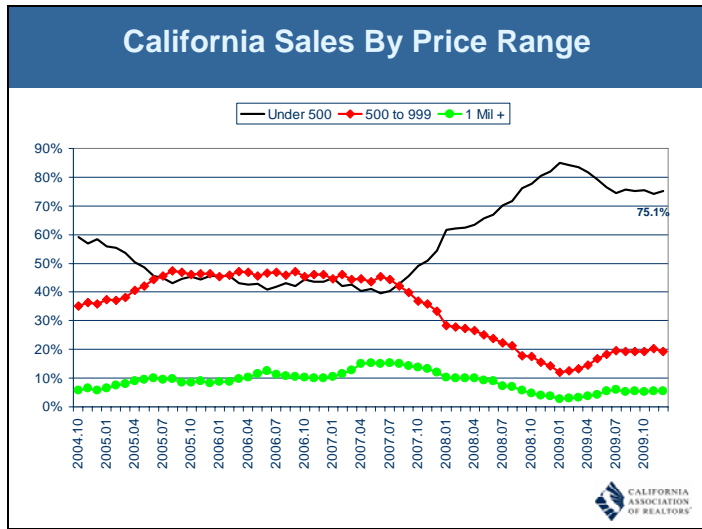




2009 Housing Market Wrap-Up

In 2009 the California housing market showed significant signs that the worst may be over. Sales continued to grow, and although the annual median price decreased, the rate of decline was smaller than the previous year. Moreover, November experienced the first year-over-year growth in monthly price since August 2007.

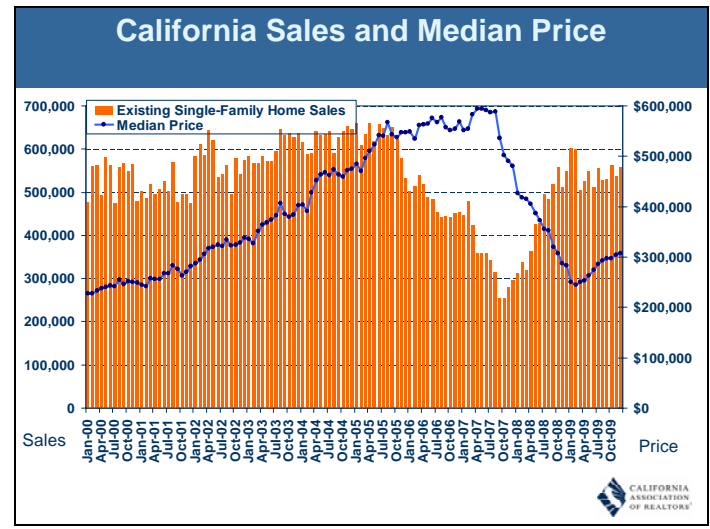
Annual Sales Kept Up Their Strong Momentum In 2009



Preliminary sales remained strong in December at 558,320 (seasonally adjusted annualized rate), increasing 23.7 percent year-to-date, 4.0 percent month-over-month and 1.7 percent year-over-year. Annual preliminary sales maintained their momentum at 546,690, also rising 23.7 percent from 441,810 in 2008. The mix of sales reflected a troubled economy and a housing market dominated by distressed sales, with homes under \$500,000 making up the majority of sales (78.3 percent on average), while homes in the \$500,000 to \$999,999 range made up only 17 percent on average and those over \$1 million consisted of 4.6 percent of sales. When compared to just four years prior, the difference was striking. In 2005 homes under \$500,000 consisted of 48.1 percent of sales on average, while homes in the \$500,000 to \$999,999 range made up 43.2 percent on average and those over \$1 million consisted of 8.7 percent of sales.

Prices Ended 2009 On A Good Note

Prices ended the year on a good note with a preliminary December median of \$306,820, an 8.4 percent year-over-year rise, continuing the trend of month-over-month gains that started in March. The preliminary annual median price fell 21.1 percent to \$274,960, but the rate of decrease was less than the 37.8 percent fall in the annual median price in 2008. The slower pace of the decline is a good sign that the housing market is turning around and will continue with positive activity in 2010.



The year 2009 turned out to be a turning point in the housing market, with many signs of improvement: sales grew, the inventory levels shrank, and the median price decreased at a lower pace than in 2008 and showed positive year-over-year growth for the first time in two years. These are good indicators of anticipated improved conditions in the real estate market in 2010.

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