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OCTOBER 19-22 MOSCONE WEST

The Economic and Real Estate Outlook

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Recession or Worse... The Bad and The Ugly



**Deep
Recession**

60%



**Moderate
Recession**

35%



Depression

5%

Economic Outlook for 2008/2009

Deep Recession (60%)



- Economic Growth
 - -1.8%
- Employment
 - Unemployment Rate: 8.5%
 - Employment Growth: -2.0%
- Interest Rates
 - T-Bill: 1.0%
 - T-bonds: 3.25%
- The Stock Market
 - S&P 500: 950
 - Nasdaq: 1700
- Credit Crunch/Crisis, Synchronized Global Recession, China Bubble Burst, Dollar Crash, Geopolitical Instability (Middle East & Russia), Oil Prices Spike, Housing / Mortgage Meltdown, Central Banks' Policy Mistake, Commodity Bubble Burst

Economic Outlook for 2008/2009

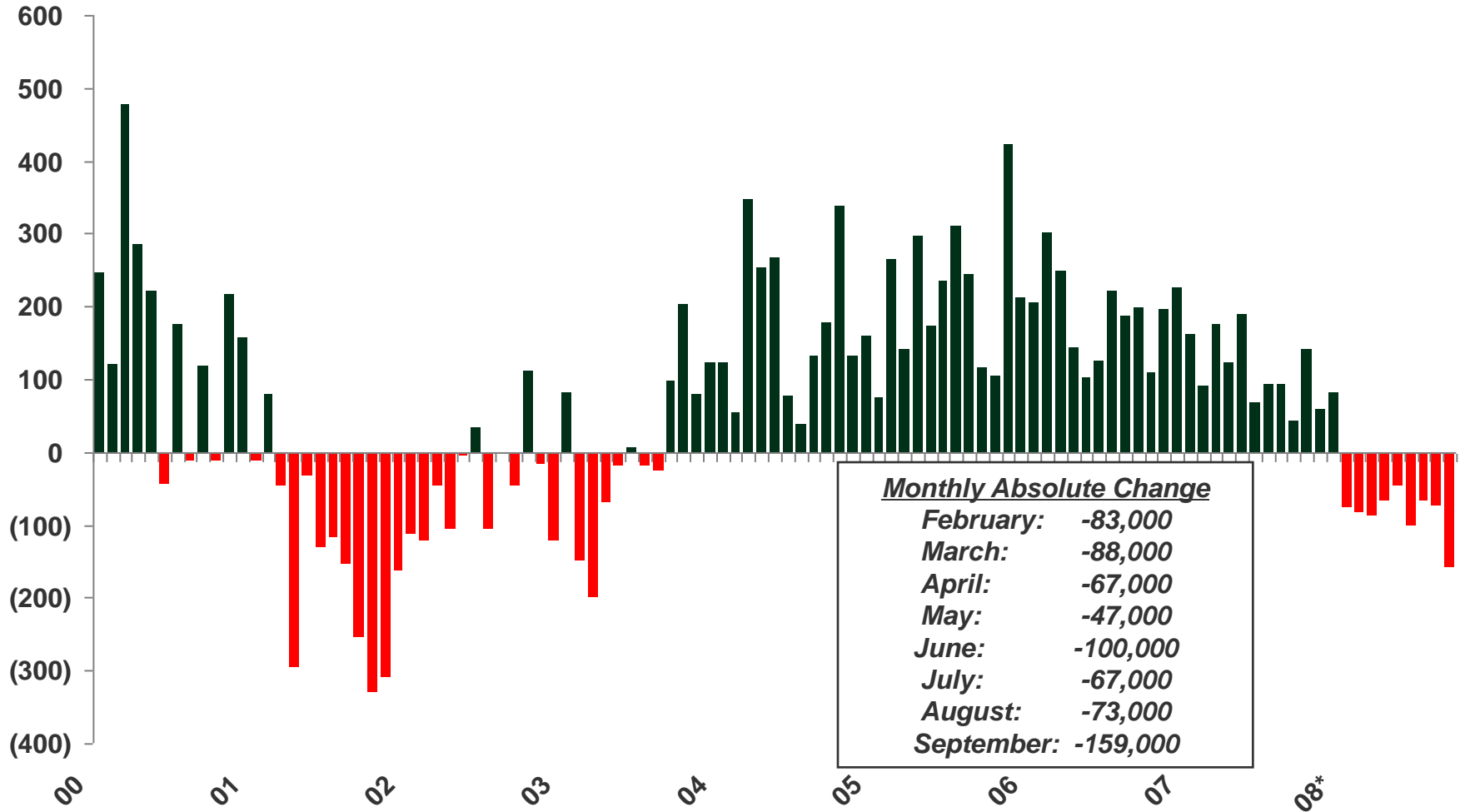
Moderate Recession (35%)



- Economic Growth
 - -0.5
- Employment
 - Unemployment Rate: 6.5%
 - Employment Growth: -1.2%
- Interest Rates
 - T-Bill: 2.1%
 - T-bonds: 4.5%
- The Stock Market
 - S&P 500: 1400
 - Nasdaq: 2300
- Oil/Commodities Plunge, Consumer Spending Slowing, Defense Spending, Interest Rates Cut, Tech Recovery, Global Strength, Fed-Treasury Liquidity Bail Out, TARP

U.S. Employment Growth

Thousands of Jobs



*Through September 2008

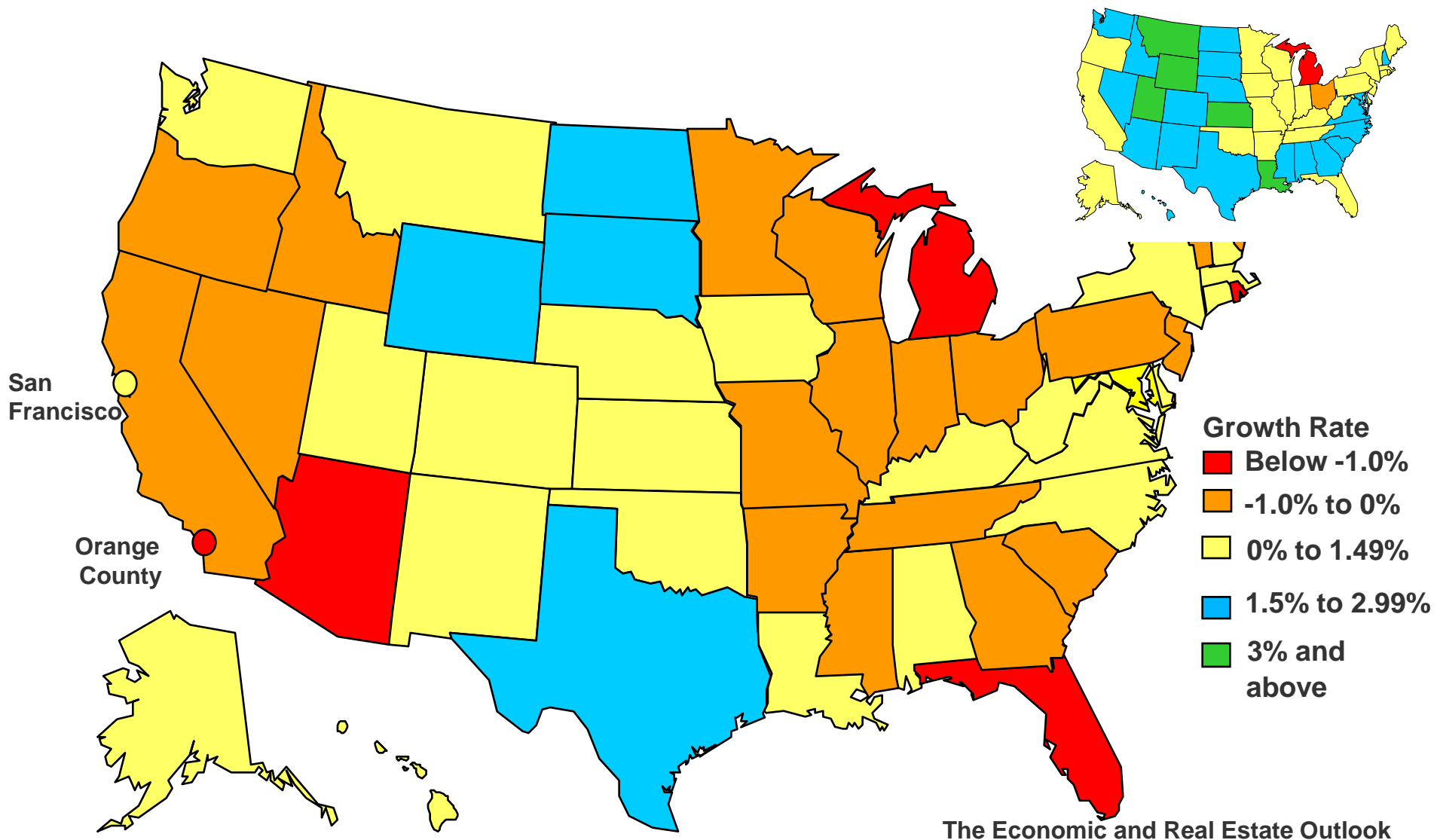
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Source: Bureau of Labor Statistics

U.S. Employment Growth

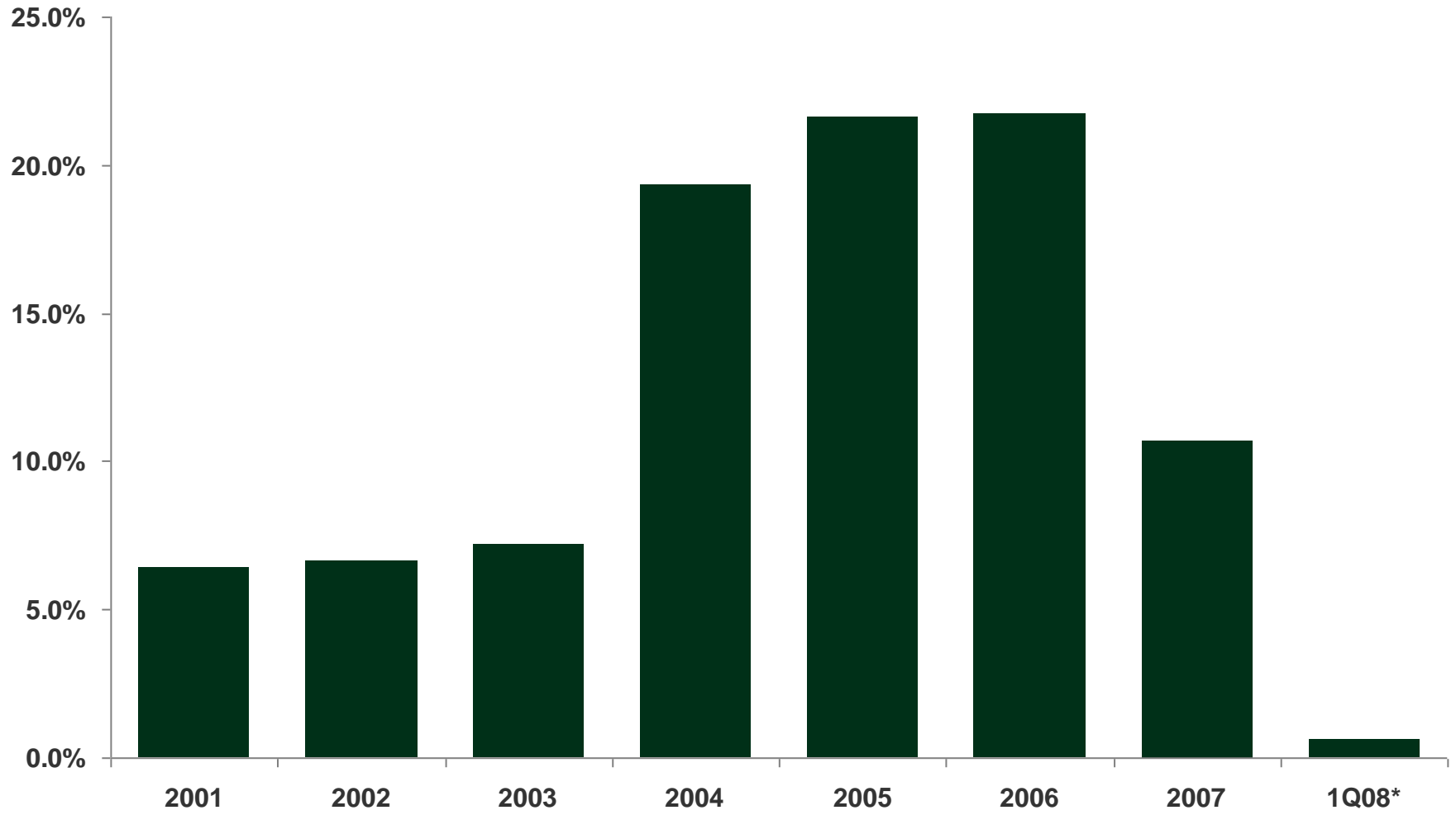
August 2008

August 2007



Source: Bureau of Labor Statistics, Seasonally Adjusted

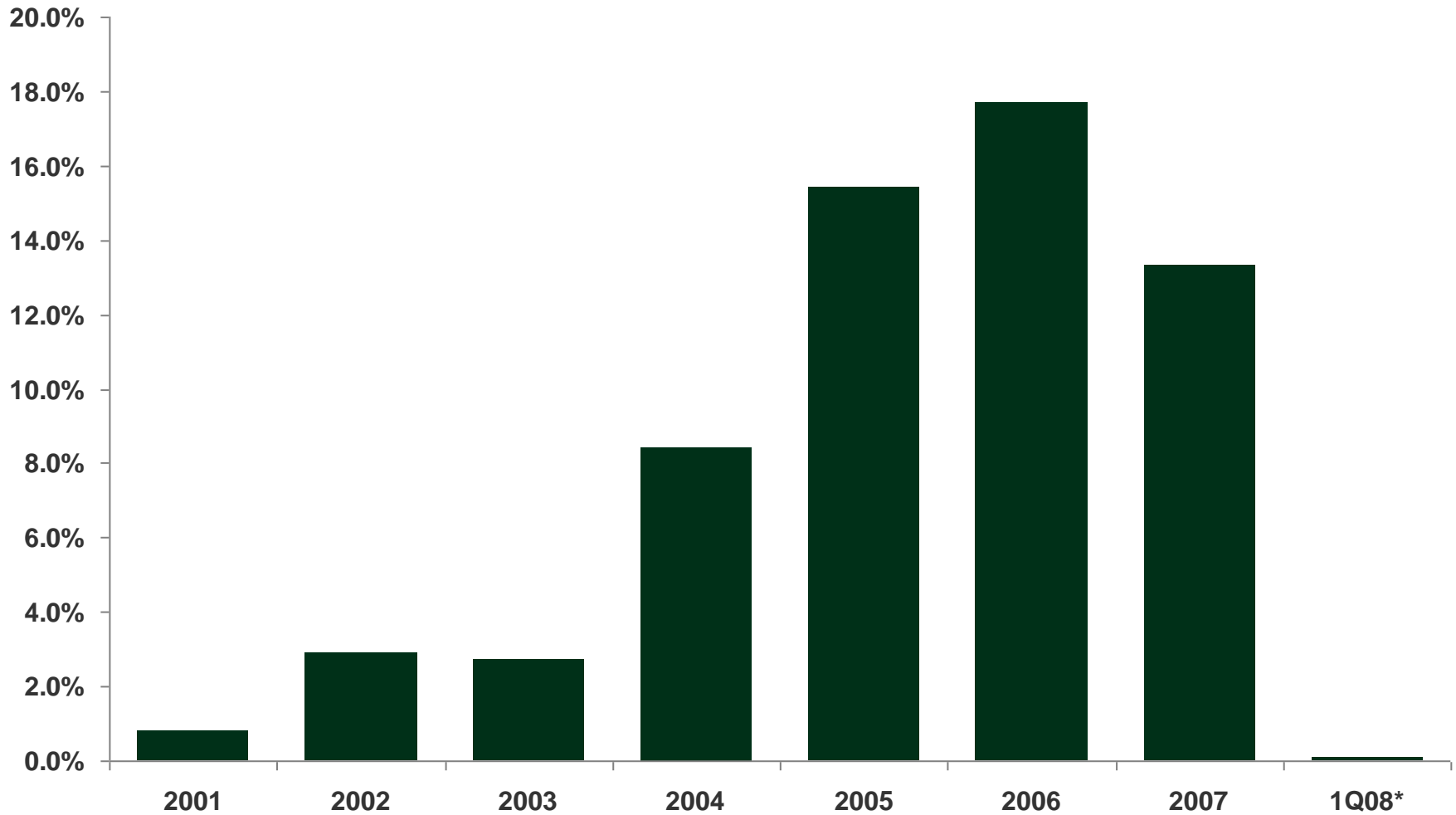
Subprime Share of Securitized Purchase Mortgage Originations, 2001-2008



*Estimated 2Q08 number is less than or equal to 1Q08

Sources: UBS

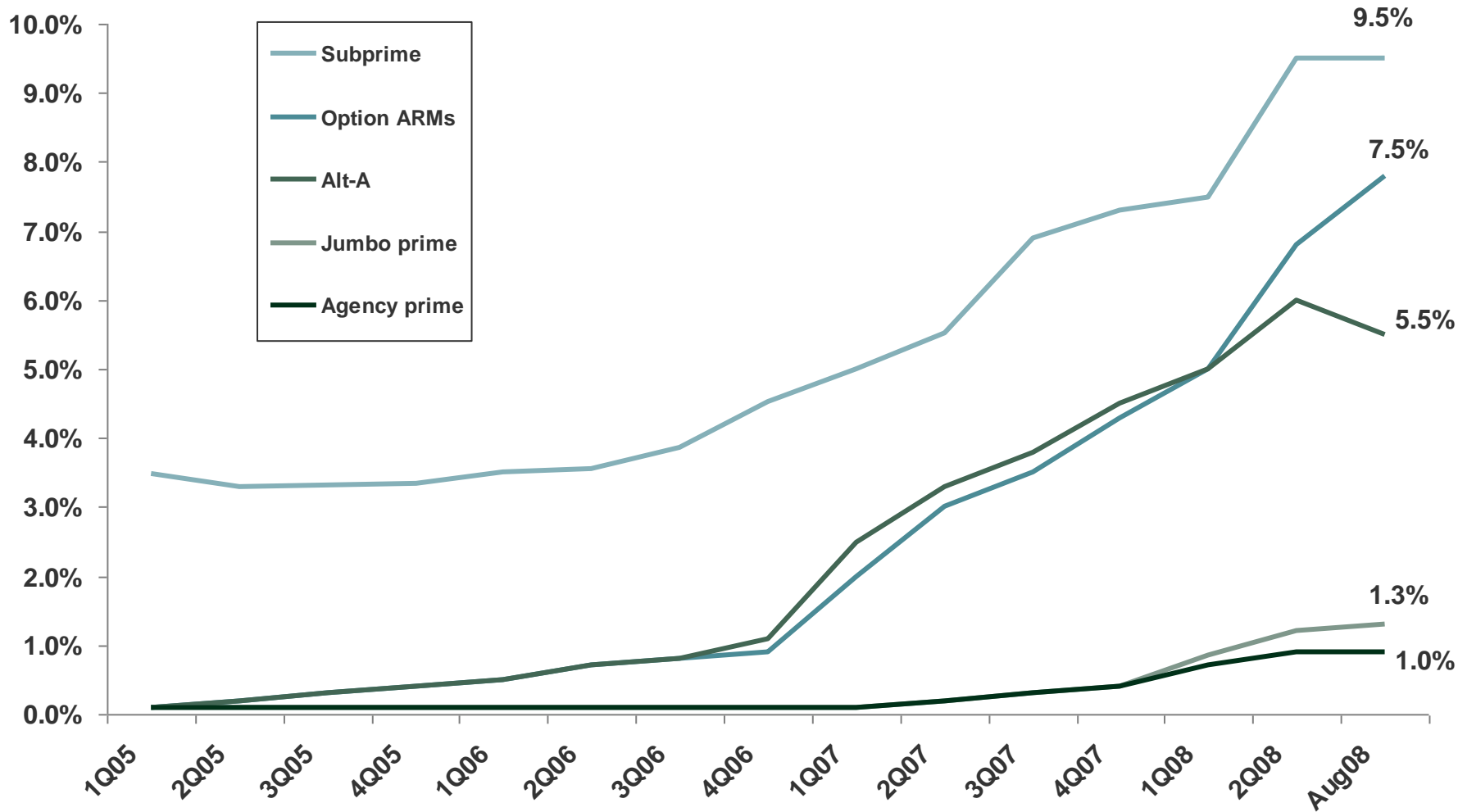
Alt-A Share of Securitized Purchase Mortgage Originations, 2001-2008



*Estimated 2Q08 number is less than or equal to 1Q08

Sources: UBS

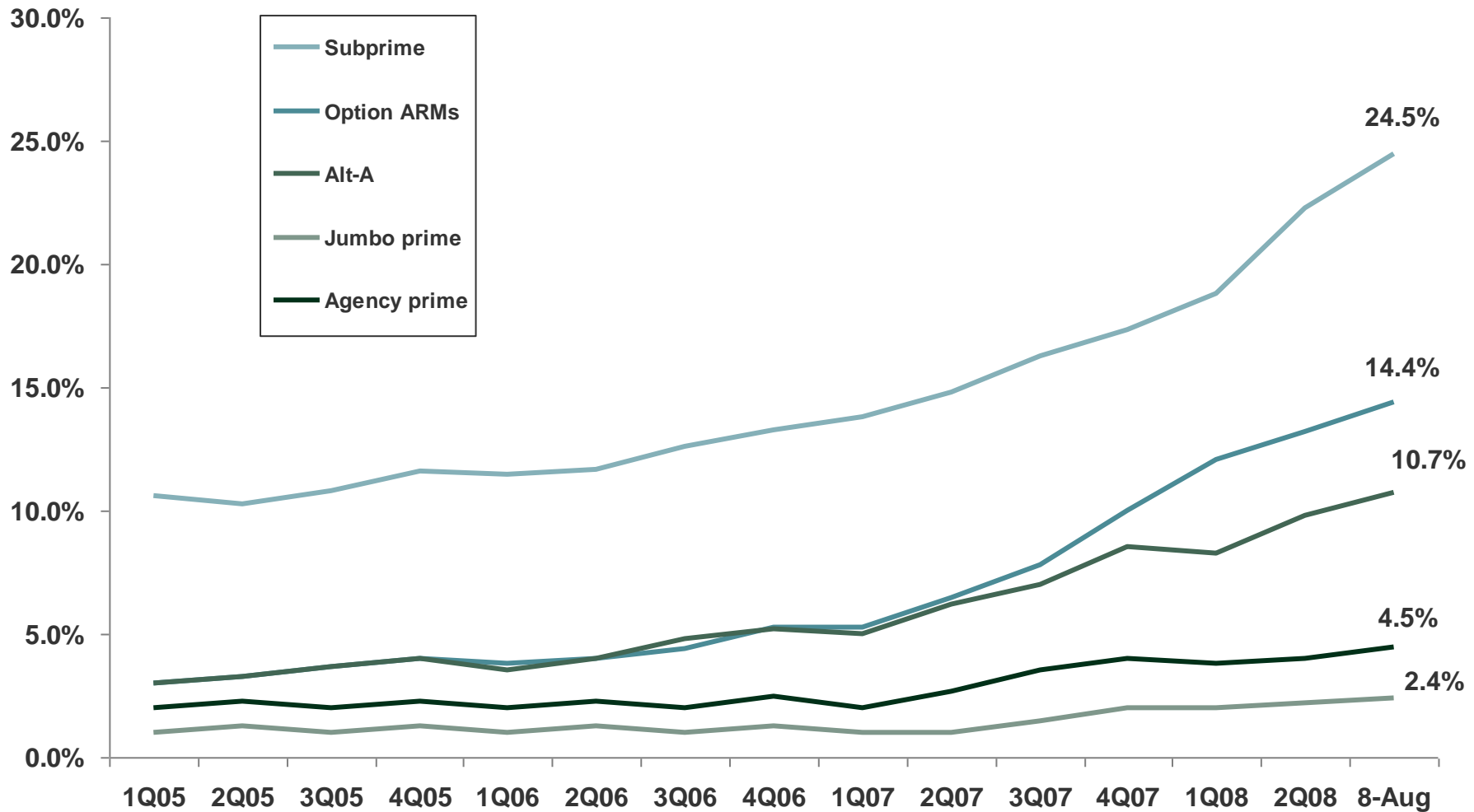
Foreclosures in Process by Loan Type



Note: Mortgages originated btw Jan 2004 and Aug 2008, excluding HELs. Subprime & Alt-A loans are non-agency, non-gov. loans.

Source: Mortgage Bankers Association, LPS Applied Analytics, WSJ

Loans Delinquent by 30 or More Days

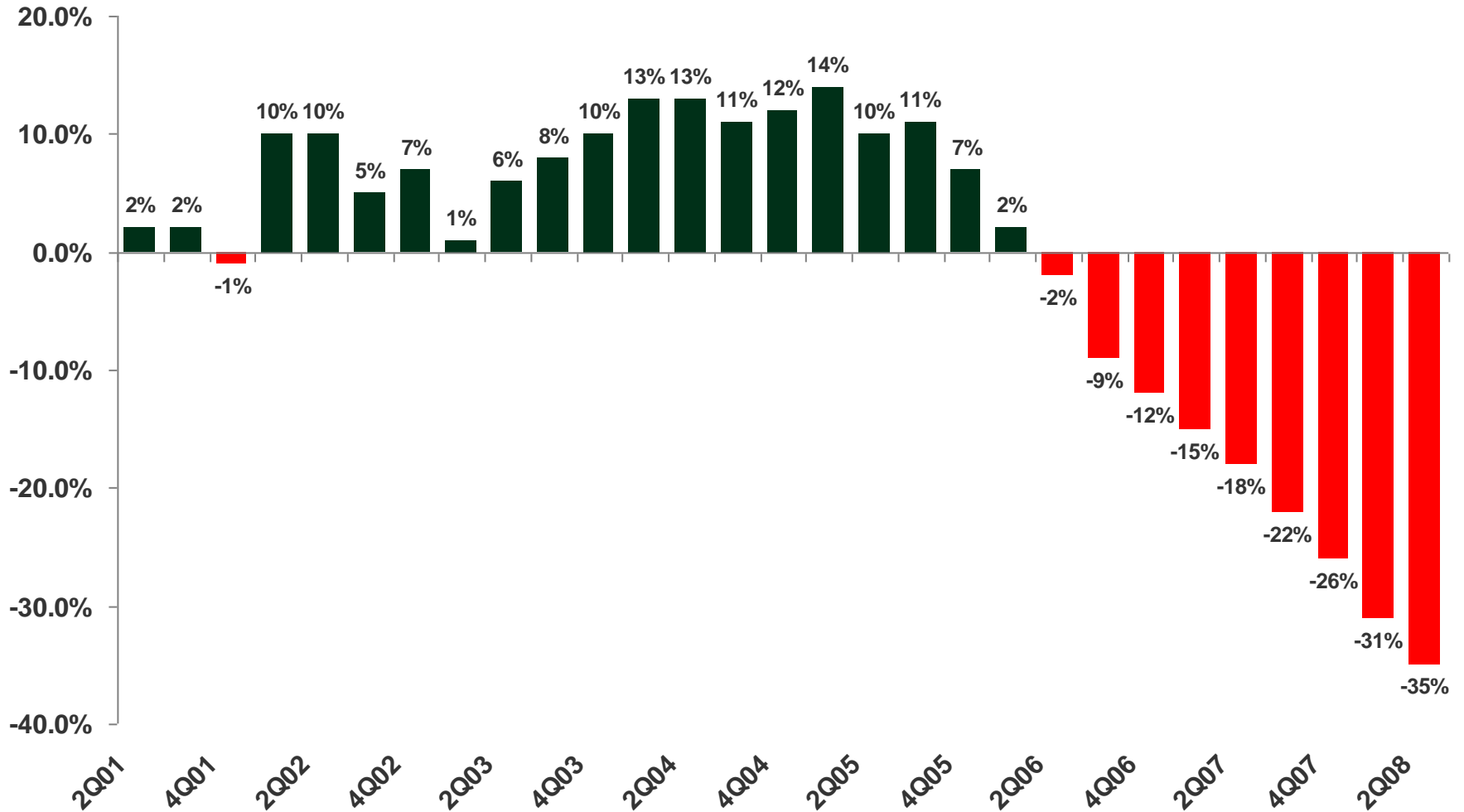


Note: Mortgages originated btw Jan 2004 and Aug 2008, excluding HELs. Subprime & Alt-A loans are non-agency, non-gov. loans.

Source: Mortgage Bankers Association, LPS Applied Analytics, WSJ

Public Builder Change in New Order Price, 2001-2007

% Change

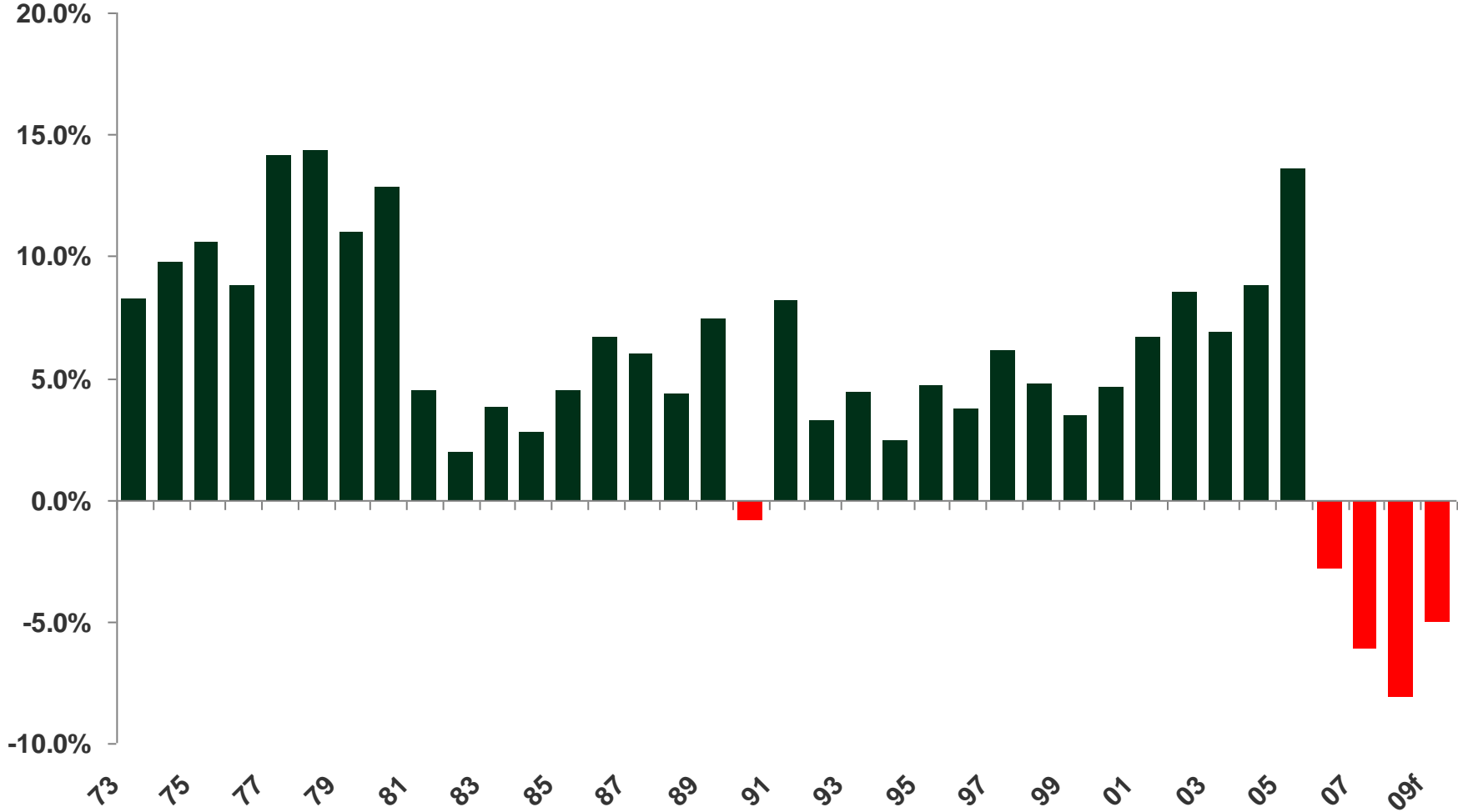


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Existing Median Home Price Appreciation - United States



Annual % Change

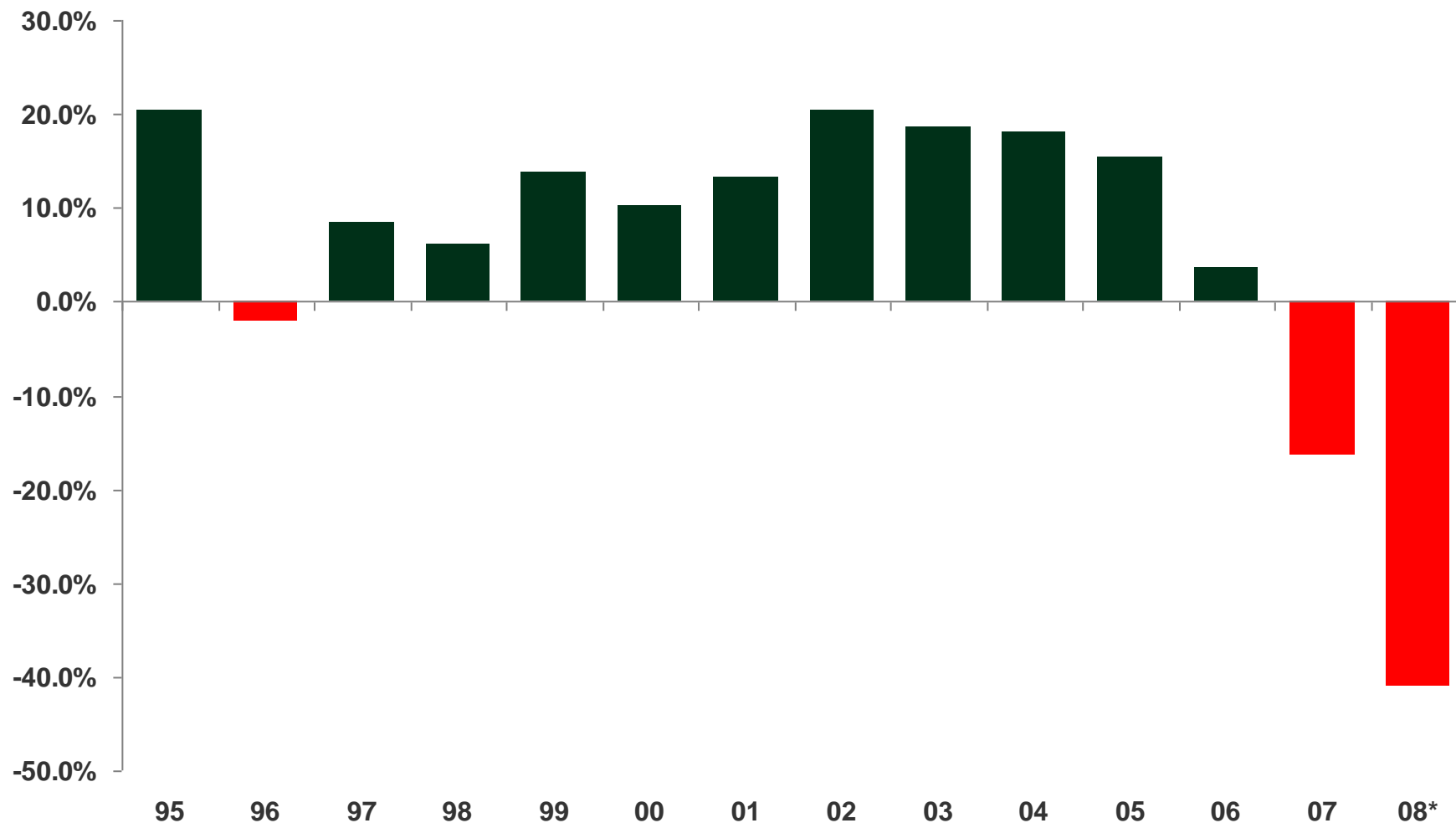


Note: 4Q vs. 4Q

Sources: National Association of Realtors, RCG

Existing Median Home Price Appreciation - California

Annual % Change



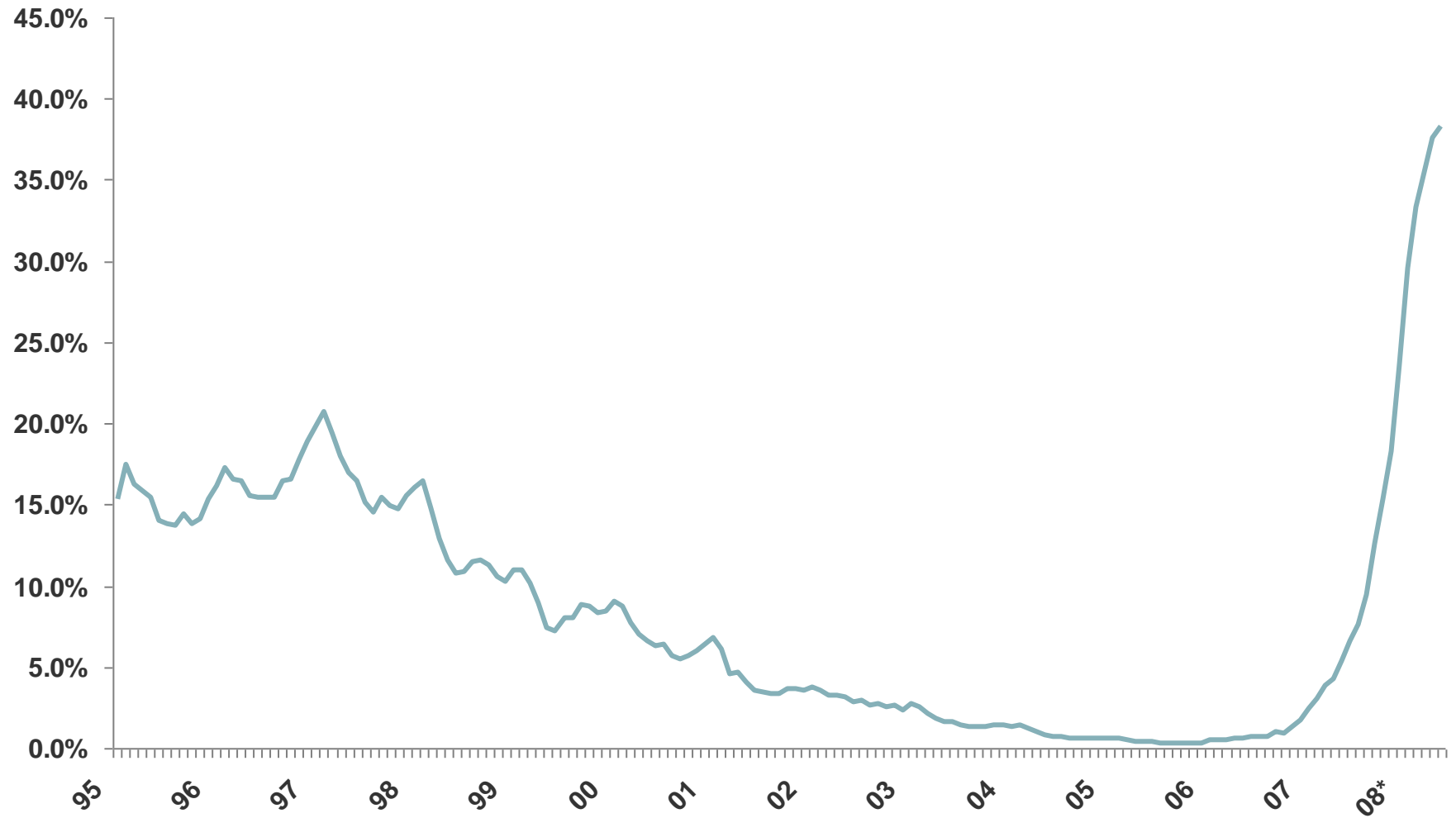
Note: Year-over-year as of August 2008

Sources: California Association of Realtors, RCG

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REO Sales in California

% REO Sales



* As of May 2008

Sources: DataQuick