

Monthly Survey of Real Estate Agents

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CHANNEL CHECK

Traffic Slows in Late October; Waiting for Rebound

- **October traffic slips from September levels, sharp divergence between early and late October.** Our October survey of real estate agents showed a slight decrease in traffic for the month as a whole with our buyer traffic index inching down to 44.0 in October from 44.8 in September. However, the stats for the month do not tell the complete story, as traffic early in the month was above September levels, as last-minute tax credit-driven buyers hurried to take advantage of the credit (which will likely be extended and expanded). However, late in the month we saw a decline in traffic, with our traffic index down 5 points from the levels at the start of the month. We fear that many of the first-time buyers have already acted and that there will be less entry-level demand even with an extension of the tax credit. We continue to believe that the tax credit pulled forward demand and that there will likely be a lull in buyer traffic at the end of 2009 and start of 2010.
- **Will traffic rebound following an extension of the tax credit?** We previously noted that it would be important to watch traffic trends in mid-October for evidence of a slowdown once it was no longer possible to sign a contract and have closing before November 30th. We now think the key will be watching to see what happens to traffic in November once the tax credit is officially extended and expanded. If traffic levels improve from the subdued levels seen as of late, it would be an indication that the slowdown in traffic was primarily related to uncertainty around the continuation of the tax credit. However, if traffic does not rebound, it is likely an indication that demand was pulled forward by the tax credit.
- **Slowing in Minneapolis and Seattle; Strength in Las Vegas.** We saw meaningful declines in our traffic index in both Minneapolis and Seattle, whereas most other markets were relatively stable. Las Vegas was the only key market to see a sharp rebound in demand. The highest levels of traffic were seen in Ft Myers, Las Vegas, Orlando, Los Angeles, the Inland Empire, and Washington, D.C. The key driver of traffic in all markets is the favorable affordability, which continues to lead to strong demand from investors and first time buyers who are fleeing rentals.

DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S ANALYSTS. FOR OTHER IMPORTANT DISCLOSURES, visit www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Table of Contents

Overview of Results.....3

Survey Methodology.....5

Top 20 Housing Markets

Atlanta, Georgia	7
Austin, Texas	8
Charlotte, North Carolina	9
Chicago, Illinois	10
Dallas, Texas	11
Denver, Colorado	12
Fort Myers, Florida	13
Houston, Texas	14
Jacksonville, Florida	15
Las Vegas, Nevada	16
Los Angeles, California	17
Miami, Florida	18
Minneapolis, Minnesota	19
New York-Northern New Jersey	20
Orlando, Florida	21
Phoenix, Arizona	22
Riverside-San Bernardino [Inland Empire], California	23
Seattle, Washington	24
Tampa, Florida	25
Washington, D.C.	26

Additional Key Housing Markets..... 27

Baltimore, Maryland	28
Boston, Massachusetts	29
Charleston, South Carolina	30
Cincinnati, Ohio	31
Columbus, Ohio	32
Detroit, Michigan	33
Nashville, Tennessee	34
Philadelphia-Southern New Jersey	35
Port St. Lucie, Florida	36
Portland, Oregon	37
Raleigh, North Carolina	38
Richmond, Virginia	39
Sacramento, California	40
San Antonio, Texas	41
San Diego, California	42
San Francisco, California	43
Sarasota, Florida	44
Tucson, Arizona	45
Virginia Beach, Virginia	46
Wilmington, North Carolina	47

Historical Survey Trends by Market..... 48

**Markets are characterized based on permit activity and listed in Alphabetical order*

Traffic Slows in Late October; Waiting for the Rebound

For those who may be unfamiliar with our survey, we center our indices around 50 so that readings above 50 indicate positive or improving trends and readings below 50 indicate negative or worsening trends. Please see page 5 for a full description of our survey methodology.

October traffic slips from September levels, sharp divergence between early and late October. Our October survey of real estate agents showed a slight decrease in traffic for the month as a whole with our buyer traffic index inching down to 44.0 in October from 44.8 in September. However, the stats for the month do not tell the complete story, as traffic early in the month was above September levels, as last-minute tax credit-driven buyers hurried to take advantage of the credit (which will likely be extended and expanded). However, late in the month we saw a decline in traffic, with our traffic index down 5 points from the levels at the start of the month. We fear that many of the first-time buyers have already acted and that there will be less entry-level demand even with an extension of the tax credit. We continue to believe that the tax credit pulled forward demand and that there will likely be a lull in buyer traffic at the end of 2009 and start of 2010.

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Slowing in Minneapolis and Seattle; Strength in Las Vegas. We saw meaningful declines in our traffic index in both Minneapolis and Seattle, whereas most other markets were relatively stable. Las Vegas was the only key market to see a sharp rebound in demand. The highest levels of traffic were seen in Ft Myers, Las Vegas, Orlando, Los Angeles, the Inland Empire, and Washington, D.C. The key driver of traffic in all markets is the favorable affordability, which continues to lead to strong demand from investors and first time buyers who are fleeing rentals.

Improving price trends in key areas. Our price index moved up slightly in October to 37.5, from 36.3 in September. We saw rising pricing trends in Washington, D.C., the Inland Empire, Ft Myers, Los Angeles, Sacramento, San Diego, and San Francisco. We'll watch for continued improvement in home prices in these areas with significant interest from first-time buyers and investors.

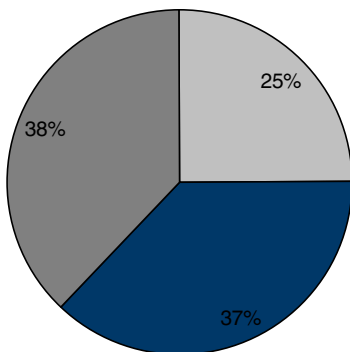
Exhibit 1: Traffic Weakened as October Progressed

Month	Buyer Traffic Index	Home Price Index	Incentive Index	Home Listings Index	Time to Sell Index
Apr-2008	33.1	20.6	28.3	27.2	24.2
May-2008	31.5	21.4	30.8	32.1	24.9
Jun-2008	29.0	22.1	28.8	33.6	26.6
Jul-2008	27.4	21.0	30.5	34.7	24.9
Aug-2008	25.9	20.1	29.7	37.5	25.7
Sep-2008	24.0	17.5	30.6	39.5	22.5
Oct-2008	19.6	15.3	29.6	41.0	19.9
Nov-2008	19.8	15.3	30.3	45.3	22.0
Dec-2008	25.3	13.3	30.3	48.0	23.2
Jan-2009	36.5	15.9	32.1	43.5	26.6
Feb-2009	36.0	17.1	31.1	40.5	28.2
Mar-2009	39.5	20.5	32.5	41.7	33.4
Apr-2009	48.4	24.8	35.3	45.3	42.6
May-2009	45.4	27.0	37.5	47.0	44.6
Jun-2009	43.1	30.9	41.2	52.4	43.7
Jul-2009	43.4	33.6	40.3	56.0	46.2
Aug-2009	44.5	34.5	40.4	55.9	45.4
Sep-2009	44.8	36.3	41.0	57.2	43.7
Oct-2009	43.5	37.6	43.8	57.2	44.1
Point change	(1.3)	1.3	2.8	0.0	0.4

Source: Credit Suisse estimates

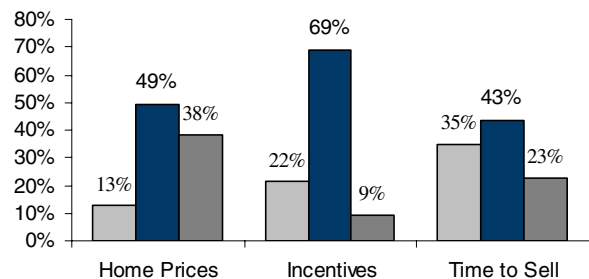
Exhibit 2: Buyers Remain Focused on Low-End and Foreclosures

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

Survey Methodology

We survey real estate agents, as we believe that agents will provide an accurate assessment of housing market trends in both the new and existing home markets. Even though homebuilders sell new homes, we believe that it is crucial to have an understanding of the existing home market as the existing home market is substantially larger than the new home market (approximately 85%/15%) and trends in the existing home market dictate trends in the new home market.

Each month we ask five main questions, which are all listed below. In October, we received responses from 1,400 real estate agents across the country. We then review these responses and calculate an index for each of the questions with high numbers indicating positive or improving trends and low numbers indicating negative or worsening trends. An index of 50 would indicate a neutral trend. Note that for items such as incentives, a low index level would indicate a higher level of incentives, as higher incentives represent a negative trend. Similarly, for the number of listings and the length of time needed to sell a house, an increase in listings (a negative trend) and an increase in the time needed to sell a house (a negative trend) both correspond to low index values.

1) Are traffic levels in-line with, above, or below your expectations for this time of year? (Because of seasonality to traffic trends – generally more traffic in Spring and less in Fall/Winter – we ask about traffic relative to the expectations for this time of year rather than how traffic compared to the prior month.) A traffic index above 50 means that traffic was above the expectations of agents, a traffic index of 50 means that traffic was in-line with expectations, and a traffic index below 50 means that traffic was below expectations.

2) Have prices remained the same, increased, or decreased over the past 30 days? A price index above 50 indicates that prices increased over the past 30 days, a price index of 50 indicates that prices were flat, and a price index below 50 indicates that prices decreased.

3) Have incentives remained the same, increased, or decreased over the past 30 days? An incentive index above 50 indicates that incentives decreased over the past 30 days, an incentive index of 50 indicates that incentives were unchanged, and an incentive index below 50 indicates that incentives increased.

4) Do you see the same, more, or fewer, listings as compared with 30 days ago? An inventory (listings) index above 50 indicates that the inventory of homes for sale decreased over the past 30 days, an inventory index of 50 indicates that inventories were unchanged, and an inventory index below 50 indicates that inventories increased.

5) Does it take the same, more, or less time to sell a house? A time to sell index above 50 indicates that the time needed to sell a home decreased over the past 30 days, a time to sell index of 50 indicates that the time needed to sell a home was unchanged, and a time to sell index below 50 indicates that the time needed to sell a home increased.

Exposure to Key New Home Markets

The market exposure of homebuilders to the key housing markets is outlined in the table below.

Exhibit 3: Summary of Homebuilders' Exposure to Key New Home Markets

Market	2008 1-Family Permits	Market Exposure (% of 2008 Closings)										
		DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Atlanta, GA	12,307	2%	-	-	-	-	-	-	4%	5%	-	-
Austin, TX	8,025	5%	-	5%	4%	-	11%	-	4%	-	-	-
Charlotte, NC	7,303	2%	-	4%	-	-	-	10%	4%	4%	6%	-
Chicago, IL	7,778	3%	3%	-	-	-	-	-	3%	4%	-	-
Dallas, TX	17,841	7%	8%	-	2%	-	20%	-	5%	7%	-	-
Denver, CO	3,947	2%	-	2%	1%	8%	-	-	1%	-	-	-
Fort Myers, FL	1,216	-	-	1%	5%	-	-	-	1%	2%	-	-
Houston, TX	28,152	4%	11%	9%	17%	-	21%	-	-	-	-	-
Inland Empire, CA	5,825	4%	5%	7%	5%	-	-	-	3%	-	13%	-
Jacksonville, FL	5,135	3%	-	4%	2%	6%	-	-	1%	4%	-	-
Las Vegas, NV	5,874	3%	-	8%	4%	18%	-	-	4%	-	-	-
Los Angeles, CA	4,559	1%	1%	3%	2%	3%	-	-	1%	-	3%	-
Miami, FL	3,358	1%	-	-	-	-	-	-	-	-	-	-
Minneapolis, MN	4,171	1%	3%	-	3%	-	-	-	2%	4%	-	-
NY - Northern NJ	8,941	0%	8%	-	3%	-	-	1%	-	-	-	12%
Orlando, FL	5,288	1%	-	5%	2%	-	-	-	3%	5%	-	-
Phoenix, AZ	11,549	13%	-	5%	4%	24%	11%	-	12%	-	12%	-
Seattle, WA	6,529	1%	-	-	-	-	-	-	1%	-	-	-
Tampa, FL	5,082	1%	-	3%	5%	-	-	-	1%	5%	7%	-
Washington, DC	9,076	-	6%	-	3%	-	-	20%	3%	4%	-	21%
Total Exposure to Top 20	161,956	55%	47%	58%	62%	59%	64%	32%	53%	44%	40%	33%

Source: Company data, Builder Online, Credit Suisse estimates

Atlanta, GA – Traffic Down Modestly as First-Time Buyer Demand Starts to Fade

(12,307 single-family permits in 2008, 3rd largest homebuilding market in the country)

Traffic drops in late October as first-time buyer frenzy subsides. Our buyer traffic index fell four points to 34 in October from 38 in September, still indicating traffic levels below agents' expectations for this time of year. However, our traffic index fell late in the month, as buyers became cautious about signing contracts if they expected closing to occur subsequent to the November 30th ending of the first-time buyer tax credit (which will be extended and expanded). Most agents again pointed to first-time buyers as the key source of traffic, although this changed toward the end of the month, as buyers were no longer certain of closing ahead of the November 30th deadline. Agents noted the "last minute tax-driven buyers" and that the tax helped the October traffic (early in the month). Others still noted the challenges in the move-up market with sellers having difficulty selling their existing home, making it impossible for them to purchase a home and others mentioned concern about the economy and the job market.

Prices continue to fall, with appraisals exerting downward pressure. Agents cited further declines in home prices in October, as our home price index declined to 26 from 30 in September (any reading below 50 indicates lower home prices). Numerous agents pointed to the difficulty with appraisals, especially as there are few transactions in some move-up areas. Agents pointed to rising incentives in October, as our incentive index fell to 42 from 50 in September (readings below 50 point to rising incentives). On the positive side, however, agents indicated that inventory levels fell again in October, as our home listings index came in at 58 in October, down from 63 in September, but still pointing to falling inventory (any reading above 50 indicates falling inventory levels).

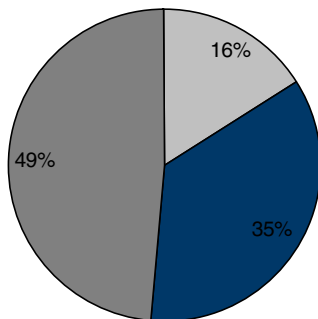
Comments from real estate agents:

- "Buyers trying to cash in on soon-expiring tax incentives."
- "Clients have not been able to sell their existing homes to qualify for another home of their choice."

Ryland and Pulte Homes have the most exposure. Ryland has the greatest exposure to Atlanta with approximately 5% of net sales, followed by Pulte Homes with 4%.

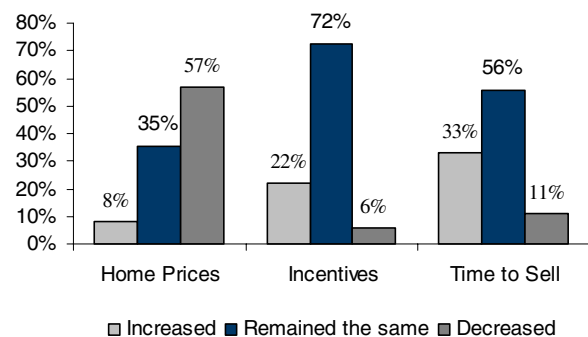
Exhibit 4: Active First-Time Buyer Market; Others Remain Concerned by the Economy and Challenges Selling an Existing Home

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

"Weather issues have hampered showing activity over the past 30 days."

Austin, TX – Traffic Drops as Tax-Driven Traffic Slows

(8,025 single-family permits in 2008, 7th largest market in the country)

Traffic slowed as first-time buyer tax credit urgency fades away. Buyer traffic fell modestly in October relative to September, as our buyer traffic index declined to 33 from 40 (a reading below 50 would suggest traffic below expectations). Those agents seeing solid traffic levels attributed it to buyers wanting to buy in time to benefit from the tax credit, while others who saw weaker traffic wondered if the tax credit had effectively run its course. Many agents commented on how the tax credit has helped traffic during the year, but worried that the improvement in housing has been government-led, with the tax credit and also the support of the FHA so that the FHA can provide mortgages with just 3.5% down payments. Many agents seemed to suggest that a lower level of traffic is likely, as there will not be the same sense of urgency that existed with the near-term deadline of November 30th. Agents pointed to a lack of qualified buyers and that many buyers were unable to qualify for loans. Related to the loans, agents pointed to challenges with the appraisals saying that “This is going to be our most challenging aspect of real estate in the near future”.

Prices continue their decline, inventory levels remain flat. Our home price index was unchanged at 26 in October, the same as in September, with (readings below 50 pointing to lower home prices over the past 30 days). This is similar to the level that has prevailed for much of 2009, with continued modest declines. These declines are likely driven by the continued sluggish buyer traffic. Our home listings index indicated stable inventory, with our index measuring 48, a decline from 63 in September, but consistent with flat inventory (a reading of 50 indicates lower inventory). Lower inventory is necessary to achieve price stabilization.

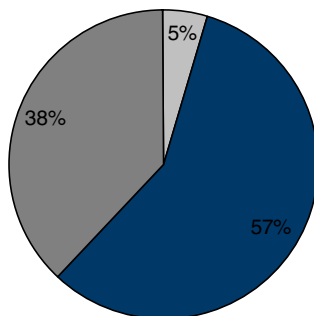
Comments from real estate agents:

- “The \$8,000 has been instrumental in maintaining showings this year.”
- “The \$8,000 tax credit is creating traffic. But when they stop the government support (of the tax credit and of the FHA) will there be any business?”

Meritage, D.R. Horton and KB Home have the most exposure. Meritage has the greatest exposure to Austin with approximately 11% of net sales, followed by D.R. Horton with 5% and KB Home with 5%.

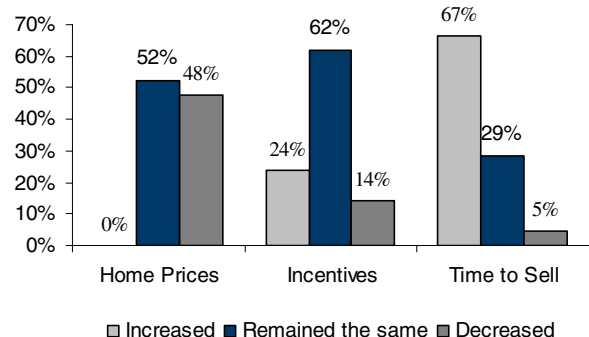
Exhibit 5: Traffic Remains Slow and Weighs on Prices

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔

“It is quieting down as buyers have already moved forward for the tax credit.”

Charlotte, NC – Traffic Falls as First-Time Buyer Rush Slows

(7,303 single-family permits in 2008, 9th largest market in the country)

Traffic declines in October, first-time buyers have already acted. Our buyer traffic index fell to 34 in October from 41 in September, indicating reduced traffic levels over the past 30 days. Agents generally pointed to demand being driven by first-time buyers looking to take advantage of the credit at the start of the month, although demand from this buyer segment fell considerably as the month progressed. Agents noted that traffic fell, as the “\$8,000 tax incentive is ending soon” and also due to “economic uncertainty”. Others, however, saw better traffic as a result of the strong affordability caused by “the low interest rates and lower home prices” and due to the “rush for first-time buyers”. There was also hope that demand would rebound after the late-October slowdown in activity.

Further weakness in home prices in October. Our home price index fell to 23 in October from 33 in September, with readings below 50 indicating lower prices over the past 30 days. The continued decline in home prices appeared to be tied to worries about the economy and weak buyer traffic. There was some concern that prices would drop further as a result of the slowing of the first-time buyer demand, which had been the active segment of the market. Inventories were stable in October, with our home listings index measuring 52 (essentially in-line with a neutral reading of 50), although worse than the reading of 60 in September (levels above 50 indicate falling inventory). Meanwhile, our time to sell index worsened considerably in October, as it fell to 19 from 35 in September. Levels below 50 indicate a lengthening time needed to sell a home, which is a negative sign for future pricing trends.

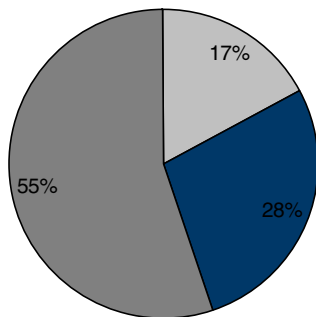
Comments from real estate agents:

- “Traffic remains sporadic as consumers scramble for tax deadline.”
- First-time buyer traffic is drying up”.
- “Appraisals are comping off sales and then cutting prices, further decreasing values.”

NVR and Standard Pacific have the most exposure. NVR has the greatest exposure to Charlotte with approximately 10% of sales, followed by Standard Pacific at 6%. Charlotte represents approximately 4% of sales for Pulte, Ryland, and KB Home.

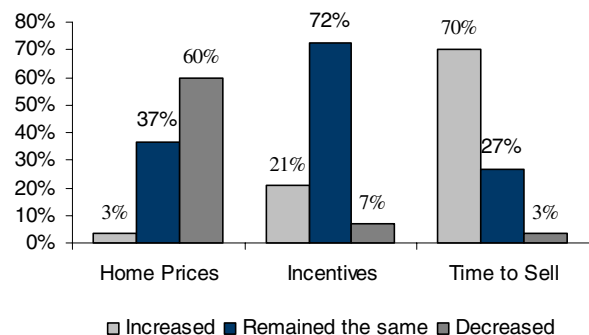
Exhibit 6: Demand Slows as First-time Buyer Demand Falls

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

“The first-time buyer spurt may be over.”

Chicago, IL – Traffic Slips Modestly as Tax Credit Sales Subside

(7,778 single-family permits in 2008, 8th largest market in the country)

The tax credit is the key, with demand slowing modestly during the month. Our traffic index slipped to 37 in October from 43 in September, indicating slightly lower traffic levels. The key to the decline was that “first-time buyers have mostly finished with their purchases”. Overall during the month, the majority of activity came from those looking to take advantage of the tax credit, although this segment slowed over the course of the month. Aside from the tax credit, there remained concerns about the economy and job stability, with one agent noting, “Job losses and rising costs have made buyers nervous.”

Prices continue to slide on low traffic. Our home price index remained nearly unchanged in October at 24, from 26 in September, indicating lower prices over the past 30 days (any reading below 50 indicates sequentially lower home prices). Inventories levels were unchanged (our home listings index was essentially flat at 48 from 47 in September), agents said prices fell as there were fewer buyers and they became more cautious as Fall progressed. Agents noted that appraisals are coming in below contract prices and that appraisals continue to be much more conservative. Our time to sell index – reflecting both traffic and sales – fell slightly to 32 in October from 35 in September, well below a neutral level of 50. Improved traffic is needed to help stabilize prices.

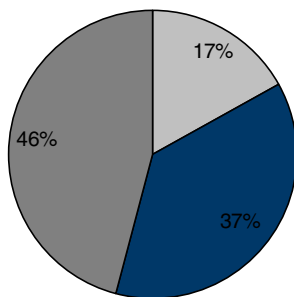
Comments from real estate agents:

- “Tax credit is driving demand. I hope it’s not going to turn out like cash for clunkers.”
- “There’s now a lack of first-time buyers left.”
- “People are waiting to see if the tax credit will be extended.”

Ryland, Hovnanian, Pulte and D.R. Horton have the most exposure. Ryland has the greatest exposure to Chicago with approximately 4% of sales in the market, followed by Hovnanian, Pulte and D.R. Horton with approximately 3% of sales each.

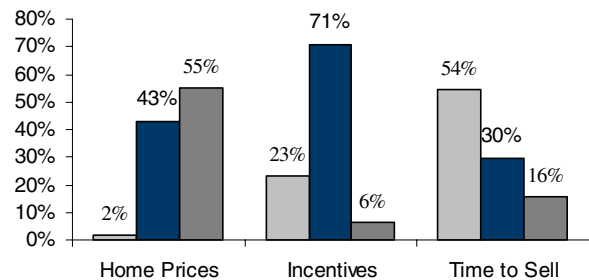
Exhibit 7: Looking for a Rebound with Extension of Tax Credit

Traffic Levels Versus Expectations



More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

“The \$8,000 credit helped for a while, but that was it”

Dallas, TX –Traffic Up Slightly on Solid Affordability

(17,841 single-family permits in 2008, 2nd largest market in the country)

Traffic increases modestly, but still at levels below agents’ expectations. Agents said traffic levels improved slightly in October with our traffic index measuring 35, from 31 in September. A level of 35, though, still indicates overall traffic levels below their expectations for this time of year. Agents pointed to both last minute first-time buyers, but also a slowing of this demand as the month passed. According to one agent, “Are there any first-time buyers who haven’t bought yet?” However, there were also concerns about the economy for other buyers. We will look to see if demand improves following the extension of the tax credit, or if buyers have already acted.

Prices decline in October, but getting closer to stabilization. Our price index increased to 39 in October from 34 in September, partially due to buyers wanting to act quickly to take advantage of the tax credit. Agents noted improved inventories, with our home listings index at 60, well above the 40 in September (readings above 50 indicate lower inventory). Some agents noted, however, that sellers remain optimistic and have “unrealistic expectations on pricing”.

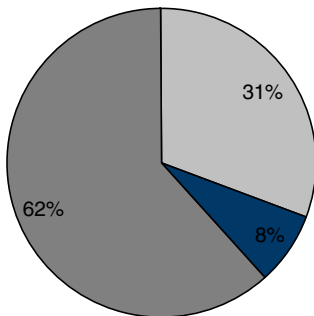
Comments from real estate agents:

- “People running to make sure they get the \$8,000 tax credit.”
- “Buyer uncertainty of financial markets”
- “Low interest rates & first time buyer incentives.”

Meritage, Hovnanian, D.R. Horton and Ryland have greatest exposure. Meritage has the greatest exposure to Dallas, representing 20% of its sales, followed by Hovnanian at 8% and D.R. Horton and Ryland with 8% each.

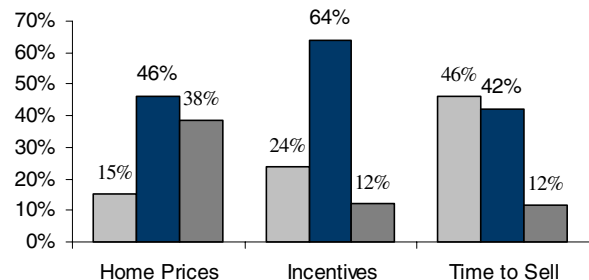
Exhibit 8: Troublesome Potential Early Signs of a Post-Tax Credit Slowdown in Demand

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	👇
Home Prices	👇
Incentives	👇

“Buyers are more realistic about the time it will take to find a home and secure a loan.”

Denver, CO – Starting to See the Impact of Pulled-Forward Demand

(3,947 single-family permits in 2008, 25th largest market in the country)

Traffic slips in October as tax credit driven sales wind down. Buyer traffic fell in October from levels seen in September, as our traffic index declined to 37 from 42, indicating levels below agents' expectations for this time of year. Agents said traffic began to decline based on the impending expiration of the first-time buyer tax credit, as the window of time to contract and close on a home purchase became more difficult as the month progressed (closings typically take 30-60 days). Agents commented that some buyers got pushed back to the sidelines, but we also think this reflects the fact that a decent amount of the strength in demand we saw over the past couple months likely represented a pull-forward in demand, so that we are likely to see a drop in demand in the coming months. Even if the credit is extended, we fear that demand will still slow as buyers were not anticipating an extension so most who intended to buy have already done so. In addition, a 6-month extension would likely take away some of the urgency to buy heading into the seasonally slow winter months.

Price declines continue as sales slow. Home prices declined in October after several months of near-stable readings, as our price index fell to 34 from 43 in September (a reading of 50 would suggest stable home prices). The declines are likely a result of the slowdown in sales activity and as some sellers likely felt the need to cut prices as a substitute for the tax credit once it became likely buyers would not be able to close in time. On the positive side, inventories appeared lower again, as our home listings index slipped to 64 in October from 69 in September but remains above a neutral reading of 50.

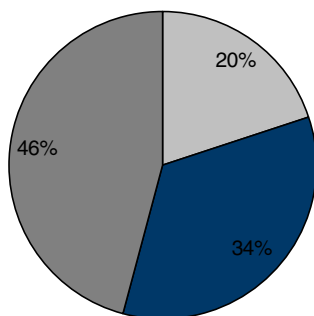
Comments from real estate agents:

- "Perhaps expectations were higher than they should have been, expecting greater numbers trying to qualify for the tax credit which expires next month."
- "There were fewer first-time homebuyers with the tax credit disappearing."

MDC Holdings, D.R. Horton and KB Home have the greatest exposure. MDC Holdings has the greatest exposure to Denver with approximately 8% of sales, followed by D.R. Horton and KB Home with approximately 2% of sales.

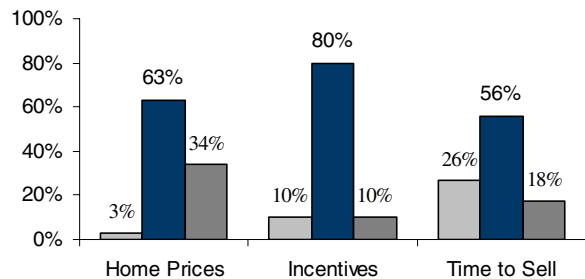
Exhibit 9: Risk of a Further Slowing of Sales Activity in the Coming Months

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↔

"The first-time buyer tax credit is winding down."

Ft. Myers, FL – “Rock Bottom” Pricing Continues to Drive Demand

(1,216 single-family permits in 2008, 86th largest market in the country)

Affordability is a strong driver of sales. Ft. Myers continued to show strong levels of demand in October, as our traffic index was down slightly to 70 from 72 in September but still well above a neutral reading of 50 and still the highest reading of any market surveyed this month. Interestingly, there were almost no comments this month that mentioned the first-time buyer tax credit as a sales driver, with most agents instead citing the “rock bottom” pricing. Agents said low pricing has driven a flurry of demand and increasing competition among buyers given the tightening inventory. “Most properties are getting multiple offers and buyers are having to bid on 4-9 properties before they get one under contract,” according to one agent. This has led to rising prices at lower price points, according to agents.

Further signs of price stabilization at low end. Agents noted sequentially higher prices in October, marking the fifth straight month of stable or higher prices, as robust low end demand has led to multiple bids on many properties and shrinking inventory levels. Our home price index increased to 60 in October from 54 in September, with readings above 50 indicating higher prices. In addition, this is the highest reading we’ve seen in Ft. Myers since we began surveying the market in ’06. However, the only concern is that most of the activity still appears concentrated at the low end and foreclosures continue to play a large role. Inventory levels were stable in October after declining over the past several months, as our home listings index fell to 53 from 72 in September (a reading of 50 indicates flat inventory levels). We will continue to watch inventory levels closely as more foreclosures come to market.

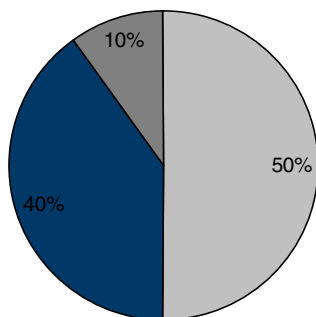
Comments from real estate agents:

- “There are signs that the market is trying to stabilize or improve, but appraisals are killing deals left and right.”
- “The stabilization in prices has helped as buyers want in on good deals, especially as the inventory has decreased and there have been some increases in prices.”

Lennar has the most exposure. Lennar has the greatest exposure to Fort Myers with approximately 5% of net sales

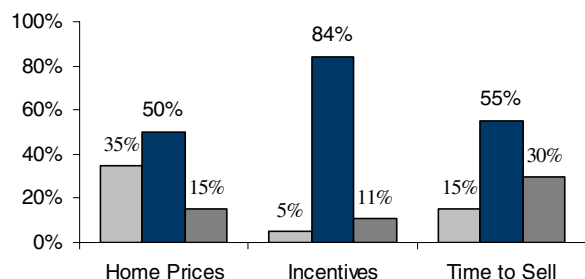
Exhibit 10: No Slowdown in Ft. Myers as Affordability Remains Extremely Attractive

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	👍
Home Prices	👍
Incentives	↔

“Appraisals haven’t been a problem as all my buyers are cash buyers!”

Houston, TX – Traffic Slips; Activity Remains Focused on the Low End

(28,152 single-family permits in 2008, largest market in the country)

Traffic falls slightly but low end holds up better due to some remaining tax credit sales. Traffic fell modestly in October and remained below agents' expectations for this time of year, as our traffic index slipped to 30 from 34 in September (readings below 50 suggest traffic below agents' expectations). Agents continued to note better low end traffic, with some still being driven by the \$8,000 tax credit (especially at the beginning of the month) as buyers remained hopeful that they could close in time before the November 30th deadline. However, we think the risk is for a fall-off in demand in November as demand has been pulled forward by the tax credit. Another concern is the lack of improvement in the move-up market. One agent noted, "Under \$300,000 is doing very well. Above \$300,000 is the worst it has been all year."

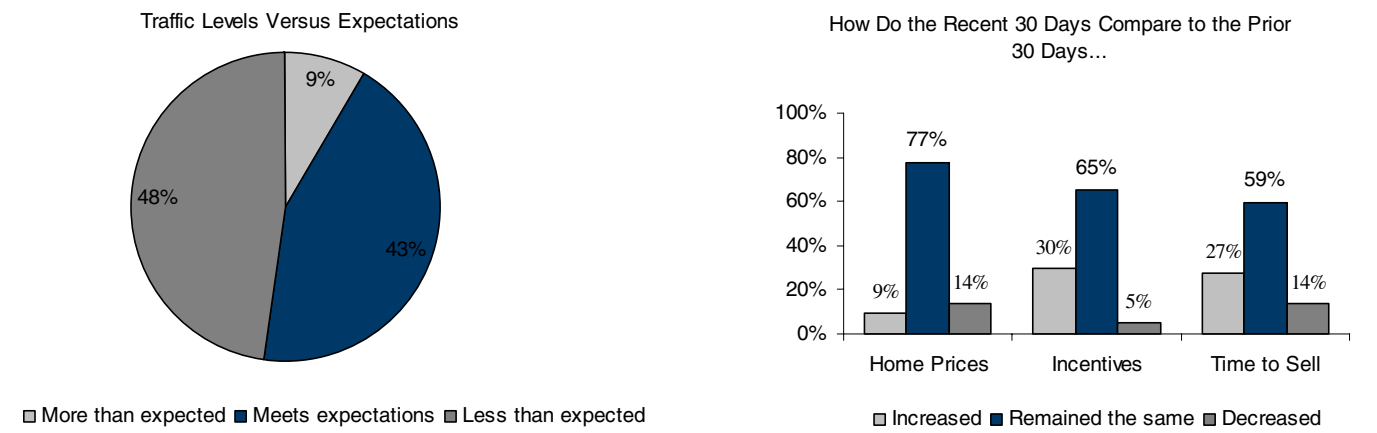
Prices stable this month, although some cite appraisal concerns. Our home price index improved to 48 in October from 38 in September, suggesting home prices were essentially stable over the past 30 days (a reading of 50 indicates unchanged prices). However, agents voiced concerns over conservative appraisals, with one noting, "There were some big drops in price on accepted contracts because of low appraisals." This will likely remain a risk going forward. Meanwhile, inventory declined in October, as our home listings index improved to 68 from 52 in September, with readings above 50 indicating sequentially lower inventory levels.

Comments from real estate agents:

- "The approaching end of the tax credit drove traffic."
- "3rd quarter 2009 sales were up 1.5% over 3rd quarter 2008."
- "People are reluctant to make commitments."

Meritage, Lennar, and Hovnanian have the most exposure to Houston with approximately 21%, 17%, and 11%, respectively, of their net sales.

Exhibit 11: Risk of a Pullback at the Low End as Tax Credit Expires



Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↔
Incentives	↓

"Lower prices and the first-time homebuyer incentive helped demand."

Jacksonville, FL – Traffic Bounces Back as Buyers Look to Beat Credit Deadline

(5,135 single-family permits in 2008, 18th largest market in the country)

Traffic rebounded modestly in October. Buyer traffic improved in October after dropping in September, as our traffic index increased to 36 from 27, although any reading below 50 still suggests traffic below agents' expectations for this time of year. Agents who saw better sequential traffic trends attributed it to a last minute rush from buyers looking to get into homes before the tax credit deadline, while short sales and bank-owned homes remained popular among buyers. On the other side, some agents noted continued caution based on the overall weak economy and the expectation that the overhang of vacant homes being held by banks will continue to weigh on the market. In addition, there was little activity at the high end and buyers expect high end prices to fall further in the coming months.

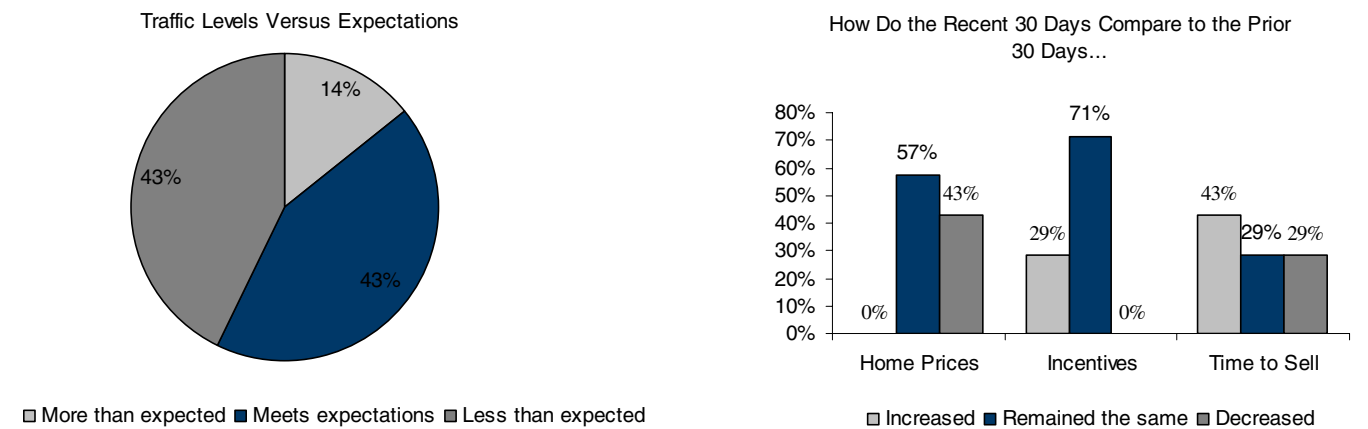
Prices fall, but lower inventory a positive. Home prices continued to fall in October, as our price index fell to 29 from 36 in September, with any reading below 50 indicating lower home prices over the past 30 days. Agents noted continued pressure from short sales and foreclosures, while an expected decline in high end pricing could lead to further downside. On a positive note, agents noted sequentially lower inventories in October after an increase last month. Our home listings index improved to 57 in October from 36 in September, with readings above 50 indicating lower inventory. Foreclosures will remain the key.

Comments from real estate agents:

- "There is a belief that higher end properties will be the next to fall, and that lots of vacant homes will eventually be sold by the banks."
- "There was a last minute rush for the tax credit."

MDC Holdings, Ryland, and KB Home have the most exposure to Jacksonville with approximately 6%, 4%, and 4%, respectively, of their sales.

Exhibit 12: Foreclosures Likely to Remain an Overhang for Some Time, With or Without the Tax Credit



Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

"First-time buyers and short sales drove activity."

Las Vegas, NV – Low-End Homes Draw Interest from Homebuyers and Investors

(5,874 single-family permits in 2008, 14th largest market in the country)

Traffic above expectations, led by foreclosure demand. Agents saw better than expected traffic in October, as our traffic index increased to 65 from 56 in September (a reading above 50 indicates traffic above expectations). Agents credited a sense of urgency among buyers and the continued interest in foreclosures from cash investors for October’s traffic levels. Agents noted that non-cash homebuyers were focused on the low-end and a decline in prices helped increase the group’s demand. Agents also mentioned that lower foreclosure inventories helped improve traffic. However, one agent commented that, “Foreclosures are being purchased for cash by investors, leaving homebuyers out of the mix.” This contributed to a decline in inventory, though according to one agent, “Banks are holding property back.” Tax credit incentives continued to spark interest, but the effect moderated over the last 30 days. We saw a mix of agents who experienced a pullback from fist-time buyers, as demand was pulled forward in previous months.

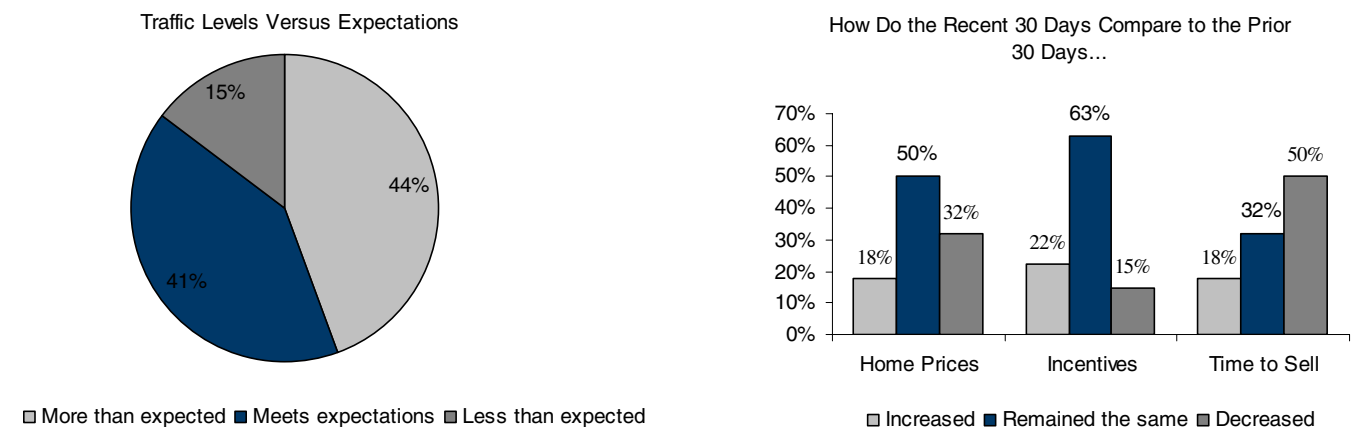
Inventories fall as prices continue to decline. Home prices continued to decline in October, as our price index increased to 43 from 39 in September (a reading below 50 indicates falling home prices). This reflects the increasing prominence of foreclosures and low-end homes in the Las Vegas market. This is despite increasing traffic and much lower inventory levels in October. Our index level jumped to 90 in October from 60 in September, well above a neutral reading of 50. This is indicative of the agent commentary we received (one agent mentioned, “A scarcity of foreclosure inventory”), over the past 30 days. We view this as a positive for the market, though we remain cautious on the potential for more foreclosure inventory coming into the market.

Comments from real estate agents:

- " Sales remain ahead of last year sparked by foreclosures and short sales"
- "The supply of homes has been dwindling, but the number of buyers has not."

MDC Holdings and KB Home have most exposure to Vegas. MDC has the greatest exposure to Las Vegas with 18% of net sales, followed by KB Home with 8%.

Exhibit 13: Agents Cite Low-end Demand and Investor Activity in Fall in Inventories.



Source: Credit Suisse estimates

October Market Trends	
Traffic	👍
Home Prices	👎
Incentives	↔️

“Prices and inventories have continued to decline.”

Los Angeles, CA – Low Prices and Low Interest Rates Create Recipe for an Increase in Traffic.

(4,559 single-family permits in 2008, 21st largest market in the country)

Affordable pricing and tax credit keep traffic strong. Buyer traffic exceeded expectations in October, as our buyer traffic index fell to 57 from 63 in September, but still remained above a neutral reading of 50. Agents highlighted low prices and buyers' final efforts to receive the \$8,000 tax credit in October's traffic levels. Agents commented that attractive affordability, driven by the combination of low prices and low interest rates boosted demand. One agent commented that buyers felt, "The bottom may be near" giving them the incentive to move into the market. This is in addition to the prolonged effect of the tax credit, as people wanted to take advantage of the incentive, despite the limited time available to close on a home before the Nov. 30th deadline. The resulting increase in traffic may create a drop off in November, as first-time buyers were pulled forward, ahead of the potential tax credit legislation.

Prices remain flat as inventory levels fall. Home prices were unchanged from their September levels, as our home price index came in at 52, down from 67 in September. Agents said that sellers were receiving competition from foreclosures, which sell at a discount to owner-occupied homes, and place pressure on prices. The lower prices and strong traffic levels helped reduce inventory levels, as our index reading was 71 in October, down from 73 in September, but still above a neutral reading of 50 (a reading above 50 indicates lower inventory levels). Our concern remains that the additional foreclosures likely coming to market over the next six months, and a pullback from the tax credit, will reverse this positive trend.

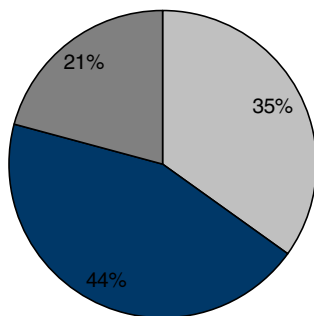
Comments from real estate agents:

- "There are more buyers in the market than sellers."
- "Sellers are becoming more cooperative in pricing their homes."

KB Home, Standard Pacific and MDC have the most exposure. Approximately 3% of sales for Hovnanian, KB Home and Standard Pacific come from L.A., the most among the large builders.

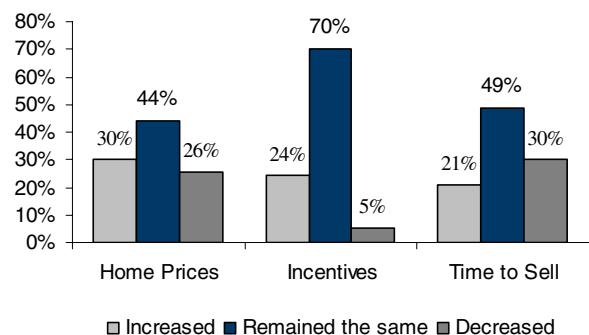
Exhibit 14: Buyers are Hoping to Receive Tax Credit, Prices Face Increased Competition from Foreclosure

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

October Market Trends	
Traffic	👍
Home Prices	↔
Incentives	👎

"Buyers are looking for deals."

Miami, FL – Affordable Pricing Fuels Demand

(3,358 single-family permits in 2008, 31st largest market in the country)

Buyer traffic meets agents’ expectations. Buyer traffic met agents’ expectations in October, as our buyer traffic index came in at 53, unchanged from our reading in September (a reading of 50 indicates traffic in-line with expectations). According to agents, lower pricing was the key driver for home sales. Several agents noted that attractive price points and low interest rates kept buyers interested in the market. One agent mentioned that, “people are looking for deals” and another said, “consistently low interest rates” have helped boost traffic. Positive commentary on the tax credit stimulus declined from our September survey, in which a large majority of agents cited the credit as the leading factor for traffic levels and buyers’ decisions. In this month’s survey, the response was mixed. Some agents still received interest stemming from the tax credit, while others saw a drop in traffic, as the effective deadline neared toward the end of October (closing on a home usually takes 30-60 days after contract signing). In addition, we also received some negative commentary concerning high unemployment, with some buyers concerned about their financial instability.

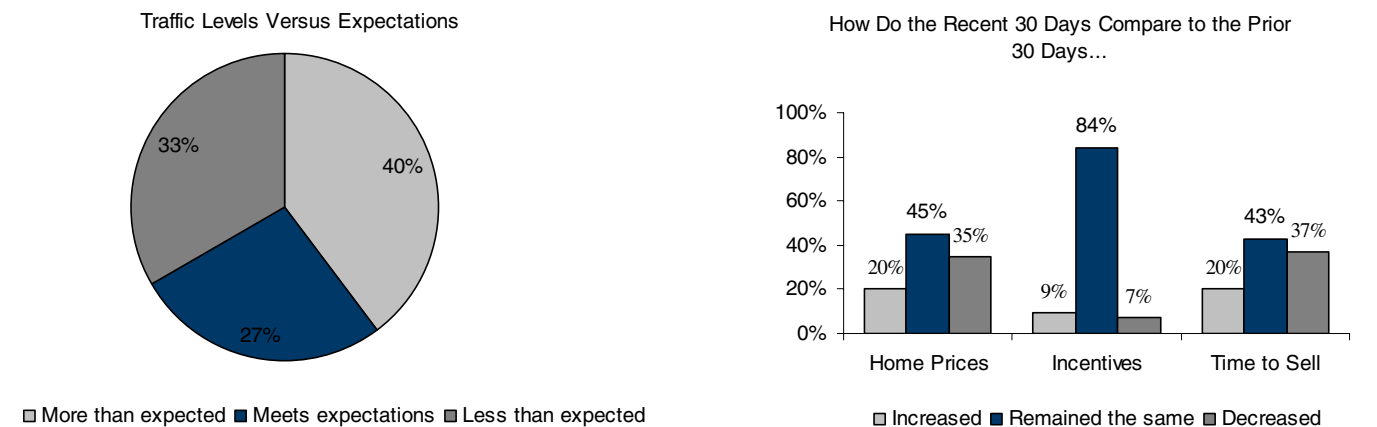
Lower prices lead to improved inventories levels. Our home price index came in at 43, down from 45 in September, pointing to lower prices in October (a reading of 50 indicates unchanged prices over the last 30 days). This has helped lower inventories, as better pricing has helped improve buyer demand. This is in-line with our home listings index, which increased to 69 in October from 61 in September (a reading above 50 indicates lower inventories). We believe the upcoming foreclosure pipeline and a potential pullback in demand from the tax credit incentive will be key issues in the coming months.

Comments from real estate agents:

- “Traffic is led by home prices, low interest rates, and government incentives, in that order.”
- “Prices are dropping and interest rates remain low.”

D.R. Horton has the most exposure. D.R. Horton has the greatest exposure to Miami, but with only approximately 1% of sales.

Exhibit 15: Buyers Seeking Opportunistic Purchases, Prices Improve Inventories



Source: Credit Suisse estimates

October Market Trends	
Traffic	↔
Home Prices	↓
Incentives	↔

“Double digit unemployment has people fearing they might lose their jobs.”

Minneapolis, MN – Weak Labor Market and Effective End of Tax Credit Stimulus Lead to Drop in Demand

(4,171 single-family permits in 2008, 23rd largest market in the country)

Buyer traffic falls short of expectations, after improvement in September. Our buyer traffic index decreased to 39 in October from 57 in September, pointing to disappointing traffic levels (a reading below 50 indicates traffic below expectations). Agents highlighted higher unemployment and a lack of stimulus from the \$8,000 tax credit in October’s traffic levels. One agent said buyers were, “unwilling to part with their savings” and another mentioned that, “A lack of jobs” was responsible for the reduction in traffic. The effective end of the tax credit also had a negative impact on traffic. Some agents still saw an impact from the credit, while the majority of others said buyers no longer made efforts to look for homes, anticipating that they would not be able to close on it before the Nov. 30th tax credit deadline. In addition to decreased activity from first time buyers, one agent said, “Buyers for medium to higher priced homes are still scarce.”

Prices decline, helping to shrink inventories. Home prices fell further in October, as our price index fell to 33 in October from 41 in September (a reading below 50 indicates a decline in prices). This supports the weaker traffic we observed in the region. However, inventories declined in October, as our home listings index increased to 81, up from 72 in September (a reading above 50 indicates lower inventory levels). We view this as a positive, and believe that further price declines may help lower future inventory levels.

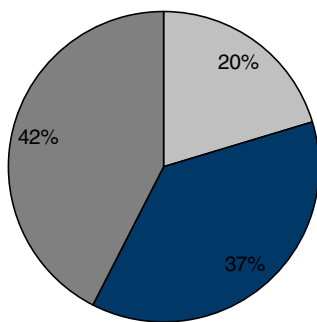
Comments from real estate agents:

- “First-time buyer traffic has declined as the deadline is drawing nearer.”
- “We’ve seen a lot of high unemployment and tighter lending, which as been driving people away.”

Ryland, Lennar, and Hovnanian have the greatest exposure. Ryland has the greatest exposure to Minneapolis with approximately 4% of net sales, followed by Lennar and Hovnanian with 3% each.

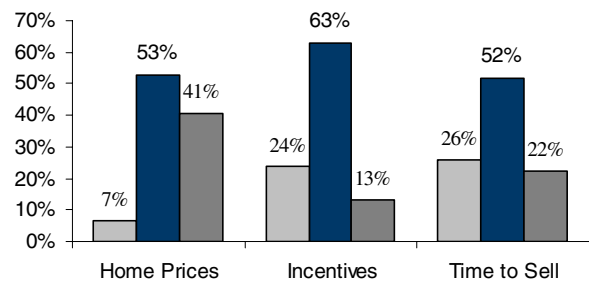
Exhibit 16: Tax Credit Stimulus Wanes, Lower Price Help Clear Some Inventory

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

“People can not get their homes sold.”

New York-Northern NJ – Economic Outlook and Lack of Tax Credit Demand Force Traffic Downward

(8,941 single-family permits in 2008, 6th largest market in the country)

Traffic reflects economic uncertainty and a pullback from tax credit. Buyer traffic failed to meet expectations in October, as our index remain unchanged from our September reading of 42 (a reading below 50 indicates traffic below expectations). Several agents highlighted economic uncertainty as the cause for October’s disappointing traffic levels. A “lack of confidence” and “job insecurity” were largely responsible for the poor economic outlook. In addition, according to some agents, negative views for the future of market led some buyers, “To wait too long to make a decision” on homes. The tax credit also did little to improve conditions in the area. Whereas some agents did note an uptick in traffic as the effective deadline approached, others mentioned that timing issues caused other buyers to shy away from the market, as 30-60 days are typically needed to sign a contract and close on a home, leaving little time for those who signed a contract in October to close before the Nov. 30th deadline.

Home prices continue to face pressure. Home prices fell again in October, as our index reading was 26, down from 31 in September (a reading below 50 indicates lower prices). Prices reflected a drop in demand, as well as an increase in inventories. Our home listings index fell to 42 in October, down from 46 in September (a reading below 50 indicates higher inventories). We view this as a negative, and remain cautious on the area following weak economic commentary.

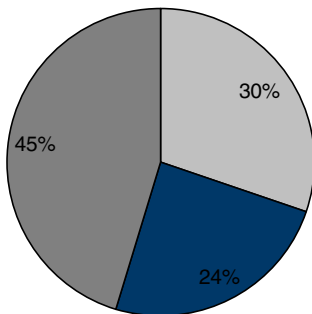
Comments from real estate agents:

- “Home prices are steadily falling and buyers are waiting for prices to fall within their budget range.”
- “We are losing customers who were interested because of the first-time buyer tax credit.”

Toll Brothers and Hovnanian have the greatest exposure. Toll Brothers and Hovnanian have the most exposure to the New York-Northern NJ area market, generating the largest percentage of sales in the area with 12% and 8%, respectively.

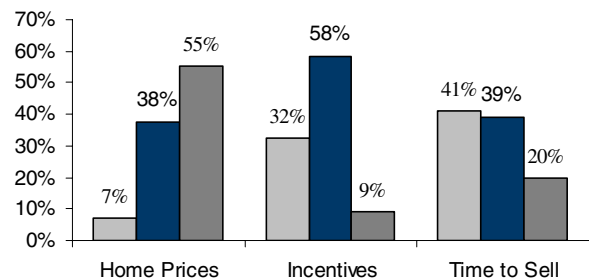
Exhibit 17: Tax Credit Demand Shows Signs of Pullback, Poor Economic Outlook Keeps Prices Down

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	⬇️
Home Prices	⬇️
Incentives	⬇️

“Sellers are still pricing too high.”

Orlando, FL – Traffic Grows and Inventory Falls as Sellers Price to Market

(5,288 single-family permits in 2008, 17th largest market in the country)

Traffic exceeds expectations. Buyer traffic showed a marginal improvement in October, as our traffic index came in at 62, up from 61 in September, indicating better than expected traffic (any reading above 50 indicates traffic levels above expectations). Agents credited the strong traffic levels to buyers still looking to receive the tax credit, as well as buyers finding more attractive pricing in their markets. Several agents mentioned that buyers were hoping to quickly take advantage of the credit before its effective deadline (buyers who signed a contract in October may not complete the closing process in time as it typically takes 30–60 days). Agents also noted that buyers were beginning to feel that prices stopped declining, which increased their interest to purchase homes. In addition, agents’ mentioned that, “Sellers are accepting the realities of the market and lowering prices.” Though these effects have helped move the market, one agent noted that a lack of job security kept traffic low in certain areas. Another received steady traffic, though it was not from new buyers entering the market, “Traffic levels are steady but a lot of the buyers are the same from 60 – 90 days ago.”

Pricing still faces pressure, but strong demand leads to lower inventory. Home prices declined slightly in October, as our price index increased to 42 from 23 in September, but remained below a neutral reading of 50 (any reading below 50 indicates sequentially lower home prices). Though prices fell, inventories decreased as well, reflecting an increase in traffic and better asking prices from sellers. Our home listings index increased to 77 from 73 in September (a reading above 50 indicates lower inventories in the past 30 days). We view this decrease in inventories, as well as the fundamental increase in traffic outside the tax credit incentive, as positives for Orlando. However, economic uncertainty and decline in first-time buyer traffic remain concerns.

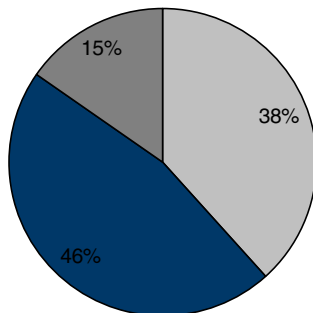
Comments from real estate agents:

- “Buyers are more comfortable that prices have stabilized.”
- “More sellers are accepting the realities of the market and lowering prices.”

Ryland and KB Home have the greatest exposure. Ryland and KB Home have the largest percent of sales from Orlando at approximately 5% each.

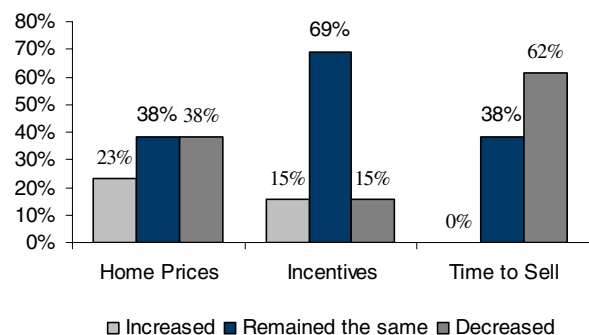
Exhibit 18: Attractive Pricing Leads to Greater Traffic, Price Still Show Decline

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Source: Credit Suisse estimates

October Market Trends	
Traffic	👍
Home Prices	👎
Incentives	↔

“We have seen quicker closings on short sales.”

Phoenix, AZ – Sentiment of Market Bottom Pulls Buyers off Sidelines

(11,549 single-family permits in 2008, 4th largest market in the country)

Fears of missing the market and the tax credit help traffic meet expectations. Buyer traffic was in-line with expectations. Our traffic index fell to 50 in October from 53 in September (a reading of 50 indicates expected traffic levels). Agents highlighted an interest in bargains, as well as the impending expiration of the first time buyer tax credit in October's traffic levels. One agent mentioned more short sales and foreclosures. Another mentioned that, "Buyers are fearful that they missed the bottom of the market and do not want to wait much longer." In addition, according to agents, buyers who did not enter the market earlier this year were hoping to close in time to receive the \$8,000 tax credit. The effect is coupled with the sentiment that the market has bottomed. Buyers feared missing on two fronts: an effective \$8,000 discount on homes, and a possible reversal of the heavy discounts that stemmed from the market downturn.

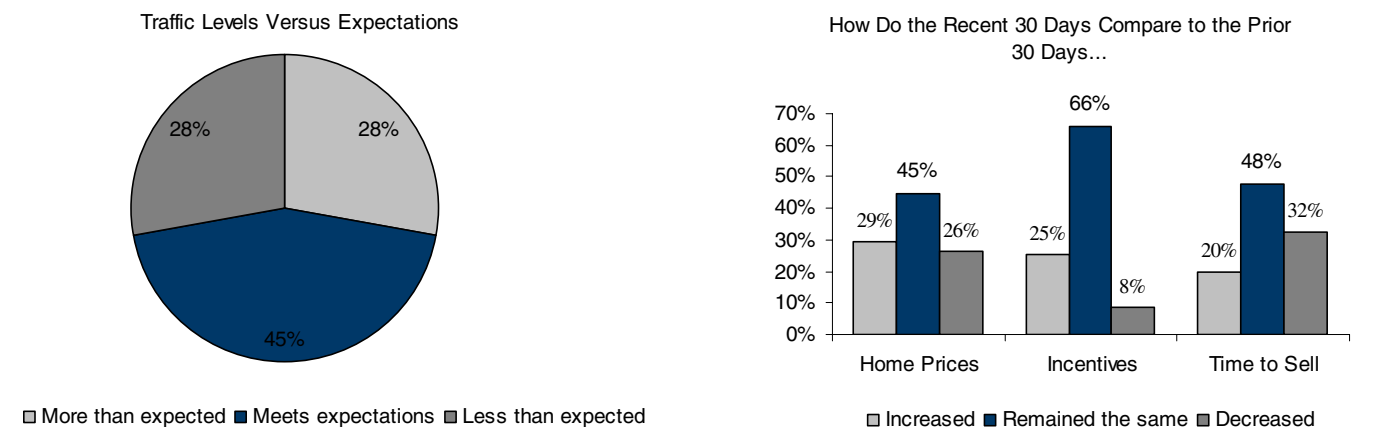
Prices and inventories remain steady in October. Home prices were unchanged in October, as our index reading was 52 in October, down from 57 in September, and in-line with a neutral reading of 50. This may provide an opportunity for buyers looking to enter the market ahead of an increase in prices. Our home listings index fell to 54 in October, down from 71 in September, indicating that inventories fell in the past 30 days (a reading above 50 indicates lower inventories). This reflects the increased buyer traffic in October, though traffic might reverse in November as demand was pulled forward ahead of tax credit legislation.

Comments from real estate agents:

- "There is more realistic pricing. Buyers are taking advantage of the market."
- "Prices are already low and buyers are thinking this is the best time to buy."

MDC Holdings, D.R. Horton, Standard Pacific, Pulte Homes, and Meritage have the greatest exposure. MDC has the largest exposure to Phoenix, contracting approximately 24% of total unit sales in the area, followed by D.R. Horton (13%), Standard Pacific (12%), Pulte (12%), and Meritage (11%).

Exhibit 19: Potential Foreclosures Coming to Market Could Depress Prices Further



Source: Credit Suisse estimates

October Market Trends	
Traffic	↔
Home Prices	↔
Incentives	👉

"People are looking for deals."

Riverside-San Bernardino, CA (Inland Empire) – Increasing Traffic Follows Foreclosures and Affordability

(5,825 single-family permits in 2008, 15th largest market in the country)

Agents see traffic above expectations. Buyer traffic increased in October, exceeding expectations, as our traffic index improved to 57 in October from 53 in September (a reading above 50 indicates better than expected traffic). Agents noted that low interest rates, low prices, and a “last push” to receive the homebuyer tax credit were responsible for traffic levels in October. One agent highlighted “Interest rates and foreclosures” as buyers looked to capitalize on attractive affordability and pricing. According to another agent, buyers were, “Anticipating the bottom of the market,” reflecting a trend in traffic we also observed in our September survey, as buyers did not want to miss pricing opportunities. We also saw that the tax credit continued to keep momentum strong in October. While the amount of time available to close on a home by Nov. 30th was steadily decreasing, buyers maintained interest in the market, hoping to still close by the deadline. We saw several agents attribute their better than expected traffic to the tax credit.

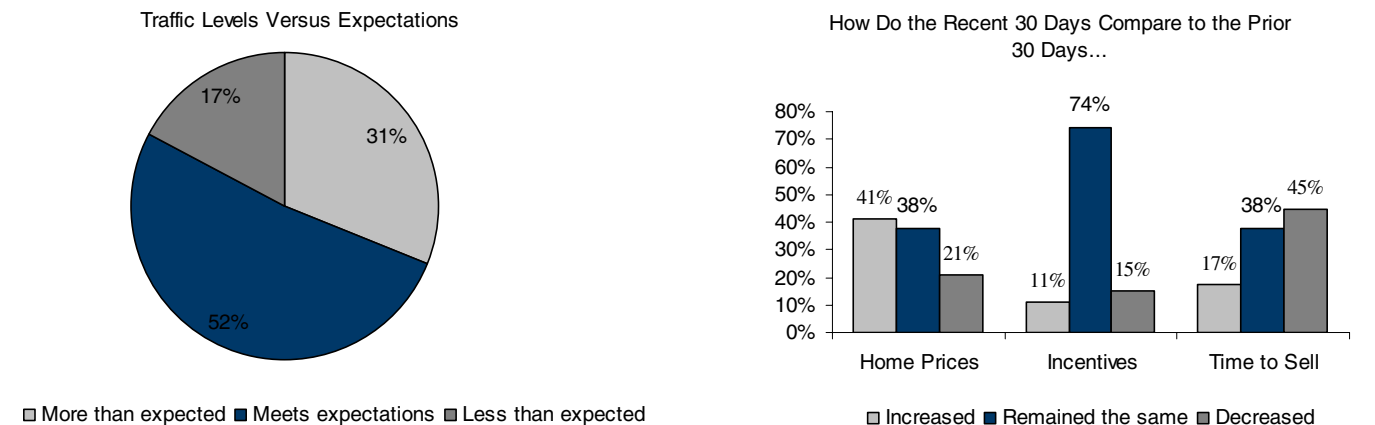
Prices and inventories strengthen. Our home price index increased to 60 in October from 58 in September, indicating higher prices over the last 30 days (a reading above 50 points to higher prices). This supports the increased buyer traffic recorded in our index, as well as low interest rates. Our home listings index also reflects increased traffic, as it fell to 71 in October from 74 in September, but still remained above of a neutral reading of 50 (a reading above 50 indicates lower inventories), supporting agent commentary about declining inventory. We view these trends as a positive, but remain concerned of the potential pull back in traffic attributed to the first-time homebuyer tax credit.

Comments from real estate agents:

- “We have seen prices rise, and in some cases we have seen bidding wars for properties.”
- “Buyers are charging to the closing rooms to beat the deadline for the first-time homebuyer credit.”

Standard Pacific, KB Home and Lennar have the greatest exposure. Standard Pacific has the largest percent of sales at approx. 13%, followed by KB Home (7%), and Lennar (5%).

Exhibit 20: Buyers Looking For Last Chance at Tax Credit, Prices and Inventories Improve



Source: Credit Suisse estimates

October Market Trends	
Traffic	👍
Home Prices	👍
Incentives	↔️

“People want to take advantage of deals.”

Seattle, WA – Lower Prices and Falling Inventory Partially Offset Fears of Financial Instability

(6,529 single-family permits in 2008, 12th largest market in the country)

Traffic levels fall, but meet expectations. Buyer traffic was in-line with agents' expectations in October after exceeding expectations in September. Our traffic index came in at 49, down from 64 in September (in-line with a neutral reading of 50). Agents noted that buyers felt uncertain about their financial stability, while also highlighting that there were still buyers looking to take advantage of the \$8,000 tax credit. One agent mentioned that, "Buyers are very tentative and are afraid to lose money," and another cited, "Rising concerns about the economy and unemployment." However, in the final days of the first-time buyer tax credit, agents said there was a "rush" of those looking to close before Nov. 30th. However, it is possible that we will see a drop in first-time buyer traffic in November. Agents' positive comments in October were heavily reliant upon the tax credit, whose effect will be minimal as most first-time buyers have already entered the market.

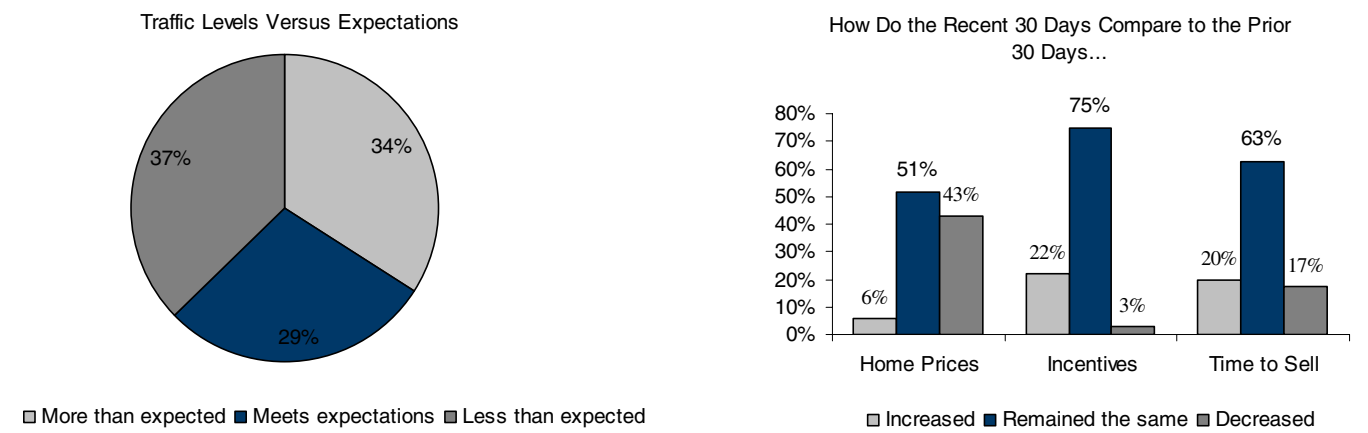
Downward pressure on prices continues as activity remains focused at the low end. Home prices declined again in October, as our home price index reading came in at 31, up from 30 in September, but still below a neutral reading of 50 (any reading below 50 indicates lower prices). This price trend could continue as a poor economy and, "more realistic sellers" may drive prices further downward. Lower prices have had a positive (decreasing) effect on inventory, as our home listings index increased to 59 in October from 56 in September (a reading above 50 indicates lower inventory levels). We view a reduction in inventory as a positive, yet still remain concerned about the diminishing role of the tax credit next in November.

Comments from real estate agents:

- "Buyers are still very concerned about the future."
- "We have seen significant price reductions on current inventory."

D.R. Horton and Pulte have the most exposure to Seattle. D.R. Horton and Pulte generated approximately 1% of sales in Seattle. We expect larger, publicly traded homebuilders to further consolidate the market in the next several years.

Exhibit 21: Traffic Sustained by Tax Credit, Prices Continue to Struggle while Inventory Falls



Source: Credit Suisse estimates

October Market Trends	
Traffic	↔
Home Prices	👇
Incentives	👇

"We have seen a push before the expiration of the tax credit,"

Tampa, FL – Poor Economic Outlook Leads to Low Consumer Confidence and Low Traffic Levels

(5,082 single-family permits in 2008, 19th largest market in the country)

Traffic falls moderately below expectations. Agents said that a poor economic outlook and the upcoming expiration of the \$8,000 tax credit contributed to the October slowdown. One agent said, “Unemployment and low consumer confidence,” were responsible for the low traffic levels. Another noted that, “The \$8,000 tax credit time limit,” to close on a home before Nov. 30th caused buyers to remain on the sidelines, as buyers who signed a contract in October had limited time to complete the closing process by the credit’s deadline. Yet, despite this timing issue, some agents saw a last minute rush of buyers trying to sign and close on a home to be eligible for the tax credit. This may create a greater potential slowdown for November, as traffic, which may not have existed in October without the credit, is pulled forward, leaving a void in November traffic levels.

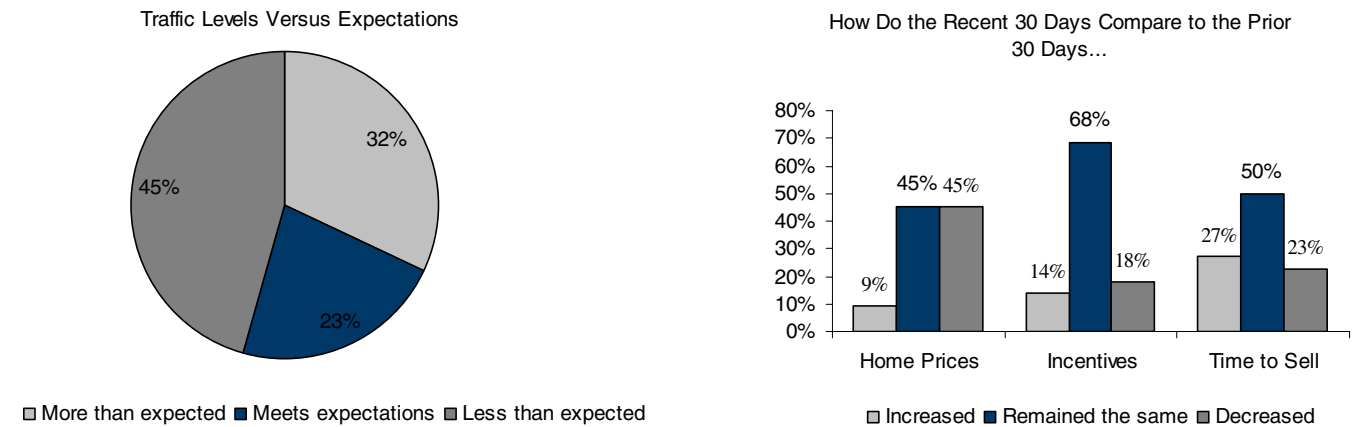
Prices continue to fall as inventory levels remains unchanged. We saw another fall in home prices in October. Our home price index increased to 32 in October from 29 in September, but a reading below 50 indicates lower prices over the last 30 days. Pricing will likely continue to struggle, as demand for foreclosures and short sales, as well as a struggling economy, may hamper the ability for prices to stabilize. Inventories remained unchanged, as our home listings index fell to 50 in October from 54 in September (a reading of 50 indicates unchanged inventories). We view this reading with caution, as another fall in traffic could inhibit a reduction in inventory levels.

Comments from real estate agents:

- “The fourth quarter is generally slow, but the overall economy has made it worse.”
- “We have seen a slowdown from a prior rush of \$8,000 tax credit seekers.”

Standard Pacific Homes, Ryland, and Lennar have the most exposure. Tampa contributes approximately 7% of Standard Pacific’s net sales, followed by 5% each for Ryland and Lennar.

Exhibit 22: Tax Credit Effect Begins to Weaken, Bleak Economic Picture Causes Pricing To Fall



Source: Credit Suisse estimates

October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔️

“More buyers and investors are seeking short sale properties.”

Washington, D.C. – Affordability and Last Ditch Tax Credit Efforts Boost Market

(9,076 single-family permits in 2008, 5th largest market in the country)

Traffic meets expectations. Buyer traffic was in-line with agents' expectations, as our traffic index fell slightly to 54 in October from 57 in September (a reading of 50 indicates traffic levels met expectations). Agents credited low interest rates, consumer confidence, and hurried efforts to receive the tax for October traffic levels. Affordability continued to remain a strong driver in D.C. In August and September, agents noted that low interest rates were integral to increasing traffic levels. Moreover, according to one agent, anticipation that "prices might not go lower," has spurred some customers to enter the market. The tax credit also factored into D.C traffic levels. Agents said buyers still hoped to receive the credit, even as the available time to close on a home before the Nov. 30th deadline became progressively smaller as October progressed.

Prices continue to strengthen alongside better demand and lower inventories. Home prices showed another improvement in October. Our index reading came in at 66, up from 62 in September (any reading above 50 indicates higher prices over the last 30 days). This represents the seventh consecutive month of stable or higher prices for the D.C. area. Inventory levels also continued to improve, as our home listings index increased to 71 in October from 70 in September (any reading above 50 indicates lower inventories). We view this as a positive for the area, though we remain concerned about a possible pullback in first-time buyer traffic.

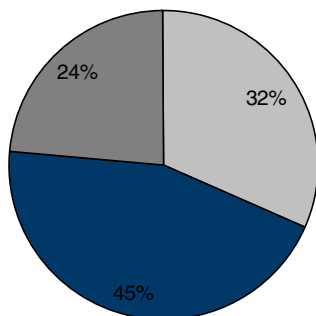
Comments from real estate agents:

- "We have seen people rush to take advantage of the \$8,000 tax credit."
- "A lack of inventory helped our traffic this month."

Toll Brothers, NVR and Hovnanian have the greatest exposure. Toll Brothers and NVR have the most exposure to the Washington, D.C. market, as it represented approximately 21% and 20% of sales, respectively. Washington represented 6% of Hovnanian's sales.

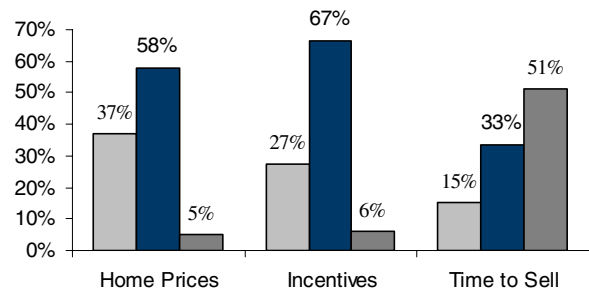
Exhibit 23: D.C. Buyers Taking Advantage of Affordability, Prices Continue to Increase

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	↔
Home Prices	👍
Incentives	👎

"Some buyers have expressed concern over uncertainty of the market."

Additional Key Housing Markets

Baltimore, MD

(3,121 single-family permits in 2008, 36th largest market in the country)

Traffic falls short of expectations. Traffic decreased in October, as our traffic index fell to 28 in October from 57 in September, pointing to traffic below agents' expectations (any reading below 50 indicates lower than expected traffic levels). 56% of agents said traffic was below expectations, 33% said it was in-line with expectations, and 11% said it exceeded expectations.

Prices fall as incentives increase. Our price index decreased to 17 in October from 50 in September, with a reading below 50 indicating lower prices in the last 30 days. 67% of agents said prices declined, and 33% said prices were unchanged. Meanwhile, incentives increased, as our incentive index decreased to 39 in October from 57 in September, below a neutral reading of 50. 56% of agents said incentives were unchanged over the past 30 days, 33% said they were higher, and 11% said they were lower.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index fell to 33 in October from 43 in September, below a neutral reading of 50 (any reading below 50 indicates a longer time to sell). 56% of agents said it took longer to sell a home, 22% said it took the same length of time to sell a home, and 22% said it took less time. We view the longer time needed to sell a home as a negative indicator for future pricing trends.

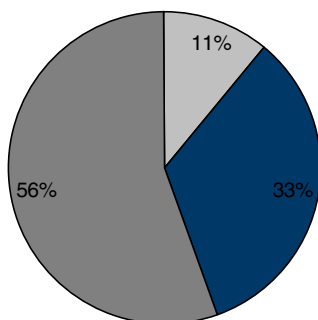
Comments from real estate agents:

- "First-time buyers can't close in time for the tax credit."
- "Economic and employment uncertainty seem to be returning."

NVR and Ryland have the greatest exposure. NVR has the most exposure to Baltimore, as it represented approximately 9% of the company's sales. Baltimore represented 5% of Ryland's sales.

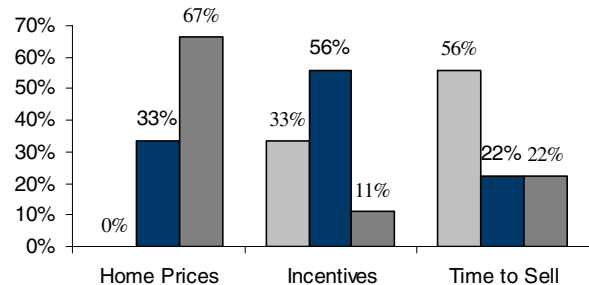
Exhibit 24: Traffic Falls Short of Expectations, Prices and Incentives Worsen, Time to Sell Increases in October

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Boston, MA

(3,323 single-family permits in 2008, 32nd largest market in the country)

Traffic exceeds agents' expectations. Buyer traffic increased over the last 30 days, as our traffic index came in at 61 in October, up from a reading of 50 in September, indicating better than expected traffic (a reading above 50 indicates traffic above expectations). 56% of agents said traffic met expectations, 33% said it exceeded expectations, and 11% said it fell short of expectations.

Prices and incentives flat. Our price index remained steady at 50 in October, unchanged from a reading of 50 in September, indicating that prices were flat over the last 30 days (a neutral reading of 50). 78% of agents said prices were unchanged, 11% said they were lower, and 11% said they were higher. Incentives also remained steady, as our incentive index came in at a neutral reading of 50. 100% of agents said incentives were unchanged.

Less time needed to sell a home— a positive indicator for pricing trends. Our time to sell index increased to 56 in October from 54 in September, above a neutral reading of 50, indicating the length of time needed to sell a home declined over the past 30 days. 45% of agents said the time needed to sell a home was unchanged, 33% said it took less time sell a home, and 22% said it took longer to sell a home. A shorter length of time needed to sell would indicate a positive step towards price stabilization.

Comments from real estate agents:

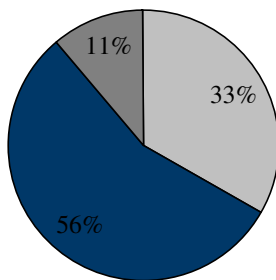
- "People are looking to close ahead of the expiration of the first-time buyer tax credit."
- "We have seen increased confidence in buyers."

The Boston market represented less than 1% of sales for all homebuilders in our coverage universe.

Exhibit 25: Traffic Exceeds Expectations, Prices and Incentives Unchanged, Less Time to Sell in October

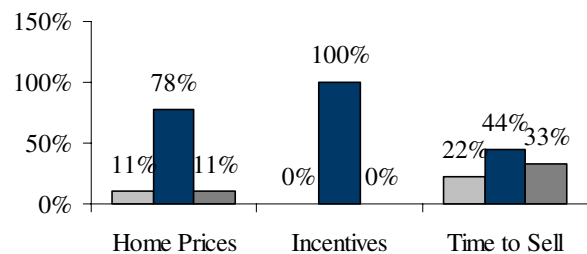
October Market Trends	
Traffic	👍
Home Prices	↔
Incentives	↔

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Charleston, SC

(3,666 single-family permits in 2008, 29th largest market in the country)

Traffic above agents' expectations. Our buyer traffic index increased to 88 in October from 40 in September, pointing to traffic above expectations (a reading above 50 indicates better than expected traffic). 75% of agents said traffic was better than expected, and 25% said it was in-line with expectations.

Prices decline and incentives worsen. Home prices fell in October, as our home price index improved to 38 in October from 30 in September, but still fell short of a neutral reading of 50. 75% of agents said home prices were unchanged over the last 30 days, while 25% said they were lower. Incentives increased, as our incentive index fell to 25 in October from 40 in September (a reading below 50 indicates higher incentives over the last 30 days). 50% of agents said incentives were higher, and 50% said they remained constant.

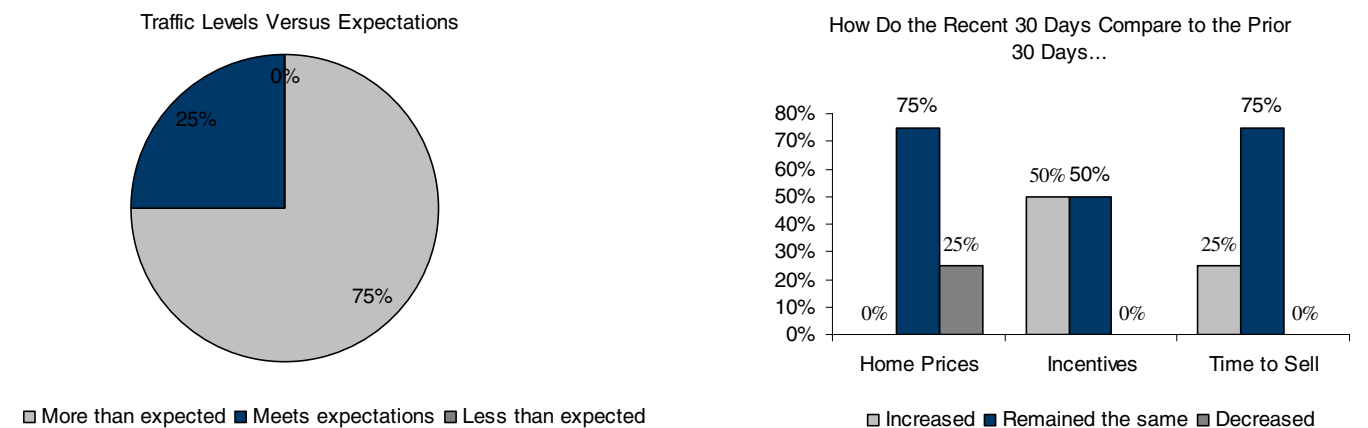
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index increased to 38 in October from 30 in September, though any reading below 50 indicates a longer time needed to sell a home. 75% of agents said the time to sell was unchanged over the past 30 days, while 25% it took longer to sell a home. We view the longer time needed to sell a home as a negative indicator for future pricing trends.

Comments from real estate agents:

- "We have seen a little more excitement from buyers"
- "Prices are the moving force. They are lower than previous months, driven by foreclosures and short sales."

Ryland and KB Home have the greatest exposure. Ryland has the most exposure to the Charleston market, at approximately 4% of the company's sales. Charleston represented 3% of KB Home's sales.

Exhibit 26: Traffic Above Expectations, Prices and Incentives Worsen, Time To Sell Lengthens in October



Source: Credit Suisse estimates

Cincinnati, OH

(3,314 single-family permits in 2008, 33rd largest market in the country)

Traffic in-line with expectations. Our buyer traffic index increased to 50 in October from 45 in September, indicating traffic levels in-line with agents' expectations (a reading of 50 suggests traffic met expectations). 34% of agents said traffic was in-line with expectations, 33% of agents said traffic was below expectations, and 33% said it exceeded expectations.

Prices and incentives improve. Home prices increased in October as our price index came in at 56 in October, up from a reading of 43 in September (a reading above 50 indicates higher prices over the past 30 days). 67% of agents said prices were unchanged, 22% said they were higher, and 11% said they were lower. Incentives also fell modestly, as our incentive index increased to 56 in October from 43 in September (slightly above a neutral reading of 50). 67% of agents said incentives were unchanged, 22% said they were lower, and 11% said they were higher.

Time needed to sell a home lengthened – a negative indicator for future pricing trends. Our time to sell index increased to 44 in October from 30 in September, though any reading below 50 suggests a longer time to sell over the past 30 days. 45% of agents said it took longer to sell a home, 33% said it took less time to sell a home, and 22% said the time to sell was unchanged. We view the longer time needed to sell as a negative indicator of future pricing trends.

Comments from real estate agents:

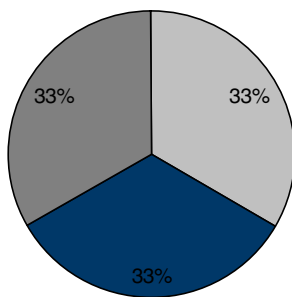
- "First-time buyers are trying to buy before the tax credit expires."
- "We have seen some positive economic news"

NVR has the greatest exposure. NVR has the most exposure to the Cincinnati market, as it represented approximately 3% of the company's sales.

Exhibit 27: Traffic In-Line with Expectations, Prices Increase, Incentives Fall, Time to Sell Lengthens in October

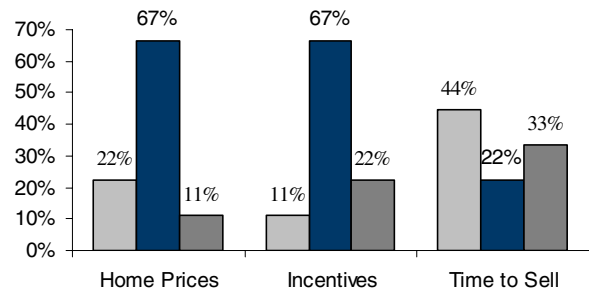
October Market Trends	
Traffic	↔
Home Prices	👍
Incentives	👍

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Columbus, OH

(2,666 single-family permits in 2008, 45th largest market in the country)

Traffic falls below expectations. Our buyer traffic index fell to 17 in October from 50 in September, indicating lower than expected traffic over the past 30 days (readings below 50 indicate traffic below expectations). 67% of agents said traffic fell short of expectations, and 33% said traffic was in-line with expectations.

Prices continue to fall. Home prices fell, as our price index came in at 25 in October, down from 33 in September (readings below 50 indicate sequentially lower home prices). 50% of agents said prices were lower over the past 30 days, and 50% said they were unchanged. Incentives worsened, as our incentive index improved to 42 in October from 12 in September, though remained below a neutral reading of 50 (readings below 50 indicate higher incentives). 50% of agents said incentives were unchanged, 33% said they were higher, and 17% said they were lower.

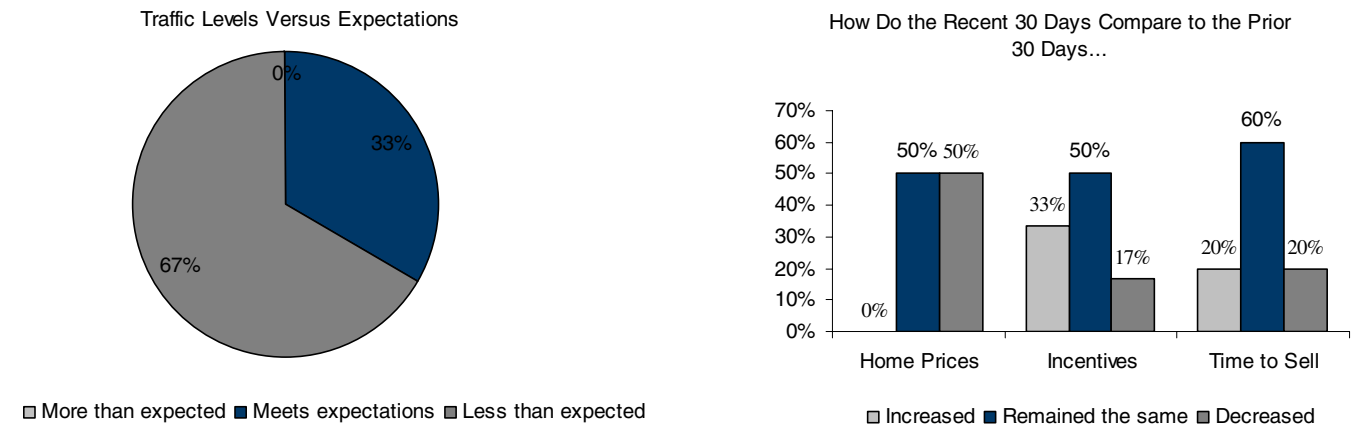
Time needed to sell a home unchanged – a positive step towards price stabilization. Our time to sell index came in at 50 in October, matching our reading 50 in September, indicating an unchanged time needed to sell a home over the past 30 days (a reading of 50 indicates an unchanged time to sell). 60% of agents said it took the same length of time to sell, 20% said it took longer to sell a home, and 20% said it took less time. We believe an unchanged time to sell would be a positive step towards price stabilization.

Comments from real estate agents:

- “There is buyer uncertainty, especially because of the job market.”
- “Buyers are concerned about their financial stability.”

The Columbus market represented less than 1% of sales for all homebuilders in our coverage universe.

Exhibit 28: Traffic Below Expectations, Prices Fall and Incentives Increase, Time to Sell Unchanged in October



Source: Credit Suisse estimates

Detroit, MI

(1,950 single-family permits in 2008, 60th largest market in the country)

Traffic continues to fall. Our buyer traffic index fell slightly to 38 in October from 39 in September, with a reading below 50 indicating traffic below agents' expectations. 48% of agents said traffic was lower than expected, 28% said it was in-line with expectations, and 24% said it exceeded expectations.

Prices and incentives worsen. Home prices fell further in October as our price index increased to 38 in October from 15 in September; though still remained below a neutral reading of 50 (any reading below 50 indicates sequentially lower home prices). 43% of agents said prices declined over the past 30 days, 38% said they were unchanged, and 19% said they were higher. Incentives also increased modestly, as our incentive index slipped to 40 in October from 41 in September, slightly below a neutral reading of 50. 68% of agents said incentives were unchanged, 27% said they were higher, and 5% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index decreased to 26 in October from 50 in September, indicating a longer time needed to sell a home (readings below 50 indicate a longer time to sell). 62% of agents said the length of time needed to sell a home increased over the past 30 days, 24% said it was unchanged, and 14% said it took less time to sell a home. We view the longer time needed to sell as a negative indicator of future pricing trends.

Comments from real estate agents:

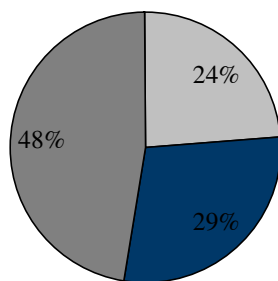
- "The job losses keep mounting."
- "There have been too many foreclosures."

Pulte, Toll Brothers, and Centex have the greatest exposure. Pulte has the most exposure to the Detroit market, as it represents approximately 5% of the company's sales. Detroit represents approximately 5% of Toll Brother's sales and 2% of Centex's sales.

Exhibit 29: Traffic Below Expectations, Prices Decline, Incentives Rise, Time to Sell Unchanged in October

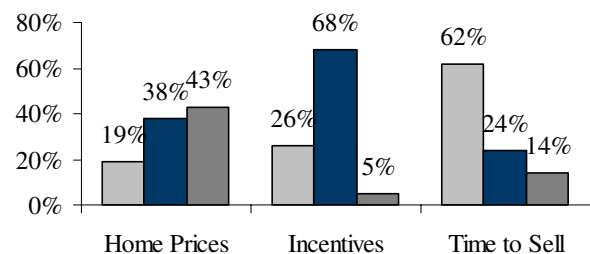
October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

Nashville, TN

(5,621 single-family permits in 2008, 16th largest market in the country)

Traffic remains below expectations. Buyer traffic declined over the last 30 days, as our traffic index increased to 27 in October from 23 in September, but was still below a neutral reading of 50 (any reading below 50 indicates traffic below agents' expectations). 64% of agents said traffic fell short of expectations, 18% said it exceeded expectations, and 18% said traffic was in-line with expectations.

Prices fall, incentives unchanged. Home prices continued to fall, as our home price index fell to 30 in October from 32 in September, below a neutral reading of 50 (any reading below 50 indicates sequentially lower prices). 60% of agents said prices were unchanged over the past 30 days, and 40% said they were lower. Incentives remained unchanged as our incentive index fell slightly to 45 in October from 50 in September (in-line with a neutral reading of 50). 90% of agents said incentives were unchanged, and 10% said they were higher.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index improved to 45 in October from 23 in September, but remained below a neutral reading of 50 (a reading below 50 suggests a longer time to sell). 50% of agents said the time to sell a home was unchanged over the past 30 days, 30% of agents said it took longer to sell a home, and 20% said it took less time. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

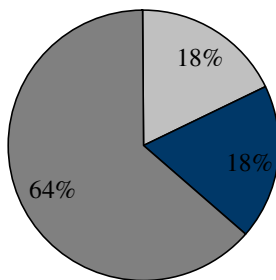
- "Move up buyers have remained out of the market, even the gainfully employed."
- "People are still looking to take advantage of the tax credit."

Pulte and NVR have the greatest exposure. Pulte and NVR have the most exposure to the Nashville market, with approximately 2% of the company sales.

Exhibit 30: Traffic Below Expectations, Prices Fall, Incentives Unchanged, Time to Sell Lengthens in October

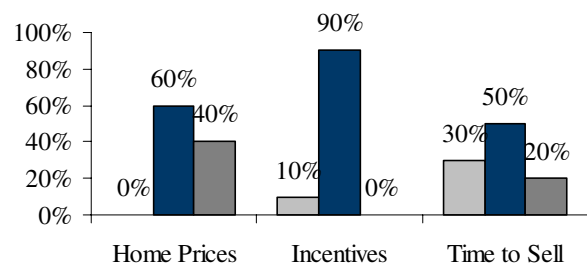
October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Philadelphia, PA-Southern NJ

(6,858 single-family permits in 2008, 10th largest market in the country)

Traffic below expectations. Our buyer traffic index increased marginally to 30 in October from 29 in September, though traffic still fell short of expectations (readings below 50 indicate traffic below agents' expectations). 48% of agents said traffic was below expectations, 44% said it was in-line with expectations, and 8% said it exceeded expectations.

Prices and incentives worsen. Home prices continued to decline in October, as our price index came in at 26, down from 27 in September and below a neutral reading of 50 (a reading below 50 indicates sequentially lower home prices). 52% of agents said prices decreased over the past 30 days, 44% said they were unchanged, and 4% said they were higher. Incentives increased slightly, as our index increased to 44 in October from 41 in September (any reading below 50 indicates higher incentives). 61% of agents said incentives were unchanged, 26% said incentives were higher, and 13% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 36 in October from 38 in September, indicating a longer time needed to sell a home (any reading below 50 suggests a longer time to sell). 48% of agents said the time to sell was longer, 32% said the time to sell was unchanged, and 20% said it took less time to sell. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

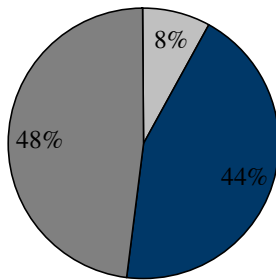
- "Most of the first-time buyers already purchased."
- "There is a poor outlook on the future of the economy."

Toll Brothers and NVR have the greatest exposure. Toll Brothers has the most exposure to the Philadelphia-Southern NJ market, as it represented approximately 8% of the company's sales, followed by NVR at 3% of sales.

Exhibit 31: Traffic Falls Short of Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in October

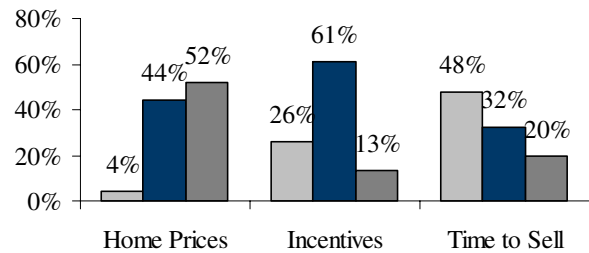
October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

Port St. Lucie, FL

(854 single-family permits in 2008, 114th largest market in the country)

Traffic in-line with expectations. Buyer traffic met expectations in October, as our index came in at 50, unchanged from a reading of 50 in September (a reading of 50 indicates traffic in-line with expectations). 42% of agents said traffic met expectations, 29% said it was below expectations, and 29% said it was above expectations.

Home prices fall, incentives improve. Home prices continued to falter in October, as our price index came in at 29, unchanged from a reading of 29 in September (a reading below 50 indicates lower prices over the last 30 days). 57% of agents said prices declined, 29% of agents said they were unchanged, and 14% said they were higher. Sellers lowered incentives in October, as our incentive index came in at 64 for October, up from 50 in September (a reading above 50 indicates lower incentives). 43% of agents said incentives were unchanged, 43% said they were lower, and 14% said they were higher.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 36 in October from 50 in September, pointing to a longer time needed to sell a home (a reading below 50 suggests a longer time needed to sell a home). 57% of agents said it took more time to sell a home over the past 30 days, 29% said it took less time to sell, and 14% said the time to sell was unchanged. We believe the longer time to sell is a negative indicator for future pricing trends.

Comments from real estate agents:

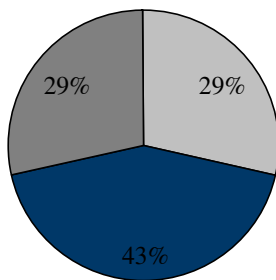
- “Buyers are looking for deals and waiting for further price drops.”
- “People are trying to beat the deadline on the tax credit.”

The Port St. Lucie market represents less than 1% of sales for all homebuilders in our coverage universe.

Exhibit 32: Traffic Meets Expectations, Prices Fall, Incentives Decline, Time to Sell Lengthens in October

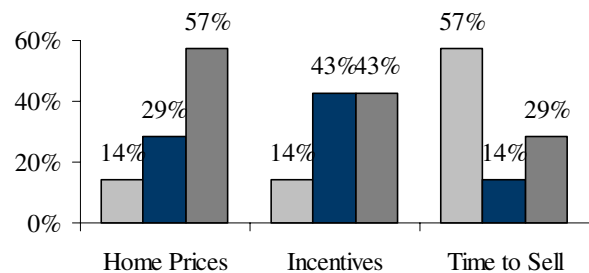
October Market Trends	
Traffic	↔
Home Prices	👎
Incentives	👍

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Portland, OR

(4,167 single-family permits in 2008, 24th largest market in the country)

Traffic worsens. Buyer traffic fell in October, remaining below agents' expectations. Our traffic index reading was 24 in October, down from 45 in September (a reading below 50 points to traffic levels below agents' expectations). 56% of agents said traffic was lower than expected, 40% said it was in-line with expectations, and 4% of agents saw better than expected traffic.

Prices fall and incentives increase. Home prices fell further in October, as our price index came in at 24, down from 27 in September, with a reading below 50 indicating lower home prices over the past 30 days. 56% of agents said prices were lower, 40% of agents said prices were unchanged, and 4% said they were higher. Meanwhile, incentives increased as our incentive index fell to 40 in October from 44 in September (readings below 50 indicate higher incentives). 79% of agents said incentives were unchanged, and 21% said they were higher.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 34 in October, down from a reading of 50 in September, with a reading below 50 indicating a longer time to sell. 52% of agents said the length of time needed to sell was unchanged, 40% said it took longer to sell a home, and 8% said it took less time to sell. We believe the longer time to sell is a negative indicator for future pricing trends.

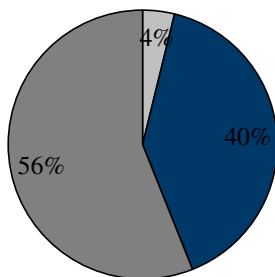
Comments from real estate agents:

- "Except for the fist-time buyers, people don't think that we are at the bottom."
- "The uncertainty of the economy and the assumption that home prices will fall more has kept people out of the market."

D.R. Horton has the greatest exposure. Portland represented approximately 1% of sales for D.R. Horton.

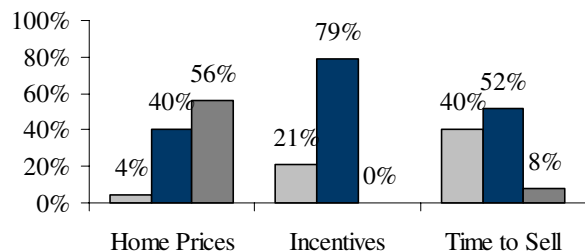
Exhibit 33: Traffic Below Expectations, Prices Fall, Incentives Increase, Time to Sell Increases in October

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

Raleigh, NC

(6,559 single-family permits in 2008, 11th largest market in the country)

Traffic continues to decline. Our buyer traffic index decreased to 26 in October from 27 in September, indicating traffic levels below agents' expectations (a reading below 50 indicating traffic below expectations). 53% of agents said traffic fell short of expectations, 42% said it was in-line with expectations, and 5% said it exceeded expectations.

Prices and incentives worsen. Our home price index fell to 28 in October from 31 in September, remaining below a neutral reading of 50 (any reading below 50 indicates lower prices over the past 30 days). 50% of agents said prices were lower, 44% said they were unchanged, and 6% said they were higher. Our incentive index increased to 40 in October from 35 in September, though a reading below 50 indicates higher incentives. 58% of agents said incentives were unchanged, 32% said incentives were higher, and 10% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 21 in October from 46 in September, with a reading below 50 indicating a longer time to sell over the past 30 days. 73% of agents said the time to sell a home was longer, 16% said it took less time to sell a home, and 11% said the time to sell was unchanged. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

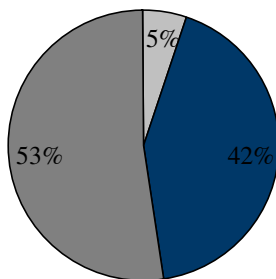
- "Homebuyers have disappeared."
- "There are few buyers looking beyond the \$200k range."

Standard Pacific, KB Home and Pulte have the greatest exposure. Standard Pacific has the most exposure to the Raleigh market, as it represents approximately 5% of the company's sales. Raleigh represents 4% and 3% of sales for KB Home and Pulte, respectively.

Exhibit 34: Traffic Below Expectations, Prices and Incentives Deteriorate, Time to Sell Lengthens in October

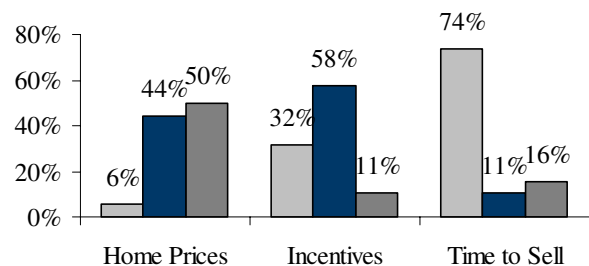
October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

Richmond, VA

(3,932 single-family permits in 2008, 26th largest market in the country)

Traffic meets expectations. Our buyer traffic index improved to 50 in October from 33 in September, indicating traffic in-line with expectations (a reading of 50 suggests traffic met agents' expectations). 40% of agents said traffic fell short of expectations, 40% said traffic was greater than expected, and 20% said it was in-line with expectations.

Prices and incentives weaken. Our price index increased to 30 in October from a reading of 0 in September, though any reading below 50 indicates lower prices over the past 30 days. 60% of agents said prices were unchanged and 40% of agents said that prices decreased. Our incentives index increased to 38 in October from 0 in September, but still remained below a reading of 50 (a reading below 50 indicates higher incentives). 75% of agents said incentives were unchanged, and 25% said they were higher.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 40 in October, indicating a longer time needed to sell a home over the past 30 days (any reading below 50 suggests a longer time to sell). 80% of agents said the time to sell a home remained unchanged over the past 30 days and 20% of agents said it took more time to sell a home.

Comments from real estate agents:

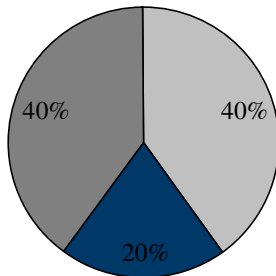
- "People are worried about their jobs."
- "We have seen low prices for prime properties."

NVR and Pulte have the greatest exposure. NVR has the most exposure to the Richmond market, as it represented approximately 6% of the company's sales. Richmond represented 1% of sales for Pulte.

October Market Trends	
Traffic	↔
Home Prices	⬇️
Incentives	⬆️

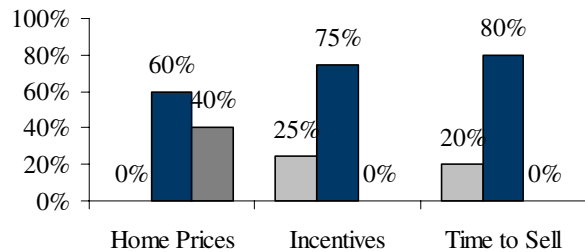
Exhibit 35: Traffic Meets Expectations, Prices Fall, Incentives Rise, Longer Time to Sell in October

Traffic Levels Versus Expectations



□ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



□ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Sacramento, CA

(3,924 single-family permits in 2008, 27th largest market in the country)

Traffic declines, falls short of expectations. Buyer traffic fell over the last 30 days, as our traffic index came in at 33 in October, down from 56 in September, with readings below 50 indicating traffic below expectations. 53% of agents said traffic was in-line with expectations, 40% said it was below expectations, and 7% said it was greater than expected.

Prices and incentives unchanged. Our home price index improved to 53 in October from 42 in September, indicating steady prices over the past 30 days, (in-line with a neutral reading of 50). 67% of agents said prices were unchanged, 20% said they were higher, and 13% said they were lower. Incentives were also unchanged, as our incentive index came in at 50 in October, down from 53 in September (a neutral reading of 50). 84% of agents said incentives were unchanged over the past month, 8% said they were lower, and 8% said they were higher.

Less time needed to sell a home in October. Our time to sell index improved to 60 in October from 50 in September, indicating the time to sell a home declined over the past 30 days (a reading above 50 suggests less time to sell). 40% of agents said the time to sell was unchanged, 40% said it took less time to sell, and 20% said it took longer. We believe less time to sell is a positive step towards price stabilization.

Comments from real estate agents:

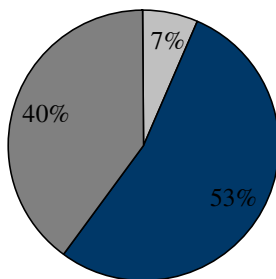
- "Traffic is down, buyers know they can longer get the tax credit"
- "The short amount of time left to close on a home before the tax credit expires has kept traffic down."

Pulte, Hovnanian, Lennar and KB Home have the greatest exposure. The Sacramento market represented approximately 2% of sales each for Pulte, Hovnanian, Lennar, and KB Home.

Exhibit 36: Traffic Below Expectations, Prices and Incentives Unchanged, Time to Sell Falls in October

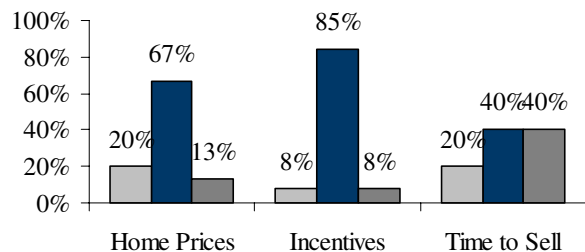
October Market Trends	
Traffic	↓
Home Prices	↔
Incentives	↔

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

San Antonio, TX

(5,990 single-family permits in 2008, 13th largest market in the country)

Traffic increases but falls below expectations. Our traffic index increased to 43 in October, up from 25 in September, but still remained below a neutral reading of 50 (a reading below 50 indicates traffic levels below agents' expectations). 43% of agents said traffic fell short of expectations, 29% said it was in-line with expectations, and 28% said it was better than expected.

Prices decline and incentives increase. Our price index fell to 39 in October from 40 in September (readings below 50 indicate sequentially lower prices). 79% of agents said prices were unchanged, and 21% said they were lower. Our incentives index also fell, coming in at 36 in October, down from 40 in September, pointing to higher incentives (readings below 50 indicate increased incentives). 43% of agents said incentives were higher, 43% said they were unchanged, and 14% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index declined to 32 in October from 35 in September, suggesting a longer time to sell (readings below 50 suggest a longer time to sell). 50% of agents said the time to sell a home increased over the past 30 days, 36% said the time to sell was unchanged, and 14% said it took less time to sell. We view the longer time needed to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

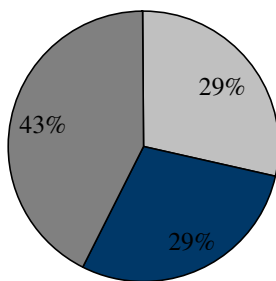
- "Buyers are fearful of future economic issues."
- "Low interest rates and affordability have not been enough to keep buyers interested."

KB Home, D.R. Horton, and Ryland have the greatest exposure. KB Home has the most exposure to the San Antonio market, as it represents approximately 7% of the company's sales. San Antonio represents 6% of sales for D.R. Horton and Ryland, and 5% of sales for Pulte and Standard Pacific.

Exhibit 37: Traffic Below Expectations, Prices Fall, Incentives Increase, Longer Time to Sell in October

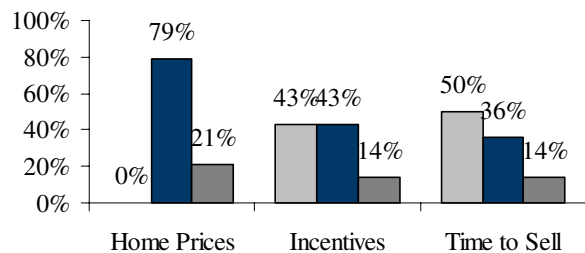
October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased Remained the same Decreased

Source: Credit Suisse estimates

San Diego, CA

(2,160 single-family permits in 2008, 56th largest market in the country)

Traffic falls below expectations. Buyer traffic fell in October, as our index came in at 41, down from a reading of 60 in September, indicating traffic below agents' expectations (a reading below 50 indicates traffic fell short of expectations). 46% of agents said traffic was in-line with expectations, 36% said it fell short of expectations, and 18% said it exceeded expectations.

Prices rise, incentives remain flat. Agents noted that prices increased in October. Our price index fell slightly to 64 in October from 66 in September, though a reading above 50 indicates higher prices. 45% of agents said prices were unchanged over the past 30 days, 41% said prices increased, and 14% said they were lower. Incentives remained unchanged, as our incentive index increased to 50 in October from 44 in September (a reading of 50 indicates unchanged incentives). 62% of agents said incentives were unchanged, 19% said they were higher, and 19% said they were lower.

Less time needed to sell a home— a positive indicator for pricing trends. Our time to sell index fell marginally to 55 in October from 57 in September, but remained above a neutral reading of 50 (a reading above 50 suggests less time needed to sell a home). 55% of agents said the time needed to sell a home was unchanged over the past 30 days, 27% said it took less time to sell a home, and 18% said it took longer to sell a home.

Comments from real estate agents:

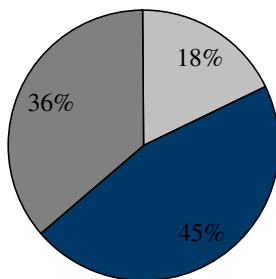
- "We have seen a drop in first-time buyers. They don't think they can close in time before the tax credit expires."
- "First-time buyers are dwindling as the deadline nears."

Standard Pacific and Lennar have the greatest exposure. Standard Pacific has the most exposure to the San Diego market, as it represents approximately 5% of the company's sales. San Diego represents 1% of Lennar's sales.

Exhibit 38: Traffic Below Expectations, Prices Increase, Incentives Unchanged, Less Time Needed to Sell in October

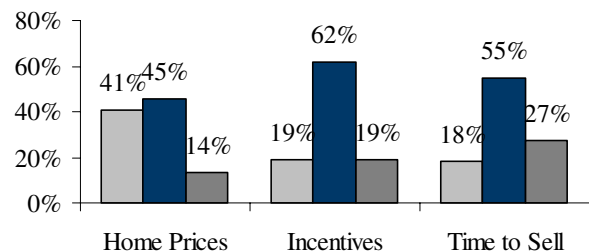
October Market Trends	
Traffic	👎
Home Prices	👍
Incentives	↔

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

San Francisco, CA

(2,329 single-family permits in 2008, 52nd largest market in the country)

Traffic exceeds expectations. Our buyer traffic index came in at 55 in October, unchanged from a reading of 55 in September, and remained above a neutral reading of 50 (a reading above 50 indicates higher than expected traffic levels) 40% of agents said traffic was in-line with expectations, 35% said it exceeded expectations, and 25% said it fell short of expectations.

Prices improve, incentives unchanged. Home prices increased in October, as our price index improved to 60 in October from 55 in September (a reading above 50 indicates higher home prices). 49% of agents said prices were unchanged over the past 30 days, 36% said they were higher, and 15% said they were lower. Incentives remained unchanged, as our incentive index increased to 48 in October from 46 in September, in-line with a neutral reading of 50. 77% of agents said incentives were unchanged, 13% said they were higher, and 10% said they were lower.

Length of time needed to sell a home unchanged in October. Our time to sell index fell to 50 in October from 58 in September, indicating an unchanged time to sell (a neutral reading of 50 suggests an unchanged time to sell over the past 30 days). 44% of agents said it took the same time to sell a home over the past 30 days, 28% said it took longer to sell a home, and 28% said it took less time to sell a home. We view an unchanged length of time as a positive step towards price stabilization.

Comments from real estate agents:

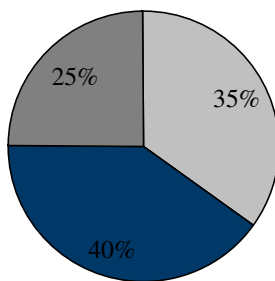
- "There is a sentiment that we have reached the bottom of the market."
- "There are a large number of buyers looking for foreclosures."

Standard Pacific, KB Home and Lennar have the greatest exposure. Standard Pacific has the most exposure to the San Francisco area, as it represented approximately 4% of the company's sales. San Francisco represented 3% of KB Home's sales and 2% of Lennar's sales.

Exhibit 39: Traffic Above Expectations, Prices Improve, Incentives Flat, Time to Sell Unchanged in October

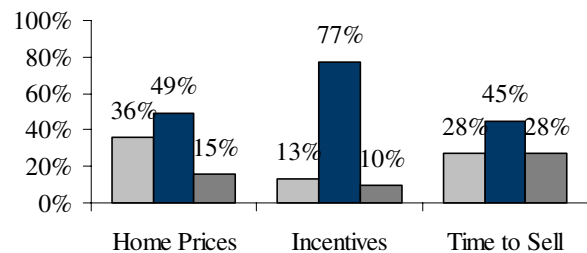
October Market Trends	
Traffic	👍
Home Prices	👍
Incentives	↔

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Sarasota, FL

(1,468 single-family permits in 2008, 75th largest market in the country)

Traffic strengthens. Buyer traffic improved in October, exceeding agents' expectations, as our traffic index increased to 70 in October from 36 in September (readings above 50 indicate traffic above expectations). 60% of agents said traffic was better than expected, 20% said it was below expectations, and 20% said it was in-line with expectations.

Prices and incentives worsen. Home prices fell again in October, as our price index came in at 30 in October, up from 19 in September, but a reading below 50 indicates lower prices over the last 30 days. 46% of agents said prices were lower over the past 30 days, 47% said they were unchanged, and 7% said they were higher. We saw incentives increase, as our index improved to 39 in October from 30 in September, but still remained below a reading of 50 (a reading below 50 indicates higher incentives). 77% of agents said incentives were unchanged, and 23% said they increased.

Less time needed to sell a home— a positive indicator for pricing trends. Our time to sell index increased to 60 in October from 36 in September, pointing to less time needed to sell a home (readings above 50 indicate a shorter time to sell). 40% of agents said the length of time needed to sell a home decreased over the past 30 days, 40% said the time to sell was unchanged, and 20% said it look longer to sell a home.

Comments from real estate agents:

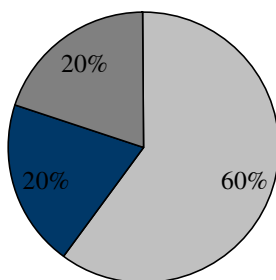
- "People have been feeling that it is time to buy."
- "We have seen an increase in demand going after great deals on properties."

Standard Pacific and Lennar have the greatest exposure. Standard Pacific has the most exposure to the Sarasota market, as it represented approximately 3% of sales. Sarasota represented approximately 2% of Lennar's sales.

Exhibit 40: Traffic Above Expectations, Prices and Incentives Worsen, Time to Sell Falls in October

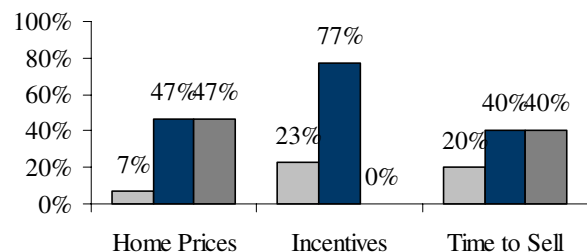
October Market Trends	
Traffic	👍
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



More than expected
 Meets expectations
 Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased
 Remained the same
 Decreased

Source: Credit Suisse estimates

Tucson, AZ

(2,793 single-family permits in 2008, 41st largest market in the country)

Traffic falls short of expectations. Buyer traffic declined in October and fell below agents' expectations, as our traffic index fell to 35 in October from 44 in September (below a neutral reading of 50). 52% of agents said traffic was in-line with expectations, 39% said it fell short of expectations, and 9% said it exceeded expectations.

Prices fall and incentives increase. Our home price index increased to 31 in October from 28 in September, though still remained below a neutral reading of 50, indicating lower prices over the last 30 days. 47% of agents said prices fell in October, 43% said they were unchanged, and 10% said they were higher. Incentives also worsened, as our incentive index fell to 38 in October, up from 33 in September (below a neutral reading of 50). 65% of agents said incentives were unchanged, 30% said they were higher, and 5% said they were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 43 in October from 54 in September, indicating a longer time needed to sell a home (a reading below 50 suggests a longer time to sell). 48% of agents said the length of time needed to sell a home was unchanged, 33% said it took longer to sell a home, and 19% of agents said it took less time to sell a home.

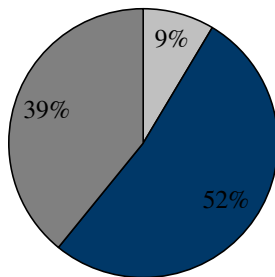
Comments from real estate agents:

- "The poor economy and continued layoffs have kept traffic down."
- "Buyers are running out of time to use the tax credit, we have seen some of them waiting for an extension before entering the market."

MDC, Meritage and Lennar have the greatest exposure. MDC has the most exposure to the Tucson market, as it represents approximately 14% of the company's sales. Tucson represents 10% of Meritage's sales and 7% of Lennar's sales.

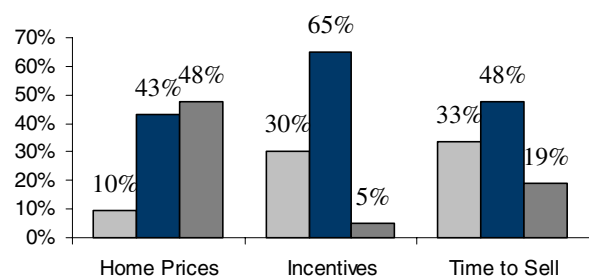
Exhibit 41: Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Increases in October

Traffic Levels Versus Expectations



More than expected ■ Meets expectations ■ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

October Market Trends	
Traffic	↓
Home Prices	↓
Incentives	↓

Virginia Beach, VA

(3,246 single-family permits in 2008, 34th largest market in the country)

Traffic falls short of expectations. Our buyer traffic index increased in October to a reading of 43, up from 40 in September, though indicating lower than expected traffic (a reading below 50 indicates traffic below expectations). 43% of agents said traffic met expectations, 36% said it fell short of expectations, and 21% said it exceeded expectations.

Prices down, incentives up. Home prices fell in October, as our price index came in at 29, up from a reading of 23 in September, but short of a neutral reading of 50 (a reading below 50 indicates sequentially lower prices). 50% of agents said prices were lower over the past 30 days, 43% of agents said they were unchanged, and 7% said they were higher. Incentives increased, as our incentive index fell slightly to 43 in October from 46 in September, below a neutral reading of 50. 85% of agents said incentives were unchanged, and 15% said incentives were higher.

Longer time needed to sell a home in September. Our time to sell index fell to 29 in October from 36 in September, indicating a longer time needed to sell a home over the past 30 days (any reading below 50 points to a longer time to sell). 57% of agents said the time needed to sell a home was unchanged, and 43 said it took longer to sell.

Comments from real estate agents:

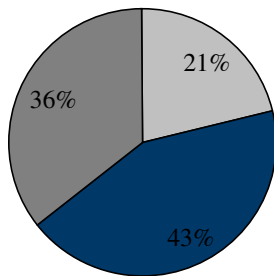
- “Buyers seem to only be in the market for deals, either foreclosures or short sales.”
- “The expiration of the tax credit is bringing in some last minute buyers.”

Pulte and NVR have the greatest exposure. Pulte and NVR have the most exposure to the Virginia Beach market, as it represented approximately 1% of each company’s sales.

Exhibit 42: Traffic Below Expectations, Lower Prices, Higher Incentives, Longer Time to Sell in October

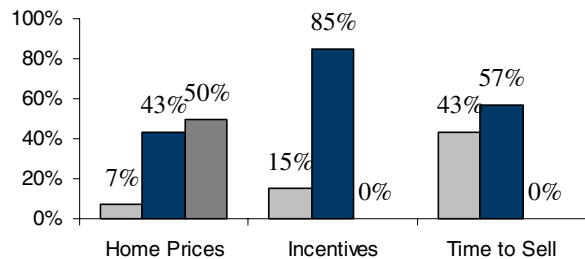
October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	👎

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ☐ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ☐ Decreased

Source: Credit Suisse estimates

Wilmington, NC

(2,991 single-family permits in 2008, 38th largest market in the country)

Traffic declines, falls short of expectations. Buyer traffic continued to fall in October, as our traffic index fell to 19 in October from 25 in September, indicating traffic levels below agents' expectations (any reading below 50 indicates traffic below expectations). 62% of agents said traffic fell short of expectations and 38% said it was in-line with expectations.

Prices fall, incentives unchanged. Home prices declined again in October, as our price index increased to 21 in October from 8 in September, but remained below a neutral reading of 50 (readings below 50 indicate lower prices over the last 30 days). 58% of agents said prices were sequentially lower, and 42% said they were unchanged. Our incentive index was 46 in October, down from 50 in September, though in-line with a neutral reading of 50. 73% of agents said incentives were unchanged, 18% said incentives were higher, and 9% said incentives were lower.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 18 in October, down from 25 in September, with any reading below 50 indicating a longer time needed to sell a home. 64% of agents said the length of time needed to sell a home was longer over the past 30 days, and 36% said the time to sell was unchanged. We view the longer time needed to sell a home as a negative indicator of future pricing trends.

Comments from real estate agents:

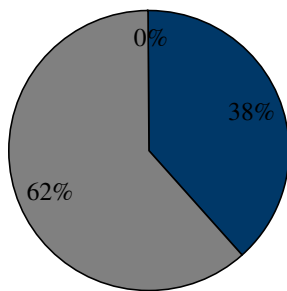
- "Our traffic is less than expected because of fears about job security."
- "The economy is hurting traffic."

The Wilmington market represented less than 1% of sales for all homebuilders in our coverage universe.

October Market Trends	
Traffic	👎
Home Prices	👎
Incentives	↔

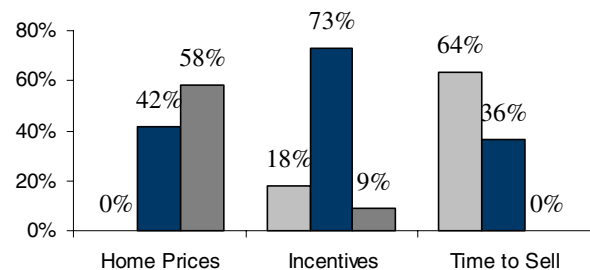
Exhibit 43: Traffic Below Expectations, Pricing Falls, Incentives Flat, Time to Sell Lengthens in October

Traffic Levels Versus Expectations



☐ More than expected ■ Meets expectations ▒ Less than expected

How Do the Recent 30 Days Compare to the Prior 30 Days...



☐ Increased ■ Remained the same ▒ Decreased

Source: Credit Suisse estimates

Historical Trends

Traffic fell as October progressed as buyers could no longer sign a contract and close in time for the November 30th tax credit deadline. Historical traffic trends:

Exhibit 44: Traffic Levels [> 50.0: above seasonal expectations/ = 50.0: in-line with expectations/ <50.0: below expectations]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Atlanta, GA	28.2	22.2	16.4	16.4	19.1	17.2	12.0	14.7	17.7	31.6	24.0	25.5	25.6	31.4	37.8	22.2	39.1	37.5	33.8
Austin, TX	30.0	25.0	26.5	11.1	13.6	12.1	8.9	10.9	11.1	31.1	25.9	35.9	40.0	35.0	27.5	34.0	27.4	39.5	33.3
Baltimore, MD	30.0	30.0	16.7	16.7	19.2	16.7	22.7	0.0	25.0	16.7	40.9	30.8	40.9	30.8	40.0	57.1	38.2	57.1	27.8
Boston, MA	33.3	40.0	41.3	42.0	22.7	23.5	16.7	29.2	33.3	28.1	50.0	38.5	56.3	41.7	44.4	31.8	50.0	50.0	61.1
Charleston, SC	30.0	25.0	19.4	36.4	25.0	5.6	16.7	10.7	8.8	13.6	4.2	62.5	56.3	50.0	44.4	34.6	31.3	40.0	87.5
Charlotte, NC	20.6	15.8	15.5	13.2	11.4	13.7	12.2	8.0	16.2	24.3	19.1	20.5	39.1	35.9	25.0	38.3	35.4	40.9	31.0
Chicago, IL	19.2	20.0	17.9	20.5	19.3	17.0	11.2	14.6	20.5	23.7	26.7	24.1	30.5	27.6	29.2	28.6	45.6	42.6	35.6
Cincinnati, OH	28.3	26.5	24.0	18.2	25.0	26.9	10.0	18.8	9.4	39.5	32.5	39.5	41.3	36.4	37.5	39.5	37.5	45.0	50.0
Columbus, OH	34.4	33.3	30.6	28.6	16.7	25.0	21.4	33.3	18.8	56.3	19.2	40.0	62.5	20.0	25.0	61.1	20.0	50.0	16.7
Dallas, TX	35.4	41.1	20.6	22.2	28.0	19.7	19.7	16.7	20.9	42.7	36.1	26.9	40.5	38.8	40.7	37.5	36.0	31.1	34.6
Denver, CO	40.4	40.0	44.4	33.3	32.9	27.6	18.9	30.6	33.7	39.0	27.5	45.0	42.6	48.6	39.5	34.7	43.3	41.7	37.1
Detroit, MI	27.5	57.7	40.0	35.4	19.0	25.7	14.1	14.1	24.0	23.5	26.3	33.9	40.7	23.1	35.7	32.7	39.7	39.1	38.1
Fort Myers, FL	75.0	59.4	59.5	57.1	40.9	51.4	59.3	57.7	43.3	71.7	60.7	73.2	81.6	77.3	61.5	69.6	81.5	72.0	70.0
Houston, TX	25.0	25.0	34.1	19.4	25.9	12.5	6.5	11.5	15.2	25.8	22.1	16.1	22.5	23.9	22.0	23.3	24.1	33.9	30.4
Inland Empire, CA	50.0	43.8	44.3	41.9	47.5	48.6	43.3	38.7	38.9	40.7	46.7	48.8	74.0	72.7	55.4	61.1	57.7	53.0	56.9
Jacksonville, FL	34.6	28.6	20.5	11.1	17.5	8.3	18.4	13.9	19.0	44.2	52.5	40.9	44.7	39.3	30.0	54.2	30.0	27.3	35.7
Las Vegas, NV	44.4	41.3	47.4	45.5	34.6	42.5	35.4	38.5	37.5	46.7	51.0	51.4	69.0	75.6	74.1	67.2	68.6	55.9	64.8
Los Angeles, CA	43.0	29.3	29.7	37.3	39.1	32.4	41.7	36.5	42.5	37.5	45.3	56.0	65.5	51.1	59.5	51.4	63.3	62.5	57.0
Miami, FL	27.0	31.4	26.0	22.2	39.2	25.3	19.4	22.3	27.4	33.8	37.5	38.6	53.3	62.7	51.0	53.1	51.0	53.1	53.1
Minneapolis, MN	30.3	29.1	24.5	28.4	32.3	26.5	26.0	17.9	32.1	44.1	45.5	50.0	52.4	49.1	45.8	42.9	45.0	56.8	39.0
Nashville, TN	50.0	32.1	13.9	10.7	11.9	16.2	5.0	12.5	19.4	33.3	28.6	35.3	40.0	28.1	13.6	13.6	31.6	22.7	27.3
New York-Northern NJ	23.8	22.6	19.4	25.8	27.1	24.3	9.9	9.7	17.2	27.5	30.2	29.1	43.6	41.0	37.0	42.1	53.2	41.5	42.4
Orlando, FL	34.5	40.0	32.3	32.4	16.7	26.6	20.9	24.2	20.8	37.9	48.5	46.3	65.2	68.8	59.5	58.6	58.0	57.7	61.5
Phila.-Southern NJ	11.1	34.6	16.3	19.7	19.1	25.0	13.9	11.4	30.0	28.2	22.7	24.2	35.0	26.2	29.6	35.2	41.1	29.2	30.0
Phoenix, AZ	31.6	42.9	30.9	27.5	32.4	23.7	17.6	23.2	31.8	37.5	42.4	54.9	67.9	72.5	66.7	57.6	54.8	52.7	50.0
Port St. Lucie, FL	37.5	30.0	35.7	37.5	43.8	30.0	35.0	25.0	58.3	50.0	57.1	40.9	71.4	58.3	70.0	56.3	61.1	50.0	50.0
Portland, OR	4.5	17.1	11.1	3.1	23.4	16.7	14.6	10.3	10.6	35.9	28.6	28.7	39.7	26.7	36.4	30.8	28.6	44.6	24.0
Raleigh, NC	27.6	9.1	15.4	28.3	16.7	13.6	11.3	5.0	17.4	23.2	44.4	26.2	41.2	32.4	34.4	28.6	41.7	26.9	26.3
Richmond, VA	20.0	16.7	14.3	14.3	22.7	15.0	8.3	7.1	43.8	10.0	33.3	31.8	25.0	25.0	25.0	50.0	33.3	33.3	50.0
Sacramento, CA	42.3	58.8	53.4	52.1	39.5	44.7	29.5	21.4	40.4	54.5	42.9	60.4	71.9	63.9	42.3	42.5	47.4	55.6	33.3
San Antonio, TX	29.4	25.0	20.0	7.7	11.8	13.6	8.3	4.2	18.8	38.5	43.3	18.2	25.0	26.5	33.3	15.0	10.0	25.0	42.9
San Diego, CA	55.0	25.0	35.0	37.1	47.0	44.3	30.9	39.3	44.1	51.3	37.1	57.1	52.3	65.9	66.7	50.0	68.8	60.3	40.9
San Francisco, CA	30.6	31.0	34.5	38.8	34.5	30.5	18.4	37.2	26.5	51.8	43.5	43.8	59.5	54.5	64.5	58.3	62.1	55.0	55.0
Sarasota, FL	50.0	50.0	34.1	28.6	31.3	32.0	22.5	36.7	37.5	46.7	37.5	52.8	52.9	59.1	40.0	57.1	50.0	35.7	70.0
Seattle, WA	26.7	19.6	16.3	14.3	16.3	25.0	15.0	14.9	18.8	32.4	32.0	33.7	43.4	43.5	42.4	44.3	43.3	64.1	48.6
Tampa, FL	46.1	26.0	27.3	25.7	14.1	22.1	13.8	18.1	18.5	25.8	35.9	47.4	45.8	51.5	57.4	44.3	40.3	41.7	43.2
Tucson, AZ	33.3	28.6	53.6	45.8	23.8	17.4	16.7	20.5	22.7	44.7	36.0	32.7	55.8	48.1	44.4	48.0	45.8	43.5	34.8
Virginia Beach, VA	10.0	16.7	27.8	21.4	32.4	7.1	20.8	7.1	0.0	40.0	34.6	38.2	35.7	64.3	50.0	50.0	38.9	40.0	42.9
Washington, DC	29.8	35.7	39.8	45.3	29.0	30.2	27.3	17.0	28.9	38.8	47.6	54.2	65.7	53.0	63.0	59.8	60.4	56.9	53.9
Wilmington, NC	45.0	33.3	27.8	21.4	13.6	25.0	10.0	8.3	11.5	38.5	21.4	26.9	19.2	35.0	21.4	44.4	33.3	25.0	19.2
Total	33.1	31.5	29.0	27.4	25.9	24.0	19.6	19.8	25.3	36.5	36.0	39.5	48.4	45.4	43.1	43.4	44.6	44.8	43.5

Source: Credit Suisse estimates

Prices showed further signs of stabilization at the low end; foreclosures remain a concern. Historical price trends:

Exhibit 45: Home Prices [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Atlanta, GA	14.3	23.6	19.0	18.1	18.6	14.6	18.9	7.0	19.0	10.5	12.0	14.8	15.1	20.0	25.0	27.6	22.6	29.5	25.7
Austin, TX	26.7	41.7	41.2	41.2	39.4	28.8	18.3	12.5	20.4	20.3	28.8	27.4	30.4	22.5	25.0	34.0	25.0	26.3	26.2
Baltimore, MD	10.0	0.0	25.0	27.8	30.8	25.0	15.0	18.8	15.0	29.2	9.1	26.9	13.6	26.9	30.0	35.7	25.0	50.0	16.7
Boston, MA	27.8	25.0	45.7	28.0	40.9	20.6	22.9	16.7	20.0	9.4	15.4	30.8	31.3	33.3	33.3	18.2	40.0	50.0	50.0
Charleston, SC	20.0	30.6	16.7	18.2	33.3	13.9	22.2	25.0	5.9	13.6	12.5	37.5	25.0	25.0	22.2	33.3	18.8	30.0	37.5
Charlotte, NC	44.1	28.9	28.6	16.7	19.3	16.9	17.5	20.6	13.2	14.9	14.7	20.5	25.8	27.3	22.9	28.3	27.1	33.3	21.7
Chicago, IL	20.0	20.0	18.2	14.2	17.1	12.5	14.3	10.5	11.7	13.7	18.5	11.8	15.3	25.4	11.1	21.0	30.4	25.5	23.3
Cincinnati, OH	26.7	26.5	22.0	21.2	8.3	19.2	16.7	25.0	9.4	19.4	30.0	28.9	34.1	18.2	12.5	21.1	14.3	42.5	55.6
Columbus, OH	23.5	27.8	27.8	26.7	18.8	10.0	21.4	33.3	18.8	18.8	11.5	0.0	37.5	40.0	50.0	38.9	20.0	33.3	25.0
Dallas, TX	32.6	31.5	33.1	26.9	27.0	25.8	24.6	33.3	20.9	34.7	33.9	29.8	36.5	34.6	40.4	39.1	50.0	34.2	38.5
Denver, CO	35.9	38.9	34.9	26.0	27.0	24.5	26.1	23.0	20.7	27.6	25.6	31.6	30.9	36.4	43.2	33.3	43.1	42.9	34.3
Detroit, MI	10.5	11.5	11.1	14.6	15.8	11.8	9.7	12.9	6.0	6.1	10.5	16.7	20.4	19.2	16.7	14.0	28.3	15.2	38.1
Fort Myers, FL	20.0	9.4	20.5	16.7	13.6	18.9	18.5	18.2	15.0	15.9	10.7	31.5	34.2	41.3	50.0	57.1	50.0	54.3	60.0
Houston, TX	31.8	35.7	45.3	38.9	48.1	45.8	36.7	32.1	16.7	27.8	25.6	22.2	28.9	26.1	40.0	46.7	37.9	37.5	47.7
Inland Empire, CA	11.4	6.3	10.2	18.8	11.5	11.8	13.3	16.1	14.3	7.0	13.6	13.8	38.6	37.5	45.9	58.3	53.6	57.6	60.3
Jacksonville, FL	15.4	7.1	6.8	14.7	20.0	20.8	7.9	16.7	15.0	13.5	15.0	14.3	18.4	7.1	20.0	25.0	20.0	36.4	28.6
Las Vegas, NV	9.3	25.0	25.0	20.5	15.7	10.6	10.6	11.2	6.8	7.8	8.2	4.1	6.9	22.5	32.1	42.2	41.4	38.6	42.9
Los Angeles, CA	11.2	19.5	14.4	17.0	12.3	16.9	12.0	18.3	16.0	11.7	9.8	19.0	28.2	37.5	41.9	45.9	55.0	66.7	52.3
Miami, FL	11.9	17.0	11.2	12.8	12.9	12.2	7.9	14.2	9.4	11.0	12.7	18.9	16.4	22.0	25.0	28.5	30.6	44.7	42.9
Minneapolis, MN	11.4	20.9	18.3	18.8	12.8	13.9	9.5	14.4	10.8	14.1	18.2	21.2	21.6	24.5	26.3	36.2	32.5	41.1	33.1
Nashville, TN	20.0	28.6	36.1	28.6	11.9	24.3	20.0	18.8	19.4	14.6	14.3	26.5	30.0	34.4	31.8	22.7	28.9	31.8	30.0
New York-Northern NJ	17.6	21.4	19.5	20.3	16.1	23.8	10.9	9.8	11.6	11.6	14.4	14.9	21.0	20.4	22.1	26.3	26.6	31.2	25.9
Orlando, FL	15.5	12.0	15.6	13.2	14.3	13.9	5.8	6.3	5.6	6.3	11.8	7.7	6.5	18.0	25.0	39.7	36.0	25.0	42.3
Phila.-Southern NJ	23.5	30.8	24.4	25.0	22.1	23.6	15.3	18.6	17.5	12.8	22.7	16.1	18.3	29.5	27.8	27.8	32.7	27.1	26.0
Phoenix, AZ	10.5	14.3	16.5	10.7	17.6	10.9	10.9	6.0	11.6	10.4	11.4	21.9	26.3	38.6	48.2	52.3	47.9	56.8	51.5
Port St. Lucie, FL	12.5	20.0	21.4	12.5	0.0	10.0	10.0	8.3	8.3	18.8	14.3	18.2	42.9	33.3	20.0	12.5	22.2	28.6	28.6
Portland, OR	4.5	15.8	18.1	18.8	16.1	12.2	11.5	10.3	8.8	10.9	10.0	16.7	14.7	28.3	15.6	14.3	31.1	28.6	24.0
Raleigh, NC	36.2	45.5	32.7	39.1	30.8	29.7	17.9	16.7	18.0	19.6	29.6	26.2	29.4	17.6	20.0	25.0	38.9	30.8	27.8
Richmond, VA	40.0	0.0	14.3	28.6	22.7	0.0	20.0	14.3	18.8	10.0	25.0	25.0	11.1	33.3	25.0	37.5	18.8	0.0	30.0
Sacramento, CA	15.4	20.6	6.9	15.9	10.5	15.8	15.9	17.9	10.0	25.0	12.5	20.8	25.0	38.2	30.8	50.0	42.1	41.7	53.3
San Antonio, TX	30.0	45.0	39.5	23.1	28.1	33.3	11.4	12.5	21.9	34.6	30.0	18.2	34.6	14.7	66.7	35.0	45.0	40.0	39.3
San Diego, CA	20.0	14.0	25.6	12.9	15.2	18.5	8.8	12.5	9.1	14.1	24.2	16.7	33.3	43.2	48.1	48.3	66.7	65.5	63.6
San Francisco, CA	23.6	26.8	33.9	21.4	28.6	25.0	10.7	14.4	11.2	17.3	17.2	20.5	25.0	34.4	41.7	45.7	46.6	54.9	60.3
Sarasota, FL	20.0	11.1	10.0	21.4	14.0	11.5	15.8	10.0	6.8	10.0	12.5	15.8	17.6	22.7	25.0	14.3	25.0	18.8	30.0
Seattle, WA	20.0	15.2	15.4	18.3	21.3	8.2	9.4	3.4	11.7	17.6	14.7	16.3	25.0	14.5	26.6	31.8	21.7	30.3	31.4
Tampa, FL	16.2	14.8	15.1	27.3	12.2	12.9	11.3	7.1	9.6	9.1	10.9	18.4	24.0	19.1	22.2	30.9	31.7	29.2	31.8
Tucson, AZ	13.9	6.3	7.1	6.3	16.7	6.5	13.0	9.5	9.5	10.5	19.6	26.9	20.0	29.6	50.0	25.0	43.5	28.3	31.0
Virginia Beach, VA	30.0	8.3	5.6	7.1	20.6	11.5	12.5	7.1	18.8	20.0	19.2	18.8	21.4	7.1	18.8	45.0	25.0	22.7	28.6
Washington, DC	19.1	25.0	30.0	29.0	18.0	22.4	19.4	16.7	10.2	15.0	16.7	29.7	41.4	50.0	56.5	47.5	57.4	62.5	65.8
Wilmington, NC	20.0	33.3	20.0	21.4	22.7	12.5	16.7	13.9	7.7	19.2	16.7	23.1	15.4	5.0	0.0	27.8	25.0	8.3	20.8
Total	20.6	21.4	22.1	21.0	20.1	17.5	15.3	15.3	13.3	15.9	17.1	20.5	24.8	27.0	30.9	33.6	34.5	36.3	37.6

Source: Credit Suisse estimates

Incentives remain focused on improving affordability. Historical incentive trends:

Exhibit 46: Incentives [> 50.0: higher than prior month/ = 50.0: flat versus prior month/ <50.0: lower than prior month]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Atlanta, GA	13.2	23.6	28.4	25.0	23.1	32.5	38.5	40.6	35.9	29.7	30.4	28.4	37.5	30.9	47.2	38.9	40.3	50.0	41.7
Austin, TX	33.3	37.5	24.2	11.1	12.1	28.8	13.3	20.3	25.9	27.8	21.2	28.1	41.3	35.0	50.0	36.0	45.0	36.8	45.2
Baltimore, MD	20.0	40.0	25.0	16.7	26.9	29.2	40.0	37.5	35.0	31.8	31.8	34.6	45.5	45.8	40.0	42.9	36.7	57.1	38.9
Boston, MA	35.3	38.9	47.5	39.6	40.9	56.3	38.6	37.5	36.1	42.9	27.3	60.0	50.0	40.0	50.0	40.0	40.0	50.0	50.0
Charleston, SC	20.0	27.8	25.0	22.7	16.7	27.8	27.8	32.1	28.1	31.8	37.5	35.7	31.3	50.0	38.9	50.0	31.3	40.0	25.0
Charlotte, NC	41.2	22.2	25.6	24.3	22.7	26.7	20.7	28.1	36.8	29.2	27.9	25.6	41.7	42.2	33.3	40.4	33.3	45.2	43.1
Chicago, IL	22.6	24.1	27.8	24.6	24.6	28.0	21.7	27.8	36.8	29.8	37.5	24.5	26.9	30.3	33.0	35.6	39.2	39.6	41.7
Cincinnati, OH	24.1	31.3	37.5	29.7	25.0	11.5	36.7	12.5	26.7	41.2	38.9	30.6	38.1	27.3	37.5	41.7	35.7	43.3	55.6
Columbus, OH	23.5	27.8	33.3	30.0	31.3	25.0	28.6	25.0	18.8	37.5	23.1	20.0	25.0	70.0	33.3	33.3	30.0	0.0	41.7
Dallas, TX	22.9	20.4	27.4	28.3	26.0	30.2	35.8	35.7	25.6	29.6	27.6	32.7	38.6	34.2	35.4	43.1	46.2	44.1	44.0
Denver, CO	29.1	33.3	30.0	30.9	32.9	33.3	30.2	32.4	36.9	48.6	33.8	34.8	36.8	45.3	41.4	45.6	42.0	46.2	50.0
Detroit, MI	33.3	30.8	38.2	37.0	40.0	37.5	41.1	41.7	38.6	33.3	37.1	41.7	30.0	31.3	42.5	45.8	43.5	40.5	39.5
Fort Myers, FL	40.0	37.5	38.6	38.1	29.5	42.9	42.0	39.6	45.0	31.8	33.9	39.3	39.5	42.9	42.3	46.4	40.4	47.8	52.6
Houston, TX	13.6	19.0	19.8	16.7	20.4	20.8	17.9	17.9	27.4	25.9	27.4	28.8	29.4	22.7	31.3	38.3	36.2	33.3	37.5
Inland Empire, CA	22.9	27.1	16.3	29.0	30.8	29.4	42.7	37.5	37.1	39.0	38.1	28.8	45.0	43.1	39.1	44.3	38.5	48.3	51.9
Jacksonville, FL	23.1	42.9	29.5	38.9	32.5	41.7	28.9	29.4	35.0	23.1	22.5	23.8	36.1	32.1	50.0	27.3	50.0	45.0	35.7
Las Vegas, NV	33.3	37.5	35.0	42.9	40.2	36.5	33.3	34.7	26.3	37.8	28.6	39.2	20.7	43.6	42.9	38.3	42.4	36.8	46.3
Los Angeles, CA	17.4	34.3	25.8	26.0	28.4	36.1	31.7	27.8	33.3	31.7	27.3	27.9	37.5	33.3	46.6	41.9	44.2	36.6	40.5
Miami, FL	31.0	22.2	29.3	29.1	29.8	31.0	31.9	29.4	26.9	29.5	27.1	34.7	37.5	32.0	40.7	38.3	46.3	45.2	48.8
Minneapolis, MN	34.8	31.0	35.5	38.4	35.1	35.5	32.2	32.8	34.2	35.0	35.9	33.6	30.9	39.1	43.6	41.1	37.8	39.4	44.4
Nashville, TN	0.0	20.4	19.4	14.3	26.2	23.0	16.7	31.3	18.8	21.7	41.7	32.4	16.7	40.0	22.7	27.3	38.2	50.0	45.0
New York-Northern NJ	32.1	35.3	32.7	31.3	34.4	33.5	28.8	26.4	36.2	28.3	38.5	29.2	25.9	46.7	40.0	39.6	37.0	46.7	38.3
Orlando, FL	31.0	36.0	28.1	30.9	29.8	34.7	25.0	32.3	35.7	41.9	25.0	34.6	47.7	44.0	41.2	43.1	37.0	38.5	50.0
Phila.-Southern NJ	29.4	16.7	21.4	27.1	25.0	23.6	22.6	23.3	29.7	23.0	37.1	22.6	40.0	36.4	38.0	34.6	36.0	40.9	43.5
Phoenix, AZ	32.7	28.6	31.4	32.6	33.2	35.6	30.4	25.3	37.9	37.2	24.7	38.7	31.4	36.7	41.5	40.0	47.0	39.1	41.5
Port St. Lucie, FL	25.0	50.0	33.3	37.5	18.8	20.0	35.0	58.3	33.3	28.6	35.7	38.9	42.9	41.7	50.0	37.5	43.8	50.0	64.3
Portland, OR	36.4	22.4	28.6	29.7	29.0	33.3	40.6	25.9	30.3	26.6	27.9	34.0	33.3	34.6	40.6	50.0	41.4	44.2	39.6
Raleigh, NC	22.4	13.6	28.8	19.6	25.0	14.1	29.5	22.2	22.0	30.4	31.5	26.2	28.1	17.6	50.0	39.3	41.7	34.6	39.5
Richmond, VA	30.0	25.0	14.3	42.9	31.8	20.0	20.0	14.3	21.4	10.0	31.3	20.8	31.3	41.7	50.0	37.5	25.0	0.0	37.5
Sacramento, CA	41.7	37.5	23.2	42.5	34.2	36.8	32.5	14.3	26.0	36.8	40.0	43.2	28.6	46.4	37.5	55.3	53.1	53.1	50.0
San Antonio, TX	23.3	22.2	15.8	29.2	26.7	23.8	11.4	37.5	21.9	34.6	32.1	36.4	38.5	29.4	33.3	45.0	50.0	40.0	35.7
San Diego, CA	23.2	30.0	29.7	35.0	31.8	29.8	36.7	46.0	32.3	43.2	38.5	44.7	47.4	35.7	40.5	44.4	33.3	44.4	50.0
San Francisco, CA	30.6	34.0	32.2	29.3	36.8	34.3	24.4	27.9	28.9	25.0	23.5	21.3	30.3	31.0	37.5	48.7	44.0	46.2	48.4
Sarasota, FL	43.3	43.8	25.0	53.6	40.0	43.8	30.6	30.0	20.0	20.0	28.6	37.5	46.4	38.9	43.8	28.6	39.3	30.0	38.5
Seattle, WA	30.0	20.5	20.6	23.7	25.0	25.0	18.6	24.4	23.9	38.9	24.5	26.1	19.4	30.0	46.8	38.6	35.2	43.5	40.6
Tampa, FL	35.3	40.4	31.4	30.6	41.7	35.9	27.6	27.3	38.5	28.8	33.9	31.9	31.8	45.5	31.5	38.3	39.7	35.4	52.3
Tucson, AZ	32.4	37.5	17.9	26.1	44.7	34.1	29.2	32.5	45.2	39.5	32.6	30.4	28.0	29.6	50.0	41.7	39.1	33.3	37.5
Virginia Beach, VA	50.0	50.0	50.0	50.0	21.9	23.1	16.7	42.9	25.0	55.0	26.9	34.4	50.0	21.4	50.0	40.0	50.0	45.5	42.3
Washington, DC	23.3	24.0	27.1	25.0	34.1	28.8	36.2	23.3	26.2	24.4	27.5	30.2	40.0	40.3	47.7	44.4	42.7	48.5	39.4
Wilmington, NC	25.0	33.3	40.0	28.6	30.0	30.0	36.7	25.0	11.5	23.1	28.6	33.3	34.6	40.0	35.7	27.8	41.7	50.0	45.5
Total	28.3	30.8	28.8	30.5	29.7	30.6	29.6	30.3	30.3	32.1	31.1	32.5	35.3	37.5	41.2	40.3	40.4	41.0	43.8

Source: Credit Suisse estimates

Inventory levels continued to trend lower in October. Historical inventory trends:
Exhibit 47: Homes listed for sale [> 50.0: Fewer homes listed versus prior month/ = 50.0: listings unchanged / <50.0: more home listings]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Atlanta, GA	15.8	30.6	31.9	31.5	37.5	40.0	50.0	49.0	50.0	48.7	46.0	44.2	48.8	38.6	48.7	50.0	61.3	62.5	58.1
Austin, TX	13.3	29.2	15.6	16.7	12.5	25.8	26.7	29.7	38.9	37.5	25.0	29.0	23.9	18.4	37.5	35.4	46.7	63.2	47.6
Baltimore, MD	10.0	10.0	16.7	16.7	26.9	12.5	45.0	43.8	50.0	29.2	36.4	38.5	40.9	42.3	45.0	42.9	40.6	64.3	16.7
Boston, MA	25.0	40.0	43.5	40.0	54.5	44.1	41.7	58.3	77.5	68.8	38.5	34.6	25.0	50.0	38.9	45.5	40.0	46.2	61.1
Charleston, SC	20.0	19.4	36.1	18.2	50.0	26.5	38.9	50.0	38.2	54.5	25.0	50.0	34.4	45.0	33.3	33.3	56.3	40.0	75.0
Charlotte, NC	17.6	13.2	28.0	25.7	27.3	32.0	22.5	31.0	32.4	32.4	27.9	29.5	25.8	33.9	29.2	40.0	41.7	59.5	46.6
Chicago, IL	12.7	16.7	24.5	19.2	27.4	24.5	28.4	39.4	46.8	31.9	30.1	25.5	25.4	29.1	30.6	27.5	47.3	47.2	47.4
Cincinnati, OH	10.0	11.8	24.0	25.8	41.7	53.8	43.3	37.5	56.3	41.2	37.5	30.6	40.9	18.2	50.0	36.1	35.7	57.5	50.0
Columbus, OH	23.5	33.3	36.1	46.7	43.8	60.0	78.6	75.0	68.8	50.0	57.7	30.0	37.5	20.0	50.0	61.1	50.0	66.7	50.0
Dallas, TX	33.3	24.1	28.6	43.3	38.0	44.6	42.5	48.8	47.6	41.8	40.8	33.7	35.1	41.0	40.0	37.5	36.5	39.5	59.6
Denver, CO	33.7	66.7	45.3	50.0	54.1	69.8	70.0	66.2	71.7	67.9	62.2	53.9	54.4	62.1	56.9	48.6	55.4	69.0	64.3
Detroit, MI	10.5	26.9	38.9	33.3	32.5	33.8	50.0	51.6	46.0	47.1	50.0	53.3	40.7	38.5	31.0	52.0	53.3	54.3	40.5
Fort Myers, FL	65.0	50.0	54.5	42.9	36.4	41.9	50.0	41.7	38.3	27.3	41.1	44.4	68.4	73.9	92.3	71.4	77.8	71.7	52.5
Houston, TX	19.0	36.4	25.6	20.8	44.2	41.7	36.7	46.2	45.3	34.6	54.7	37.0	55.3	47.8	39.6	60.0	55.2	51.8	68.2
Inland Empire, CA	25.7	16.7	27.3	23.4	38.2	39.7	34.9	36.7	32.9	32.6	40.0	48.8	61.4	73.4	79.2	83.3	82.1	74.2	70.7
Jacksonville, FL	30.8	21.4	38.6	38.9	30.0	33.3	38.9	38.2	32.5	44.2	44.4	47.6	44.7	50.0	40.0	58.3	60.0	36.4	57.1
Las Vegas, NV	66.7	56.3	50.9	54.5	51.0	52.9	41.7	48.0	44.9	38.9	43.9	48.6	62.1	82.5	76.8	77.4	80.9	60.0	89.3
Los Angeles, CA	24.5	36.6	28.5	34.8	46.2	43.7	52.8	44.4	49.1	39.7	41.3	45.6	65.1	43.2	59.5	72.2	81.0	72.9	70.9
Miami, FL	27.4	23.0	25.5	26.2	35.1	31.8	32.6	39.0	37.3	37.8	47.0	40.2	57.5	61.2	59.2	70.3	63.3	60.6	69.1
Minneapolis, MN	33.3	52.4	57.8	58.3	63.0	67.7	66.9	73.9	68.5	64.8	58.2	67.1	62.3	59.8	72.9	75.5	72.5	71.8	81.0
Nashville, TN	20.0	16.1	22.2	17.9	16.7	23.0	25.0	40.6	58.3	41.7	14.3	32.4	23.3	18.8	18.2	27.3	41.7	45.5	40.0
New York-Northern NJ	18.6	19.5	26.8	32.4	34.7	29.2	34.2	46.5	41.8	40.5	40.4	29.2	16.7	27.9	31.4	46.1	41.6	45.6	42.4
Orlando, FL	43.1	42.0	42.7	47.1	50.0	40.8	33.7	40.6	54.2	54.7	54.4	55.8	81.8	58.0	81.6	77.6	72.0	73.1	76.9
Phila.-Southern NJ	17.6	30.8	25.6	38.9	26.5	20.8	32.9	39.8	50.0	38.5	34.8	22.6	21.7	34.1	37.0	40.7	42.3	39.6	42.0
Phoenix, AZ	41.2	55.7	55.7	52.9	46.1	39.9	39.5	40.2	39.6	42.8	46.8	61.6	70.1	82.9	85.5	74.6	62.1	70.8	53.8
Port St. Lucie, FL	37.5	37.5	50.0	12.5	18.8	30.0	25.0	50.0	50.0	18.8	57.1	18.2	71.4	58.3	50.0	50.0	50.0	35.7	50.0
Portland, OR	31.8	23.0	20.8	25.0	27.4	44.9	35.1	46.6	37.9	48.4	22.1	37.5	39.7	43.1	59.4	60.7	65.8	58.9	64.0
Raleigh, NC	20.7	13.6	23.1	15.2	21.2	28.1	30.3	25.0	34.0	28.6	29.6	38.1	29.4	34.4	40.0	57.1	55.6	65.4	55.3
Richmond, VA	30.0	16.7	21.4	21.4	40.9	30.0	40.0	42.9	56.3	40.0	25.0	50.0	27.8	16.7	37.5	50.0	12.5	33.3	50.0
Sacramento, CA	23.1	43.8	37.9	52.3	34.2	55.3	47.7	57.1	46.2	50.0	59.6	70.8	68.8	82.4	88.5	75.0	68.4	80.6	73.3
San Antonio, TX	26.7	45.0	20.0	19.2	21.9	26.2	15.9	41.7	28.1	53.8	23.3	25.0	19.2	35.3	38.9	65.0	50.0	50.0	39.3
San Diego, CA	24.1	34.6	32.1	24.2	42.4	35.2	41.2	33.9	41.2	44.9	43.5	50.0	66.7	63.6	70.4	70.0	73.3	60.3	72.7
San Francisco, CA	22.9	32.1	24.1	31.3	54.8	36.3	40.9	48.9	62.5	41.8	41.7	34.8	33.3	41.9	56.9	58.5	63.8	64.7	66.7
Sarasota, FL	53.3	61.1	62.5	42.9	48.0	51.9	52.5	46.7	50.0	36.7	34.4	55.3	67.6	63.6	65.0	78.6	87.5	68.8	63.3
Seattle, WA	16.7	21.7	18.3	34.1	32.5	34.7	36.5	50.0	57.4	40.5	39.2	44.6	35.5	43.5	56.1	45.7	48.3	56.3	58.6
Tampa, FL	40.5	37.0	45.5	50.0	35.1	44.0	41.3	37.1	46.0	48.5	53.1	52.6	50.0	58.8	57.4	60.0	56.7	54.2	50.0
Tucson, AZ	27.8	68.8	61.5	60.9	59.5	73.9	63.0	50.0	59.5	65.8	56.5	71.2	62.0	81.5	77.8	86.0	78.3	76.1	66.7
Virginia Beach, VA	30.0	16.7	16.7	64.3	26.5	23.1	22.7	57.1	43.8	50.0	15.4	18.8	35.7	7.1	25.0	45.0	33.3	36.4	50.0
Washington, DC	13.8	19.6	30.0	43.3	45.0	50.9	50.8	45.7	52.3	49.0	56.0	49.2	51.4	60.9	71.7	66.3	71.7	69.4	71.1
Wilmington, NC	30.0	33.3	27.8	35.7	27.3	40.0	39.3	22.2	38.5	34.6	26.2	19.2	30.8	40.0	35.7	27.8	25.0	33.3	27.3
Total	27.2	32.1	33.6	34.7	37.5	39.5	41.0	45.3	48.0	43.5	40.5	41.7	45.3	47.0	52.4	56.0	55.9	57.2	57.2

Source: Credit Suisse estimates

Time needed to sell a home nearly unchanged in October, a positive leading indicator for price stabilization. Historical time to sell trends:

Exhibit 48: Length of time needed to sell a home [> 50.0: Time to sell decreased/ = 50.0: time to sell unchanged / <50.0: time to sell increased]

	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Atlanta, GA	10.8	15.3	15.5	15.7	15.9	16.4	16.3	17.3	15.2	17.1	19.4	24.0	25.6	25.7	28.9	36.4	32.8	30.0	38.9
Austin, TX	16.7	4.2	14.7	13.9	4.5	7.6	8.3	3.2	7.4	10.8	15.4	25.8	21.4	12.5	15.0	20.0	26.7	21.1	19.0
Baltimore, MD	10.0	10.0	12.5	5.6	11.5	16.7	25.0	18.8	10.0	18.2	18.2	19.2	50.0	38.5	45.0	35.7	34.4	42.9	33.3
Boston, MA	20.6	27.8	43.2	31.3	22.7	23.5	20.8	20.8	35.7	23.3	30.8	30.8	37.5	41.7	50.0	31.8	50.0	53.8	55.6
Charleston, SC	30.0	25.0	11.1	13.6	25.0	13.9	12.5	17.9	14.7	22.7	12.5	31.3	34.4	35.0	22.2	22.7	31.3	30.0	37.5
Charlotte, NC	8.8	10.5	12.5	10.8	12.5	12.3	7.5	10.8	7.4	13.9	19.7	21.8	30.6	25.8	27.1	31.7	35.4	35.0	16.7
Chicago, IL	16.7	24.1	16.8	15.0	14.2	9.1	12.2	8.6	15.1	12.5	23.6	19.1	27.5	29.1	30.2	22.1	30.0	34.5	30.7
Cincinnati, OH	22.4	26.5	30.0	24.2	25.0	19.2	10.0	18.8	18.8	22.2	30.0	39.5	31.8	31.8	12.5	27.8	14.3	30.0	44.4
Columbus, OH	20.6	27.8	30.6	30.0	15.6	15.0	35.7	16.7	25.0	31.3	19.2	10.0	62.5	40.0	25.0	61.1	30.0	50.0	50.0
Dallas, TX	29.2	22.2	25.4	19.8	21.0	19.7	18.0	22.6	18.6	28.6	25.8	18.9	36.5	43.6	48.1	39.1	36.5	31.6	32.7
Denver, CO	30.4	44.4	43.0	40.8	44.6	29.2	30.0	37.8	31.5	46.1	48.8	43.4	50.0	54.5	48.6	47.2	44.8	36.2	45.6
Detroit, MI	15.8	42.3	26.4	18.8	26.2	23.5	27.4	25.8	28.0	19.7	27.6	33.3	29.6	38.0	38.1	32.0	33.3	50.0	26.2
Fort Myers, FL	50.0	31.3	42.9	45.2	34.1	37.5	48.1	52.1	43.3	47.7	53.6	66.1	65.8	67.4	76.9	73.2	72.2	71.7	57.5
Houston, TX	15.9	18.2	17.0	18.1	20.4	8.3	10.0	16.7	10.6	17.3	22.1	9.3	21.1	30.4	31.3	28.3	22.4	35.2	43.2
Inland Empire, CA	35.3	25.0	30.7	34.4	28.9	38.2	34.9	43.3	30.0	33.7	40.0	42.5	56.8	61.7	64.9	70.8	64.3	54.7	63.8
Jacksonville, FL	23.1	14.3	22.7	23.5	30.0	18.8	11.1	20.6	20.0	23.1	36.8	33.3	34.2	42.9	40.0	50.0	30.0	36.4	42.9
Las Vegas, NV	53.8	52.1	49.2	49.1	49.0	42.2	32.3	34.7	39.8	38.9	46.9	50.0	50.0	67.5	69.6	75.0	70.6	51.5	66.1
Los Angeles, CA	28.6	25.6	28.5	33.0	37.5	29.6	30.2	35.5	37.5	32.5	26.9	37.9	63.0	48.8	56.8	54.2	58.3	57.3	54.7
Miami, FL	22.2	25.0	19.9	16.5	22.8	20.8	19.7	23.6	21.9	24.7	26.5	32.6	49.2	51.7	44.0	54.6	52.0	54.3	58.2
Minneapolis, MN	26.4	31.4	37.8	31.9	28.8	28.7	20.9	22.7	28.8	33.6	37.3	43.8	50.8	51.0	48.3	62.8	60.0	60.2	48.3
Nashville, TN	20.0	16.1	11.1	17.9	7.1	13.5	10.0	21.9	16.7	25.0	16.7	35.3	36.7	25.0	36.4	13.6	28.9	22.7	45.0
New York-Northern NJ	17.5	7.1	17.1	19.8	14.6	18.9	8.7	8.0	12.8	16.5	22.2	20.4	30.9	36.8	32.1	35.3	35.9	34.8	39.4
Orlando, FL	20.7	38.0	33.3	25.0	28.6	35.8	26.7	32.3	35.7	35.5	57.4	38.5	63.0	58.0	55.0	67.2	72.0	61.5	80.8
Phila.-Southern NJ	5.9	23.1	20.5	18.1	23.5	15.7	12.9	11.4	12.5	17.1	19.1	28.3	31.7	29.5	38.9	37.0	48.1	37.5	36.0
Phoenix, AZ	34.2	38.6	41.7	32.4	33.2	29.4	26.7	30.7	31.9	34.3	40.3	53.7	67.1	69.7	76.4	73.4	59.4	66.2	56.2
Port St. Lucie, FL	37.5	40.0	41.7	25.0	31.3	20.0	30.0	50.0	58.3	31.3	28.6	31.8	64.3	83.3	80.0	62.5	61.1	50.0	35.7
Portland, OR	18.2	21.1	15.3	15.6	19.4	19.4	10.4	25.9	16.7	23.4	18.6	31.3	38.2	36.7	37.5	50.0	50.0	50.0	34.0
Raleigh, NC	19.0	18.2	18.0	13.0	25.0	10.9	10.5	8.3	14.0	19.6	25.9	21.4	32.4	35.3	46.7	42.9	47.2	46.2	21.1
Richmond, VA	12.5	0.0	14.3	14.3	22.7	5.0	10.0	14.3	25.0	20.0	25.0	41.7	22.2	50.0	12.5	37.5	37.5	0.0	40.0
Sacramento, CA	29.2	31.3	46.4	52.3	55.3	39.5	31.8	25.0	42.3	50.0	51.9	58.3	73.3	73.5	61.5	55.0	60.5	50.0	60.0
San Antonio, TX	10.0	20.0	15.0	11.5	12.5	14.3	6.8	12.5	15.6	19.2	10.0	9.1	15.4	20.6	33.3	25.0	25.0	35.0	32.1
San Diego, CA	30.0	26.9	32.1	22.6	45.2	31.5	34.8	16.7	25.0	30.8	27.4	54.8	64.3	59.1	63.0	65.0	57.1	56.9	54.5
San Francisco, CA	20.0	33.9	26.3	24.5	33.3	29.3	18.2	20.7	24.2	30.0	34.2	30.4	48.6	56.3	58.6	53.2	58.9	57.8	50.0
Sarasota, FL	56.7	38.9	37.5	21.4	32.0	28.8	22.5	23.3	27.3	20.0	28.6	27.8	52.9	45.5	40.0	57.1	66.7	35.7	60.0
Seattle, WA	20.0	10.9	15.4	20.7	24.4	22.4	14.6	22.2	17.0	18.9	26.5	26.1	43.2	48.4	47.0	50.0	46.7	56.1	48.6
Tampa, FL	26.4	31.5	35.2	33.3	15.8	24.6	16.7	19.1	19.2	30.3	32.8	44.7	34.0	42.6	44.4	51.5	41.9	37.5	47.7
Tucson, AZ	19.4	25.0	50.0	31.3	28.6	30.4	27.8	28.6	16.7	39.5	28.3	38.5	54.0	61.1	44.4	52.0	50.0	54.3	42.9
Virginia Beach, VA	30.0	8.3	22.2	50.0	38.2	19.2	12.5	14.3	25.0	40.0	11.5	25.0	21.4	21.4	31.3	50.0	38.9	36.4	28.6
Washington, DC	24.5	37.5	31.0	35.9	29.0	41.2	23.5	22.9	28.4	31.0	36.9	55.9	71.4	78.3	73.9	72.5	72.9	68.1	67.9
Wilmington, NC	30.0	25.0	10.0	21.4	18.2	20.0	10.0	5.6	3.8	13.6	4.8	30.8	11.5	15.0	14.3	22.2	29.2	25.0	18.2
Total	24.2	24.9	26.6	24.9	25.7	22.5	19.9	22.0	23.2	26.6	28.2	33.4	42.6	44.6	43.7	46.2	45.4	43.7	44.1

Source: Credit Suisse estimates

Agent Recommendations

Agents recommend Toll Brothers and Pulte. Toll Brothers and Pulte Homes received the highest percentage of recommendations by agents nationwide. 25% of agents (net of positive responses less negative responses) surveyed said they would recommend Toll Brothers or Pulte, while approximately 17% said they would recommend Lennar and Horton. We believe this is important since 35-40% of new home sales involve an agent. In addition, homebuilders will likely increasingly rely on agents as market conditions weaken. This is a positive for those companies, in addition to others below that received strong recommendations, but also represents an opportunity for companies such as KB Home.

Exhibit 49: Toll Brothers and Pulte Homes Most Highly Recommended by Agents

Rank	Ticker	Company Name	Net Recommendation
1	TOL	Toll Brothers	25.4%
2	PHM	Pulte Homes	24.7%
3	LEN	Lennar Corp.	16.6%
4	DHI	D.R. Horton	16.5%
5	MTH	Meritage Homes	13.3%
6	SPF	Standard Pacific Corp.	12.8%
7	RYL	Ryland Group	12.2%
8	HOV	Hovnanian Enterprises	8.9%
9	NVR	NVR, Inc.	8.8%
10	MDC	MDC Holdings	3.2%
11	KBH	KB Home	(10.9)%

Source: Credit Suisse estimates

Exhibit 50: Which of the following homebuilders would you most highly recommend to clients?

Market	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Atlanta, GA	19%	--	--	--	--	--	--	27%	24%	--	--
Austin, TX	62%	--	19%	48%	--	43%	--	52%	--	57%	52%
Baltimore, MD	22%	33%	11%	33%	0%	--	33%	--	22%	--	--
Charleston, SC	25%	--	0%	25%	--	--	25%	--	25%	--	--
Charlotte, NC	30%	3%	3%	7%	--	--	37%	--	30%	17%	20%
Chicago, IL	8%	3%	--	18%	0%	--	--	33%	13%	--	18%
Cincinnati, OH	--	11%	--	--	--	--	0%	0%	44%	--	--
Columbus, OH	--	0%	--	--	--	--	17%	0%	--	--	--
Dallas, TX	33%	37%	4%	22%	0%	19%	--	11%	--	30%	22%
Denver, CO	14%	--	9%	14%	20%	0%	--	17%	20%	6%	23%
Detroit, MI	--	5%	--	--	--	--	--	57%	--	--	67%
Fort Myers, FL	35%	0%	0%	10%	--	5%	--	40%	20%	--	--
Houston, TX	26%	13%	13%	43%	0%	9%	--	35%	--	--	--
Jacksonville, FL	38%	--	38%	50%	25%	--	--	25%	0%	25%	50%
Las Vegas, NV	29%	--	39%	36%	7%	4%	--	57%	14%	--	64%
Los Angeles, CA	16%	23%	19%	30%	0%	0%	--	14%	--	21%	19%
Miami, FL	10%	--	--	45%	--	--	--	--	--	0%	--
Minneapolis, MN	37%	25%	--	34%	--	--	--	32%	24%	--	12%
Nashville, TN	--	--	--	--	--	--	--	--	--	--	--
New York-Northern New Jersey, NY-NJ	6%	20%	--	10%	--	--	3%	18%	--	--	26%
Orlando, FL	23%	0%	31%	31%	--	31%	--	38%	23%	8%	54%
Philadelphia-Southern NJ	4%	31%	--	12%	0%	--	15%	38%	--	--	42%
Phoenix, AZ	26%	11%	11%	14%	11%	31%	--	37%	8%	15%	37%
Port St. Lucie, FL	0%	--	0%	--	--	--	--	--	--	--	--
Portland, OR	32%	--	--	--	--	--	--	--	--	--	--
Raleigh, NC	15%	15%	0%	15%	--	--	0%	15%	--	5%	35%
Richmond, VA	--	--	--	--	--	--	20%	--	--	--	--
Riverside-San Bernardino, CA	28%	24%	41%	17%	0%	--	--	34%	7%	34%	--
Sacramento, CA	27%	13%	7%	13%	0%	20%	--	33%	0%	13%	0%
San Antonio, TX	57%	--	29%	29%	--	7%	--	57%	--	--	21%
San Diego, CA	23%	27%	27%	36%	5%	--	--	23%	9%	23%	14%
San Francisco, CA	3%	--	--	8%	--	5%	--	13%	--	8%	10%
Sarasota, FL	--	--	0%	20%	--	--	--	20%	--	0%	--
Seattle, WA	40%	--	--	--	--	--	--	--	--	--	--
Tampa, FL	41%	23%	14%	18%	0%	--	--	32%	27%	27%	--
Tucson, AZ	35%	13%	4%	48%	26%	43%	--	48%	--	0%	0%
Virginia Beach, VA	0%	0%	--	--	--	--	0%	--	--	--	--
Washington, DC	21%	21%	--	10%	3%	--	26%	36%	15%	--	33%
Wilmington, NC	--	--	--	--	--	--	0%	--	--	--	--
TOTAL	24%	15%	14%	25%	6%	17%	15%	30%	18%	17%	30%

Source: Credit Suisse estimates

Agents discourage customers from buying a home from KB Home. KB Home received the highest percentage of negative recommendations by agents nationwide, although we think this may improve as the more affordable “Open Series” gains traction. We also note that KB Home pre-sells a majority of its homes, which may negatively influence agents’ responses.

Exhibit 51: From which of the following homebuilders would you most strongly discourage clients from buying?

Market	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	SPF	TOL
Atlanta, GA	8%	--	--	--	--	--	--	14%	14%	--	--
Austin, TX	5%	--	67%	10%	--	5%	--	10%	--	0%	10%
Baltimore, MD	0%	11%	0%	0%	22%	--	0%	--	33%	--	--
Charleston, SC	25%	--	0%	0%	--	--	25%	--	0%	--	--
Charlotte, NC	17%	3%	43%	13%	--	--	3%	--	7%	3%	3%
Chicago, IL	2%	2%	--	3%	0%	--	--	5%	2%	--	3%
Cincinnati, OH	--	0%	--	--	--	--	0%	0%	0%	--	--
Columbus, OH	--	0%	--	--	--	--	0%	0%	--	--	--
Dallas, TX	4%	11%	41%	7%	0%	7%	--	11%	--	7%	0%
Denver, CO	9%	--	23%	6%	3%	3%	--	6%	0%	3%	6%
Detroit, MI	--	5%	--	--	--	--	--	14%	--	--	0%
Fort Myers, FL	0%	30%	30%	20%	--	5%	--	5%	0%	--	--
Houston, TX	4%	0%	39%	0%	0%	0%	--	0%	--	--	--
Jacksonville, FL	25%	--	13%	0%	0%	--	--	25%	13%	13%	0%
Las Vegas, NV	14%	--	18%	4%	4%	4%	--	0%	11%	--	0%
Los Angeles, CA	7%	2%	19%	2%	0%	2%	--	2%	--	2%	7%
Miami, FL	2%	--	--	12%	--	--	--	--	--	0%	--
Minneapolis, MN	5%	8%	--	8%	--	--	--	8%	7%	--	3%
Nashville, TN	--	--	--	--	--	--	--	--	--	--	--
New York-Northern New Jersey, NY-NJ	1%	14%	--	7%	--	--	2%	3%	--	--	3%
Orlando, FL	23%	0%	15%	31%	--	8%	--	0%	0%	0%	0%
Philadelphia-Southern NJ	8%	4%	--	0%	0%	--	0%	0%	--	--	12%
Phoenix, AZ	8%	14%	38%	6%	2%	2%	--	3%	2%	5%	5%
Port St. Lucie, FL	0%	--	0%	--	--	--	--	--	--	--	--
Portland, OR	4%	--	--	--	--	--	--	--	--	--	--
Raleigh, NC	15%	10%	30%	15%	--	--	10%	15%	--	15%	20%
Richmond, VA	--	--	--	--	--	--	20%	--	--	--	--
Riverside-San Bernardino, CA	14%	10%	17%	7%	0%	--	--	0%	0%	0%	--
Sacramento, CA	7%	7%	40%	0%	0%	0%	--	0%	0%	7%	0%
San Antonio, TX	7%	--	43%	7%	--	7%	--	0%	--	--	7%
San Diego, CA	0%	5%	9%	0%	5%	--	--	0%	5%	5%	0%
San Francisco, CA	8%	--	--	8%	--	0%	--	5%	--	0%	0%
Sarasota, FL	--	--	20%	33%	--	--	--	0%	--	7%	--
Seattle, WA	11%	--	--	--	--	--	--	--	--	--	--
Tampa, FL	9%	5%	18%	14%	0%	--	--	18%	0%	5%	--
Tucson, AZ	9%	0%	35%	4%	4%	0%	--	0%	--	0%	0%
Virginia Beach, VA	0%	0%	--	--	--	--	0%	--	--	--	--
Washington, DC	8%	8%	--	15%	5%	--	10%	8%	15%	--	8%
Wilmington, NC	--	--	--	--	--	--	0%	--	--	--	--
TOTAL	8%	6%	25%	8%	3%	3%	6%	5%	6%	4%	4%

Source: Credit Suisse estimates

Exhibit 52: Homebuilding Industry Comparative Valuations

Ticker	Company Name	Rating	Market			Cash (\$ Mln)	Net Debt/Cap	Book		Adjusted P/Adj. BV/share	P/Adj. BV	Target Multiple	Price Target	Dividend Yield	Total Return Potential			
			Price 11/5/09	Cap. (Millions)	CS 2008			Calendar Year Ests 2009E	2010E							Value/share	Tangible BV/share	
DHI	D.R. Horton	Underperform	\$11.83	\$3,750	(\$8.13)	(\$1.83)	(\$0.25)	\$1,966	34%	\$7.88	\$7.83	1.51x	\$7.60	1.56x	1.0x	\$7.50	1.3%	(35.3%)
HOV	Hovnanian	Underperform	\$4.20	\$324	(\$16.04)	(\$7.36)	(\$2.86)	\$565	109%	(\$3.07)	(\$3.07)	N/M	(\$0.20)	N/M	N/M	\$2.00	0.0%	(52.4%)
KBH	KB Home	Neutral	\$15.14	\$1,156	(\$12.59)	(\$3.35)	(\$0.75)	\$1,058	55%	\$8.04	\$8.04	1.88x	\$13.90	1.09x	1.2x	\$17.00	1.7%	13.9%
LEN	Lennar Corp.	Outperform	\$13.51	\$2,477	(\$7.00)	(\$4.02)	(\$2.30)	\$1,457	33%	\$13.61	\$13.61	0.99x	\$13.50	1.00x	1.2x	\$16.00	1.2%	19.6%
MDC	MDC Holdings	Underperform	\$32.76	\$1,539	(\$8.25)	(\$2.85)	(\$1.35)	\$1,603	(173%)	\$20.48	\$20.48	1.60x	\$24.15	1.36x	1.1x	\$26.00	3.1%	(17.6%)
MTH	Meritage Homes	Neutral	\$18.79	\$595	(\$9.79)	(\$3.80)	\$0.30	\$344	35%	\$13.89	\$13.76	1.37x	\$16.50	1.14x	1.2x	\$19.00	0.0%	1.1%
NVR	NVR Inc	Neutral	\$677.95	\$4,018	\$16.65	\$31.00	\$39.25	\$1,374	(288%)	\$268.61	\$261.93	2.59x	\$261.93	2.59x	2.5x	\$660.00	0.0%	(2.6%)
PHM	Pulte Homes	Neutral	\$9.66	\$3,680	\$0.00	\$0.00	\$0.00	\$1,636	39%	\$8.78	\$4.56	2.12x	\$7.50	1.29x	1.3x	\$10.00	0.0%	3.5%
RYL	Ryland	Neutral	\$19.58	\$858	(\$9.33)	(\$5.55)	\$0.15	\$713	20%	\$13.73	\$13.73	1.43x	\$14.60	1.34x	1.1x	\$16.00	0.6%	(17.7%)
TOL	Toll Brothers	Neutral	\$17.99	\$2,901	(\$1.82)	(\$4.18)	\$0.09	\$1,963	13%	\$16.23	\$16.23	1.11x	\$16.00	1.12x	1.3x	\$21.00	0.0%	16.7%
Average				\$2,130					33%			1.52x		1.27x	1.2x		0.9%	(3.5%)

Source: Company data, Credit Suisse estimates

Companies Mentioned (Price as of 05 Nov 09)

DR Horton (DHI, \$11.83, UNDERPERFORM [V], TP \$7.50)
 Hovnanian Enterprises (HOV, \$4.20, UNDERPERFORM [V], TP \$2.00)
 KB Home (KBH, \$15.14, NEUTRAL [V], TP \$17.00)
 Lennar (LEN, \$13.51, OUTPERFORM [V], TP \$16.00)
 M.D.C. Holdings, Inc. (MDC, \$32.76, UNDERPERFORM [V], TP \$26.00)
 Meritage Corp (MTH, \$18.79, NEUTRAL [V], TP \$19.00)
 NVR Inc. (NVR, \$677.95, NEUTRAL, TP \$660.00)
 Pulte (PHM, \$9.66, NEUTRAL [V], TP \$10.00)
 Ryland Group (RYL, \$19.58, NEUTRAL [V], TP \$16.00)
 Standard Pacific (SPF, \$3.41)
 Toll Brothers (TOL, \$17.99, NEUTRAL [V], TP \$21.00)

Disclosure Appendix

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Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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