

Financial Planning Insights

House Price Trends

An update on trends in U.S. house price changes through December 2007 was recently released by the U.S. Office of Federal Housing Enterprise Oversight (OFHEO):

The **nationwide average** rate of U.S. home price appreciation, based on repeat sales and refinancings, remained slow in the fourth quarter of 2007, extending a general trend of deceleration that began early in 2006.

- Latest quarter + 0.10 %
- Latest 12 months + 0.80 %
- Last 5 years + 41.37 %

By comparison, prices of non-housing goods and services rose 4.3 percent during the last twelve months, as reflected by the Consumer Price Index.

In California, the OFHEO House Price Index declined during the last twelve months.

- Latest quarter - 3.08 %
- Latest 12 months - 6.65 %
- Last 5 years + 69.09 %

California's twelve month change ranked last out of the 50 states.

In the Metropolitan Statistical Area containing **Anaheim, Santa Ana and Irvine**, the OFHEO House Price Index also declined during the past year.

- Latest quarter - 2.84 %
- Latest 12 months - 6.11 %
- Last 5 years + 75.74 %

The Anaheim/Santa Ana/Irvine MSA's twelve month change ranked 258th out of the 291 Metropolitan Statistical Areas in the U.S.

OFHEO's House Price Index is published on a quarterly basis and tracks average house price changes in repeat sales or refinancings of the same single-family properties. The OFHEO index is based on analysis of data obtained from Fannie Mae and Freddie Mac from more than 34 million repeat conforming mortgage transactions over the past 32 years. The conforming loan limit for mortgages purchased in 2007 was \$417,000. As such, this Index does not include price changes of houses which were purchased without a mortgage, with a non-conforming (jumbo) mortgage, or with an FHA or VA mortgage.

Two graphs are attached:

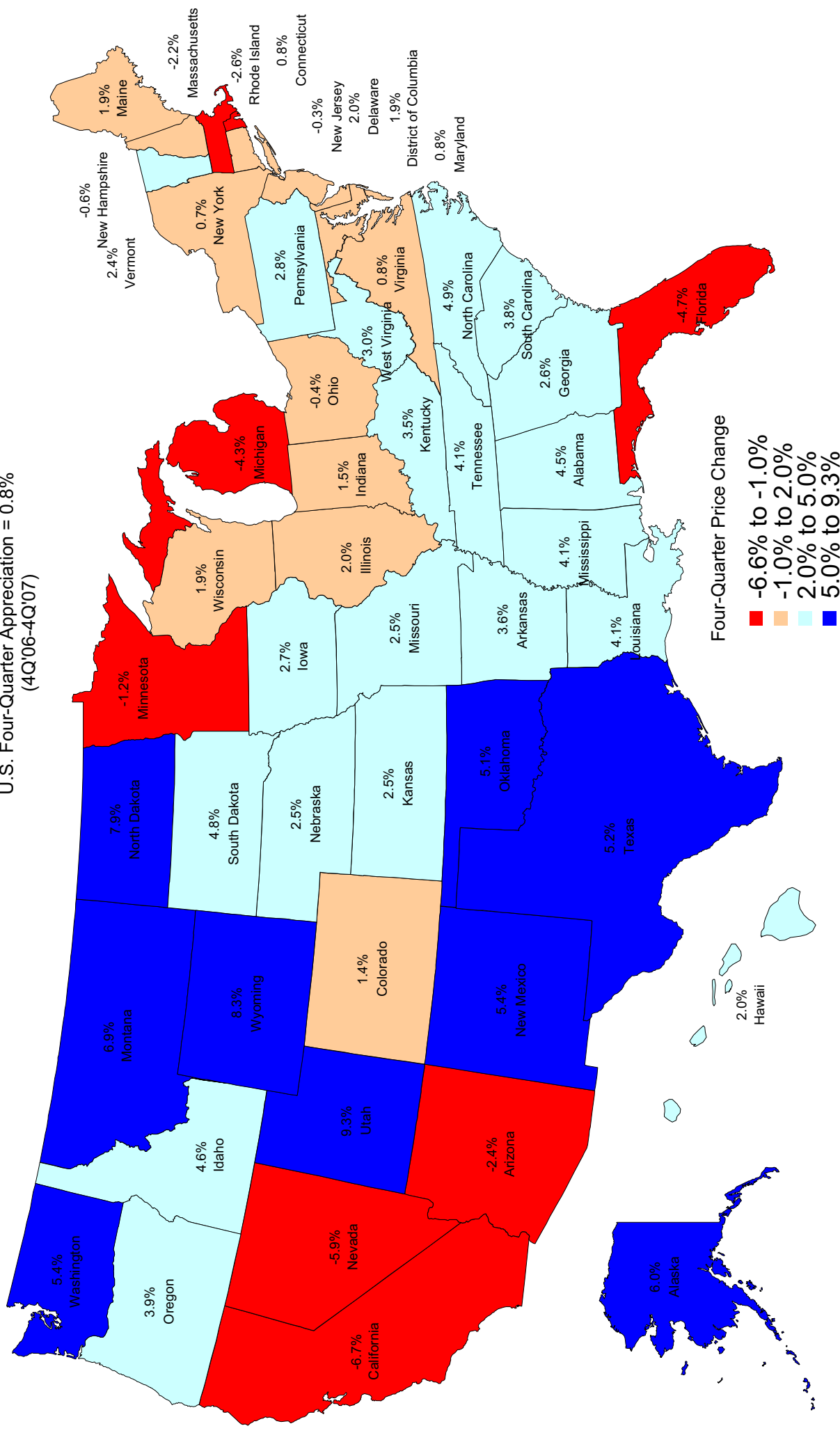
1. The first graph shows changes in this index, state by state, over the last 12 months.
2. The second graph illustrates the annual changes in this index over the last 32 years for California as well as these metro areas:
 - Orange County (Anaheim, Irvine and Santa Ana)
 - Inland Empire (Ontario, Riverside and San Bernardino)

Ken Charlton, CFP®
Certified Financial Planner™
Registered Investment Adviser
4199 Campus Dr Ste 550, Irvine, CA 92612
(949) 509-6578 office (949) 285-9270 mobile
kc@charltonfp.com www.charltonfp.com

Four-Quarter Price Change by State

OFHEO HPI (Uses Purchase Prices and Appraisal Valuations)

U.S. Four-Quarter Appreciation = 0.8%
(4Q'06-4Q'07)



Annual Price Changes OFHEO House Price Index 1976 - 2007

