Presentation at the RERCSC Quarterly Luncheon Meeting, Cal Poly University, Pomona, March 19, 2008.
From the RERCSC 4th Quarter 2007 Real Estate and Construction Report.

4th Quarter Summary

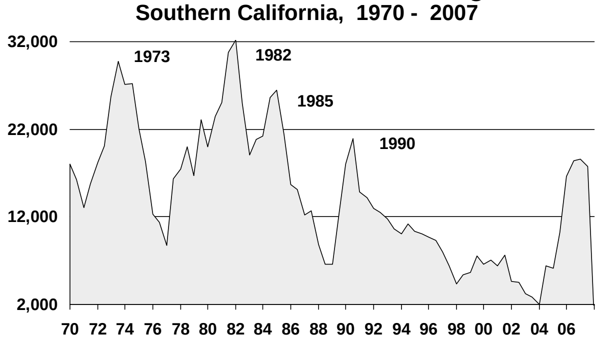
- **Deterioration continues**
- **Home prices down, another large decrease**
- **Home sales down, another large decrease**
- **Residential permits down, non-residential up**
- **New and existing home inventories unchanged**
- **Residential and construction lending down**
- **Defaults & foreclosures up**
- **Residential vacancy rates up, rents up**
- **Employment up - slowing**
- **Short rates down, mortgage rates down**
- **Inflation rates up**

Unsold New Tract Housing
Year-End 2007

- **17,756 homes in inventory**
- **Down from 6 months ago - 4 %**
- **Down from a year ago - 4 %**
- **55 % of the level in 1982**
- **85 % of the level in 1990**
- **15 % of the West**
- **4 % of the U.S.**

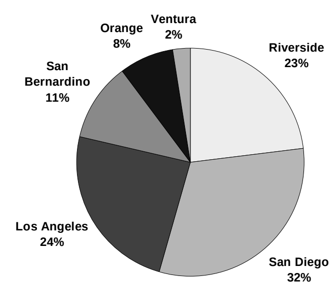
Source: RERCSC and MarketPointe, San Diego.

Unsold New Tract Housing
Southern California, 1970 - 2007



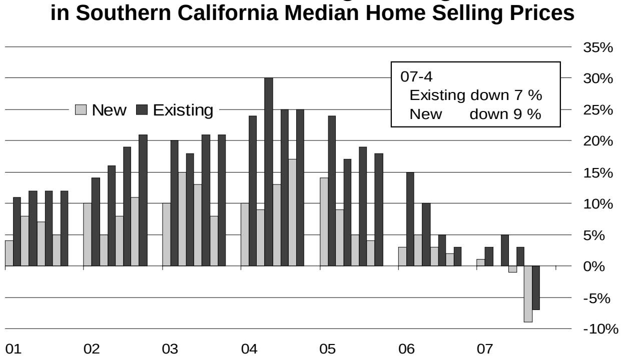
Source: RERCSC and MarketPointe.

Unsold New Housing
Across Counties - Year-End 2007



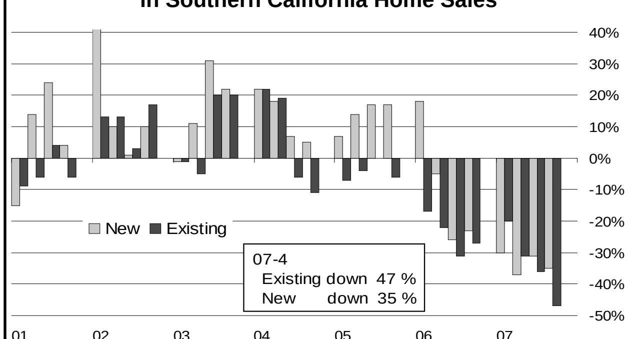
Source: RERCSC and MarketPointe.

Annual Percentage Changes
in Southern California Median Home Selling Prices



Source: RERCSC and DataQuick Information Systems.

Annual Percentage Changes
in Southern California Home Sales



Source: RERCSC and DataQuick Information Systems.

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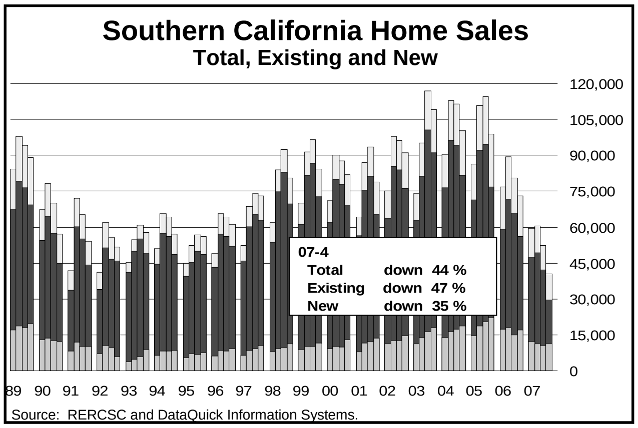
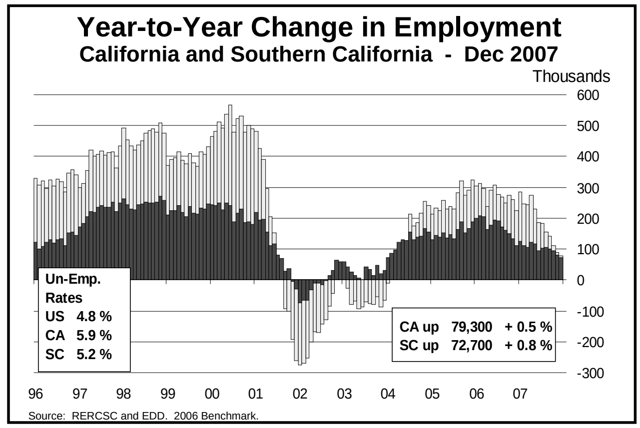
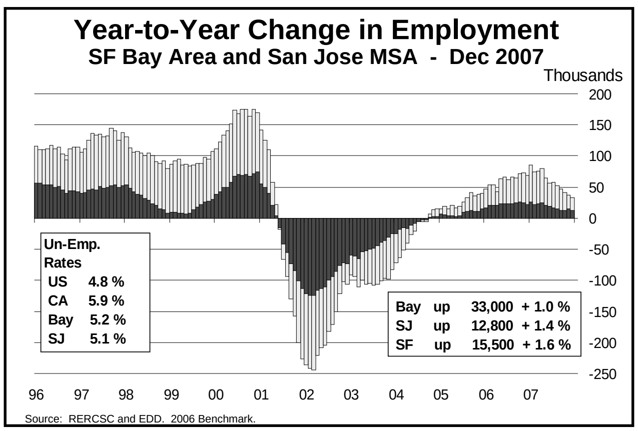
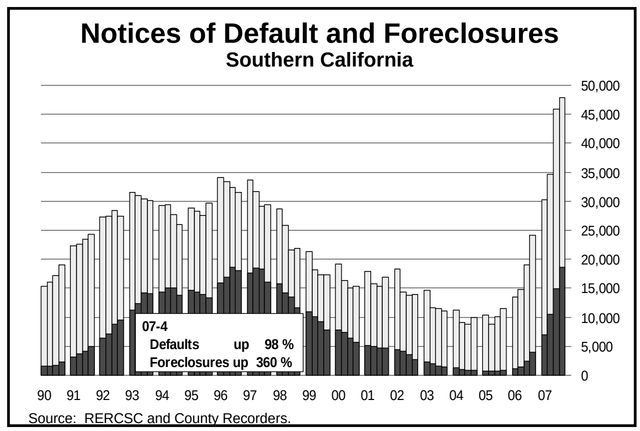






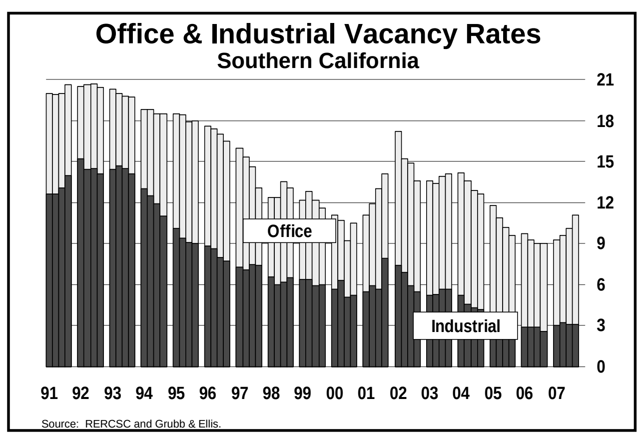


Inflation Rates

Los Angeles, San Francisco & U.S., Dec 2007

	LA	SF	US
CPI	4.2	3.8	4.1
Housing Costs	3.9	2.3	3.0
Homeowners	4.2	2.9	2.8
Residential Rent	6.1	4.5	4.0

Source: RERCSC and BLS.



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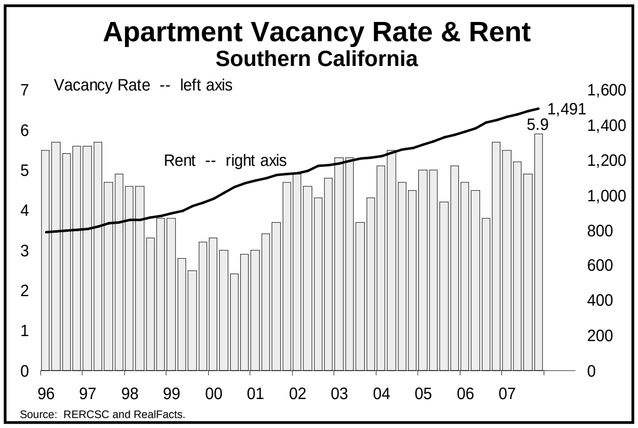

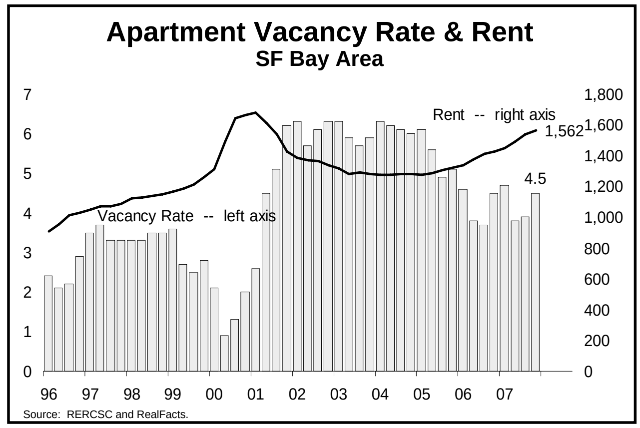

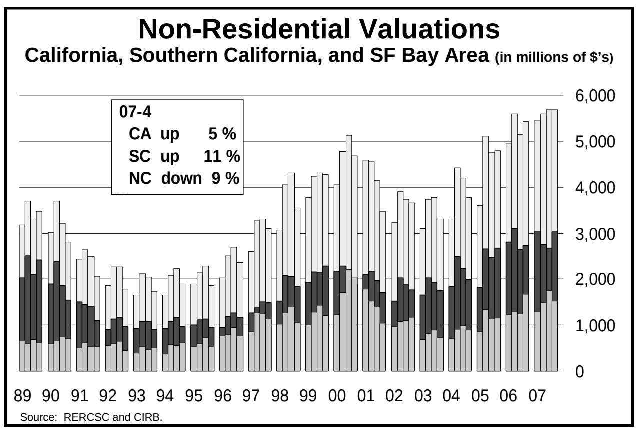

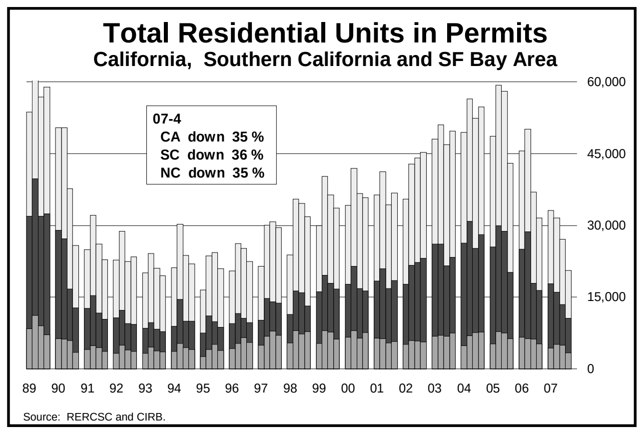

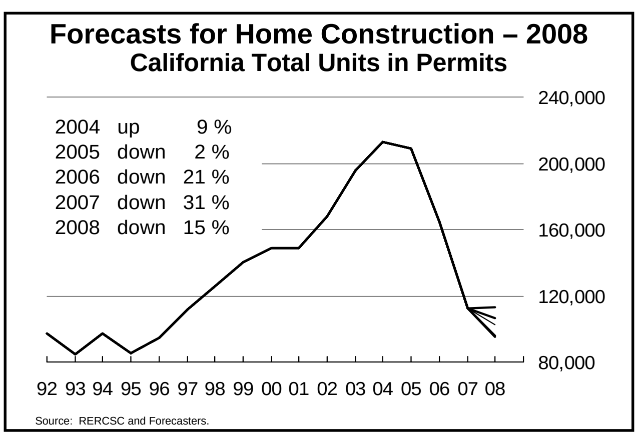

2008 & 2009 Outlook – Further Declines

- **Home ownership markets weak**
  - **Home prices down**
  - **Home sales and residential permits down**
  - **Tighter lending – less availability & higher rates**
  - **Lower demand for mortgage backed securities**
- **Apartment rental markets strong**
  - **Residential rents and vacancies unchanged**
- **Non-residential slowing, permits down, vacancies up**
- **Economy and employment growth slowing**
- **Higher inflation, and long-term interest rates up**
- **Home prices need to stabilize**

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