

J. D. Block Services, Inc.

Licensed Real Estate and Mortgage Brokers

Housing Graphs Comparisons of Recessionary Periods

Updated July 2008

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315 SE Mizner Blvd. • Suite 211 • Boca Raton • Florida 33432

Tel: 561.206.6424 • FAX: 561.206.6397

www.jdblockservices.com

Housing Starts - Median Price

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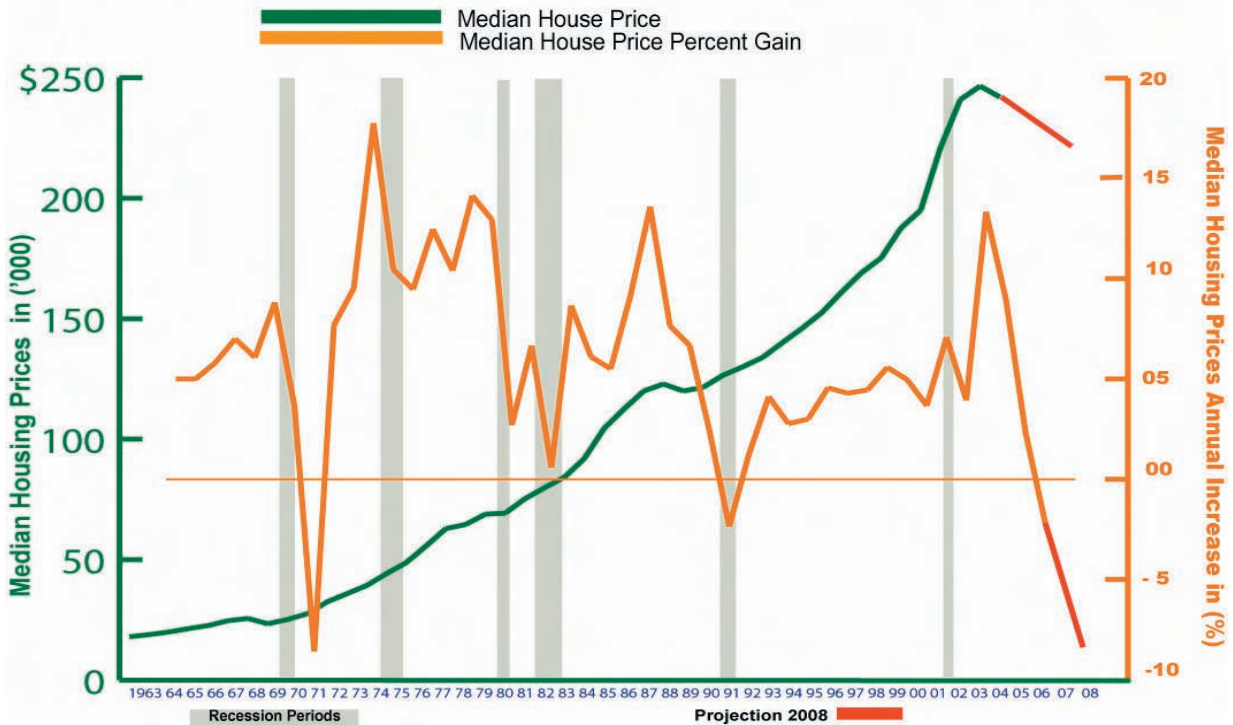
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United States Housing Starts - 1959-2008

Projection 2008



Median Housing Prices / Annual Price Increase - 1963-2008

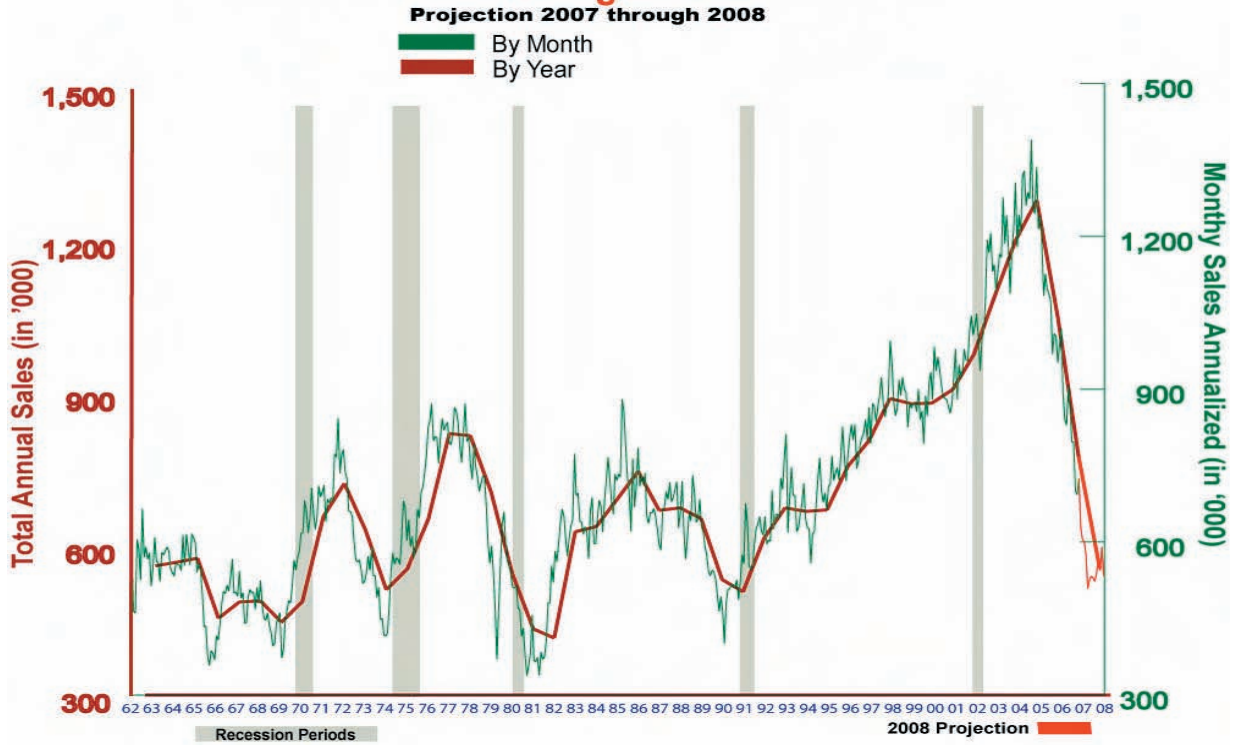


Housing Sales

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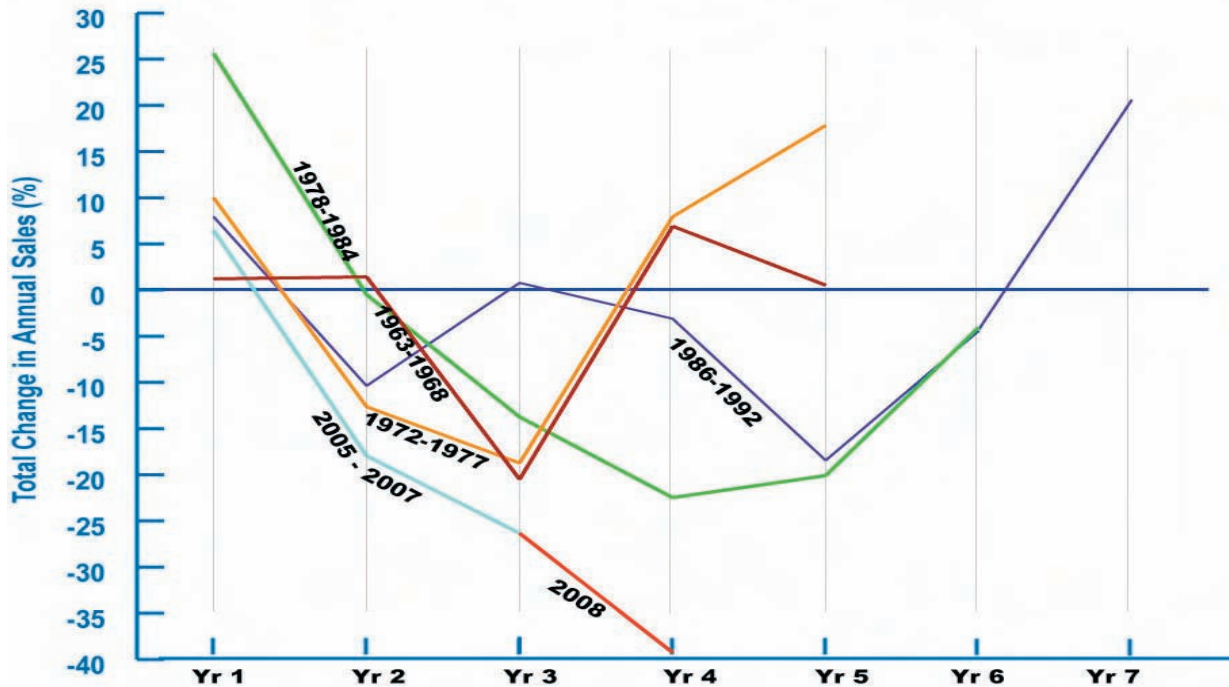
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United States Housing Sales - 1963-2008



United States Housing Sales - Comparison

Change in New Housing Units Sold in Recessionary Periods

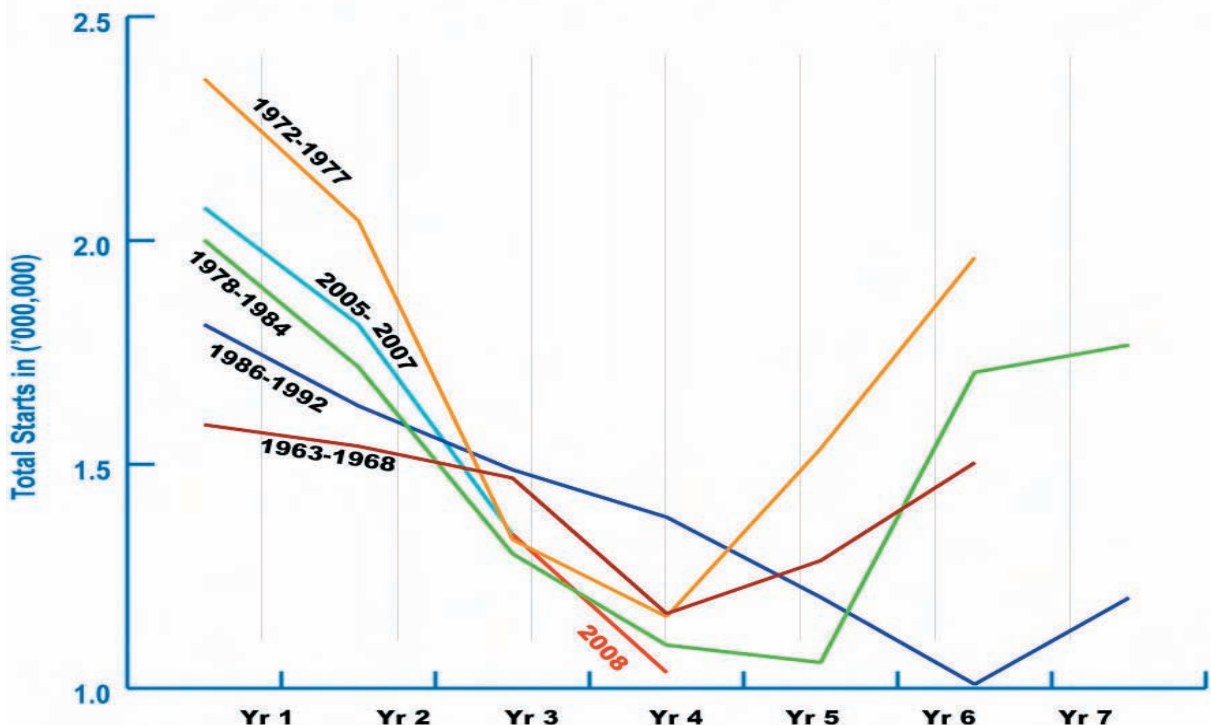


Housing Starts - All Residential

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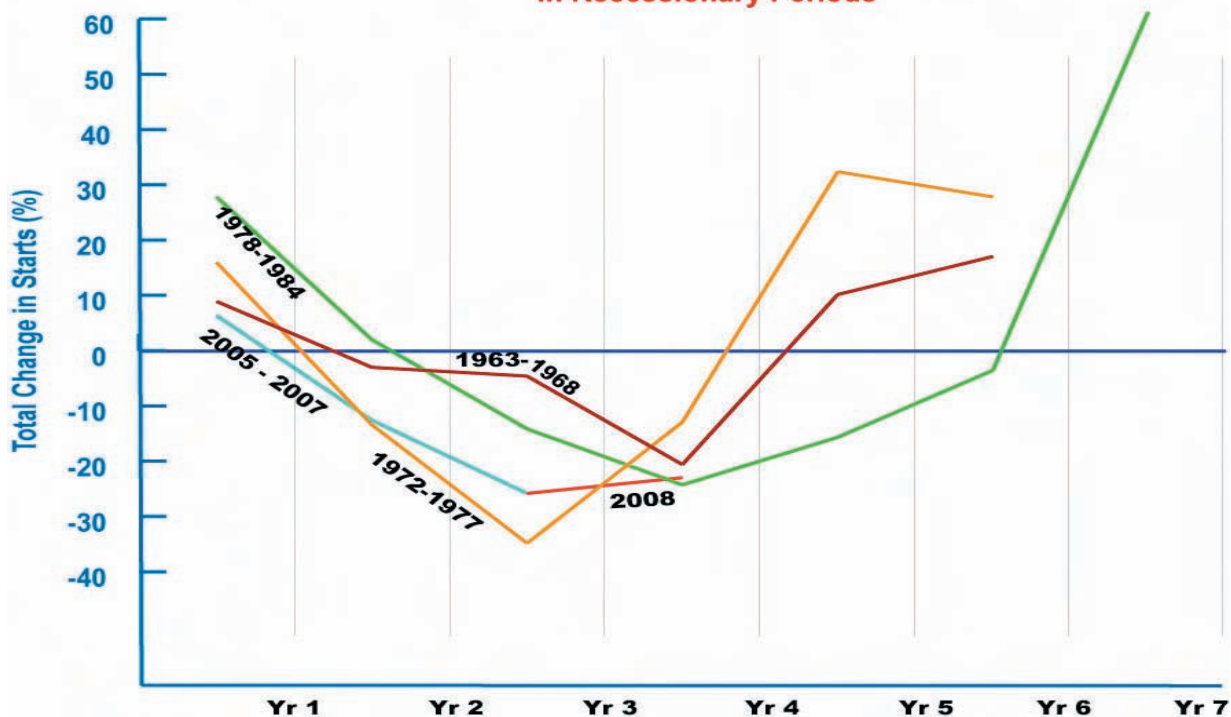
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Privately Owned Housing Units Started (All Starts) - Recessionary Periods



These two charts show housing starts (all types of housing) - the top in number of annual sales by year and the bottom one in change in starts by year. The periods run from a sales peak through the following recessionary period to the next peak.

Change in Privately Owned Single Family Housing Units Started (All Starts) in Recessionary Periods

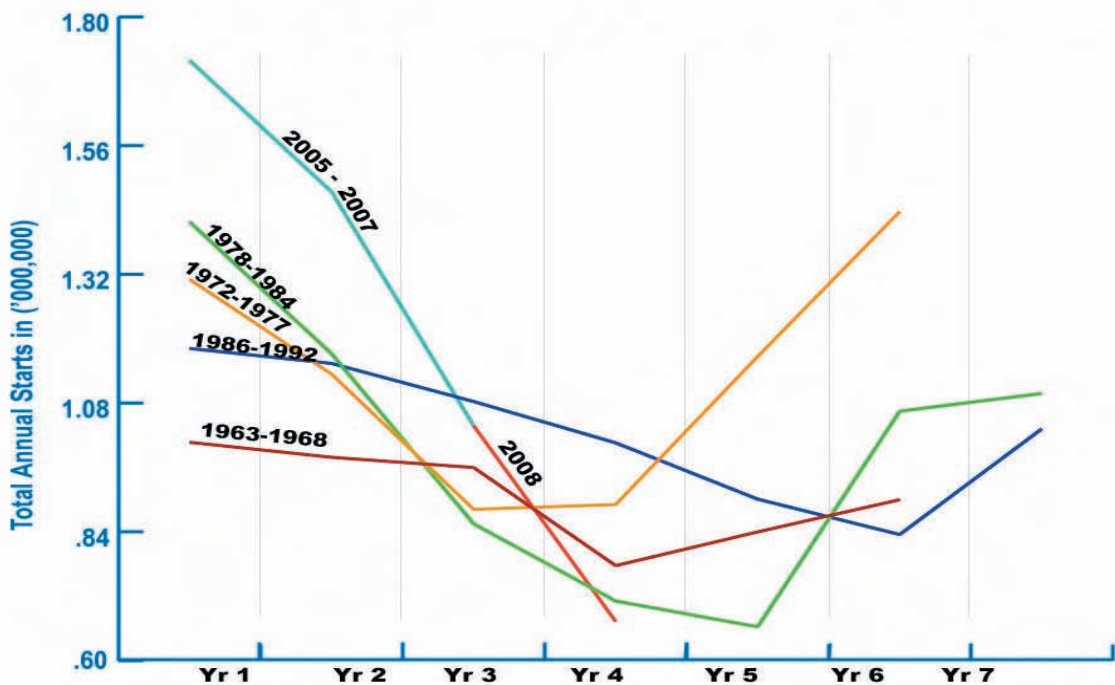


Housing Starts - 1 Family

Starts/Median Price | Sales | Starts - Prev Downturns (All) | [Starts - Prev Downturns \(1 Family\)](#) | Summary | So. Fla. | Conclusion

United States Housing Starts - Comparison

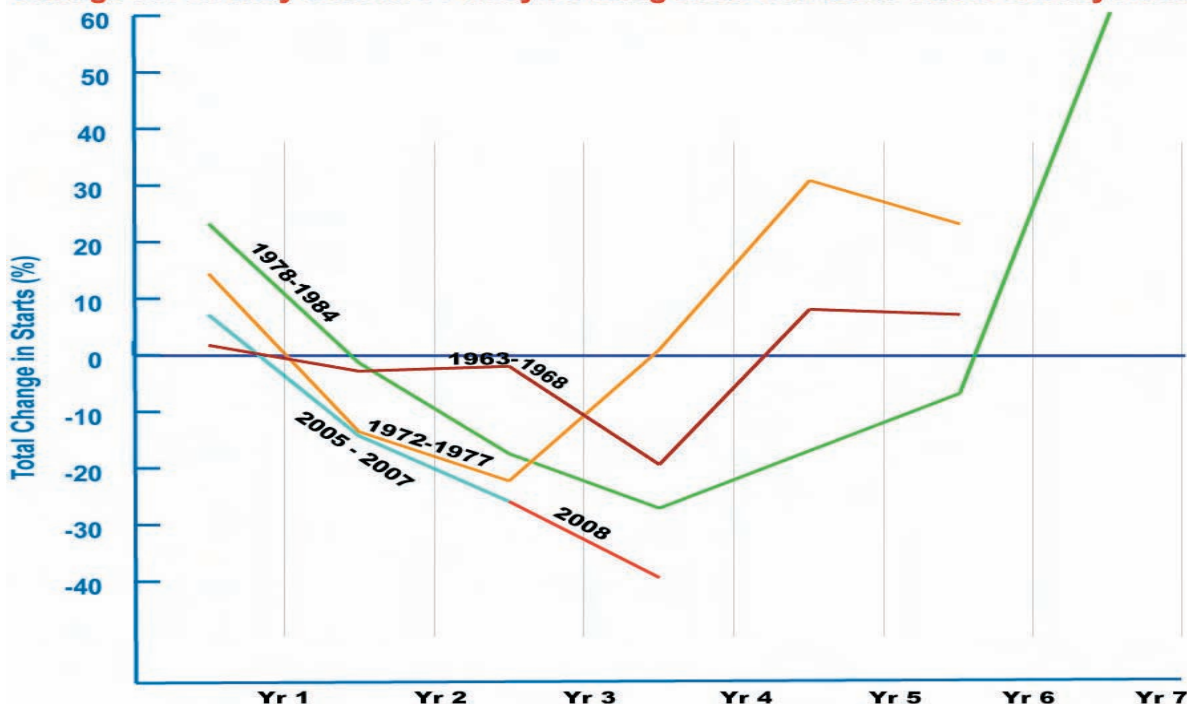
Change in Privately Owned Single 1 Family Housing Units Started in Recessionary Periods



These two charts show housing starts (only 1 family dwelling starts) - the top in number of annual sales by year and the bottom one in change in starts by year. The periods run from a sales peak though the following recessionary period to the next peak. As can be seen there is a divergence with all housing starts from one family starts.

United States Housing Starts - Comparison

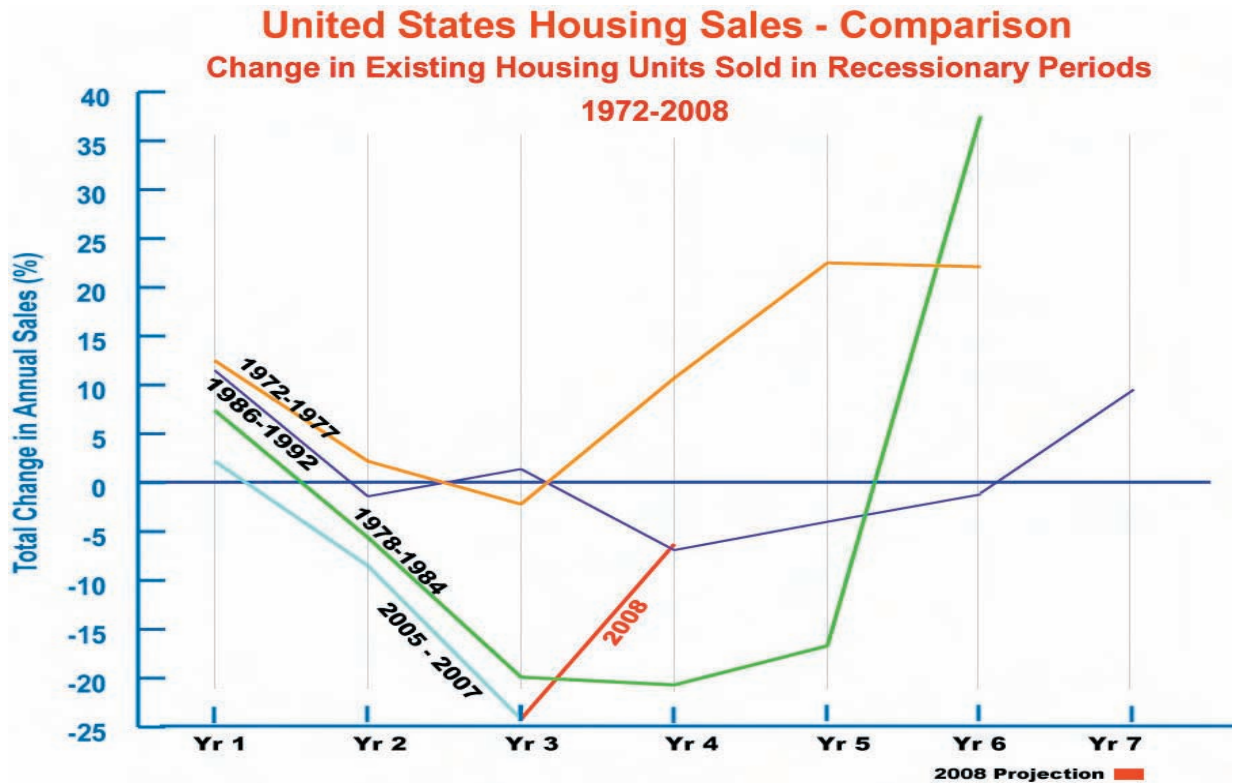
Change in Privately Owned 1 Family Housing Units Started in Recessionary Periods



Existing Housing Sales - Summary

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Previous Recessions - Time frames

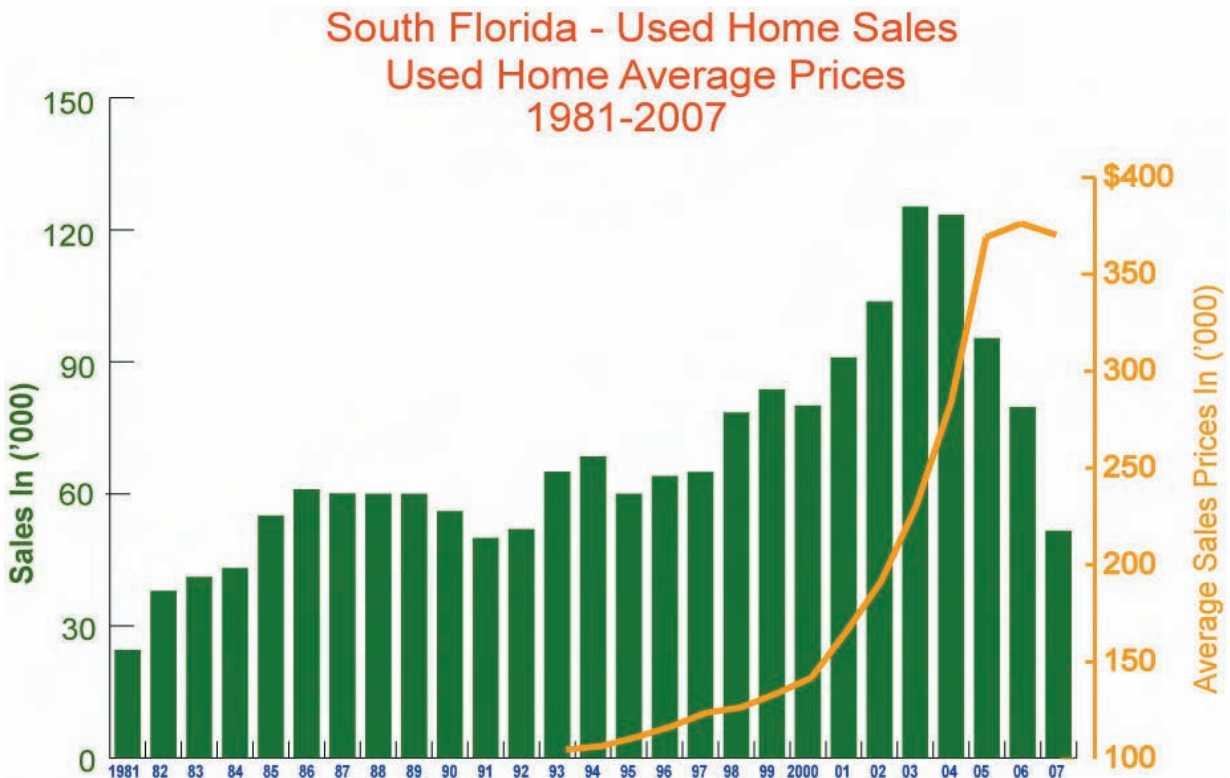
Months and decline for Residential Housing Starts

Years	Months for Drop	Months for Rise	% Decline
1963-1968	46	27	39.0%
1972-1977	38	34	60.0%
1978-1984	46	38	58.0%
1986-1992	61	23	53.0%
Averages	47.8	30.5	52.5%

South Florida

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Summary

Based on Residential Housing Starts for All Units

1963-1968 - Peak year by month was Nov. '62 with a bottom in Nov. '66 and the next peak in Jan. '68 (46 mo. drop - 39%)

1972-1977 - Peak year by month was Jan. '72 with a bottom in Feb. '75 and the next peak in Dec. '77 (38 mo. drop - 60%)

1978-1984 - Peak year by month was Apr. '78 with a bottom in Nov. '81 and the next peak in Apr. '85 (46 mo. drop - 58%)

1986-1992 - Peak year by month was Jan. '86 with a bottom in Jan. '91 and the next peak in Dec. '92 (61 mo. drop - 53%)

Average, drop once the slide started - 48 months (max 61 min 38) and 52.5% decline (max 60% min 39%)

The current slowdown has a duration of 42 months and a corresponding drop of 50.7%. (Feb. 2005-June. 2007 - most recent data)

Conclusion

After review of the updates to our housing graphs, incorporating those results for the first 6 months of 2008 (data is available through June) into our projections (with projections for remaining months of 2008 remaining largely the same - adjustments were minimal) we come to the following conclusions.

It looks like the bottom for housing starts and sales should be within the next 6-8 months, though we will probably remain at a bottom for some time before a noticeable upturn begins. Pricing is a reflection of the lack of demand and will rebound when demand increases.

If rates don't go up we may have an inflationary period like the late 70s, and if rates do go up, expect a long bottoming out and gradual recovery cycle (kind of like the early 80s).

It should be noted that housing starts for all residential units and 1 family units followed a similar trajectory through 2007. However, the rate in the reduction of all residential starts has slowed greatly while those for 1 family starts continue at the same slope.

For reference purposes, monthly housing starts from 1959-2008 for all residential units were lower than this 23 times of which 11 of those were in the 1981-1982 period and 6 in the early 90s. Housing starts for 1 family structures have only been lower than this 21 times of which 15 were in the 1981-1982 period.

All that said, going back 50 years, the bottom was reached at between 4 And 17 months after interest rates peaked (after which they continued to be steady or falling). Rates are already at a low point (rates hit the most recent peak in the Jan-June 2007 period and dropped until May 2008) with a probability of increases coming.

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