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CONSTRUCTION LENDING ACTIVITY – 4Q 2008

Condo Construction Delinquency Rate Reaches 25%, Single Family Construction 18%

OAKLAND, Calif., March 9, 2008 - Foresight Analytics has released updated figures on construction lending for 4Q 2008, 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 4.0% during the fourth quarter, accelerating from the slight declines in the second and third quarters of 2008. Growth in non-residential commercial construction – which has slowed - failed to offset declines in for-sale residential construction lending.
- Single family residential construction loans outstanding contracted by 12% during the fourth quarter. This figure is down 38% from the peak in 3Q 2006 and will drop further in the months ahead, as new starts have reached historic lows.
- Condo construction loans outstanding fell sharply as well, while apartment construction loans outstanding increased slightly, with the net result of a 3% decrease in multifamily construction lending.
- Commercial construction loans outstanding expanded by 3%, down from the 5% quarterly pace through 3Q 2008, and well off the rapid expansion during 2006 and 2007. With the freeze in credit markets since September 2008, we believe this figure could turn negative during the first half of 2009.

Delinquencies

- Delinquency rates for all construction and land loans rose to 11.4% during the fourth quarter, up sharply from 9.6% during the third quarter, and more than double the 5.0% rate in the fourth quarter of 2007.
- The single family and condo construction sectors are the weakest by far, with delinquency rates rising to 18.0% and 25.1%, respectively. With no turnaround yet evident in sales volume and prices, these rates are likely to rise further during 2009.
- Delinquency rates for apartment and non-residential commercial construction have risen as well – to 4.6% and 6.4%, respectively –, but are significantly below the rates in the for-sale housing sector. These delinquency rates are now noticeably higher than the previous peaks 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.

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