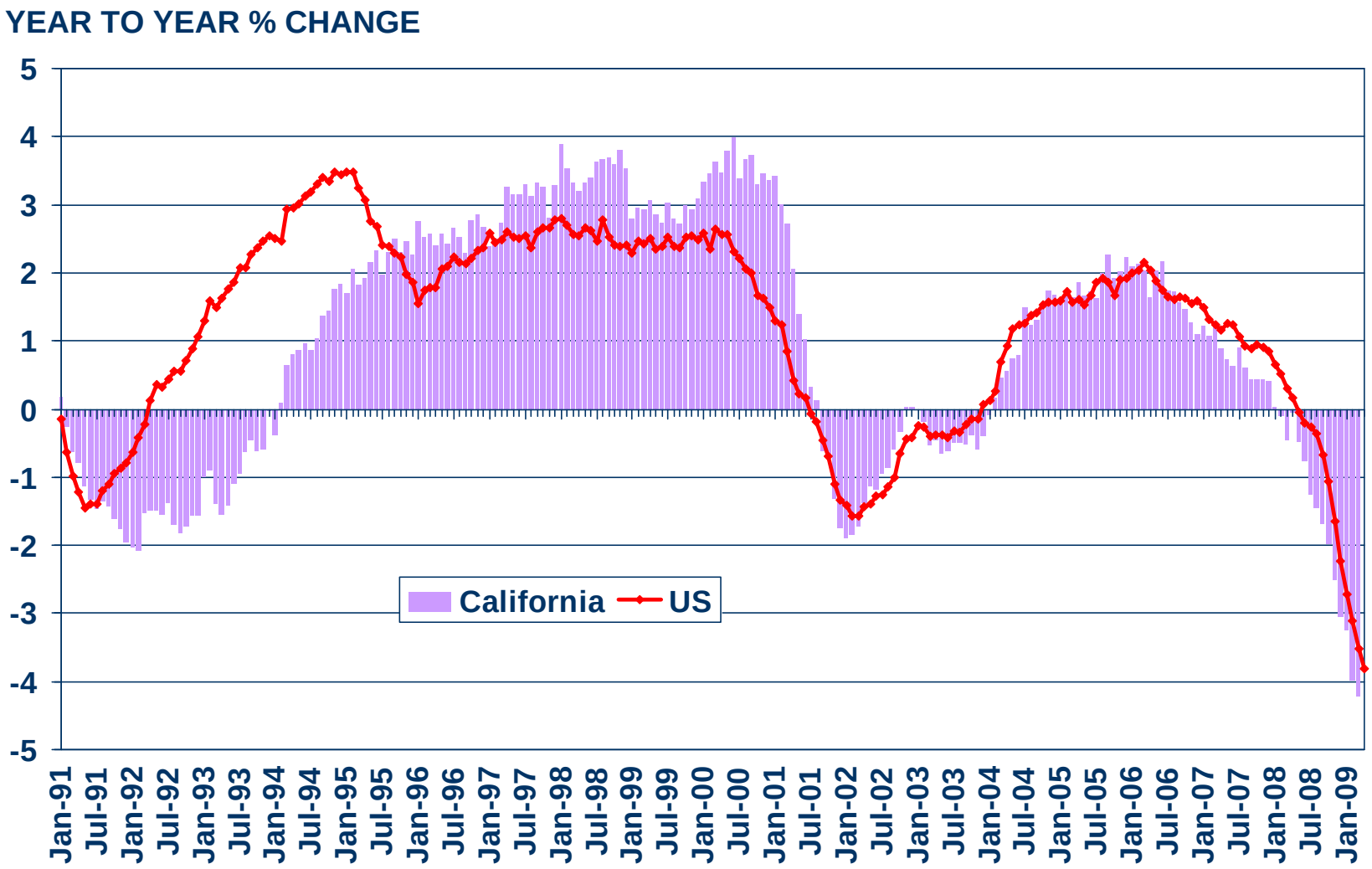
Employment Growth, California vs. U.S.



SOURCE: CA Employment Development Division

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Nonfarm Employment By Region

(Thousands)	Nonfarm Employment April-09	Nonfarm Employment April-08	Change	Percent Change
Southern California	8,066.6	8,445.5	-378.9	-4.5%
Bay Area	3,128.7	3,264.0	-135.3	-4.1%
Central Valley	1,933.1	2,009.0	-75.9	-3.8%
Central Coast	486.6	501.2	-14.6	-2.9%
North Central	131.9	138.5	-6.6	-4.8%
CALIFORNIA	14,411.4	15,118.1	-706.7	-4.7%

SOURCE: CA Employment Development Division

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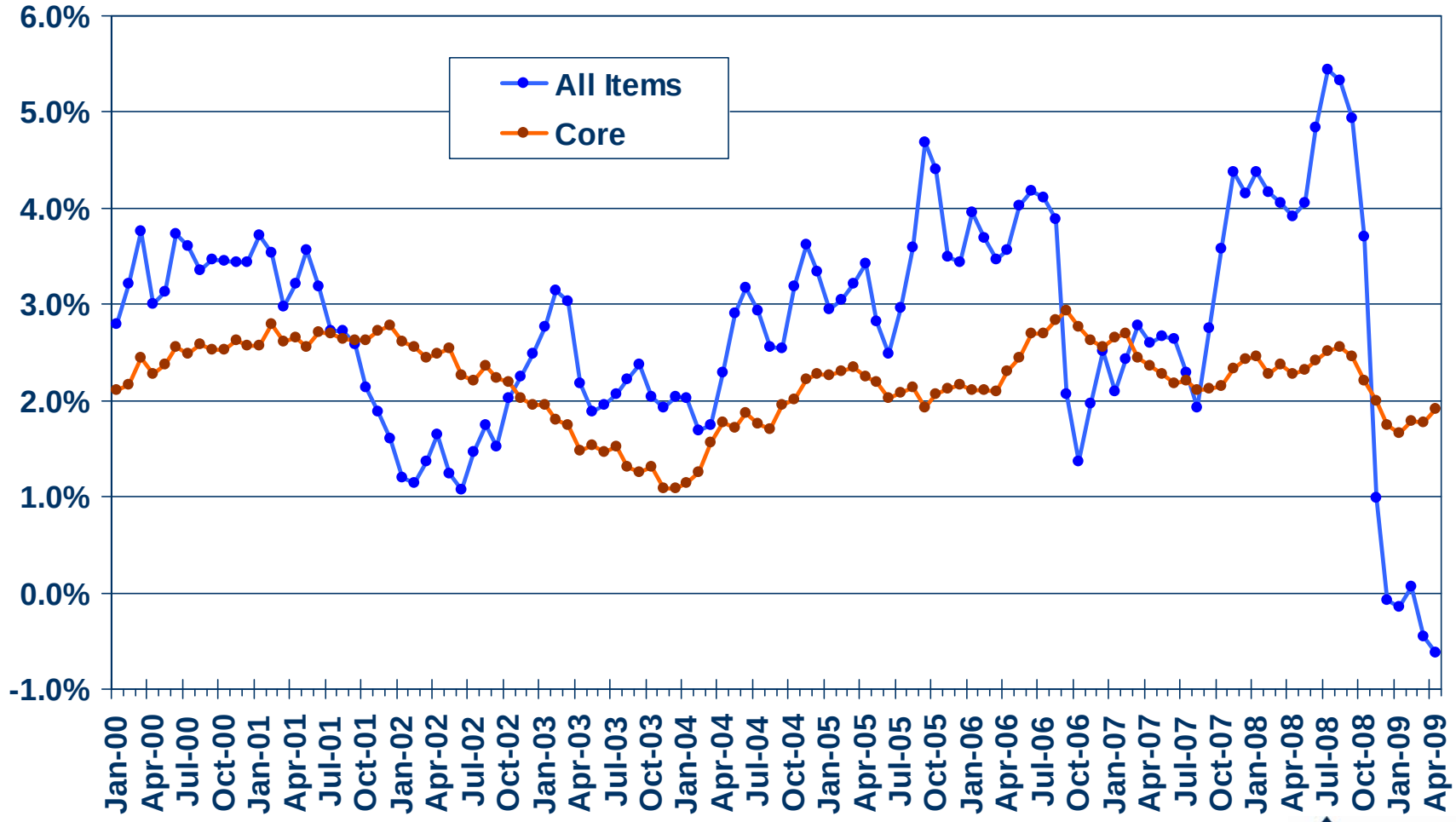
Consumer Price Index

April 2009: All Items -0.6% YTY; Core 1.9% YTY

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



SOURCE: U.S. Bureau of Labor Statistics

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U.S. Economy

	2003	2004	2005	2006	2007	2008	2009f
US GDP	2.5%	3.6%	2.9%	2.8%	2.0%	1.1%	-2.5%
Nonfarm Job Growth	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.4%	-3.0%
Unemployment	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.2%
CPI	2.3%	2.7%	3.4%	3.2%	2.9%	3.8%	0.0%
Real Disposable Income	2.4%	3.4%	1.2%	2.6%	2.8%	1.3%	1.6%

Forecast Date: April 2009

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California Economy

	2003	2004	2005	2006	2007	2008	2009f
Nonfarm Job Growth	-0.5%	1.0%	1.8%	1.8%	0.8%	-1.2%	-3.9%
Unemployment Rate	6.8%	6.2%	5.4%	4.9%	5.4%	7.2%	11.4%
Population Growth	1.7%	1.5%	1.3%	1.3%	1.1%	1.1%	1.1%
Real Disposable Income, % Change	1.4%	3.6%	1.2%	3.4%	1.5%	0.4%	-0.5%

Forecast Date: June 2009

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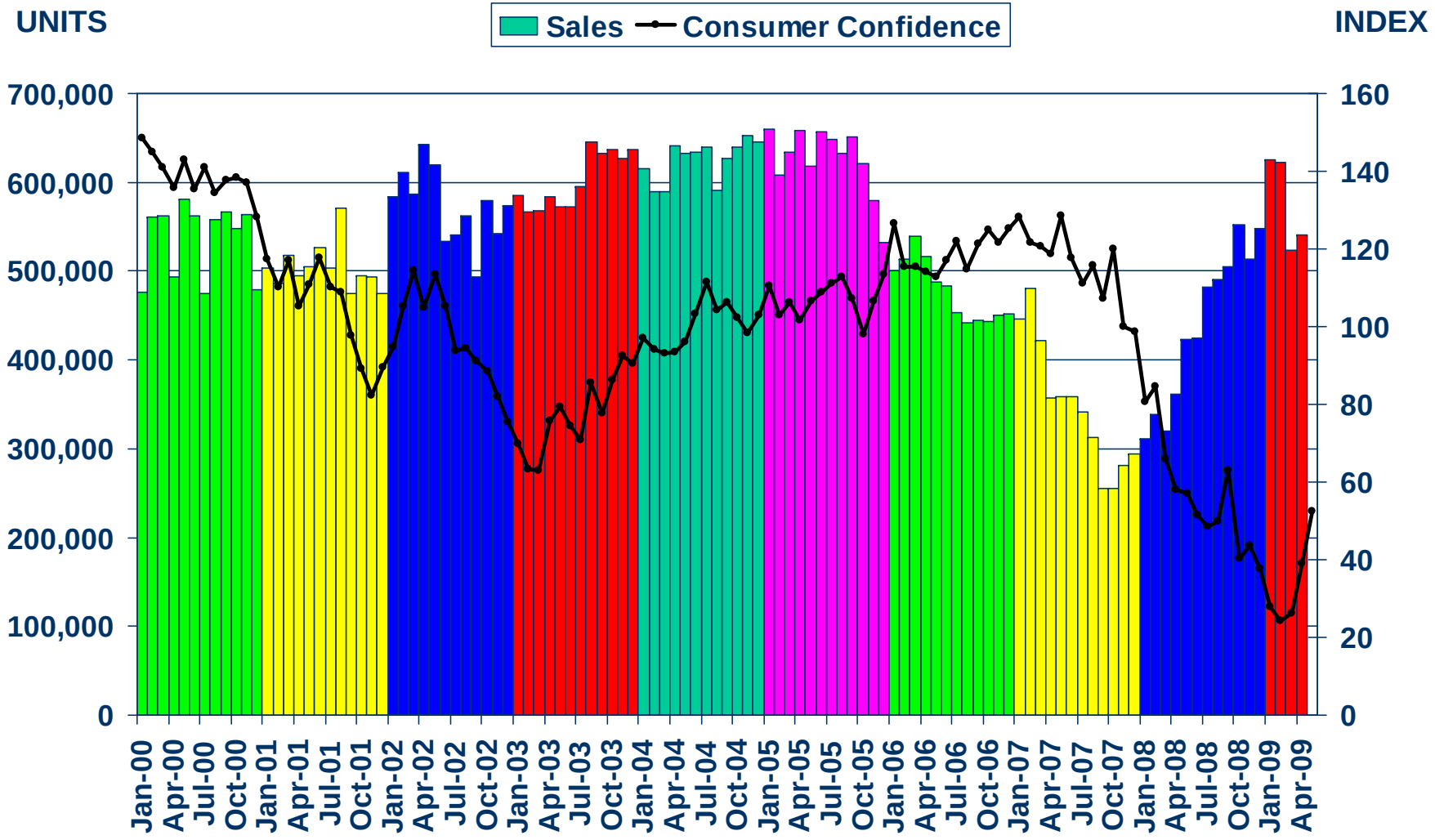
California Housing Market

Sales of Existing Detached Homes and Pacific West Consumer Confidence

California, Apr. 2009 Sales: 540,360 Units, Up 73.6% YTD, Up 49.2% YTY



SOURCE: California Association of REALTORS®; The Conference Board

***Sales are seasonally adjusted and annualized**

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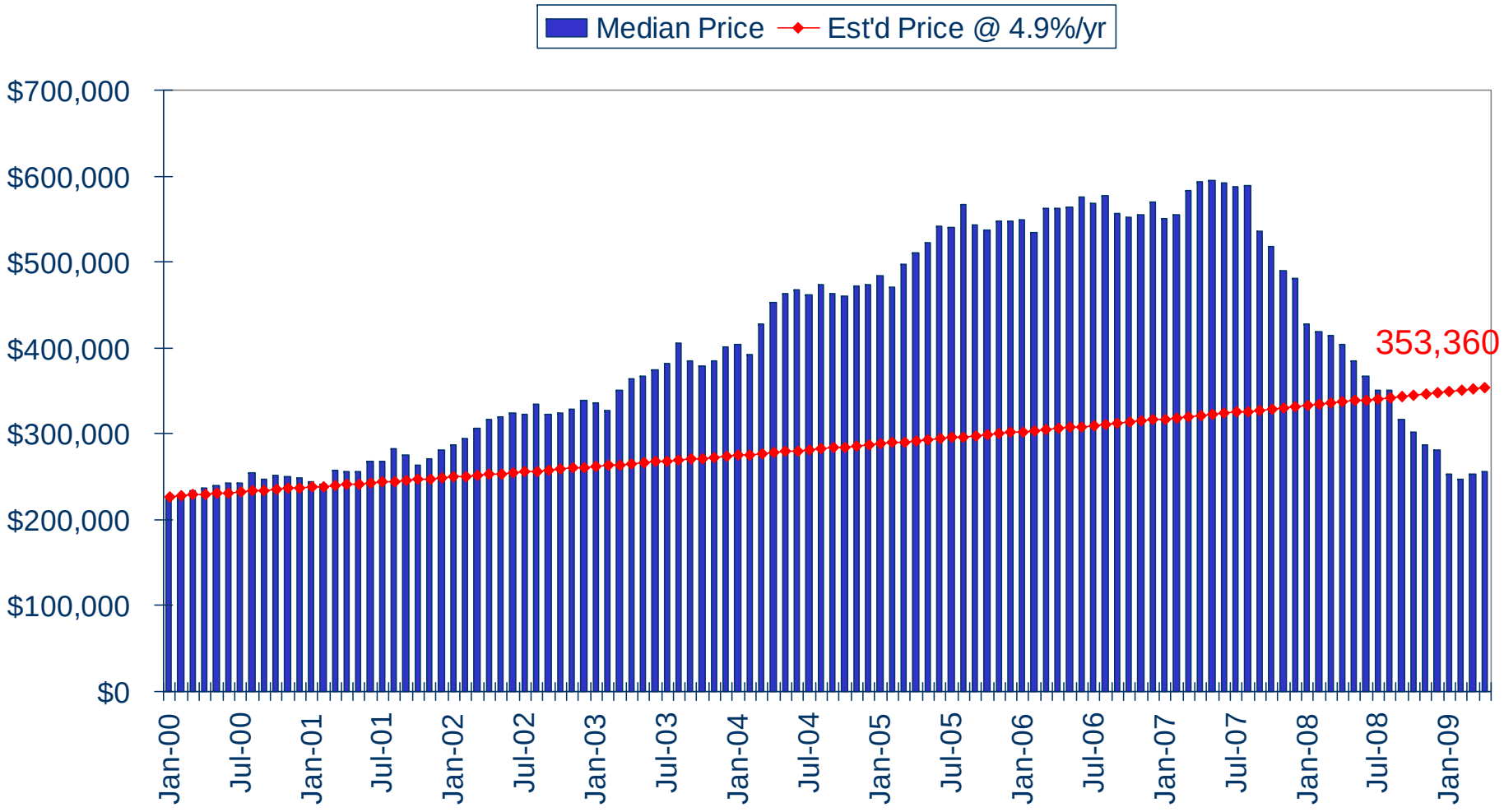
Median Price of Existing Detached Homes

California, April 2009: $256,700, Down 36.5% YTY



SOURCE: California Association of REALTORS®

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Peak vs Current Price - April 2009

Region	Peak Month	Peak Price	Apr-09 Median	% Chg From Peak
High Desert	Apr-06	$334,860	$106,526	-68.2%
Palm Springs/Lower Desert	Jun-05	$393,370	$150,140	-61.8%
Riverside/San Bernardino	Jan-07	$415,160	$156,841	-62.2%
Sacramento	Aug-05	$394,450	$167,345	-57.6%
Monterey Region	Aug-07	$798,210	$244,520	-69.4%
CALIFORNIA	May-07	$594,530	$256,700	-56.8%
Northern California	Aug-05	$440,420	$263,354	-40.2%
Los Angeles	Aug-07	$605,300	$300,693	-50.3%
Northern Wine Country	Jan-06	$645,080	$320,000	-50.4%
San Luis Obispo	Jun-06	$620,540	$338,158	-45.5%
San Diego	May-06	$622,380	$340,188	-45.3%
Ventura	Aug-06	$710,910	$394,545	-44.5%
Orange County	Apr-07	$747,260	$432,110	-42.2%
San Francisco	May-07	$853,910	$441,002	-48.4%
Santa Clara	Apr-07	$868,410	$465,000	-46.5%

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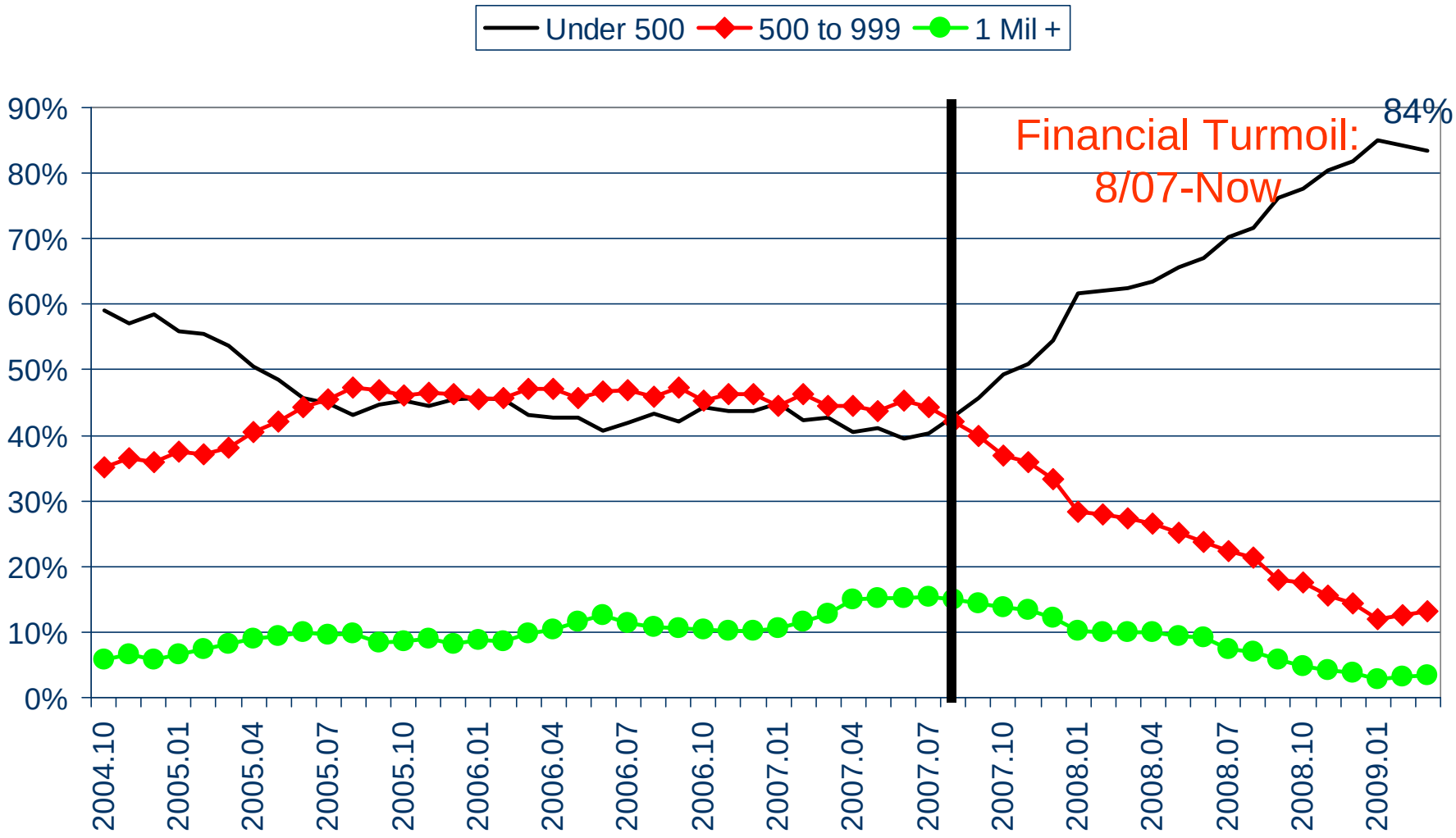
Sales By Price Range



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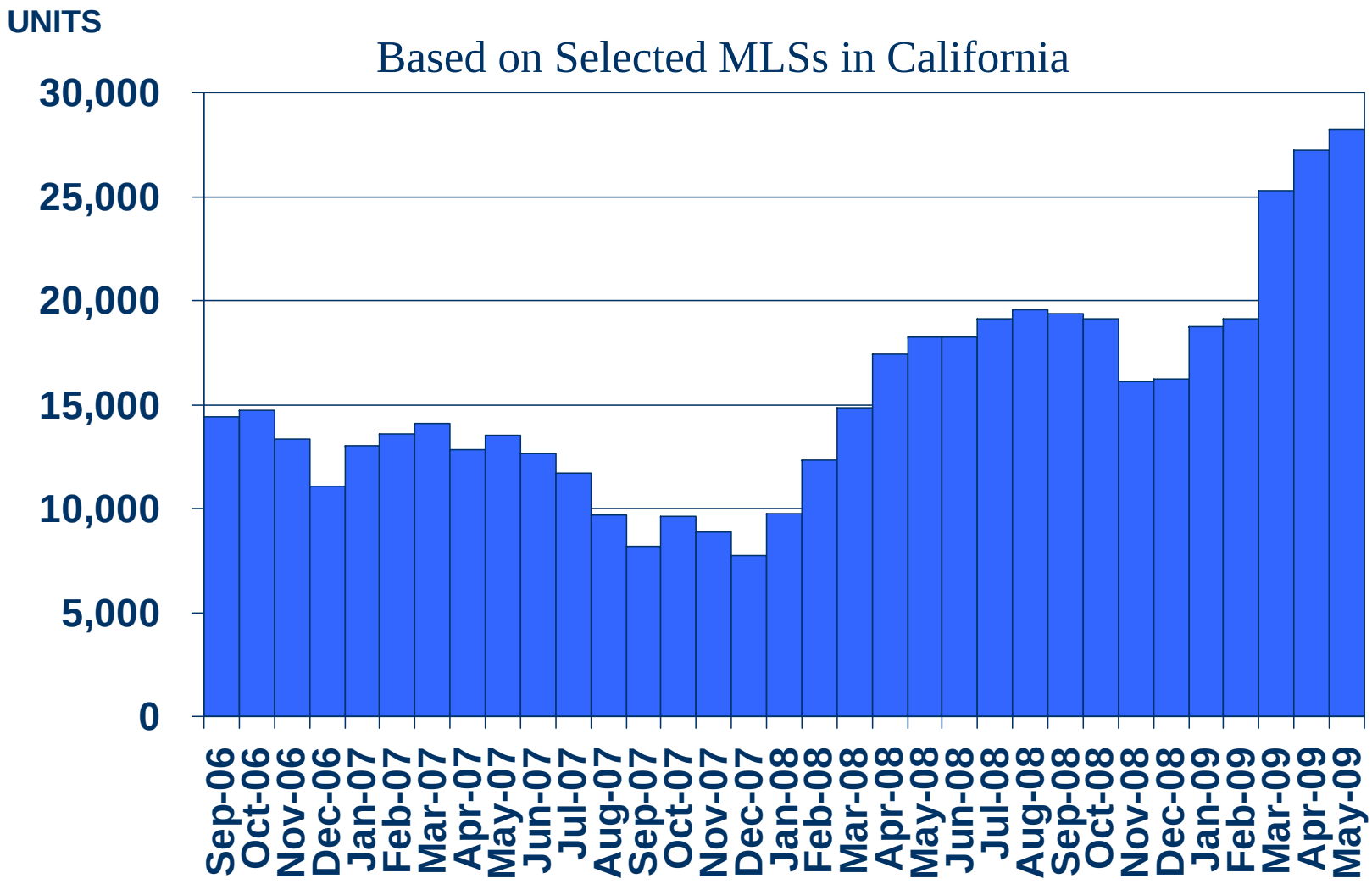
Properties Under Contract in CA

May 2009: 28,217 Units, Up 3.6% MTM, Up 54.8% YTY



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

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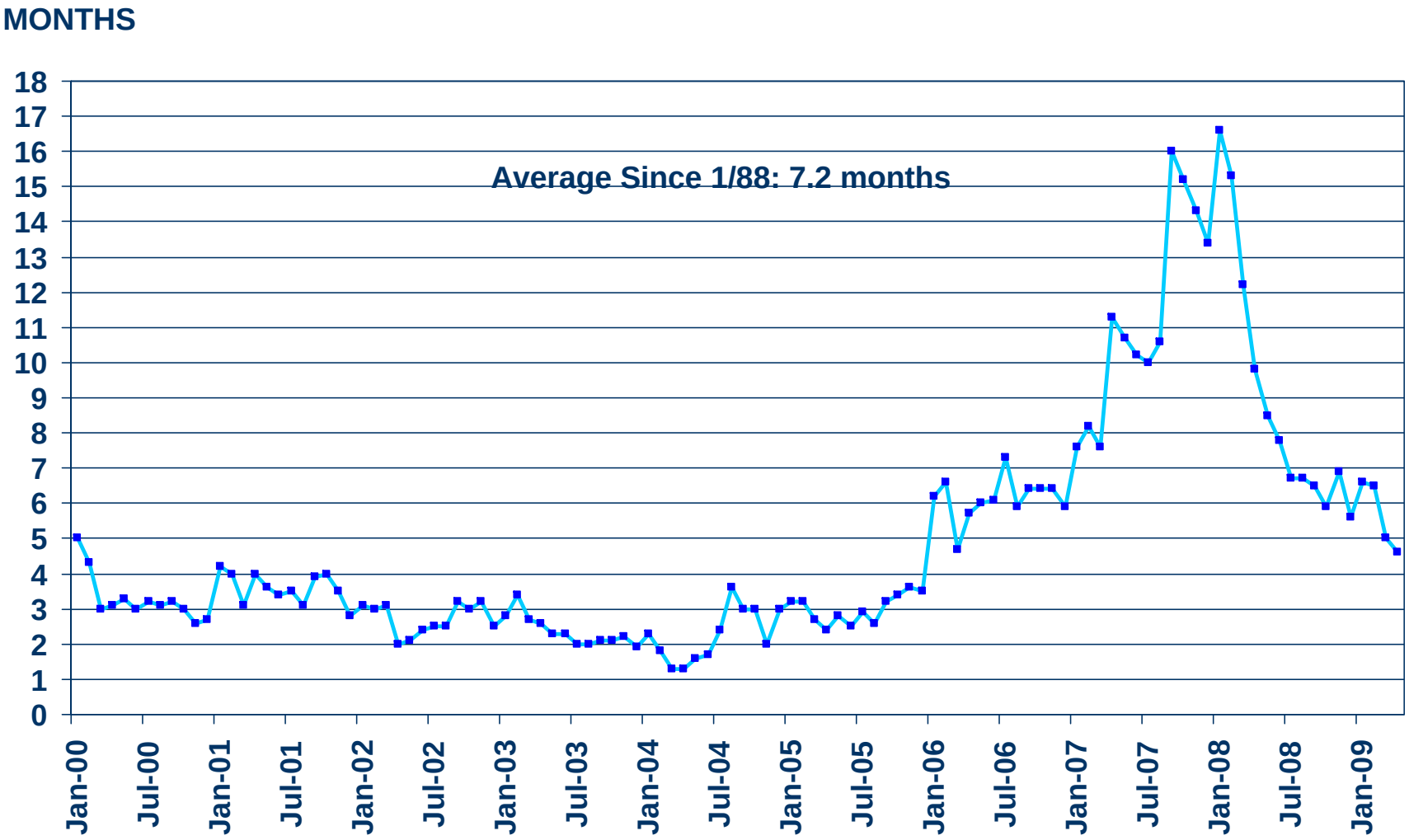
Unsold Inventory Index

California, April 2009: 4.6 Months



SOURCE: California Association of REALTORS®

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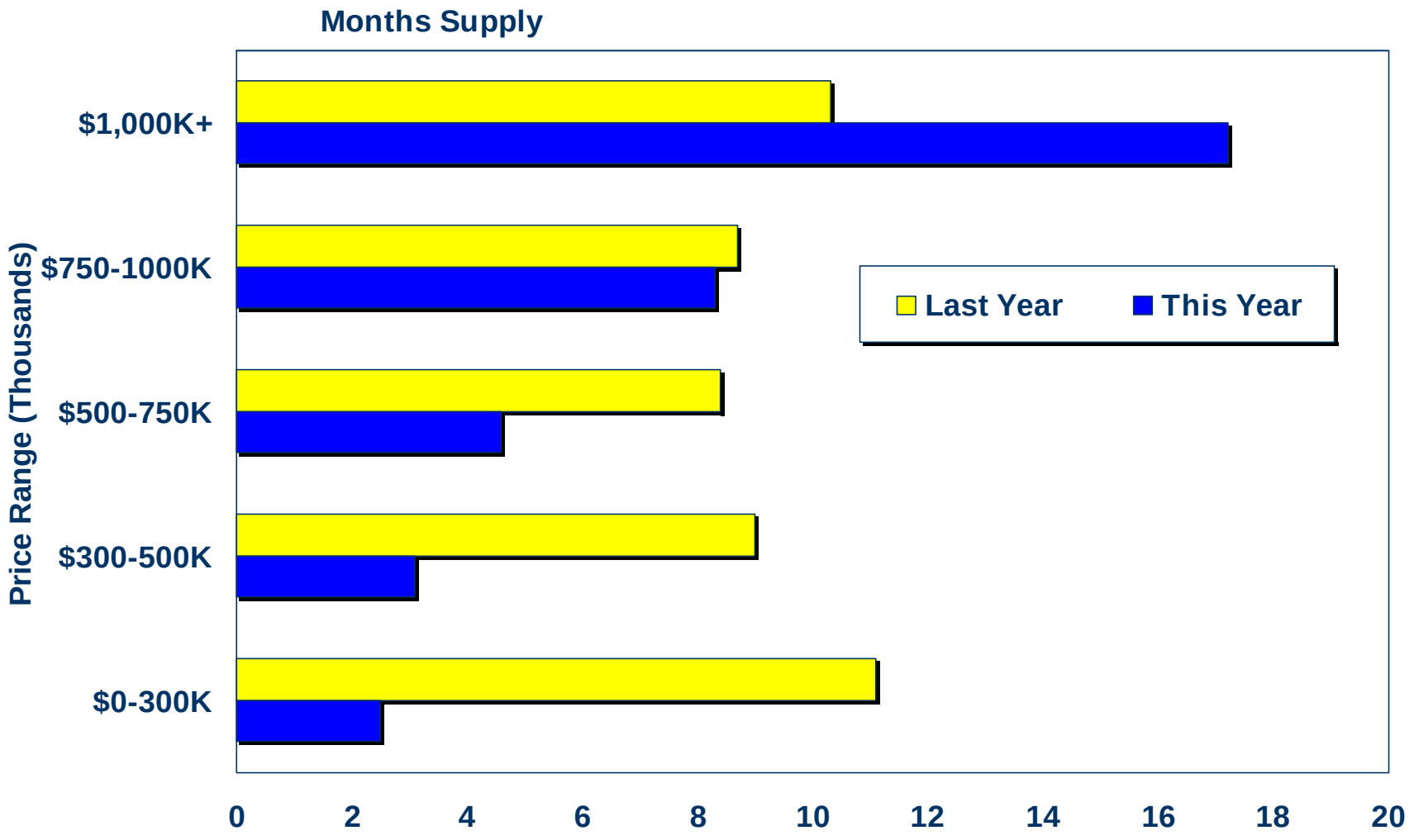
Unsold Inventory By Price Range

California - Existing Homes April 2009 vs. April 2008



SOURCE: California Association of REALTORS®

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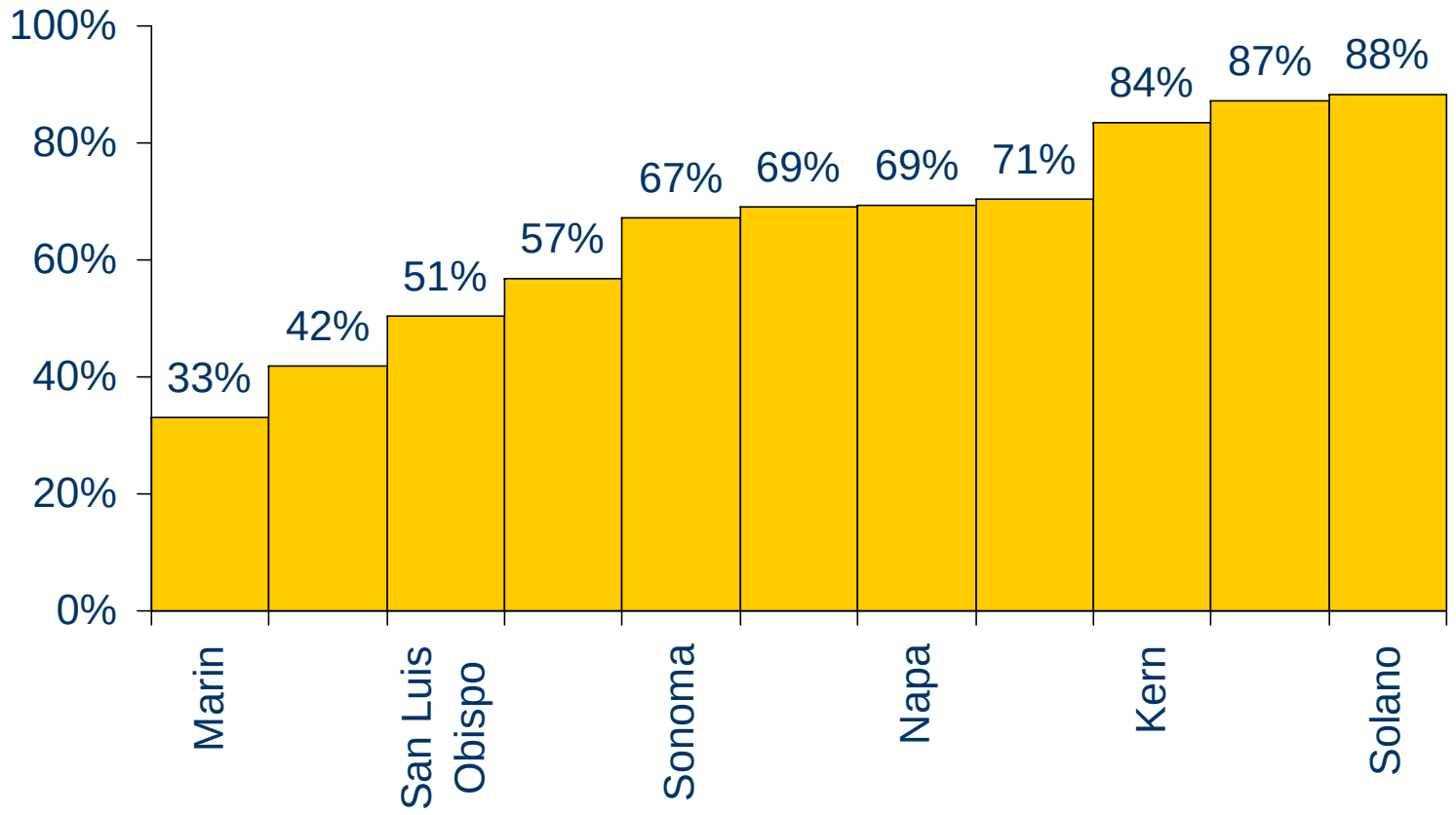
Distressed Sales to Total Sales Ratio

(March 2009)



Source: CALIFORNIA ASSOCIATION OF REALTORS®

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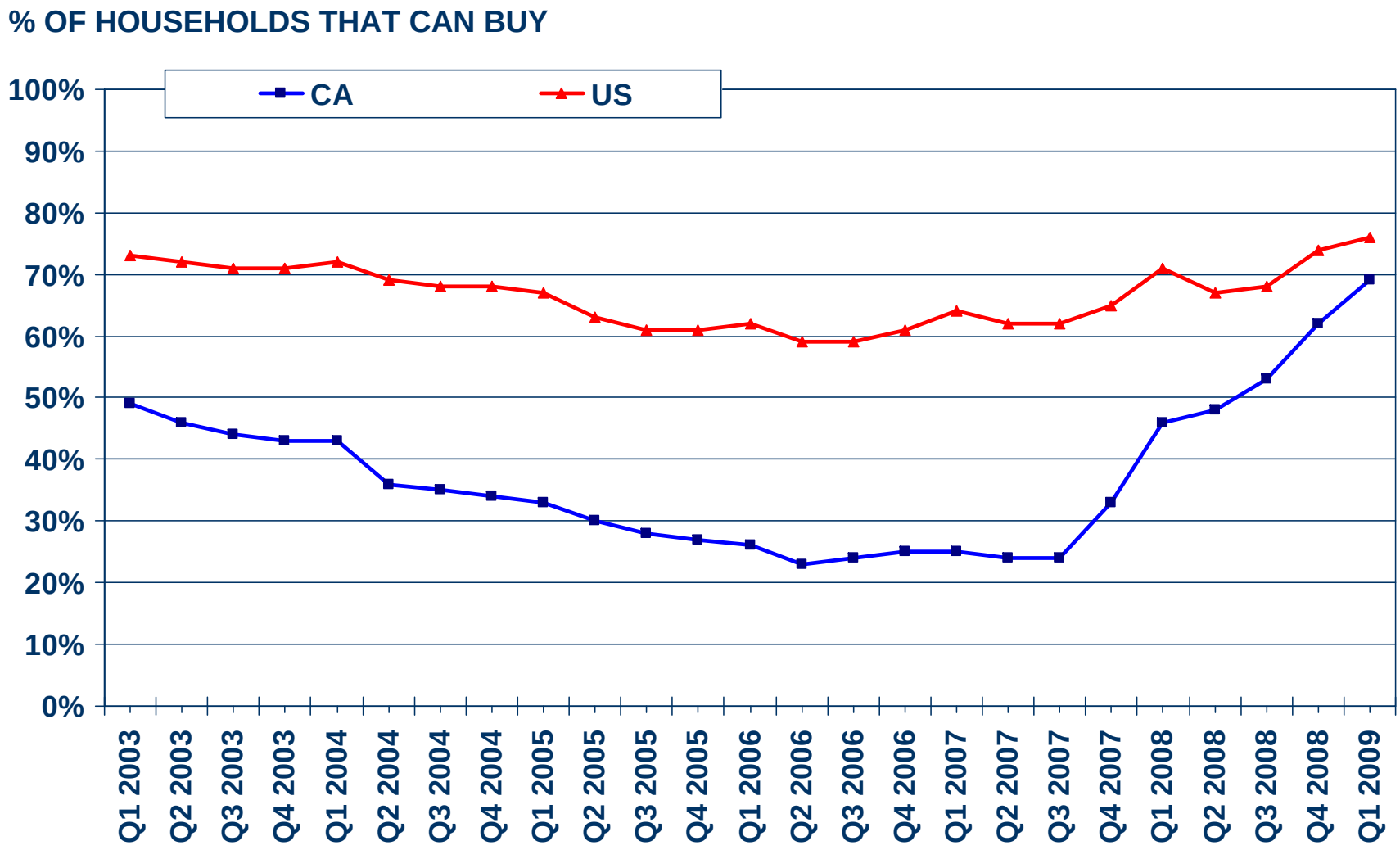
First-time Buyer Housing Affordability Index

California Vs. U.S. 2003-2009



SOURCE: California Association of REALTORS®

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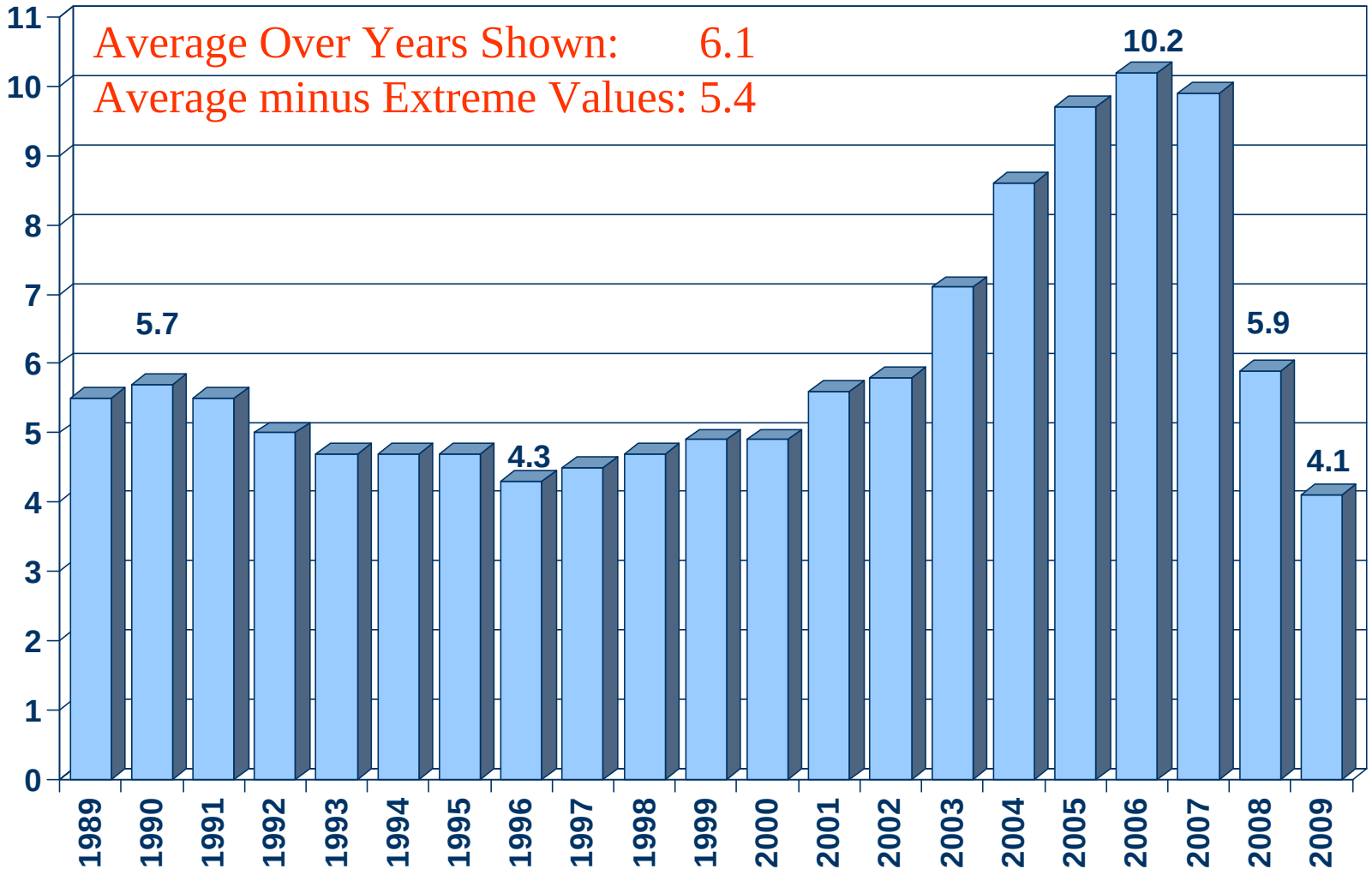
Median Price to Median HH Income Ratio

California



SOURCE: California Association of REALTORS®

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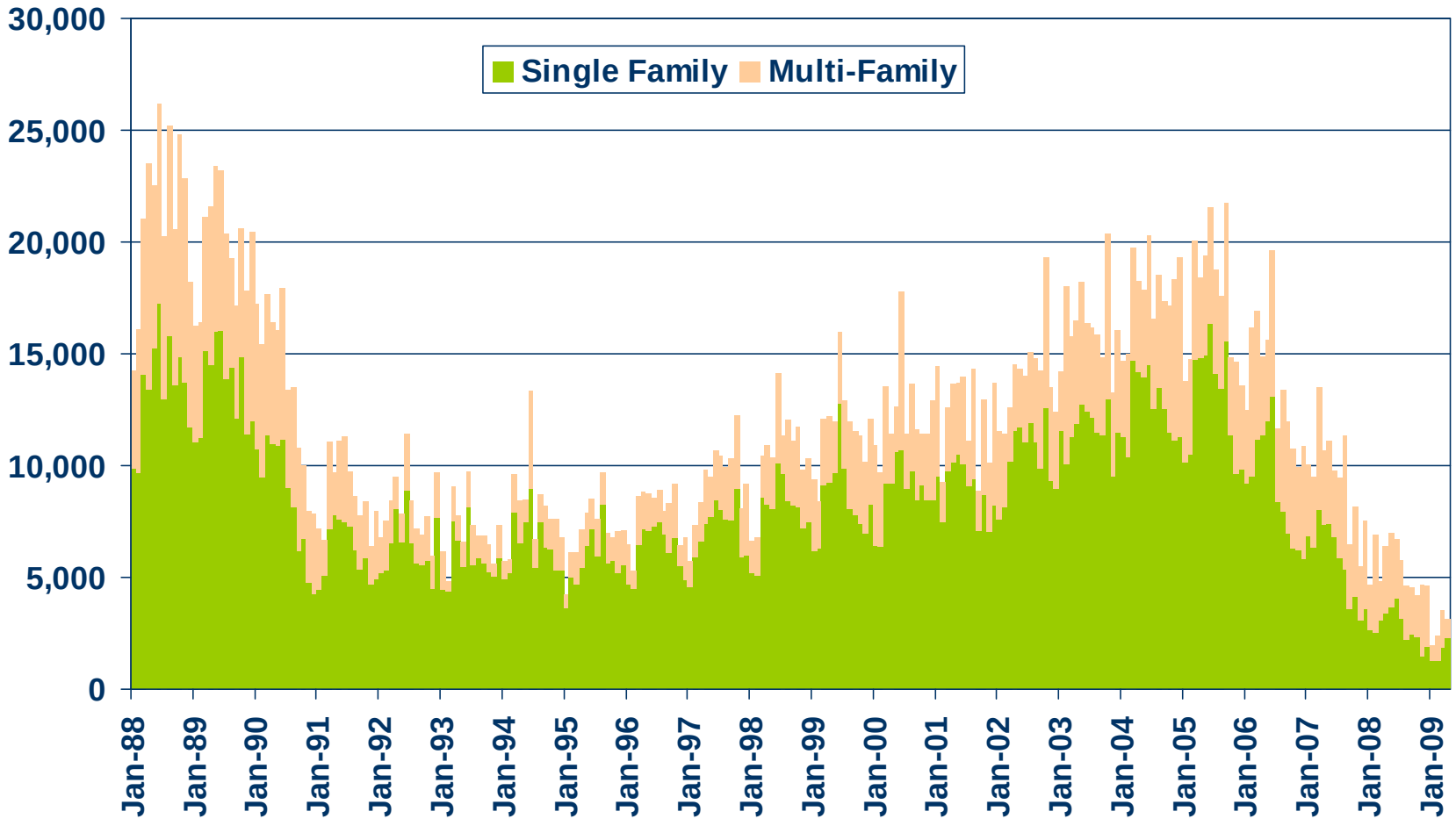
New Housing Permits

California, April 2009: 3,127 Units, Down 51.4% YTD



SOURCE: Construction Industry Research Board

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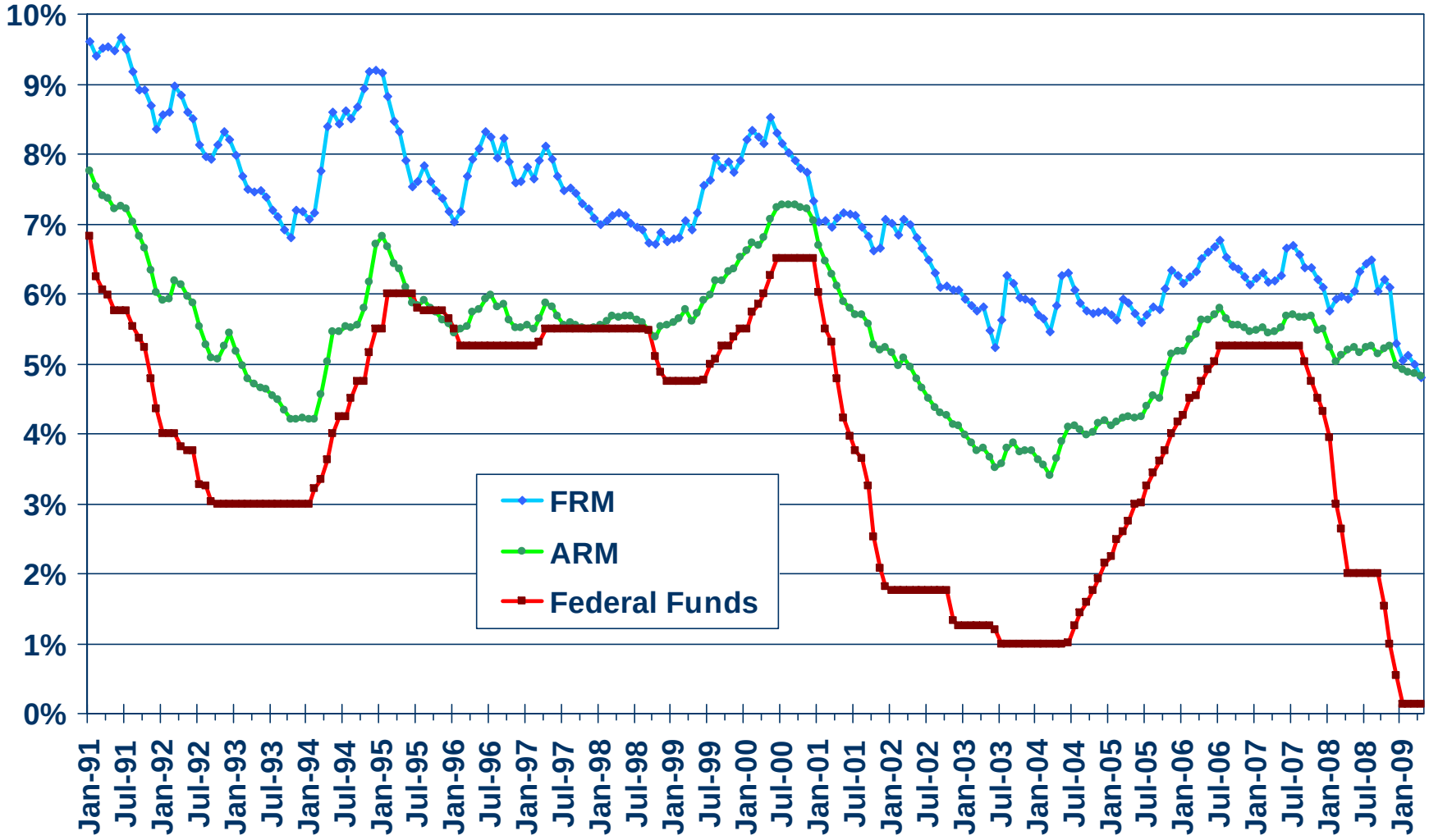
Real Estate Finance

Mortgage Rates



SOURCE: Federal Home Loan Mortgage Corporation

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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.

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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**

SOURCE: Data Quick Information Systems

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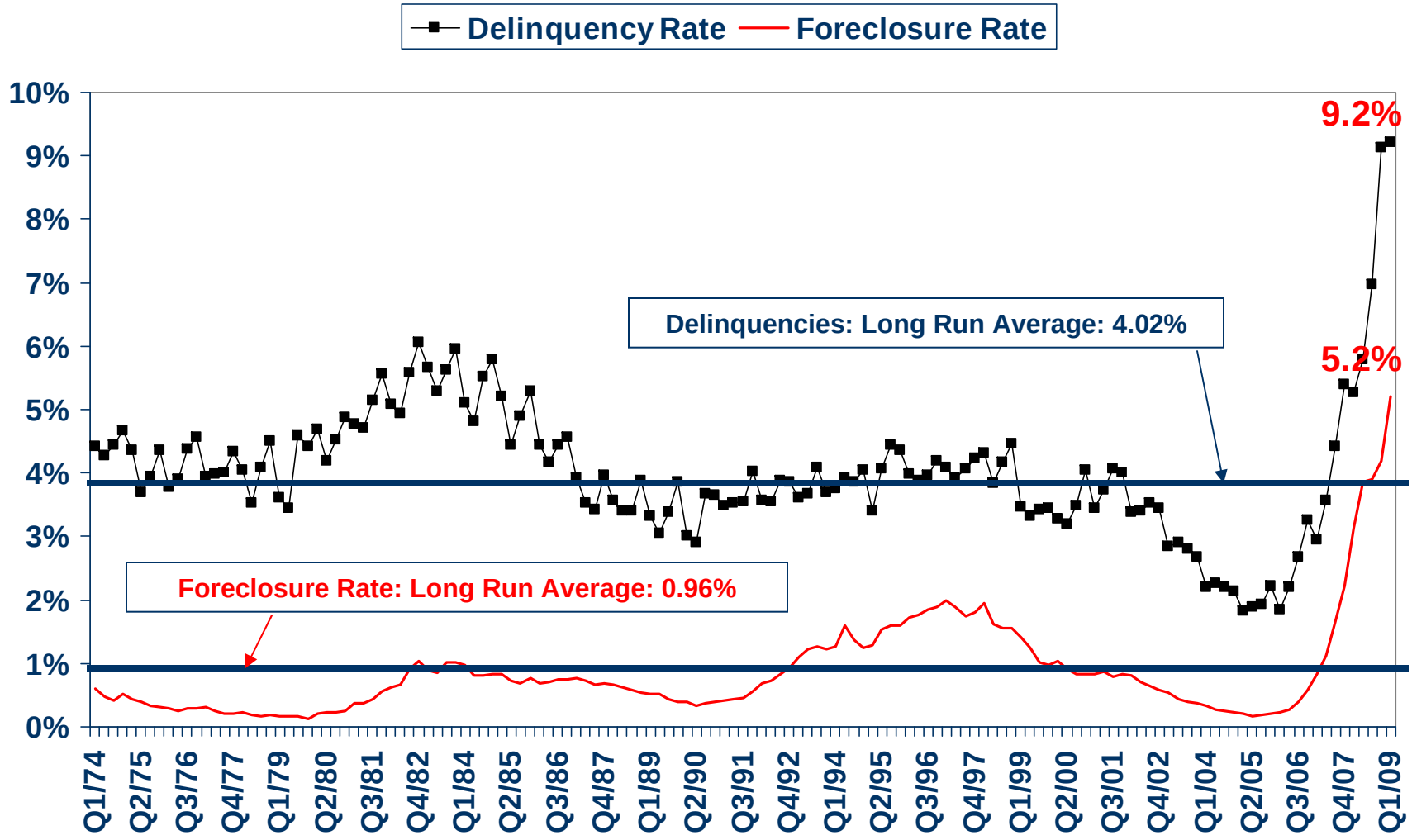
Mortgage Foreclosure & Delinquency Rates

California: Q1-2009



SOURCE: Mortgage Bankers Association

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California Housing Market Outlook

California Housing Market Scenario

	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%	5.0%
1-Yr ARM	3.8%	3.9%	4.5%	5.5%	5.5%	5.2%	4.8%

June 2009

Source: CALIFORNIA ASSOCIATION OF REALTORS®

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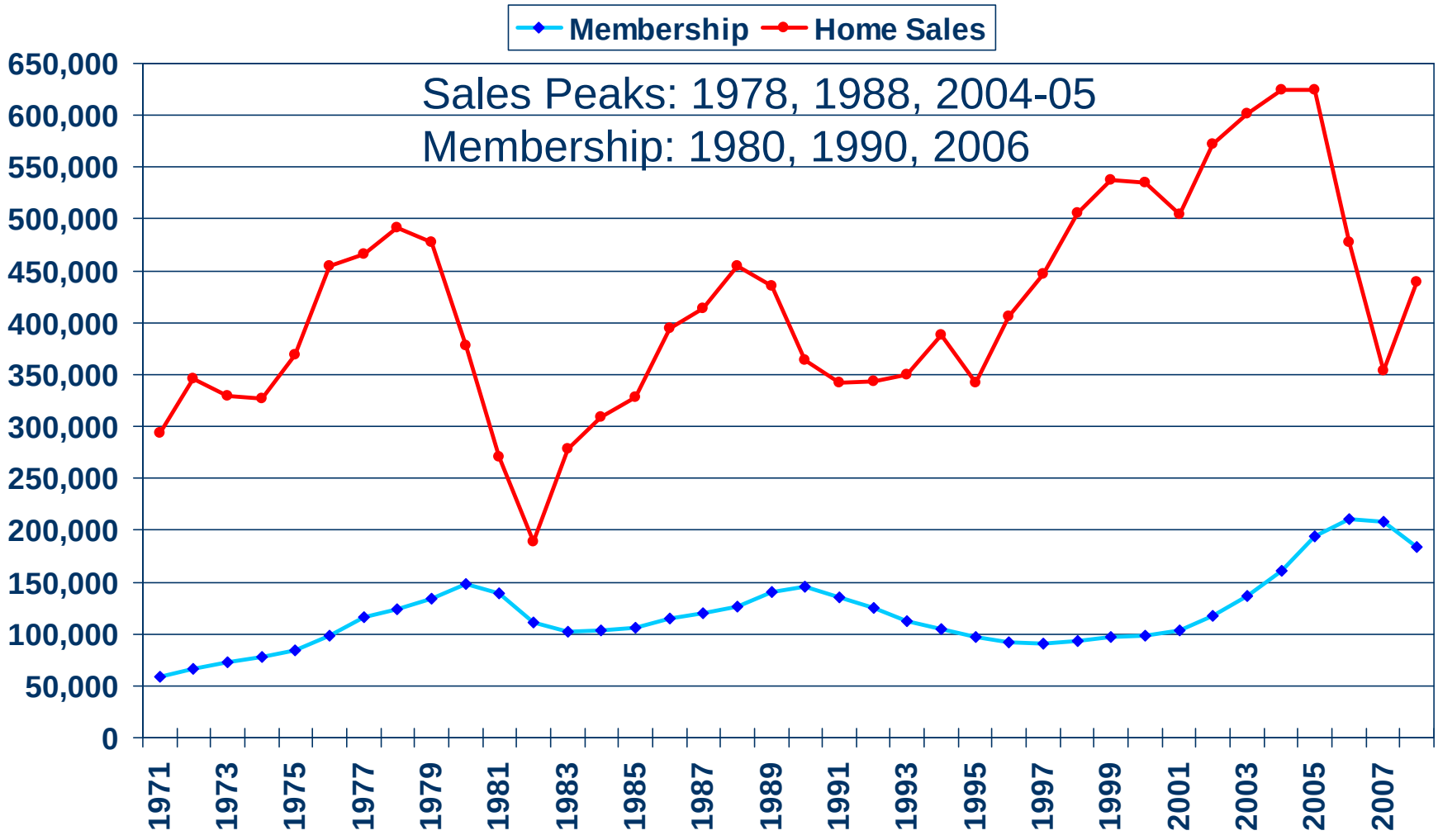
Membership Outlook

Membership vs Sales

Membership follows Sales with a 2-Yr Lag



Source: CALIFORNIA ASSOCIATION OF REALTORS®

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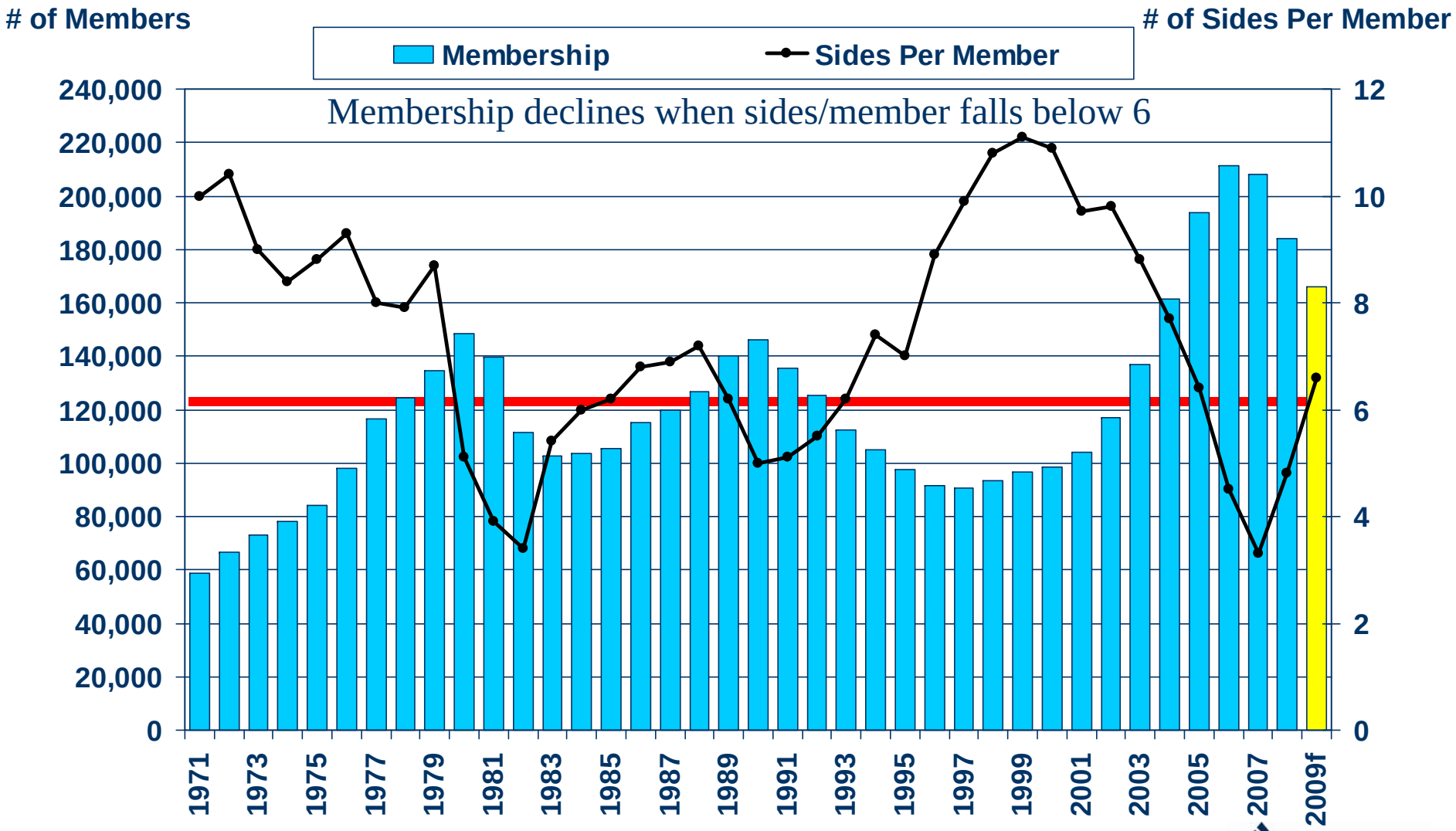
Productivity & Competition

Average: 7.3 sides



Source: CALIFORNIA ASSOCIATION OF REALTORS®

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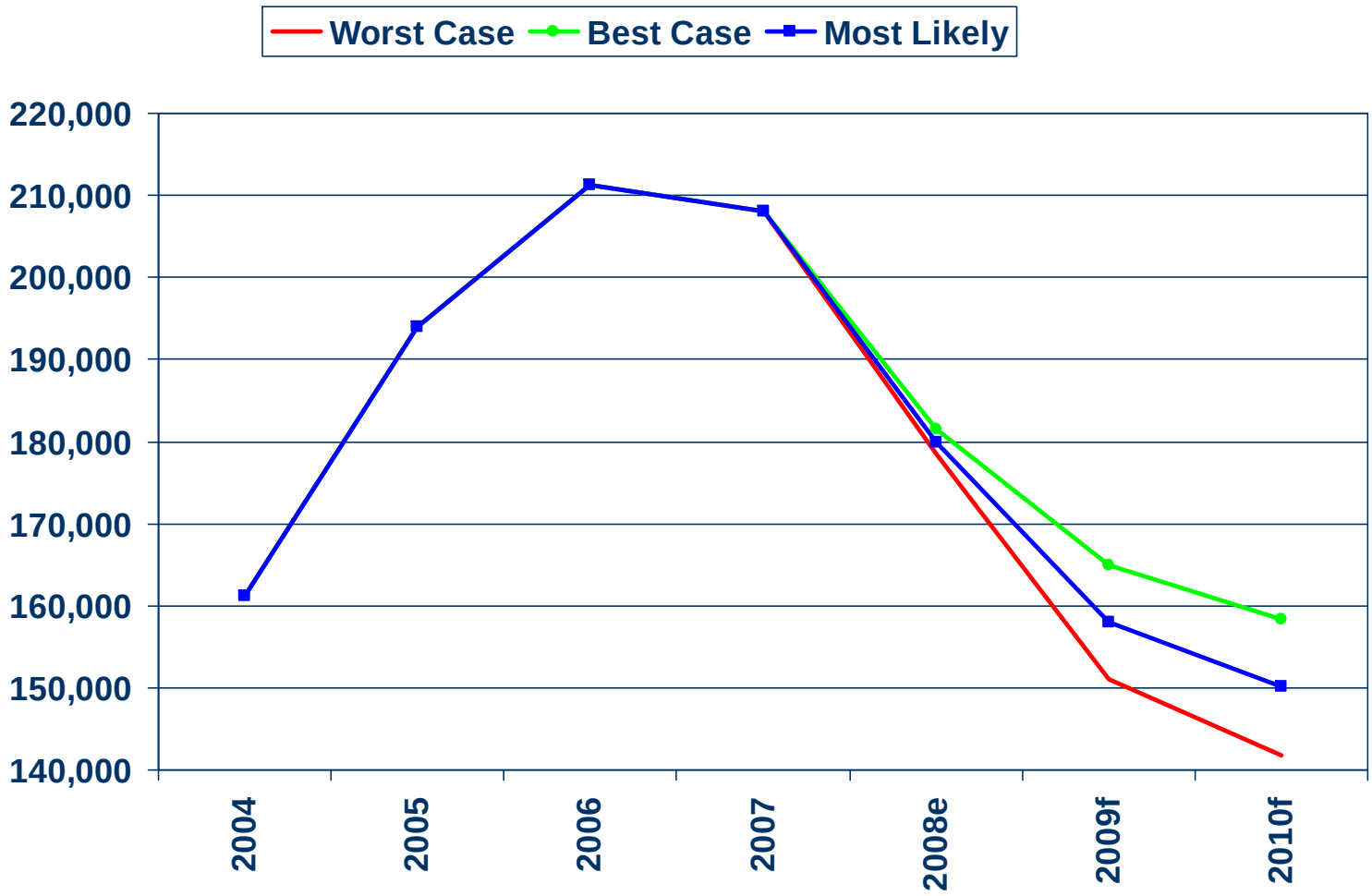
Membership Scenarios
August 2008



2006-2010
Percent Change

- Worst -33%
- Best -24%
- Likely -29%

Source: CALIFORNIA ASSOCIATION OF REALTORS®

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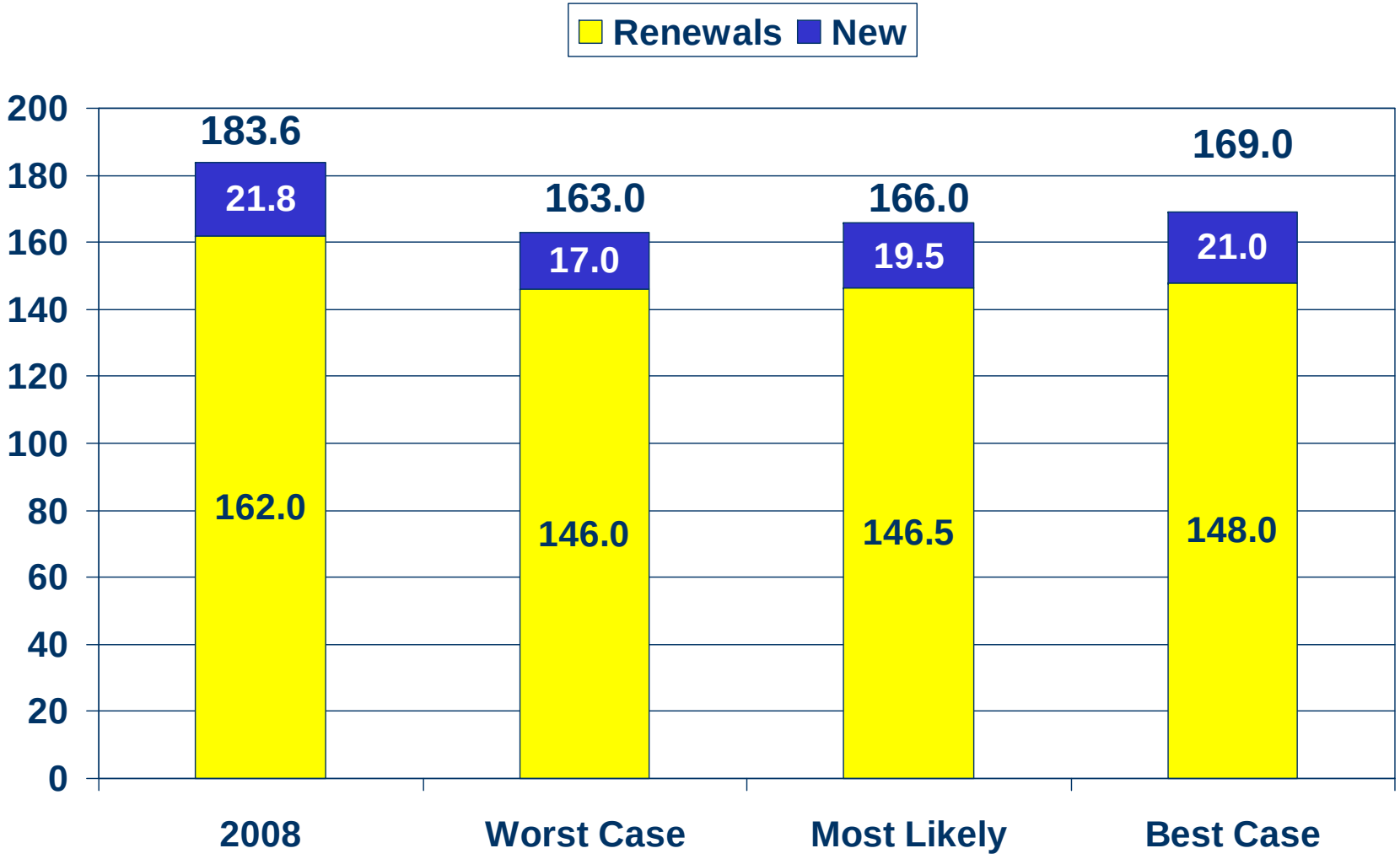
Membership Update, June 2009



Source: CALIFORNIA ASSOCIATION OF REALTORS®

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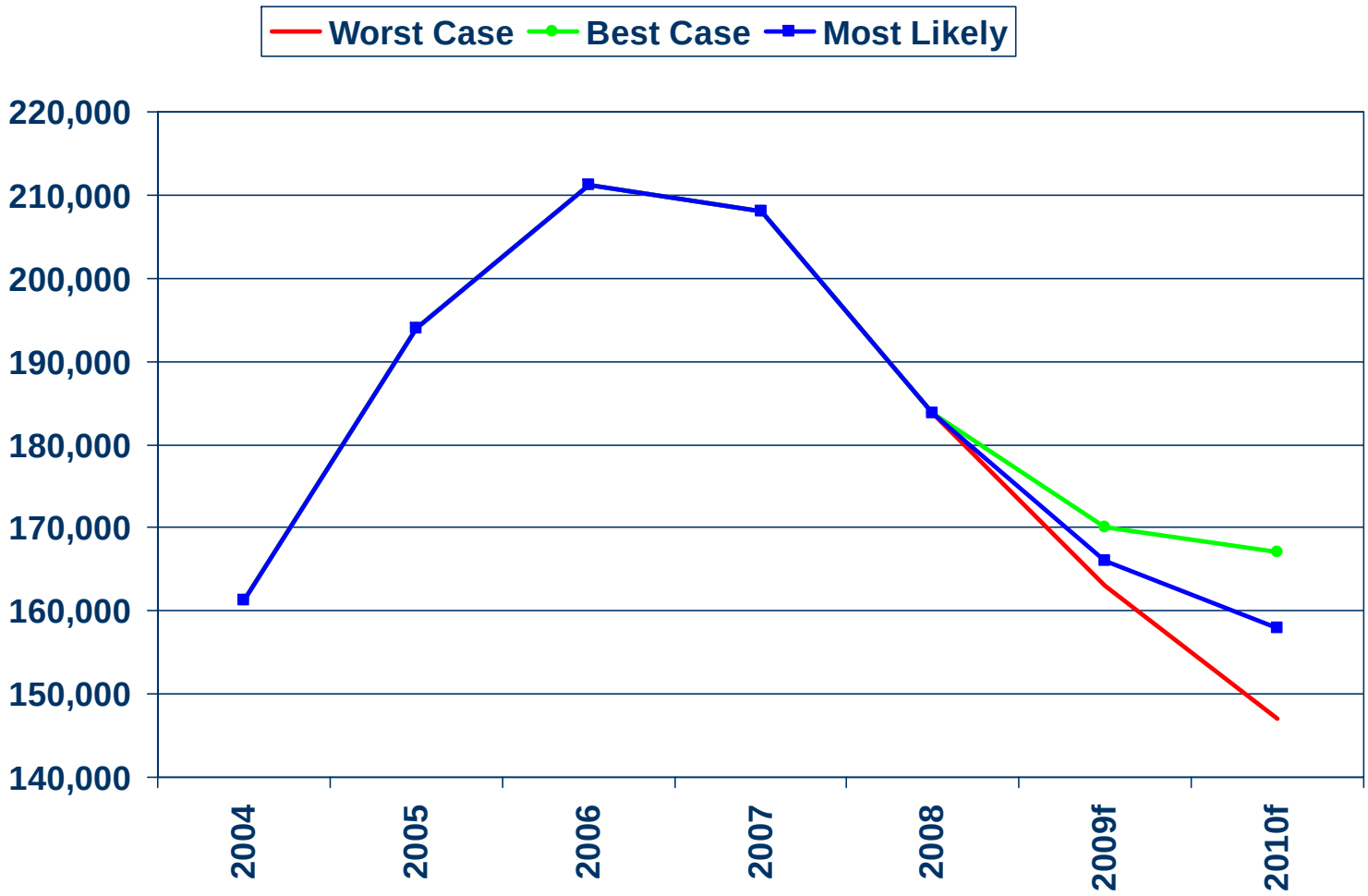
Membership Scenarios Through 2010
June 2009



2006-2010
Percent Change

- Worst -30%
- Best -21%
- Likely -25%

Source: CALIFORNIA ASSOCIATION OF REALTORS®

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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

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June 2009 Membership Outlook

C.A.R. Membership Counts (thousands)								
Status	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009f**	**2010f**
Renewals	103.1	119.5	142.6	162.8	176.7	162.0	146.5	136.0
New	33.9	41.7	51.4	48.4	31.3	21.8	19.5	22.0
Total	**137.0**	**161.2**	**193.9**	**211.3**	**208.0**	**183.8**	**166.0**	**158.0**
C.A.R. Membership Percentage Changes								
Status		**03-04**	**04-05**	**05-06**	**06-07**	**07-08**	**08-09**	**09-10**
Renewals		15.9%	19.3%	14.2%	8.5%	-8.3%	-9.6%	-7.2%
New		23.2%	23.1%	-5.8%	-35.3%	-30.4%	-10.6%	12.8%
Total		17.7%	20.3%	8.9%	-1.5%	-11.6%	-9.7%	-4.8%
		03-04	**04-05**	**05-06**	**06-07**	**07-08**	**08-09**	**09-10**
Retention Rate		87%	88%	84%	84%	78%	80%	82%

Source: CALIFORNIA ASSOCIATION OF REALTORS®

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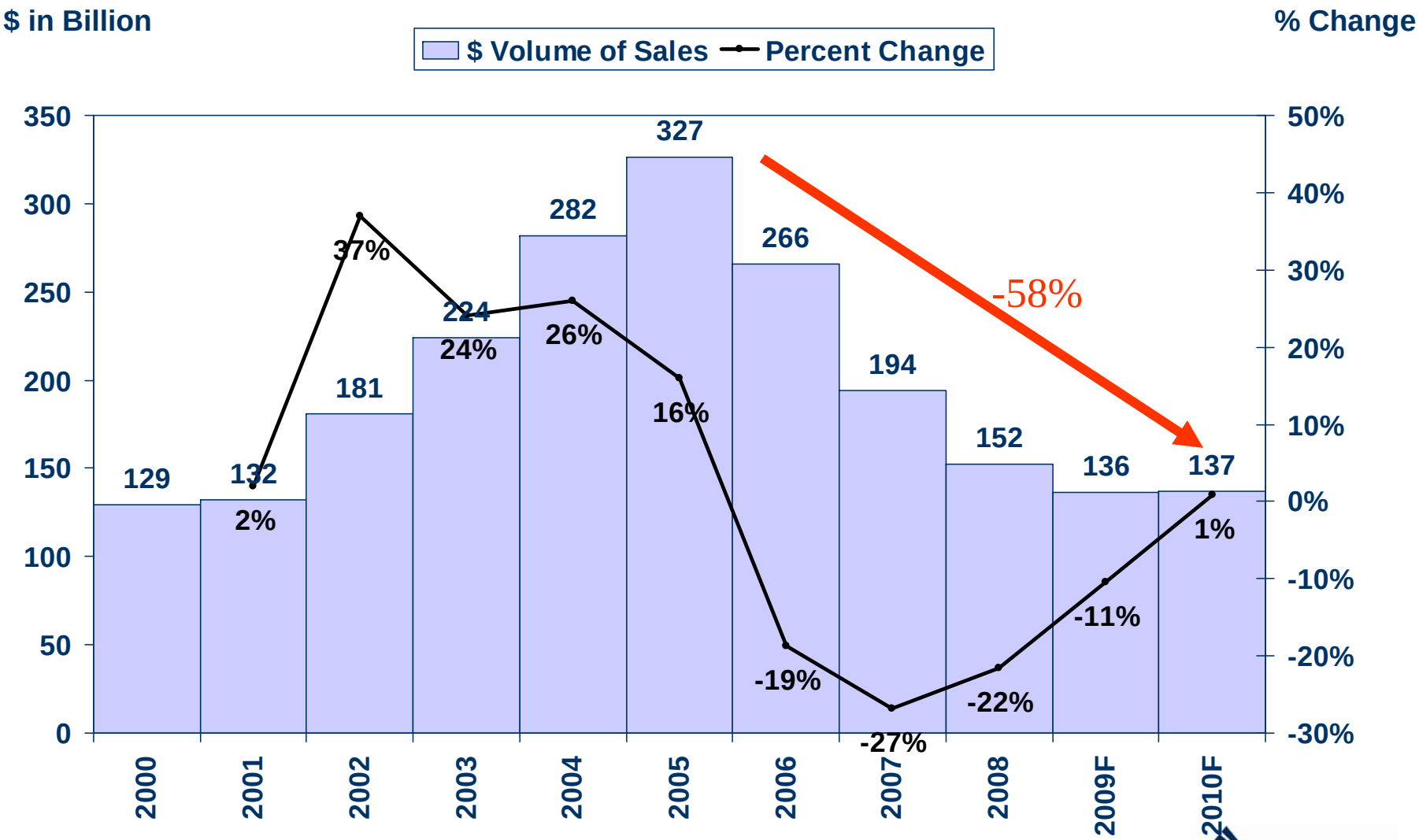
Dollar Volume of Sales Peaked in ’05
Down 53% Thru ‘08



SOURCE: California Association of REALTORS®

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Implications for C.A.R. Budget in ’09-10

Revenue Outlook:

- Dues Revenue – Slight decrease
- Non-Dues Revenue –
  - Ad/EXPO/REBS
  - Slight to modest growth

The End - - Thank You

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