

Zelman & Associates

NARPM Broker / Owner Retreat February 2012

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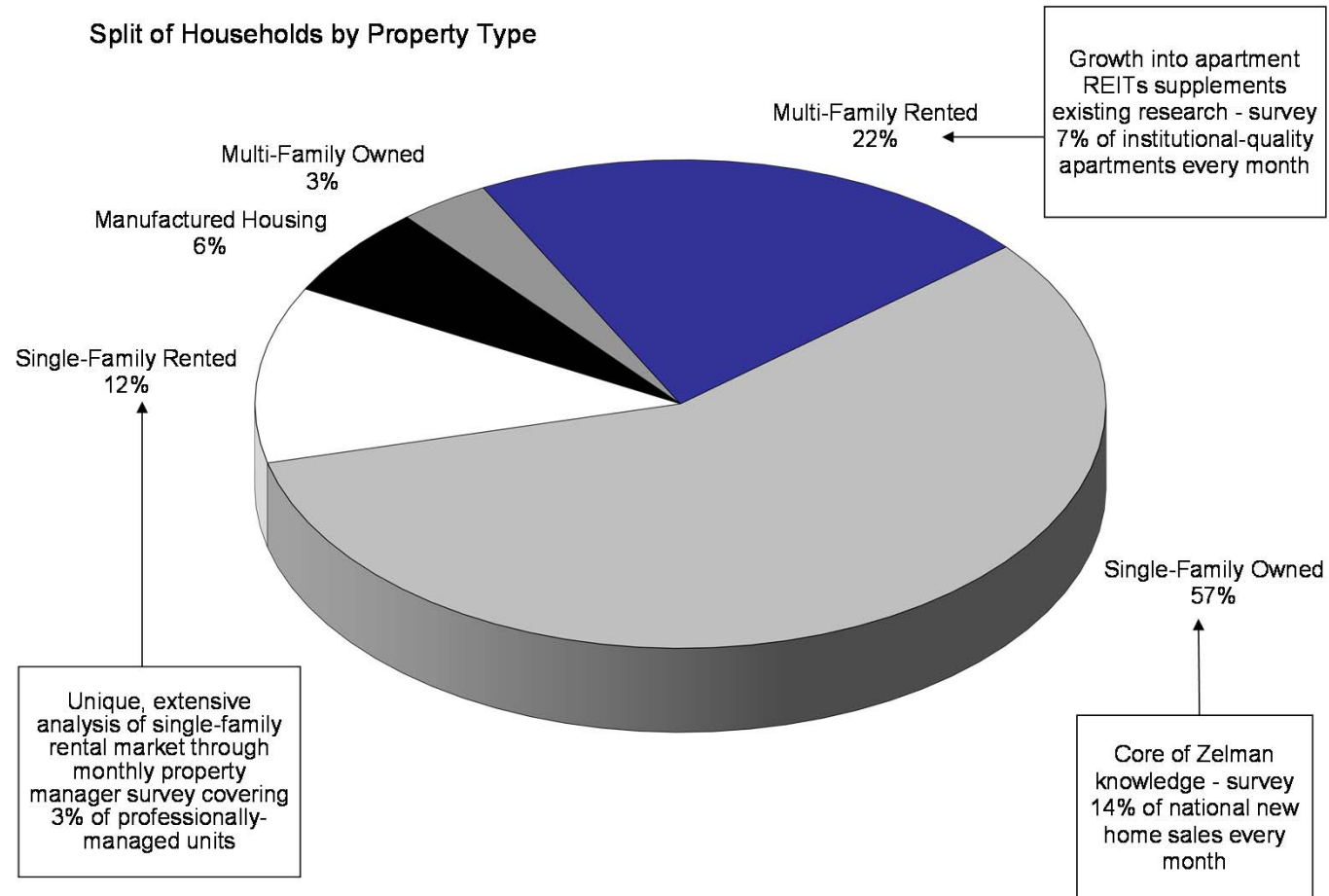
Please refer to the end of the slide presentation for disclosure information.



A Deep Dive into Housing Demographics

Rounding Out the Housing Mosaic

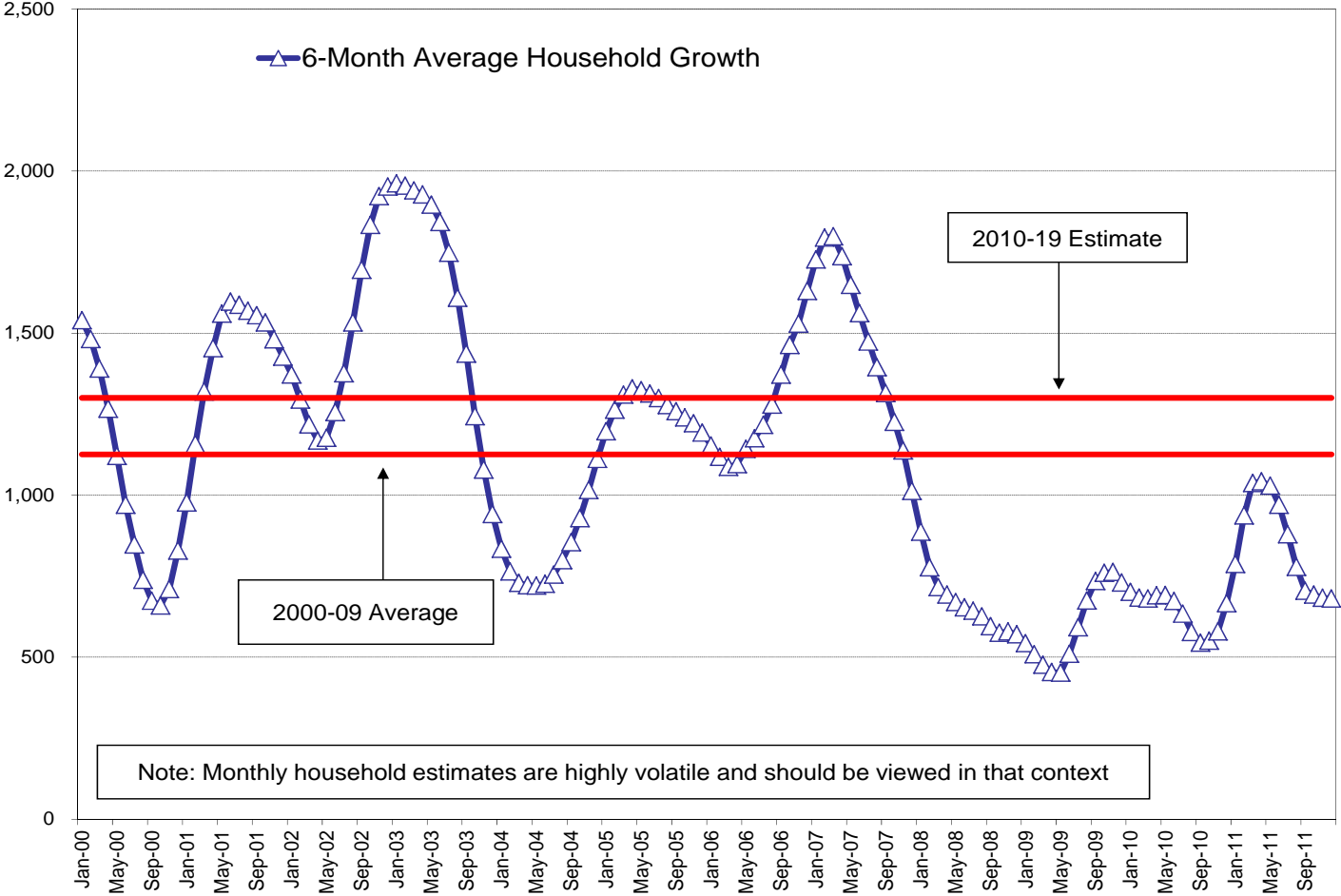
Split of Households by Property Type



An All-Encompassing View of the Housing Market

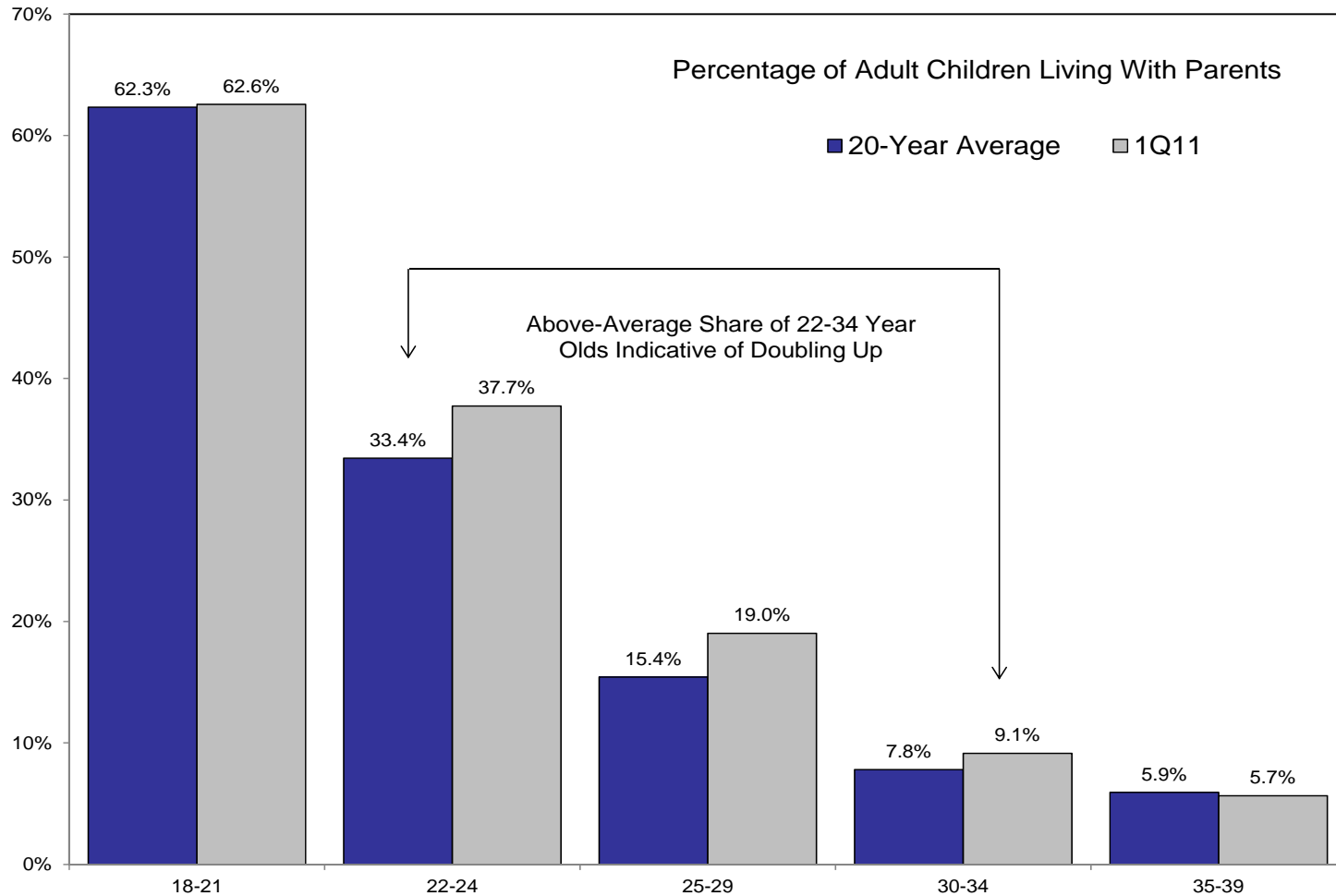
2010 Census - Units in Millions	Single-Family	2-4 Unit Multi-Family	5-Plus Multi-Family	Manufactured Housing	Total
Total Housing Units	88.8	10.9	23.5	8.6	131.7
% of Total Housing Units	67%	8%	18%	7%	100%
Households	80.4	9.2	20.0	7.1	116.7
% of Households	69%	8%	17%	6%	100%
Population	221.7	21.9	39.1	18.1	300.8
% of Total Population	74%	7%	13%	6%	100%
Persons / Households	2.76	2.37	1.96	2.55	2.58
Owner-Occupied Households	66.8	1.6	2.4	5.2	76.0
% of Owner-Occupied Households	88%	2%	3%	7%	100%
Owner-Occupied Population	180.4	3.9	4.2	12.8	201.3
% of Owned Population	90%	2%	2%	6%	100%
Renter-Occupied Households	13.7	7.6	17.5	1.9	40.7
% of Renter-Occupied Households	34%	19%	43%	5%	100%
Renter-Occupied Population	41.3	18.0	34.9	5.2	99.5
% of Rental Population	41%	18%	35%	5%	100%

Depressed Household Formation Temporarily Reducing Requirement for New Housing Stock

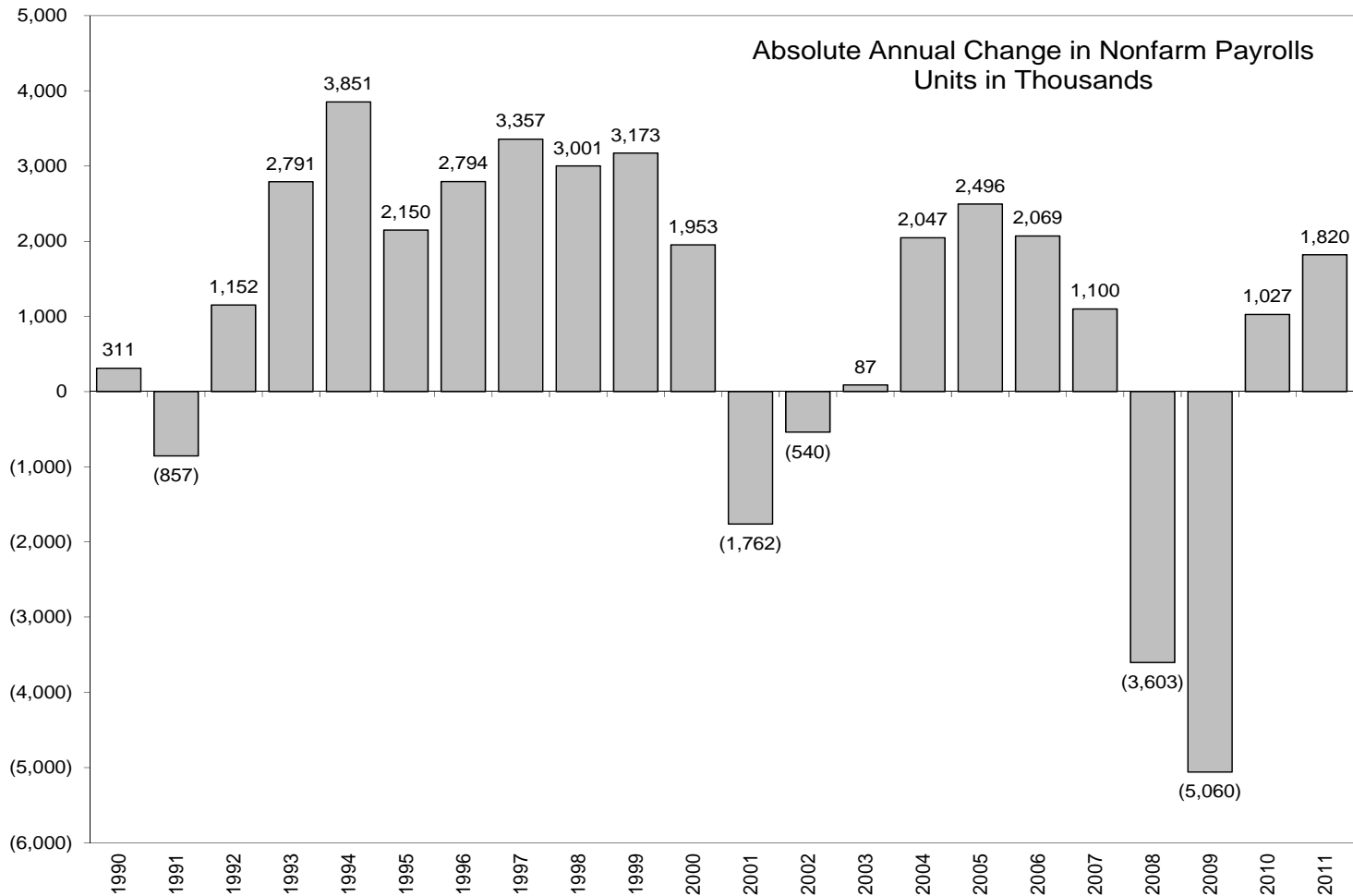


Source: Census Bureau, Zelman & Associates analysis

Economic Environment Has Temporarily Stunted Household Formation

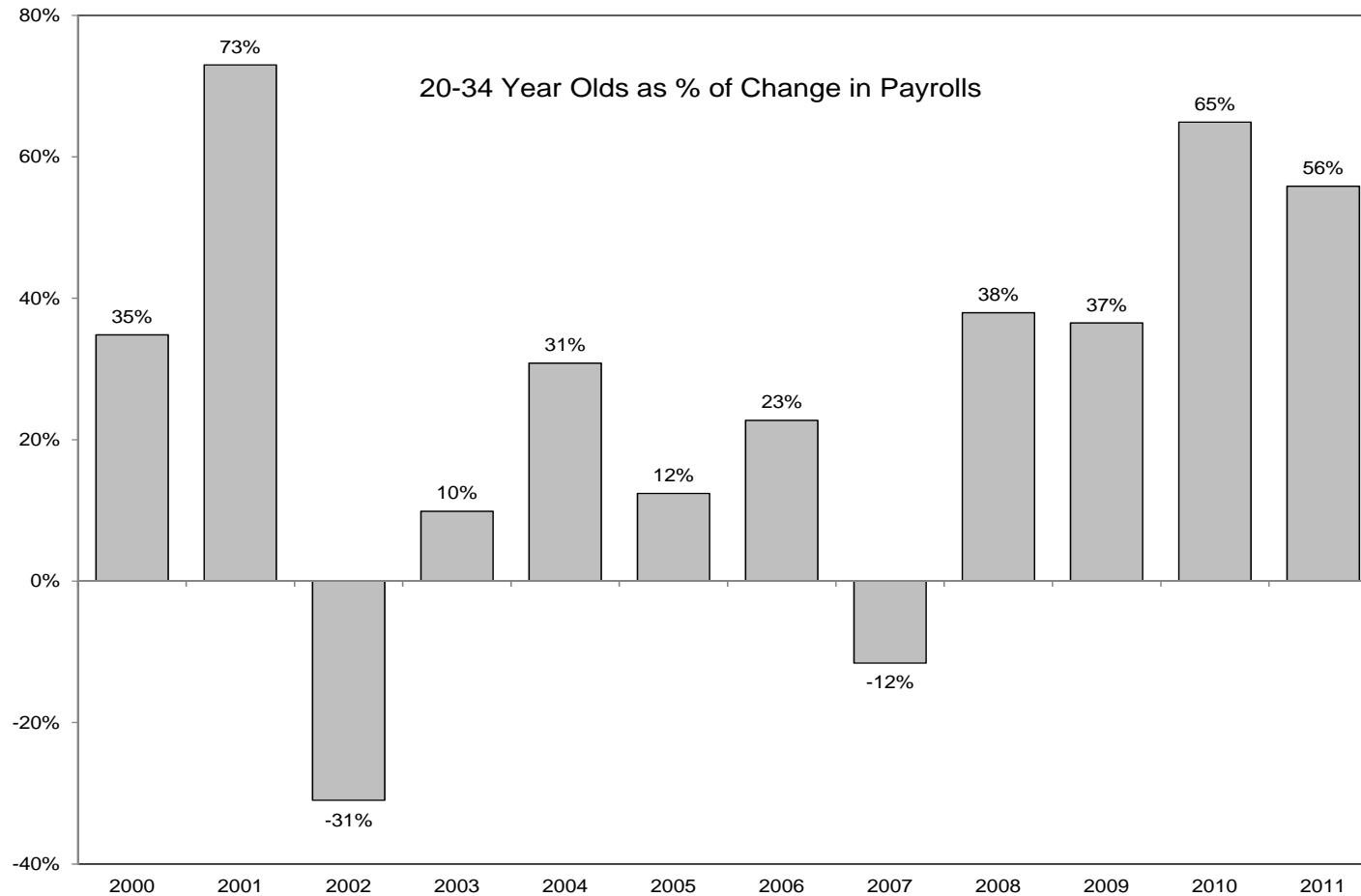


Job Growth Was Strongest Since 2006, Positive for Household Formation



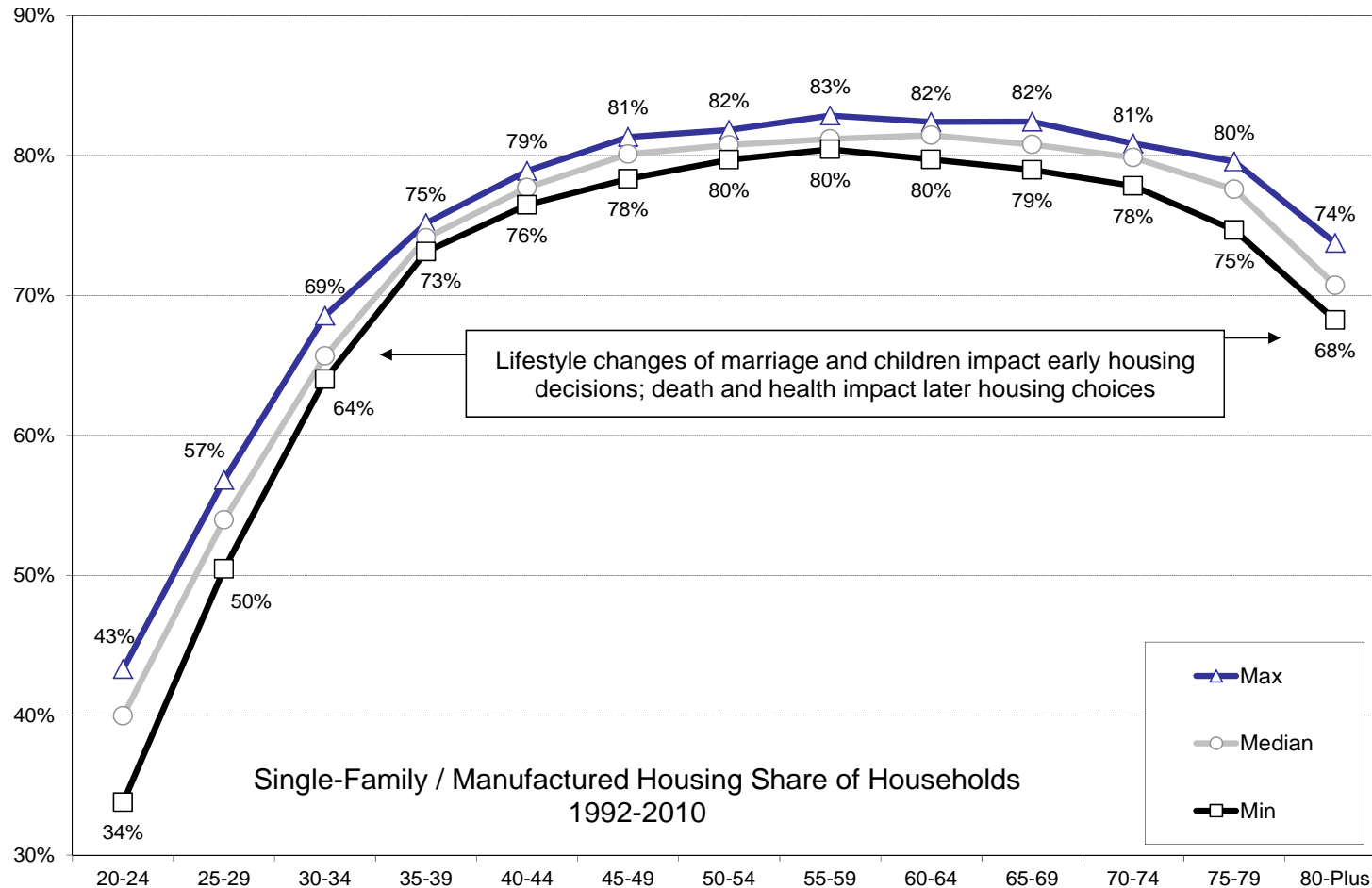
Source: BLS, Zelman & Associates analysis

Recent Job Growth Has Been Driven by Younger, Household-Forming Ages

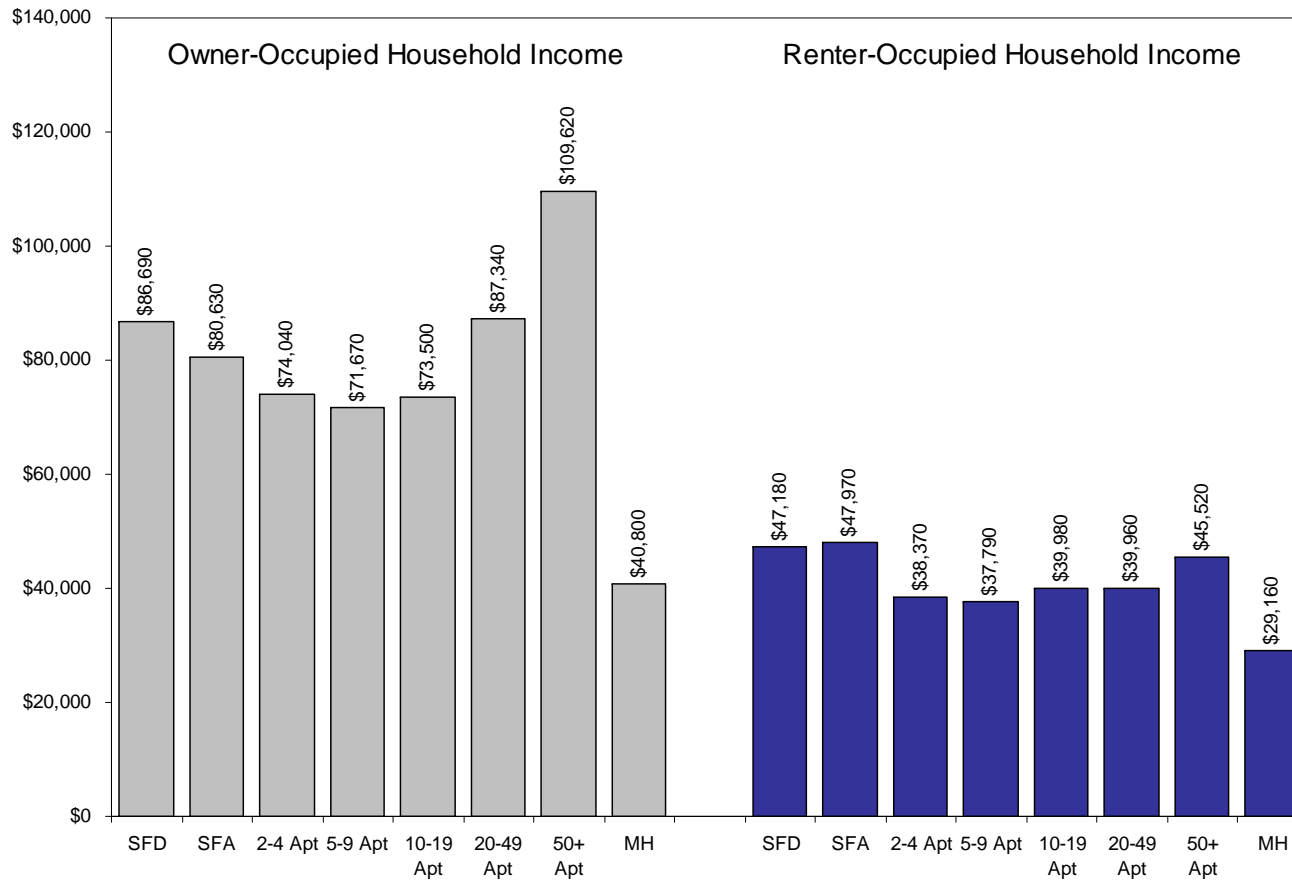


Source: BLS, Zelman & Associates analysis

Age of Households Typically Dictate the Types of Housing Needed to Shelter Population



Choice of Shelter Driven By Lifestyle, Owning Driven By Financial Situation



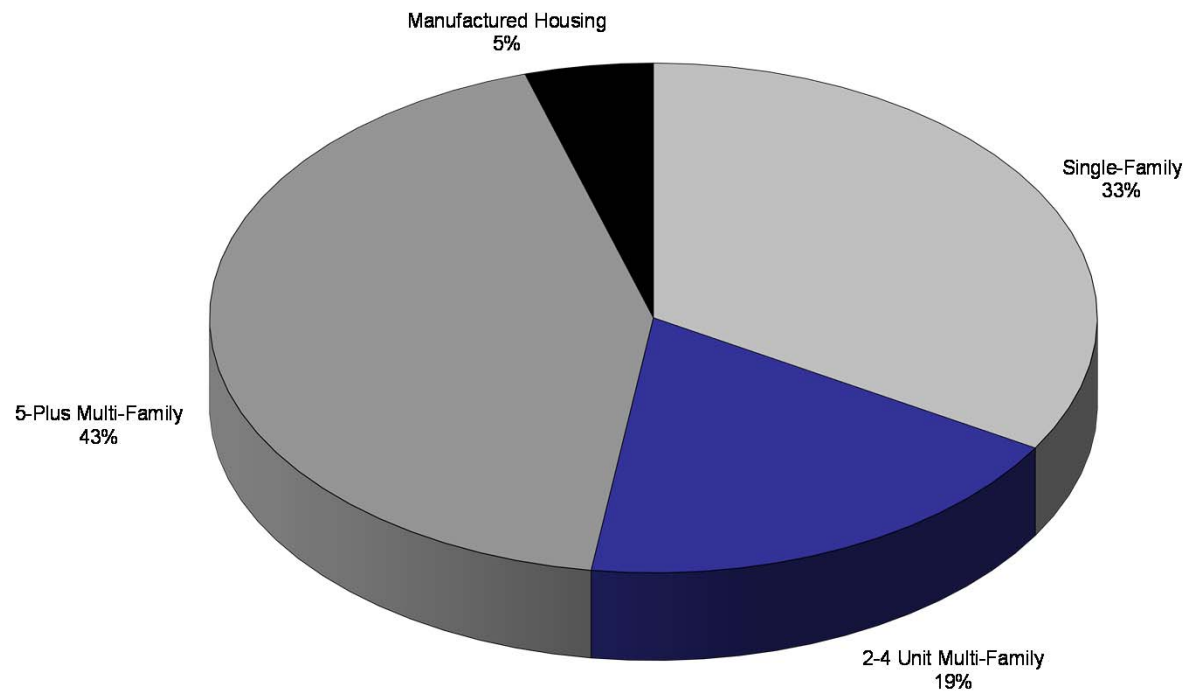
Source: Census Bureau, Zelman & Associates analysis



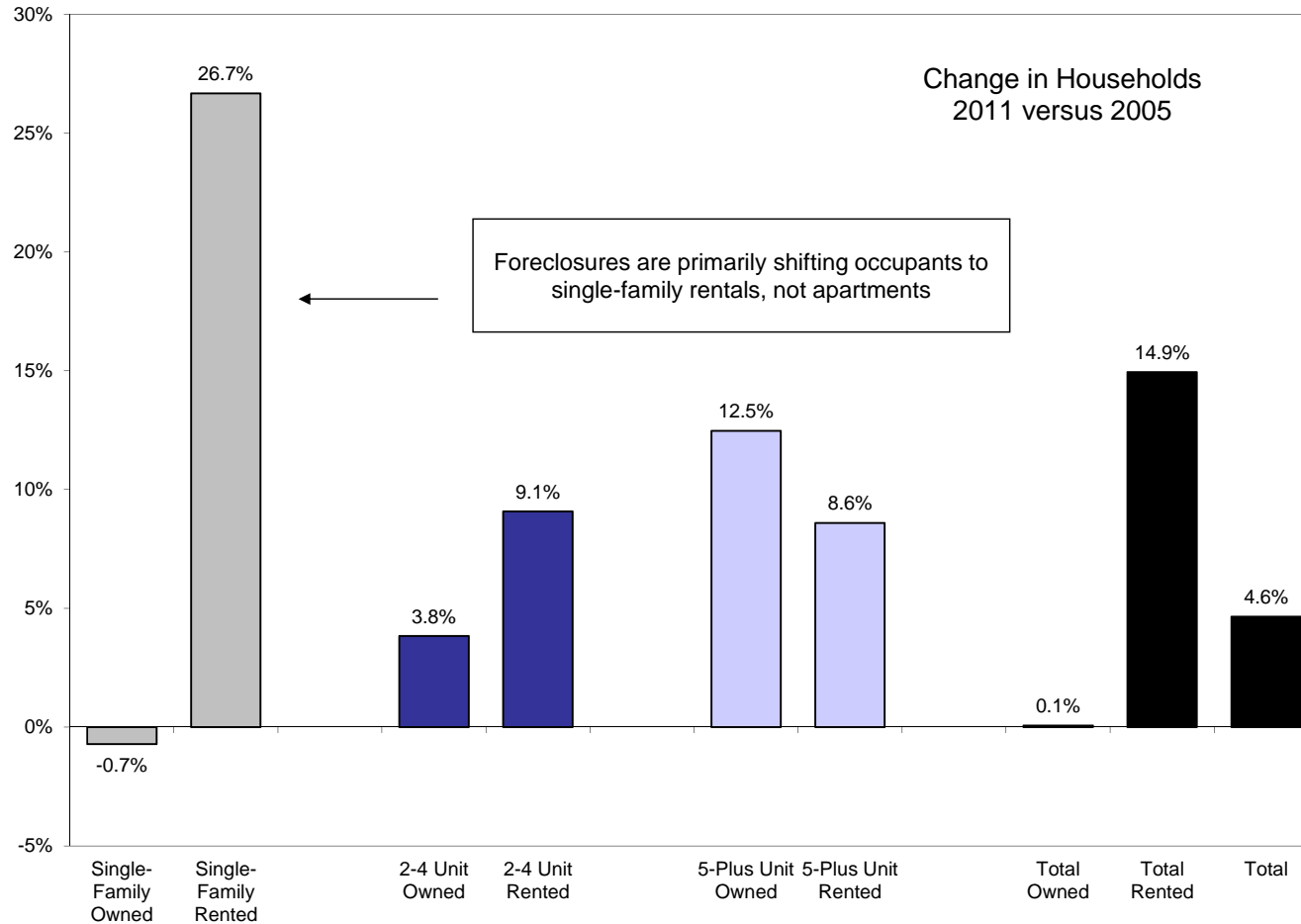
The Single-Family Rental Market

The Single-Family Rental Market

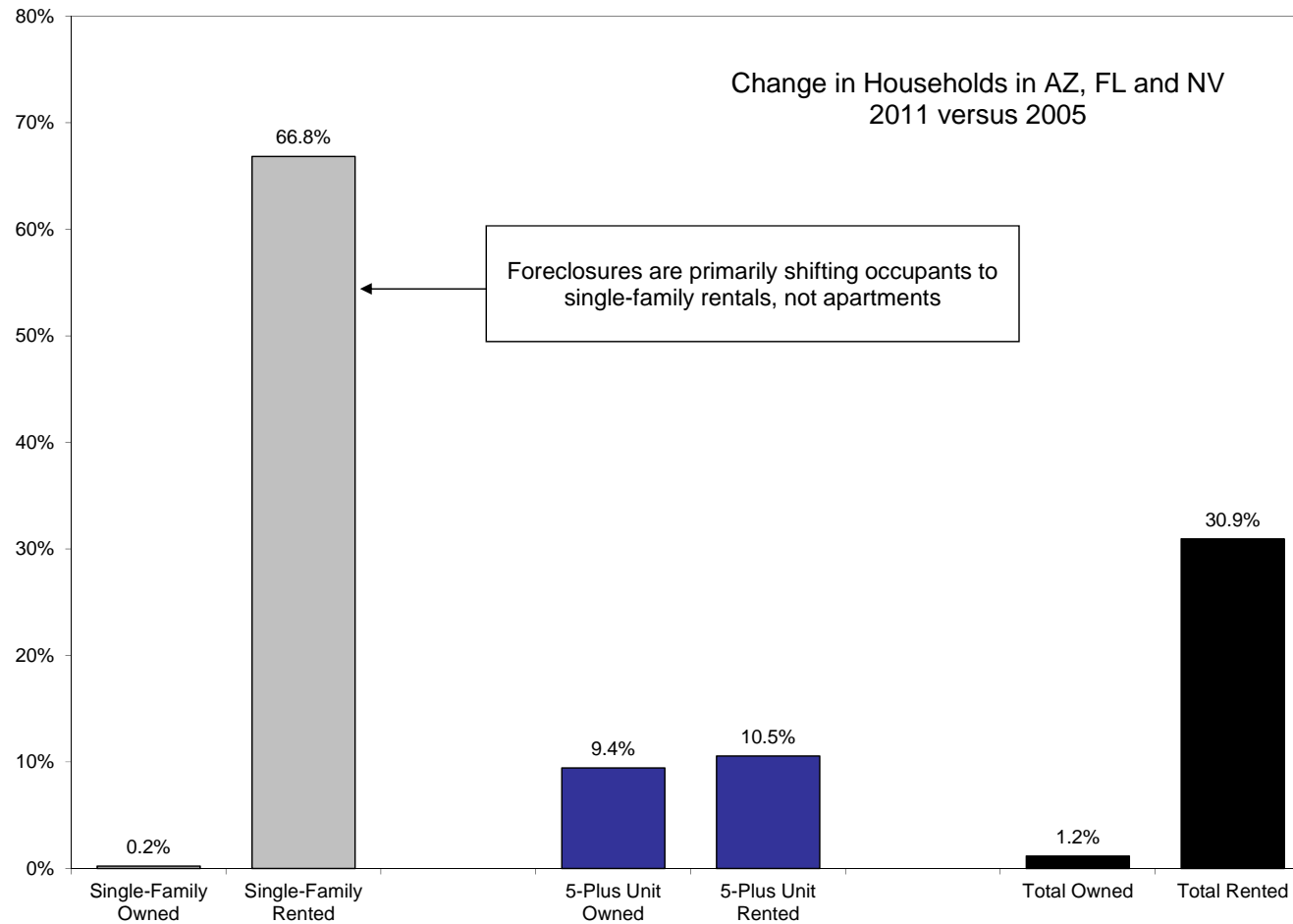
Share of Renter-Occupied Households



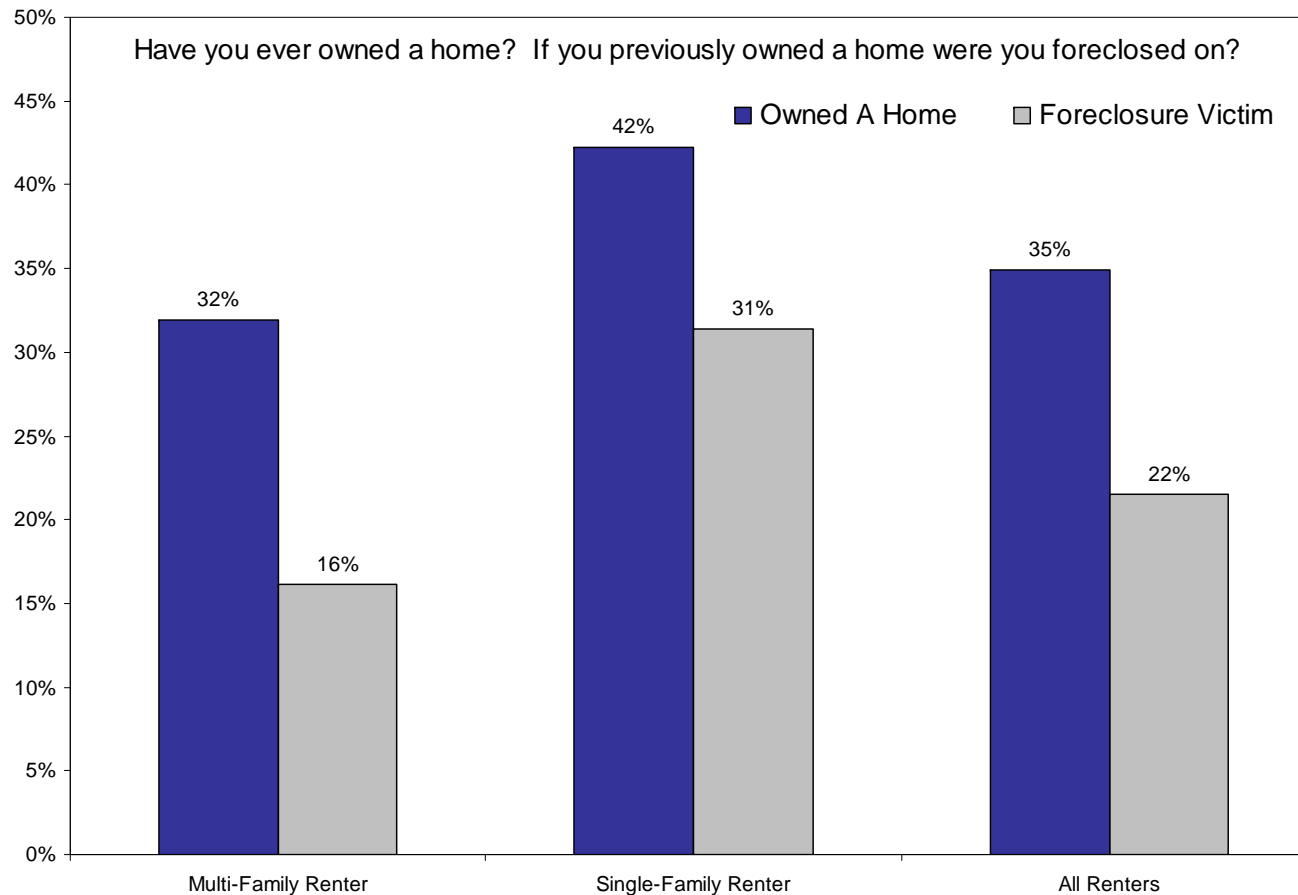
In Fact, Single-Family Rentals Have Been The Biggest Beneficiary of Foreclosures



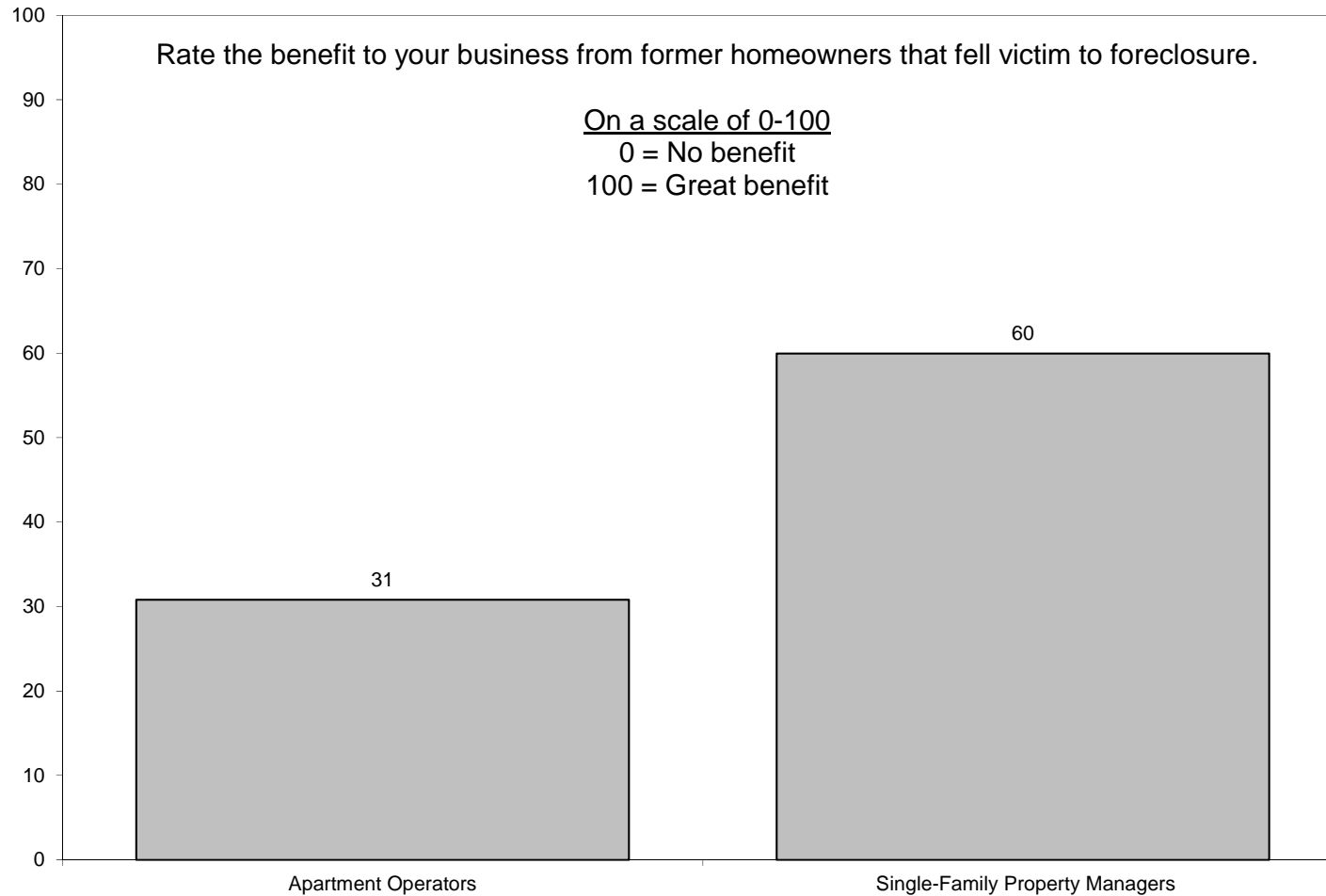
Apartments Seeing Virtually No Boost in Most Distressed Markets



Single-Family Renters More Likely to Have Owned Home, Been Foreclosed On



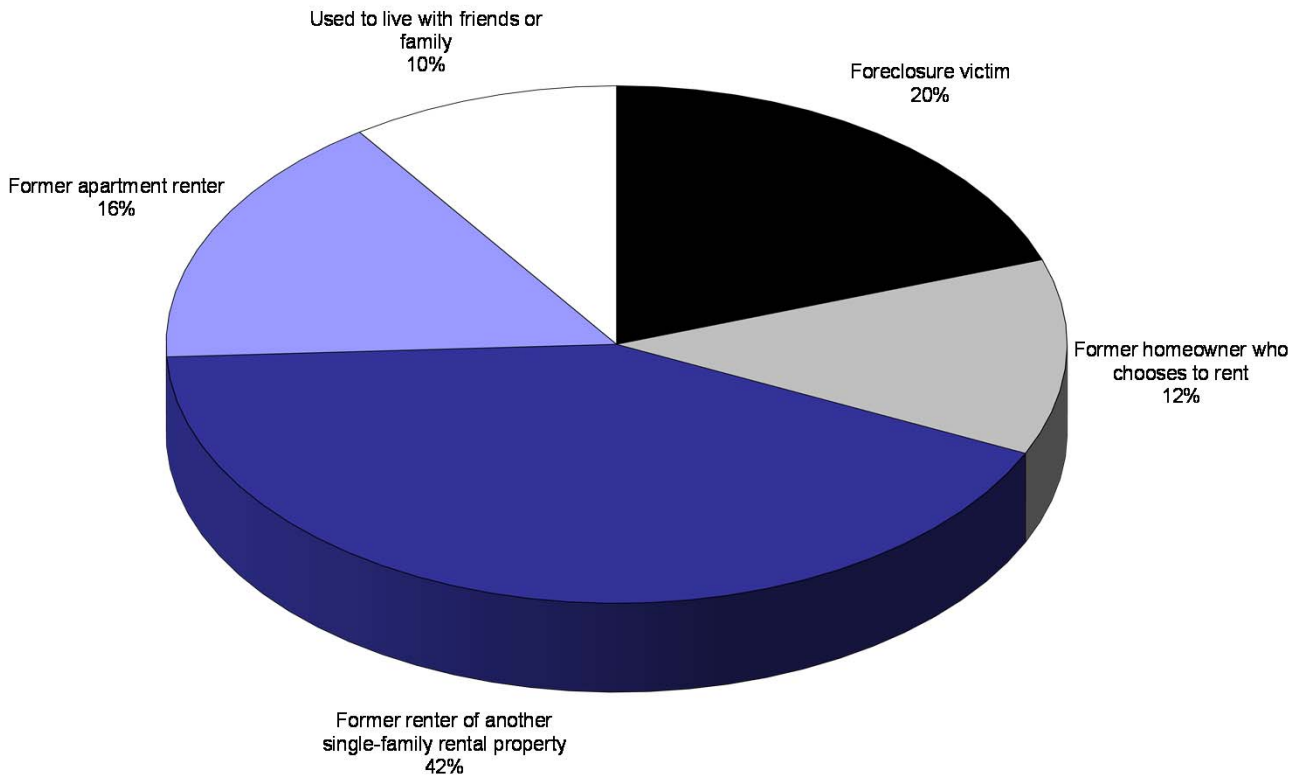
Foreclosures Are More Beneficial to Single-Family Rental Operators



Note: Figures represent trailing six-month average
Source: Zelman & Associates Single-Family Rental Survey

Only 16% of Single-Family Renters Come from Apartments

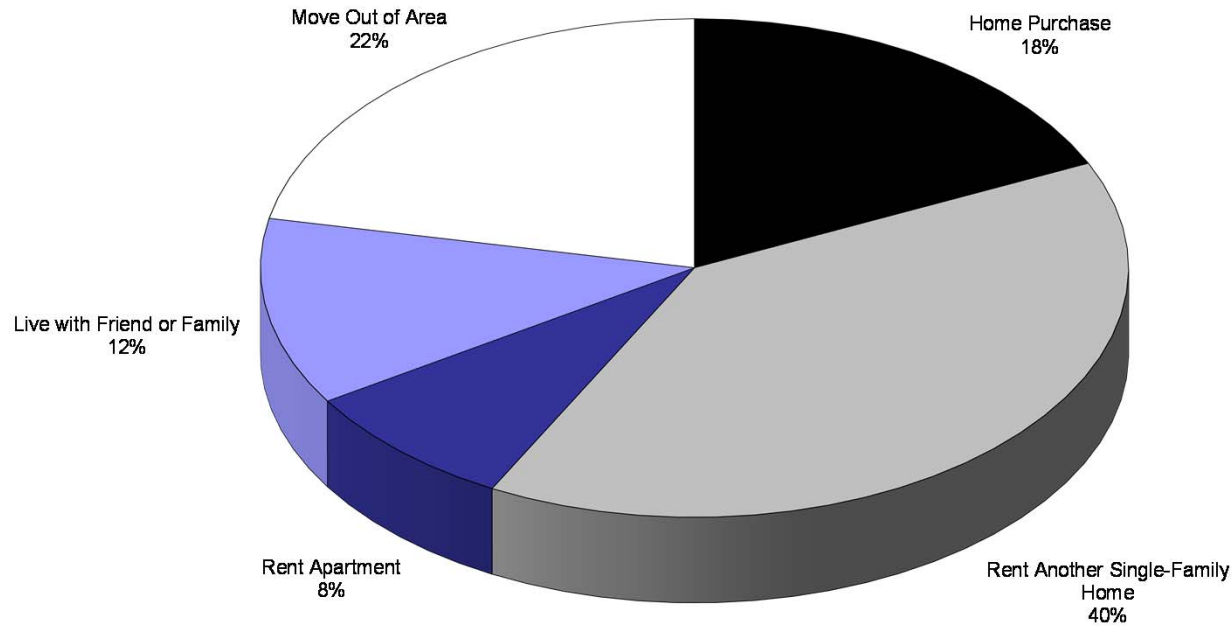
Prior Living Situations of Single-Family Renters



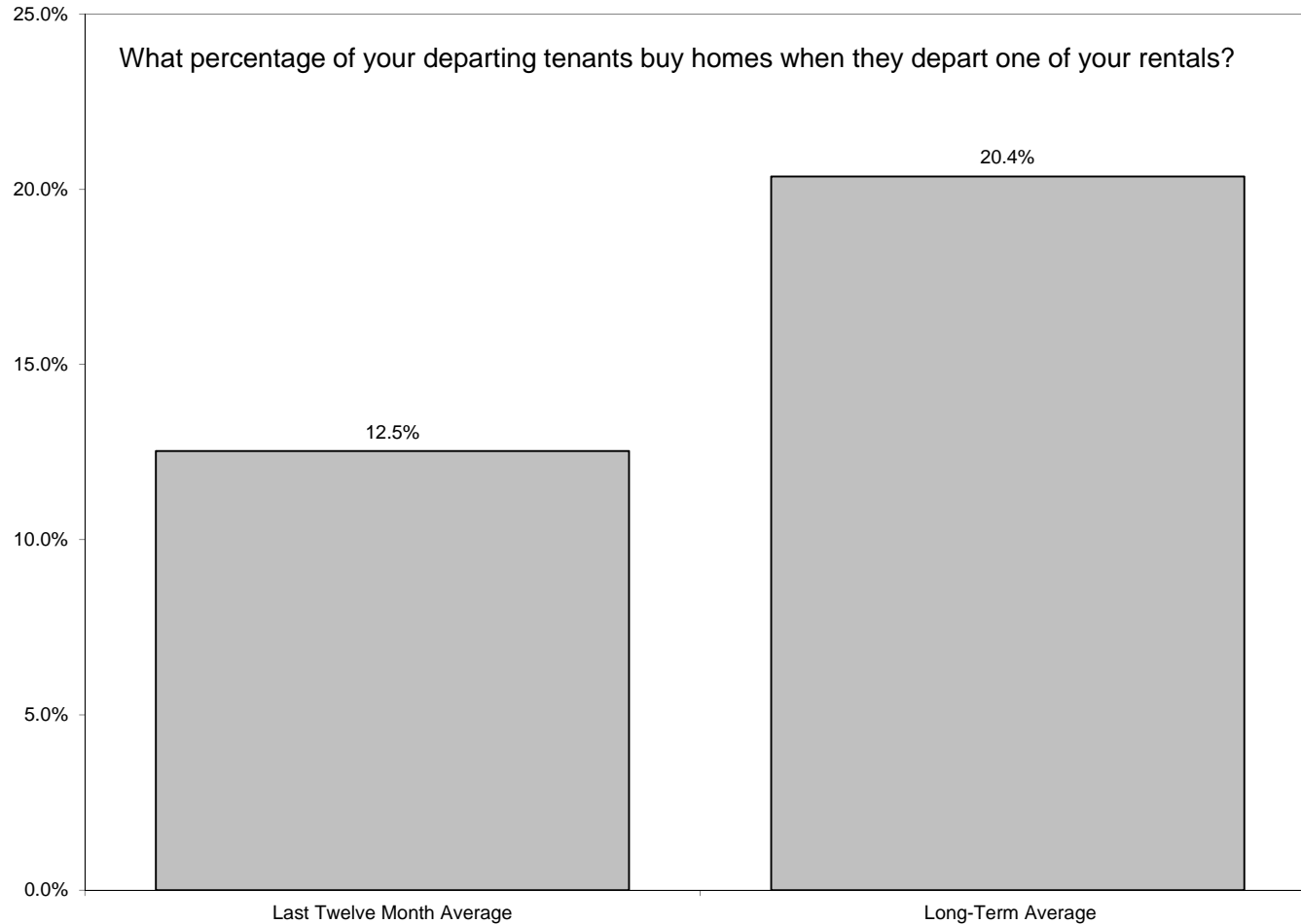
Source: Zelman & Associates Single-Family Rental Survey

The Majority of Single-Family Renters Leave to Rent Another House

Destinations of Single-Family Renters

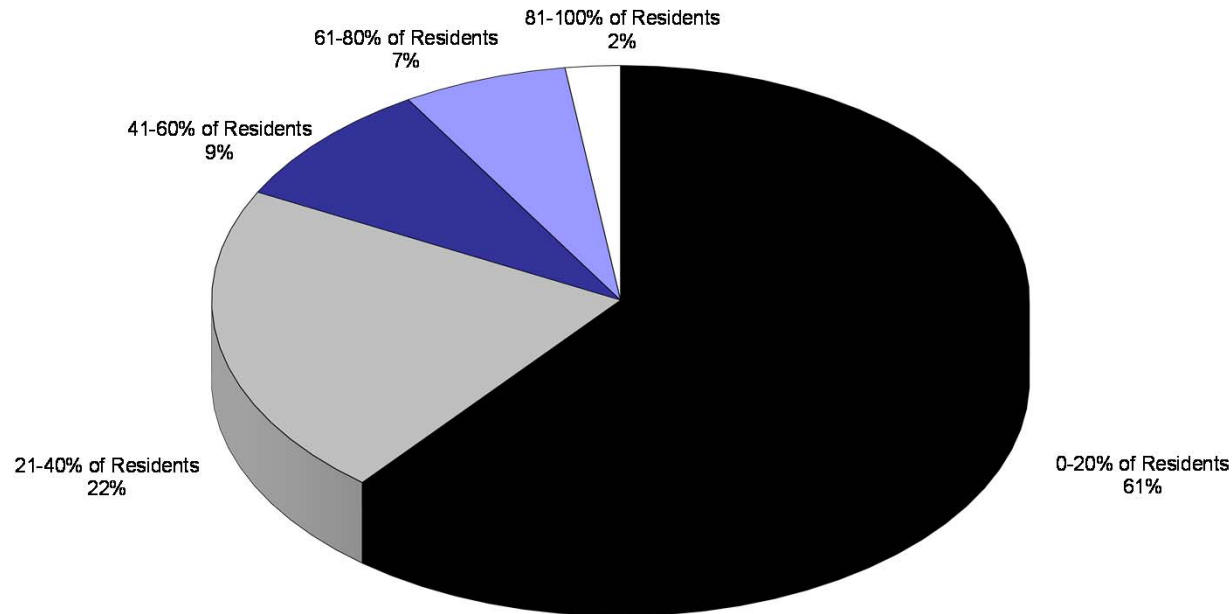


Current Move-Out to Buy Activity is Well Below Long-Term Average Level

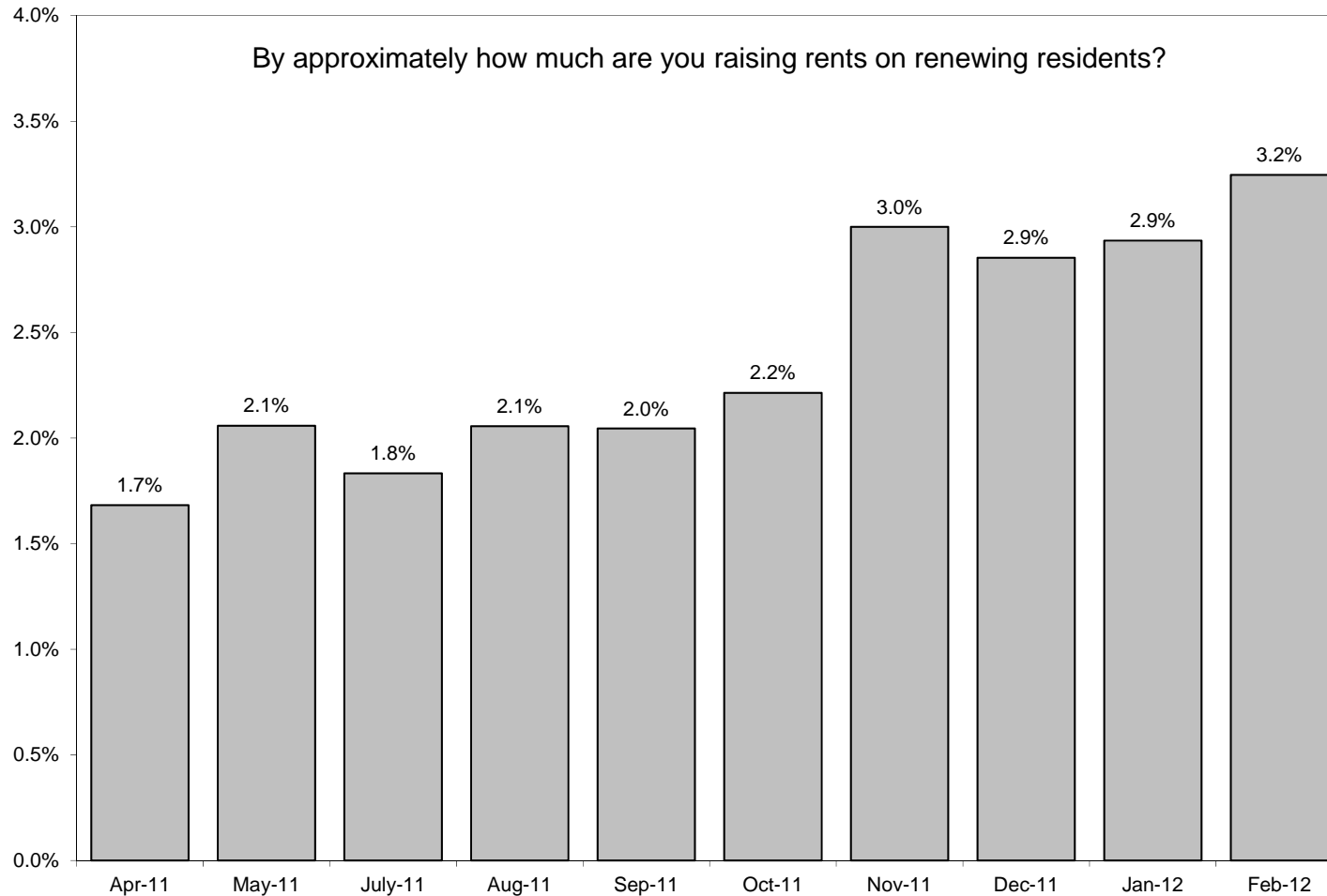


On Average, Contacts Estimate that 25% of Residents are Below Market Rents

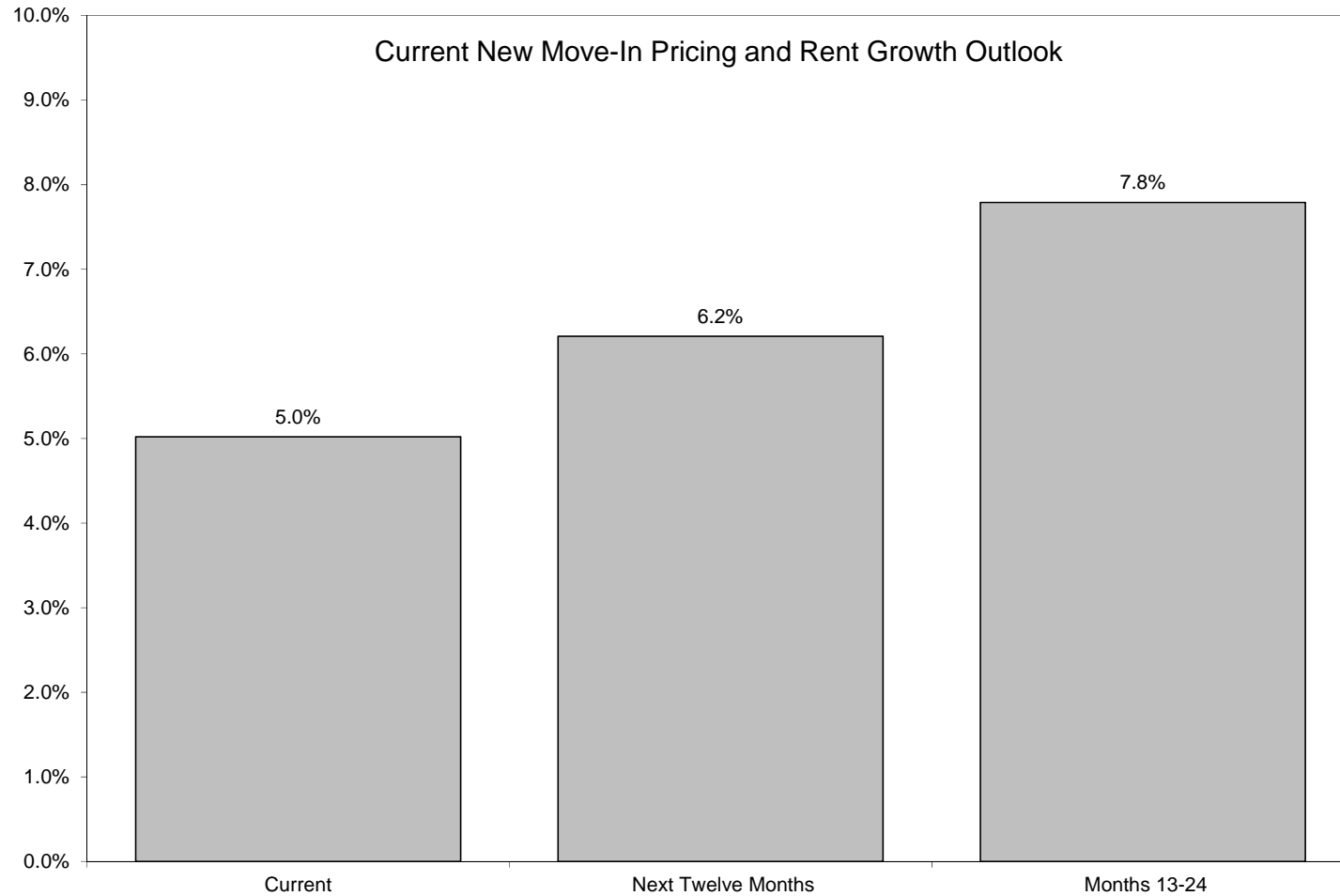
What percentage of your residents do you believe are currently at below market rents?



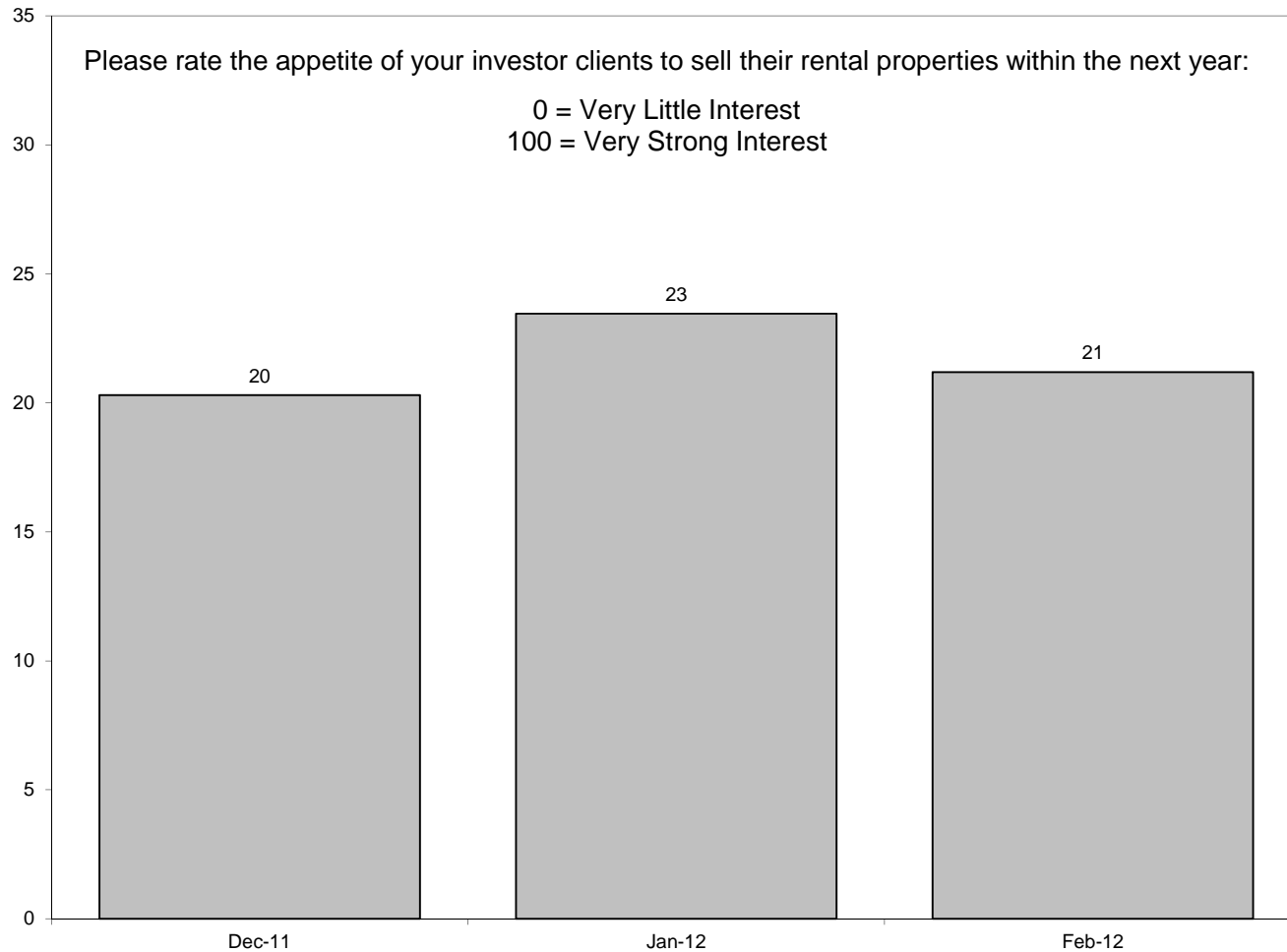
Single-Family Rental Managers Raising Renewals By Average of 3%



Contacts Remain Optimistic on Rent Growth Outlook

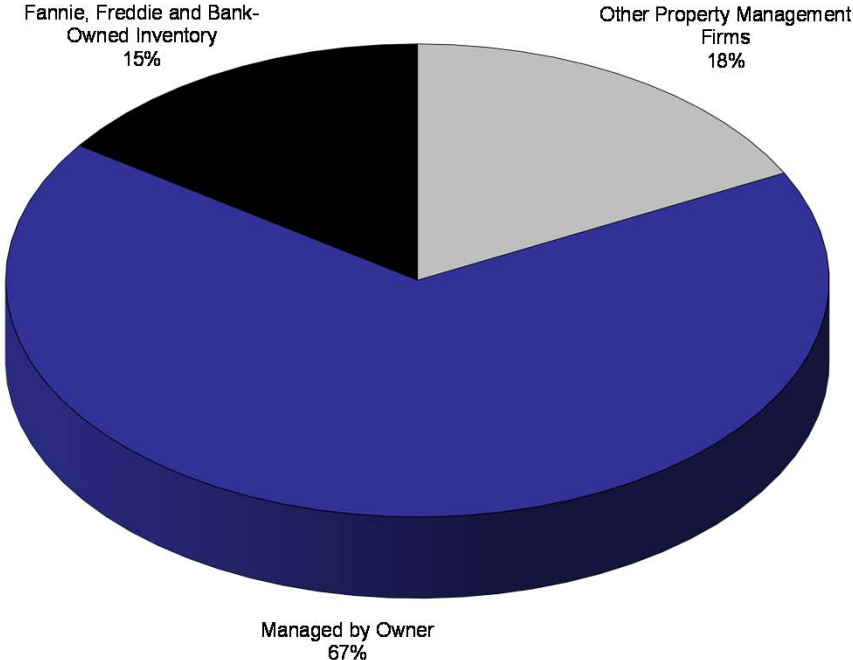


'Reluctant Landlords' Wait from Home Price Appreciation



Majority of Contacts Expect to Grow Through Transfer to Professional Management

Expected Method of Portfolio Growth

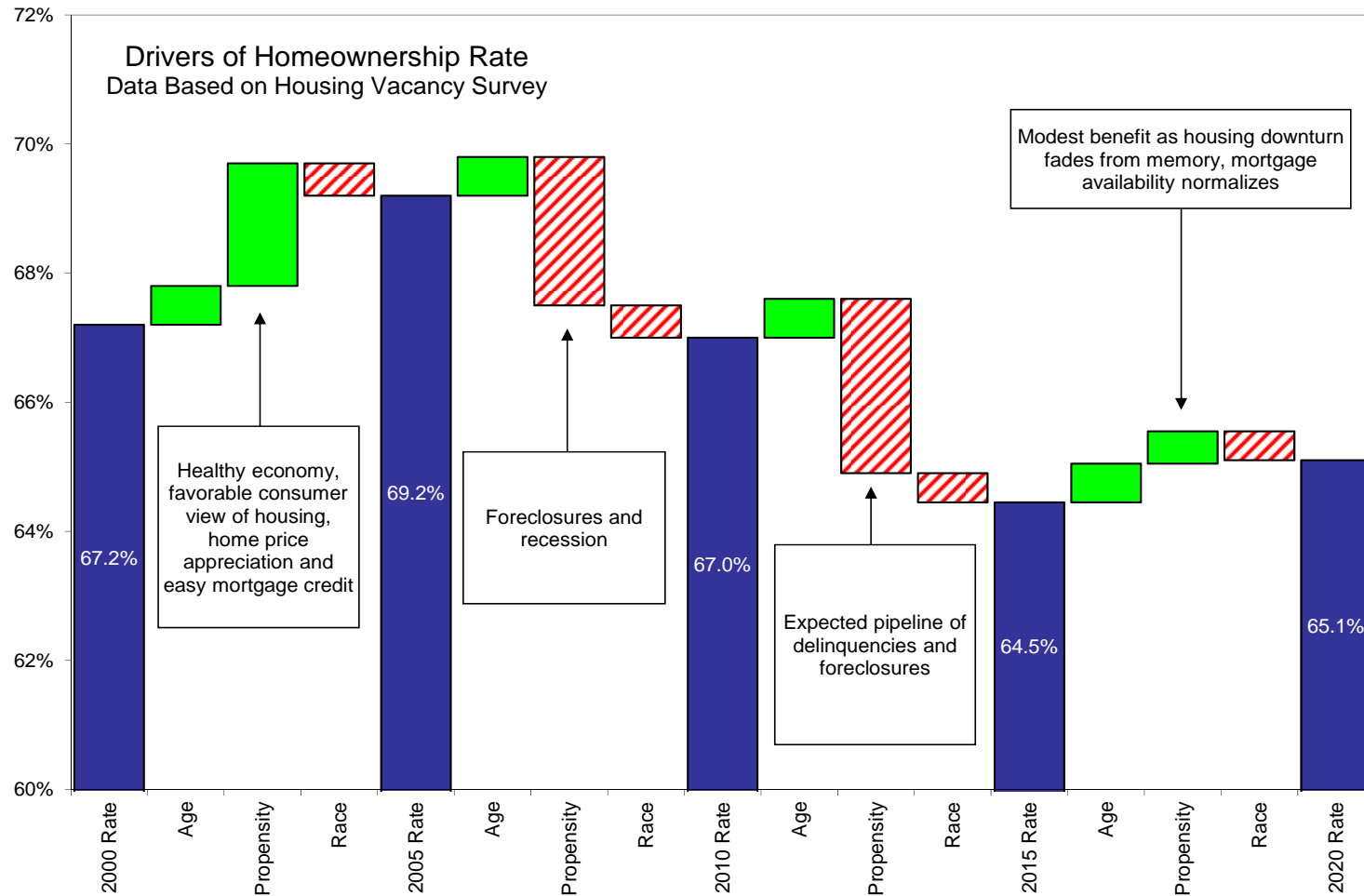


Source: Zelman & Associates Single-Family Rental Survey

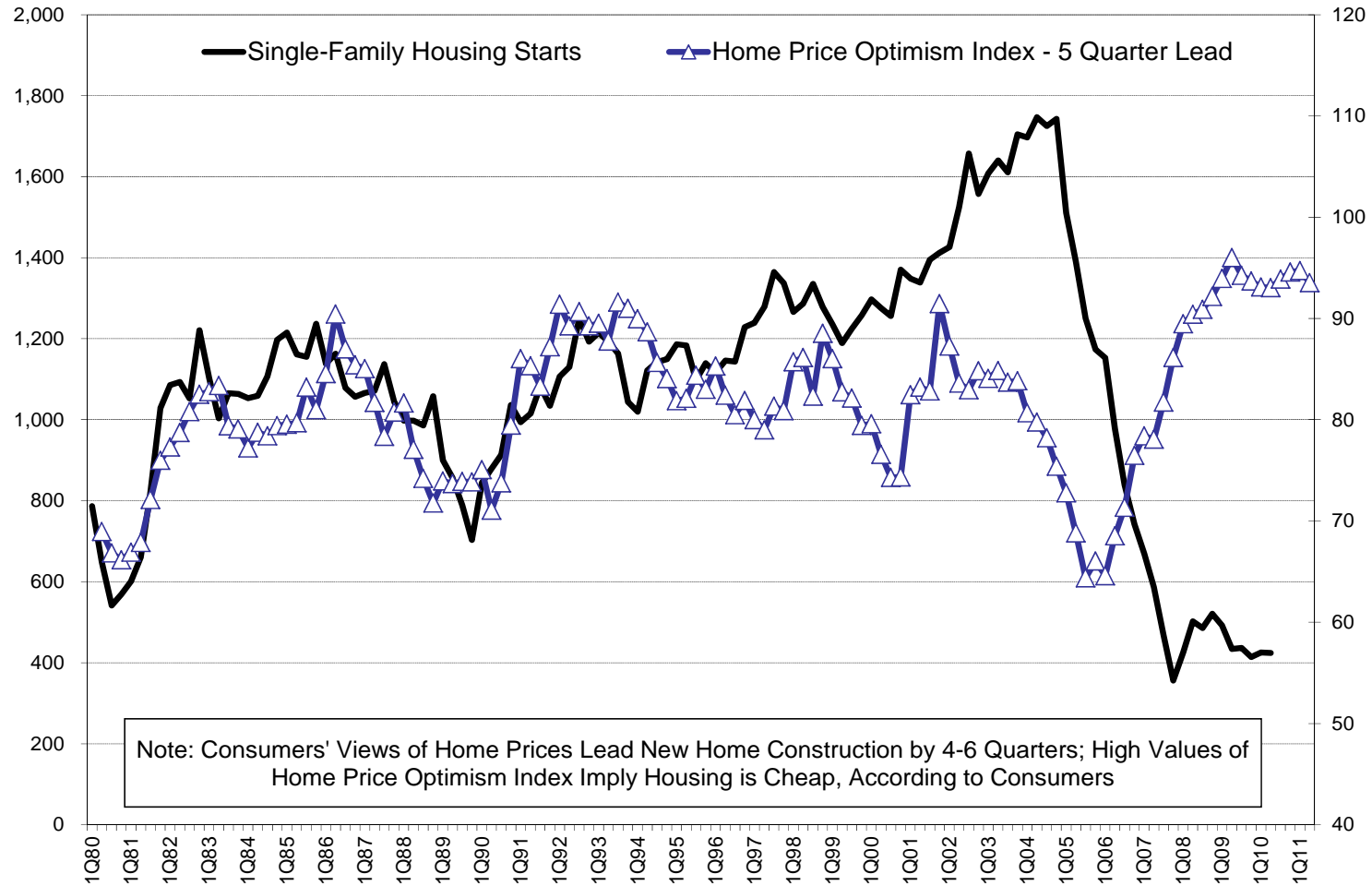


Single-Family For- Sale Market and Housing Affordability

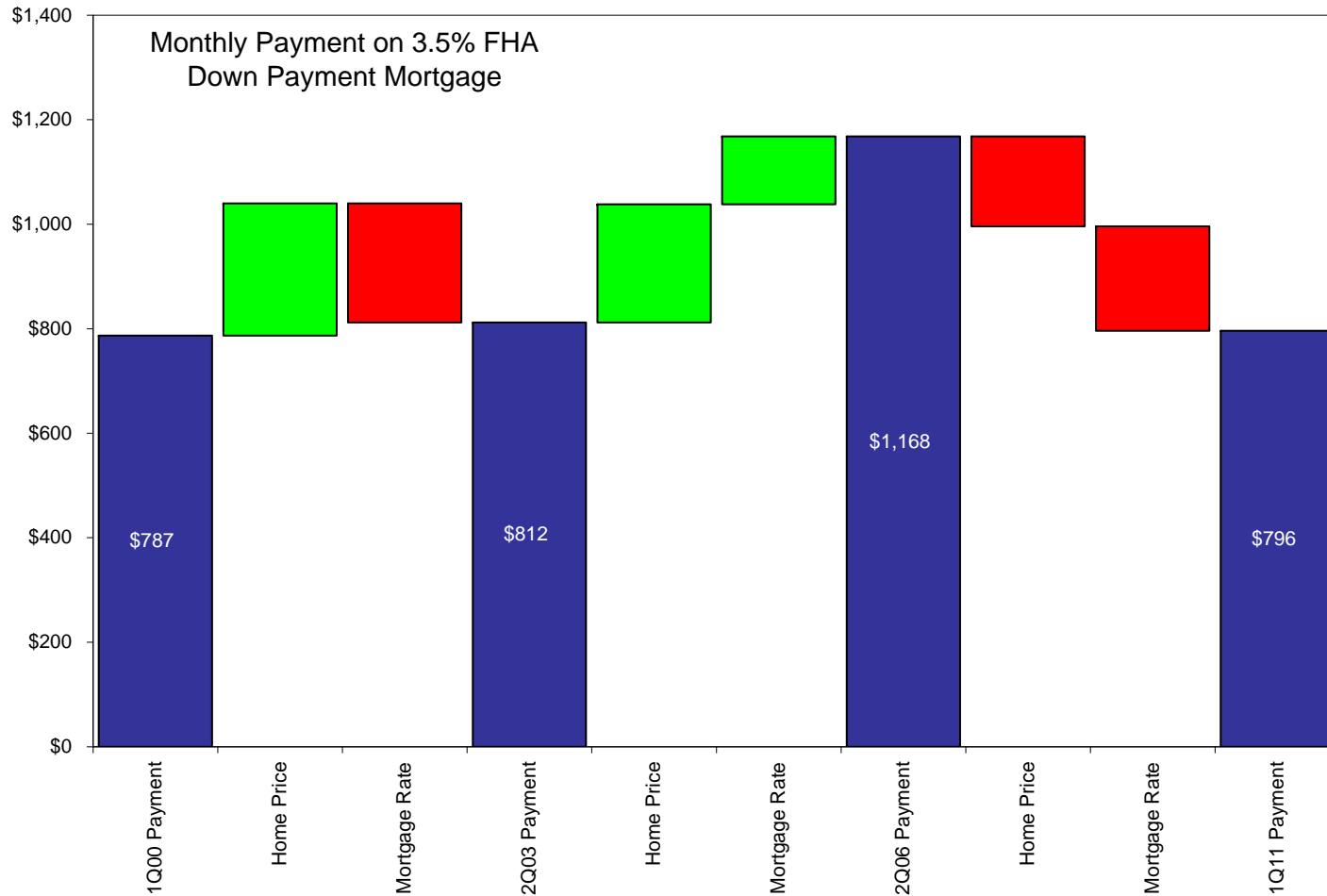
Homeownership Rate Expected to Remain Under Pressure During First Half of the Decade



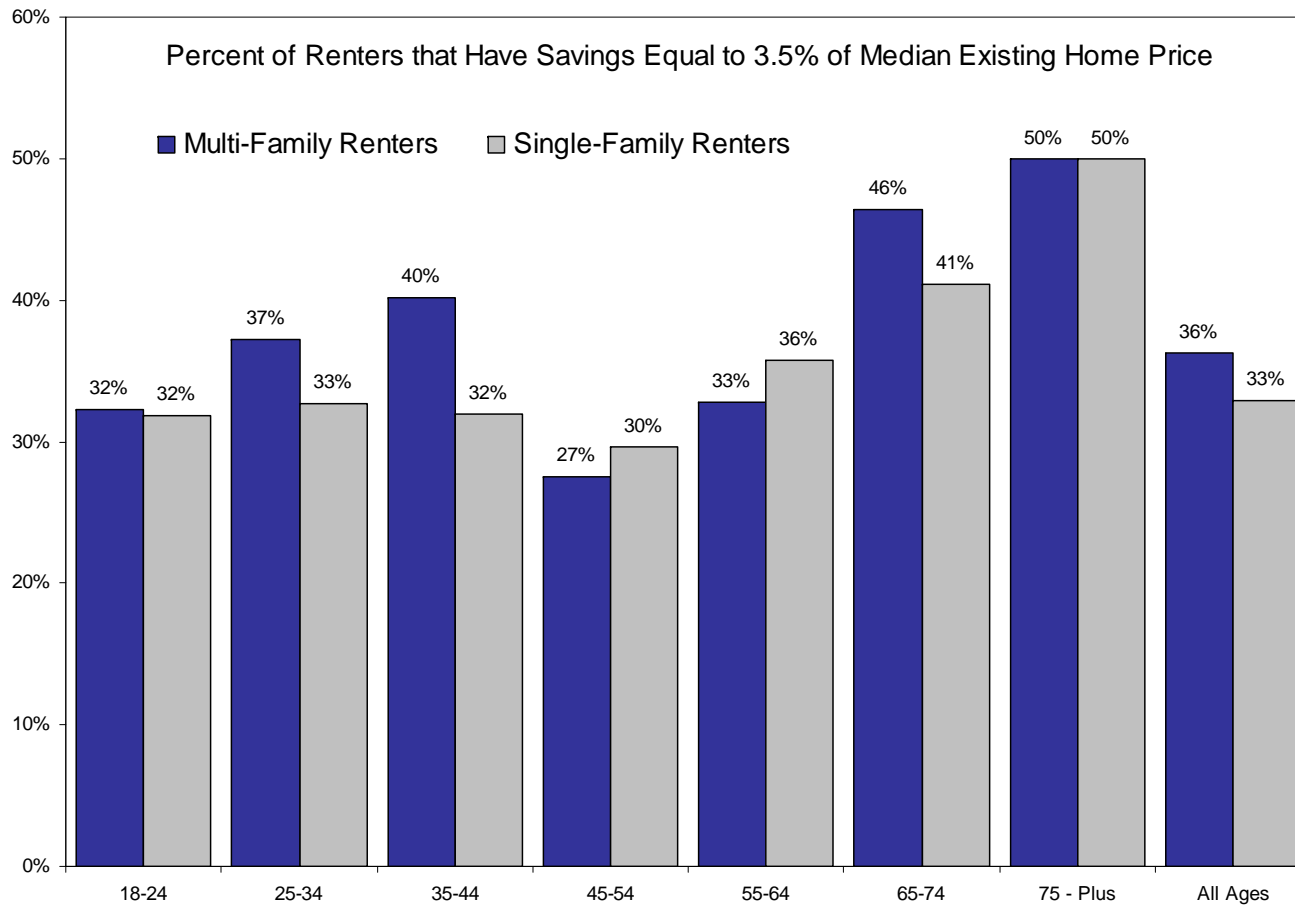
Home Prices Have Never Been Cheaper Over Last 30 Years, Per Consumers



Mortgage Payment Implies Homes Are Affordable But Lack of Down Payment a Major Impediment

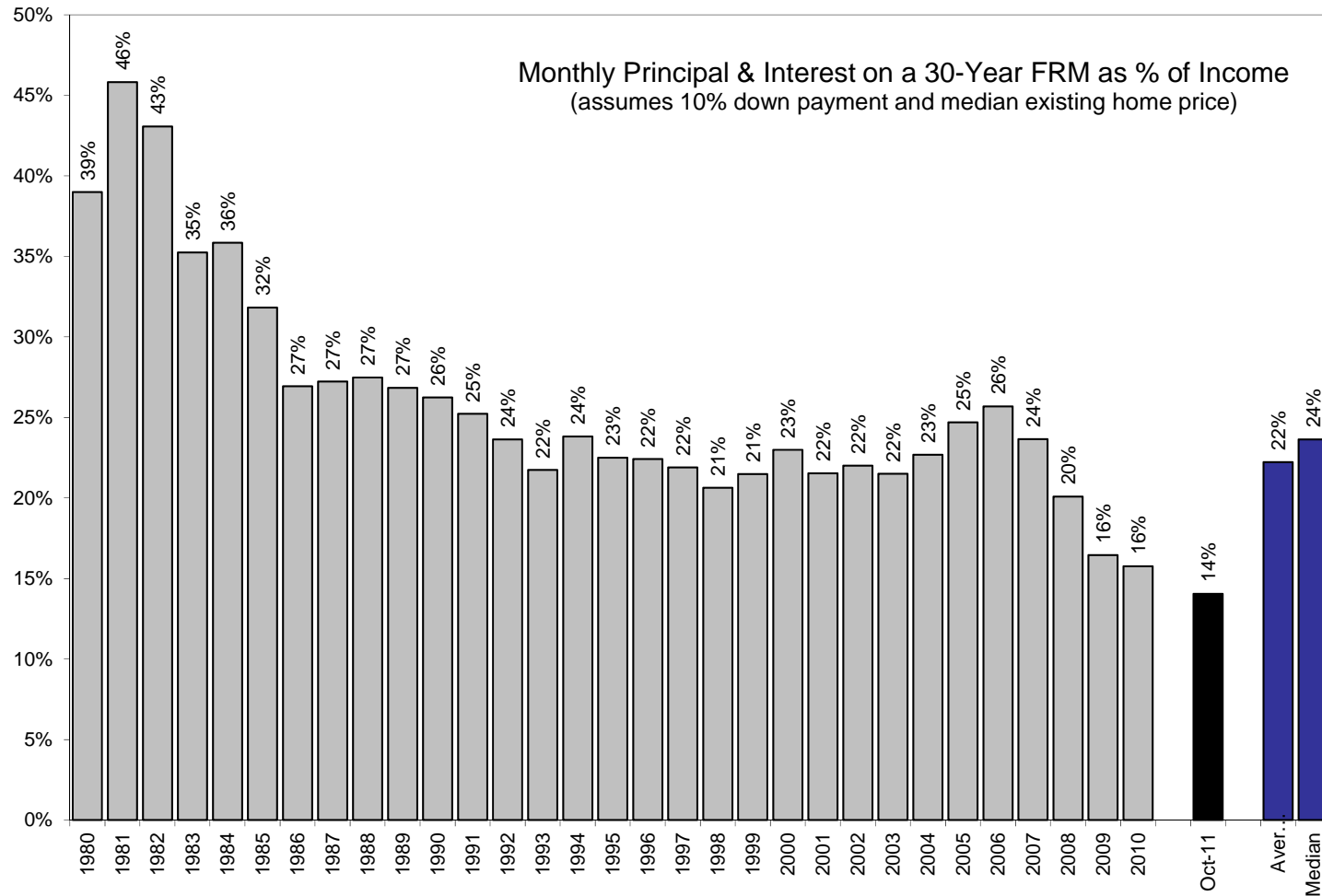


Few Households Can Afford Down Payment Today

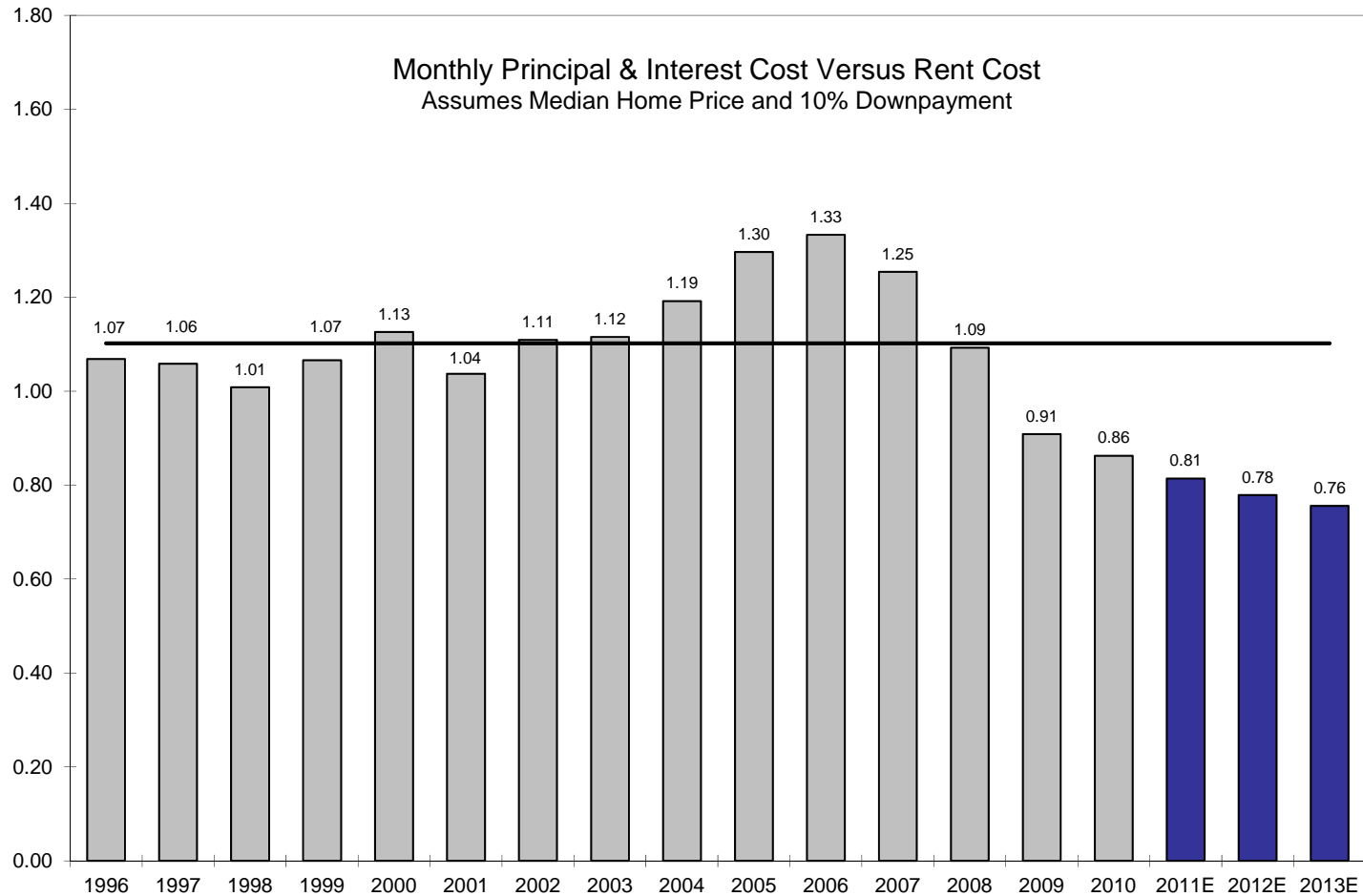


Source: Zelman & Associates Renter Survey

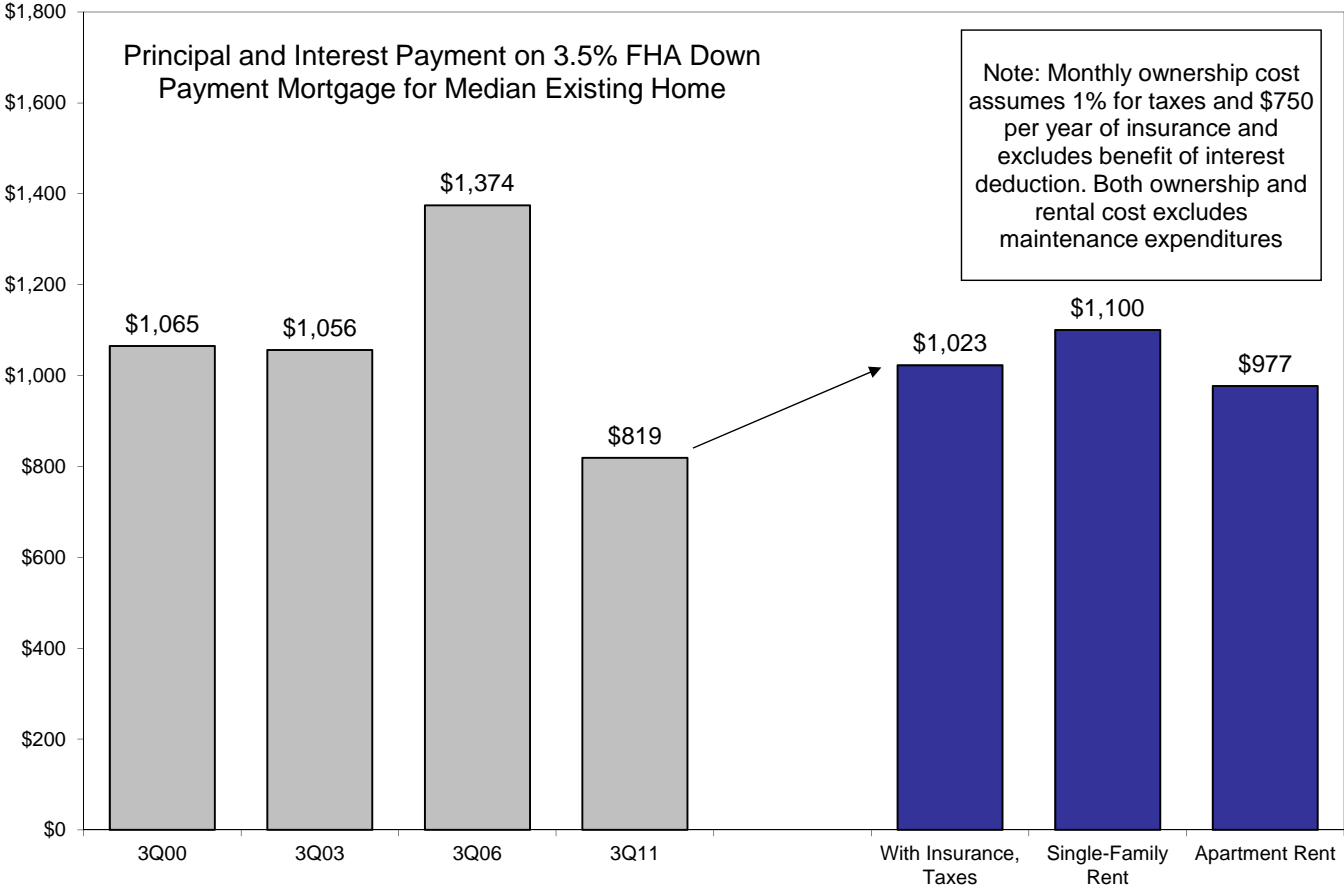
Low P&I as Percent of Income Ignores Down Payment Hurdle, Maintenance Expenses



The Simplistic Comparison of P&I-to-Rent Will Look Increasingly Favorable



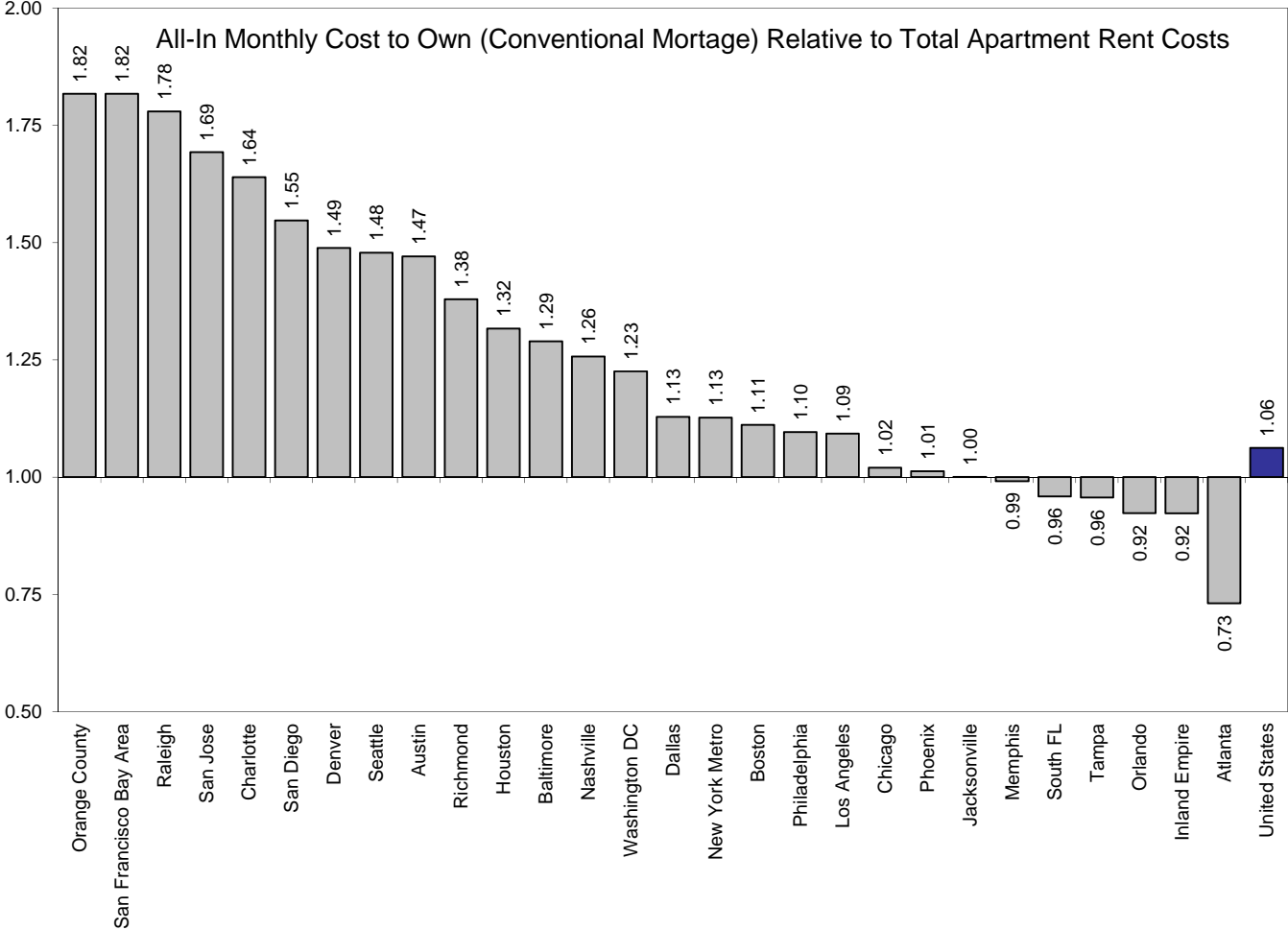
Collapse in Home Prices and Low Rates Put Carrying Costs in Favorable Light



Note: Apartment Rent Represents Unit Size of 917 Square Feet
 According to Z&A Survey, Average Square Footage of a Single-Family Rental is 1,509 feet

Source: Axiometrics, MBA, NAR, Zelman & Associates Single-Family Rental Manager Survey, Zelman & Associates analysis

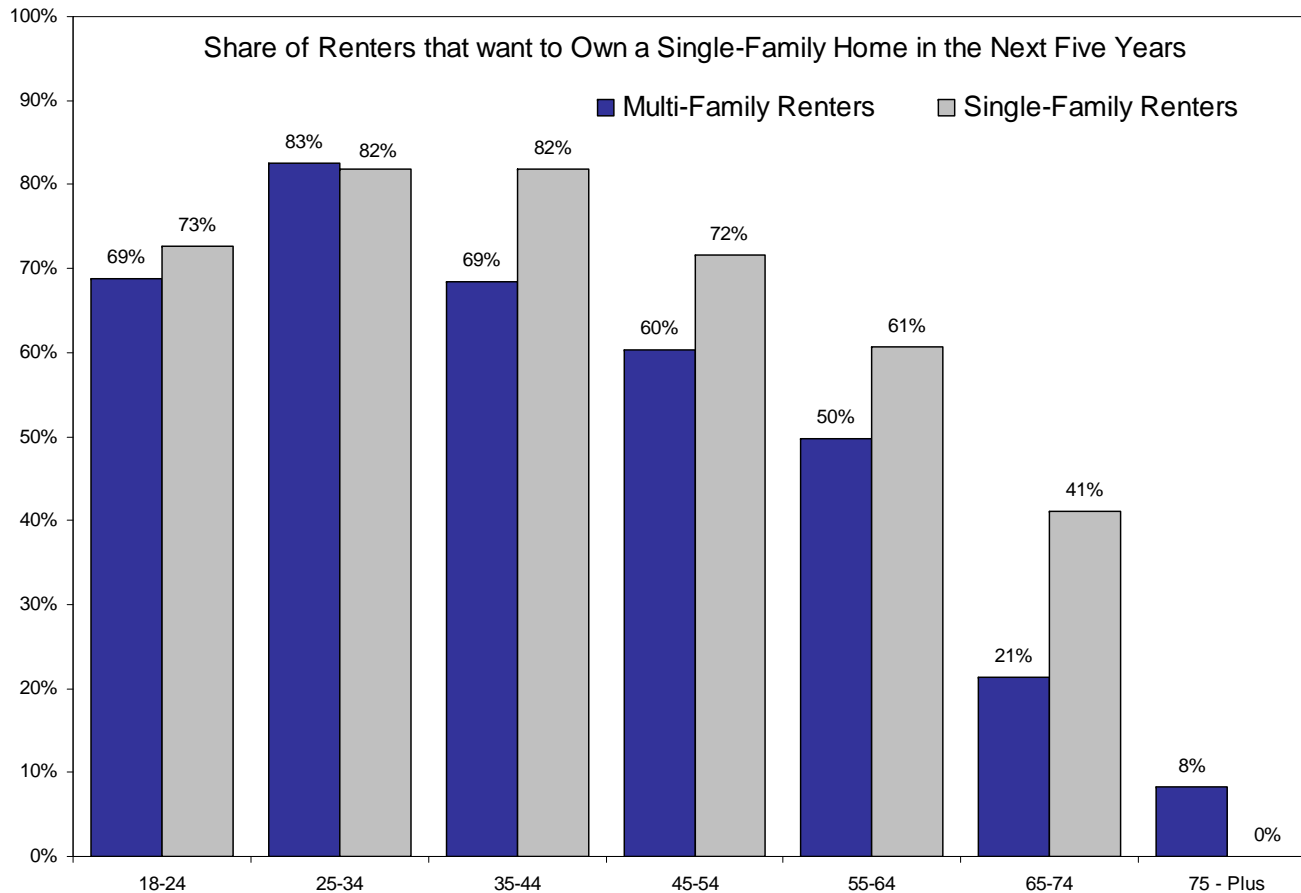
Market Comparison of Monthly Cost to Rent an Apartment and Own a Single-Family Home



Source: NAR, Axiometrics, Tax Foundation, Zelman & Associates analysis

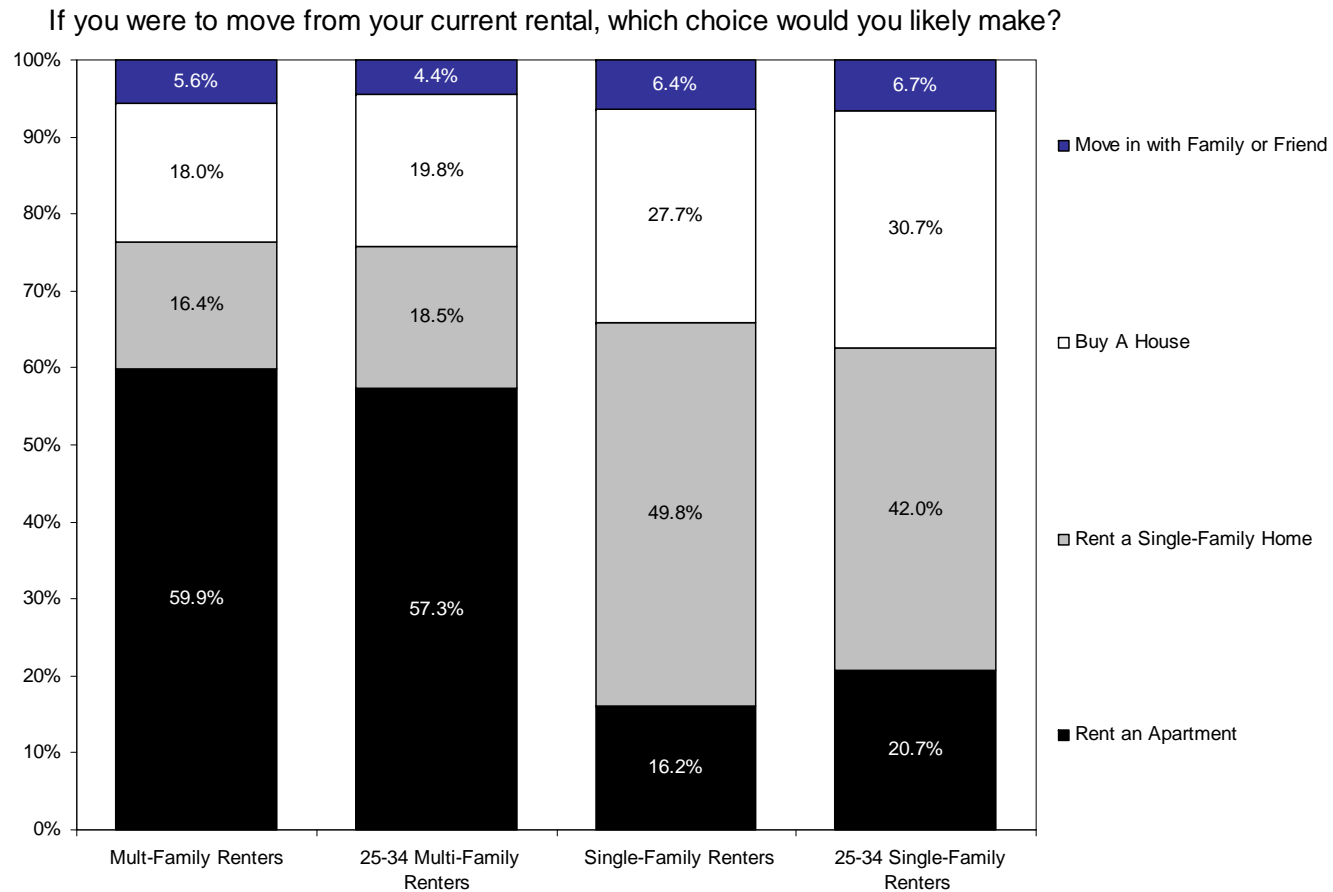
The American Dream is Still Alive

82% of 25-34 Year Old Renters Want to Own in Next Five Years

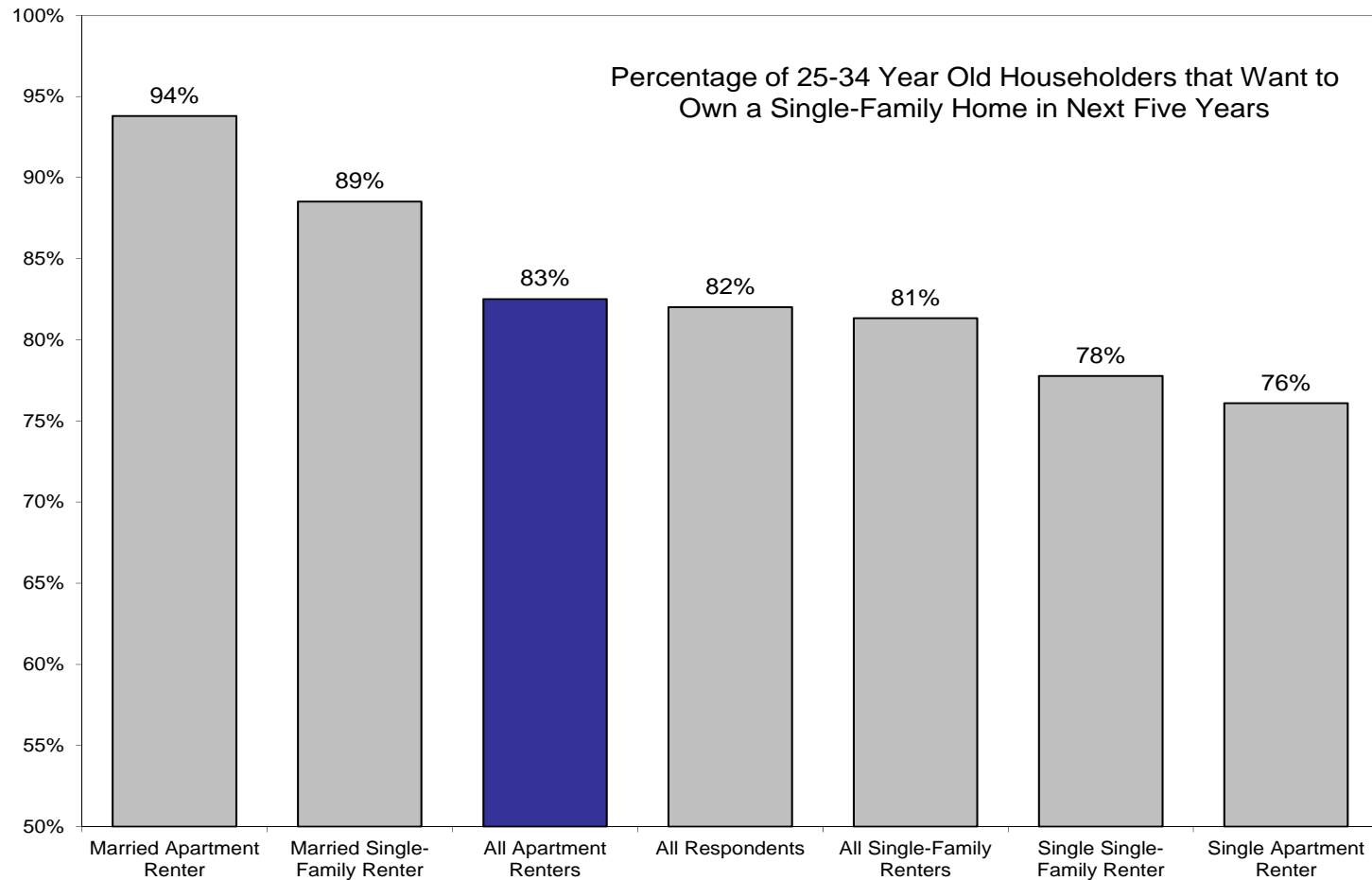


Source: Zelman & Associates Renter Survey

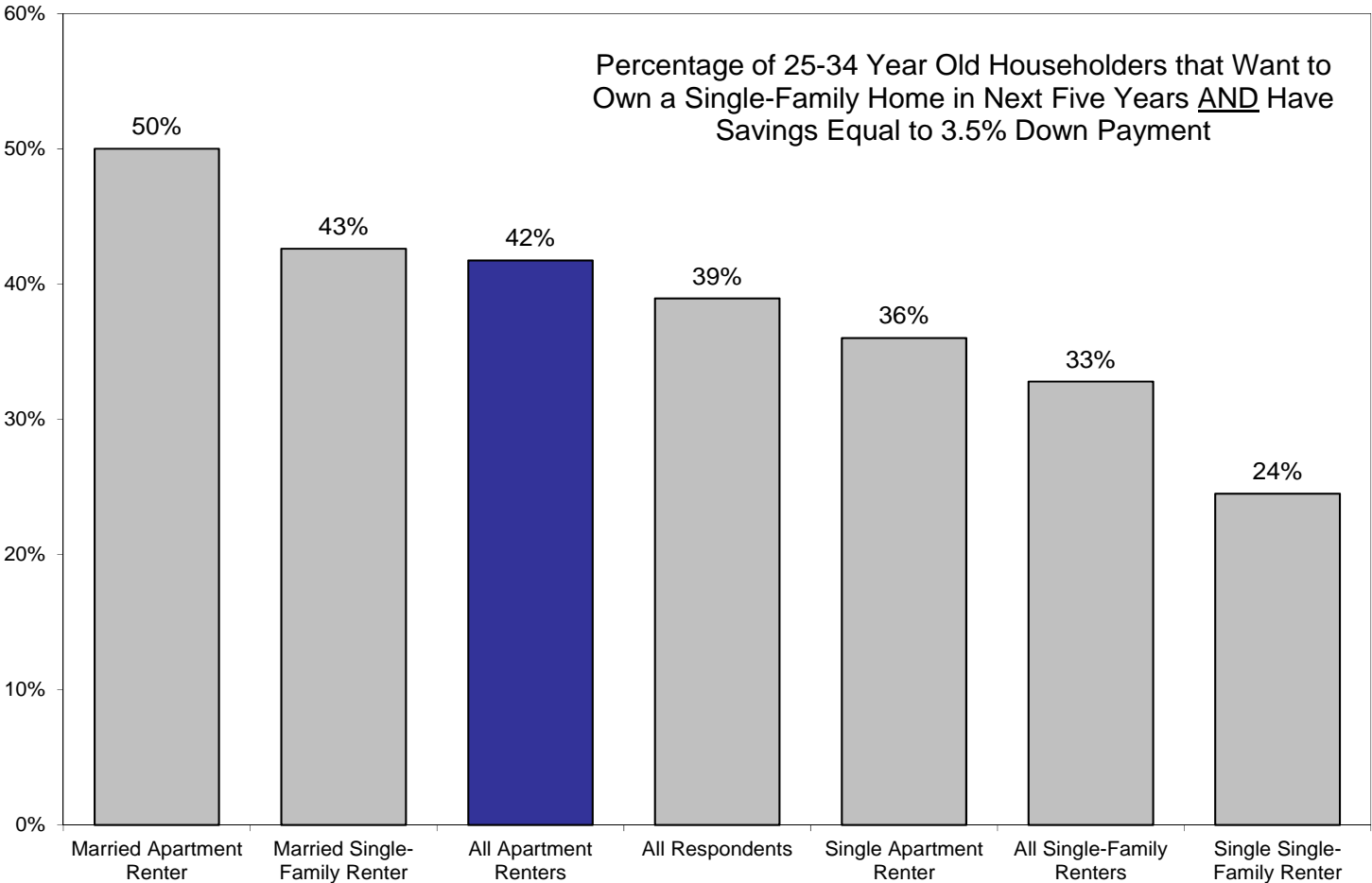
Renters Choose Dwelling First, Then Decide Whether to Rent or Buy



Not Surprisingly, Married Couples More Likely to Desire Homeownership

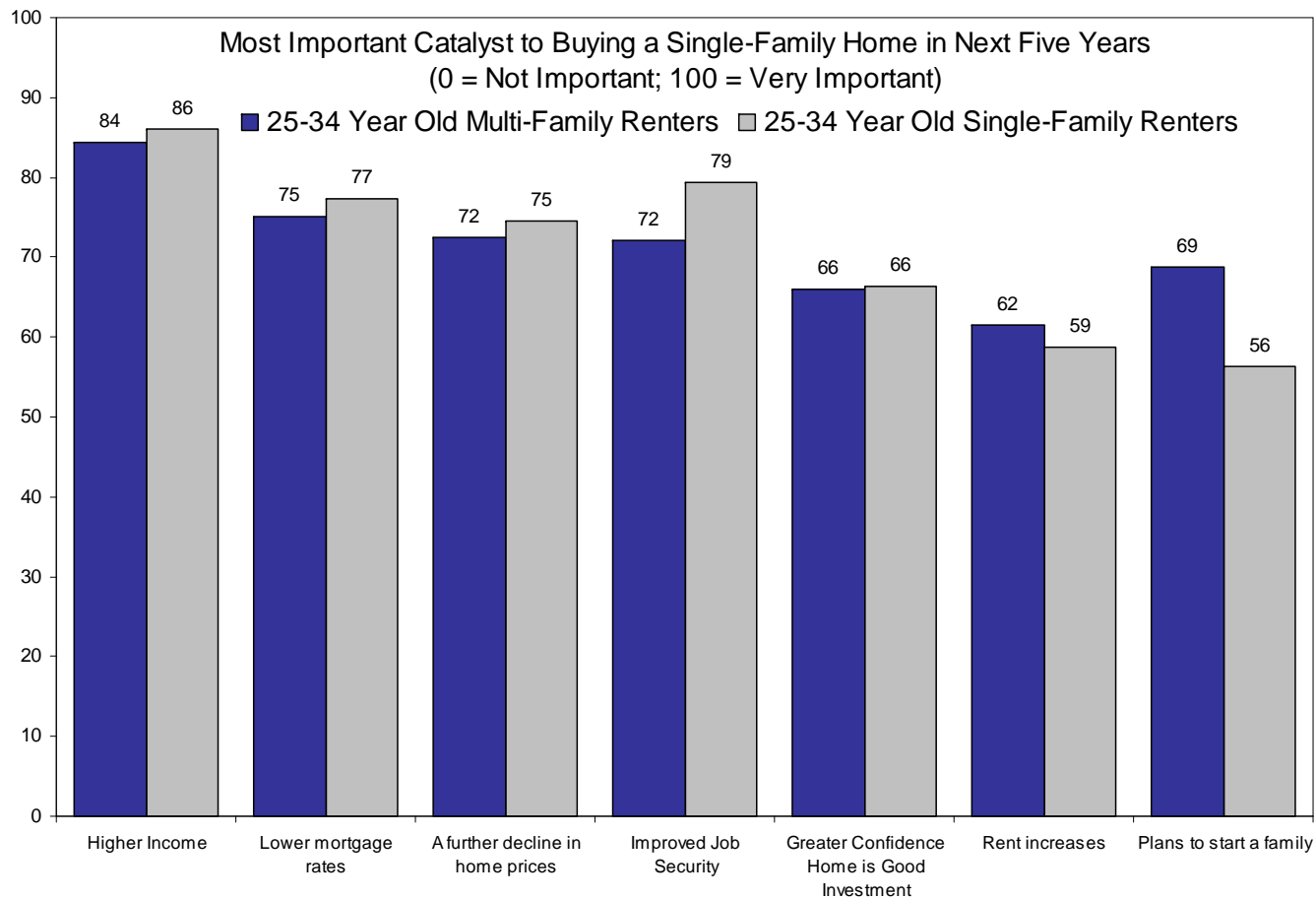


What Percentage of Renters that Want to Own Could Pull the Trigger?



Source: Zelman & Associates Renter Survey

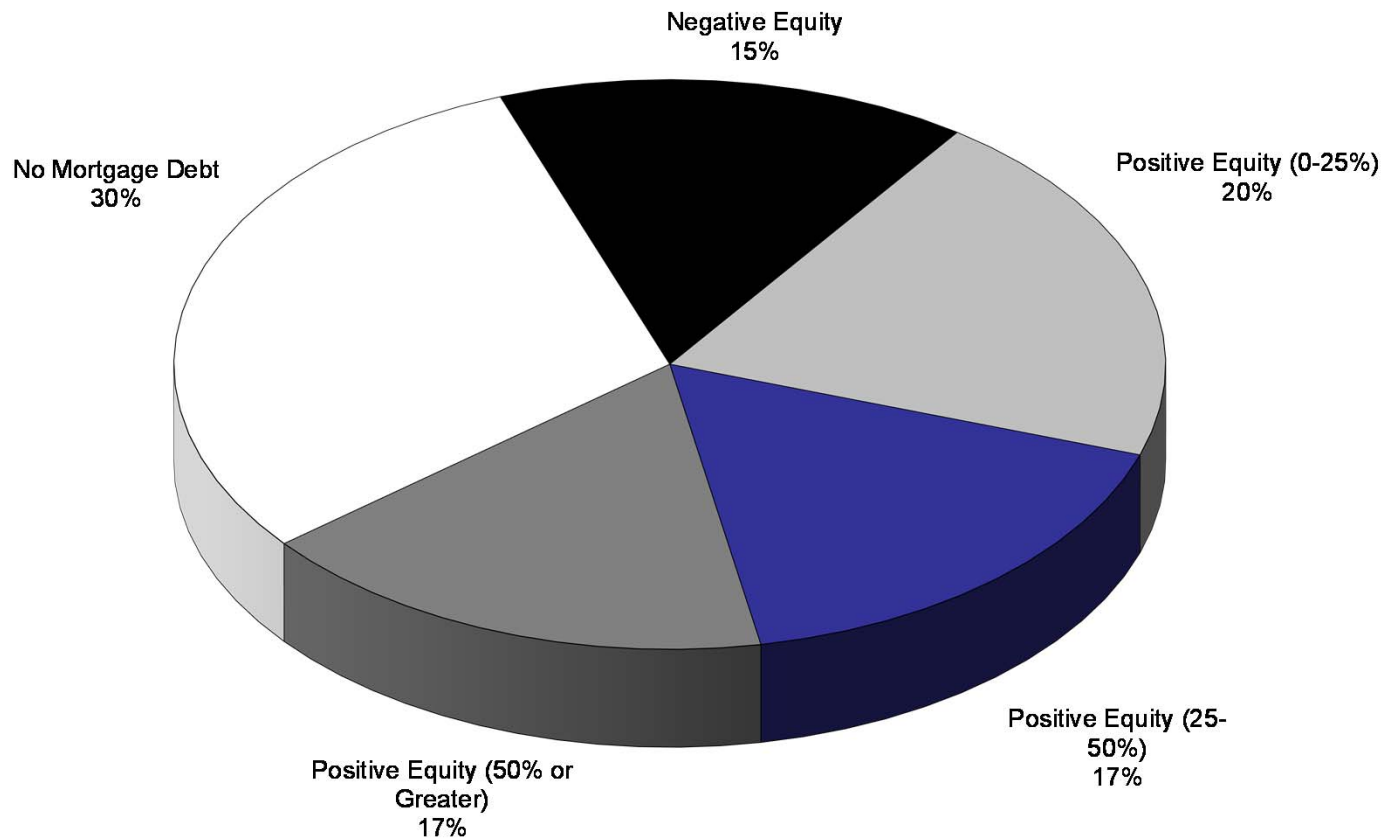
Higher Income and Low Mortgage Rates Expected to Drive Decision Making



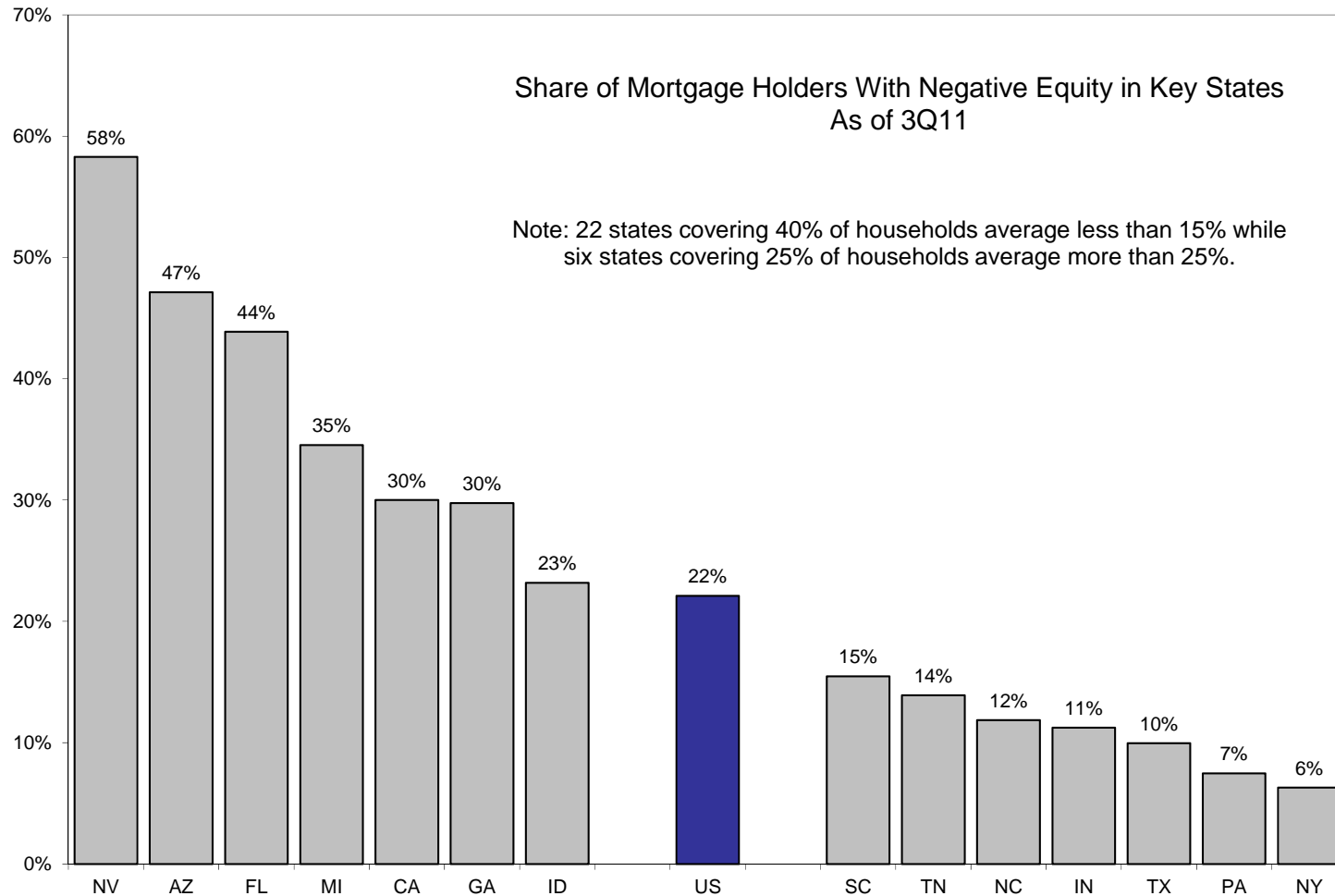
Source: Zelman & Associates Renter Survey

Many Homeowners are Hindered by Negative Equity, But Many Also Own or Have Robust Equity

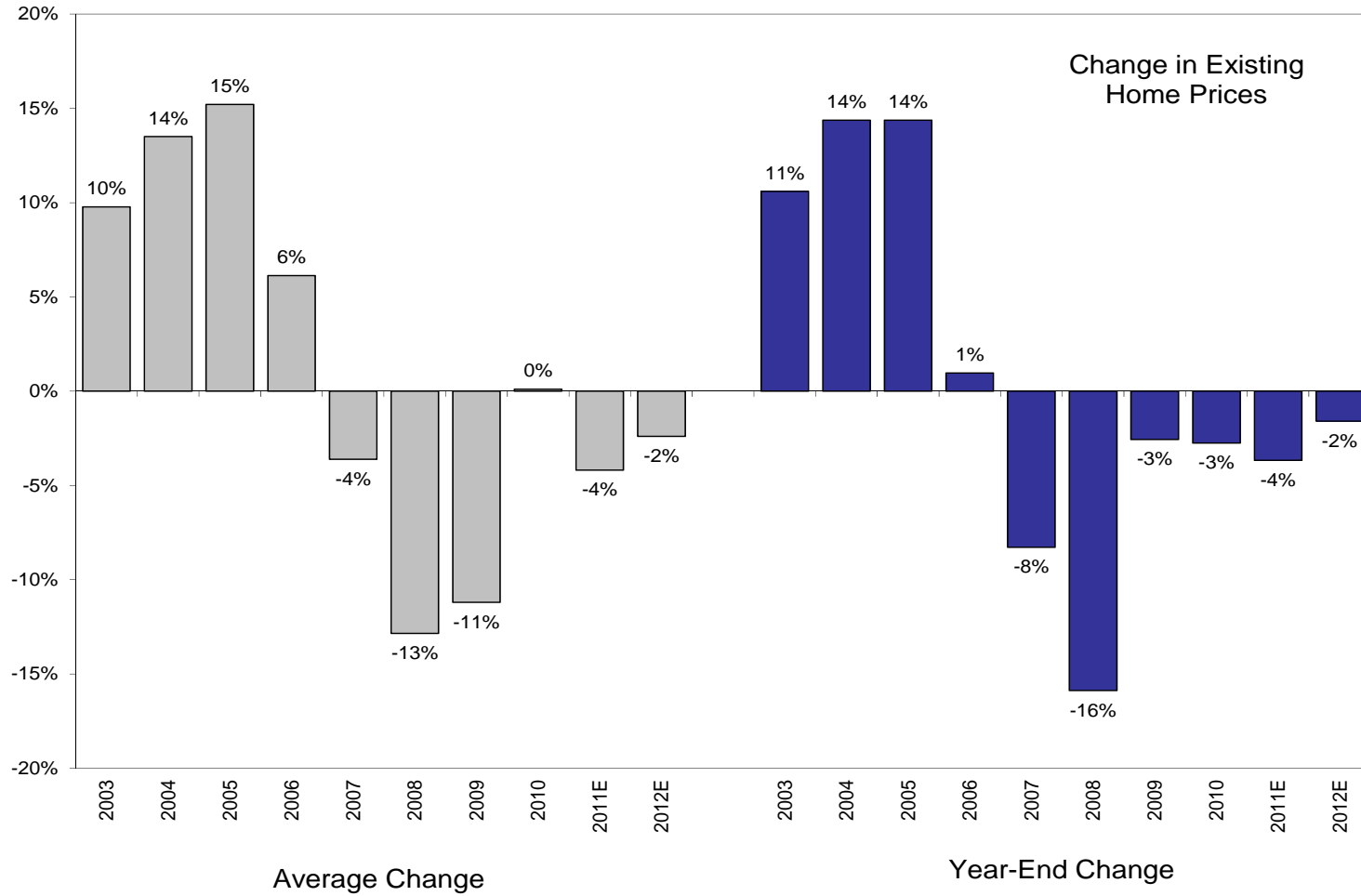
Breakdown of Owner-Occupied Households by Equity Position
3Q11



Negative Equity in Depressed Housing Markets to Keep Housing Turnover Low



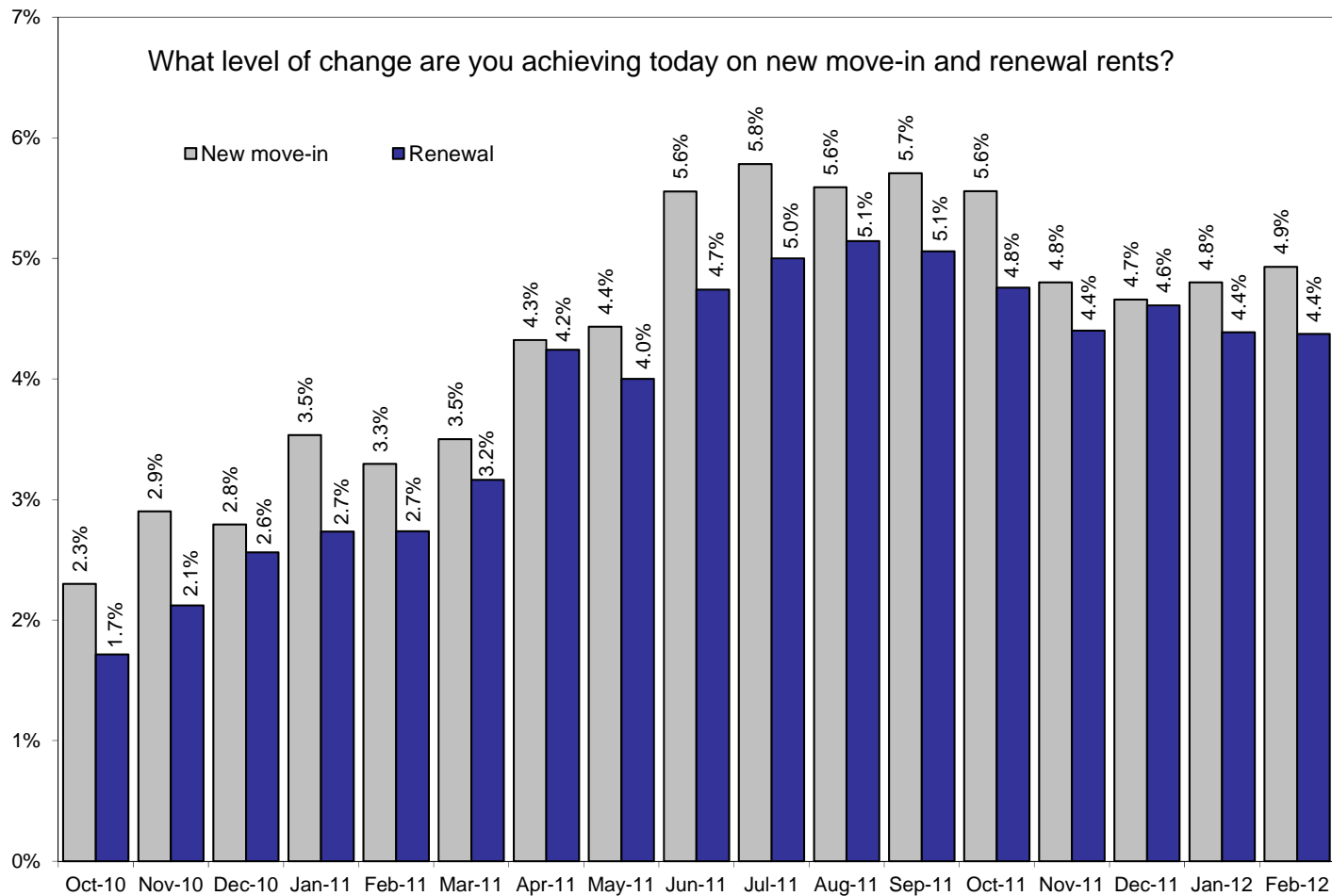
We Forecast Modest Home Price Deflation in 2012



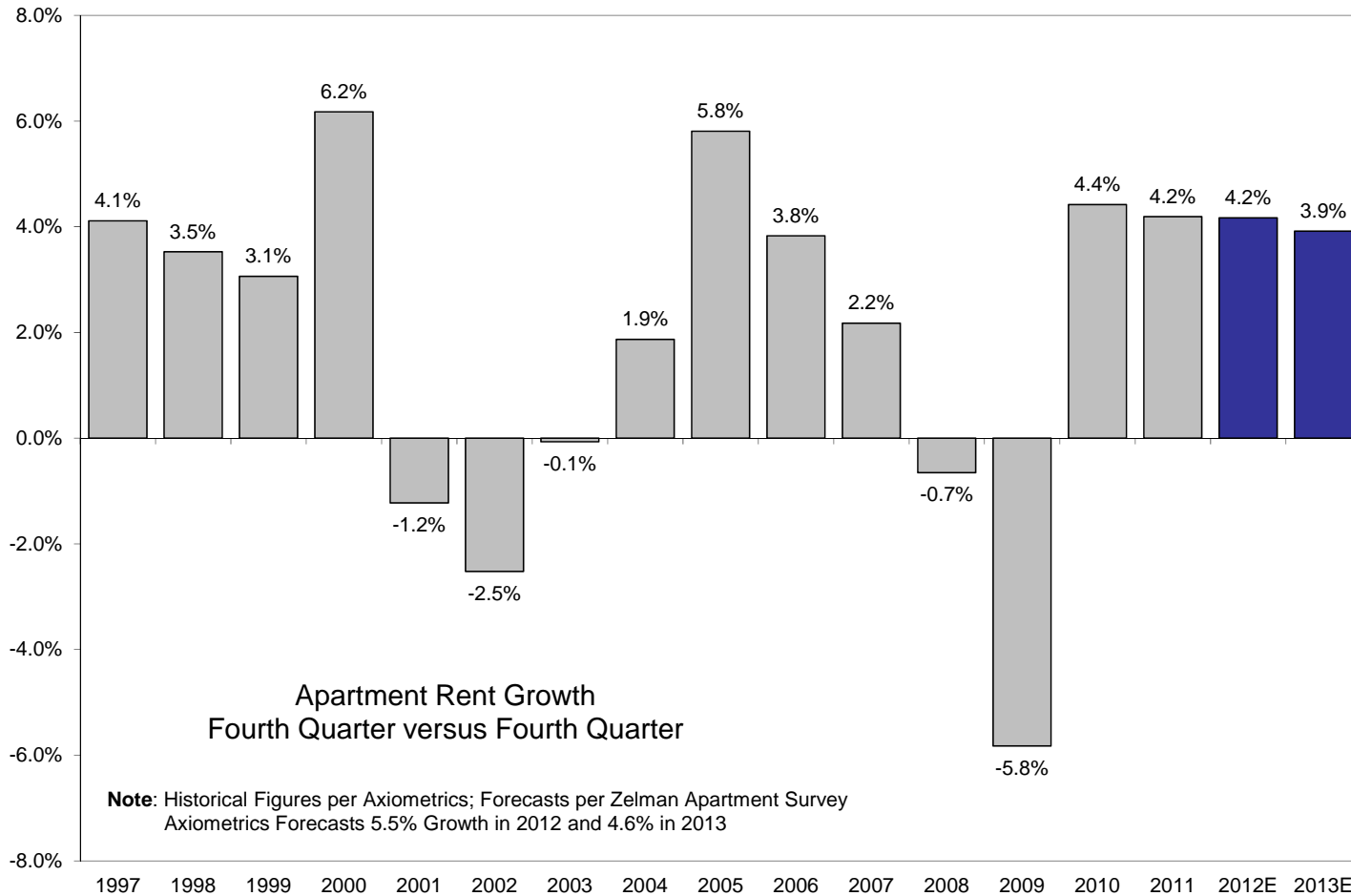


Apartment Fundamentals

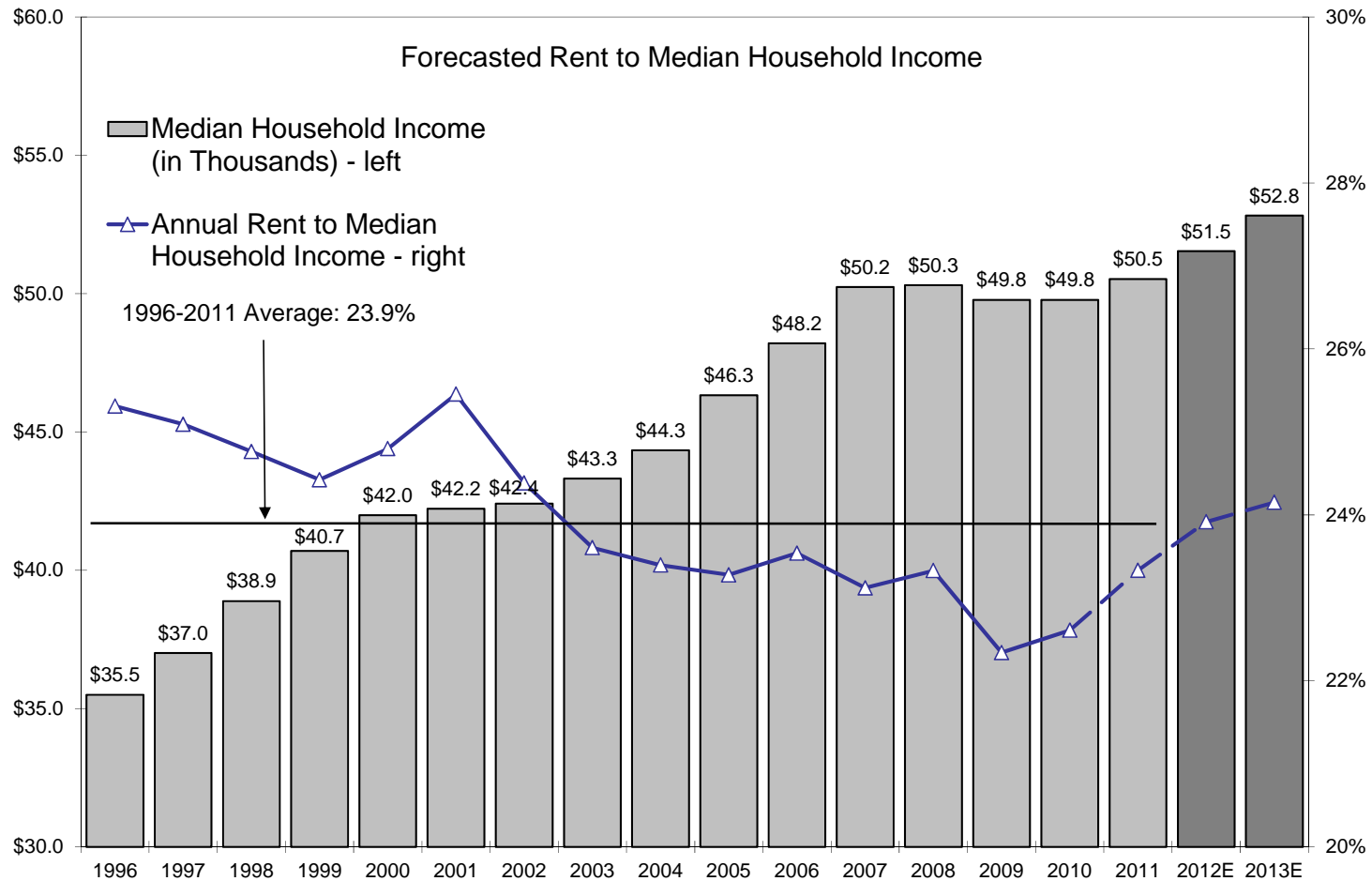
New Move-in and Renewal Pricing Power Flattish in Seasonally Slow Month



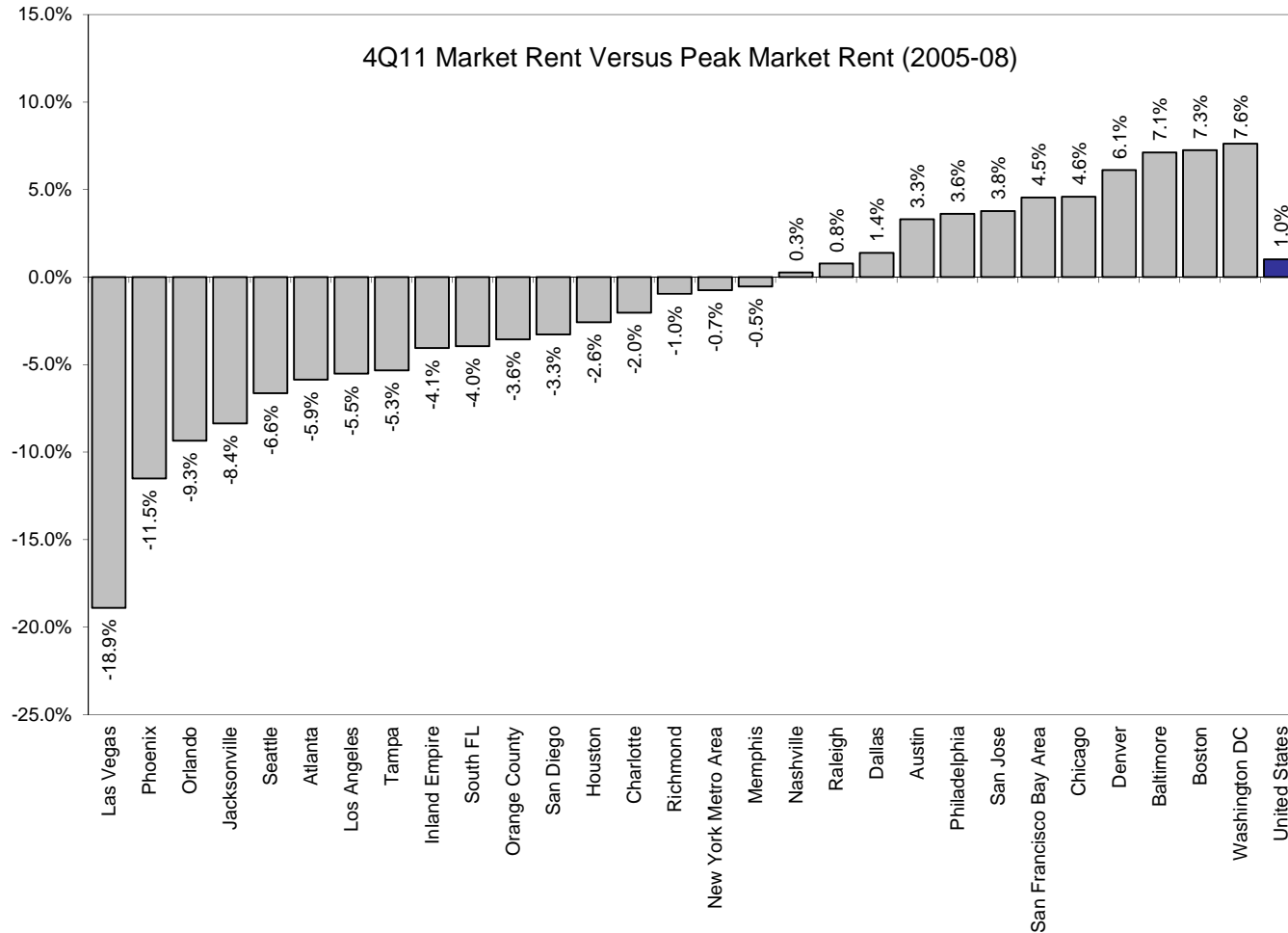
Survey Contacts Forecast Moderate Rent Growth Deceleration



The Rent / Income Relationship Has Troughed, Supports Rent Growth Outlook

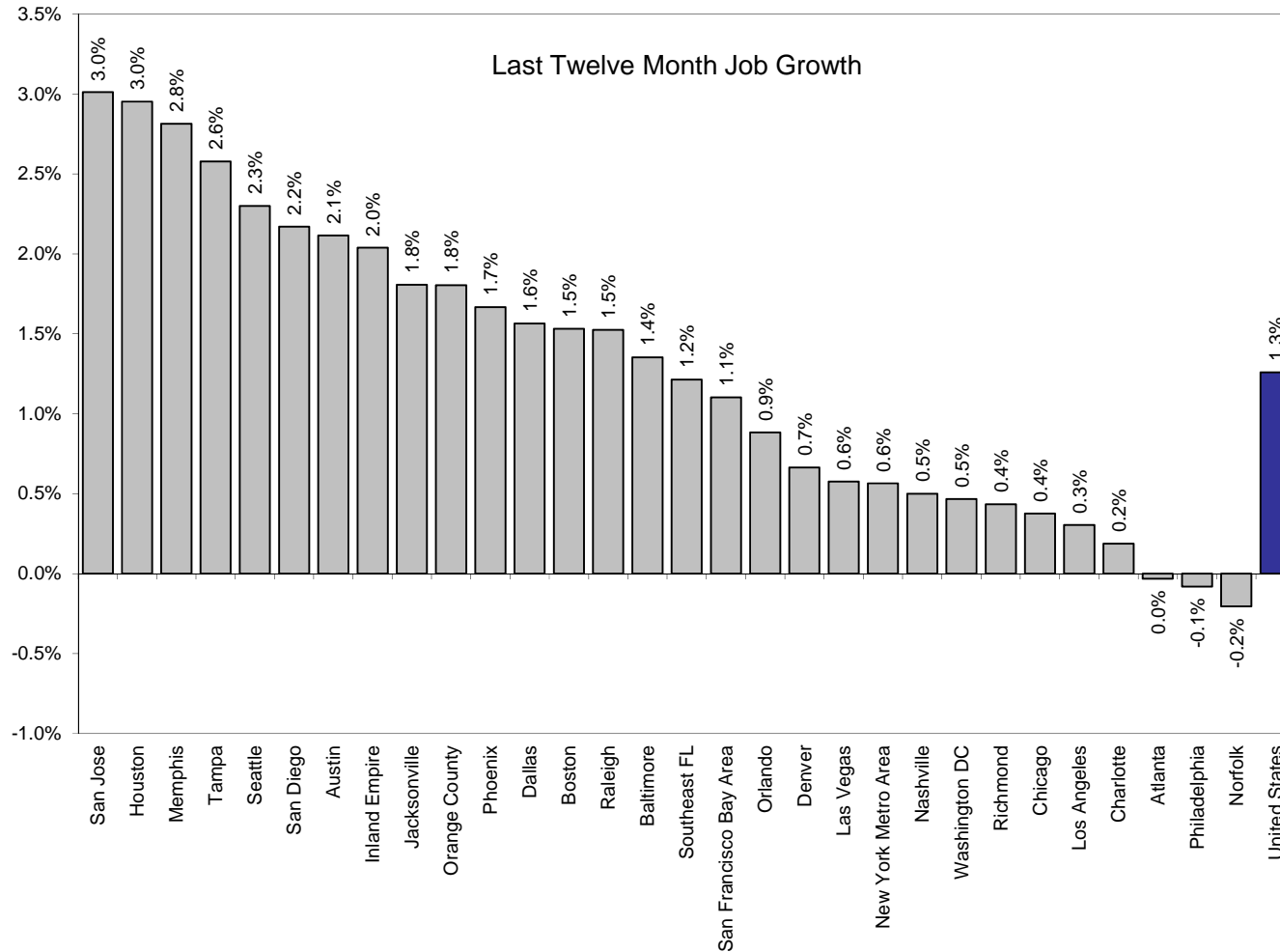


Rents in Las Vegas, Phoenix and Orlando are Farthest From Peak Levels



Source: Axiometrics, Zelman & Associates analysis

San Jose and Houston Lead Job Growth Through December





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Disclosures (1 of 2)

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BUY: The security is deemed under-priced by at least 10-15% relative to fair value.

HOLD: The security is priced within approximately 10% of fair value.

SELL: The security is deemed over-priced by at least 10-15% relative to fair value.

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BUY: (33.3%; 0% Investment Banking Clients)

HOLD: (63.7%; 0% Investment Banking Clients)

SELL: (3.0%; 0% Investment Banking Clients)

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