



# THE RAPID ATLANTA REAL ESTATE EVOLUTION





EVOLUTION NOT RECOVERY



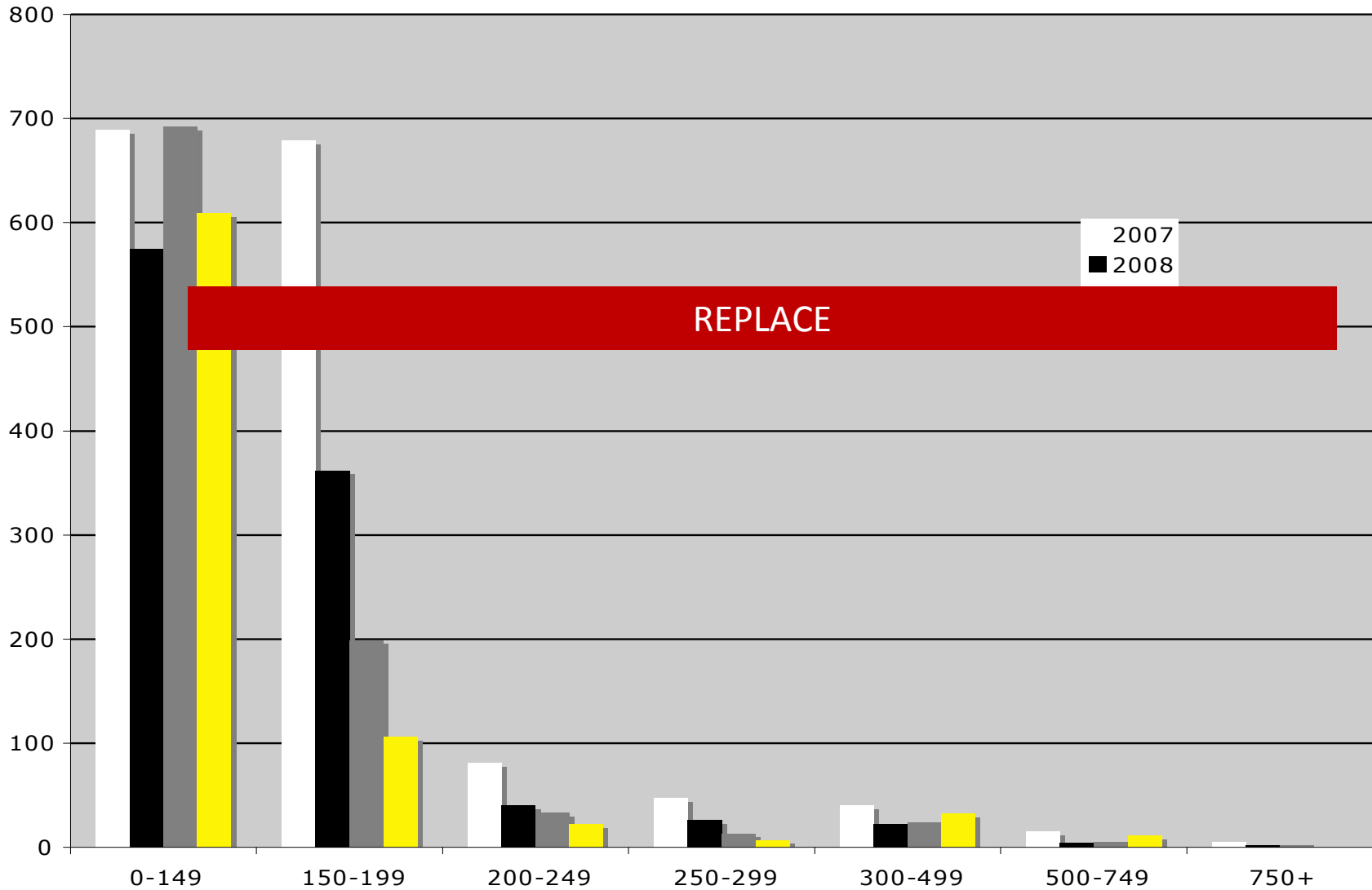


# LESS

- 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

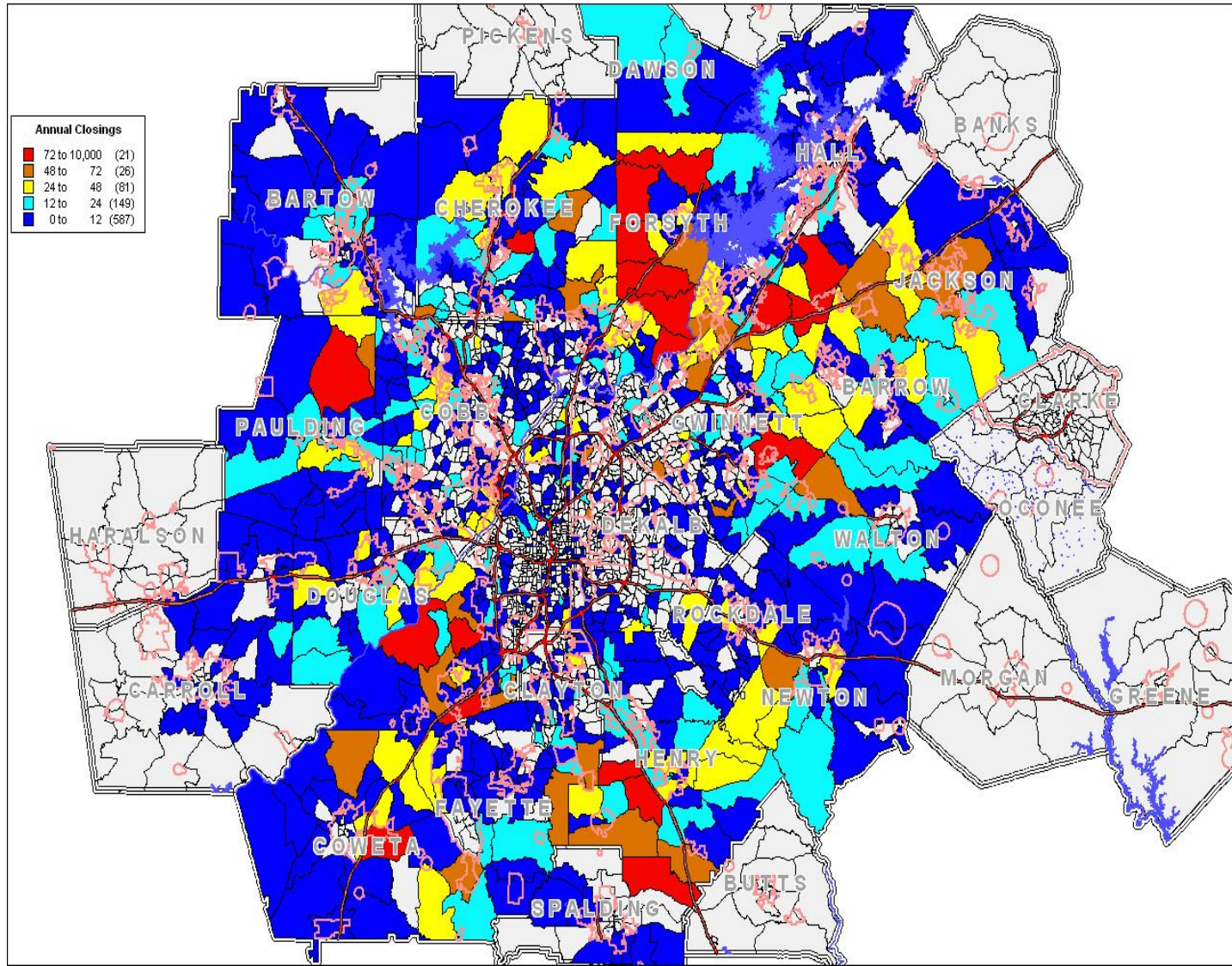


# BARROW COUNTY HOME SALES



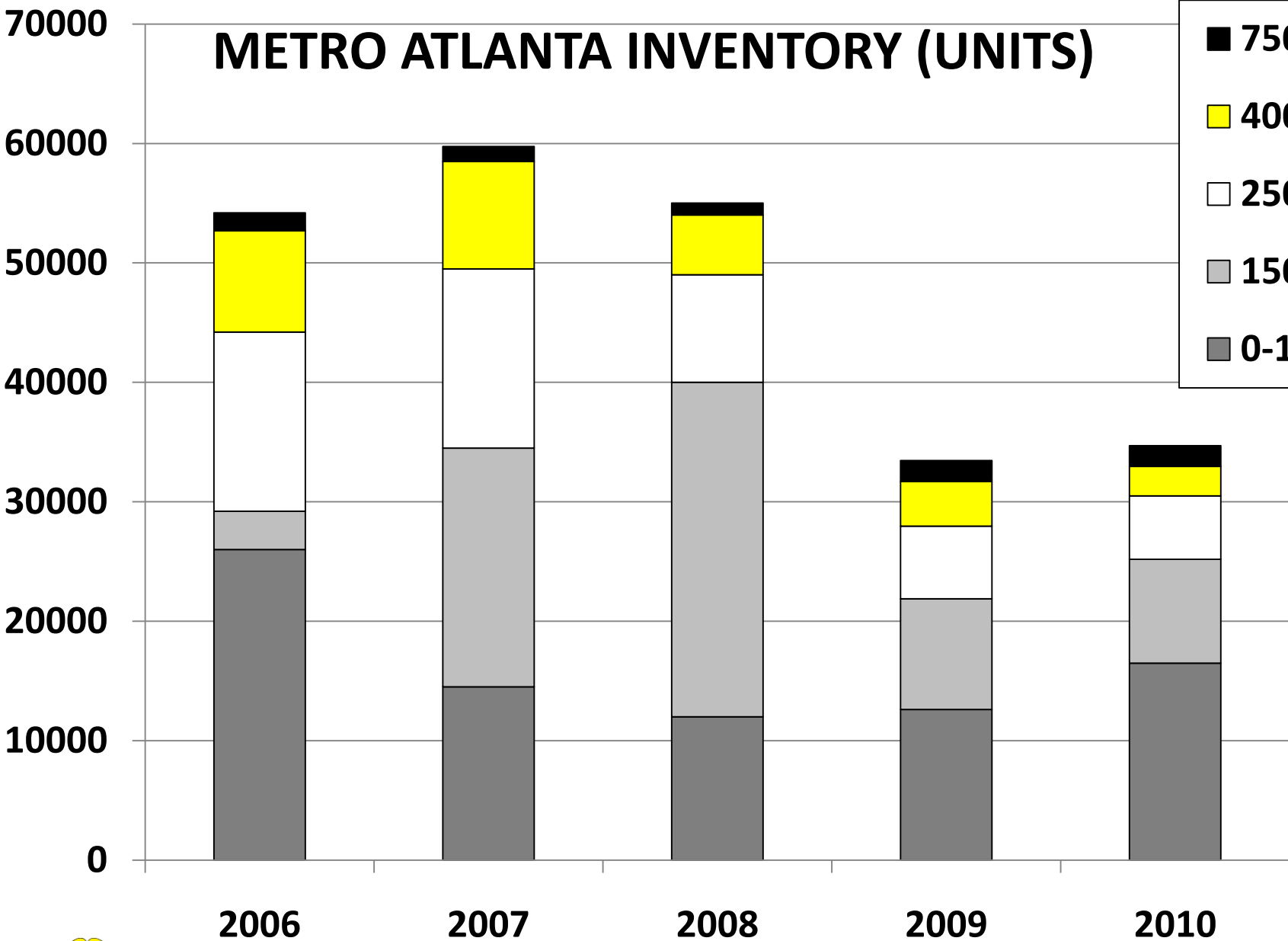


# ANNUAL METRO NEW HOME CLOSINGS 2010



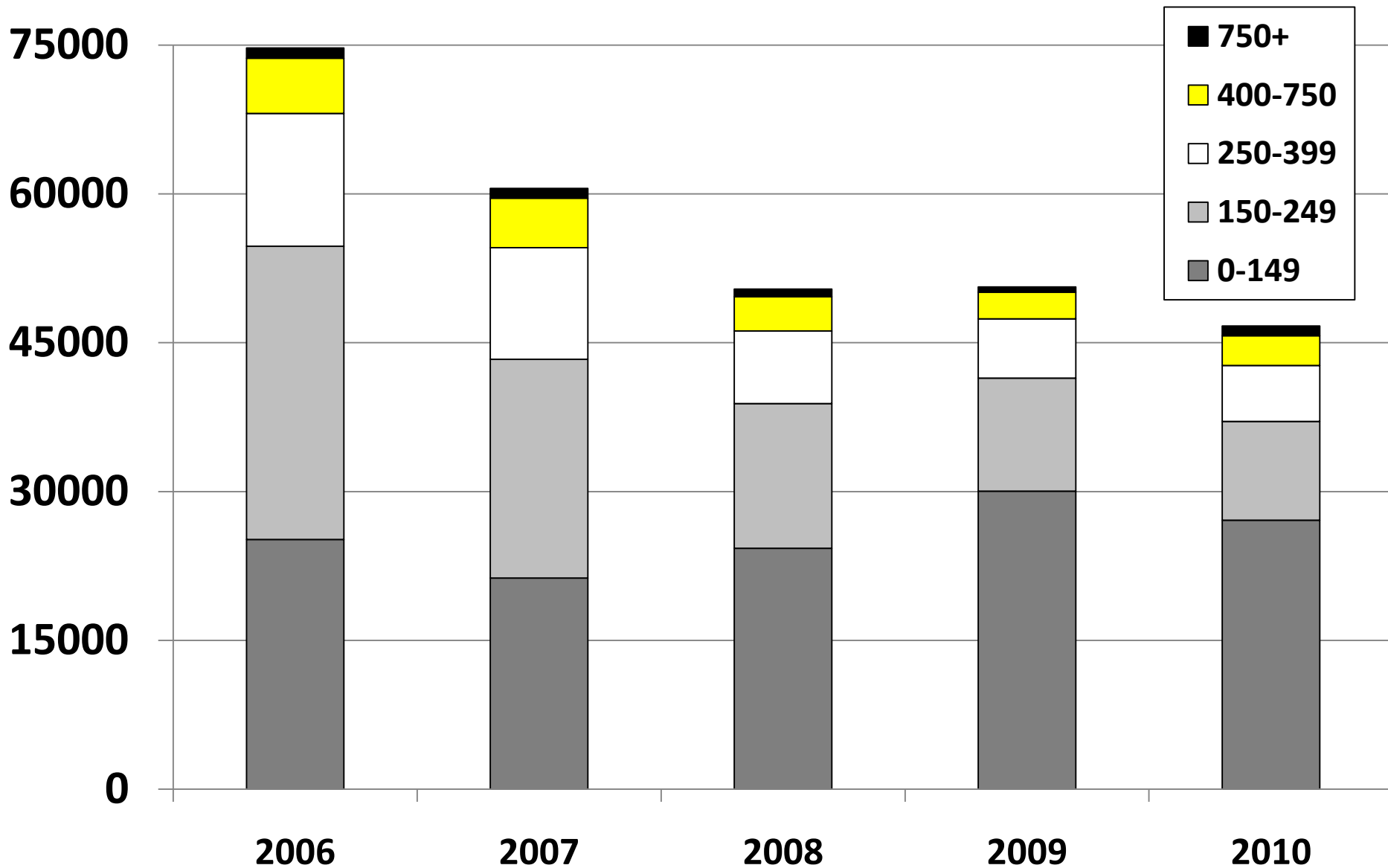
# METRO ATLANTA INVENTORY (UNITS)

- 750+
- 400-749
- 250-399
- 150-249
- 0-149



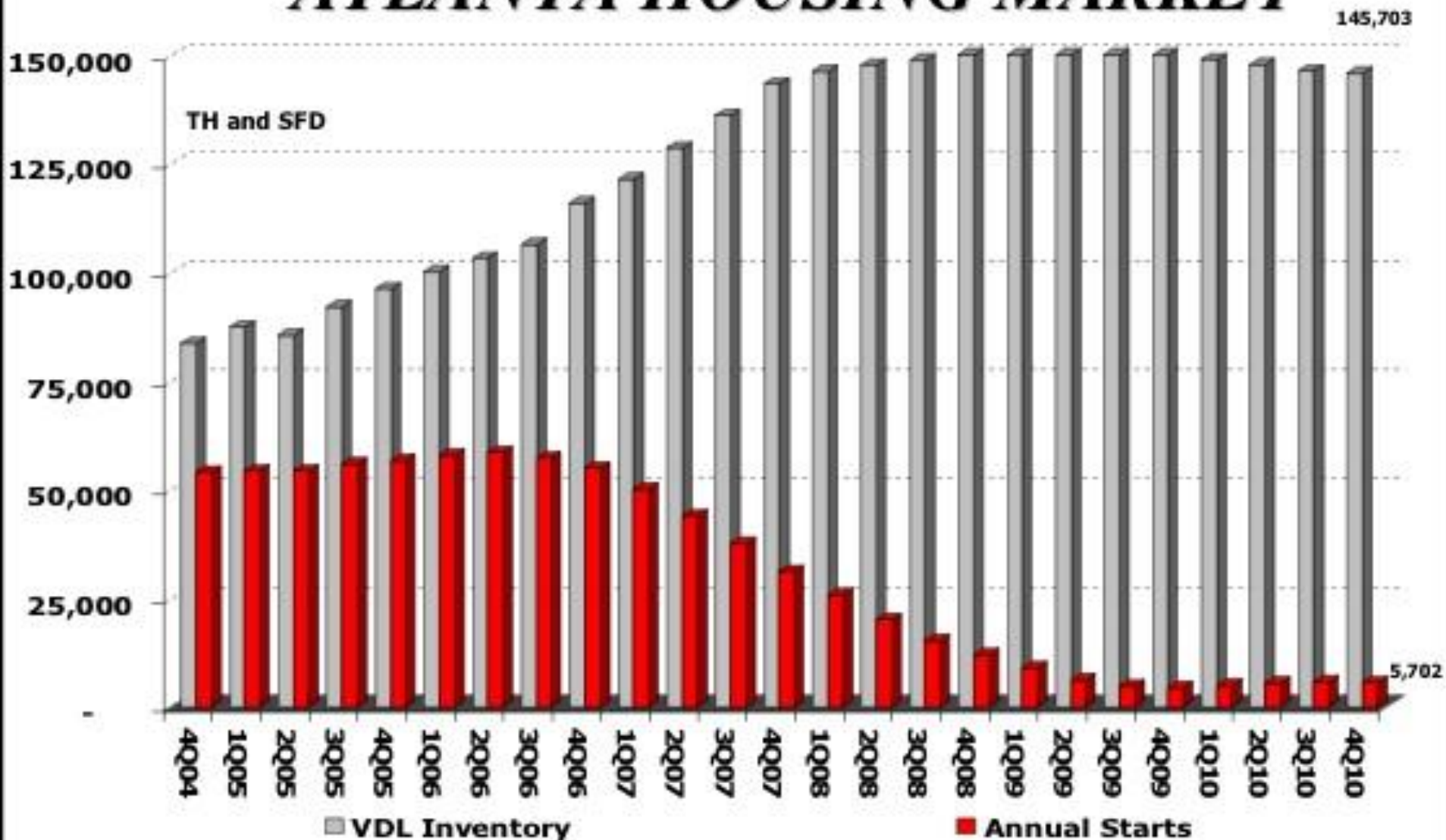
SOURCE: FMLS /GAMLS

# METRO ATLANTA HOME SALES(UNITS)



SOURCE: FMLS /GAMLS

# ATLANTA HOUSING MARKET







# 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





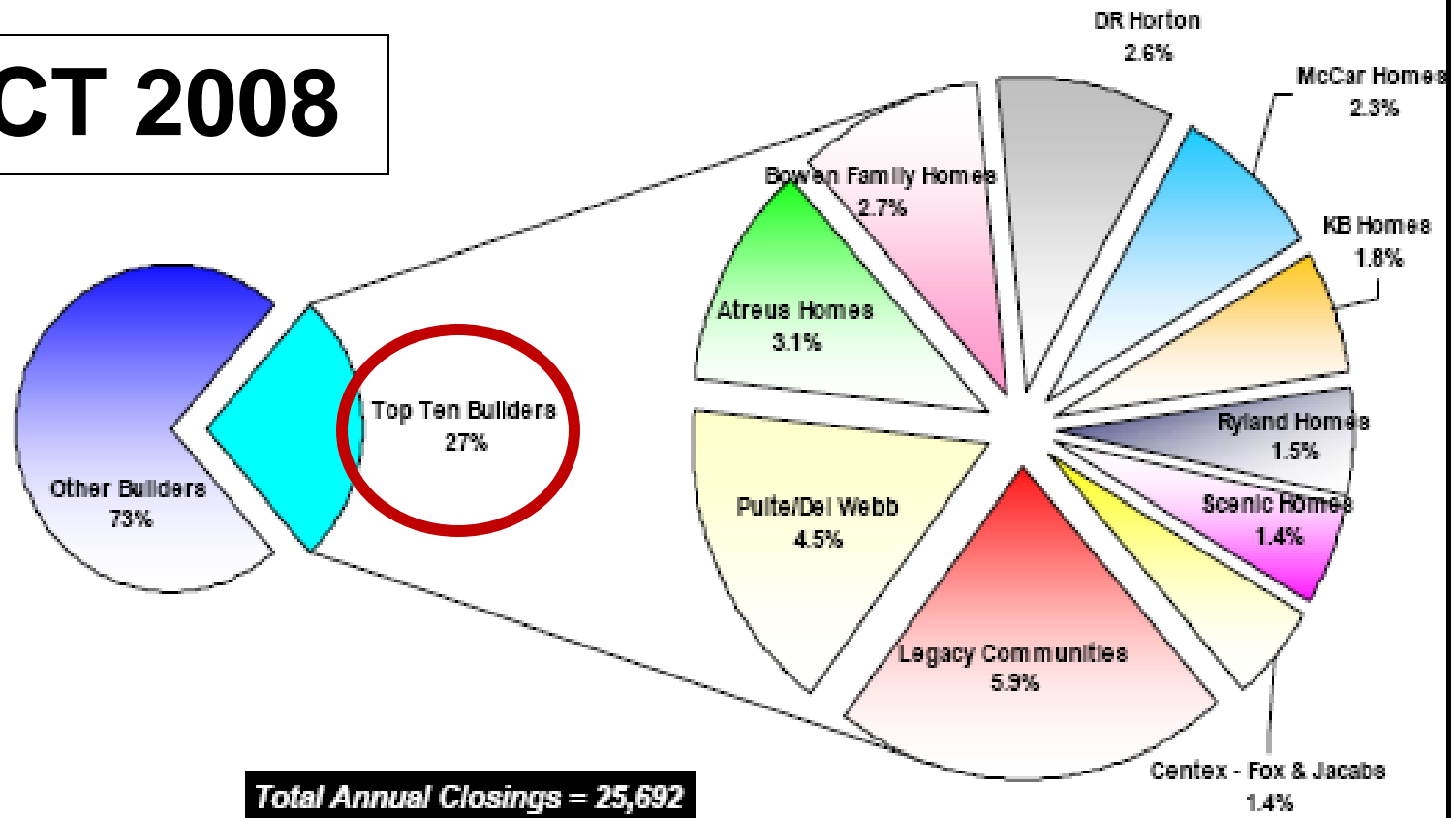
**HOUSING MARKET WILL BE  
DOMINATED BY NATIONALS & SUPER  
REGIONALS**



# Atlanta Region:

(Top Ten Builders Market Share of Annual Closings 3Q08)

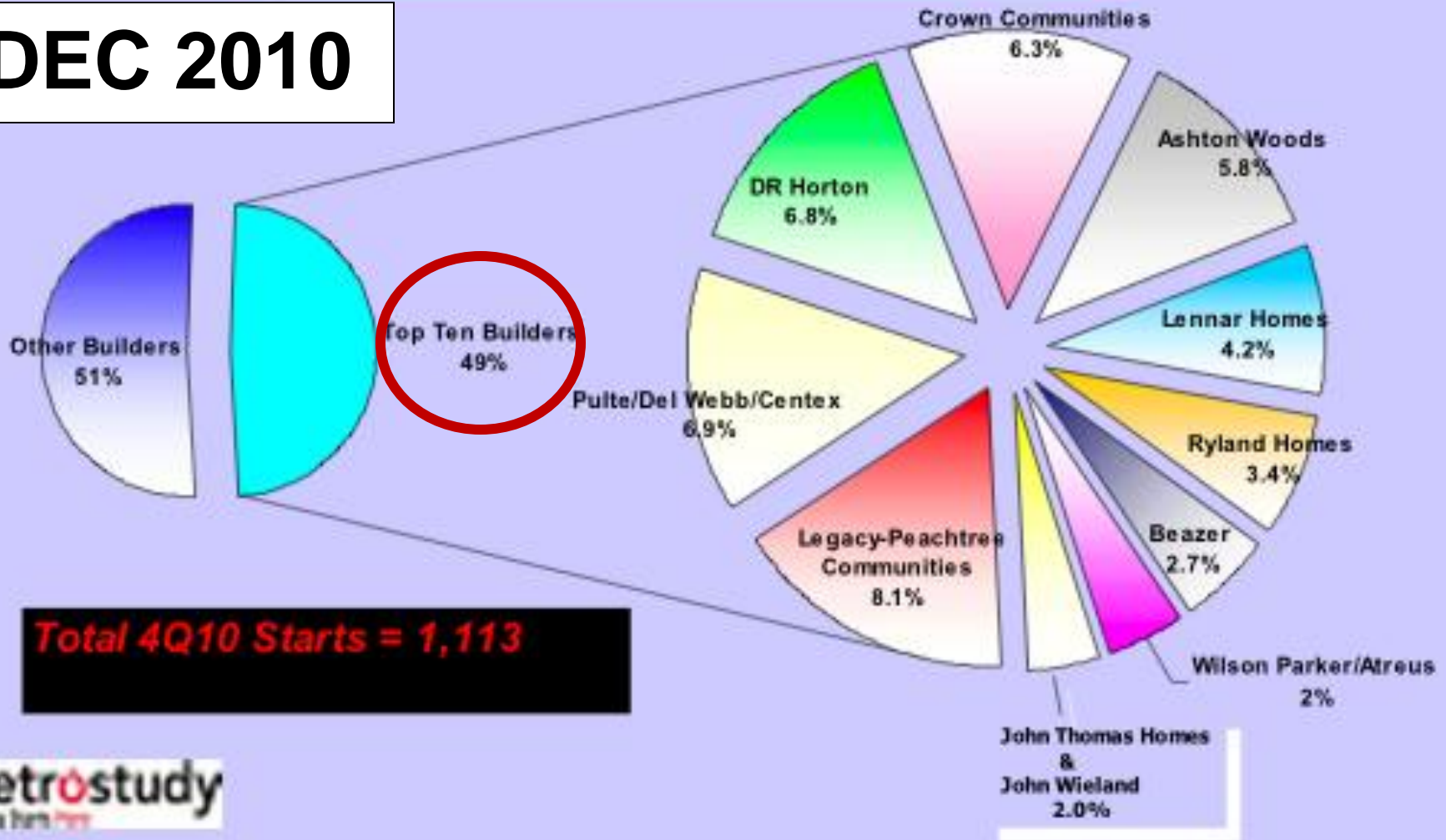
**OCT 2008**



## Atlanta Market Share by Quarterly Starts 4Q 2010

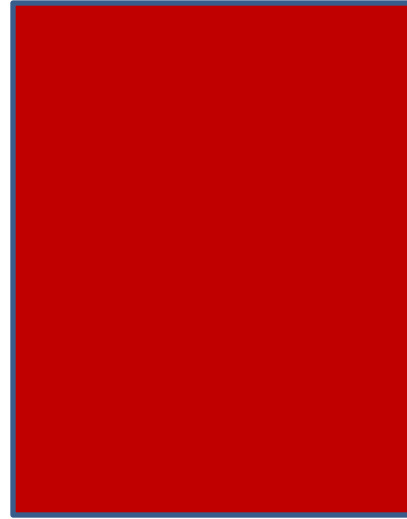
25 builders have 67% market share of the 4Q starts

DEC 2010



# 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**

