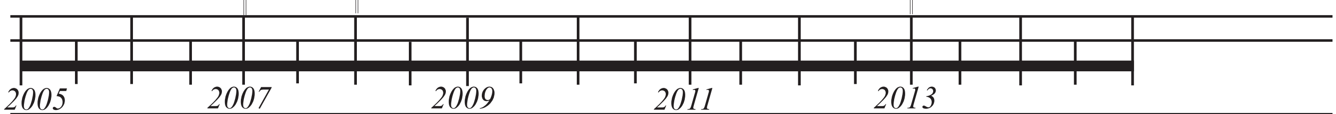
Economic Historical and Recovery Timeline

2007 Beginning of the *Great Recession*; massive layoffs. [See Factor 1: Jobs.]

2008 Financial crisis.

2013: Beginning of a slow but accelerating period of recovery for employment. SFR sales start to pick up. [See Factor 1: Jobs.]



2005-2009 California economic development stagnates. [See Factor 27: Financial crisis.]

2007-2009 *The Great Recession*

2009-2010 The Federal Reserve takes direct control of long term-term interest rates – all new mortgages. [See Factor 18: Monetary policy.]

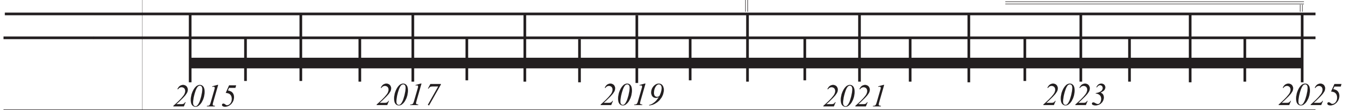
2009-2016 The *Lesser Depression*, characterized by persistent slow job growth and low home sales, dominated by speculators. [See Factor 3: Real estate price speculation.]

2010-2015 Home sales remain in a "bumpy plateau," approximating their 2010 numbers. The statewide rate of homeownership continues to drop from 55% (state's historic point of stability) to near 50%. REOs remain high.

2012-2013 The most likely bottom for home sales numbers, and the beginning of an extremely gradual sales volume recovery. [See Factor 13: Pricing.] Apartments complete their foreclosure phase and apartment construction begins to rise again in response to demand. [See Factor 10: Construction.]

2020: Peak in influence of *Generation Y* first-time homebuyers. Gen Y finally has the income and confidence to buy homes, including those recently vacated by *Baby Boomers*. New peak reached in home sales, pricing and single family residence construction, but not at the same highs from the early 2000s. Condo construction jumps in response to retiree demand on their relocation. [See Factor 15: Retirees and Factor 16: First-time homebuyers.]

2025: Peak housing market influence of the retiring *Baby Boomers.* [See Factor 15: Retirees.]



2014-2015: Low pricing and low interest rates spark a bounce in home sales volume (and possibly pricing). This bounce is short-lived, as the Federal Reserve will raise rates to control the recovery and prevent a new bubble from forming. Property prices will merely keep pace with the rate of consumer inflation. [See Factor 13: Pricing.]

2014-2016: Home sales stabilize. REO inventory begins to return to historic standards. 300,000-400,000 new jobs are created annually, the minimum for a recovery. After one year of improved home sales, home pricing follows suit. *Generation Y* begins to come of age and buy homes. [See Factor 16: First-time homebuyers.]

2016-2017: Full recovery mode for home sales, pricing and employment. SFR construction rises, though not to Boom-time heights. Employment returns to peak levels of 2007.

2017-2018: Home sales volume rises to 2006 levels. Interest rates rise.

2018-2020: Excess inventory of vacant homes finally returns to pre-recession levels. *Generation Y* begins to pick up homebuying activity en masse. [See Factor 16: First-time homebuyers.]

2020-2025: Negative equity homeowners who refused to strategically default finally work their way out of debt and return to a stable financial status, the poorer for it. [See Factor 4: Home equity.]

2025+: Home prices return to peak levels of 2006. The lessons of the *Great Recession* forgotten, and home sales hedonism returns. The mistakes of the past are repeated and the cycle continues.