The Reality of the California Real Estate Market: Siftings From the Tea Leaves of a Demographic Guru

The Nation of California: An Almost Flat Line in 2009

Hosted by
William L. Exeter
President and Chief Executive Officer
Exeter 1031 Exchange Services, LLC
Exeter Fiduciary Services, LLC

Presented by
Alan Nevin
Director of Economic Research
MarketPointe Realty Advisors

The Exeter Edge™ Webinar Series

- Welcome to The Exeter Edge™ Webinar Series
- Sponsored by Exeter 1031 Exchange Services, LLC and Exeter Fiduciary Services, LLC
- The goal of The Exeter Edge™ Webinar Series is to provide you with information so that you can make better informed investment decisions

The Exeter Edge™ Webinar Etiquette

- We have a large number of participants today
- Everyone will be in listen only mode
- We do want to encourage participation, so
  - Please **ask questions** as they come up
  - Use the Q&A function
  - Your Question will be read and answered

Exeter 1031 Exchange Services

- Qualified Intermediary (Accommodator)
- Exchange Accommodation Titleholder
- All types of 1031 exchanges, including:
  - Forward
  - Reverse
  - Improvement
  - Zero Equity 1031 Exchanges™
- All 50 states and foreign property
- Real and Personal Property Exchanges
- Call Exeter 24/7 via web site

Exeter Fiduciary Services, LLC

- Private, Professional Fiduciary
- Qualified Trust Accounts for 1031 Exchanges
- Title Holding Trusts (Land Trusts)
- Deferred Sales Trusts™
- Trust Administration

Office Locations

- Nationwide Offices located in:
  - California Offices:
    - San Diego (Corporate headquarters)
    - Irvine
    - Ontario
    - Bakersfield
    - Fresno
    - San Francisco
  - Kona, Hawaii
  - East Northport, New York
  - Springfield, New Jersey

Our Presenter Today is …

Alan Nevin

Director of Economic Research

MarketPointe Realty Advisors

Co-Founder of The Center for Wealth & Legacy Studies with myself and R.J. Kelly

THE NATION OF CALIFORNIA:
AN ALMOST FLAT LINE IN ’09

A presentation by

Alan Nevin

Director of Economic Research

MarketPointe Realty Advisors

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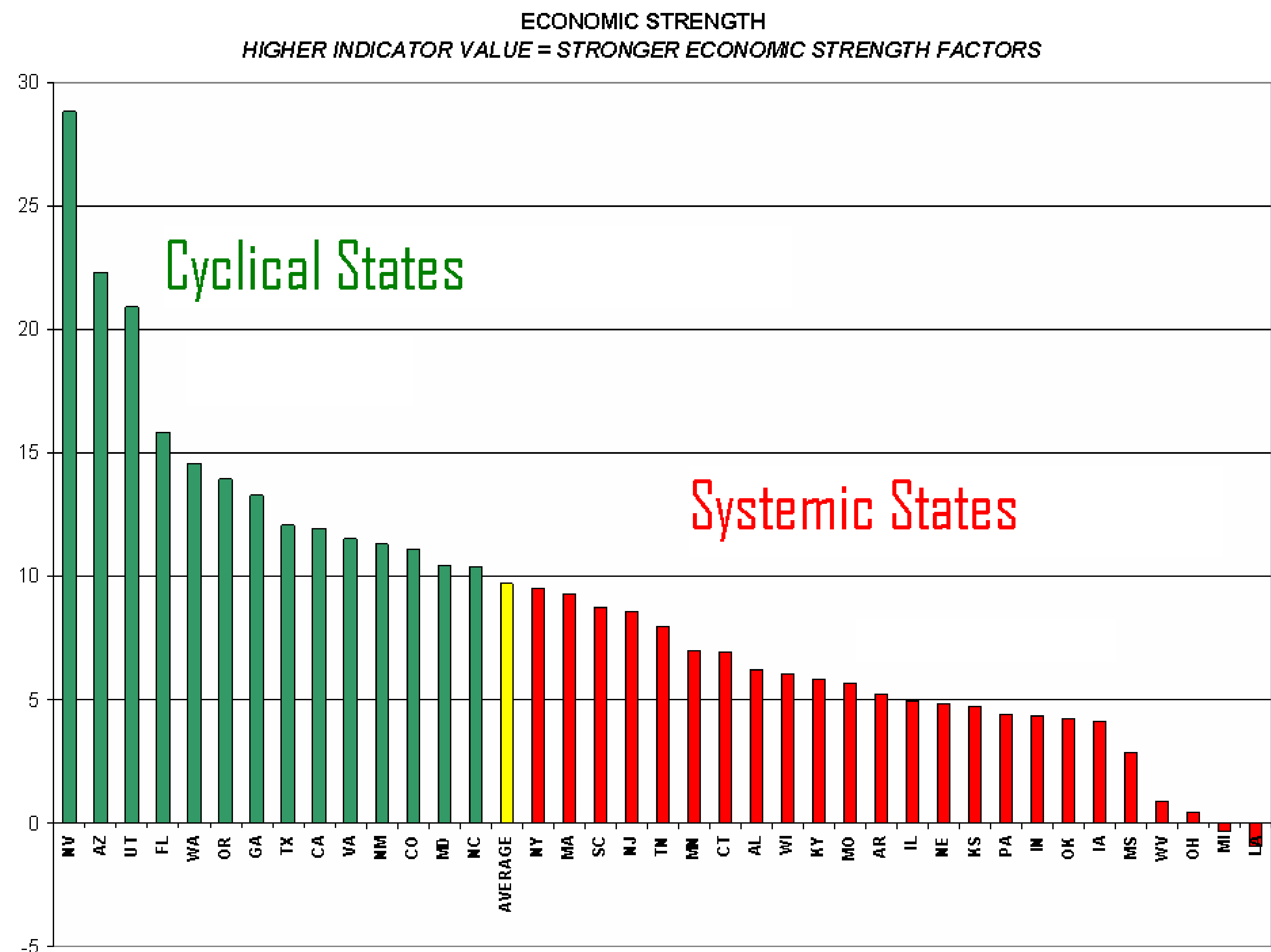
ECONOMIC STRENGTH
HIGHER INDICATOR VALUE = STRONGER ECONOMIC STRENGTH FACTORS
Cyclical States
Systemic States
30
25
20
15
10
5
0
-5
NV
AZ
UT
FL
WA
OR
GA
TX
CA
VA
NM
CO
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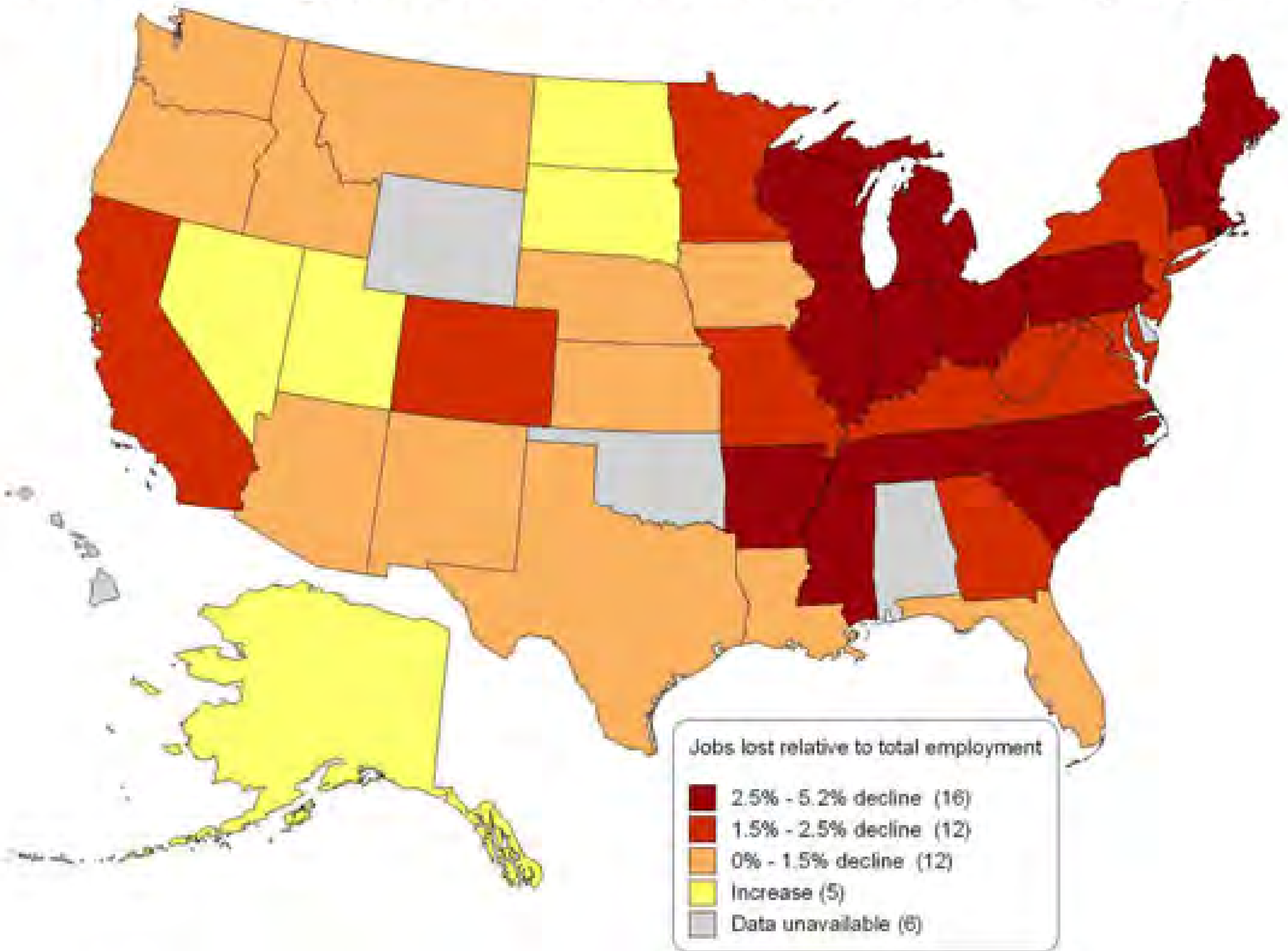
2001 - 2007

Manufacturing job loss as a share of total employment



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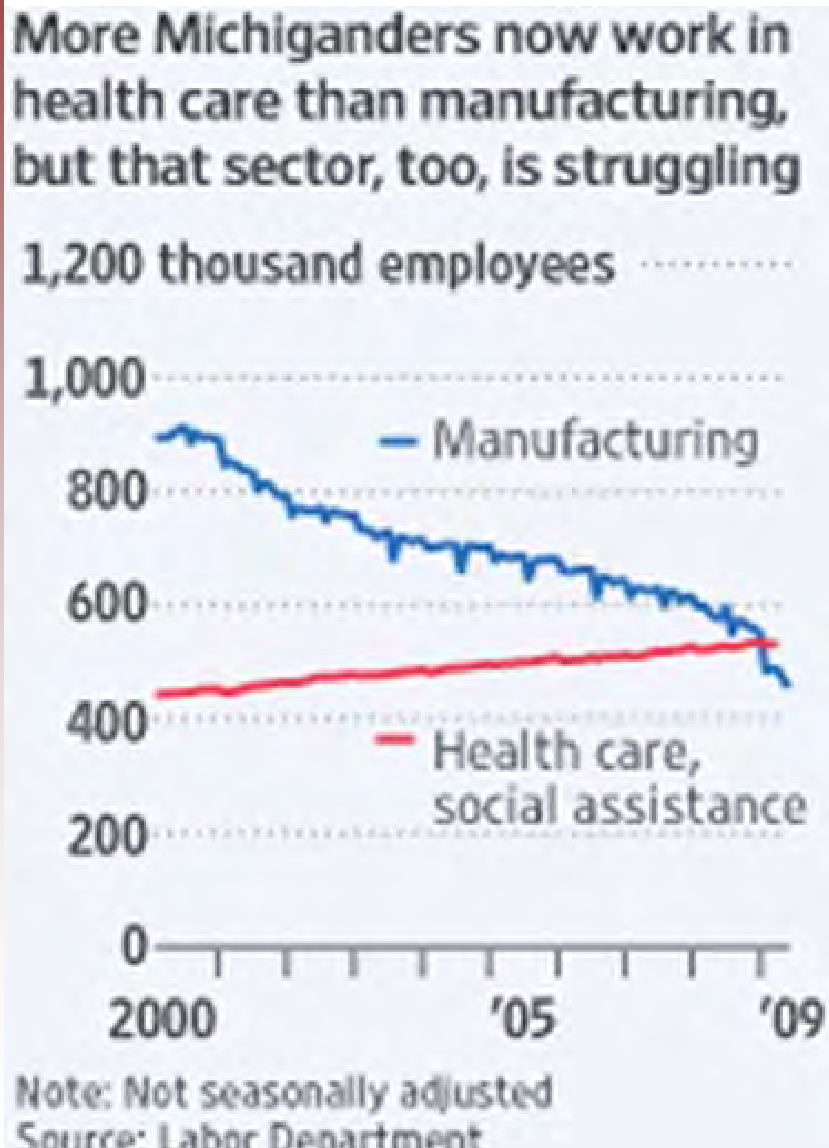
“Trading Places”



Published: Wall St Journal 7.13.09

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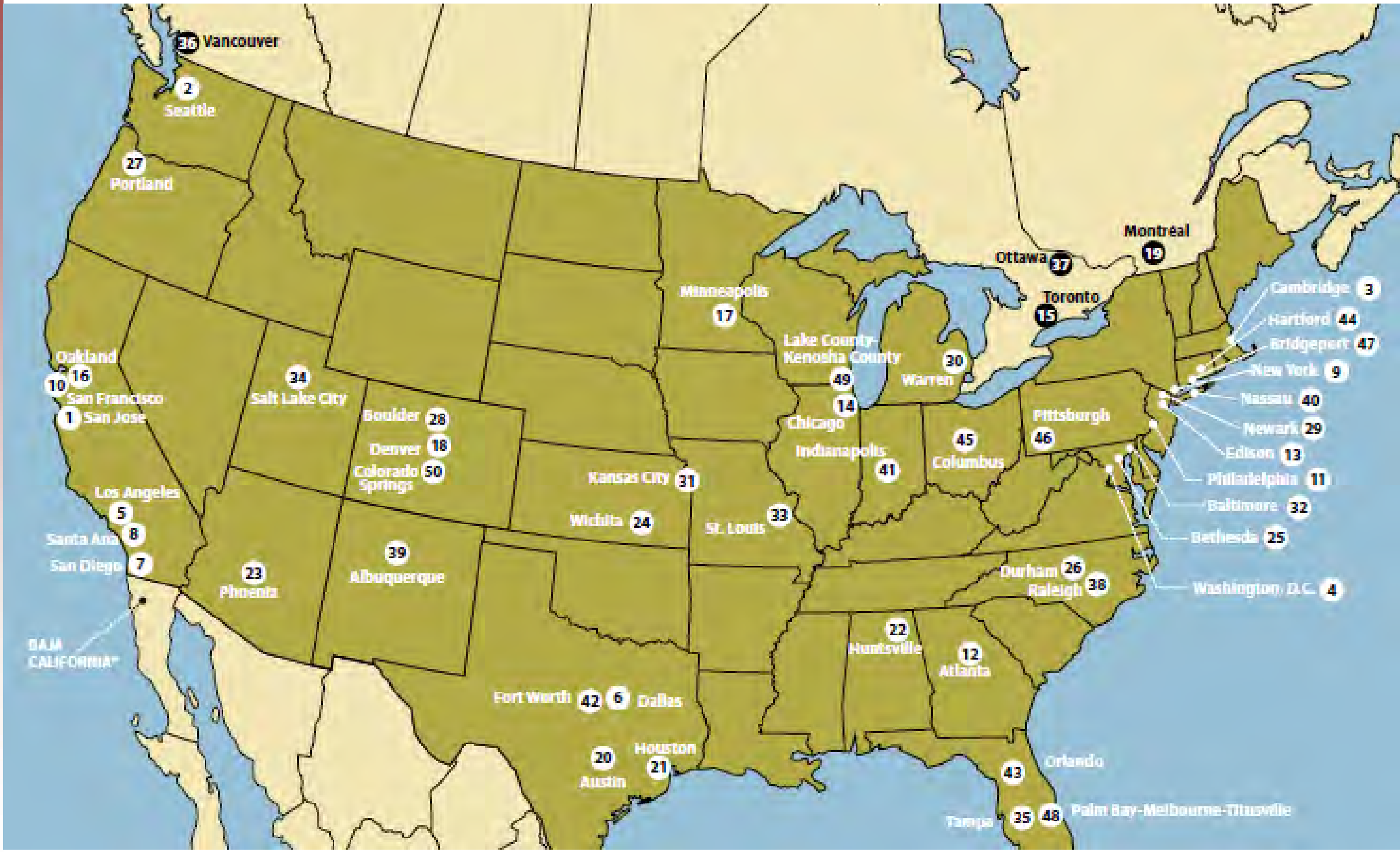
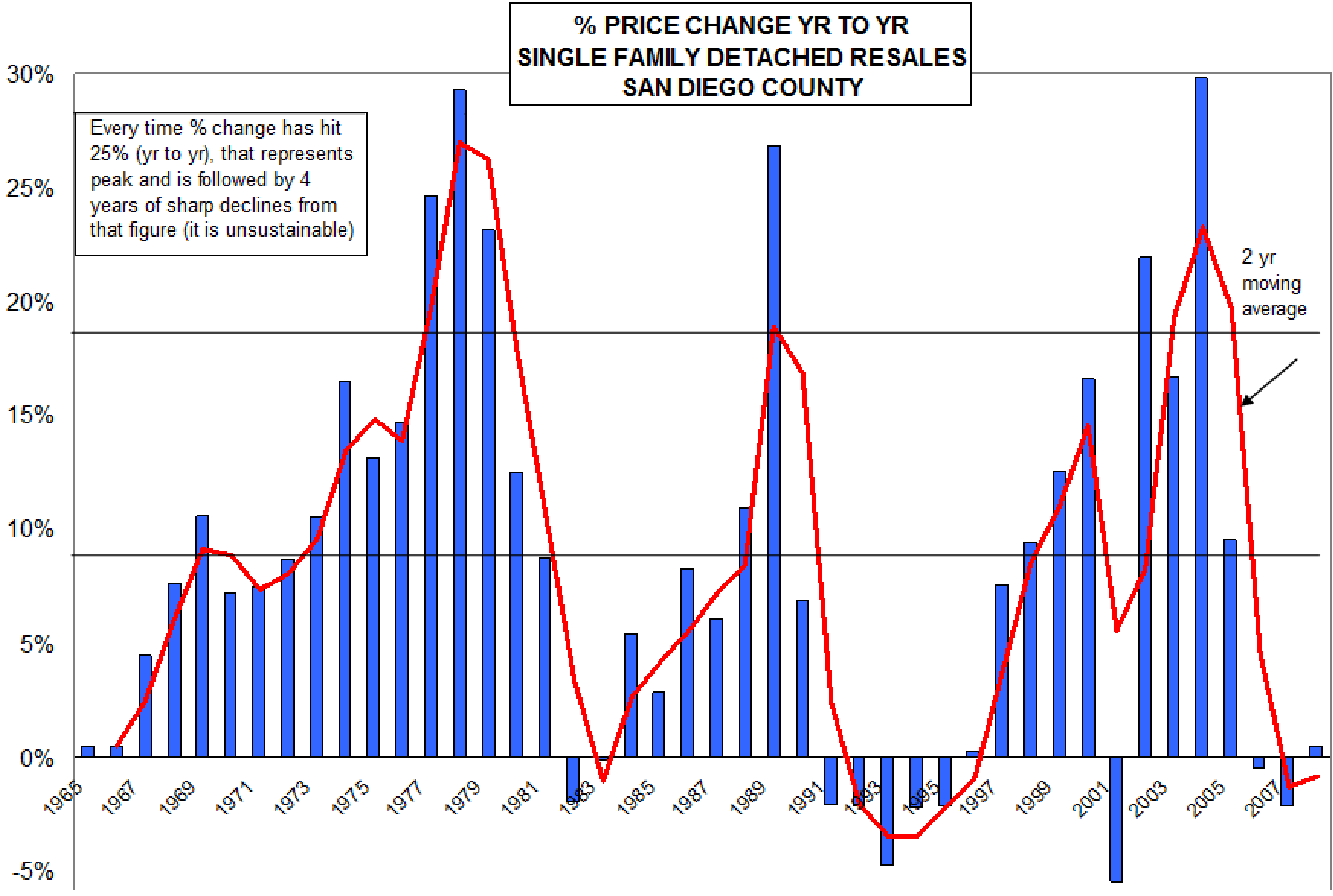
Ranking of High Tech Economies – *Milkin Institute*



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**	**SAN DIEGO, CARLSBAD, SAN MARCOS**	**CA**	**136,400**
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

Predictable Housing Cycles



POPULATION CHANGE
CALIFORNIA
2007-2008

MARKET	2007	2008	CHANGE	%
CENTRAL COAST	1,113,674	1,122,541	8,867	0.8%
SACRAMENTO	2,105,317	2,136,604	31,287	1.5%
CENTRAL VALLEY	2,971,829	3,024,905	53,076	1.8%
OTHER COUNTIES	21,350,047	21,607,050	257,003	1.2%
BAY AREA	7,257,933	7,358,864	100,931	1.4%
SOUTHERN CALIFORNIA	21,350,047	21,607,050	257,003	1.2%
TOTAL	**37,559,440**	**38,049,462**	**490,022**	**1.3%**

SOURCE: CA DEPT OF FINANCE
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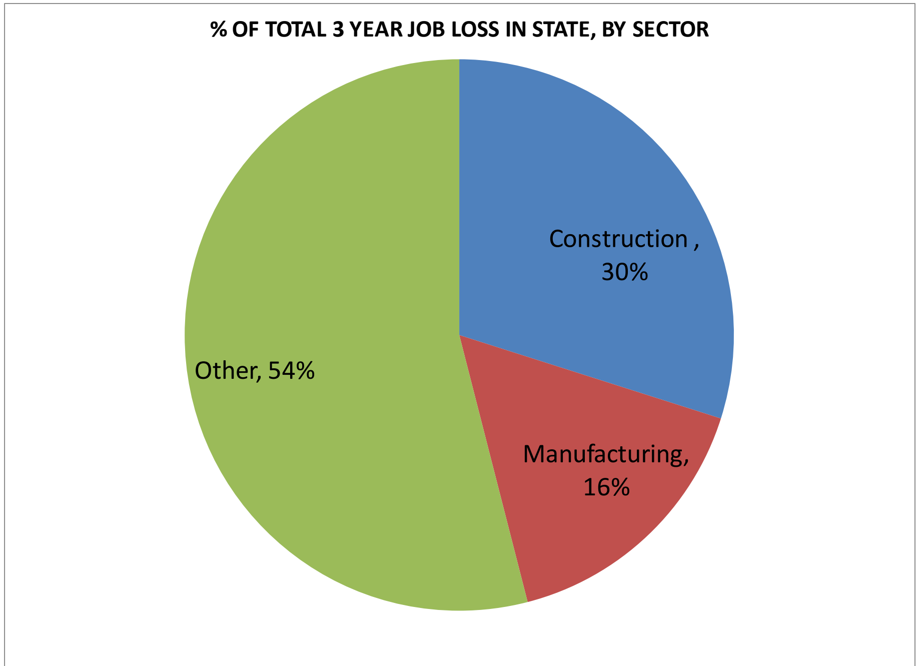
ECONOMIC DRIVERS
NATION OF CALIFORNIA

- MILITARY – IN UNIFORM
- FEDERAL & STATE GOVERNMENT (CIVILIAN)
- MANUFACTURING
- TOURISM
- UNIVERSITIES
- IMPORT/EXPORT
- TECHNOLOGY
  - *BIOTECH*
  - *TELECOMMUNICATIONS*
  - *ELECTRONICS*
- HEADQUARTERS

California Employment Loss

CHANGE IN EMPLOYMENT NATION OF CALIFORNIA JULY 2006 TO JULY 2009				
TITLE	Jul-06	Jul-09	CHANGE 7/06 - 7/09	% CHANGE
Civilian Unemployment Rate	5.3%	12.1%	6.8%	128.3%
Total Employment, All Industries	15,423,500	14,249,600	1,173,900	-7.6%
Construction	984,100	633,100	351,000	-35.7%
Manufacturing	1,493,300	1,304,300	189,000	-12.7%

SOURCE: CALIFORNIA EDD
MARKETPOINTE REALTY ADVISORS 9.09



MAJOR JOB CATEGORY EMPLOYMENT CHANGE

CHANGE IN EMPLOYMENT MAJOR JOB CATEGORIES NATION OF CALIFORNIA JULY 2006 TO JULY 2009		
TITLE	**CHANGE 7/06 - 7/09**	**% CHANGE**
GOODS PRODUCING	(481,260)	-19.7%
SERVICE PROVIDING	(333,100)	-2.6%
NON-PROFIT SECTOR	172,200	2.6%
Educational / Health Services	127,200	7.9%
Government	45,000	1.8%
Federal Government	2,100	0.8%
State Government	20,600	4.3%
Local Government	22,300	1.3%
SOURCE: EDD		
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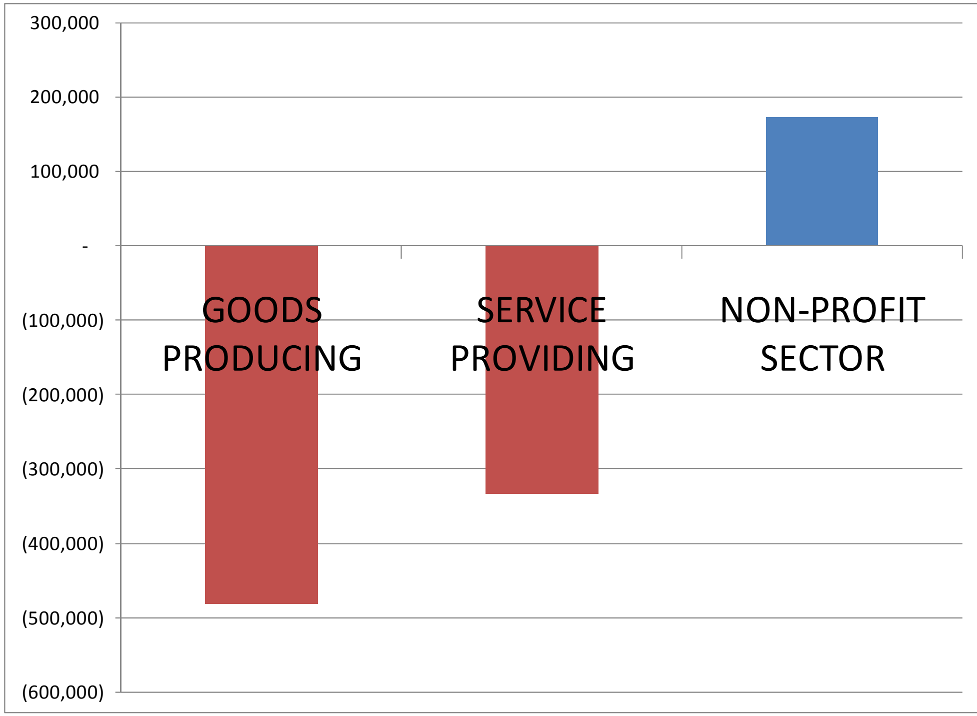

RESIDENTIAL BUILDING PERMITS
NATION OF CALIFORNIA
2005 AND 2008

	2005			2008		
MARKET	**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
TOTAL	155,322	53,650	**208,972**	32,967	31,785	**64,752**

DECLINE IN SINGLE FAMILY	**79%**
DECLINE IN MULTI-FAMILY	**41%**

CONSTRUCTION INDUSTRY RESEARCH BOARD
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12 Month Home Sales Summary - California

HOME SALES (NEW / RESALE) CALIFORNIA JULY 2008 AND JULY 2009				
AREA	**Jul-08**	**Jul-09**	**CHANGE**	**%**
SO. CAL	20,329	24,104	3,775	18.6%
BAY AREA	7,586	8,771	1,185	15.6%
CENTRAL VALLEY	6,309	6,849	540	8.6%
COMBINED	**34,224**	**39,724**	**5,500**	**16.1%**

SOURCE: DATAQUICK

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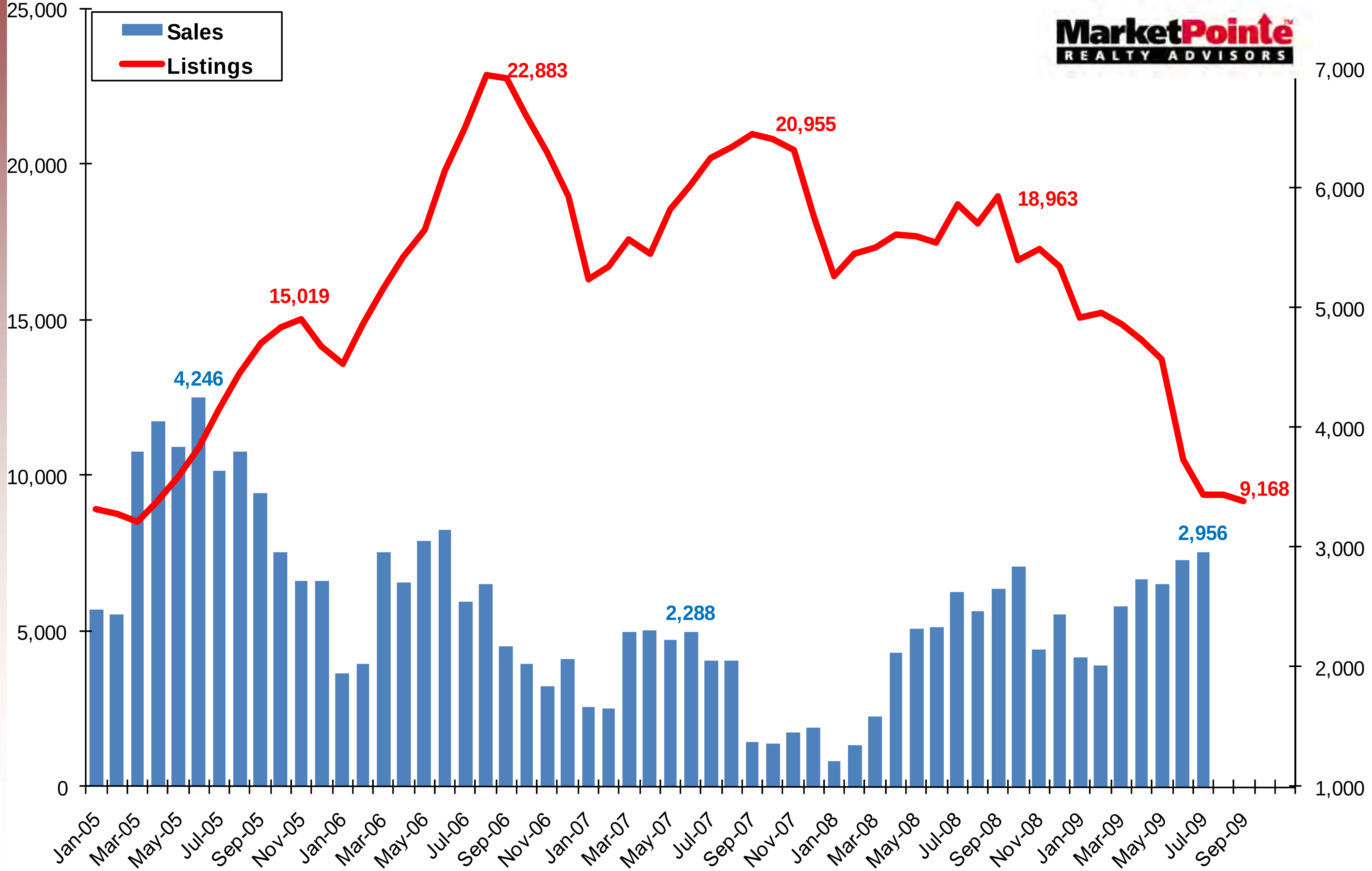
San Diego County Monthly Resale Market



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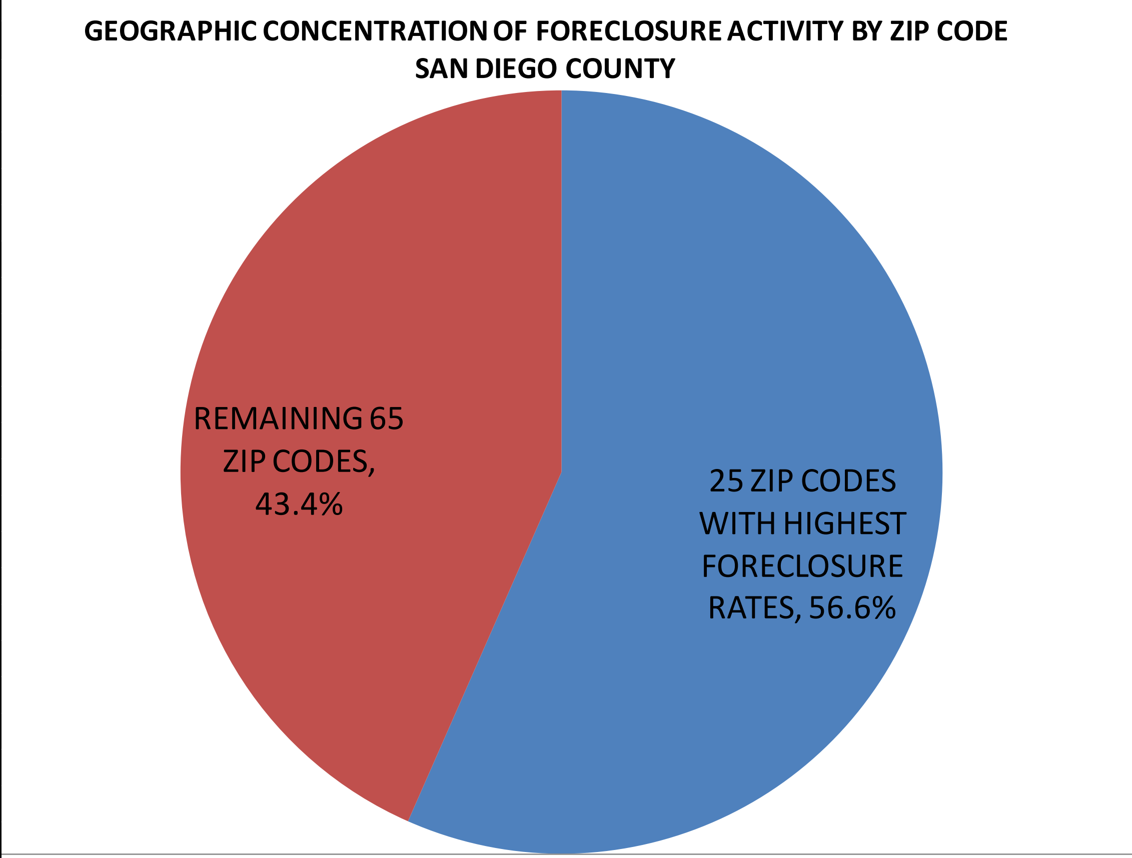
LOWEST NUMBER OF FORECLOSURES SAN DIEGO COUNTY 2ND QUARTER 2009		
ZIP CODE	**COMMUNITY**	**NO. FORECLOSURES**
92014	DEL MAR	2
92121	SORRENTO VALLEY	3
92007	CARDIFF	5
92118	CORONADO	6
92075	SOLANA BEACH	6
92067	RANCHO SANTA FE	7
92106	PT. LOMA	7
92130	CARMEL VALLEY	17
92037	LA JOLLA	21
	TOTAL	**74**
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

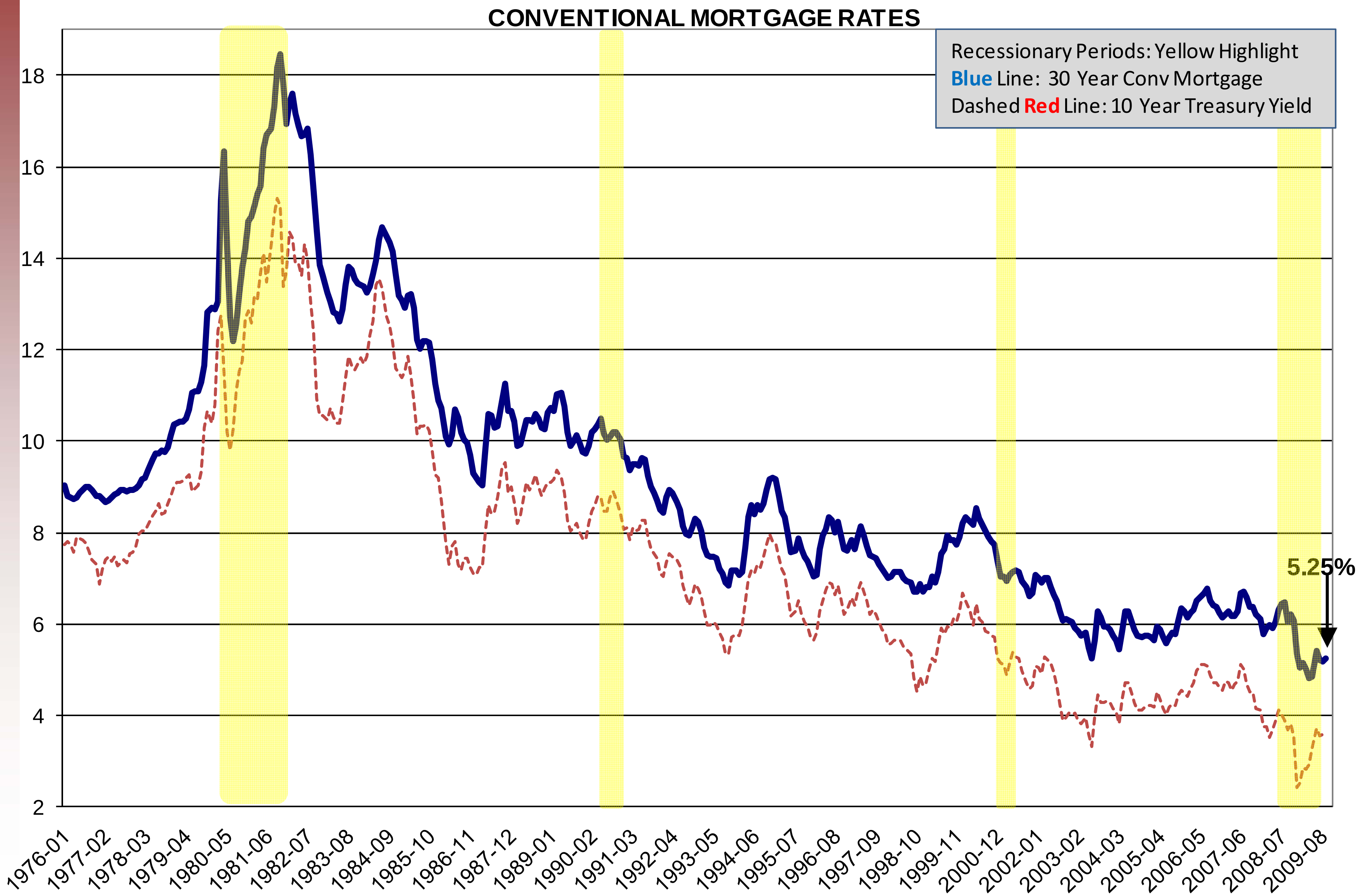
SOURCE: DATAQUICK
MARKETPOINTE REALTY ADVISORS 7.09

Foreclosure

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
TOTAL OF ABOVE 25 ZIP CODES	**1990**
SAN DIEGO COUNTY (90 ZIP CODES)	**3516**
LOWEST AS % OF COUNTY	**56.6%**
SOURCE: DATAQUICK	
MARKETPOINTE REALTY ADVISORS 7.09	



Mortgage Rates & 10 Year Treasury Yields



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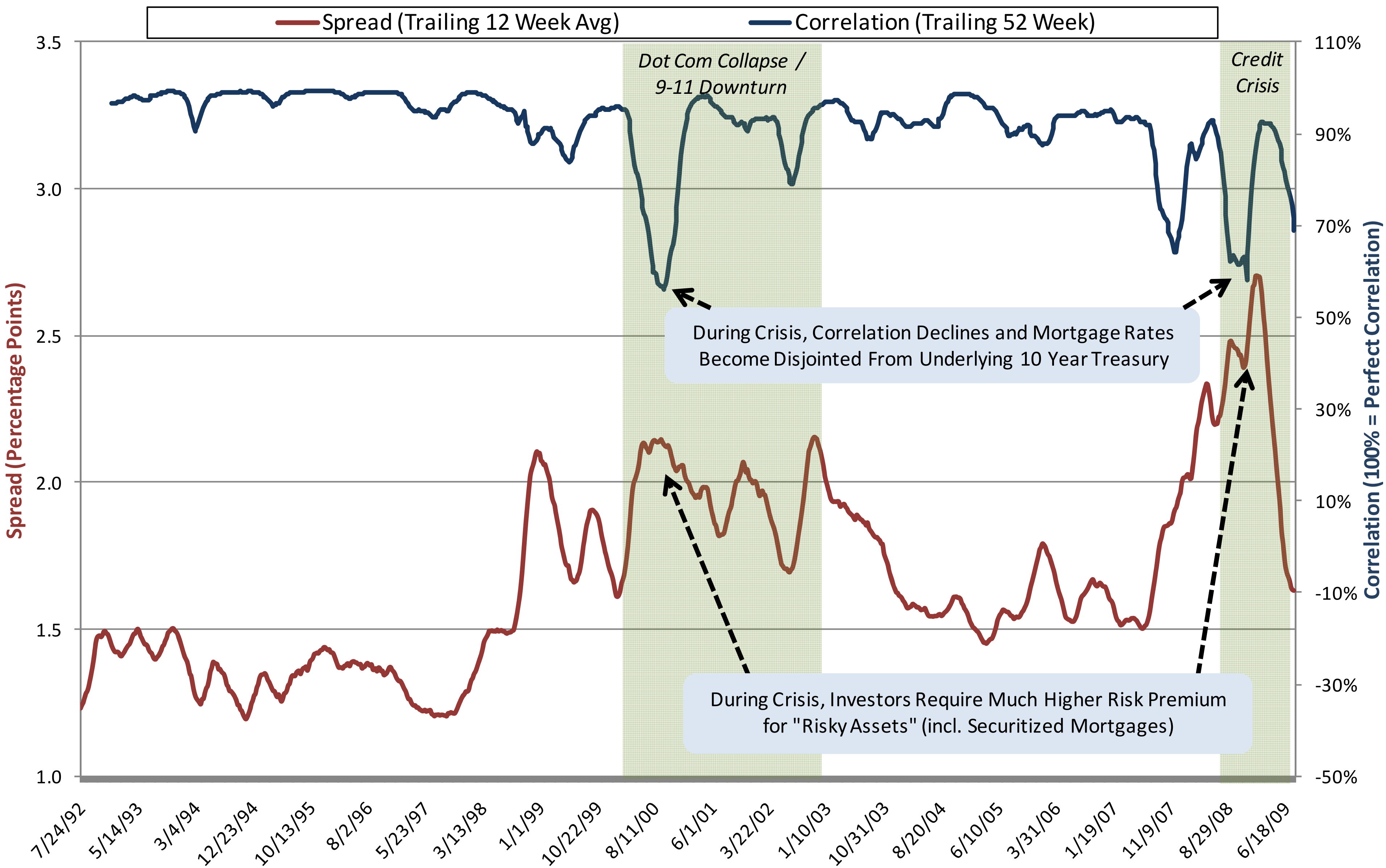
Mortgage Rate / 10 Year Treasury Historical Relationships



ECONOMIC & REAL ESTATE PROJECTIONS FOR 2009
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 2009
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
- 2009 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.

MarketPointe™ REALTY ADVISORS

- Market Feasibility Studies
- Expert Witness Services
- Acquisition & Disposition Strategies

1901 First Avenue, Suite 219, San Diego, CA 92101 | Tel: 619.233.3781 | Fax: 619.233.3203 | www.marketpointe.com

Title Holding Trusts (Land Trusts)

- Keep property ownership confidential through a Title Holding Trust (Land Trust)
- Acquire property anonymously
- Protect co-investors from liens, judgments, charging orders, etc.
- Title Holding Trusts are pass-thru and disregarded entities, so they still work with the 1031 exchange

The Exeter Edge™ Webinars

- Reverse 1031 Exchanges
  - October 6^{th} and 7^{th}, 2009
- Tax Deferral and Tax Exclusion Strategies
  - Tuesday, October 13, 2009
- Title Holding Trust (Land Trust)
  - Wednesday, October 14, 2009
- Zero Equity 1031 Exchange™
  - Monday, October 19, 2009
- Advanced 1031 Exchange Strategies
  - Tuesday, October 27, 2009
- The Exeter Edge™ Webinar Series

Closing Comments

- Set-up a complimentary consultation with Alan Nevin or Bill Exeter
- Brief survey upon logging out
- Follow-up email with links
  - Copy of power point presentations
  - Downloadable resources
  - Our contact information
- Thank you for attending – we look forward to working with you.

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