



Kim Hayward's Market Summary

February, 2007

California Market Report

<i>State of California</i>	Current Period	Last Period	Last Year	Month-to-Month Change	Year-to-Year Change
Existing Home Sales	450,550	450,930	531,910	-0.1%	-15.3%
Median Home Price	\$567,690	\$555,280	\$547,400	2.2%	3.7%
Unsold Inventory Index	6.8 months	7.3 months	3.5 months	-6.8%	94.3%
Median Days On Market	72.9	68.4	42.9	6.6%	69.8%
30-Year Fixed Mortgage	6.14%	6.24%	6.27%	-0.10%	-0.13%

California Market Analysis



The economists have made their predictions for real estate in California for 2007. While they do not all agree, the range of disagreement seems to be much less in 2007 than it has been in previous years. The consensus is that California real estate will see the least amount of movement in prices than it has for years. What major factors do economists consider in making their predictions? The factors most considered are the fundamental concept of economics and the backbone of the free-market economy, supply and demand. High demand and low supply create higher prices. Low demand and high supply create lower prices. While economists agree on the supply-and-demand concept, what factors have the most influence on supply and demand? The four main factors affecting residential real estate supply and demand are: job growth, mortgage rates, household income, and consumer confidence. While job growth, mortgage rates, and household income are substantially unchanged from 2002 to 2005, why has the market gone from red hot to lukewarm? The major factor is consumer confidence. This lowering of consumer confidence has led to higher supply and lower demand. For those who are on the fence about buying a primary residence, we would say be patient about finding the right home, but don't wait to get into the market. The economists may disagree on their real estate forecast, but they all agree that buying a primary residence is still the best long-term investment on the planet.

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Valued friends and clients--feel free to take advantage of my free market evaluation service. If you would like detailed information on your home, your investment potential, or, a little help strategizing for the future, I am here to serve you at all times. Call (805) 418-2534 and ask for Kim!