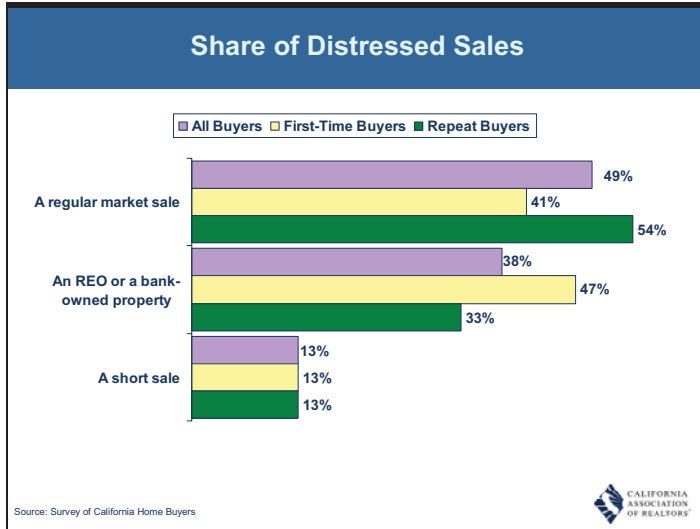




Sales Surged as Buyers Gained Interest in Distressed Properties

After back-to-back years of steep decreases in sales, annual sales in the California housing market bounced back and increased 27 percent to 439,830 in units in 2008. The first quarter of 2009 extended the rally in sales and showed a strong performance with a seasonally adjusted annualized sales figure of 590,390, an 83 percent increase from the same quarter of 2008. The increase in sales was due in large part to the growth in the absorption of distressed properties with huge mark-down in prices.

Distressed Properties Dominated Areas with High Growth in Sales



Results from the 2009 Survey of California Home Buyers show that distressed sales made up more than half of the sales in California. While 49 percent of all buyers from the survey bought a home through a regular market sale, 38 percent bought an REO/bank-owned property, and 13 percent bought a short-sale property.

Counties where distressed sales dominated were areas that experienced highest growth in sales in the first quarter. Solano, Riverside, San Bernardino, and Kern – counties in which over 80 percent of home sales were distressed sales -- all had a year-to-year increase in sales of 169 percent, 108 percent, 136 percent, and 120 percent respectively in the first quarter of 2009.

Home Buyers Optimistic About Prices in the Long Run

With deeply discounted distressed sales flooding the market, prices dropped significantly since early 2008. The median price of existing detached homes declined 38.2 percent in 2008 from the previous year, a trend that continued into the first quarter of 2009 with a 40.1 percent decline.

Despite the decline in prices, home buyers were optimistic about the future direction of home prices in their neighborhood. Results from the 2009 Survey of California Home Buyers suggest that while fewer than one in 10 (8 percent) of buyers surveyed believed prices would go up over the next year, 34 percent believed prices would go up in the next 5 years, and 60 percent thought prices would go up in 10 years.

Buyer's Perception of Future Home Price Direction

	All Buyers			First-Time Buyers			Repeat Buyers		
	1 year	5 years	10 years	1 year	5 years	10 years	1 year	5 years	10 years
Up	8%	34%	60%	8%	34%	58%	9%	34%	61%
Down	2%	0%	0%	2%	0%	0%	2%	0%	0%
Flat	34%	18%	3%	33%	15%	3%	34%	19%	4%
Don't Know	56%	48%	37%	57%	51%	39%	55%	47%	35%

Q. Do you think home prices in your neighborhood will go up, down, or stay flat in 1 year? 5 years? 10 years?

Source: Survey of California Home Buyers



Brought to you by:



PACHECO REALTY & FINANCIAL SERVICES

...where excellence is a way of life.

WWW.PACHECOREALTY.COM



CALL US AT
1.800.474.0341