hanley wood
Market Intelligence

October 2008 **Volume 14.10**

NEW HOME REPORT

RIVERSIDE COUNTY EDITION

Contents

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.

Following is the October 2008 Hanley Wood Weekly Sales and Traffic New Home Report for the Riverside 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.

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Monthly Market Summary

CATEGORY	OCT 08	SEP 08	OCT 07
NO. ACTIVE PROJECTS	566	584	589
TRAFFIC	18,911	24,022	39,768
TRAFFIC/PROJECT	33	41	68
NEW SALES	294	488	646
CANCELLATIONS	114	150	250
NET SALES	180	338	396
NET SALES/PROJECT	0.32	0.58	0.67
CANCELLATION %	39%	31%	39%
CONVERSION %	0.95%	1.41%	1.00%
CONVERSION RATIO	105.06	71.07	100.42
INVENTORY	3,818	3,699	4,554
INVENTORY/PROJECT	6.75	6.33	7.73
MONTHS OF INVENTORY	21.21	10.94	11.50

Submarket Summaries

CATEGORY	RC	RD	RNC	RNW	RS
NO. ACTIVE PROJECTS	104	153	79	113	117
TRAFFIC	2,371	3,817	2,367	5,294	5,062
TRAFFIC/PROJECT	23	25	30	47	43
NEW SALES	47	47	29	79	92
CANCELLATIONS	14	9	10	41	40
NET SALES	33	38	19	38	52
NET SALES/PROJECT	0.32	0.25	0.24	0.34	0.44
CANCELLATION %	30%	19%	34%	52%	43%
CONVERSION %	1.39%	1.00%	0.80%	0.72%	1.03%
CONVERSION RATIO	71.85	100.45	124.58	139.32	97.35
INVENTORY	1,077	1,296	452	425	568
INVENTORY/PROJECT	10.36	8.47	5.72	3.76	4.85
MONTHS OF INVENTORY	32.64	34.11	23.79	11.18	10.92

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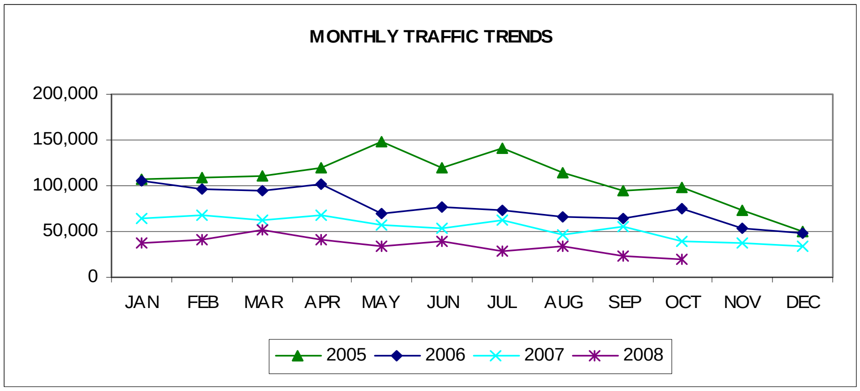
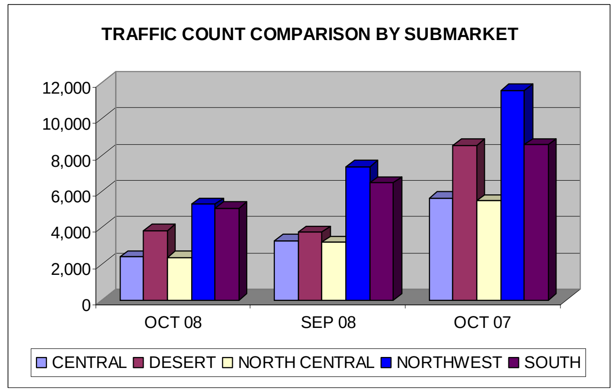
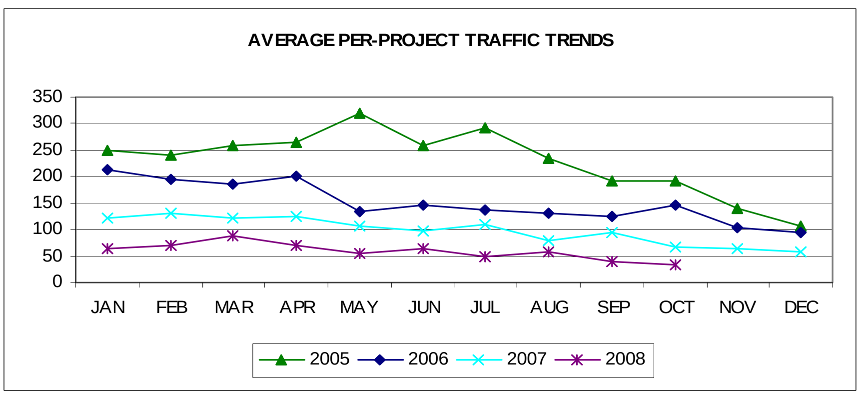
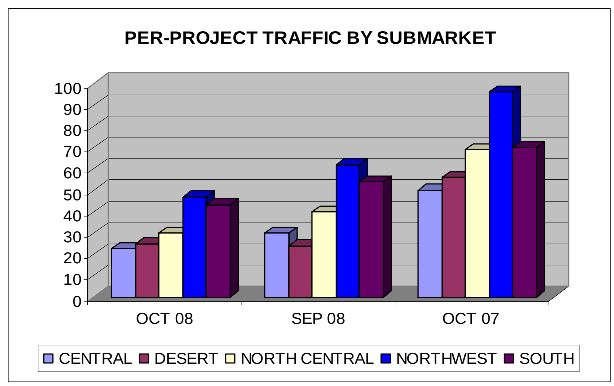
Traffic Trends









TRAFFIC SUMMARY

SUBMARKET	OCT 08	% TOTAL	TRAF/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
CENTRAL	2,371	13%	23	3,273	-902	-28%	5,622	-3,251	-58%
DESERT	3,817	20%	25	3,736	81	2%	8,538	-4,721	-55%
NORTH CENTRAL	2,367	13%	30	3,190	-823	-26%	5,478	-3,111	-57%
NORTHWEST	5,294	28%	47	7,359	-2,065	-28%	11,556	-6,262	-54%
SOUTH	5,062	27%	43	6,464	-1,402	-22%	8,574	-3,512	-41%
TOTALS	18,911	100%	33	24,022	-5,111	-21%	39,768	-20,857	-52%

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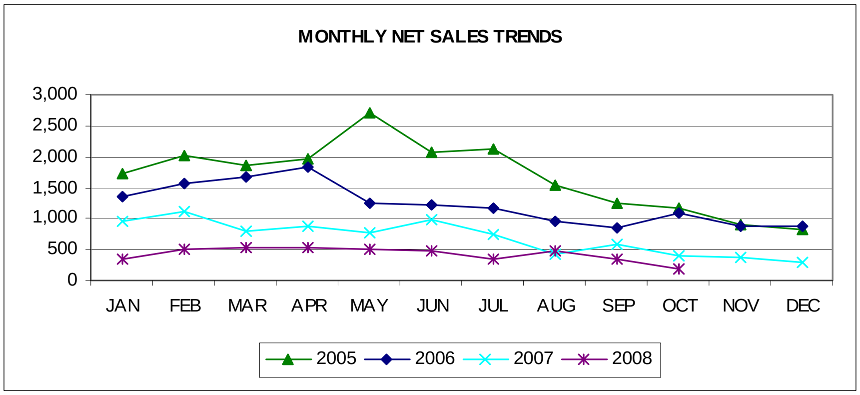
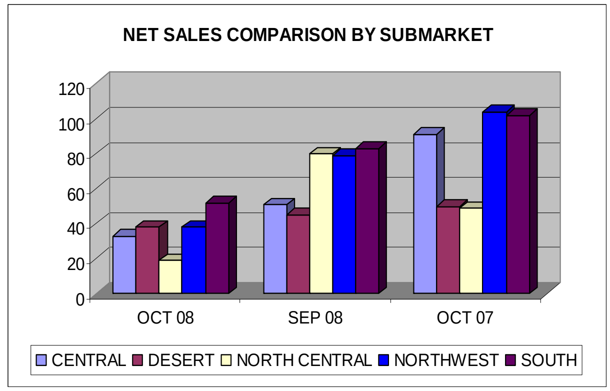
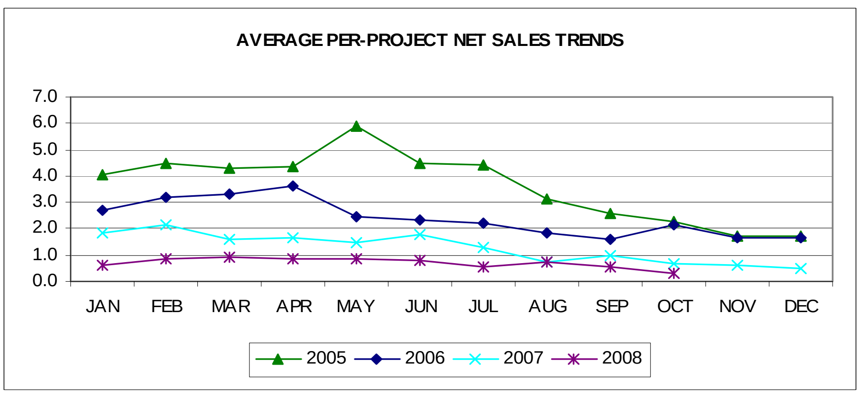
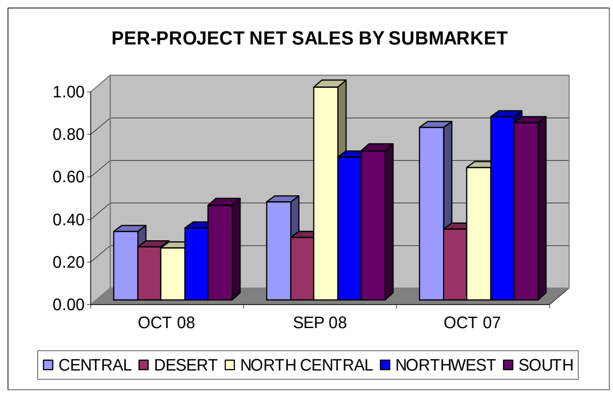
Net Sales Trends









NET SALES SUMMARY

SUBMARKET	OCT 08	% TOTAL	SLS/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
CENTRAL	33	18%	0.32	51	-18	-35%	91	-58	-64%
DESERT	38	21%	0.25	45	-7	-16%	50	-12	-24%
NORTH CENTRAL	19	11%	0.24	80	-61	-76%	49	-30	-61%
NORTHWEST	38	21%	0.34	79	-41	-52%	104	-66	-63%
SOUTH	52	29%	0.44	83	-31	-37%	102	-50	-49%
TOTALS	180	100%	0.32	338	-158	-47%	396	-216	-55%

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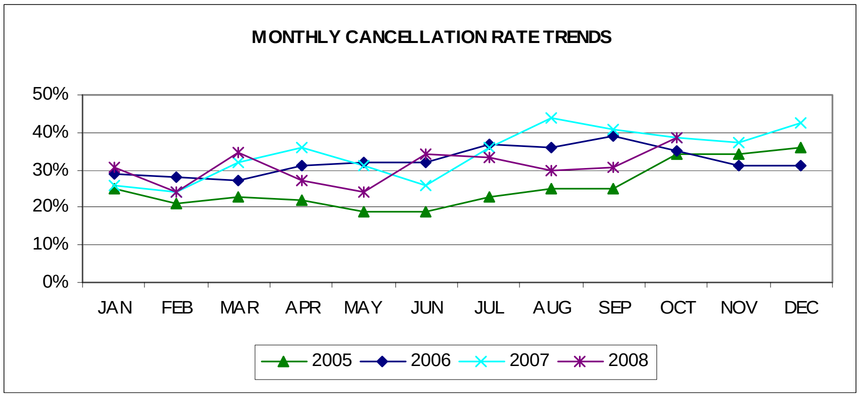
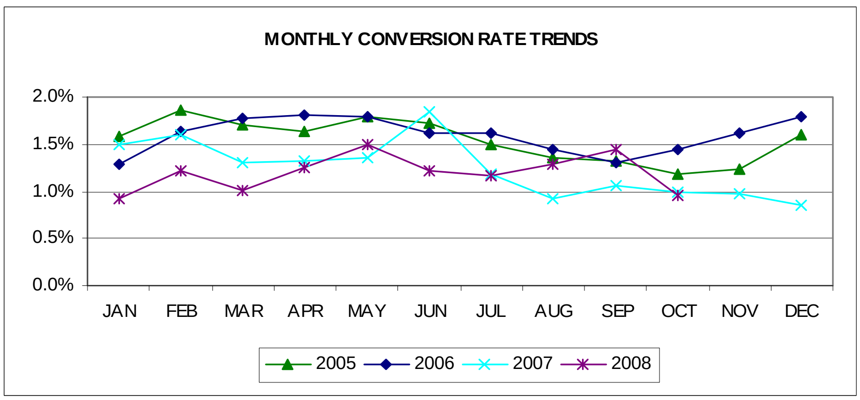
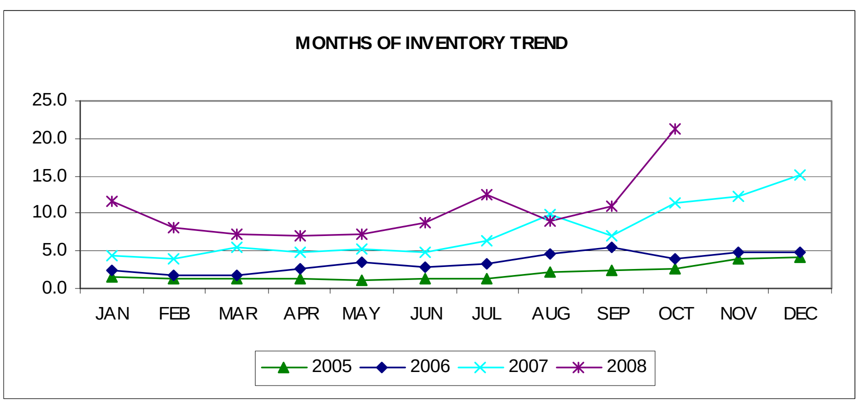
Key Statistics Summary

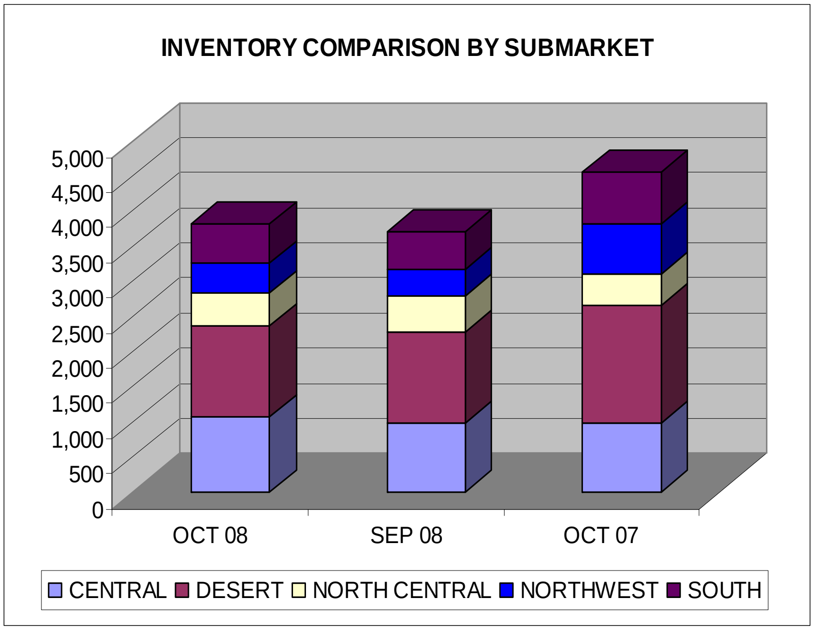






KEY STATISTICS	CANCELLATION %			CONVERSION RATE			MONTHS OF INVENTORY		
SUBMARKET	OCT 08	SEP 08	OCT 07	OCT 08	SEP 08	OCT 07	OCT 08	SEP 08	OCT 07
CENTRAL	30%	30%	38%	1.39%	1.56%	1.62%	32.64	19.25	10.80
DESERT	19%	33%	35%	1.00%	1.20%	0.59%	34.11	28.58	33.64
NORTH CENTRAL	34%	19%	35%	0.80%	2.51%	0.89%	23.79	6.65	9.04
NORTHWEST	52%	35%	38%	0.72%	1.07%	0.90%	11.18	4.58	6.87
SOUTH	43%	35%	43%	1.03%	1.20%	1.19%	10.92	6.47	7.18
TOTALS	39%	31%	39%	0.95%	1.41%	1.00%	21.21	10.94	11.50

Inventory Trends



INVENTORY SUMMARY									
SUBMARKET	**OCT 08**	**% TOTAL**	**INV/PR**	**SEP 08**	**CHG**	**% CHG**	**OCT 07**	**CHG**	**% CHG**
CENTRAL	1,077	28%	10.36	982	95	10%	983	94	10%
DESERT	1,296	34%	8.47	1,286	10	1%	1,682	-386	-23%
NORTH CENTRAL	452	12%	5.72	532	-80	-15%	443	9	2%
NORTHWEST	425	11%	3.76	362	63	17%	714	-289	-40%
SOUTH	568	15%	4.85	537	31	6%	732	-164	-22%
TOTALS	3,818	100%	6.75	3,699	119	3%	4,554	-736	-16%

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
RIVERSIDE CENTRAL					
MASTERS (THE)	4	$216,990	1,743	$124	3,500
K. HOVNANIAN COMPANIES	25	$228,990	1,847	$124	HEMET
COUNTRY GLEN I & II	3	$279,000	1,871	$149	8,000
K. HOVNANIAN COMPANIES	29	$303,590	2,555	$119	MENIFEE
RIVERSIDE DESERT					
AVENTINE II	4	$199,990	1,669	$120	6,000
KB HOME	29	$247,990	2,502	$99	COACHELLA
FLORENCIA OF TALAVERA	4	$211,900	1,855	$114	9,000
D.R. HORTON	25	$242,990	2,380	$102	INDIO
RIVERSIDE NORTH CENTRAL					
PALACIO DE ORO	2	$181,987	1,139	$160	N/A
K. HOVNANIAN COMPANIES	47	$223,450	1,598	$140	MORENO VALLEY
WENTWORTH AT FAIRWAY	2	$279,000	2,198	$127	6,000
LENNAR HOMES	28	$330,000	2,517	$131	BEAUMONT
RIVERSIDE NORTHWEST					
ASHTON AT WILLOW RANCH	6	$367,990	2,156	$171	10,000
KB HOME	58	$398,990	2,814	$142	CORONA
RIVERLEAF	4	$410,545	2,533	$162	9,165
STANDARD PACIFIC HOMES	4	$483,290	3,302	$146	CORONA
RIVERSIDE SOUTH					
BRENTSTONE AT HARTFORD	6	$340,990	3,015	$113	8,000
VAN DAELE DEVELOPMENT	-2	$259,990	3,594	$72	WILDOMAR
BONITA RIDGE	5	$309,990	2,420	$128	8,000
KB HOME	22	$339,990	3,270	$104	WILDOMAR
RIVERSIDE COUNTY NEW PROJECTS					
PROJECT	OCT SALES	PRICE	SQ FT	$/SQ FT	LOT/DENSITY
BUILDER	YTD SALES	RANGE	RANGE	RANGE	LOCATION
RIVERLEAF	4	$410,545	2,533	$162	9,165
STANDARD PACIFIC HOMES	4	$483,290	3,302	$146	CORONA

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Year-to-Date Best Sellers

2008 BEST SELLERS					
PROJECT	YTD SALES	PRICE	SQ FT	$/SQ FT	LOT/DENSITY
BUILDER	OCT SALES	RANGE	RANGE	RANGE	LOCATION
RIVERSIDE CENTRAL					
VICENZA I & II AT MAY RANCH	36	$213,280	1,809	$118	7,600
KB HOME	0	$254,990	2,492	$102	PERRIS
BOULDERS	34	$356,000	2,693	$132	21,000
FORECAST HOMES	2	$392,000	3,002	$131	MEAD VALLEY
RIVERSIDE DESERT					
TRILOGY AT LA QUINTA	115	$377,990	1,355	$279	7,200
SHEA HOMES	2	$669,990	2,769	$242	LA QUINTA
AURORA	63	$174,990	1,602	$109	6,785
D.R. HORTON	2	$194,990	2,000	$97	DESERT HOT SPRINGS
RIVERSIDE NORTH CENTRAL					
PALACIO DE ORO	47	$181,987	1,139	$160	N/A
K. HOVNANIAN COMPANIES	2	$223,450	1,598	$140	MORENO VALLEY
COBBLESTONE	33	$256,900	1,823	$141	3,000
BEAZER HOMES	1	$279,000	2,002	$139	MORENO VALLEY
RIVERSIDE NORTHWEST					
TRILOGY AT GLEN IVY	59	$293,990	1,290	$228	4,800
SHEA HOMES	-1	$699,972	2,253	$311	GLEN IVY HOT SPRINGS
ASHTON AT WILLOW RANCH	58	$367,990	2,156	$171	10,000
KB HOME	6	$398,990	2,814	$142	CORONA
RIVERSIDE SOUTH					
NORTH OAKS	43	$200,082	1,198	$167	N/A
D.R. HORTON	1	$245,990	1,761	$140	MURRIETA
BROOKVIEW TERRACE	35	$172,569	1,274	$135	N/A
PARDEE HOMES	-1	$215,969	1,633	$132	LAKE ELSINORE