

Going Green in 2008

How to Make Green in a Changing Market Place Economic and Real Estate Outlook

Ted C. Jones PhD
Senior Vice President-Chief Economist
Stewart Title Guaranty Company

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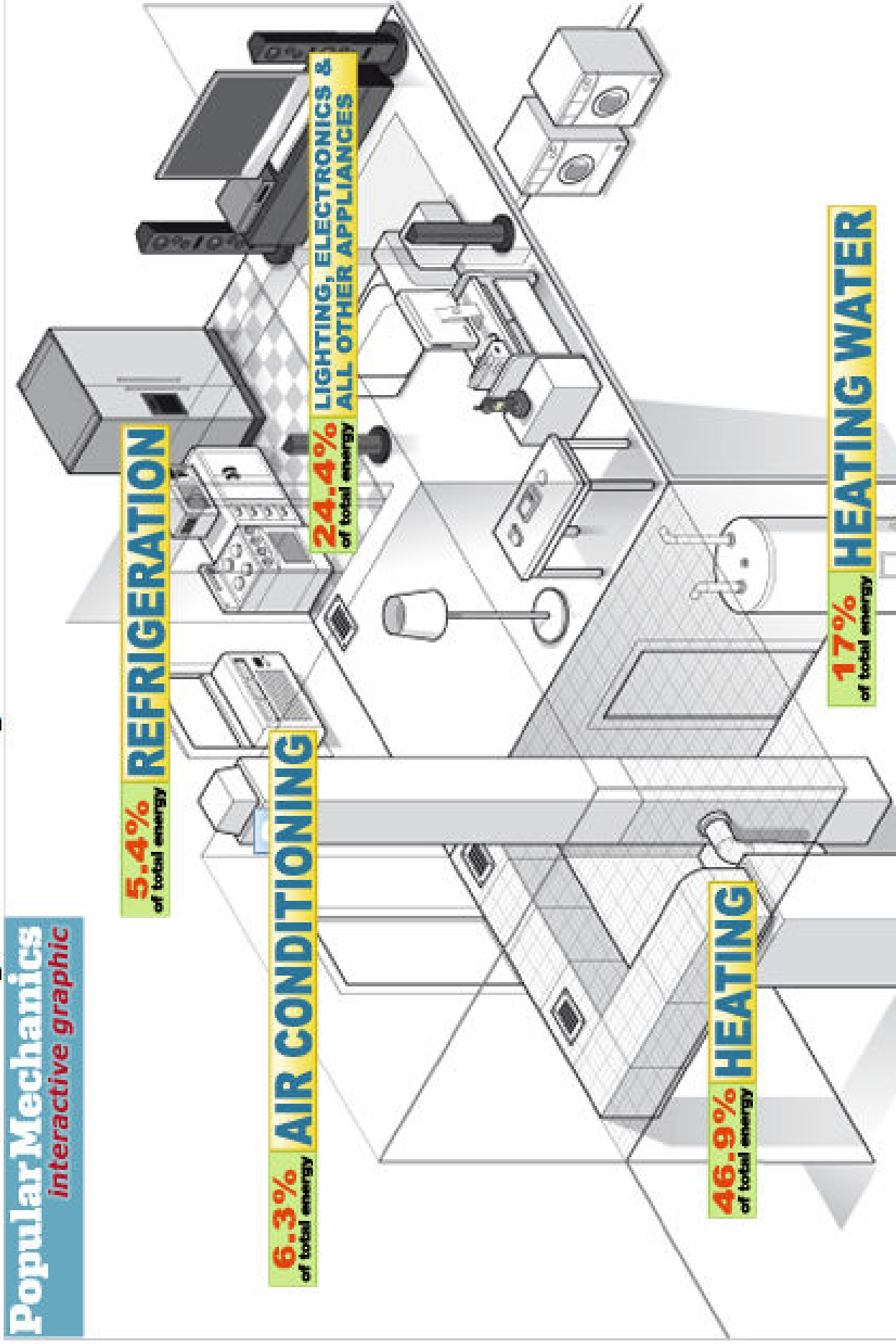
Geiringer

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Your Energy Footprint and 23 Ways to Reduce It

<http://www.popularmechanics.com/footprint>

Popular Mechanics
interactive graphic



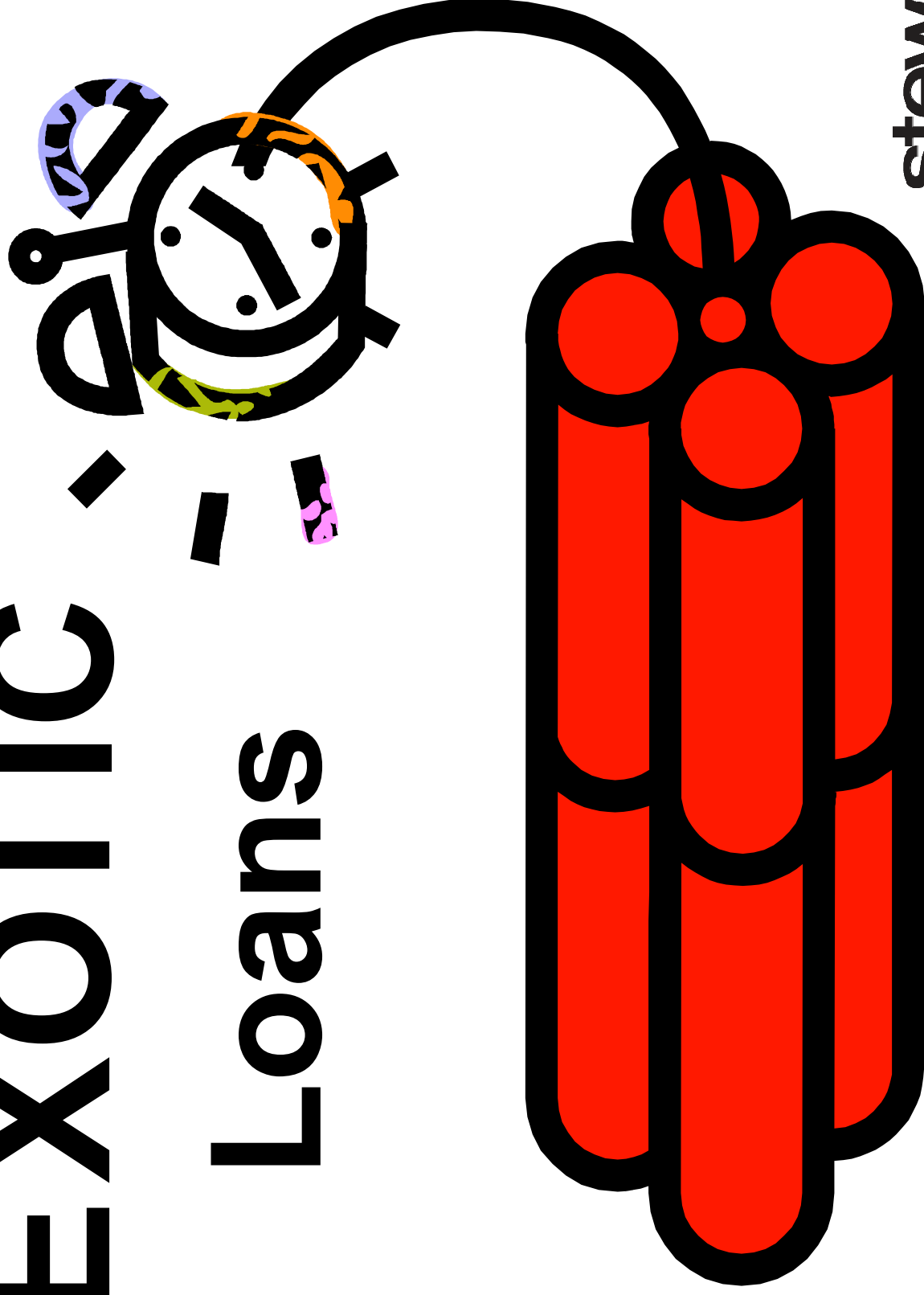


Paperless Transaction Management

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EXOTIC

Loans



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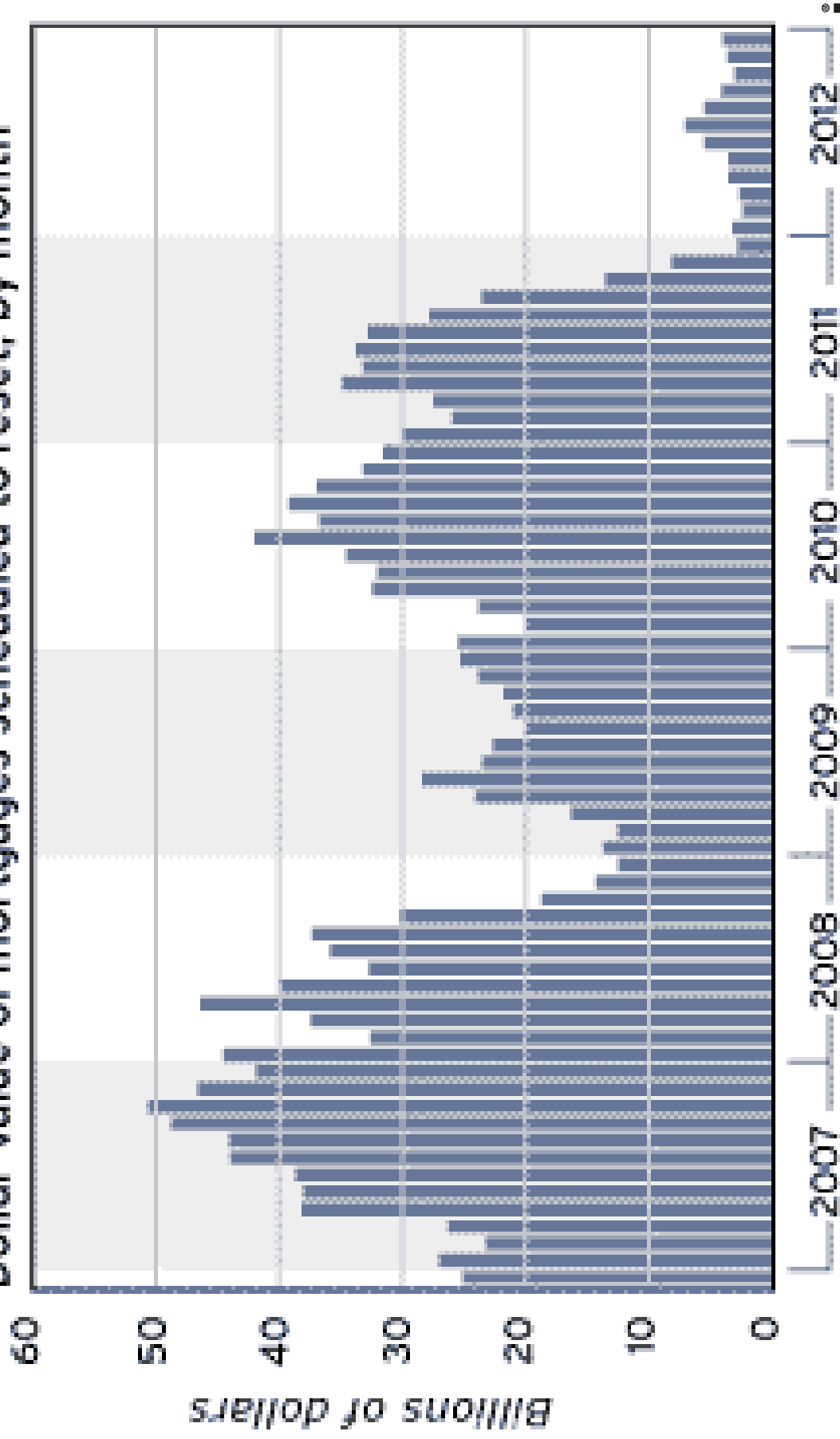
Not Letting Loans to Reset As Per the Loan Terms Is Like Asking for A Mulligan in Roulette



The Coming 'Reset' Wave

As initial 'starter' rates on adjustable rate mortgages expire, many homeowners face big monthly payment increases.

Dollar value of mortgages scheduled to reset, by month



SOURCE: CreditSuisse

msnbc.com

http://ml-implode.com/



Higher FHA Loan Limits

FHA/HUD and Mortgage Broker/Banker Licensing Nationwide (800) 948-0970
www.lenderlicense.com

Ads by Google

THE MORTGAGE LENDER **Implode-Meter™**

Looking
for a
loan?

Tracking the housing finance breakdown: a saga of corruption, hypocrisy, and government complicity.

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FHA/HUD Mortgage

License

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Since late 2006

233

major U.S. lending
operations have
"imploded"

Latest imploded:

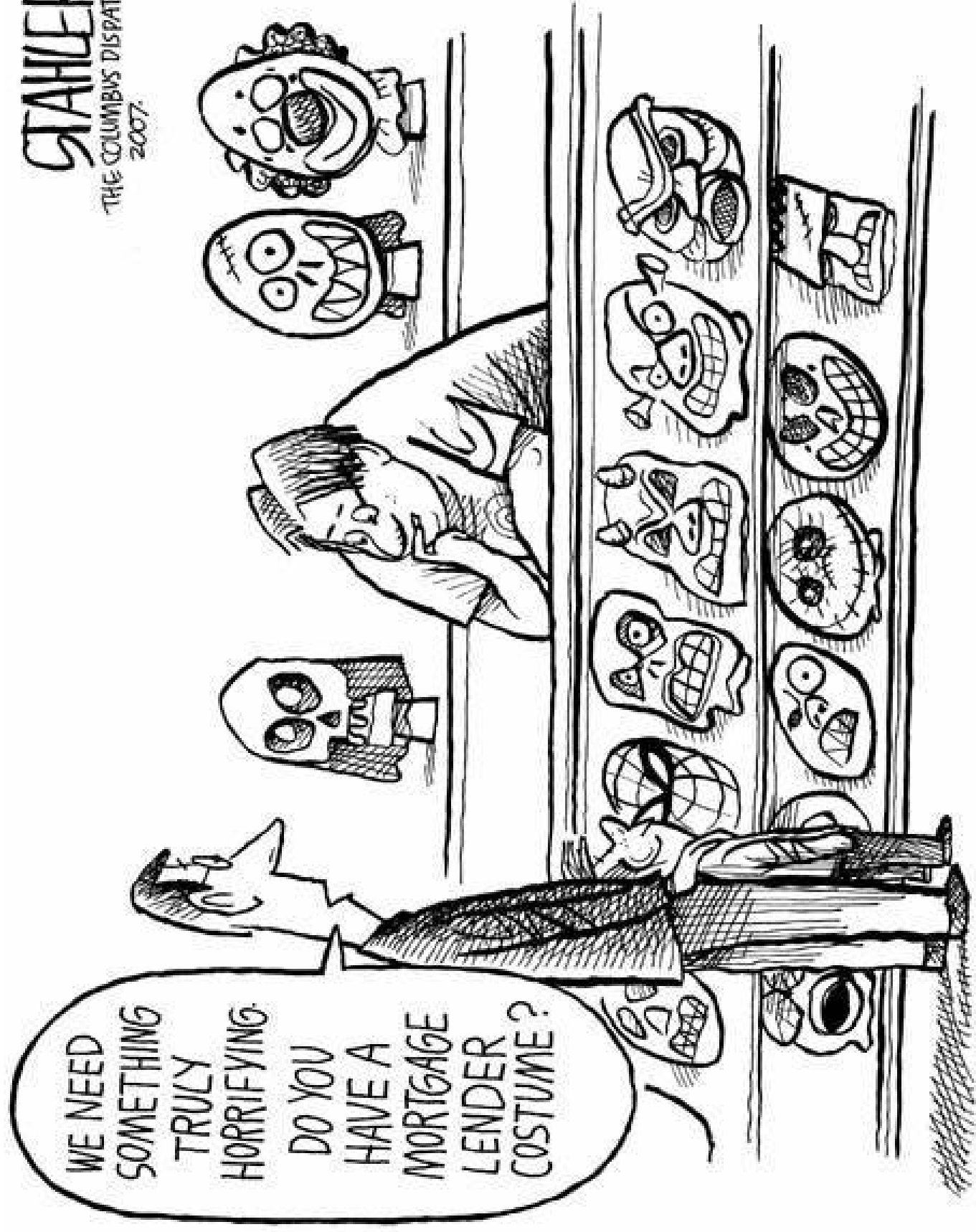
Last addition: March 5, 2008.
Unique Mortgage Solutions (UMS, LLC)
First Franklin - Merrill Lynch
First National Mortgage Sources
Resource Mortgage (Wholesale)
KH Financial

Top Non-Imploded™ :

Assurity Financial Services (Retail): A	"100% payout + 10bps recruiting income"	"Best FHA
Assurity Financial		

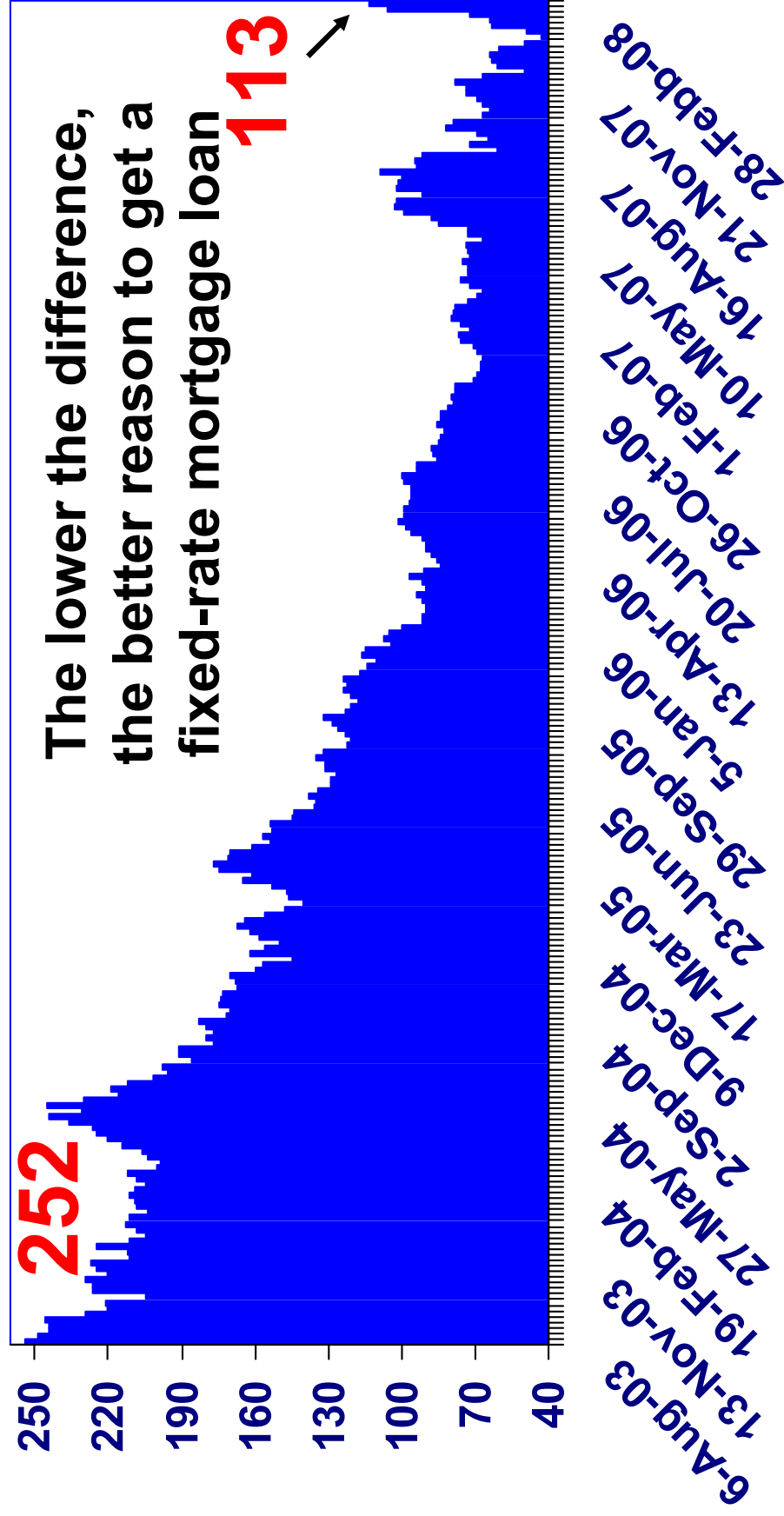
STAHLER.

THE COLUMBUS DISPATCH
2007.



Interest Rate Difference Between 30-Year and 1-Year ARM Loans

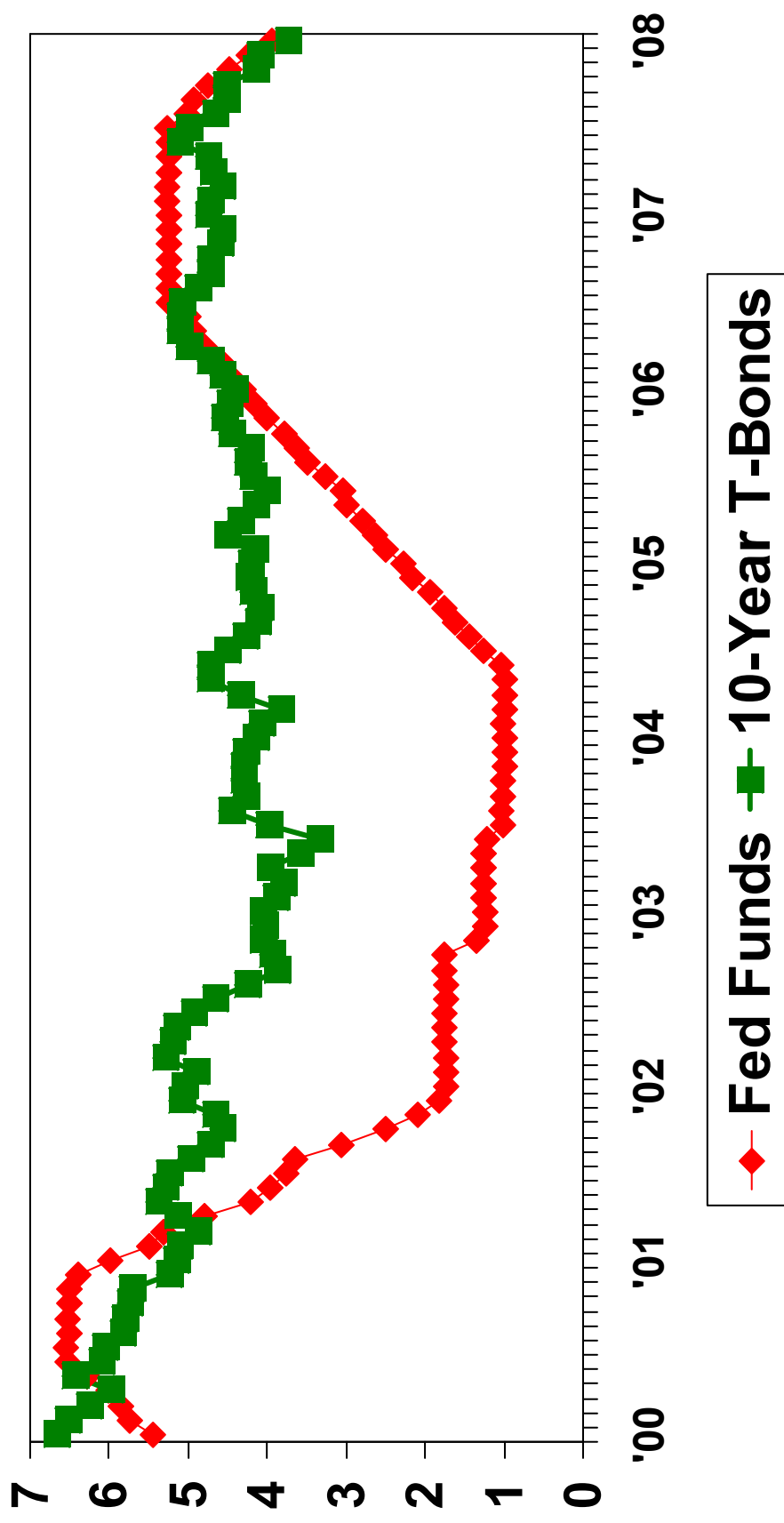
Basis Points



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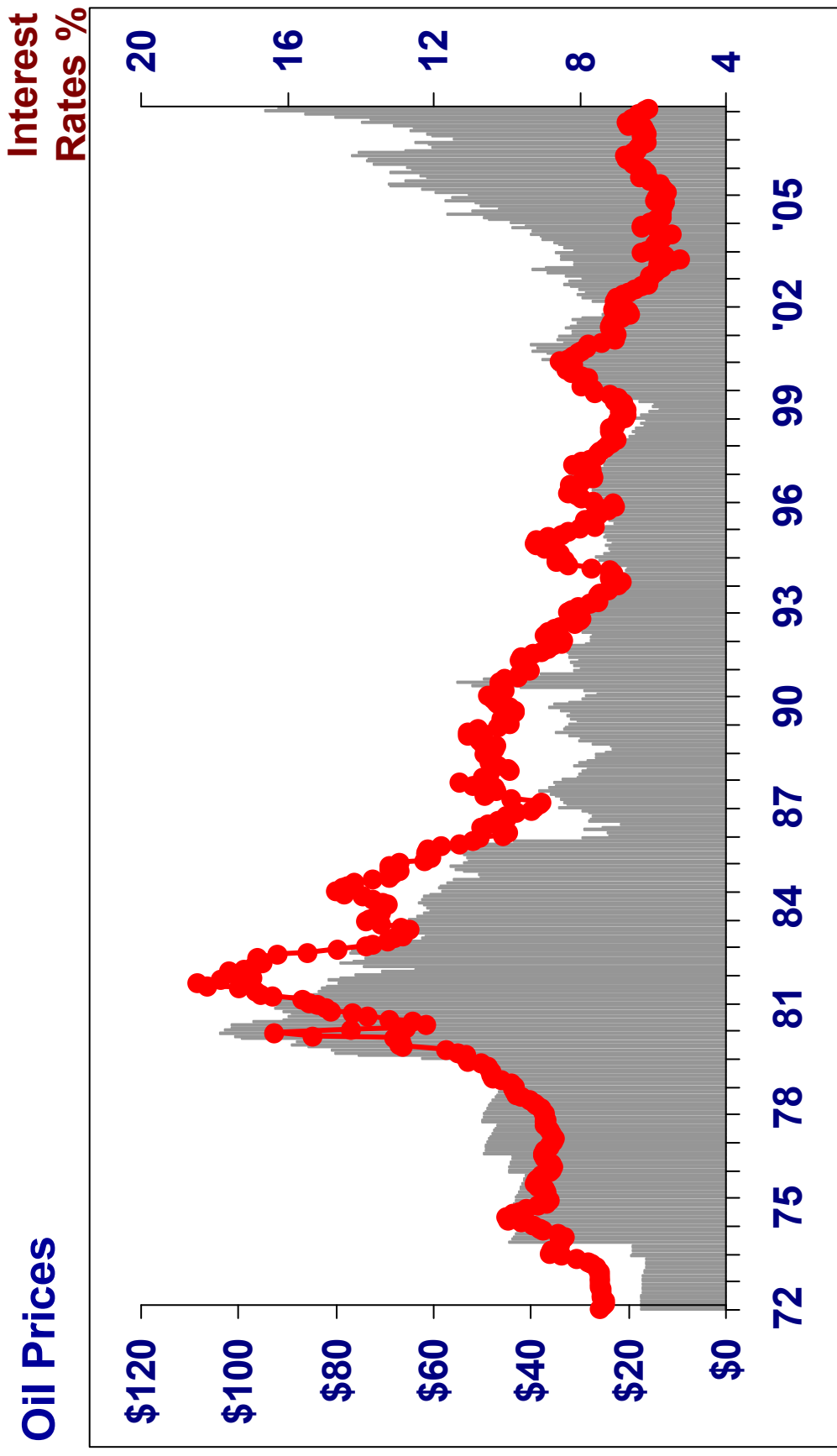
Fed Funds & 10-Year T-Bond Rates

Percent Correlation Since 1960 0.862



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Oil Prices & 30-Year Residential Mortgage Interest Rates December 2007 Dollars

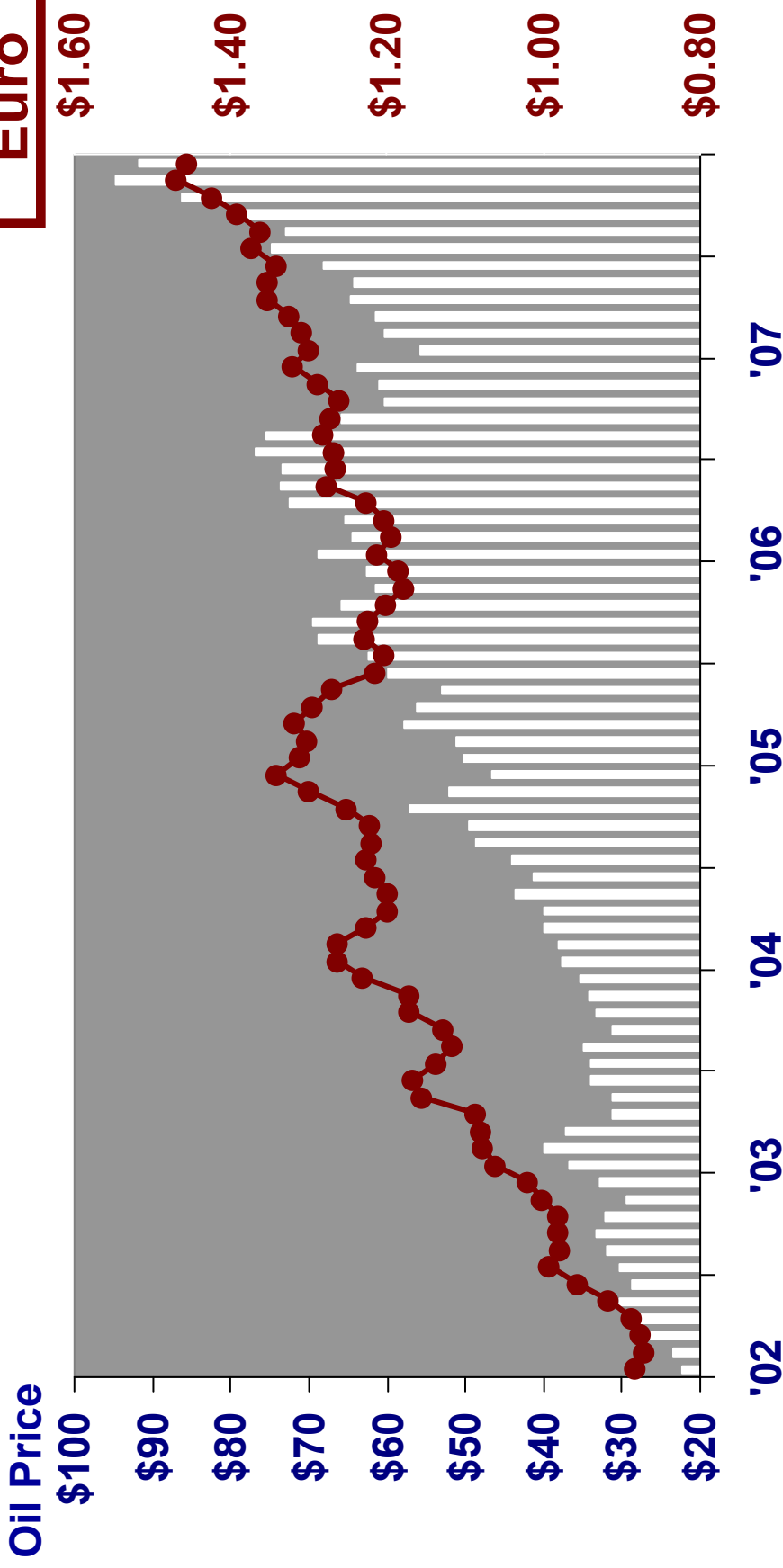


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Oil Prices & Exchange Rates \$US Per Euro

Oil in December 2007 Dollars

Dollars
Per
Euro



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Weakened Dollar Causes

Killer D's

DoubleD's

2d

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**Which is greater—
the trade deficit or
the Federal deficit?**

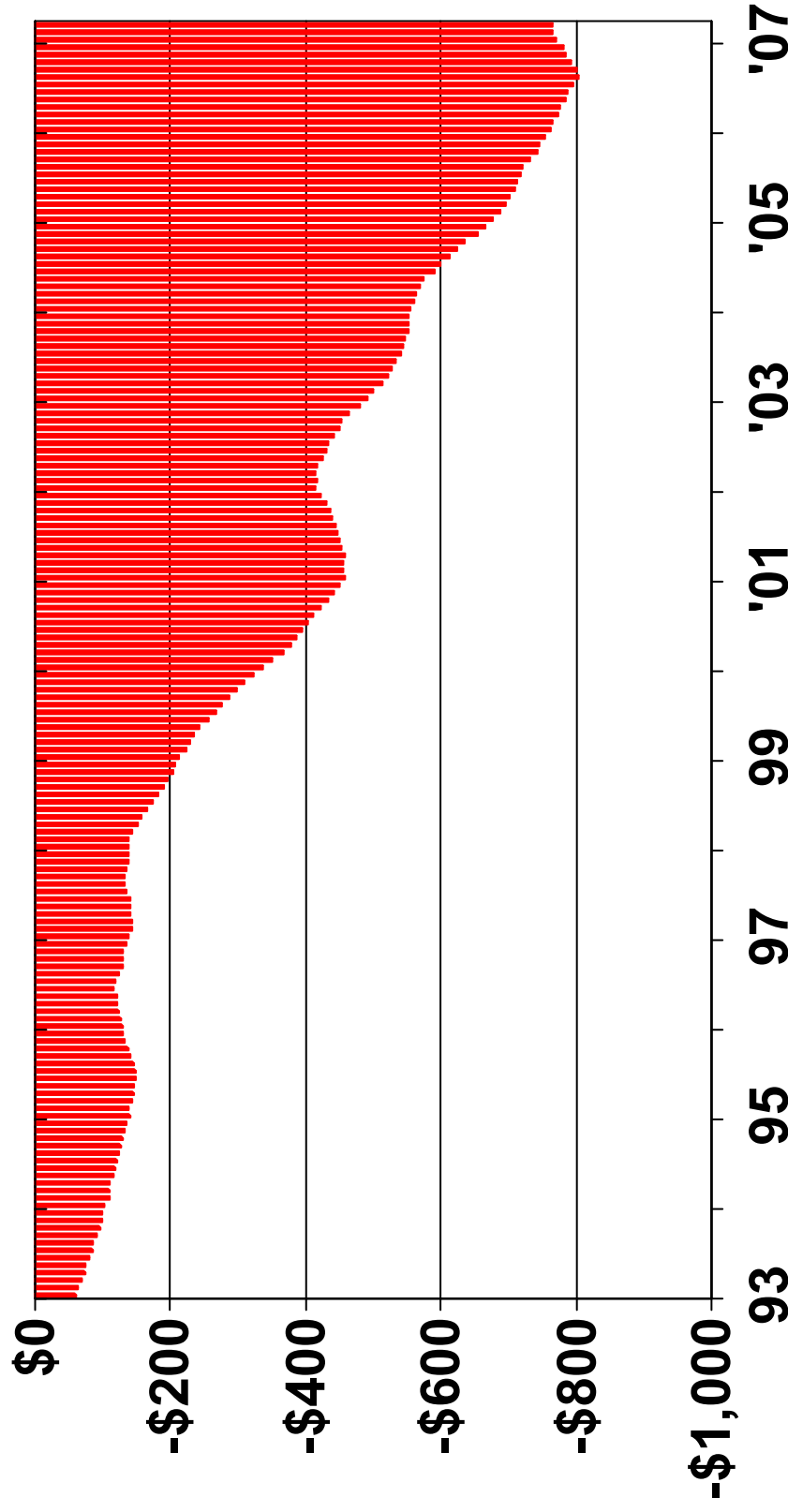


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US Balance of Trade

Inflation Adjusted April 2007 \$ Dollars

\$ Billions, Prior 12 Months



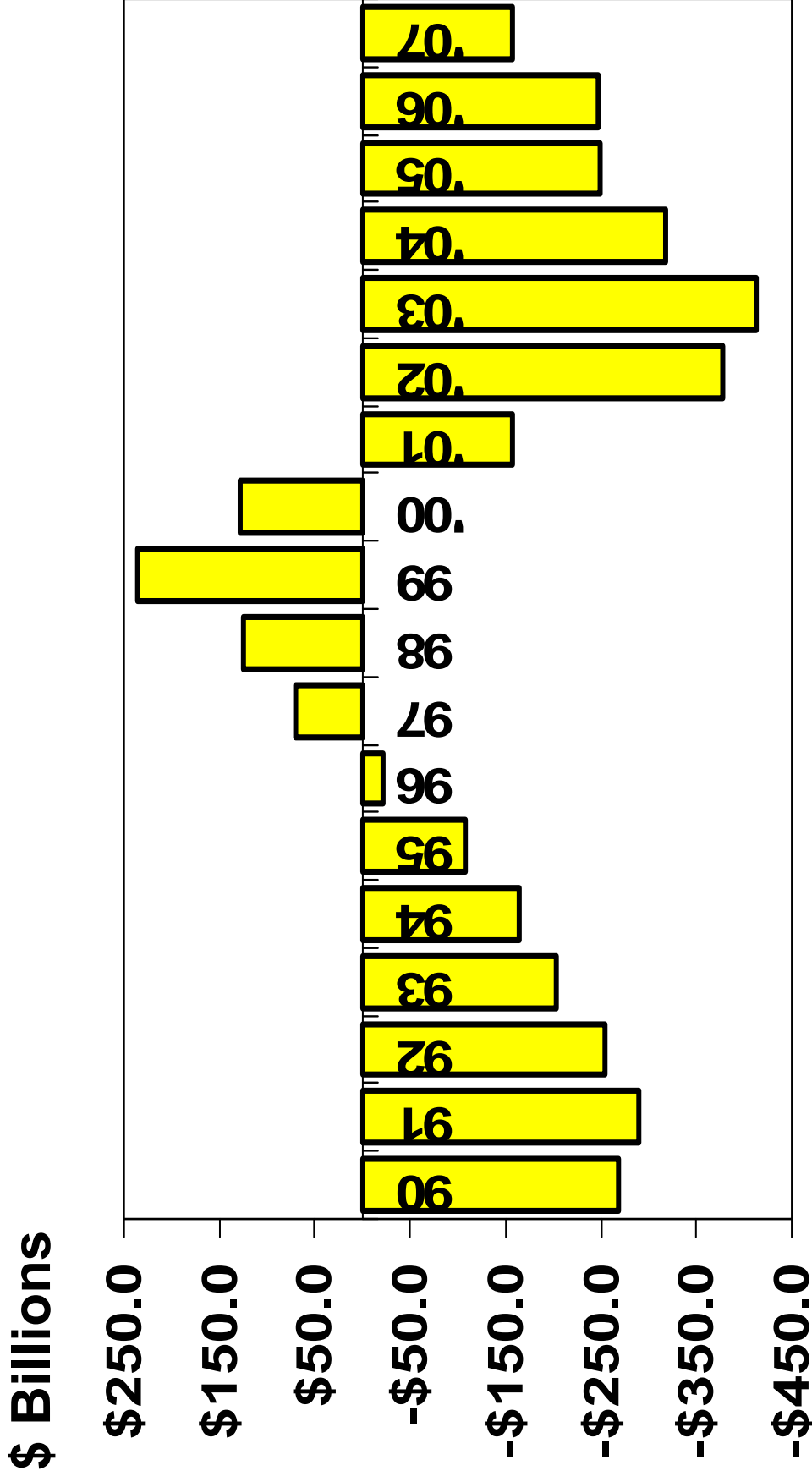
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**What was the last year
that there was at least
one month that the US
Gov't ran a surplus?**

**Jan
2007**



Federal Budget Surplus (Deficit)



2007 Forecast Based on Current Trend

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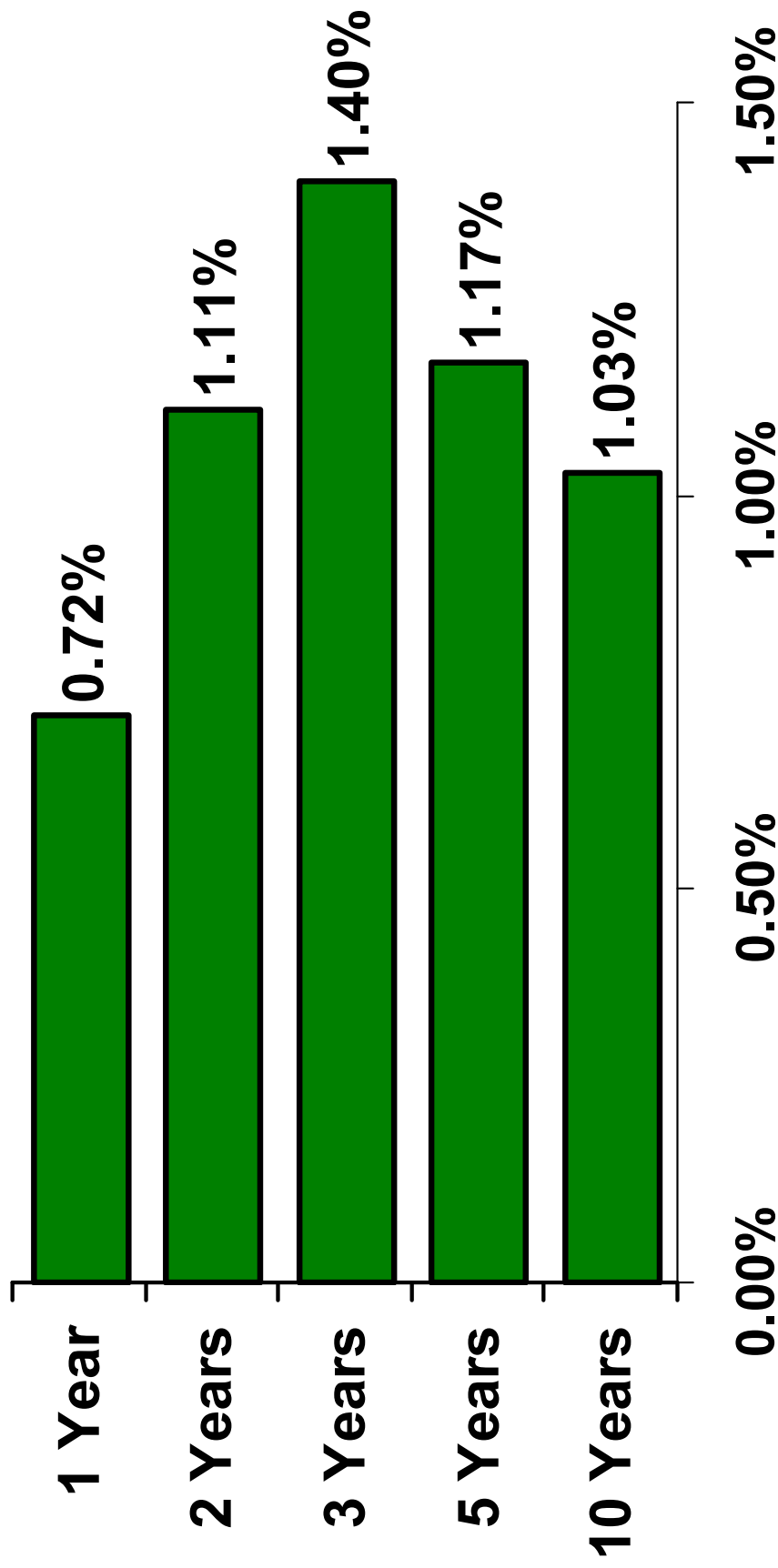
Ted's 2008 Forecast



**Up 50 to
100 Basis
Points
By Jan
'09**

US Job Growth Rates

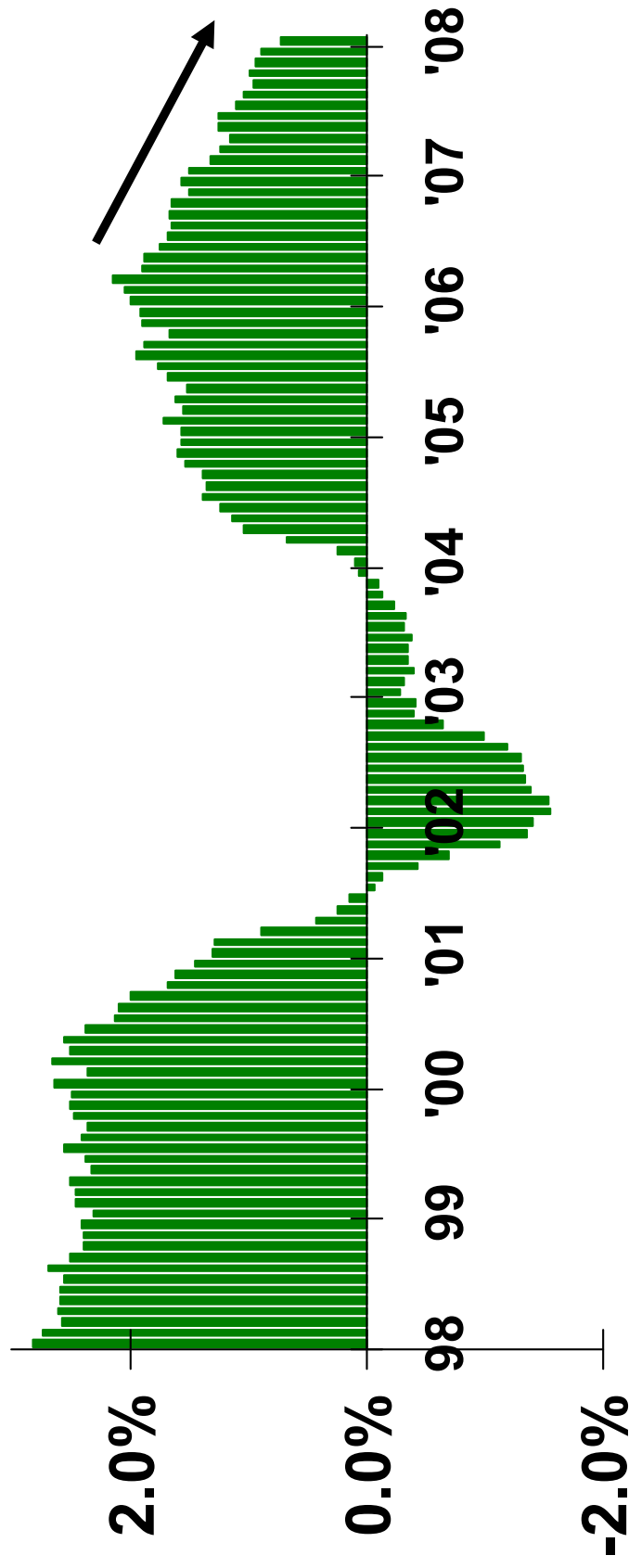
January Comparison CAGR



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US Job Growth

Percent Change from Same Month Prior Year



977,000 Net New Jobs in Past 12 Months

17,000 Jobs Lost In January

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US Unemployment Rate

Not Seasonally Adjusted 16 Years and Older

1999	4.8	4.7	4.4	4.1	4.0	4.5	4.5	4.2	4.1	3.8	3.8	3.8	3.7
2000	4.5	4.4	4.3	3.7	3.8	4.1	4.2	4.1	3.8	3.6	3.7	3.7	3.7
2001	4.7	4.6	4.5	4.2	4.1	4.7	4.7	4.9	4.7	5.0	5.3	5.4	5.4
2002	6.3	6.1	6.1	5.7	5.5	6.0	5.9	5.7	5.4	5.3	5.6	5.7	5.7
2003	6.5	6.4	6.2	5.8	5.8	6.5	6.3	6.0	5.8	5.6	5.6	5.4	5.4
2004	6.3	6.0	6.0	5.4	5.3	5.8	5.7	5.4	5.1	5.1	5.2	5.1	5.1
2005	5.7	5.8	5.4	4.9	4.9	5.2	5.2	4.9	4.8	4.6	4.8	4.6	4.6
2006	5.1	5.1	4.8	4.5	4.4	4.8	5.0	4.6	4.4	4.1	4.3	4.3	4.3
2007	5.0	4.9	4.5	4.3	4.3	4.7	4.9	4.6	4.5	4.4	4.5	4.5	4.8
	4.9												



~~Economic Stimulus Plan~~

Re-Elect Congress Plan Using Taxpayer Dollars

- Pump \$150 Billion into economy in 2008
- \$300 per child, \$600 per worker, \$1,200 per couple but phases out with incomes from \$75,000 to \$150,000 of income
- \$300 payments to the 35 to 44 million employed people that do not currently pay any income taxes
- \$50 Billion in incentives to invest in new plants and equipment (50% immediate depreciation)
- Increase Fannie and Freddie Loan Limit From \$417K to \$729K (in some locations)

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Portland-Vancouver-Beaverton, OR-WA Metropolitan Statistical Area (MSA)

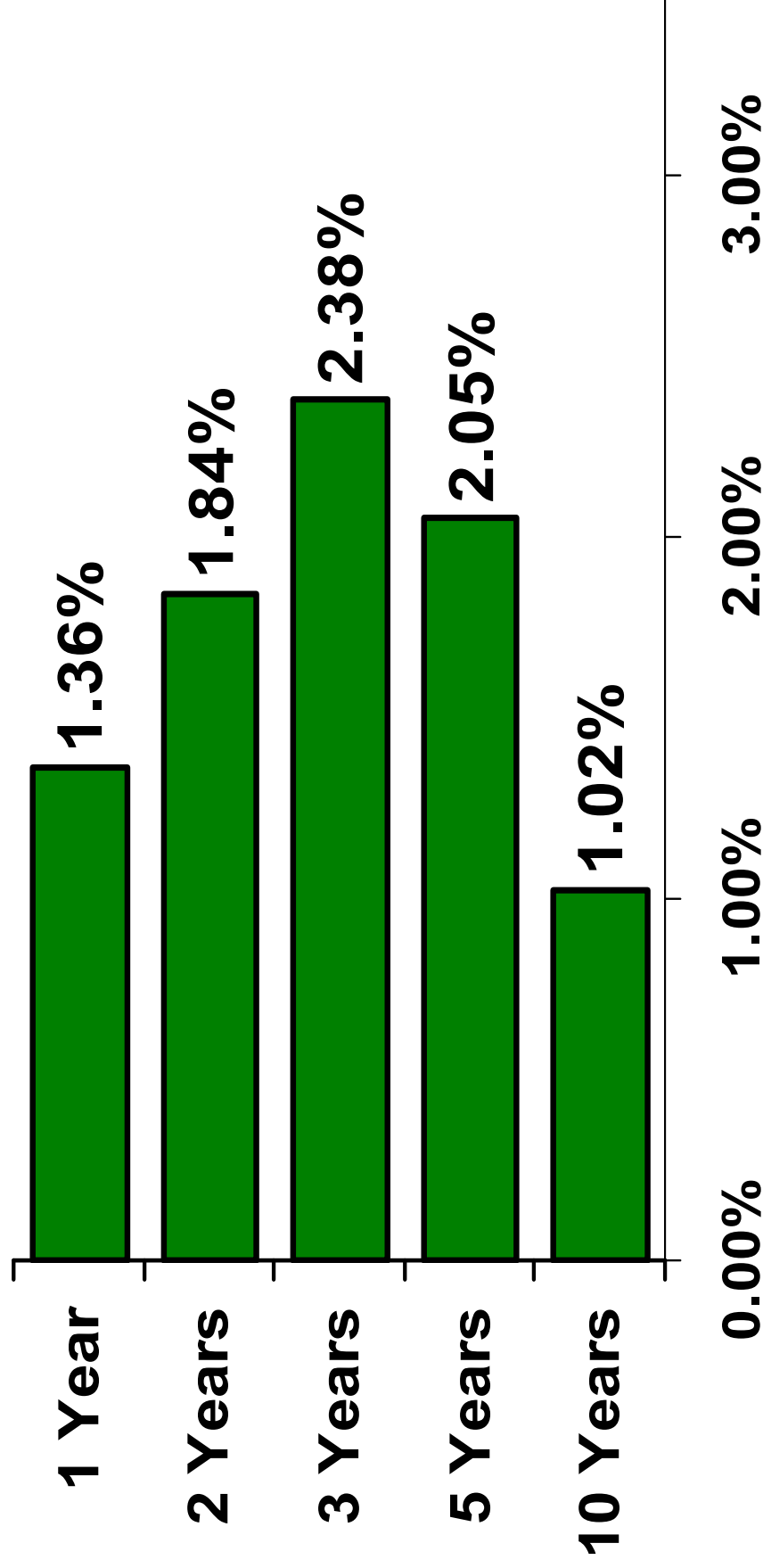
**Clackamas County, OR
Columbia County, OR
Multnomah County, OR
Washington County, OR
Yamhill County, OR
Clark County, WA
Skamania County, WA**

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Portland MSA Employment

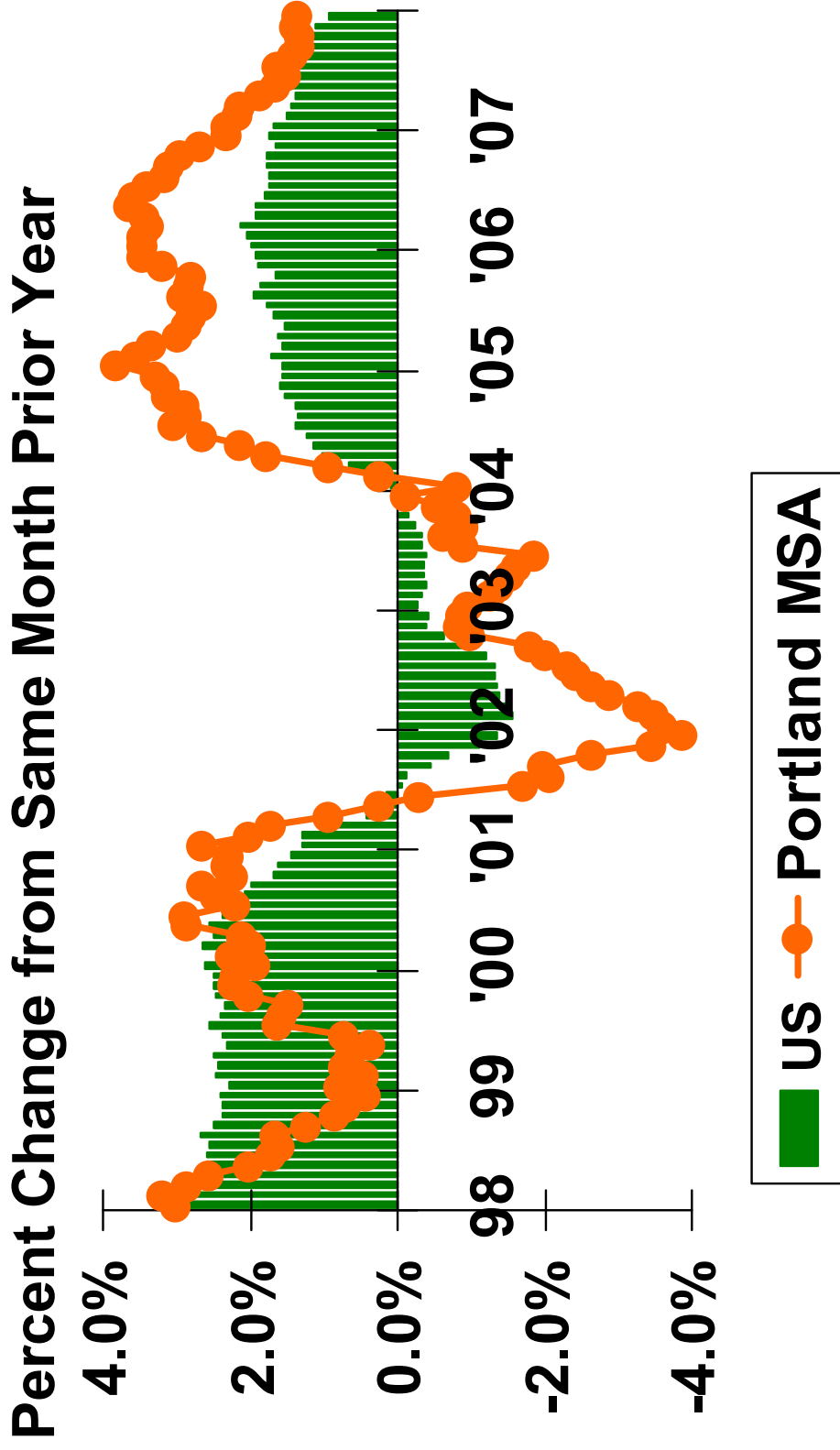
December Comparison

Compound Annual Growth Rate



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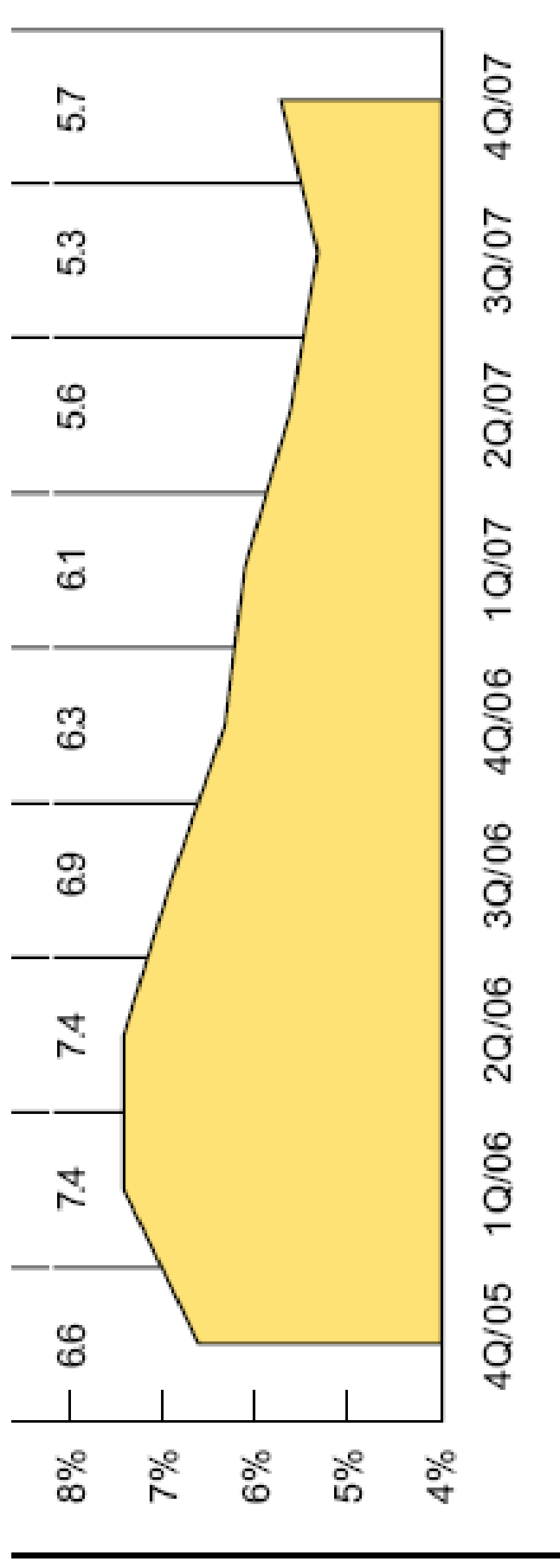
Portland MSA Job Growth



14,100 Net New Additional Jobs in the Past 12 Months

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Portland Industrial Market

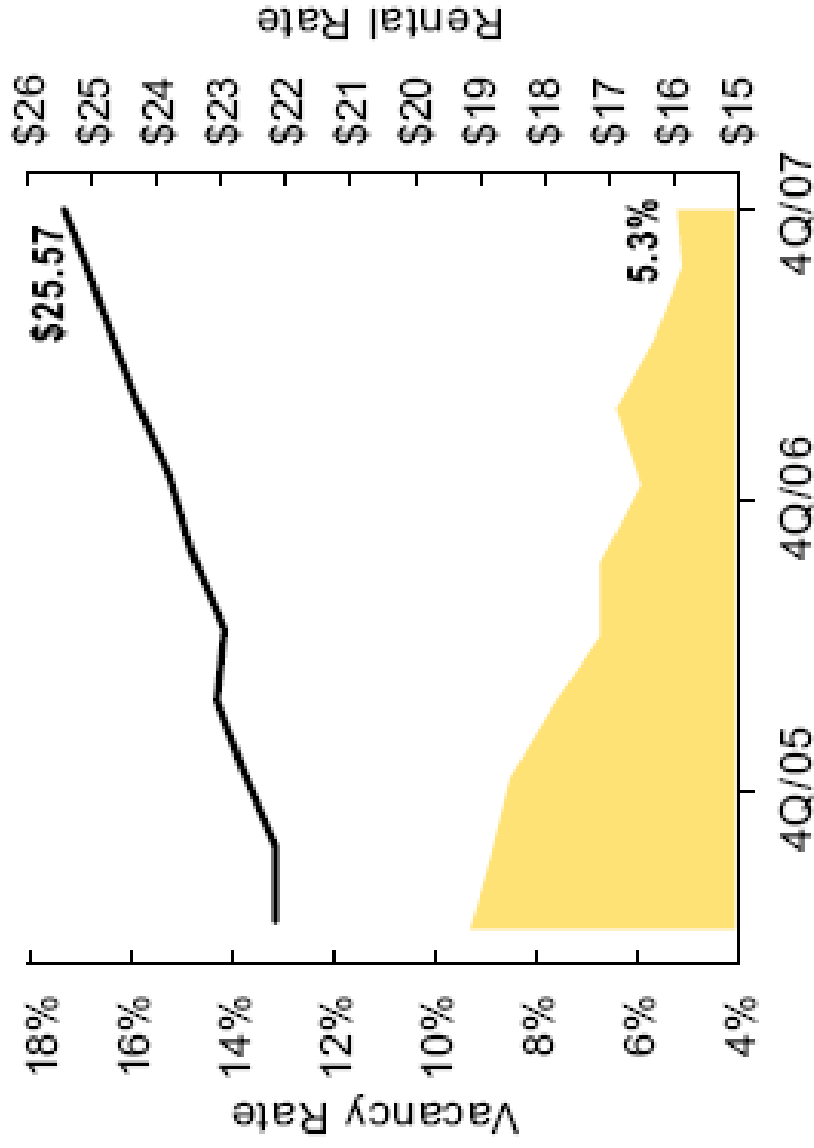


Industrial Vacancy Rate*

** All Product Types*

Portland Office Market

CBD Class A



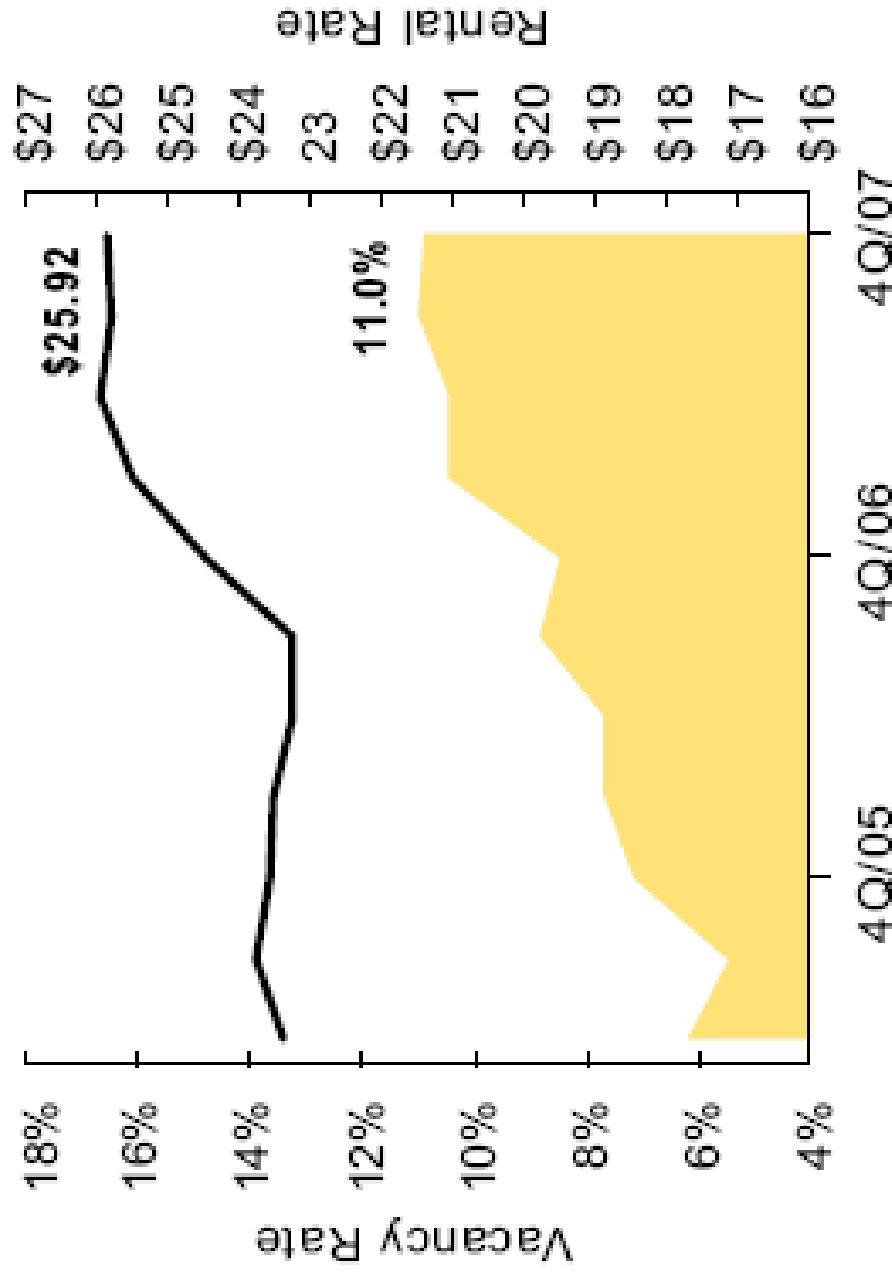
**Tenants face
20 percent
cost increases
to renew or move
in the CBD
market**

Vacancy %

Rental Rates \$

Portland Office Market

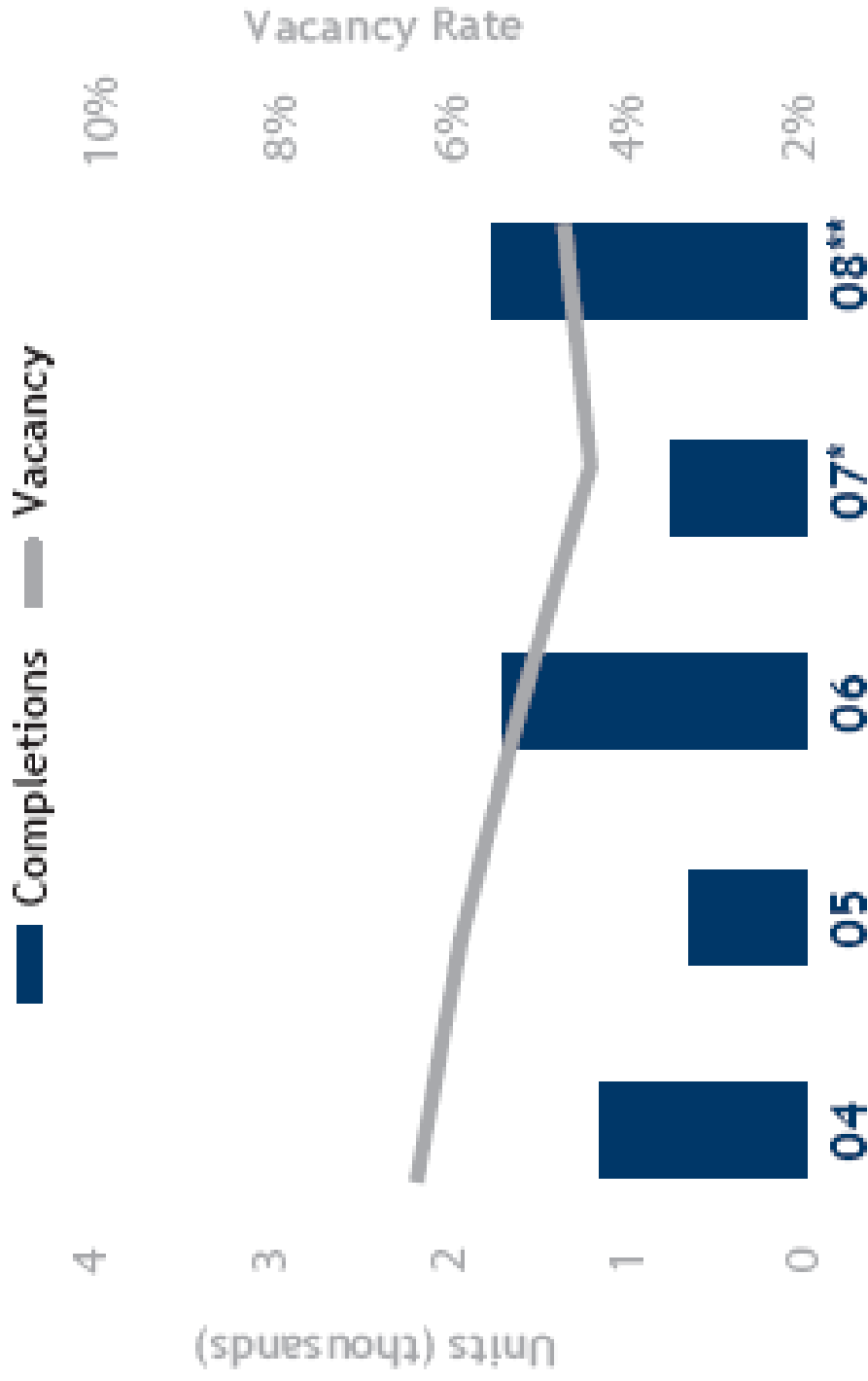
Washington Square / Kruse Way Class A



Vacancy % Rental Rates \$

Portland Multifamily Market

Supply and Demand



Construction: 143% ▲

Vacancy: 30 bps ▲

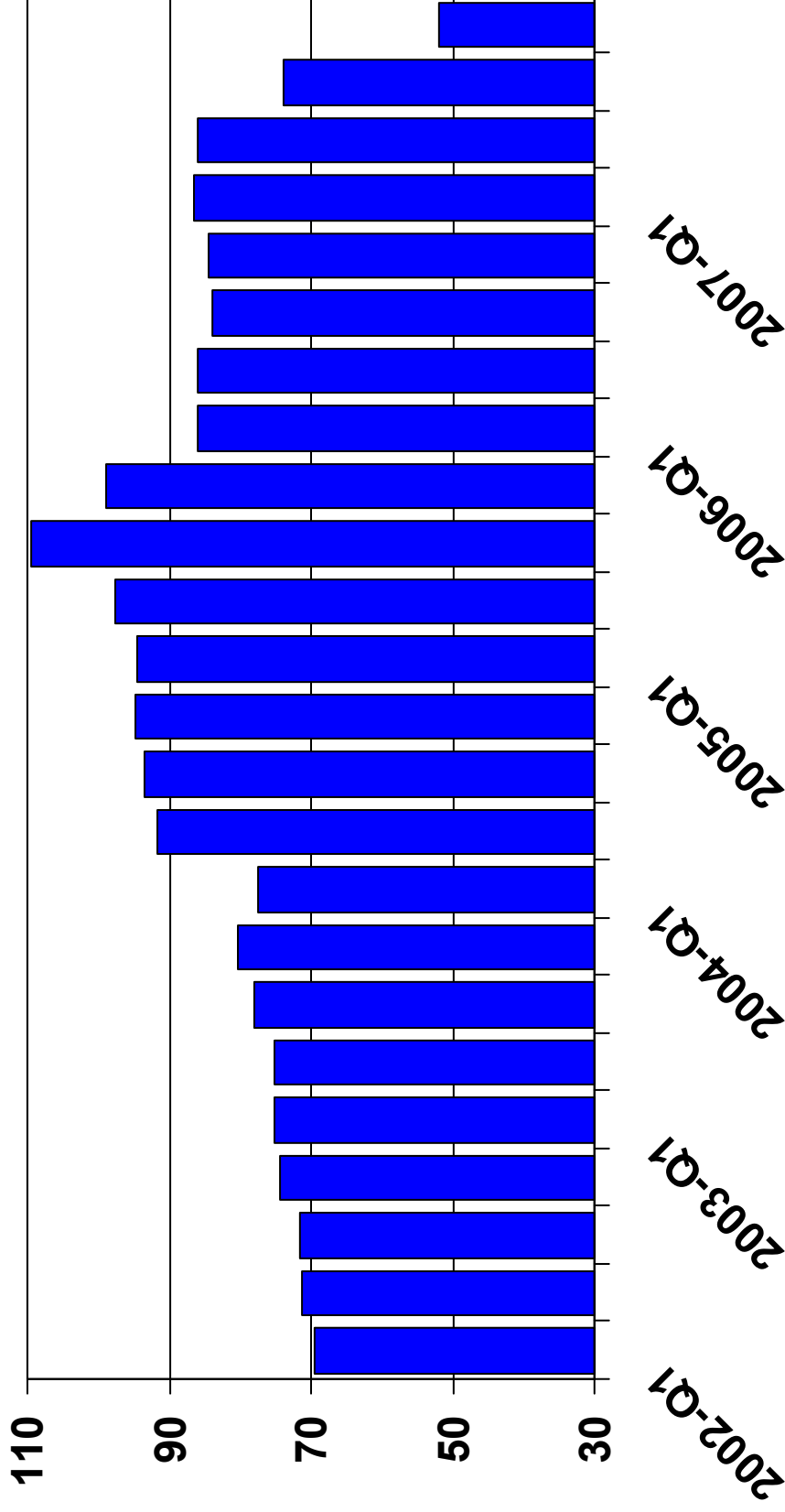
Asking Rents: 4% ▲



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Property Solutions Worldwide

Oregon Housing Sales

Annually Adjusted Average Reported Quarterly
(Thousands)

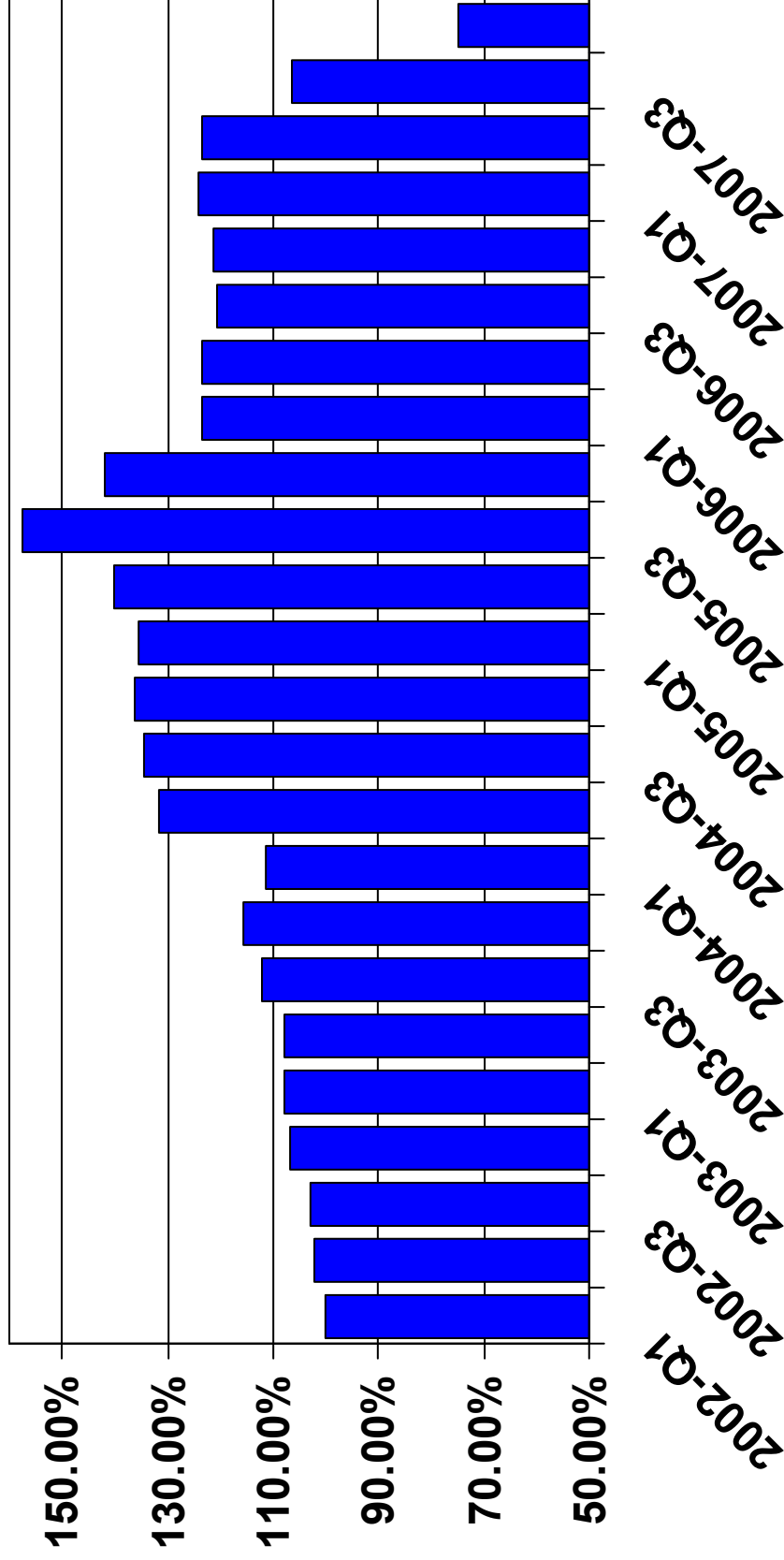


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Oregon Housing Sales Comparison

2002 Q1 = 100 Percent

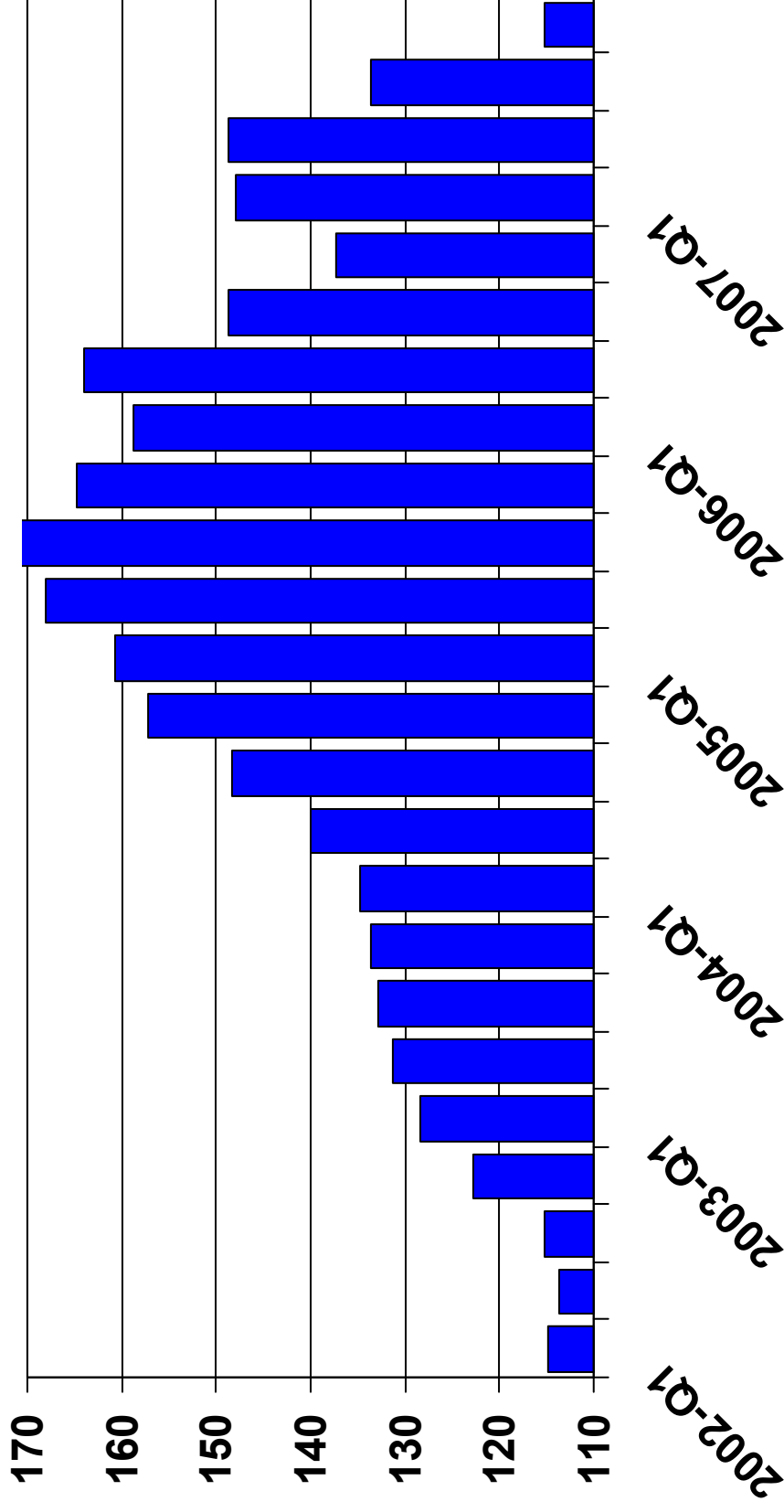


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Washington Housing Sales

Annually Adjusted Average Reported Quarterly
(Thousands)

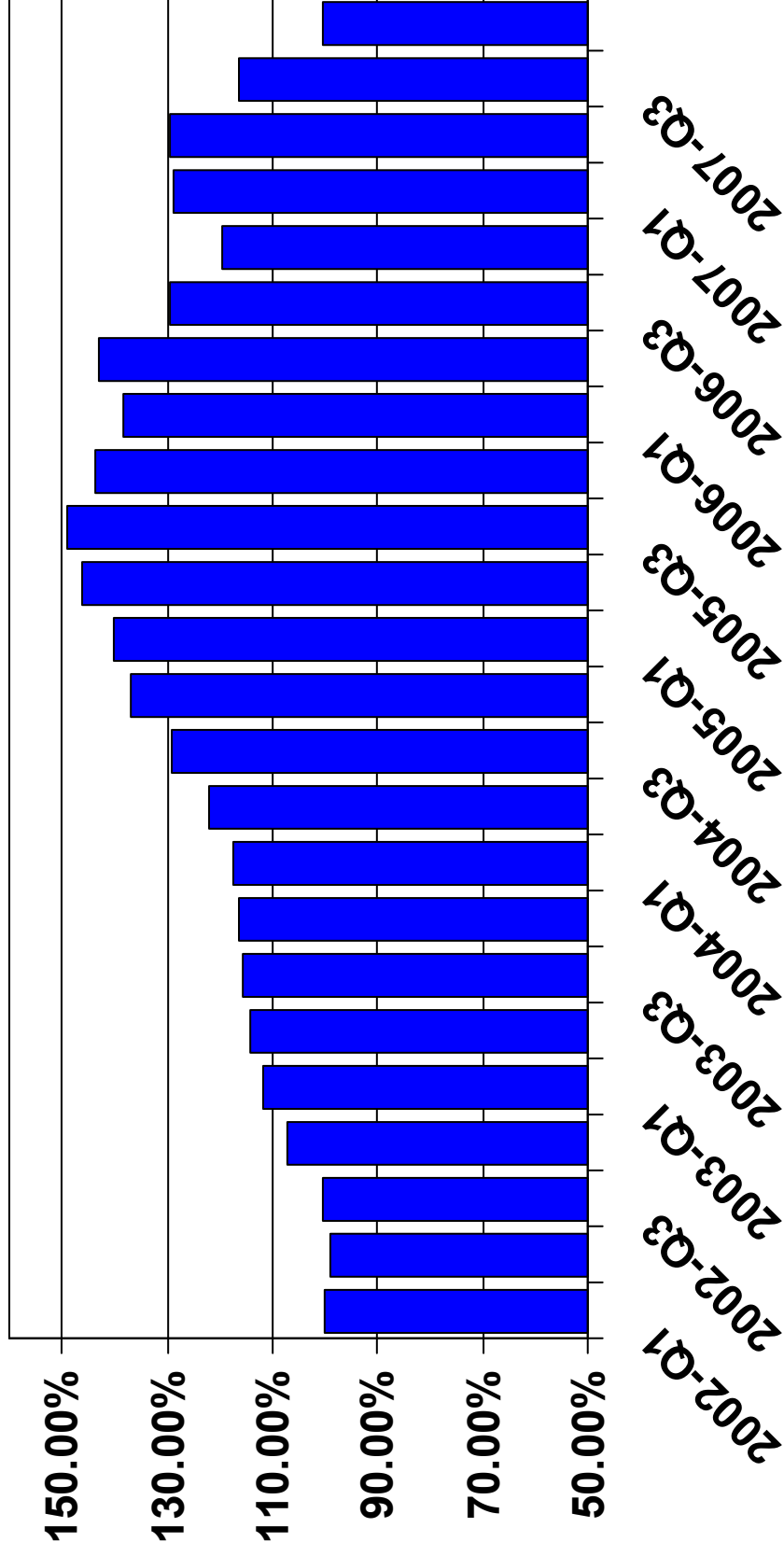


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Washington Housing Sales Comparison

2002 Q1 = 100 Percent

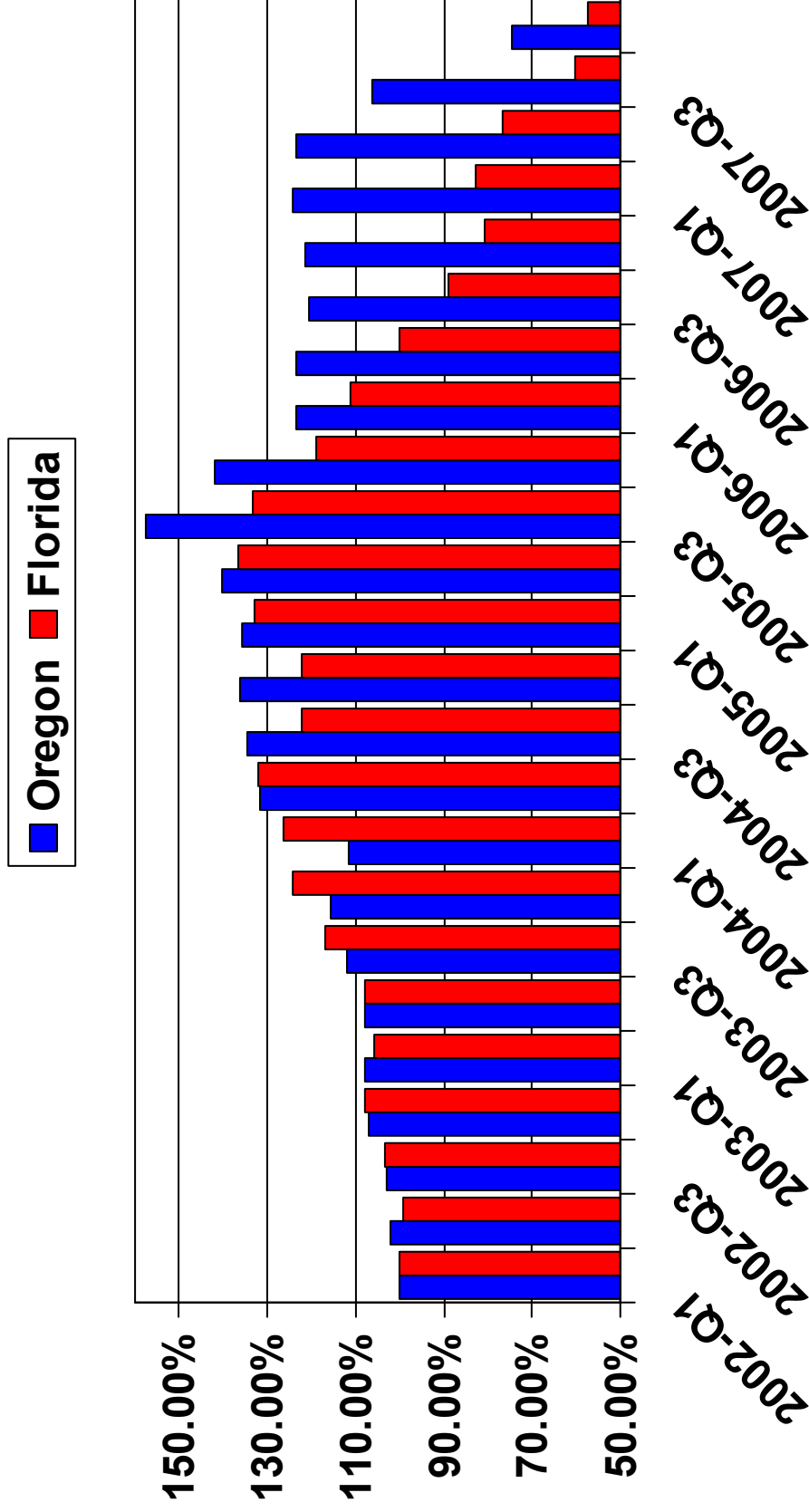


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Housing Sales Comparison

2002 Q1 = 100 Percent

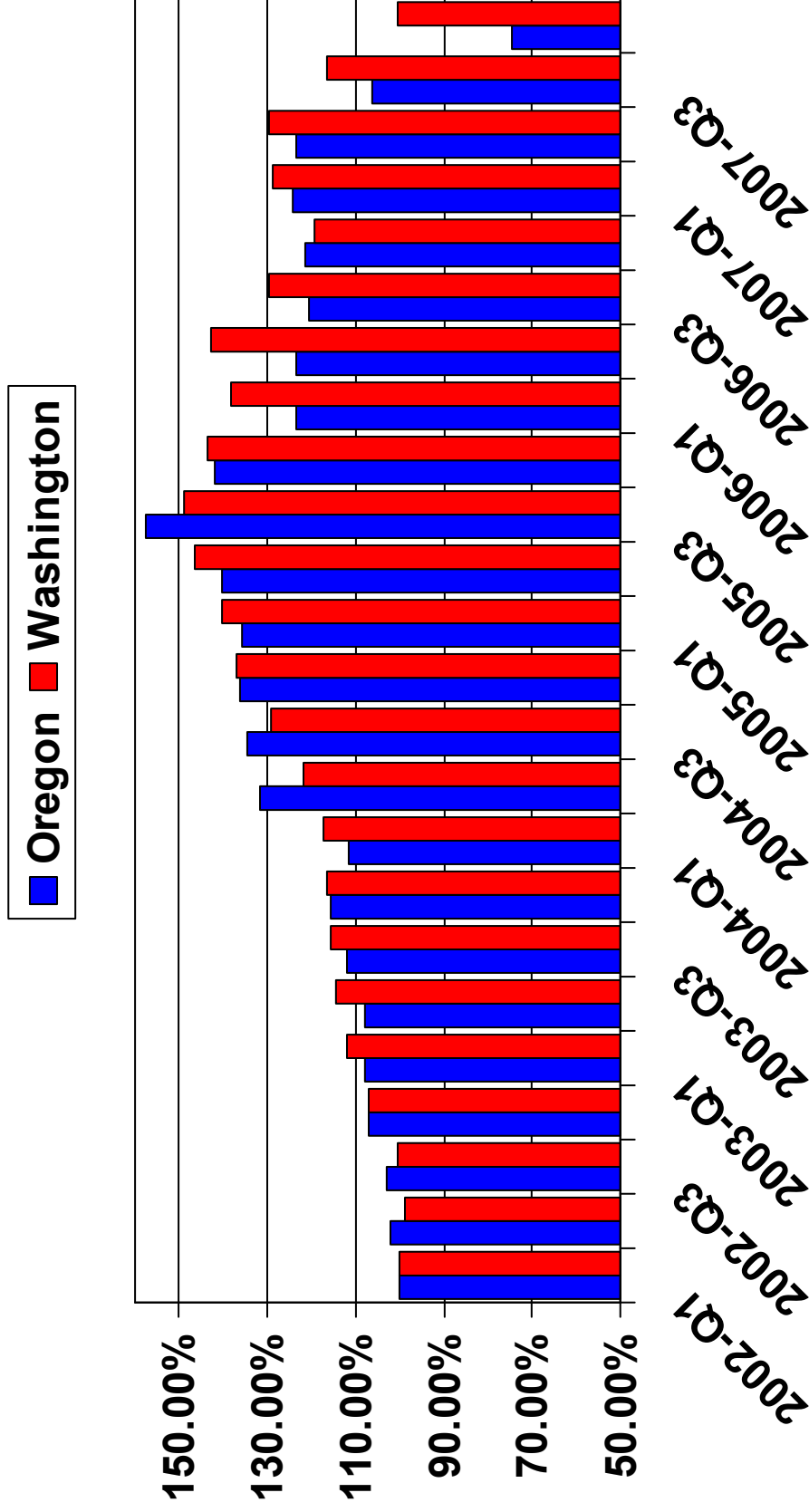


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Housing Sales Comparison

2002 Q1 = 100 Percent

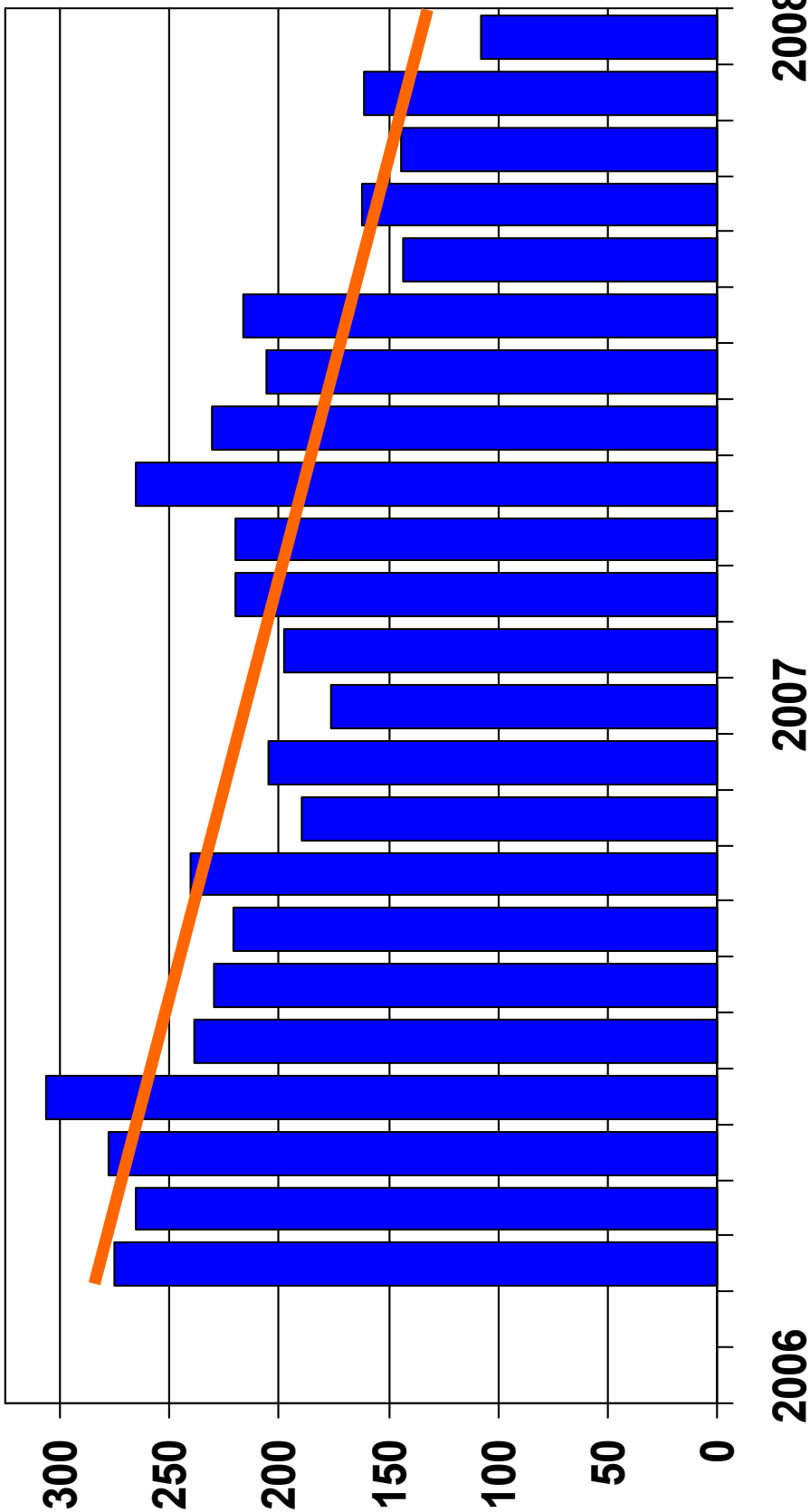


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Reno Existing Home Sales

Closings Monthly



2,224 Sales in 12 Months, 2,229 Listings = 12 Months

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Jobs Per Dwelling

2007

Normal markets typically create 1.25 to 1.5 net new jobs per new dwelling unit

United States

Last 12 Months

New Jobs

977,000

Residential Permits

1,295,182

New Jobs Per Dwelling

0.75

OVERBUILDING

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Residential Building Permits

Portland-Vancouver, OR-WA

Year	Single		Multi		Total
	Family		Family		
97	11,317		8,387		19,704
98	11,325		6,575		17,900
99	10,595		4,482		15,077
00	9,724		3,238		12,962
01	10,654		3,185		13,839
02	10,422		3,909		14,331
03	10,506		5,427		15,933
04	11,183		4,560		15,743
05	12,669		4,462		17,131
06	10,087		5,166		15,253
07p	8,318		4,705		13,023

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Jobs Per Dwelling

Normal markets typically create **1.25**
to **1.5** net new jobs per new
dwelling unit

Portland MSA

Last 12 Months

New Jobs

14,100

Residential Permits

13,023

New Jobs Per Dwelling

1.08

SLIGHTLY OVERBUILDING

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2008 Economic Concerns

- Some Bubbles Do Exist
- Time Bomb Loans Housing Sales
Continued Stagnant
- Cold War II—Terrorists
- Inflation (and Cap Rates)--*Recession*
- Pandemic (bird flu.....)
- Tax Cut Clock Ticking.....
- Energy: US Imports 63 Percent of Oil
- Election Year With Blood in the Water
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How to Make Green in a Changing Market Place Economic and Real Estate Outlook

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