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## California Market Watch, January 10, 2009

# California Resale Inventory Levels Decline

The California Association of Realtors reported a precipitous drop in the months of unsold resale inventory in the state during the latter half of 2008, falling from a peak of nearly 17 months in January to just under 6 months in October 2008. The October figures are comparatively good considering over the last twenty years, the state has averaged just over 7 months of inventory. Sellers could expect to unload their homes in roughly 45 days, which is substantially lower than the 72 days reported in January and much faster than seen over the past couple of years. While improvements in both statistics indicate the market may be finding the bottom, other dynamics may be influencing these numbers.

- The impact of California State Senate Bill 1137.** In the first week of September, new state legislation went to effect and forced significant requirements to lenders, in order to stanch the tide troubled loans. The new legislation, also known as the "Mortgage Relief or Foreclosure Reform Bill" requires banks to contact homeowners 30 days before filing a Notice of Default (NOD) to make sure they understand their restructuring options. The bill, which was passed in July, encourages loan modifications as an alternative to foreclosure proceedings and may offer more of these cash-strapped homeowners an opportunity to stay in their homes. With this adjustment to the changes still taking place, the market saw a dramatic plunge in foreclosure and NOD proceedings in September, which in turn impacted inventory levels. However, many housing experts are unsure whether the new bill only prolongs the waiting time and inevitable foreclosure.
- Local December inventory figures reveal substantial declines.** Housingtracker.net tracks inventory figures weekly for select California metro areas. With the exception of increases seen in San Jose and Santa Cruz MSAs, the number of resale homes available for sale is down considerably in December from a year ago across the state. In terms of sheer volume, Los Angeles and the Inland Empire have the most units of available inventory. These figures indicate that overall statewide inventory will continue to trend downward, and as annual sales reports are released over the next few weeks these numbers will be put into better perspective.

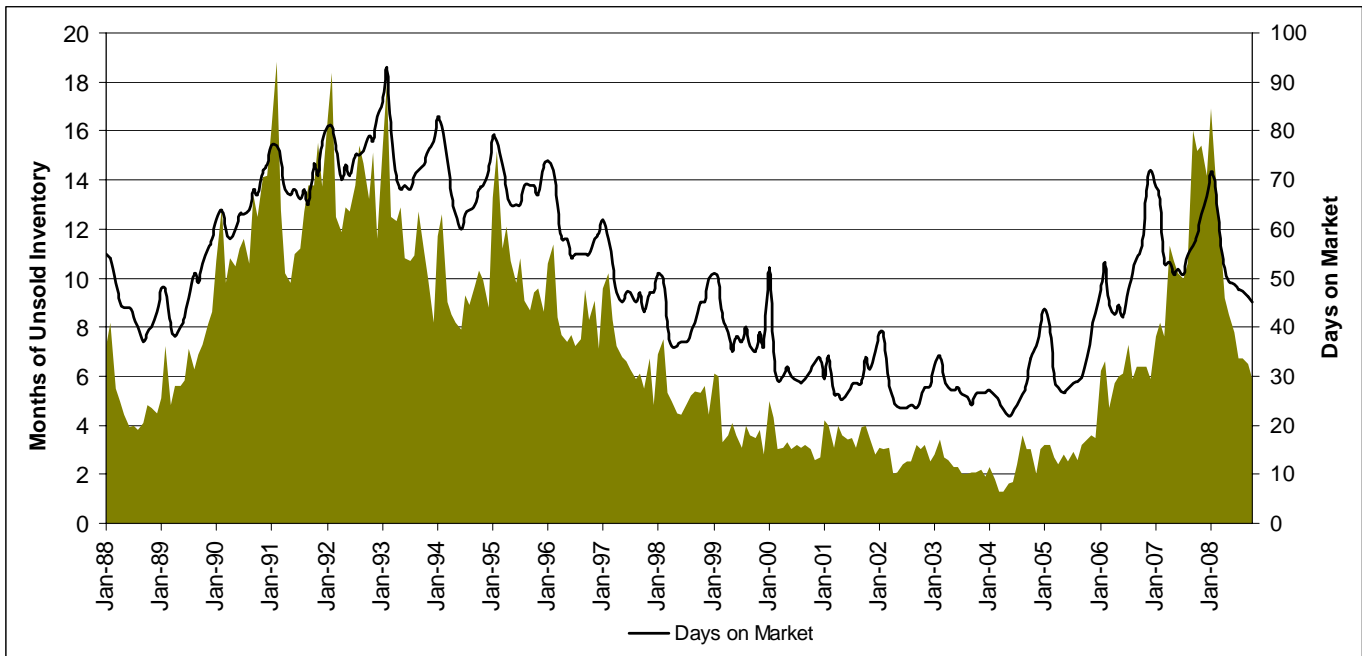
### Select California MSAs: Resale Inventory

County	Units of Inventory		
	Dec. 08	Dec. 07	%
Los Angeles County	36,341	43,732	-16.9%
Orange County	15,955	17,649	-9.6%
Inland Empire	40,588	50,798	-20.1%
Sacramento	12,628	16,379	-22.9%
San Diego County	15,854	20,145	-21.3%
San Francisco	14,722	16,624	-11.4%
San Jose	7,931	7,525	5.4%
Santa Cruz	1,670	1,614	3.5%

NOTE: Inventory figures are as of December 15.

SOURCE: Housingtracker.net

### California Historical Unsold Inventory Index 1988 – October 2008



SOURCE: California Association of Realtors; Meyers Builder Advisors

## About Meyers Builder Advisors

[Meyers Builder Advisors](#) brings together a talented pool of consultants with a strong understanding of the homebuilding industry and the market dynamics that drive it. Combined, the team boasts over 100 years of market experience, with a wide range of services including site specific analysis, product development, strategic planning and land acquisition services. The group has advised on a wide range of residential product types throughout the United States and has successfully assisted a long list of builders, developers, and financial institutions.

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