

California and Bay Area Situation—A Few Background Slides

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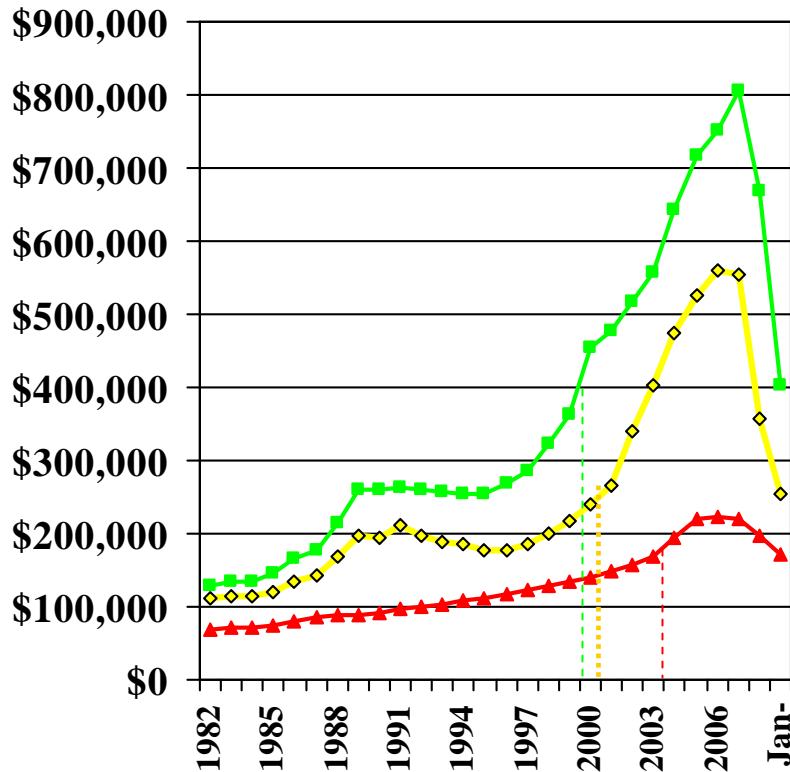
Perspectives given to SF Housing Action Coalition Meeting: After the Fall—
Charting a New Course for Housing
San Francisco, April 1, 2009

Major California and Bay Area Impacts

- Home prices down; how much? By what measure?
- Sales down and then sharply rise
- Building activity has fallen through the floor
- Economic downturn spreading from building, real estate and finance to other sectors—how bad is the contagion?
- Impact varies by location; Bay Area not immune

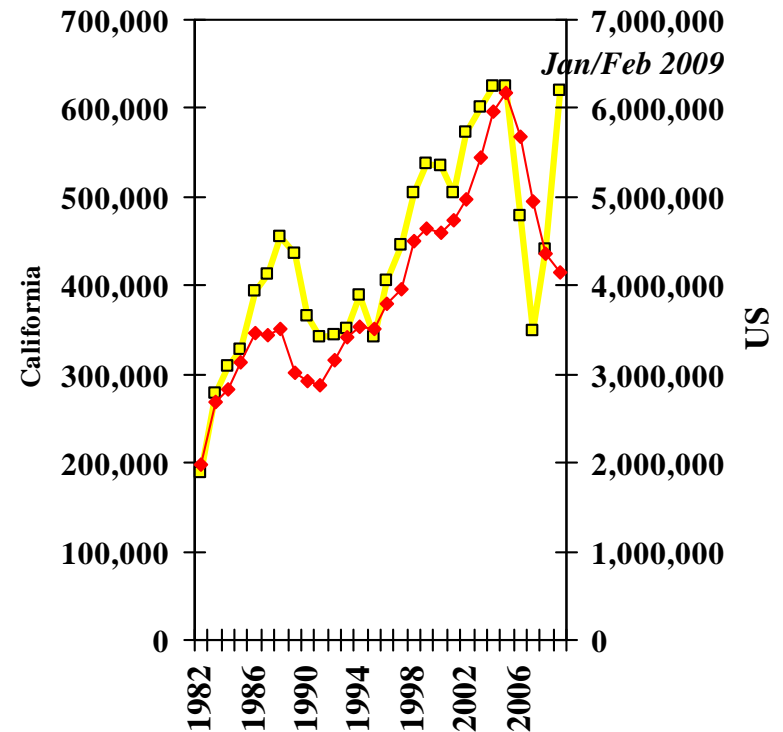
Home Prices and Sales

Median Price



◆ California
 ■ SFBA
 ▲ United States

Home Sales

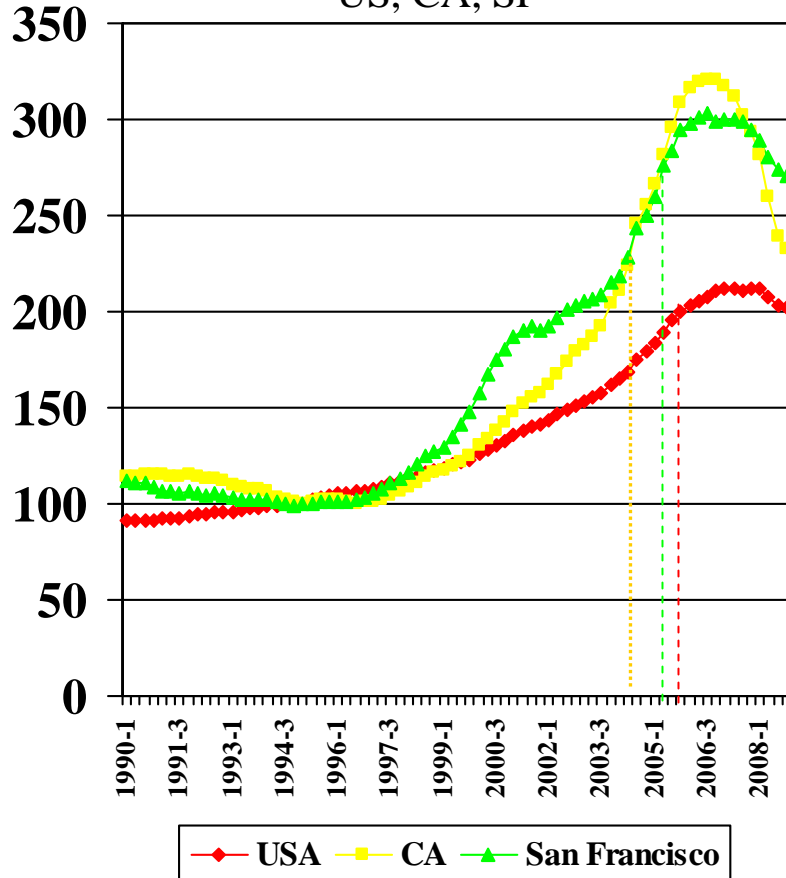


■ California
 ◆ US

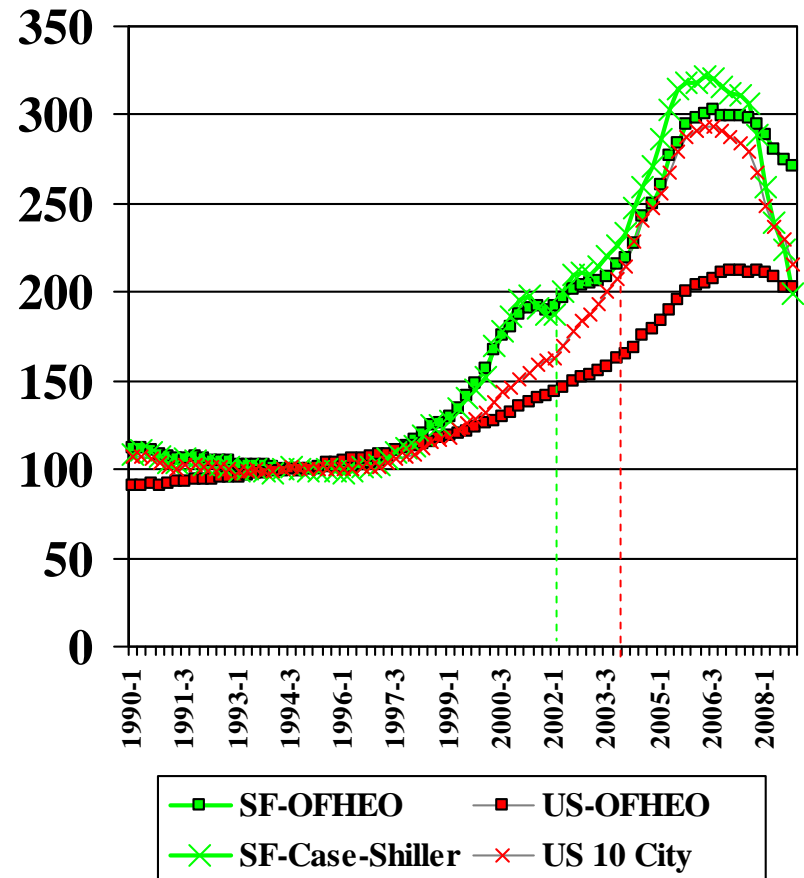
Source: FCREUE from California Association of Realtors; National Association of Realtors data

Same Home Sales Index

OFHEO Index
US, CA, SF



OFHEO vs Case-Shiller
US and SF



Source: FCREUE from OFHEO and Case-Shiller data downloaded from web sites.

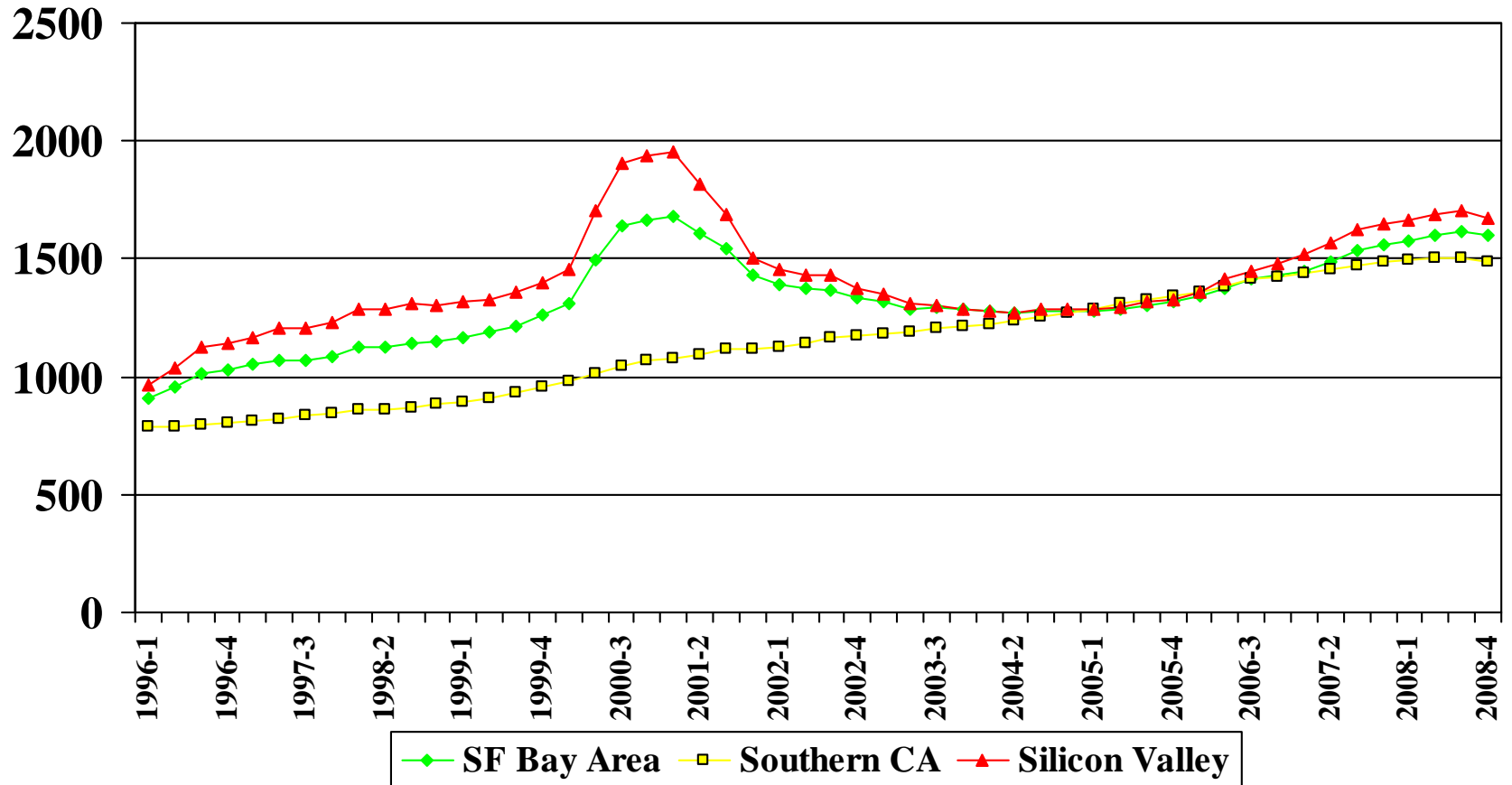
Median Home Price Changes, 2007-2008

Selected Bay Area Zip Codes

City/Zip	Price/SqFt	Change in # of Sales	Change in Price/SqFt
Piedmont/ 94611	\$447	-20.4%	-9.7%
Oakland/ 94618	\$538	-24.1%	-0.7%
Oakland/ 94601	\$179	14.5%	-52.6%
Antioch/94509	\$127	139.8%	-51.3%
San Francisco/ 94109	\$1,182	-9.9%	8.7%

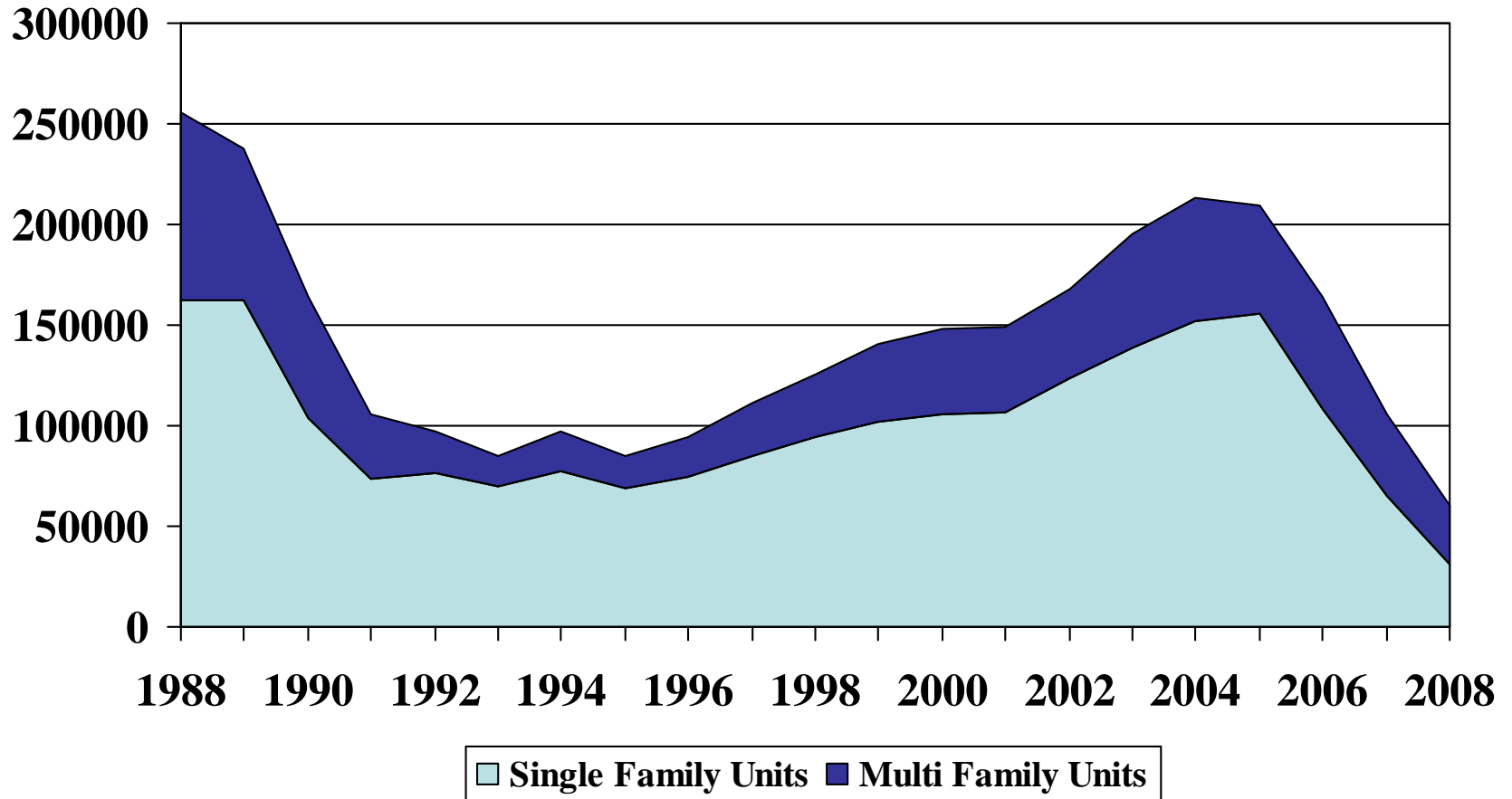
Source: Dataquick.

Average Apartment Rents



Source: RealFacts from Real Estate Research Council of Northern California

California Residential Building Permits 1988-2008

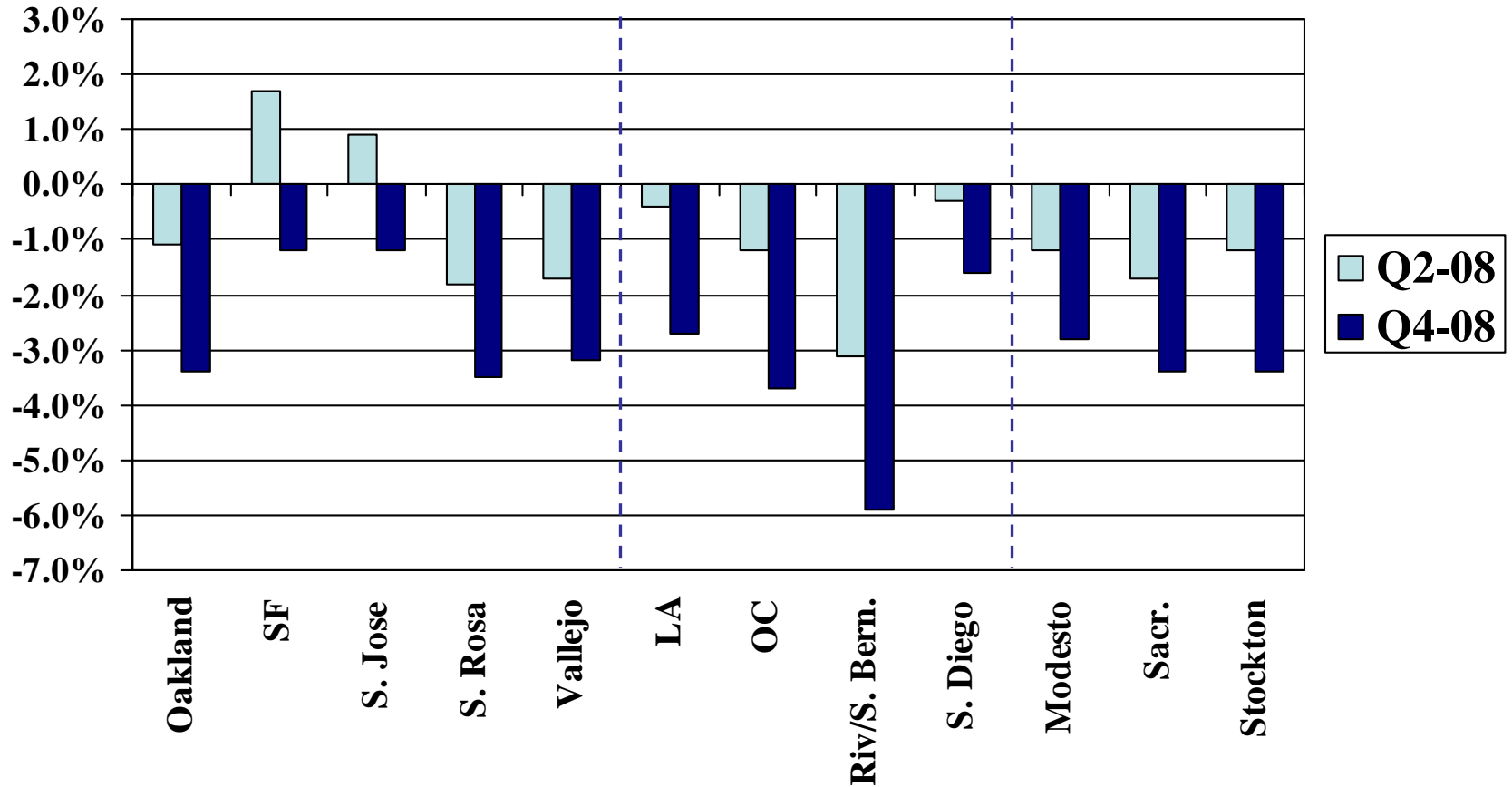


Source: FCREUE from Construction Industry Research Board data.

Employment Change, California Metro Areas

-2.5%/-400,000 Jobs Statewide

2nd Quarter and 4th Quarter 2008 (Annual ROC)



Source: FCREUE from California Employment Development Department data.

The Questions Going Forward

- How long will this “correction” to home prices last?
- Is California’s affordability problem over?
- What are the long term implications for economic growth in California?
 - If the 2001 recovery was built from the housing bubble, did the economy ever really recover?
 - If the 1994 recovery was built on the dot com bubble, did the economy ever recover from the defense downsizing?
 - Will lower home prices make California businesses more competitive?
 - What will drive economic growth going forward? The skilled/tech base? Effects on real estate? On affordability?