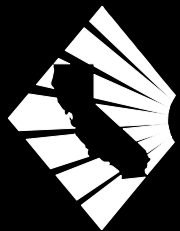




California Housing Market Forecast

January 2017



CALIFORNIA
ASSOCIATION
OF REALTORS®



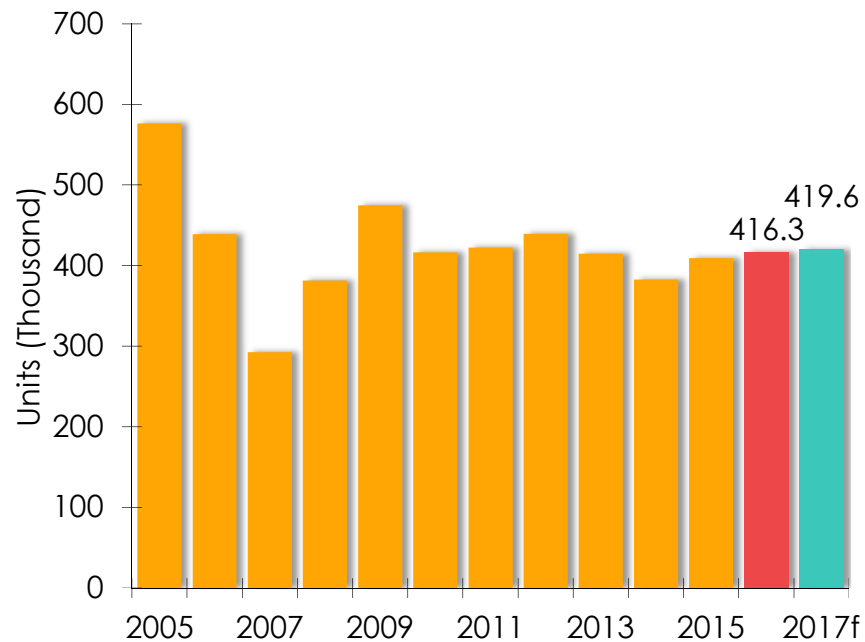
California Housing Market Outlook

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017f |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|
| SFH Resales (000s) | 422.6 | 439.8 | 414.9 | 382.7 | 409.4 | 416.3 | 419.6 |
| % Change | 1.4% | 4.1% | -5.9% | -7.8% | 7.0% | 1.7% | 0.8% |
| Median Price (\$000s) | \$286.0 | \$319.3 | \$407.2 | \$446.9 | \$476.3 | \$502.3 | \$525.4 |
| % Change | -6.2% | 11.6% | 27.5% | 9.8% | 6.6% | 5.4% | 4.6% |
| Housing Affordability Index | 53% | 51% | 36% | 30% | 31% | 31% | 28% |
| 30-Yr FRM | 4.5% | 3.7% | 4.0% | 4.2% | 3.9% | 3.6% | 4.4% |

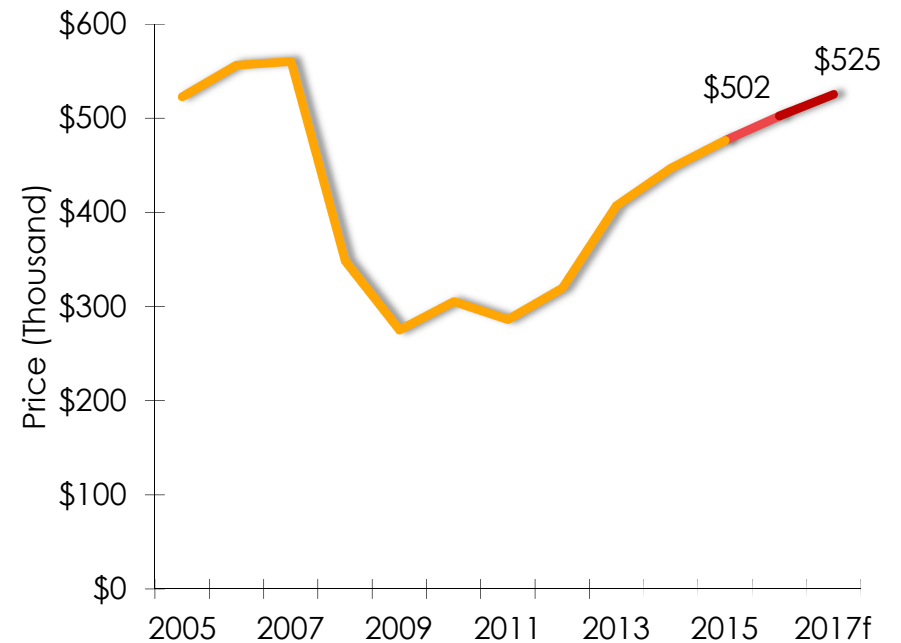


Sales and Price up in 2016 and in 2017

Sales of Existing Detached Homes

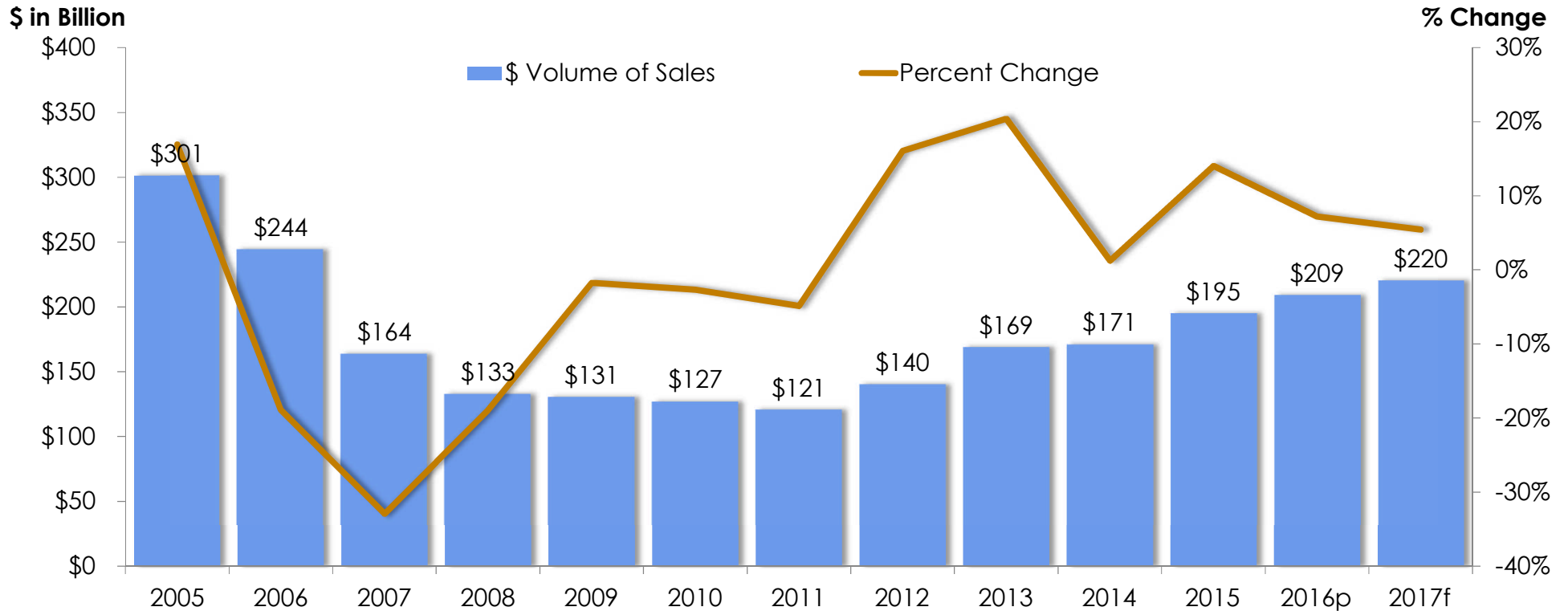


Median Price





CA: Dollar Volume Up 7.2% in 2016, Up 5.4% in 2017



SERIES: CA Housing Market Outlook
SOURCE: CALIFORNIA ASSOCIATION OF REALTORS®



U.S. Economic Outlook

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016p | 2017f |
|----------------------------------|------|------|-------|------|------|-------|-------|
| US GDP | 1.6% | 2.2% | 1.7% | 2.4% | 2.6% | 1.6% | 2.1% |
| Nonfarm Job Growth | 1.2% | 1.7% | 1.7% | 1.9% | 2.1% | 1.8% | 1.3% |
| Unemployment | 8.9% | 8.1% | 7.4% | 6.2% | 5.3% | 4.9% | 4.7% |
| CPI | 3.1% | 2.1% | 1.5% | 1.6% | 0.1% | 1.4% | 2.4% |
| Real Disposable Income, % Change | 2.5% | 3.2% | -1.4% | 2.7% | 3.4% | 2.7% | 3.0% |
| 30-Yr FRM | 4.5% | 3.7% | 4.0% | 4.2% | 3.9% | 3.6% | 4.4% |



California Economic Outlook

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016p | 2017f |
|----------------------------------|-------|-------|-------|------|------|-------|-------|
| Nonfarm Job Growth | 1.1% | 2.4% | 3.0% | 2.2% | 2.7% | 2.3% | 1.9% |
| Unemployment Rate | 11.8% | 10.4% | 8.9% | 7.5% | 6.2% | 5.5% | 5.4% |
| Population Growth | 0.7% | 0.7% | 0.9% | 0.9% | 0.9% | 0.9% | 1.0% |
| Real Disposable Income, % Change | 3.5% | 4.7% | -1.1% | 3.2% | 3.6% | 3.0% | 4.5% |