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Rod Johnston's Market Summary



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California Market Report

<i>December, 2009</i>	Current Period	Last Period	Last Year	Month-to-Month Change	Year-to-Year Change
Existing Home Sales	562,400	530,960	557,050	5.9%	1.0%
Median Home Price	\$297,500	\$296,610	\$307,210	0.3%	-3.2%
Unsold Inventory Index	4.0 months	4.2 months	6.1 months	-4.8%	-34.4%
Median Days On Market	34.1	33.5	45.5	1.8%	-25.1%
30-Year Fixed Mortgage	4.95%	5.06%	6.20%	-0.11%	-1.25%

Source for statistics: California Association of Realtors

California Market Analysis



Now that 2009 is nearing an end, it is comfortable to state that it was, generally, a good year for real estate in California. The number of sales increased by 7.7% from 2008, interest rates dipped lower, and the big news was that First-Time Buyer Housing Affordability rose to a record high 64%. This index measures the amount of households that can afford to buy an entry-level home. An entry-level home is defined as 85% of the median home sales price. This is the highest the Affordability Index has been since its inception in 2000. To demonstrate what a dramatic change this has been, we need only to look back to 2007, when the index was under 30%. While many of the sales in 2009 were deeply discounted, distress sales (short sales and bank-owned foreclosures) under the \$500,000 price range, the high-end market has also been improving. In fact, sales of million-dollar homes in the last month experienced the first increase since early 2007. Another promising sign is that the national unemployment rate fell from a high of 10.2% to 10.0% this month. Although small, it is a move in the right direction. While many economists have declared the recession over, 10% of the population is still without jobs. Typically, unemployment is one of the last indicators to improve in a recession, so if we continue to see more jobs, we may soon be able to declare, without hesitation, that the recession is, indeed, over. Next month, we will give you a complete forecast for 2010. Just a clue--it should be a good year in real estate.

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