

Are we at the bottom?



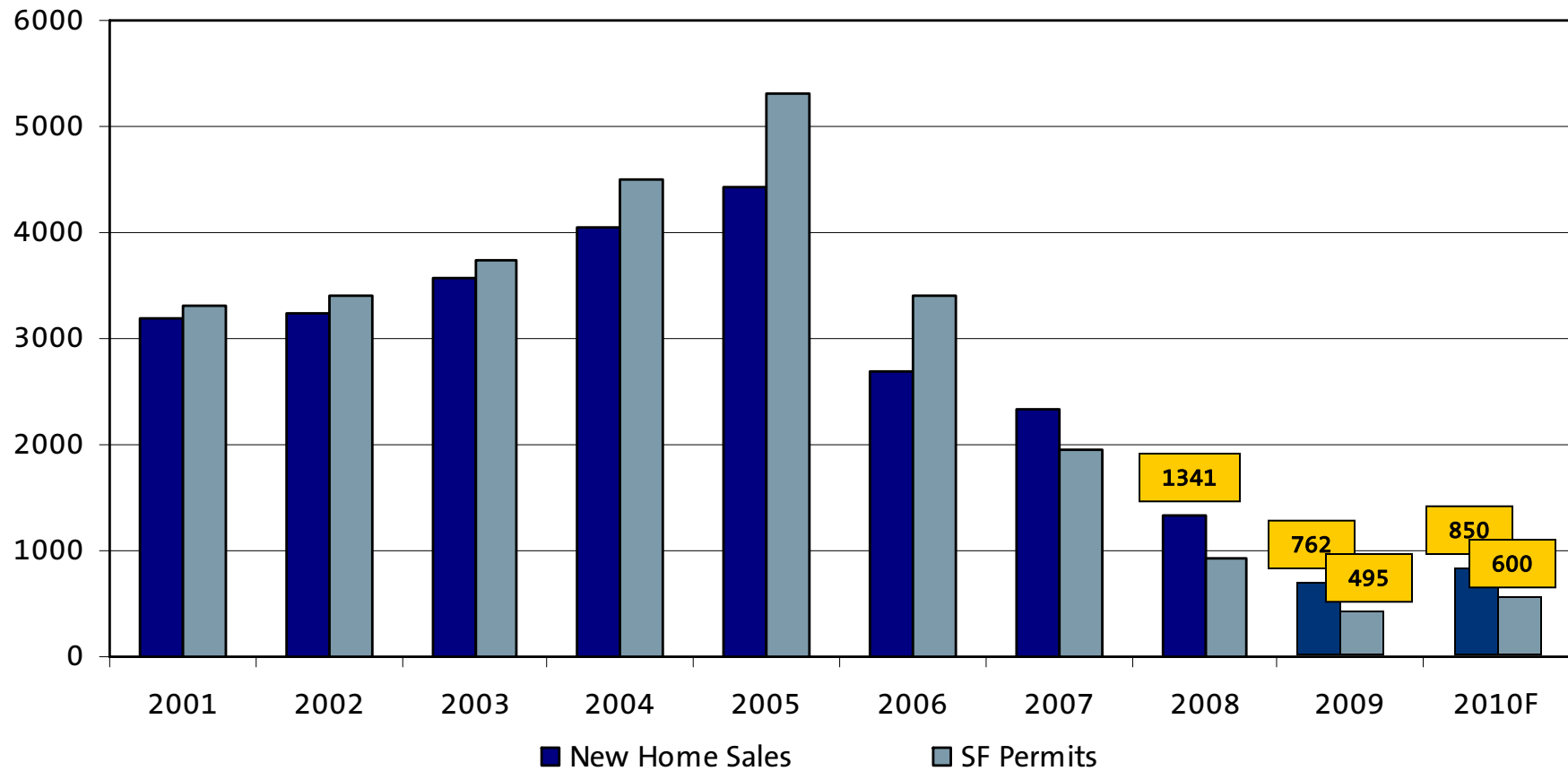
**GRUBB & ELLIS**  
NCG

## Northern Nevada Land Rush 2010 Forecast

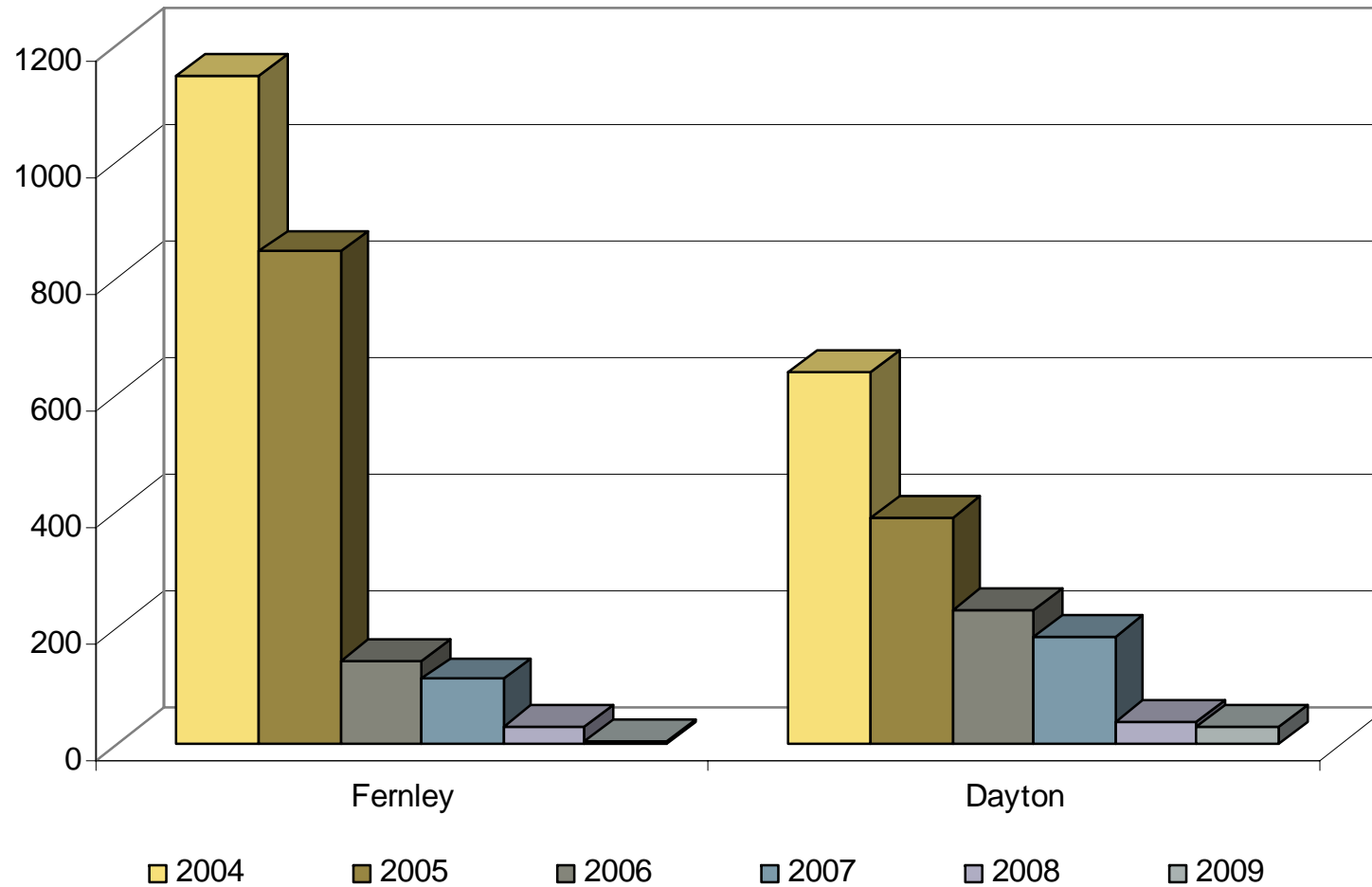
Presented by: **Mark Krueger**



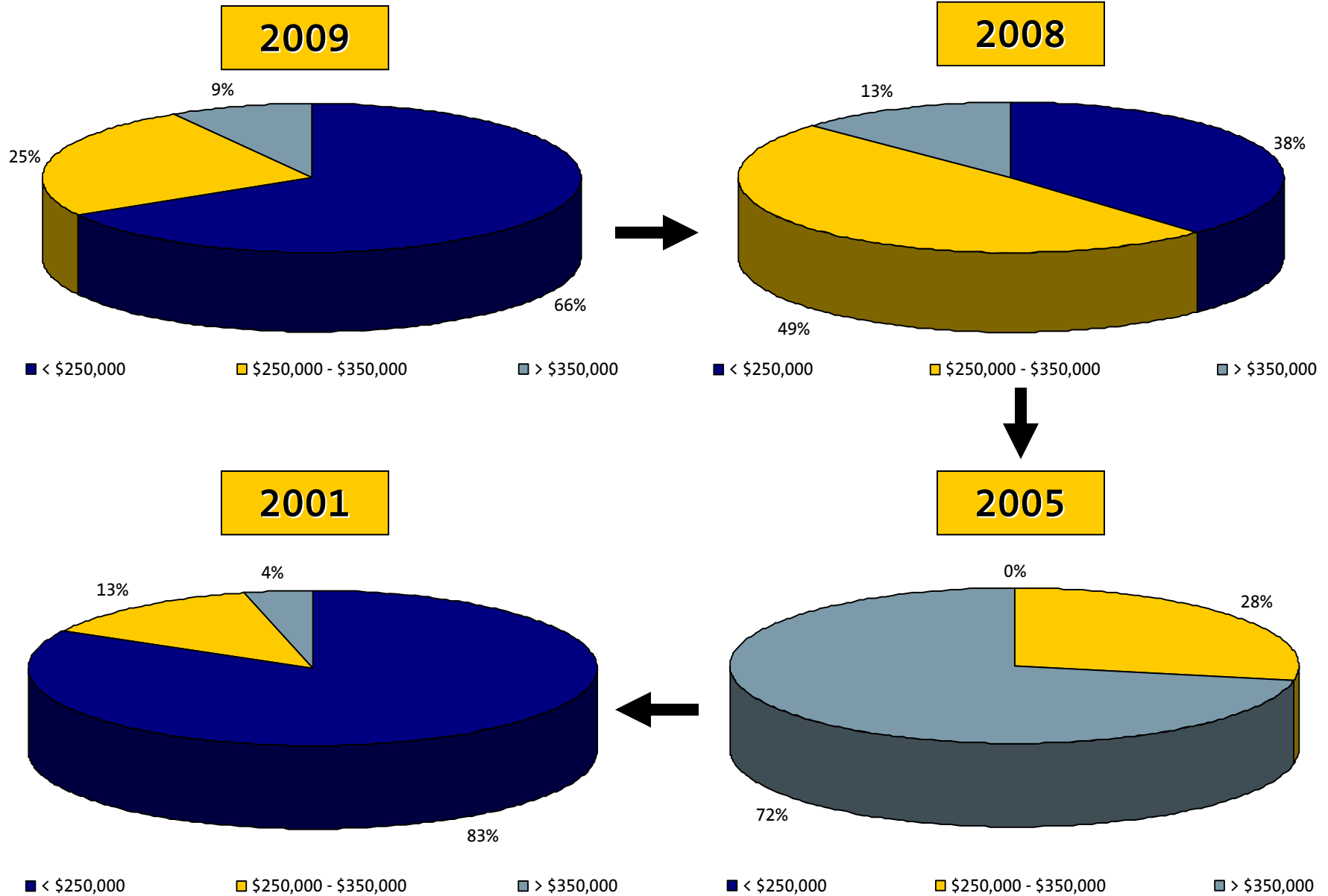
# Supply and Demand



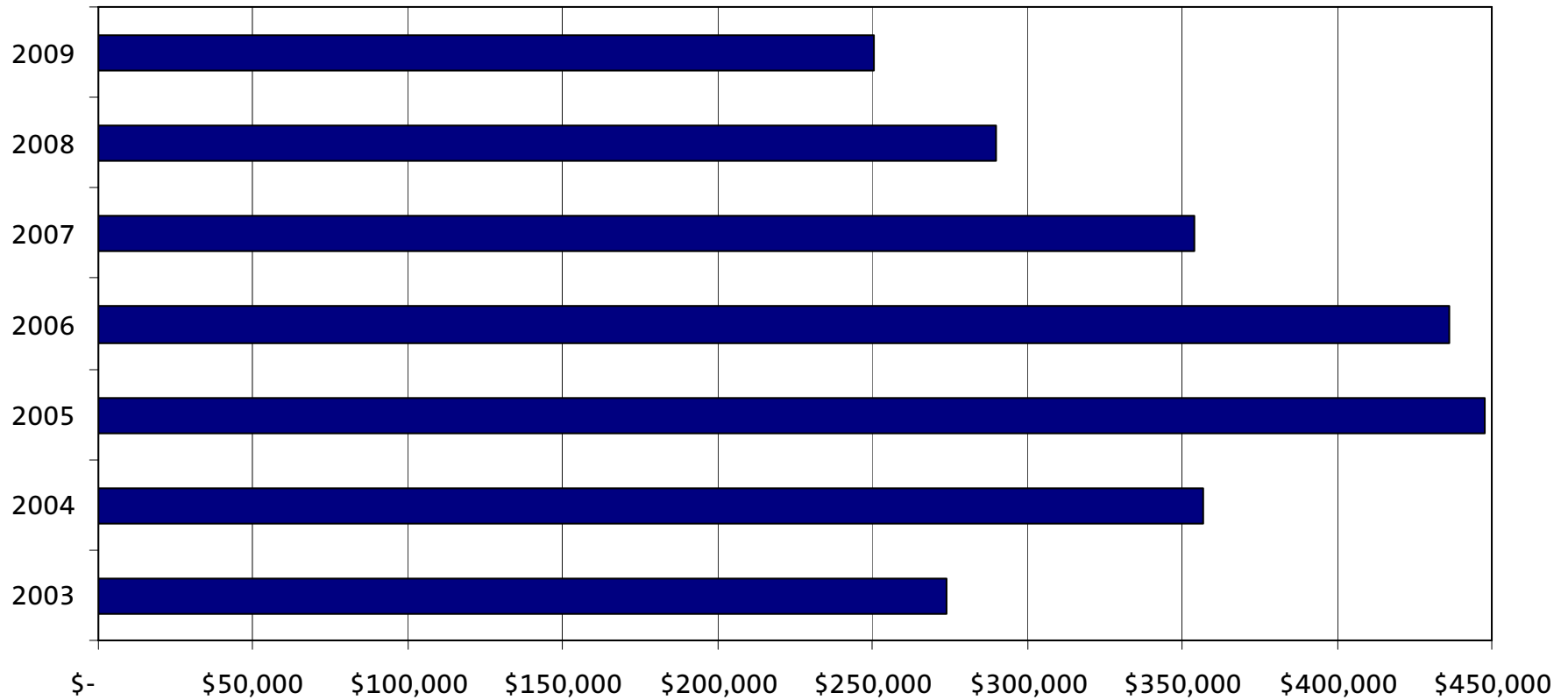
# Fernley & Dayton Permits



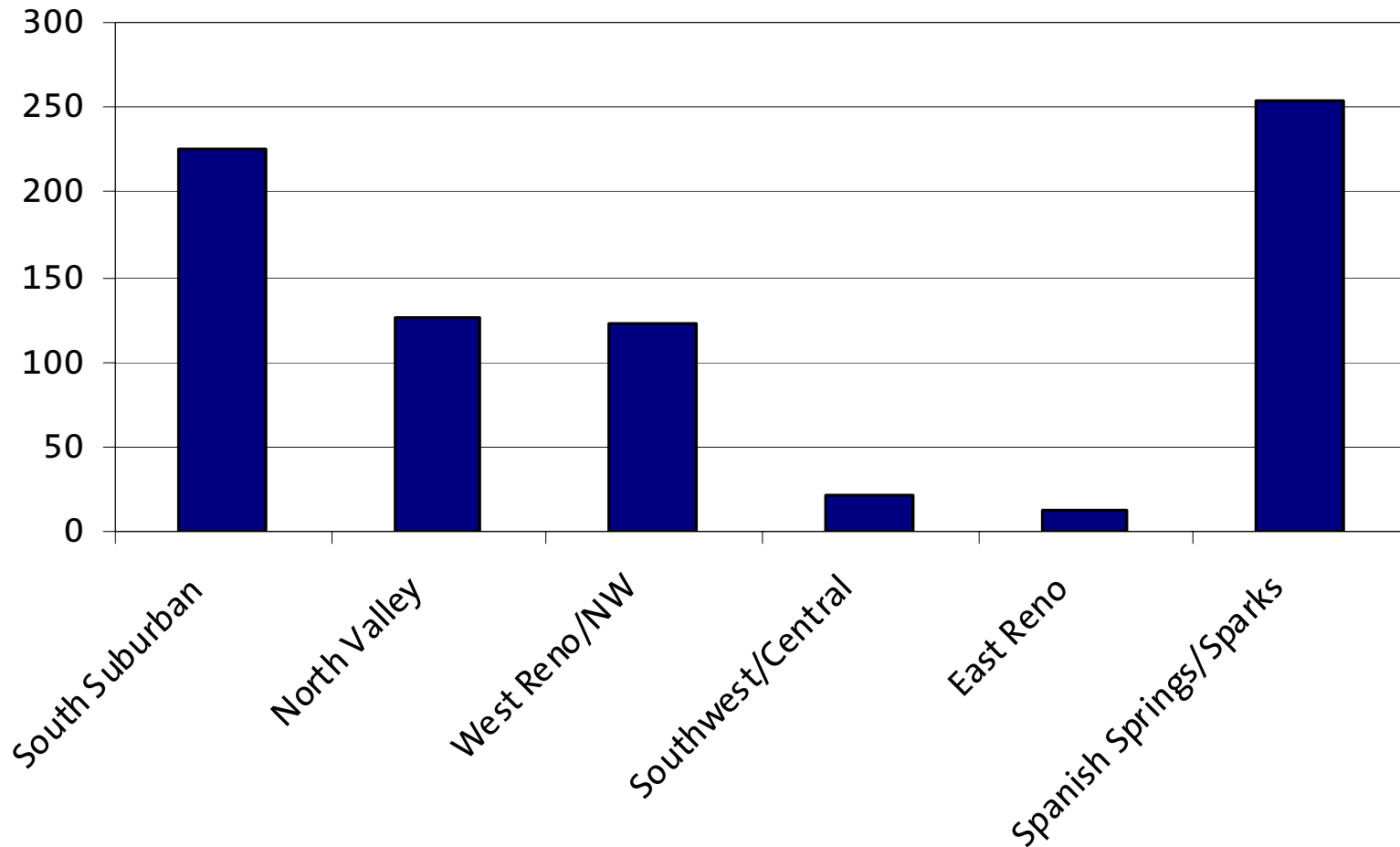
# New Home Sales by Price Range



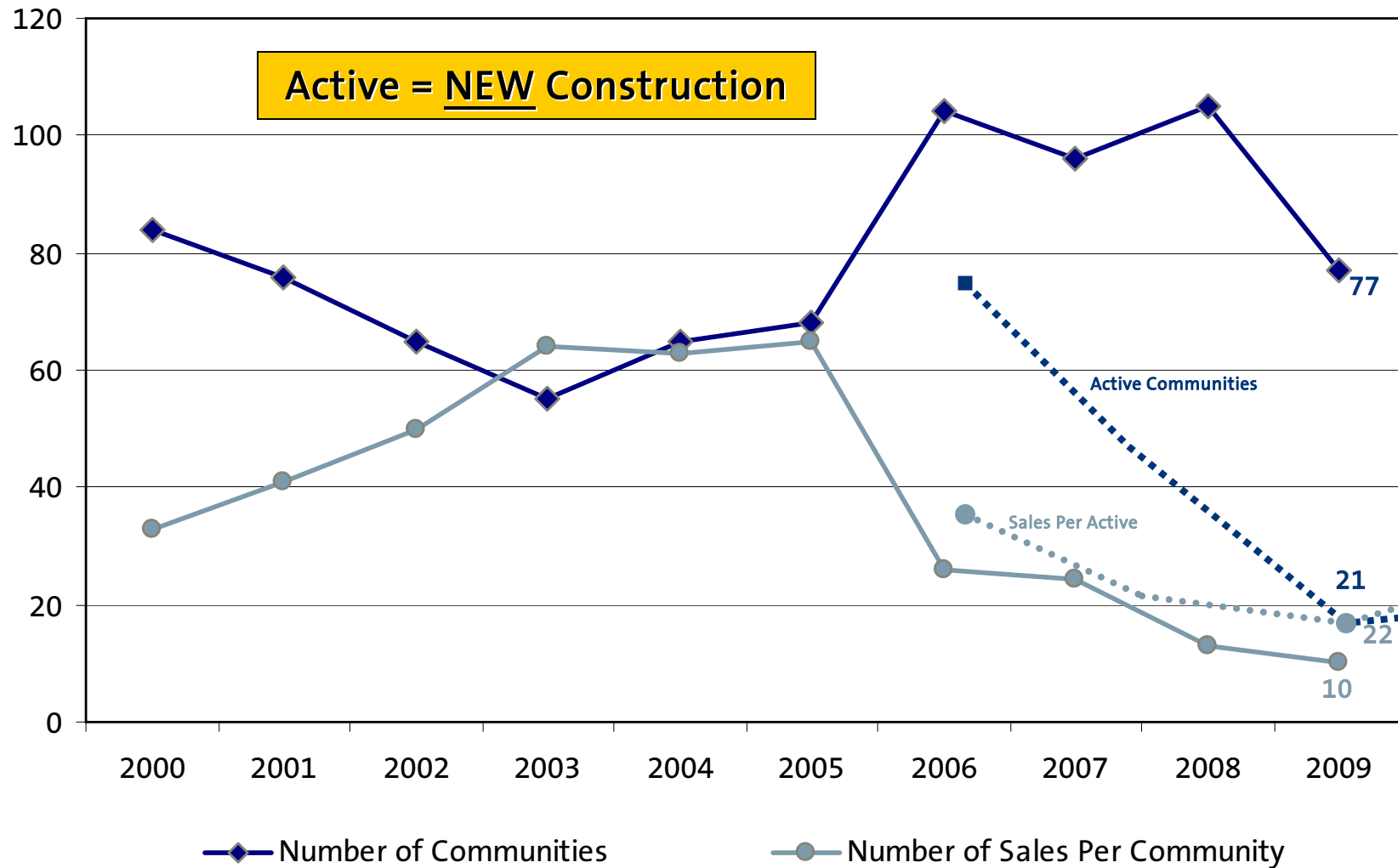
# Average Price History



# New Home Sales by Area



# Sales Per Community

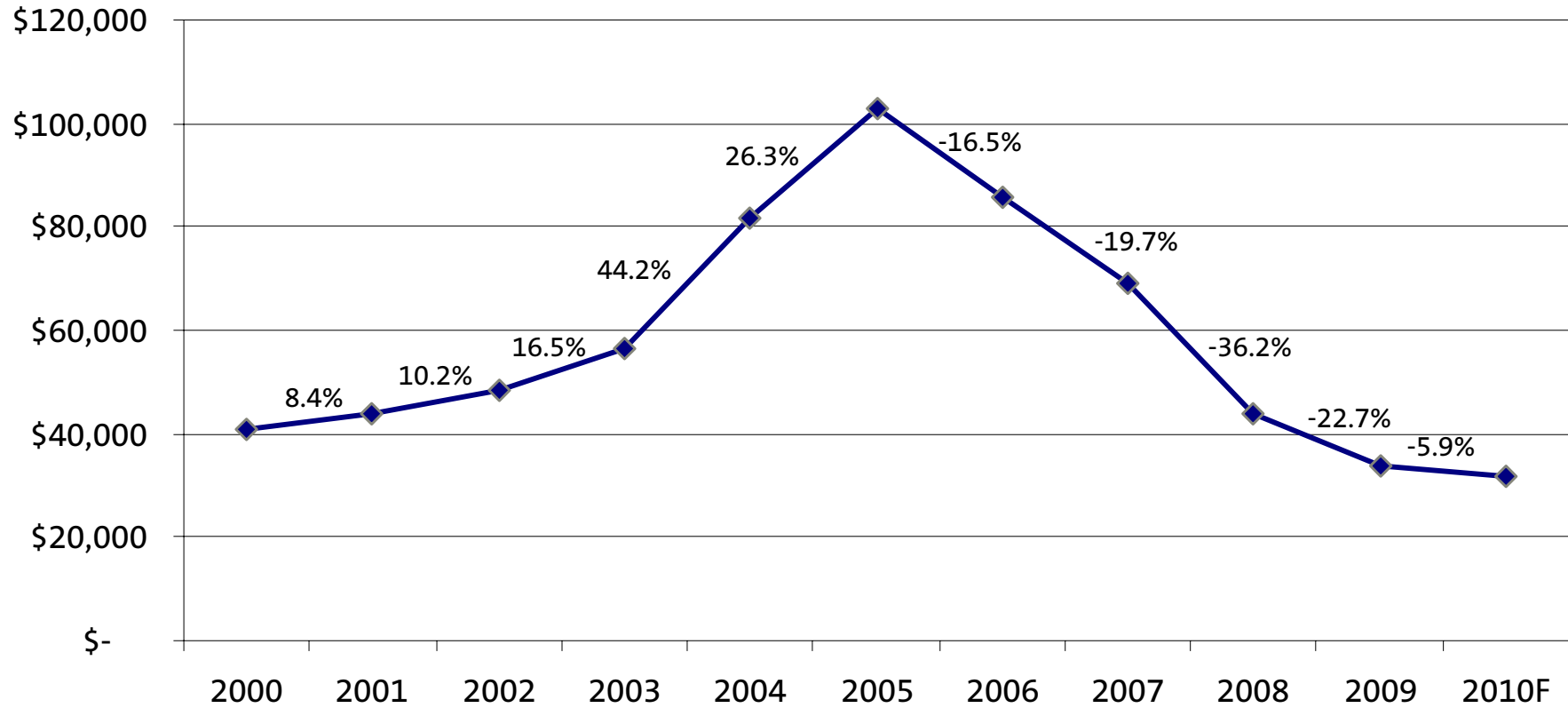


# Top 5 Builders



- TIE** 1) Lennar/Pulte (Centex/Del Webb)
- 3) KB Home
- 4) DR Horton
- TIE** 5) Reynen & Bardis/Tanamera

# Land Prices



Based on an average 5,500 SF Homesite

# Land Value Breakdown



With change in house price (assume 1800 SF home)

	2005	2009	2011
Base House Price	\$350,000	\$200,000	\$220,000
		-43%	10%
Total Hard Cost	\$135,000 (\$75/sf)	\$108,000 (\$60/sf)	\$108,000 (\$60/sf)
Total Soft Costs (20%)	\$70,000	\$40,000	\$44,000
Builder Profit (10%)	\$35,000	\$20,000	\$22,000
Finished Lot Value	\$110,000	\$32,000	\$46,000
		-71%	44%
Percentage of House Price	31.5%	16%	21%

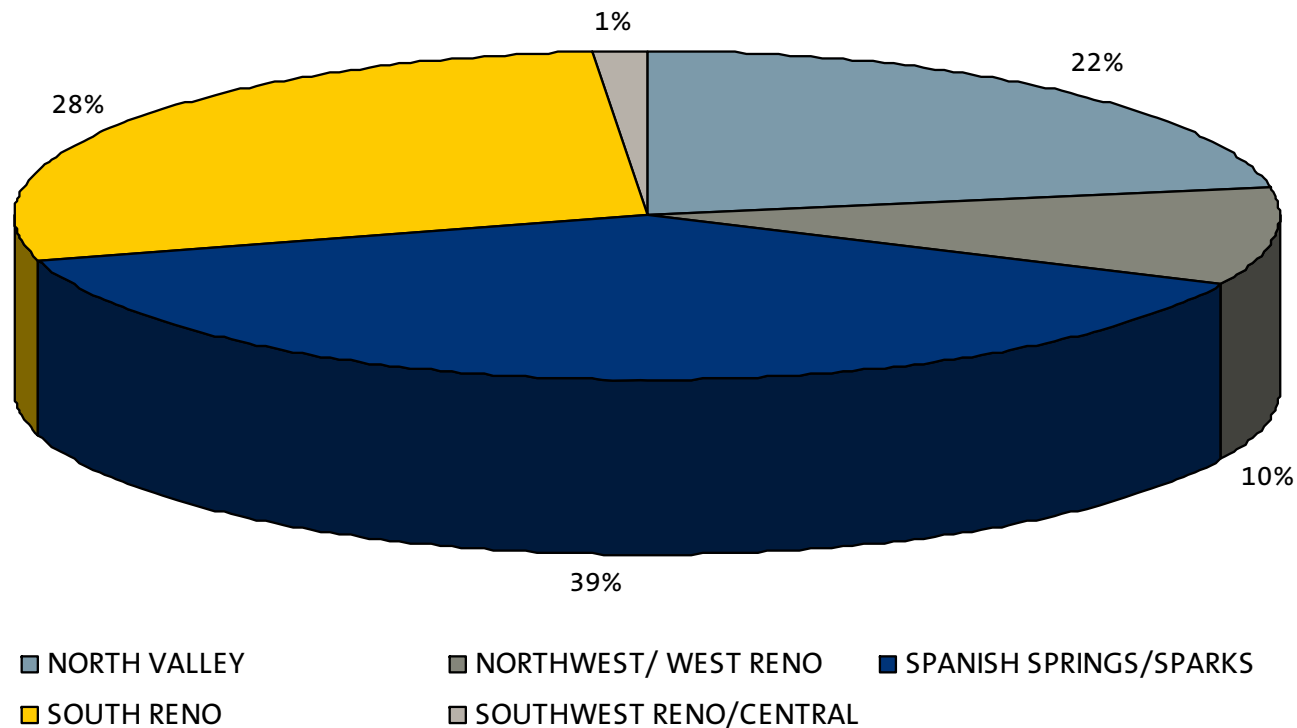
# Land Value Breakdown



With change in house price (assume 1800 SF home)

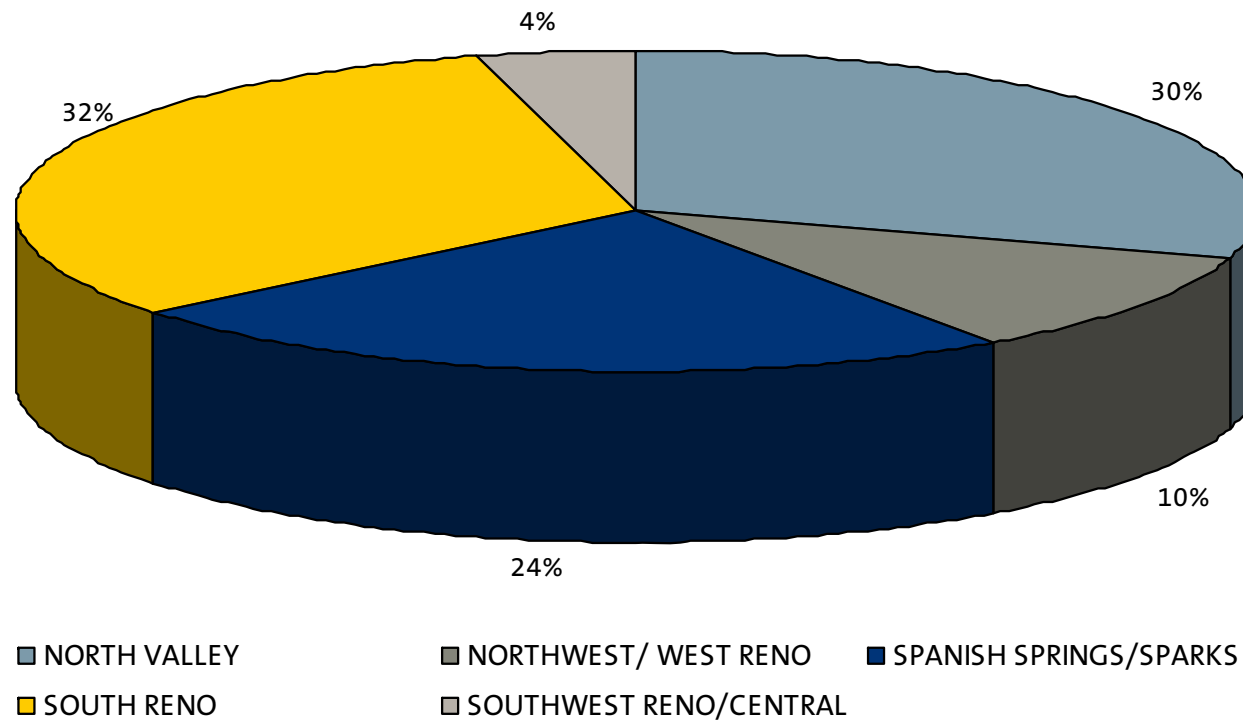
	2005	2009	2011
Finished Lot Value	\$110,000	\$32,000	\$46,000
In-Tract Improvement Costs	\$25,000	\$20,000	\$20,000
Water Rights and Connections	\$20,000	\$7,500	\$7,500
Tent and Final Map Fees and Engineering	\$2,500	\$2,500	\$2,500
Carry Costs Until Built & Sold	\$10,000	\$3,500	\$5,000
Residual (Paper) Land Value	\$52,500	-\$1,500	\$11,000

# Future Lot Supply (Tentative, PUD, Specific Plans)



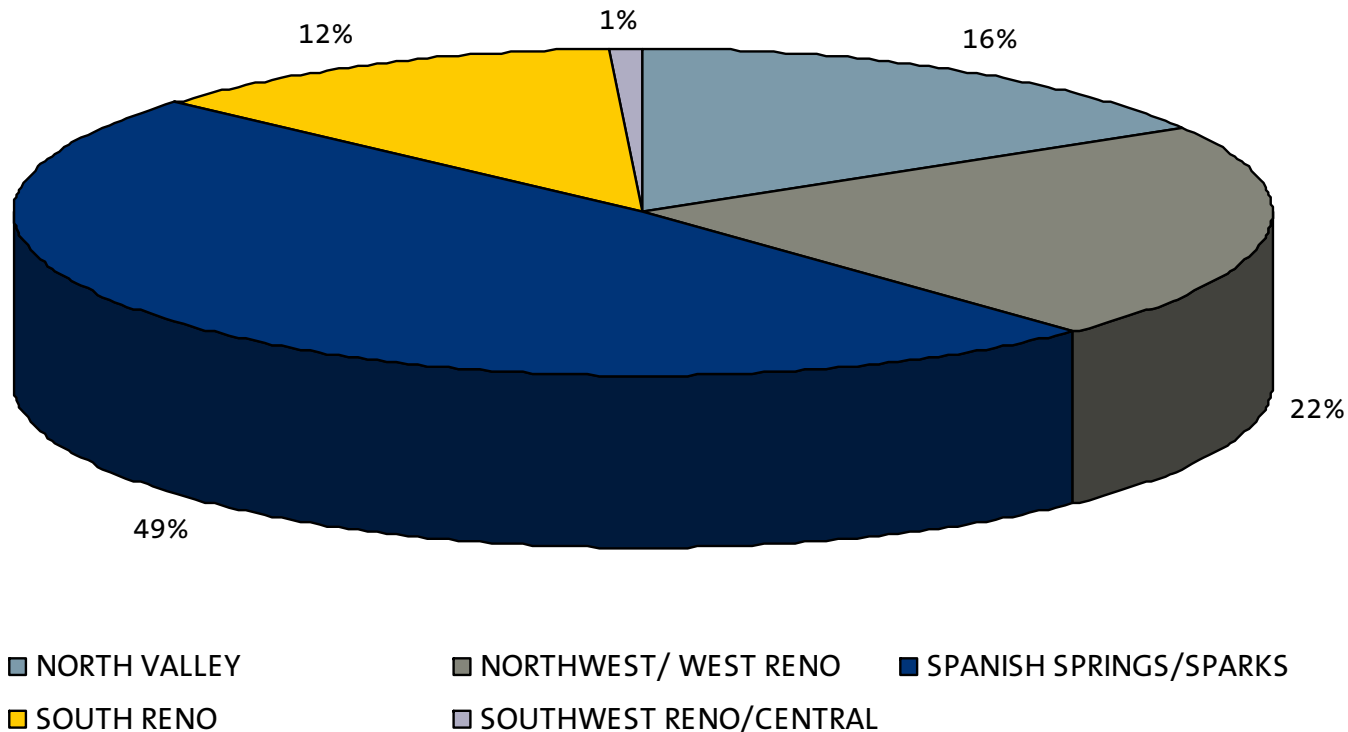
**19,666 Total Homesites**  
25.8 Years (2009 Sales)  
6.9 Years (12-Year Avg Sales)

# Final Map Lot Supply



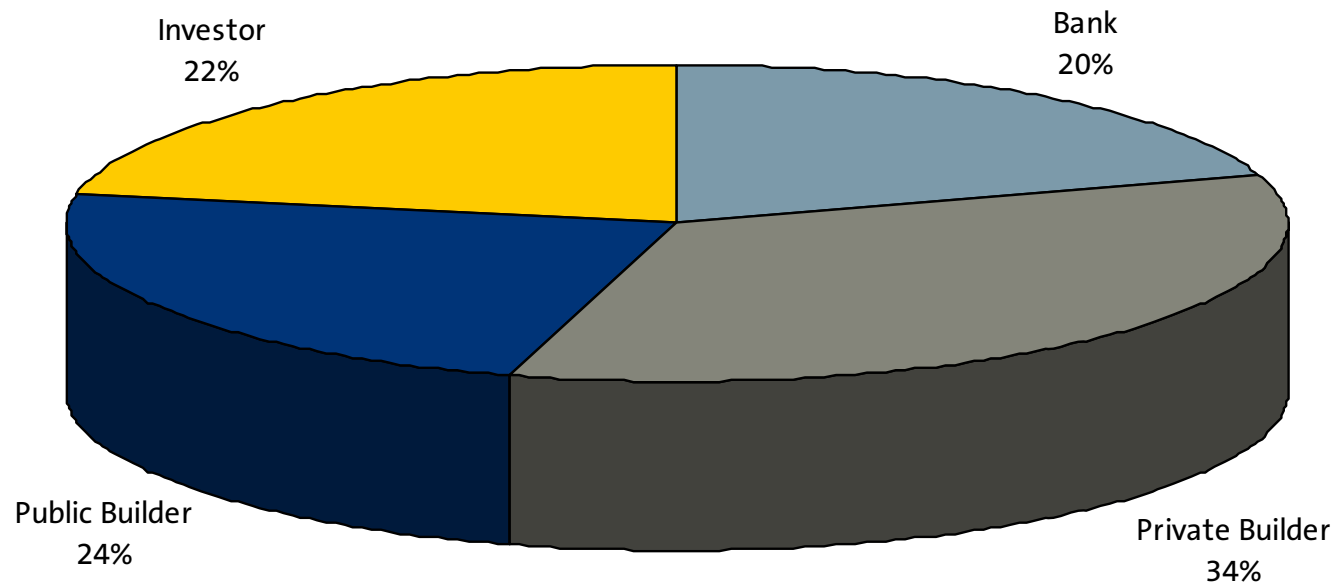
**3,100 Total Homesites**  
4.1 Years (2009 Sales)  
1.1 Years (12-Year Avg Sales)

# Finished Lot Supply

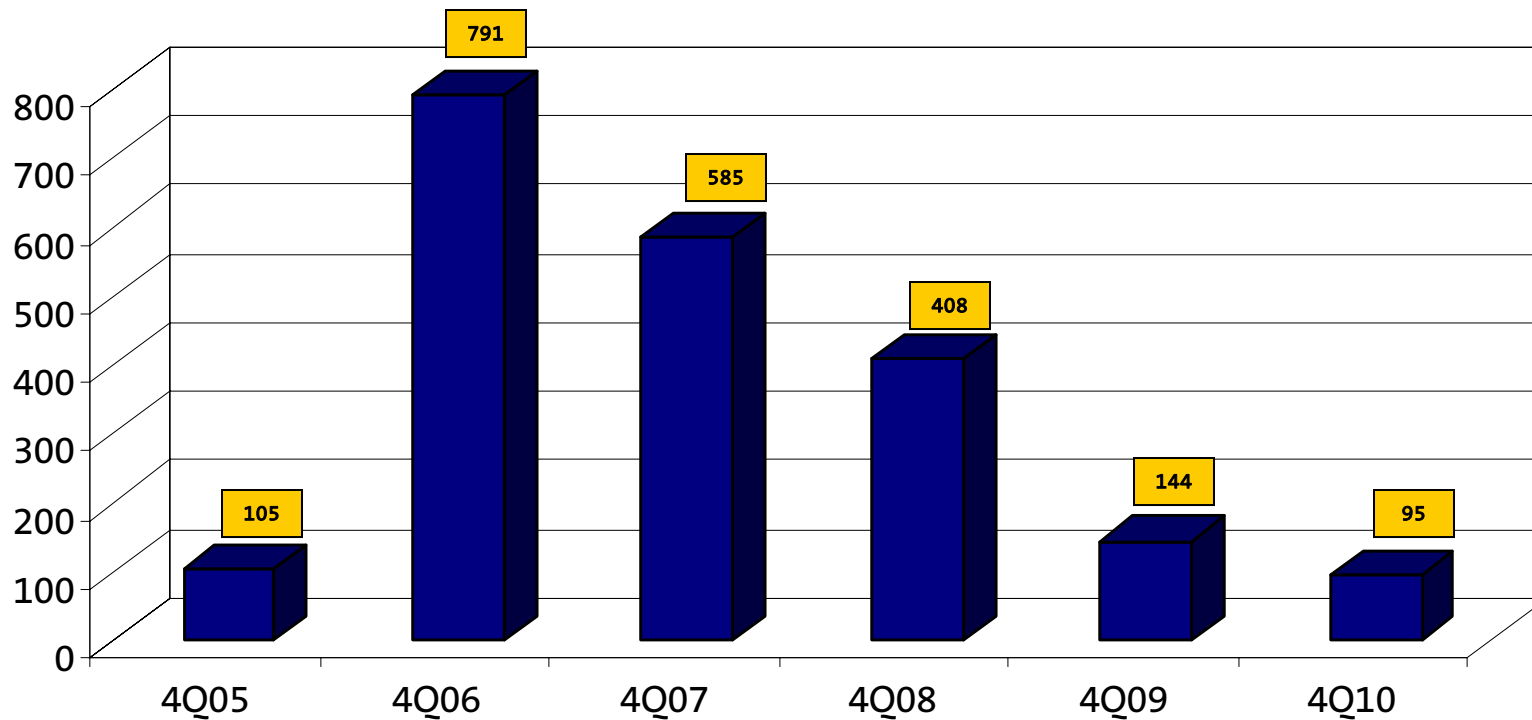


**3,346 Total Homesites**  
4.4 Years (2009 Sales)  
1.2 Years (12-Year Avg Sales)

# Finished Lots by Ownership

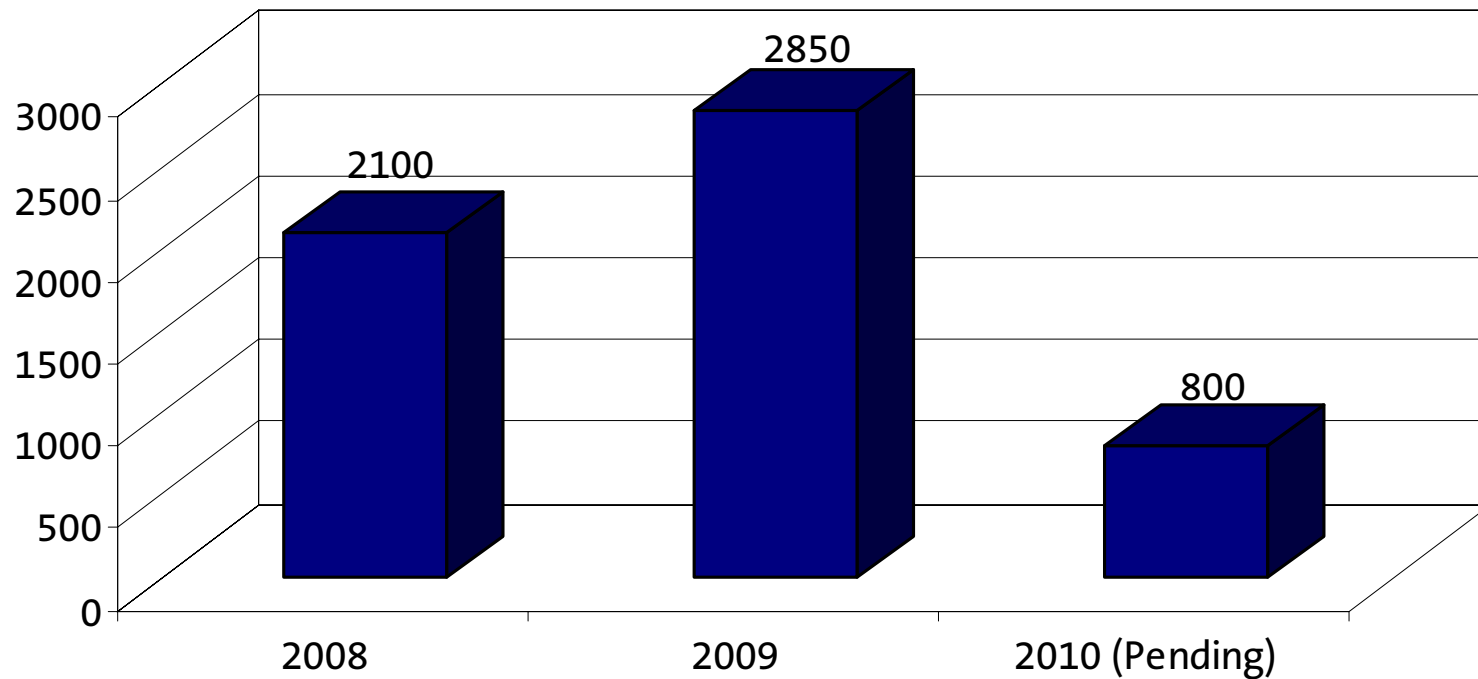


# Unsold New Home Inventory

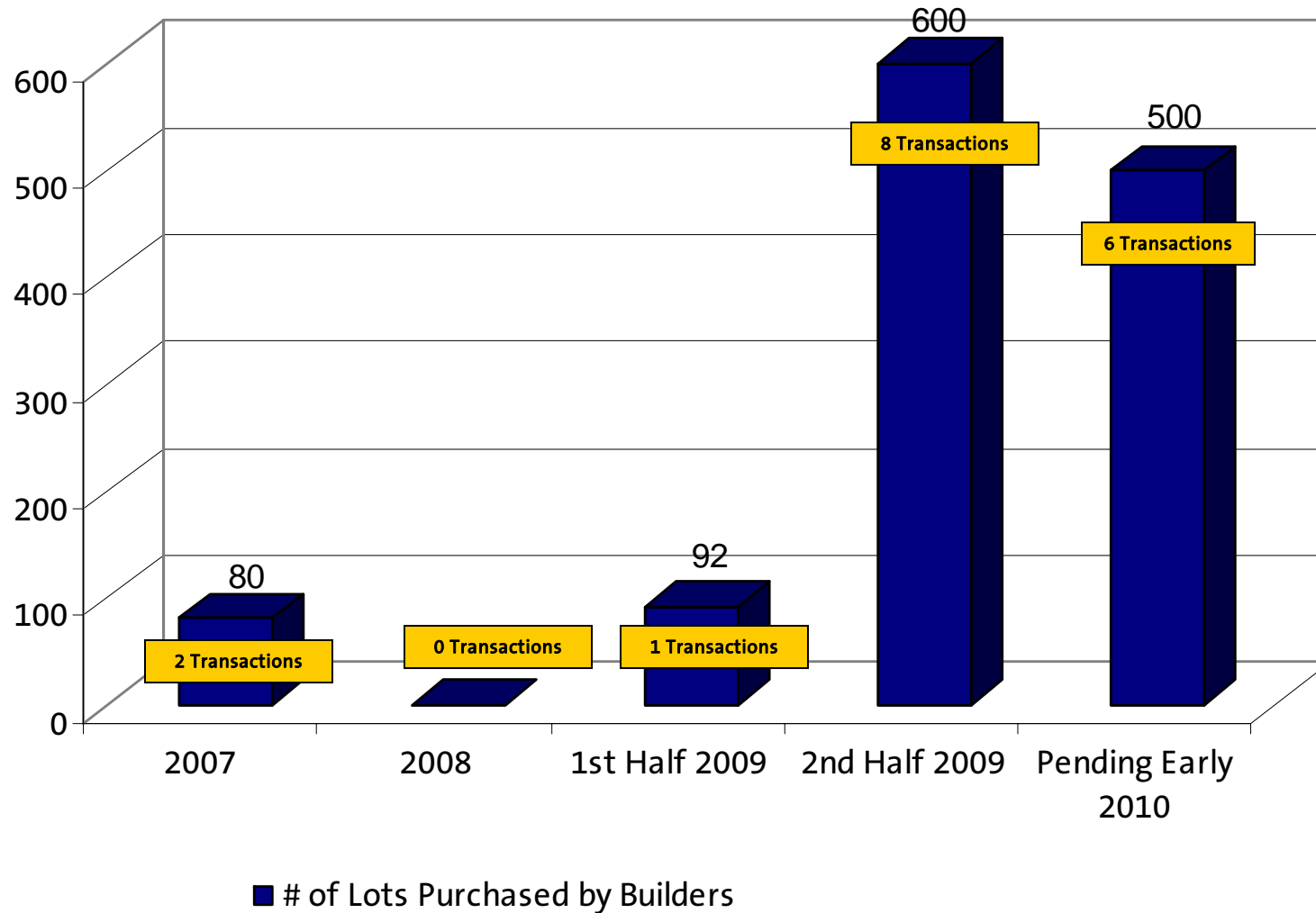


■ New Home Unsold Inventory (Detached)

# Single Family Land Foreclosures



# Builder Land Buys



# SF Residential Land Deals 2009



22 Closed and Pending Transactions

3,750 Lots

# 2009 Land Transactions

South Reno



# 2009 Land Transactions

West Reno



# 2009 Land Transactions

Spanish Springs



# 2009 Predictions are Today's Trends



- Demand for new homes will remain low until we slow the rate of foreclosures and home buyers' confidence is rebuilt
- Standing inventory will continue to decline and should reach normal levels by 2010
- More land buyers will be local
- Many Lenders with land REO's will become willing sellers
- House construction costs will get more competitive
- There will be fewer active builders – and some new faces will appear

# 2009 Predictions are Today's Trends



- The lack of available construction financing will halt any new speculative construction
- Fee builds and JV's with some land owners will appear
- House prices will push back to 2002 levels, while land prices will fall back to 1999 numbers
- House prices will hit bottom in 2010 – land prices will follow
- Builders will get back in the market to compete with investors

# 30-Second Overview



**January 2009**

**January 2010**

More Foreclosures to Fear	← Home Prices →	Bottom is Near
Where Did it Go	← Construction Financing →	Need Some to Grow
Hanging On	← New Home Inventory →	Almost Gone
Lost Some More	← Land Prices →	Close to the Floor
Know When to Hold 'Em	← Bank REO →	Know When to Fold 'Em
On the Sidelines	← Active Builders →	Back in the Game
Out with the Old	← Land Holdings →	In with the New
Keeping Powder Dry	← Investors →	Bullets Starting to Fly
Van Almost Repossessed	← Broker Vacations →	New Van! Cash for Clunkers!

# Will the New Home & Land Market Hit Bottom in 2010?

