

*Dan Hamilton  
June 23, 2010*

We participate in the monthly Macro Markets' survey of the Case-Shiller housing price index and the June results are online as of today, see the press release link [here](#). See the survey results, including our response as well as our competitors' responses, click [here](#). See our response under our Director's name Bill Watkins, sorted alphabetically by last name. The consensus projection is slightly more pessimistic than our forecast on housing prices.

Comments about this month's survey: First, the consensus as measured by this survey is more pessimistic this month than last month, especially for 2010. This month, 56% percent of the panelists are projecting negative 2010 home price growth, up from 40% last month. The other interesting about the results is the dispersion of opinion across panelists. The difference between the most optimistic and most pessimistic projections imply a difference of roughly \$14 trillion in United States real estate value by the end of 2014. The resulting impact of this difference on macroeconomic forecasts of GDP, consumption, housing starts, and many other key indicators would be large. Finally, a back-of-the-envelope calculation from the chart provided in the press release link above shows that at the height of the bubble in 2006 the average United States home was over-valued by about \$65,000. It is likely that the average California home, especially single-family home, was over-valued by more than the U.S. average.

Regarding forecasts of the United States, California, and Oregon economies: I find it interesting that, on average, our competitors are slightly pessimistic relative to us with respect to the housing price outlook, but noticeably more optimistic than us on economic growth. They must believe that households and firms will be happy to spend this year despite the fact that housing is not likely to recover. We disagree with this, believing that a sustained recovery will require more improvement in the housing market.