

# Monthly Survey of Real Estate Agents

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## CHANNEL CHECK

## Affordability Slowly Pulls Wary Buyers Back

- **Affordability brings buyers to the market, but skittishness continues:** In our November Monthly Survey of Real Estate Agents, we saw a slight improvement in buyer traffic, as agents noted that buyers responded to the low prices and mortgage rates. However, despite the extremely favorable affordability, buyers in many markets remained hesitant due to worries over job security and fears of further price declines, while also confronting a challenging appraisal market.
- **Traffic up slightly in November, but still at low levels:** Our traffic index increased by 3.5 points to 32.5 in November, up from 29.0 in October. Trends were mixed across and even within markets, with those agents pointing to better traffic noting the exceptional affordability, whereas other agents mentioned the continued difficulty with appraisals coming in too low and the difficulty in finding qualified buyers. Whether or not agents saw improvement in traffic, comments were generally consistent about buyers focusing on foreclosures and other distress listings.
- **Continued downward drift to home prices, but some better signs:** Our home price index moved up to 30.7 in November, from 28.7 in October, a level that still indicates downward pressure on prices over the past 30 days (readings below 50). Our time to sell index, which factors in both trends in traffic and inventory levels remained essentially flat, coming in at 34.7 in November, up marginally from 34.3 in October. Levels below 50 reflect a longer time to sell a home, which typically indicates future price declines.
- **Inventory trends lower as sellers take homes off the market until the new year.** Our inventory index rose to 61.2 in November, better than 59.9 in October, with levels above 50 pointing to falling inventory. The main driver of this is sellers taking homes off the market ahead of the holidays and until the new year. We expect inventory levels to rise in January, when these homes come back to market and as more foreclosure inventory comes to market.
- **Texas markets continue to show inconsistent trends; improvement in Charlotte, buying hesitation persists in Washington.** November brought choppy trends to the Texas markets with some improvement in Austin, Houston, and San Antonio, but weakness in Dallas. All of these markets have exhibited see-saw patterns of traffic from month to month as of late. The Charlotte market showed a bit more life, after a sharp slowing, following significant layoff announcements. Atlanta and Denver also saw better trends. The Washington, D.C. market remains mired in indecision, as buyers worry about potential cutbacks.

**DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S ANALYSTS. FOR OTHER IMPORTANT DISCLOSURES, visit [www.credit-suisse.com/researchdisclosures](http://www.credit-suisse.com/researchdisclosures) or call +1 (877) 291-2683. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.**

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*\*Markets are characterized based on permit activity and listed in alphabetical order*

## Affordability Slowly Pulls Wary Buyers Back

*For those who may be unfamiliar with our survey, we center our indices around 50 so that readings above 50 indicate positive or improving trends and readings below 50 indicate negative or worsening trends. Please see page 5 for a full description of our survey methodology.*

**Affordability brings buyers to the market, but skittishness continues:** In our November Monthly Survey of Real Estate Agents, we saw a slight improvement in buyer traffic, as agents noted that buyers responded to the low prices and mortgage rates. However, despite the extremely favorable affordability, buyers in many markets remained hesitant due to worries over job security and fears of further price declines, while also confronting a challenging appraisal market.

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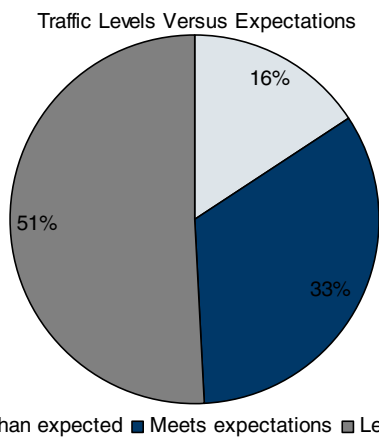
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**Exhibit 1: Traffic was better in November, though Choppiness Continues and Price Concerns Remain**

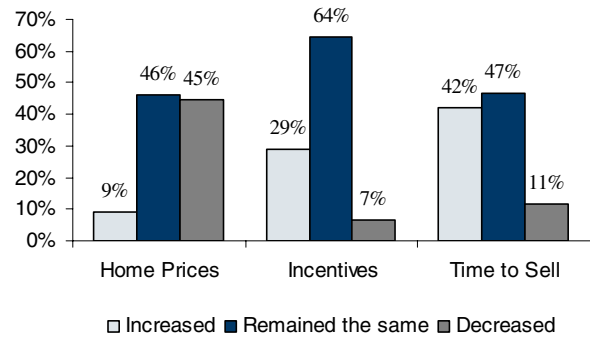
Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Jan-2010	43.5	35.0	41.8	51.3	39.4
Feb-2010	41.4	35.7	41.9	46.1	42.9
Mar-2010	43.1	39.9	42.9	39.5	45.8
Apr-2010	48.7	43.4	43.1	38.2	49.1
May-2010	31.5	38.9	41.2	42.0	42.6
Jun-2010	19.1	32.1	43.7	38.9	29.6
Jul-2010	16.9	26.8	40.7	36.3	23.6
Aug-2010	17.0	22.9	37.1	30.0	19.1
Sep-2010	17.9	22.0	38.4	28.2	18.8
Oct-2010	16.3	20.5	36.6	35.5	20.0
Nov-2010	22.1	21.6	34.1	41.3	21.5
Dec-2010	29.1	23.0	39.5	51.2	23.1
Jan-2011	39.1	26.9	40.4	41.0	29.2
Feb-2011	42.0	29.6	38.3	35.1	32.7
Mar-2011	37.5	30.6	40.5	38.8	36.2
Apr-2011	36.8	32.6	43.5	38.3	40.1
May-2011	31.8	27.4	38.1	40.0	31.6
Jun-2011	28.8	29.7	38.7	45.8	34.5
Jul-2011	31.9	29.4	39.2	51.0	34.5
Aug-2011	26.9	26.7	37.6	52.8	31.4
Sep-2011	24.8	27.8	37.8	53.7	32.5
Oct-2011	29.0	28.7	38.4	59.9	34.3
Nov-2011	32.5	30.7	39.0	61.2	34.7
<b>Point change</b>	<b>3.6</b>	<b>2.0</b>	<b>0.5</b>	<b>1.3</b>	<b>0.3</b>

Source: Credit Suisse

**Exhibit 2: Affordability Creates Slightly Better Traffic, but Uncertainty and Mortgage Restrictions Weigh on Buyers**



How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse

# Survey Methodology

We survey real estate agents, as we believe agents provide an accurate assessment of local housing market trends in both the new and existing home markets. We view an understanding of the existing home market as crucial to homebuilders as it represents over 90% of total sales, and trends in the existing home market often dictate trends in the new home market.

Each month, we survey agents about trends in buyer traffic levels, home prices, incentives, inventory levels, and the length of time needed to sell a home. In November, we received responses from 1,000 real estate agents across the country. We review responses and calculate an index for each of the questions with levels above 50 indicating positive trends, levels below 50 indicating worsening trends, and a level of 50 indicating a neutral trend.

**1) Are traffic levels in-line with, above, or below your expectations for this time of year?** (Because of seasonality to traffic trends – generally more traffic in Spring and less in Fall/Winter – we ask about traffic relative to the expectations for this time of year rather than how traffic compared to the prior month). A traffic index above 50 means that traffic was above the expectations of agents, a traffic index of 50 means that traffic was in-line with expectations, and a traffic index below 50 means that traffic was below expectations.

**2) Have prices remained the same, increased, or decreased over the past 30 days?** A price index above 50 indicates that prices increased over the past 30 days, a price index of 50 indicates that prices were flat, and a price index below 50 indicates that prices decreased.

**3) Have incentives remained the same, increased, or decreased over the past 30 days?** An incentive index above 50 indicates that incentives decreased over the past 30 days, an incentive index of 50 indicates that incentives were unchanged, and an incentive index below 50 indicates that incentives increased.

**4) Do you see the same, more, or fewer, listings as compared with 30 days ago?** An inventory (listings) index above 50 indicates that the inventory of homes for sale decreased over the past 30 days, an inventory index of 50 indicates that inventories were unchanged, and an inventory index below 50 indicates that inventories increased.

**5) Does it take the same, more, or less time to sell a house?** A time to sell index above 50 indicates that the time needed to sell a home decreased over the past 30 days, a time to sell index of 50 indicates that the time needed to sell a home was unchanged, and a time to sell index below 50 indicates that the time needed to sell a home increased.

## Exposure to Key New Home Markets

The market exposure of homebuilders to the key housing markets is outlined in the table below.

**Exhibit 3: Summary of Homebuilders' Exposure to Top 20 New Home Markets**

Market	2010 1-Family Permits	Market Exposure (% of 2010 Closings)											
		BZH	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Atlanta, GA	6,436	-	3%	-	-	-	-	-	-	3%	4%	-	-
Austin, TX	6,069	-	5%	-	7%	4%	-	8%	-	4%	3%	9%	-
Charlotte, NC	4,518	-	2%	-	2%	2%	-	-	5%	2%	5%	6%	-
Chicago, IL	4,249	-	2%	3%	-	1%	-	-	-	2%	6%	-	-
Dallas, TX	14,409	6%	14%	8%	-	4%	-	17%	-	5%	7%	-	4%
Denver, CO	3,704	-	2%	-	4%	1%	16%	4%	-	1%	-	-	-
Houston, TX	22,134	10%	6%	21%	10%	14%	-	19%	-	5%	11%	-	2%
Inland Empire, CA	5,248	2%	3%	5%	8%	3%	6%	6%	-	4%	-	13%	1%
Jacksonville, FL	3,381	-	3%	-	4%	2%	6%	-	-	1%	3%	-	2%
Las Vegas, NV	4,630	4%	3%	-	8%	3%	15%	-	-	2%	7%	-	4%
Los Angeles, CA	4,012	5%	-	-	6%	3%	-	-	-	-	-	7%	2%
Miami, FL	3,178	-	2%	-	-	5%	-	-	-	1%	-	-	-
Minneapolis, MN	3,794	-	1%	-	-	3%	-	-	-	2%	5%	-	-
NY - Northern NJ	7,092	-	1%	12%	-	2%	-	-	-	1%	-	-	14%
Orlando, FL	4,177	3%	3%	-	4%	4%	-	8%	-	2%	6%	-	2%
Phoenix, AZ	7,259	7%	4%	-	3%	2%	10%	12%	-	6%	-	-	5%
San Antonio, TX	5,122	3%	6%	-	9%	2%	-	7%	-	5%	7%	-	1%
Seattle, WA	6,097	-	2%	-	-	-	9%	-	-	1%	-	-	-
Tampa, FL	4,395	4%	2%	-	2%	6%	-	-	-	1%	8%	10%	1%
Washington, DC	9,362	13%	-	12%	-	4%	8%	-	19%	6%	6%	-	16%
<b>Total Exposure to Top 20</b>	<b>129,266</b>	<b>56%</b>	<b>64%</b>	<b>62%</b>	<b>67%</b>	<b>66%</b>	<b>70%</b>	<b>81%</b>	<b>24%</b>	<b>55%</b>	<b>77%</b>	<b>45%</b>	<b>54%</b>

Source: Company data, Builder Online, Credit Suisse estimates

**Exhibit 4: Summary of Homebuilders' Exposure to Additional Key New Home Markets**

Market	2010 1-Family Permits	Market Exposure (% of 2010 Closings)											
		BZH	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Baltimore, MD	3,586	4%	-	2%	-	3%	3%	-	11%	-	5%	-	3%
Boston, MA	3,706	-	-	-	-	-	-	-	-	0%	-	-	1%
Charleston, SC	2,780	4%	1%	-	2%	2%	-	-	-	2%	5%	-	-
Cincinnati, OH	2,856	-	-	-	-	-	-	-	5%	-	-	-	-
Columbus, OH	2,902	-	-	-	-	-	-	-	1%	-	-	-	-
Detroit, MI	2,399	-	-	-	-	-	-	-	-	1%	-	-	2%
Fort Myers, FL	1,175	-	1%	-	-	2%	-	-	-	2%	-	-	2%
Kansas City, KS	2,113	-	-	-	-	-	-	-	-	-	-	-	-
Nashville, TN	3,945	5%	-	-	-	-	-	-	2%	2%	-	-	-
Phila.-Southern NJ	5,262	4%	1%	6%	-	-	-	-	7%	1%	-	-	11%
Portland, OR	3,368	-	1%	-	-	-	-	-	-	1%	-	-	-
Raleigh, NC	4,669	-	1%	2%	2%	3%	-	-	-	2%	-	8%	4%
Richmond, VA	2,536	-	-	-	-	-	-	-	5%	1%	-	-	-
Sacramento, CA	2,166	2%	-	-	-	2%	-	2%	-	2%	-	4%	-
San Diego, CA	2,270	-	0%	-	1%	1%	-	-	-	-	-	3%	1%
San Francisco, CA	2,138	-	-	-	4%	1%	-	-	-	2%	-	5%	4%
Sarasota, FL	1,704	-	1%	1%	1%	2%	-	-	-	1%	3%	-	-
St. Louis, MO	4,200	-	-	-	-	-	-	-	-	2%	-	-	-
Tucson, AZ	1,766	-	2%	1%	1%	4%	8%	5%	-	0%	-	2%	-
Virginia Beach, VA	3,147	-	-	-	-	1%	-	-	1%	0%	-	-	-
<b>Total Exposure to Next 20</b>	<b>58,688</b>	<b>19%</b>	<b>7%</b>	<b>12%</b>	<b>11%</b>	<b>19%</b>	<b>11%</b>	<b>8%</b>	<b>33%</b>	<b>20%</b>	<b>12%</b>	<b>22%</b>	<b>27%</b>

Source: Company data, Credit Suisse estimates

## Atlanta, GA – Affordability is a Draw for Buyers, Although Confidence Remains Low

(6,436 single-family building permits in 2010, 6th largest market in the country)

**Higher traffic suggests lower prices and rates do have some impact.** Buyer traffic improved in November, as our traffic index increased to 39 from 24 in October. This still indicates traffic levels below agents' expectations for this time of year (as measured by a reading of 50), though it is moving closer to equilibrium, and this was the highest reading in Atlanta since the beginning of 2010. While some agents' mentioned that traffic only met their expectations because they don't expect to see many buyers at this time of year, others claimed that the lower home prices and record low mortgage rates are clearly having an impact, even if they only get buyers out looking. In particular, distressed listings are receiving plenty of attention. "We have seen more buyer traffic and multiple offers on foreclosure and short sale homes," according to one agent. Another who saw traffic meet expectations noted, "Foreclosure properties, low interest rates. People are buying." A third agent said, "The home prices are lower than ever and buyers are taking advantage of it."

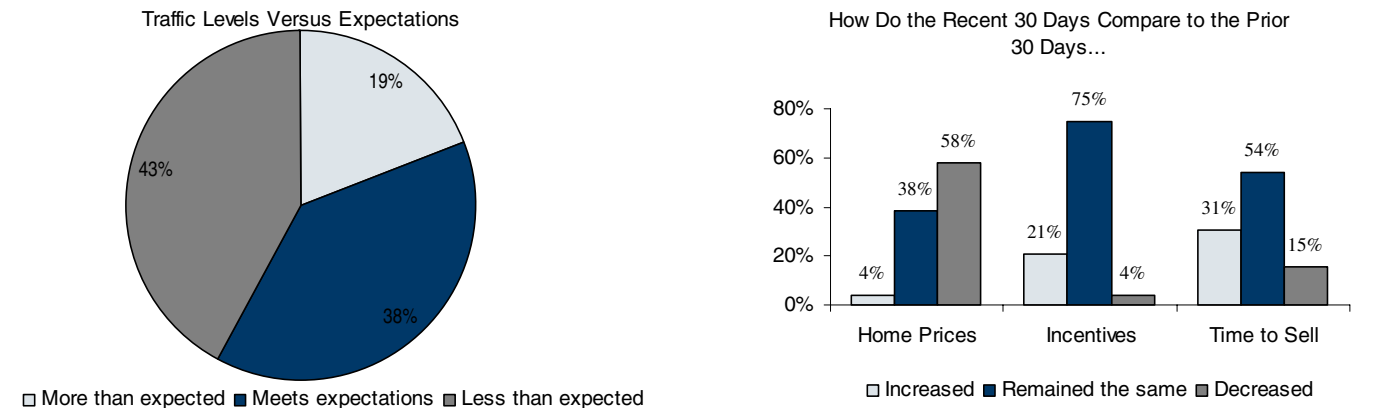
**Home prices fall further sellers try to entice buyers.** Consistent with the comments about higher traffic being driven by lower home prices, our home price index fell to 23 in November from 26 in October, indicating lower home prices over the past 30 days (any reading below 50). This comes despite further declines in inventory. Our home listings index slipped to 62 in November from 64 in October, but remained above a neutral reading of 50 (readings above 50 point to sequentially lower inventory levels). However, some of this decline is likely only seasonal (listings typically fall through December before increasing ahead of the spring selling season). The length of time needed to sell a home appeared to increase modestly, as our time to sell index increased to 42 in November from 25 in October, modestly shy of a neutral 50. The longer time to sell is typically a negative indicator for future pricing.

*Comments from real estate agents:*

- "Seasonal slow down finally arrived. Market uncertainty still weighing heavily on buyer decisions. Most sellers not in good position to sell."
- "Lower rates are still an asset to bringing in clients."

**Ryland, Pulte and D.R. Horton have the most exposure.** Ryland has the greatest exposure to Atlanta, which represents approximately 4% of its net sales, followed by Pulte Group and D.R. Horton with 3% each.

### Exhibit 5: Lower Home Prices and Rates Led to Higher Traffic in November



Source: Credit Suisse

November Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👍

"Interest and demand for new housing seems void."

## Austin, TX – Uneven Traffic Persists as Market Searches for Footing

(6,069 single-family permits in 2010, 8th largest market in the country)

**Traffic bounces back but buyers remain hesitant to close the deal.** Buyer traffic improved in November after dropping in October, continuing the trend of choppiness, as our traffic index increased to 33 from 15. Nevertheless, this indicates overall traffic levels below agents' expectations (readings below 50). One agent noted, "We see more local buyers in move-up mode than we have seen this year." Another agent said, "\$200,000-\$400,000 market is stronger." However, other agents said it is still difficult to get buyers across the finish line. One agent commented, "Traffic is still relatively slow and buyers are hesitant to pull the trigger. We are also experiencing a large decline in inventory as sellers are holding off on listing their homes. The best ones are selling fast and the rest are sitting there." Another noted, "We see uber amounts of traffic to our site...but fewer leads than the same time last month."

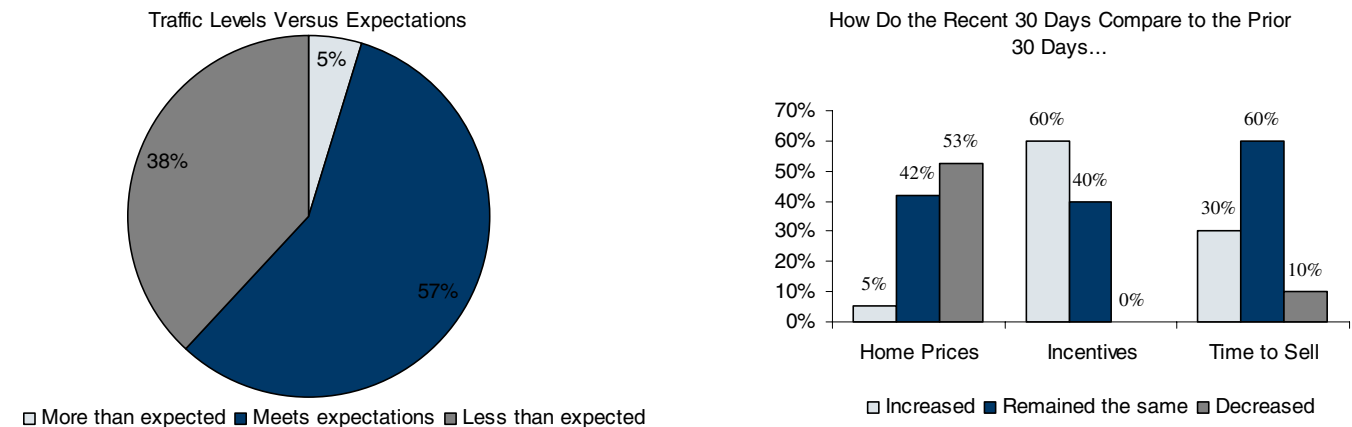
**Prices remain under pressure as buyers remain selective.** Home prices fell further in November, according to agents, as our home price index fell to 26 from 30 in October (readings below 50 indicate sequentially lower home prices). Inventory declined further, as many sellers have been discouraged from even listing homes, while the prime listings have sold. Our home listings index improved to 70 in November from 60 in October, well above a neutral reading (readings above 50 indicate lower inventory levels over the past 30 days). Our time to sell index increased to 40 in November from 25 in October, but remained below a neutral reading (readings below 50 point to a longer time needed to sell a home over the past 30 days). The higher traffic and lower inventory would normally be a positive, but the potential for shadow inventory to come back to market along with the lack of commitment from buyers keeps us cautious for now.

*Comments from real estate agents:*

- "Few people are trying to get into homes before year-end."
- "Lower interest rates, and appears the economy is showing signs of improvement. Customers are feeling better about their economic outlook. More foreclosures on the market."

**Meritage and Standard Pacific have the most exposure.** Meritage and Standard Pacific have the greatest exposure to Austin with approximately 9% of net sales each, followed by KB Home with 7%. Austin represents approximately 5% of sales for D.R. Horton.

### Exhibit 6: Buyer Traffic Improved on the Back of Lower Rates, but Lacking Follow-Through So Far



Source: Credit Suisse

## Charlotte, NC – Traffic In-Line with Lowered Expectations; Most Activity on Distress

(4,518 single-family permits in 2010, 14th largest market in the country)

**Flat is the new up.** Our buyer traffic index jumped to 46 in November from 25 in October, indicating traffic levels essentially in-line with agents' expectations for this time of year (readings of 50). There wasn't a ton of optimism in responses, unfortunately; most indicated that traffic was only in-line with expectations because it seems to be following normal seasonal patterns, while some continued to comment that buyers are fearful about job security. One agent noted, "It is typically slow in November and this is about the same level of traffic as last year." Another commented, "October was busier than normal...typical slowdown now through Thanksgiving." However, some agents did cite stronger activity at the low price points. One agent said, "The bad news is the only properties selling are foreclosures and aggressively priced regular sales. The good news is, those properties ARE selling! So, sellers who price between the market price and the foreclosure price are getting offers!"

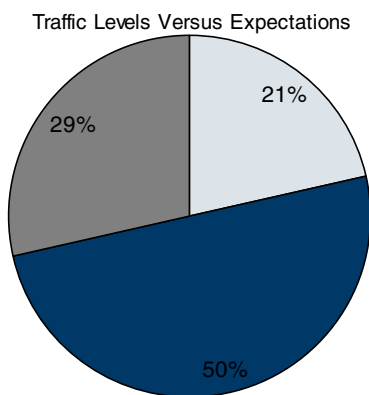
**Foreclosures and short sales dominate price environment.** Home prices fell further in November, as our home price index fell to 21 from 25 in October, well below a neutral reading (readings below 50 indicate lower home prices over the past 30 days). We think home prices are likely to fall further based on the continued foreclosures. Inventory levels fell again in November, as our home listings index dropped to 68 from 90 in October but remained comfortably above a neutral reading (readings above 50 suggest lower inventory levels). However, the length of time needed to sell a home continued to increase, as our time to sell index slipped to 29 in November from 30 in October (readings below 50 point to a longer time to sell). We view the increased time to sell as a negative leading indicator for price trends.

*Comments from real estate agents:*

- "Traffic has remained steady through November, which is a very different story than last year."
- "Bank of America started passing out pink slips this week."

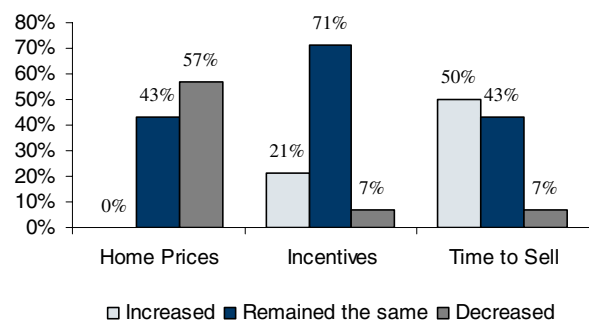
**Standard Pacific, NVR and Ryland have the most exposure.** Standard Pacific has the greatest exposure to Charlotte with approximately 6% of sales. NVR and Ryland each have approximately 5% exposure to Charlotte. DHI, KBH, LEN, and PHM each have 2%.

### Exhibit 7: Sellers Need to Compete Directly with Distress to Get Offers



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse

November Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👎

"The economy has the market scared; they think prices will go lower."

## Chicago, IL – Buyers Lack Confidence and See No Reason to Rush Out and Buy

(4,249 single-family permits in 2010, 16th largest market in the country)

**Traffic index hits lowest level in a year.** Our buyer traffic index fell to 18 in November from 27 in October, indicating weak traffic levels well below agents' expectations for this time of year (any reading below 50 suggests lower than expected traffic). This is the lowest level on our index in a year. Agents continue to cite a combination of factors from lack of job security to inability to qualify for loans to lack of urgency given an expectation for continued low rates and further price declines. According to one agent, "It's dead out there. Transferees who had to buy have bought. Everyone else is waiting for prices to fall further. It's a self-fulfilling prophecy." Another agent noted a "lack of confidence in the market; people seem to be slow to move on anything, sales or rentals." One agent said the low end is the only place seeing activity, commenting, "The only buyers that are out there is investors that are looking for a steal and first time buyers, no buyers in the middle."

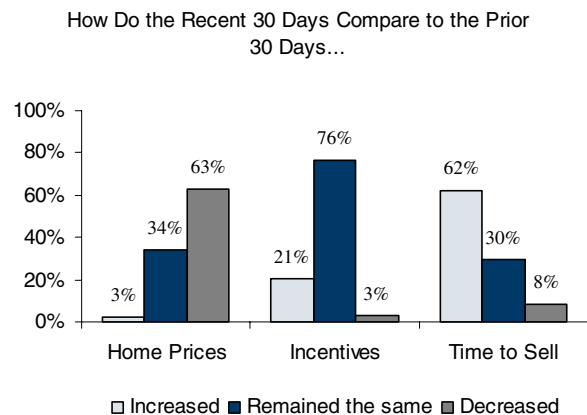
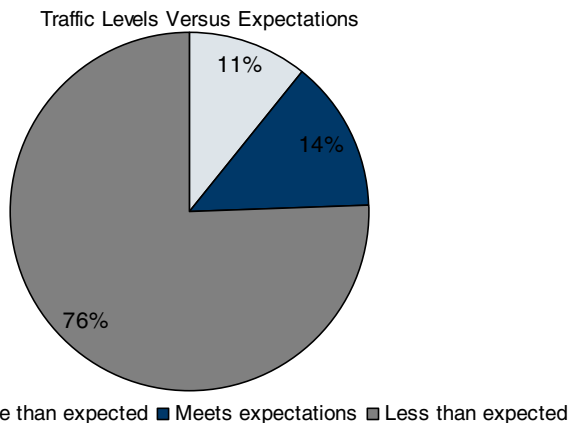
**Weak demand pressures prices.** Home prices continued to fall in November, as our home price index came in at 20, up modestly from 13 in October but still well short of a neutral reading (any reading below 50 indicates sequentially lower home prices). Inventories remained largely unchanged in November, as our home listings index slipped to 47 in November from 53 in October but was still essentially in-line with a neutral reading of 50. Inventory levels are likely to trend lower through year-end due to normal seasonality as sellers take their homes off the market ahead of the holidays. However, the length of time needed to sell a home continued to increase as a result of the weak demand. Our time to sell index was unchanged at 23, below a neutral reading of 50.

*Comments from real estate agents:*

- "Many people showed up at my open house last weekend, but they just kicked the tires, no real interest in buying."
- "Sellers are taking their homes off the market for the holidays, appraisals are coming in low, short sales are taking forever, and I have a foreclosure that was supposed to close over a month ago and the bank still can't produce title to close."

**Ryland has the most exposure.** Ryland has the greatest exposure to Chicago with approximately 5% of its sales in the market, followed by Hovnanian with 3%. D.R. Horton and Pulte Group each have approximately 2% of sales in Chicago.

### Exhibit 8: 3/4 of Agents Surveyed Said Traffic was Worse than Expected



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Buyers unable to get financing, appraisals having very low values."

## Dallas, TX – Buyers are Waiting Out the Economic Storms

(14,409 single-family permits in 2010, 2nd largest market in the country)

**Traffic continues to trend lower.** Buyer traffic worsened in November, as our traffic index fell to 19 from 28 in October, well below a neutral reading (readings below 50 indicate traffic lower than agents' expectations for this time of year). The higher reading in October appears to be a modest bounce in the midst of a broader trend lower, as our Dallas traffic index has fallen sharply since reaching 45 in July. November was the lowest reading since last October. Agents said that for the most part buyers continue to lack the confidence necessary to make such a big commitment. One agent noted, "People are still just waiting. Some first time homebuyers are out there and there is a little movement in the upper end. Everything in between is scary." Another commented, "While still slow, buyers are out there though most are still reluctant at this point in time. No real change over last month." A third agent cited, "General malaise concerning the economy, despite record low rates, attractive pricing on houses, etc."

**Lower inventory levels haven't stemmed price declines yet.** Not surprisingly, given the weak traffic reading, agents said home prices continued to fall in November. Our home price index fell to 33 in November from 39 in October, with readings below 50 pointing to lower prices over the past 30 days. Meanwhile, inventory levels continued to trend lower, as our home listings index improved to 64 in November from 61 in October, with readings above 50 suggesting lower inventory levels. However, this was more than offset by the weaker traffic, as the length of time needed to sell a home (reflecting the combination of demand and inventory trends) increased. Our time to sell index fell to 19 from 33, well below a neutral reading of 50.

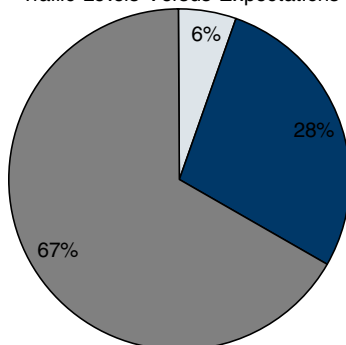
*Comments from real estate agents:*

- "Good' homes are still selling for fair prices in less than the average time, however an 'average' home will sit on the market much longer unless it's priced very aggressively."
- "Business is suddenly dead in the water. I usually get pretty good business in November."

**Meritage, D.R. Horton and Hovnanian have the greatest exposure.** Meritage has the greatest exposure to Dallas, which represents 17% of its sales, followed by D.R. Horton at 14% and Hovnanian at 8%. Dallas represents 7% of sales for Ryland and 6% for Beazer.

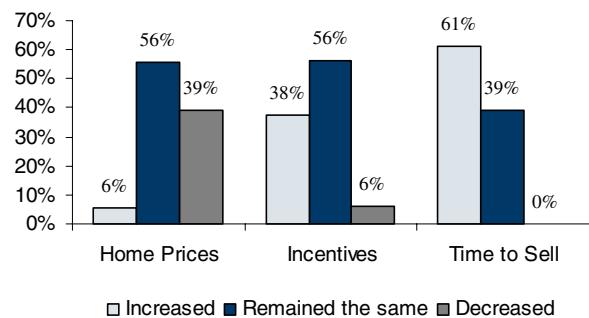
### Exhibit 9: Buyers Remain on Hold

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Many transfers are on hold."

## Denver, CO – Shrinking Quality Inventory Spurs Some Buyers into Action

(3,704 single-family permits in 2010, 24th largest market in the country)

**Traffic levels moving closer towards agents’ expectations as buyers see value in quality inventory.** Our homebuyer traffic index improved to 42 in November from 39 in October, approaching a neutral reading of 50 (readings below 50 point to traffic below agents’ expectations). This was the third straight month of improving trends. While some agents continued to cite shaky confidence, the overall tone from agents appeared more upbeat. A number of agents credited the shrinking supply of quality listings for the better traffic, as buyers are starting to recognize the value in acting now. One agent noted, “Showings are up, inventory of good properties (good showing and well located) are harder to find right now in most price ranges other than above \$400k.” Another agent commented, “Inventories seem low and even the buyers are noticing that.” According to another agent, “Renters are beginning to realize that owning is cheaper than rent for the entry level buyer.”

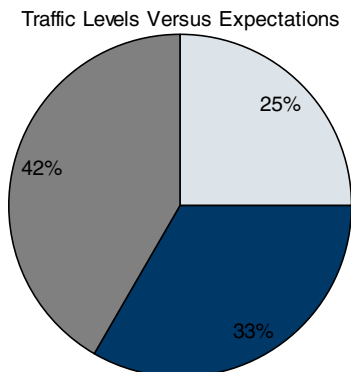
**Inventory falling noticeably, which should help to support prices.** Home prices remained under pressure in November, as our home price index inched up to 36 from 34 but remained below a neutral reading of 50 (any reading below 50 points to sequentially lower prices). However, inventory levels continued to fall, and further progress reducing supply should help to support home prices (though one concern would be that some sellers are just taking listings off the market temporarily). Our home listings index remained at 81 in November, well above a neutral reading of 50, and has come in at 70 or higher for four consecutive months. Our time to sell index moved closer to stabilization as well, increasing to 44 in November from 42 in October (a reading of 50 would suggest an unchanged length of time needed to sell).

*Comments from real estate agents:*

- “It has been a beautiful autumn in Denver - for buyers and sellers. The market has normalized. In fact, we now have an inventory shortage in Denver so it is a great time to be a seller!”
- “Northwest metro market is very hot for homebuilders.”

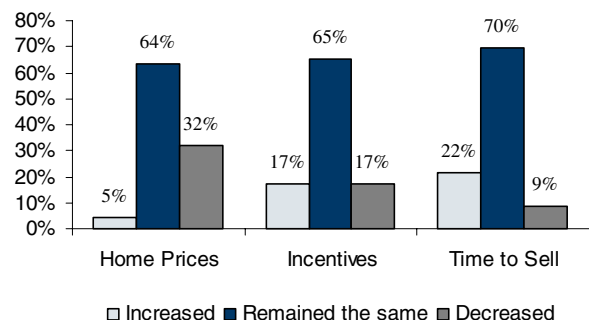
**MDC Holdings has the greatest exposure.** MDC Holdings has the greatest exposure to Denver, which generates approximately 16% of its sales, followed by KB Home and Meritage at 4% each. D.R. Horton has approximately 2% exposure.

### Exhibit 10: Falling Inventory Levels Could Help to Create Some Urgency Among Buyers



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse

November Market Trends	
Traffic	👉
Home Prices	👉
Incentives	↔

“Lack of inventory means buyers are searching for longer.”

## Houston, TX – Choppy Trends Continue as Buyers Weigh Affordability vs. Confidence

(22,134 single-family permits in 2010, largest market in the country)

**Traffic up as lower pricing and rates encourage action.** Buyer traffic improved in November, continuing a trend of alternating months of improvement and deterioration seen since March. Our buyer traffic index increased to 41 from 32 in October, still indicating traffic levels modestly below agents' expectations for this time of year (any reading below 50). The positive responses from agents centered around improving affordability and relocations, while the negative ones primarily focused on a lack of confidence and inability to qualify for loans. According to one agent, "We have a lot of relocations in our area and I think that may be driving it as it's more in the higher price ranges (above \$200,000)." Another agent cited, "Lower pricing and sellers willing to pay closing costs." Another agent said buyers are "taking advantage of the lowest rates in history." On the flip side, though, one agent who saw poor traffic levels cited, "1) It may be that most qualified buyers think that prices are going to continue to fall; 2) It appears that the pool of qualified buyers is running thin."

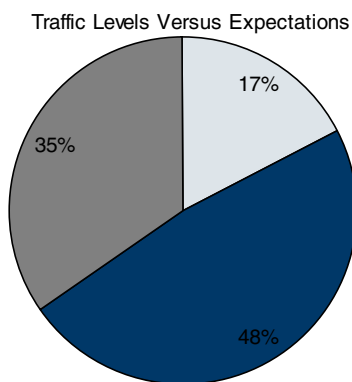
**Modest pricing pressure persists.** Home prices remained under pressure, as our home price index fell to 37 in November from 41 in October, with readings below 50 suggesting lower prices over the last 30 days. However, inventory levels declined, and the length of time needed to sell a home was nearly stable, according to agents. Our home listings index improved to 67 in November from 53 in October, above a neutral reading of 50, while our time to sell index improved to 44 from 38, close to a neutral reading. Lower inventory and a shorter time to sell would be a positive for pricing trends.

*Comments from real estate agents:*

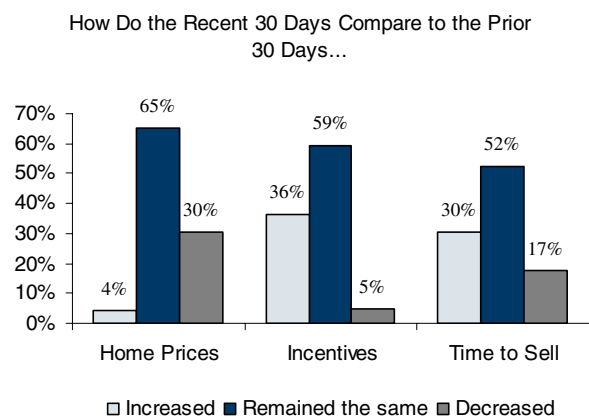
- "The buyer market has picked back up after the traditional Aug./Sept. slowdown. Buyers want to take advantage of the Homestead Exemption they will get if they own the home on Dec 31st."
- "Unqualified buyers; and qualified buyers that are frustrated with mortgage red tape and underwriting criteria."

**Hovnanian, Meritage and Lennar have the greatest exposure.** Houston represents approximately 21% of sales for Hovnanian, 19% of sales for Meritage, 14% for Lennar, and 11% of sales for Ryland. KBH and BZH each have 10% exposure and DHI has 6%.

### Exhibit 11: Affordability is not Enough to Boost Demand in October, Demand Slips as does Pricing



□ More than expected ■ Meets expectations ▣ Less than expected



□ Increased ■ Remained the same ▣ Decreased

Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

“Employment uncertainty and unknown federal tax & regulatory requirements on businesses.”

## Jacksonville, FL – Low End Buyers and Investors Scour Market for Deals

(3,381 single-family permits in 2010, 26th largest market in the country)

**Bargain hunters lead to increased traffic.** Buyer traffic increased in November relative to October, as our traffic index improved to 38 from 25; however, this remains below a neutral reading of 50, indicating overall levels below agents' expectations for this time of year). Agents said the increase came as a result of buyers and investors looking to take advantage of lower mortgage rates and home prices. One agent noted, "With rates at a historic low, purchasing a home is less expensive than renting on a monthly basis." Another agent cited, "lower interest rates, home prices continuing to drop, and investors are out there too." A third agent commented, "The market is still slow, but people continue to bargain hunt for foreclosures." Not everyone was so rosy, however. Several agents said that buyer confidence remains extremely fragile and it's tough for them to commit. "Buyers are still cautious about taking action," according to one agent.

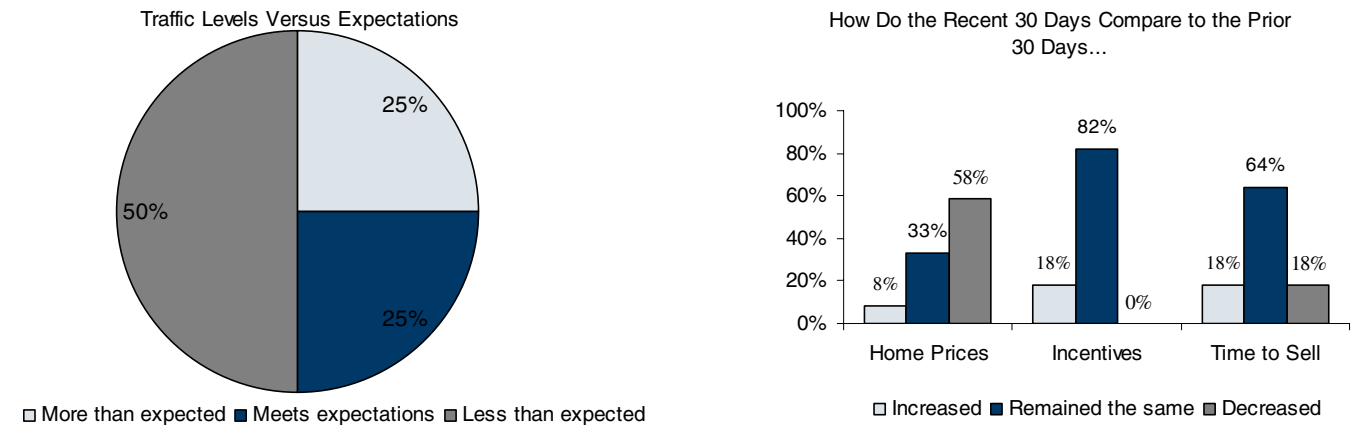
**Home prices remain under pressure.** Home prices continued to fall in November, as our home price index came in at 25 (from 22 in October), well below a neutral reading of 50. Falling inventory levels have yet to provide support for home prices, likely as buyers continue to fear that the backlog of foreclosures working their way through the system, which have been delayed significantly by the robo-signing issues, will cause further declines in the near term. Our home listings index improved to 63 in November from 55 in October, with readings above 50 indicating lower inventory. In addition, the length of time needed to sell was unchanged, as our time to sell index jumped to 50 in November from 25 in October, consistent with a neutral reading. As noted above, however, the concern is that the lower inventory levels are only temporary and will increase once again as distressed listings come back to market.

*Comments from real estate agents:*

- "More buyers but no idea why. More cash buyers...they feel the market has turned?"
- "Hear a great deal from potential customers about gridlock in Washington and no jobs program. Dislike with large banks also a factor."

**MDC Holdings and KB Home have the most exposure.** Jacksonville represents approximately 5% of sales for MDC and 4% for KB Home, with Ryland and D.R. Horton each at 3%, and LEN and TOL each at 2%.

### Exhibit 12: Buyers Come Out as Sellers Lower Prices



Source: Credit Suisse

November Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

"Banks are really problematic."

## Las Vegas, NV – Buyers are Looking for Steals, if They Can Qualify for Loans

(4,630 single-family permits in 2010, 13th largest market in the country)

**Traffic holds steady as deals attractive both investors and traditional buyers.** Buyer traffic was essentially unchanged in November, as our traffic index came in at 43 vs. 44 in October, indicating relatively healthy activity just shy of agents' normal expectations (a reading of 50 would suggest traffic in-line with expectations). As with recent months, the majority of the commentary indicated buyers are out looking to score great deals. "Buyers are out looking to steal homes at this time. Some think that banks should give away homes at below market values," according to one agent. Another noted, "I think people are beginning to realize that Las Vegas pricing is forming a bottom. While prices may slide slightly lower, this is about as low as they're going to get." However, the major hurdle is getting buyers qualified for mortgages, according to agents. One agent said, "People recognize that there are a lot of deals to be had. Unfortunately a lot of this traffic is not fully qualified." As a result, "More people are stopping at open houses wanting to rent rather than buy," one agent commented.

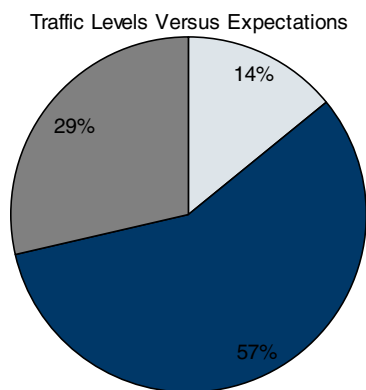
**Distress continues to drive pricing.** Home prices remained under pressure, as our price index came in at 26 in November (from 24 in October), with any reading below 50 indicating lower home prices over the past 30 days. Foreclosures and short sales continue to dominate the listings, and even though inventory has come down, this keeps pressure on prices. Our home listings index improved to 71 in November from 59 in October, above a neutral reading of 50, indicating lower inventory levels (the sixth consecutive month of stable or lower inventory). The length of time needed to sell a home was also unchanged, as our index measured a neutral 50 (up from 41 in October). A shorter time to sell would be a positive for pricing.

*Comments from real estate agents:*

- "The new law slowing foreclosures will continue to clog the system and not allow the market to find stability."
- "More investors; more people are retiring to Las Vegas."

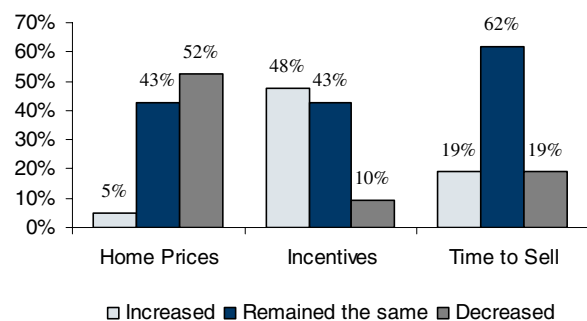
**MDC Holdings and KB Home have most exposure to Vegas.** MDC has the greatest exposure to Las Vegas, which generates 15% of its sales, followed by KB home with 8% and Ryland at 7%. Las Vegas represents 4% of sales for BZH and TOL each.

### Exhibit 13: Demand Remains Healthy, Primarily at Low End



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

November Market Trends	
Traffic	👉
Home Prices	👉
Incentives	👉

"When it comes to FHA or VA loans, it seems the appraisers are ultra conservative."

## Los Angeles, CA – Buyers Take an Early and Extended Winter Break

(4,012 single-family permits in 2010, 19th largest market in the country)

**Traffic softens further as buyers are glued to the fence.** Buyer traffic slipped in November, as our traffic index fell to 23 from 25 in November, well short of a neutral reading (readings below 50 suggest traffic below agents' expectations). Agents said that for the most part buyers remain firmly on hold, either fearing further price declines, job/income loss, or an inability to obtain financing. One agent commented, "It is more difficult for buyers to get loans, and the economy is unstable." According to another agent, "Everyone has a bad feeling with what's coming." Another noted, "Buyers are on fence waiting for lower prices." Another agent agreed, saying buyers mainly want to know, "Are the house prices going to be lower?" However, some deal hunting is still taking place, according to several agents. One noted, "Confidence waned in October/November but investors are out in force."

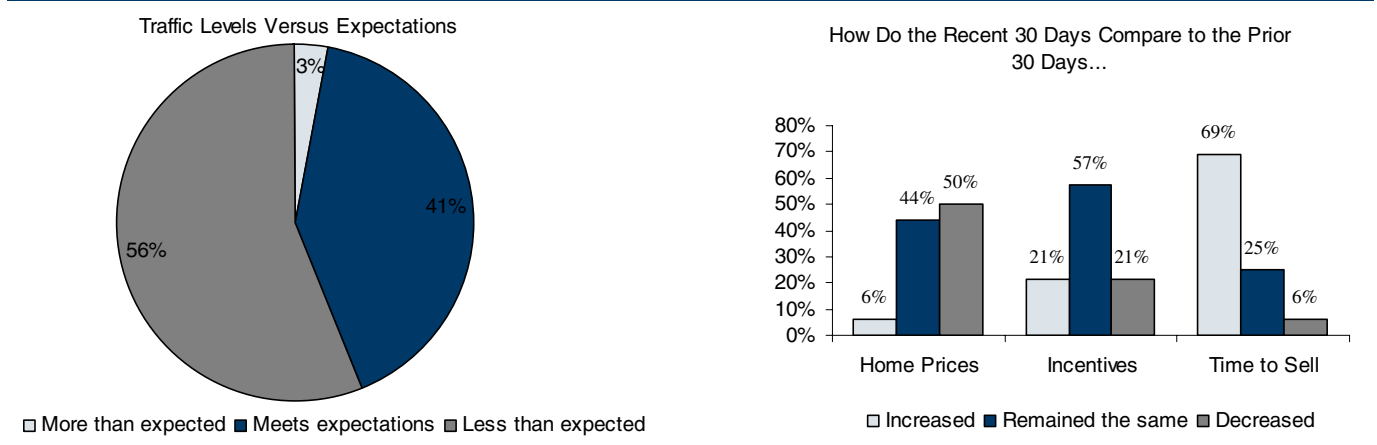
**Prices fall, and longer time to sell portends further declines.** Home prices continued to fall in November; our home price index improved to 28 from 21 in October, but remained well short of a neutral reading (any reading below 50 indicates sequentially lower home prices). Inventory levels were essentially stable, as our home listings index fell to 47 in November from 59 in October, close to a neutral level of 50. However, inventory still remains elevated. Additionally, the length of time needed to sell a home increased in November – a negative indicator for near term home price trends – as our time to sell index fell to 19 from 33 in October, with readings below 50 indicating a longer time needed to sell a home over the past 30 days.

*Comments from real estate agents:*

- "Buyers are getting cold feet and buyers are having loan issues and properties are having appraisal issues."
- "Clients realize it is time to buy while the interest rates are down and prices are also down."

**Standard Pacific and KB Home have the most exposure.** Approximately 7% of sales for Standard Pacific come from L.A., and 6% for KB Home. L.A. represents 5% of sales for Beazer and 3% for Lennar.

### Exhibit 14: Lower Traffic and a Longer Time to Sell Point to Further Price Declines



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔️

“Buyers are on the fence and not getting financing.”

## Miami, FL – Foreign Investors Still Making a Strong Push into the Market, Supporting Demand

(3,178 single-family permits in 2010, 29th largest market in the country)

**Strong investor demand drives higher traffic in November.** Buyer traffic improved further in November, barely missing agents’ expectations for this time of year, as our traffic index came in at 44 from 40 in October (readings below 50 point to traffic missing agents’ expectations). Agents heavily attributed the better traffic in November to strong demand from investors. These were almost exclusively foreign investors from South America and Europe. One agent noted, “Buyers are coming from everywhere. South America, Europe, and now even New Yorkers.” Another agent noted, “Foreign buyers are coming from South America and Europe!” Agents also noted that these investors are coming in with cash offers, bypassing any potential mortgage related obstacles. The influx of investors led one agent to comment, “The market is starting to feel like it has stabilized.” Another mentioned that “housing is cheap and mortgage rates are low.” However, traffic outside of investor demand seemed relatively weak (with the exception of the occasional snowbird). Economic concerns remained a major deterrent in addition to tight lending and a lack of confidence. We think this is something to keep an eye on, as we think that if investor demand dries up, the overall market may suffer.

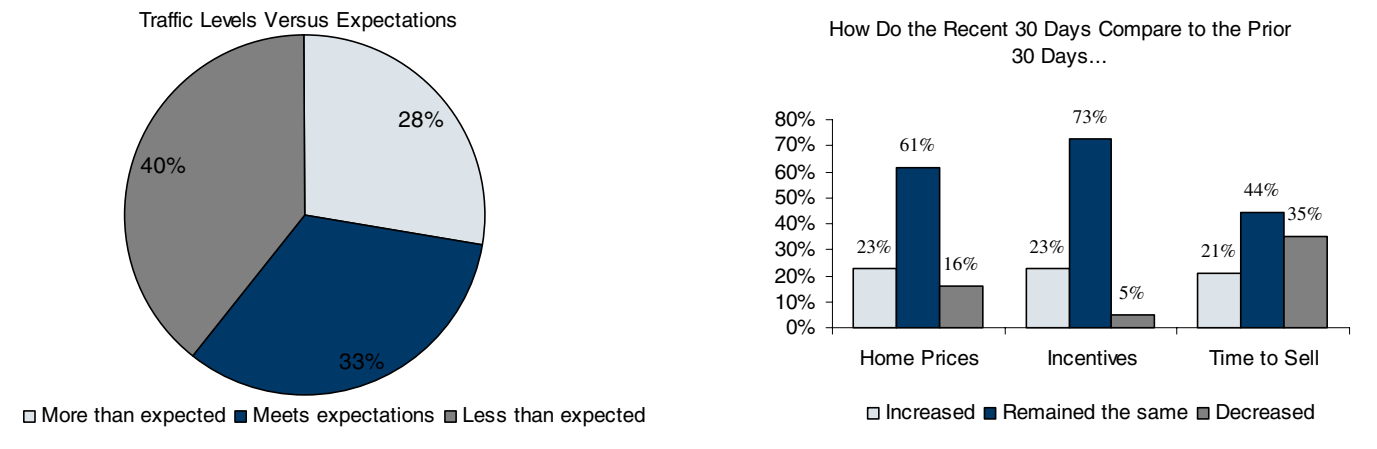
**Prices stable again as inventory levels continue to slide.** Home prices remained stable in November, as our home price index came in at 53 from 48 in October, in-line with a neutral reading (a reading of 50 points to flat pricing), marking the fourth consecutive month of stable pricing for the region. This is on the heels of the ten consecutive months of stable or lower inventory levels for the region, as our home listings index came in at 72 from 74 in October (readings above 50 point to lower inventories). The lower inventory levels and the strong investor demand led to a reduced time to sell in November, as our time to sell index came in at 57 from 55 in October (readings above 50 point to a reduced time to sell). We view the reduced time to sell as a positive for future pricing, but remain concerned over the level of shadow foreclosure inventory currently held from the market.

*Comments from real estate agents:*

- “Foreign clients are coming in with cash to invest in the area.”
- “Snow birds are arriving for the winter.”

**Lennar has the most exposure.** Lennar has the greatest exposure to Miami, representing 5% of its sales, followed by D.R. Horton at 2%.

### Exhibit 15: Foreign Investors with Cash are Driving the Market



Source: Credit Suisse

November Market Trends	
Traffic	↑
Home Prices	↔
Incentives	↓

“Investor demand for rentable condos is out of control.”

## Minneapolis, MN – Confidence Continues to Evaporate from the Market

(3,794 single-family permits in 2010, 21st largest market in the country)

**Traffic falls again as buyers see further weakness ahead.** Traffic fell for the second consecutive month in November, as our traffic index slipped to 21 from 27 in October, coming in below agents' expectations for this time of year (readings below 50), and marking the region's lowest reading since December 2010. Agents stressed buyers' price and economic concerns in our November survey, similar to commentary from our October survey. One agent mentioned, "Buyers are very uncertain about the future. That includes their jobs and the value of the home they might purchase." Another agent noted, "I have seen two instances in the past two weeks where buyers cancelled because they were nervous." One more mentioned, "Buyers are just plain scared to make commitments. The only way to get them to buy anything is to under price the home by a significant amount." There also appeared to be a lack of attractive inventory as one agent noted, "There are fewer good buys available."

**Inventory is not falling enough to hold pricing.** Home prices fell again in November, as our home price index came in at 16 (unchanged from our reading in October), with readings below 50 pointing to lower prices over the past month. We see the lower price readings as a real negative given the now eight consecutive months of stable or lower inventory levels in the region, as our home listings index came in at 83 from 85 in October (readings above 50 point to lower inventories). However, the lower pricing does not come as a complete surprise, as our time to sell index came in at 31 from 30 in October, pointing to an increased time to sell (readings below 50). We view this is a negative indicator of future pricing.

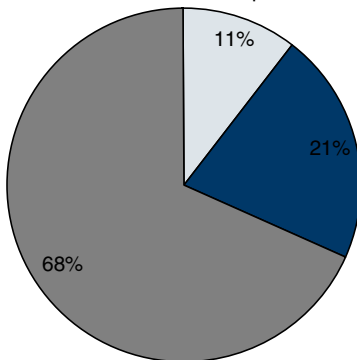
*Comments from real estate agents:*

- "There is a real lack of confidence and people believe that homes will be cheaper next year."
- "Buyers are waiting forever for that deal they simply can't pass up. They are in no rush because they know rates aren't going anywhere for a while."

**Ryland, Lennar and Pulte have the greatest exposure.** Ryland has the greatest exposure to Minneapolis, which generates approximately 5% of its sales, followed by Lennar at 3% and Pulte at 2%.

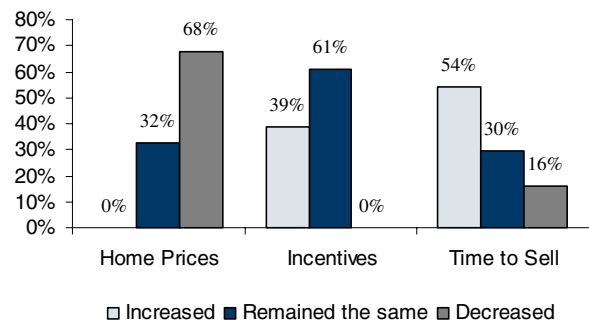
### Exhibit 16: Pricing Falls Even as Inventory Levels Continue to Decline

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

November Market Trends	
Traffic	☹️
Home Prices	☹️
Incentives	☹️

"Prices keep dropping with no end of sight."

## New York-Northern NJ – Buyers are Nowhere to be Found as Market Confidence Continues to Erode

(7,092 single-family permits in 2010, 5th largest market in the country)

**Traffic bounces slightly but the move is nothing to write home about.** Traffic levels saw a slight bounce in November, but this was off near record lows in October, with our buyer traffic index still coming in well below agents' expectations for this time of year. Our traffic index came in at 19 in November from 9 in October, short of expectations (readings below 50). Agents noted that weak confidence continues to dominate the local market sentiment. Buyers are said to have no expectation for an improvement in pricing, the economy, their job security, or the mortgage lending environment. One agent mentioned, "It's the same old things: bad economy, high unemployment, fear of job loss, and buyers anticipating more declines in home prices." Another agent noted, "People are worried the economy is not going to get better. There is more pessimism in the market nowadays." On lending, one agent noted, "Banks are even slower to depart with funds. They require more and more paperwork." Even when traffic shows up, agents say it goes as fast as it comes. One noted, "We had some early fall tire kickers, but they disappeared very quickly. They are waiting for prices to drop even more."

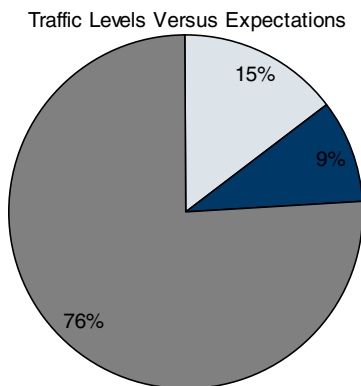
**Prices continue to fall.** Home prices continued to fall in November, as our home price index came in at 19 from 15 in October, well short of a neutral reading of 50 (readings below 50 point to sequentially lower prices). Meanwhile, inventory levels continued to rise, likely adding further pressure to an already weak pricing environment. Our home listings index came in at 36 from 24 in October, pointing to higher inventories (readings below 50). Adding to the downside, our time to sell index came in at 14 (from 17 in October), pointing to an increased time to sell, which we view as a negative indicator of future pricing.

*Comments from real estate agents:*

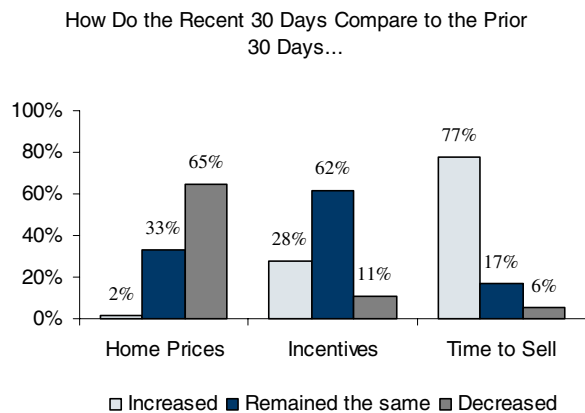
- "People have less money; with the holidays approaching they are putting home shopping on the back burner."
- "Many buyers remain on the fence. The impression is that financing is incredibly difficult to obtain."

**Toll Brothers and Hovnanian have the greatest exposure.** Toll Brothers has the greatest exposure to the New York-Northern NJ area market, which represents approximately 14% of its sales, followed by Hovnanian with 12%.

### Exhibit 17: Market is Crippled by a Lack of Confidence and Falling Prices



□ More than expected ■ Meets expectations ▒ Less than expected



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"People are more fearful today than ever before."

## Orlando, FL – Apprehension and Uncertainty Keep Market Activity at a Minimum in November

(4,177 single-family permits in 2010, 18th largest market in the country)

**Traffic falls sharply on economic concerns.** Buyer traffic fell sharply in November, as our traffic index fell to 18 from 35 in October, coming in well below agents' expectations (readings below 50), and marking the region's lowest reading since June. Agents noted that a greater share of buyers in November were concerned about economic turmoil in addition to their own job security and the overall direction of the local housing market. One agent mentioned, "Buyers have doubts about the economy. No wonder with all the bad economic news we've been seeing." Another agent mentioned, "I had a buyer cancel on me because he wasn't sure he would have a job in the near future." Other agents noted that tight lending played a role in driving traffic lower in November, with weak appraisals discouraging or nixing deals. In addition one agent noted, "Banks are increasingly failing to approve short sales." One agent also commented that "buyers have unrealistic expectations." We also received scattered commentary on less traffic because of fewer available REOs, similar to commentary in November from other foreclosure heavy markets.

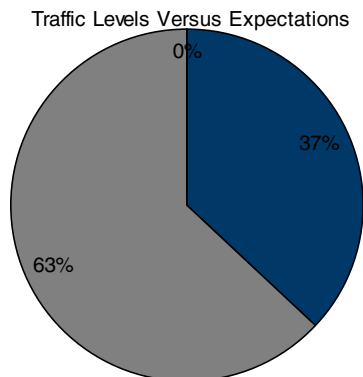
**Prices stabilize on lower inventory levels.** Agents indicated that home prices moved into stable territory in November, as our home price index came in at 47 from 42 in October, in-line with a neutral reading (readings of 50 point to flat pricing). This comes on the heels of 12 consecutive months of stable or lower inventory levels for the region, despite the lower traffic levels in November. Our home listings index came in at 67 from 85 in October, pointing to lower inventory levels (readings above 50). In addition, our time to sell index came in at 47 in November from 62 in October, in-line with a neutral reading pointing to an unchanged time to sell (readings of 50), suggesting buyers may be competing for the fewer properties that are available for sale. We view the lower inventories and unchanged time to sell as positive indicators of future pricing, though we remain concerned over the backlog of shadow foreclosure inventory.

*Comments from real estate agents:*

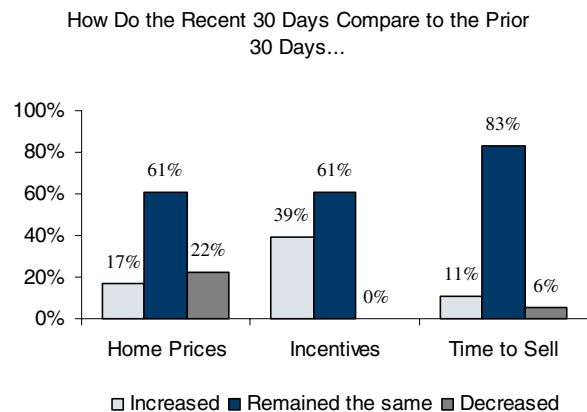
- "Nobody is moving unless they have to because prices are too low."
- "People really don't understand how long the short sale process can take."

**Meritage and Ryland have the greatest exposure.** Meritage generates approximately 9% of its sales in Orlando, followed by Ryland at 6%. The market represents approximately 4% of sales for Lennar and KB Home.

### Exhibit 18: Prices Stabilize Despite Sharply Lower Demand as Inventory Levels Continue to Fall



□ More than expected ■ Meets expectations ▒ Less than expected



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	↔
Incentives	👎

"There are too many stories of imminent doom for people to get excited about the market."

## Phoenix, AZ – Limited Inventory Brings Weaker Traffic, but Helps Stabilize Prices

(7,259 single-family permits in 2010, 4th largest market in the country)

**Fewer homes for sale cause investor demand to slip; seasonal snow birds are still finding their way.** Buyer traffic fell further below agents' expectations in November, as our traffic index slipped to 28 from 40 in October (readings below 50 indicate lower than expected traffic). This reading marks the lowest for the region since December 2010. Agents noted that even though investor demand was still strong in November, there has been a reduction in the level of attractive inventory, limiting investors' options. One agent noted, "Inventory has been reduced. Lenders are maintaining higher default levels and are not releasing properties as quickly as they have in the past." Another highlighted, "There is an expectation that more REO properties will make its way to the market." Agents also noted that weaker confidence helped drive traffic lower in November. One agent highlighted, "Buyers still feel leery about the housing market and certainly the economy, not just locally but nationally as well." However, not all the commentary was negative, as agents noted that traffic from snow birds looking for deals has been trickling in.

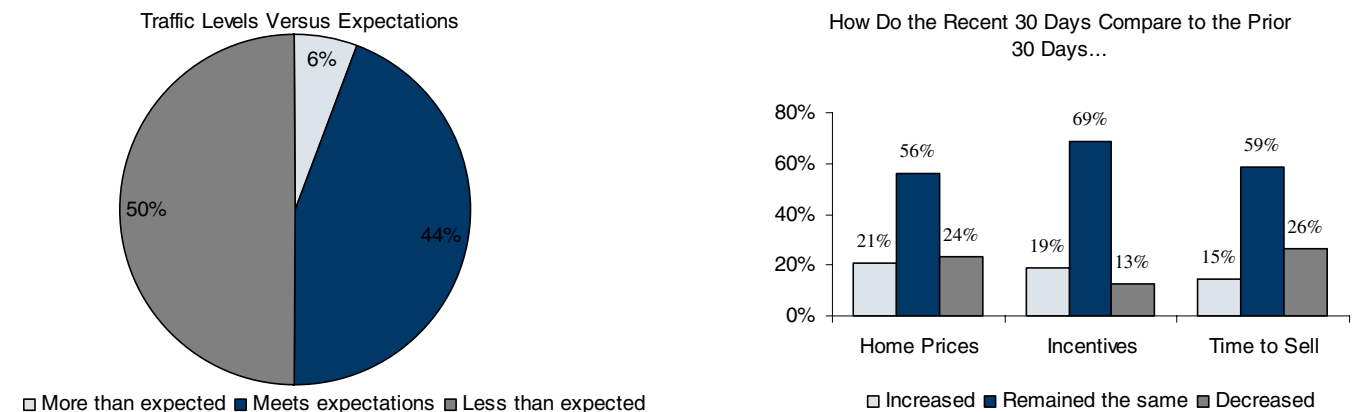
**Home prices stable as inventory continues to fall.** Home prices remained stable in November, as our home price index came in at 49 from 50 in October, in-line with a neutral of 50 (readings of 50 point to flat pricing). Pricing has started to stabilize in the face of ever decreasing inventory levels, as our home listings index came in at 74 from 76 in October (readings above 50). This marks the ninth consecutive month of stable or lower inventories for the region. Agents have noted that the lower inventories have helped drive multiple bids on desirable properties, propping up prices. These low levels have also led buyers to move quickly on properties for sale, as our time to sell index came in at 56 from 57 in October, pointing to less time to sell. We view this as a positive for future pricing.

*Comments from real estate agents:*

- "The number of frustrated buyers is plentiful because of the shrinking inventory and the delays in bringing existing REOs to market."
- "Hearing that lenders are getting tougher on loan qualifications and that appraisals are coming in below the purchase price has hurt demand."

**Meritage and MDC Holdings have the greatest exposure.** MTH has the largest exposure to Phoenix, which represents approximately 12% of total company sales, followed by MDC (10%), BZH (7%), PHM (6%), TOL (5%), DHI (4%), and KBH (3%).

### Exhibit 19: Pricing Stable on Lower Inventories, but Fewer Options Results in Reduced Traffic



Source: Credit Suisse

November Market Trends	
Traffic	↓
Home Prices	↔
Incentives	↔

"There isn't as much inventory to choose from."

## Riverside-San Bernardino, CA (Inland Empire) – Buyers Think Prices Have More Room to Fall

(5,248 single-family permits in 2010, 10th largest market in the country)

**Demand slips as buyers are no longer confident in price stability.** Traffic remained choppy in Riverside, as agents indicated that traffic slipped in November after bouncing back in October, with our traffic index falling to 29 from 50 in October and 25 in September. Agents noted that buyers made an about-face in their opinion on prices in November. Whereas buyers in October were drawn to the market by low prices, buyers this month appeared to have lost confidence and were concerned about whether prices had actually found a bottom. One agent mentioned, “Buyers are still expecting prices to drop further.” Another agent noted, “There are concerns out there that the market hasn’t stopped falling.” In addition, the distress market appears to be hitting roadblocks, as one agent noted that “short sales are not being approved and lenders are delaying foreclosures.” A lack of attractive also remained an issue in November, as agents noted that buyers simply did not show interest in their available listings. However, some agents noted that low prices continued to generate some interest from buyers.

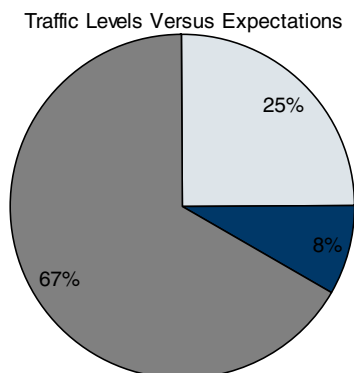
**Time to sell increases as buyers patiently evaluate options.** Home prices remained under pressure in November, as our home price index came in at 25 from 19 in October, still well below a neutral reading, pointing to lower prices over the past month (readings below 50). Prices continue to fall despite six consecutive months of stable or lower inventories, as our home listings index came in at 50 from 65 in October, pointing to unchanged inventories over the past month (readings of 50). However, our time to sell index came in at 25 from 42 in October, pointing to an increased time to sell in November, which we view as a negative indicator of future pricing as homes sit on the market.

*Comments from real estate agents:*

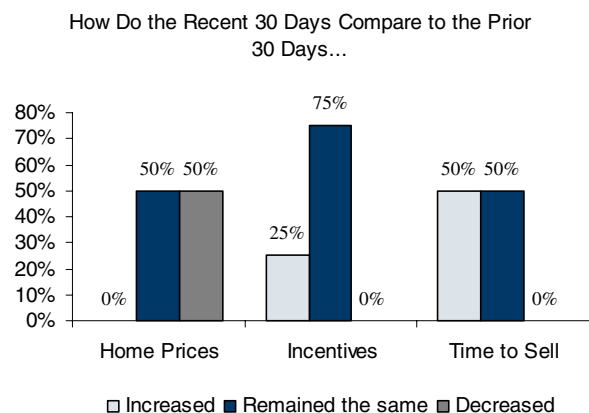
- “People are sitting on the fence waiting for a positive sign to buy.”
- “Unemployment is still enough of a problem to keep people away from housing.”

**Standard Pacific, KB Home, MDC and Meritage have the greatest exposure.** Standard Pacific generates approximately 13% of its sales in the region, followed by KB Home (8%), MDC and Meritage (6%), Hovnanian (5%), and Pulte (4%).

### Exhibit 20: Buyers no Longer Think Prices are Stable Enough to Enter the Market



□ More than expected ■ Meets expectations ▒ Less than expected



Source: Credit Suisse

November Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

“We have interested buyers, but they have stronger concerns about the economy.”

## San Antonio, TX – Buyers see Better Job Opportunities in November, Return to Market

(5,122 single-family permits in 2010, 11th largest market in the country)

**Buyer traffic sees a nice bounce on relative strength in the job market.** Buyer traffic saw a nice rebound in November, as our traffic index jumped to 39 from 14 in October, still pointing to traffic below agents' expectations for this time of year (readings below 50), but reaching the highest level for the region since June. Agents indicated that buyers' negative sentiment surrounding the job market seemed to make a u-turn in November, as concerns about employment security seemed to disappear from the market. In fact, agents highlighted the job market as the primary driver of better traffic in November. One agent mentioned, "People are moving into town for jobs, or at least the perception of jobs, which is helping pick up some otherwise lackluster traffic." Another agent noted that "activity in the oil field" helped boost traffic in November. Yet, some agents still had reservations in November, as one noted that there was still some uncertainty in the market, mentioning, "Folks are still fence sitting! I've been seeing more rentals than sales."

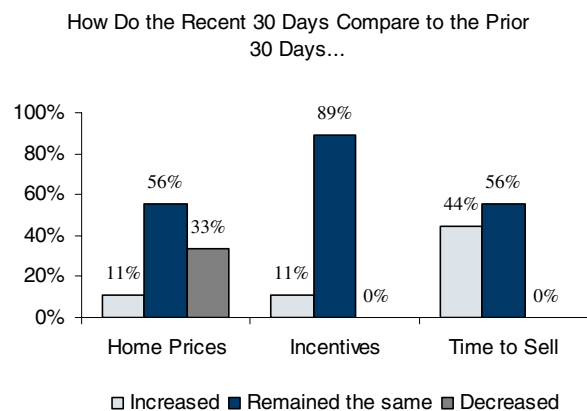
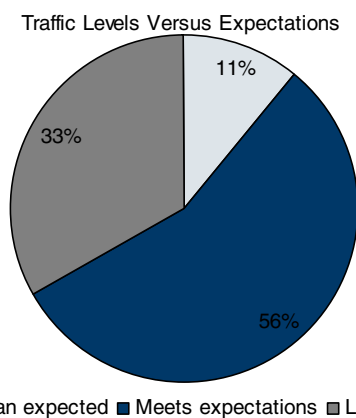
**Pricing pressure likely to continue with increased inventories and time to sell.** Agents indicated that prices continued to fall in November, as our price index came in at 39 from 36 in October (readings below 50 point to sequentially lower prices). These declines come as inventory levels continue to rise, with our home listings index coming in at 39 in November from 14 in October, closer toward a neutral reading but still falling short (readings below 50 pointing to higher inventories), suggesting further pressure ahead. Meanwhile, our time to sell index came in at 28 from 17 in October, pointing to an increased time to sell over the past month (readings below 50).

*Comments from real estate agents:*

- "Buyers have been on hold for quite a while and now they think it may be time to make a move before it's too late."
- "Traffic is bit better, but people are still worried about job losses."

**KB Home, Ryland and Meritage and have the greatest exposure.** KB Home has the most exposure to the San Antonio market, as it represents approximately 9% of its sales. San Antonio represents 7% of sales for Ryland and Meritage each, 6% of sales for D.R. Horton and 5% of sales for Pulte.

### Exhibit 21: Buyers Slowly Come back to Showrooms as Job Market is Perceived to Have Improved



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"Our relatively low unemployment and good job market are drawing buyers."

## Seattle, WA – Buyers See No Reason to Enter the Market due to Weak Outlook on the Future

(6,097 single-family permits in 2010, 7th largest market in the country)

**Buyers head for the hills in November.** Buyer traffic took a sharp step back in November, as our index slipped to 17 from 33 in October, reaching the lowest level for the region since August 2010 and missing agents' expectations for this time of year (readings below 50). Agents indicated that buyers simply did not have the confidence to buy a home in the current environment (if they already didn't have the savings for a down payment), echoing agents' commentary from our October survey. One agent mentioned, "All the market uncertainty keeps getting worse and that does not do anything to boost buyers' confidence; especially when they all see property values continuing to fall." One agent mentioned, "It's the same old story. There is no real catalyst for the market to move in a positive direction." Meanwhile concern over one's employment and financial outlook worked to further erode demand in November. One agent noted, "Many buyers are holding tight, using what limited cash they have for the holidays." One more highlighted that "loan approvals are getting more difficult," adding another hurdle for agents and buyers.

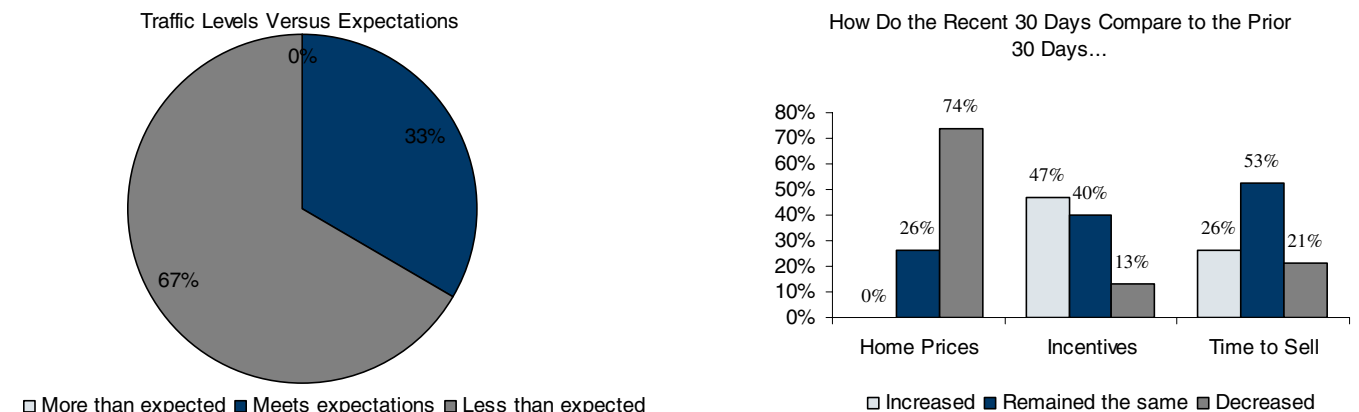
**Lower inventory levels and a constant time to sell aren't sufficient to help pricing.** Agents indicated that prices softened significantly in November, as our price index fell to 13 from 35 in October, pointing to lower prices over the past month (readings below 50). This marks the regions' lowest reading since December 2008. This is disappointing given the now five consecutive months of stable or lower inventories for the region, which we would expect to at least partially help pricing. Our home listings index came in at 63 from 65 in October, pointing to lower inventory levels (readings below 50). In addition, our time to sell index came in at 47 in November from 42 in October, in-line with a neutral reading, pointing to an unchanged time to sell over the past month (readings of 50), which is also disappointing, as we would view this reading as a positive for pricing.

*Comments from real estate agents:*

- "Lethargy, fear, and a lack of confidence. Buyers know that prices have fallen, but they are in a state of paralysis."
- "The economy is still weak and home prices are still falling."

**MDC, D.R. Horton and Pulte have the most exposure to Seattle.** MDC generates approximately 9% of its sales in Seattle, followed by D.R. Horton at 2% and Pulte Group at 1%.

### Exhibit 22: Pricing can't Catch a Break in November, even with Lower Inventories and Unchanged Time to Sell



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

"There is a lot of apprehension on the part of buyers."

## Tampa, FL – Lack of Demand Continues to Pressure Pricing Even as Inventory Levels Fall Further

(4,395 single-family permits in 2010, 15th largest market in the country)

**Traffic sees slight uptick, but demand remains choppy.** Traffic levels saw a slight bounce in November, as our traffic index came in at 31 from 25 in October. However, levels still indicate that traffic missed agents’ expectations for this time of year. We also think it is difficult to get excited over this reading as the choppiness in demand continues, with our Tampa index failing to yield a consecutive increase or decrease since February. Agents indicated that traffic was slightly better in November due to more interest from cash investors and snow birds looking for deals. One agent noted the “lack of foreclosures has been pushing more sales.” Yet, concern over the economy, pricing, and mortgage obstacles continued to plague the overall environment. One agent highlighted, “There is a lot of fear in the marketplace with dropping home prices.” Another agent noted, “Traffic is dying as we enter the holiday season. It appears only people who absolutely have to move are looking for homes.” The lending environment also continues to wipe out a portion of potential buyers, shrinking an already limited pool of interested clients. One agent commented, “Lenders keep increasing the number of requirements to get loans.”

**Prices continue to decline as inventory levels can’t fall fast enough.** Our home price index came in at 33 in November from 29 in October, indicating lower prices over the past 30 days (readings below 50). This is despite nine consecutive months of stable or lower inventory levels for the region, as demand struggles to find its footing. Our home listings index came in at 71 in November from 75 in October, indicating lower inventory levels (readings below 50). However, our time to sell index came in at 43, close to a neutral reading, but still falling short, indicating an increased time to sell (readings below 50), which we view as a negative indicator for future pricing.

*Comments from real estate agents:*

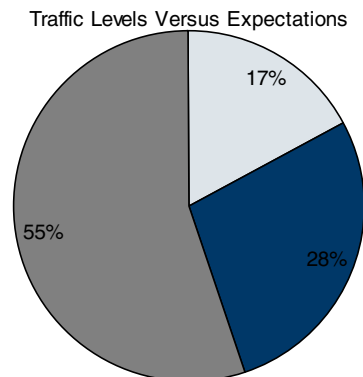
- “A lot of buyers are starting to question whether investing in real-estate is a wise financial decision. They view renting as giving them more financial freedom.”
- “Even though traffic is typically slow around this time, we have very few buyers. The middle class in our county has essentially been wiped out.”

**Standard Pacific and Ryland have the most exposure.** Tampa contributes to approximately 10% of Standard Pacific’s net sales, followed by 8% for Ryland, 6% Lennar and 4% for Beazer.

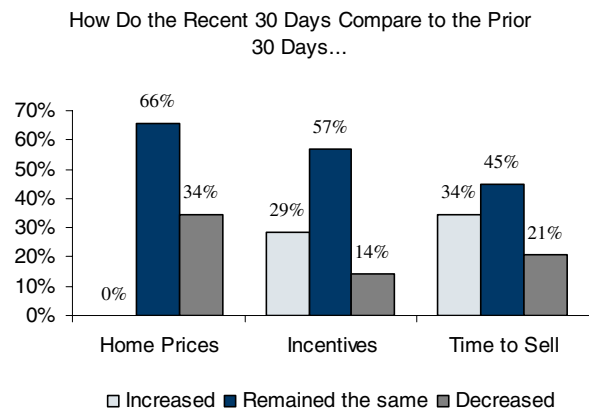
November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

“The lending environment is tight and buyers are holding out for the bottom.”

### Exhibit 23: Lack of Pricing Stability in the Face of Declining Inventories Points to Weak Underlying Demand



□ More than expected ■ Meets expectations ▒ Less than expected



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

## Washington, D.C. – Buyers Unsure about the Future while Inventory Appears “Stale”

(9,362 single-family permits in 2010, 3rd largest market in the country)

**Traffic edges higher in November, but market remains below expectations.** Agents indicated that traffic was slightly better in November, as our traffic index came in at 29 from 26 in October, but levels still fell shy of a neutral reading of 50, pointing to traffic missing agents’ expectations for this time of year. Agents noted that some buyers were fishing around driven by low prices and interest rates. However, the majority of agents continued to highlight buyers’ lack of confidence in the housing market, their employment situation and their concern over strict lending standards in November, which all contributed to a stagnant market. One agent noted, “I think activity will be slower until January.” Another noted, “The very weak news about the market is detracting some buyers. Not that buyers think it is getting worse, it is more that they don’t think it is getting any better.” In addition, despite some traffic driven by low interest rates, would-be buyers may not be able to take advantage of the opportunities, as one agent mentioned, “The process for mortgage qualifying and underwriting keeps getting worse for my clients.”

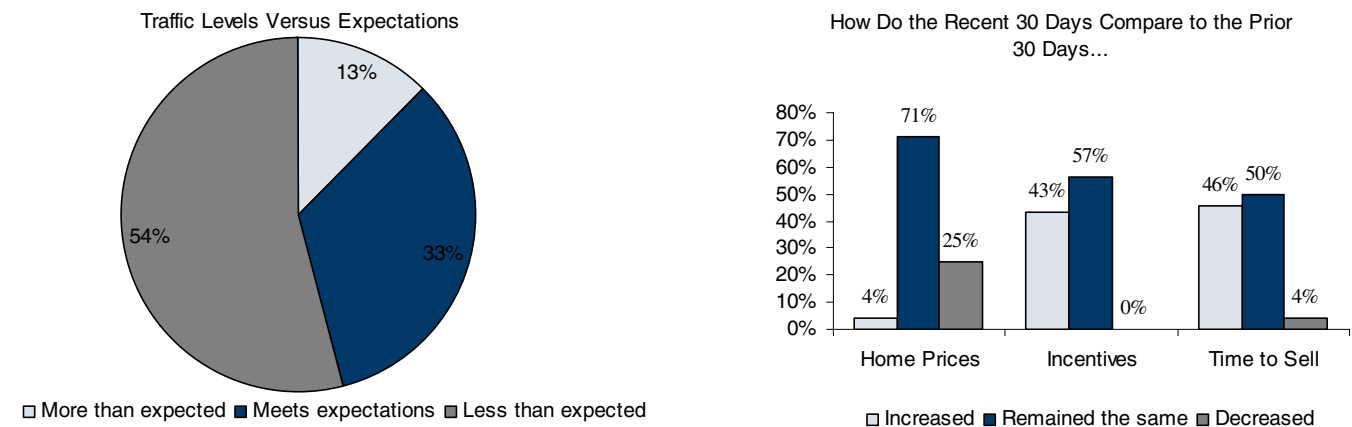
**Home prices fall as buyers look past available inventory.** Home prices continued to slide in November, as our home price index came in at 40 (from 36 in October), closer toward a neutral reading, but still falling short of 50. This now marks the fifth consecutive month of readings lower than 50 for the region. The low reading comes in spite of lower inventories in November, as our home listings index improved to 67 in November from 52 in October. However, agents noted that while inventory levels were low, the available selection did not necessarily interest buyers, with some citing “stale inventory” for weak traffic. Our time to sell index came in at 29 (from 18 in October) continuing to point to a longer time to sell (readings below 50), a negative for future pricing.

*Comments from real estate agents:*

- “Buyers are returning to look at homes more than once, but the uncertainty makes them hesitant to pull the trigger.”
- “Buyers are waiting for something to change, hoping to get some confidence back, but I don’t see it happening.”

**NVR and Toll Brothers have the greatest exposure.** NVR and Toll Brothers have the most exposure to Washington, D.C., as it represents approximately 19% and 17% of each company’s sales, respectively. D.C. accounts for 13% of Hovnanian’s and Beazer’s sales.

### Exhibit 24: Pricing Remains a Drag in November, even as Inventory Falls, as Listings Fail to Appeal to Buyers



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

“Tough lending criteria is really frustrating some buyers.”

## **Additional Key Housing Markets**

## Baltimore, MD

(3,586 single-family permits in 2010, 25th largest market in the country)

**Traffic below expectations.** Traffic failed to meet expectations in November, as our traffic index fell to 29 from 33 in October, short of a neutral reading of 50 (readings lower than 50 indicate traffic did not meet agents' expectations). 57% of agents said traffic was below expectations, 29% said it met expectations, and 14% said it exceeded expectations.

**Prices fall, incentives increase.** Home prices fell again in November, as our home price index fell to 29 from 33 in October, with readings below 50 indicating lower prices over the last 30 days. 57% of agents said prices were unchanged and 43% said prices were lower. Meanwhile, incentives moved higher in November, as our incentive index came in at 42 (from 33 in October), short of a neutral reading of 50 (readings below 50 suggest higher incentives). 50% of agents said incentives were unchanged, 33% said they were higher, and 17% said they were lower.

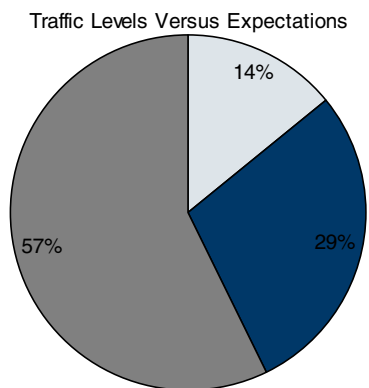
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 21 in November (from 33 in October), coming in below a neutral reading of 50, suggesting an increased time to sell (readings below 50 point to an increased time to sell). 57% of agents said the time to sell increased and 43% said the time to sell was unchanged. We view an increased time to sell as a negative step toward price stabilization.

*Comments from real estate agents:*

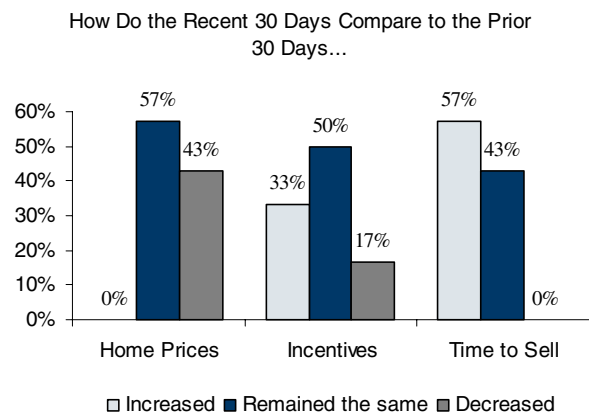
- “Nothing is going to change until Congress gets serious about creating jobs.”
- “We’ve had a stretch of gorgeous fall weather, but from what I can tell the market is quiet.”

**NVR and Ryland have the greatest exposure.** NVR has the most exposure to Baltimore, as it represents approximately 11% of the company’s sales. Baltimore represented 5% of Ryland’s sales, and 4% of Beazer’s sales.

### Exhibit 25: Traffic Below Expectations, Lower Prices, Higher Incentives, Time to Sell Increases in November



□ More than expected ■ Meets expectations ■ Less than expected



□ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

## Boston, MA

(3,706 single-family permits in 2010, 23rd largest market in the country)

**Traffic misses expectations.** Traffic did not meet agents' expectations in November, as our traffic index fell to 23 from 32 in October, short of a neutral reading of 50 (readings lower than 50 indicate traffic failed to meet agents' expectations). 54% of agents said traffic was below expectations and 46% said it met expectations.

**Lower prices, flat incentives.** Home prices faced additional pressure in November, as our price index came in at 27 (from 31 in October), short of neutral reading of 50 (readings below 50 indicate sequentially lower prices). 54% of agents said prices were unchanged and 46% said they were lower. Sellers held incentives steady in November, as our incentive index came in at 46 (unchanged from October), and still in-line with a neutral reading of 50 (readings of 50 suggest unchanged incentives). 73% of agents said incentives were unchanged, 18% said they were higher, and 9% said they were lower.

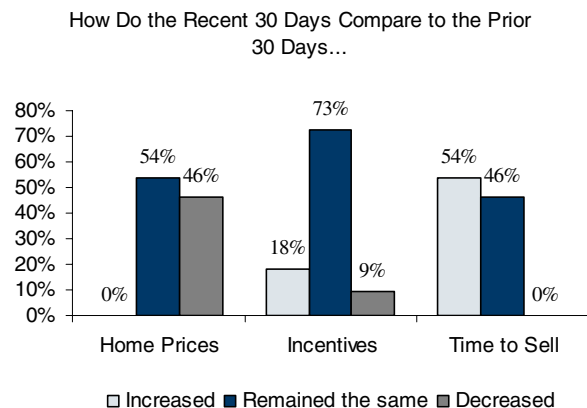
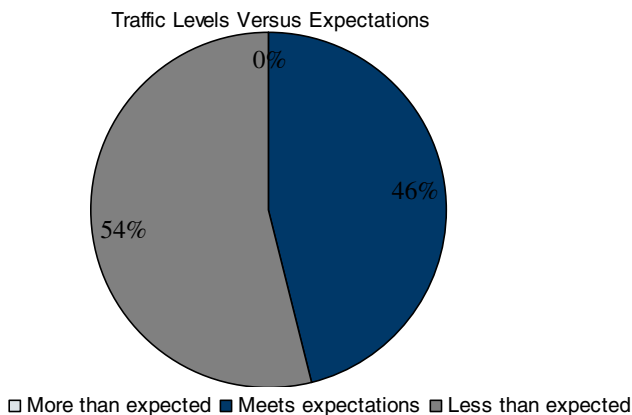
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 23 in November (from 28 in October), short of a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings lower than 50 indicate an increased time to sell). 54% of agents said the time to sell increased and 46% said the time to sell was unchanged. We view an increased time to sell as a negative step toward price stabilization.

*Comments from real estate agents:*

- "People say they are going to hold off any decisions until after the 2012 elections."
- "Confidence is still an issue. The worldwide economic news is causing anxiety."

**The Boston market represented less than 1% of sales for all homebuilders in our coverage universe.**

### Exhibit 26: Traffic Below Expectations, Lower Prices, Flat Incentives, Increased Time to Sell in November



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔️

## Charleston, SC

(2,780 single-family permits in 2010, 36th largest market in the country)

**Traffic below expectations.** Buyer traffic failed to meet agents' expectations again in November, as our traffic index came in at 0 (from 13 in October), pointing to traffic below agents' expectations (readings lower than 50). 100% of agents said traffic was short of expectations.

**Lower prices, flat incentives.** Home prices fell further in November, as our home price index came in at 0 (from 25 in October), pointing to sequentially lower prices (readings short of 50 indicate lower prices). 100% of agents said prices were lower. Meanwhile, incentives were unchanged in November, as our incentive index came in at 50 (from 38 in October), in-line with a neutral reading of 50 (a reading of 50 indicates flat incentives over the last 30 days). 100% of agents said incentives were unchanged.

**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 0 in November (from 13 in October), still below a neutral reading of 50, indicating an increased time to sell over the past month (readings lower than 50). 100% of agents said the time to sell increased over the last 30 days. We view an increased time to sell as a negative step toward price stabilization.

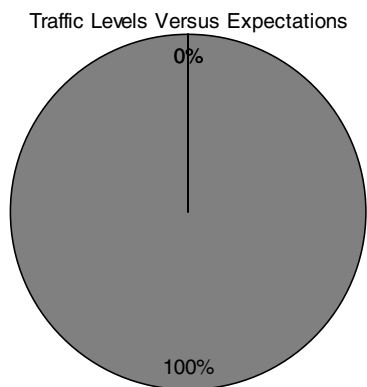
*Comments from real estate agents:*

- "People don't think the housing market is positioned well enough to step in."
- "My clients simply don't think it's a good decision to buy a home right now. They cite pricing, the economy, and their job security as their primary reasons."

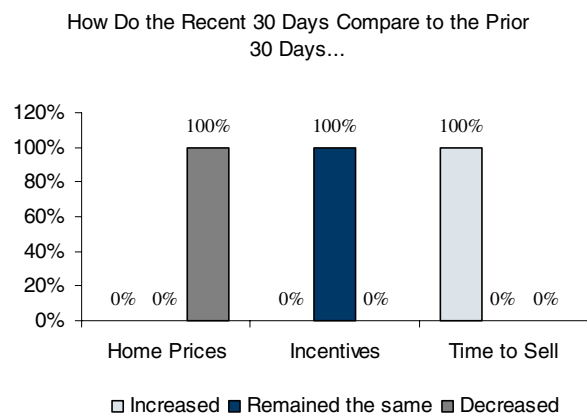
**Ryland and Beazer have the greatest exposure.** Ryland has the most exposure to the Charleston market, which represents approximately 5% of the company's sales. Charleston represented 4% of Beazer's sales.

### Exhibit 27: Traffic Below Expectations, Prices Decrease, Incentives Unchanged, Longer Time to Sell in November

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔️



□ More than expected ■ Meets expectations ▒ Less than expected



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

## Cincinnati, OH

(2,856 single-family permits in 2010, 35th largest market in the country)

**Traffic remains short of expectations.** Our buyer traffic index fell to 11 in November from 17 in October, remaining well below a neutral reading of 50, pointing to traffic missing expectations (a reading short of 50 suggests lower than expected traffic). 89% of agents said traffic was below expectations and 11% said it exceeded expectations.

**Prices fall, incentives increase.** Home prices remained under pressure in November, as our price index came in at 22 from 17 in October, remaining below a neutral reading of 50, indicating sequentially lower home prices (readings short of 50). 56% of agents said prices were lower and 44% said they were unchanged. Meanwhile, sellers increased incentives in November, as our incentive index came in at 39 (from 33 in October) still short of a neutral reading of 50 (readings lower than 50 suggest higher incentives). 78% of agents said incentives were unchanged and 22% said they were higher.

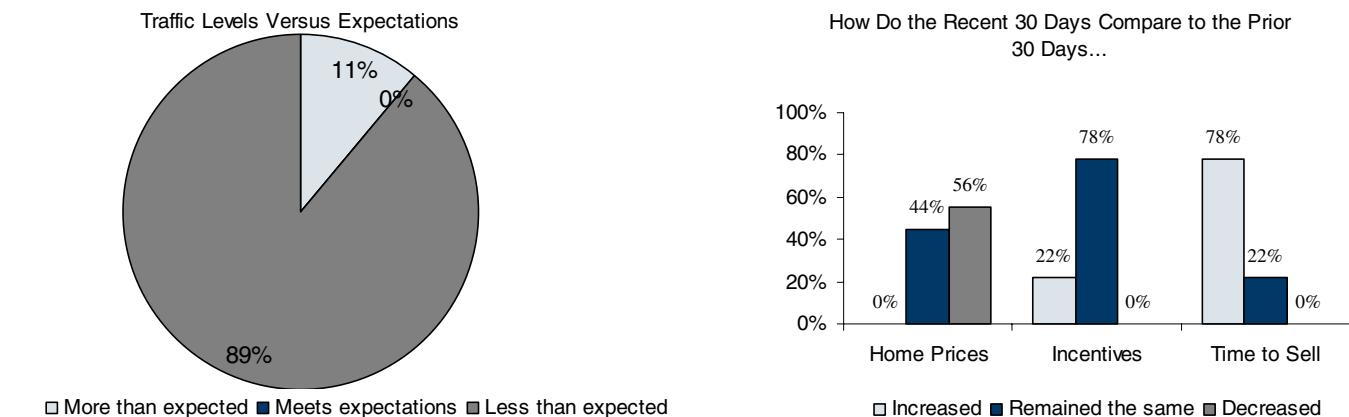
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 11 in November (from 50 in October), pointing to an increased time to sell over the past 30 days (readings lower than 50 indicate an increased time to sell). 78% of agents said the time to sell increased 22% said the time to sell increased. We view an increased time to sell as a negative step toward price stabilization.

*Comments from real estate agents:*

- “People don’t have the jobs to enable them to buy anything.”
- “Economic uncertainty is a big problem for clients.”

**NVR has the greatest exposure.** NVR has the most exposure to the Cincinnati market, as it represented approximately 5% of the company’s sales.

### Exhibit 28: Traffic Below Expectations, Prices Fall, Incentives Higher, Increased Time to Sell in November



Source: Credit Suisse

## Columbus, OH

(2,902 single-family permits in 2010, 32nd largest market in the country)

**Traffic still below expectations.** Buyer traffic remained below agents' expectations in November, as our traffic index fell to 23 (from 20 in October), with readings lower than 50 pointing to traffic below agents' expectations. 64% of agents said traffic was lower than expectations, 27% said it met expectations, and 9% said it exceeded expectations.

**Prices fall, incentives increase.** Prices remained under pressure in November, as our price index came in at 29 (from 20 in October) with readings below 50 indicating sequentially lower home prices. 50% of agents said prices were lower, 42% said they were unchanged, and 8% said they were higher. Meanwhile, sellers increased incentives in November, as our incentive index came in at 27 (from 13 in October), short of a neutral reading of 50 (readings lower than 50 indicate increased incentives). 55% said they were unchanged and 45% of agents said incentives were higher.

**Increased time needed to sell a home in November.** Our time to sell index came in at 27 in November (from 40 in October), pointing to a longer time to sell over the past 30 days (readings short of 50 suggest an increased time to sell). 55% of agents said the time to sell was unchanged and 45% said the time to sell increased. We believe the increased time to sell is a negative indicator for future pricing trends.

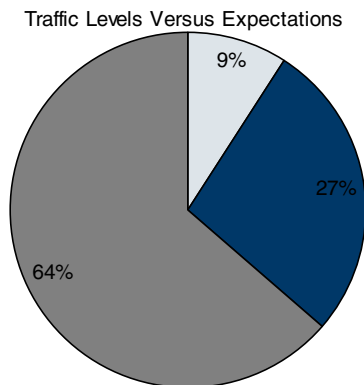
*Comments from real estate agents:*

- "People don't think prices are stable."
- "Job security is still an issue for buyers. People are very hesitant to make decisions."

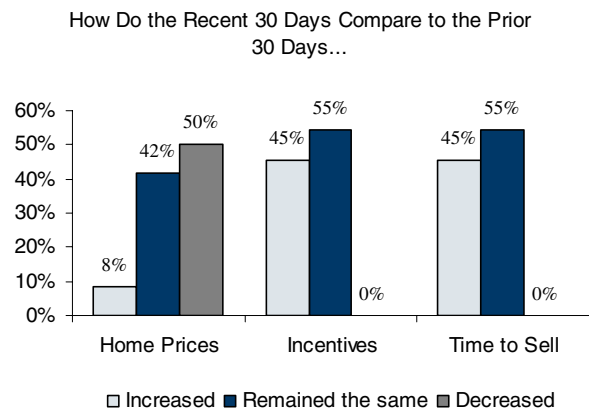
**The Columbus market represented less than 1% of sales for all homebuilders in our coverage universe.**

**Exhibit 29: Traffic Below Expectations, Lower Prices, Higher Incentives, Increased Time to Sell in November**

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎



□ More than expected ■ Meets expectations ▒ Less than expected



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse

## Detroit, MI

(2,399 single-family permits in 2010, 52nd largest market in the country)

**Traffic remains below agents' expectations.** Buyer traffic remained below expectations in November, as our traffic index came in at 21 (from 19 in October), suggesting traffic fell short of agents' expectations (readings lower than 50 indicate traffic was below expectations). 67% of agents said traffic was below expectations, 28% said it met expectations, and 5% said it was greater than expectations.

**Prices fall, incentives unchanged.** Home prices edged lower in November, as our price index came in at 43 (from 40 in October), just shy of a neutral reading of 50 (readings short of 50 suggest sequentially lower prices). 76% of agents said prices were unchanged, 19% said they were lower, and 5% said they were higher. Meanwhile, incentives were unchanged, as our incentive index came in at 45 (from 50 in October), in-line with a neutral reading of 50 (readings of 50 suggest flat incentives). 58% of agents said incentives were stable, 26% said they were higher, and 16% said they were lower.

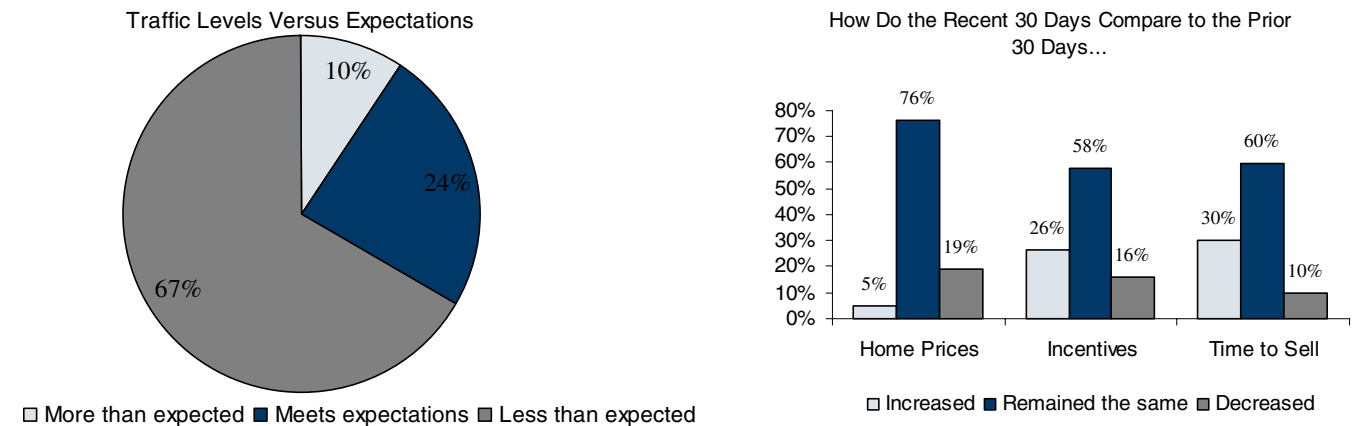
**Increased time needed to sell a home in November.** Our time to sell index came in at 40 in November (from 37 in October), remaining short of a neutral reading of 50, indicating an increased time to sell over the past 30 days (readings lower than 50). 60% of agents said the time to sell was unchanged, 30% said the time to sell increased, and 10% said the time to sell decreased. We believe the increased time to sell is a negative indicator for future pricing trends.

*Comments from real estate agents:*

- "People have a very poor outlook on the state of the economy."
- "Banks are being extremely tight with lending."

**Toll Brothers has the greatest exposure.** The Detroit market represents approximately 2% of sales for Toll Brothers.

### Exhibit 30: Traffic Lower than Expectations, Lower Prices, Flat Incentives, Increased Time to Sell in November



Source: Credit Suisse

## Ft. Myers, FL

(1,175 single-family permits in 2010, 76th largest market in the country)

**Traffic meets expectations.** Buyer traffic met agents' expectations in November, as our traffic index came in at 47 (from 46 in October), in-line with a neutral reading of 50 (readings of 50 point to traffic in-line with agents' expectations). 38% of agents said traffic did not meet expectations, but 31% said it met expectations, and 31% said it exceeded expectations.

**Prices and incentives higher.** Agents indicated home prices were higher in November, as our home price index came in at 63 (from 46 in October), above a neutral reading of 50, indicating sequentially higher home prices (readings greater than 50). 75% of agents said prices were unchanged and 25% said they were higher. Meanwhile, incentives increased in November, as our incentive index came in at 41 (from 38 in October), short of a neutral reading of 50 (readings lower than 50 indicate increased incentives). 69% of agents said incentives were unchanged, 25% said they were higher, and 6% said they were lower.

**Less time needed to sell a home in November.** Our time to sell index came in at 63 in November (from 46 in October), exceeding a neutral reading of 50, suggesting a reduced time to sell over the past 30 days (readings above 50 point to less time to sell). 44% of agents said the time to sell decreased over the past 30 days, 38% said the time to sell was unchanged, and 18% said the time to sell increased. We view the decreased time to sell as a positive indicator for future pricing trends.

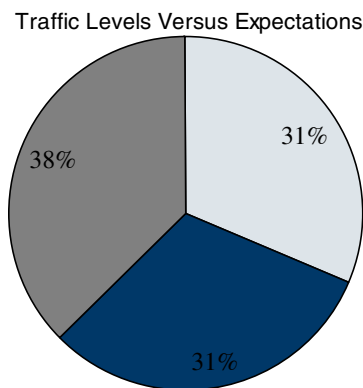
*Comments from real estate agents:*

- "Snowbird season has started early and buyers are coming in with force."
- "Inventory is low and buyers want to get in before prices begin to rise."

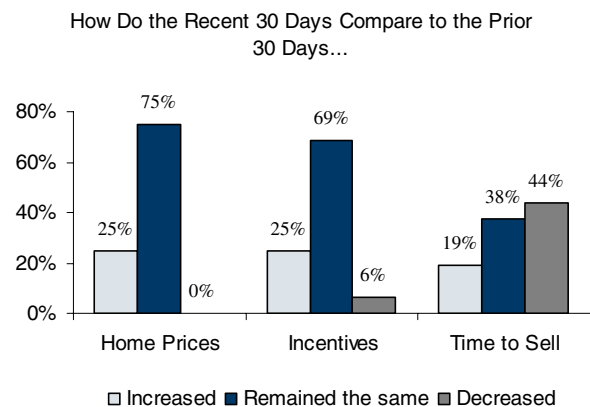
**Pulte, Toll and Lennar have the most exposure.** Pulte, Toll and Lennar have the greatest exposure to Ft. Myers, which accounted for approximately 2% of each company's sales, followed by D.R. Horton at 1%.

### Exhibit 31: Traffic Meets Expectations, Higher Prices, Increased Incentives, Less Time to Sell in November

November Market Trends	
Traffic	↔
Home Prices	👍
Incentives	👍



□ More than expected ■ Meets expectations ■ Less than expected



Source: Credit Suisse

## Nashville, TN

(3,945 single-family permits in 2010, 20th largest market in the country)

**Traffic remains below expectations.** Buyer traffic remained below agents' expectations in November, as our traffic index came in at 38 (from 25 in October), still short of a neutral reading of 50 (readings lower than 50 point to traffic missing agents' expectations). 50% of agents said traffic was below expectations, 25% said it met expectations, and 25% said it exceeded expectations.

**Prices decline, incentives increase.** Home prices remained under pressure in November, as our home price index came in at 25 (unchanged from October), remaining below a neutral reading of 50, indicating sequentially lower home prices (readings below 50). 50% of agents said prices were lower and 50% said they were unchanged. Meanwhile, incentives were higher in November, as our incentive index came in at 38 (from 46 in October) falling short of a neutral reading of 50 (readings lower than 50 indicate higher incentives). 58% of agents said incentives were unchanged, 34% said they were higher, and 8% said they were lower.

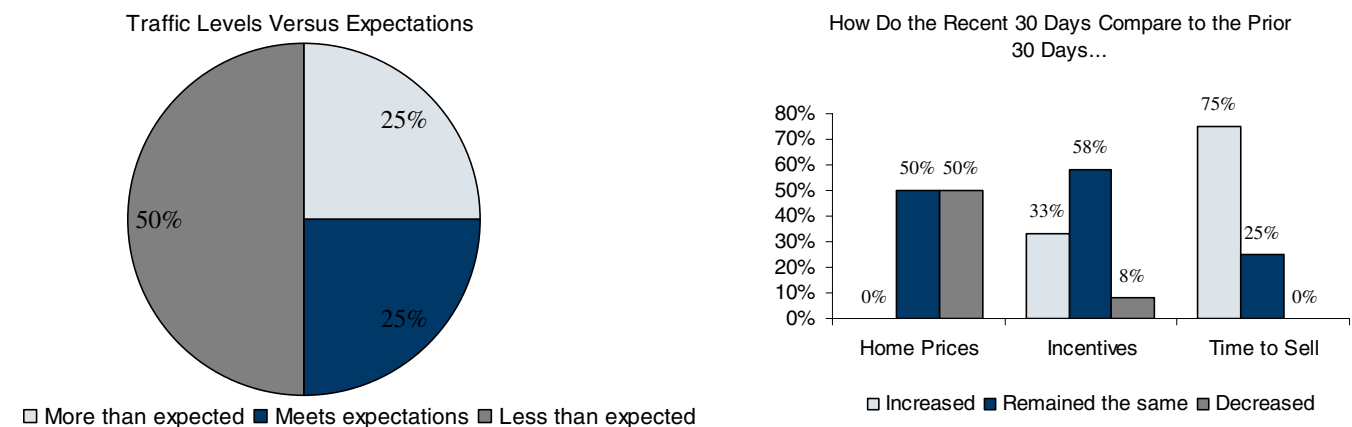
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 13 in November (from 21 in October), further below a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings short of 50). 75% of agents said the time to sell increased over the past 30 days and 25% said the time to sell was unchanged. We view the longer time to sell as a negative indicator for future pricing trends.

*Comments from real estate agents:*

- "I have been seeing a bit more interest from bottom feeders."
- "Buyers are still on the sidelines. Those that are looking are holding out for a steal."

**Beazer, Pulte and NVR have the greatest exposure.** Beazer generates approximately 5% of its sales in Nashville. Pulte and NVR each have approximately 2% their sales from Nashville.

### Exhibit 32: Traffic Misses Expectations, Lower Prices, Higher Incentives, Longer Time to Sell in November



Source: Credit Suisse

## Philadelphia, PA-Southern NJ

(5,262 single-family permits in 2010, 9th largest market in the country)

**Traffic below expectations.** Buyer traffic remained below agents' expectations in November, as our traffic index came in at 15 (from 21 in October), still short of a neutral reading of 50 (readings below 50 indicate traffic did not meet agents' expectations). 78% of agents said traffic was below expectations, 13% said it met expectations, and 9% said it was above expectations.

**Prices decline, incentives increase.** Home prices fell again in November, as our price index came in at 22 (from 18 in October), remaining short of a reading of 50 (readings short of 50 indicate sequentially lower home prices). 57% of agents said prices were lower over the past 30 days and 43% said they were unchanged. Meanwhile, incentives were higher in November, as our incentive index came in at 38 (from 44 in October), shy of a neutral reading of 50 (readings lower than 50 point to increased incentives). 66% of agents said incentives were unchanged, 29% said they were higher, and 5% said they were lower.

**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 21 in November (from 29 in October), remaining short of a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings lower than 50). 64% of agents said the time to sell increased, 32% said the time to sell was unchanged, and 4% said the time to sell decreased. We view an increased time to sell as a negative indicator for future pricing trends.

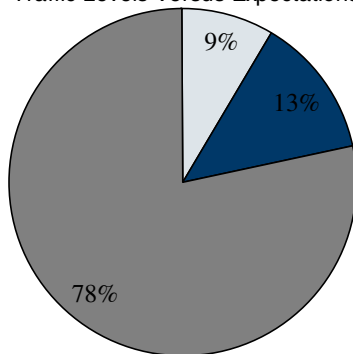
*Comments from real estate agents:*

- "Clients want to buy only if they get very low prices, but sellers aren't budging."
- "Traffic is weak enough; the tight credit market doesn't make selling homes any easier."

**Toll Brothers and NVR have the greatest exposure.** Toll Brothers generates approximately 11% of its sales in the Philadelphia-Southern NJ market, followed by NVR at 7%, Hovnanian at 6%, and Beazer at 4%.

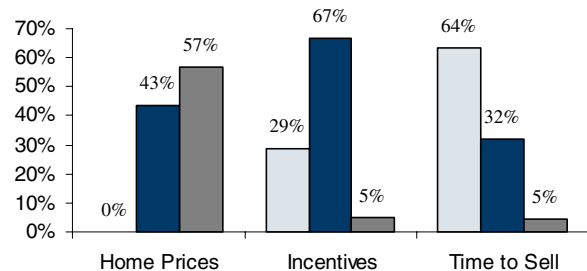
### Exhibit 33: Traffic Below Expectations, Lower Prices, Increased Incentives , Increased Time to Sell in November

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse

## Portland, OR

(3,368 single-family permits in 2010, 27th largest market in the country)

**Traffic remains below agents' expectations.** Buyer traffic came in short of agents' expectations in November, as our traffic index came in at 37 (from 25 in October), remaining short of a neutral reading of 50 (readings below 50 suggest traffic did not meet agents' expectations). 42% of agents said traffic was lower than expectations, 42% said it met expectations, and 16% said it exceeded expectations.

**Lower prices, unchanged incentives.** Home prices remained under pressure in November, as our price index came in at 26 (from 19 in October), remaining below a neutral reading of 50 (readings short of 50 point to sequentially lower prices). 53% of agents said prices were lower, 42% said prices were unchanged, and 5% said they were higher. Sellers held incentives steady in November, as our incentive index came in at 50 (from 44 in October), in-line with a neutral reading of 50 (readings of 50 suggest flat incentives). 90% of agents said incentives were unchanged, 5% said they were lower, and 5% said they were higher.

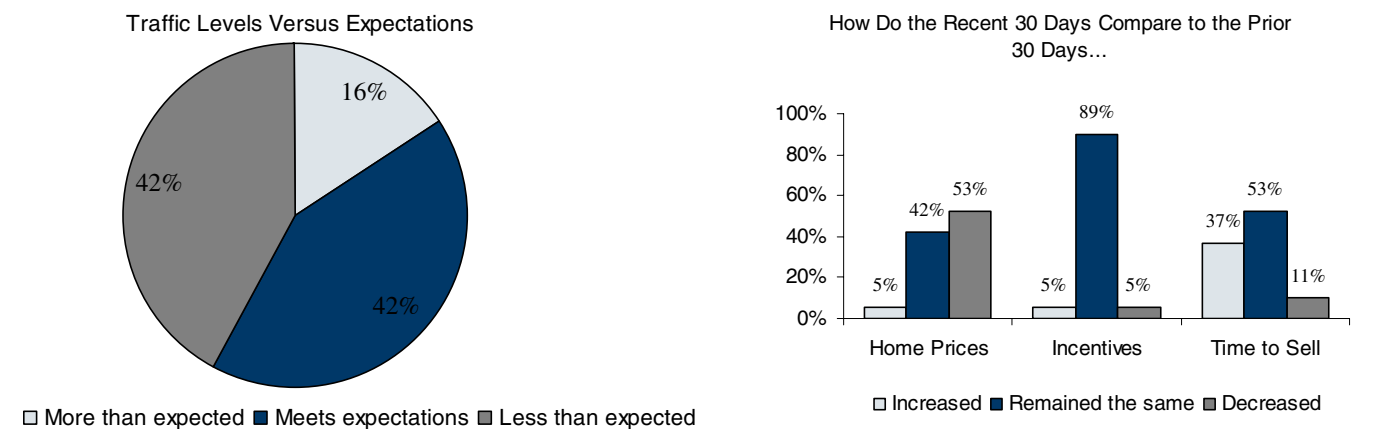
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 37 in November (from 42 in October), remaining short of a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings lower than 50 point to an increased time to sell). 53% of agents said the time to sell was unchanged, 37% said the time to sell increased, and 10% said the time to sell decreased. We view an increased time to sell as a negative step toward price stabilization.

*Comments from real estate agents:*

- "Buyers have fears of what the future may bring because of economic uncertainty and the situation in Europe. Low interest rates are bringing in clients, but actual sales are still tough."
- "Traffic is still soft, but homes sell well if they are priced appropriately."

**The Portland market represented less than 1% of sales for all homebuilders in our coverage universe.**

**Exhibit 34: Traffic short of Expectations, Prices Fall, Unchanged Incentives, Longer Time to Sell in November**



Source: Credit Suisse

## Raleigh, NC

(4,669 single-family permits in 2010, 12th largest market in the country)

**Traffic exceeds expectations.** Buyer traffic came in above agents' expectations in November, as our traffic index came in at 60 (from 31 in October), above a reading of 50 (readings greater than 50 point to better than expected traffic). 40% of agents said traffic was better than expected, 40% said it met expectations, and 20% said it was lower than expectations.

**Lower prices, higher incentives.** Home prices faced additional pressure in November, as our price index came in at 40 (from 31 in October), pointing to sequentially lower prices over the last 30 days (readings below 50 suggest lower prices). 80% of agents said prices were unchanged and 20% said they were lower. Meanwhile, incentives were higher in November, as our incentive index came in at 30 (from 50 in October), with readings lower than 50 pointing to increased incentives. 60% of agents said incentives were unchanged, and 40% said they were higher.

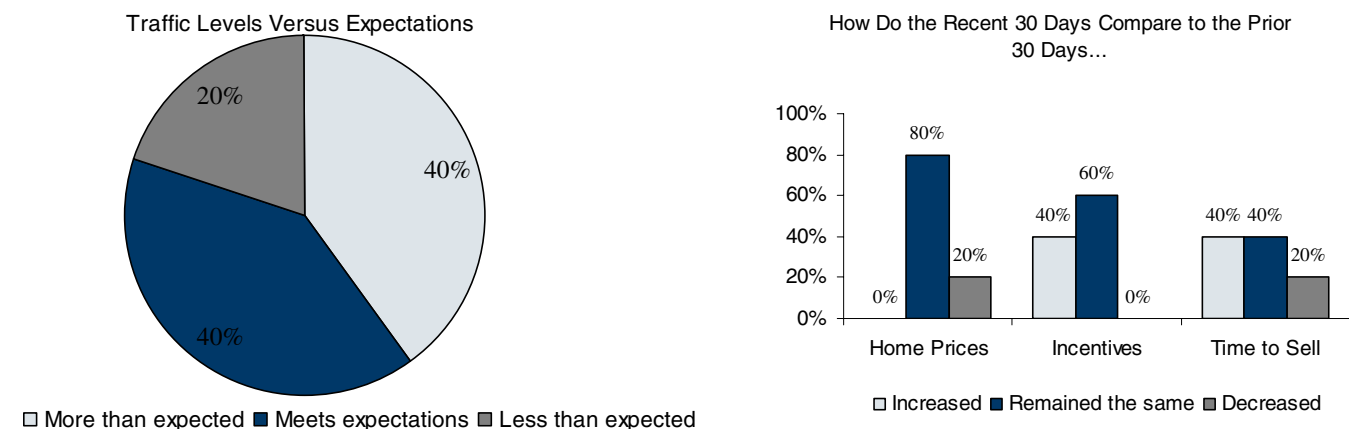
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 40 in November (from 50 in October), coming in short of a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings lower than 50 suggest a longer time to sell). 40% of agents said the time to sell increased, 40% said the time to sell was unchanged, and 20% said the time to sell decreased. We view an increased time to sell as a negative step toward price stabilization.

*Comments from real estate agents:*

- "Affordability – rates and pricing – are really helping drive traffic."
- "For the first time in years I was able to close on several homes ahead of Thanksgiving. I also met with several potential buyers for my listings."

**Standard Pacific has the greatest exposure.** Standard Pacific has the most exposure to the Raleigh market, as it represents approximately 8% of the company's sales. Raleigh represents 4% of sales for Toll Brothers and 3% of sales for both Lennar and Hovnanian.

### Exhibit 35: Traffic Above Expectations, Prices Decrease, Incentives Higher, Increased Time to Sell in November



Source: Credit Suisse

## Richmond, VA

(2,536 single-family permits in 2010, 38th largest market in the country)

**Traffic above expectations.** Our buyer traffic index came in at 67 in November from 25 in October, coming in above a neutral reading, suggesting traffic exceeded agents' expectations (readings greater than 50). 67% of agents said traffic met expectations and 33% said it exceeded expectations.

**Prices lower, incentives higher.** Home prices were lower in November, as our price index came in at 33 (unchanged from October), remaining below a neutral reading of 50, indicating sequentially lower prices (readings short of 50 indicate lower prices over the last 30 days). 67% of agents said prices were lower and 33% said they were higher. Meanwhile, sellers increased incentives in November, as our incentive index came in at 33 (from 50 in October), short of a neutral reading of 50, suggesting increased incentives. 67% of agents said incentives were unchanged and 33% said they were higher.

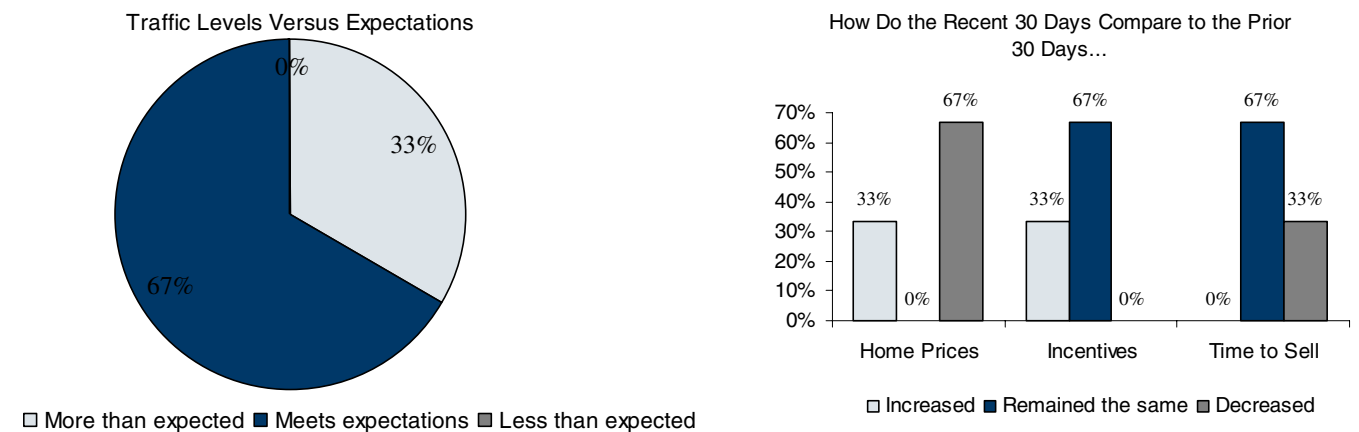
**Less time needed to sell a home in November.** Our time to sell index came in at 67 in November (from 33 in October), above a neutral reading, suggesting a reduced time to sell over the past 30 days (readings greater than 50 point to a reduced time to sell). 67% of agents said the time to sell was unchanged and 33% said the time to sell decreased. We view the decreased time to sell as a positive indicator for future pricing trends.

*Comments from real estate agents:*

- "My November traffic was about normal for me, but that's a bit of surprise because October levels were almost at an all-time low."
- "Low prices and interest rates are bringing people into the market."

**NVR and Pulte have the greatest exposure.** NVR has the most exposure to the Richmond market, as it represents approximately 5% of the company's sales. Richmond represents 1% of sales for Pulte.

### Exhibit 36: Traffic Above Expectations, Prices Lower, Incentives Higher, Less Time to Sell in November



Source: Credit Suisse

## Sacramento, CA

(2,166 single-family permits in 2010, 43rd largest market in the country)

**Traffic remains below expectations.** Our buyer traffic index came in at 40 (from 35 in October) remaining below a neutral reading of 50, suggesting traffic levels failed to meet agents' expectations (readings lower than 50). 50% of agents said traffic met expectations, 36% said it was below expectations, and 14% said it exceeded expectations.

**Prices fall, incentives higher.** Home prices continued to fall in November, as our home price index came in at 32 (from 25 in October), with readings lower than 50 indicating sequentially lower prices. 64% of agents said prices were unchanged and 36% said they were lower. Meanwhile, sellers increased incentives in November, as our incentive index came in at 31 (from 45 in October), short of a neutral reading, with readings lower than 50 pointing to higher incentives. 62% of agents said incentives were unchanged and 38% said they were higher.

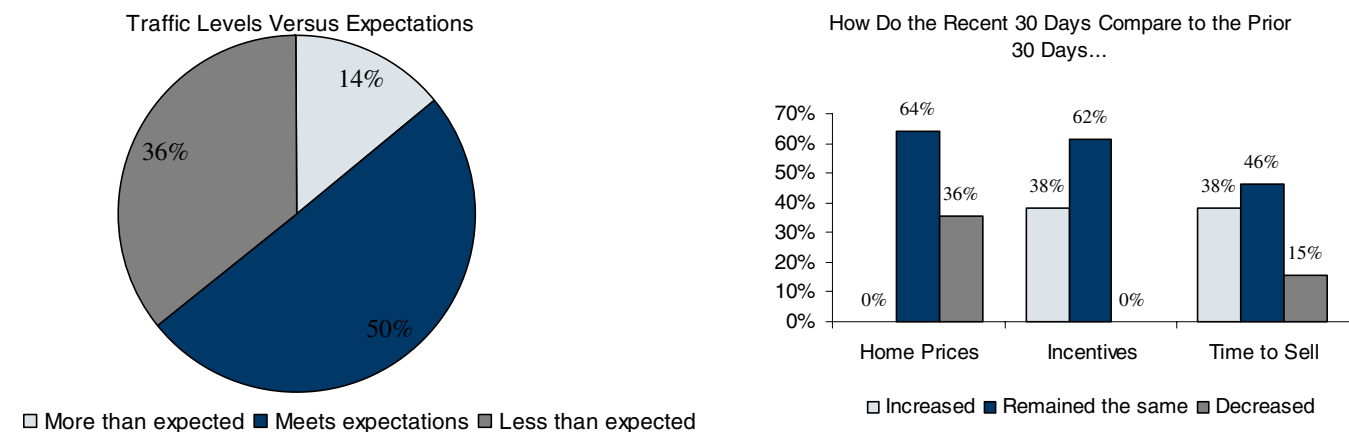
**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 39 (from 30 in October), remaining below a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings lower than 50 suggest an increased time to sell). 46% of agents said the time to sell was unchanged, 38% said the time to sell increased, and 16% said the time to sell decreased. We view the longer time to sell as a negative indicator for future pricing trends.

*Comments from real estate agents:*

- "There is a real lack of attractive inventory."
- "Buyers are finding some great value in short sales and REOs, but the local economic news is still discouraging."

**Standard Pacific has the greatest exposure.** The Sacramento market represents approximately 4% of sales for Standard Pacific, followed by BZH, LEN, MTH, and PHM each at 2%.

### Exhibit 37: Traffic Below Expectations, Lower Prices, Higher Incentives, Time to Sell Increases in November



Source: Credit Suisse

## San Diego, CA

(2,270 single-family permits in 2010, 53rd largest market in the country)

**Traffic below expectations.** Buyer traffic remained short of expectations in November, as our traffic index came in at 14 (from 15 in October), short of a neutral reading of 50 (readings lower than 50 point to traffic below agents' expectations). 71% of agents said traffic was below expectations and 29% said it met expectations.

**Lower prices, higher incentives.** Homes faced additional pressure in November. Our price index came in at 21 (from 25 in October), short of a reading of 50 (readings below 50 point to sequentially lower prices). 62% of agents said prices were lower, 33% said they were unchanged, and 5% said they were higher. Meanwhile, incentives edged higher in November, as our incentive index came in at 41 (from 44 in October), just below a neutral reading of 50 (readings short of 50 point to higher incentives). 59% of agents said incentives were unchanged, 29% said they were higher, and 12% said they were lower.

**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 19 in November (from 22 in October), remaining below a neutral reading of 50, pointing to an increased time to sell over the last 30 days (readings short of 50). 66% of agents said the time to sell increased, 29% said the time to sell was unchanged, and 5% said the time to sell decreased. We view the longer time to sell as a negative indicator for future pricing trends.

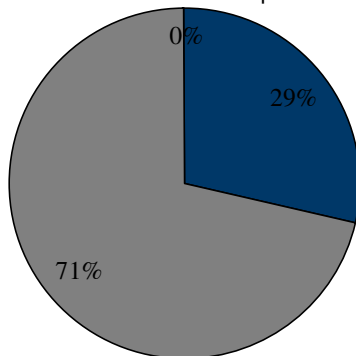
*Comments from real estate agents:*

- "Buyers are spooked by the negative economic news."
- "Prospective clients are still worried about falling prices."

**Standard Pacific has the greatest exposure.** Standard Pacific has the most exposure to the San Diego market, as it represents approximately 3% of the company's sales. San Diego represents 1% of sales for KB Home, Lennar, and Toll Brothers.

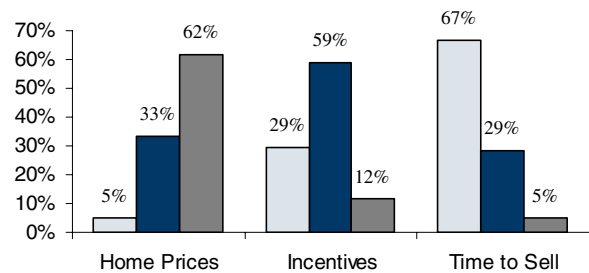
### Exhibit 38: Traffic Below Expectations, Lower Prices, Higher Incentives, Longer Time to Sell in November

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse

## San Francisco, CA

(2,138 single-family permits in 2010, 44th largest market in the country)

**Traffic below expectations.** Buyer traffic remained below agents' expectations in November, as our traffic index came in at 40 (from 38 in October), short of a neutral reading of 50 (readings lower than 50 point to traffic below expectations). 41% of agents said traffic was below expectations, 38% said it met expectations, and 21% said it exceeded expectations.

**Prices decline, incentives higher.** Home prices edged lower in November, as our price index came in at 41 (from 24 in October), just below a neutral reading of 50 (readings below 50 suggest sequentially lower prices). 59% of agents said prices were unchanged over the past 30 days, 30% said they were lower, and 11% said they were higher. Meanwhile, incentives were up in November, as our incentive index came in at 38 (from 40 in October), shy of a neutral reading of 50, pointing to increased incentives. 57% of agents said incentives were unchanged, 33% said they were higher, and 10% said they were lower.

**Length of time needed to sell a home increased – a negative indicator for future pricing trends.** Our time to sell index came in at 39 in November (from 34 in October), still below a neutral reading of 50, suggesting an increased time to sell over the last 30 days (readings below 50 indicate a longer time to sell). 48% of agents said the time to sell was unchanged, 37% said the time to sell increased, and 15% said the time to sell decreased. We view the longer time to sell as a negative indicator for future pricing trends.

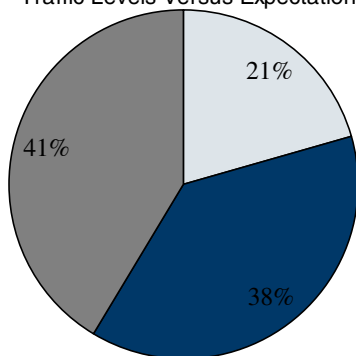
*Comments from real estate agents:*

- "I've seen some more buyers stepping in because of low prices and interest rates."
- "There is very little optimism about job growth. Low inventory is sparking some interest, but the economy is still holding confidence back."

**Standard Pacific has the greatest exposure.** Standard Pacific has the most exposure to the San Francisco area, which represents approximately 5% of company sales. San Francisco represents 4% of sales for both KBH and PHM, followed by PHM at 2%.

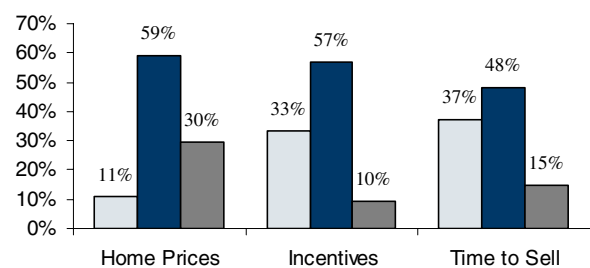
### Exhibit 39: Traffic Below Expectations, Prices Decline, Higher Incentives, Time to Sell Lengthens in November

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse

## Sarasota, FL

(1,704 single-family permits in 2010, 56th largest market in the country)

**Traffic meets expectations.** Buyer traffic met agents' expectations in November as our traffic index came in at 50 (from 22 in October), in-line with a neutral reading of 50 (readings of 50 point to traffic meeting agents' expectations). 50% of agents said traffic met expectations, 25% said it exceeded expectations, and 25% said it was below expectations.

**Prices flat, incentives higher.** Home prices were unchanged in November, as our price index came in at 50 (unchanged from October), in-line with a neutral reading, indicating sequentially flat prices (readings of 50). 50% of agents said prices were unchanged, 25% said they were lower, and 25% said they were higher. Meanwhile, incentives increased in November, as our incentive index came in at 41 (from 39 in October), still below a neutral reading of 50 (readings short of 50 indicate increased incentives). 82% of agents said incentives were unchanged and 18% said incentives were higher.

**Less time needed to sell a home in November.** Our time to sell index came in at 55 in November (from 56 in October), above a neutral reading of 50, pointing to a reduced time to sell over the past 30 days (readings above 50). 55% of agents said the time to sell was unchanged, 27% said the time to sell decreased, and 18% said the time to sell increased. We view the decreased time to sell as a positive indicator for future pricing trends.

*Comments from real estate agents:*

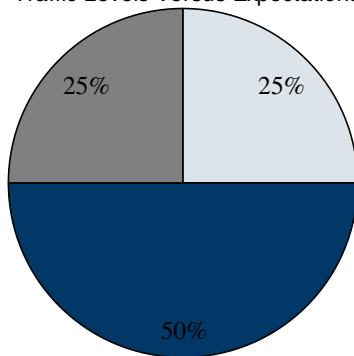
- "People think the market may have bottomed."
- "Buyers are looking for deals in foreclosures and short sales. Snowbirds have come in earlier than usual this year."

**Ryland and Lennar have the greatest exposure.** Sarasota represents 3% of sales for Ryland, followed by Lennar at 2%.

### Exhibit 40: Traffic in-line with Expectations, Flat Prices, Additional Incentives, Less Time to Sell in November

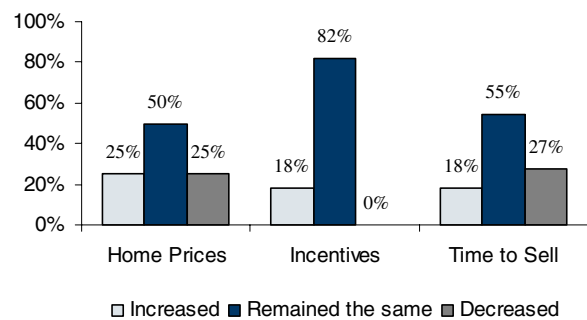
November Market Trends	
Traffic	↔
Home Prices	↔
Incentives	👉

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse

## St. Louis, MO

(4,200 single-family permits in 2010, 17th largest market in the country)

**Traffic below expectations.** Buyer traffic remained below agents' expectations in November, as our traffic index came in at 0 (from 25 in October), with readings below 50 pointing to traffic short of expectations. 100% of agents said traffic was below expectations.

**Lower prices, flat incentives.** Home prices fell further in November, as our price index came in at 40 (from 25 in October), still below a neutral reading of 50 (readings lower than 50 point to sequentially lower prices). 40% of agents said prices were lower, 40% said they were unchanged, and 20% said they were higher. Meanwhile, sellers held incentives steady in November, as our incentive index came in at 50 (from 25 in October), in-line with a reading of 50, suggesting flat incentives over the past month (readings of 50 point to unchanged incentives). 50% of agents said incentives were unchanged, 25% said they were lower, and 25% said they were higher.

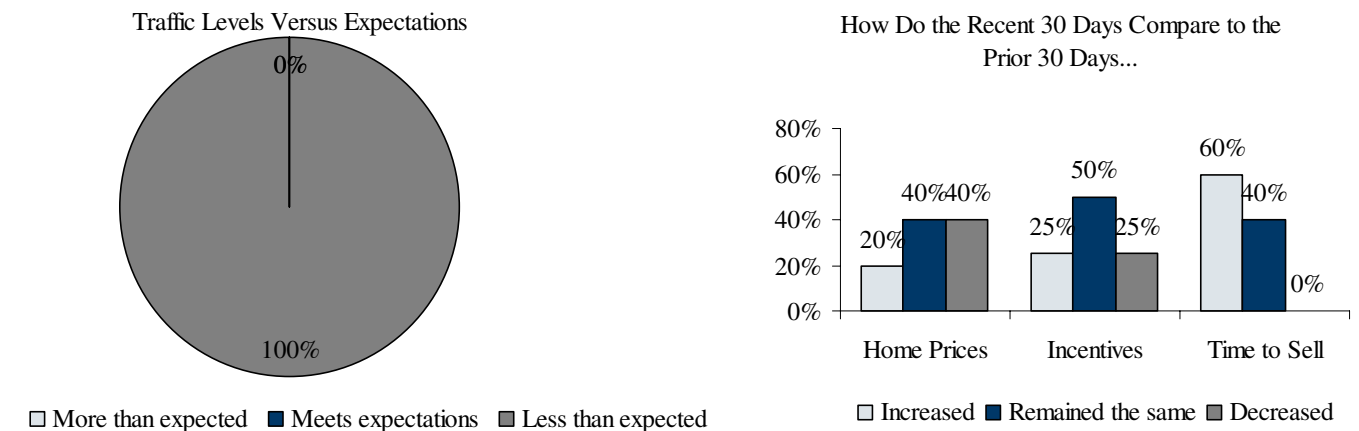
**Longer time needed to sell a home in November.** Our time to sell index came in at 20 (from 25 in October), short of a neutral reading, pointing to an increased time to sell over the last 30 days (readings lower than 50). 60% of agents said the time to sell increased and 40% said the time to sell was unchanged. We view the longer time needed to sell as a negative indicator of future pricing trends.

*Comments from real estate agents:*

- "Buyers are having trouble securing loans."
- "Buyers can't sell their previous homes and economic uncertainty is clouding the market."

**Pulte has the greatest exposure.** St. Louis represents 2% of sales for Pulte.

### Exhibit 41: Traffic Below Expectations, Lower Prices, Flat Incentives, Increased Time to Sell in November



Source: Credit Suisse

## Tucson, AZ

(1,766 single-family permits in 2010, 50th largest market in the country)

**Traffic below expectations.** Buyer traffic just missed expectations in November, as our traffic index came in at 31 (from 43 in October), short of a neutral reading of 50 (readings lower than 50 suggest traffic failed to meet agents' expectations). 46% of agents said traffic did not meet expectations, 46% said it was in-line with expectations, and 8% said it exceeded expectations.

**Prices fall, incentives increase.** Home prices remained under pressure in November, as our home price index came in at 33 (from 23 in October), short of a neutral reading of 50, suggesting lower prices over the last 30 days (readings lower than 50 point to lower prices). 50% of agents said prices were lower, 42% said they were unchanged, and 8% said they were higher. Meanwhile, incentives were higher in November, as our incentive index came in at 38 (from 43 in October), short of a neutral reading of 50, with readings lower than 50 pointing to increased incentives. 58% of agents said incentives were unchanged, 34% said they were higher, and 8% said they were lower.

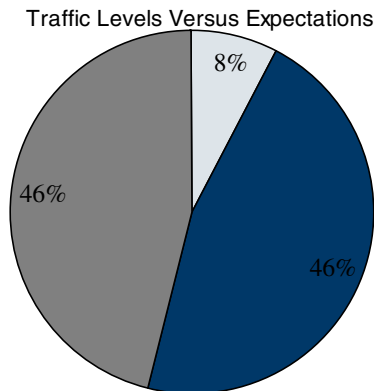
**Longer time needed to sell a home in November.** Our time to sell index came in at 38 in November (from 37 in October), short of a neutral reading of 50, pointing to an increased time to sell (readings lower than 50). 58% of agents said the time to sell a home was unchanged, 33% said the time to sell increased, and 9% said the time to sell decreased. We view the longer time needed to sell as a negative indicator of future pricing trends.

*Comments from real estate agents:*

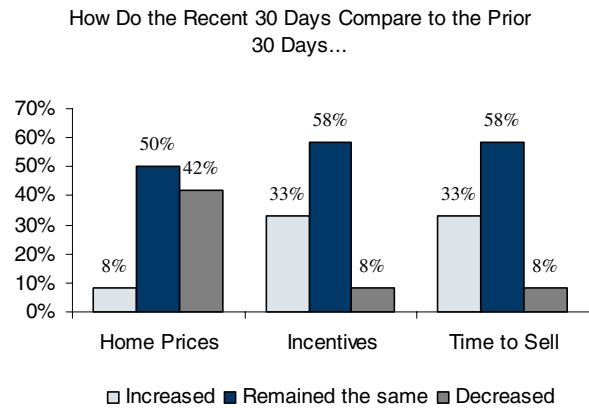
- "People are taking a wait and see attitude. They hear too many stories of friends and family losing their jobs."
- "Buyers aren't trying to catch a falling knife."

**MDC, Meritage and Lennar have the greatest exposure.** MDC has the most exposure to the Tucson market, as it represents approximately 8% of the company's sales. Tucson represents 5% of Meritage's sales and 4% of Lennar's sales.

### Exhibit 42: Traffic Below Expectations, Prices Lower, Incentives Higher, Increased Time to Sell in November



□ More than expected ■ Meets expectations ■ Less than expected



Source: Credit Suisse

November Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

## Virginia Beach, VA

(3,147 single-family permits in 2010, 30th largest market in the country)

**Traffic above expectations.** Buyer traffic came in above agents' expectations in November, as our traffic index came in at 80 (from 30 in October), exceeding a neutral reading of 50 (readings above 50 suggest traffic was better than expectations). 60% of agents said traffic exceeded expectations and 40% said it met expectations.

**Prices fall, incentives increase.** Home prices fell in November, as our price index came in at 30 (from 10 in October), still below a neutral reading of 50, suggesting lower prices over the last 30 days (readings below 50). 60% of agents said prices were lower, 20% said they were higher, and 20% said they were unchanged. Meanwhile, sellers increased incentives in November, as our incentive index came in at 20 (from 30 in October), coming in short of a neutral reading, suggesting increased incentives over the past month (readings lower than 50). 60% of agents said incentives were higher and 40% said they were higher.

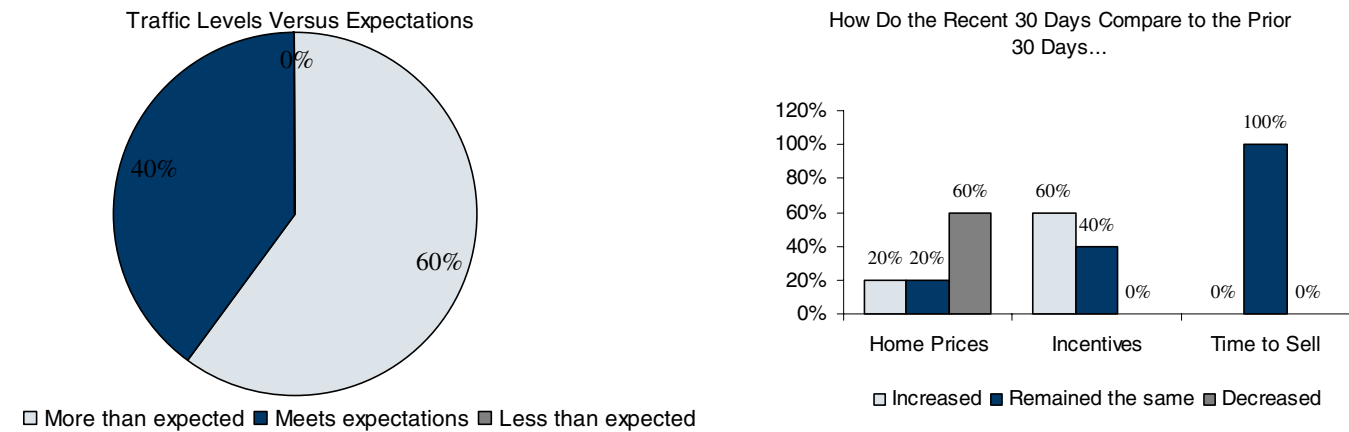
**Unchanged time needed to sell a home in October.** Our time to sell index came in at 50 in November (from 20 in October), pointing to an unchanged time to sell over the past 30 days (readings lower than 50). 100% of agents said the time to sell was unchanged. We view the unchanged time needed to sell as a positive indicator of future pricing trends.

*Comments from real estate agents:*

- "Buyers are getting tired of waiting on the fence."
- "Interest rates are getting some people interested. Confidence for many of my buyers has improved."

**Lennar and NVR have the greatest exposure.** Lennar and NVR have the most exposure to the Virginia Beach market, as it represented approximately 1% of each company's sales.

### Exhibit 43: Traffic Exceeds Expectations, Lower Prices, Higher Incentives, Unchanged Time to Sell in November



Source: Credit Suisse

## Wilmington, NC

(1,547 single-family permits in 2010, 64th largest market in the country)

**Traffic above expectations.** Our buyer traffic index came in at 60 in November (from 63 in October), pointing to traffic greater than agents' expectations (readings above 50 point to traffic exceeding agents' expectations). 40% of agents said traffic was above expectations, 40% said it met expectations, and 20% said it fell below expectations.

**Prices fall, incentives decrease.** Home prices faced additional pressure in November, as our price index came in at 10 (from 25 in October), still well below a neutral reading of 50, suggesting lower prices over the last 30 days (readings below 50). 80% of agents said prices were lower and 20% said they were unchanged. Meanwhile, incentives were lower in November, as our incentive index came in at 60 in November (from 63 in October), above of a neutral reading (readings above 50 suggest reduced incentives over the past month). 80% of agents said incentives were unchanged and 20% said they were lower.

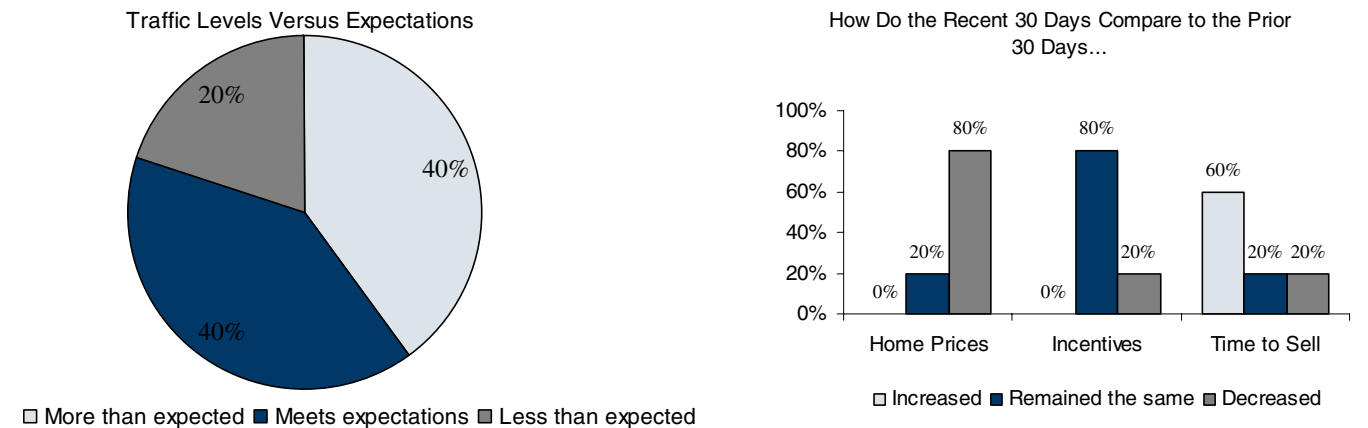
**Longer time needed to sell a home in November.** Our time to sell index came in at 30 in November (from 38 in October), remaining below a neutral reading of 50, indicating an increased time to sell (readings below 50 suggest the time to sell increased over the last 30 days). 60% of agents said the time to sell increased, 20% said the time to sell was unchanged, and 20% said the time to sell decreased. We view the longer time needed to sell as a negative indicator of future pricing trends.

*Comments from real estate agents:*

- "Traffic has been getting better but my buyers are having a tough time selling their homes."
- "Some buyers want to move into the area to retire."

**The Wilmington market represented less than 1% of sales for all homebuilders in our coverage universe.**

**Exhibit 44: Traffic Above Expectations, Prices Fall, Incentives Decrease, Time to Sell Lengthens in November**



Source: Credit Suisse

# Historical Trends

Buyer traffic increased modestly in November, but remained at disappointing levels, as buyers continue to weigh attractive affordability vs. economic and employment fears. Historical traffic trends:

**Exhibit 45: Traffic Levels [> 50.0: above seasonal expectations/ = 50.0: in-line with expectations/ <50.0: below expectations]**

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Atlanta, GA	18.8	33.3	24.1	20.0	25.0	21.2	25.9	33.3	33.3	26.5	16.1	24.1	38.5
Austin, TX	22.7	39.3	38.1	42.5	39.6	46.4	41.3	27.3	25.0	23.9	44.7	15.0	33.3
Baltimore, MD	31.8	40.0	16.7	68.8	42.3	20.8	20.0	5.6	45.0	37.5	0.0	33.3	28.6
Boston, MA	31.8	13.6	30.0	31.3	44.4	50.0	28.6	46.9	34.6	18.8	35.0	32.1	23.1
Charleston, SC	37.5	25.0	50.0	50.0	16.7	16.7	10.0	30.0	30.0	16.7	0.0	12.5	0.0
Charlotte, NC	21.4	20.0	55.0	41.7	28.6	31.8	34.4	23.1	19.2	21.9	6.7	25.0	46.4
Chicago, IL	18.2	25.7	25.6	27.6	26.4	27.4	32.9	20.8	24.2	21.1	26.3	26.7	17.6
Cincinnati, OH	31.3	33.3	22.2	21.4	35.7	26.7	25.0	11.5	20.0	14.3	0.0	16.7	11.1
Columbus, OH	22.2	50.0	25.0	42.9	31.3	16.7	28.6	33.3	25.0	25.0	27.8	20.0	22.7
Dallas, TX	28.0	24.0	38.6	30.4	41.1	42.5	39.5	21.9	45.0	23.1	22.2	27.8	19.4
Denver, CO	12.1	35.4	31.3	40.7	38.6	43.8	31.0	28.6	26.9	22.2	37.0	38.5	41.7
Detroit, MI	13.2	13.9	20.0	36.8	60.0	56.3	38.6	38.9	40.0	35.7	33.3	19.4	21.4
Fort Myers, FL	43.8	32.1	63.6	52.6	66.7	53.3	52.8	52.8	42.9	40.0	36.1	46.2	46.9
Houston, TX	26.1	40.6	42.9	39.5	29.2	31.0	27.8	23.1	36.5	19.0	50.0	32.4	41.3
Inland Empire, CA	32.4	36.1	45.5	50.0	33.3	31.3	27.8	29.4	33.3	21.4	25.0	50.0	29.2
Jacksonville, FL	25.0	50.0	70.0	50.0	53.6	53.8	61.1	36.7	41.7	38.5	22.7	25.0	37.5
Las Vegas, NV	20.0	26.2	27.3	43.5	26.0	50.0	31.3	42.5	32.7	33.3	47.9	44.1	42.9
Los Angeles, CA	25.0	15.0	32.6	39.4	33.3	28.4	25.7	19.4	28.1	33.3	12.5	25.0	23.4
Miami, FL	28.6	18.8	46.2	51.5	52.4	48.8	52.5	42.4	37.5	37.1	28.4	39.5	44.2
Minneapolis, MN	14.6	19.1	31.4	39.1	34.7	38.5	30.7	35.5	33.3	23.6	29.7	26.6	21.1
Nashville, TN	15.0	46.7	0.0	50.0	30.8	43.8	15.0	26.9	8.3	16.7	28.6	25.0	37.5
New York-Northern NJ	17.5	33.0	28.7	34.0	23.1	23.5	18.3	11.1	15.3	17.4	12.5	9.0	19.4
Orlando, FL	16.7	37.5	50.0	50.0	39.5	44.1	39.6	13.9	27.8	23.5	32.1	34.6	18.4
Phila.-Southern NJ	17.4	13.9	53.6	43.2	36.0	11.4	7.7	7.5	17.6	21.4	25.0	21.1	15.2
Phoenix, AZ	31.6	28.2	39.7	47.1	44.2	54.8	54.2	45.7	50.0	39.2	37.9	40.0	27.9
Portland, OR	20.0	28.8	40.0	38.0	32.7	23.8	23.9	24.0	26.2	21.1	14.3	25.0	36.8
Raleigh, NC	4.2	0.0	39.3	35.0	37.5	16.7	16.7	30.0	22.2	13.6	0.0	31.3	60.0
Richmond, VA	10.0	16.7	66.7	60.0	50.0	25.0	18.8	33.3	66.7	75.0	33.3	25.0	66.7
Sacramento, CA	25.0	27.3	25.0	39.3	18.8	25.0	27.8	39.5	28.1	25.0	5.0	35.0	39.3
San Antonio, TX	41.7	27.8	37.5	18.2	32.1	40.9	27.8	40.9	16.7	12.5	18.8	14.3	38.9
San Diego, CA	14.7	15.8	33.3	34.1	23.9	30.0	21.7	15.4	11.5	18.8	10.7	15.0	14.3
San Francisco, CA	26.3	41.2	50.0	56.3	37.5	41.3	33.3	25.0	42.0	38.6	25.0	37.5	39.7
Sarasota, FL	20.0	43.8	50.0	45.5	62.5	75.0	64.7	43.8	33.3	27.8	18.2	22.2	50.0
Seattle, WA	22.7	41.1	55.0	61.1	36.5	26.3	41.3	33.3	25.0	22.2	36.8	33.3	16.7
St. Louis, MO	50.0	50.0	25.0	33.3	25.0	20.0	25.0	8.3	30.0	42.9	33.3	25.0	0.0
Tampa, FL	17.6	27.5	32.4	42.1	38.6	61.8	37.5	21.7	30.4	22.0	32.6	25.0	31.0
Tucson, AZ	30.8	38.9	50.0	41.2	57.7	40.9	43.8	34.4	45.5	26.9	32.1	43.3	30.8
Virginia Beach, VA	10.0	41.7	30.0	54.2	45.0	50.0	29.2	16.7	50.0	50.0	40.0	30.0	80.0
Washington, DC	30.8	30.6	47.1	50.0	45.3	32.0	37.0	28.0	35.4	27.3	24.0	25.9	29.2
Wilmington, NC	7.1	33.3	75.0	28.6	25.0	50.0	25.0	50.0	37.5	0.0	30.0	62.5	60.0
Total	22.1	29.1	38.2	41.0	36.6	35.9	31.1	28.8	31.1	26.9	24.8	29.0	32.5

Source: Credit Suisse

**Home prices continued to fall in most markets, pressured by weak demand and distressed sales.** Historical price trends:

**Exhibit 46: Home Prices [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]**

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Atlanta, GA	15.4	23.8	14.5	20.8	32.8	21.2	22.4	31.7	28.8	26.5	31.7	25.9	23.1
Austin, TX	26.1	25.0	35.7	28.6	50.0	40.0	45.7	43.5	32.5	30.4	42.5	30.0	26.3
Baltimore, MD	18.2	20.0	33.3	31.3	12.5	25.0	20.0	22.2	22.2	25.0	31.3	33.3	28.6
Boston, MA	36.4	36.4	40.0	43.8	41.7	32.4	17.9	43.3	26.9	25.0	20.0	31.3	26.9
Charleston, SC	25.0	25.0	25.0	50.0	8.3	25.0	0.0	20.0	35.0	16.7	25.0	25.0	0.0
Charlotte, NC	7.1	16.7	25.0	22.7	21.4	33.3	28.1	11.5	20.8	16.7	18.8	25.0	21.4
Chicago, IL	15.6	14.9	16.7	21.4	25.0	18.6	15.8	12.5	15.6	9.5	15.8	11.7	19.7
Cincinnati, OH	12.5	16.7	27.8	33.3	35.7	32.1	20.0	23.1	20.0	14.3	0.0	16.7	22.2
Columbus, OH	38.9	0.0	25.0	28.6	37.5	25.0	35.7	22.2	22.2	25.0	27.8	20.0	29.2
Dallas, TX	18.0	26.0	34.1	21.7	25.0	47.5	34.2	36.7	50.0	34.6	22.2	38.9	33.3
Denver, CO	21.2	16.7	33.9	38.9	34.3	39.1	32.3	28.6	36.5	42.3	33.3	34.0	36.4
Detroit, MI	15.8	27.8	26.7	35.0	32.5	46.7	43.2	38.2	39.3	34.6	27.8	39.5	42.9
Fort Myers, FL	43.8	39.3	40.9	44.7	58.3	60.0	47.2	71.9	46.4	60.7	55.9	46.4	62.5
Houston, TX	32.6	43.8	33.3	36.8	41.7	45.2	41.7	32.7	36.0	42.5	36.8	41.2	37.0
Inland Empire, CA	36.7	32.4	50.0	26.5	40.5	31.3	26.3	35.3	29.2	32.1	35.7	19.2	25.0
Jacksonville, FL	0.0	30.0	30.0	30.0	19.2	38.5	25.0	42.9	25.0	23.1	31.8	22.2	25.0
Las Vegas, NV	25.0	32.5	23.9	30.4	30.0	30.6	21.2	32.5	28.0	19.4	18.8	23.5	26.2
Los Angeles, CA	33.3	35.7	37.0	28.1	34.0	27.0	27.0	22.2	30.6	27.9	25.0	21.2	28.1
Miami, FL	21.7	22.7	34.6	30.0	36.9	38.5	37.2	32.6	40.6	50.0	44.6	47.6	53.4
Minneapolis, MN	11.3	16.3	22.7	21.2	27.8	20.0	16.3	22.6	23.6	22.9	22.4	15.6	16.2
Nashville, TN	33.3	30.0	25.0	31.3	30.8	25.0	35.0	26.9	25.0	20.8	42.9	25.0	25.0
New York-Northern NJ	20.2	17.4	23.1	22.8	34.6	32.8	22.6	18.3	25.0	16.7	21.9	15.4	18.5
Orlando, FL	25.0	25.0	25.0	11.5	21.1	38.2	35.4	18.4	41.7	37.5	46.2	42.3	47.2
Phila.-Southern NJ	15.2	26.5	40.0	25.0	32.0	20.5	23.1	19.0	17.6	21.4	23.7	18.4	21.7
Phoenix, AZ	15.8	21.8	20.6	20.6	28.7	40.5	37.5	38.6	51.4	40.5	40.0	50.0	48.5
Portland, OR	3.3	9.6	23.3	17.3	19.6	15.9	21.7	18.0	21.4	17.5	19.0	19.4	26.3
Raleigh, NC	16.7	29.2	17.9	40.9	25.0	27.8	20.0	30.0	16.7	22.7	35.7	31.3	40.0
Richmond, VA	20.0	0.0	25.0	50.0	40.0	8.3	31.3	10.0	16.7	0.0	0.0	33.3	33.3
Sacramento, CA	15.0	13.6	15.0	26.9	9.4	25.0	19.4	23.7	21.9	23.1	20.0	25.0	32.1
San Antonio, TX	37.5	27.8	37.5	36.4	35.7	40.9	35.0	27.3	33.3	37.5	37.5	35.7	38.9
San Diego, CA	17.6	30.6	23.3	27.3	18.2	36.0	29.2	26.9	33.3	14.3	25.0	25.0	21.4
San Francisco, CA	10.5	23.5	26.5	34.8	33.3	36.0	29.6	22.9	32.0	29.5	23.5	23.7	40.7
Sarasota, FL	40.0	16.7	12.5	22.7	42.3	37.5	26.5	62.5	37.5	50.0	40.9	50.0	50.0
Seattle, WA	24.2	21.0	23.3	27.8	30.8	31.6	26.0	27.1	29.4	20.7	26.3	34.8	13.2
St. Louis, MO	28.6	20.0	12.5	33.3	20.8	35.0	0.0	20.0	40.0	28.6	33.3	25.0	40.0
Tampa, FL	29.4	15.0	16.7	28.9	22.7	47.1	36.8	34.8	45.5	26.0	35.7	29.2	32.8
Tucson, AZ	23.1	16.7	54.5	5.9	34.6	13.6	31.3	26.7	27.3	23.1	15.4	23.3	33.3
Virginia Beach, VA	20.0	58.3	30.0	25.0	30.0	33.3	25.0	41.7	8.3	25.0	0.0	10.0	30.0
Washington, DC	26.9	34.2	40.6	50.0	53.6	44.2	43.5	56.0	42.0	35.7	38.9	36.2	39.6
Wilmington, NC	14.3	0.0	0.0	21.4	16.7	37.5	8.3	12.5	0.0	0.0	20.0	25.0	10.0
Total	21.6	23.0	26.9	30.1	29.9	31.8	26.7	29.7	28.7	26.7	27.8	28.7	30.7

Source: Credit Suisse

**Incentives increased modestly in November, as our index came in at 39 vs. a neutral level of 50.** Historical incentive trends:

**Exhibit 47: Incentives [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]**

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Atlanta, GA	29.2	30.0	37.5	27.3	41.1	34.0	28.8	32.8	32.7	38.2	26.8	31.0	41.7
Austin, TX	25.0	39.3	40.5	35.0	41.3	43.3	39.1	34.1	31.6	37.0	25.0	45.0	20.0
Baltimore, MD	44.4	40.0	16.7	43.8	30.0	40.0	20.0	27.8	37.5	25.0	37.5	33.3	41.7
Boston, MA	50.0	40.9	46.2	50.0	40.6	53.3	53.8	50.0	53.8	36.7	50.0	46.4	45.5
Charleston, SC	37.5	50.0	37.5	43.8	40.0	50.0	40.0	40.0	38.9	50.0	37.5	37.5	50.0
Charlotte, NC	32.1	36.7	45.0	27.3	42.9	54.5	43.3	45.8	45.8	50.0	37.5	50.0	42.9
Chicago, IL	38.5	37.5	45.3	57.7	46.9	54.2	45.6	47.0	45.0	43.8	51.6	38.0	41.2
Cincinnati, OH	31.3	41.7	38.9	41.7	42.9	43.3	50.0	29.2	30.0	14.3	16.7	33.3	38.9
Columbus, OH	33.3	50.0	37.5	41.7	37.5	50.0	50.0	50.0	35.0	31.3	25.0	12.5	27.3
Dallas, TX	21.7	37.5	39.5	26.1	44.4	42.1	38.9	50.0	66.7	37.5	35.3	37.5	34.4
Denver, CO	36.2	37.0	41.7	44.2	50.0	50.0	38.9	30.8	44.0	42.0	37.5	37.5	50.0
Detroit, MI	44.1	47.1	50.0	44.4	42.1	53.6	50.0	43.3	37.5	36.4	50.0	50.0	44.7
Fort Myers, FL	53.1	46.4	36.4	36.8	41.7	46.7	28.1	43.3	50.0	42.9	33.3	37.5	40.6
Houston, TX	25.0	21.4	38.1	34.2	43.5	38.9	34.4	32.0	34.0	33.3	38.2	37.5	34.1
Inland Empire, CA	36.7	32.4	37.5	38.2	42.5	53.3	38.9	44.1	50.0	50.0	50.0	29.2	37.5
Jacksonville, FL	10.0	50.0	30.0	40.0	35.7	42.3	35.3	30.8	27.3	30.8	36.4	16.7	40.9
Las Vegas, NV	19.2	37.5	41.3	37.0	31.3	36.1	31.3	28.9	34.0	35.3	32.6	28.1	31.0
Los Angeles, CA	28.6	47.1	47.5	39.3	46.3	50.0	37.1	38.3	29.6	37.5	40.6	40.0	50.0
Miami, FL	27.8	37.9	39.6	45.2	48.8	43.4	47.2	40.2	46.3	41.2	48.5	40.8	41.3
Minneapolis, MN	42.3	36.7	40.9	39.1	33.3	46.2	39.3	35.5	38.2	47.0	38.9	39.1	30.6
Nashville, TN	38.9	40.0	50.0	31.3	34.6	56.3	40.0	38.5	41.7	50.0	41.7	45.8	37.5
New York-Northern NJ	43.0	50.0	39.6	50.0	44.5	50.9	47.2	44.4	35.9	40.0	40.4	41.7	41.5
Orlando, FL	37.5	37.5	45.8	29.2	36.1	26.5	26.1	47.2	50.0	43.8	38.5	26.9	30.6
Phila.-Southern NJ	35.7	42.3	40.9	27.8	31.8	39.5	32.6	27.8	43.8	52.9	34.4	43.8	38.1
Phoenix, AZ	28.9	37.8	37.0	36.4	43.6	42.1	29.4	31.3	34.3	42.4	44.8	43.8	46.9
Portland, OR	43.3	46.2	53.3	42.0	50.0	47.7	45.7	46.0	38.1	47.5	47.6	44.4	50.0
Raleigh, NC	25.0	29.2	28.6	35.0	50.0	30.0	25.0	30.0	33.3	27.3	35.7	50.0	30.0
Richmond, VA	20.0	25.0	33.3	50.0	40.0	41.7	35.7	35.0	33.3	0.0	50.0	50.0	33.3
Sacramento, CA	28.6	40.9	27.8	37.5	50.0	40.6	44.1	36.8	31.3	54.2	37.5	45.0	30.8
San Antonio, TX	33.3	27.8	62.5	27.3	42.9	31.8	35.0	27.3	37.5	31.3	43.8	28.6	44.4
San Diego, CA	46.7	38.2	40.9	35.0	42.1	50.0	40.0	36.4	45.0	40.9	34.6	44.4	41.2
San Francisco, CA	37.5	40.0	50.0	43.3	42.1	40.9	35.0	35.7	50.0	44.1	41.7	40.0	38.1
Sarasota, FL	30.0	37.5	37.5	25.0	25.0	35.7	37.5	21.4	33.3	25.0	40.9	38.9	40.9
Seattle, WA	40.3	39.3	46.2	43.8	47.9	36.1	37.0	40.5	36.7	47.9	38.9	36.1	33.3
St. Louis, MO	28.6	40.0	33.3	33.3	31.8	40.0	25.0	62.5	37.5	25.0	0.0	25.0	50.0
Tampa, FL	25.0	34.2	36.1	30.0	32.5	32.4	32.5	28.3	32.6	36.5	25.0	39.1	42.9
Tucson, AZ	41.7	27.8	22.7	37.5	30.8	40.9	34.4	46.7	40.9	34.6	37.5	43.3	37.5
Virginia Beach, VA	37.5	50.0	37.5	50.0	38.9	40.0	30.0	50.0	25.0	37.5	30.0	30.0	20.0
Washington, DC	25.0	29.4	28.6	39.1	33.3	40.0	34.2	38.6	43.2	37.5	39.6	32.7	28.3
Wilmington, NC	28.6	33.3	50.0	35.7	50.0	50.0	66.7	50.0	37.5	25.0	60.0	62.5	60.0
<b>Total</b>	<b>34.1</b>	<b>39.5</b>	<b>40.4</b>	<b>38.6</b>	<b>39.5</b>	<b>42.4</b>	<b>37.1</b>	<b>38.7</b>	<b>38.3</b>	<b>37.6</b>	<b>37.8</b>	<b>38.3</b>	<b>39.0</b>

Source: Credit Suisse

**Inventories continued to trend lower in November, some of which is seasonal and some likely due to continued foreclosure delays.** Historical inventory trends:

**Exhibit 48: Homes listed for sale [ $> 50.0$ : Fewer homes listed versus prior month/ = 50.0: listings unchanged /  $<50.0$ : more home listings]**

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Atlanta, GA	41.7	45.2	44.8	27.1	32.8	34.6	31.5	38.3	34.6	58.8	60.7	63.8	61.5
Austin, TX	30.4	50.0	50.0	42.9	47.8	36.7	41.3	37.0	47.5	47.8	55.0	60.0	70.0
Baltimore, MD	54.5	40.0	33.3	12.5	16.7	20.8	40.0	44.4	66.7	62.5	68.8	66.7	57.1
Boston, MA	54.5	59.1	63.3	64.3	22.2	20.6	25.0	16.7	30.8	25.0	35.0	56.3	57.7
Charleston, SC	75.0	70.0	37.5	50.0	25.0	25.0	20.0	50.0	61.1	50.0	37.5	37.5	50.0
Charlotte, NC	42.9	46.4	50.0	22.7	32.1	45.8	43.8	42.3	45.8	50.0	59.4	90.0	67.9
Chicago, IL	35.6	58.3	36.8	35.7	24.5	26.2	25.0	23.6	28.8	35.1	42.9	51.7	47.2
Cincinnati, OH	37.5	66.7	40.0	7.1	8.3	10.0	50.0	29.2	20.0	42.9	41.7	50.0	44.4
Columbus, OH	33.3	100.0	50.0	16.7	37.5	33.3	35.7	33.3	44.4	81.3	50.0	60.0	58.3
Dallas, TX	46.0	40.7	36.4	35.4	33.9	30.0	21.1	40.0	40.0	38.5	44.4	61.1	63.9
Denver, CO	39.4	47.9	45.3	33.3	38.6	34.8	37.1	42.6	63.5	78.8	70.4	81.3	81.3
Detroit, MI	50.0	52.8	66.7	52.5	58.3	46.7	65.9	56.3	50.0	57.7	63.9	57.9	71.4
Fort Myers, FL	71.9	57.1	45.5	78.9	64.6	70.0	63.9	86.7	78.6	67.9	75.0	61.5	59.4
Houston, TX	41.3	36.7	45.0	26.3	37.5	31.0	26.5	20.0	42.0	50.0	57.9	52.9	67.4
Inland Empire, CA	46.7	61.1	45.8	32.4	47.6	40.6	34.2	47.1	54.2	53.6	57.1	65.4	50.0
Jacksonville, FL	10.0	70.0	70.0	40.0	53.6	38.5	58.3	53.8	58.3	50.0	50.0	55.0	62.5
Las Vegas, NV	21.2	25.0	26.1	21.7	42.0	30.6	34.8	50.0	50.0	55.6	54.2	58.8	71.4
Los Angeles, CA	39.7	45.2	39.1	43.8	31.9	37.8	31.1	39.7	41.7	45.6	50.0	59.3	46.8
Miami, FL	33.3	37.9	44.2	60.3	62.2	70.5	64.1	68.5	75.8	66.2	63.5	73.8	72.0
Minneapolis, MN	36.3	51.1	40.0	34.8	40.3	48.1	51.1	56.5	62.9	72.9	85.5	84.8	82.9
Nashville, TN	44.4	46.7	37.5	50.0	26.9	31.3	20.0	31.8	33.3	33.3	50.0	50.0	54.2
New York-Northern NJ	37.7	54.3	37.5	32.6	24.6	21.9	15.9	21.7	25.5	31.8	33.3	24.4	35.6
Orlando, FL	41.7	54.2	58.3	61.5	71.1	67.6	71.7	78.9	83.3	84.4	73.1	84.6	66.7
Phila.-Southern NJ	41.3	35.3	30.0	34.1	32.0	25.0	25.0	21.4	20.6	40.5	33.3	50.0	70.5
Phoenix, AZ	27.6	32.1	45.6	35.3	57.8	67.9	76.4	75.7	81.6	78.4	76.7	75.7	73.5
Portland, OR	53.3	69.2	40.0	44.2	50.0	52.3	45.7	60.0	73.8	65.0	73.8	72.2	76.3
Raleigh, NC	33.3	29.2	39.3	22.7	25.0	30.0	41.7	30.0	55.6	50.0	50.0	62.5	60.0
Richmond, VA	25.0	66.7	33.3	40.0	20.0	16.7	37.5	30.0	16.7	25.0	16.7	50.0	50.0
Sacramento, CA	50.0	36.4	50.0	26.9	59.4	61.1	36.1	63.2	50.0	75.0	70.0	60.0	67.9
San Antonio, TX	50.0	50.0	50.0	18.2	32.1	31.8	45.0	36.4	27.8	43.8	25.0	14.3	38.9
San Diego, CA	32.4	35.3	33.3	34.1	29.5	38.0	31.8	33.3	33.3	42.9	39.3	50.0	50.0
San Francisco, CA	44.4	58.8	25.0	30.4	43.8	54.0	27.8	34.8	54.0	50.0	38.2	63.2	79.6
Sarasota, FL	50.0	44.4	33.3	65.0	53.8	75.0	79.4	100.0	95.8	94.4	81.8	88.9	63.6
Seattle, WA	48.5	68.3	48.3	31.5	36.0	21.1	27.1	41.3	55.9	46.6	60.5	64.6	63.2
St. Louis, MO	28.6	40.0	25.0	0.0	33.3	25.0	12.5	30.0	50.0	42.9	50.0	50.0	70.0
Tampa, FL	32.4	45.0	41.7	26.3	52.3	67.6	57.5	58.7	67.4	65.4	65.0	75.0	70.7
Tucson, AZ	41.7	33.3	35.0	21.9	23.1	27.3	59.4	65.6	81.8	73.1	53.8	66.7	36.4
Virginia Beach, VA	20.0	41.7	30.0	13.6	30.0	25.0	27.3	50.0	58.3	25.0	50.0	60.0	60.0
Washington, DC	55.8	69.4	50.0	42.9	44.0	38.5	37.0	44.0	52.0	54.5	53.8	51.8	66.7
Wilmington, NC	33.3	16.7	25.0	35.7	50.0	25.0	25.0	50.0	25.0	0.0	30.0	37.5	50.0
<b>Total</b>	<b>41.3</b>	<b>51.2</b>	<b>40.9</b>	<b>35.5</b>	<b>37.9</b>	<b>37.4</b>	<b>39.0</b>	<b>45.8</b>	<b>49.7</b>	<b>52.8</b>	<b>53.7</b>	<b>60.0</b>	<b>61.2</b>

Source: Credit Suisse

The length of time needed to sell a home increased in November, typically a negative indicator for pricing. Historical time to sell trends:

**Exhibit 49: Length of time needed to sell a home [> 50.0: Time to sell decreased/ = 50.0: time to sell unchanged / <50.0: time to sell increased]**

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Atlanta, GA	20.8	28.6	19.0	27.1	32.8	25.0	18.5	33.3	32.0	32.4	30.4	25.0	42.3
Austin, TX	15.2	28.6	23.8	26.2	41.7	43.3	41.3	34.8	32.5	30.4	34.2	25.0	40.0
Baltimore, MD	20.0	10.0	8.3	14.3	29.2	37.5	30.0	16.7	27.8	25.0	18.8	33.3	21.4
Boston, MA	22.7	18.2	30.0	28.6	41.2	64.7	32.1	30.0	15.4	21.9	50.0	28.1	23.1
Charleston, SC	37.5	40.0	37.5	43.8	16.7	25.0	20.0	30.0	33.3	16.7	25.0	12.5	0.0
Charlotte, NC	10.7	17.9	10.0	22.7	32.1	33.3	25.0	23.1	23.1	26.7	18.8	30.0	28.6
Chicago, IL	21.1	16.2	24.4	25.0	17.9	25.0	23.0	25.0	22.7	20.3	23.0	20.0	23.0
Cincinnati, OH	12.5	33.3	16.7	28.6	25.0	26.7	40.0	19.2	0.0	14.3	8.3	50.0	11.1
Columbus, OH	27.8	0.0	62.5	8.3	25.0	41.7	35.7	27.8	16.7	25.0	27.8	40.0	27.3
Dallas, TX	14.0	25.0	20.5	16.7	32.1	47.5	31.6	34.4	30.0	15.4	16.7	33.3	19.4
Denver, CO	18.8	22.9	25.0	35.2	41.4	39.1	41.9	32.7	40.0	40.4	35.2	42.0	43.5
Detroit, MI	16.7	33.3	30.0	52.5	52.6	63.3	52.3	52.9	53.6	50.0	44.4	36.8	40.0
Fort Myers, FL	40.0	50.0	54.5	60.5	60.4	70.0	58.3	73.3	64.3	57.1	63.9	46.2	62.5
Houston, TX	13.0	21.9	31.0	34.2	33.3	28.6	26.5	14.0	32.0	26.2	44.7	38.2	43.5
Inland Empire, CA	26.7	33.3	29.2	26.5	45.2	34.4	28.9	29.4	33.3	42.9	35.7	42.3	25.0
Jacksonville, FL	10.0	40.0	40.0	45.0	39.3	50.0	41.7	35.7	20.8	23.1	13.6	25.0	50.0
Las Vegas, NV	9.6	17.5	22.7	37.0	37.5	44.4	37.9	40.0	47.9	38.9	47.9	41.2	50.0
Los Angeles, CA	21.7	15.0	26.1	28.8	31.5	29.2	24.3	26.5	23.3	32.4	15.0	33.3	18.8
Miami, FL	25.9	22.7	46.2	52.9	59.8	53.9	50.0	54.5	51.6	54.2	39.2	55.1	57.0
Minneapolis, MN	12.5	19.1	23.3	28.8	33.3	21.2	26.2	21.7	31.9	28.6	35.5	29.7	31.1
Nashville, TN	22.2	21.4	6.3	28.1	38.5	43.8	30.0	29.2	33.3	20.8	14.3	20.8	12.5
New York-Northern NJ	24.5	25.0	22.1	30.7	25.4	34.1	16.4	17.5	18.1	12.5	14.5	17.1	14.2
Orlando, FL	29.2	25.0	33.3	34.6	36.8	44.1	39.1	34.2	55.9	53.1	42.3	61.5	47.2
Phila.-Southern NJ	26.1	17.6	33.3	34.1	40.0	26.2	19.2	19.0	17.6	26.2	20.6	28.9	20.5
Phoenix, AZ	17.1	21.8	38.2	35.3	40.4	59.5	57.1	67.1	65.8	63.5	58.3	57.1	55.9
Portland, OR	23.3	23.1	26.7	34.6	39.3	31.8	40.9	32.0	42.9	42.5	40.5	41.7	36.8
Raleigh, NC	8.3	16.7	35.7	27.3	33.3	10.0	8.3	20.0	11.1	18.2	21.4	50.0	40.0
Richmond, VA	20.0	0.0	25.0	50.0	40.0	58.3	31.3	35.0	50.0	25.0	33.3	33.3	66.7
Sacramento, CA	25.0	18.2	25.0	38.5	31.3	44.4	33.3	52.6	28.1	26.9	38.9	30.0	38.5
San Antonio, TX	29.2	16.7	18.8	18.2	28.6	36.4	27.8	31.8	11.1	12.5	31.3	16.7	27.8
San Diego, CA	2.9	19.4	30.0	20.5	27.3	37.5	28.3	33.3	25.0	17.9	17.9	22.2	19.0
San Francisco, CA	19.4	38.2	28.1	28.3	33.3	40.0	17.3	26.1	38.0	29.5	27.8	34.2	38.9
Sarasota, FL	20.0	27.8	37.5	45.5	53.8	75.0	58.8	68.8	66.7	83.3	40.9	55.6	54.5
Seattle, WA	27.3	26.7	36.7	31.5	42.3	42.1	45.8	39.1	47.1	41.4	55.3	41.7	47.4
St. Louis, MO	21.4	20.0	37.5	50.0	33.3	30.0	0.0	40.0	50.0	28.6	33.3	25.0	20.0
Tampa, FL	20.6	22.5	33.3	32.5	40.5	46.9	42.5	41.3	47.8	38.5	45.0	37.5	43.1
Tucson, AZ	33.3	27.8	27.3	26.5	34.6	36.4	37.5	37.5	50.0	46.2	46.2	36.7	37.5
Virginia Beach, VA	30.0	16.7	40.0	16.7	35.0	33.3	18.2	30.0	50.0	25.0	40.0	20.0	50.0
Washington, DC	26.0	47.4	43.8	48.2	51.2	44.2	28.3	44.0	26.0	22.7	22.2	17.9	29.2
Wilmington, NC	8.3	16.7	12.5	35.7	16.7	25.0	0.0	25.0	12.5	0.0	30.0	37.5	30.0
Total	21.5	23.1	29.2	31.9	35.4	39.1	30.9	34.5	33.6	31.4	32.5	34.3	34.7

Source: Credit Suisse

## Agent Recommendations

**Agents recommend Toll, Pulte, Meritage and D.R. Horton.** Toll Brothers received the highest percentage of recommendations by agents across the markets we survey. 27% of agents (net of positive responses less negative responses) surveyed said they would recommend Toll, while 24% said they would recommend Pulte, 19% would recommend Meritage and 17% would recommend D.R. Horton. We believe this is important since 35-40% of new home sales involve an agent. This is a positive for those companies, in addition to others below that received strong recommendations.

### Exhibit 50: Toll Brothers Most Highly Recommended by Agents

Rank	Ticker	Company Name	Net Recommendation
1	TOL	Toll Brothers	27%
2	PHM	Pulte Group	24%
3	MTH	Meritage Homes	19%
4	DHI	D.R. Horton	17%
5	SPF	Standard Pacific Corp.	15%
6	LEN	Lennar Corp.	12%
7	RYL	Ryland Group	9%
8	NVR	NVR, Inc.	5%
9	BZH	Beazer Homes	4%
10	MDC	MDC Holdings	2%
11	HOV	Hovnanian Enterprises	0%
12	KBH	KB Home	(9%)

Source: Credit Suisse

**Exhibit 51: Which of the following homebuilders would you most highly recommend to clients?**

Market	BZH	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Atlanta, GA	31%	23%	--	--	--	--	--	--	38%	38%	--	--
Austin, TX	--	71%	--	14%	38%	--	52%	--	48%	--	71%	43%
Baltimore, MD	0%	0%	0%	14%	14%	0%	--	29%	--	0%	--	--
Charleston, SC	0%	0%	--	0%	0%	--	--	0%	--	0%	--	--
Charlotte, NC	0%	27%	0%	7%	0%	--	--	33%	--	27%	33%	33%
Chicago, IL	--	11%	5%	--	18%	0%	--	--	24%	13%	--	29%
Cincinnati, OH	--	--	0%	--	--	--	--	0%	0%	22%	--	--
Columbus, OH	--	--	0%	--	--	--	--	8%	0%	--	--	--
Dallas, TX	0%	22%	28%	0%	0%	0%	6%	--	11%	--	22%	39%
Denver, CO	--	13%	--	8%	21%	29%	8%	--	29%	38%	29%	50%
Detroit, MI	--	--	0%	--	--	--	--	--	43%	--	--	57%
Fort Myers, FL	--	38%	0%	13%	50%	--	19%	--	50%	13%	--	--
Houston, TX	4%	13%	0%	0%	13%	0%	4%	--	4%	--	--	--
Jacksonville, FL	17%	50%	--	42%	50%	8%	--	--	33%	8%	25%	33%
Las Vegas, NV	14%	52%	--	38%	29%	24%	5%	--	52%	19%	--	67%
Los Angeles, CA	--	3%	13%	16%	16%	3%	3%	--	6%	--	13%	13%
Miami, FL	--	14%	--	--	30%	--	--	--	--	--	2%	--
Minneapolis, MN	--	39%	16%	--	53%	--	--	--	39%	29%	--	11%
Nashville, TN	17%	--	--	--	--	--	--	--	--	--	--	--
New York-Northern New Jersey, NY-NJ	--	7%	15%	--	6%	--	--	4%	22%	--	--	39%
Orlando, FL	26%	16%	11%	21%	32%	--	32%	--	21%	16%	11%	16%
Philadelphia-Southern NJ	--	4%	4%	--	4%	0%	--	13%	30%	--	--	48%
Phoenix, AZ	11%	23%	3%	11%	17%	11%	29%	--	49%	11%	26%	46%
Port St. Lucie, FL	--	0%	--	0%	--	--	--	--	--	--	--	--
Portland, OR	--	32%	--	--	--	--	--	--	--	--	--	--
Raleigh, NC	40%	40%	0%	20%	20%	--	--	0%	20%	--	0%	20%
Richmond, VA	0%	--	--	--	--	--	--	33%	--	--	--	--
Riverside-San Bernardino, CA	17%	17%	8%	17%	17%	8%	--	--	25%	8%	25%	--
Sacramento, CA	7%	36%	7%	29%	7%	0%	21%	--	64%	0%	14%	29%
San Antonio, TX	0%	67%	--	33%	22%	--	44%	--	67%	--	--	11%
San Diego, CA	0%	14%	14%	29%	14%	0%	--	--	0%	5%	14%	10%
San Francisco, CA	--	14%	--	--	3%	--	14%	--	24%	--	0%	24%
Sarasota, FL	--	--	--	0%	25%	--	--	--	50%	--	0%	--
Seattle, WA	--	53%	--	--	--	--	--	--	--	--	--	--
Tampa, FL	17%	23%	20%	20%	27%	0%	--	--	23%	23%	13%	--
Tucson, AZ	--	23%	8%	0%	31%	15%	38%	--	46%	--	0%	15%
Virginia Beach, VA	--	0%	0%	--	--	--	--	0%	--	--	--	--
Washington, DC	25%	4%	17%	--	13%	0%	--	46%	17%	4%	--	25%
Wilmington, NC	20%	--	--	--	--	--	--	0%	--	--	--	--
<b>TOTAL</b>	<b>12%</b>	<b>23%</b>	<b>7%</b>	<b>15%</b>	<b>20%</b>	<b>6%</b>	<b>21%</b>	<b>14%</b>	<b>30%</b>	<b>15%</b>	<b>18%</b>	<b>31%</b>

Source: Credit Suisse

**Agents discourage customers from buying a home from KB Home.** KB Home received the highest percentage of negative recommendations by agents nationwide, although we expect this to improve as the more affordable “Open Series” gains traction. We also note that KB Home pre-sells a majority of its homes, which may negatively influence agents’ responses.

**Exhibit 52: From which of the following homebuilders would you most strongly discourage clients from buying?**

Market	BZH	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Atlanta, GA	19%	4%	--	--	--	--	--	--	8%	4%	--	--
Austin, TX	--	0%	--	52%	10%	--	5%	--	14%	--	5%	14%
Baltimore, MD	0%	0%	29%	0%	14%	14%	--	29%	--	43%	--	--
Charleston, SC	0%	0%	--	0%	0%	--	--	0%	--	0%	--	--
Charlotte, NC	40%	7%	7%	33%	27%	--	--	0%	--	7%	7%	0%
Chicago, IL	--	3%	3%	--	5%	3%	--	--	5%	5%	--	3%
Cincinnati, OH	--	--	0%	--	--	--	--	11%	0%	0%	--	--
Columbus, OH	--	--	0%	--	--	--	--	0%	0%	--	--	--
Dallas, TX	11%	6%	0%	44%	6%	0%	6%	--	6%	--	6%	0%
Denver, CO	--	21%	--	42%	4%	13%	0%	--	8%	0%	0%	0%
Detroit, MI	--	--	0%	--	--	--	--	--	19%	--	--	0%
Fort Myers, FL	--	6%	25%	19%	13%	--	0%	--	0%	6%	--	--
Houston, TX	0%	4%	4%	43%	4%	9%	4%	--	4%	--	--	--
Jacksonville, FL	8%	8%	--	25%	8%	0%	--	--	0%	0%	0%	0%
Las Vegas, NV	10%	10%	--	14%	14%	14%	0%	--	5%	0%	--	5%
Los Angeles, CA	--	3%	6%	9%	0%	0%	0%	--	0%	--	3%	0%
Miami, FL	--	5%	--	--	9%	--	--	--	--	--	0%	--
Minneapolis, MN	--	13%	8%	--	13%	--	--	--	13%	13%	--	16%
Nashville, TN	8%	--	--	--	--	--	--	--	--	--	--	--
New York-Northern New Jersey, NY-NJ	--	0%	11%	--	4%	--	--	2%	9%	--	--	2%
Orlando, FL	0%	16%	0%	16%	11%	--	0%	--	5%	0%	5%	0%
Philadelphia-Southern NJ	--	0%	9%	--	0%	0%	--	4%	9%	--	--	22%
Phoenix, AZ	14%	11%	26%	34%	11%	3%	6%	--	6%	6%	6%	3%
Port St. Lucie, FL	--	0%	--	0%	--	--	--	--	--	--	--	--
Portland, OR	--	5%	--	--	--	--	--	--	--	--	--	--
Raleigh, NC	0%	0%	20%	40%	20%	--	--	0%	0%	--	0%	0%
Richmond, VA	0%	--	--	--	--	--	--	33%	--	--	--	--
Riverside-San Bernardino, CA	0%	8%	0%	33%	8%	0%	--	--	8%	0%	0%	--
Sacramento, CA	21%	7%	0%	21%	0%	7%	7%	--	7%	0%	7%	0%
San Antonio, TX	0%	11%	--	22%	0%	--	0%	--	22%	--	--	0%
San Diego, CA	0%	5%	5%	5%	5%	0%	--	--	5%	5%	5%	5%
San Francisco, CA	--	7%	--	--	7%	--	0%	--	3%	--	3%	3%
Sarasota, FL	--	--	--	8%	17%	--	--	--	8%	--	0%	--
Seattle, WA	--	5%	--	--	--	--	--	--	--	--	--	--
Tampa, FL	3%	10%	3%	17%	10%	0%	--	--	3%	3%	0%	--
Tucson, AZ	--	8%	8%	46%	0%	0%	0%	--	0%	--	0%	0%
Virginia Beach, VA	--	0%	0%	--	--	--	--	0%	--	--	--	--
Washington, DC	8%	8%	4%	--	25%	4%	--	8%	4%	17%	--	21%
Wilmington, NC	20%	--	--	--	--	--	--	20%	--	--	--	--
<b>TOTAL</b>	<b>8%</b>	<b>6%</b>	<b>7%</b>	<b>24%</b>	<b>9%</b>	<b>4%</b>	<b>2%</b>	<b>9%</b>	<b>6%</b>	<b>6%</b>	<b>3%</b>	<b>4%</b>

Source: Credit Suisse

**Exhibit 53: Homebuilding Industry Comparative Valuations**

12/1/2011	Beazer Homes BZH	D.R. Horton DHI	Hovnanian HOV	KB Home KBH	Lennar Corp. LEN	MDC Holdings MDC	Meritage MTH	NVR Inc NVR	PulteGroup PHM	Ryland RYL	Toll Brothers TOL	Average
<b>RATINGS AND RETURN POTENTIAL</b>												
Rating	Neutral	Neutral	Underperform	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Current Price	\$2.30	\$11.93	\$1.43	\$7.58	\$18.45	\$17.75	\$22.04	\$664.55	\$6.11	\$15.20	\$20.26	
Target Price	\$1.25	\$10.00	\$1.00	\$4.50	\$14.50	\$18.00	\$17.00	\$550.00	\$4.00	\$9.50	\$16.50	
Target BV Multiple	NM	1.2x	NM	1.0x	1.1x	1.2x	1.2x	2.4x	1.0x	1.0x	1.1x	1.1x
Dividend Yield	0.0%	1.3%	0.0%	3.3%	0.0%	5.6%	0.0%	0.0%	0.0%	0.8%	0.0%	0.8%
Total Return Potential	(45.6%)	(14.9%)	(30.1%)	(37.3%)	(20.5%)	7.0%	(22.8%)	(17.2%)	(34.5%)	(36.7%)	(18.6%)	(20.5%)
<b>CAPITALIZATION</b>												
Market Cap. (\$ mln)	\$174	\$3,770	\$135	\$585	\$3,450	\$843	\$715	\$3,332	\$2,327	\$675	\$3,416	\$1,766
Cash (\$ mln)	\$647	\$1,062	\$353	\$591	\$809	\$1,104	\$357	\$492	\$1,256	\$562	\$1,209	\$767
Debt (\$ mln)	\$1,489	\$1,588	\$1,663	\$1,587	\$3,128	\$1,007	\$606	\$2	\$3,335	\$832	\$1,605	\$1,531
Net Debt/Cap	81%	17%	144%	70%	46%	NM	33%	NM	52%	38%	13%	44%
<b>VALUATION</b>												
Book Value												
Tangible BV/Share	\$2.01	\$9.29	(\$4.92)	\$5.61	\$13.68	\$18.83	\$15.31	\$239.92	\$4.63	\$10.13	\$15.58	
P/BV	1.14x	1.44x	NM	1.35x	1.35x	0.94x	1.44x	2.77x	1.32x	1.50x	1.30x	1.35x
Adjusted BV/Share	NM	\$8.22	NM	\$4.50	\$13.38	\$15.30	\$13.93	\$233.15	\$4.11	\$9.48	\$14.92	
P/Adj. BV	NM	1.45x	NM	1.69x	1.38x	1.16x	1.58x	2.85x	1.48x	1.60x	1.36x	1.43x
<b>EARNINGS</b>												
CS Calendar Year Ests.												
2009	(\$1.71)	(\$0.96)	(\$7.36)	(\$1.33)	(\$2.45)	\$0.52	(\$2.12)	\$31.01	(\$4.23)	(\$3.77)	(\$4.38)	
2010	(\$1.79)	\$0.10	(\$3.78)	(\$0.90)	\$0.50	(\$1.39)	\$0.22	\$33.42	(\$2.90)	(\$1.93)	\$0.24	
2011E	(\$2.80)	\$0.27	(\$2.30)	(\$2.77)	\$0.35	(\$2.73)	(\$0.54)	\$26.90	(\$0.63)	(\$1.40)	(\$0.01)	
2012E	(\$2.15)	\$0.30	(\$1.70)	(\$1.20)	\$0.40	(\$1.65)	(\$0.35)	\$31.25	(\$0.20)	(\$0.40)	\$0.15	
Price/Earnings												
2009	NM	NM	NM	NM	NM	34.3x	NM	21.4x	NM	NM	NM	NM
2010	NM	117.9x	NM	NM	36.6x	NM	99.5x	19.9x	NM	NM	84.5x	NM
2011E	NM	43.8x	NM	NM	53.3x	NM	NM	24.7x	NM	NM	NM	40.9x
2012E	NM	39.8x	NM	NM	46.5x	NM	NM	21.3x	NM	NM	136.9x	56.5x
<b>OPERATING METRICS</b>												
CY Orders (Homes)	BZH	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	TOL	Total
2009	4,406	18,294	5,178	8,341	11,510	3,306	3,853	9,409	14,185	5,302	2,710	86,494
% Ch. Yr/Yr	(17.8%)	(7.5%)	(13.6%)	0.8%	0.8%	7.5%	(16.6%)	7.4%	(7.3%)	(12.2%)	5.1%	0.7%
2010	4,073	18,701	4,086	6,556	10,928	3,261	3,383	9,415	15,148	3,700	2,627	81,878
% Ch. Yr/Yr	(7.6%)	2.2%	(21.1%)	(21.4%)	(5.1%)	(2.9%)	(12.2%)	0.1%	6.8%	(30.2%)	(3.1%)	(5.3%)
2011E	4,116	17,647	3,922	6,380	10,839	2,951	3,385	9,847	15,234	3,762	2,819	79,812
% Ch. Yr/Yr	1.1%	(5.6%)	(4.0%)	(2.7%)	(0.8%)	(12.3%)	0.1%	(6.0%)	0.6%	1.7%	7.3%	(2.6%)
2012E	4,508	19,447	4,231	6,864	12,083	2,970	3,775	9,797	16,428	4,082	3,101	87,286
% Ch. Yr/Yr	9.5%	10.2%	7.9%	7.6%	11.5%	3.8%	11.5%	10.7%	7.8%	8.5%	10.0%	9.4%
CY Closings (Homes)												
2009	4,411	18,164	5,245	8,488	11,478	3,013	4,039	9,042	20,603	5,129	2,896	92,508
% Ch. Yr/Yr	(33.0%)	(24.0%)	(35.9%)	(31.8%)	(27.1%)	(32.9%)	(28.2%)	(15.8%)	(2.0%)	(30.2%)	(31.0%)	(18.6%)
2010	4,233	18,983	4,483	7,346	10,955	3,245	3,700	10,030	17,095	4,245	2,616	86,931
% Ch. Yr/Yr	(4.0%)	4.5%	(14.5%)	(13.5%)	(4.6%)	7.7%	(8.4%)	10.9%	(17.0%)	(17.2%)	(9.7%)	(6.0%)
2011E	3,889	16,842	3,781	6,199	10,589	3,197	3,380	8,802	15,479	3,573	2,579	78,309
% Ch. Yr/Yr	(8.1%)	(11.3%)	(15.7%)	(15.6%)	(3.3%)	(1.5%)	(8.7%)	(12.2%)	(9.5%)	(15.8%)	(1.4%)	(9.9%)
2012E	4,392	18,318	4,074	6,444	11,817	3,319	3,717	9,466	16,092	3,891	2,719	84,249
% Ch. Yr/Yr	12.9%	8.8%	7.8%	4.0%	11.6%	3.8%	10.0%	7.5%	4.0%	8.9%	5.4%	7.6%
Gross Margins, Ex-Charges												Average
2009	10.1%	15.3%	8.8%	13.4%	19.1%	12.8%	17.2%	17.0%	13.1%	14.5%	16.7%	14.4%
2010	10.4%	15.6%	9.4%	13.7%	19.2%	12.9%	17.3%	17.1%	13.2%	14.6%	17.0%	14.6%
2011E	11.0%	16.2%	10.3%	15.3%	21.2%	13.0%	17.8%	17.6%	13.2%	15.7%	17.6%	15.4%
2012E	10.5%	15.6%	9.4%	14.1%	19.5%	13.2%	17.5%	17.2%	13.5%	15.0%	16.9%	14.8%
SG&A % of Housing Revs												
2009	24.5%	14.8%	20.7%	21.9%	21.4%	25.9%	17.8%	13.6%	16.5%	17.7%	19.2%	19.4%
2010	20.2%	11.2%	16.8%	18.0%	16.3%	22.3%	14.8%	9.7%	11.4%	14.9%	15.9%	15.6%
2011E	24.3%	13.3%	19.1%	17.7%	18.2%	21.6%	16.0%	9.7%	13.3%	15.3%	17.9%	17.0%
2012E	18.7%	12.3%	18.3%	16.0%	17.0%	19.5%	15.1%	9.5%	11.6%	14.7%	17.4%	15.5%
<b>LAND EXPOSURE</b>												
Lots Controlled	30,918	112,700	32,185	37,000	107,374	11,091	16,000	51,900	140,889	23,506	36,185	
Years Supply	8.0	6.7	8.5	6.0	10.1	3.5	4.7	5.9	9.1	6.6	14.0	7.6
% Owned	80%	76%	59%	81%	85%	75%	83%	0%	89%	71%	84%	71%
% Optioned	20%	24%	41%	19%	15%	25%	17%	100%	11%	29%	16%	29%
Cumulative Impairments	\$1,617	\$5,077	\$2,558	\$2,328	\$4,941	\$1,252	\$1,013	\$607	\$13,212	\$1,285	\$2,355	\$36,846
% of Average '06 Inventory	44%	45%	57%	39%	49%	40%	56%	36%	62%	44%	37%	51%
Current Inventory	\$1,269	\$3,501	\$1,088	\$1,946	\$4,955	\$861	\$799	\$687	\$5,063	\$840	\$3,611	\$24,619
% of Assets	64%	64%	64%	72%	56%	40%	67%	41%	70%	57%	71%	62%
% of Book Value	345%	132%	NM	452%	184%	97%	165%	54%	263%	176%	138%	179%
<b>SHORT INTEREST</b>												
Short Interest, % of Float	19.7%	9.2%	26.1%	32.5%	19.3%	14.5%	9.9%	4.0%	8.4%	15.7%	6.6%	10.9%

Source: Company data, Credit Suisse estimates

**Companies Mentioned** (Price as of 01 Dec 11)

Beazer Homes USA (BZH, \$2.30, NEUTRAL [V], TP \$1.25)  
 DR Horton (DHI, \$11.93, NEUTRAL, TP \$10.00)  
 Hovnanian Enterprises (HOV, \$1.43, UNDERPERFORM [V], TP \$1.00)  
 KB Home (KBH, \$7.58, NEUTRAL, TP \$4.50)  
 Lennar (LEN, \$18.45, NEUTRAL, TP \$14.50)  
 M.D.C. Holdings, Inc. (MDC, \$17.75, NEUTRAL, TP \$18.00)  
 Meritage Corp (MTH, \$22.04, NEUTRAL [V], TP \$17.00)  
 NVR Inc. (NVR, \$664.55, NEUTRAL, TP \$550.00)  
 Pulte (PHM, \$6.08, NEUTRAL, TP \$4.00)  
 Ryland Group (RYL, \$15.20, NEUTRAL, TP \$9.50)  
 Toll Brothers (TOL, \$20.26, NEUTRAL, TP \$16.50)

## Disclosure Appendix

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*\*\*An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*

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**Market Weight:** Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

**Underweight:** Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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