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Rod Johnston's Market Summary



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California Market Report

<i>January, 2010</i>	Current Period	Last Period	Last Year	Month-to-Month Change	Year-to-Year Change
Existing Home Sales	536,720	562,400	512,840	-4.6%	4.7%
Median Home Price	\$304,520	\$297,500	\$287,880	2.4%	5.8%
Unsold Inventory Index	4.5 months	4.0 months	7.1 months	12.5%	-36.6%
Median Days On Market	33.1	34.1	44.4	-2.9%	-25.5%
30-Year Fixed Mortgage	4.88%	4.95%	6.09%	-0.07%	-1.21%

Source for statistics: California Association of Realtors

California Market Analysis



After three dismal real estate years (2006-2008) we began seeing improvements in 2009. In order to forecast what lies ahead for the 2010 California real estate market, we need to take a look at a number of factors as they pertain to the real estate. **Interest rates** will likely remain low throughout 2010. If we do see slight increases, it will be in response to a strengthening real estate market. **Inventory**, also known as supply, should begin to increase throughout 2010. Foreclosed properties in 2009 added much needed inventory to the marketplace, however, in the second half of 2009, the government required lenders to provide loan modifications to qualified homeowners. While this process is helping many homeowners stay in their homes, it has also added months to the processing of homes that will still foreclose. These delays have restricted the flow of lender owned homes into the market. This reduced sales in the fourth quarter of 2009, but the flow should resume within the next couple of months. **Consumer Confidence** will likely increase in 2010. Consumer confidence is closely related to demand. When confidence is up, demand usually increases. Confidence appears to be on the rise. The **Job Market** is still struggling. This is high on the national agenda and should hopefully begin to show slight improvement by late 2010. **Home Prices** are 30 - 40% lower than at the 2005 peak creating a bullish market. With all of the factors seemingly as good or better than 2009, 2010 offers promise for a healthier real estate market.

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