

National Economic and Real Estate Data

NERE Report

RealtyEconomics©

Q1/Q2 2008

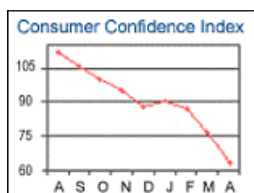
Data Summary

U.S. Economic Activity		Housing Economics (Demand)		Housing Economics (Supply)	
Indicator	Data	Indicator	Data	Indicator	Data
Real GDP	0.6%	Employment		*SF-Multi Building Permits	978k
Consumer Spending	3.3%	Labor Force Population	153,957m	*Single-Family Permits	635k
Business Spending	12.1%	Labor Force Participation	146,331m	*Multifamily (5+) Permits	343k
Manufacturing		Unemployment Rate	5.0%	Housing Starts (sf/multi)	1.032m
Purchasing Managers Index	46.5%	Employment to Pop. Ratio	62.7%	Single-Family	691,560
Factory Orders	432.3b			Multifamily	340,440
		Household Ownership	108,888m	Completions	1,208k
		Homeownership Rate	67.8%	Avg Housing Growth Ratio	4.5:1
Inflation					
Consumer Price Index	4.0%	Median Household Income	\$46,236	Manufactured Housing Units	86,000
Core CPI	2.3%	Median Household Size	2.57	Percentage of Home Owners	0.07.1%
*Total Retail Sales	380,198b	Total Personal Income	11,990.2b		
				Total Housing Unit Vacancies	
Avg Hourly Earnings	\$17.88	Pending Home Sales Index	83	U.S. Home Foreclosuers	1,072m
Consumer Confidence	62.3	Employment/Permit Ratio	0.41	Rental Vacancies	2.9%
		Demand/Supply Ratio	0.34.4	Home Owned Units	10.1%
◇Mortgage Rates 30y Avg	5.935%				
Freddie Mac	6.05%	Housing Market Index	20		
MBA	5.82%				

Data reflects Q4 2007 & into Q2 2008 – current data as of May 15, 2008

*Retail Sales-(includes autos and restaurants) ◇Mean of FM/MBA

Q1 GDP figures remain stagnant at an annual pace of 0.6%. Consumer spending rose 1% annually – the weakest growth since the 2001 recession, while business spending dropped significantly – 2.5%. CPI rose 0.2% after the in April, while core inflation rose 0.1% to a revised 2.3%. Meanwhile on the consumption side, consumer confidence sank to a 28-year low – and now stands at a lowly 59.5. Initial jobless claims rose to 371,000, as the labor market continues to weaken. Over on the housing side, existing sales fell as predicted - but inexplicably, and basically unsupportable the median price rose from \$193,900 to a reported \$198,200 (**SF only**). That increase seems a bit suspect. New homes plunge in sales and price again as well, with sales volume dropping 8.5% from the prior month, with the median price falling about 7% - to \$227,600. Foreclosures shot up another 65%, as over 1 million homes are now in default. Housing starts rose, but **only due to multi-family** increases of 36%. As you can see, the stormwatch has gone into lockdown mode, despite what some of the pundits are *still* professing. Turmoil continues in the credit markets, and the investment banks are still not done disclosing heavy losses. The write-downs, and the cover-ups continue to plague and deteriorate the financial markets. The economy is facing a dangerous setback from overpriced energy and sky rocketing food prices that continue to rise, as rice, wheat, and corn commodities have reached all-time price highs. The national average for a gallon of gas as of May 16, was \$3.76



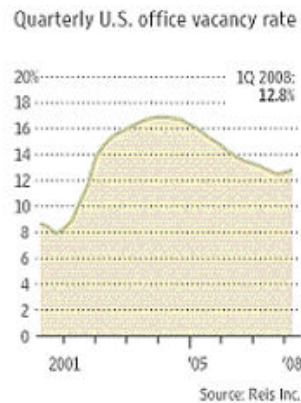
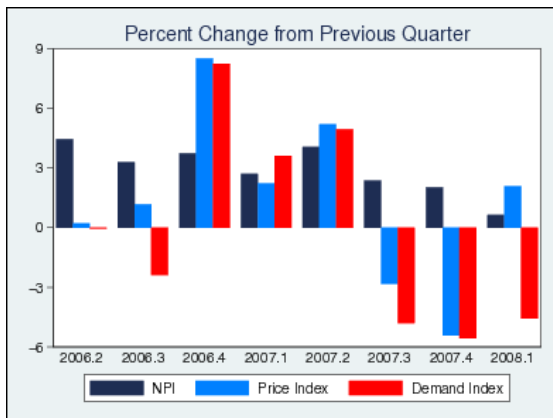
Existing Housing Statistics		New Housing Statistics	
Indicator	Data	Indicator	Data
*Existing Home Prices		New Home Prices	
*Median	\$198,200	Median	\$227,600
*Mean	\$247,700	Mean	\$292,400
*Existing Home Sales Volume		New Home Sales Volume	
Percentage of Households	3.9%	Percentage of Households	0.46%
Months of Inventory	9.9	New Home Inventory (Mo.)	11
^Purchase Mortgage Applications Index		Completed	3.9
Refinance Percentage	48.7%	Under Construction	4.4
Affordability Ratio		Affordability Ratio	
Fixed Mortgage Rates	55%	Fixed Rate Ratio	46.7%
Adjustable Mortgage Rates	58.1%	Adjustable Rate Ratio	50.1%

Data is for Q4 2007 & into Q2 2008 – current data as of May 16. ^Seasonally adjusted basis
 (*NAR data is often unreliable and typically has a margin of error between 2% and 5%)

Commercial snapshot

The national commercial office market has recently been showing the effects of the crisis in the credit market and investment banking industry. Moreover, all types of commercial property dropped 47% in the first quarter of 2008 according to the MIT Center of Real Estate. The MIT/Center RE demand-side index dropped 4.6 % in the first quarter, its third- straight quarterly decline. Additionally, first-quarter data from Reis Inc. shows the rate of vacant office space nationwide increased to 12.8% from 12.6% in the previous quarter. Companies took less space even as real-estate owners added to market supply

Office vacancy nationwide increased by 30 bps to 12.8% through end of the first quarter of 2008. In certain metropolitan areas that were dependent on new homebuilding and the mortgage industry, the actual office vacancy rate went up significantly more -approximately 150 to 200 bps. Occupancy and rental rate trends, which are a lagging indicator, should remain as they are in the short term- affected by the credit crisis in the commercial debt markets. But the third and fourth quarter may paint a somewhat different picture. Further evidence is shown by the Moody's/REAL Indices which clearly points to the decline of all U.S. commercial properties



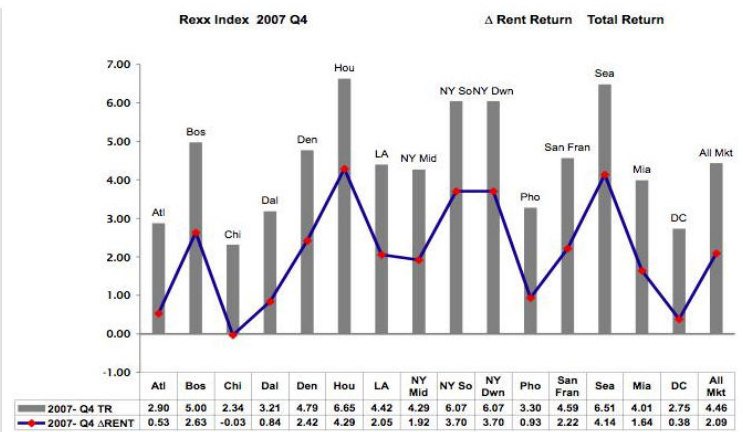
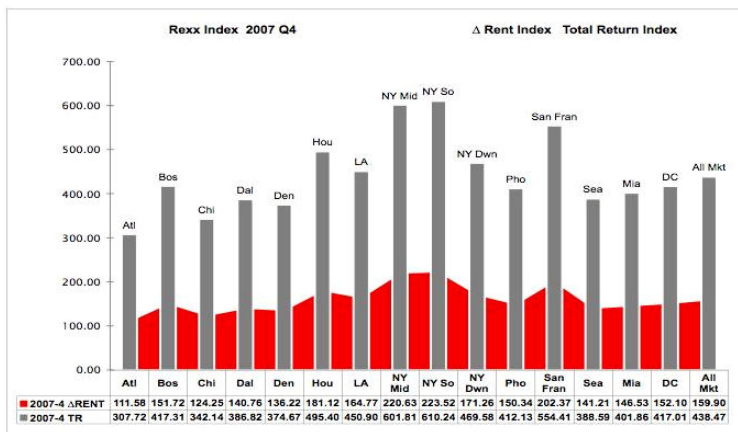
Case/Shiller Index

The S&P/GR Commercial Real Estate Indices are comprised of ten commercial real estate indices: a national composite, five geographic regions, and four national property sectors. The index is considered a reliable benchmark for commercial real estate prices in the United States.

Index	January 2008 Level	January/December Change (%)	December/November Change (%)	1-Year Change (%)
Apartments	149.53	0.6%	1.9%	5.8%
Office	148.82	-0.2%	2.9%	9.9%
Retail	160.17	0.0%	1.0%	4.3%
Warehouse	161.69	1.9%	-0.2%	10.1%
Desert Mountain West	150.28	-2.9%	-1.0%	0.9%
Mid Atlantic South	152.24	-0.3%	2.8%	2.4%
Midwest	131.38	-0.4%	0.5%	3.0%
Northeast	150.24	1.4%	2.5%	9.4%
Pacific West	165.05	0.3%	1.8%	9.0%
National	151.98	0.3%	1.9%	7.0%

REXX Index

REXX is a rent-based commercial property index in 15 metro markets as well as the All Market Composite Index, which includes the Capital Return, Total Return, and Rent Return. REXX represents two trillion dollars in value and two billion square feet of total space. The REXX Commercial Property Index tracks the return on commercial real estate based on lease transaction prices, asking rents, the effective Fed Funds rate and the Consumer Price Index (CPI).



The latest DJ U.S. real estate index reveals a down-turn of almost 17% from one year ago. The index is made up from 41 real estate industry components.

INDUSTRY GROUP TRACKER:DJ US Real Estate Index

[Industry Start](#) > [All Industries](#) > [Financials](#) > [Financial Services](#) > [Real Estate](#)

Last:	268.61
Change:	-8.16
% Change:	-2.95%
52-Week Range:	228.29 to 335.89
1-Yr % Change:	-16.87%

