

When will it be over?

Affordability ratios

Inventory reduction to normal levels

Credit markets



When will it be over?

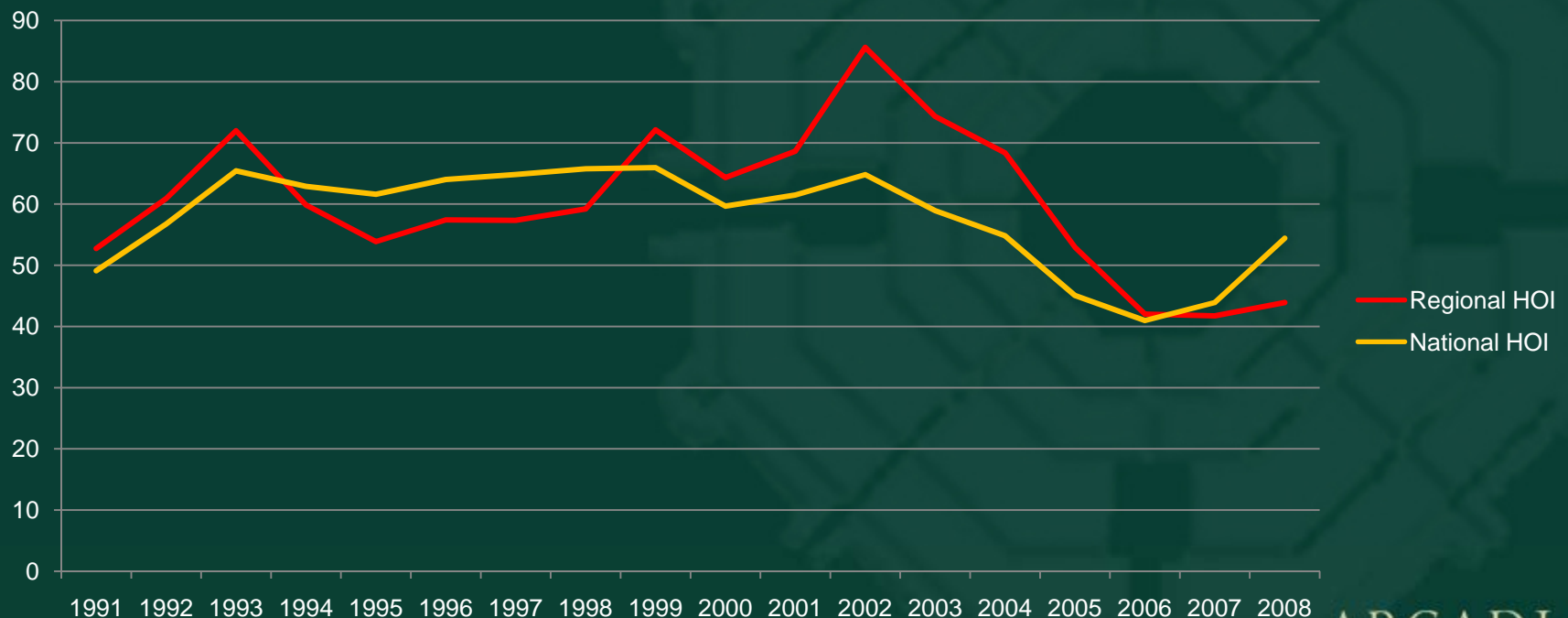
*Affordability
Inventory
Credit markets*

We need an affordability adjustment

NAHB Housing Opportunity Index:

The share of homes in a region that would be affordable to a household making the median HH income.

NAHB / Wells Fargo Housing Opportunity Index for Philadelphia Region



Source: National Association of Home Builders / Wells Fargo

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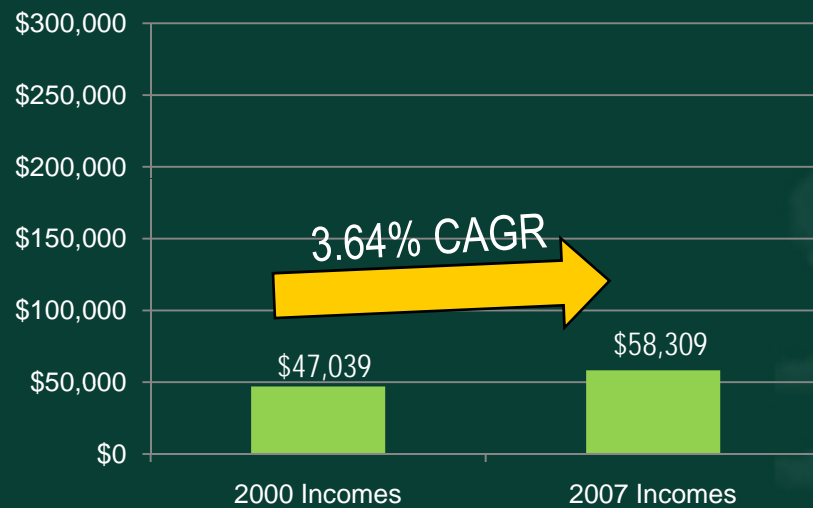
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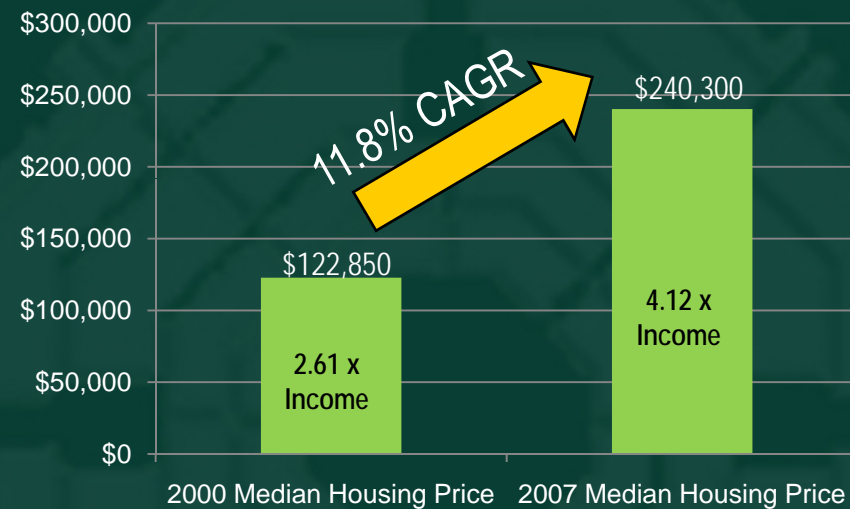
PRICES TO INCOME

Philadelphia Region

Median Household Incomes (US Census)



Median Housing Prices (US Census)



What if home prices had risen at the SAME pace as income growth?

Source: Philadelphia-Camden-Wilmington MSA. Census Bureau, Arcadia Land Company analysis

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What if home prices had risen at the SAME pace as income growth?

2007 Median home prices would have been:
Philadelphia MSA: -36%

	2007 Median Housing Price	What If Scenario	Difference
Philadelphia MSA	\$240,300	\$152,283	-36%

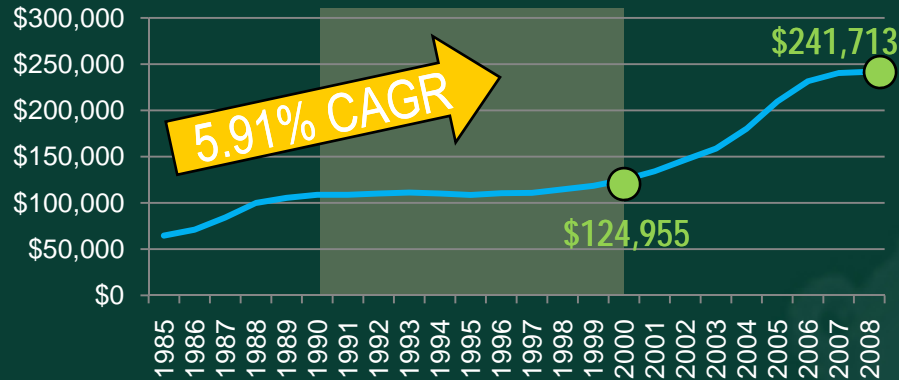
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PRICES TO RENT

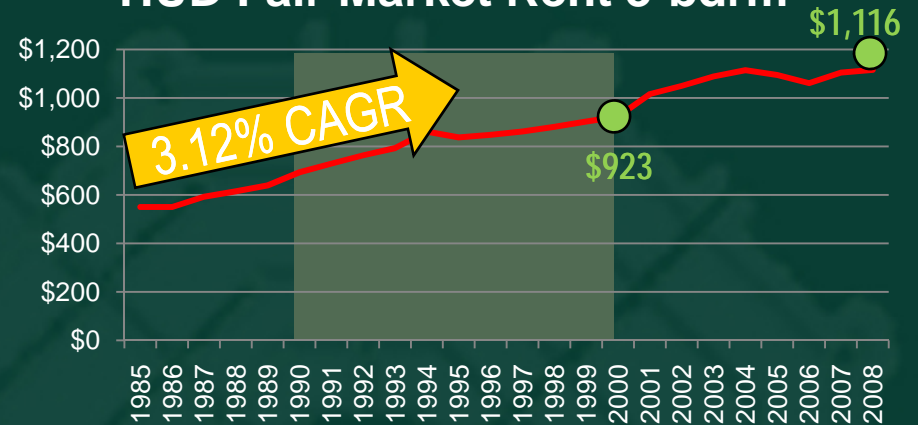
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Median Home Price

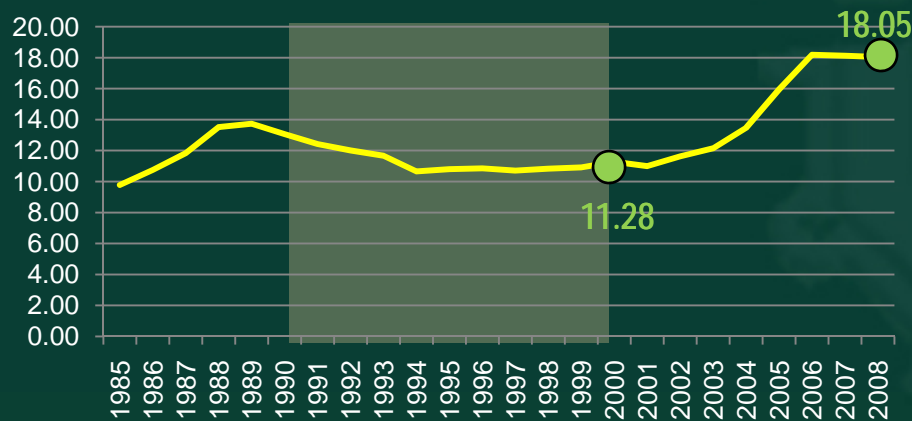
(based on Q2 OFHEO index pegged to 2007 US Census median housing price for Philadelphia MSA)



HUD Fair Market Rent 3-bdrm



Price / Rent Ratio



What if it were the same now as it was in 2000?

37% LESS than 2008 price

Source: U.S. Office of Federal Housing Enterprise Oversight; U.S. Department of Housing and Urban Development; Arcadia Analysis

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