

C.A.R.'s 2010 Housing Market Forecast Released

The median home price in California will rise 3.3 percent to \$280,000 in 2010 compared with a projected median of \$271,000 this year, according to C.A.R.'s "2010 California Housing Market Forecast," presented today at CALIFORNIA REALTOR® EXPO 2009 in San Jose. Sales for 2010 are projected to decrease 2.3 percent to 527,500 units, compared with 540,000 units (projected) in 2009.

"California's housing market continued its strong sales rebound this year, resulting from the continued pace of distressed properties coming to market," said C.A.R. President James Liptak. "This follows two years of double-digit sales declines in 2006 and 2007. Looking ahead, we expect sales to moderate to a more sustainable pace."

"After experiencing its sharpest decline in history, we expect the median price to rise modestly next year," Liptak added. "2010 will mark the beginning of the 'new normal' for California's housing market. This 'new normal' likely will feature a steady stream of sales driven by distressed properties in the low end of the market, coupled with moderate home-price appreciation."

"With distressed properties accounting for nearly one-third of the sales in 2010, inventory will be relatively lean, less than six months during the off-season months, and a roughly four-month supply during the peak season," said C.A.R. and Vice President Leslie Appleton-Young. "We expect the median price to decrease slightly through the remainder of 2009 and into next year, then rise before leveling off next summer. For the year as a whole, home prices are forecast to reach \$280,000. The wild cards for 2010 include foreclosures, loan resets, the labor market, and the California budget crisis, as well as the actions of the federal government."