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Miller covered topics including how metro market averages can be misleading, how tax credits have distorted our markets, how distress is stabilizing yet will impact future markets. Kroll discussed the fragility of the recovery and the implications for employment, economic growth, and the U.S. and California real estate markets.

Kroll began her message by confirming that the U.S. and California recovery has been very "uneven," even to the point of stalling. She expressed some concern that a "double-dip" recession is possible, pointing to concerns about the debt crisis in European countries and the United States, and the fact that unemployment continues to run high.

If there are some bright spots, Kroll said, the commercial market has been improving despite the lagging of the residential side. Interest rates are expected to remain low for another two years, she added, but buyers have been slow to respond due to low expectations.

As far as economic recovery goes, California is about in the middle of other states, instead of leading – a result of being at the center of the subprime leading fiasco. She noted that California home sales are at a "pretty solid level," but that "shadow inventory" is still keeping prices low. Real estate is so weak right now, she concluded, that it may have "nowhere to go but up."

Norm Miller invoked the real estate mantra that "all markets are local," pointing out that while many regions of the country are distressed, there are other hot spots. He bemoaned the S&P/ Case-Shiller index that compares resale home pricing trends because it mixes regular sales with distressed sales, and that gives a skewed view of the local housing market.

Low mortgage rates would normally have buyers "responding like crazy," Miller said, allowing prices to climb, but things like underwriting standards and legislative rules are interfering. He said government tax credits have not stimulated the housing recovery and actually delayed it.

From his perspective, Miller said, he would not be hesitant to get some investors together to buy distressed properties, with the expectation that the market will turn positive. "Mortgage rates are a bargain, but they will go up."

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