

NEW HOME REPORT

SOUTHERN CALIFORNIA 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.

Following is the October 2008 Hanley Wood Weekly Sales and Traffic New Home Report for the Southern California 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

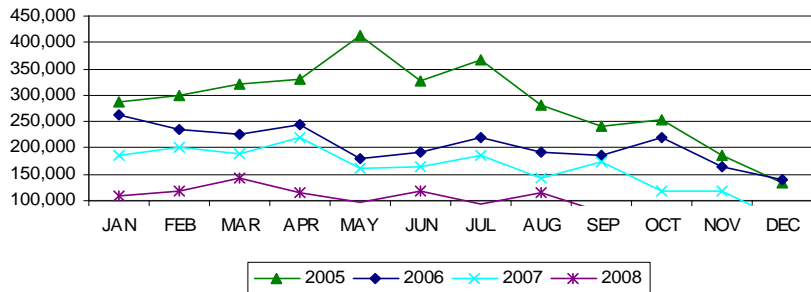
CATEGORY	OCT 08	SEP 08	OCT 07
NO. ACTIVE PROJECTS	1,536	1,590	1,800
TRAFFIC	63,464	80,228	117,009
TRAFFIC/PROJECT	41	50	65
NEW SALES	853	1,301	1,740
CANCELLATIONS	354	359	617
NET SALES	499	942	1,123
NET SALES/PROJECT	0.32	0.59	0.62
CANCELLATION %	42%	28%	35%
CONVERSION %	0.79%	1.17%	0.96%
CONVERSION RATIO	127.18	85.17	104.19
INVENTORY	15,250	14,397	17,576
INVENTORY/PROJECT	9.93	9.05	9.76
MONTHS OF INVENTORY	30.56	15.28	15.65

County Summaries

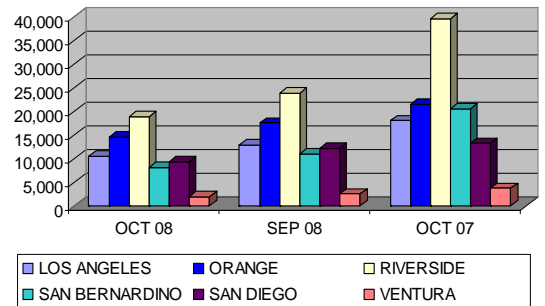
CATEGORY	LAC	OC	RC	SBC	SDC	VC
NO. ACTIVE PROJECTS	331	130	566	207	264	38
TRAFFIC	10,544	14,576	18,911	8,141	9,425	1,867
TRAFFIC/PROJECT	32	112	33	39	36	49
NEW SALES	169	87	294	122	144	37
CANCELLATIONS	56	31	114	37	107	9
NET SALES	113	56	180	85	37	28
NET SALES/PROJECT	0.34	0.43	0.32	0.41	0.14	0.74
CANCELLATION %	33%	36%	39%	30%	74%	24%
CONVERSION %	1.07%	0.38%	0.95%	1.04%	0.39%	1.50%
CONVERSION RATIO	93.31	260.29	105.06	95.78	254.73	66.68
INVENTORY	4,998	1,441	3,818	1,246	3,543	204
INVENTORY/PROJECT	15.10	11.08	6.75	6.02	13.42	5.37
MONTHS OF INVENTORY	44.23	25.73	21.21	14.66	95.76	7.29

Traffic Trends

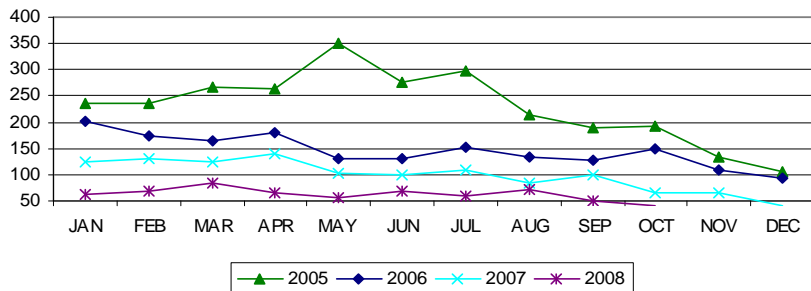
MONTHLY TRAFFIC TRENDS



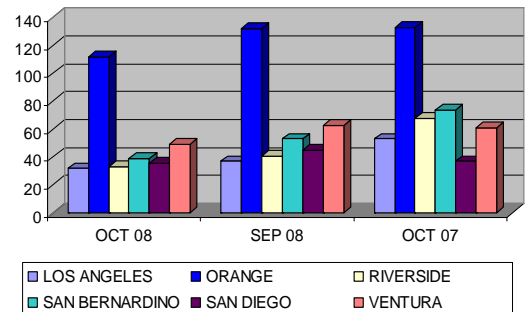
TRAFFIC COUNT COMPARISON BY COUNTY



AVERAGE PER-PROJECT TRAFFIC TRENDS



PER-PROJECT TRAFFIC BY COUNTY

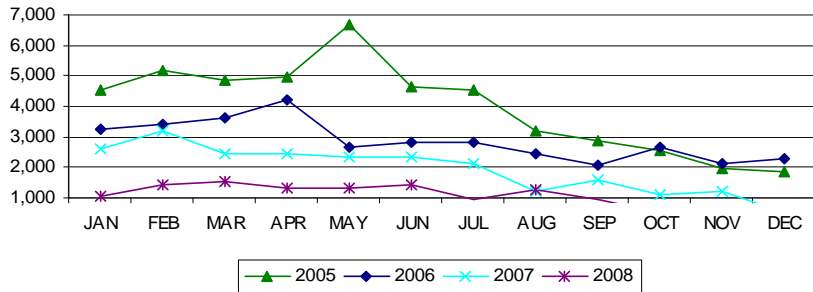


TRAFFIC SUMMARY

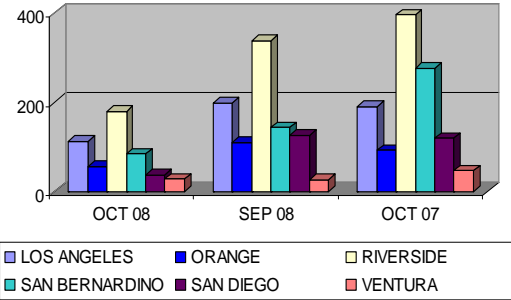
COUNTY	OCT 08	% TOTAL	TRAF/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
LOS ANGELES	10,544	17%	32	12,873	-2,329	-18%	18,100	-7,556	-42%
ORANGE	14,576	23%	112	17,580	-3,004	-17%	21,512	-6,936	-32%
RIVERSIDE	18,911	30%	33	24,022	-5,111	-21%	39,768	-20,857	-52%
SAN BERNARDINO	8,141	13%	39	11,046	-2,905	-26%	20,610	-12,469	-60%
SAN DIEGO	9,425	15%	36	12,199	-2,774	-23%	13,311	-3,886	-29%
VENTURA	1,867	3%	49	2,508	-641	-26%	3,708	-1,841	-50%
TOTALS	63,464	100%	41	80,228	-16,764	-21%	117,009	-53,545	-46%

Net Sales Trends

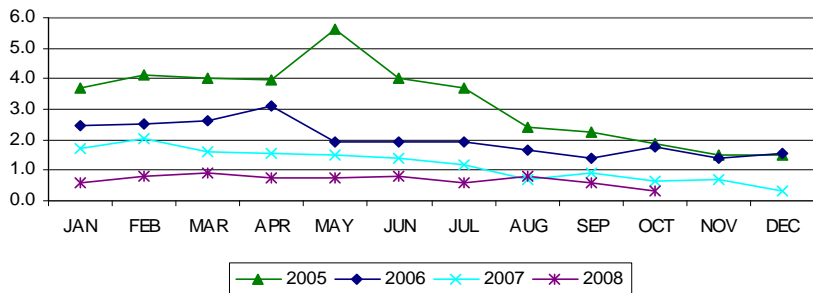
MONTHLY NET SALES TRENDS



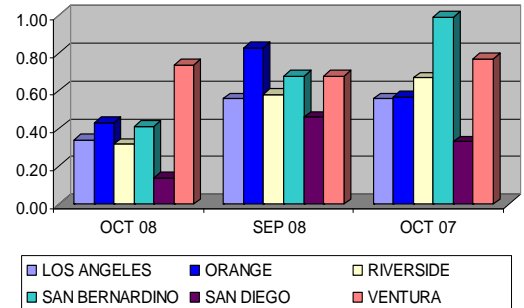
NET SALES COMPARISON BY COUNTY



AVERAGE PER-PROJECT NET SALES TRENDS



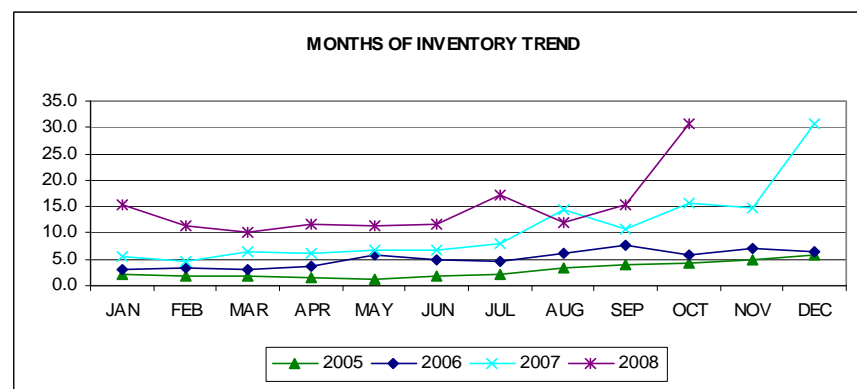
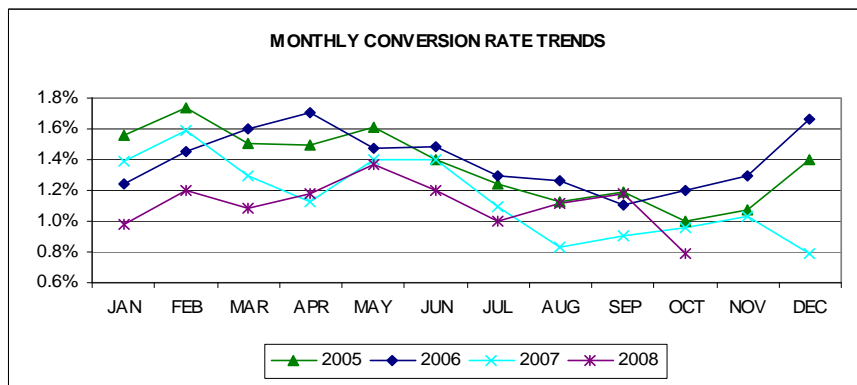
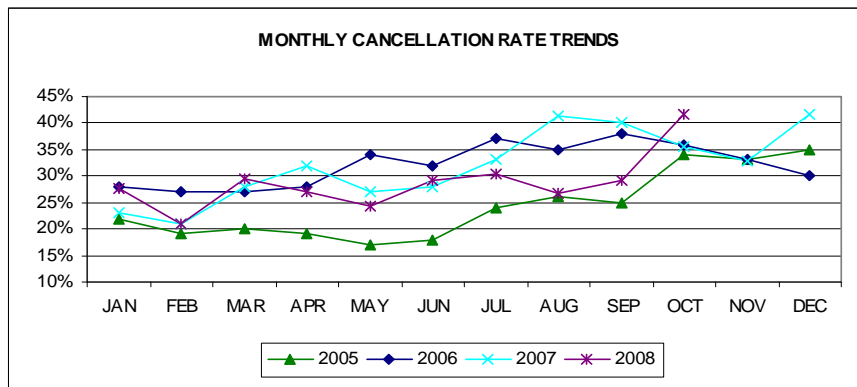
PER-PROJECT NET SALES BY COUNTY



NET SALES SUMMARY

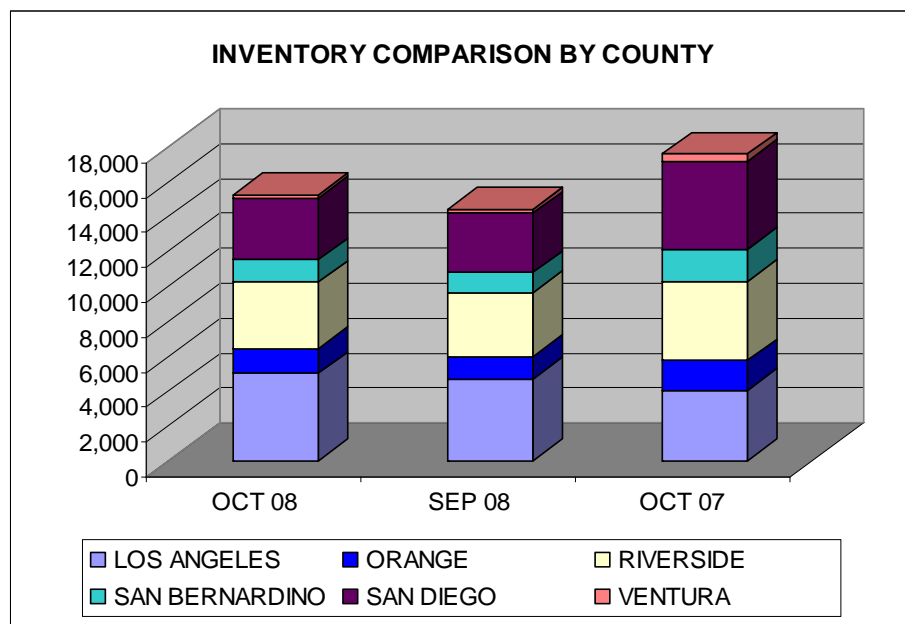
COUNTY	OCT 08	% TOTAL	SLS/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
LOS ANGELES	113	23%	0.34	198	-85	-43%	191	204	-41%
ORANGE	56	11%	0.43	110	-54	-49%	92	92	-39%
RIVERSIDE	180	36%	0.32	338	-158	-47%	396	-216	-55%
SAN BERNARDINO	85	17%	0.41	143	-58	-41%	277	-192	-69%
SAN DIEGO	37	7%	0.14	126	-89	-71%	120	-83	-69%
VENTURA	28	6%	0.74	27	1	4%	47	-19	-40%
TOTALS	499	100%	0.32	942	-443	-47%	1,123	-624	-56%

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
LOS ANGELES	33%	19%	39%	1.07%	1.54%	1.06%	44.23	23.69	21.20
ORANGE	36%	22%	35%	0.38%	0.63%	0.43%	25.73	11.56	18.43
RIVERSIDE	39%	31%	39%	0.95%	1.41%	1.00%	21.21	10.94	11.50
SAN BERNARDINO	30%	27%	30%	1.04%	1.29%	1.34%	14.66	7.83	6.57
SAN DIEGO	74%	34%	34%	0.39%	1.03%	0.90%	95.76	26.96	42.00
VENTURA	24%	34%	24%	1.50%	1.08%	1.27%	7.29	8.07	8.87
TOTALS	42%	28%	35%	0.79%	1.17%	0.96%	30.56	15.28	15.65

Inventory Trends



INVENTORY SUMMARY

COUNTY	OCT 08	% TOTAL	INV/PR	SEP 08	CHG	% CHG	OCT 07	CHG	% CHG
LOS ANGELES	4,998	33%	15.10	4,691	307	7%	4,050	948	23%
ORANGE	1,441	9%	11.08	1,272	169	13%	1,696	-255	-15%
RIVERSIDE	3,818	25%	6.75	3,699	119	3%	4,554	-736	-16%
SAN BERNARDINO	1,246	8%	6.02	1,120	126	11%	1,819	-573	-32%
SAN DIEGO	3,543	23%	13.42	3,397	146	4%	5,040	-1,497	-30%
VENTURA	204	1%	5.37	218	-14	-6%	417	-213	-51%
TOTALS	15,250	100%	9.93	14,397	853	6%	17,576	-2,326	-13%

Best Sellers

OCTOBER 2008 BEST SELLERS					
PROJECT	OCT SALES	PRICE	SQ FT	\$/SQ FT	LOT/DENSITY
BUILDER	YTD SALES	RANGE	RANGE	RANGE	LOCATION
LOS ANGELES COUNTY					
LAKWOOD ESTATES AT GORDON RANCH	21	\$649,900	2,267	\$287	4,000
ARCIERO & SONS	27	\$699,900	2,580	\$271	LAKWOOD
ORANGE COUNTY					
HARMONY AT COLONY PARK	5	\$324,900	1,073	\$303	N/A
BROOKFIELD HOMES	50	\$445,900	2,060	\$216	ANAHEIM
RIVERSIDE COUNTY					
ASHTON AT WILLOW RANCH	6	\$367,990	2,156	\$171	10,000
KB HOME	58	\$398,990	2,814	\$142	CORONA
SAN BERNARDINO COUNTY					
REDLANDS VILLAGE	6	\$369,990	2,378	\$156	7,200
BEAZER HOMES	35	\$423,240	3,248	\$130	REDLANDS
SAN DIEGO COUNTY					
VILLA MONTEVINA	5	\$155,000	636	\$244	N/A
SILVERSTONE COMMUNITIES	65	\$290,000	1,047	\$277	EL CAJON
VENTURA COUNTY					
ORBELA	6	\$348,990	1,094	\$319	N/A
D.R. HORTON	40	\$417,990	1,870	\$224	OXNARD
2008 BEST SELLERS					
PROJECT	YTD SALES	PRICE	SQ FT	\$/SQ FT	LOT/DENSITY
BUILDER	OCT SALES	RANGE	RANGE	RANGE	LOCATION
LOS ANGELES COUNTY					
RITZ-CARLTON RESIDENCES AT LA LIVE	138	\$1,400,000	1,026	\$1,365	N/A
AEG	0	\$4,400,000	2,242	\$1,963	LOS ANGELES
ORANGE COUNTY					
CHAPMAN COMMONS	113	\$282,000	1,102	\$256	N/A
D.R. HORTON	0	\$434,893	1,490	\$292	GARDEN GROVE
RIVERSIDE COUNTY					
TRILOGY AT LA QUINTA	115	\$377,990	1,355	\$279	7,200
SHEA HOMES	2	\$669,990	2,769	\$242	LA QUINTA
SAN BERNARDINO COUNTY					
FOOTHILL WALK	36	\$315,665	1,469	\$215	1,400
BEAZER HOMES	3	\$360,140	1,686	\$214	UPLAND
SAN DIEGO COUNTY					
VILLA MONTEVINA	65	\$155,000	636	\$244	N/A
SILVERSTONE COMMUNITIES	5	\$290,000	1,047	\$277	EL CAJON
VENTURA COUNTY					
CITRUS WALK	73	\$399,990	1,336	\$299	5,000
OLSON COMPANY, THE	3	\$699,990	3,089	\$227	VENTURA

Major Builder Summary

RANKING	MAJOR BUILDER	ACTIVE PROJECTS	OCT SALES	SALES/PROJECT	OCT MKT SHAR	2008 RANK	2008 SALES	AVG 2008 SALES/MO	YTD MKT SHARE
	ALL PROJECTS	1,536	499	0.32	100.00%		6741	561.75	100.00%
	ALL MAJORS	859	439	0.51	87.98%		9836	819.67	145.91%
1	VAN DAELE DEVELOPMENT	16	23	1.44	4.61%	13	242	20.17	3.59%
2	S&S CONSTRUCTION/SHAPPELL INDUSTRI	13	17	1.31	3.41%	22	117	9.75	1.74%
3	MCMILLIN HOMES	17	20	1.18	4.01%	16	180	15.00	2.67%
4	BREHM COMMUNITIES	3	3	1.00	0.60%	27	60	5.00	0.89%
5	K. HOVNIANIAN COMPANIES	45	38	0.84	7.62%	6	619	51.58	9.18%
6	D.R. HORTON	51	39	0.76	7.82%	3	923	76.92	13.69%
7	STANDARD PACIFIC HOMES	59	43	0.73	8.62%	5	744	62.00	11.04%
8	KB HOME	75	54	0.72	10.82%	1	1031	85.92	15.29%
9	BEAZER HOMES	22	15	0.68	3.01%	10	329	27.42	4.88%
10	LENNAR HOMES	92	58	0.63	11.62%	2	1003	83.58	14.88%
11	WILLIAM LYON HOMES	34	19	0.56	3.81%	7	498	41.50	7.39%
12	PULTE HOMES	18	10	0.56	2.00%	25	77	6.42	1.14%
13	CAPITAL PACIFIC HOMES	9	5	0.56	1.00%	26	64	5.33	0.95%
14	BROOKFIELD HOMES	20	11	0.55	2.20%	11	319	26.58	4.73%
15	WARMINGTON HOMES	11	6	0.55	1.20%	23	114	9.50	1.69%
16	PARDEE HOMES	38	20	0.53	4.01%	8	482	40.17	7.15%
17	OLSON COMPANY, THE	12	6	0.50	1.20%	14	199	16.58	2.95%
18	MBK HOMES	11	5	0.45	1.00%	19	151	12.58	2.24%
19	RYLAND HOMES	17	6	0.35	1.20%	17	176	14.67	2.61%
20	SHEA HOMES	49	15	0.31	3.01%	4	886	73.83	13.14%
21	RICHMOND AMERICAN HOMES	29	7	0.24	1.40%	12	264	22.00	3.92%
22	PINNACLE COMMUNITIES	9	2	0.22	0.40%	33	28	2.33	0.42%
23	CENTEX HOMES	46	9	0.20	1.80%	9	336	28.00	4.98%
24	TAYLOR WOODROW HOMES	11	2	0.18	0.40%	18	164	13.67	2.43%
25	MERITAGE HOMES	12	2	0.17	0.40%	24	112	9.33	1.66%
26	CORNERSTONE COMMUNITIES	7	1	0.14	0.20%	29	50	4.17	0.74%
27	HEARTHSIDE HOMES	9	1	0.11	0.20%	31	44	3.67	0.65%
28	JOHN LAING HOMES	38	3	0.08	0.60%	15	188	15.67	2.79%
29	FIELDSTONE COMMUNITIES	13	1	0.08	0.20%	30	49	4.08	0.73%
30	PACIFIC COMMUNITIES	14	1	0.07	0.20%	21	121	10.08	1.79%
31	WOODSIDE HOMES	17	0	0.00	0.00%	20	150	12.50	2.23%
32	FRONTIER HOMES	12	0	0.00	0.00%	28	55	4.58	0.82%
33	GRIFFIN INDUSTRIES	7	0	0.00	0.00%	34	22	1.83	0.33%
34	MAISEL PRESLEY, INC.	11	0	0.00	0.00%	35	0	0.00	0.00%
35	TRIMARK PACIFIC HOMES	12	-3	-0.25	-0.60%	32	39	3.25	0.58%

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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