

*A thought to ponder*

“More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly.”

-Woody Allen, 1975  
(to a graduating class)



# THE NATION OF CALIFORNIA: *alive again in 2010?*



**Alan Nevin**

Director of Economic Research

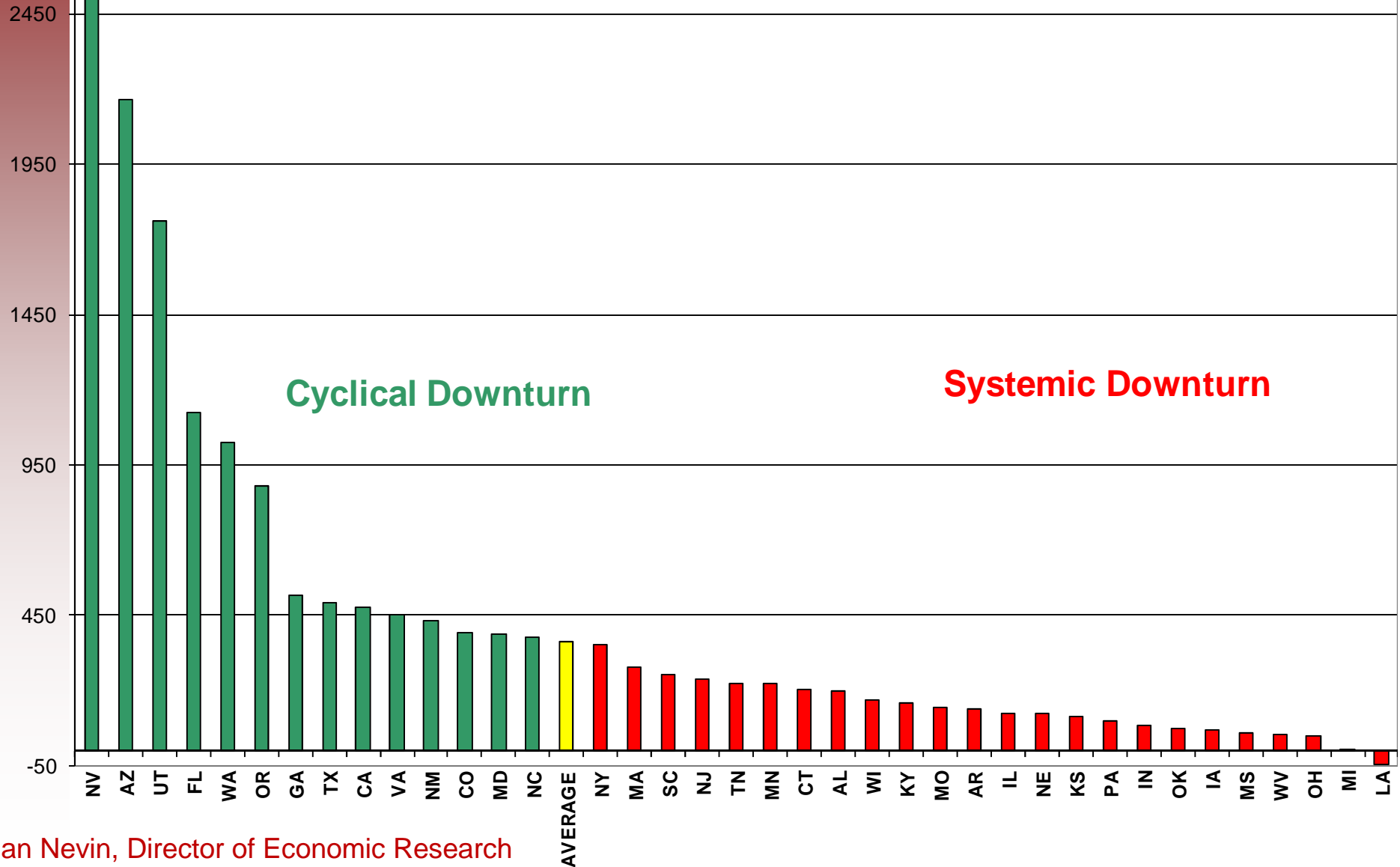
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# THE FUTURE OF AMERICA

## ECONOMIC STRENGTH

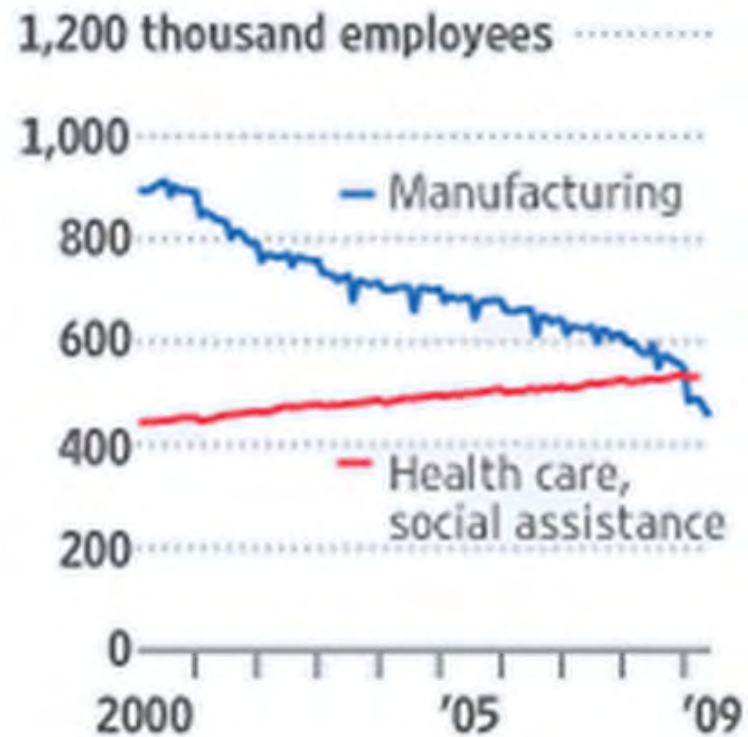
HIGHER INDICATOR VALUE = STRONGER ECONOMIC STRENGTH FACTORS



Alan Nevin, Director of Economic Research

# “Trading Places”

More Michiganders now work in health care than manufacturing, but that sector, too, is struggling

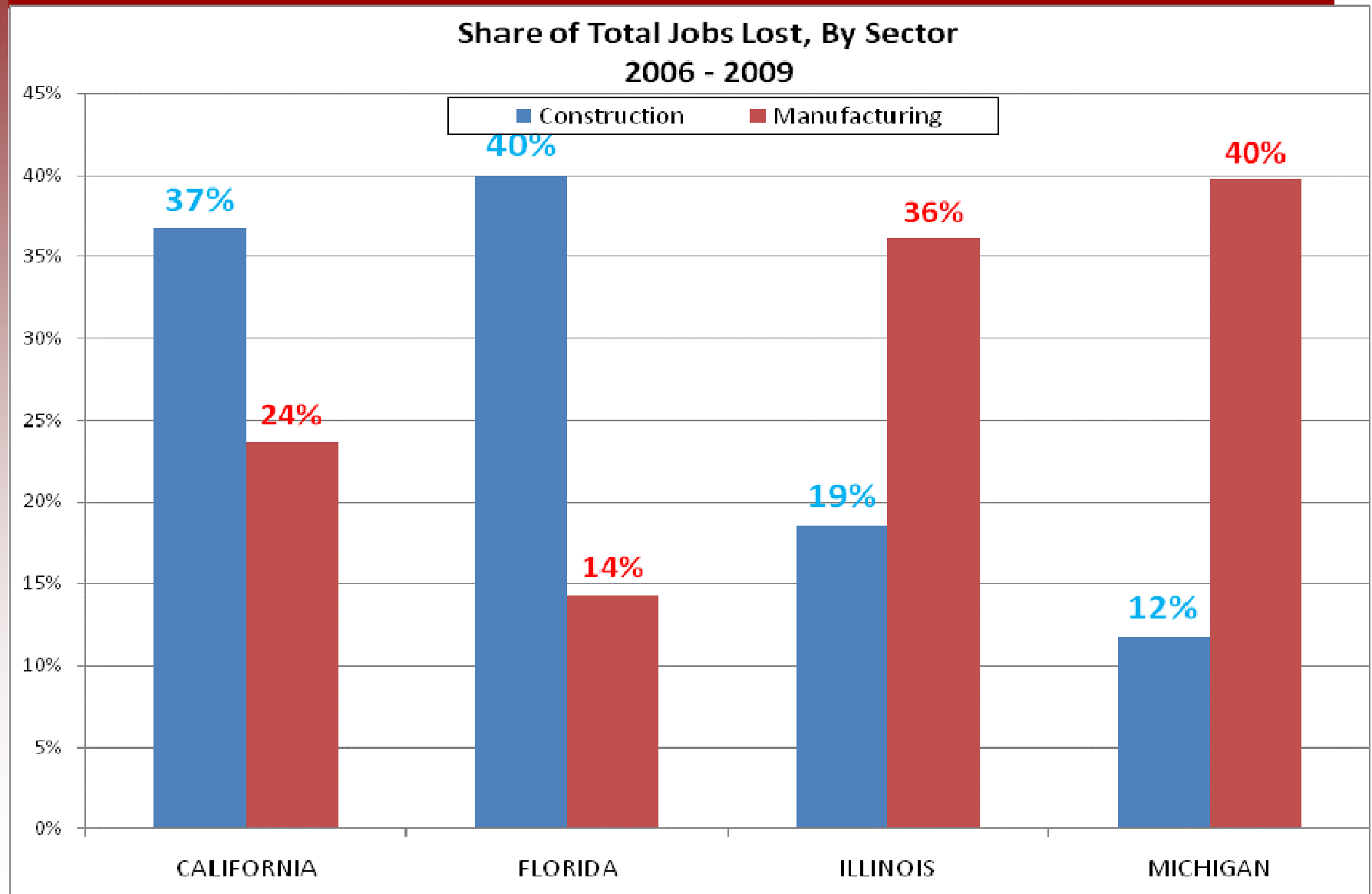


Data: Labor Department  
Published: Wall St Journal 7.13.09





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# Economic Drivers Nation of California

- **Military – In Uniform**
- **Federal & State Government (Civilian)**
- **Manufacturing**
- **Tourism**
- **Universities**
- **Import / Export**
- **Technology**
  - *Biotech*
  - *Telecommunications*
  - *Electronics*
- **Headquarters**

# High Tech Economies

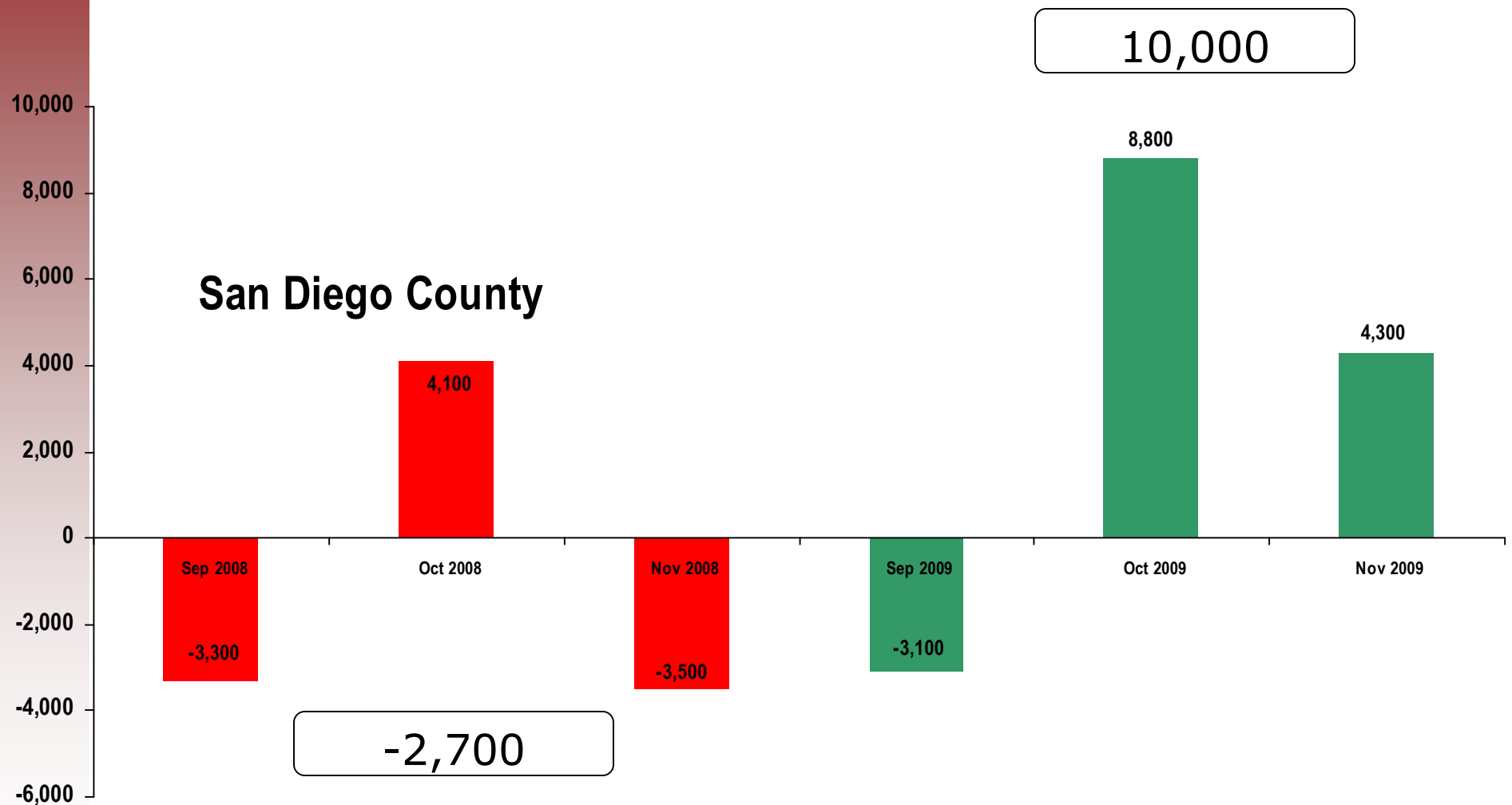
RANKING OF HIGH-TECH ECONOMIES UNITED STATES					
CURRENT NATIONAL RANK	# OF COUNTIES IN METRO	RANK: 1-COUNTY METRO AREAS	METRO AREA	STATE	EMPLOYMENT
1	1	1	SAN JOSE, SUNNYVALE, SANTA CLARA	CA	244,000
2	3		SEATTLE, BELLEVUE, EVERETT	WA	226,300
3	1	2	CAMBRIDGE, NEWTON, FRAMINGHAM	MA	163,600
4	5		WASHINGTON, ARLINGTON, ALEXANDRIA	DC/VA/MD	275,700
5	1	3	LOS ANGELES, LONG BEACH, GLENDALE	CA	376,400
6	8		DALLAS, PLANO, IRVING	TX	187,700
7	1	4	<b>SAN DIEGO, CARLSBAD, SAN MARCOS</b>	<b>CA</b>	<b>136,400</b>
8	1		SANTA ANA, ANAHEIM, IRVINE	CA	147,000
9	11		NEW YORK, WHITE PLAINS, WAYNE	NY/NJ	262,000
10	3		SAN FRANCISCO, SAN MATEO, REDWOOD CITY	CA	106,400

INITIALLY PREPARED BY MILKIN INSTITUTE, UPDATED/REVISED: MARKETPOINTE REALTY ADVISORS  
 NOTE: RANKING IS A QUALITATIVE RANKING ASSIGNED BY MILKIN INST. REGARDING STRENGTH OF MARKET, 2008

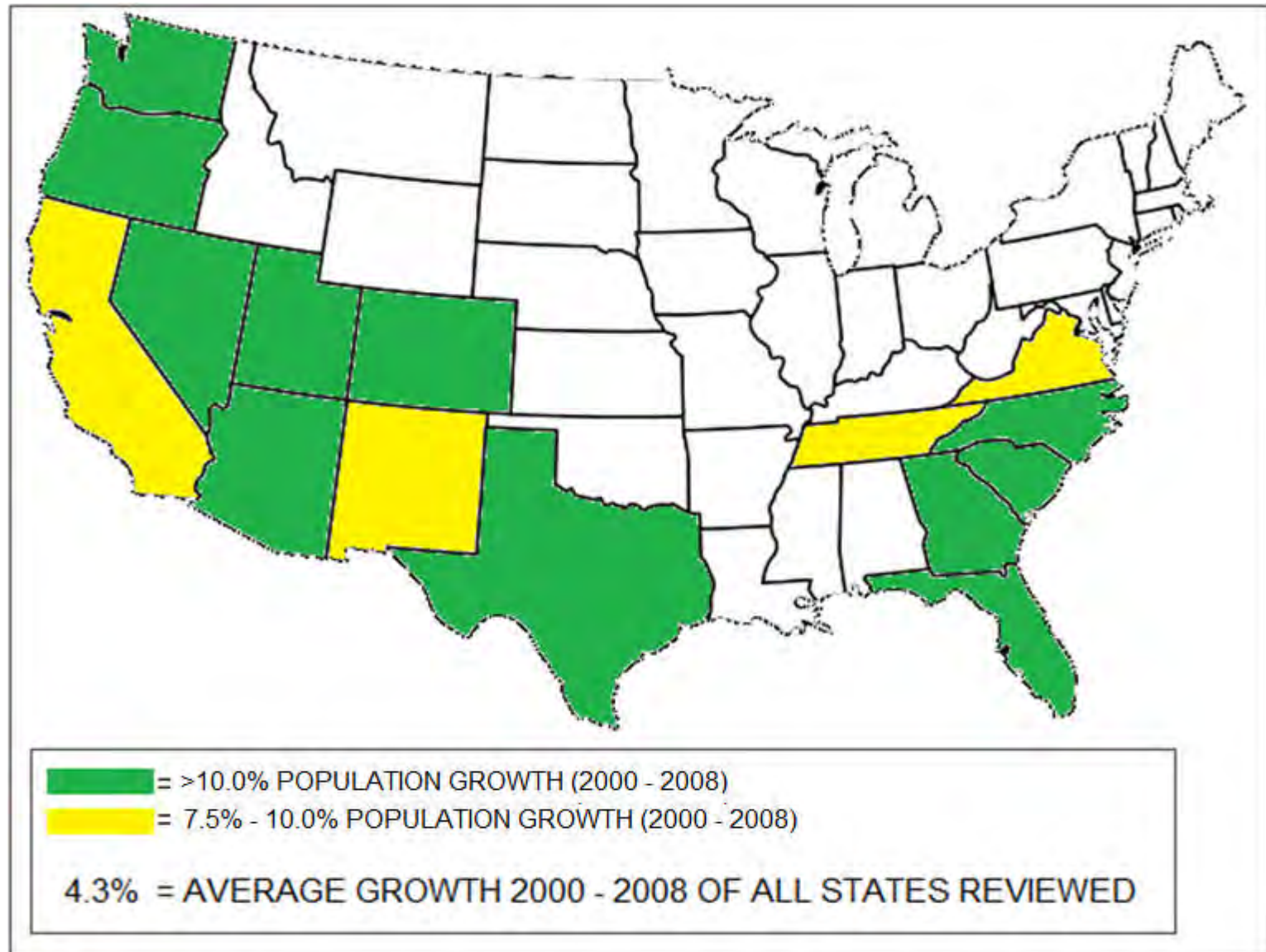


# Good News on Jobs, San Diego County

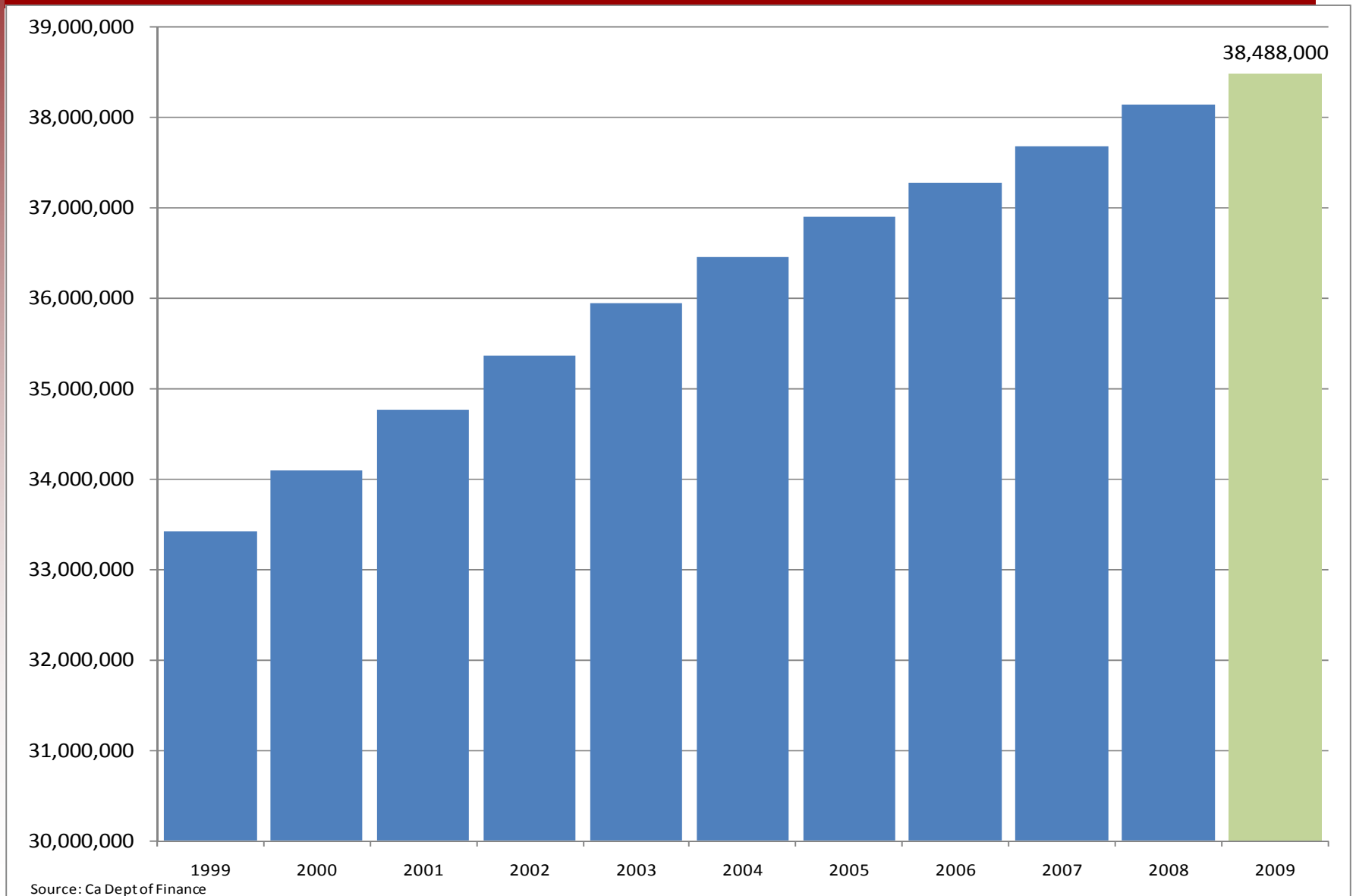
## Sept – Nov 2008 compared to Sept – Nov 2009



## % Population Growth, By State, 2000 - 2008

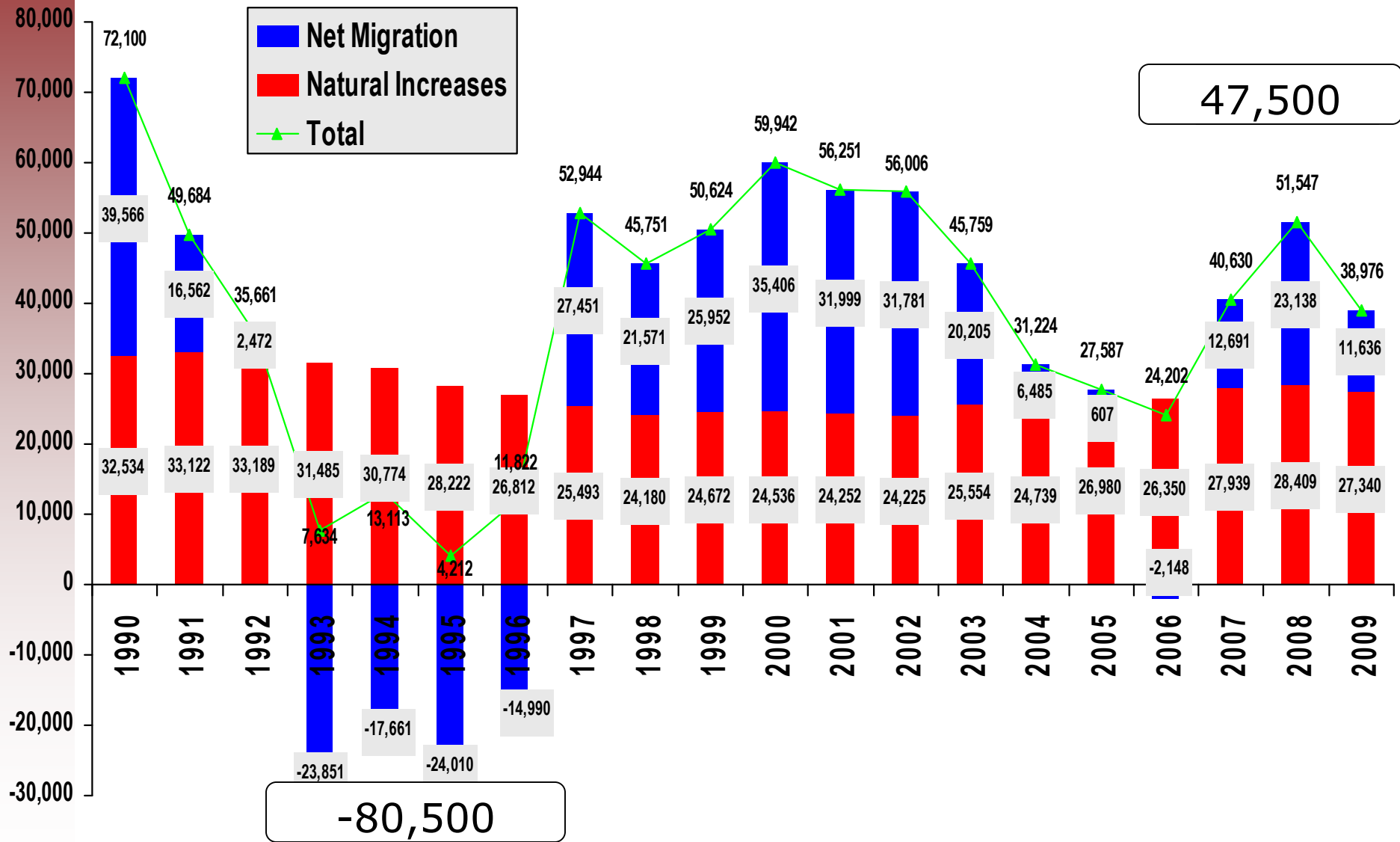


# California Population



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## San Diego County Population Growth From Migration is On the Rise Again

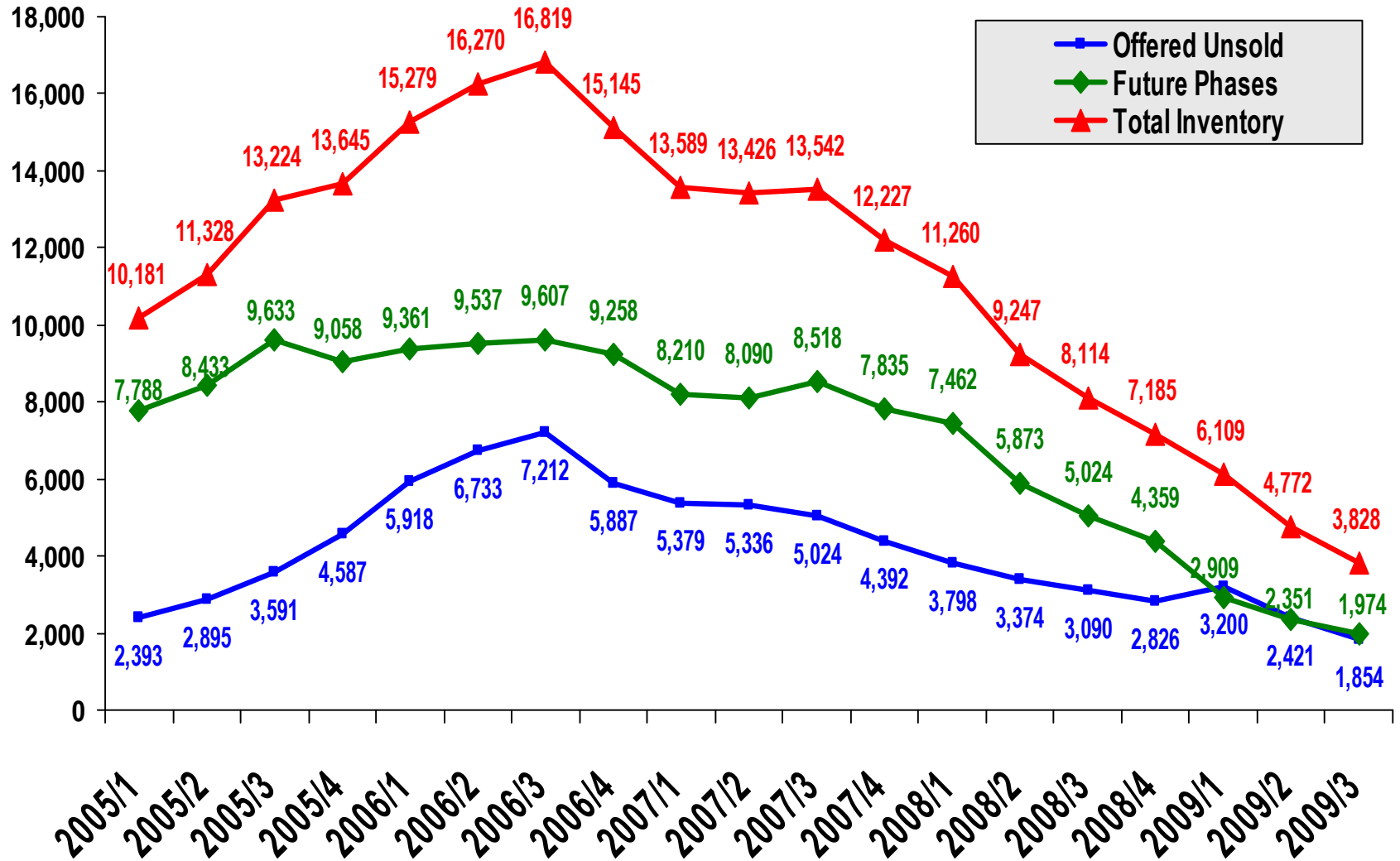


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# Residential Building Permits

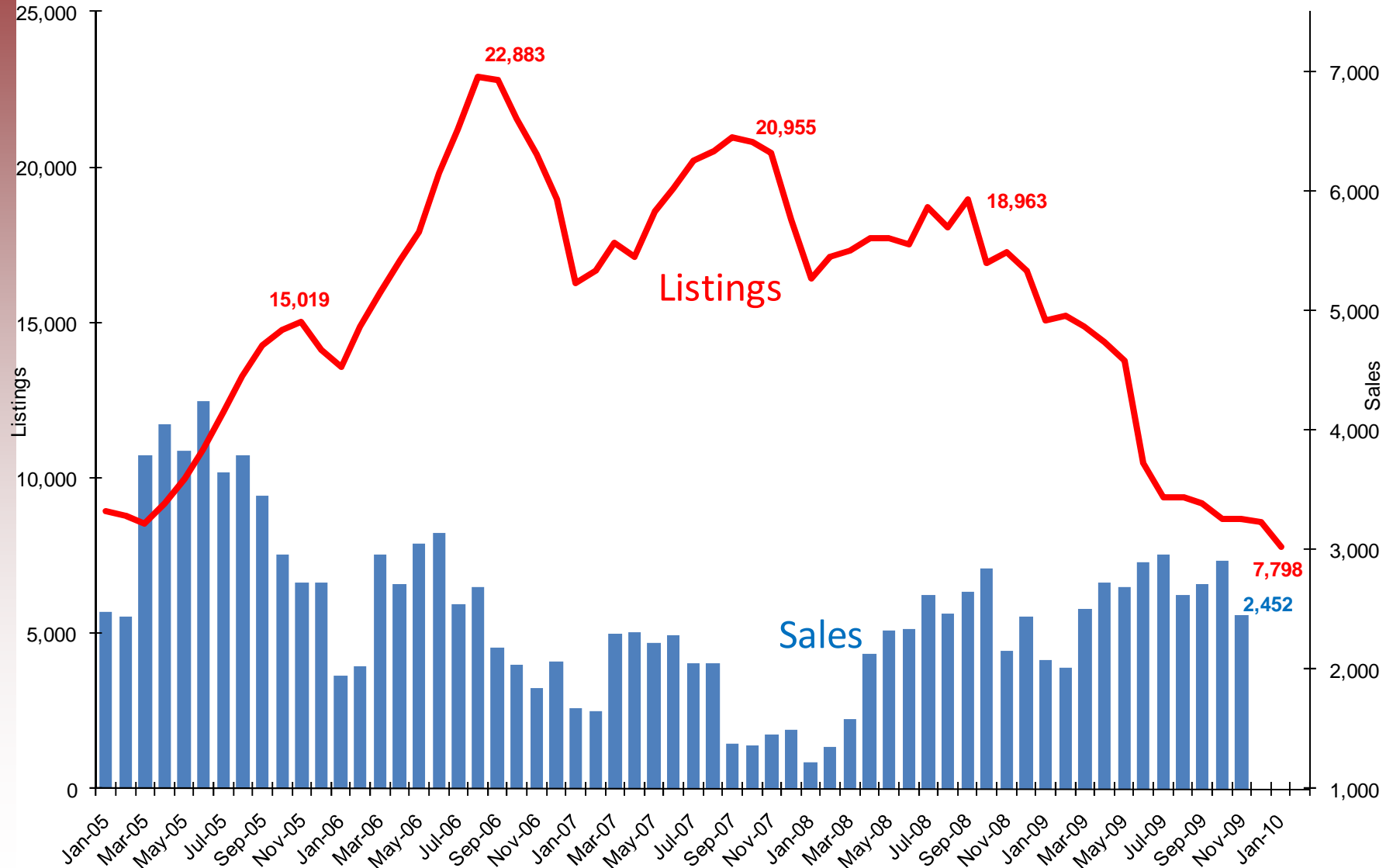
RESIDENTIAL BUILDING PERMITS NATION OF CALIFORNIA 2005 AND 2008						
MARKET	2005			2008		
	SF	MF	TOTAL	SF	MF	TOTAL
CENTRAL COAST	4,248	1,012	5,260	1,104	720	1,824
SACRAMENTO	15,629	2,863	18,492	3,980	1,756	5,736
SOUTHERN CALIFORNIA	71,765	31,680	103,445	13,282	18,569	31,851
BAY AREA	14,686	12,215	26,901	4,578	7,980	12,558
CENTRAL VALLEY	34,676	4,315	38,991	7,182	2,019	9,201
OTHER COUNTIES	14,318	1,565	15,883	2,841	741	3,582
<b>TOTAL</b>	<b>155,322</b>	<b>53,650</b>	<b>208,972</b>	<b>32,967</b>	<b>31,785</b>	<b>64,752</b>
<b>DECLINE IN SINGLE FAMILY</b>	<b>79%</b>					
<b>DECLINE IN MULTI-FAMILY</b>	<b>41%</b>					
CONSTRUCTION INDUSTRY RESEARCH BOARD MARKETPOINTE REALTY ADVISORS 6.09						

## Shrinking New Home Inventory Bodes Well for SD Market



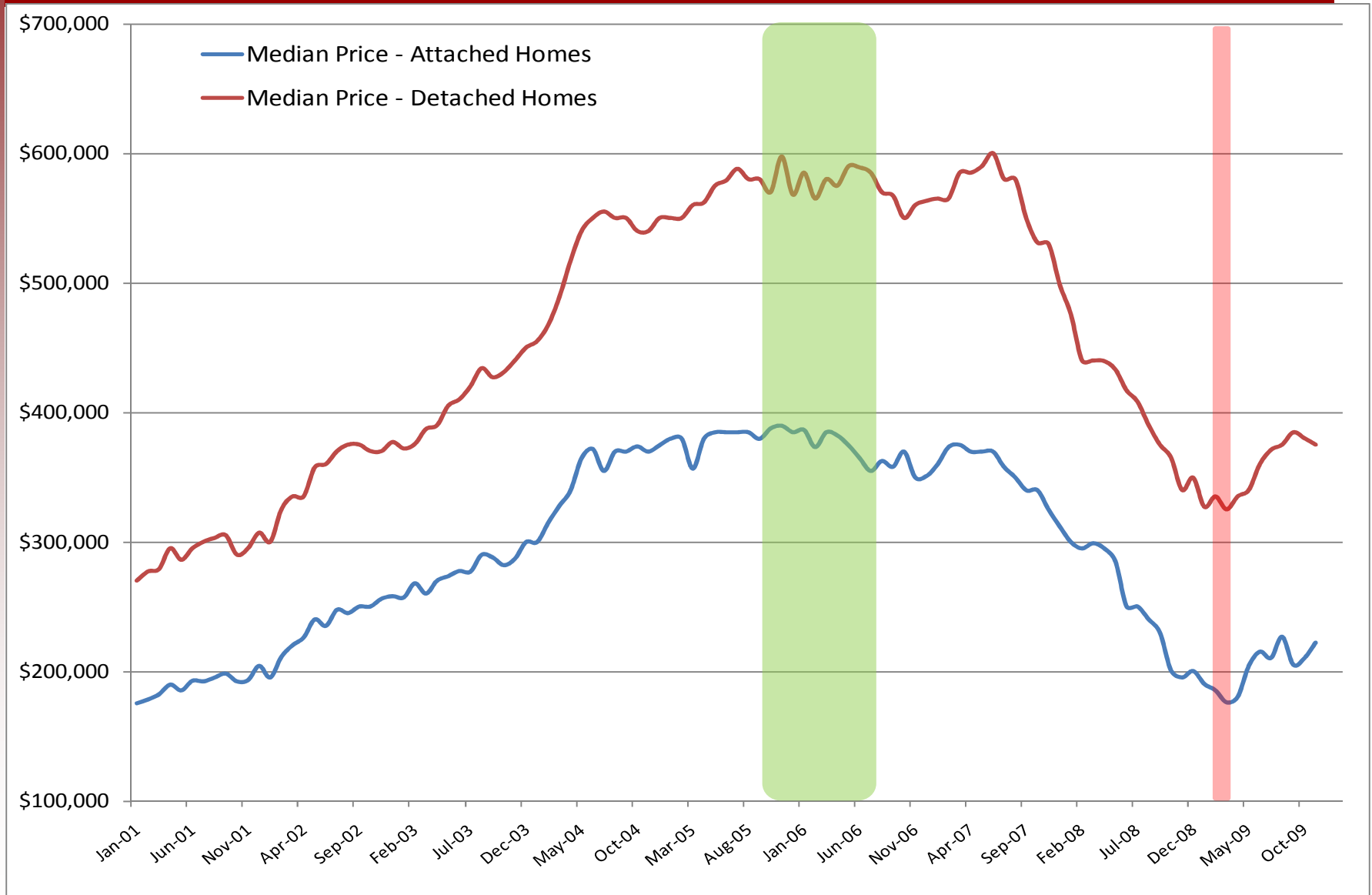
## Residential Resale Market Statistics – San Diego County

### San Diego County Monthly Resale Market



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# Resale Market Statistics – San Diego County



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# Foreclosures – Southern California

TRUSTEE SALES (FORECLOSURES) SOUTHERN CALIFORNIA 3Q2008 - 3Q2009				
AREA	3Q2008	3Q2009	CHANGE	%
LOS ANGELES	11,690	7,927	-3,763	-32%
ORANGE	3,997	2,238	-1,759	-44%
SAN DIEGO	5,797	3,601	-2,196	-38%
RIVERSIDE	10,813	6,776	-4,037	-37%
SAN BERNARDINO	7,930	4,999	-2,931	-37%
VENTURA	1,420	793	-627	-44%
<b>TOTAL</b>	<b>41,647</b>	<b>26,334</b>	<b>-15,313</b>	<b>-37%</b>
SOURCE: DATAQUICK MARKETPOINTE REALTY ADVISORS 3.09				

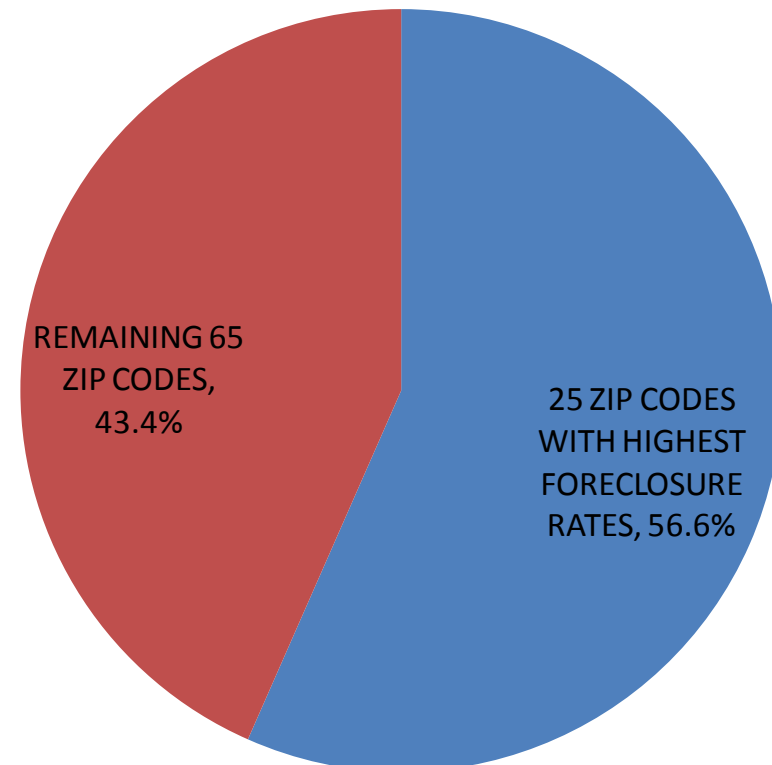
# San Diego County Foreclosures

<b>LOWEST NUMBER OF FORECLOSURES            SAN DIEGO COUNTY            2ND QUARTER 2009</b>		
<b>ZIP CODE</b>	<b>COMMUNITY</b>	<b>NO. FORECLOSURES</b>
92014	DEL MAR	2
92121	SORRENTO VALLEY	3
92007	CARDIFF	5
92118	CORONADO	6
92075	SOLANA BEACH	6
92067	RANCHO SANTA FE	7
92106	PT. LOMA	7
92130	CARMEL VALLEY	17
92037	LA JOLLA	21
	<b>TOTAL</b>	<b>74</b>
	<b>SAN DIEGO COUNTY (90 ZIP CODES)</b>	<b>3516</b>
	<b>LOWEST AS % OF COUNTY</b>	<b>2.1%</b>
SOURCE: DATAQUICK MARKETPOINTE REALTY ADVISORS 7.09		

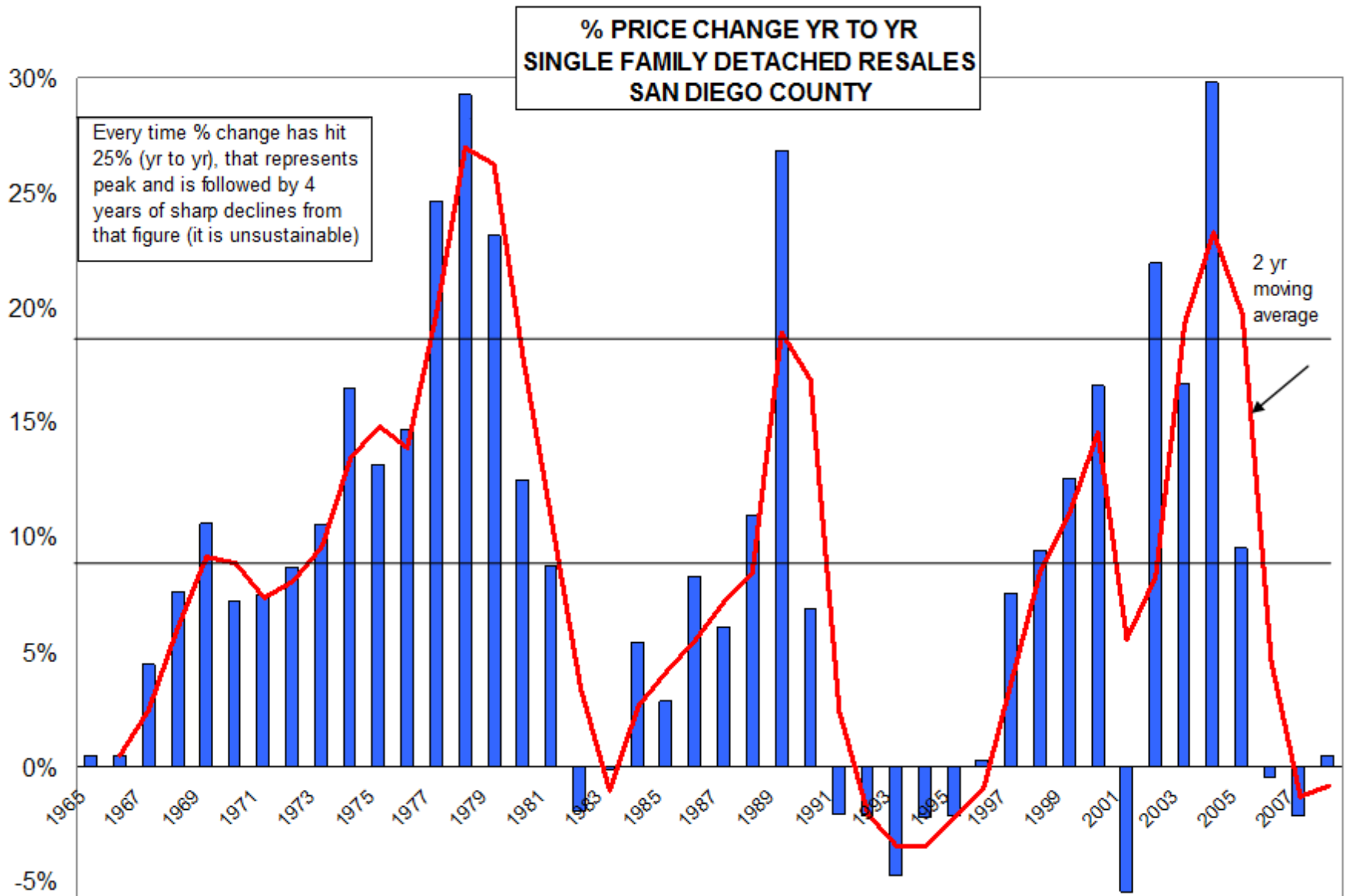
# San Diego County Foreclosure Concentration

HIGHEST NUMBER OF FORECLOSURES SAN DIEGO COUNTY 2ND QUARTER 2009	
COMMUNITY	#
CHULA VISTA TOTAL (5 ZIP CODES)	462
OCEANSIDE TOTAL (4 ZIP CODES)	317
ESCONDIDO TOTAL (4 ZIP CODES)	289
EL CAJON TOTAL (3 ZIP CODES)	224
SAN MARCOS TOTAL (2 ZIP CODES)	125
NESTOR - 92154	113
ENCANTO - 92114	109
SPRING VALLEY - 91977	105
VISTA TOTAL (2 ZIP CODES)	92
CITY HEIGHTS - 92105	80
PARADISE HILLS - 92139	74
<b>TOTAL OF ABOVE 25 ZIP CODES</b>	<b>1990</b>
<b>SAN DIEGO COUNTY (90 ZIP CODES)</b>	<b>3516</b>
<b>LOWEST AS % OF COUNTY</b>	<b>56.6%</b>
SOURCE: DATAQUICK	
MARKETPOINTE REALTY ADVISORS 7.09	

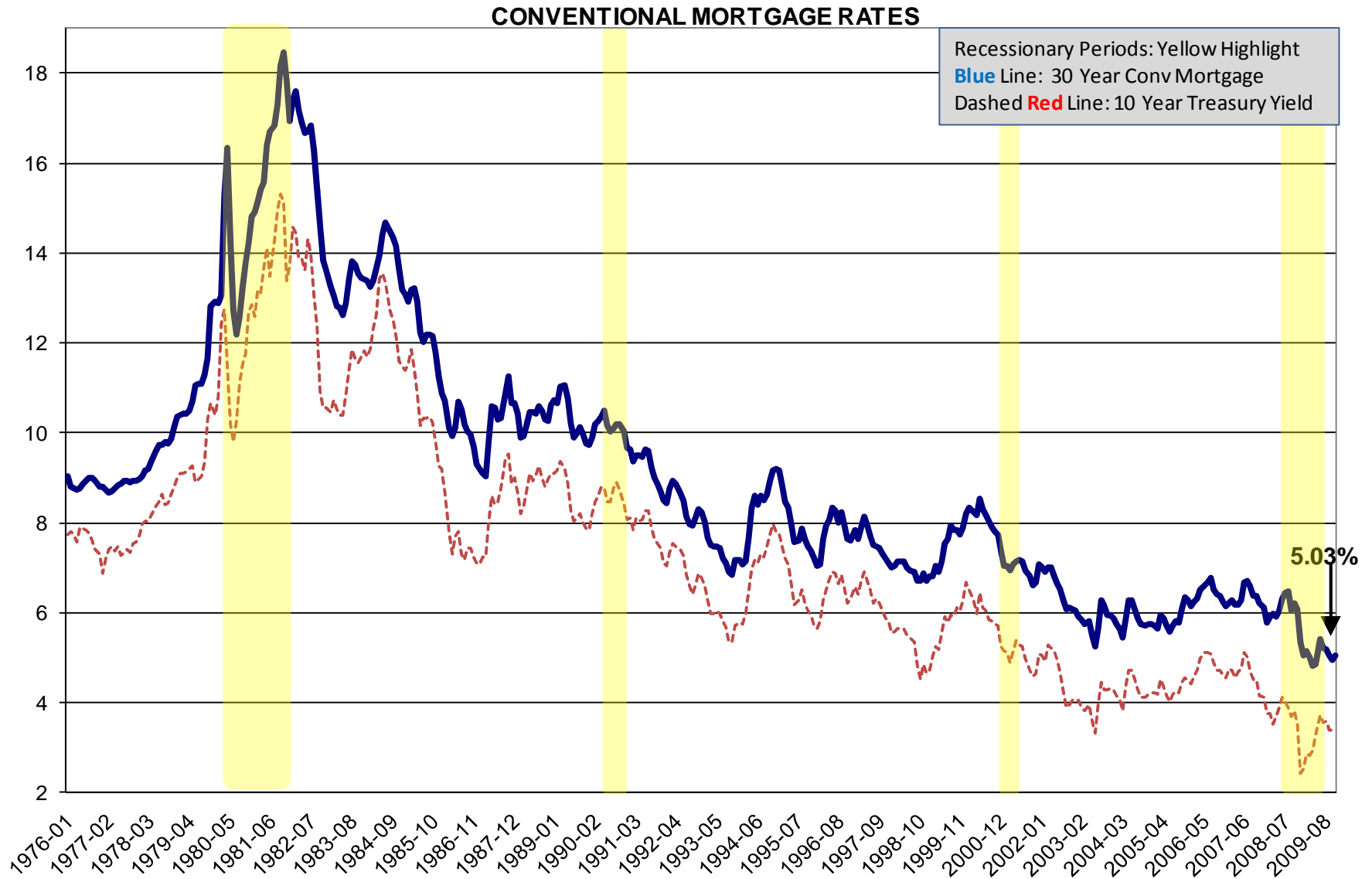
GEOGRAPHIC CONCENTRATION OF FORECLOSURE ACTIVITY BY ZIP CODE  
SAN DIEGO COUNTY



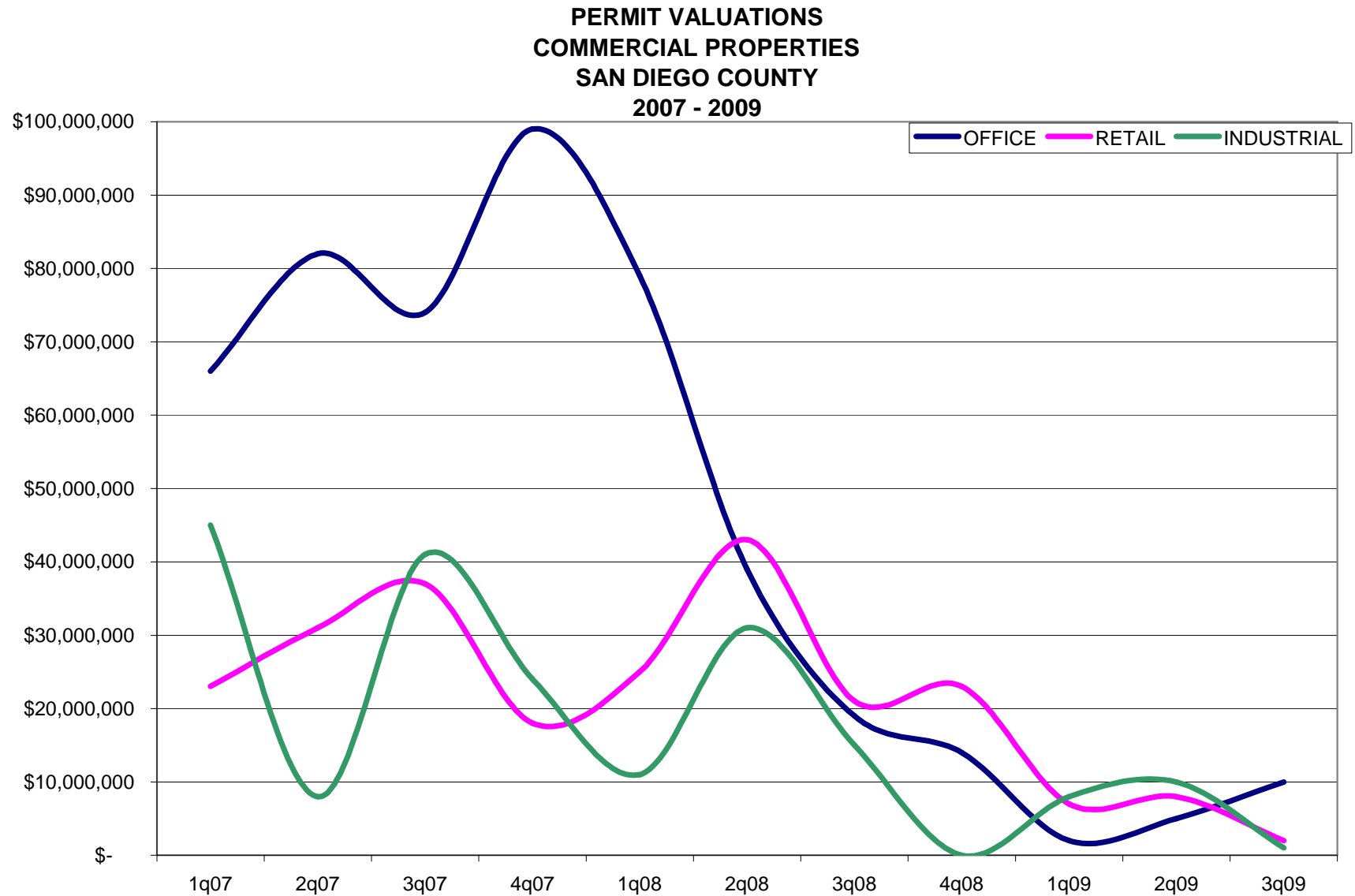
# Predictable Housing Cycles



# Mortgage Rates & 10 Year Treasury Yields

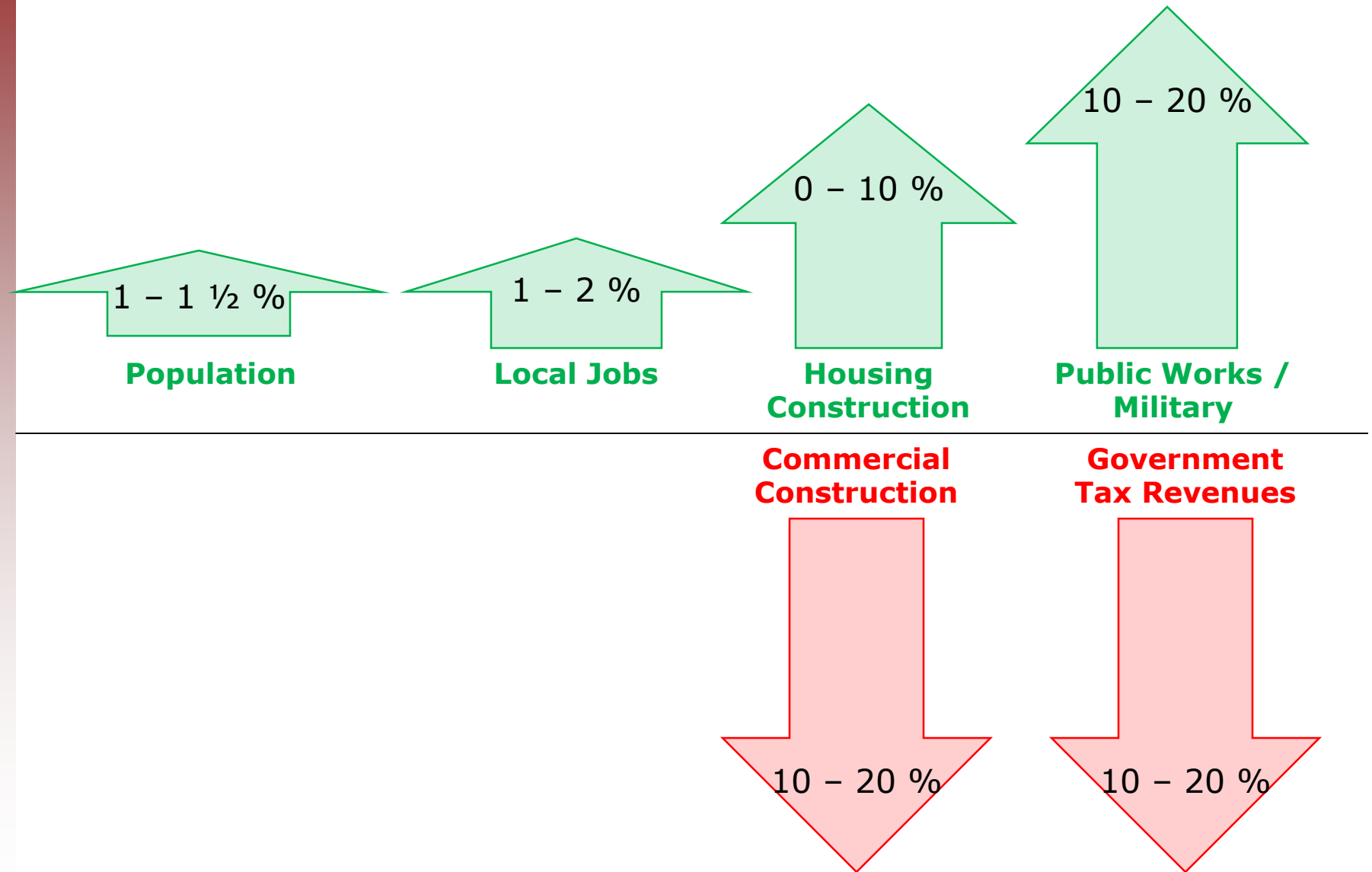


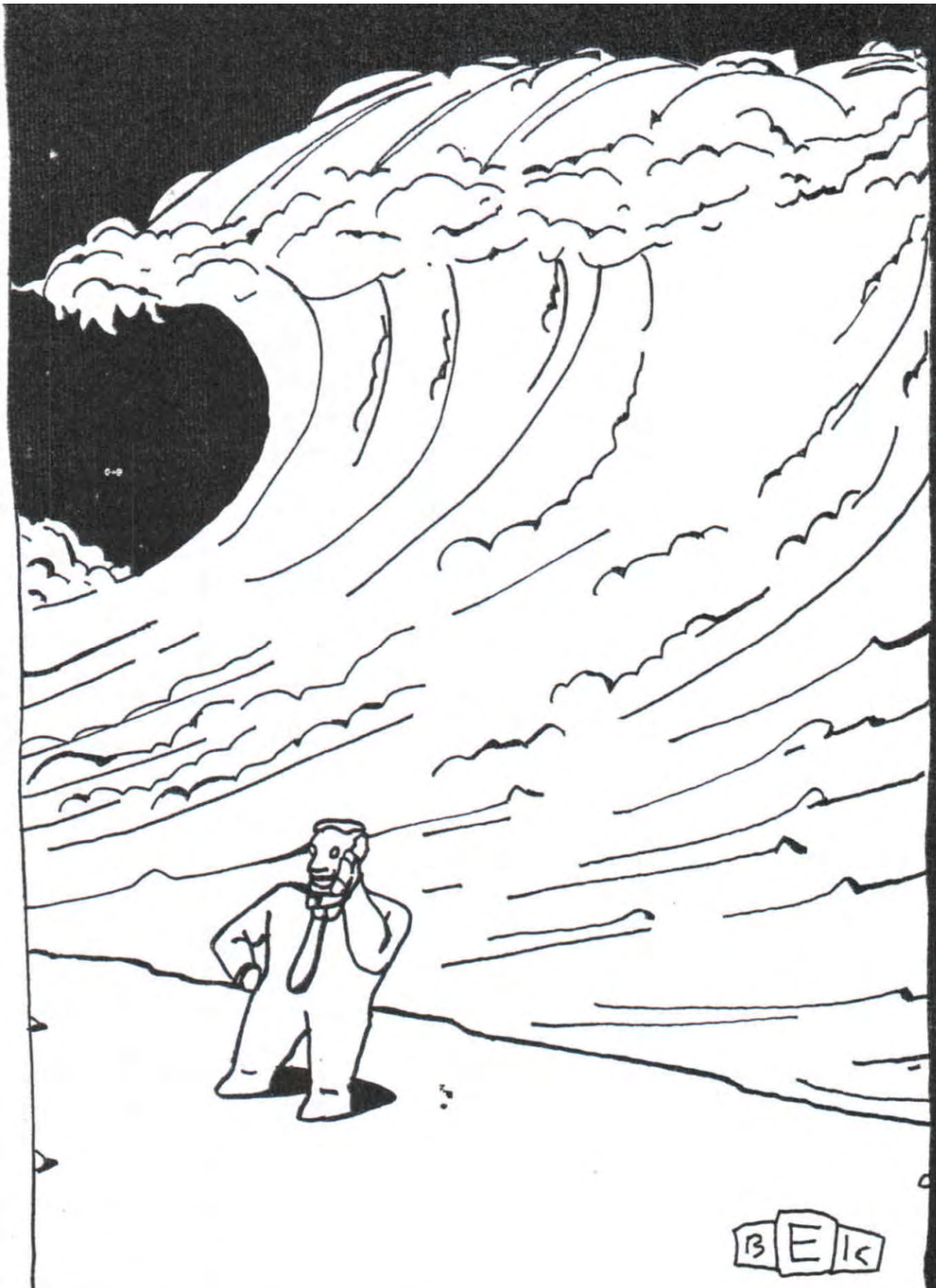
# Commercial Building Permits



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# 2010 Economic Forecast – San Diego County





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“As we grow older  
and more  
experienced, we  
overrate the  
accuracy of our  
judgments”



# **Economic & Real Estate Projections For 2010**

## **The Nation of California**



- **California will continue to add 400,000+ population annually**
- **The job market will just mope along, with the real estate construction industry dragging down an otherwise healthy and diverse economy**
- **Interest rates will stay low**
- **Home foreclosures and short sales will continue to decline. Real bargains will disappear**
- **Resales and refi's will be strong**

# **Economic & Real Estate Projections For 2010**

## **The Nation of California**



- **New for-sale home production will be modest**
- **The housing market will stabilize in early 2010**
- **The commercial market will feel deep pain, particularly the office market**
- **The apartment, retail and industrial investment markets will remain healthy, but not cheap**
- **2010 is a great year to have cash. Pouncing on distressed properties is an art form that requires concentration, a strong will and faith in the future of California.**

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you need to know about MarketPointe*



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- Expert Witness Services
- Portfolio Valuation & Repositioning Studies

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