

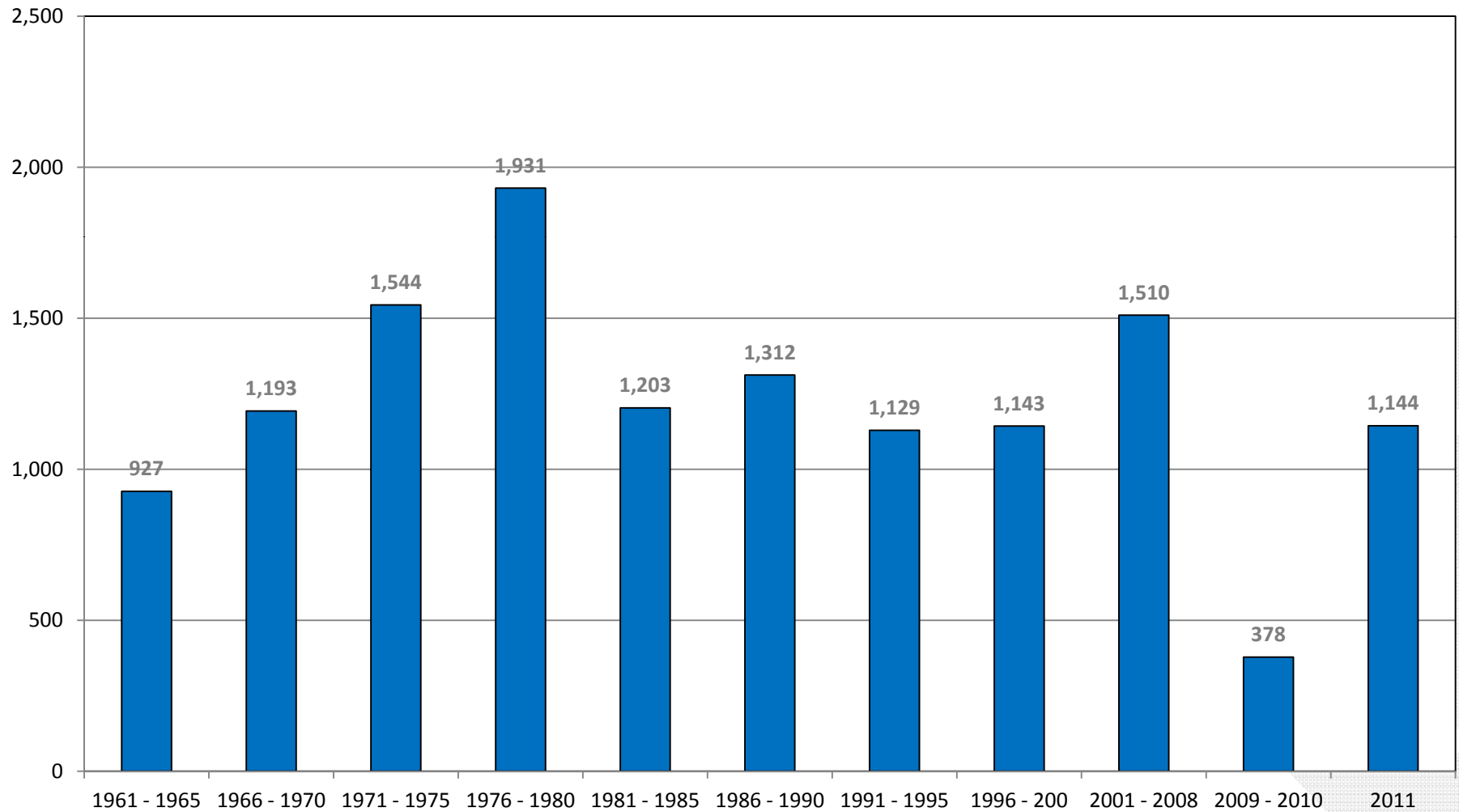
U.S. and Bay Area Housing Update

Andrew Borsanyi, Principal
May 8, 2012



National Household Growth

Average Annual Household Formation (000s)

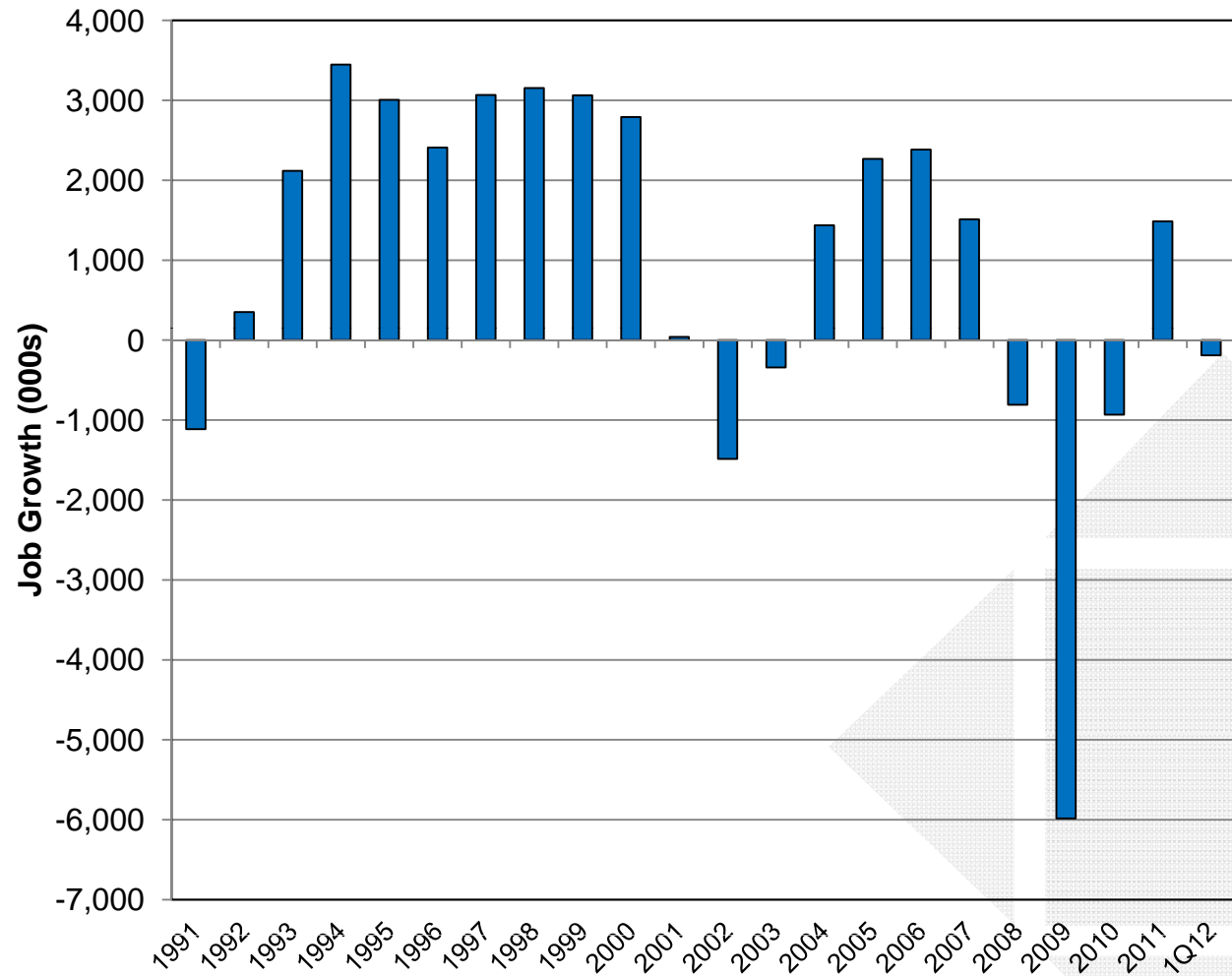


Source: US Census Bureau



U.S. Employment

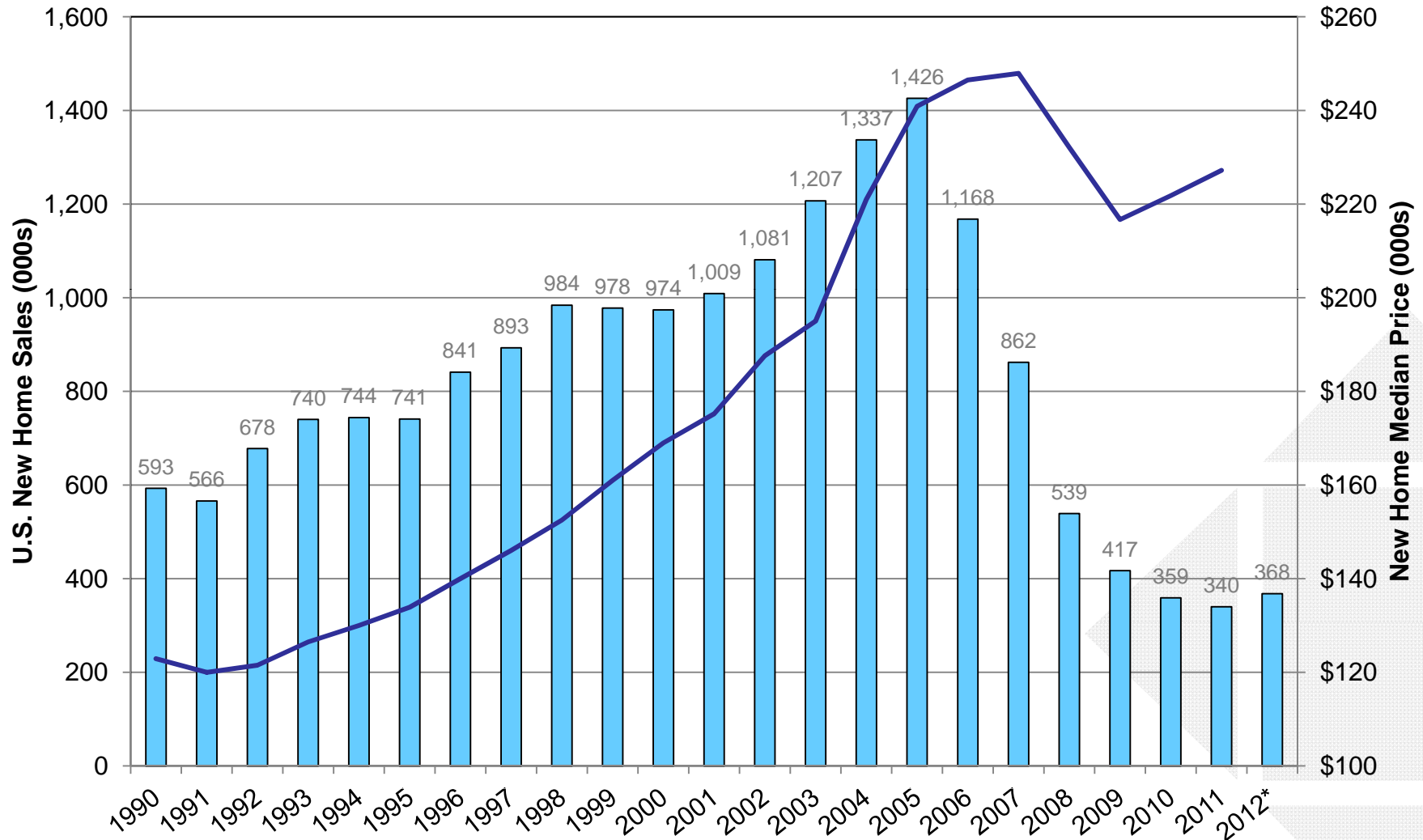
Value 000s	Jobs		
	Num.	#	%
Annual			
1990	109,487		
1991	108,374	-1,113	-1.0%
1992	108,726	352	0.3%
1993	110,844	2,118	1.9%
1994	114,291	3,447	3.1%
1995	117,298	3,007	2.6%
1996	119,708	2,410	2.1%
1997	122,776	3,068	2.6%
1998	125,930	3,154	2.6%
1999	128,993	3,063	2.4%
2000	131,785	2,792	2.2%
2001	131,826	41	0.0%
2002	130,341	-1,485	-1.1%
2003	129,999	-342	-0.3%
2004	131,435	1,436	1.1%
2005	133,703	2,268	1.7%
2006	136,086	2,383	1.8%
2007	137,598	1,512	1.1%
2008	136,790	-808	-0.6%
2009	130,807	-5,983	-4.4%
2010	129,874	-933	-0.7%
2011	131,359	1,485	1.1%
1Q12	131,169	-190	-0.1%



Source: US Bureau of Labor Statistics



U.S. New Home Sales and Prices



* 2012 estimate based on 1Q 2012 sales

Source: US Census Bureau

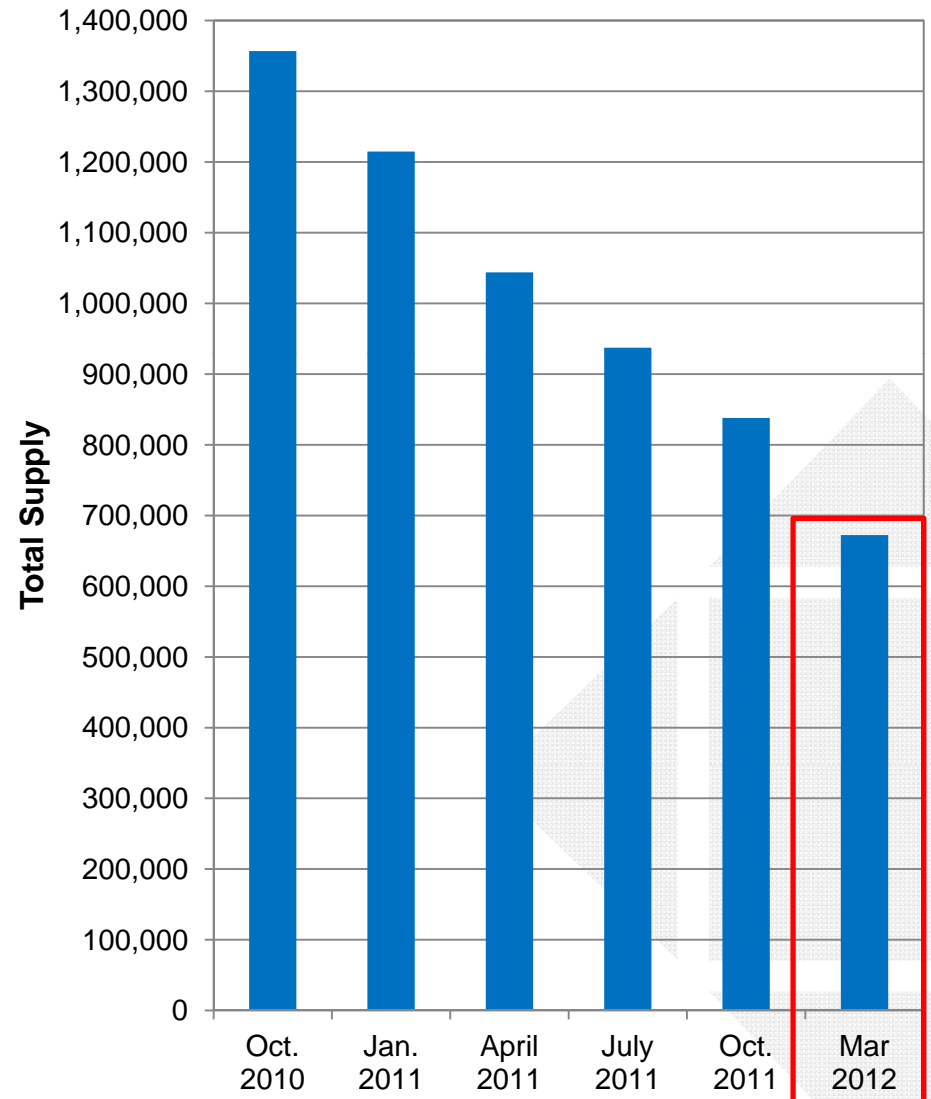


U.S. New Home Inventory

Demand	Mar. 2012
	Units
LTM Sales	352,222
Recovery Rate	621,027
TCG Annual Demand	889,832

Supply	
Standing Inventory	163,000
Lots in Actively Marketed Projects	210,000
Competitive Foreclosures	299,400
Total Supply	672,400

Market Outlook	
Months Supply	23
Sales Recovery	1Q 14
New Lot Development	1Q 13

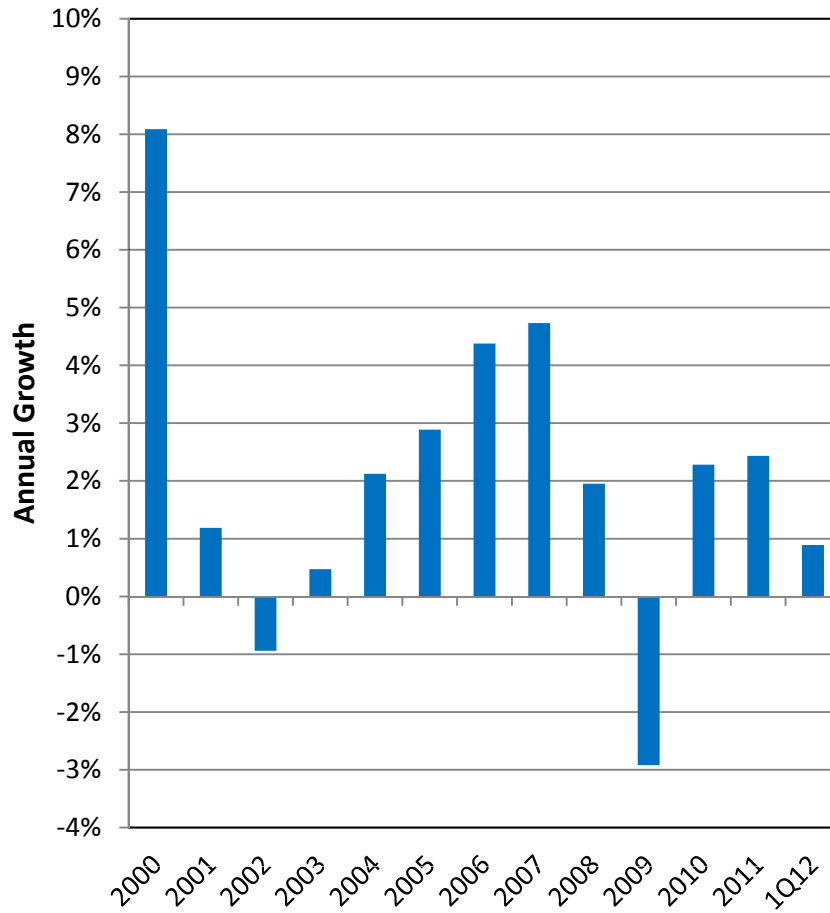


Sources: US Census/HUD, NAR, RealtyTrac, HanleyWood, DataQuick, TCG

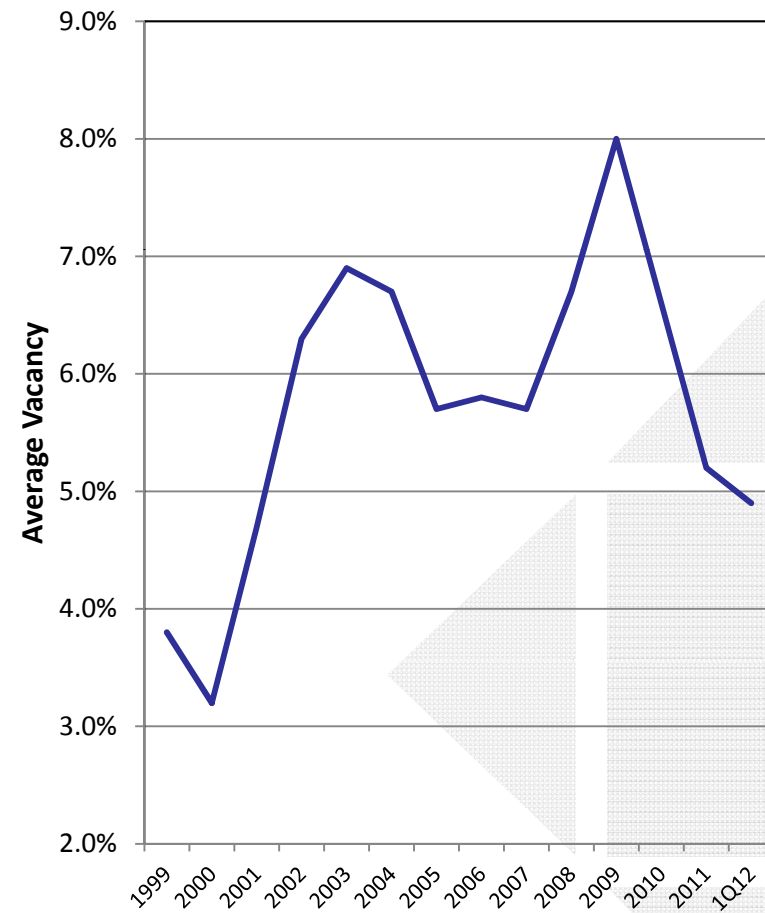


U.S. Multifamily Performance

Annual Effective Rent Growth



Annual Vacancy

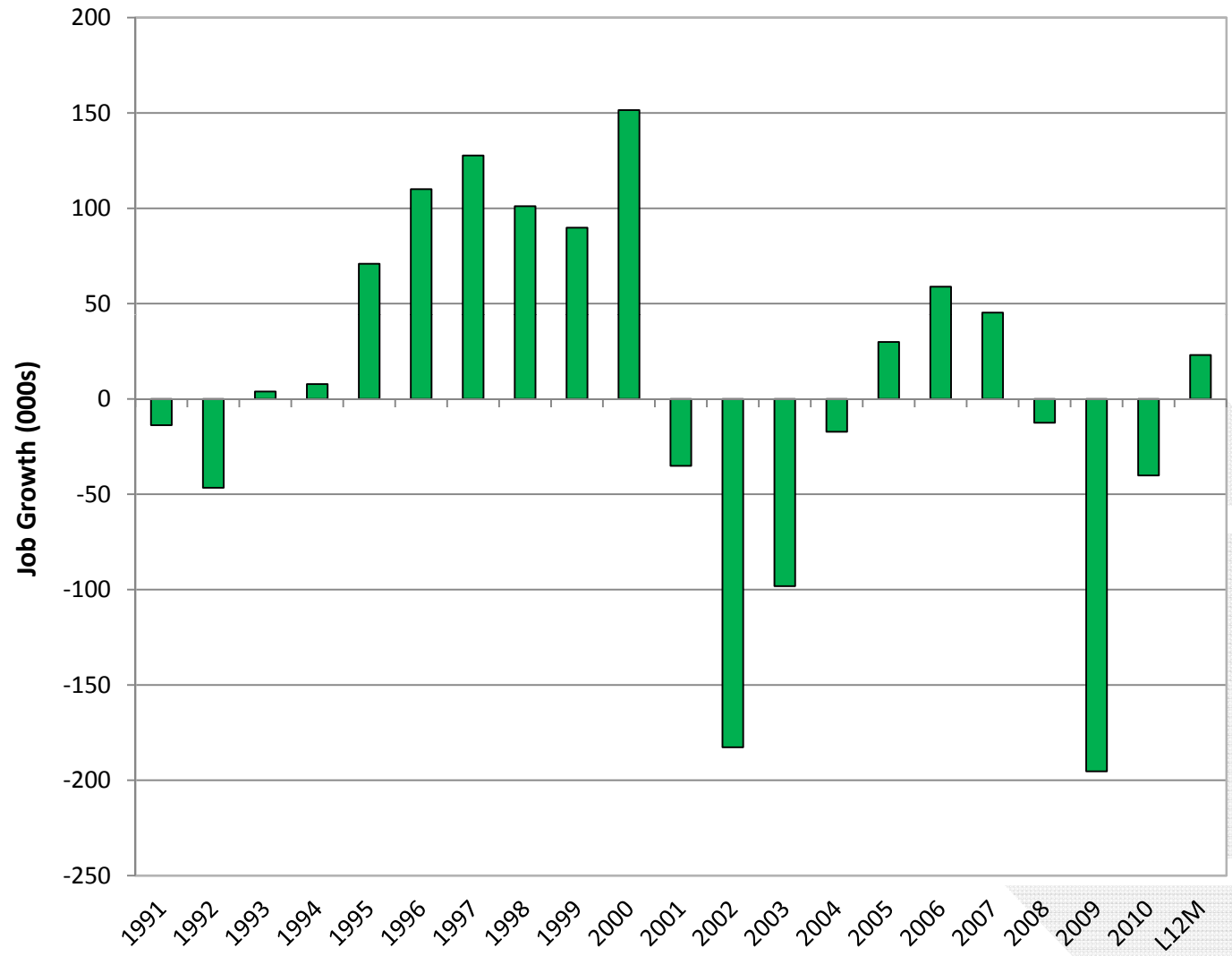


Source: REIS



Bay Area Employment

Value 000s	Jobs		
	Num.	#	%
Annual			
1990	2,927		
1991	2,914	-14	-0.5%
1992	2,867	-47	-1.6%
1993	2,871	4	0.1%
1994	2,879	8	0.3%
1995	2,950	71	2.5%
1996	3,060	110	3.7%
1997	3,187	128	4.2%
1998	3,288	101	3.2%
1999	3,378	90	2.7%
2000	3,530	152	4.5%
2001	3,495	-35	-1.0%
2002	3,312	-183	-5.2%
2003	3,214	-98	-3.0%
2004	3,196	-17	-0.5%
2005	3,226	30	0.9%
2006	3,285	59	1.8%
2007	3,331	45	1.4%
2008	3,318	-13	-0.4%
2009	3,123	-195	-5.9%
2010	3,083	-40	-1.3%
L12M	3,106	23	0.7%



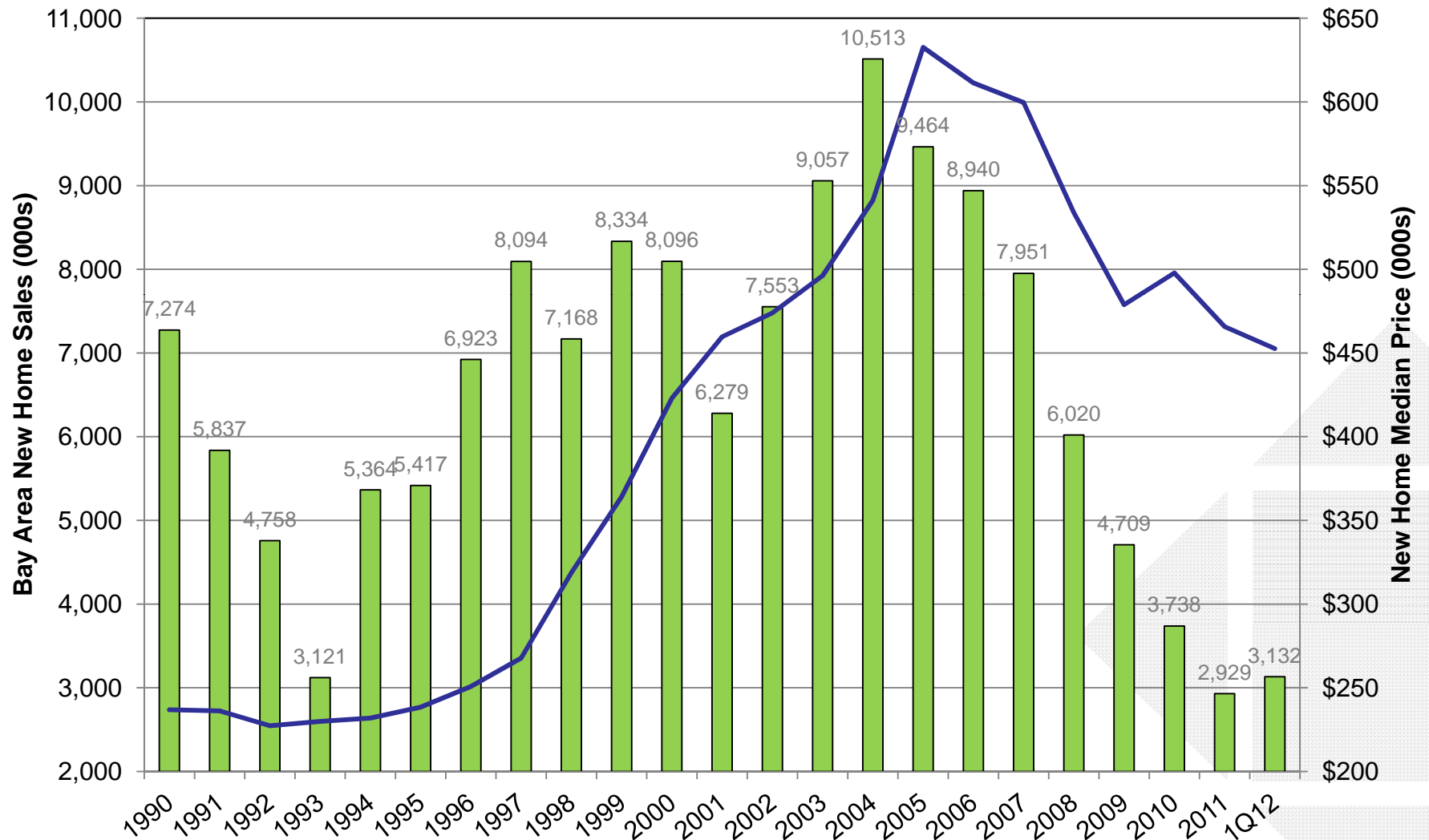
* L12M ending November 2011

Source: US Bureau of Labor Statistics

THE CONCORD GROUP



Bay Area New Home Sales and Prices



Bay Area new home sales based on aggregation of five-county area: San Francisco, San Mateo, Marin, Alameda and Contra Costa
Source: DataQuick



Bay Area Market Performance

Metric	San Francisco	Alameda	Contra Costa	San Mateo	Marin	Total/ Average
Demographics						
Households 2012	348,525	549,474	380,208	259,800	103,828	1,641,835
<i>% of Total</i>	21%	33%	23%	16%	6%	100%
Annual HH Growth Rate ('12 - '17)	0.4%	0.4%	0.7%	0.3%	0.3%	0.5%
Median HH Income 2012	\$69,224	\$67,773	\$75,551	\$84,030	\$86,864	\$73,227
<i>% of Total</i>	95%	93%	103%	115%	119%	100%
All New Homes For-Sale (L4Q)						
New Home Closings	507	1,256	1,024	267	33	3,087
<i>% of Total</i>	16%	41%	33%	9%	1%	100%
Home Closings Per 1,000 HHs	1.5	2.3	2.7	1.0	0.3	1.9
Median Price	\$629,609	\$424,042	\$343,621	\$662,393	\$647,000	\$454,126
<i>% of Total</i>	139%	93%	76%	146%	142%	100%
All Resale Home Sales (L4Q)						
Resale Closings	5,044	15,406	15,927	6,953	2,876	46,206
<i>% of Total</i>	11%	33%	34%	15%	6%	100%
% Buy New vs. Existing	9%	8%	6%	4%	1%	6%
Median Price	\$638,105	\$326,130	\$246,540	\$566,418	\$600,610	\$385,994
Resale Price as % of New Home Price	101%	77%	72%	86%	93%	85%

Sources: DataQuick, Claritas, US Census



Bay Area New Home Inventory

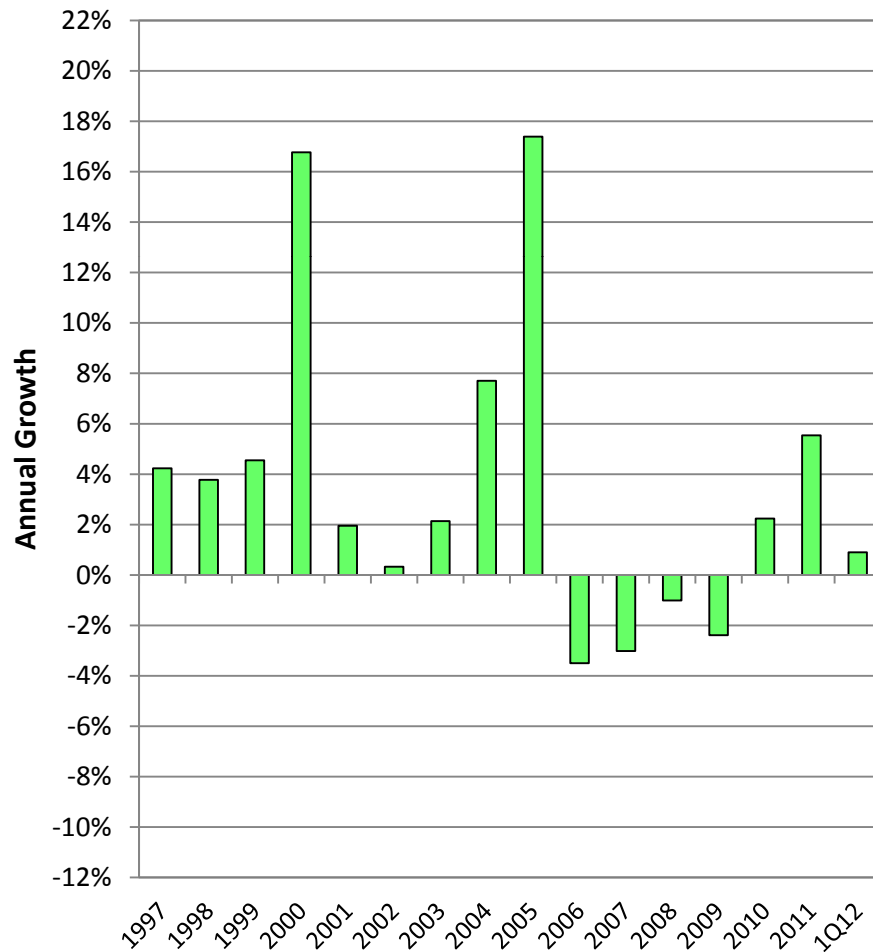
Market	New Home Sales		Same Prod. Price Chg YOY	Total New Home Competitive Inventory	Projected Recovery (Blended Rate)		
	Last 12 Months	% Chg 2005			Months Supply	Sales Recovery Date	New Lot Demand Rate
United States	352,222	-76%	2.0%	672,405	18	4Q 13	4Q 12
Orange County	1,921	-67%	1.0%	1,886	10	1Q 13	1Q 12
San Diego	2,699	-80%	-2.0%	3,225	11	1Q 13	1Q 12
San Jose	1,116	-68%	-1.0%	1,612	13	2Q 13	2Q 12
Raleigh	5,340	-56%	-4.0%	9,326	19	4Q 13	4Q 12
Inland Empire	4,316	-87%	1.0%	14,668	22	1Q 14	1Q 13
Washington D.C.	10,051	-69%	4.0%	21,342	21	1Q 14	1Q 13
Dallas	12,003	-72%	-1.0%	28,345	21	1Q 14	1Q 13
Santa Clarita	256	-82%	0.0%	1,024	21	4Q 13	4Q 12
Sacramento	2,163	-86%	-4.0%	9,488	25	2Q 14	2Q 13
Seattle	7,070	-63%	-2.0%	15,566	22	1Q 14	1Q 13
Denver	5,137	-73%	-2.0%	12,978	22	1Q 14	1Q 13
Tampa	4,806	-82%	1.0%	15,473	25	2Q 14	2Q 13
Las Vegas (Detached)	3,479	-92%	-4.0%	16,293	25	2Q 14	2Q 13
Orlando	4,859	-86%	2.0%	25,502	30	3Q 14	3Q 13
Phoenix	9,055	-83%	0.0%	49,949	33	4Q 14	4Q 13
Coachella Valley	453	-86%	-1.0%	9,247	53	3Q 16	3Q 15

Sources: US Census/HUD, NAR, RealtyTrac, HanleyWood, DataQuick, TCG

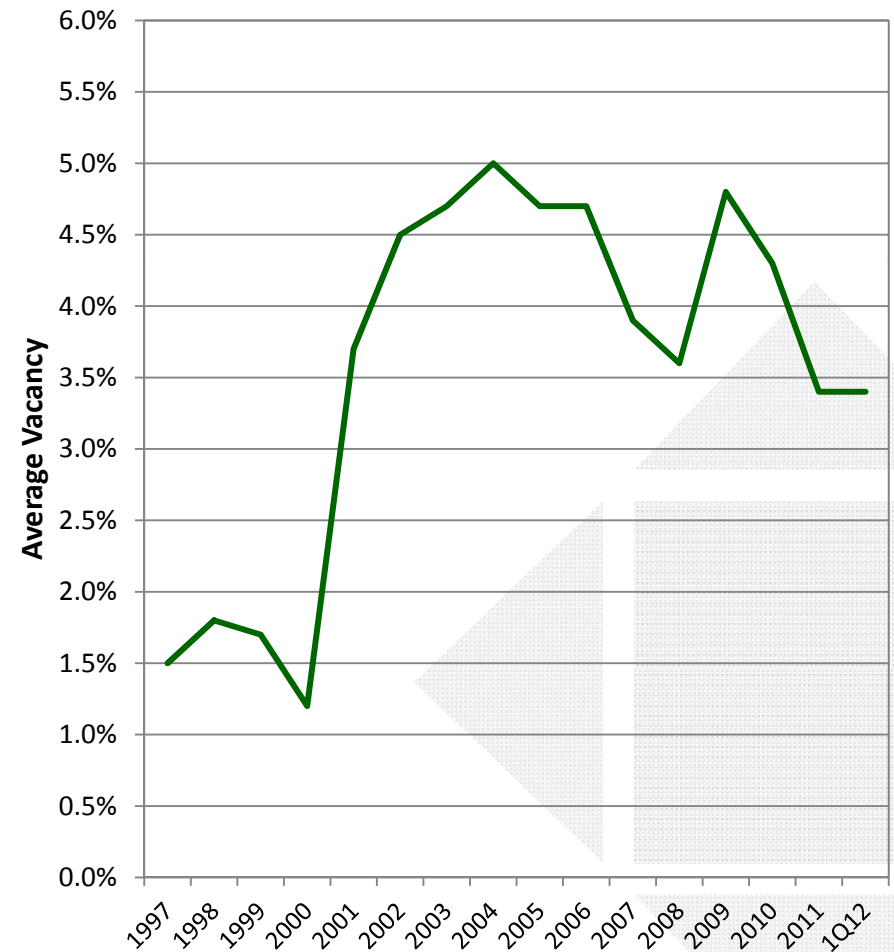


Bay Area Multifamily Performance

Annual Effective Rent Growth



Annual Vacancy

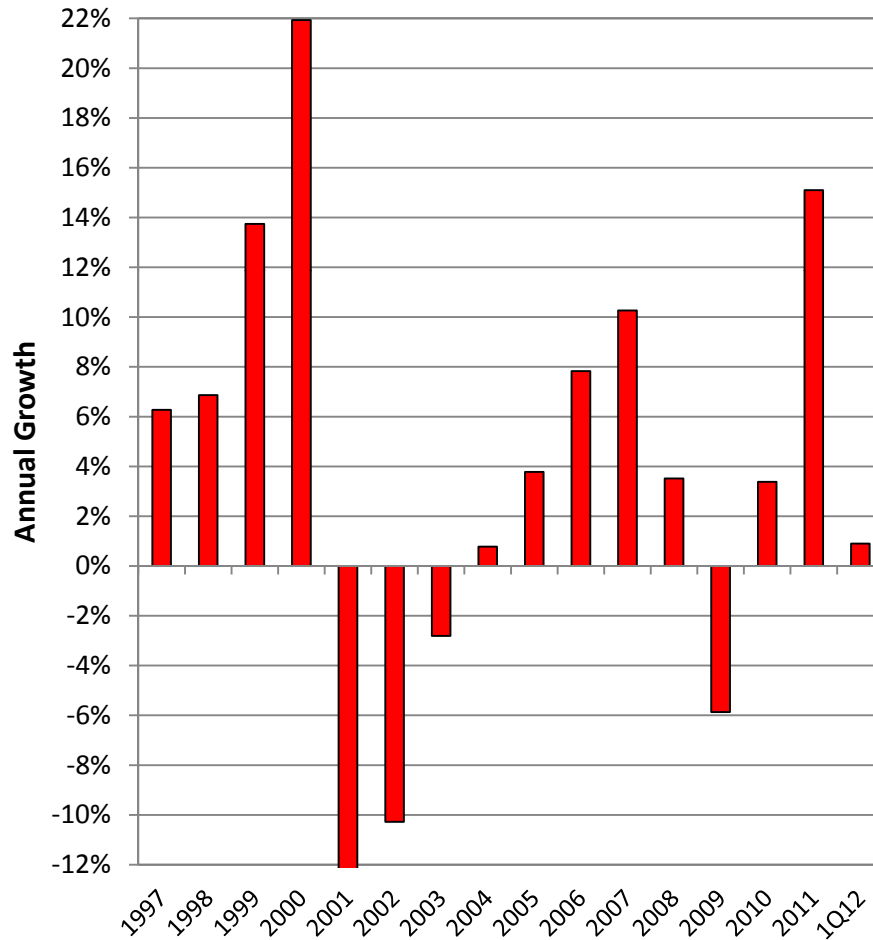


Source: REIS

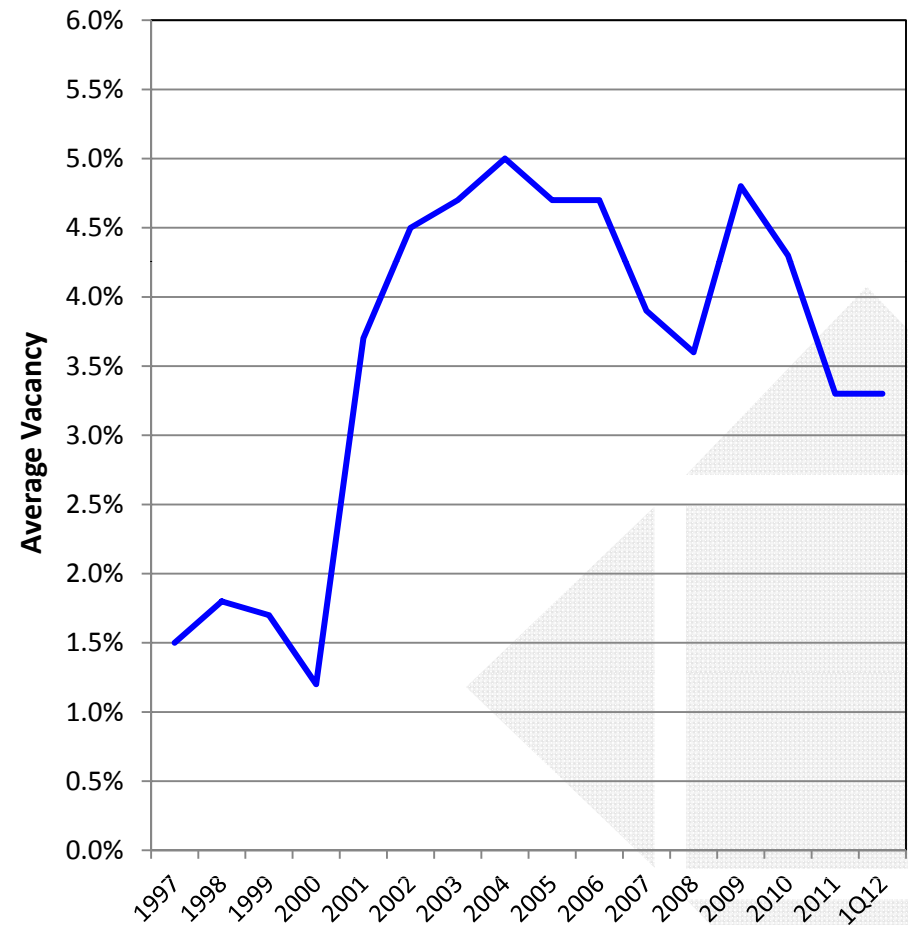


San Francisco Multifamily Performance

Annual Effective Rent Growth



Annual Vacancy



Source: REIS, TCG

Note: 2011 rent growth (15.1%) based on TCG survey of institutional apartment communities in Core San Francisco neighborhoods

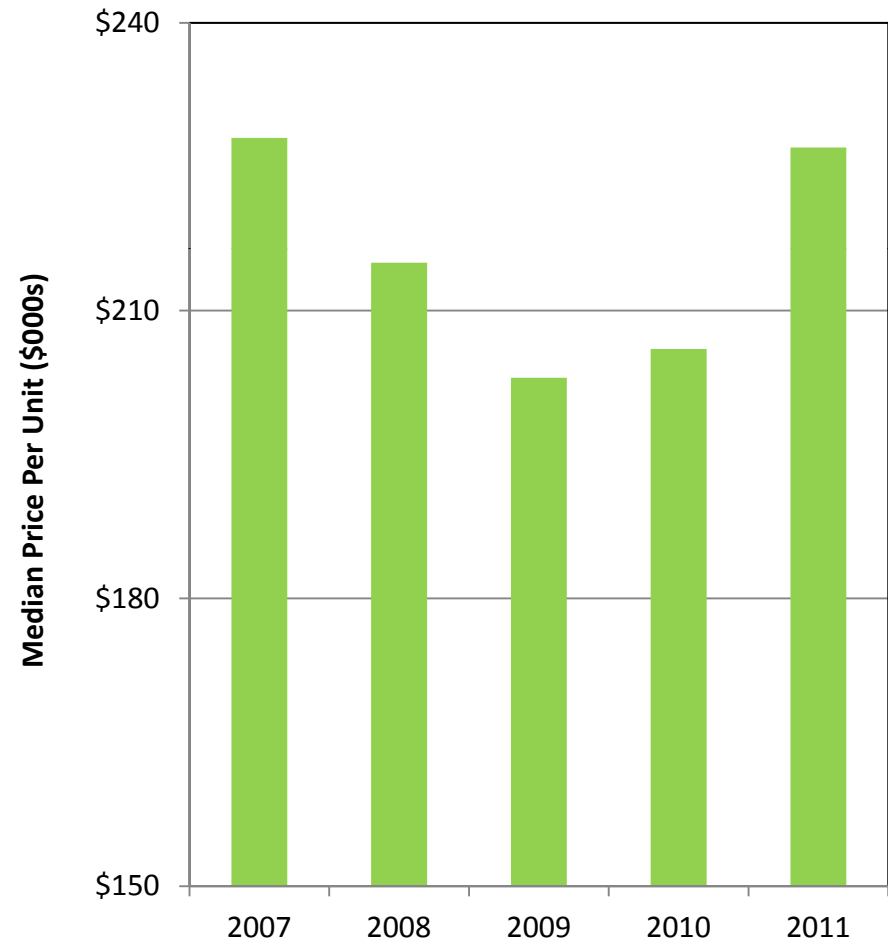


Bay Area Multifamily Performance

2011 Highlights

- Expansion of high-tech and professional and business service sectors
- Rent growth across market pushing halted projects forward
- Cap rates for top-tier assets below 5%
- Increased demand for high-quality Class B and value-add
- Sales trends near 2007 levels

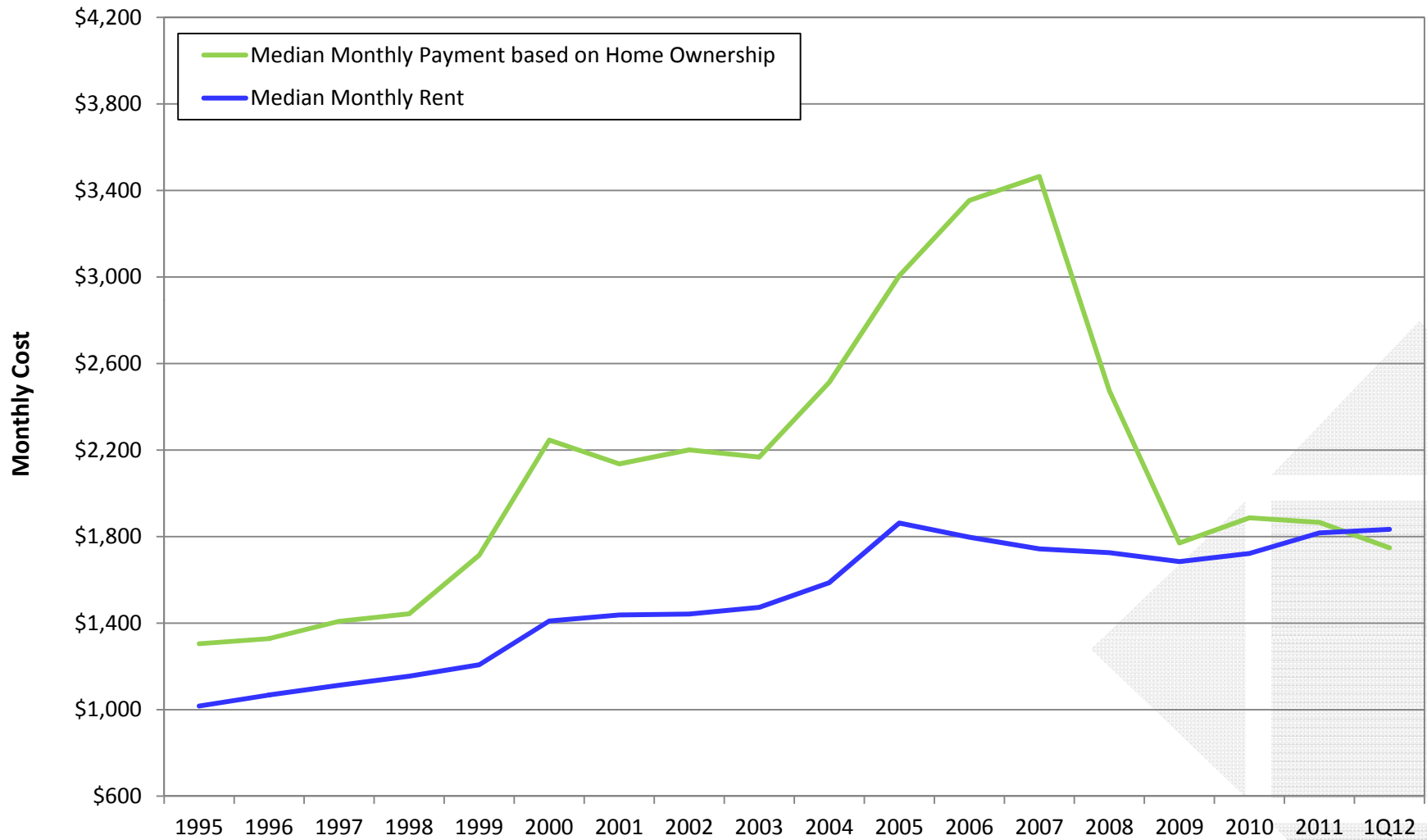
Sales Trends (Per Unit)



Sources: Marcus & Millichap, CoStar Group, Inc., RCA



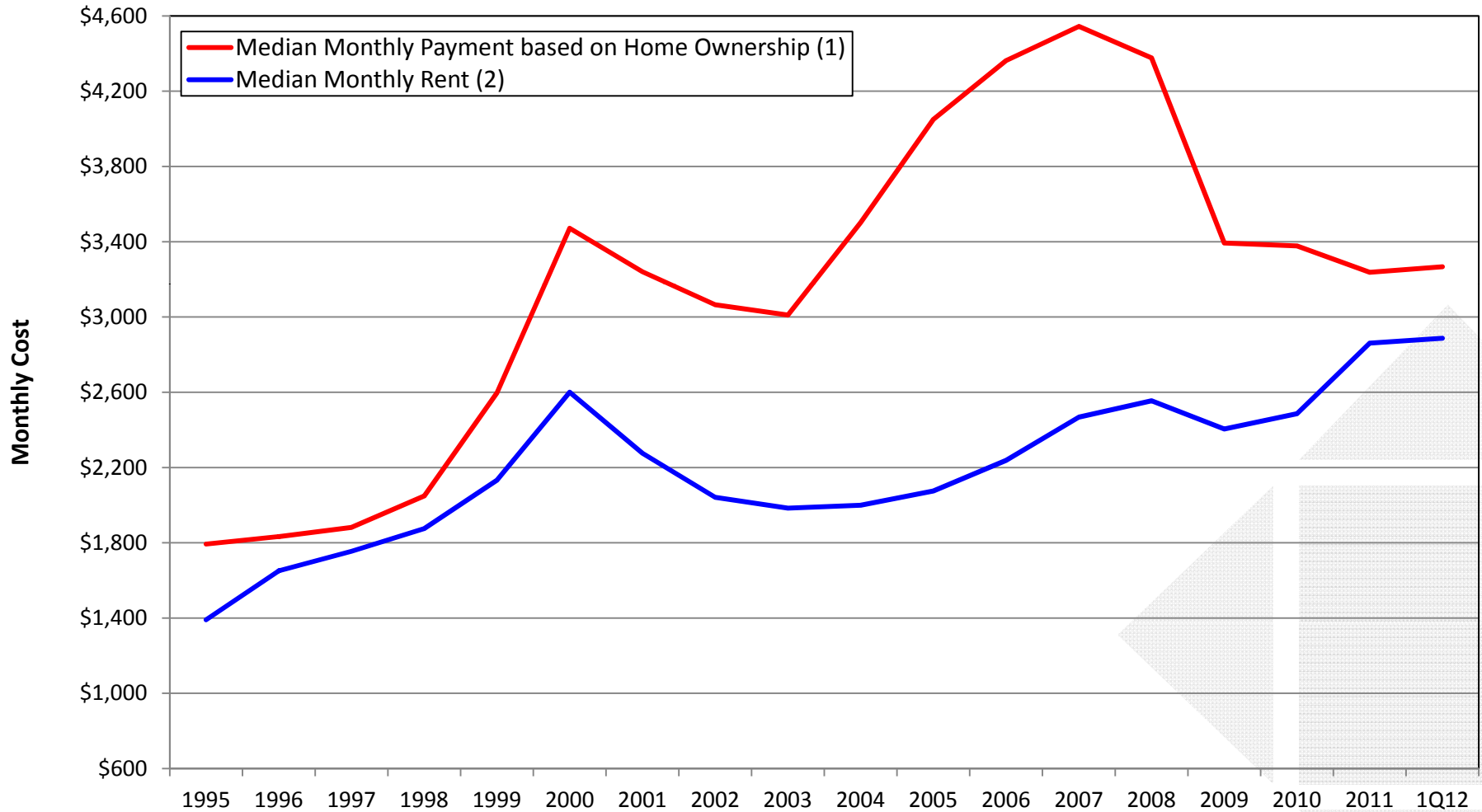
Bay Area Ownership vs. Renting



Source: REIS



San Francisco Ownership vs. Renting



(1) Northern San Francisco zip codes

(2) Institutional apartment product in core San Francisco neighborhoods

THE CONCORD GROUP

Newport Beach • San Francisco • Boston

Andrew Borsanyi

Principal

415.397.5490

aab@theconcordgroup.com

