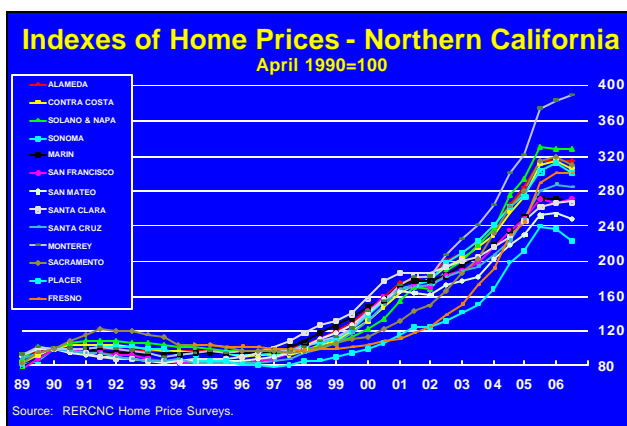
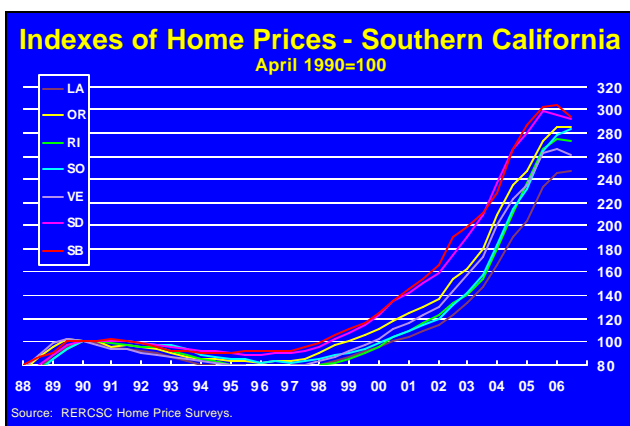
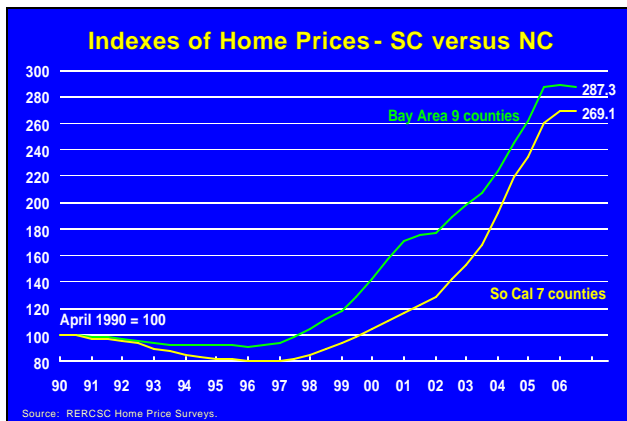


3rd Quarter Summary

- More strong signs of slowing in the 3rd quarter
- Home prices level off, flat, edge down
- Home sales down, another large decrease
- New and existing home inventories up
- Residential lending and construction lending down
- Residential permits down, non-residential up
- Defaults & foreclosures up
- Residential vacancy rates down, rents up
- Employment up Slowing
- Short rates up, mortgage rates up
- Inflation rates down



Southern California Home Price Survey

October 2006

■ 6 month change	0.1 %
■ 1 year change	3.5 %
■ 10½ year change	234 %
■ 16½ year change	169 %

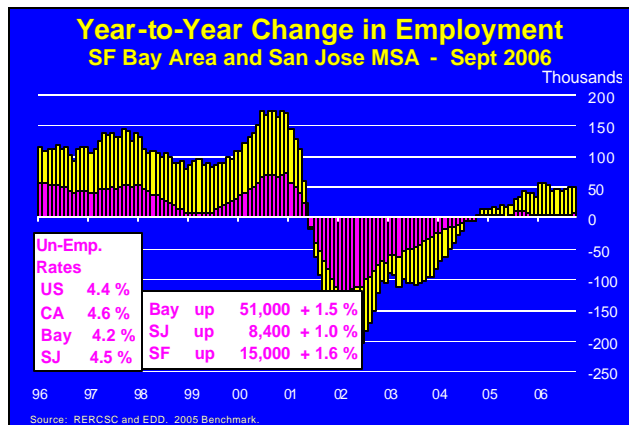
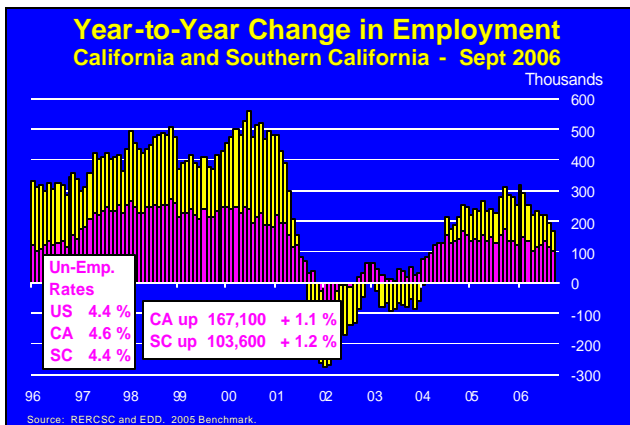
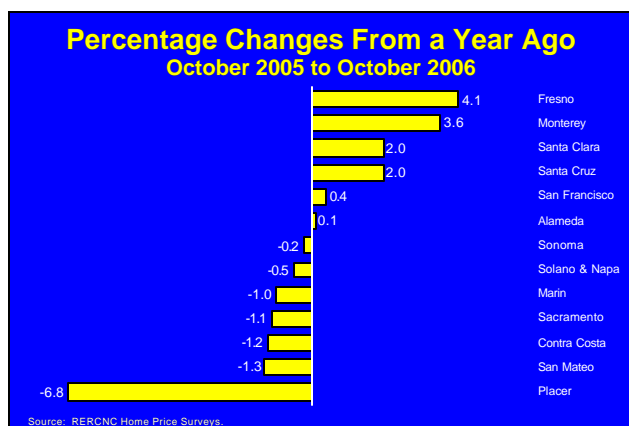
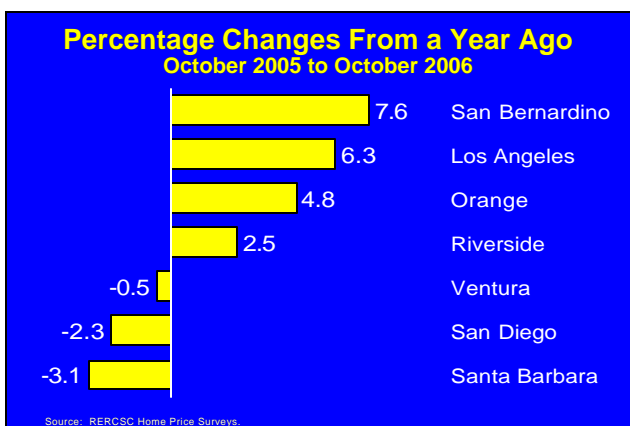
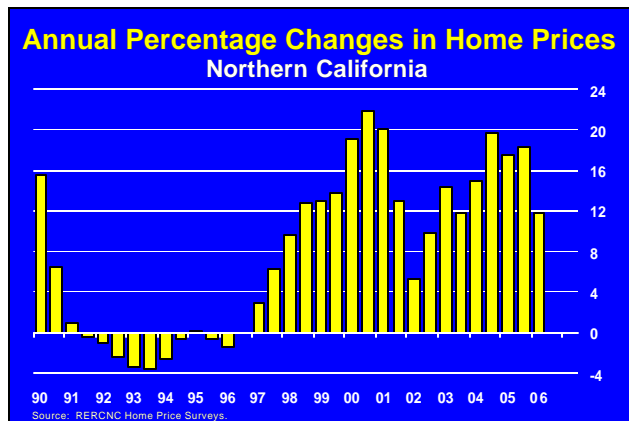
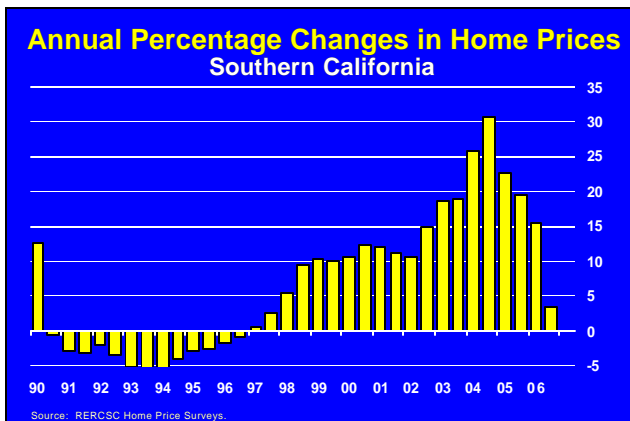
Source: Real Estate Research Council of Southern California
 Semi-Annual Home Price Surveys. Appraised values
 of the same homes every six months.

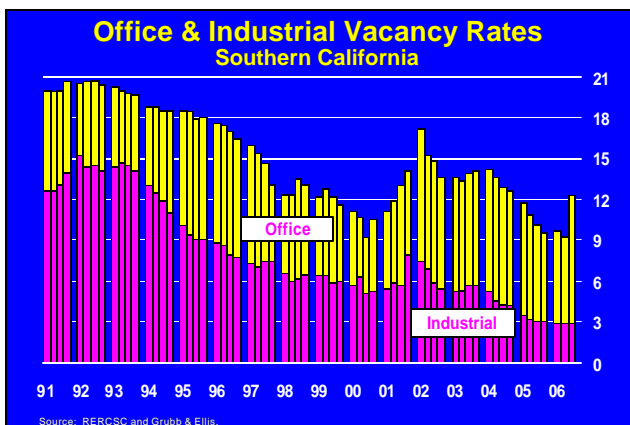
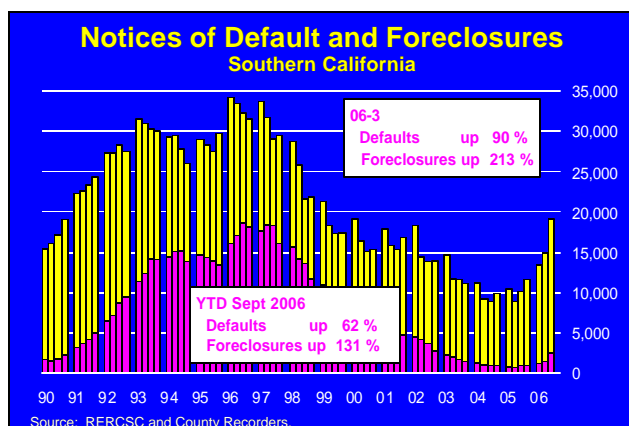
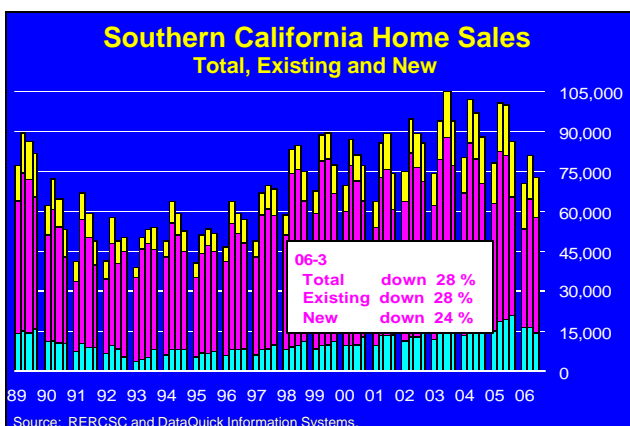
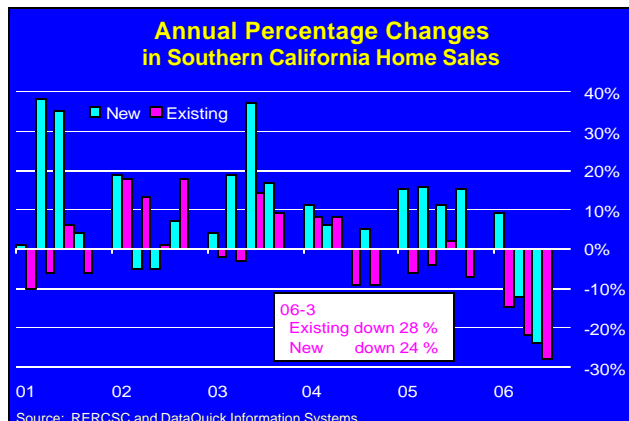
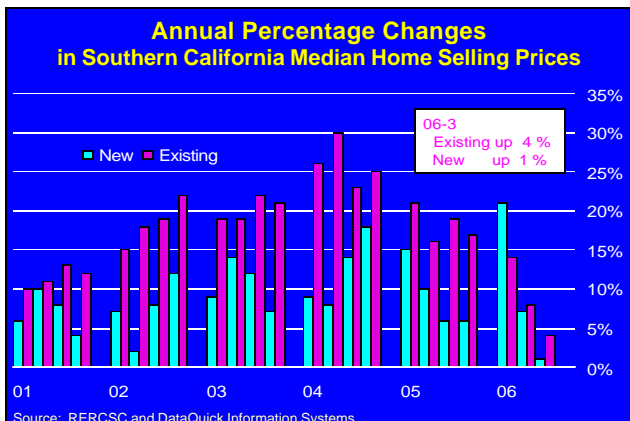
Northern California Home Price Survey

October 2006

■ 6 month change	- 0.8 %
■ 1 year change	0.0 %
■ 10½ year change	221 %
■ 16½ year change	195 %

Source: Real Estate Research Council of Northern California
 Semi-Annual Home Price Surveys. Appraised values
 of the same homes every six months.

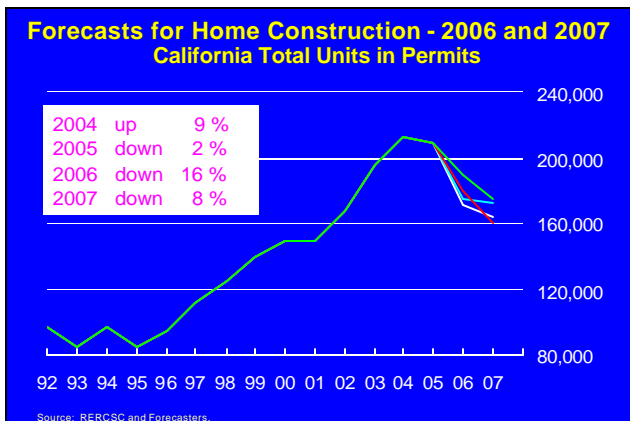
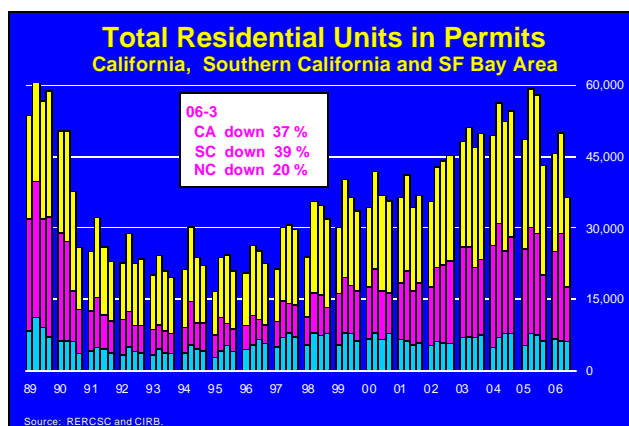
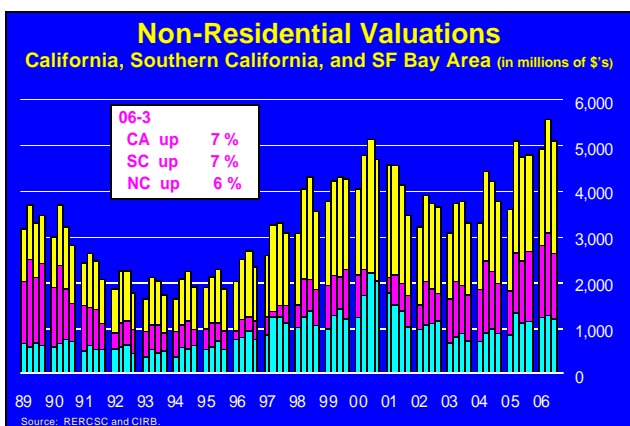
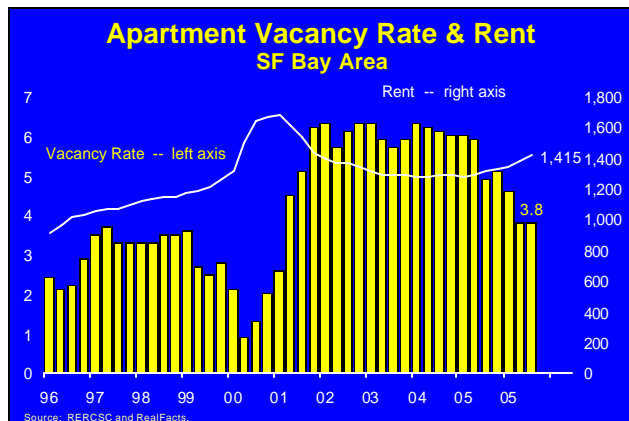
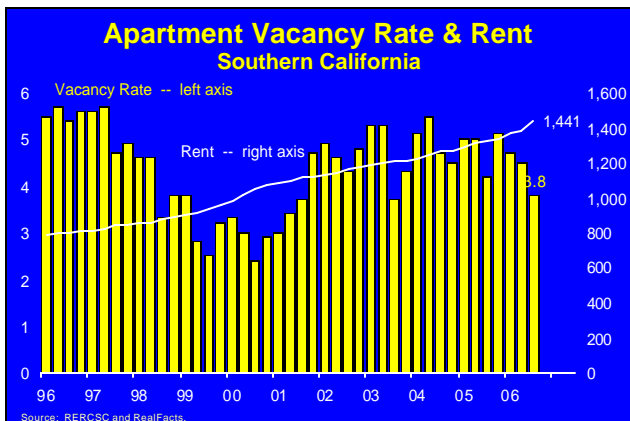




Inflation Rates Los Angeles, San Francisco & U.S., Sept 2006

	LA	SF	US
■ CPI	3.4	3.8	2.1
■ Housing Costs	6.0	3.2	4.1
■ Homeowners	5.2	2.4	4.0
■ Residential Rent	5.6	1.9	3.9

Source: RERCSC and BLS.



Year Ahead Outlook – More Slowing

- Inflation and long-term interest rates up
- Home prices unchanged or edging down
- Home sales and residential permits down
- Residential rents and vacancies unchanged
- Non-residential permits down, vacancies up
- Economy and employment growth slowing
- Home ownership markets weak
- Apartment rental markets strong
- Non-residential slowing
- To watch: Employment, inflation, and mortgage rates
- The Unanticipated Shock