



Testimony to the Joint Oversight Hearing of the Housing and Community Development and Banking and Finance Committees

The California Real Estate Market in 2011

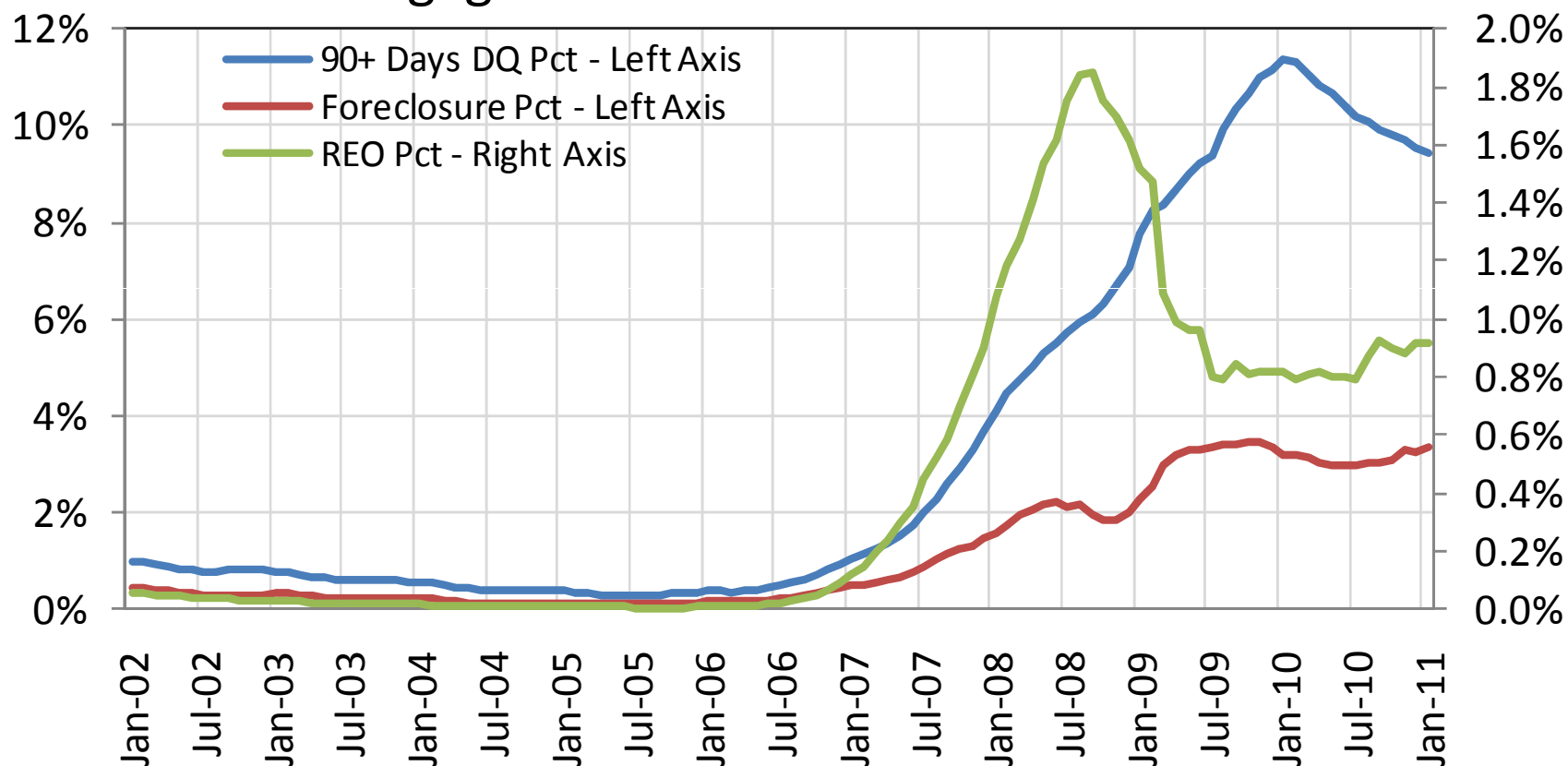
Mark Fleming
Chief Economist

March 14, 2011

Distress Stabilizing

REO Share Declining More Dramatically Than Nationally

Mortgage Performance and Foreclosures

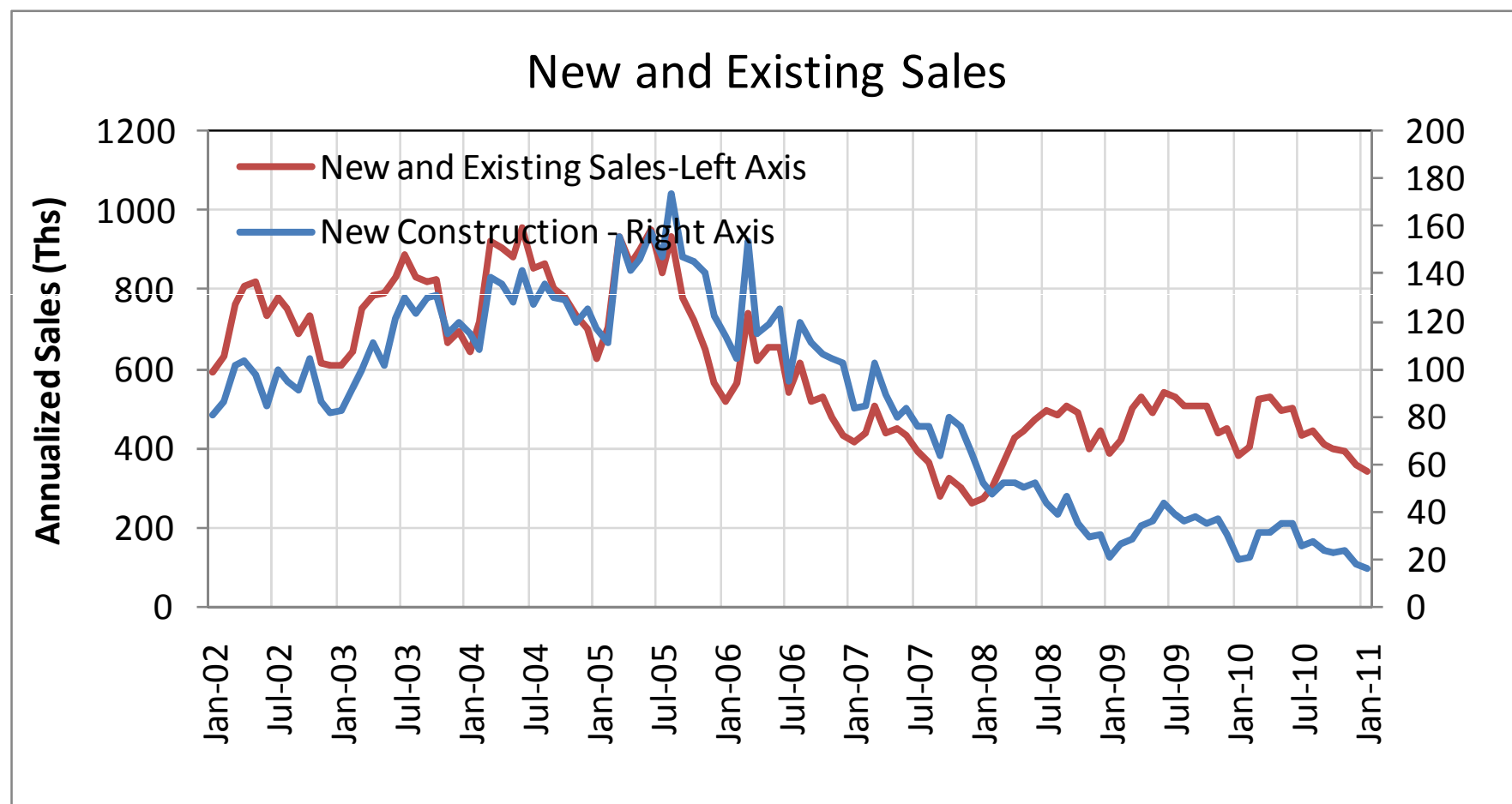


Source: CoreLogic

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Demand is Low, Volatility is Driven by New Sales

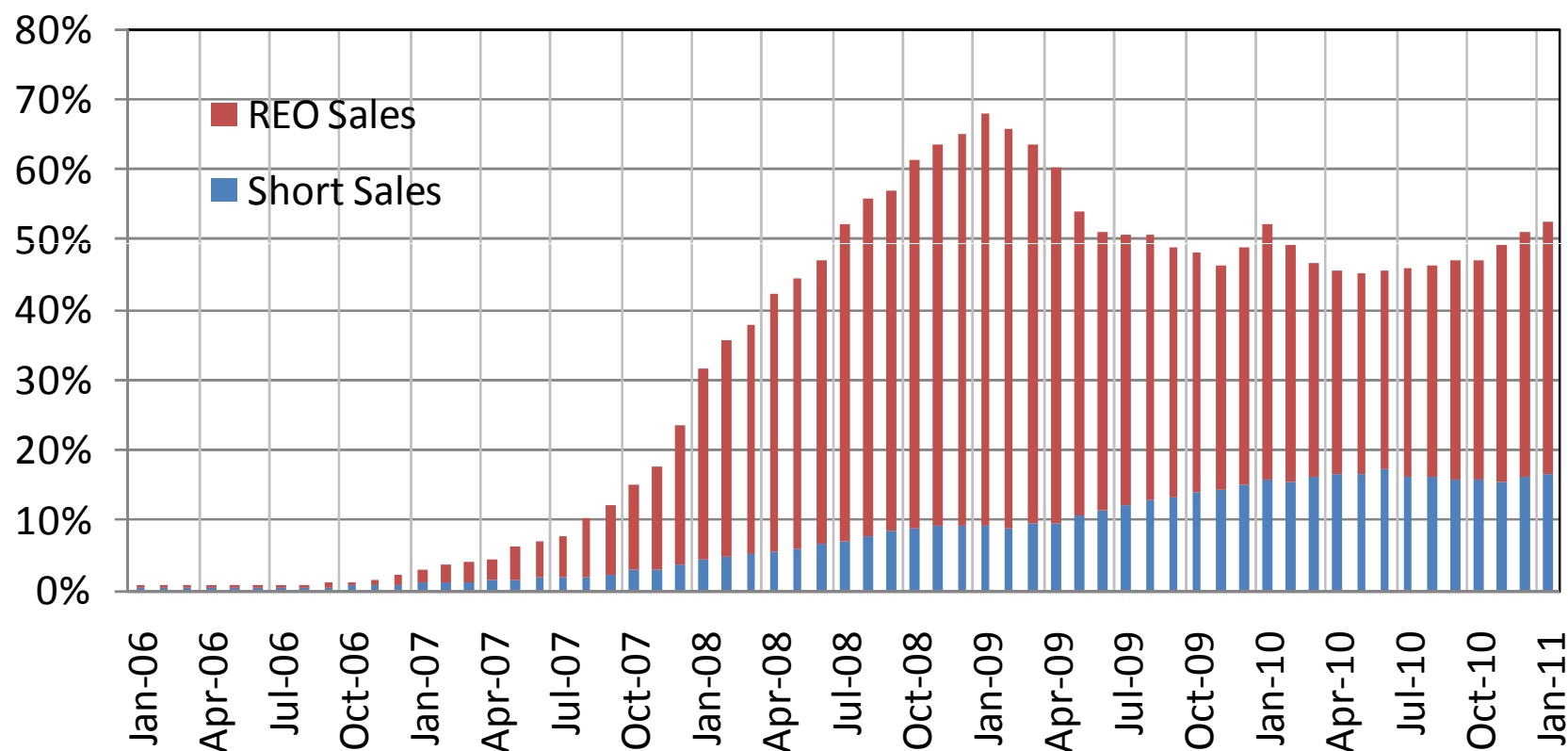
The Total Market is 36% Off The Peak In 2005



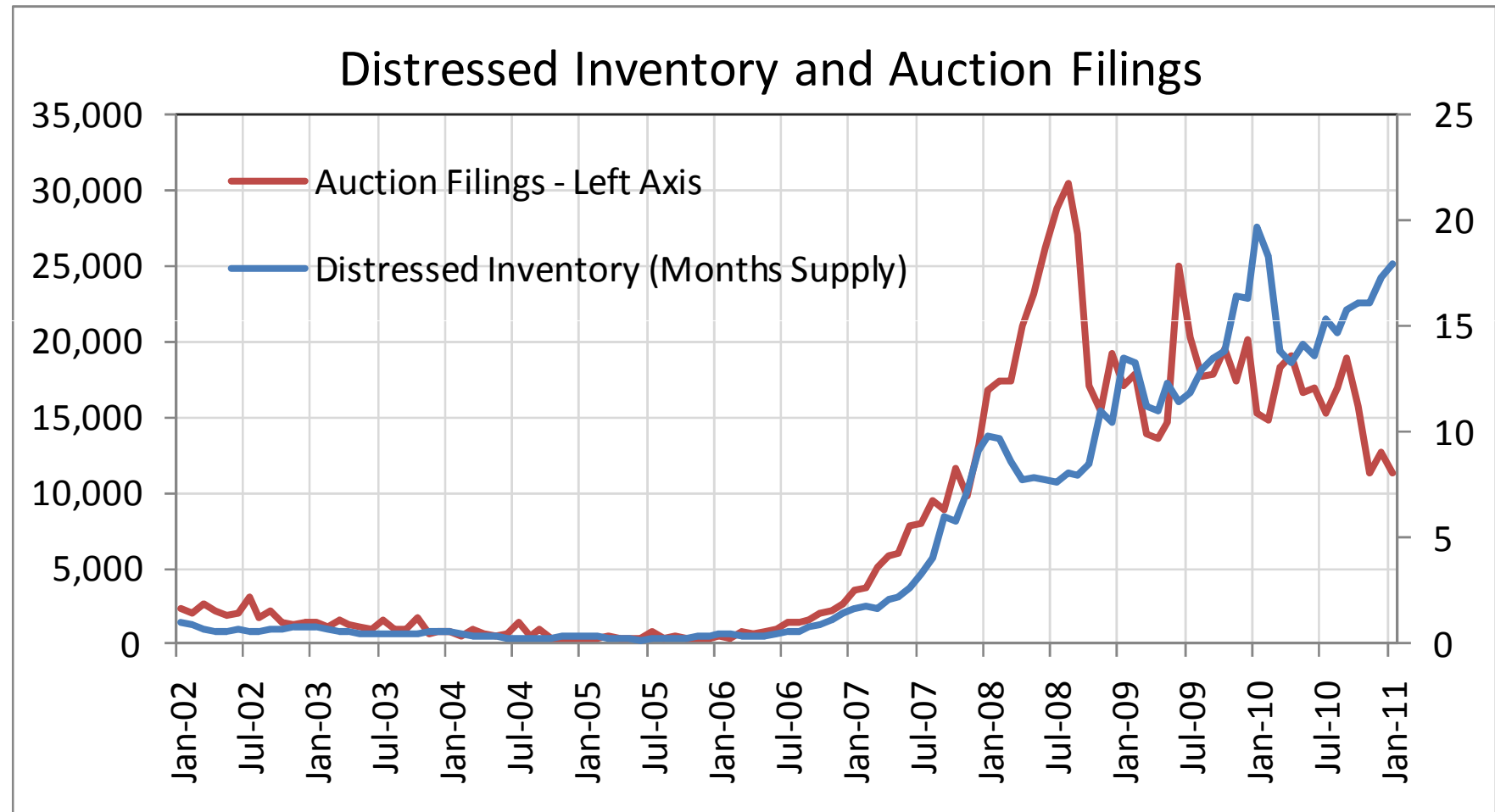
Distressed Sales Significant in Today's Market

Currently The REO Share is 36%, Short Sale Share is 16%

REO & Short Sale Share as a % of Total Sales



Distressed “Shadow” Inventory is Significant Even As Auction Filings Have Slowed

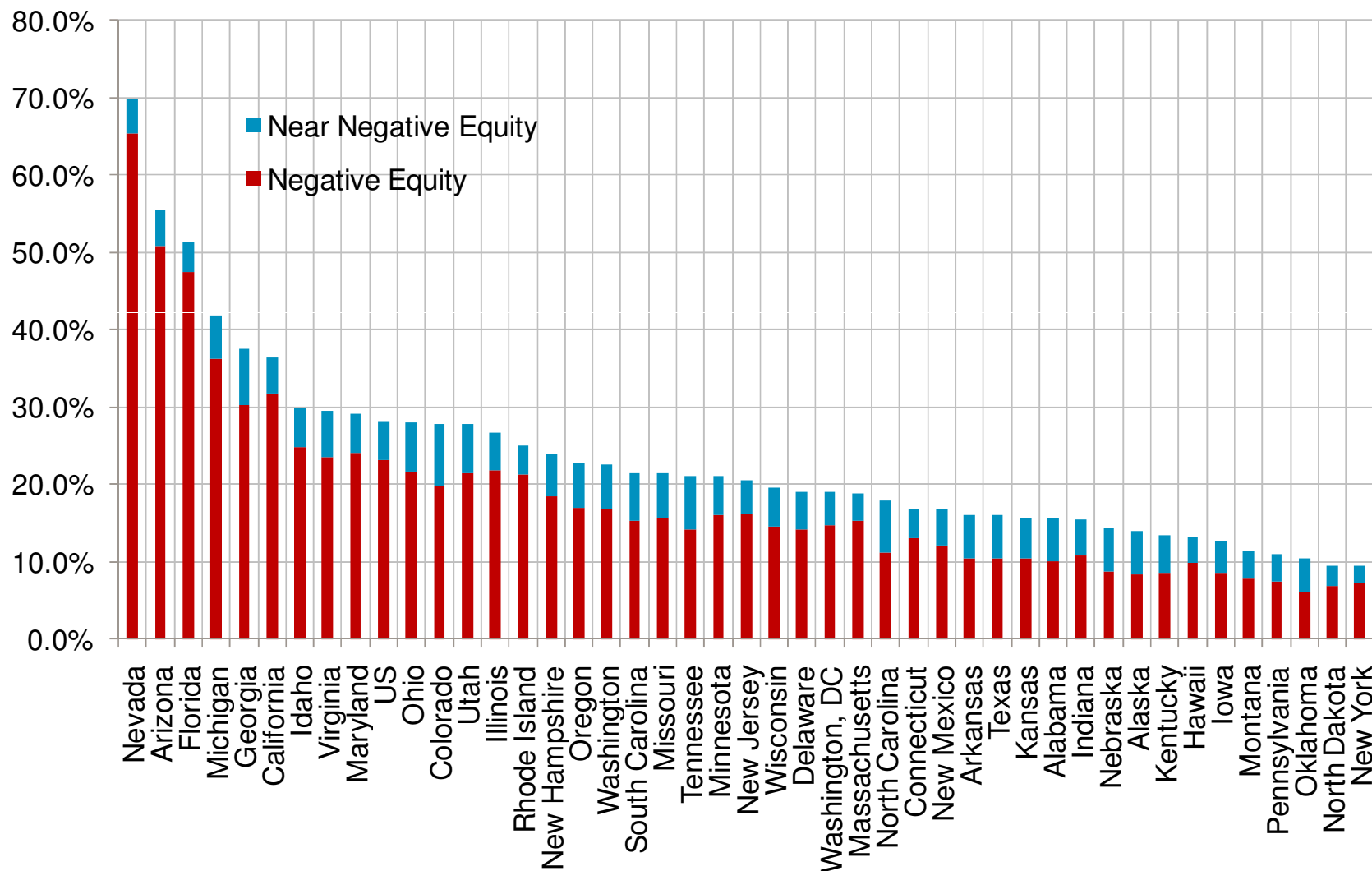


Source: CoreLogic, NAR

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Negative Equity Reduces Mobility and Turnover

31.8% Negative Equity, 4.5% Near Negative Equity in CA, Q4 2010

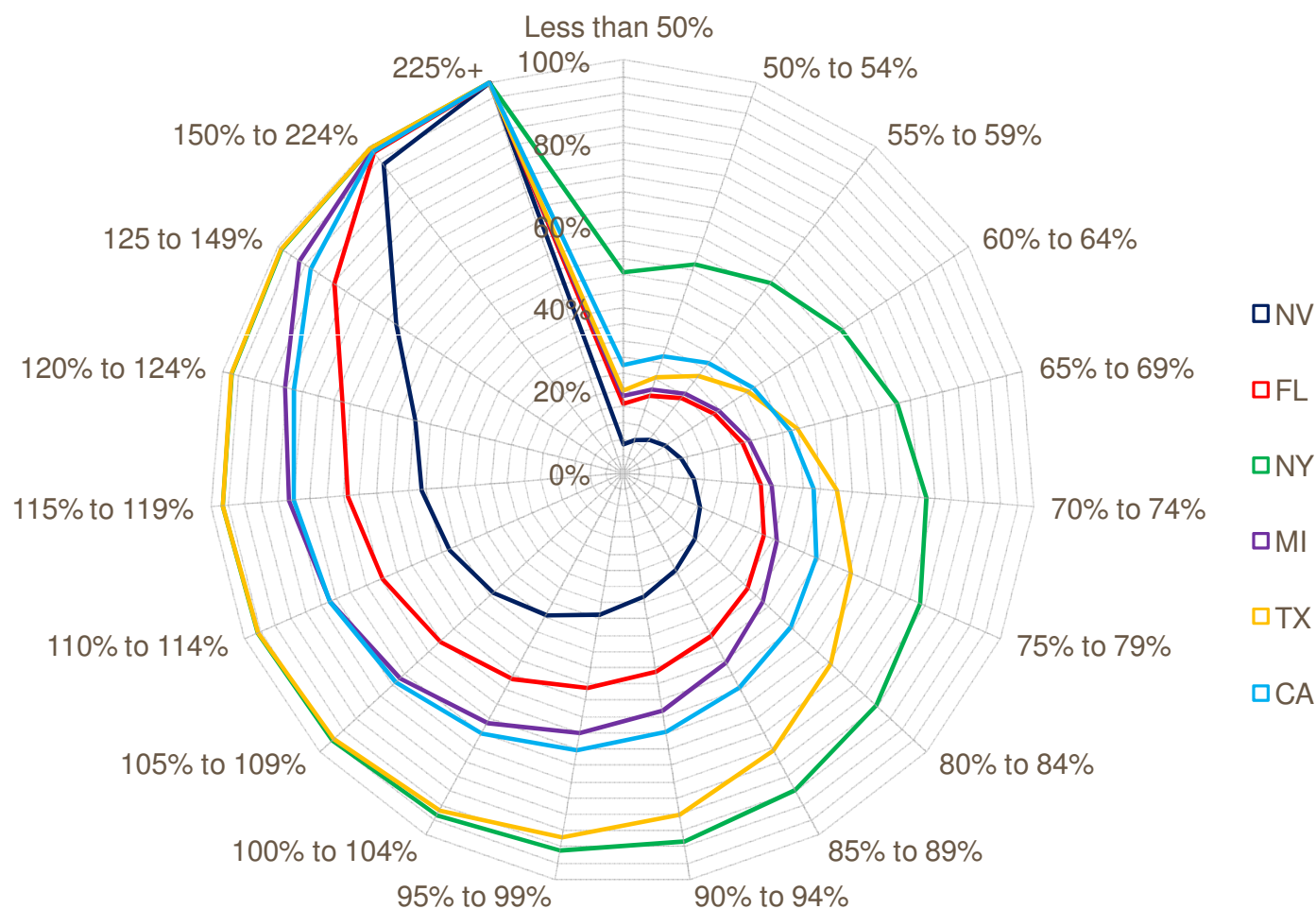


Source: CoreLogic. As of January, 2011.

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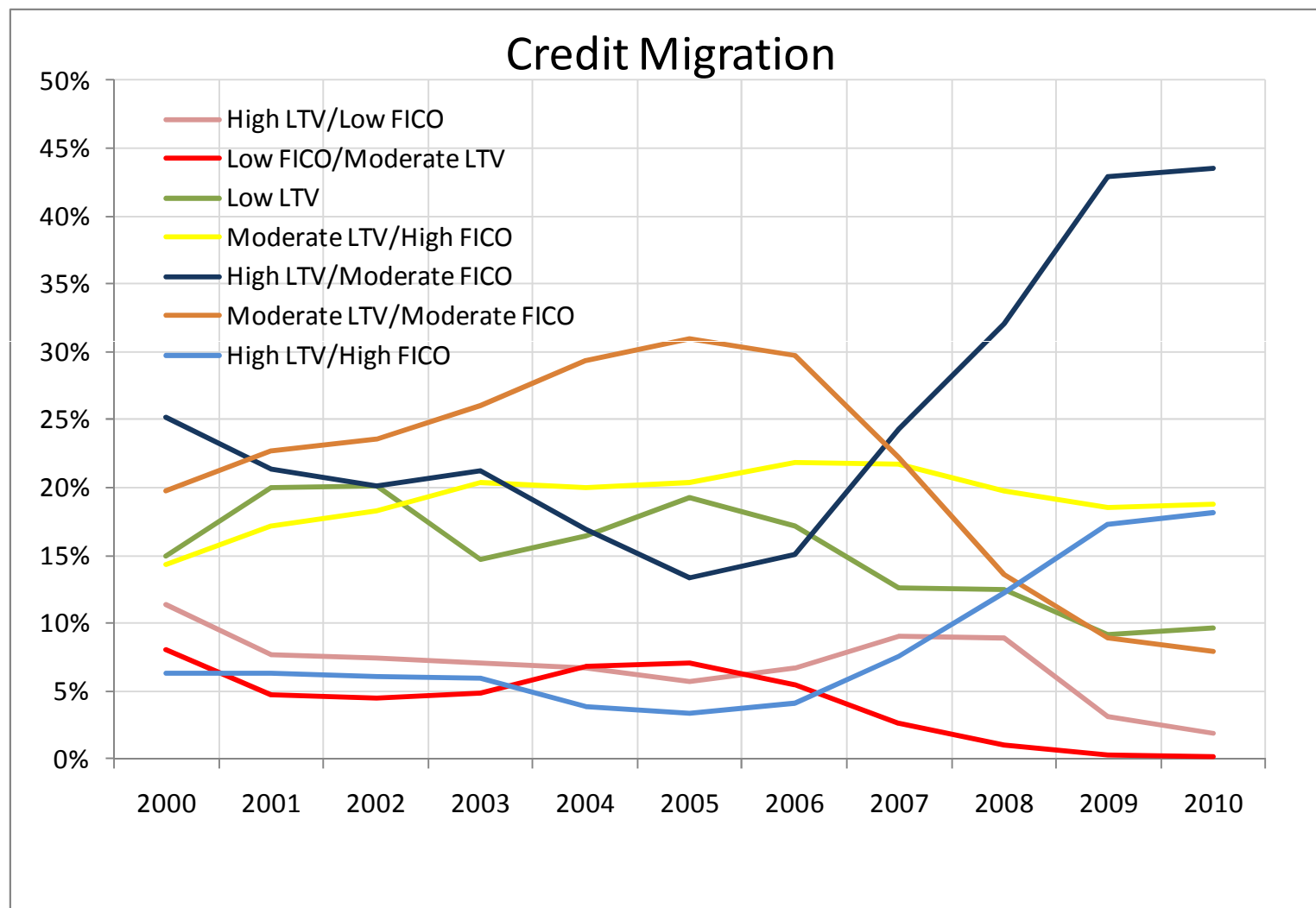
Negative Equity Reduces Mobility and Turnover

California Has A Significant High Negative Equity Share, Q4 2010



Availability of Credit and Credit Migration

Share of Owner Occupied First Mortgage Originations

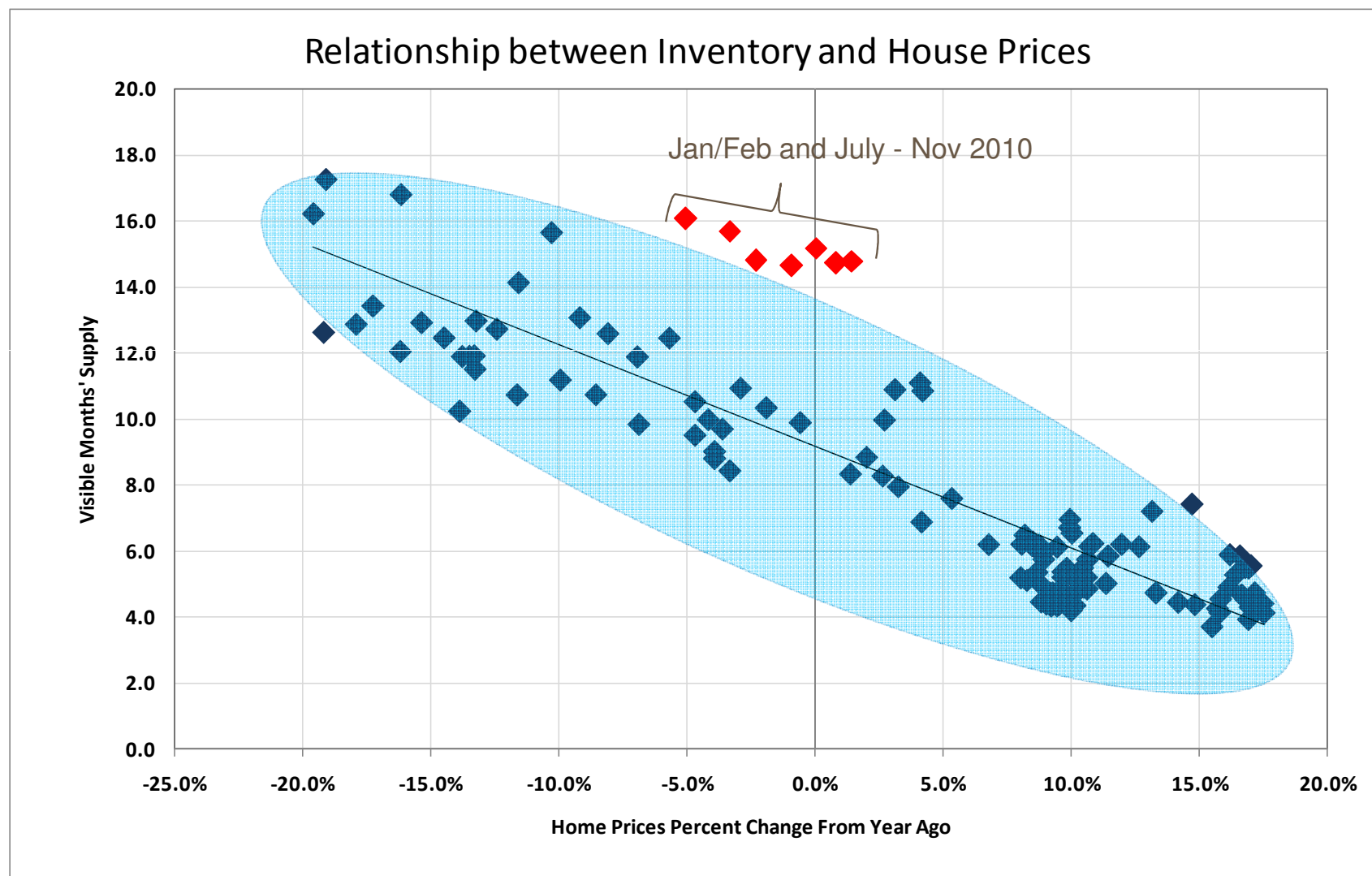


Source: CoreLogic

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Residential Inventory Drives Prices

The Visible Inventory Alone Implies Another 15-20% Decline

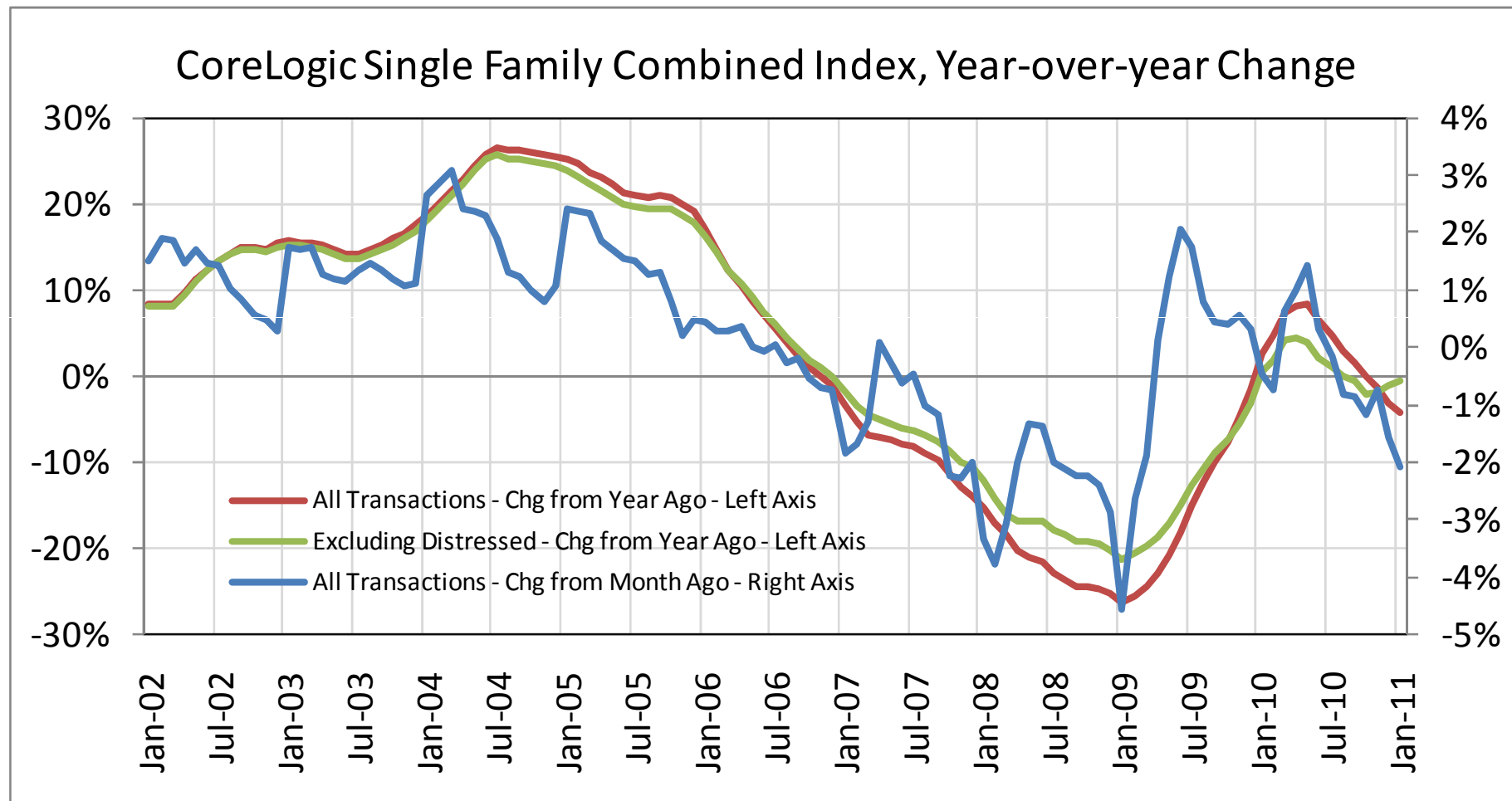


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Prices are Particularly Volatile

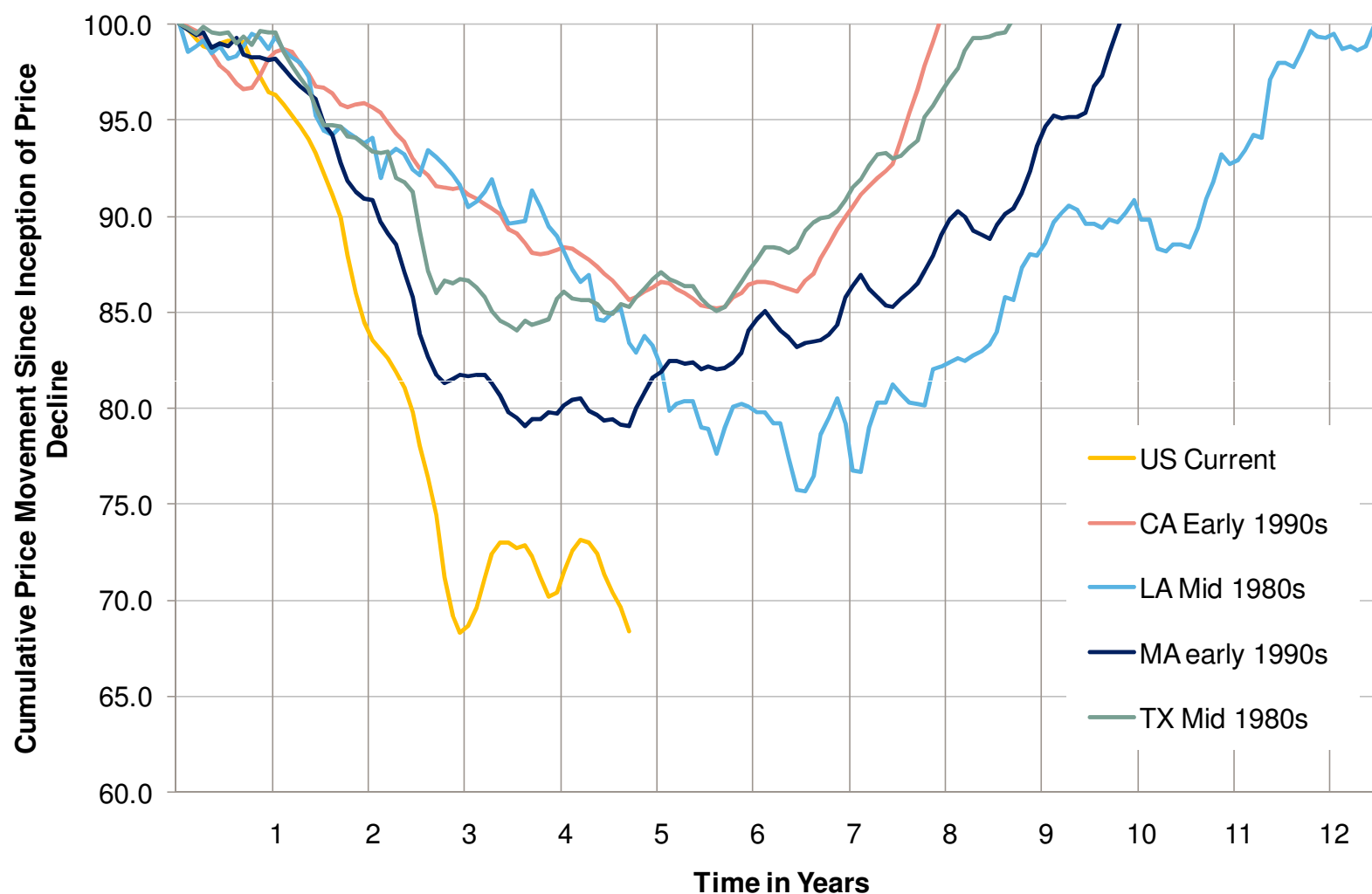
Prices Falling Again - Weak Demand, Neg. Equity, Distressed Inv.



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Depth and Duration of House Price Declines



Source: CoreLogic

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