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## **Interim 2012 Assessment Roll Forecast**

On April 4, 2012, the Office of the Assessor released the Interim 2012 Assessment Roll Forecast. This forecast is an update and revision to the Preliminary 2012 Assessment Roll Forecast released in December 2011. In the coming months, the Office of the Assessor will continue to collect and analyze relevant data before issuing the Final 2012 Assessment Roll Forecast in May 2012.

Following declines in the real estate market in 2007 and 2008, with corresponding reductions in the 2009 and 2010 Assessment Rolls, the 2011 Assessment Roll experienced a modest 1.49% increase. Our March revised forecast indicates that the assessment roll is still on track to reflect a gain for 2012 of 0.49%. This gain has been revised downward from December 2011 Preliminary Assessment Roll Forecast of 1.77%.

Residential properties comprise nearly 70% of the assessment roll. In the 3<sup>rd</sup> quarter of 2011, experts predicted stabilization in the housing market. The preliminary forecast was based on several factors, including a sales ratio analysis. This type of analysis can be useful in spotting trends in property value changes. Using the data available at that time, it appeared that prices had stabilized and even increased in some areas. This is also corroborated by outside data including the October S&P/Case-Shiller Home Price Index report.

In late Fall/Winter 2011 consumer confidence went down and the economic recovery slowed. As a result, the Office of the Assessor is currently reviewing nearly 500,000 properties valued at over \$220 billion that may have been affected by the recent market conditions. Initial estimates indicated that these values had stabilized. However, data now indicates that property values experienced an average decline of approximately 5% representing an overall reduction in value of approximately \$11 billion. This overall decline in the market is reflected in our Interim Forecast.

While this is certainly a concern for local governments, the interim forecast reflects the reality of the real estate market and the uncertain nature of the economic recovery. The Office of the Assessor will continue to collect and analyze data in order to prepare the Final 2012 Assessment Roll Forecast scheduled for release in May 2012.



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**Interim 2012 Assessment Roll Forecast  
April 4, 2012**

<u>Components of Change</u>	<u>Change In Billions</u>	<u>Percent of Roll Change</u>
CPI (2.00%)	\$15.767	1.42%
Transfers	\$10.330	0.93%
Construction	\$2.720	0.25%
Personal Property & Fixtures	-\$1.455	-0.13%
*X-Reference & Other	-\$2.072	-0.19%
Current Year Decline-in-Value	-\$13.477	-1.22%
**AABs/Decline-in-Value (Prior Years)	<u>-\$4.247</u>	<u>-0.38%</u>
TOTAL LOCAL ROLL	\$7.566	0.68%
Exemptions	<u>-\$2.468</u>	
TOTAL LOCAL ROLL (After Exemptions)	\$5.098	0.48%
Homeowners' Exemptions	<u>\$0.037</u>	
NET LOCAL ROLL	\$5.135	0.49%

Source: Los Angeles County Assessor's Office



## Assessment Roll Forecast Sources of Information

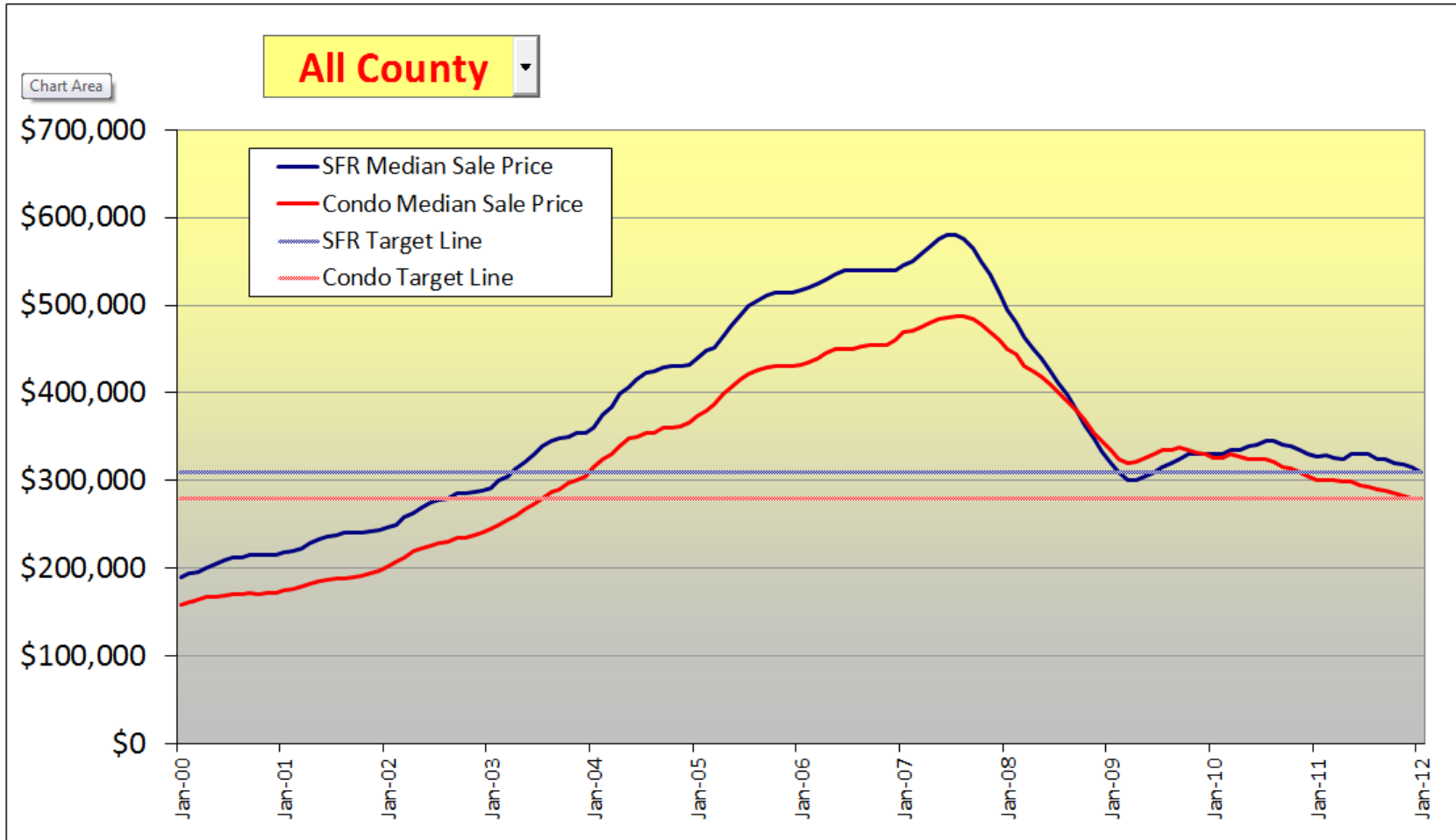




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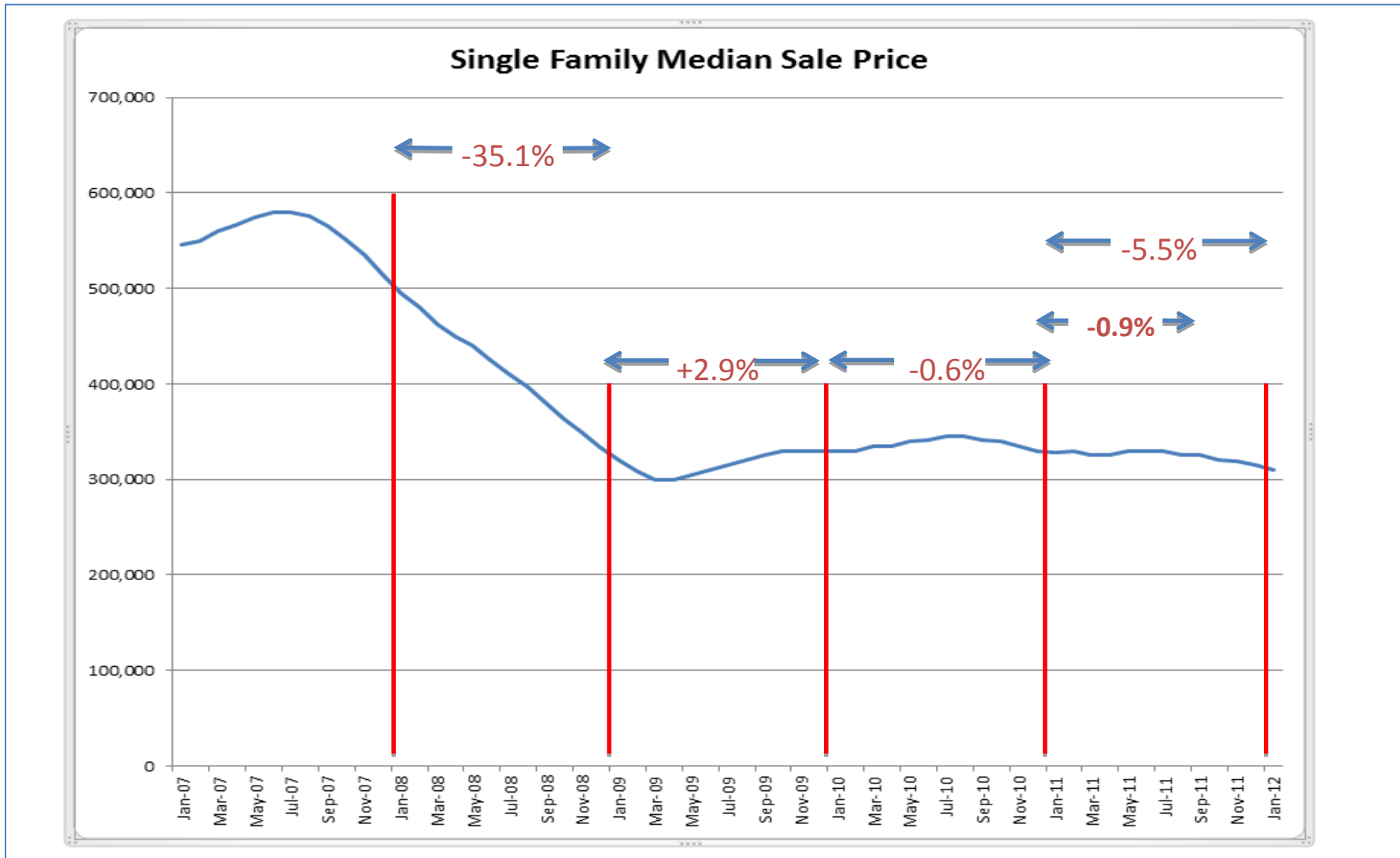
### Real Estate Market from 2000 to 2012 – Los Angeles County



Source: Los Angeles County Assessor's Office



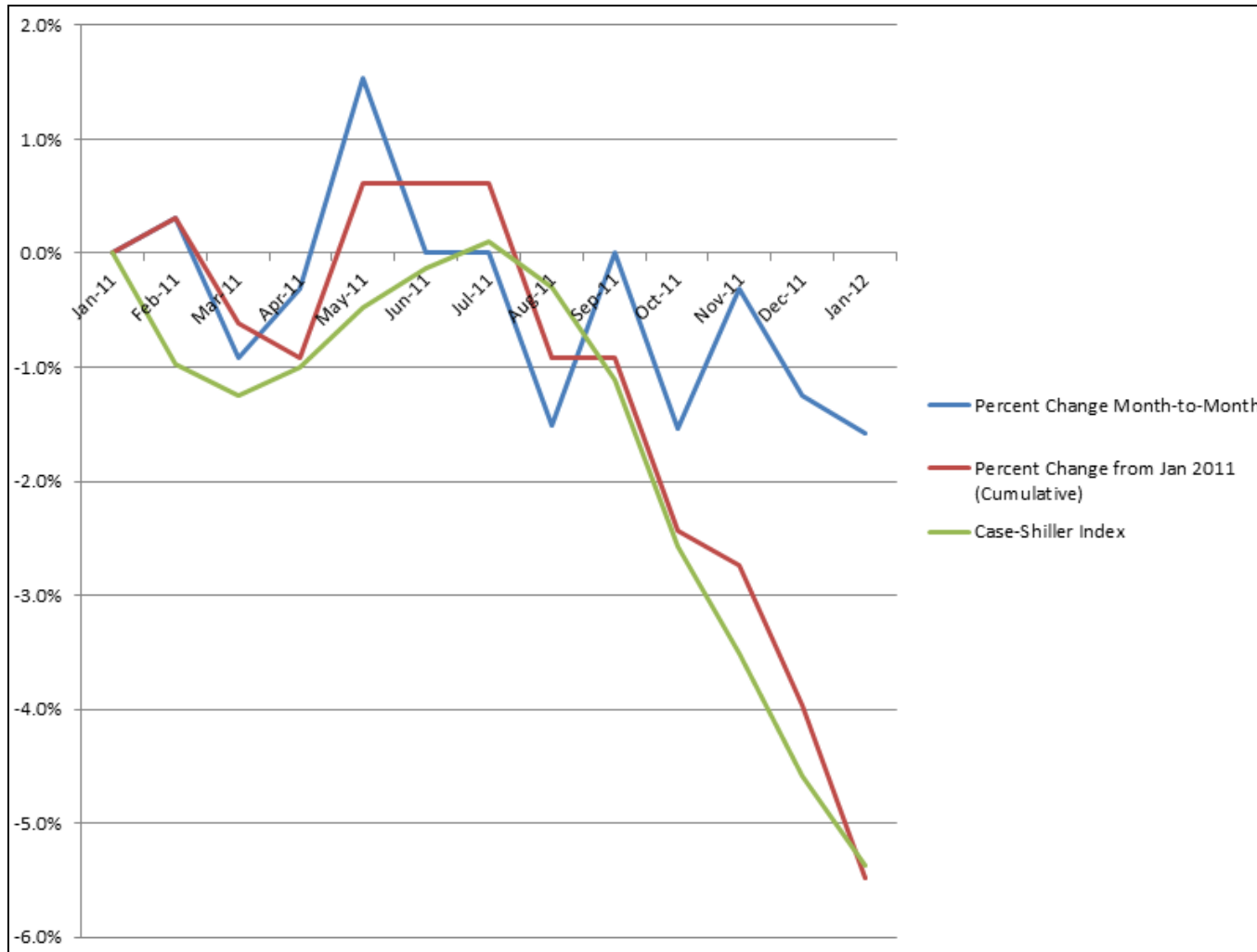
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Source: Los Angeles County Assessor's Office



### Magnitude of Change of Los Angeles County Median Sales Price Jan 2011 – Jan 2012



Source: Los Angeles County Assessor's Office; S&P Case/Shiller Index