

THE 2007 ANNUAL REAL ESTATE REPORT

LOCAL MARKET TRENDS

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SOUTH SAN DIEGO COUNTY

January 2008

San Diego County Property Sales Continued to Fall in 2007

We asked the question last year, after three years of falling sales, whether or not 2006 would prove to be the bottom of the market. And, the answer is in: NO! Of course, this begs the question of whether or not 2007 will prove to be the bottom of the market. Hmmmm?

None of the talking heads could have predicted the credit crunch that quite effectively reduced demand. I would say decimated demand, but, in reality, decimated means lopping off 10%. No, the credit crunch did more than that in the last half of 2007. Plus, we still have a plethora of adjustable rate mortgages rising upwards waiting in the wings.

Yet, there are still signs that this year may see the market finally hit bottom: Bank of America is buying Countrywide, which will provide stability to the mortgage market, and many Sovereign Funds are injecting liquidity into the mortgage market, albeit not through any altruism, but because they're buying

assets for pennies on the dollar. Plus, the Fed will probably continue to lower interest rates, which will provide relief for consumer debt. Remember though, the Fed's actions have little if no effect on fixed mortgage rates.

On the the numbers. Sales of single-family, re-sale homes in 2007 were down for the fourth year in a row in San Diego County: falling 16.5%, a relief after the 23.4% drop in 2006. Condo sales were down 12.6%, compared to a drop of 26.1% in 2006. Another thing to remember, the lofty sales figures for 2002, 2003 and 2004, when sales peaked, where due to investor activity, not the simple supply and demand of people who wanted to buy homes to live in.

The median price for re-sale homes dropped 1.7%, the first drop since we've been keeping records: 1998. Of note, the average price rose 1.4%. This is a tale of two markets. The entry level market has been created by the credit crunch be-

cause buyers in this segment of the market depended upon no-doc and 100% financing loans to buy homes. These loans are gone, completely.

The \$1,000,000 plus market has, therefore, become a larger percentage of total sales, which has had the effect of keeping statistical prices higher than reality.

Of course, statistical prices have absolutely no bearing on what your home is worth or what you can buy a home for. That depends entirely upon the agreement you make with the buyer or seller.

As you go through the various charts and tables in this report, you will see that the lower priced cities have, for the most part, suffered the greatest decrease in sales.

Will the market bottom out this year? Perhaps. Probably not before the summer. In any event, subscribe to this report and stay tuned.

C.A.R.'s California Housing Market Forecast for 2008

Statewide median price down, pace of sales decline moderates after tumultuous 2007

Home prices throughout most of California will post modest declines next year while sales of existing homes will stabilize from the precipitous decrease experienced in 2007, according to the CALIFORNIA ASSOCIATION OF REALTORS® (C.A.R.) "2008 California Housing Market Forecast".

The median home price in California will decline 4 percent to \$553,000 in 2008 compared with a projected median of \$576,000 this year, while sales for 2008 are projected to decrease 9 percent to 334,500 units, compared with 367,500 units (projected) in 2007.

"Tighter credit standards, affordability concerns, and a continued standoff between buyers and sellers will contribute to continued weakness in the market going into next

year," said C.A.R. President Colleen Badagliacco. "Now is not the time for homeowners to 'test the waters' – only serious sellers should put their homes on the market in what will continue to be a challenging sales environment."

"Sales could decline more steeply in 2008 if the current liquidity crunch in the mortgage markets has a longer-than-expected duration or

(Continued on page 10)

Inside this issue are Annual statistics for:

- SAN DIEGO COUNTY
- SOUTH COUNTY
- BONITA
- CHULA VISTA
- IMPERIAL BEACH
- NATIONAL CITY
- OTAY MESA
- SAN YSIDRO

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THE 2007 ANNUAL REAL ESTATE REPORT

San Diego County (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$271,178	\$203,995	23,960	54	96.6%			
1999	\$300,019	\$225,000	25,396	50	96.6%	10.6%	10.3%	6.0%
2000	\$356,975	\$260,000	23,878	43	96.7%	19.0%	15.6%	-6.0%
2001	\$375,533	\$293,000	23,188	46	96.5%	5.2%	12.7%	-2.9%
2002	\$442,102	\$355,000	26,276	44	96.6%	17.7%	21.2%	13.3%
2003	\$515,324	\$417,000	27,065	43	96.7%	16.6%	17.5%	3.0%
2004	\$653,099	\$535,000	26,344	36	96.6%	26.7%	28.3%	-2.7%
2005	\$712,200	\$575,000	24,441	53	95.9%	9.0%	7.5%	-7.2%
2006	\$728,574	\$575,000	18,723	65	95.4%	2.3%	0.0%	-23.4%
2007	\$738,922	\$565,000	15,636	71	94.9%	1.4%	-1.7%	-16.5%

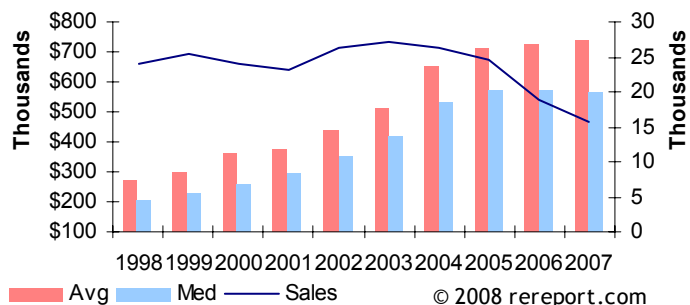
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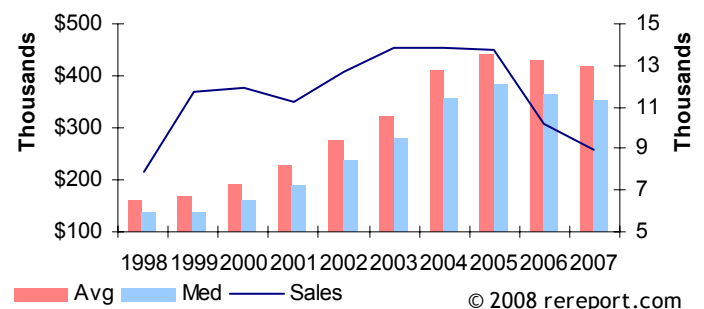
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San Diego County (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$162,839	\$137,000	7,884	50	97.6%			
1999	\$169,647	\$139,900	11,757	42	97.9%	4.2%	2.1%	49.1%
2000	\$193,003	\$160,000	11,904	30	98.2%	13.8%	14.4%	1.3%
2001	\$227,460	\$189,900	11,297	33	97.9%	17.9%	18.7%	-5.1%
2002	\$275,172	\$238,000	12,733	34	98.0%	21.0%	25.3%	12.7%
2003	\$321,906	\$280,000	13,840	36	97.8%	17.0%	17.6%	8.7%
2004	\$410,834	\$357,000	13,831	28	97.9%	27.6%	27.5%	-0.1%
2005	\$440,966	\$384,990	13,783	53	97.3%	7.3%	7.8%	-0.3%
2006	\$429,537	\$365,990	10,183	67	96.5%	-2.6%	-4.9%	-26.1%
2007	\$419,692	\$355,000	8,897	71	95.9%	-2.3%	-3.0%	-12.6%

San Diego County Homes



San Diego County Condos



THE 2007 ANNUAL REAL ESTATE REPORT

South San Diego County (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$192,789	\$169,900	1,848	67	97.6%			
1999	\$205,309	\$180,000	2,034	56	98.2%	6.5%	5.9%	10.1%
2000	\$238,494	\$215,000	2,021	41	98.1%	16.2%	19.4%	-0.6%
2001	\$275,221	\$253,000	2,096	40	97.9%	15.4%	17.7%	3.7%
2002	\$333,303	\$315,000	2,717	39	98.3%	21.1%	24.5%	29.6%
2003	\$413,587	\$387,250	2,988	39	97.7%	24.1%	22.9%	10.0%
2004	\$547,247	\$525,000	3,119	29	98.0%	32.3%	35.6%	4.4%
2005	\$617,923	\$580,000	2,927	52	97.7%	12.9%	10.5%	-6.2%
2006	\$615,002	\$565,000	2,122	68	96.8%	-0.5%	-2.6%	-27.5%
2007	\$550,497	\$505,000	1,463	72	96.5%	-10.5%	-10.6%	-31.1%

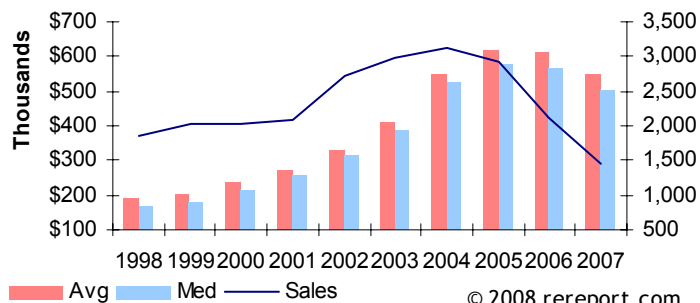
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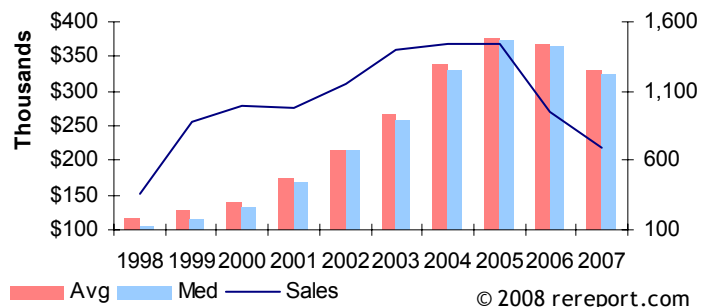
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South San Diego County (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$117,858	\$107,150	360	73	97.7%			
1999	\$127,972	\$115,000	880	59	98.4%	8.6%	7.3%	144.4%
2000	\$139,858	\$131,000	991	35	99.0%	9.3%	13.9%	12.6%
2001	\$174,072	\$167,900	973	32	98.7%	24.5%	28.2%	-1.8%
2002	\$216,042	\$214,000	1,156	31	99.0%	24.1%	27.5%	18.8%
2003	\$267,330	\$260,000	1,404	38	98.7%	23.7%	21.5%	21.5%
2004	\$339,910	\$330,000	1,441	22	98.1%	27.1%	26.9%	2.6%
2005	\$376,434	\$375,000	1,448	52	98.2%	10.7%	13.6%	0.5%
2006	\$367,923	\$364,750	948	66	97.9%	-2.3%	-2.7%	-34.5%
2007	\$329,966	\$325,000	697	72	97.5%	-10.3%	-10.9%	-26.5%

South San Diego County Homes



South San Diego County Condos



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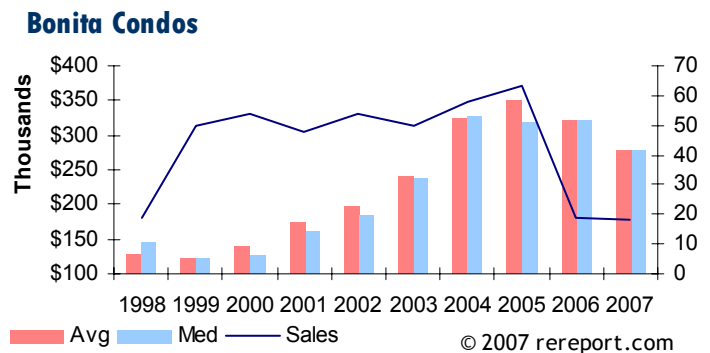
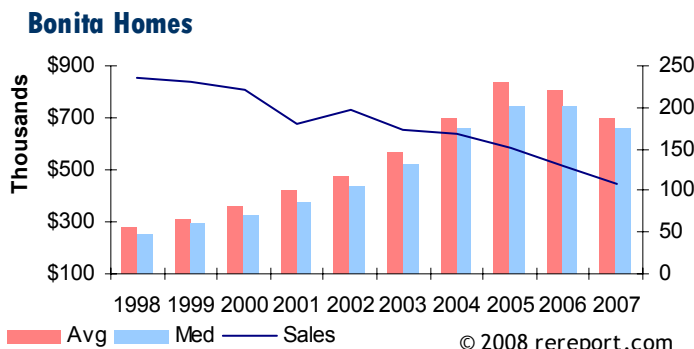
Bonita (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$280,143	\$256,000	235	78	96.5%			
1999	\$310,327	\$290,000	231	63	96.3%	10.8%	13.3%	-1.7%
2000	\$364,172	\$322,700	220	56	96.6%	17.4%	11.3%	-4.8%
2001	\$421,603	\$380,000	180	60	96.5%	15.8%	17.8%	-18.2%
2002	\$479,684	\$440,000	196	51	97.1%	13.8%	15.8%	8.9%
2003	\$566,740	\$525,000	172	50	96.4%	18.1%	19.3%	-12.2%
2004	\$697,057	\$662,500	168	34	96.9%	23.0%	26.2%	-2.3%
2005	\$842,192	\$750,000	152	59	94.1%	20.8%	13.2%	-9.5%
2006	\$811,417	\$749,500	131	66	94.8%	-3.7%	-0.1%	-13.8%
2007	\$703,023	\$660,000	107	71	94.4%	-13.4%	-11.9%	-18.3%

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Bonita (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$127,862	\$145,000	19	52	96.4%			
1999	\$123,566	\$121,725	50	45	98.5%	-3.4%	-16.1%	163.2%
2000	\$140,346	\$127,000	54	18	99.0%	13.6%	4.3%	8.0%
2001	\$174,006	\$159,750	48	25	98.2%	24.0%	25.8%	-11.1%
2002	\$198,222	\$185,000	54	24	98.8%	13.9%	15.8%	12.5%
2003	\$240,755	\$237,500	50	25	97.8%	21.5%	28.4%	-7.4%
2004	\$325,972	\$327,500	58	27	99.1%	35.4%	37.9%	16.0%
2005	\$350,865	\$320,000	63	61	97.8%	7.6%	-2.3%	8.6%
2006	\$321,758	\$321,000	19	68	95.3%	-8.3%	0.3%	-69.8%
2007	\$278,572	\$279,000	18	68	96.0%	-13.4%	-13.1%	-5.3%



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Chula Vista (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$198,504	\$179,000	1,121	63	97.7%			
1999	\$213,990	\$197,000	1,147	51	98.4%	7.8%	10.1%	2.3%
2000	\$242,270	\$225,000	1,236	40	98.2%	13.2%	14.2%	7.8%
2001	\$278,169	\$263,000	1,368	38	98.1%	14.8%	16.9%	10.7%
2002	\$342,520	\$330,000	1,811	39	98.4%	23.1%	25.5%	32.4%
2003	\$425,626	\$400,000	2,063	40	97.8%	24.3%	21.2%	13.9%
2004	\$569,989	\$549,000	2,100	28	98.1%	33.9%	37.3%	1.8%
2005	\$640,997	\$600,000	1,942	52	98.1%	12.5%	9.3%	-7.5%
2006	\$638,521	\$585,000	1,373	67	97.1%	-0.4%	-2.5%	-29.3%
2007	\$573,920	\$529,000	983	72	96.6%	-10.1%	-9.6%	-28.4%

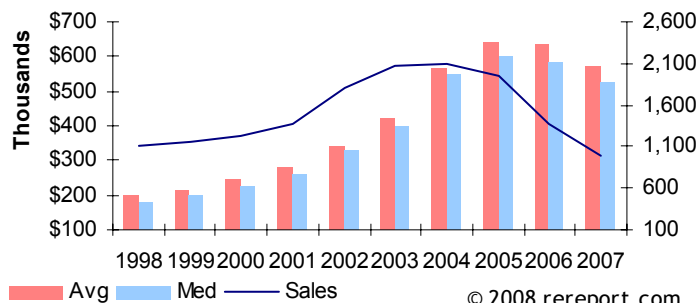
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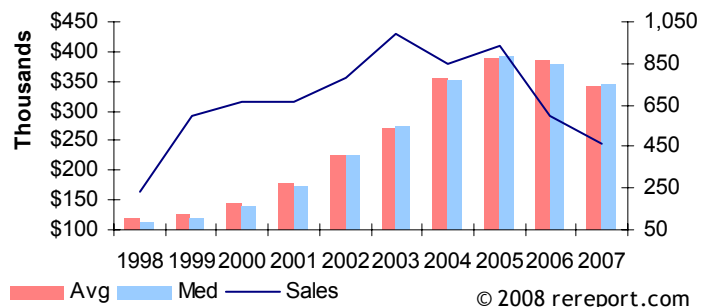
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Chula Vista (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$118,645	\$112,750	236	66	98.3%			
1999	\$126,024	\$120,000	597	53	98.8%	6.2%	6.4%	153.0%
2000	\$144,148	\$139,900	668	34	99.2%	14.4%	16.6%	11.9%
2001	\$177,739	\$174,950	662	28	98.9%	23.3%	25.1%	-0.9%
2002	\$223,999	\$225,000	779	27	99.1%	26.0%	28.6%	17.7%
2003	\$271,535	\$275,000	990	33	98.6%	21.2%	22.2%	27.1%
2004	\$354,838	\$354,000	845	21	98.7%	30.7%	28.7%	-14.6%
2005	\$390,791	\$393,500	932	52	98.3%	10.1%	11.2%	10.3%
2006	\$385,598	\$379,500	596	74	97.7%	-1.3%	-3.6%	-36.1%
2007	\$342,473	\$345,000	468	70	97.5%	-11.2%	-9.1%	-21.5%

Chula Vista Homes



Chula Vista Condos



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Imperial Beach (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$152,368	\$144,950	80	71	98.1%			
1999	\$175,510	\$165,000	111	61	97.1%	15.2%	13.8%	38.8%
2000	\$210,101	\$194,950	106	37	97.4%	19.7%	18.2%	-4.5%
2001	\$253,577	\$245,000	94	42	96.6%	20.7%	25.7%	-11.3%
2002	\$311,876	\$299,000	93	49	98.1%	23.0%	22.0%	-1.1%
2003	\$379,415	\$362,500	110	36	98.0%	21.7%	21.2%	18.3%
2004	\$503,510	\$494,500	102	43	96.9%	32.7%	36.4%	-7.3%
2005	\$539,786	\$516,500	106	61	97.6%	7.2%	4.4%	3.9%
2006	\$560,850	\$505,000	94	101	95.4%	3.9%	-2.2%	-11.3%
2007	\$452,836	\$445,000	59	81	97.2%	-19.3%	-11.9%	-37.2%

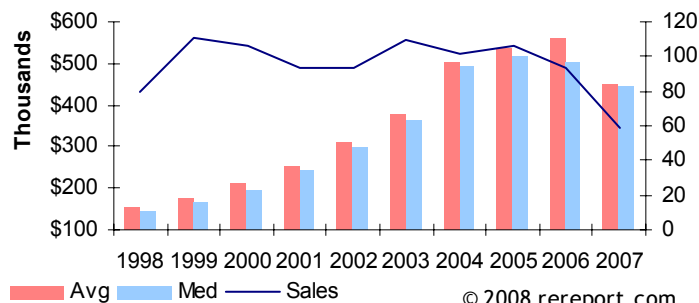
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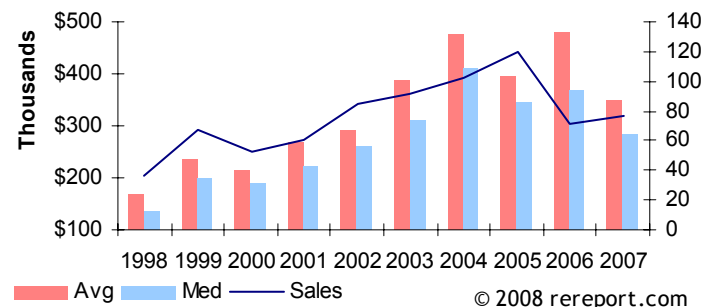
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Imperial Beach (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$167,330	\$135,000	37	114	95.9%			
1999	\$234,027	\$200,000	67	116	96.2%	39.9%	48.1%	81.1%
2000	\$215,409	\$190,000	53	82	97.1%	-8.0%	-5.0%	-20.9%
2001	\$269,438	\$223,000	61	89	97.0%	25.1%	17.4%	15.1%
2002	\$293,421	\$260,000	85	89	98.4%	8.9%	16.6%	39.3%
2003	\$387,697	\$312,000	91	122	100.6%	32.1%	20.0%	7.1%
2004	\$477,218	\$410,000	102	45	96.6%	23.1%	31.4%	12.1%
2005	\$397,155	\$345,000	120	67	97.5%	-16.8%	-15.9%	17.6%
2006	\$479,690	\$369,990	71	67	97.4%	20.8%	7.2%	-40.8%
2007	\$350,959	\$285,000	77	70	97.6%	-26.8%	-23.0%	8.5%

Imperial Beach Homes



Imperial Beach Condos



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National City (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$118,033	\$120,000	132	72	97.7%			
1999	\$134,851	\$135,000	202	73	98.1%	14.2%	12.5%	53.0%
2000	\$159,828	\$159,950	160	41	99.2%	18.5%	18.5%	-20.8%
2001	\$186,215	\$185,000	141	44	98.6%	16.5%	15.7%	-11.9%
2002	\$227,273	\$229,950	192	35	99.0%	22.0%	24.3%	36.2%
2003	\$297,023	\$300,000	158	37	96.8%	30.7%	30.5%	-17.7%
2004	\$379,631	\$380,000	170	29	98.6%	27.8%	26.7%	7.6%
2005	\$441,376	\$430,000	190	44	97.8%	16.3%	13.2%	11.8%
2006	\$444,536	\$450,000	141	61	96.3%	0.7%	4.7%	-25.8%
2007	\$394,843	\$399,000	106	66	96.5%	-11.2%	-11.3%	-24.8%

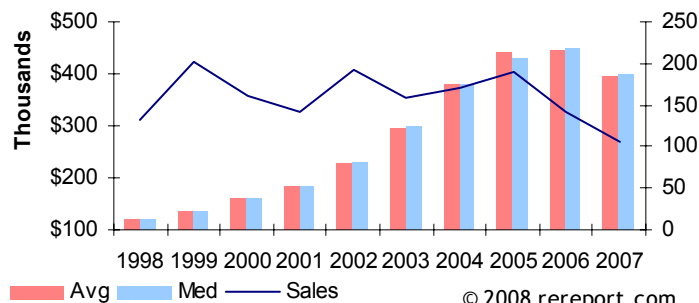
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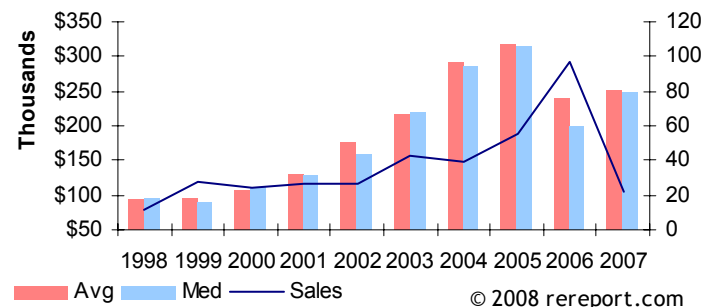
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National City (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$92,504	\$94,750	12	77	98.9%			
1999	\$97,064	\$89,950	28	85	98.8%	4.9%	-5.1%	133.3%
2000	\$108,850	\$112,000	24	18	99.8%	12.1%	24.5%	-14.3%
2001	\$130,983	\$126,900	26	30	99.0%	20.3%	13.3%	8.3%
2002	\$175,940	\$161,000	26	14	100.0%	34.3%	26.9%	0.0%
2003	\$218,083	\$220,000	43	32	97.5%	24.0%	36.6%	65.4%
2004	\$292,264	\$287,000	39	24	98.3%	34.0%	30.5%	-9.3%
2005	\$319,427	\$315,000	55	40	98.6%	9.3%	9.8%	41.0%
2006	\$240,256	\$199,900	97	19	99.5%	-24.8%	-36.5%	76.4%
2007	\$251,288	\$247,837	22	42	98.6%	4.6%	24.0%	-77.3%

National City Homes



National City Condos



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Otay Mesa (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$144,350	\$143,000	235	73	98.5%			
1999	\$158,444	\$156,000	286	57	100.3%	9.8%	9.1%	21.7%
2000	\$184,089	\$183,000	246	36	99.4%	16.2%	17.3%	-14.0%
2001	\$224,986	\$219,000	251	37	98.5%	22.2%	19.7%	2.0%
2002	\$280,563	\$270,000	336	32	98.4%	24.7%	23.3%	33.9%
2003	\$356,996	\$339,000	378	37	98.2%	27.2%	25.6%	12.5%
2004	\$485,815	\$455,000	498	30	98.1%	36.1%	34.2%	31.7%
2005	\$555,202	\$520,000	447	52	97.6%	14.3%	14.3%	-10.2%
2006	\$545,423	\$525,000	325	66	97.4%	-1.8%	1.0%	-27.3%
2007	\$469,885	\$461,250	178	73	97.4%	-13.8%	-12.1%	-45.2%

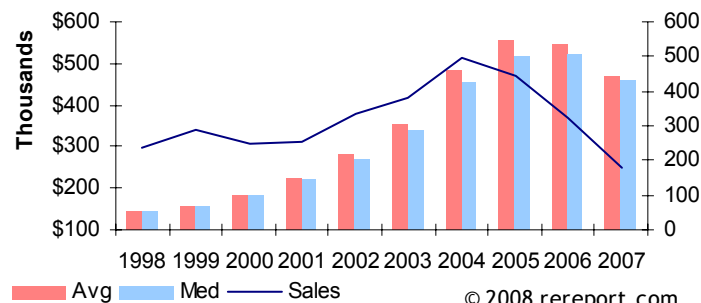
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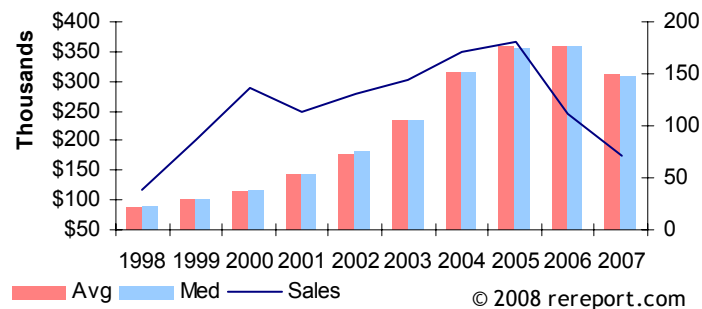
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Otay Mesa (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$87,441	\$90,000	38	86	97.4%			
1999	\$99,274	\$100,000	86	62	98.9%	13.5%	11.1%	126.3%
2000	\$114,107	\$117,250	136	35	99.7%	14.9%	17.3%	58.1%
2001	\$142,597	\$144,750	114	30	98.8%	25.0%	23.5%	-16.2%
2002	\$178,026	\$180,000	131	27	99.2%	24.8%	24.4%	14.9%
2003	\$235,527	\$235,000	144	29	98.6%	32.3%	30.6%	9.9%
2004	\$316,346	\$315,000	172	24	99.2%	34.3%	34.0%	19.4%
2005	\$360,976	\$355,000	180	45	97.8%	14.1%	12.7%	4.7%
2006	\$361,217	\$360,000	111	69	97.8%	0.1%	1.4%	-38.3%
2007	\$312,373	\$308,000	71	91	97.6%	-13.5%	-14.4%	-36.0%

Otay Mesa Homes



Otay Mesa Condos



THE 2007 ANNUAL REAL ESTATE REPORT

San Ysidro (Single Family Homes)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$138,333	\$140,000	45	69	98.2%			
1999	\$147,909	\$146,500	57	57	98.6%	6.9%	4.6%	26.7%
2000	\$175,539	\$175,000	53	48	99.4%	18.7%	19.5%	-7.0%
2001	\$223,813	\$229,900	62	32	99.6%	27.5%	31.4%	17.0%
2002	\$273,629	\$270,000	89	36	99.2%	22.3%	17.4%	43.5%
2003	\$342,444	\$350,000	107	38	98.2%	25.1%	29.6%	20.2%
2004	\$431,460	\$430,000	81	31	98.3%	26.0%	22.9%	-24.3%
2005	\$517,536	\$522,500	90	56	98.2%	19.9%	21.5%	11.1%
2006	\$506,690	\$525,000	58	76	97.3%	-2.1%	0.5%	-35.6%
2007	\$459,359	\$467,000	30	76	97.6%	-9.3%	-11.0%	-48.3%

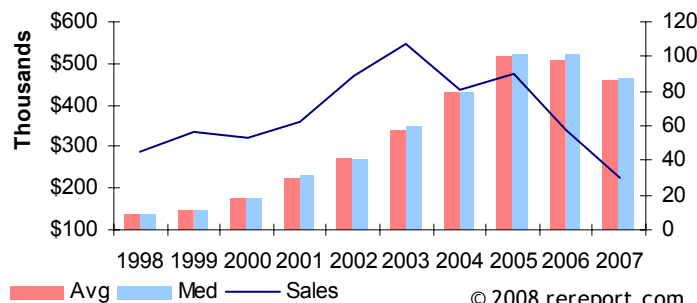
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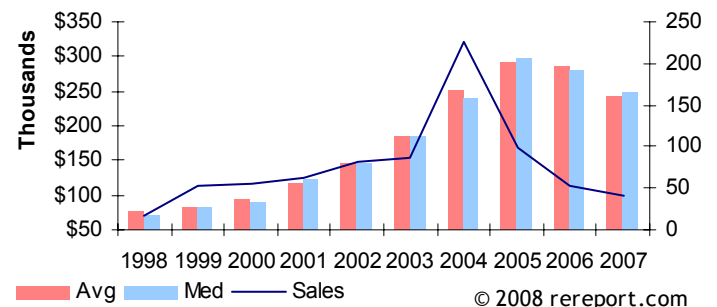
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San Ysidro (Condominiums)								
	Prices		Other			Percent Change		
	Average	Median	Sold	DOM	SP/LP	Average	Median	Sold
1998	\$76,393	\$71,500	18	71	97.8%			
1999	\$82,042	\$80,950	52	59	98.2%	7.4%	13.2%	188.9%
2000	\$92,550	\$91,500	56	41	98.6%	12.8%	13.0%	7.7%
2001	\$117,084	\$120,750	62	35	98.5%	26.5%	32.0%	10.7%
2002	\$144,547	\$144,000	81	29	98.4%	23.5%	19.3%	30.6%
2003	\$184,891	\$185,000	86	31	98.4%	27.9%	28.5%	6.2%
2004	\$251,467	\$240,000	225	14	94.6%	36.0%	29.7%	161.6%
2005	\$291,339	\$298,500	98	45	98.8%	15.9%	24.4%	-56.4%
2006	\$285,246	\$281,500	54	59	99.6%	-2.1%	-5.7%	-44.9%
2007	\$243,032	\$250,000	41	82	97.1%	-14.8%	-11.2%	-24.1%

San Ysidro Homes



San Ysidro Condos



Clayton J. Madisen

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C.A.R.'s California Housing Market Forecast for 2008

(Continued from page 1)

if interest rates unexpectedly increase," she said

"Geographically, more affordable regions such as the Central Valley and Inland Empire will experience greater softness in the resale market because of the large number of new homes coming onto the market in recent years," said C.A.R. Vice President and Chief Economist Leslie Appleton-Young. "Higher priced regions of the state, such as the San Francisco Bay Area and parts of San Diego, Los Angeles, and Orange counties will react more to affordability constraints."

"By price-range, the highest-priced markets – those with medians over \$1 million -- will show less stress," she said. "The lower-priced markets will continue to face fallout from the subprime crisis, tighter underwriting standards, and competition from new home developments where price-cutting has been even more severe."

C.A.R. economists also projected a 23 percent decline in sales this year to 367,500 units compared with 2006, and a 3.5 percent increase in the statewide median price to \$576,000. However, the projected increase in the 2007 statewide median stands in contrast to the situation in most counties,

regions, and communities of the state, where slight to modest year-to-year percentage declines have become more prevalent and will continue next year.

Historically, the last time the sales level fell below 2007's projected 367,500 units occurred in 1995, when annual sales totaled 342,540 units. Sales last fell below 2008's 334,500-unit forecast in 1985, with 328,270 units. The last time the statewide median price fell was a 0.5 percent decline in 1996. The most recent statewide median price decline greater than 4 percent was a 4.5 percent decline in 1993.