

FOR IMMEDIATE RELEASE

CONSTRUCTION LENDING ACTIVITY – 1Q 2009

Commercial Construction Loans Contract, Residential Delinquencies Reach New Highs

OAKLAND, Calif., June 4, 2009 - Foresight Analytics has released updated figures on construction lending for 1Q 2009, showing estimates of amounts outstanding and delinquency rates by real estate product type. Some highlights are outlined below.

Outstanding Amounts

- Construction loans outstanding contracted by 5.0% during the first quarter (vs. 4Q 2008), accelerating from the 4% decline in the fourth quarter. All major construction categories we estimate are now declining, including commercial real estate construction.
- Single family residential construction loans outstanding contracted by 9% during the first quarter. This figure is down 43% from the peak in 3Q 2006 and will drop further in the months ahead, as new starts have reached historic lows.
- Multifamily construction loans outstanding fell by 11% during the first quarter, the result of further declines in condos and a sharp decline in apartment construction lending.
- Commercial construction loans have begun to shrink, albeit by a slight -1% in the first quarter. We believe this downward trend will accelerate in the coming quarters as a lack of new starts will sap demand for construction financing, and will represent the first major contraction since the previous cyclical low in 2003.

Delinquencies

- Delinquency rates for all construction and land loans rose to 14.5% during the first quarter, up sharply from 11.4% during the fourth quarter of 2008, and nearly triple the 5.0% rate in the fourth quarter of 2007.
- The single family and condo construction sectors are the weakest by a wide margin, with delinquency rates rising to 22.0% and 32.3%, respectively. Despite some indications that residential prices may be bottoming, the severe cumulative declines in boom-bust markets will cause these rates to rise further during 2009.
- Delinquency rates for apartment and non-residential commercial construction have also risen – to 6.8% and 8.9%, respectively –, but are significantly below the rates in the for-sale housing sector. Nevertheless, these delinquency rates are now approximately three times the rates at the previous peak in 3Q 2001.

About Foresight Analytics

Foresight Analytics LLC is a California-based provider of real estate market consulting services. Foresight Analytics focuses on real estate market analysis and forecasting, for commercial and residential product types, in both domestic and international markets. Clients are mainly institutional investors, lenders and developers. For more information, visit www.foresightanalytics.com.

Contacts:

Matt Anderson
(510) 893-1760
m.anderson@foresightanalytics.com

Susan Persin
(510) 893-1760
s.persin@foresightanalytics.com