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Rod Johnston's Market Summary



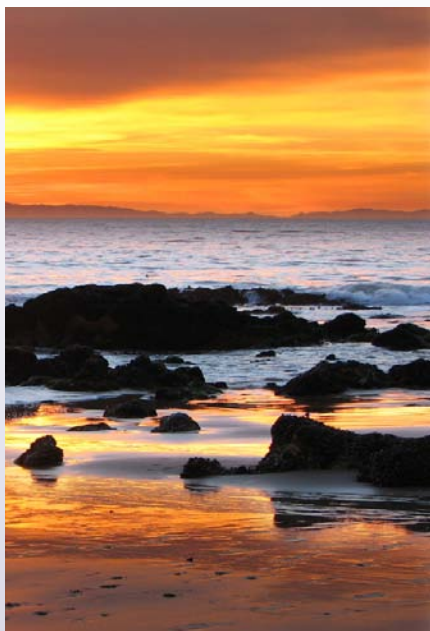
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California Market Report

<i>February, 2010</i>	Current Period	Last Period	Last Year	Month-to-Month Change	Year-to-Year Change
Existing Home Sales	558,320	536,720	549,190	4.0%	1.7%
Median Home Price	\$306,820	\$304,520	\$283,060	0.8%	8.4%
Unsold Inventory Index	3.8 months	4.5 months	5.6 months	-15.6%	-32.1%
Median Days On Market	35.3	33.1	46.3	6.6%	-23.8%
30-Year Fixed Mortgage	4.93%	4.88%	5.29%	0.05%	-0.36%

Source for statistics: California Association of Realtors

California Market Analysis



In the summer of 2005, California was experiencing its 7th straight year of double-digit annual appreciation, interest rates were 5-6%, and home sales were at record highs. Qualifying for a mortgage could be done with average or even below-average FICO scores. Verifying employment income was not necessary, and, oftentimes, appraisals were waived or done without an on-site inspection. Although signs of slowing were present in late 2005, it wasn't until August 2, 2007 that the sub-prime catastrophe turned real estate upside down. Since that time, home prices have dropped 30% to 40%. The sales volume dropped by 50%. Foreclosures have hit record highs, and the First-Time Buyer Housing Affordability Index (FTB-HAI) hit a low of 28%. The worst repercussion has been that millions of Americans have lost their homes and in many cases, their jobs. Fortunately, it appears the worst is behind us. Currently, sales have been increasing monthly, and, the FTB-HAI is at 64%. Interest rates are at near-record lows. November experienced the first year-over-year growth in monthly prices since August 2007. The indicators are that the California real estate market is on the road to recovery. In fact, with prices down 30% to 40% and low interest rates, monthly payments are looking very attractive. Typically, the last part of the recovery is the job market. Earlier this month, the unemployment rate went from 10% on the national level to 9.3%. This reduction was a pleasant surprise to most economists. The future for real estate in California is bright.

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