THE RAPID ATLANTA REAL ESTATE EVOLUTION
EVOLUTION NOT RECOVERY
• LEARN TO LOVE THE LOW END
• AVERAGE PEOPLE BUYING AVERAGE HOMES
  WITH AVERAGE CREDIT
• VOLUME & VELOCITY WILL NOT RETURN
• LESS COMPETITION LESS BROKERS
  LESS BUILDERS LESS MORTGAGE BROKERS
  – LARGER MARKET SHARES
ANNUAL METRO NEW HOME CLOSINGS 2010
METRO ATLANTA INVENTORY (UNITS)

<table>
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<tr>
<th>Year</th>
<th>0-149</th>
<th>150-249</th>
<th>250-399</th>
<th>400-749</th>
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SOURCE: FMLS / GAMLS
METRO ATLANTA HOME SALES (UNITS)

SOURCE: FMLS / GAMLS
COMMERCIAL

• COMMERCIAL INDUSTRIAL OFFICE
  – LOW END ... THE FRILL IS GONE
  – CRAMMING WAREHOUSES  EXTERIOR STORAGE
  – VANILLA
  – OFFICE DOUBLE STACKING CUBES
  – MEDICAL - HUGE WAITING ROOMS AND PRODUCTION LINE EXAM SPACE
  – SHIFTING TO HOTEL TYPE OFFICE PLUG AND PLAY AND HOME OFFICE MODELS
  – VALUE PRICED RETAIL, WAREHOUSE DISCOUNT CONCEPTS
COMMERCIAL

• STRONG REAL MONEY TO RE START THE ENGINE
  – PRE LEASING PRE COMMITMENTS PRESALES
MONEY TALKS
MONEY TALKS

• DOWN PAYMENT
• COLLATERAL
• CREDIT SCORES
• CONSTRUCTION PERMS
• SELF FINANCE OWNER FINANCING MILLION PLUS
• A REAL PRO FORMA BASED ON REALITY
HOUSING MARKET WILL BE DOMINATED BY NATIONALS & SUPER REGIONALS
Atlanta Region:
(Top Ten Builders Market Share of Annual Closings 3Q08)

Total Annual Closings = 25,692

Top Ten Builders 27%

- Other Builders 73%
- DR Horton 2.6%
- McCarr Homes 2.3%
- KB Homes 1.8%
- Ryland Homes 1.5%
- Scenic Homes 1.4%
- Centex - Fox & Jacobs 1.4%
- Legacy Communities 5.9%
- Pulte/Del Webb 4.5%
- Atreus Homes 3.1%
- Bowen Family Homes 2.7%
Atlanta Market Share by Quarterly Starts 4Q 2010

25 builders have 67% market share of the 4Q starts

Total 4Q10 Starts = 1,113

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EVOLUTION
FOUR TIERS OF BUILDERS

- NATIONAL PLAYERS
- PHOENIX BUILDERS
- MOM & POP
- CUSTOM
NATIONAL PLAYERS
AND REITS

• BANKS WILL BE IMPOTENT FOR 5-7 YEARS
  – EXAMINERS DIRECTORS STOCKHOLDERS
  – NOT SURE HOW THEY CAN MAKE MONEY

• BIG MARKETS SMALL MARKETS LOOSE

• PHOTOGENIC TROPHY FIRST

• HUGE PRESSURE ON CAP RATES RETURNS

• EVERYONE ONE IS WEARING A MASK AND HAS THEIR GUN OUT
SMALL FUNDS WINNING

• BIG FUNDS LOOKING FOR LARGE CHUNKS
• NATURE OF ATLANTA LENDING WAS SMALL CHUNKS OR PIECES OF PIECES
• DECISION TREE PARALYSIS
• SLOW GO - REAGGREGATE ASSETS
LEASING VS OWNING

• MULTI FAMILY
  – CONDO CONVERSIONS TO APARTMENTS
  – MARKET PRODUCT WILL STABILIZE
  – CONCESSIONS DISAPPEAR
  – LIMITED NEW CONSTRUCTION
  – OCCUPANCY SOARS

• BUSINESSES
  – RENT FOR ACCORDIAN FLEXIBILITY
HOME IRA

- A maximum of 50% of family IRA used as 1<sup>st</sup> or 2<sup>nd</sup> home downpayment, equity contribution or hard money home renovation
- IRS tracking annually with 5 year appraisal
- Capital contribution not normal maintenance
TO THE SURVIVORS BELONG THE SPOILS