

Builder's HOUSING MARKET FORECAST 2006

hanley wood

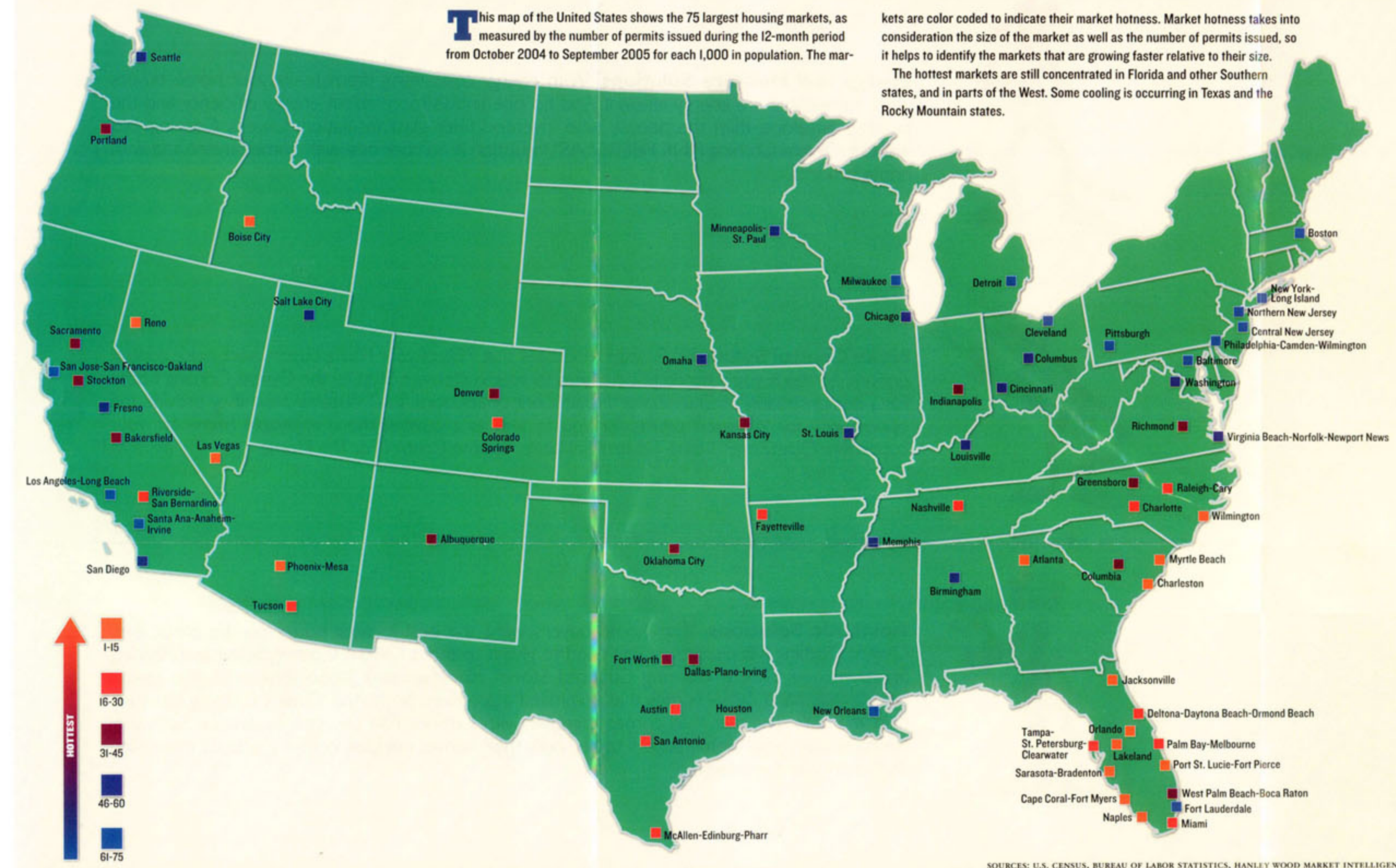
Research compiled by Hanley Wood Market Intelligence. For additional information, go to: www.hanleywood.com.

THE HOTTEST MARKETS

This map of the United States shows the 75 largest housing markets, as measured by the number of permits issued during the 12-month period from October 2004 to September 2005 for each 1,000 in population. The mar-

kets are color coded to indicate their market hotness. Market hotness takes into consideration the size of the market as well as the number of permits issued, so it helps to identify the markets that are growing faster relative to their size.

The hottest markets are still concentrated in Florida and other Southern states, and in parts of the West. Some cooling is occurring in Texas and the Rocky Mountain states.



SOURCES: U.S. CENSUS, BUREAU OF LABOR STATISTICS, HANLEY WOOD MARKET INTELLIGENCE

DEMAND/SUPPLY MATRIX

The Demand/Supply Matrix reveals how balanced a market is in terms of job growth versus permits issued. Job growth is a strong indicator for new-housing demand, and permit issuance relates to the supply of new housing. Analyze the demand/supply balance in your marketplace. Although nothing takes the place of specific market knowledge and in-depth market research, here are some rules of thumb for strategies in these market types:

Movers & Shakers: High Job Growth/High Permit Growth
These markets need a lot of supply. No need to experiment—go with what you know, and do it as fast as you can.

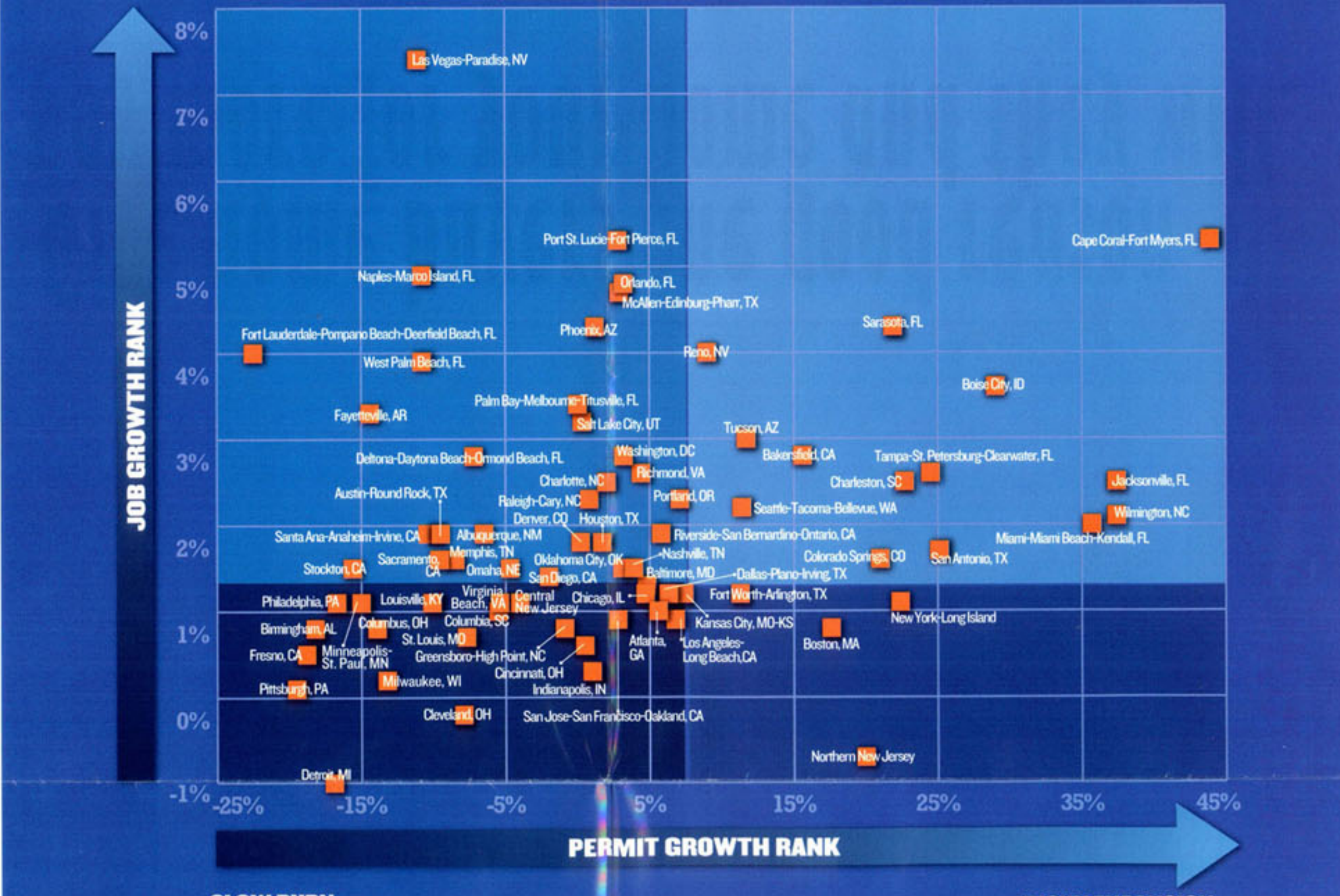
Risky Expansion: Low Job Growth/High Permit Growth
Supply may be outpacing demand. Carefully assess location dynamics when evaluating new projects and watch for softness in pricing on all projects.

Slow Burn: Low Job Growth/Low Permit Growth
Supply and demand are balanced, so pricing will be competitive. Increase efficiencies and offer flexibility in product type.

Rising Stars: High Job Growth/Low Permit Growth
Demand in these markets is probably causing prices to rise quickly as supply lags behind. Take advantage of pent-up demand by expanding your building activity.

RISEING STARS — High job growth/Low permit growth

MOVERS & SHAKERS — High job growth/High permit growth



SLOW BURN — Low job growth/Low permit growth

RISKY EXPANSION — Low job growth/High permit growth

LOCAL LEADERS FROM OCTOBER 2004 – SEPTEMBER 2005

The newest listing of the top five builders and their percentage of market share in 25 of the hottest 75 markets reveals some change (includes single- and multifamily builders).

Market	Builder	Market Share	Market	Builder	Market Share	Market	Builder	Market Share	Market	Builder	Market Share			
Bakersfield, CA	Lennar Homes	15.0%	Colorado Springs, CO	Classic Homes	15.1%	Los Angeles-Long Beach, CA	KB Home	11.2%	Reno, NV	Reynolds & Bardis Development	13.0%	Seattle-Tacoma-Bremerton, WA	Quadrant Homes	8.8%
	McMillin Homes	13.1%		Pulte Homes	14.3%		D.R. Horton	9.3%		Polygon Northwest Co.	4.8%			
	Castle & Cooke California	10.7%		Richmond American Homes	9.9%		Forecast Homes (K. Hovnanian)	5.6%		Centex Homes	8.6%		Soundbuilt Homes	3.6%
	Centex Homes	8.6%		John Laing Homes	8.5%		Lennar Homes	4.7%		Barker-Coleman/Lennar	4.7%		Regent Homes	2.9%
	Advantage Homes	5.7%		U.S. Home Corp.	7.3%		Trolder & Associates	4.2%		Del Webb	4.7%		D.R. Horton	2.6%
Baltimore, MD	Ryan Homes	17.8%	Dallas-Fort Worth, TX	D.R. Horton	9.5%	Northern New Jersey, NJ	K. Hovnanian Homes	12.0%	Riverside-San Bernardino, CA	Lennar Homes	9.6%	South New Jersey, NJ	D.R. Horton	11.2%
	Ryland Homes	8.2%		Fox & Jacobs Homes	6.3%		Del Webb	9.2%		KB Home	7.6%		K. Hovnanian Homes	9.2%
	Beazer Homes	5.2%		Pulte Homes	4.6%		Palisades AB Co.	8.5%		D.R. Horton	7.6%		Ryan Homes	8.9%
	NVHomes	4.6%		Choice Homes	4.4%		Toll Brothers	5.2%		Centex Homes	3.9%		Beazer Homes	4.7%
	Pulte Homes	4.5%		KB Home	4.2%		Crescent Heights	4.9%		Forecast Homes (K. Hovnanian)	3.3%		Orleans Homebuilders	4.7%
Central New Jersey, NJ	K. Hovnanian Homes	17.8%	Denver-Boulder-Greeley, CO	D.R. Horton	12.2%	Orange County, CA	John Laing Homes	12.9%	Sacramento, CA	Beazer Homes	6.4%	Tucson, AZ	KB Home	13.6%
	Toll Brothers	15.8%		Richmond American Homes	8.4%		William Lyon Homes	11.4%		KB Home	5.9%		Richmond American Homes	11.3%
	Kara Homes	8.3%		KB Home	6.7%		Standard Pacific Homes	9.4%		D.R. Horton	5.5%		D.R. Horton	9.9%
	Centex Homes	6.8%		U.S. Home Corp.	4.3%		Regis Homes	7.6%		Del Webb	4.9%		Pulte Homes	9.5%
	U.S. Home Corp.	6.0%		Columbia, SC	3.9%		California Pacific Homes	6.7%		Centex Homes	4.3%		Heritage Homes	8.4%
Central Valley, CA	KB Home	5.9%	Fresno, CA	Centex Homes	12.0%	Philadelphia, PA	Toll Brothers	12.5%	San Diego, CA	CRS	6.5%	Washington, DC-MD-VA-WV	Ryan Homes	9.3%
	Kimball Hill Homes	5.4%		Cambridge Homes	11.6%		Pulte Homes	8.7%		Lennar Homes	5.5%		K. Hovnanian Homes	5.6%
	Ranchwood Homes	5.2%		McMillin Homes	5.9%		Ryan Homes	8.3%		Brookfield Homes	4.3%		Toll Brothers	5.5%
	Heritage Homes	5.0%		Wathen/Castanos	5.7%		Orleans Homebuilders	5.9%		Shea Homes	4.3%		Centex Homes	4.9%
	California Homes/Matthew Homes	4.9%		Ennis Homes	4.3%		T.H. Properties	5.4%		Standard Pacific Homes	3.7%		Crescent Heights	4.2%
Chicago, IL	Cambridge-D.R. Horton	5.3%	Las Vegas, NV	KB Home	10.5%	Phoenix-Mesa, AZ	Richmond American Homes	5.6%	San Francisco Bay Area, CA	Lennar Homes	6.0%	Wilmington-Newark, DE-MD	Ryan Homes	11.3%
	Ryland Homes	3.0%		Richmond American Homes	8.3%		Shea Homes	5.5%		Pulte Homes	5.8%		Gomcraft Homes	8.1%
	Town & Country Homes	2.9%		Pacifica Cos.	5.1%		Del Webb	5.0%		D.R. Horton	5.7%		Robino Brothers	5.9%
	Pulte Homes	2.9%		Turnberry Associates	4.8%		Pulte Homes	4.8%		KB Home	5.3%		Ryland Homes	5.4%
	Neumann Homes	2.8%		Performance Marketing Associates	4.8%		Engle Homes	4.5%		Standard Pacific Homes	4.9%		Zecola Builders	4.5%

SOURCES: U.S. CENSUS, HANLEY WOOD MARKET INTELLIGENCE

PERMITS ISSUED FROM OCTOBER 2004 TO SEPTEMBER 2005 (SINGLE-FAMILY AND MULTIFAMILY)

RANK	METROPOLITAN AREAS/MARKETS	TOTAL PERMITS	RANK	METROPOLITAN AREAS/MARKETS	TOTAL PERMITS	RANK	METROPOLITAN AREAS/MARKETS	TOTAL PERMITS
1.	Atlanta-Sandy Springs-Marietta, GA Metropolitan Statistical Area	74,876	26.	Detroit-Warren-Livonia, MI Metropolitan Statistical Area	18,078	51.	Oklahoma City, OK Metropolitan Statistical Area	9,531
2.	Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area	65,163	27.	Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area	17,711	52.	McAllen-Edinburg-Pharr, TX Metropolitan Statistical Area	9,426
3.	Houston-Baytown-Sugar Land, TX Metropolitan Statistical Area	60,194	28.	Nashville-Davidson-Murfreesboro, TN Metropolitan Statistical Area	16,990	53.	Northern New Jersey	9,040
4.	Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area	52,524	29.	Portland-Vancouver-Beaverton, OR-WA Metropolitan Statistical Area	16,867	54.	Santa Ana-Anaheim-Irvine, CA Metropolitan Division	8,959
5.	Chicago-Naperville-Joliet, IL-IN-WI Metropolitan Statistical Area	51,405	30.	Kansas City, MO-KS Metropolitan Statistical Area	15,708	55.	Palm Bay-Melbourne-Titusville, FL Metropolitan Statistical Area	8,294
6.	New York-Long Island	46,029	31.	San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area	15,443	56.	Louisville, KY-IN Metropolitan Statistical Area	8,256
7.	Dallas-Plano-Irving, TX Metropolitan Division	39,110	32.	St. Louis, MO-IL Metropolitan Statistical Area	15,142	57.	Salt Lake City, UT Metropolitan Statistical Area	8,241
8.	Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area	37,476	33.	Indianapolis, IN Metropolitan Statistical Area	15,139	58.	Bakersfield, CA Metropolitan Statistical Area	7,577
9.	Orlando, FL Metropolitan Statistical Area	35,223	34.	Sarasota-Bradenton-Venice, FL Metropolitan Statistical Area	14,531	59.	Colorado Springs, CO Metropolitan Statistical Area	7,362
10.	Las Vegas-Paradise, NV Metropolitan Statistical Area	35,209	35.	Raleigh-Cary, NC Metropolitan Statistical Area	14,531	60.	Columbia, SC Metropolitan Statistical Area	7,357
11.	Tampa-St. Petersburg-Clearwater, FL Metropolitan Statistical Area	28,366	36.	Lakeland, FL Metropolitan Statistical Area	13,756	61.	Albuquerque, NM Metropolitan Statistical Area	7,249
12.	Cape Coral-Fort Myers, FL Metropolitan Statistical Area	27,677	37.	West Palm Beach-Boca Raton-Boynton Beach, FL Metropolitan Division	13,516	62.	Birmingham-Hoover, AL Metropolitan Statistical Area	7,180
13.	San Jose-San Francisco-Oakland, CA Combined Statistical Area	26,551	38.	Cincinnati-Middletown, OH-KY-IN Metropolitan Statistical Area	13,243	63.	Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area	6,756
14.	Los Angeles-Long Beach-Kendall, CA Metropolitan Division	26,551	39.	Tucson, AZ Metropolitan Statistical Area	12,042	64.	Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area	6,584
15.	Miami-Miami Beach-Kendall, FL Metropolitan Division	25,658	40.	Columbus, OH Metropolitan Statistical Area	12,039	65.	Deltona-Daytona Beach-Ormond Beach, FL Metropolitan Statistical Area	6,407
16.	Seattle-Tacoma-Bellevue, WA Metropolitan Statistical Area	25,247	41.	Boise City-Nampa, ID Metropolitan Statistical Area	11,477	66.	Reno-Sparks, NV Metropolitan Statistical Area	6,316
17.	Jacksonville, FL Metropolitan Statistical Area	25,220	42.	Central New Jersey	11,372	67.	Fort Lauderdale-Pompano Beach-Deerfield Beach, FL Metropolitan Division	6,303
18.	Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area	23,857	43.	Port St. Lucie-Fort Pierce, FL Metropolitan Statistical Area	11,352	68.	Fayetteville-Springdale-Rogers, AR-MO Metropolitan Statistical Area	6,278
19.	San Antonio, TX Metropolitan Statistical Area	22,333	44.	Baltimore-Towson, MD Metropolitan Statistical Area	11,275	69.	Naples-Marco Island, FL Metropolitan Statistical Area	6,125
20.	Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area	21,523	45.	Myrtle Beach-Conway-North Myrtle Beach, SC Metropolitan Statistical Area	11,200	70.	Stockton, CA Metropolitan Statistical Area	6,087
21.	Denver-Aurora, CO Metropolitan Statistical Area	21,290	46.	Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area	10,537	71.	Greensboro-High Point, NC Metropolitan Statistical Area	5,988
22.	Sacramento-Arden-Arcade-Roseville, CA Metropolitan Statistical Area	20,526	47.	Wilmington, NC Metropolitan Statistical Area	10,426	72.	Pittsburgh, PA Metropolitan Statistical Area	5,857
23.	Fort Worth-Arlington, TX Metropolitan Division	19,956	48.	Charleston-North Charleston, SC Metropolitan Statistical Area	10,299	73.	Fresno, CA Metropolitan Statistical Area	5,827
24.	Austin-Round Rock, TX Metropolitan Statistical Area	19,767	49.	Memphis, TN-MS-AR Metropolitan Statistical Area	10,080	74.	New Orleans-Metairie-Kenner, LA Metropolitan Statistical Area	5,796
25.	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area	19,613	50.	Richmond, VA Metropolitan Statistical Area	10,005	75.	Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area	5,491

SOURCES: U.S. CENSUS, HANLEY WOOD MARKET INTELLIGENCE