

Central Valley New Home Market Overview

Central Valley • May 23, 2007

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HANLEY WOOD MARKET INTELLIGENCE

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1

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14 Tradeshows and events annually

2

Exhibitions

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3

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Leading provider of information and analysis to homebuilders, lenders & manufacturers

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Market Intelligence



Market Intelligence Division



Market Intelligence
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- Provide data, analysis, published research, software, and consulting services to the residential home building and development industry

- Products designed to meet the needs of today's residential real estate and building professional including:
 - **Information Products**
 - **Published Research**
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- Cover top 75 markets across United States

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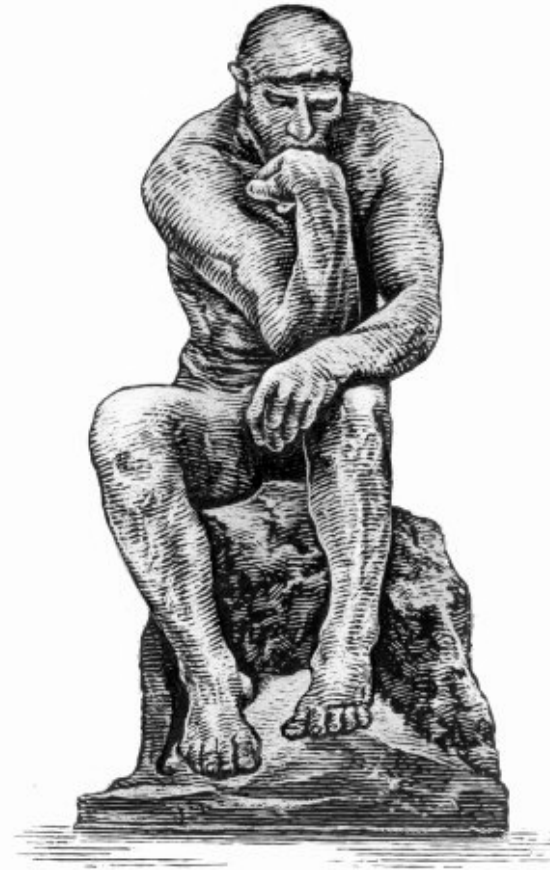
Consulting Services

Strategic Offerings

- Due Diligence
- Site Specific Analysis
- Market & Customer Strategy
- Market Overview Presentations

Custom Consulting

- Absorption Analysis/Infrastructure Financing Assistance
- Active Adult / Senior Housing
- Highest and Best Use Analysis
- Market Feasibility Studies
- Strategic Planning and Consulting
- Consumer Research
- Repositioning Recommendations



Some Products....

Market Intelligence

BUILDER InfoTools™

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- Proposed Project Data
- Active Project Data
- GIS Mapping w/Aerials
- Demographics
- Digital Parcel Data Layer
- Resale Data
- Export Custom Reports

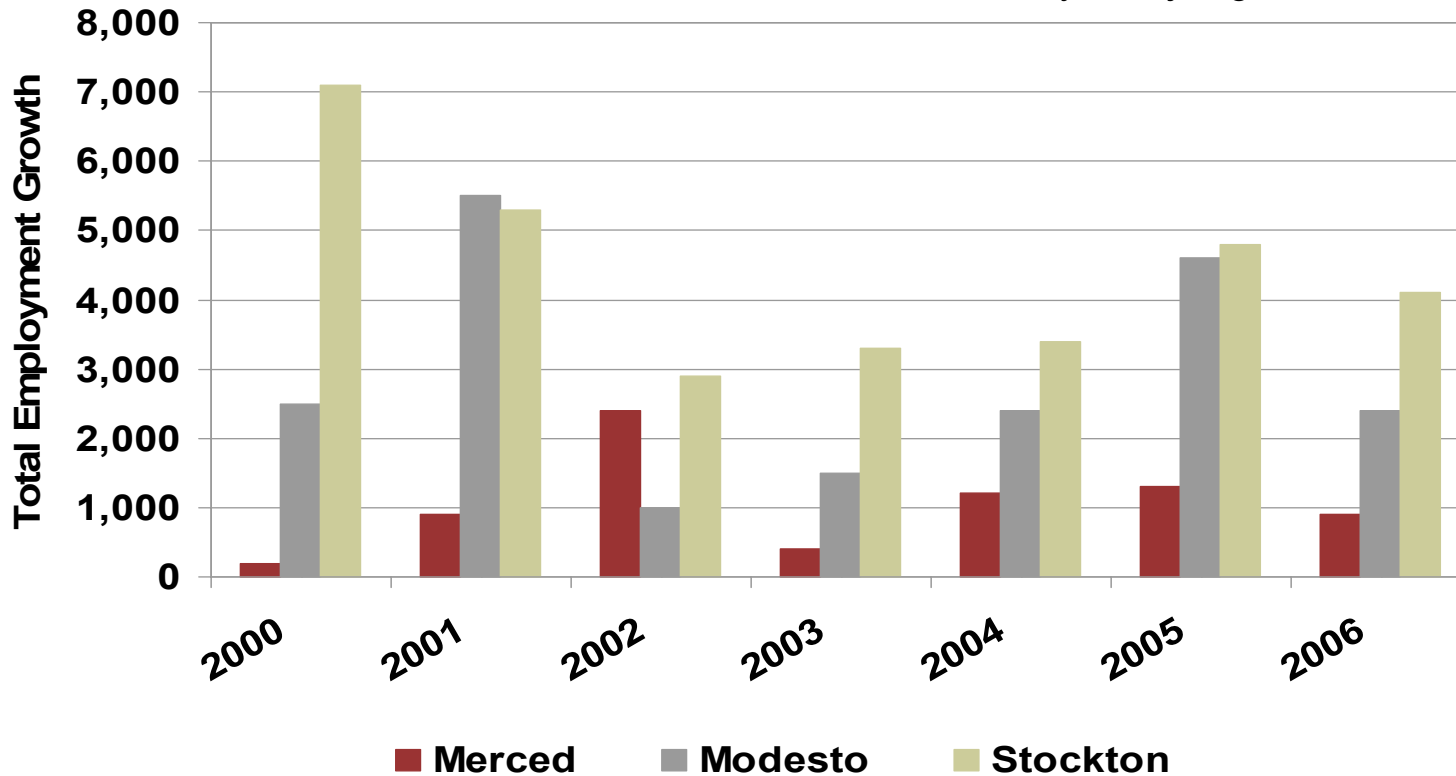


Job Growth

Merced, Modesto & Stockton (Central Valley)

<u>2006 Y-O-Y Growth</u>	
Merced:	900
Modesto:	2,400
Stockton:	4,100

Central Valley total job growth is 7,400



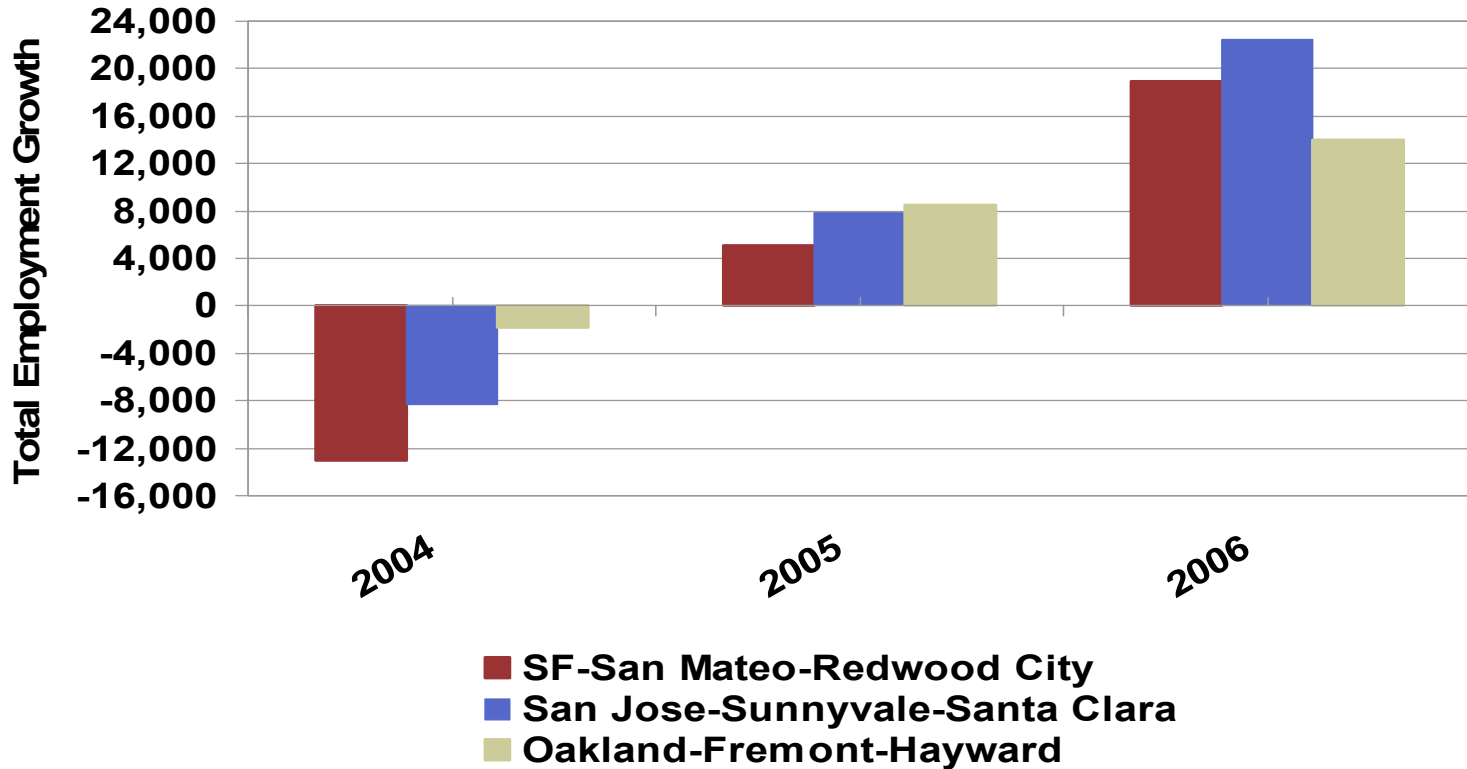
Source: Hanley Wood Market Intelligence, Bureau of Labor Statistics

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Job Growth

SF, San Jose & Oakland (Bay Area)

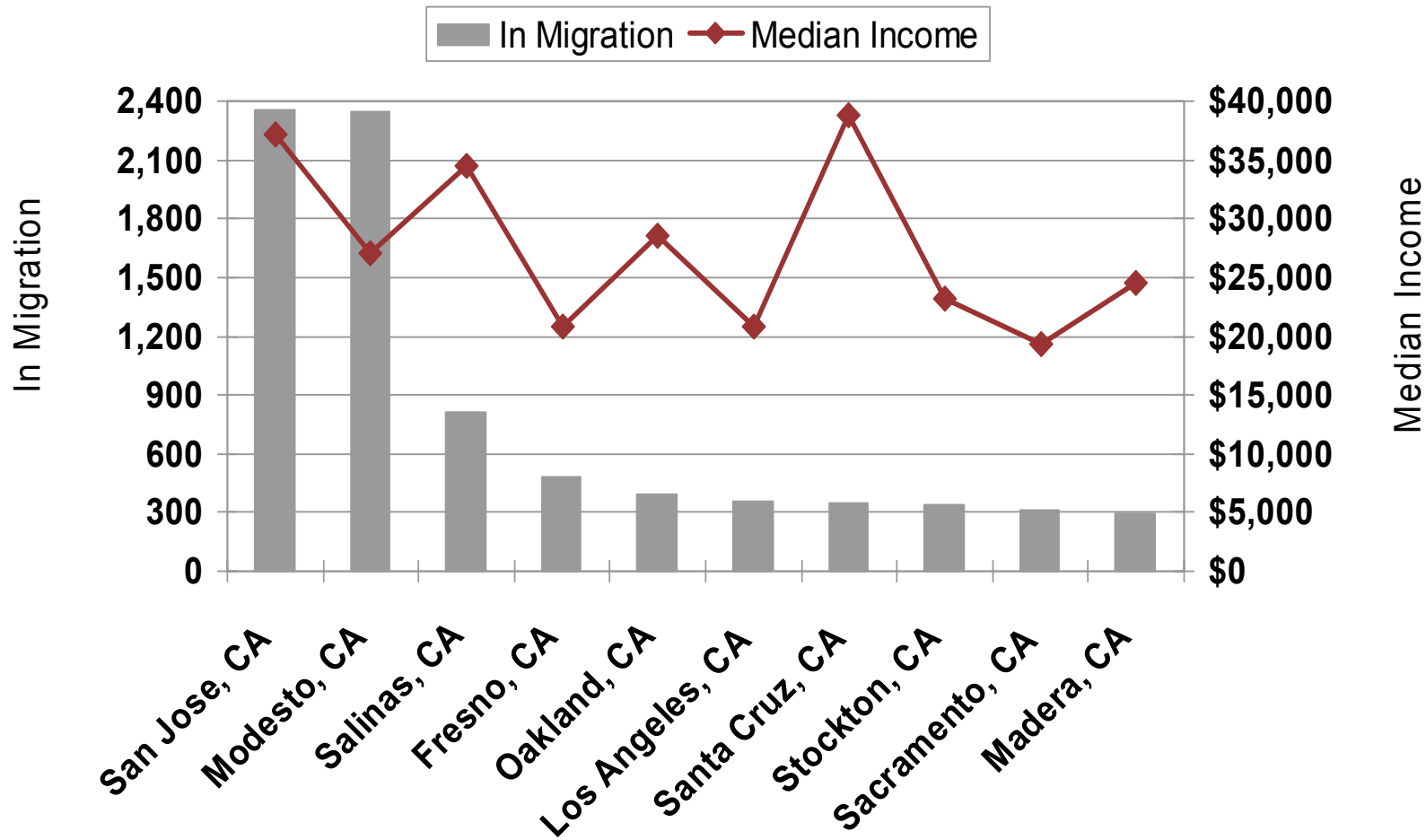
<u>2006 Y-O-Y Growth</u>	
SF:	18,900
San Jose:	22,500
Oakland:	14,000



Source: Hanley Wood Market Intelligence, Bureau of Labor Statistics

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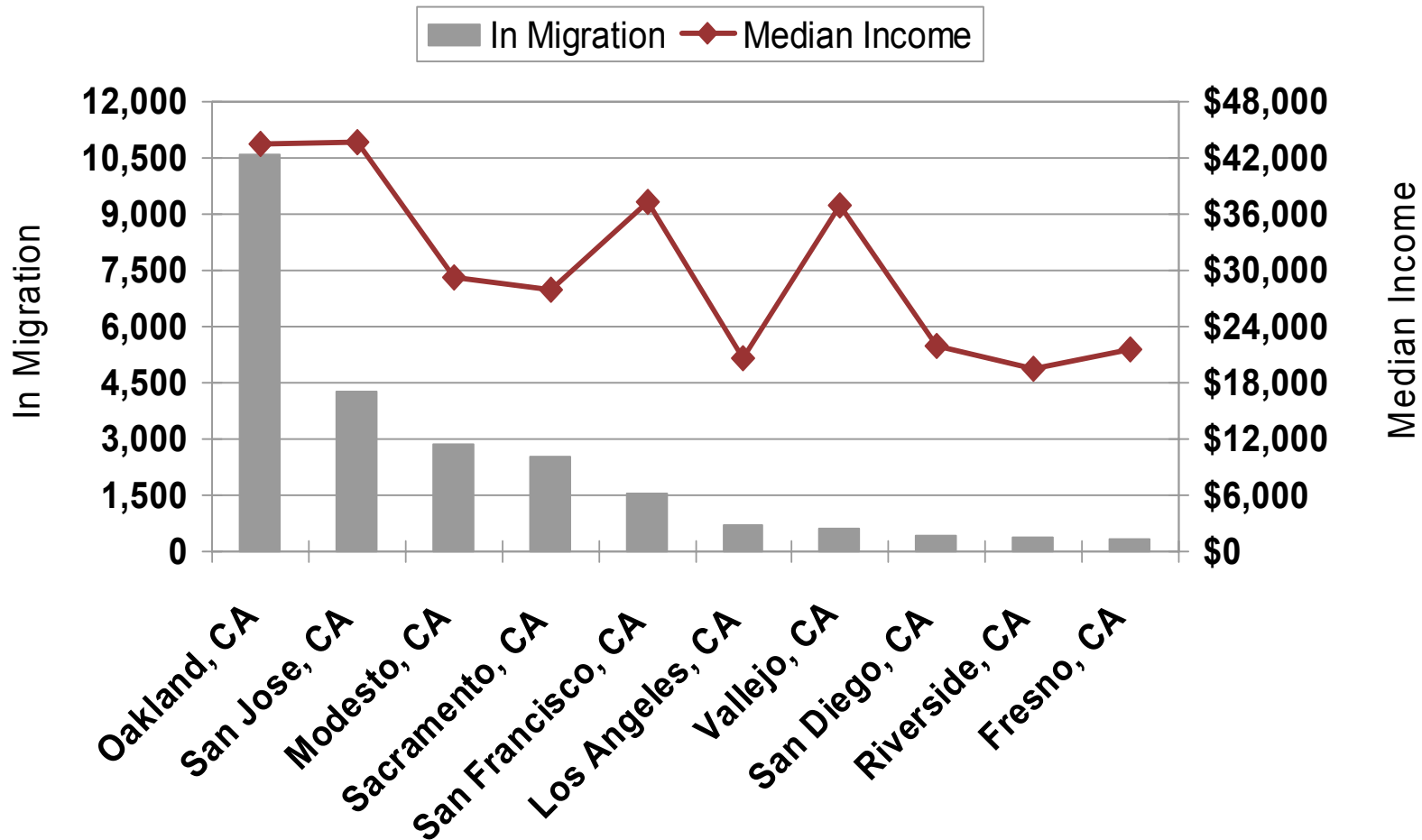
Merced In-Migration Flows



Source: Economy.com, 2006

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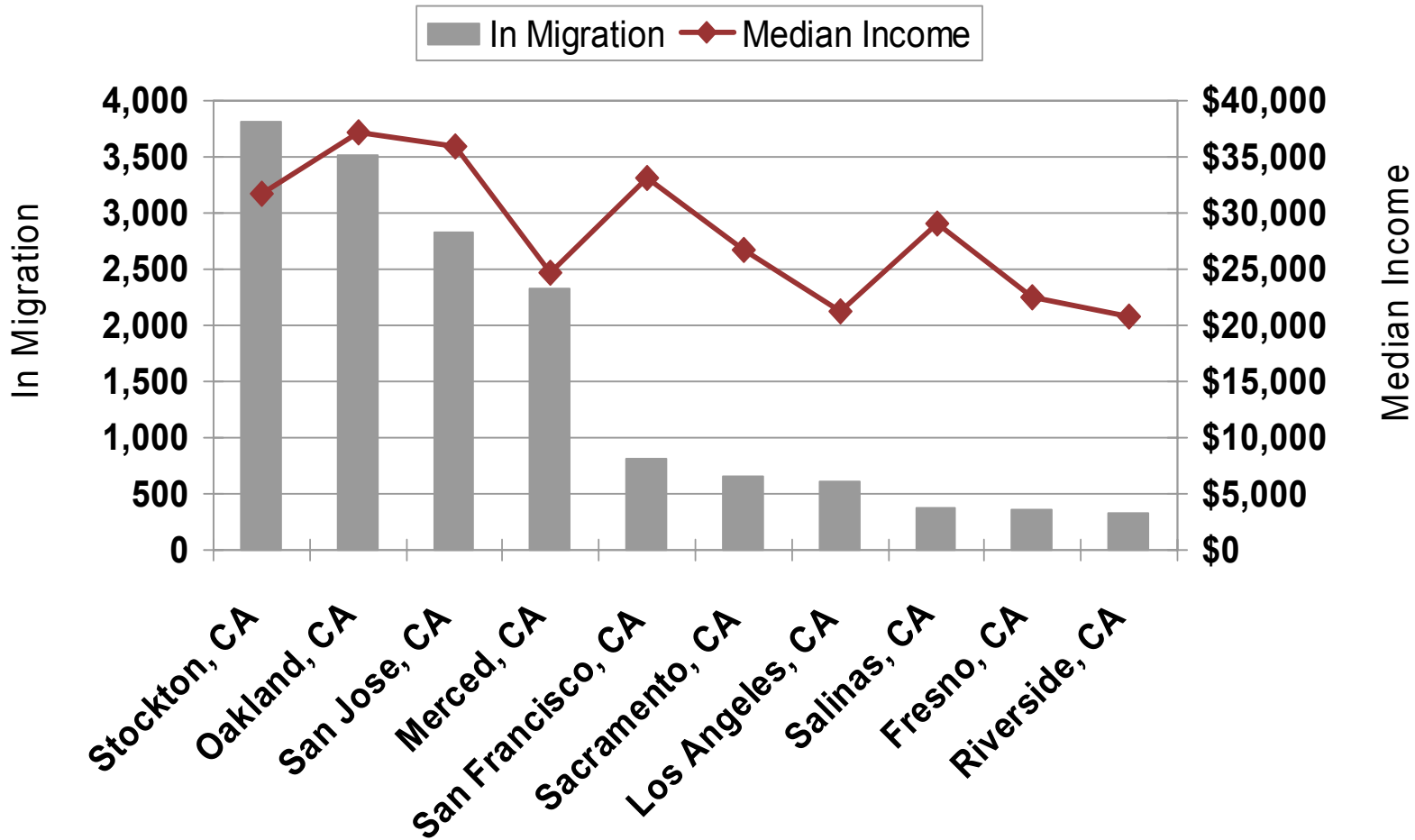
Stockton In-Migration Flows



Source: Economy.com, 2006

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Modesto In-Migration Flows



Source: Economy.com, 2006

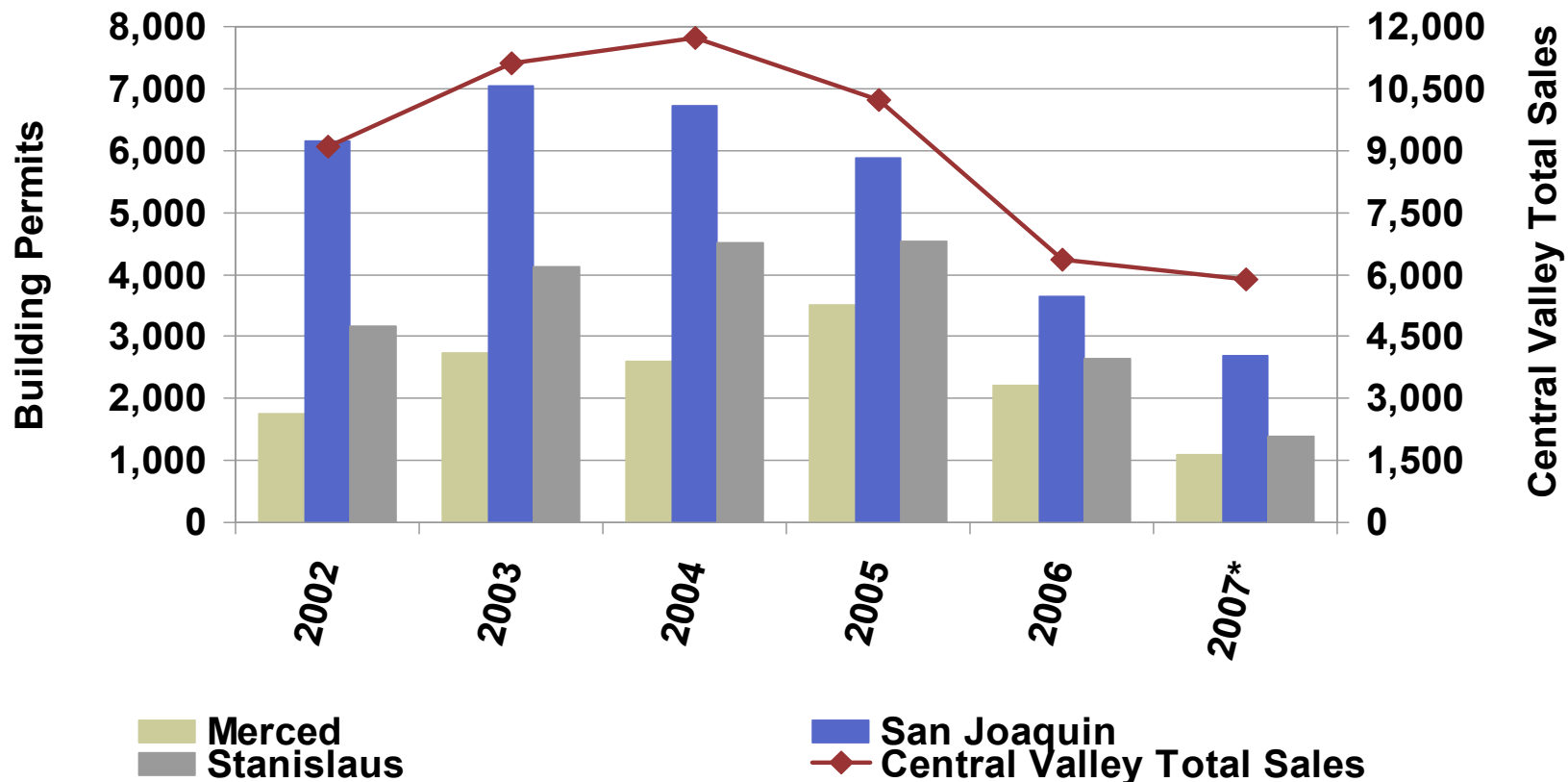
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Permit History

Merced, San Joaquin, Stanislaus Counties vs. Central Valley

Total Permits – 2007*

Merced – 271
 San Joaquin – 815
 Stanislaus – 381



Note: 2007* Permits is estimate based on 1Q 07. Central Valley 2007* sales is annualized through March

Source: Bureau of the Census

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Median Detached Price Trends

Merced is Top Bargain



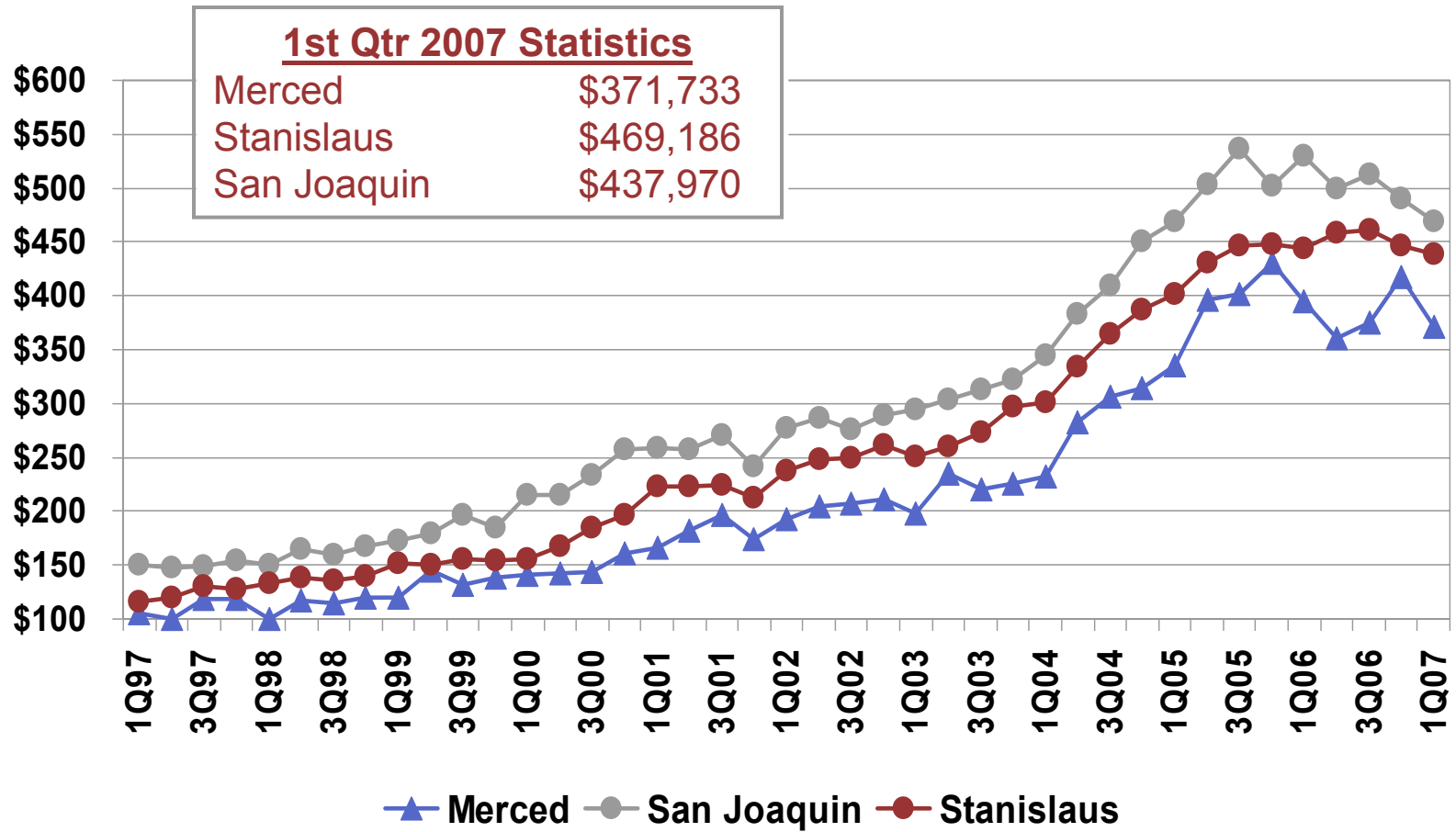
County	1Q01	1Q06	1Q07	1Q01 - 1Q07		1Q06 - 1Q07	
				Num Chg	% Chg	Num Chg	% Chg
Merced	\$165,595	\$394,990	\$371,733	\$206,138	124%	-\$23,257	-6%
San Joaquin	\$258,347	\$529,481	\$469,186	\$210,839	82%	-\$60,295	-11%
Stanislaus	\$222,775	\$443,323	\$437,970	\$215,195	97%	-\$5,353	-1%

Source: Hanley Wood Market Intelligence Market Monitor

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SFD Median Price: Nothing Below \$371K

Merced, San Joaquin & Stanislaus Counties



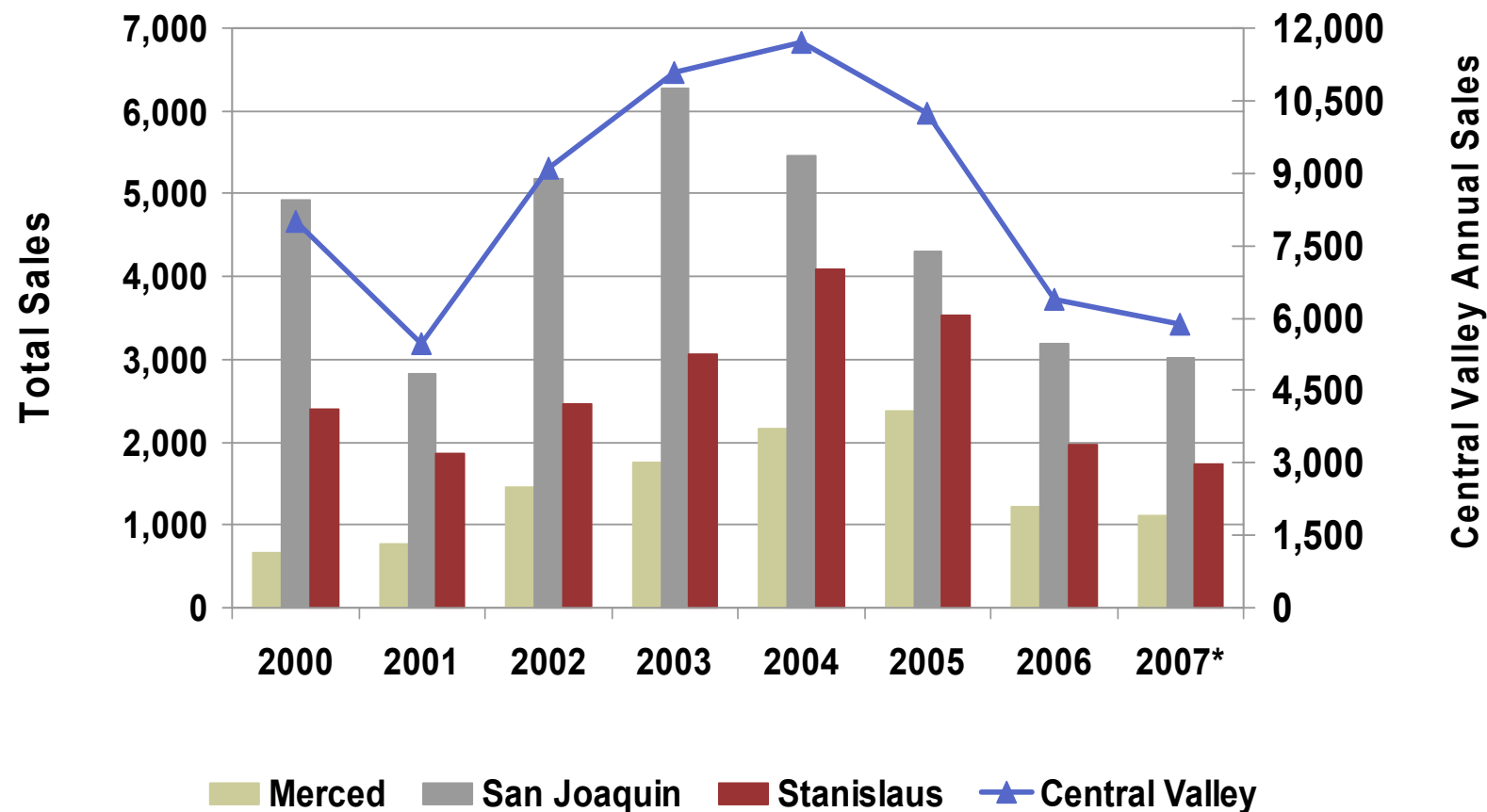
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Source: Hanley Wood Market Intelligence Market Monitor

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Annual New Home Sales

Merced, San Joaquin, Stanislaus Counties vs. Central Valley



Note: 2007* is annualized through March.

Source: Hanley Wood Market Intelligence Market Monitor

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New Home Sales

Merced, San Joaquin, Stanislaus Counties vs. Central Valley

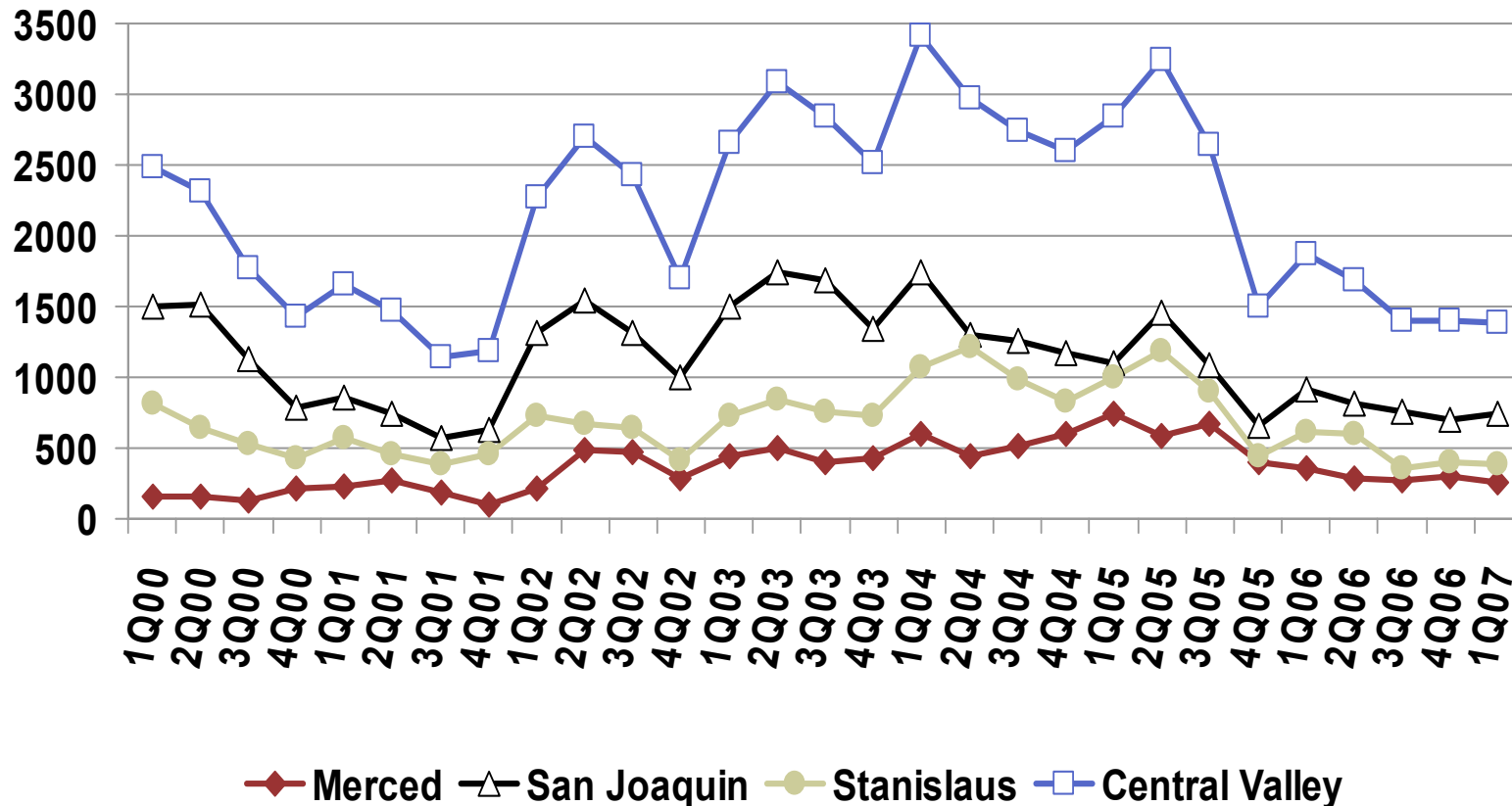
Total Sales - 1Q07

Merced – 252 (↓29.0% from 1Q06)

San Joaquin – 748 (↓17.9% from 1Q06)

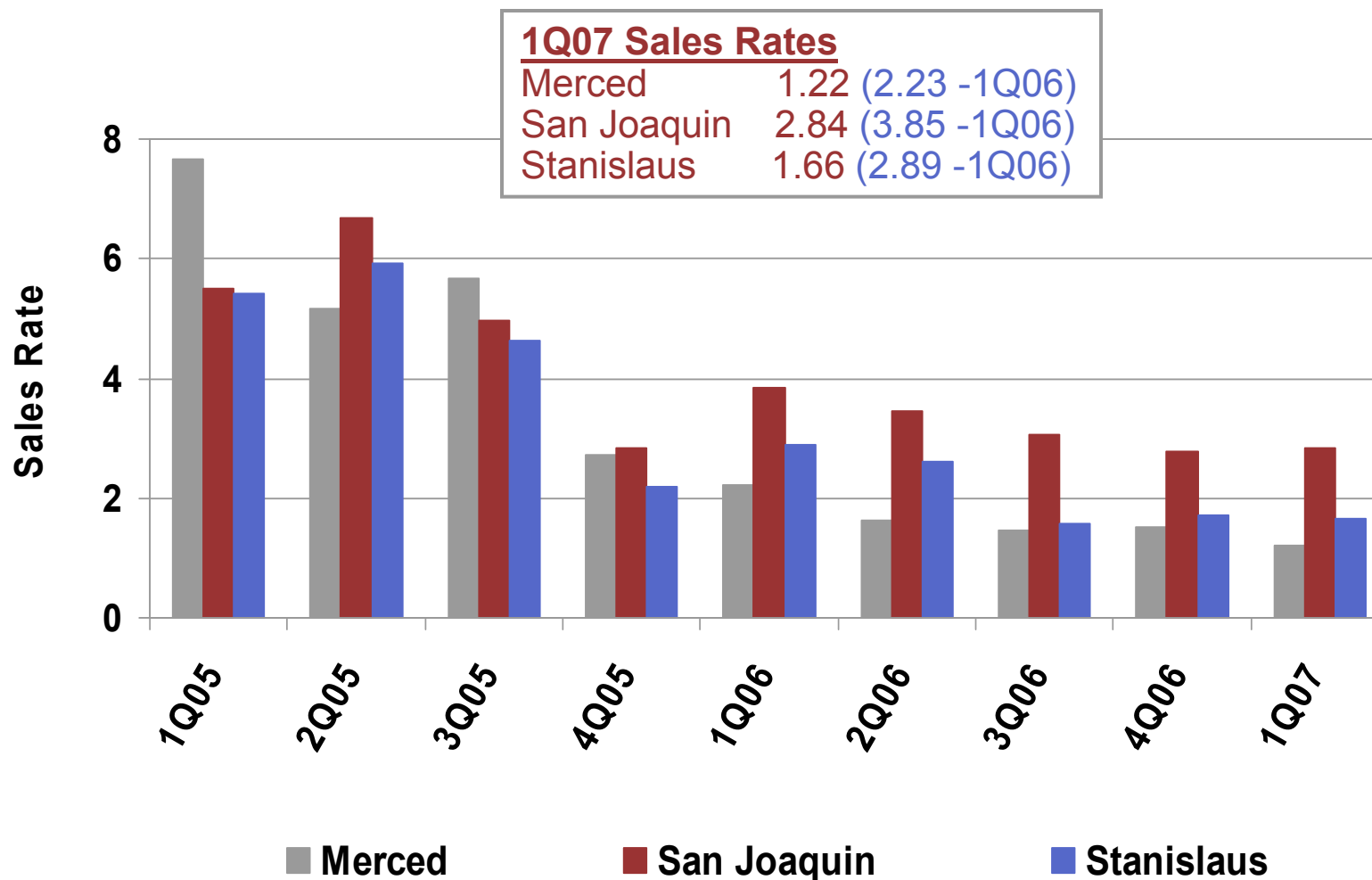
Stanislaus – 382 (↓37.4% from 1Q06)

Central Valley – 1,382 (↓26.3% from 1Q06)



Sales Rates

Merced, San Joaquin, Stanislaus

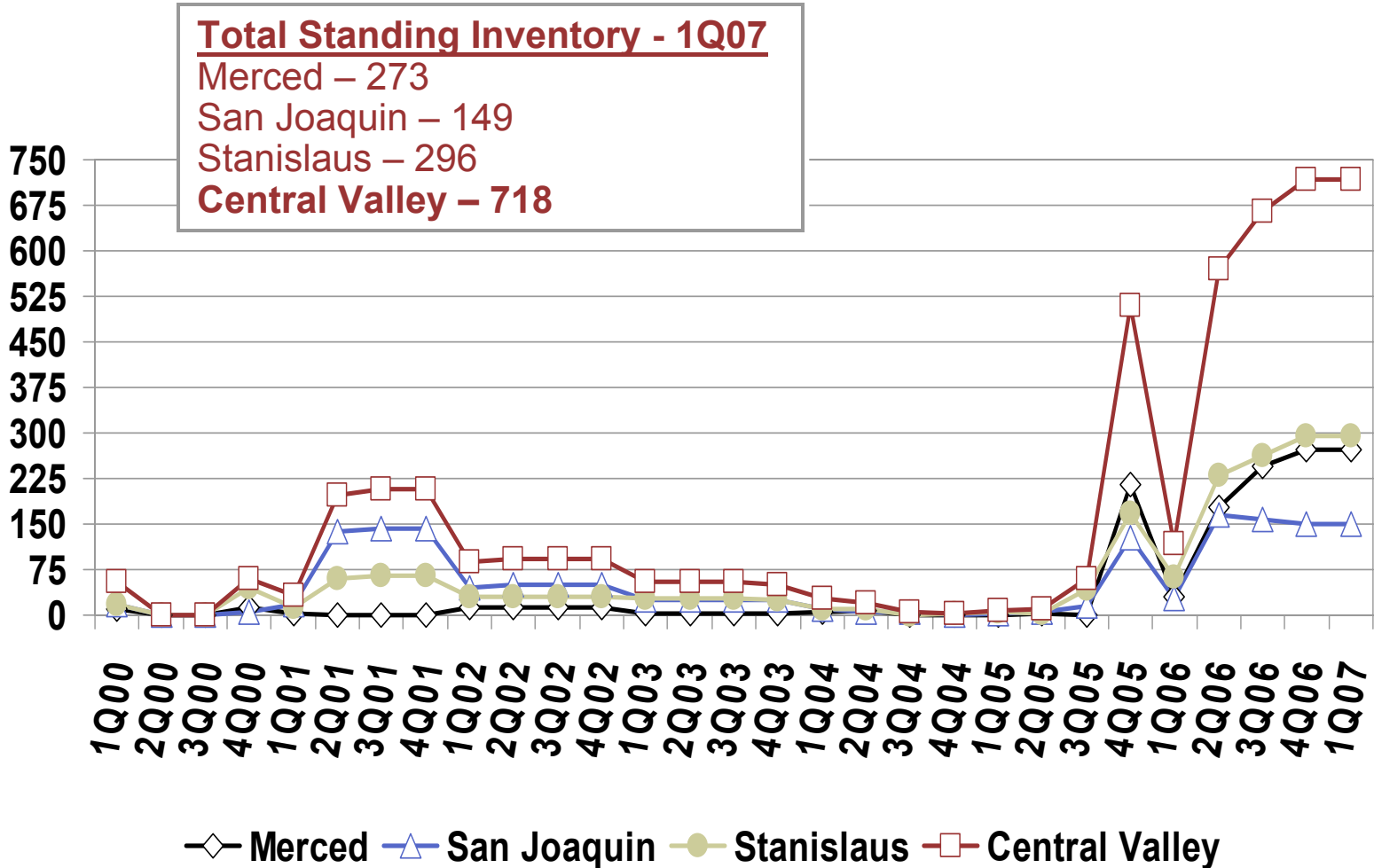


Source: Hanley Wood Market Intelligence Market Monitor

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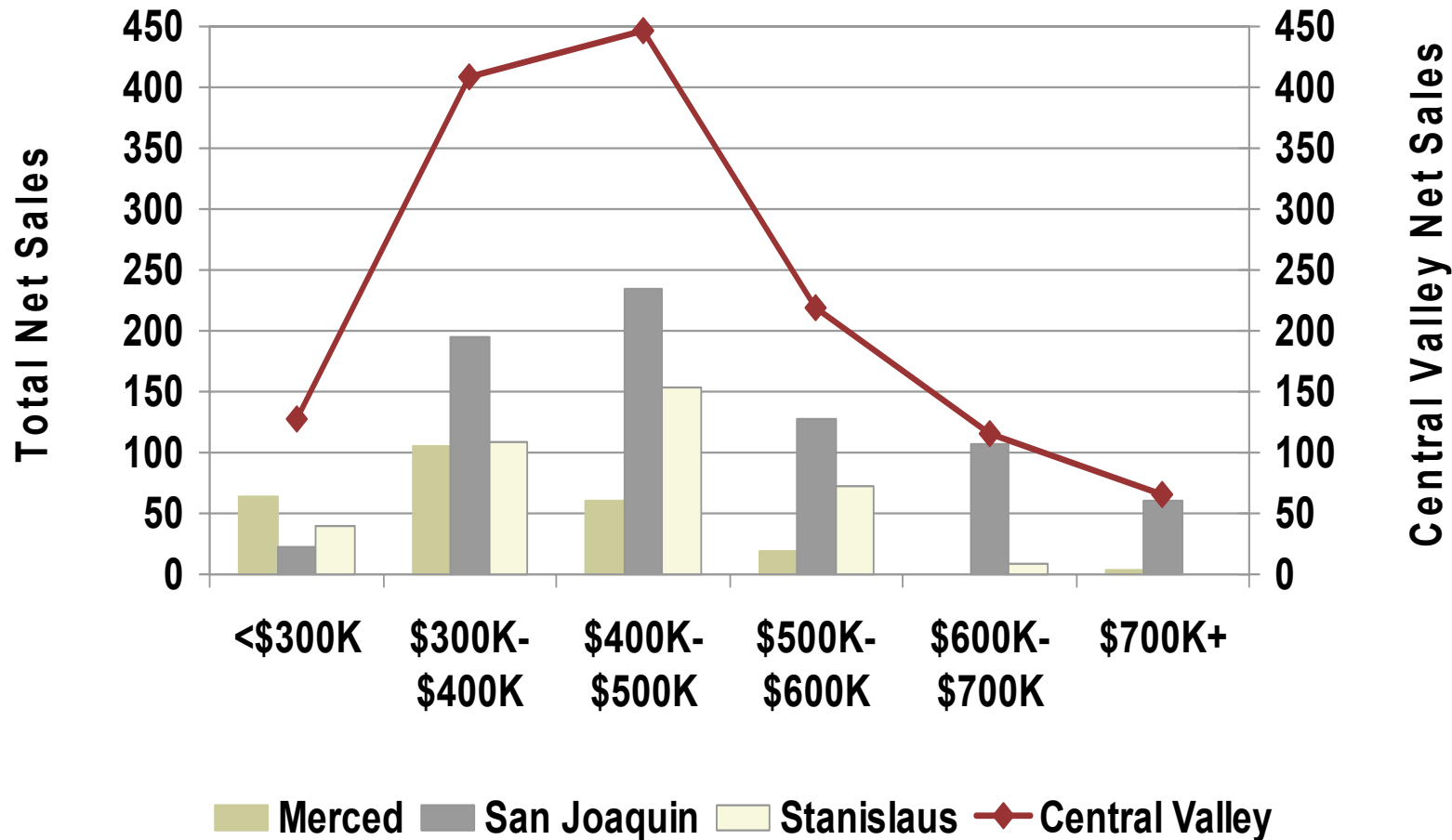
Total Standing Inventory

Merced, San Joaquin, Stanislaus Counties vs. Central Valley



Net Sales: Majority Now Between \$400K-\$500K

Merced, San Joaquin, Stanislaus Counties vs. Central Valley



Source: Hanley Wood Market Intelligence Web Report

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Conclusions

- 1) Emerging attached market
- 2) Watch resale market inventory/price
- 3) Control inventory/incentives
- 4) Fewer land transactions between land owners and builders. Look for land values to come down.
- 5) Stable employment growth along with higher interest rates
- 6) New homes sales down in 2006, slight drop expected in 2007
- 7) Increasing growth management