

# NEW HOME REPORT

## ORANGE COUNTY EDITION

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### New Home Report

For over 10 years, Hanley Wood has provided weekly traffic and sales information to the building industry throughout Southern California. In addition to this newsletter and our weekly reports, we offer a variety of custom reports and market research services.

For more information, please call us at (714) 540-8500 to discuss your research needs or visit [www.hanleywood.com](http://www.hanleywood.com).

Following is the October 2008 Hanley Wood Weekly Sales and Traffic New Home Report for the Orange County market. Definitions for the categories shown on the tables are provided below.

### Definitions

**Number of Active Projects:** A project is considered active when prices on individual units are published and offers can be made. A project stays open/active through the month that the final home has closed escrow. Afterwards, it is considered inactive. For example, a project that closes its last escrow on November 15 is considered active through November 30, but inactive on December 1.

**Traffic:** Groups visiting an active project, as reported by the homebuilder.

**Traffic per Project:** The number of traffic groups for the period divided by the number of active projects.

**New Sales:** Gross sales contracts written for a project during the period.

**Cancellations:** Any sales contracts that are cancelled before closing/settlement of escrow.

**Net Sales:** New sales less cancellations.

**Net Sales per Project:** Net sales for the period divided by the number of active projects. For example, if there were 15 sales during a month and 5 active projects in that month, the net sales per project would be 3.0.

**Cancellation Percentage:** The number of cancellations during the period divided by the number of new sales.

**Conversion Percentage:** The number of sales netted during the period divided by the number of traffic groups.

**Conversion Ratio:** The conversion ratio measures the percentage of traffic converting to net sales.

**Inventory:** Unsold housing units that have been released for sale, but have not been sold to a buyer. As a result, inventory figures may change significantly due to large phase releases or projects taken off the market.

**Inventory per Project:** The number of available inventory for the period divided by the number of active projects.

**Months of Inventory:** The inventory levels of new homes available based on the current sales rate in the market.

**Monthly Market Summary**

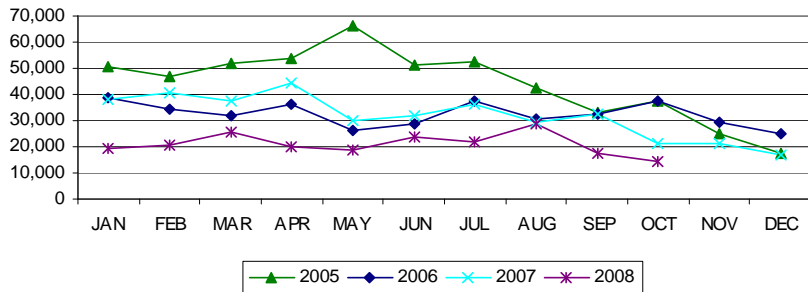
<b>CATEGORY</b>	<b>OCT 08</b>	<b>SEP 08</b>	<b>OCT 07</b>
<b>NO. ACTIVE PROJECTS</b>	130	133	162
<b>TRAFFIC</b>	14,576	17,580	21,512
<b>TRAFFIC/PROJECT</b>	112	132	133
<b>NEW SALES</b>	87	141	141
<b>CANCELLATIONS</b>	31	31	49
<b>NET SALES</b>	56	110	92
<b>NET SALES/PROJECT</b>	0.43	0.83	0.57
<b>CANCELLATION %</b>	36%	22%	35%
<b>CONVERSION %</b>	0.38%	0.63%	0.43%
<b>CONVERSION RATIO</b>	260.29	159.82	233.83
<b>INVENTORY</b>	1,441	1,272	1,696
<b>INVENTORY/PROJECT</b>	11.08	9.56	10.47
<b>MONTHS OF INVENTORY</b>	25.73	11.56	18.43

**Submarket Summaries**

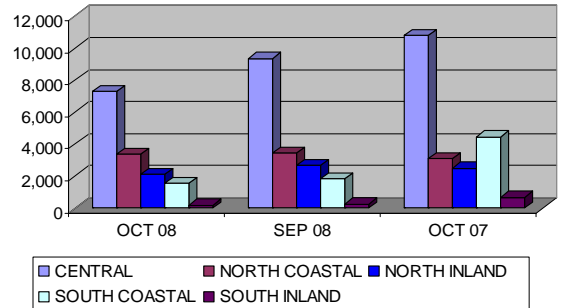
<b>CATEGORY</b>	<b>COC</b>	<b>NOC</b>	<b>NOI</b>	<b>SOC</b>	<b>SOI</b>
<b>NO. ACTIVE PROJECTS</b>	70	16	16	25	3
<b>TRAFFIC</b>	7,301	3,381	2,130	1,571	193
<b>TRAFFIC/PROJECT</b>	104	211	133	63	64
<b>NEW SALES</b>	59	0	11	15	2
<b>CANCELLATIONS</b>	24	0	4	2	1
<b>NET SALES</b>	35	0	7	13	1
<b>NET SALES/PROJECT</b>	0.50	0.00	0.44	0.52	0.33
<b>CANCELLATION %</b>	41%	N/A	36%	13%	50%
<b>CONVERSION %</b>	0.48%	0.00%	0.33%	0.83%	0.52%
<b>CONVERSION RATIO</b>	208.60	N/A	304.29	120.85	193.00
<b>INVENTORY</b>	1,099	84	99	155	4
<b>INVENTORY/PROJECT</b>	15.70	5.25	6.19	6.20	1.33
<b>MONTHS OF INVENTORY</b>	31.40	N/A	14.14	11.92	4.00

## Traffic Trends

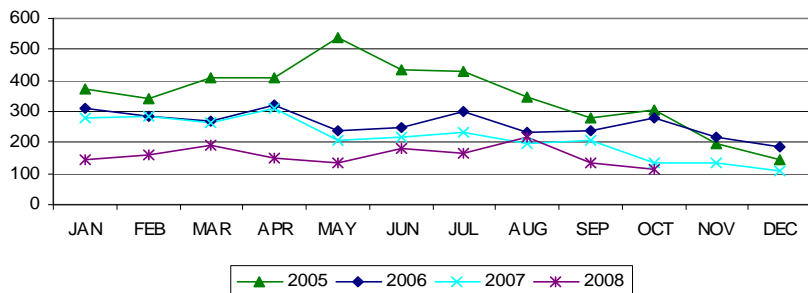
MONTHLY TRAFFIC TRENDS



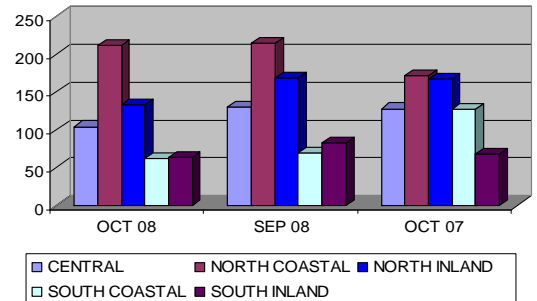
TRAFFIC COUNT COMPARISON BY SUBMARKET



AVERAGE PER-PROJECT TRAFFIC TRENDS



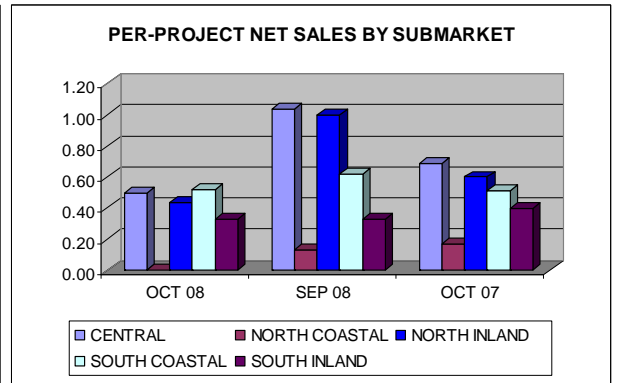
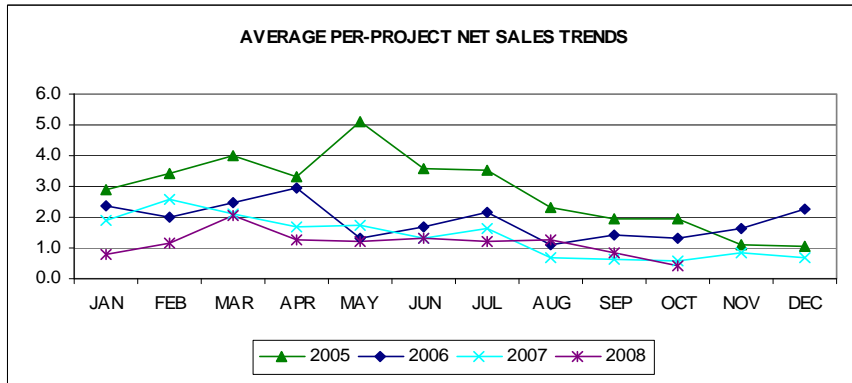
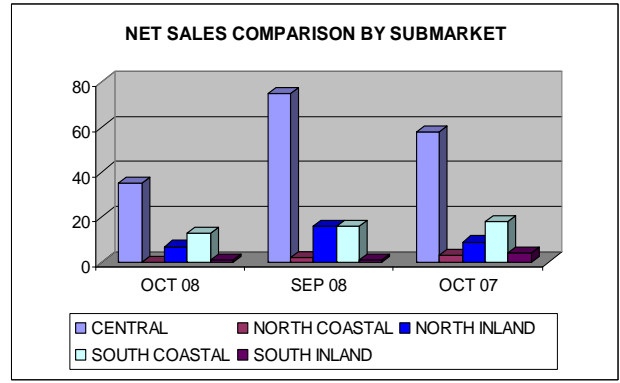
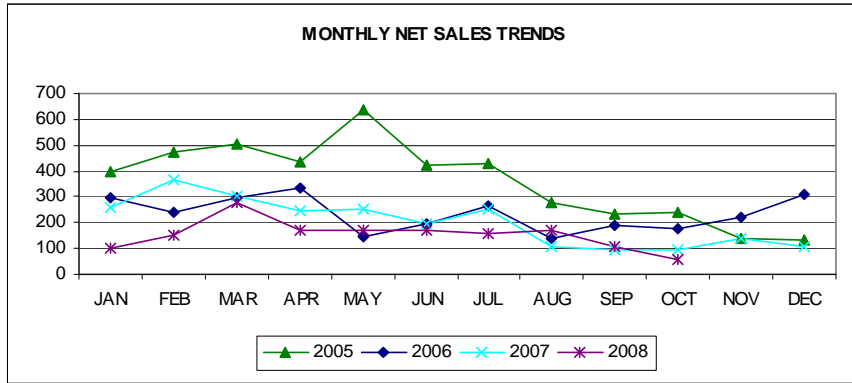
PER-PROJECT TRAFFIC BY SUBMARKET



### TRAFFIC SUMMARY

SUBMARKET	OCT 08	% TOTAL	TRAF/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
CENTRAL	7,301	50%	104	9,356	-2,055	-22%	10,793	-3,492	-32%
NORTH COASTAL	3,381	23%	211	3,447	-66	-2%	3,083	298	10%
NORTH INLAND	2,130	15%	133	2,696	-566	-21%	2,506	-376	-15%
SOUTH COASTAL	1,571	11%	63	1,832	-261	-14%	4,448	-2,877	-65%
SOUTH INLAND	193	1%	64	249	-56	-22%	682	-489	-72%
TOTALS	14,576	100%	112	17,580	-3,004	-17%	21,512	-6,936	-32%

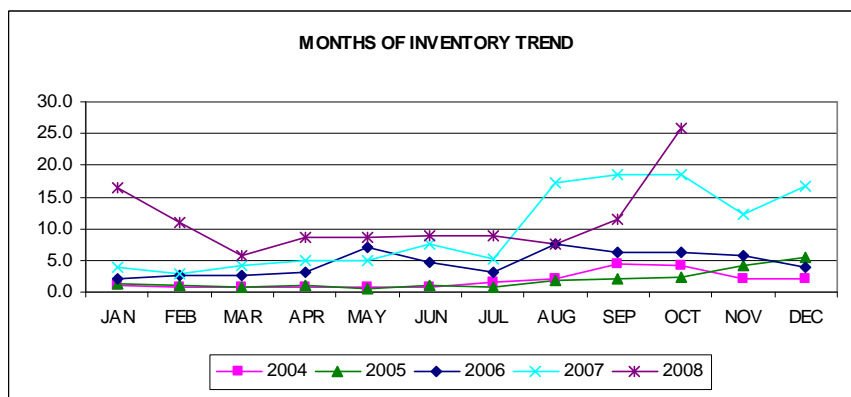
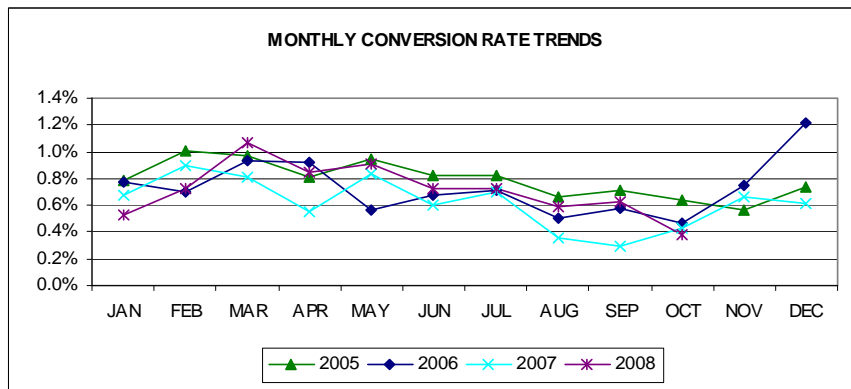
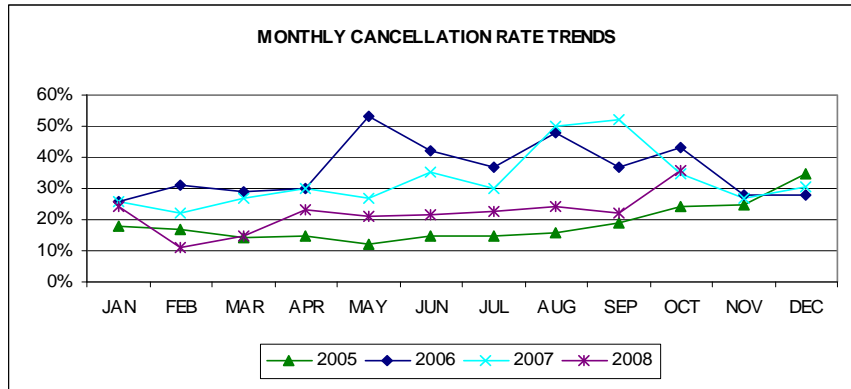
## Net Sales Trends



### NET SALES SUMMARY

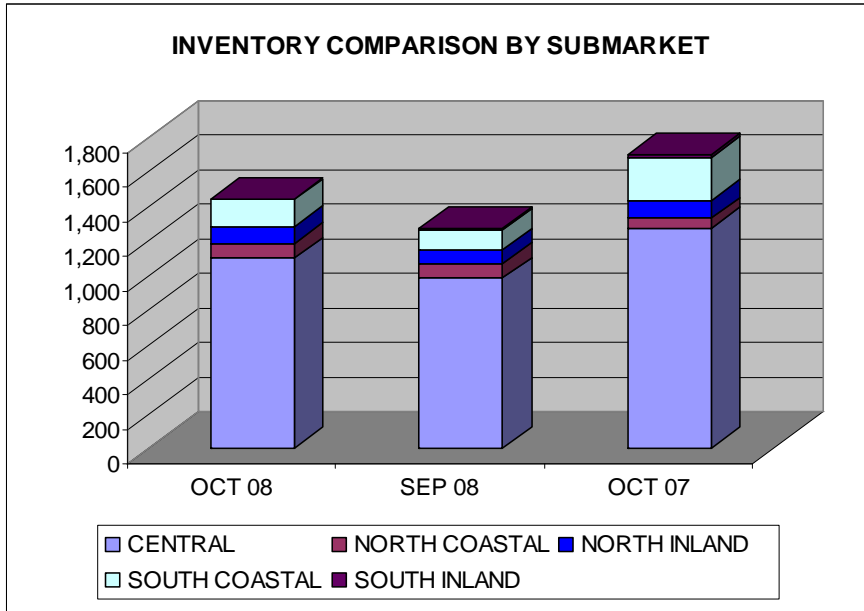
SUBMARKET	OCT 08	% TOTAL	SLS/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
CENTRAL	35	63%	0.50	75	-40	-53%	58	-23	-40%
NORTH COASTAL	0	0%	0.00	2	-2	N/A	3	-3	-100%
NORTH INLAND	7	13%	0.44	16	-9	-56%	9	-2	-22%
SOUTH COASTAL	13	23%	0.52	16	-3	-19%	18	-5	-28%
SOUTH INLAND	1	2%	0.33	1	0	N/A	4	-3	-75%
<b>TOTALS</b>	<b>56</b>	<b>100%</b>	<b>0.43</b>	<b>110</b>	<b>-54</b>	<b>-49%</b>	<b>92</b>	<b>-36</b>	<b>-39%</b>

## Key Statistics Summary



KEY STATISTICS	CANCELLATION %			CONVERSION RATE			MONTHS OF INVENTORY		
	OCT 08	SEP 08	OCT 07	OCT 08	SEP 08	OCT 07	OCT 08	SEP 08	OCT 07
CENTRAL	41%	23%	38%	0.48%	0.80%	0.54%	31.40	13.13	21.98
NORTH COASTAL	N/A	33%	40%	0.00%	0.06%	0.10%	N/A	40.50	18.67
NORTH INLAND	36%	30%	36%	0.33%	0.59%	0.36%	14.14	5.00	11.33
SOUTH COASTAL	13%	6%	28%	0.83%	0.87%	0.40%	11.92	7.56	13.78
SOUTH INLAND	50%	0%	0%	0.52%	0.40%	0.59%	4.00	5.00	3.75
TOTALS	36%	22%	35%	0.38%	0.63%	0.43%	25.73	11.56	18.43

**Inventory Trends**



**INVENTORY SUMMARY**

SUBMARKET	OCT 08	% TOTAL	INV/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
CENTRAL	1,099	76%	15.70	985	114	12%	1,275	-176	-14%
NORTH COASTAL	84	6%	5.25	81	3	4%	56	28	50%
NORTH INLAND	99	7%	6.19	80	19	24%	102	-3	-3%
SOUTH COASTAL	155	11%	6.20	121	34	28%	248	-93	-38%
SOUTH INLAND	4	0%	1.33	5	-1	-20%	15	-11	-73%
TOTALS	1,441	100%	11.08	1,272	169	13%	1,696	-255	-15%

**Best Sellers & New Projects for the Month**

**OCTOBER 2008 BEST SELLERS**

PROJECT	OCT SALES	PRICE	SQ FT	\$/SQ FT	LOT/DENSITY
BUILDER	YTD SALES	RANGE	RANGE	RANGE	LOCATION
<b>CENTRAL</b>					
HARMONY AT COLONY PARK	5	\$324,900	1,073	\$303	N/A
BROOKFIELD HOMES	50	\$445,900	2,060	\$216	ANAHEIM
TIMBERHILL AT RIVERBEND	5	\$380,000	1,202	\$316	N/A
LENNAR HOMES	18	\$440,000	1,885	\$233	ORANGE
<b>NORTH ORANGE COASTAL</b>					
VILLAS AT SEACLIFF	0	\$499,000	1,070	\$466	N/A
BONANNI DEVELOPMENT	19	\$499,000	1,070	\$466	HUNTINGTON BEACH
BREAKERS AT BRIGHTWATER	0	\$1,753,450	3,162	\$555	N/A
HEARTHSIDE HOMES	10	\$2,095,450	3,939	\$532	HUNTINGTON BEACH
<b>NORTH ORANGE INLAND</b>					
TIERRA AT VILLAGIO	4	\$499,900	1,540	\$325	N/A
S&S CONSTRUCTION/SHAPELL INDUSTRIES	4	\$599,900	1,960	\$306	YORBA LINDA
LEGENDS AT VISTA DEL VERDE	2	\$1,144,975	3,390	\$338	12,000
TOLL BROTHERS, INC	-2	\$1,484,975	4,957	\$300	YORBA LINDA
<b>SOUTH ORANGE COASTAL</b>					
SABELLA AT TALEGA	3	\$678,000	2,085	\$325	5,234
PULTE HOMES	16	\$748,000	2,629	\$285	SAN CLEMENTE
LATITUDES NORTH AT VANTIS	2	\$424,900	1,401	\$303	1,500
SHEA HOMES	14	\$505,990	1,863	\$272	ALISO VIEJO
<b>SOUTH ORANGE INLAND</b>					
SEGOVIA	1	\$906,000	3,166	\$286	7,200
PARDEE HOMES	8	\$996,325	3,515	\$283	LADERA RANCH
ARBOLEDO AT LADERA RANCH	0	\$1,300,000	3,591	\$362	9,000
WARMINGTON HOMES	8	\$1,500,000	4,195	\$358	LADERA RANCH
<b>ORANGE COUNTY NEW PROJECTS</b>					
PROJECT	OCT SALES	PRICE	SQ FT	\$/SQ FT	LOT/DENSITY
BUILDER	YTD SALES	RANGE	RANGE	RANGE	LOCATION
TIERRA AT VILLAGIO	4	\$499,900	1,540	\$325	N/A
S&S CONSTRUCTION/SHAPELL INDUSTRIES	4	\$599,900	1,960	\$306	YORBA LINDA

**Year-to-Date Best Sellers**

2008 BEST SELLERS					
PROJECT	YTD SALES	PRICE RANGE	SQ FT RANGE	\$/SQ FT RANGE	LOT/DENSITY
BUILDER	OCT SALES				LOCATION
<b>CENTRAL</b>					
CHAPMAN COMMONS	113	\$282,000	1,102	\$256	N/A
D.R. HORTON	0	\$434,893	1,490	\$292	GARDEN GROVE
STADIUM LOFTS	92	\$242,908	550	\$442	N/A
WINDSTAR COMMUNITIES	0	\$711,400	1,398	\$509	ANAHEIM
<b>NORTH ORANGE COASTAL</b>					
VILLAS AT SEACLIFF	19	\$499,000	1,070	\$466	N/A
BONANNI DEVELOPMENT	0	\$499,000	1,070	\$466	HUNTINGTON BEACH
BREAKERS AT BRIGHTWATER	10	\$1,753,450	3,162	\$555	N/A
HEARTHSIDE HOMES	0	\$2,095,450	3,939	\$532	HUNTINGTON BEACH
<b>NORTH ORANGE INLAND</b>					
CLEMENTINE	38	\$380,000	1,443	\$263	2,500
KB HOME	-1	\$419,990	1,997	\$210	PLACENTIA
SAN LORENZO AT VISTA DEL VERDE	35	\$504,990	1,768	\$286	1,768
SHEA HOMES	-2	\$739,900	2,648	\$279	YORBA LINDA
<b>SOUTH ORANGE COASTAL</b>					
BELLA TIERRA	44	\$239,900	800	\$300	N/A
SHEA HOMES	1	\$318,900	1,089	\$293	LAGUNA HILLS
PASADERA AT GLENWOOD	35	\$709,900	2,652	\$268	3,500
SHEA HOMES	1	\$769,900	3,163	\$243	ALISO VIEJO
<b>SOUTH ORANGE INLAND</b>					
SEGOVIA	8	\$906,000	3,166	\$286	7,200
PARDEE HOMES	1	\$996,325	3,515	\$283	LADERA RANCH
ARBOLEDO AT LADERA RANCH	8	\$1,300,000	3,591	\$362	9,000
WARMINGTON HOMES	0	\$1,500,000	4,195	\$358	LADERA RANCH

*The New Home Report is published monthly for the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, as well as for Southern California overall. All data is proprietary and is derived from weekly surveys conducted by Hanley Wood. All text, tables, and graphs are the property of Hanley Wood and may not be copied, scanned or otherwise duplicated or distributed without the express written consent of the publishers. The information contained herein has been obtained from sources we deem reliable. While we have no reason to doubt its accuracy, we do not guarantee it.*

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