

California Housing Market Predictions: Are We Near the Bottom? **by Housing Predictor**

If you're looking for a bottom of the housing market in California in 2009 look else where. The mortgage fiasco has been debilitating the housing market since 2007, and it will be moving full speed ahead through the year. As the California economy is battered with job losses and rising foreclosures, for the fourth consecutive year more people are moving out of the state than moving into California.

More Option Arm and Alt-A resets are coming in 2009, which will send hundreds of thousands of additional foreclosures on to the market. The ratio of homeowners with mortgages two months or more past due is forecast to be near 1 in 10 in California by the end of the year, the highest number on record.

Greater Los Angeles

As the recessionary economy worsens in Los Angeles, home prices are falling at some of the fastest rates in the country. Record high foreclosures are hurting the market, triggering an increase in home sales near the end of 2008 due to bargain prices. Mortgage companies and banks are slashing prices in order to unload the inventory before the second round of foreclosures hit the market in 2009 and 2010. More than three million adjustable rate mortgages are resetting nationally in 2009 alone. Greater Los Angeles area home values are forecast to deflate an average of 21.7% in 2009.

Inland Empire

Foreclosures have been selling in Riverside, Ontario and San Bernardino, also known as the Inland Empire and as one of the most hard hit foreclosure capitals of the nation. The disastrous epidemic of foreclosures has already battered neighborhoods and left foreclosed homes yards strewn with debris. The credit crisis will impact more homeowners in the area in 2009 as Alt A mortgages reset and many are unable to refinance at current levels. The Inland Empire is forecast to deflate an average of 23.9% in 2009.

Markets at a Glance 2009	
City	Forecast
Los Angeles	- 21.7%
Riverside	- 23.9%
Inland Empire	- 23.9%
Anaheim	- 21.1%
San Diego	- 19.5%
San Jose	- 19.2%
San Francisco	- 17.6%
Oakland	- 18.2%
Orange County	- 21.1%
Fresno	- 19.7%

Bakersfield	- 17.2%
Tulare	- 18.4%
Sacramento	- 15.7%
Stockton	- 23.8%

Orange County

In Orange County, where foreclosures have practically been the only homes selling accounting for 4 in 6 sales, home prices have been falling at double-digit rates. The medium price towards the end of 2008 was at \$400,000, the highest in Southern California, providing a lot more room for deflation. Home values are forecast to drop 21.1% in Orange County, which includes Anaheim in 2009.

San Diego

In San Diego on the Pacific Ocean home sales also picked up due to lower priced foreclosures. Slightly more than half of all transactions in the last few months of 2008 were foreclosed properties. The erosion in housing values is forecast to remain high in 2009 as more foreclosures come on the market forecast to hit 19.5%.

San Jose

The collapse of the housing market took longer for prices to go lower in San Jose in the San Francisco Bay area than many other places in the state. But now San Jose home prices are falling and will continue to deflate at a forecast 19.2% average in 2009. The area is home to Silicon Valley as the international center of high tech, and with the credit crunch the industry is hurting.

San Francisco

In San Francisco, home values are already averaging a 25% drop from the peak. Increasing deflation in home and condo prices is forecast to hit 17.6% in 2009. The City by The Bay is feeling the pain of the credit crisis and those riding the cable cars up and down its streets wonder when the drop will end.

Oakland

In the East Bay in Oakland, subprime and Alt A mortgage foreclosures have been at one of the highest rates in the state. The market had a slight up tick in sales, but is projected to remain slow through 2009 on average housing deflation forecast at 18.2%.

Central / San Joaquin Valleys

In the Central Valley, the migration of Mexico citizens has slowed with the recessionary economy. Unemployment levels are rising in Fresno and neighboring Tulare. Fewer homes are selling in Fresno, which has been hard hit by the flood of foreclosures on the market. The San Joaquin Valley has been rocked by the foreclosure crisis. Fresno is forecast to sustain average housing deflation of 19.7% in 2009. Tulare is forecast to suffer average home value losses of 18.4%.

Bakersfield

In Bakersfield thousands of homes are sitting vacant foreclosed by banks. The fall out from the credit crunch is making it tougher for perspective buyers to get mortgages. Bakersfield is forecast to sustain average housing deflation of 17.2% for the year.

Sacramento

But up in the state's capitol of Sacramento, which has been one of the states harshest hit areas, the increase in foreclosure sales is also helping to boost the ailing home market. The real estate crisis is forecast to deflate home values in Sacramento another 15.7% by year's end.

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