

**MULTI-GENERATIONAL
MULTI-CULTURAL**

TIME

**The
Future
Of
Work**



→ MOBILE!

**December
2012**

**EARLY
SPRING**

MARKET SELLING SEASON



Regulation & Litigation



Economic Trends



More Short Sales

FORECLOSURE

**Appraisals
Improve**



**Low Mortgage Rates
For Now...**



**Inflation
Coming!**

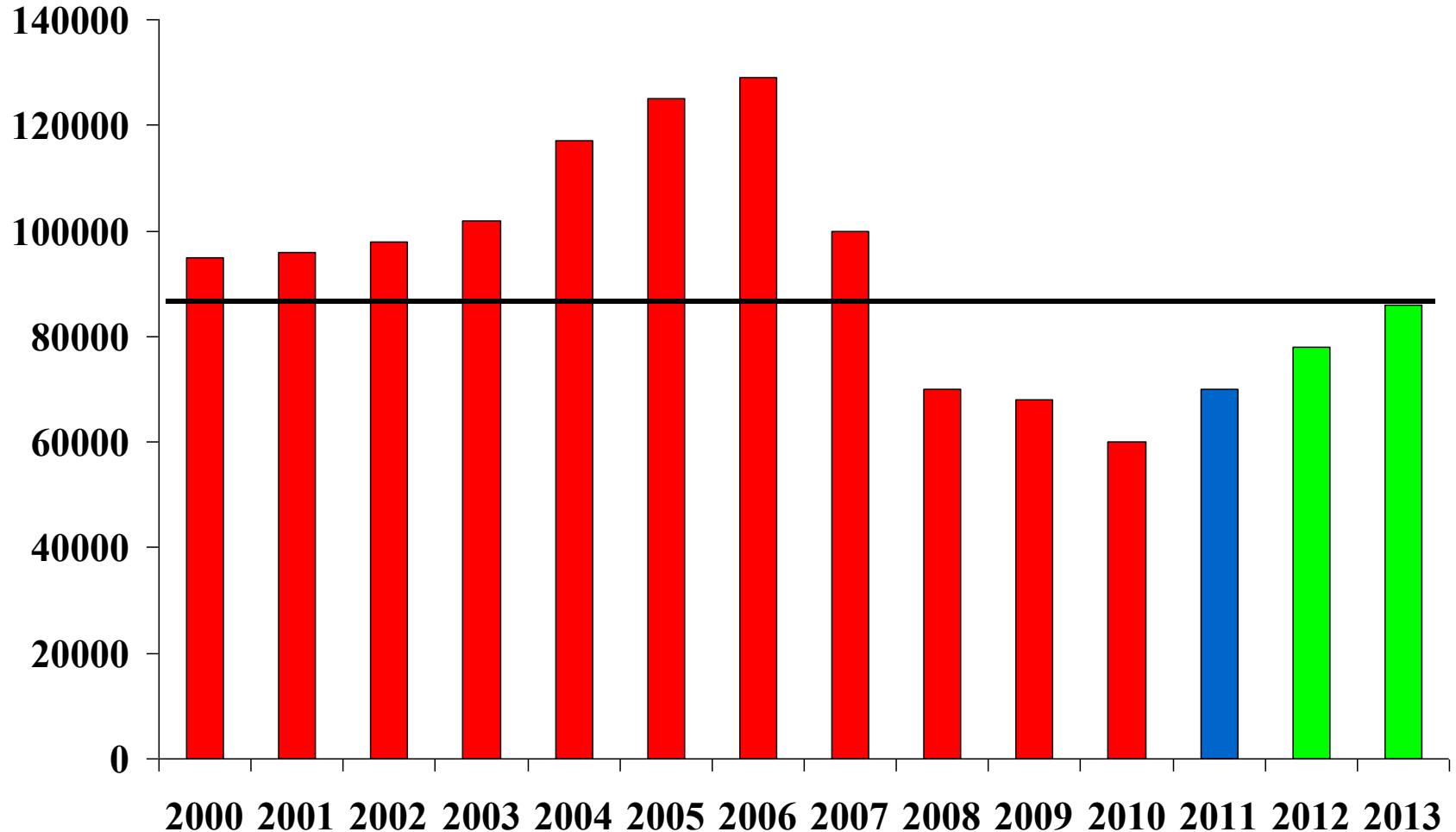
Case-Shiller Reports...



- Home Values Continue Recovery
- Still Down From Peak July 2007



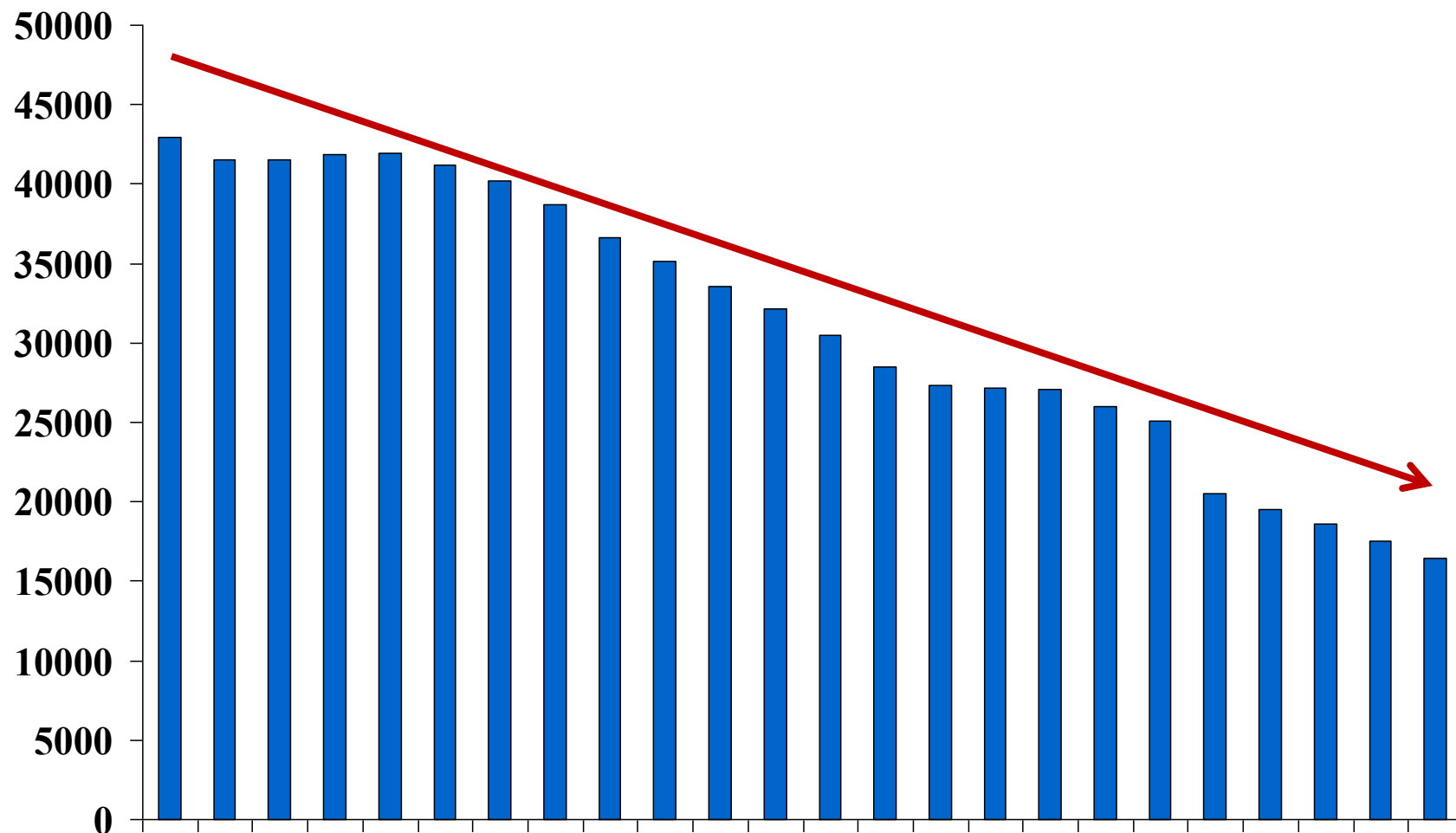
Metro Atlanta Homes Sold



- **125,000 Homes Sold In 2006. 60,000 Homes Sold in 2010.**
- **SmartNumbers Predicts Normal Market Should Be 80,000 – 85,000 Sales.**
- **Expect To See 75,000 Homes Sold In 2012. Moving Back To Normal.**

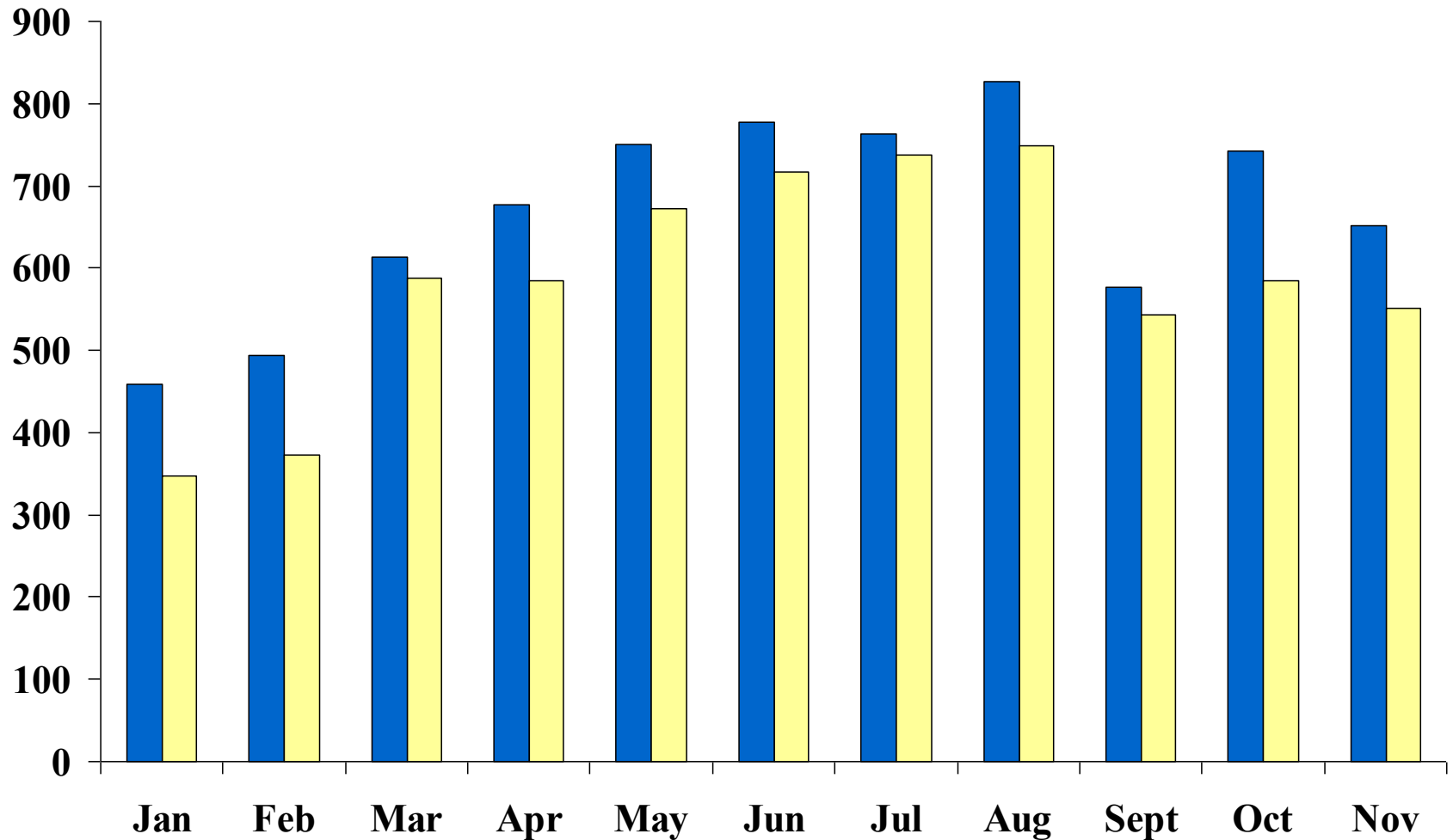
Listed Inventory November 2010 – November 2012

Residential Detached - Metro Atlanta







- **Inventory Levels Down 37.9% from Nov 2011, 55.1% from Nov 2010**

PGR Monthly Closed Units 2012 Vs. 2011

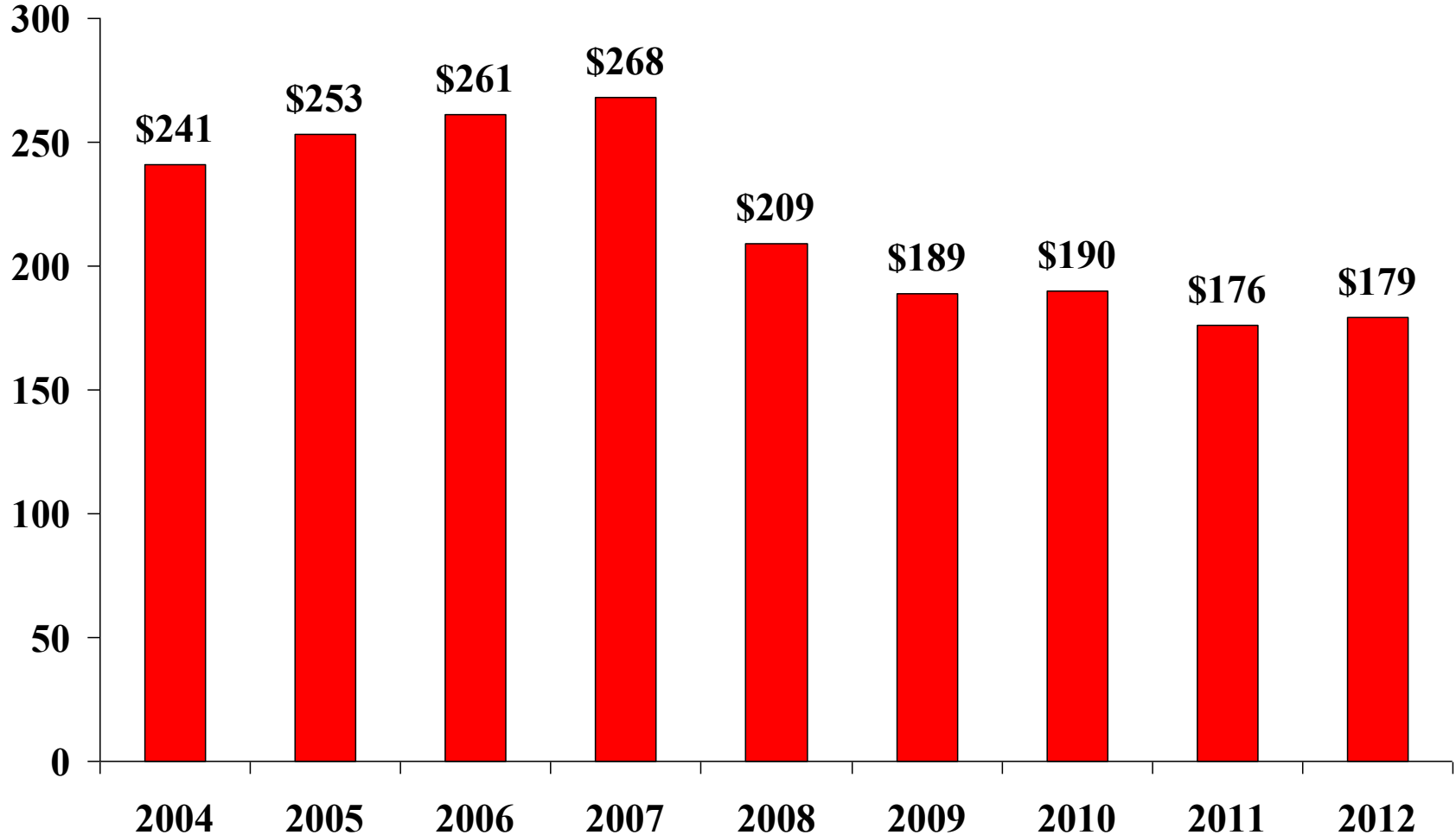


Year-To-Date Closed Sales Units Up 12.5% From YTD 2011

	 Pre-Foreclosures		 Foreclosures		 REO Sales		 Market Sales	
Date	Activity	Average Amount	Activity	Average Amount	Activity	Average Amount	Activity	Average Amount
Nov-11	6136	\$187,469	2150	\$132,756	2067	\$85,660	2304	\$200,667
Dec-11	4242	\$180,564	2798	\$118,245	2410	\$88,740	2581	\$197,090
Jan-12	4907	\$182,640	1945	\$119,014	2082	\$88,536	1959	\$193,017
Feb-12	3875	\$180,397	2090	\$116,957	2329	\$88,052	2263	\$189,223
Mar-12	3918	\$189,007	1711	\$120,009	2578	\$94,647	3152	\$196,347
Apr-12	3352	\$184,602	1622	\$127,116	2281	\$94,129	3080	\$204,407
May-12	4335	\$179,982	1382	\$120,348	2421	\$94,265	3427	\$214,230
Jun-12	3361	\$181,991	1792	\$127,736	2496	\$92,983	3767	\$229,054
Jul-12	4254	\$229,931	1320	\$128,388	2325	\$93,675	3610	\$223,881
Aug-12	2530	\$192,684	956	\$132,159	2286	\$95,787	4026	\$206,987
Sep-12	2909	\$183,821	672	\$166,845	1778	\$92,497	3175	\$203,688
Oct-12	2598	\$183,581	435	\$157,906	1691	\$93,460	3304	\$195,867
Nov-12	1864	\$190,500	42	\$166,167	650	\$95,496	1209	\$200,521
Totals	48281	\$188,244	18915	\$133,357	27394	\$92,148	37857	\$204,229

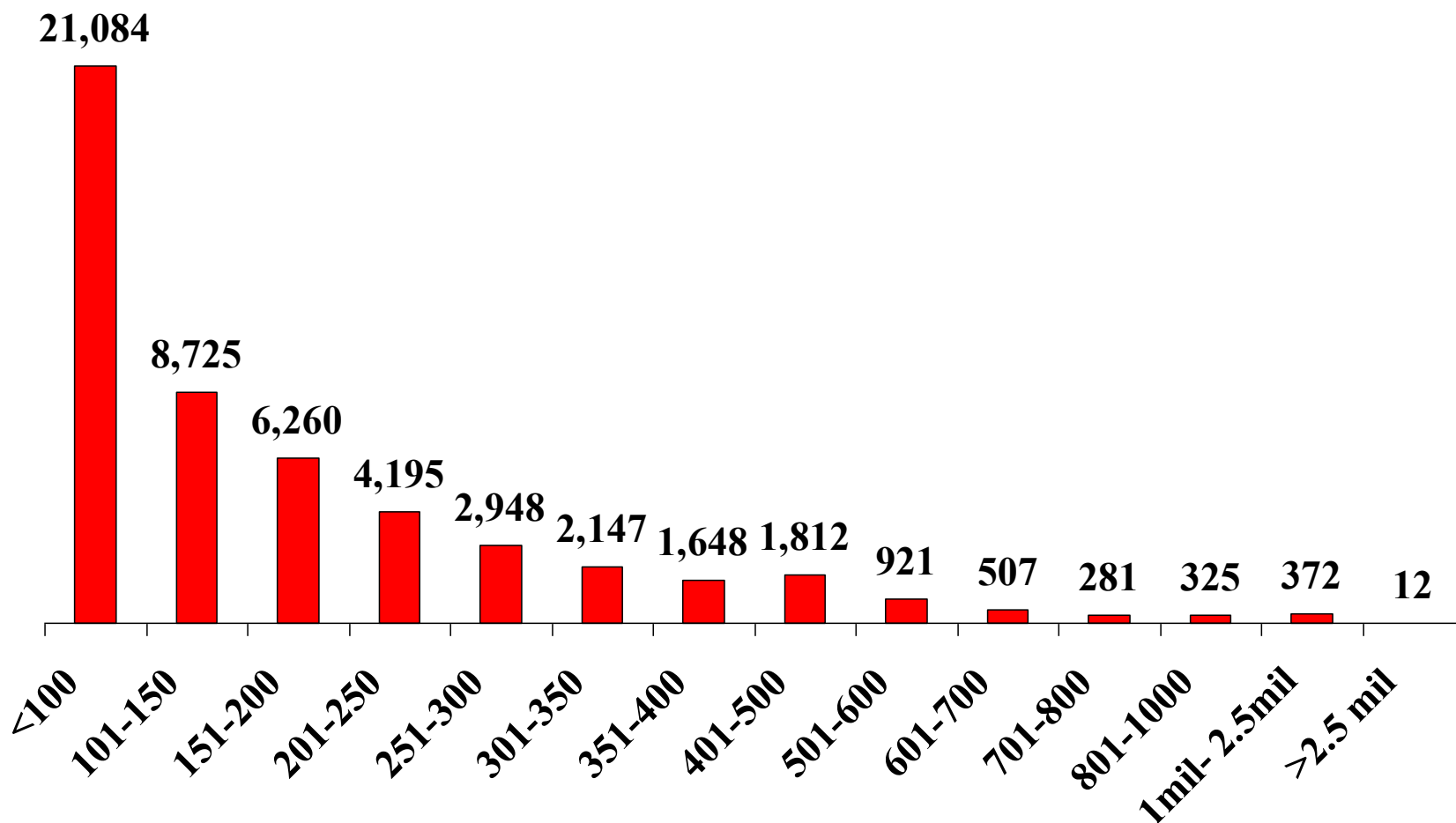
**Bank-Owned Sales Outpacing Incoming Foreclosures.
New Foreclosures Lower Than Previous Periods.**

Metro Atlanta Average Sale Price Trend



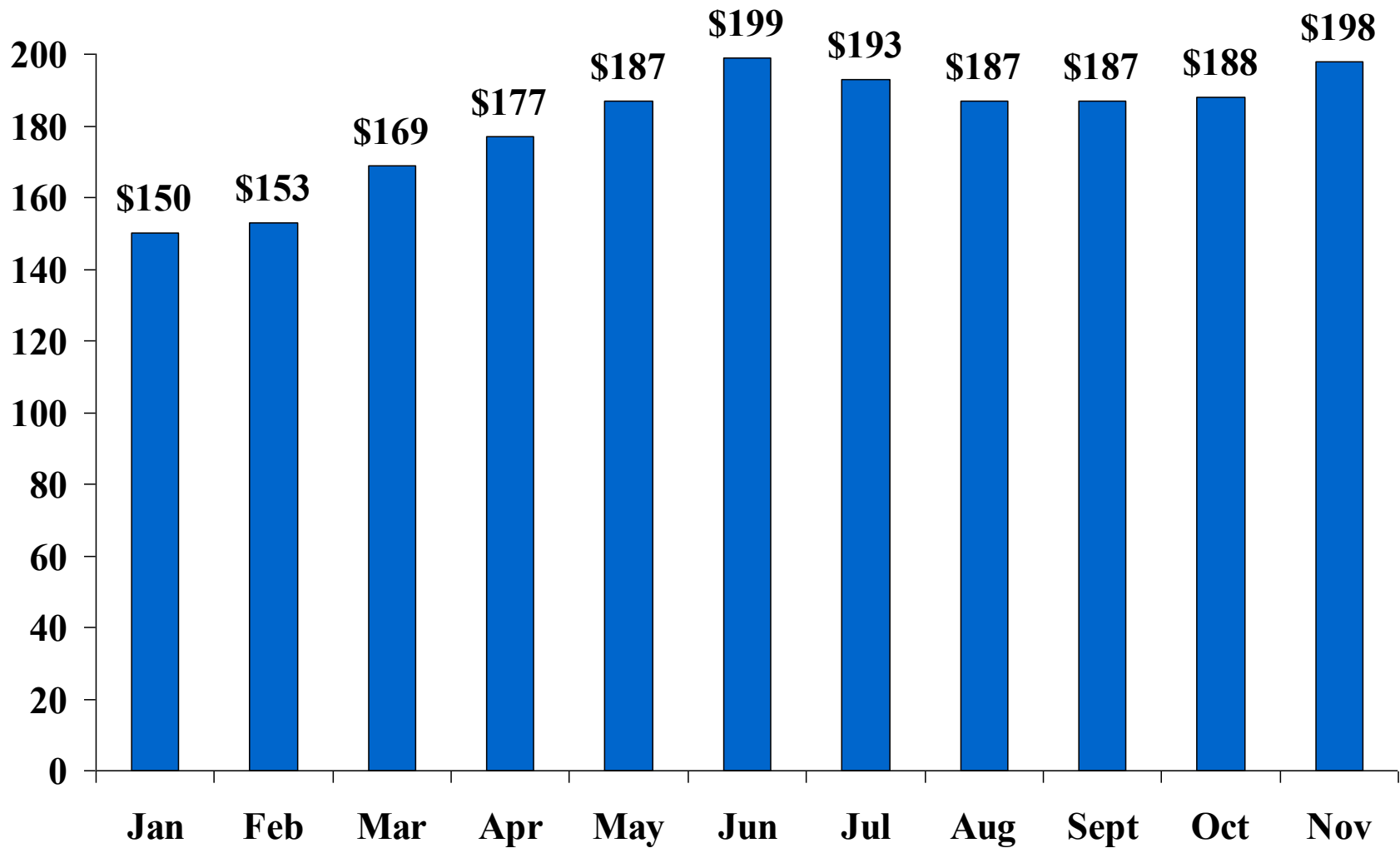
- **Average Sales Price Dropped Due To Higher Low End Mix And Lower Overall Home Values**

2012 - Metro Atlanta Price Distribution

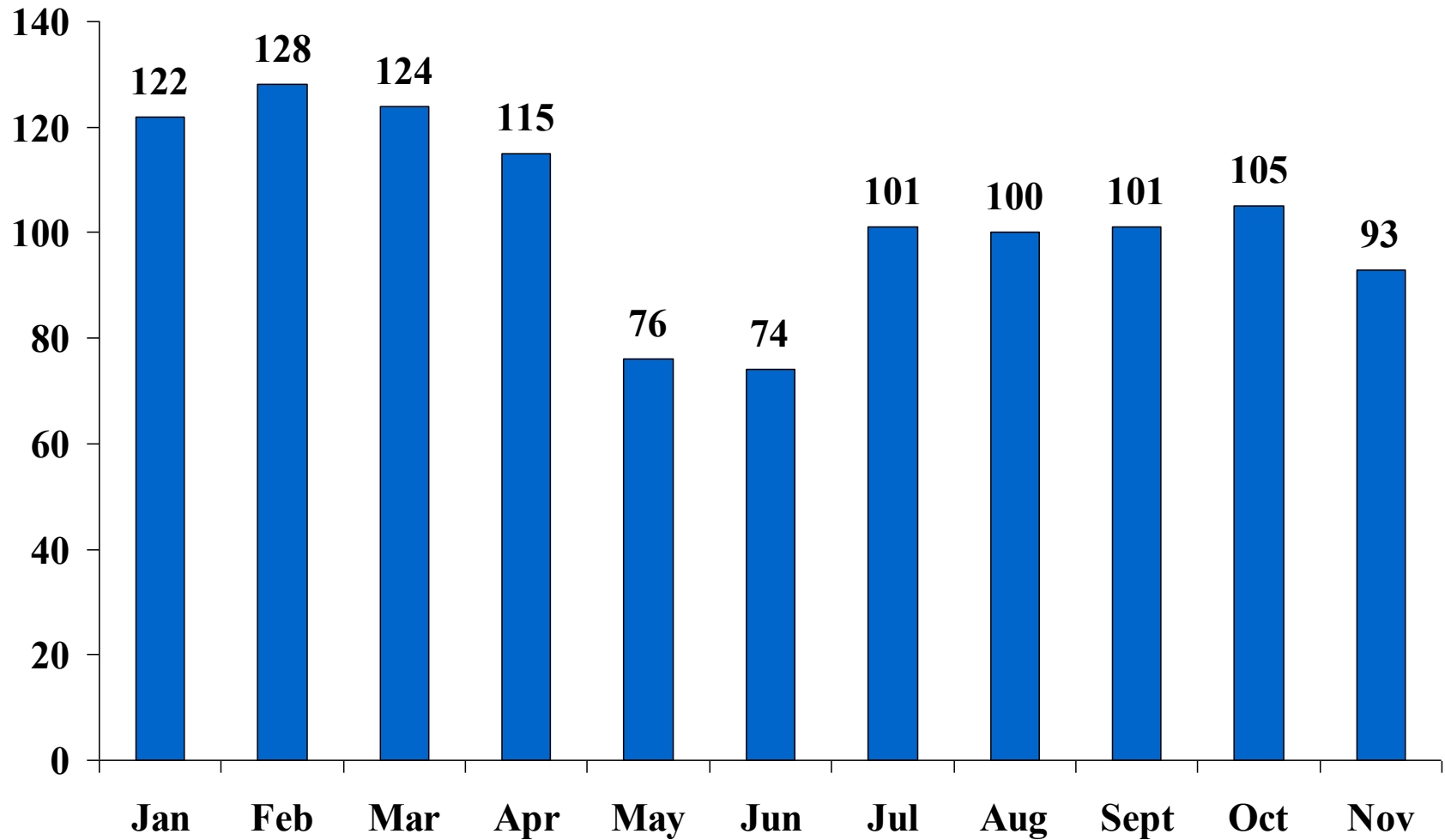


- **November 2012 – 41% of closings under \$100,000. Market Moving Back To More Normal Distribution For Sales Under \$100,000.**

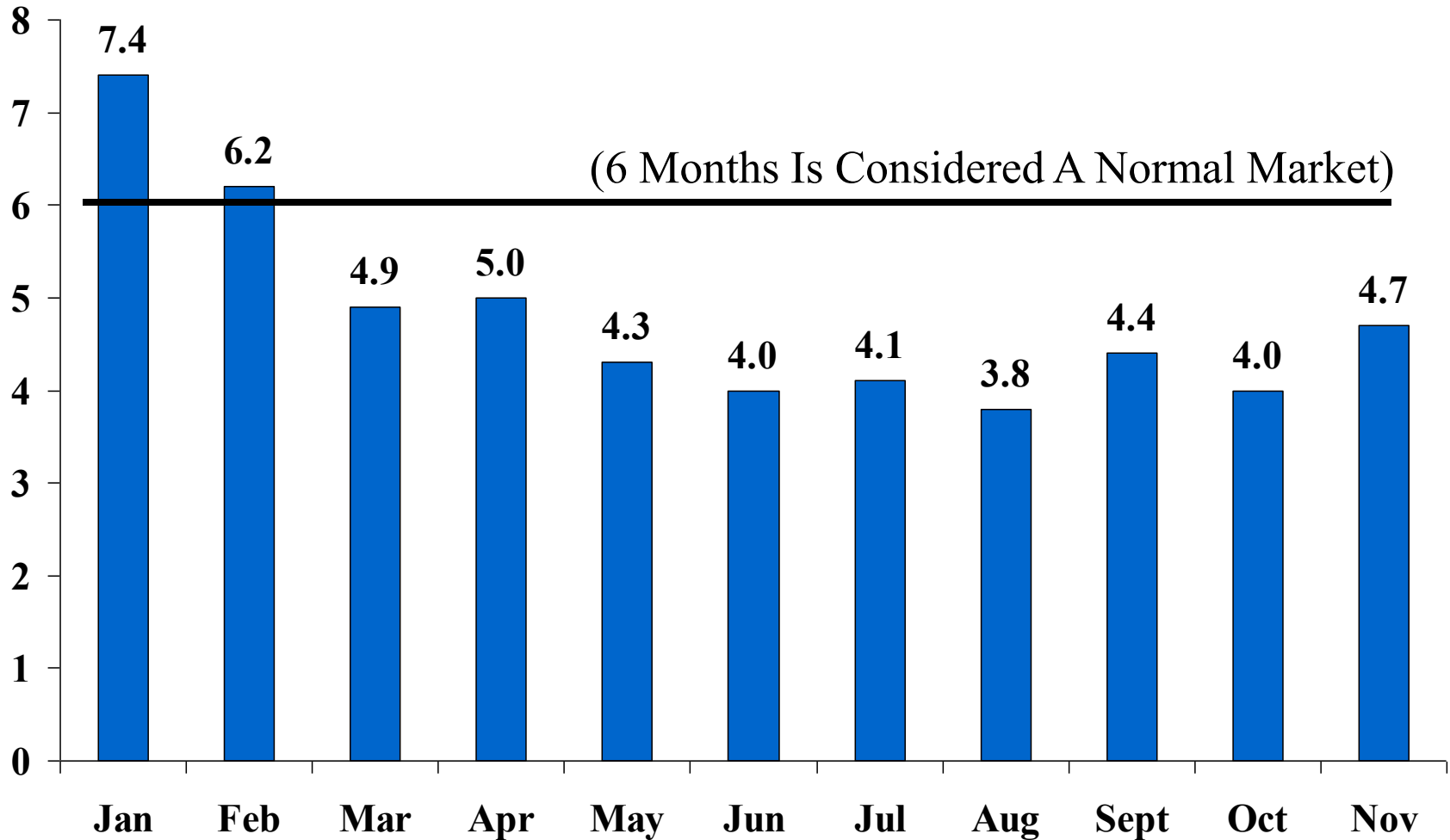
Metro Atlanta - Average Sale Price Trend



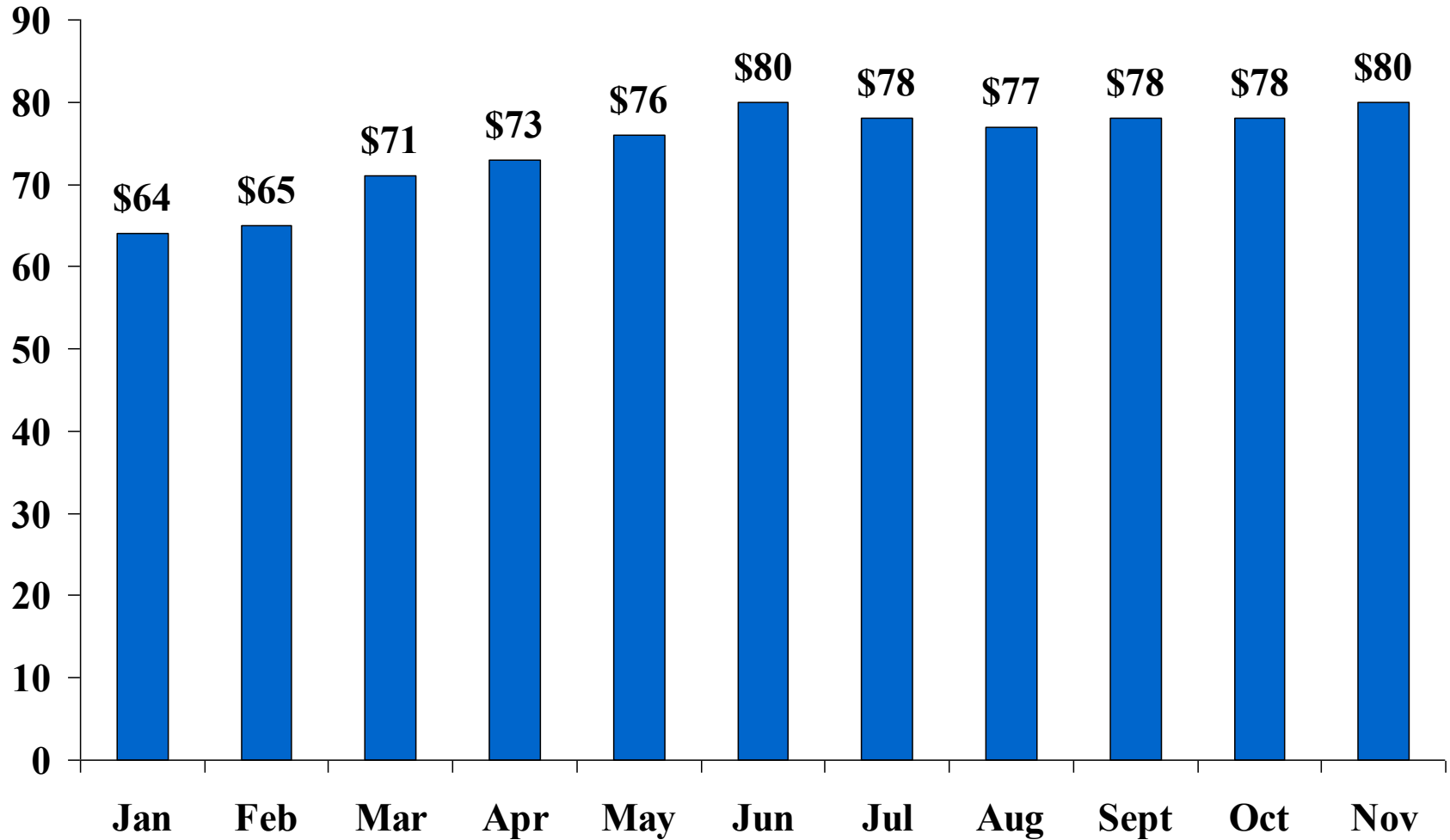
Metro Atlanta - Continuous Days On Market



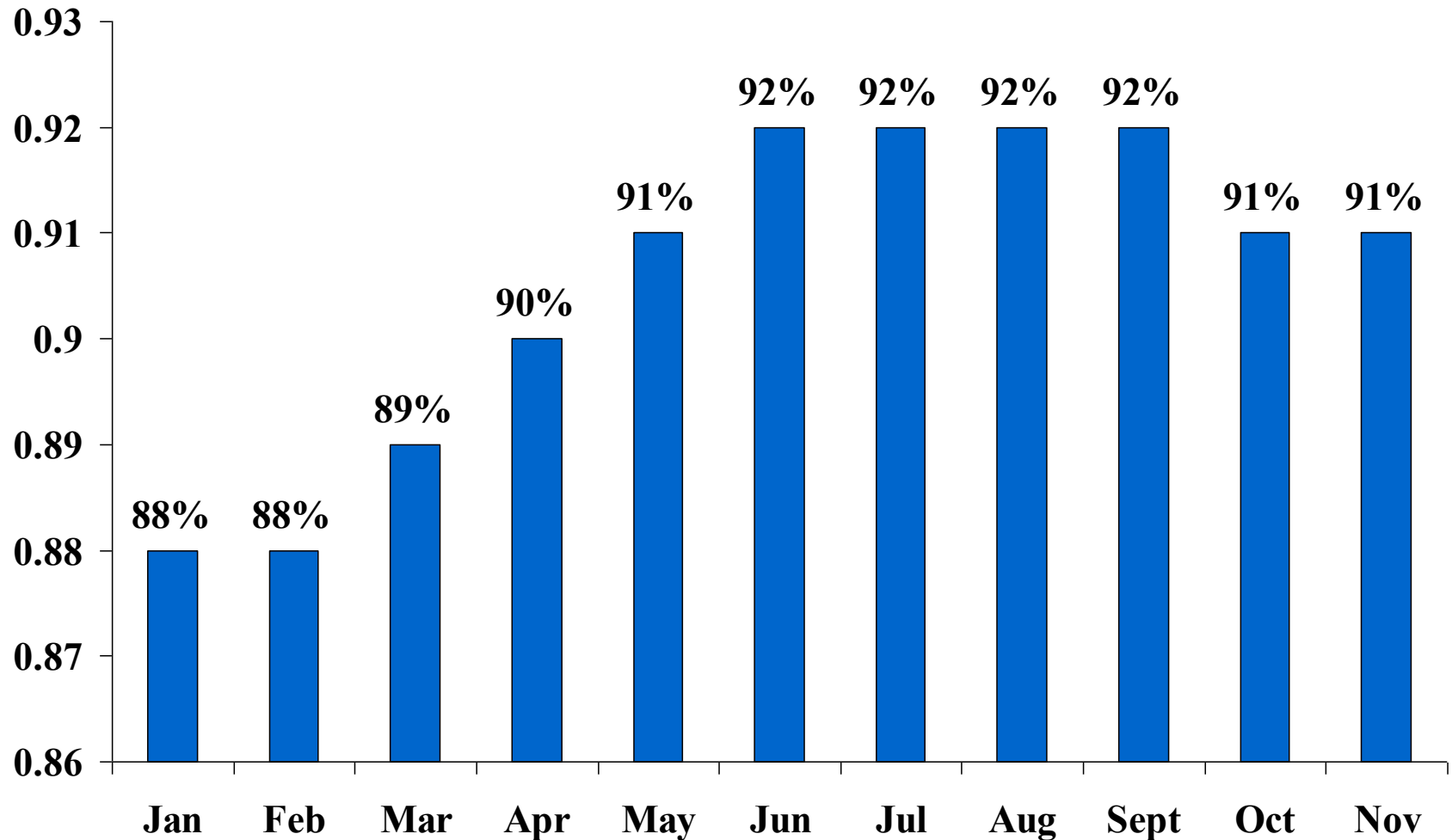
Metro Atlanta – Months Of Supply (Based Upon Closed Sales)



Metro Atlanta - \$ Per Square Feet

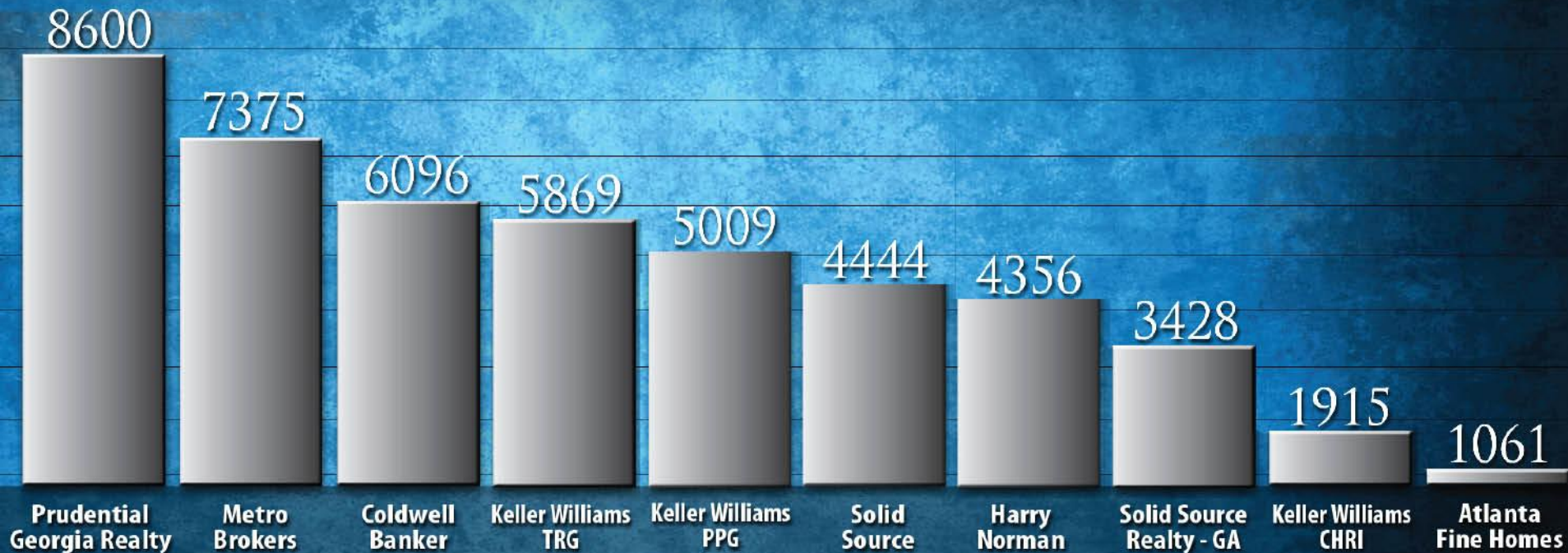


Metro Atlanta - Original List To Sale Price



RANKED #1 IN HOMES SOLD

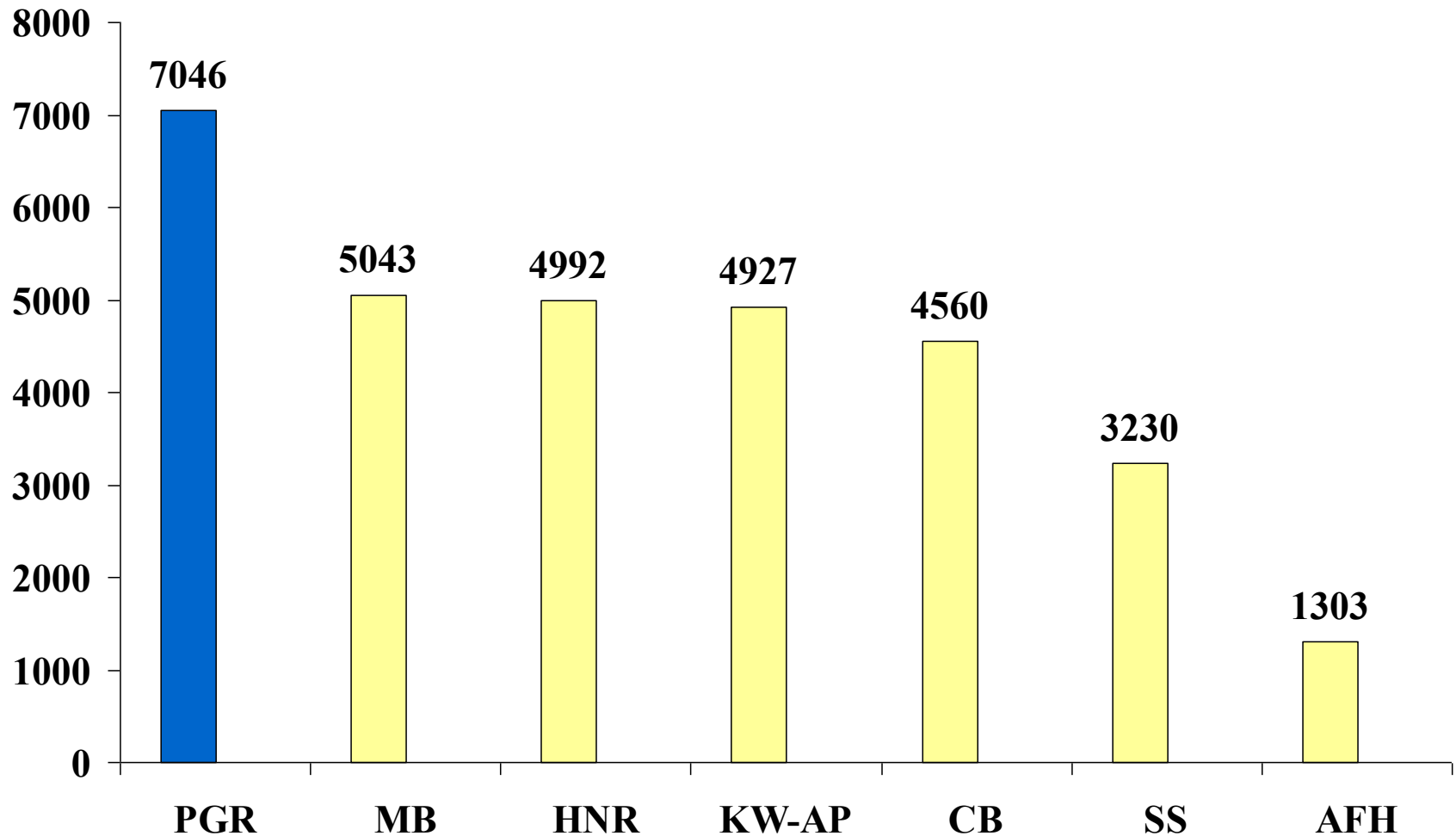
BY THE ATLANTA BUSINESS CHRONICLE - 2011



PGR Has Been Consistently Ranked #1
By The Atlanta Business Chronicle,
Trendgraphix, RealValuator and SmartNumbers

YTD Transactions – November 2012

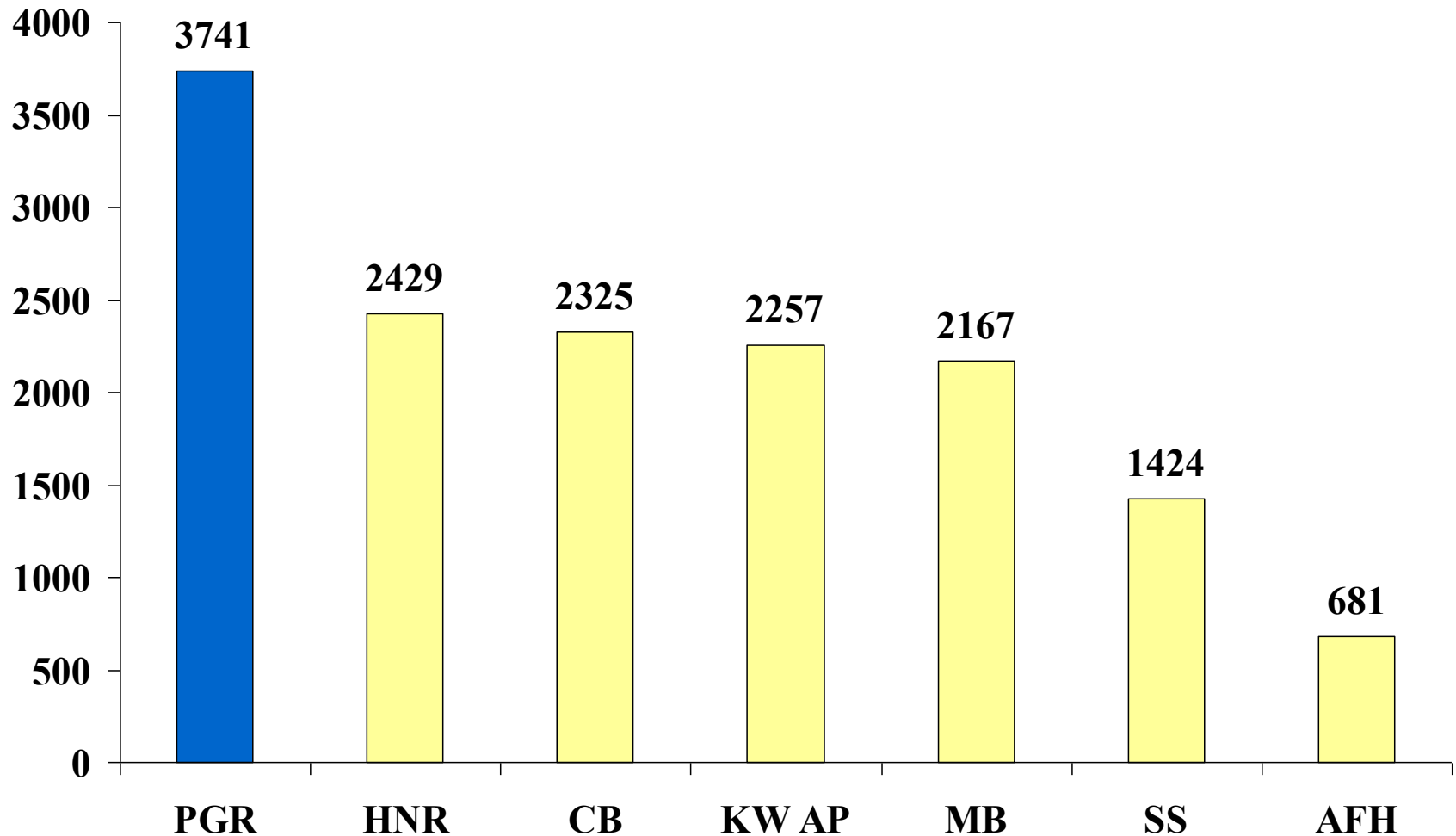
FMLS Counties + Southern Crescent



Information Provided By Trendgraphix.

YTD Listing Sales – November 2012

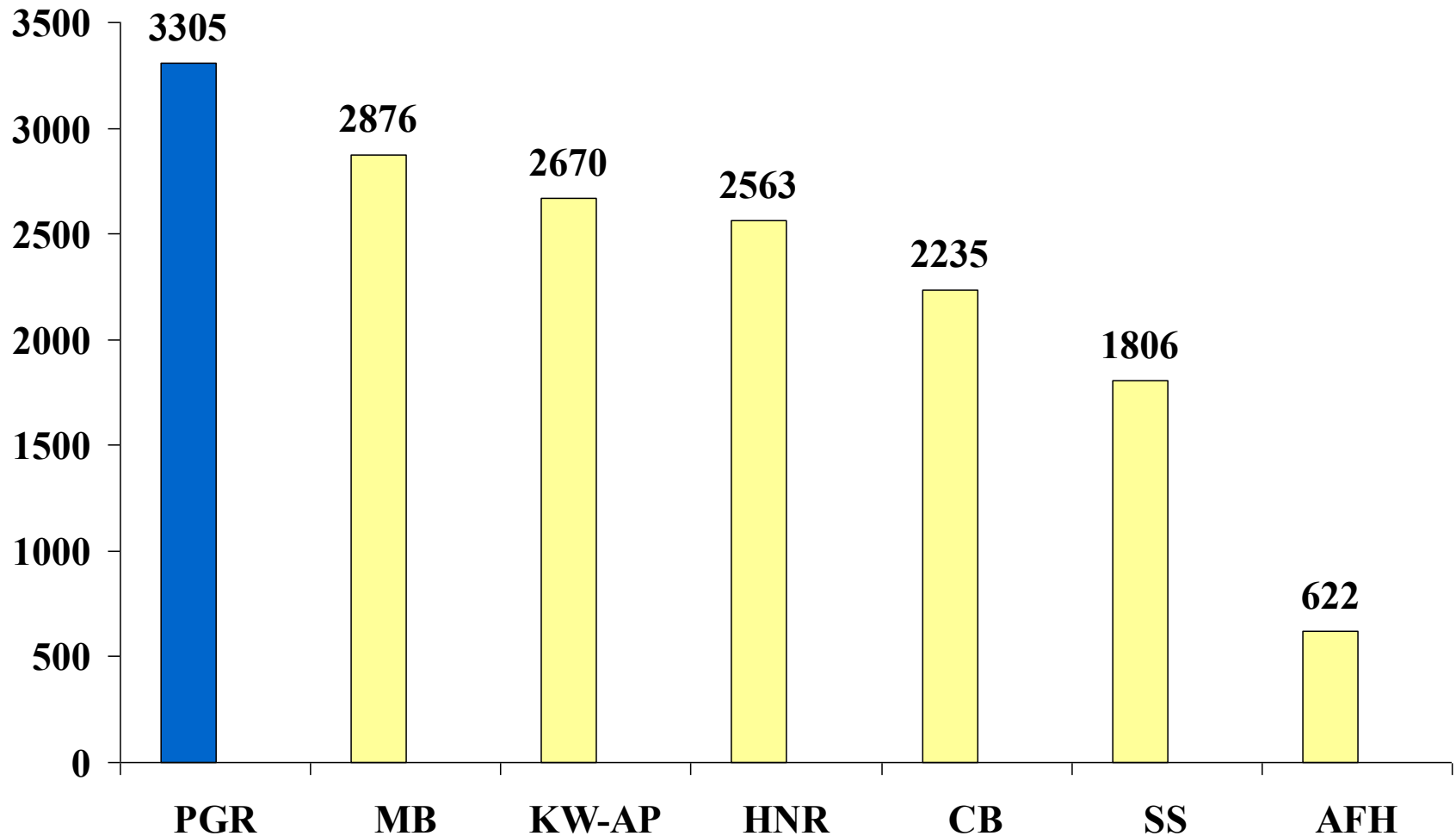
FMLS Counties + Southern Crescent



Information Provided By Trendgraphix.

Buyer Sales Units – November 2012

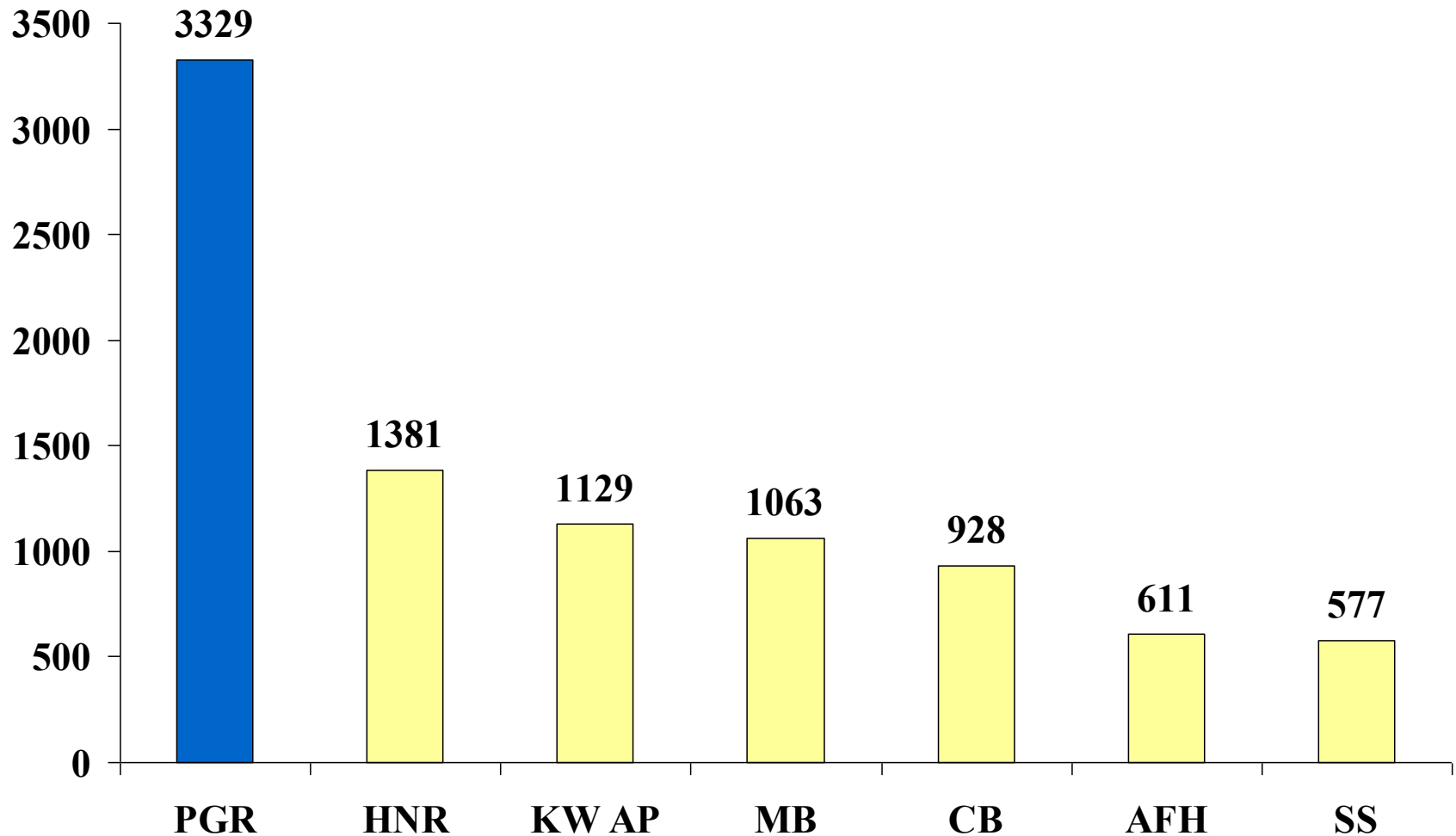
FMLS Counties + Southern Crescent



Information Provided By Trendgraphix.

Current Inventory – November 2012

FMLS Counties + Southern Crescent



Information Provided By Trendgraphix. PGR Listings From Data Feed Stats.

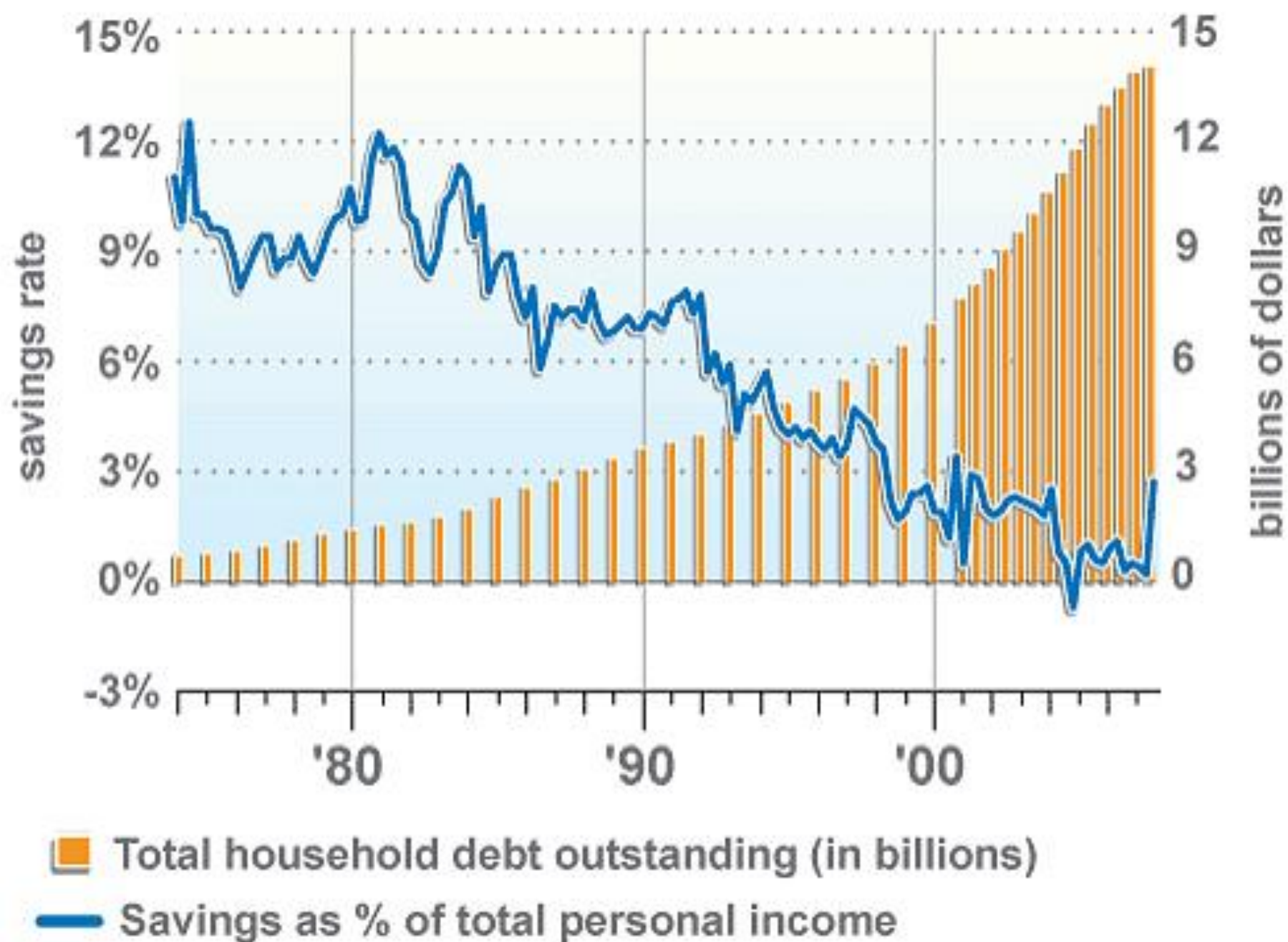
Economic Trends





We Now Compete In A Global Economy...
What Happens In Other Places Matters!





The Wealth Effect?



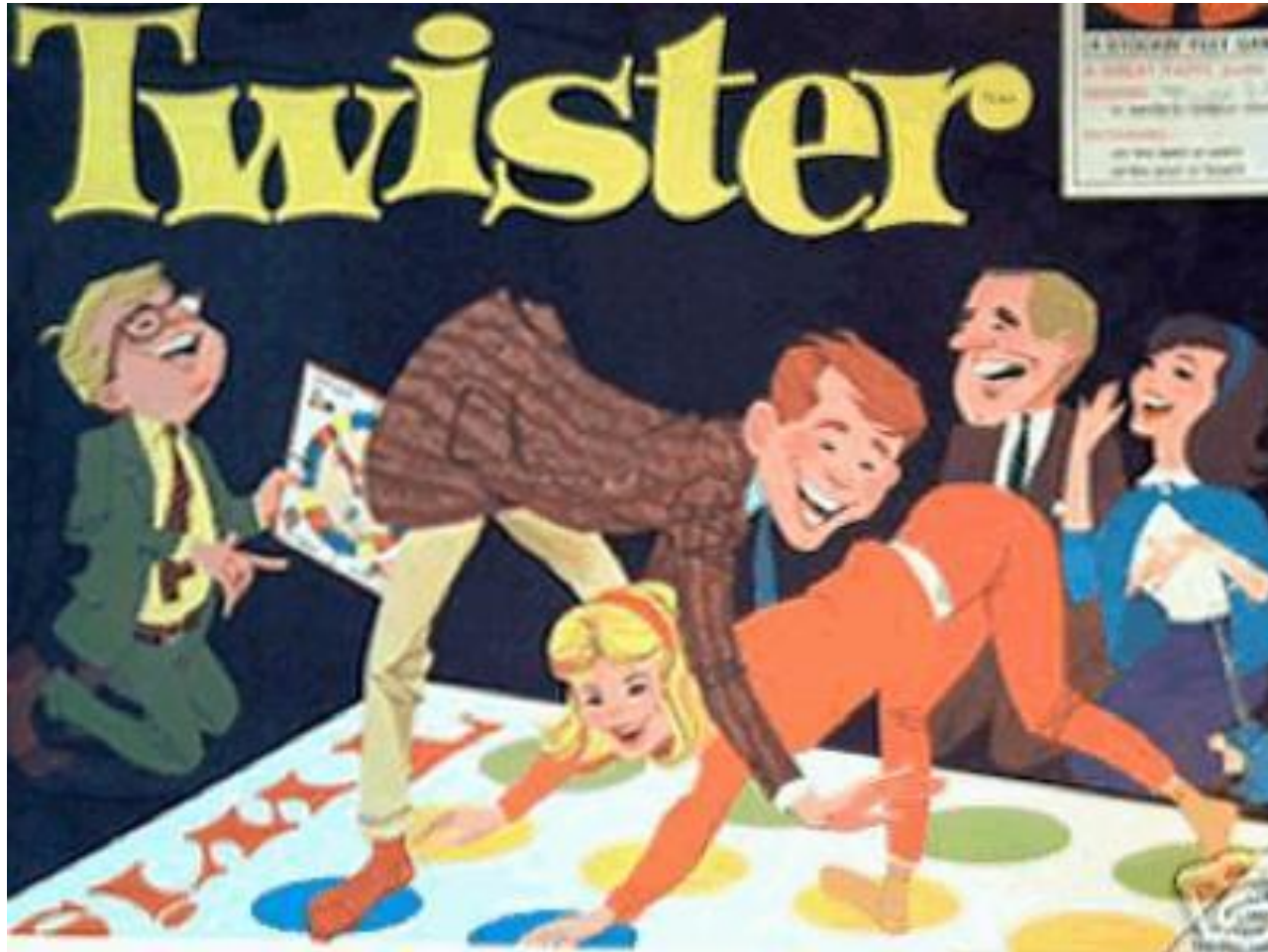
Source: Federal Reserve, Bureau of Economic Analysis, Haver Analytics

What The Heck Is QE1 & QE2?



Quantitative Easing!
Otherwise Know As Printing Money

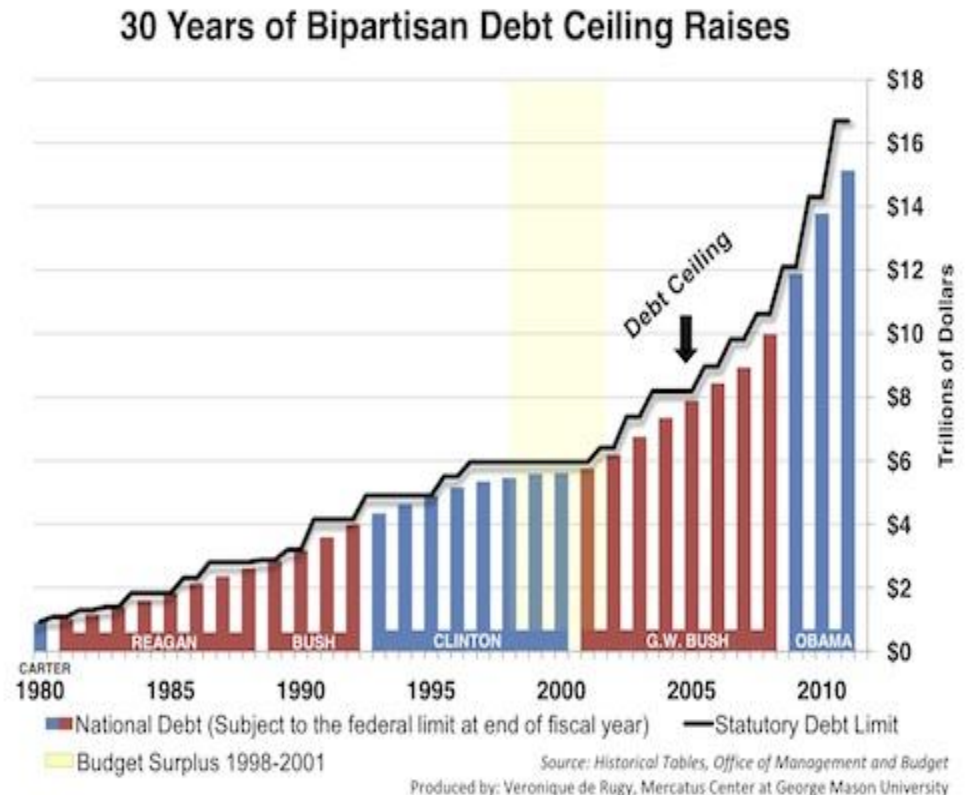
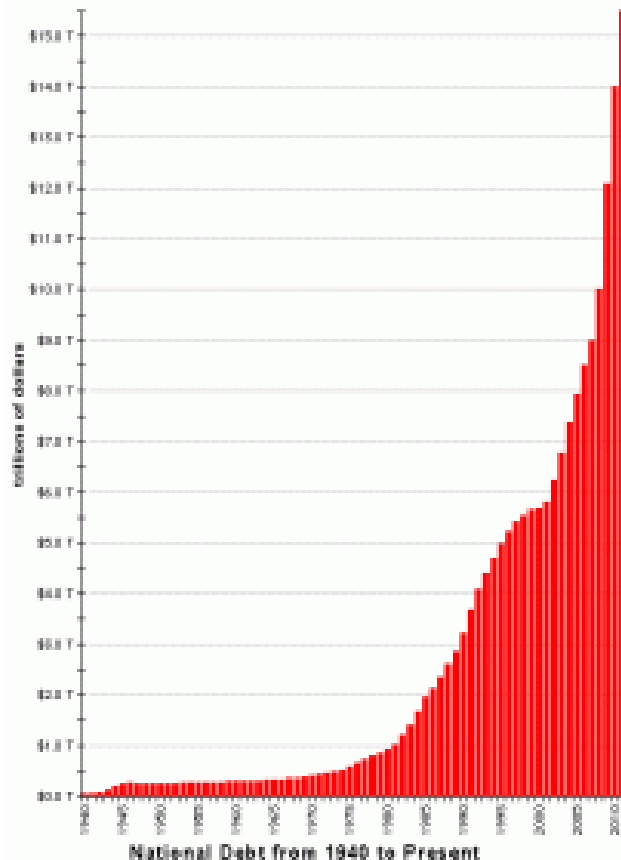
Operation TWIST Renewed June 2012



**Now We Have QE3 With \$40 Billion Purchases
Of Mortgage-Backed Securities Each Month.**

October 2012

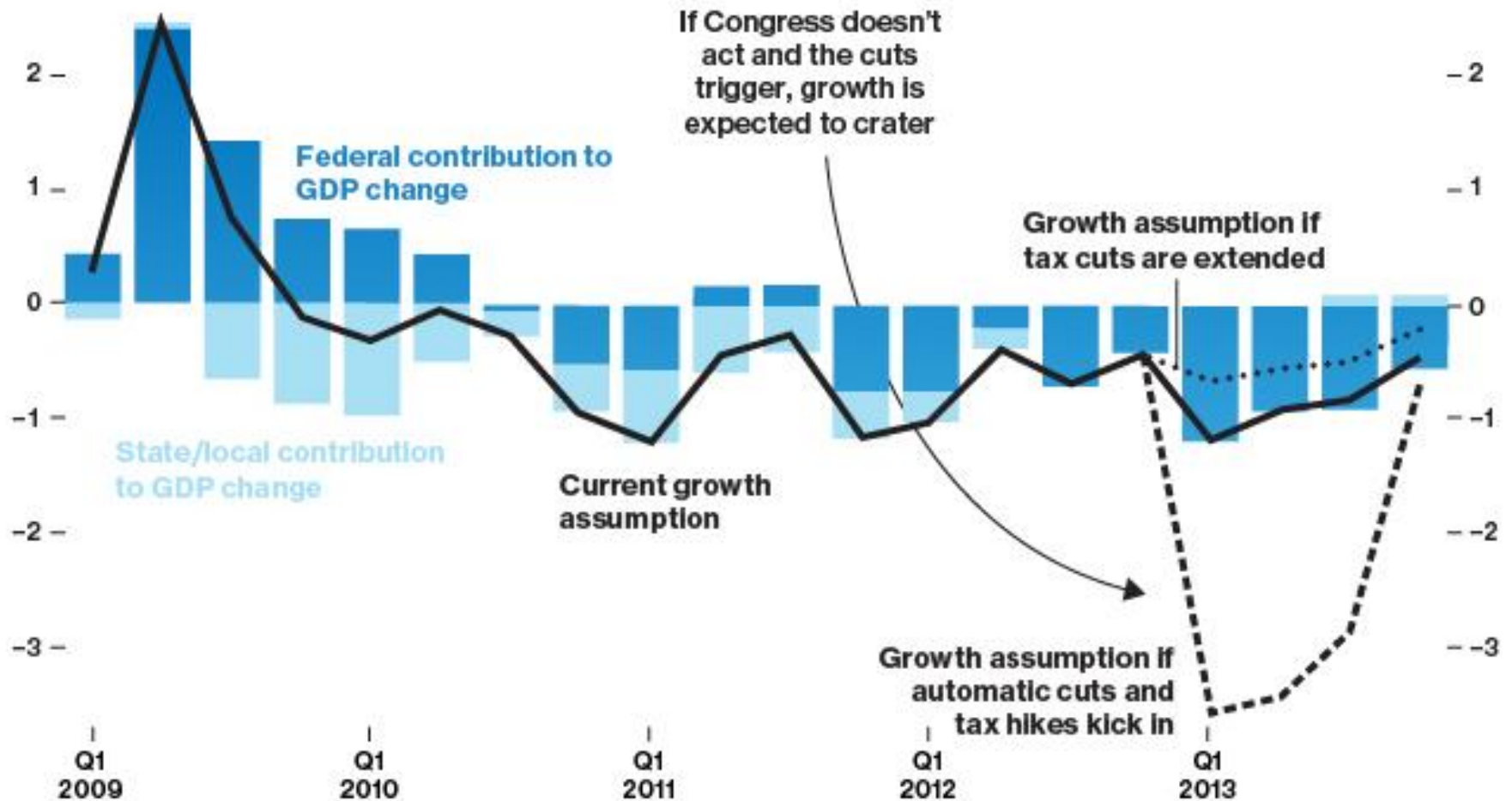
\$16,000,000,000,000+



U.S. Debt Ceiling \$16.4 Trillion

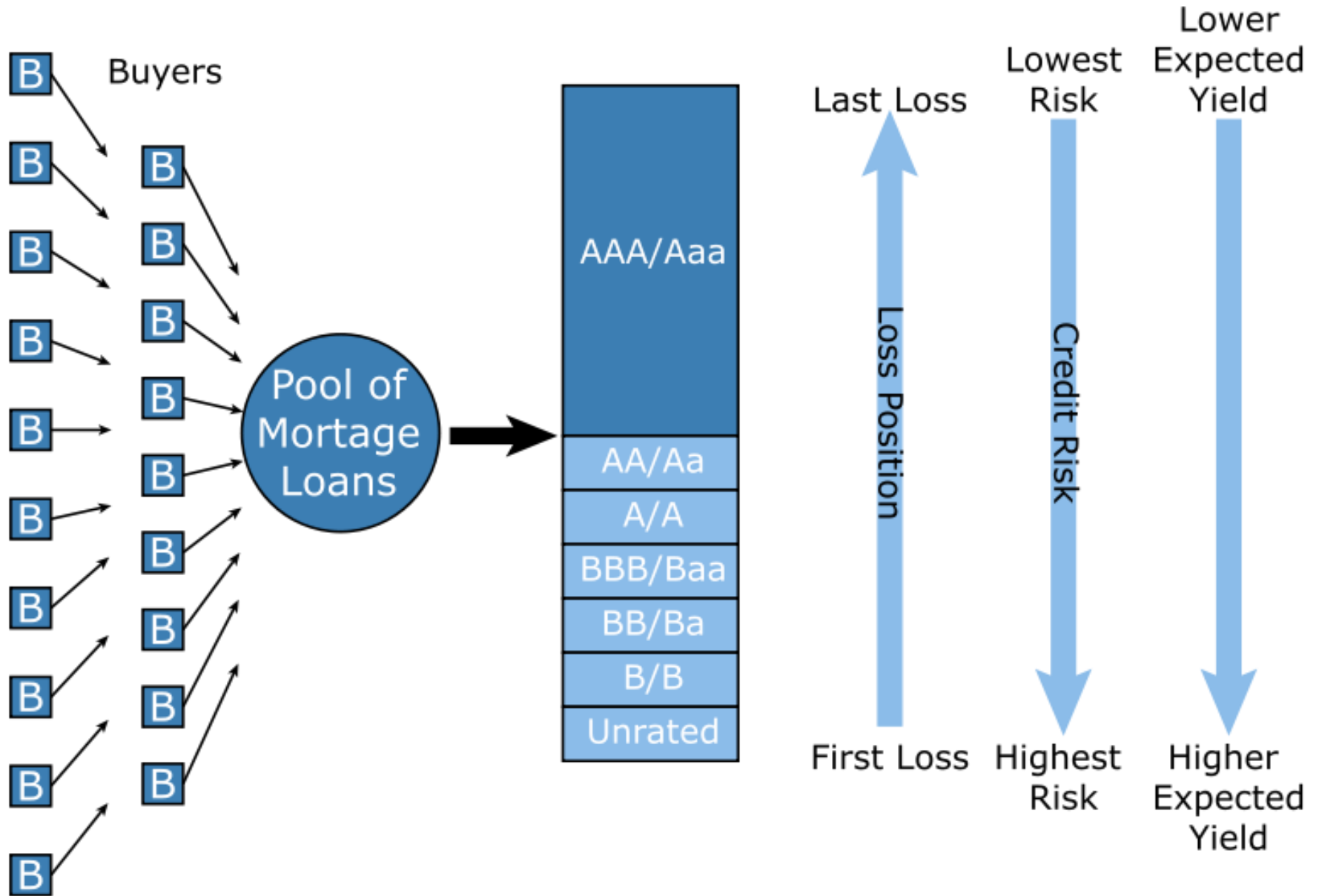
Fiscal Cliff?

It Will Have An Impact If It Happens



DATA: GOLDMAN SACHS

Different Risk and Return for Different Investors





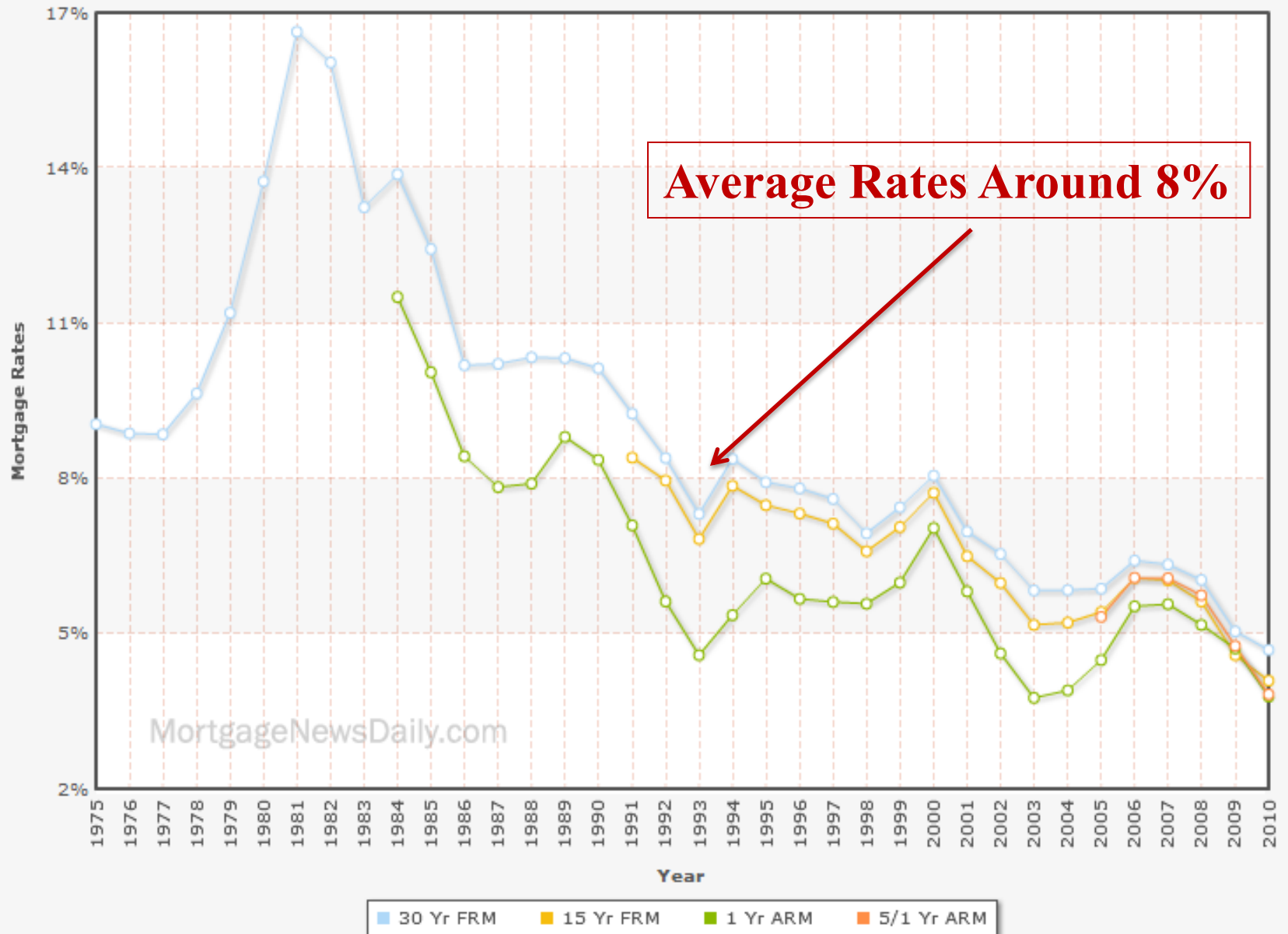
Freddie
Mac

Low Mortgage Rates For Now...

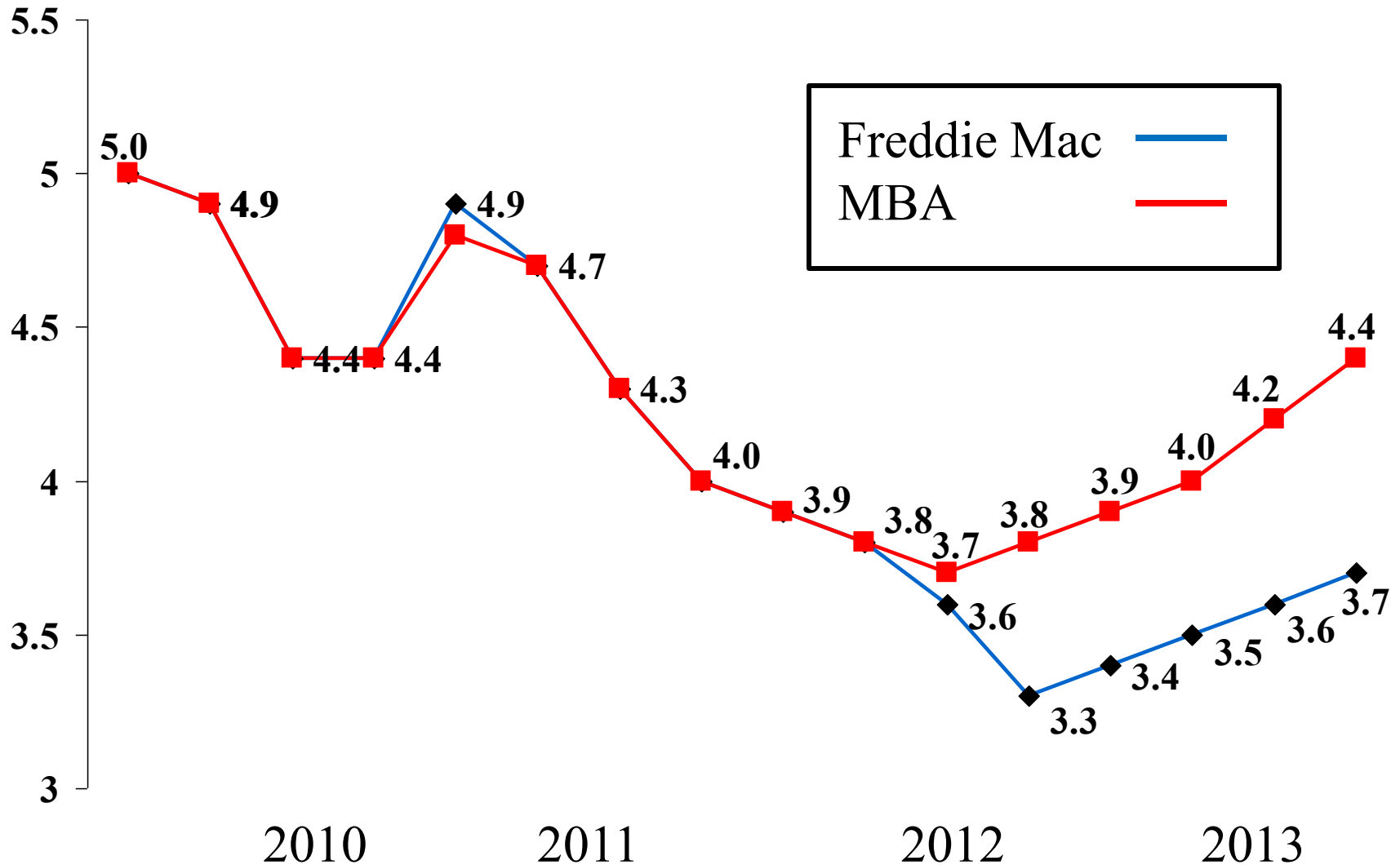


Inflation Coming!

U.S. Average Weekly Mortgage Rates (36 Years)



2012 Freddie Mac & Mortgage Bankers Association 30-Year Fixed Rate Forecast – October 2012 2010 – 2013 Quarterly Averages

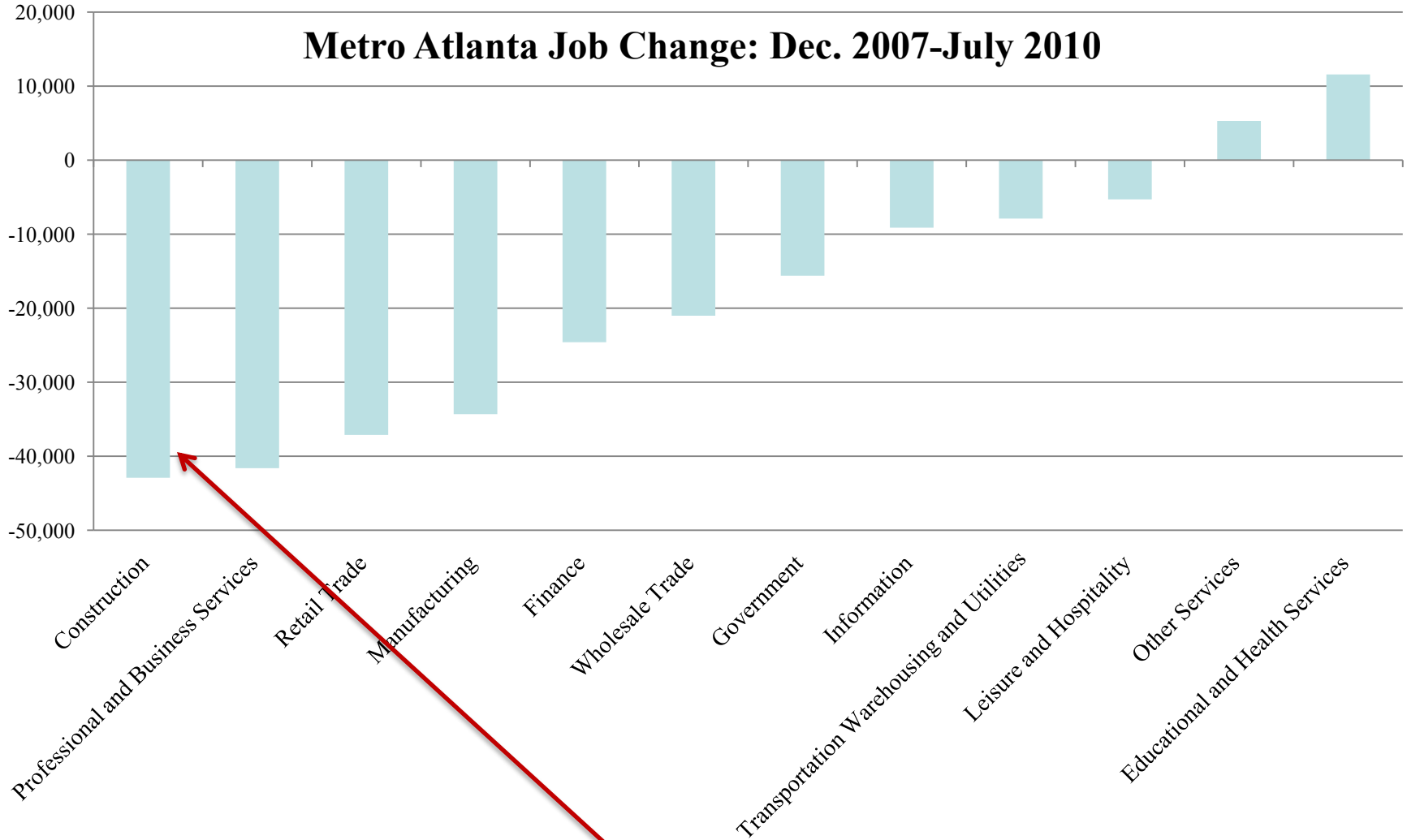


Housing

Demand

2012 & Beyond

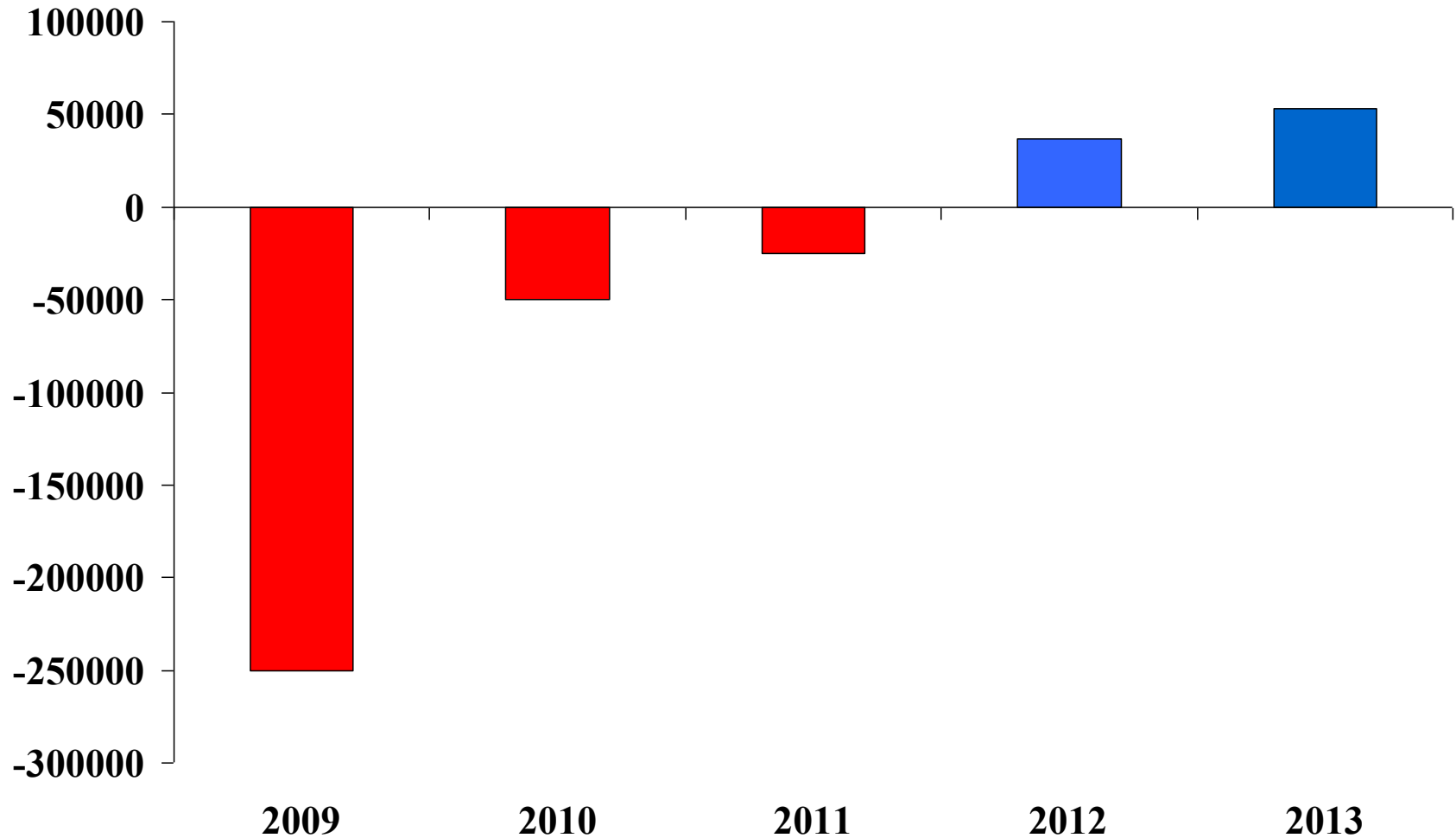
Atlanta MSA Job Change



Construction Was Most Impacted Industry In Our Market

Georgia Employment Trends

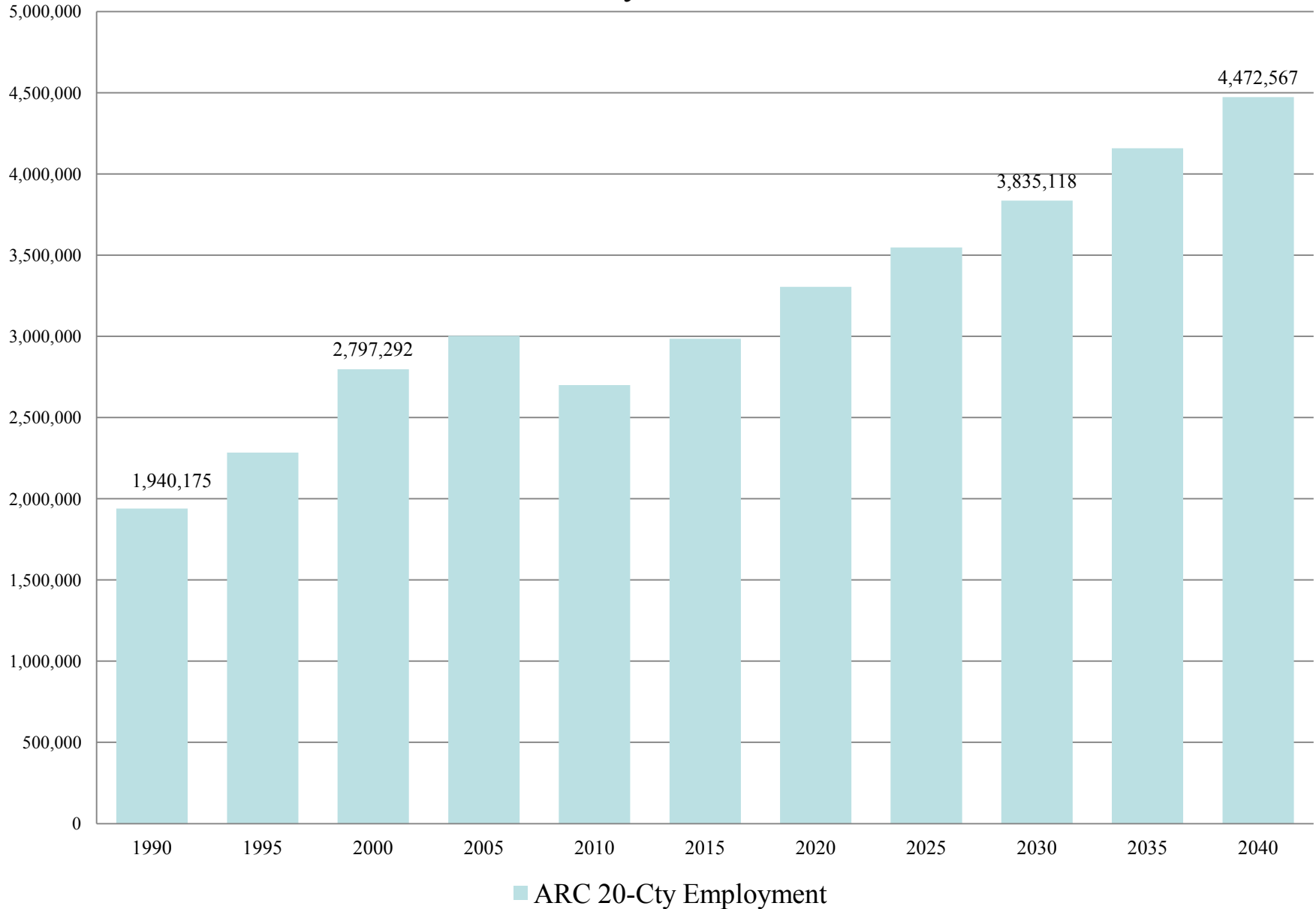
(Terry College of Business – University of Georgia)



- **Georgia Lost 325,000 Jobs In The Great Recession. Construction and Banks Were The Largest Categories of Unemployment. 2012 Restarted Positive Job Growth Trend!**

Long-Term Employment Forecast Growth:

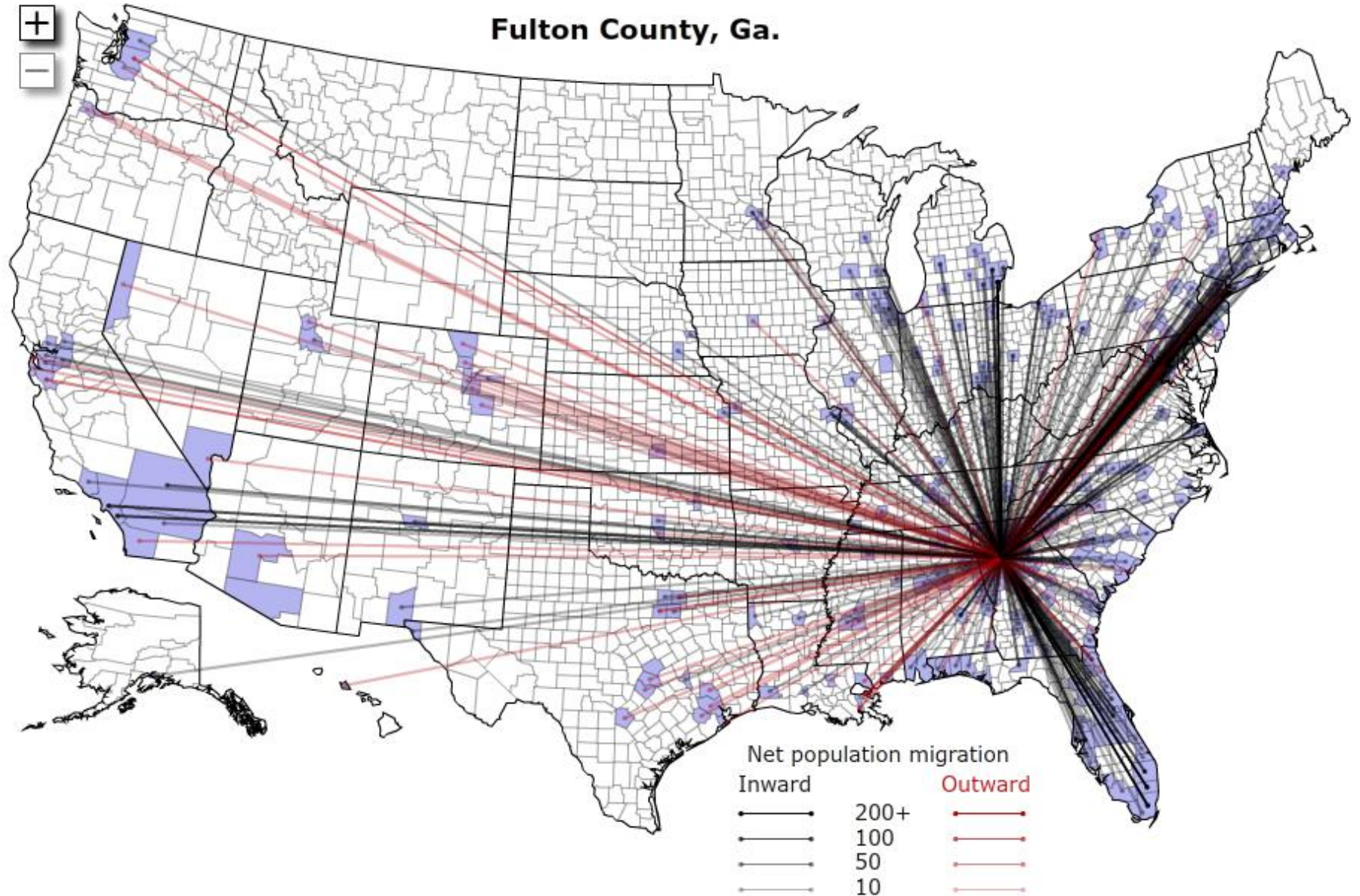
20-County Area: Plan 2040



Businesses And People Are Moving To Metro Atlanta!

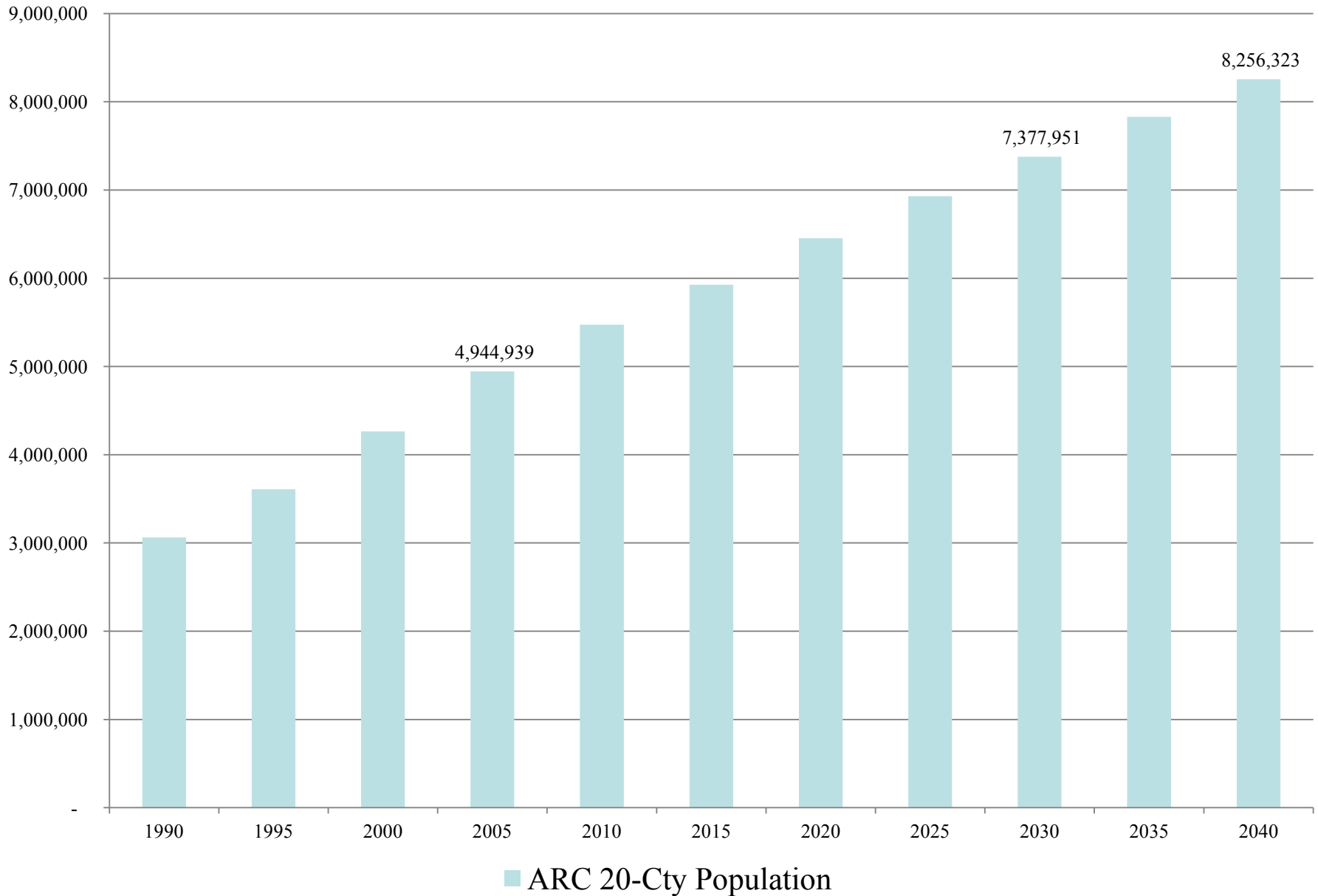


Rustbelt To Sunbelt



Forecast Population Growth

20-County Forecast Area



MULTI-GENERATIONAL MULTI-CULTURAL

TIME

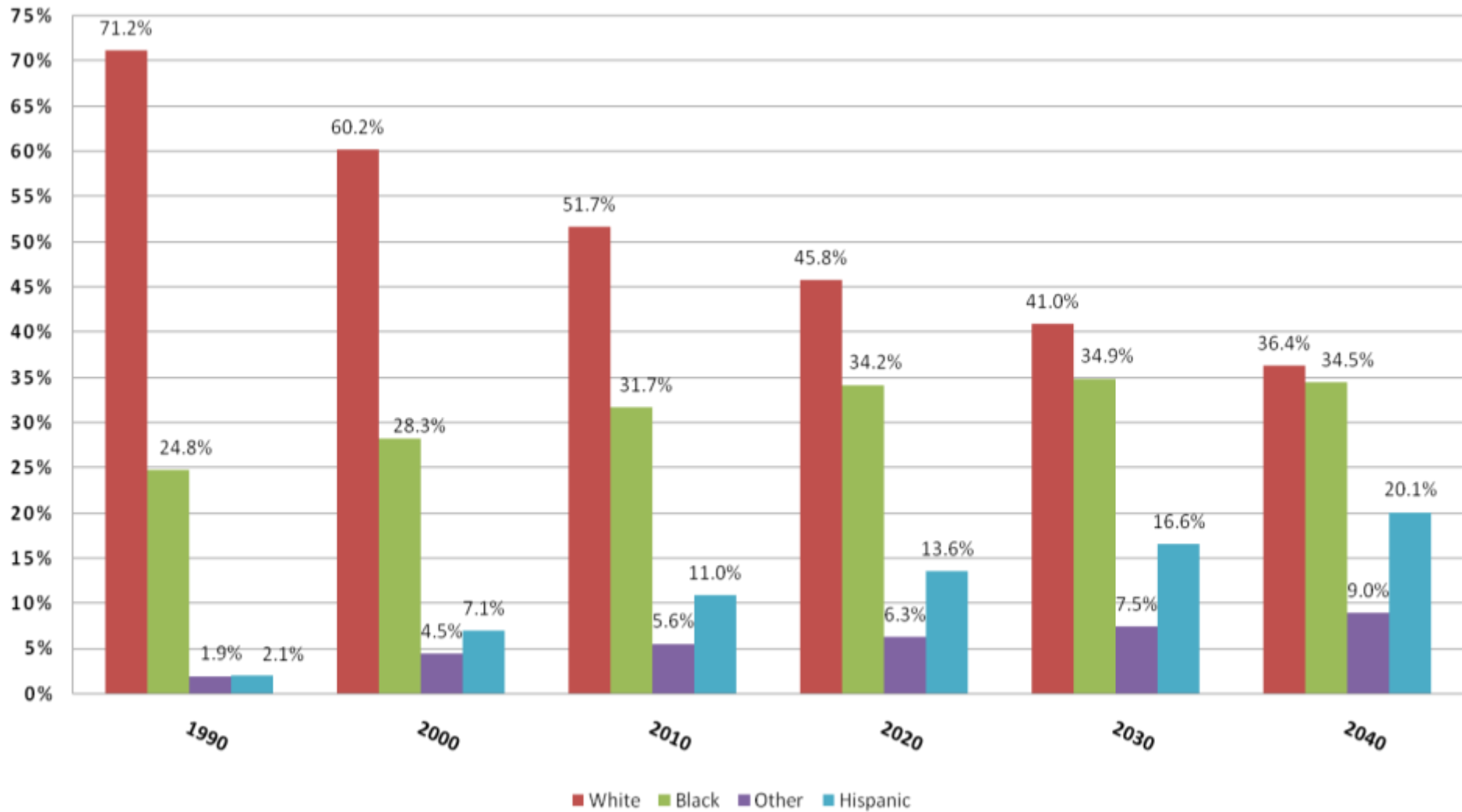
The
Future
Of
Work



MOBILE!

Share of Population by Ethnicity 1990-2040

20-County Forecast Area



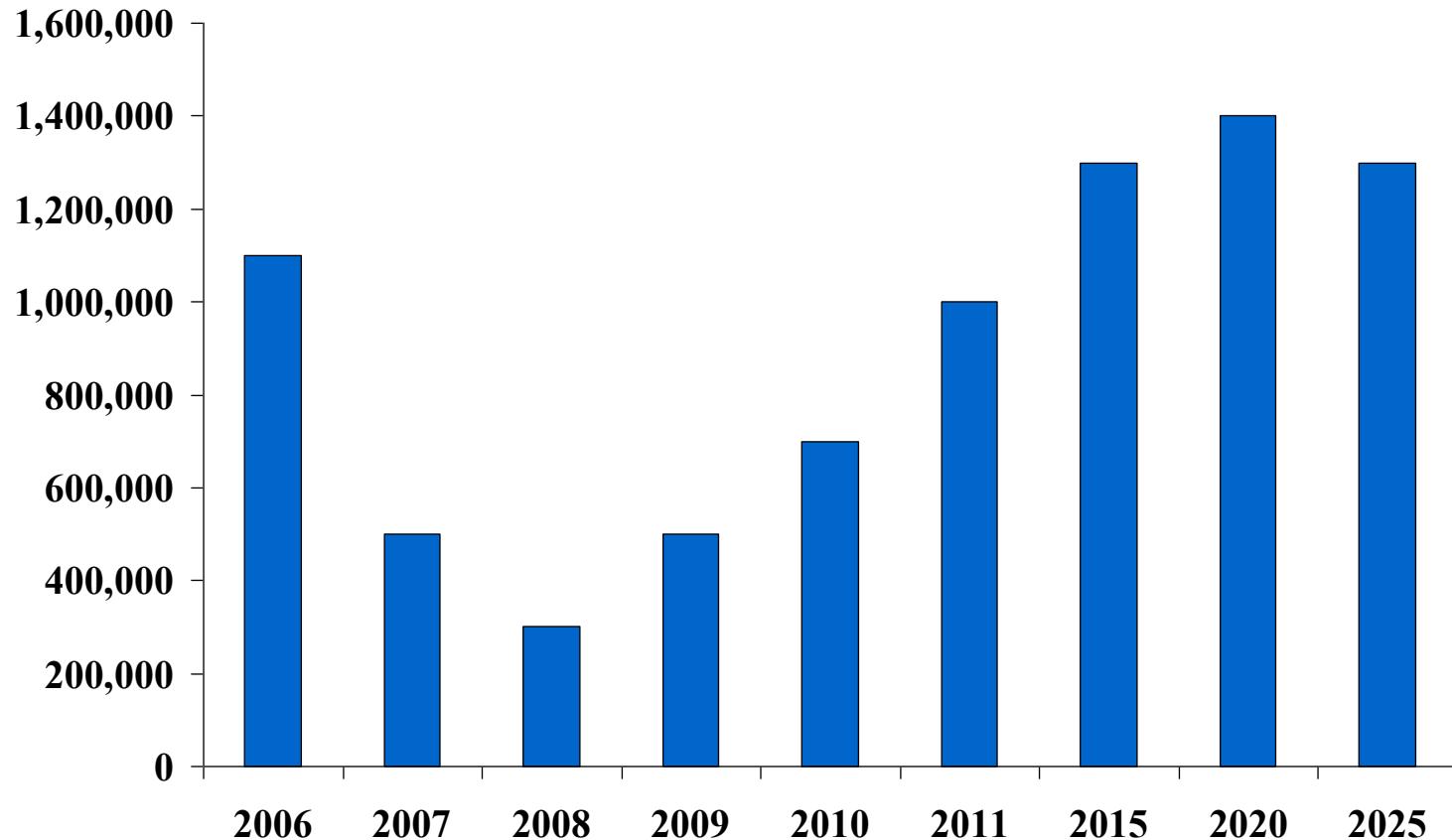
Population Age Dynamics – Top 27 Metros

	Total Population	Share of Population					Rank of Share				
		Under 20	20-64	65+	25-39	45-59	Under 20	20-64	65+	25-39	45-59
Dallas	6,144,489	30.5%	61.3%	8.2%	23.8%	19.1%	3	9	25	1	24
Atlanta	5,271,550	29.6%	62.4%	8.1%	23.2%	20.4%	5	6	27	2	19
Phoenix	4,179,427	29.7%	59.0%	11.3%	23.1%	18.0%	4	24	15	3	26
Denver	2,466,591	27.8%	62.7%	9.5%	23.0%	21.6%	6	5	24	4	12
Riverside	4,081,371	32.0%	58.2%	9.8%	22.8%	17.0%	1	27	27	5	27
Houston	5,629,127	31.0%	60.9%	8.1%	22.8%	19.9%	2	10	26	6	21
Portland	2,174,631	26.7%	63.0%	10.4%	22.6%	22.0%	19	4	19	7	7
Seattle	3,309,347	25.6%	64.0%	10.4%	22.0%	22.0%	22	1	20	8	3
Sacramento	2,091,100	27.5%	60.0%	11.5%	21.0%	20.0%	18	11	14	9	20
Washington	5,306,100	28.0%	60.1%	11.9%	19.8%	21.3%	9	19	13	19	14
Los Angeles	12,875,500	26.9%	60.9%	12.1%	19.7%	21.7%	17	11	11	20	9
San Diego	2,974,800	27.6%	60.3%	12.1%	19.2%	22.3%	13	18	12	21	5
San Francisco	4,203,800	27.2%	59.8%	13.0%	18.9%	21.4%	16	21	5	22	13
Orlando	2,032,400	27.2%	60.0%	12.8%	18.9%	21.8%	15	20	7	23	8
Minneapolis	3,208,200	25.2%	58.6%	16.2%	18.8%	20.7%	24	26	3	24	17
Chicago	9,522,800	24.2%	58.6%	17.2%	18.7%	20.8%	25	25	1	25	16
New York	18,815,900	26.4%	59.1%	14.6%	17.9%	22.8%	20	23	4	26	2
Boston	4,482,800	23.6%	59.4%	17.1%	17.1%	23.4%	27	22	2	27	1
Cincinnati	2,134,804										
Baltimore	2,668,056										
Detroit	4,467,592										
Philadelphia	5,827,962										
St. Louis	2,802,282										
Miami	5,413,212										
Tampa	2,723,949										
Cleveland	2,096,471										
Pittsburgh	2,355,712										

Metro Atlanta Has The:

- **#2 Population Age 25-39**
- **#5 Population Under 20**

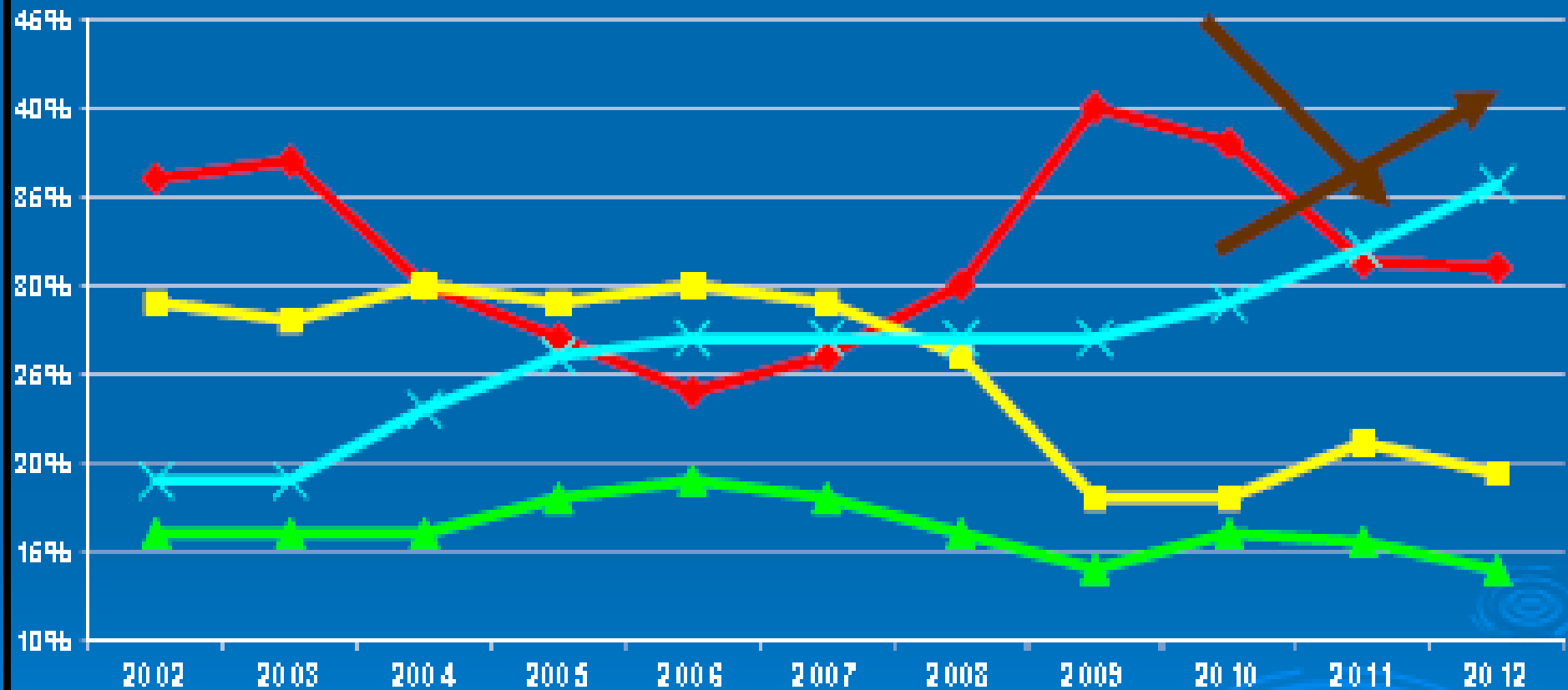
U.S. Household Formation Trends



- **New Household Formation Dropped From 1.1 Mil (2006) To 300,000 (2008)**
- **Future Household Formation Stronger – Then Levels Off.**
- **4 Million Students Per Year Graduate From College For Next 10 Years. Signals Big Increase In Household Formation!**

Buyer Type Yearly

FIRST TIME FIRST MOVE UP
SECOND MOVE UP THIRD OR HIGHER



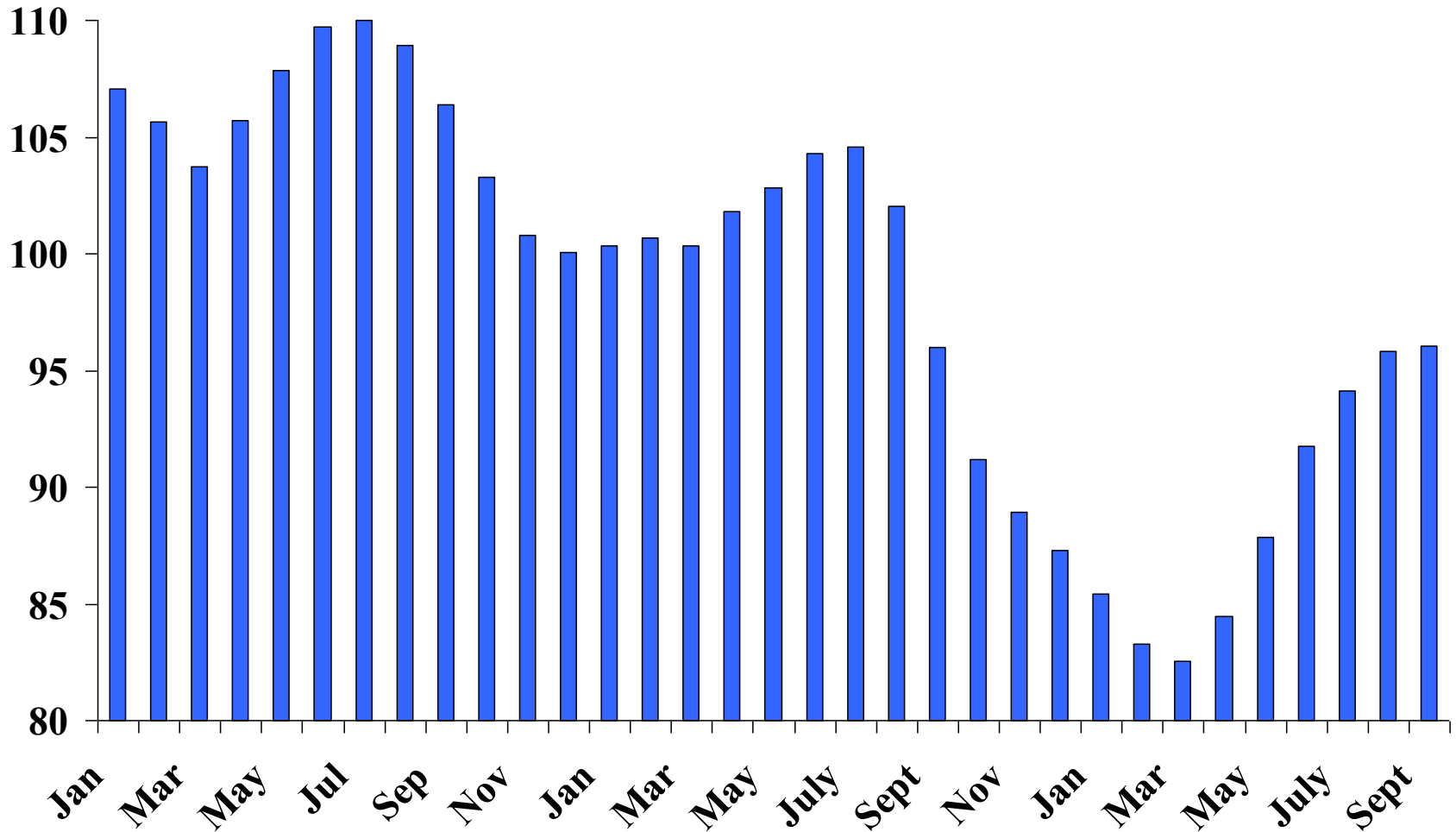
SmartNumbers 2012

Case-Shiller Reports...



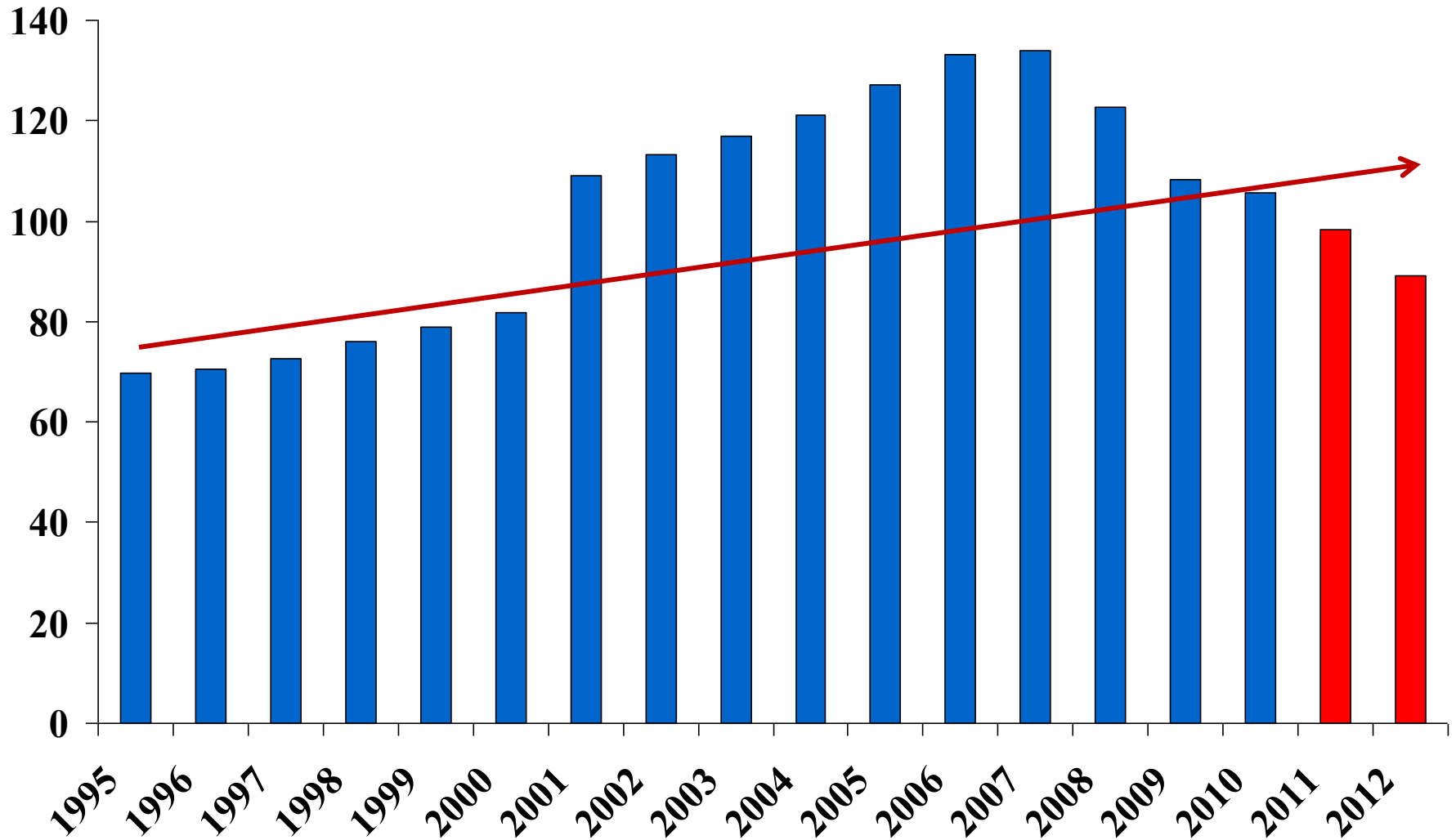
- **Home Values Continue Recovery**
- **Still Down From Peak July 2007**

Case-Shiller Index For Metro Atlanta



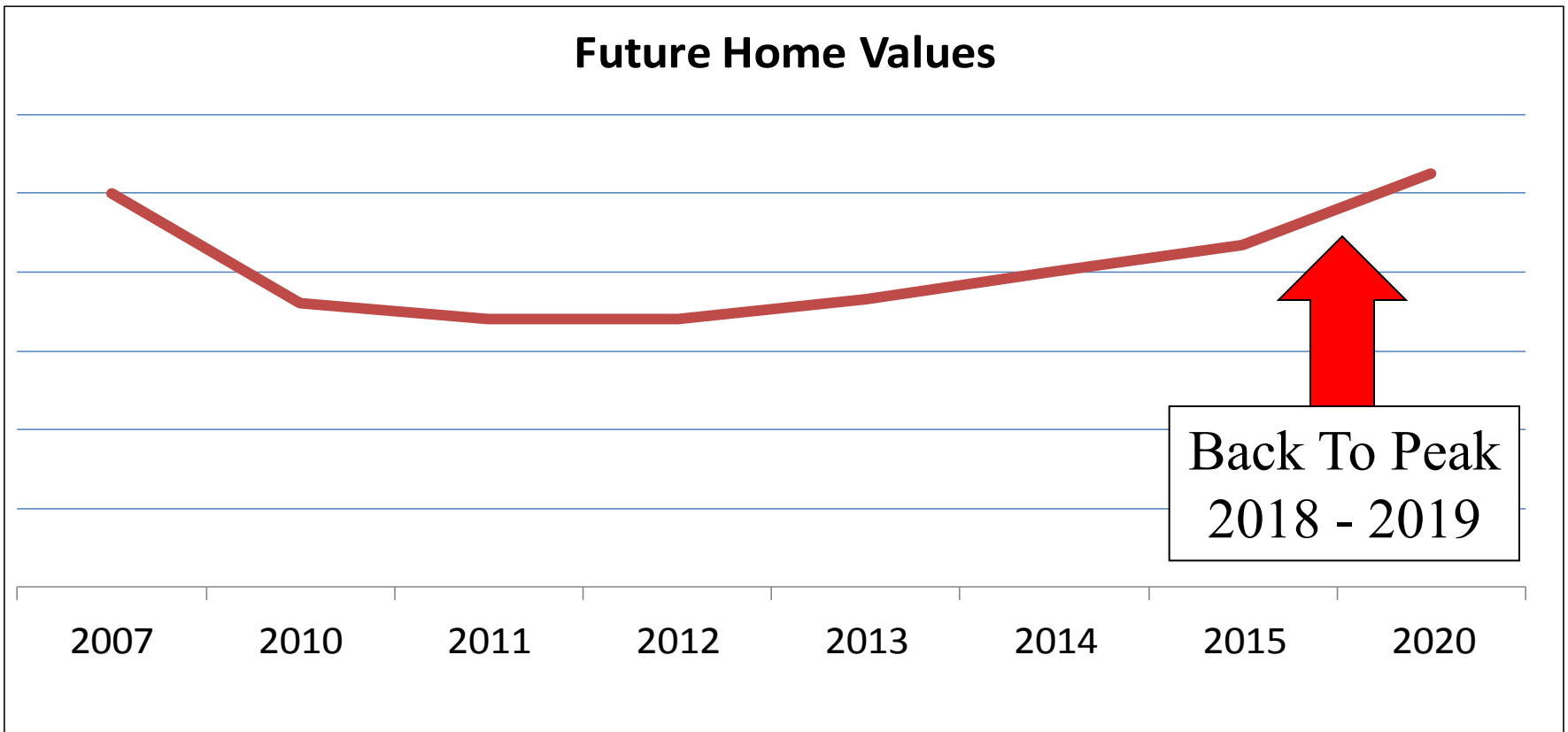
**Chart Shows Index Results January 2010 Through September 2012
(As Reported November 2012)**

Case-Shiller Home Values For Metro Atlanta



- Peak was July 2007.
- Current Home Values Remain Below The Normal Trend Line

Future Home Values



Assumptions:

- 2012 values down 29% from peak of 2007 (Case-Shiller)
- 2013 and 2014 values increase 5-7% per year due to very low inventory and foreclosures returning to more normal levels
- 2015 and beyond back to normal 4% appreciation
- New homes returns to 20,000+ starts by 2017/ 2018

Key Indicators To Watch:

- The pace of mortgage delinquencies and pre-foreclosures (predict short sales & foreclosures)
- The pace of short sales & foreclosures entering the market
- The short sale & foreclosure “shadow inventory” waiting to enter the market
- The overall supply of “for sale” properties
- The mix of new homes, resales, short sales & foreclosures in the inventory and sold transactions
- The price mix of sold transactions (when will we see a more normal mix versus the heavy concentration on the lower end of the market)
- Rental trends versus buy trends
- New home starts
- Mortgage rates
- Employment trends
- Migration trends/ relocation

	Sell Now/ Buy Now	Wait 5-7 Years	Variance
Current Home (1)	\$340,000	\$500,000	+ \$160,000
New Home (2)	\$300,000	\$396,000	- \$96,000
<u>Incremental</u> Carrying Costs (3)		\$36,000	- \$36,000
<u>Incremental</u> Maintenance Costs (4)		\$12,000	- \$12,000
Higher Mortgage Costs (5)		\$163,440	- \$230,220
Cost of Waiting			\$213,220

Assumptions:

1. Bought \$500,000 in 2007. Home has dropped 32% in value to \$340,000. If you waited to sell for 5-7 years, you would recover value to \$500,000.
2. Desired new home costs \$300,000 today but will also rise in value in future.
3. Incremental carrying costs of current property are estimated to be \$500 / month.
4. Incremental maintenance items cost \$2000 per year.
5. Mortgage rates are expected to rise to the 6-7% range in future. A \$300,000 home with a 15-year mortgage at 4.5% with \$60,000 down payment is \$1835 per month. If you wait 5-7 years and the property now costs \$396,000 and mortgage rates are now 6.5%, the payment would be \$3114. That amounts to \$1,279 more per month and \$230,220 over the next 15 years.