

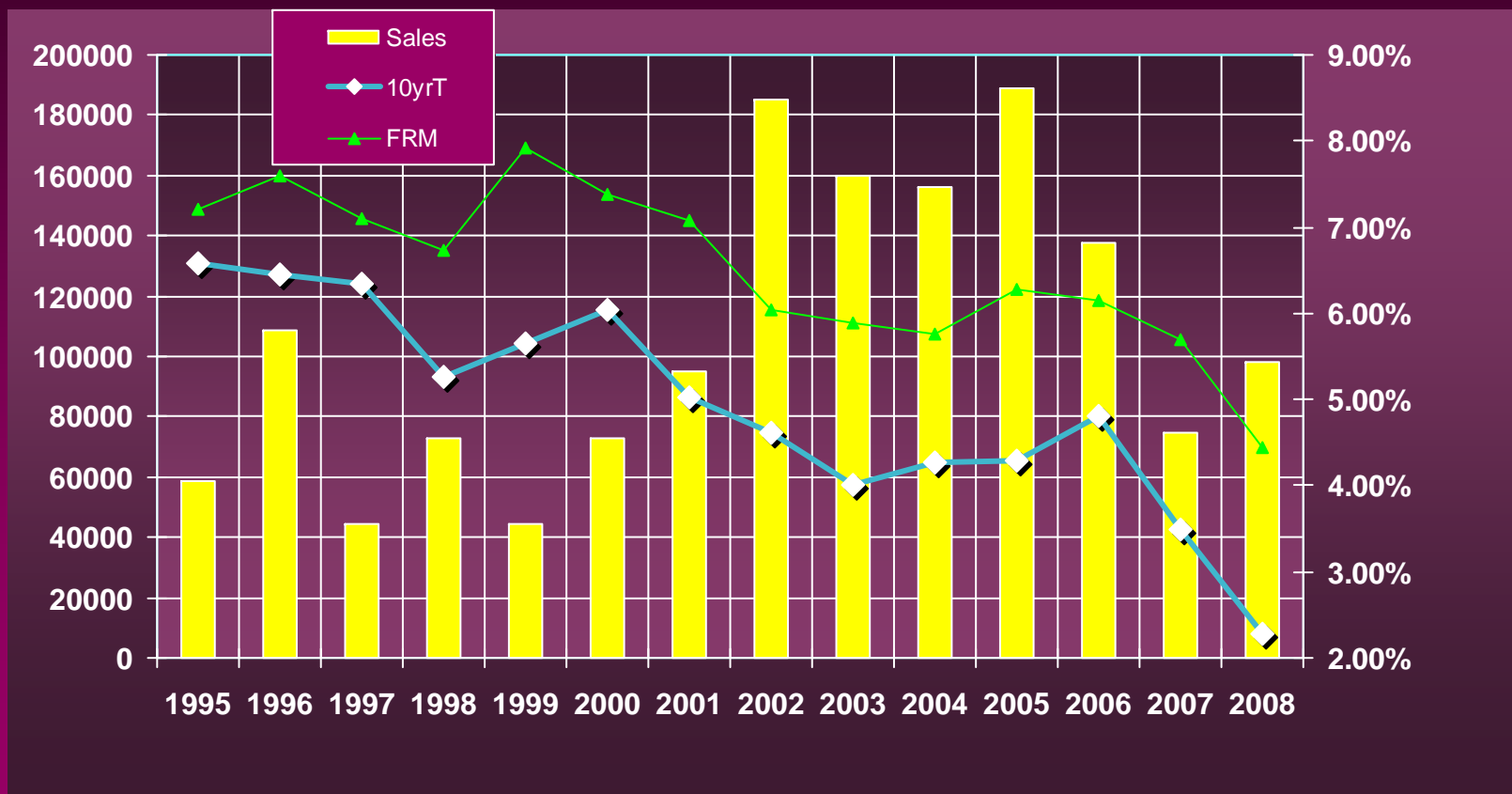
Housing Outlook Greater Fresno RE Investment Group

Fresno, California
March 2009

2008

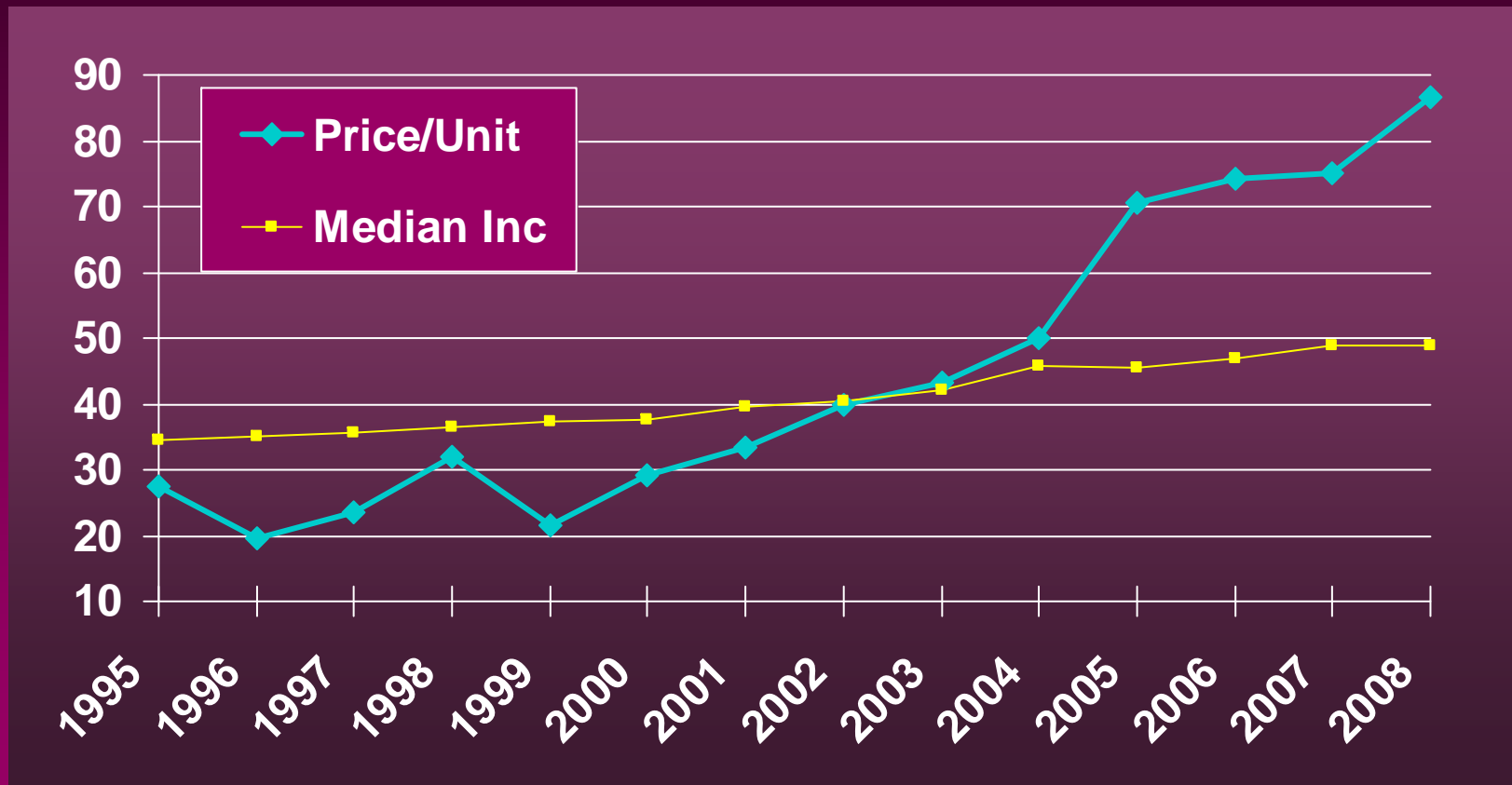
- **“Once in a lifetime” year**
 - Be glad we only have one life!!
- **Sales are up, in both Residential and Multifamily**
- **Residential= Driven by foreclosures**
- **Multifamily= Driven by “safe harbor”**
 - 6 of the 8 largest sales were by local owners and/or residents
- **Housing Bubble>>>> Recession**
- **Impact of US Programs will be significant**
 - Similar to 1984 & 1990, lending, taxes, investing effected
 - TARP, TALP, ARRA, HSI
- **We are in the “Reconciliation” phase**
 - Denial>>Shock>>Anger>>Reconciliation (Capitulation)

Total Apt Sales 1995-2008 (w/ 10 Yr T & 30yrFRM)



Source: RCK ORGANIZATION, FSU Housing Study, FHLMC

Price/Unit & FC Family Median Income (1995-2008)



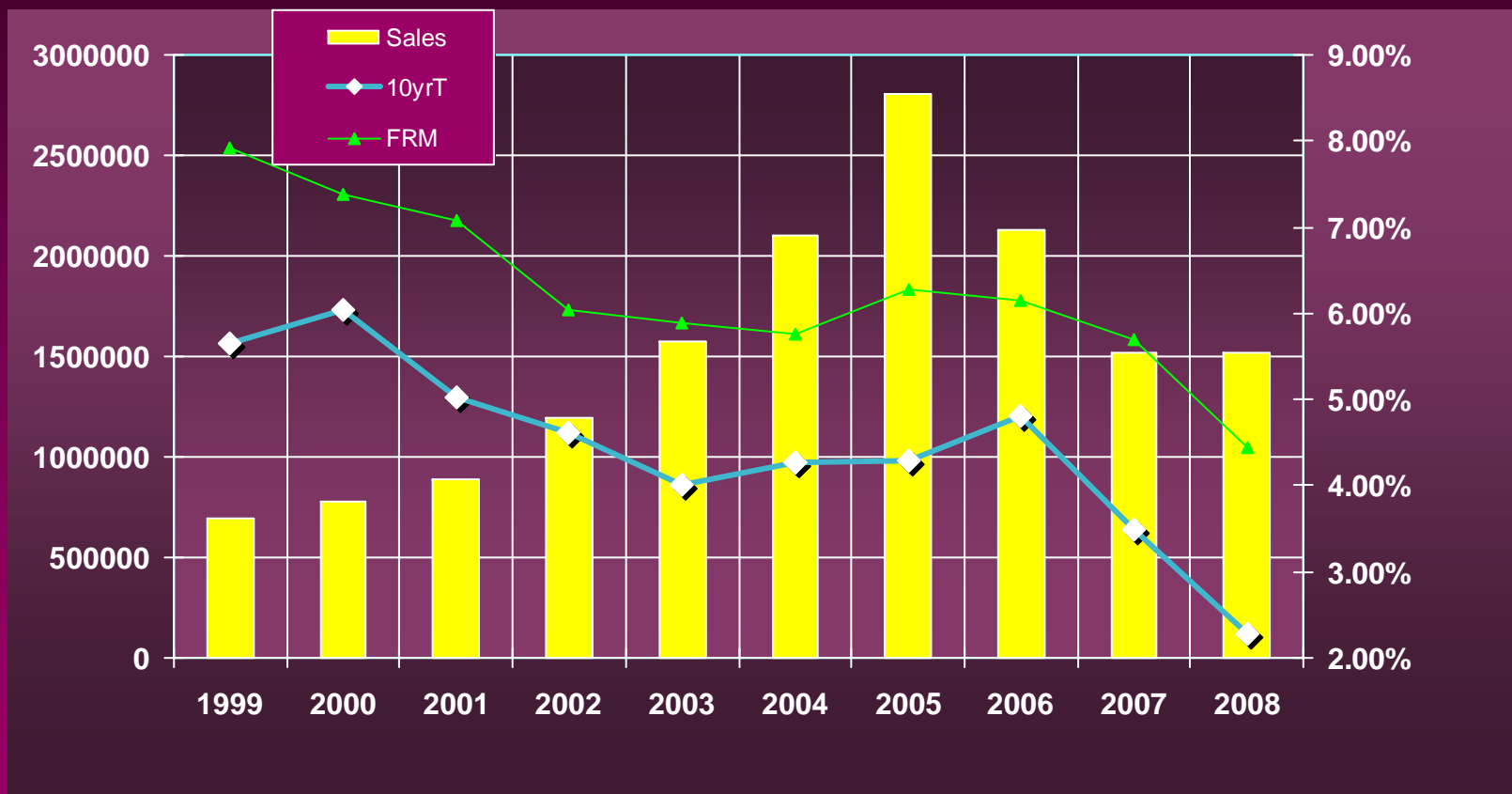
Source: RCK ORGANIZATION, California DOF

MLS-Avg. Sales Price- 99-08 (w/ 10 Yr T & 30yrFRM)



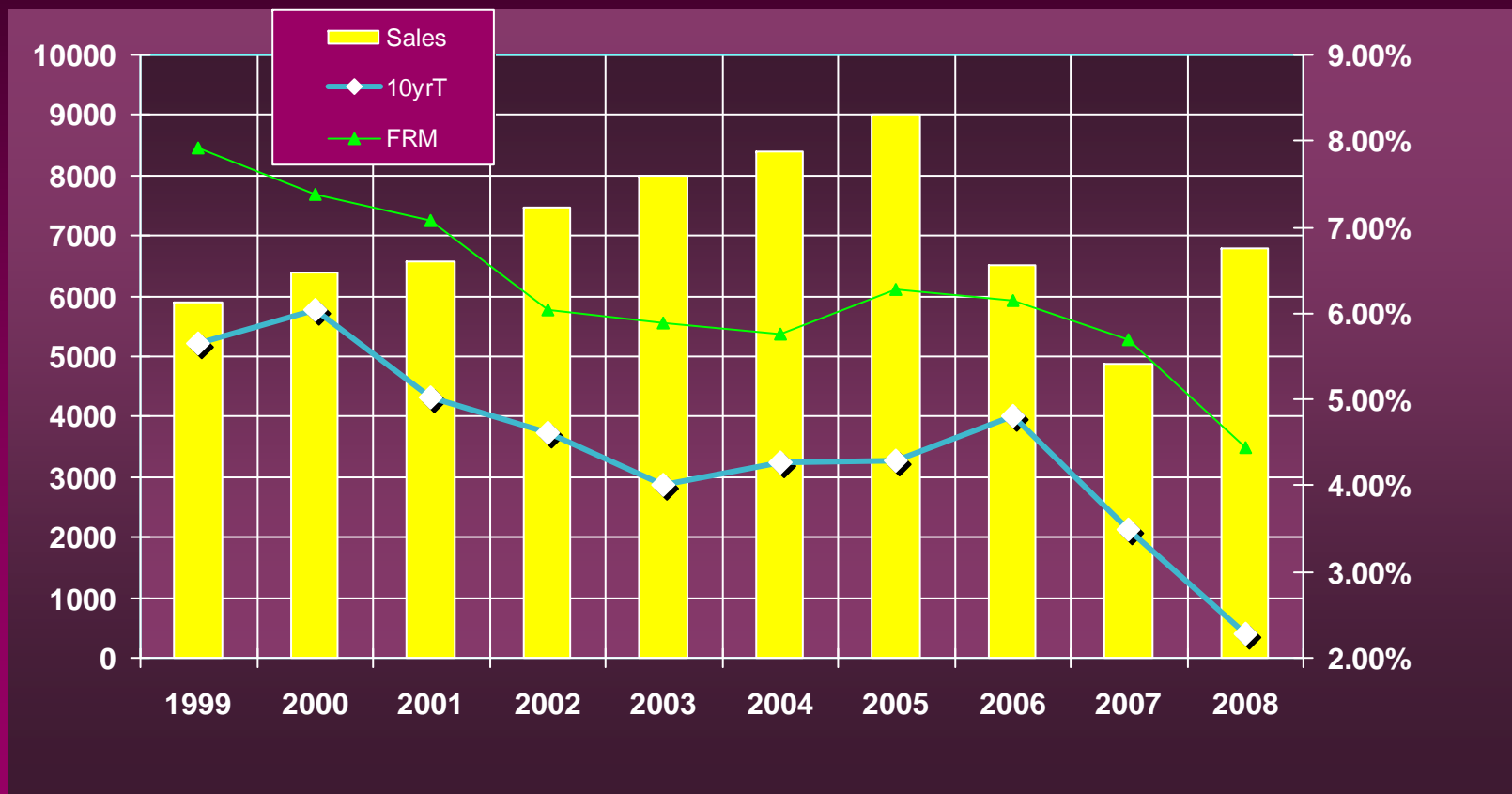
Source: RCK ORGANIZATION, Fresno MLS, FHLMC

MLS Total \$ (000)- 99-08 (w/ 10 Yr T & 30yrFRM)



Source: RCK ORGANIZATION, Fresno MLS, FHLMC

Total # Sales - 99-08 (w/ 10 Yr T & 30yrFRM)



Source: RCK ORGANIZATION, Fresno MLS, FHLMC

Price/HH Income Ratio & Fixed Rate Mortgage(99-08)



Source: RCK ORGANIZATION, California DOF

2009 and beyond

- 2009 will be MILDLY better, same with 2010
- CRE Financing will not return to normalcy until 2011...a very BIG problem
- Fresno & Central Valley leading the nation in solving the “Housing Problem”
- Housing programs will be too late, but other programs will have impact
- Impact of Stimulus, Financial Reform, Foreclosure Mitigation will have unintended consequences, BOTH good and bad

Keys to be a “Survivor”

- There are no ignorant Sellers left
- 1st time Homebuyers will lead the way
- Buyers will chase location 1st, Price 2nd
- Homebuilding/Move-up Mkt – 2010-2011
- Refinancing will be HUGE this year
- Advice to Brokers:
 - Gain Market Share, don't seek Market growth
 - Build value into your service, be the expert
 - Know more than your client, competition
- Think DARWINISM: Survival of the Fittest