

Mayor's 2009 Economic & Budget Forecast

Los Angeles City Hall
March 13th, 2009

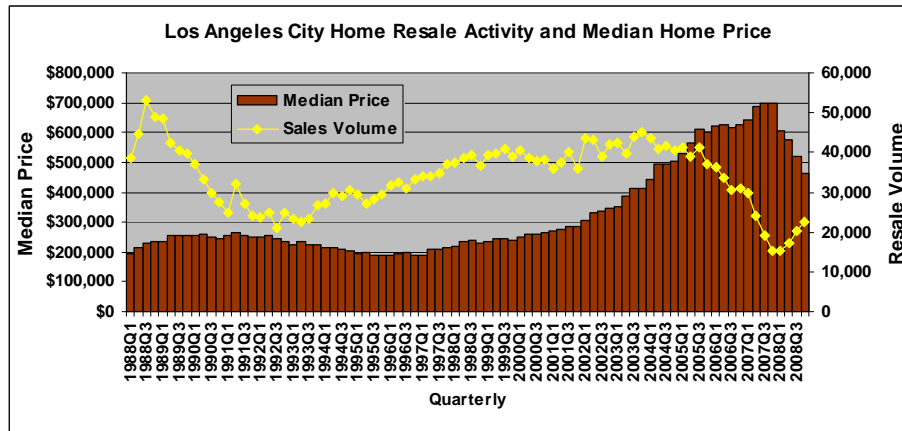
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The Los Angeles Housing Market

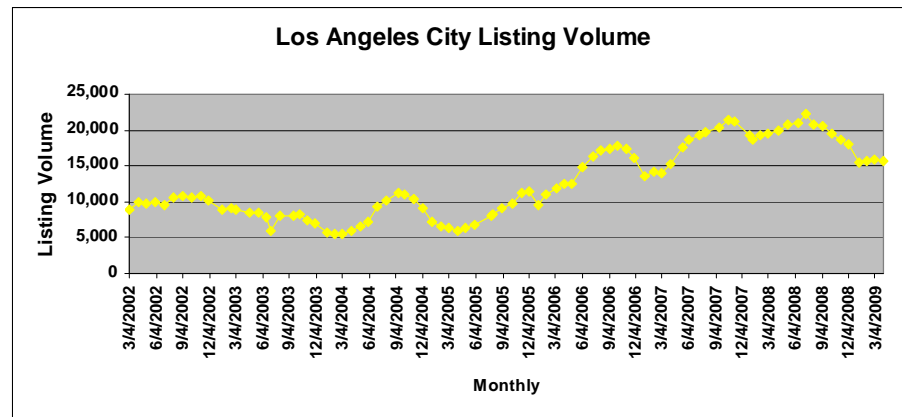
The “Invisible Hand” Already
Equilibrating the Housing Market

Bottom Line Narrative

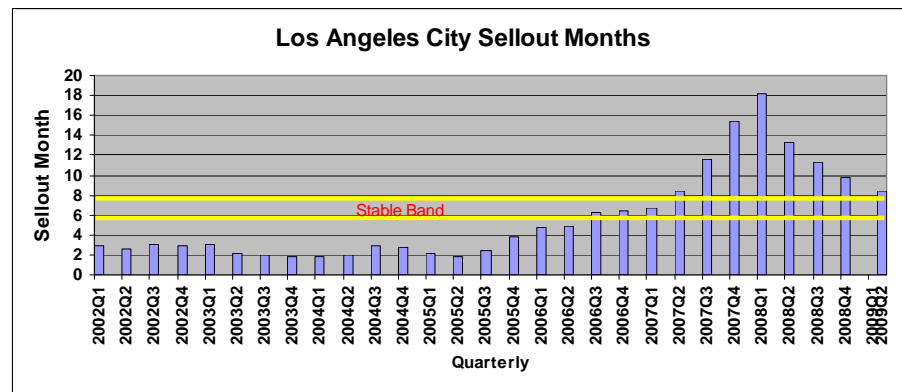
- Los Angeles Home Prices Continue to Drop (20%) Through 2009 And Possibly into Early 2010.
- Sales Rise In Response To Lower Prices And Foreclosure Deals.
- Transfer Taxes Fall 29% Y-to-Y During FY 2008/2009 .
- Deeds Rise Faster Than Prices Fall in 2009/2010 and Transfer Taxes Increase 5% Y-to-Y.
- Wildcard: Commercial Real Estate Coming Down, Job Losses, Negative Equity Issues.



**Sluggish Demand Response
May Need More Price Drops! 15%-20%**

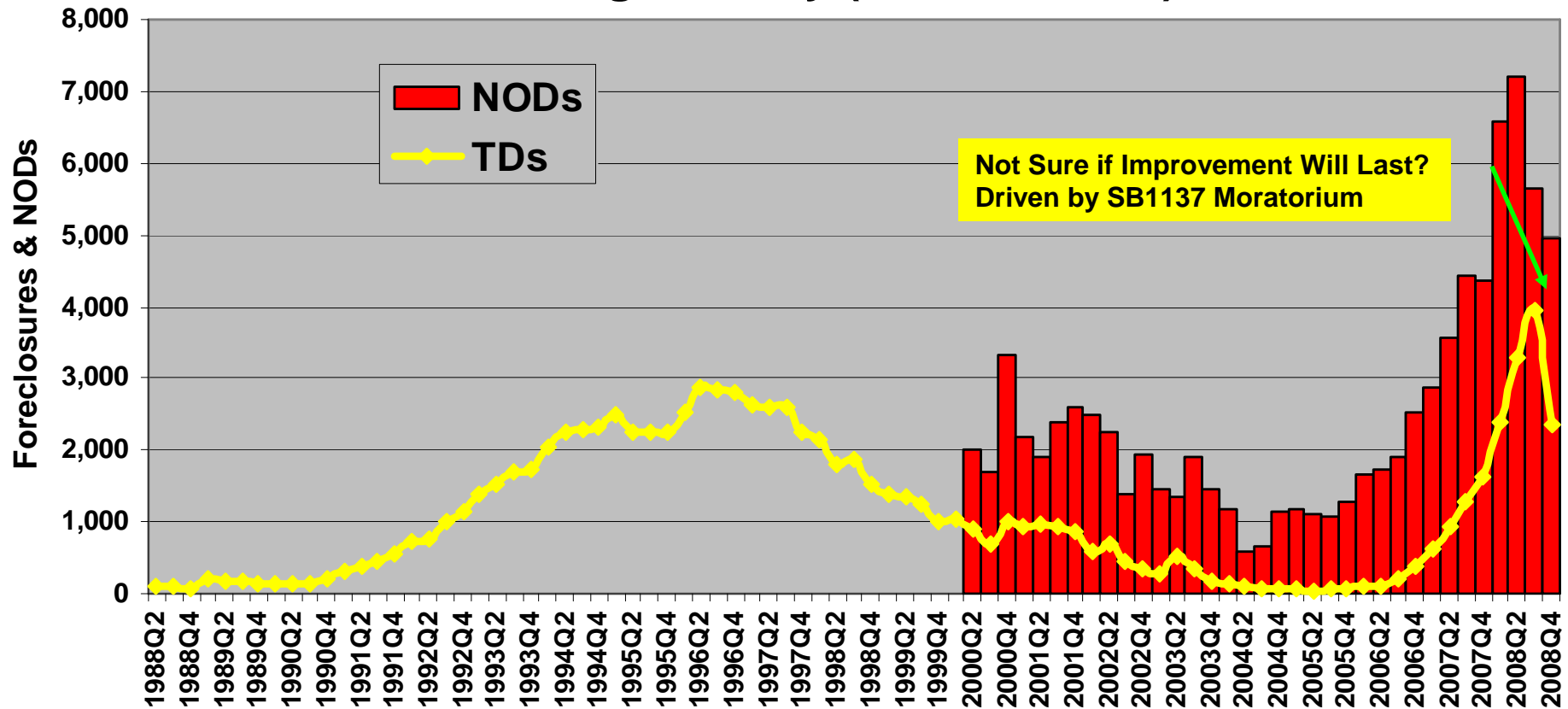


Still Higher than a Year Ago

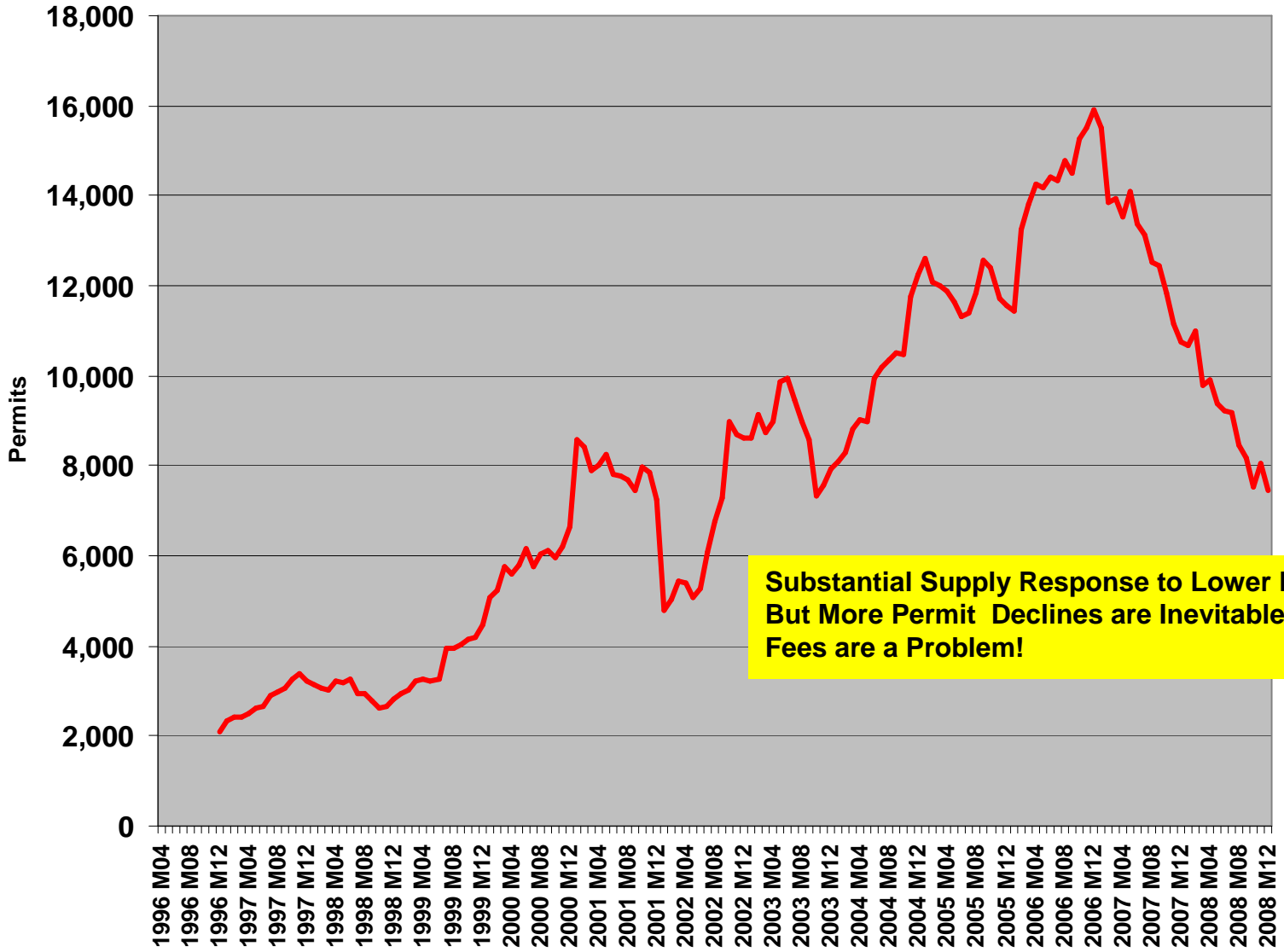


**Improved,
But Still Too Much Supply**

Foreclosures (TDs) and Notices of Default (NODs) Los Angeles City (SFD and SFA)



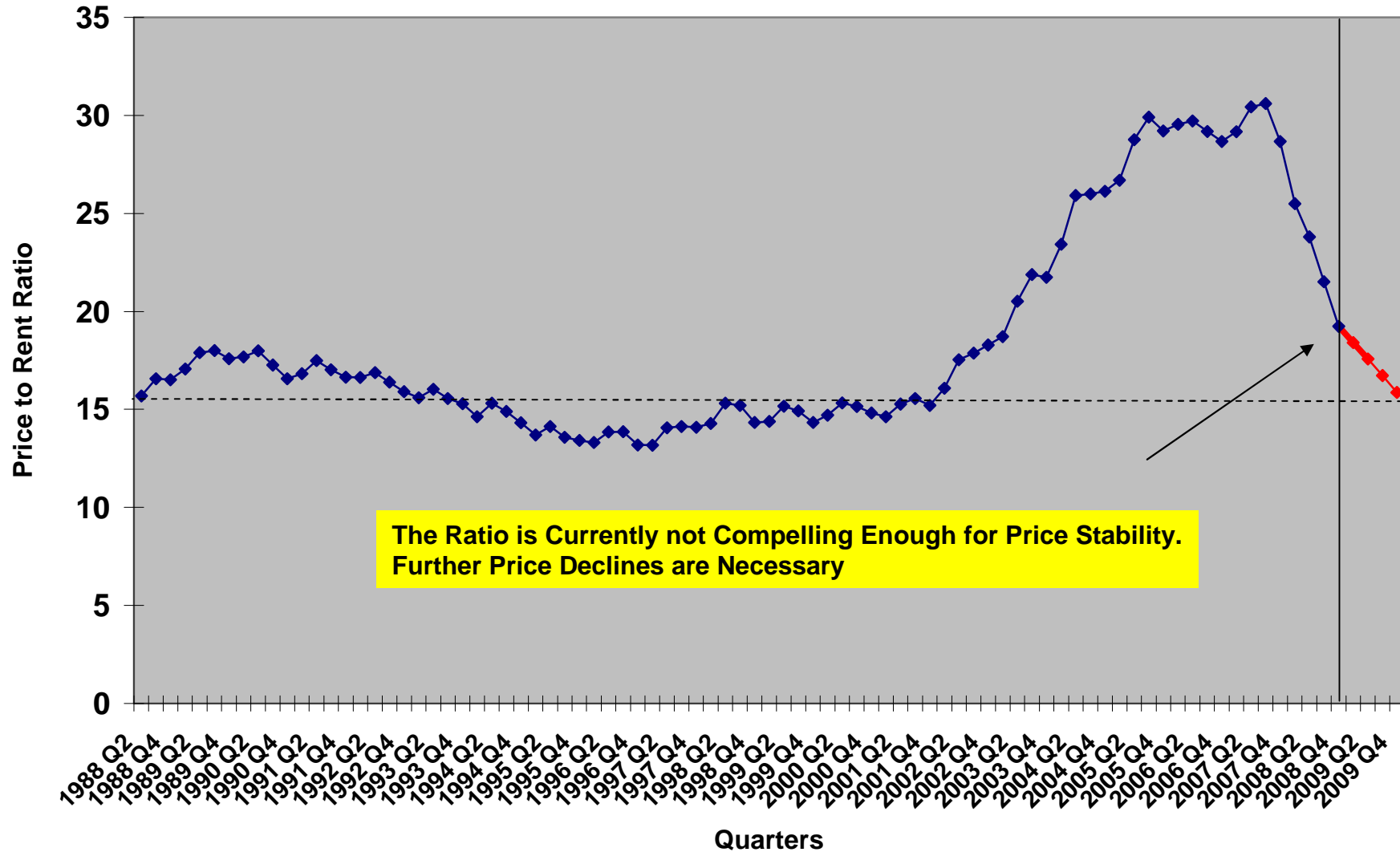
Annual Running Housing Permits Los Angeles City, CA (SFA and SFD)



**Substantial Supply Response to Lower Prices!
But More Permit Declines are Inevitable.
Fees are a Problem!**

Housing Affordability Improves In Los Angeles County

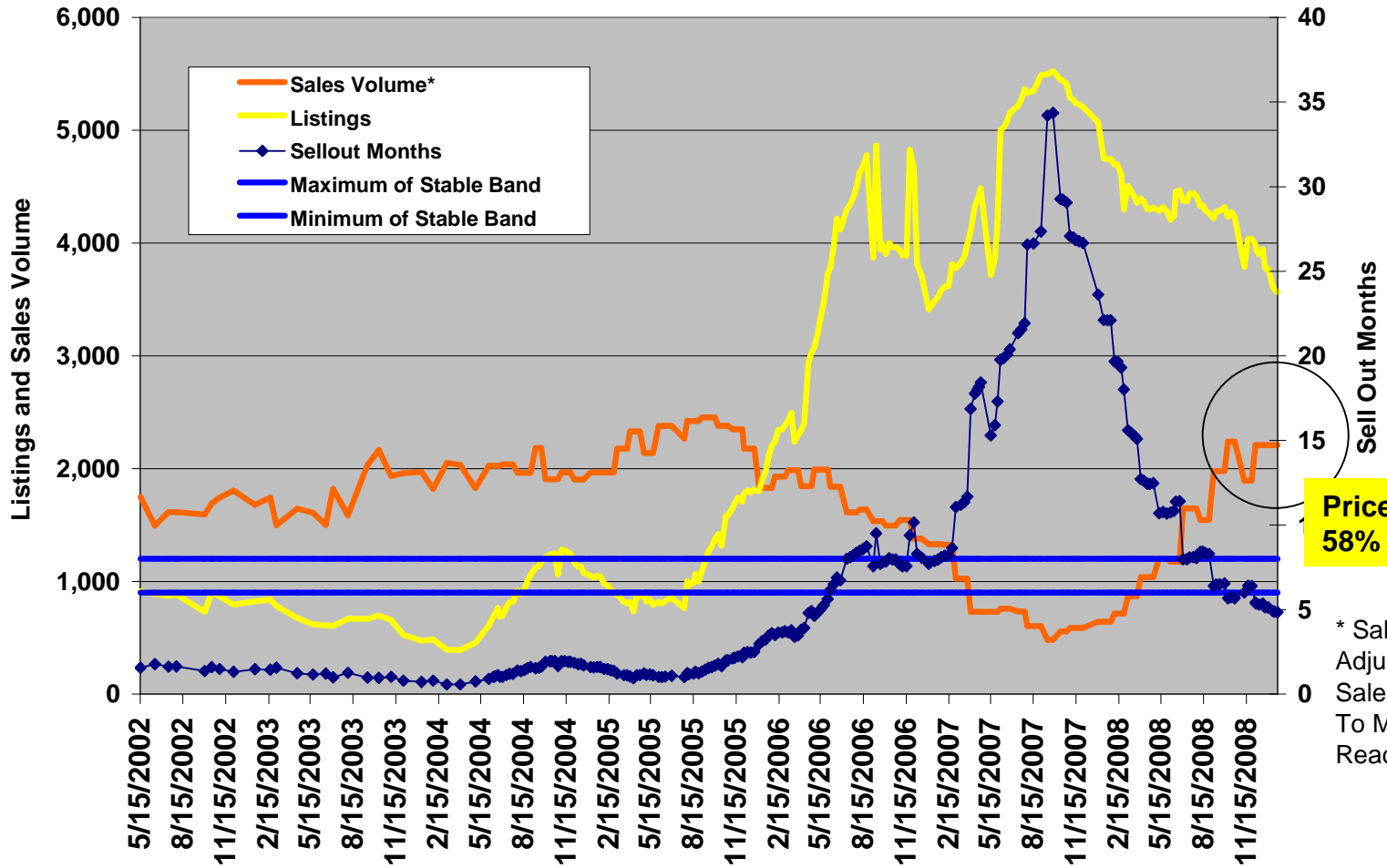
Buy to Rent Ratio



“Invisible Hand” Lessons from the Westside and the Foreclosure Badlands

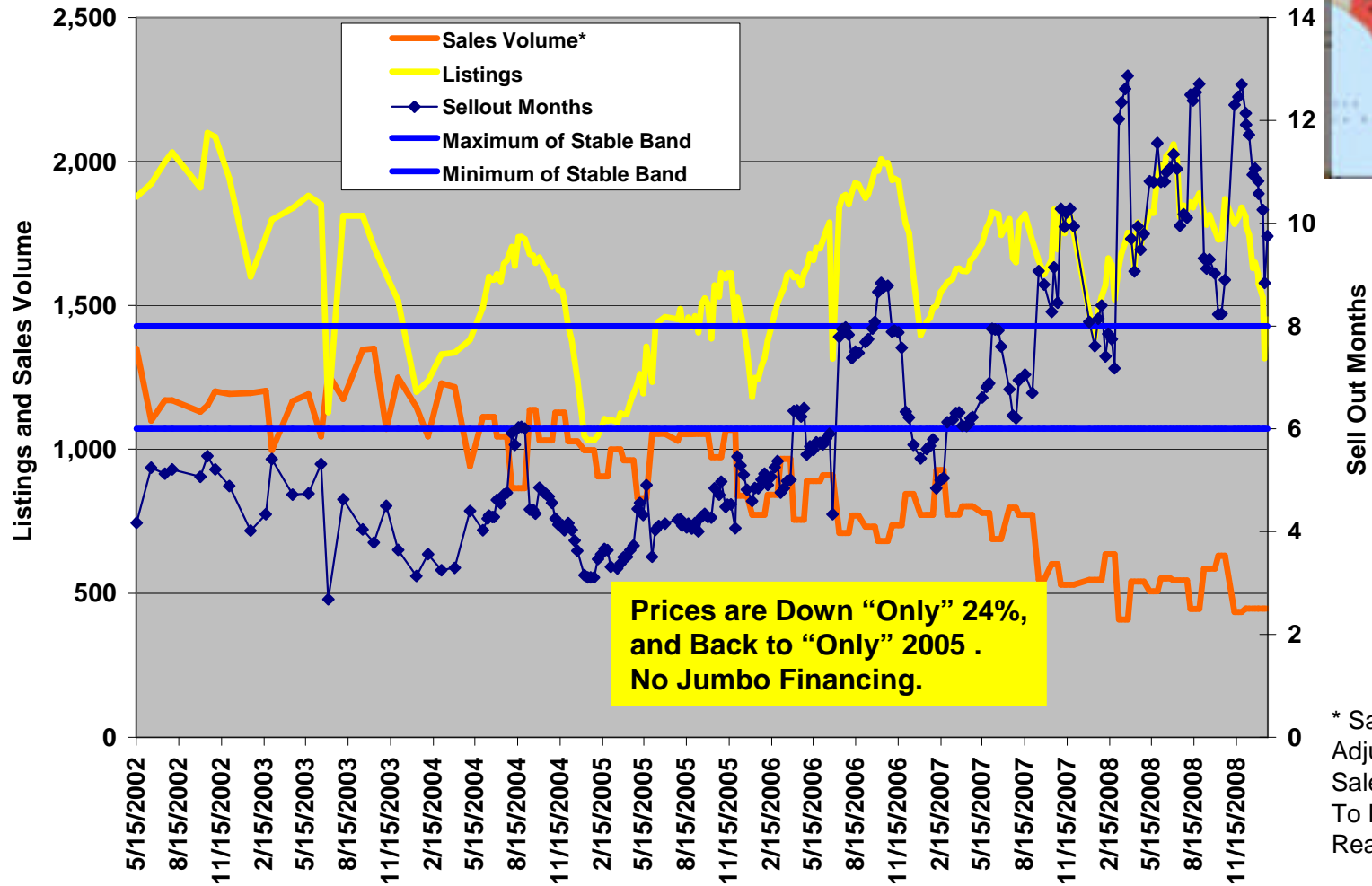
- Westside Lacks Financing and May Need More Price Declines to Stimulate Demand.
- Antelope Valley Resales Close to Record Highs as Home Prices Drop. Financing Is Ample (FHA).
- Lower Priced LA also Benefitting from Lower Prices and Credit Availability.
 - Redistribution of Homeownership and Wealth Through the Recycling of Foreclosures.
 - Risk: “Under Water” Issues, Job Losses.

Temperature Charts in Antelope Valley SFD Through 1/20/2009



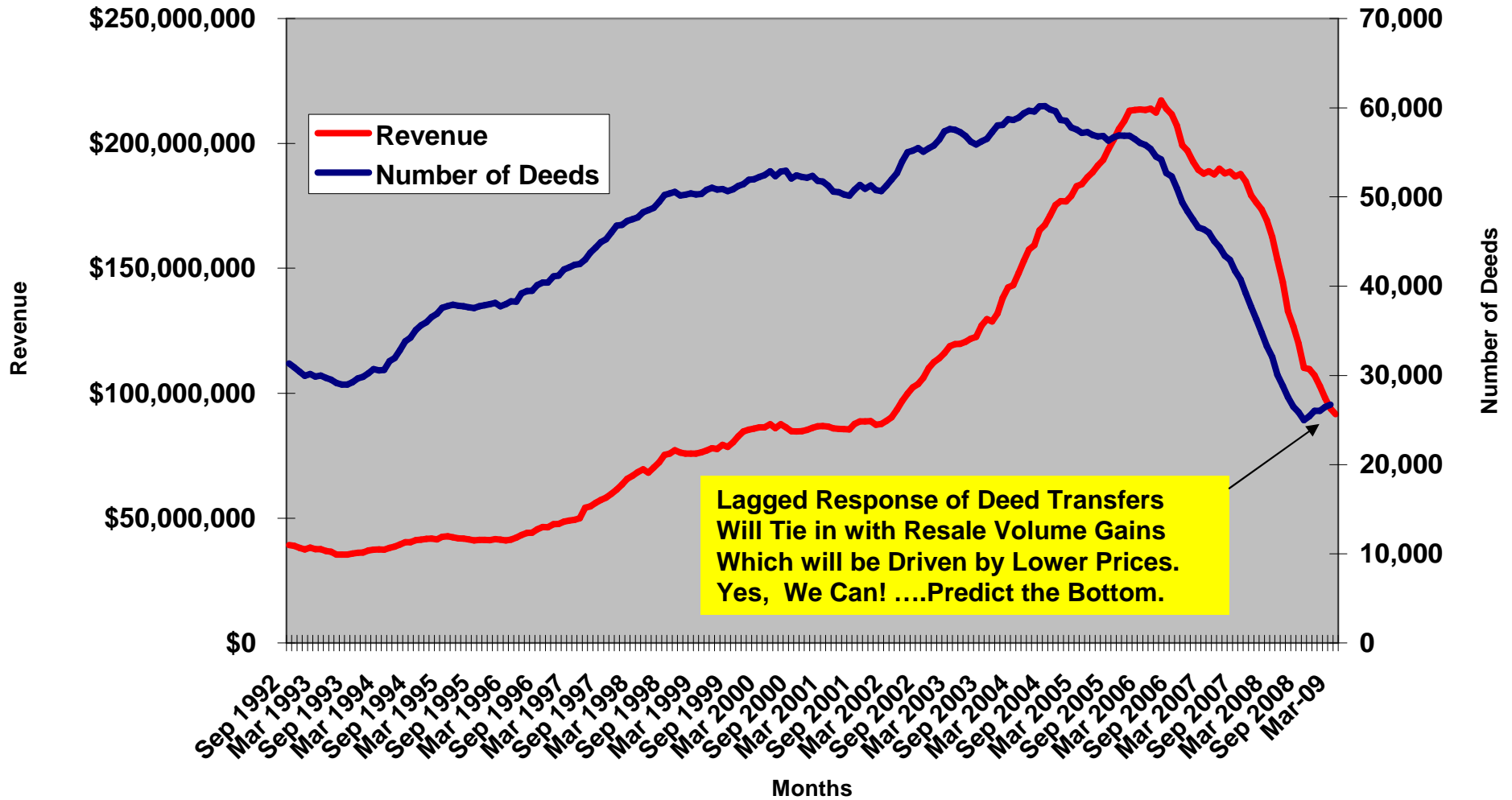
* Sales: Seasonally Adjusted Annualized Sales Divided By 4 To Make It Easier To Read

Temperature Charts in Westside SFD Through 1/20/2009



* Sales: Seasonally Adjusted Annualized Sales Divided By 4 To Make It Easier To Read

Revenue and Deeds Los Angeles City Transfer Tax



The End
Thank You