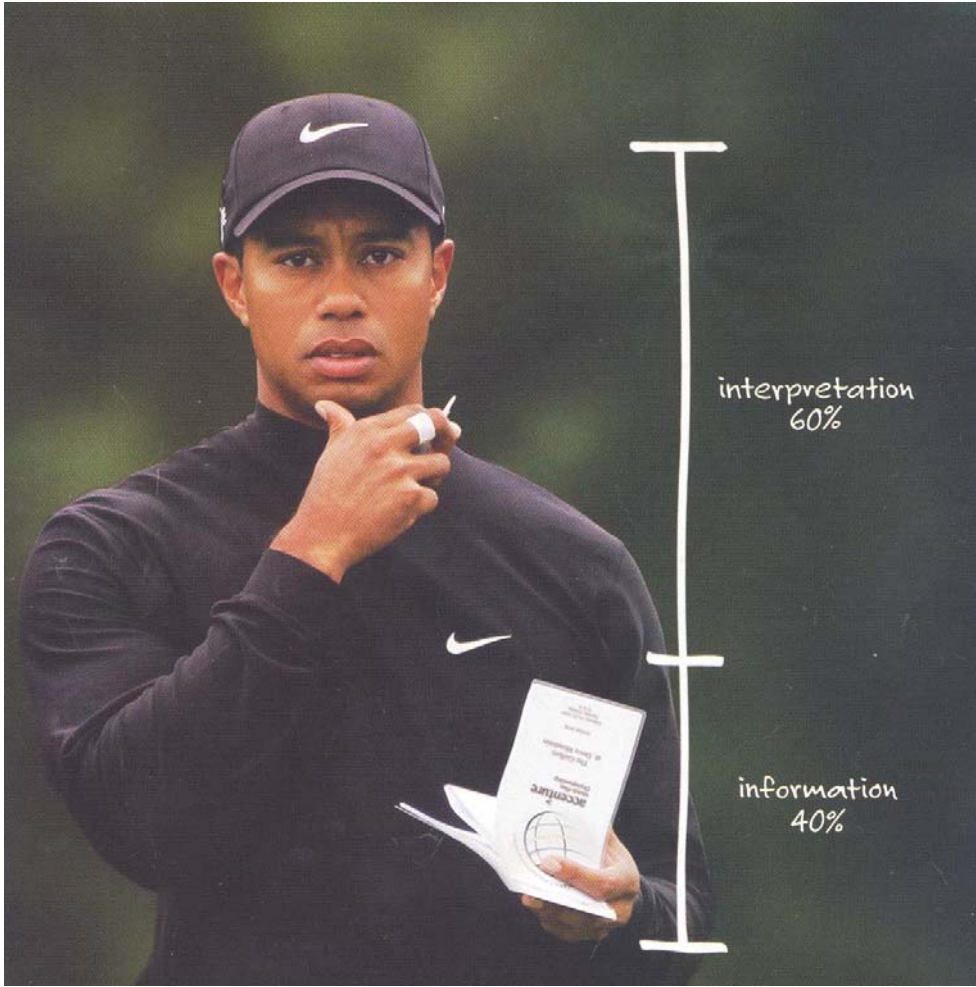


# **ATLANTA RECOVERY & THE OPPORTUNITIES IN ITS PATH**



**GEORGIA STATE  
MAY 2008**



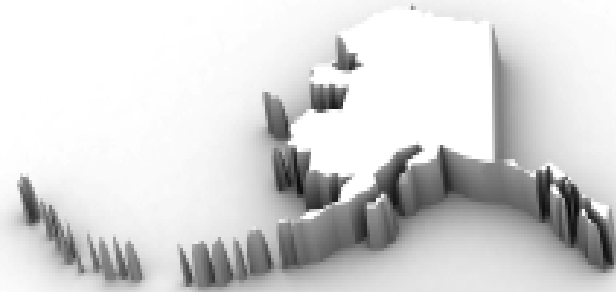
**There have been 220 dates for the end of the world thus far, and 20 end of the world scares in the last two decades. Chances are this one won't pan out either.**



**The first piece of property in this country sold in the mid-1600's. It's been an up market ever since. This is just a cycle, it's a painful cycle but it will come to an end.**



# RECOVERY



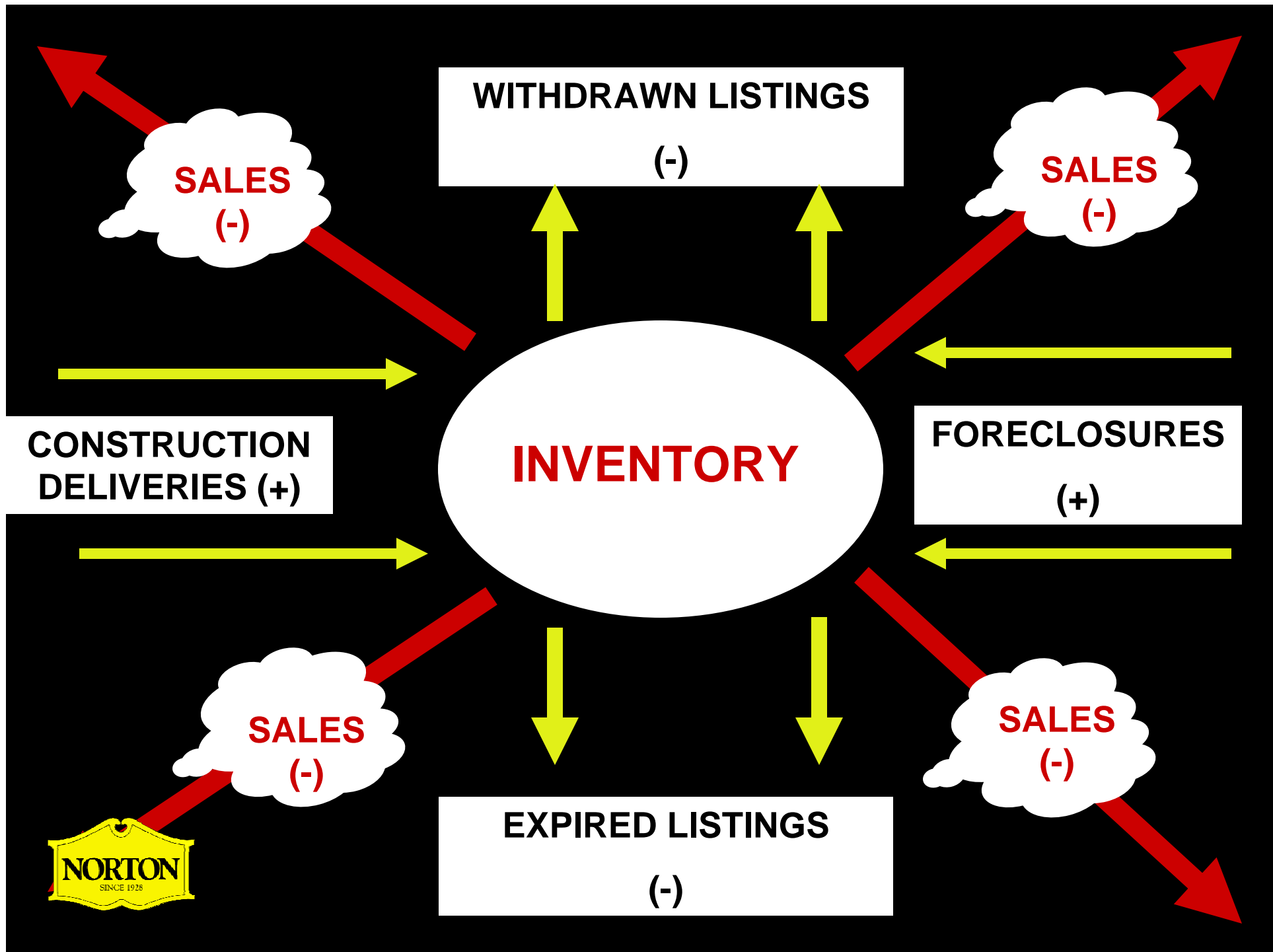
IRRATIONAL EXUBERANCE  
IRRATIONAL PESSIMISM  
UNPRECEDENTED OPPORTUNITY



# CONVERGENT GEORGIA GROWTH FACTORS

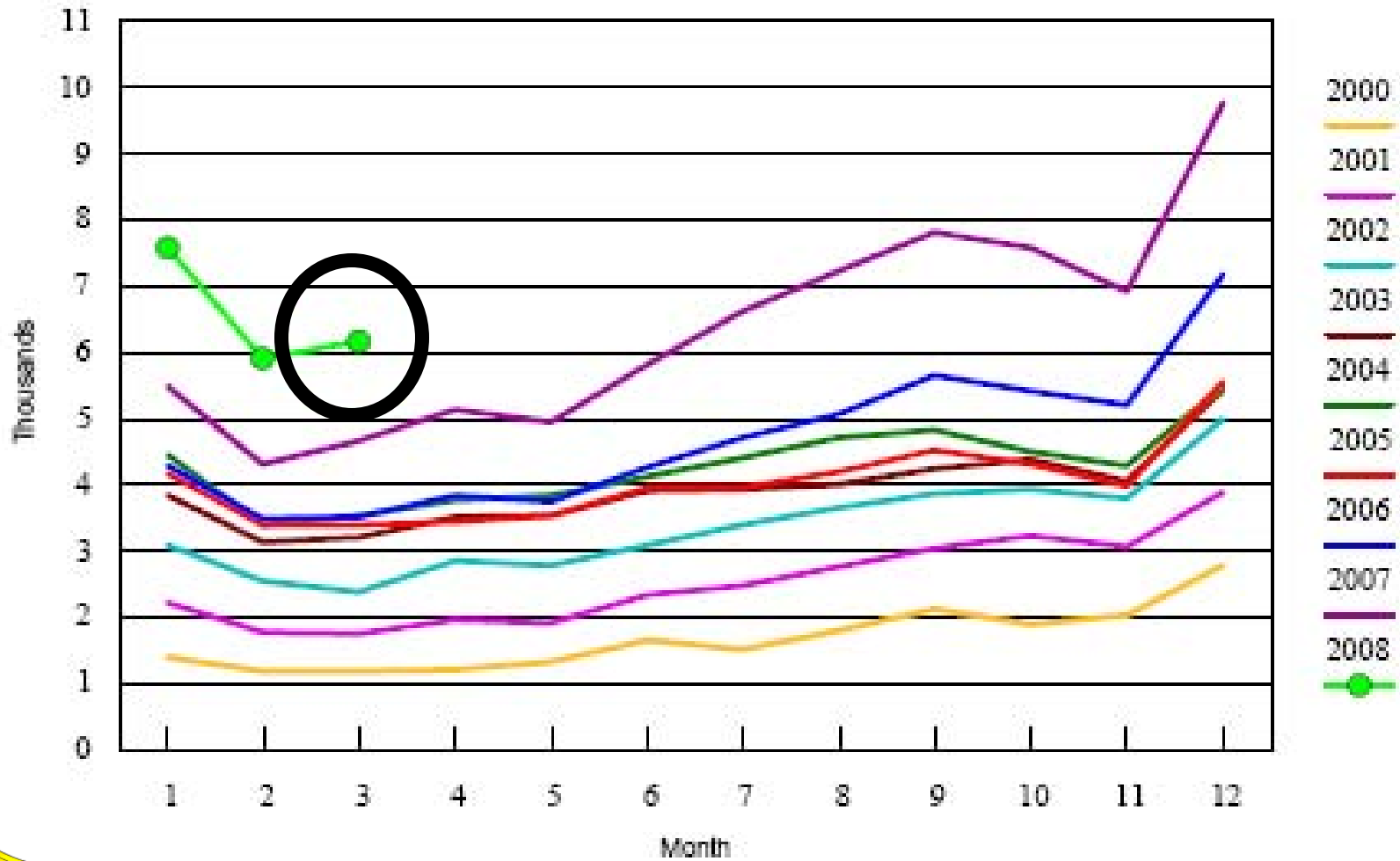
- ◇ NEW HOUSEHOLD FORMATION
- ◇ EMPLOYMENT GROWTH
- ◇ MIGRATION/RETIREMENT
- ◇ IMMIGRANT PURCHASES
- ◇ SECOND HOME PURCHASES







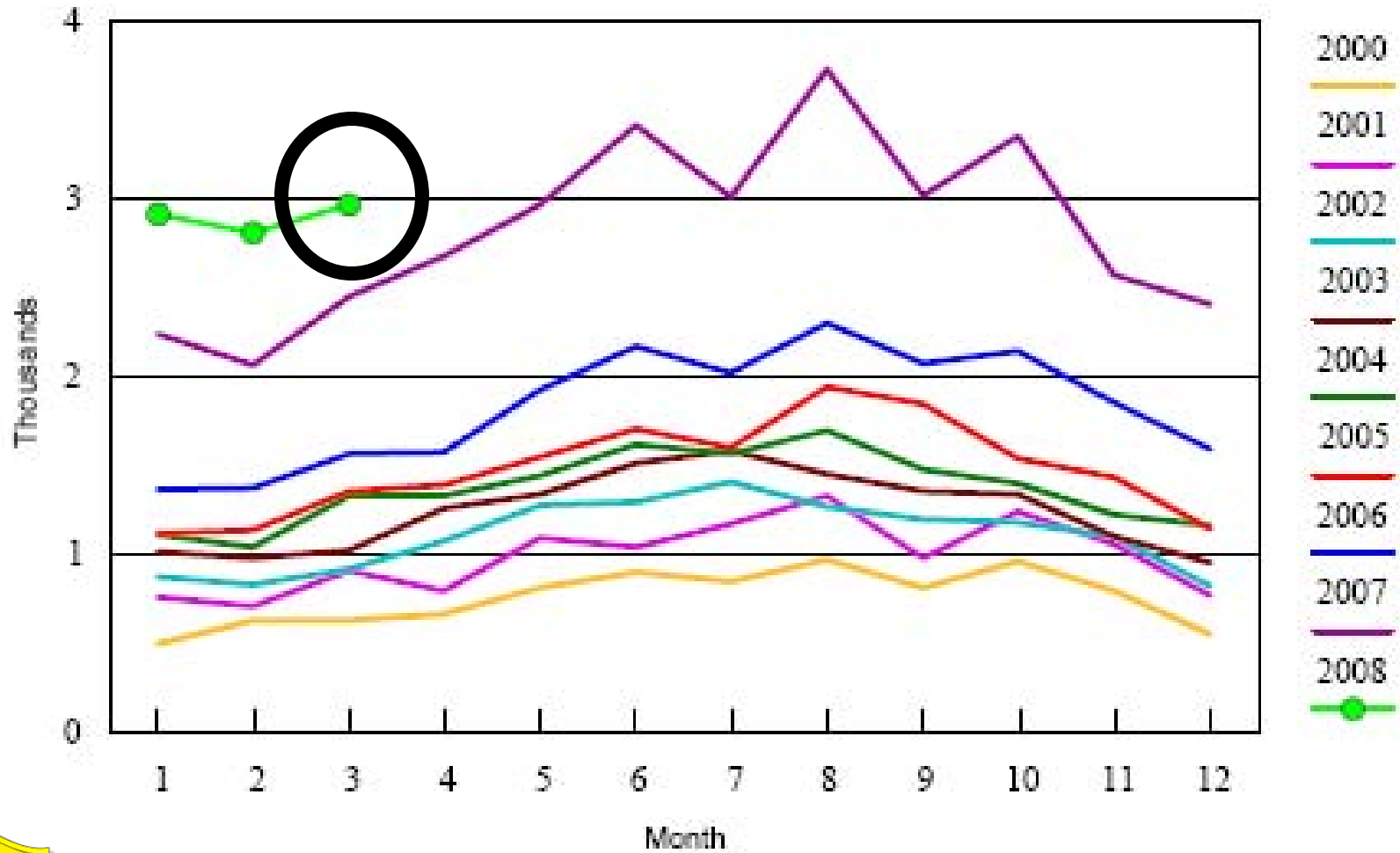
### Listings Expired - All Single Family



© 2008 Smartnumbers

**SMART NUMBERS**

# Listings Withdrawn - All Single Family



© 2008 Smartnumbers

SMART NUMBERS

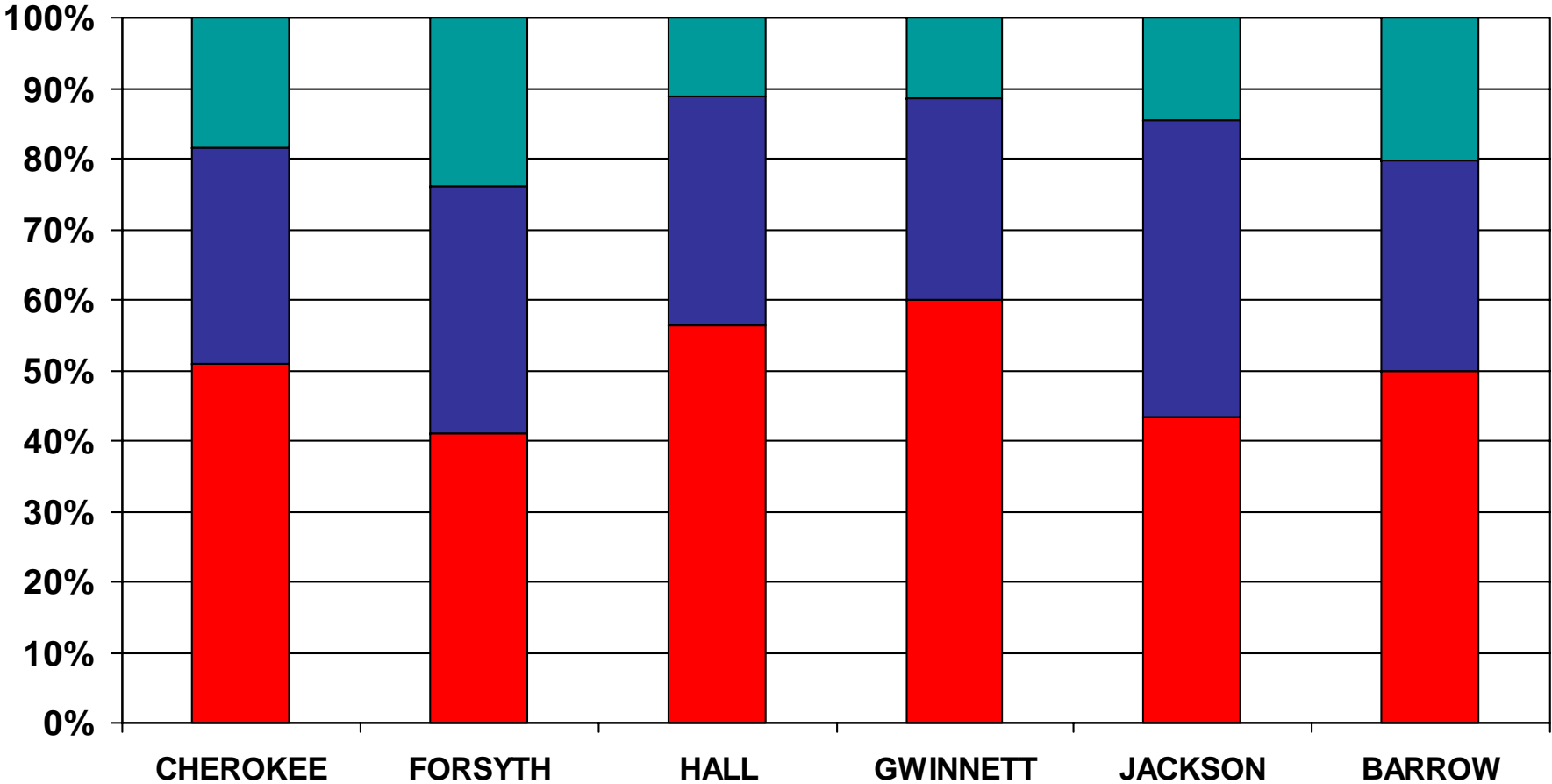
# FOOD CHAIN

- ◇ HOUSING INVENTORY
- ◇ LOT DELIVERY
- ◇ BUILDER FORECLOSURE
- ◇ DEVELOPER FORECLOSURE
- ◇ PERSONAL FORECLOSURE
- ◇ BANK OREO INVENTORY
- ◇ LAND VALUES

BOTTOM



# NORTON MARKET GAUGE INVENTORY BREAKDOWN

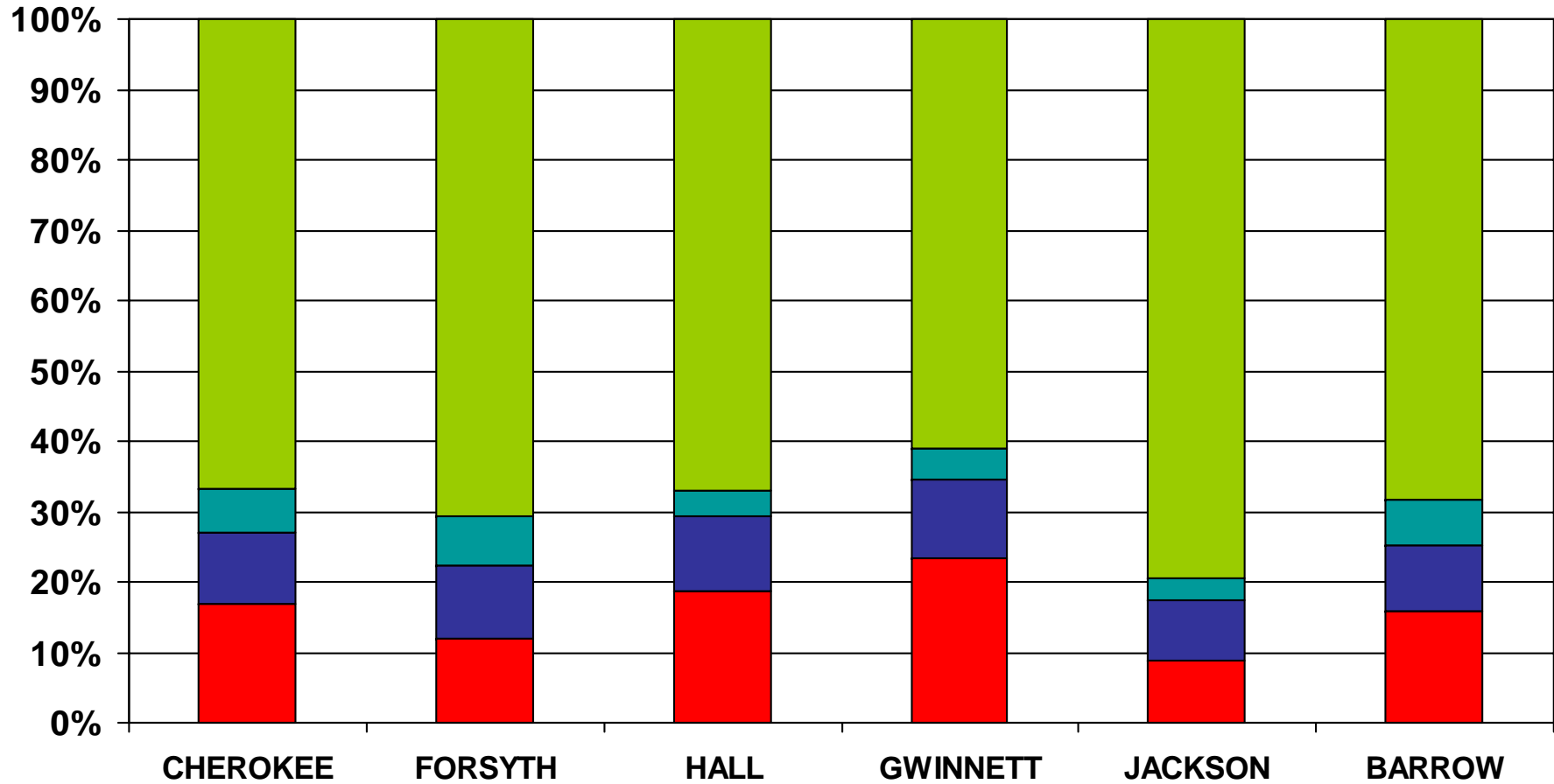


■ RESALES

■ NEW HOMES

■ UNDER CONS HOMES

# NORTON MARKET GAUGE INVENTORY BREAKDOWN



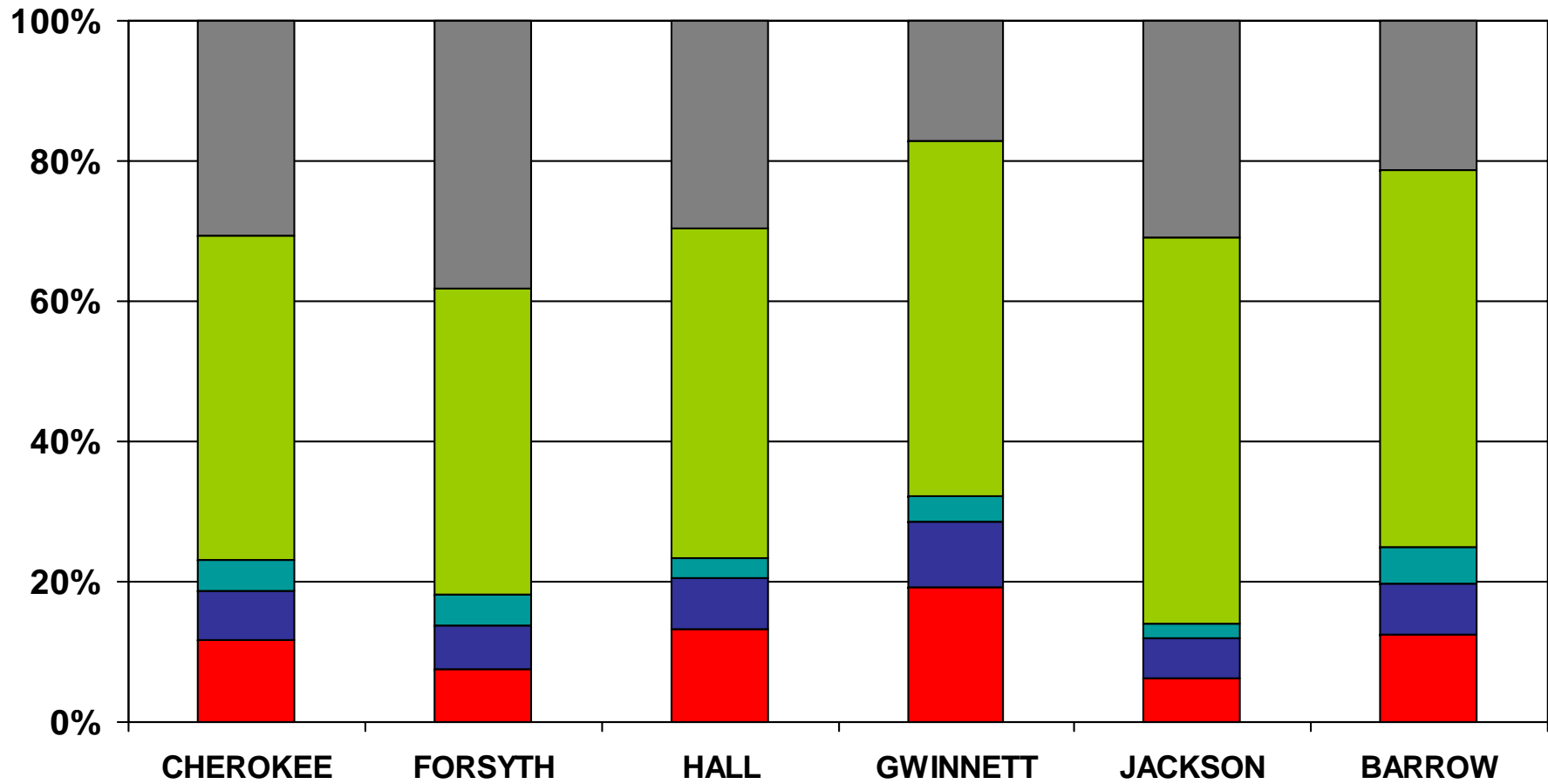
RESALES

NEW HOMES

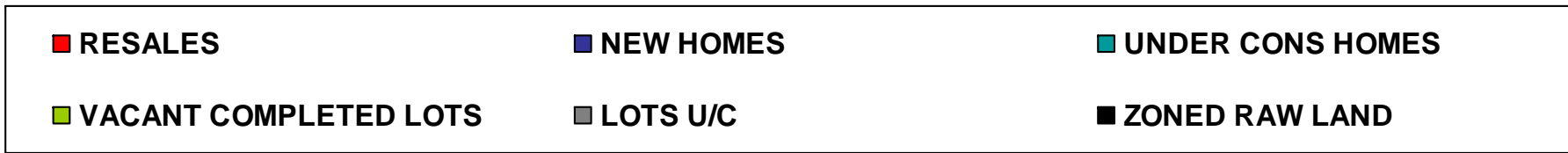
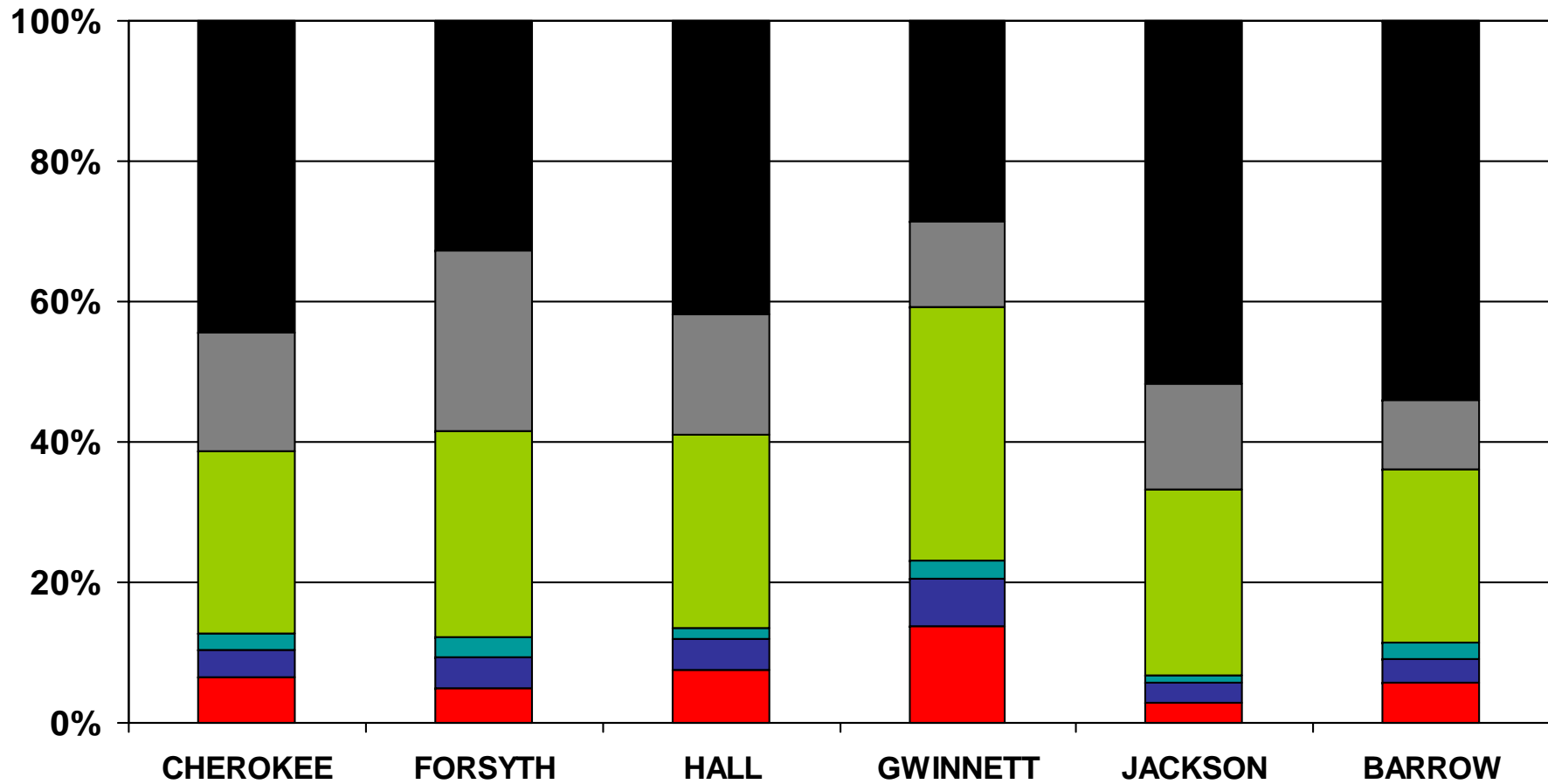
UNDER CONS HOMES

VACANT COMPLETED LOTS

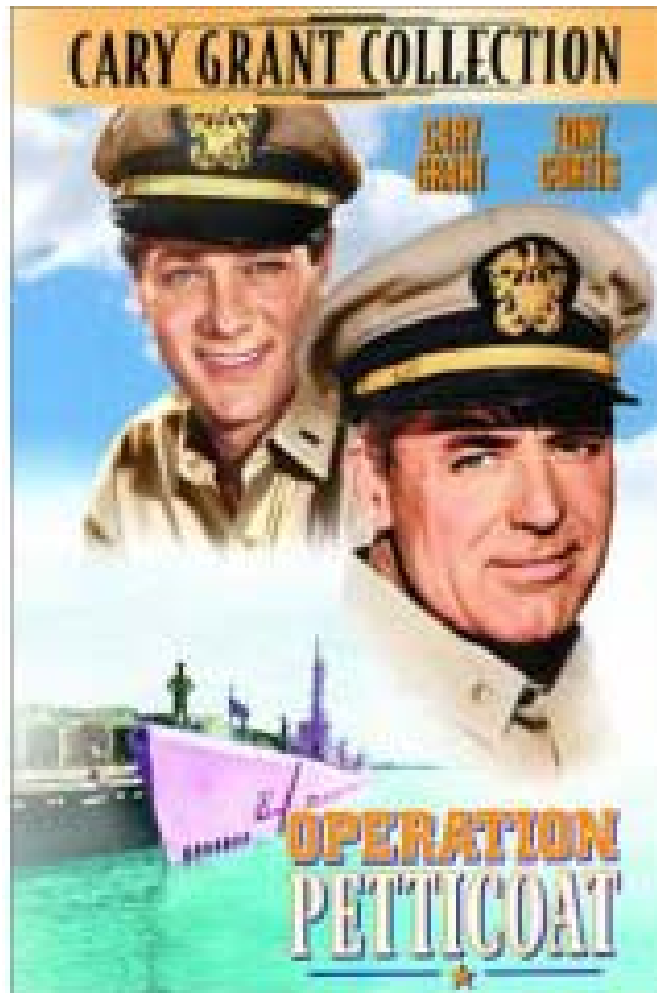
# NORTON MARKET GAUGE INVENTORY BREAKDOWN



# NORTON MARKET GAUGE INVENTORY BREAKDOWN



FMLS/MLS/METROSTUDY'S MARCH 31 2008



"THERE IS PROFIT IN  
CONFUSION"





# GREAT BUYS MAKE UP 25-35% OF THE CURRENT HOME MARKET

- **'THE MOST HOME YOU CAN BUY IN THE LAST FIVE YEARS AND IN THE NEXT FIVE IS RIGHT NOW!'**
- Today the core of the available housing market is made up of highly motivated sellers ...there is an over-riding reason to risk a sale in this market...relocation, family growth/contraction, financial, health
- The media has created a sobering pricing mood and uncertainty forcing sellers to reduce paper profits to move their home
- As primary home inventory tightens, deals will evaporate ... 3<sup>rd</sup> and 4<sup>th</sup> quarter 2008.... Second home and Lake Lanier buys will last through mid 2009
- 80% of the buying public today has another home to sell ...NAR MARCH 2008
- Short term, new custom home construction cost may have dropped 12-15%... materials, labor, builder profit.. Some of the industry will just keep the crews running until the cycle turns
- **The next cycle of construction will be more expensive...building regulations, labor shortages, fuel cost long term, will drive up new home costs**





# FORECLOSURES

- **'FORECLOSURE is the new CACHE'**
- Bank OREO inventory is starting to swell but lenders will not take deep discounts until assets have aged 6-18 months
- Builder deals seem to be the best opportunities in the short run ...any sale cuts inventory carrying cost...more short sales are emerging ... builders bringing checks to closing banks reducing pay offs to move inventory
- Most Buyers will not find great deals on the court house steps ... it's a messy process fraught with uncertainty ... best to target brokers and banks for the best deals
- **BUYERS BEWARE** ...unstable neighborhood conditions, vandalism , liens, county fines, ....some distressed owners literally 'rape' a home before they vacate





# RENTAL HOUSING

- **'HOUSING IS STILL A FUNDAMENTAL NEED'**
- Families in foreclosure are moving back into rental housing
- Occupancy will increase, rents soar, cap rates dropping and deals drying up
- Will stimulate a new round of multi-family development in 3<sup>rd</sup> 4<sup>th</sup> quarter of 2008 and 2009
- Best opportunities are urban areas...walking distance to shopping/schools ...effect of gas increase ... looking for safety, neighborhood feel and bigger units ...families are use to space
- Great Single family rental potential ..foreclosed stock ...keeps the kids play set and the family dog in place
- An \$850.00 house payment re-set to an unaffordable \$1300 payment results in foreclosure ...the family is still probably a good credit risk at \$850-950 per month rent





# CAPTALISTIC PURCHASES

- ***' A LION ALWAYS GOES AFTER THE WEAKEST ANIMAL IN THE HERD'***
- **Large lot positions geared to market segments that will recover the quickest & the strongest**
- **Large bulk purchases of strategic entitled land with development infrastructure in place, in the direct path of long term growth...RIP VAN WINKLE**
- **Developer/builder non residential assets ...they will spin off non essential properties to raise capital for future interest payments ...industrial, office, retail, rental housing**





# LAND

- **‘THERE IS BLOOD IN THE WATER’**
- Lot values have dropped ...bid to ask... now 25cent/dollar to 75cents asked
- Residential development land while having long-term residual value, is worthless for 3-4 years
- Land is at the bottom of the development food chain expect 10 to 30 cents on the dollar 2009-2010 with very favorable seller terms...Bank owners are reluctant to drop prices on land for now, but will change as asset ages and inventory swells



