

Monthly Survey of Real Estate Agents

Research Analysts

Daniel Oppenheim, CFA
212 325 5726
dan.oppenheim@credit-suisse.com

Michael Dahl
212 325 5882
michael.dahl@credit-suisse.com

William Alexis
212 538 3992
william.alexis@credit-suisse.com

CHANNEL CHECK

Hoped-for Fall Season Not Materializing

- **Still no rebound in traffic in September:** Our Monthly Survey of Real Estate Agents indicated a continued low level of homebuyer traffic in September, dashing hopes of a rebound at the start of the fall season. This weakness in traffic is problematic for builders and for sellers of existing homes, as limited traffic levels in the summer months could be brushed aside as a short-term payback following the end of the homebuyer tax credit. September is now the fifth month of weak traffic following the end of the tax credit, and the duration of the weakness indicates that it is more than just the short-term payback.
- **Buyers hesitant to “buy now and get stuck for 10 years”:** Agents consistently cited the fear among buyers of further declines in home prices, along with worries about the job market and concerns of limited credit availability. Our traffic index was essentially unchanged in September from August, registering 17.9 vs. 17.0 in August. Builders have responded to the weak traffic by increasing incentives and lowering prices – a trend we expect to continue given both the continued-weak traffic and the high inventory levels.
- **Agents note price declines at end of summer, start of fall:** Our home price index dropped another point in September to 22.0 from 22.9 in August. We anticipate that the declining price environment will worsen through the fall, as builders attempt to capture as much demand as possible before the seasonal, winter slowing. High and rising inventory continues to worsen the situation as the buyers are confronted with many choices of available homes. Our home listings (inventory) index fell to 28.2 in September, down from 30.0 in August (lower levels indicate rising inventory).
- **Weak traffic across the country, slight improvement in DC, Ft. Myers and Phoenix; worsening in Dallas, Jacksonville, and Southern California:** Washington, DC and Ft. Myers had traffic levels that reached above 30, as traffic improved modestly in those markets, but remained below the expectations of agents. On the other hand, Dallas, Jacksonville, and Southern California (both the Los Angeles area and the Inland Empire) saw further declines in traffic from already low levels. We will continue to watch trends in individual markets closely for any early signs of a rebound from the current challenged levels.

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*

Prices Dropping on Depressed Traffic

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.

Still no rebound in traffic in September: Our Monthly Survey of Real Estate Agents indicated a continued low level of homebuyer traffic in September, dashing hopes of a rebound at the start of the fall season. This weakness in traffic is problematic for builders and for sellers of existing homes, as limited traffic levels in the summer months could be brushed aside as a short-term payback following the end of the homebuyer tax credit. September is now the fifth month of weak traffic following the end of the tax credit, and the duration of the weakness indicates that it is more than just the short-term payback.

Buyers hesitant to “buy now and get stuck for 10 years”: Agents consistently cited the fear among buyers of further declines in home prices, along with worries about the job market and concerns of limited credit availability. Our traffic index was essentially unchanged in September from August, registering 17.9 vs. 17.0 in August. Builders have responded to the weak traffic by increasing incentives and lowering prices – a trend we expect to continue given both the continued-weak traffic and the high inventory levels.

Agents note price declines at end of summer, start of fall: Our home price index dropped another point in September to 22.0 from 22.9 in August. We anticipate that the declining price environment will worsen through the fall, as builders attempt to capture as much demand as possible before the seasonal, winter slowing. High and rising inventory continues to worsen the situation as the buyers are confronted with many choices of available homes. Our home listings (inventory) index fell to 28.2 in September, down from 30.0 in August (lower levels indicate rising inventory).

Weak traffic across the country, slight improvement in DC, Ft Myers and Phoenix; worsening in Dallas, Jacksonville, and Southern California: Washington, DC and Ft Myers had traffic levels that reached above 30, as traffic improved modestly in those markets, but remained below the expectations of agents. On the other hand, Dallas, Jacksonville, and Southern California (both the Los Angeles area and the Inland Empire) saw further declines in traffic from already low levels. We will continue to watch trends in individual markets closely for any early signs of a rebound from the current challenged levels.

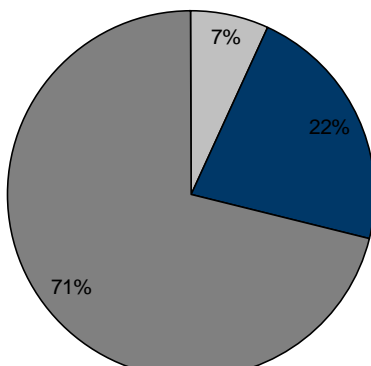
Exhibit 1: Traffic Remains at Depressed Levels, Further Pressure on Home Prices

| 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 |
| Nov-2009 | 43.0 | 34.1 | 40.2 | 60.2 | 42.9 |
| Dec-2009 | 41.1 | 35.6 | 41.6 | 61.6 | 40.3 |
| Jan-2010 | 43.5 | 35.0 | 41.8 | 51.3 | 39.4 |
| Feb-2010 | 41.4 | 35.7 | 41.9 | 46.1 | 42.9 |
| Mar-2010 | 43.1 | 39.9 | 42.9 | 39.5 | 45.8 |
| Apr-2010 | 48.7 | 43.4 | 43.1 | 38.2 | 49.1 |
| May-2010 | 31.5 | 38.9 | 41.2 | 42.0 | 42.6 |
| Jun-2010 | 19.1 | 32.1 | 43.7 | 38.9 | 29.6 |
| Jul-2010 | 16.9 | 26.8 | 40.7 | 36.3 | 23.6 |
| Aug-2010 | 17.0 | 22.9 | 37.1 | 30.0 | 19.1 |
| Sep-2010 | 17.9 | 22.0 | 38.4 | 28.2 | 18.8 |
| Point change | 0.9 | (0.9) | 1.3 | (1.7) | (0.3) |

Source: Credit Suisse estimates

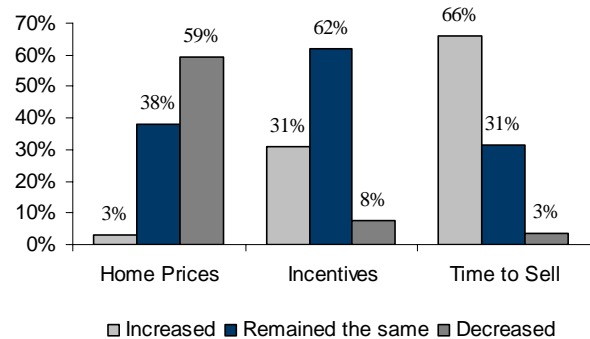
Exhibit 2: Home Prices Remain Under Pressure Following Several Months of Weak Demand and Rising Inventory

Traffic Levels Versus Expectations



More than expected Meets expectations Less than expected

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



Source: Credit Suisse estimates

Survey Methodology

We survey real estate agents, as we believe agents provide an accurate assessment of local housing market trends in both the new and existing home markets. We view an understanding of the existing home market as crucial to homebuilders as it represents 85% of total sales, and trends in the existing home market often dictate trends in the new home market.

Each month, we survey agents about trends in buyer traffic levels, home prices, incentives, inventory levels, and the length of time needed to sell a home. In September, we received responses from 1,200 real estate agents across the country. We review responses and calculate an index for each of the questions with levels above 50 indicating positive trends, levels below 50 indicating worsening trends, and a level of 50 indicating a neutral trend.

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 | 2009 1-Family Permits | Estimated Market Exposure | | | | | | | | | | |
|---------------------------------|-----------------------|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | DHI | HOV | KBH | LEN | MDC | MTH | NVR | PHM | RYL | SPF | TOL |
| Atlanta, GA | 5,397 | 2% | - | - | - | - | - | - | 4% | 5% | - | - |
| Austin, TX | 6,669 | 5% | - | 5% | 4% | - | 11% | - | 4% | - | - | - |
| Charlotte, NC | 4,426 | 2% | - | 4% | - | - | - | 10% | 4% | 4% | 6% | - |
| Chicago, IL | 4,442 | 3% | 3% | - | - | - | - | - | 3% | 4% | - | - |
| Dallas, TX | 14,130 | 7% | 8% | - | 2% | - | 20% | - | 5% | 7% | - | - |
| Denver, CO | 2,709 | 2% | - | 2% | 1% | 8% | - | - | 1% | - | - | - |
| Fort Myers, FL | 906 | - | - | 1% | 5% | - | - | - | 1% | 2% | - | - |
| Houston, TX | 22,360 | 4% | 11% | 9% | 17% | - | 21% | - | - | - | - | - |
| Inland Empire, CA | 4,557 | 4% | 5% | 7% | 5% | - | - | - | 3% | - | 13% | - |
| Jacksonville, FL | 3,320 | 3% | - | 4% | 2% | 6% | - | - | 1% | 4% | - | - |
| Las Vegas, NV | 3,791 | 3% | - | 8% | 4% | 18% | - | - | 4% | - | - | - |
| Los Angeles, CA | 3,388 | 1% | 1% | 3% | 2% | 3% | - | - | 1% | - | 3% | - |
| Miami, FL | 2,272 | 1% | - | - | - | - | - | - | - | - | - | - |
| Minneapolis, MN | 3,631 | 1% | 3% | - | 3% | - | - | - | 2% | 4% | - | - |
| NY - Northern NJ | 6,416 | 0% | 8% | - | 3% | - | - | 1% | - | - | - | 12% |
| Orlando, FL | 3,707 | 1% | - | 5% | 2% | - | - | - | 3% | 5% | - | - |
| Phoenix, AZ | 8,657 | 13% | - | 5% | 4% | 24% | 11% | - | 12% | - | 12% | - |
| Seattle, WA | 5,019 | 1% | - | - | - | - | - | - | 1% | - | - | - |
| Tampa, FL | 3,933 | 1% | - | 3% | 5% | - | - | - | 1% | 5% | 7% | - |
| Washington, DC | 9,014 | - | 6% | - | 3% | - | - | 20% | 3% | 4% | - | 21% |
| Total Exposure to Top 20 | 118,744 | 55% | 47% | 58% | 62% | 59% | 64% | 32% | 53% | 44% | 40% | 33% |

Source: Company data, Builder Online, Credit Suisse estimates

Atlanta, GA – Economic Fears Keep Traffic Depressed

(5,397 single-family building permits in 2009, 8th largest market in the country)

Traffic struggles to improve. Our September traffic index increased marginally from depressed levels in August, as our traffic index came in at 20 from 13 in August, pointing to traffic still well below agents' expectations (readings below 50 indicate traffic below expectations). Agents noted that buyers were worried about the direction of home prices, leading to caution and hesitancy. One agent mentioned, "The uncertainty in the market has been a drag." Another stressed that, "Confidence in job security is not encouraging. People are not ready to buy homes right now." Agents also noted instances in which buyers and sellers can not agree on price. Buyers want the best deal while sellers holdout for better offers. However one agent commented, "Traffic has been better when sellers are more aggressive (lower) on pricing," with additional positive feedback in the market for foreclosures.

Home prices face continued pressure. Agents surveyed noted that prices continued to decline in September, as our home price index came in at 19 from 17 in August, still well below a neutral reading of 50, indicating lower prices over the last 30 days. We expect the weak readings to continue, as demand remains soft and inventory is high and rising. Our home listings index came in at 44 in September (from 33 in August), coming in just shy of a neutral reading of 50, indicating higher inventory levels over the past month. Our time to sell index, which reflects both traffic and inventory trends, pointed to a further lengthening in the time needed to sell a home, coming in at 17 from 13 last month (readings below 50 point to lengthening times needed to sell homes). An increased time to sell is generally a negative indicator of future home prices.

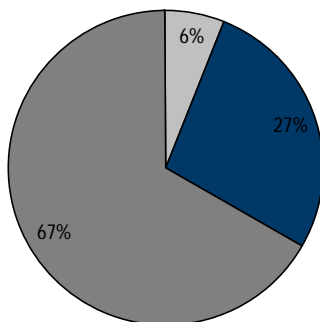
Comments from real estate agents:

- "Buyers want better than average deals. When sellers refuse, the buyers walk. Each side wants to hold its ground."
- "Poor economic conditions and higher unemployment translates to terrible traffic."

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%.

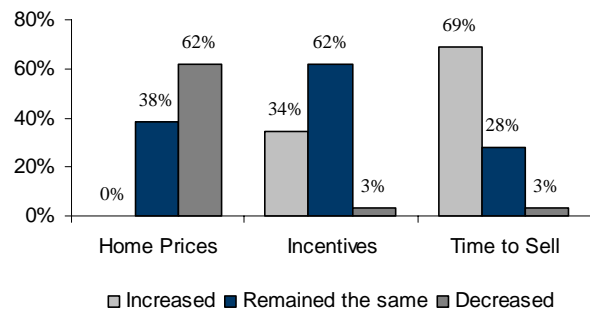
Exhibit 4: Price Pressure Likely to Continue as Traffic Remains Weak and Inventory Levels Rise

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

| September Market Trends | |
|-------------------------|----------------|
| Traffic | Downward arrow |
| Home Prices | Downward arrow |
| Incentives | Downward arrow |

"It is becoming more difficult to get financing."

Austin, TX – “Weak Economy” Weighing on Buyers; Decisions Postponed

(6,669 single-family permits in 2009, 5th largest market in the country)

Buyer traffic remains depressed. Our buyer traffic index continued to show traffic well below agents’ expectations, as our index came in at 13, unchanged from the very weak readings in August, with readings below 50 pointing to traffic below expectations. Agents’ commentary was centered on buyers’ nervous approach to the market. Agents consistently mentioned that buyers lack confidence and are not sure about the “stability of the market.” Another stressed that “Buyers worry about their future. They think buying a home is too much of a risk.” There was also a lack of excitement in the market, as one agent noted that buyers were “jaded and unenthusiastic” about buying. This continues the theme from the summer, when buyers also had little urgency to enter the market.

Prices fall further as inventory levels create added pressure. Prices continued to fall in September, as our home price index came in at 24 (from 16 in August), suggesting lower prices over the last 30 days (readings below 50). This marks the fifth consecutive month when agents noted lower prices in Austin. We expect prices to remain weak, as inventory levels trended higher in September. Our home listings index fell to 5 in September from an already weak 13 in August, with anything below 50 pointing to rising inventory. Meanwhile, our time to sell index remained at very low levels, as it came in at 11 (from 8 in August), suggesting an increased time to sell (readings below 50 point to an increased time to sell). We think additional price declines will follow.

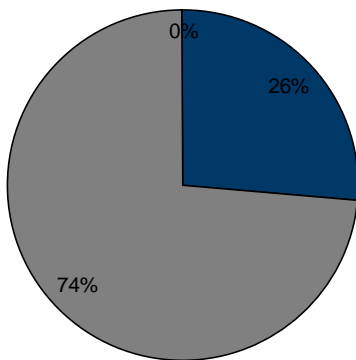
Comments from real estate agents:

- “Prices keep falling. Nobody wants to buy in this environment.”
- “People have pre-election jitters. They want more clarity before they buy.”

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%.

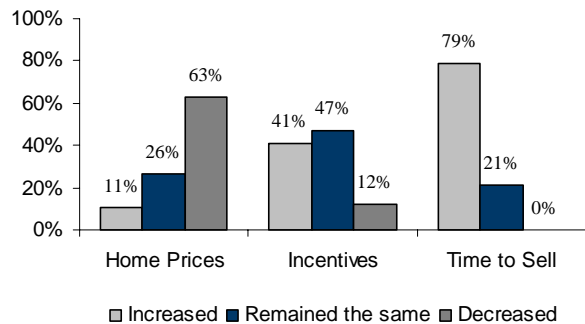
Exhibit 5: Inventory Keeps Rising as Demand Remains at Very Weak Levels

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

“Buyers are scared.”

Charlotte, NC – Buyers Lack Interest in a Falling Price Environment

(4,426 single-family permits in 2009, 13th largest market in the country)

Buyers lack motivation. Our buyer traffic index bounced slightly higher from very low levels in August, coming in at 18 in September from 11 last month, still pointing to traffic short of expectations (readings below 50). Agents attributed the weak traffic to a lack of urgency among buyers. According to those surveyed, people will only move forward with a purchase if they feel they are getting the best possible deal. One agent noted, “There is absolutely no urgency... people want the deal they think is just perfect.” Another mentioned that this sentiment is likely fueled by a “fear of the market. Prices and rates keep dropping. People think we haven’t reached the bottom yet.” Another noted, “There is an overall lack of buyers. Incentives and price have not been enough to attract interest.” Agents also highlighted buyers’ worries over the economy and job security.

Prices weaken further as inventory increases and sellers adjust. Prices in Charlotte continued to fall, as our home price index fell to 18 in September from 23 in August, moving further from a neutral reading of 50, pointing lower prices over the past 30 days (readings below 50). We expect further pressure, as our home index listings points to higher inventories over the past month. Our home listings index fell to 24 (from 31 in August) further from a neutral reading of 50, with readings below 50 pointing to rising inventory. Our time to sell index came in at 21 in September (from 12 in August), with readings below 50 pointing to an increased time to sell. We believe the longer time to sell, is a negative indicator of future pricing.

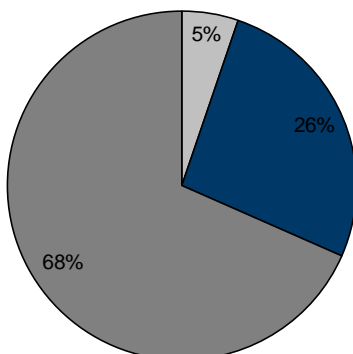
Comments from real estate agents:

- “The number of showings on my listings has dropped 60%. There is no more motivation.”
- “People are insecure about their jobs. They have no urgent reason to buy now.”

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.

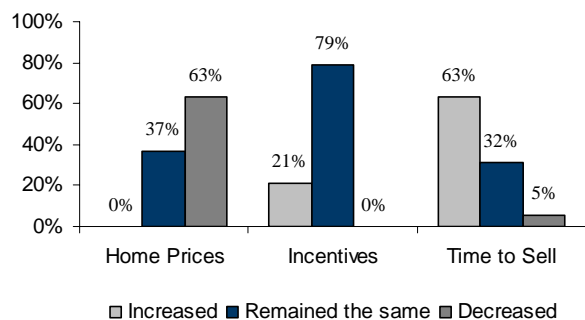
Exhibit 6: Buyers Wait for Better Opportunities as Expectations for Further Prices Declines Continue

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

“The economy is pushing people away.”

Chicago, IL – Buyers Uncertain about Market, Patiently Wait for More Stability

(4,442 single-family permits in 2009, 12th largest market in the country)

Buyers unsure about the direction of the market. Buyer traffic remained well below expectations in September, as our traffic index came in at 12 (from 10 in August), with readings below 50 pointing to traffic short of agents' expectations. Agents stressed buyers' lack of faith in the economy for September's weak traffic levels. One agent stressed that "Buyers' uncertainty about jobs has removed all motivation from the market." Another highlighted that "The potential for further price declines has kept people from finalizing decisions. Buyers get nervous when faced with that scenario." This has led to a lack of urgency, consistency with recent months. One agent mentioned, "Buyers have a wait and see attitude. They think better deals are ahead."

Pricing under pressure. Prices continued to fall in September as our price index came in at 11, unchanged from August, pointing to sequentially lower prices over the past month (readings below 50). We think there is risk for additional declines in the coming months based on consistently weak traffic and higher inventory trends. Our home listings index came in at 33 (from 25 in August), below a neutral reading of 50, pointing to higher inventory levels over the past month (readings short of 50). In addition, our time to sell index came in at 19 in September, up from the low reading of 7 in August, but still pointing to longer times needed to sell over the past 30 days (readings below 50). The increased time sell suggests continued price pressure.

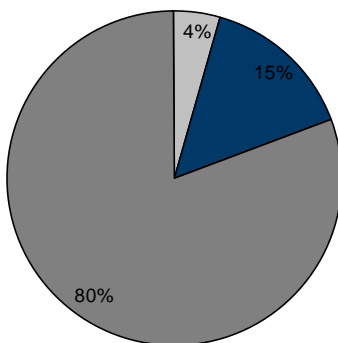
Comments from real estate agents:

- "People are scared about what might happen to their finances if they buy in this environment."
- "Buyers think there is still more downside to prices."

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.

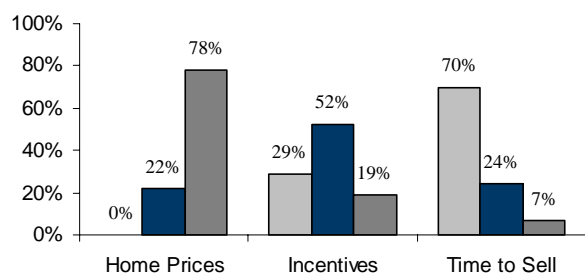
Exhibit 7: Prices Continue to Decline

Traffic Levels Versus Expectations



■ More than expected ■ Meets expectations ■ Less than expected

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



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | ↔ |

"There is a ton of inventory available."

Dallas, TX – Economic Anxiety Causes Buyers to Become Increasingly Cautious

(14,130 single-family permits in 2009, 2nd largest market in the country)

Buyers remain worried about job security. Buyer traffic fell in September, coming in further below agents' expectations, as our traffic index fell to 12 in September from 21 in August. This marks the fifth consecutive month of lower than expected traffic in Dallas. Agents noted that buyers were concerned about their employment and the health of the economy. One agent mentioned, "In spite of the buyers market right now, people are willing to wait on the sidelines until conditions improve." Agents stressed that buyers are "skeptical" over the state of the housing market. In addition to economic uncertainty, one agent mentioned "the disconnect between what sellers are asking and what buyers are willing to pay." Agents stressed that buyers' financial health was a key factor, which for most buyers was not strong enough to go ahead with a purchase.

Home prices continue to slide. Home prices fell further in September, as our home price index came in at 26 (from 21 in August), coming in short of a neutral reading of 50 (readings below 50 point to sequentially lower prices). This marks the fifth consecutive month of agents noting declining prices in Dallas. Meanwhile, we expect additional pressure on pricing, as inventories trended higher in September. Our home listings index came in at 25, worse than 31 in August, and further from a neutral reading of 50 (readings below 50 point to higher inventory levels). Our time to sell index also points to additional pricing pressure, as our index came in at 17 in September (from 14 in August), remaining well below a neutral readings of 50, pointing to an increased time to sell over the past 30 days, a negative indicator for future pricing.

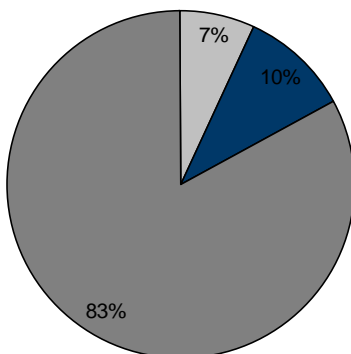
Comments from real estate agents:

- "Low interest rates are not enough for people. They are still worried about the economy."
- "Buyers don't think prices are at the right level. They are willing to wait for better deals."

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.

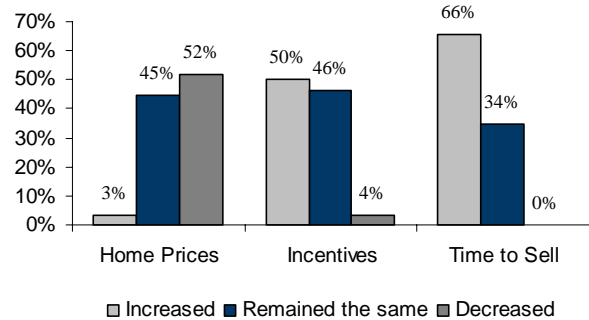
Exhibit 8: Buyers Expect Further Weakness in Housing Market, Prices

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"People are having more problems securing financing."

Denver, CO – Bleak Outlook on Jobs and Prices, Traffic Suffers

(2,709 single-family permits in 2009, 33rd largest market in the country)

Fear drives weak traffic in September. Our buyer traffic index rebounded slightly in September, after reaching a record low in August, coming in at 13 from 10 last month. This points to buyer traffic far below agents' expectations (readings below 50 point to traffic short of expectations), and is Denver's second lowest reading since we started the survey in 2005. Agents stressed that fear was the main driver behind the weak traffic in September, similar to commentary in August. Another agent stressed, "Worries over the state of the economy still rule people's decision making." These concerns have led to doubts over the future of the housing market. One agent stressed that "job uncertainty" has kept buyers away. Another noted, "There is a concern that prices have not stabilized and will continue to decline," making buyers cautious, and reducing their level of interest.

Prices continue to fall on higher inventories, lack of demand. Our home price index continue to fall in September, declining to 22 from 24 in August, pointing to lower prices over the past month (readings below 50 suggest lower prices). This marks the fourth consecutive month of lower prices for the region, and is the lowest price index in Denver since December 2008. Prices have been pressured by high and rising inventory levels. Our home listings index came in at 24 in September, unchanged from our August reading, short of a neutral reading of 50, pointing to higher inventory levels over the past month. This marks the seventh consecutive month of rising inventory levels in Denver. In addition, our time to sell index, which reflects current demand and inventory trends, came in at 17 in September from 10 in August. This points to an increased time to sell (readings below 50), which we view as a leading indicator of future price declines.

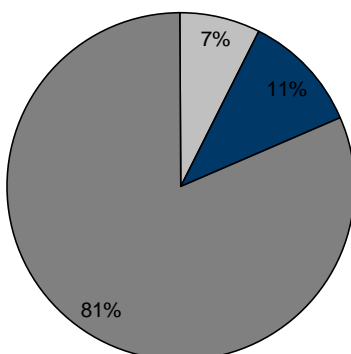
Comments from real estate agents:

- "The average buyer is extremely cautious."
- "People are giving up hope because they don't think they can get financing."

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.

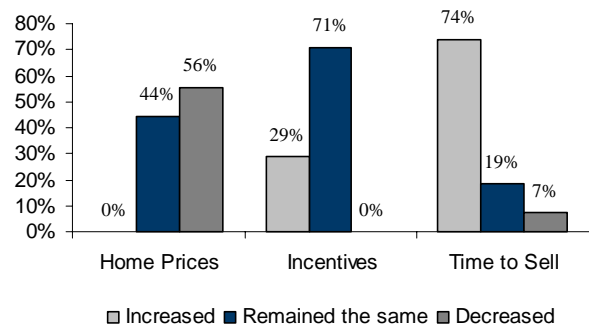
Exhibit 9: Buyers Remain Worried Over Financial Stability

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"Consumer confidence is lacking."

Ft. Myers, FL – Prices Weighed Down by Economic Concerns and Higher Inventory

(906 single-family permits in 2009, 93rd largest market in the country)

Unemployment a “big factor” in weak traffic, but slight increase in September. Our September buyer traffic index increased slightly from August, coming in at 36 from 28 last month, but still indicated that traffic was lower than expected (readings below 50 point to traffic below expectations). This marks the fourth consecutive month of lower than expected traffic for the region. Agents mentioned that buyers were prone to waiting for the market to stabilize before jumping into a purchase. High unemployment helped fuel this sentiment, with several agents commenting on buyers’ weak economic expectations. One agent also stressed the difficulty in getting loans, which discouraged buyers from looking seriously. However, one agent said that while traffic is down, those buyers looking for homes are becoming increasingly serious. In addition, agents mentioned that traffic improved following the capping of the oil well, easing “the concerns over the health of the market.”

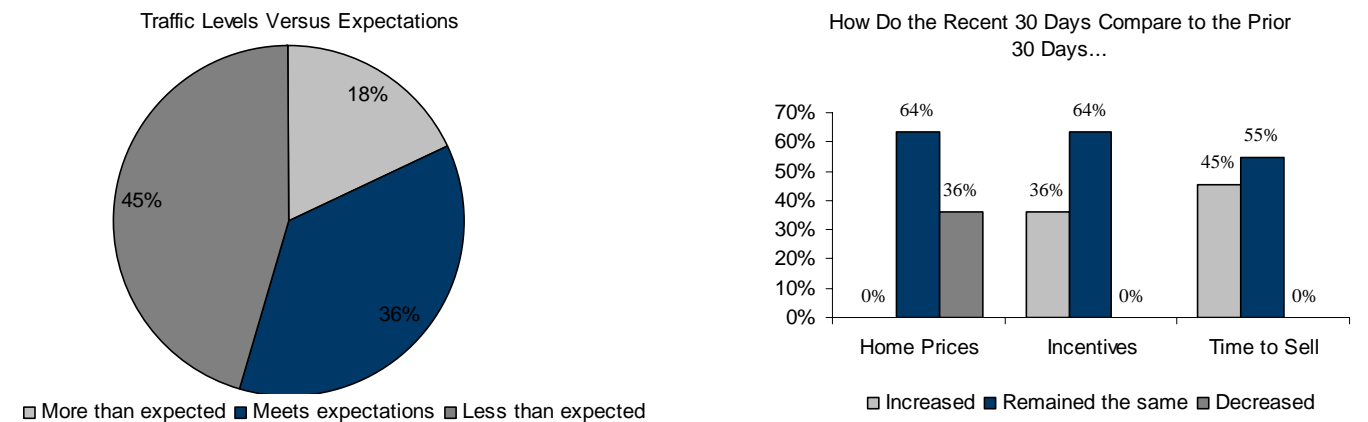
Home prices continue to face pressure. Home prices weakened further in September, as our home price index came in at 32 (from 21 in August), suggesting lower prices over the last 30 days (readings below 50 point to declining home values), marking the second consecutive month of lower values. This likely comes on the heels of higher inventory levels. Our home listings index came in at 41, unchanged from our August reading, pointing to higher inventories over the past month (readings below 50 suggest higher inventory levels). We also think sellers may soon become more flexible on price, as our time to sell index, a measure of current demand and inventory levels, came in at 27, suggesting an increased time to sell over the past month (readings below 50). We remain concerned over inventory levels, as well as shadow foreclosure inventory held by banks in Florida, and their negative impact on prices

Comments from real estate agents:

- “The unemployment risk is scaring a lot people away.”
- “Buyers keep mentioning the economy. They are concerned.”

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

Exhibit 10: Prices Fall for Second Consecutive Month, Higher Inventories Point to Additional Weakness



Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

“Buyers think it is too hard to get loans.”

Houston, TX – Buyers Increasingly Cautious About Condition of the Housing Market

(22,360 single-family permits in 2009, largest market in the country)

Buyers remain apprehensive over economic stability. Our buyer traffic index remained at very depressed levels in September, coming in at 14 from 13 in August, remaining well below a neutral reading of 50, suggesting traffic failed to meet agents' expectations (readings below 50). This marks the seventh consecutive month of lower than expected traffic for Houston. Agents noted that buyers were becoming less confident in the economy, creating a heightened sense of "pessimism" about the direction of the housing market. Agents mentioned that buyers' concerns over a lack of job growth and a growing inventory of homes for sale led them think twice before making a commitment to a property. One agent said, "Buyers are worried that home prices are going to fall again. They are willing to hold off until the market looks better." According to another, "People do not want to have a mortgage with their levels of economic uncertainty."

Home prices dip further in September. Home prices continued to fall in September, as our home price index fell to 21 from 26 in August, pointing to lower prices over the past month (readings below 50 point to sequentially lower prices). This marks the seventh consecutive month of agents indicating lower home prices in Houston, and is the lowest reading in Houston since March 2009. Meanwhile, inventory levels continued to rise, as our home listings index came in at 33, slightly better than 29 in August, but still well below a neutral reading of 50, pointing to higher inventory levels (readings below 50). Worse for pricing, our time to sell index came in at 14 (from 11 in August), below a neutral reading of 50, suggesting that the time to sell increased (readings below 50).

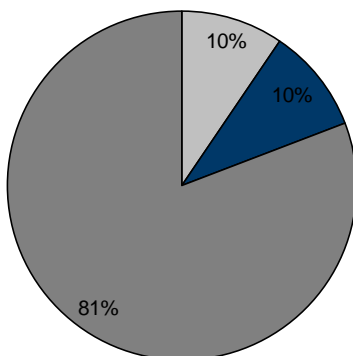
Comments from real estate agents:

- "My buyers have a general feeling of another economic downturn."
- "Buyers are becoming increasingly patient because they have more inventory to choose from."

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

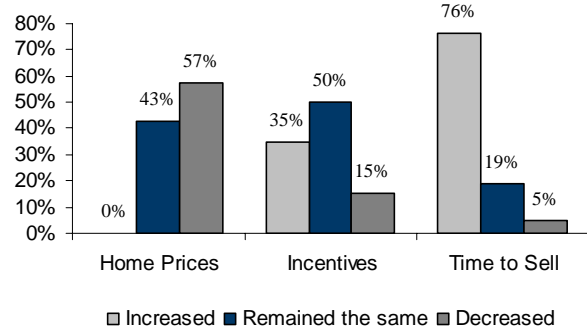
Exhibit 11: Buyers Remain Skeptical about Buying Now, Prices Continue to Fall

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"A large amount of properties have come to the market."

Jacksonville, FL – Traffic Falls as Buyer Expect More Pain Ahead

(3,320 single-family permits in 2009, 23rd largest market in the country)

Traffic dips further below expectations. Our buyer traffic index fell again in September, coming in at 11, down from 20 in August, pointing to traffic well below agents' expectations (readings below 50). The marks the lowest reading for Jacksonville since September 2008, and is the fourth consecutive month of lower than expected traffic. Agents commented that buyers were worried that the market hasn't yet stabilized. Concerns centered on rushing into a home, only to miss out on a better deal in the near-future, while also being locked into a large mortgage. One agent said, "Buyers are looking, but they are afraid of what they might get themselves into." According to another, "My clients are being more and more patient. They think better deals are out there, and they want to make sure they get the best one." Meanwhile, one agent highlighted that investor demand has started to wane, as they are also thinking they may get better deals down the road.

An increased time to sell spells trouble for more price declines. Agents said prices continued to fall in September, as our home price index came in at 22, unchanged from August, suggesting lower prices over the past month (readings below 50 point to sequentially lower prices). Meanwhile, inventory levels edged higher according to agents, as our home listings index came in at 44, just shy of a neutral reading of 50, suggesting higher inventories over the past 30 days. We remain concerned over Jacksonville's inventory, as we think there is additional risk from shadow foreclosure inventory held by banks. Our time to sell index came in at 22, down from 25 in August, and further from a neutral reading of 50, suggesting an increased time to sell over the past month (readings below 50).

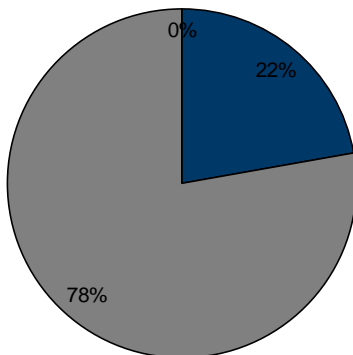
Comments from real estate agents:

- "Buyers just can't make up their minds with the housing mess we're in."
- "There is interest for REOs, but financing is harder than most buyers anticipate."

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

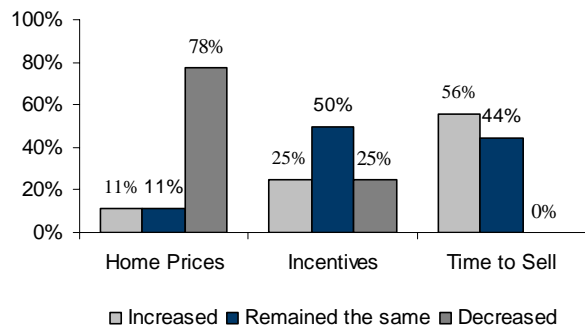
Exhibit 12: Buyers Expect More Price Declines

Traffic Levels Versus Expectations



Legend: ■ More than expected ■ Meets expectations ■ Less than expected

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



Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | ↔ |

"Appraisals have been killing deals."

Las Vegas, NV – Price Fall, but Not Enough to Encourage Buyers

(3,791 single-family permits in 2009, 18th largest market in the country)

Buyer traffic remains at low levels. Our buyer traffic index remained depressed in September, falling to 20 from 21 in August, pointing to traffic below agents' expectations (readings below 50), marking the fourth consecutive month of lower than expected traffic in Las Vegas. Agents credited the weak traffic in September to anxiety over the economy, the local job market, and the instability of home prices. One agent mentioned, "The uncertainty is stopping buyers from doing anything. They want more clarity before they go ahead with a purchase." Another agent mentioned, "The unemployment picture is grim here. Buyers are worried their jobs are on the line, and don't want to get caught with a mortgage." This continues themes from our August survey, in which fears over the economy caused people to reconsider whether or not to buy a home. One agent also mentioned, "My clients think prices are going to fall more. They do not want to feel rushed, they want an absolute bargain."

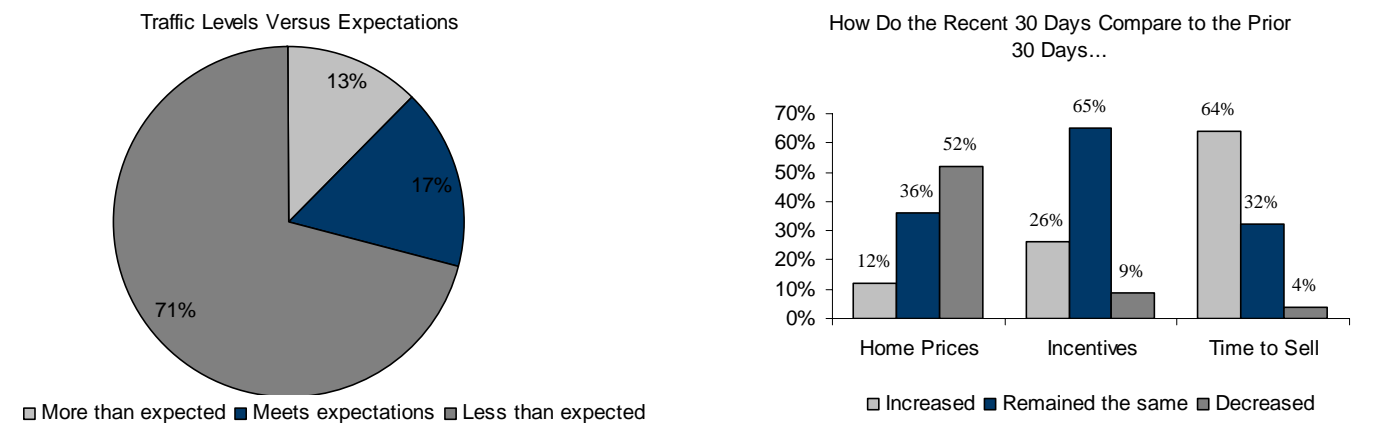
Prices fall again; expect additional risk from higher inventories. Home prices showed further deterioration in September, as our home price index fell to 30 from 32 in August, pointing to lower prices over the past month (readings below 50), marking the region's fourth consecutive month of price declines. We would expect increased pressure on prices, as inventory levels continue to trend higher. Our home listings index came in at 20, slightly better than 18 in August, but still well below a neutral reading of 50, pointing to sequentially higher inventory levels (readings below 50). We think this is a negative indicator of future pricing.

Comments from real estate agents:

- "The urgency is gone. People are waiting for lower prices."
- "My clients are waiting for the bottom. They don't think we're there yet."

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: Buyers Seek Bargains and Wait for Prices to Fall Further



Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"Buyer confidence is generally poor."

Los Angeles, CA – Buyers Remain Cautious, Look For Better Conditions

(3,388 single-family permits in 2009, 22nd largest market in the country)

Traffic slips, comes in well below expectations. Our buyer traffic index fell in September, coming in at 15 from 23 in August, pointing to traffic well short of agents' expectations for this time of year (readings below 50). The reading was the lowest for Los Angeles since November 2007, and is the fourth consecutive month of lower than expected traffic. Agents noted that buyers saw little reason to buy, given the weak employment picture and expectations for continued economic pressure. One agent mentioned, "Buyers are taking their time making decisions. There is no urgency." According to another agent, "Potential unemployment has people worried. They don't want to buy if they think they are going to lose their jobs." Agents also voiced buyers concerns over a double dip in home prices. One agent highlighted, "Fears of more price declines are holding buyers back." Buyers appear to want better deals before stepping in, as one agent mentioned, "Prices are better right now, but that hasn't attracted additional buyers."

Home prices fall again in September as buyers see plenty of inventory. Agent noted that home prices fell for the third straight month in September, as our home price index came in at 26 (from 25 in August), with readings below 50 pointing to lower prices over the last 30 days. We believe home prices will likely face additional pressure, as inventory levels continue to rise. Our home listings index came in at 34 (from 32 in August), still short of a neutral reading of 50, pointing to higher inventory levels over the past month (readings short of 50 suggest higher inventory levels). Our time to sell index came in at 23, up from 10 in August, but still well below a neutral reading of 50, pointing to an increased time to sell (readings below 50). We believe an increased time to sell is negative indicator of future pricing.

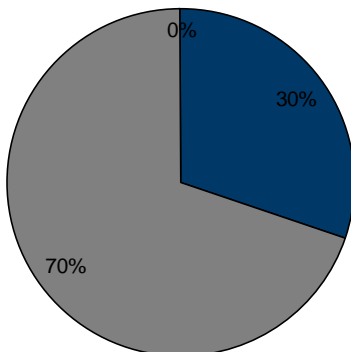
Comments from real estate agents:

- "Buyers are taking their time to make decisions because they have such a selection to choose from."
- "Buyers have a lack of confidence to buy."

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.

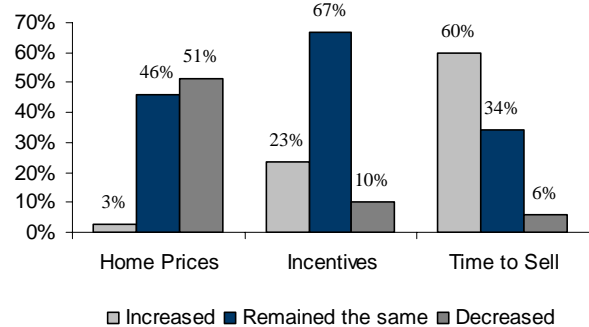
Exhibit 14: Buyers Keep an Eye on the Market, but Wait for More Stability

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

| September Market Trends | |
|-------------------------|----------------|
| Traffic | Downward arrow |
| Home Prices | Downward arrow |
| Incentives | Downward arrow |

"There are growing concerns about price."

Miami, FL – Buyers Want Deals, but Weak Outlook Postpones Decisions

(2,272 single-family permits in 2009, 43rd largest market in the country)

Economic conditions pressure traffic. Our buyer traffic index was slightly better in September, coming in at 29 from 25 in August, but still below a neutral reading of 50, pointing to traffic short of expectations (readings below 50). Agents stressed that high unemployment and concerns over job security led people to shy away from the market in our September survey. One agent highlighted that buyers were still worried over the strength of the economy and whether their personal finances were in order, should the economy go south. Another agent said, “Market conditions are deteriorating and more buyers are sitting on the sidelines.” Yet another mentioned, “Layoffs and the slow economy have my clients afraid.” The expectations for a weaker economy have also led to expectations for additional price declines, which buyers think may open the door to better bargains. One agent noted, “Buyers are hoping prices will fall further. They are looking for steals.” One agent did note that price drove slightly better traffic in September, mentioning “I have inventory at better prices...buyers respond to that.”

Prices decline and inventory levels trend even higher. Agents said home prices fell in September, as our home price index fell to 28 from 29 in August, suggesting lower prices over the past month (readings below 50 point to sequentially lower prices). Inventories added to this pressure, as our home listings index came in at 22 from 46 in August, suggesting higher inventory levels over the past month (readings below 50 point to higher inventory levels). Meanwhile, our time to sell index came in at 28, down from 31 in August, and further from a neutral reading of 50, suggesting an increased time to sell over the past month (readings below 50).

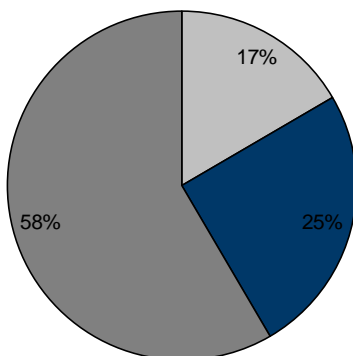
Comments from real estate agents:

- “There is a general feeling that prices will be pushed further downward.”
- “Buyers still have a lot of uncertainty.”

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

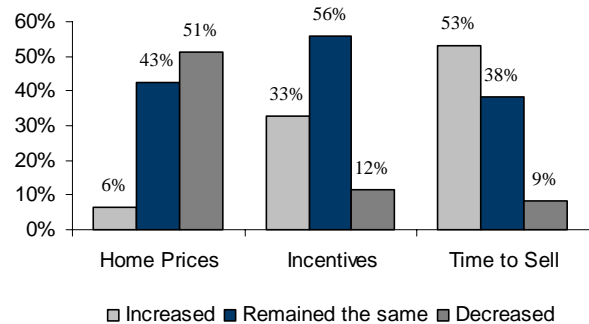
Exhibit 15: Buyers Expect Prices to Fall Further

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

“The urgency is not there.”

Minneapolis, MN – Buyers Want Lower Prices; Sellers Try to Resist

(3,631 single-family permits in 2009, 20th largest market in the country)

Traffic levels remain low, buyers want better pricing. Our buyer traffic index was up slightly in September from very low levels in August, as our index came in at 14 from 8 last month, still pointing to traffic well below agents' expectations (readings below 50 point to traffic below expectations). This marks the fifth consecutive month of lower than expected traffic for Minneapolis. Agents stressed that buyers are anticipating another drop in prices in our September survey. Several agents mentioned that buyers were not looking to purchase homes now, as they expect to get better deals if they wait. One agent said, "Potential buyers are on the fence, expecting prices to fall further." Another agent said, "Buyers realize that home prices are probably going to fall." This expectation has led to a lack of urgency in the market, which has been exacerbated by a weak job market and a lack of confidence in housing. One agent mentioned, "The main concern with my buyers is the economy. Until that improves, I think traffic levels are going to stay low."

Patient buyers and higher inventories lead to lower prices. Our home price index fell sharply in September, coming in at 15, down from 28 in August, pointing to lower prices over the past 30 days (readings below 50), marking the fifth consecutive month of price declines. This is the lowest reading for Minneapolis since January 2009. We expect additional weakness in pricing given that inventory levels are trending higher. Our home listings index fell to 26 from 32 in August, falling further from a neutral reading of 50, pointing to higher inventory levels over the past month (readings below 50). Meanwhile, our time to sell index came in at 16 in September (from 20 in August), pointing to an increased time to sell over the past 30 days (readings below 50). We see this as a negative indicator for future pricing trends, as buyers seem to be waiting on the sidelines until prices fall further.

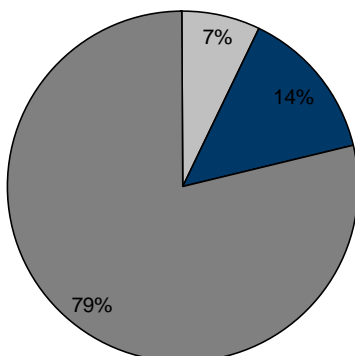
Comments from real estate agents:

- "More and more people are waiting for prices to drop further."
- "Economic uncertainty has been a major problem."

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.

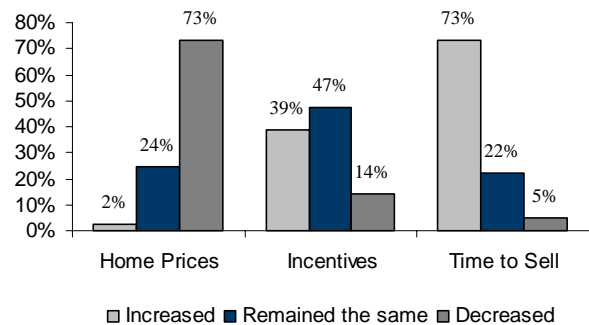
Exhibit 16: Weak Pricing Likely to Continue as Inventory Levels Rise and Demand Remains Soft

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

| September Market Trends | |
|-------------------------|------|
| Traffic | Down |
| Home Prices | Down |
| Incentives | Down |

"There is no sense of any improvement."

New York-Northern NJ – Additional Price Declines Expected, Economy Still a Key Headwind

(6,416 single-family permits in 2009, 6th largest market in the country)

Traffic remains weak on economic outlook. Our buyer traffic index was slightly higher in September, but still pointed to traffic lower than agents' expectations, coming in at 22 from 18 in August (readings below 50 point to traffic below expectations). Agents stressed that buyers' concerns over the direction of the economy was the key driver behind the weak traffic in our September survey. This continues the theme over the past few months for New York, as job security has been a major headwind to the region's demand. According to one agent, "My clients are scared of buying homes when they think they might lose their jobs." Another agent mentioned, "Consumer confidence is very weak right now, nobody thinks the economy is headed up." Agents also noted that buyers expect home values to fall further, while at the same time, sellers want to hold out for better pricing. One agent highlighted, "Buyers want deals, but sellers are reluctant to give in. They think they deserve a better offer."

Inventory levels grow in September, add pressure to prices. Home prices fell in September, as our home price index came in at 23, slightly higher than 21 in August, but still well below a neutral reading of 50, pointing to lower prices over the last 30 days (readings below 50). Meanwhile, inventory levels continued to rise, as our home listings index came in at 15, down from 33 in August, and further from a neutral reading of 50 (readings short of 50 suggest higher inventory levels). Agents also noted that buyers are becoming increasingly patient, as our time to sell index came in at 20 (from 19 in August), suggesting an increased time to sell over the past 30 days (readings below 50 point to an increased time to sell). We see increased time to sell as a negative indicator for future pricing.

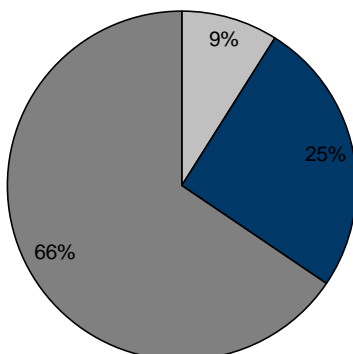
Comments from real estate agents:

- "Buyers are afraid to commit due to the economic climate."
- "Buyers are waiting for prices to fall."

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.

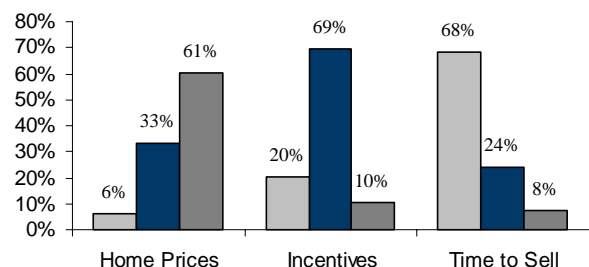
Exhibit 17: Economic Concerns Remain a Drag on Local Market

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"Buyers feel no immediate need to purchase."

Orlando, FL – Buyers Insist on Deals as Concerns Remain

(3,707 single-family permits in 2009, 19th largest market in the country)

Traffic is soft as buyers wait for better conditions. Our buyer traffic index fell further in September, down slightly to 16 from 17 in August, suggesting traffic well below agents' expectations for this time of year (readings below 50). This marks the fifth consecutive month of lower than expected traffic for Orlando, and the reading is the lowest for the market since September 2007. Agents continued to stress buyers' lack of confidence in the economy and the state of the local housing market. Buyers expressed additional caution and doubt that prices have or will stabilize in the near term. Agents mentioned clients continue to look for homes, but do little in terms of going through with a purchase. According to one agent, "The level of confidence in home prices is dropping. Buyers don't think they are sustainable." Another mentioned, "Prices continue to fall, but that hasn't been enough to draw in buyers." Agents commented that "everyone is looking for a deal." Agents noted that buyers are unwilling commit to a property unless they think they are getting the best value.

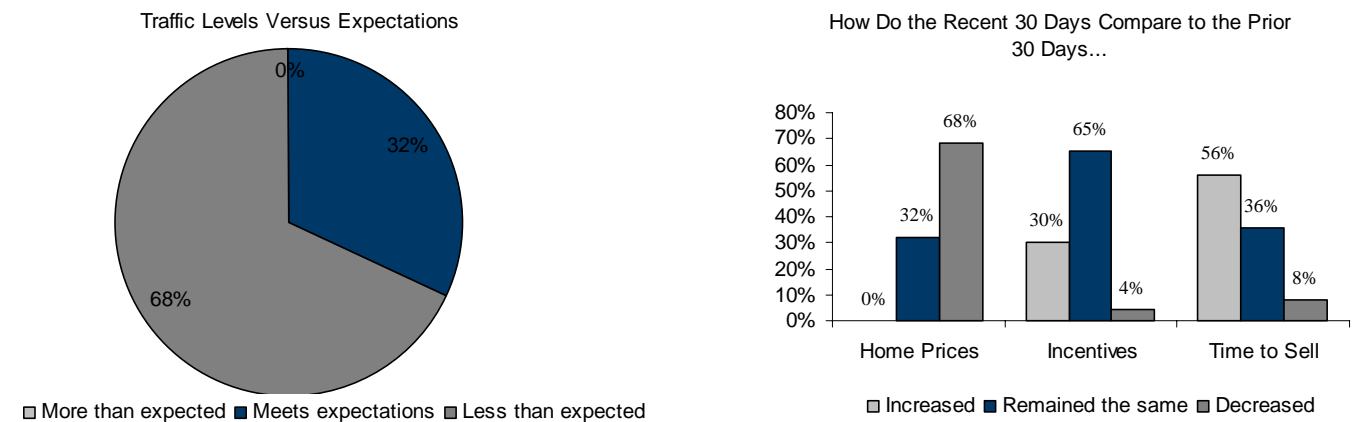
Prices fall further while buyers need additional time to commit. Home prices continued to slip in September, as our home price index fell to 16 from 24 in August, with readings below 50 pointing to lower prices over the last 30 days. This marks Orlando's lowest reading since April 2009. Meanwhile, inventory levels were stable in September, as our home listings index came in at 46 (from 31 in August), in-line with a neutral reading of 50. We view the stable inventory trends as positive for future pricing, but remain worried about the increased caution buyers have shown toward the market. Our time to sell index came in at 26, down from 34 in August, further from a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings below 50). We view an increased time to sell as a negative indicator of future pricing.

Comments from real estate agents:

- "Buyers are afraid to jump in right now."
- "People are looking, but waiting for prices to fall."

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: Buyers are in the Market, but Want Deals and Wait for Prices to Fall



Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"More foreclosures are expected."

| September Market Trends | |
|-------------------------|----|
| Traffic | ☹️ |
| Home Prices | ☹️ |
| Incentives | ☹️ |

Phoenix, AZ – Buyers See Further Pricing Pressure

(8,657 single-family permits in 2009, 4th largest market in the country)

Traffic remains weak and comes in well below expectations. Our buyer traffic index came in at 19 in September, up from 10 in August, but still well below a neutral reading of 50, pointing to traffic still below agents' expectations. Agents attributed the weak traffic in our September survey to a lack of confidence in the strength of the economy. Agents said that buyers expect conditions to worsen before improving and believe that their jobs are increasingly at risk. According to one agent, "The economy and unemployment are buyers' top concerns." Another mentioned, "People don't think the worst is over. They are still waiting for a 'bottom' before they enter the market." These concerns have fueled expectations that prices have more room to decline, which has led to a lack of motivation among buyers. One agent stressed, "It seems everyone is waiting for the next shoe to drop, and that's pricing." Another mentioned, "There is concern that prices are headed lower as inventory keeps growing." However, if priced to market, one agent mentioned that properties can sell.

"Buyers are waiting for prices to fall further."

Prices fall in September as cautious buyers pick from a larger inventory. Home prices fell in September, as our home price index fell to 13 from 18 in August, with readings below 50 pointing to sequentially lower prices. This marks the region's lowest reading since February 2009. According to one agent, "Prices have fallen nearly 5% from June to September." Meanwhile, inventories are likely to add pressure, as our home listings index came in at 25, (from 29 in August), pointing to higher inventories over the past month (readings below 50). In addition, our time to sell index points to further pressure, coming in at 22 (from 20 in August), suggesting an increased time to sell (readings below 50). We view the higher inventory levels as a negative for future pricing.

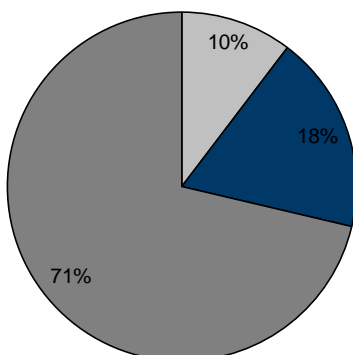
Comments from real estate agents:

- "People are hesitant because they do not want to "get stuck" for 10 – 15 years."
- "People have no urgency, at least not until prices come down more."

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%).

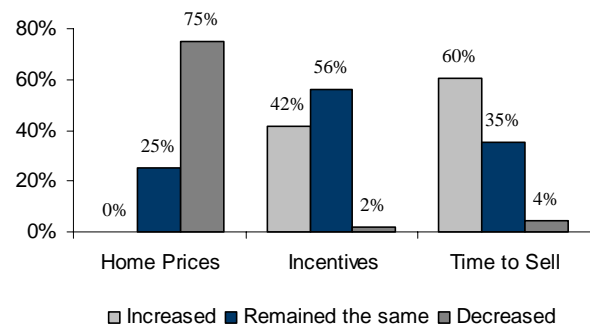
Exhibit 19: Buyers Wait for Lower Prices

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

Riverside-San Bernardino, CA (Inland Empire) – Buyers Remain Price Sensitive, Waiting for Further Declines

(4,557 single-family permits in 2009, 11th largest market in the country)

Buyers wait for better deals. Buyer traffic deteriorated in September, as our traffic index fell to 15 from 27 in August, marking the largest sequential decline among the top 20 markets we survey and indicating traffic levels below agents’ expectations (any reading below 50). Agents’ responses suggest that buyers continue to hold out for better deals. Some agents commented that the lack of traffic was due to fewer attractive REO properties, indicating buyers’ clear focus on price (since these same buyers did not then seek out non-distressed existing homes). In addition, agents said banks are taking too long to approve transactions. Other agents said that aside from a continued lack of confidence, the lack of incentives continues to hurt, and that buyers are waiting for further price declines. We think sellers will need to lower prices in order to both compete with bank-owned inventory and bring buyers back into the market.

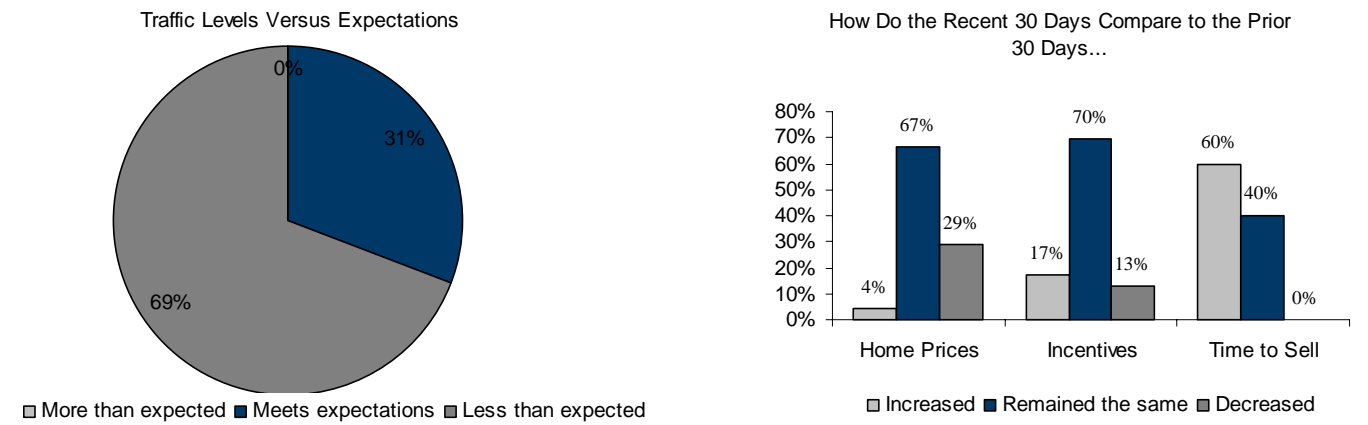
Prices fall, but gap remains between buyer and seller expectations. Home prices remained under pressure in September, as our home price index slipped to 38 from 39 in August, with readings below 50 pointing to lower prices over the last 30 days. This was only the second monthly decline since May of ‘09. However, further price declines are likely in the coming months as sellers must bridge the gap to buyers’ lower expectations. Rising inventory could spur the declines, as our home listings index fell to 44 in September from 52 in August, indicating the first increase in inventory since March ‘09 (readings below 50 point to higher inventories). In addition, our time to sell index fell to 20 in September from 30 in August, indicating a longer time needed to sell a home (readings below 50). This is a negative indicator for future pricing trends.

Comments from real estate agents:

- “Clients are still holding back because they don’t know if they will have a job and/or new credit issues.”
- “Real buyers seem to be waiting for price drops yet to come.”

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 Continue to Wait for Lower Prices



Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|----|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | ↔️ |

“Bank appraisals are being very conservative.”

Seattle, WA – Lower Rates Help, but Buyers Remain Fearful

(5,019 single-family permits in 2009, 9th largest market in the country)

Traffic bounces off depressed levels, but remains low. Buyer traffic improved modestly in September, as our buyer traffic index increased to 25 from 17 in August. However, this reading remains far short of a neutral 50, indicating traffic is still below agents' expectations. Several agents said buyers began to test the waters again, intrigued by the lower mortgage rates. One agent noted, "Pent-up buyers looking to capitalize on low interest rates." Unfortunately, most agents didn't experience this trend. The most common responses from agents focused on a continued lack of buyer confidence amid job worries and a common belief that they will see better deals by waiting. "Buyers continue to wait on the sidelines, expecting that prices will fall further," according to one agent.

Home prices fall further under weight of inventory. Home prices continued to fall in September, as our price index came in at 21 (from 20 in August), with readings below 50 pointing to sequentially lower prices. The inventory overhang remains a challenge, and several agents also noted difficulty getting appraisals to support contract prices. Our home listings index improved modestly to 28 in September from 25 in August; however, this still fell well short of a neutral reading, as any reading below 50 indicates rising inventory. Agents also noted a longer time needed to sell a home in September, a negative indicator for prices. Our time to sell index increased to 28 from 17 in August, but any reading below 50 indicates a longer time to sell.

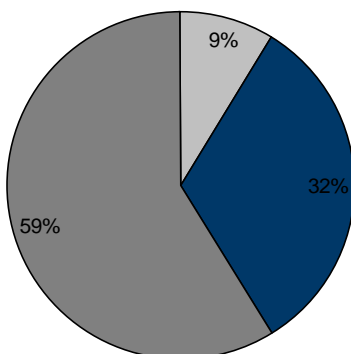
Comments from real estate agents:

- "The prevailing opinion is that housing prices are more likely to be lower in the future."
- "Perhaps the market may finally emerge from the shadow of the \$8,000 tax credit."

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.

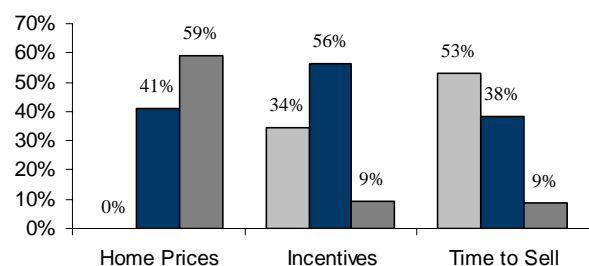
Exhibit 21: Modestly Better Traffic Driven by Rates; Most Buyers Continue to Express Caution

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"Lack of down-payment. Lack of confidence in job retention."

Tampa, FL – Lacking Confidence and Resources, Buyers Remain on the Sidelines

(3,933 single-family permits in 2009, 17th largest market in the country)

Buyers continue to lack means and motivation. Our buyer traffic index slipped to 14 in September from 15 in August, indicating traffic levels remained at low levels well below agents' expectations (readings below 50 indicate worse than expected traffic levels). The weak economy and continued lending challenges contributed to the weakness, with most agents citing either unemployment, fear of losing a job, inability to qualify for a mortgage, the lack of a down-payment and closing costs. One agent noted a "further downturn in the poorly-performing regional economy." Even with the prevalence of FHA-backed loans, which require only a modest 3.5% down-payment, "Buyers don't have cash to close," according to agents. Other agents noted buyers' belief that prices will fall further and said, "Buyers are not ready to make up their minds." Some agents are even throwing in the towel for the year, thinking buyers have already done so. One agent commented, "Traffic meets expectations only because I see this year as done."

Prices fall, but leading indicators point to further declines to come. Home prices remained under pressure in September, as our home price index dropped to 17 from 23 in August, with readings below 50 indicating lower home prices over the past 30 days. Price declines appear to be becoming more widespread amid weak demand and rising inventory levels. Our time to sell index fell to 27 in September from 33 in August, with any reading below 50 pointing to an increase in homes listed for sale. Meanwhile, our time to sell index, which captures the combination of demand and inventory trends, fell to 21 in September from 29 in August. Readings below 50 indicate a longer time needed to sell a home, which we view as a negative indicator for future price trends..

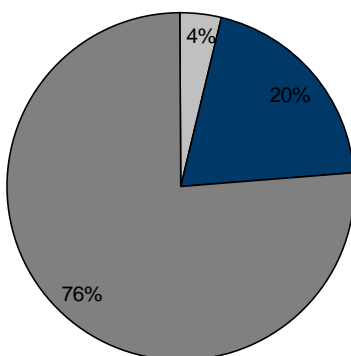
Comments from real estate agents:

- "Buyers are still apprehensive about the economy overall, waiting for prices to fall even more."
- "Flight from what is now perceived as an unwise way to spend one's money."

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.

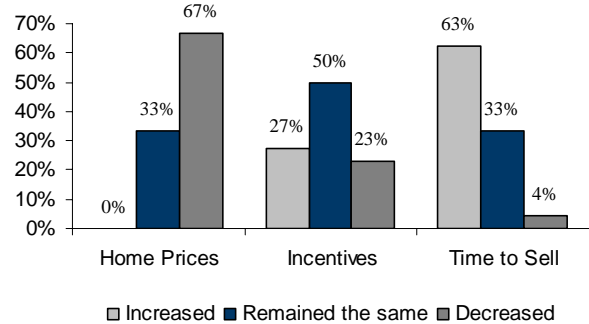
Exhibit 22: Rising Inventory and Longer Time to Sell Point to Further Price Declines

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

| September Market Trends | |
|-------------------------|----|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | ↔️ |

"No jobs – no sales."

Washington, D.C. – Sellers Cut Prices to Draw Buyers Out of Hiding; Some Buyers Emerge

(9,014 single-family permits in 2009, 3rd largest market in the country)

Traffic snaps streak of deterioration, rebounds in September, but remains below expectations. Buyer traffic improved in September, as our buyer traffic index increased to 35 from 19 in August, breaking a streak of four consecutive months of falling traffic levels. Traffic levels still remain below agents' expectations for this time of year (any reading below 50 indicates traffic below expectations), but this was the largest improvement of any of the top markets this month. Agents who noted better traffic cited pricing and rates as drivers. One agent mentioned, "anything good sells quickly," while another said that buyers were starting to nibble as sellers become more realistic. "Sellers are adjusting price expectations," according to another agent. We think reductions on price are likely to take place in the coming months, especially as many of the agents who said buyer traffic remained at weak levels said that buyers were waiting for lower prices. "Buyers feel prices will slide down and will wait. There is a willingness to gamble that this scenario will come true over the next 3 months," according to one agent. Another agent agreed, noting, "there is no incentive for buyers to act now."

Better traffic comes at expense of pricing. Home prices fell in September, as sellers began to adjust in response to weak demand seen in prior months, with our home price index falling to 33 from 41 in August (readings below 50 point to lower home prices). This was the lowest level in our D.C. price index since March '09. Declines are likely to continue, as inventory and the length of time needed to sell a home both worsened. Our home listings index fell to 33 in September from 46 in August, while our time to sell index came in at 26 (from 21 in August), both well below a neutral reading of 50. These are typically negative leading indicators for home prices.

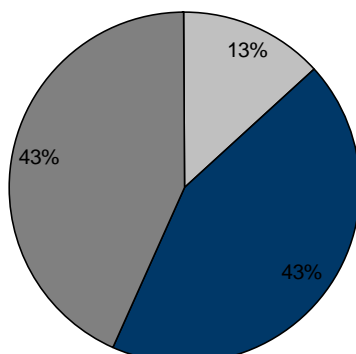
Comments from real estate agents:

- "Move up buyers can't sell."
- "The rates are low; buyers' market is giving the buyers the edge to negotiate almost down to the assessed or lower."

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.

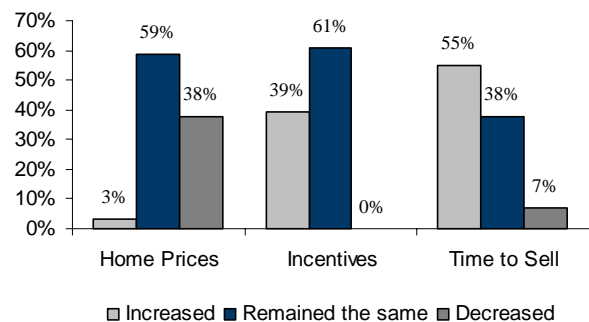
Exhibit 23: Home Prices Decline as Sellers Begin to Capitulate

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

"Slight (very slight!) increase now that the tax credit is becoming history."

Additional Key Housing Markets

Baltimore, MD

(3,110 single-family permits in 2009, 26th largest market in the country)

Traffic short of expectations. Traffic fell short of agents' expectations in September, as our buyer traffic index fell to 11 from 20 in August, with readings below 50 indicating lower than expected traffic. 89% of agents said traffic fell short of expectations, and 11% said it was above expectations.

Lower prices, higher incentives. Home prices fell again in September, as our home price index fell to 17 from 25 in August, with readings below 50 indicating lower prices over the last 30 days. 67% of agents said prices were lower and 33% said prices were unchanged. Sellers increased incentives in September, as our incentive index came in at 38 (from 30 in August), with readings below 50 suggesting increased incentives over the past month. 50% of agents said incentives were unchanged, 38% said they were higher, and 12% said they were lower.

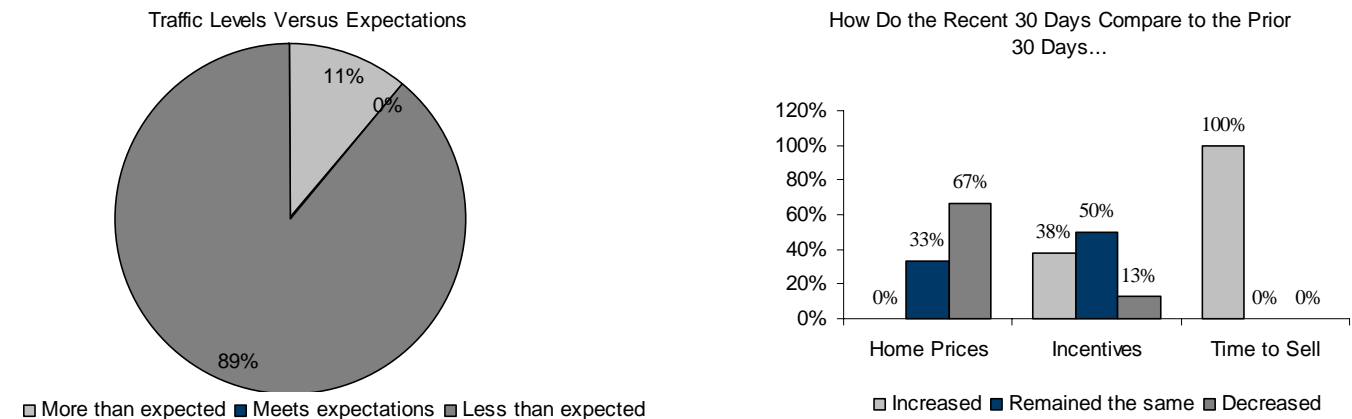
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 0 in September (from 15 in August), suggesting an increased time to sell (readings below 50 point to an increased time to sell). 100% of agents said the time to sell a home increased. We view an increased time to sell as a negative step toward price stabilization.

Comments from real estate agents:

- "People think there is more bad news to come. Their confidence is weak. I think that is why they are not out looking for homes"
- "Buyers feel that time is on their side. They are waiting for lower prices."

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 Below Expectations, Lower Prices, Higher Incentives, Time to Sell Increased in September



Source: Credit Suisse estimates

Boston, MA

(3,054 single-family permits in 2009, 28th largest market in the country)

Traffic below expectations. Traffic fell short of agents' expectations in September, as our traffic index came in at 22 (from 18 in August), remaining below a neutral reading of 50 (readings lower than 50 indicate traffic did not meet agents' expectations). 56% of agents said traffic was below expectations, and 44% said it met expectations.

Prices decline, sellers increase incentives. Home prices fell again in September, as our price index fell to 28 from 41 in August, remaining below a neutral reading of 50 (readings below 50 indicate sequentially lower prices). 56% of agents said prices were unchanged, and 44% said they were lower. Sellers offered additional incentives in September, as our incentive index came in at 43 (from 60 in August), with readings below 50 suggesting higher incentives. 86% of agents said incentives were unchanged over the last 30 days, 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 22 in September (from 23 in August), remaining below a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings short of 50 indicate an increased time to sell). 56% of agents said the time to sell increased, and 44% said the time to sell was unchanged. We believe the increased time to sell is a negative indicator for future pricing trends.

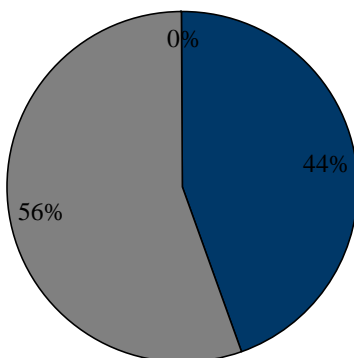
Comments from real estate agents:

- "More job losses are keeping more people on the sidelines."
- "Economic uncertainty has people not even thinking about new homes."

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

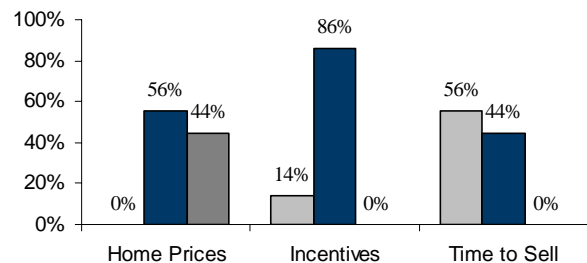
Exhibit 25: Traffic Below Expectations, Lower Prices, Increased Incentives, Increased Time to Sell in September

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

Charleston, SC

(2,902 single-family permits in 2009, 30th largest market in the country)

Traffic still below agents' expectations. Buyer traffic index remained below agents' expectations in September, coming in at 15 (from 0 in August), pointing to traffic short of expectations (readings lower than 50 suggest traffic did not meet agents' expectations). 77% of agents said traffic was below expectations, 15% said it met expectations, and 8% said it was above expectations.

Lower prices, higher incentives. Home prices fell again in September; our home price index came in at 27 (from 25 in August), pointing to sequentially lower prices (readings below 50 indicate lower prices over the last 30 days). 55% of agents said prices were unchanged and 45% said they were lower. Meanwhile, sellers offered additional incentives, as our incentive index came in at 41 (from 25 in August), remaining short of a neutral reading of 50 (a reading lower than 50 indicates increased incentives over the last 30 days). 64% of agents said incentives were unchanged, 27% said they were higher, and 9% said they were lower.

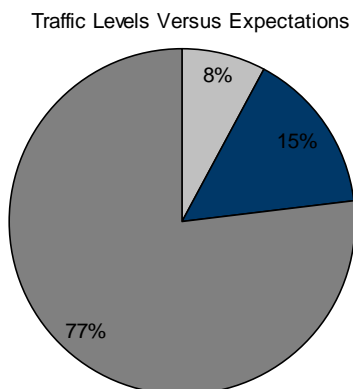
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 29 (from 13 in August), indicating an increased time to sell over the past month (readings lower than 50 suggest an increased time to sell). 58% of agents said the time to sell was unchanged over the last 30 days and 42% said the time to sell increased. We view an increased time to sell as a negative step toward price stabilization.

Comments from real estate agents:

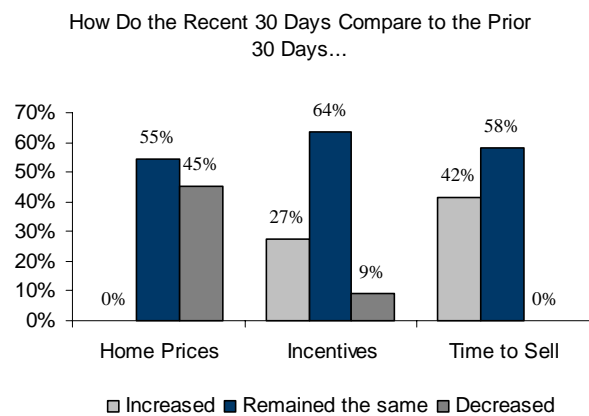
- "Traffic is bad because people are out of work, that's it."
- "Everything is dead. The economy is giving people a real scare."

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 Fails to Meet Expectations, Prices Decline, Higher Incentives, Time to Sell Lengthens in September



■ More than expected ■ Meets expectations ■ Less than expected



■ Increased ■ Remained the same ■ Decreased

Source: Credit Suisse estimates

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

Cincinnati, OH

(3,155 single-family permits in 2009, 24th largest market in the country)

Traffic remains short of expectations. Our buyer traffic index came in at 29 in September (from 14 in August), remaining below a neutral reading of 50 (a reading short of 50 suggests lower than expected traffic). 57% of agents said traffic was below expectations, 29% said it met expectations, and 14% said it exceeded expectations.

Prices decline, incentives increase. Home prices fell again in September, as our price index came in at 29 (from 18 in August), staying below a reading of 50, indicating sequentially lower home prices (readings short of 50 point to decreased prices). 57% of agents said prices were unchanged and 43% said they were lower. Meanwhile, sellers increased incentives, as our incentive index came in at 29 (from 45 in August), falling short of a neutral reading of 50 (readings below 50 suggest increased incentives). 57% of agents said incentives were unchanged and 43% said they were higher.

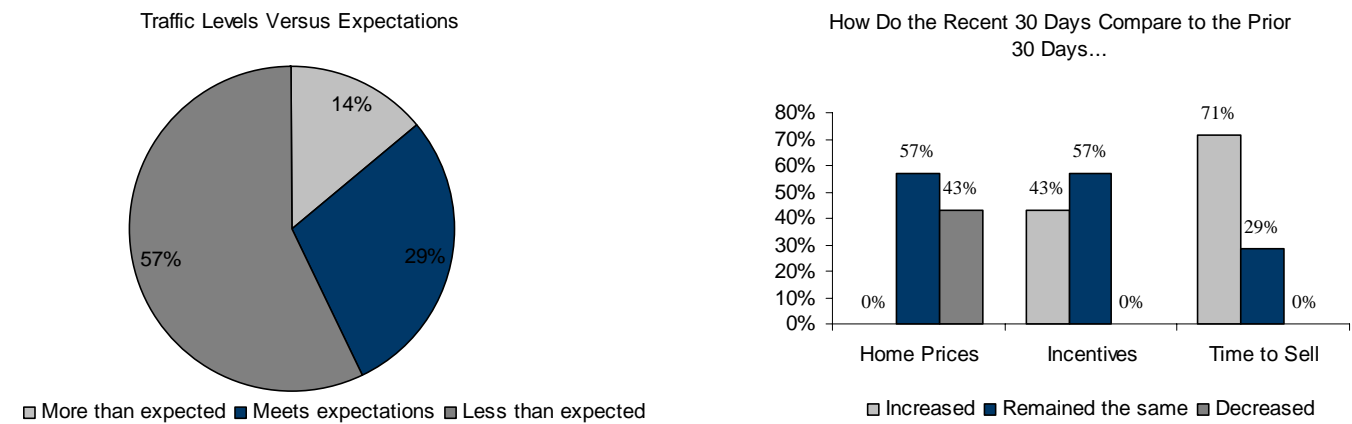
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 14 in September (from 23 in August), suggesting an increased time to sell over the past 30 days (readings short of 50 indicate a longer time to sell). 71% of agents said the time to sell increased, and 29% 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:

- “Not many look at this time of year, but this is worse than normal.”
- “I think traffic is weak because of the economy. Nobody wants to buy if they think they will lose their jobs.”

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 Below Expectations, Prices Decline, Incentives Increase, Time to Sell Lengthens in September



Source: Credit Suisse estimates

Columbus, OH

(2,613 single-family permits in 2009, 36th largest market in the country)

Traffic remains below agents' expectations. Buyer traffic remained below agents' expectations in September, as our index fell to 0 from 14 in August, with readings lower than 50 pointing to traffic short of agents' expectations. 100% of agents said traffic was short of expectations.

Lower prices, unchanged incentives. Prices declined again in September, as our price index came in at 33 (from 14 in August), with readings below 50 indicating sequentially lower home prices. 67% of agents said prices were unchanged and 33% said they were lower. Meanwhile, sellers held incentives steady in September as our incentive index came in at 50 (from 27 in August), with readings of 50 indicating unchanged incentives. 100% of agents said incentives were unchanged.

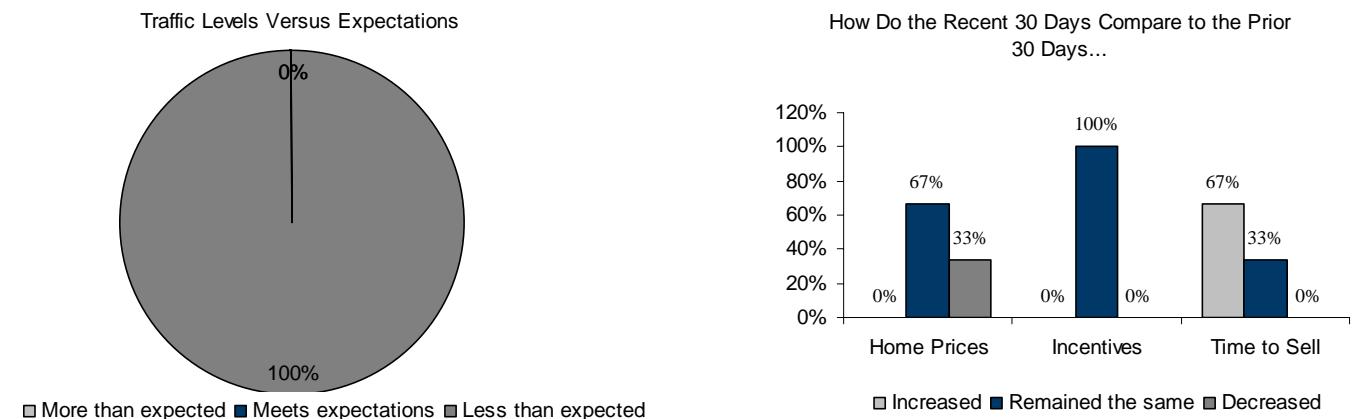
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 17 in September, down from 25 in August, pointing to an increased time to sell over the past 30 days (readings short of 50 suggest an increased time to sell). 67% of agents said the time to sell increased and 33% 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:

- "People think that buying a house now is a mistake. They think prices are going to fall again."
- "Relocations are shifting more toward renting rather than buying. Low pricing is not a good enough of reason for them to buy."

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

Exhibit 28: Traffic Below Expectations, Prices Fall, Incentives Unchanged, Longer Time to Sell in September



Source: Credit Suisse estimates

Detroit, MI

(1,269 single-family permits in 2009, 74th largest market in the country)

Traffic short of agents' expectations. Buyer traffic fell again in September, as our traffic index fell to 25 from 30 in August, remaining short of a neutral reading of 50, suggesting traffic failed to meet agents' expectations (readings below 50 indicate traffic was below expectations). 66% of agents said traffic was below expectations, 17% said it met expectations, and 17% said it was above expectations.

Lower prices, flat incentives. Home prices continued fall in September, as our price index fell to 29 from 33 in August, staying below a neutral reading of 50 (readings short of 50 suggest sequentially lower prices). 47% of agents said prices were lower over the past 30 days, 47% said they were unchanged, and 6% said they were higher. Meanwhile, incentives were flat, as our incentive index came in at 47 (from 50 in August), in-line with a neutral reading of 50 (readings of 50 suggest flat incentives). 81% of agents said incentives were flat, 13% said they were higher, and 6% said they were lower.

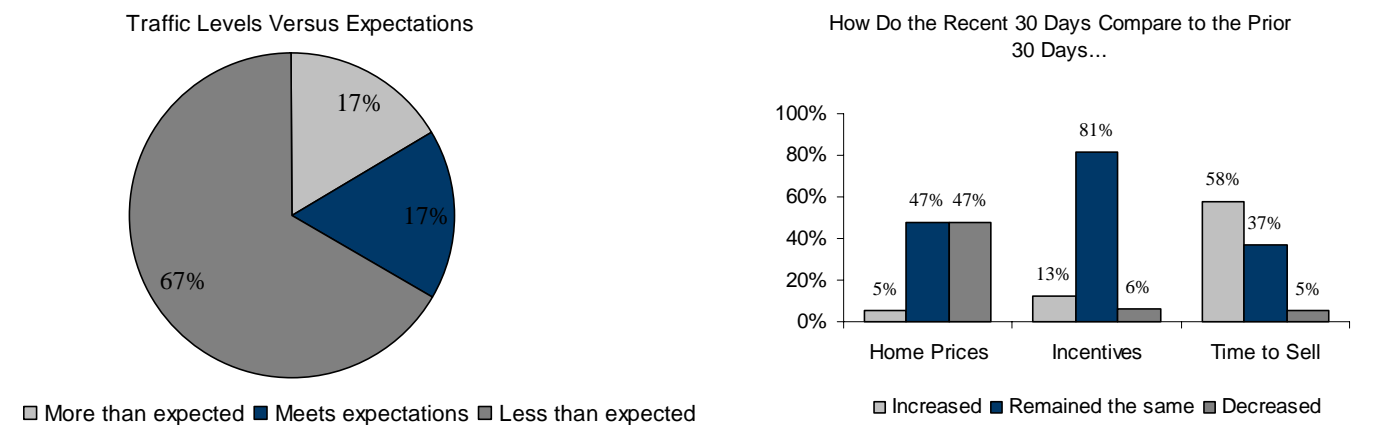
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 24 in September, down from 33 in August, remaining below a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings lower than 50 suggest an increased time to sell). 58% of agents said the time to sell increased, 37% said the time to sell was unchanged, and 5% said the time to sell declined. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

- "Buyers are afraid prices will fall further."
- "There is continued uncertainty. People think the job picture is not going to improve."

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, Lower Prices, Flat Incentives, Increased Time to Sell in September



Source: Credit Suisse estimates

Nashville, TN

(4,045 single-family permits in 2009, 16th largest market in the country)

Traffic below agents' expectations. Buyer traffic was still below agents' expectations in September, as our traffic index fell to 16 from 18 in August, remaining short of a neutral reading of 50 (readings short of 50 point to lower than expected traffic). 74% of agents said traffic was below expectations, 21% said it was in-line with expectations, and 5% said it exceeded expectations.

Prices decline, incentives increase. Home prices fell again in September, as our home price index fell to 24 from 32 in August, remaining below a neutral reading of 50, indicating sequentially lower home prices (readings below 50). 68% of agents said prices were lower, 16% said they were unchanged, and 16% said they were higher. Meanwhile, incentives increased in September, as our incentive index came in at 34 (from 41 in August), coming in shy of a neutral reading of 50 (readings lower than 50 indicate increased incentives). 58% of agents said incentives were unchanged, 37% said they were higher, and 5% said they were lower.

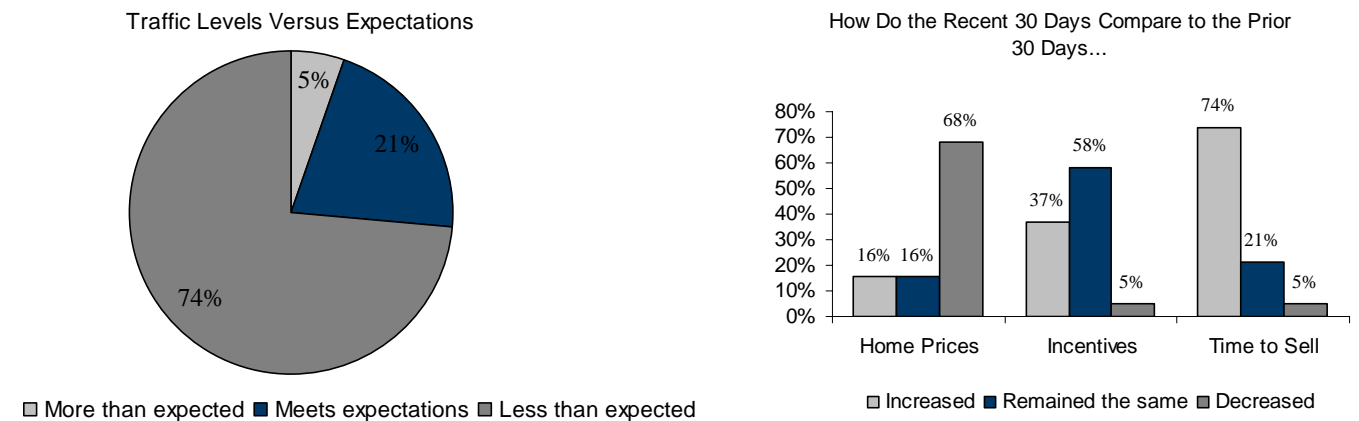
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index worsened in September, coming in at 16 from 23 in August, falling well below a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings short of 50 point to an increased time to sell). 74% of agents said the time to sell increased over the past 30 days, 21% said the time to sell was unchanged, and 5% said the time to sell decreased. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

- "People are taking their time, thinking they may be able to get better deals elsewhere."
- "There's an ongoing lack of consumer confidence. Sellers also do not want to properly price their homes, they keep holding out."

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, Lower Prices, Higher Incentives, Longer Time to Sell in September



Source: Credit Suisse estimates

Philadelphia, PA-Southern NJ

(4,857 single-family permits in 2009, 10th largest market in the country)

Traffic remains below expectations. Buyer traffic stayed below agents' expectations in September, as our traffic index came in at 13, unchanged from our reading in August, staying well below a neutral reading of 50 (readings below 50 indicate traffic did not meet agents' expectations). 84% of agents said traffic was below expectations, 11% said it exceeded expectations, and 5% said it met expectations.

Prices decline, incentives increase. Home prices fell further in September, as our price fell to 13 from 20 in August, remaining short of a neutral reading of 50 (readings short of 50 indicate sequentially lower home prices). 74% of agents said prices were lower over the past 30 days, and 26% said they were unchanged. Meanwhile, sellers offered additional incentives in September, as our incentive index came in at 38 (from 36 in August), staying below a neutral reading of 50 (readings short of 50 point to higher incentives). 76% of agents said incentives were higher and 24% said they were unchanged.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 17 in September, slightly better than 14 in August, but still well below a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings short of 50 indicate an increased time to sell). 67% of agents said the time to sell increased, and 33% said the time to sell was unchanged. We view an increased time to sell as a negative indicator for future pricing trends.

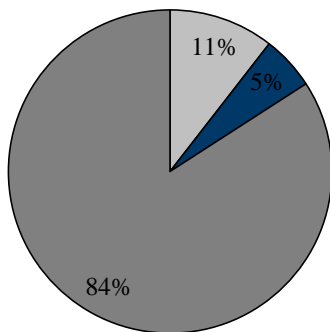
Comments from real estate agents:

- "People are afraid for their jobs. They don't think they will meet their payments."
- "Unemployment is too high and people are worried about 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.

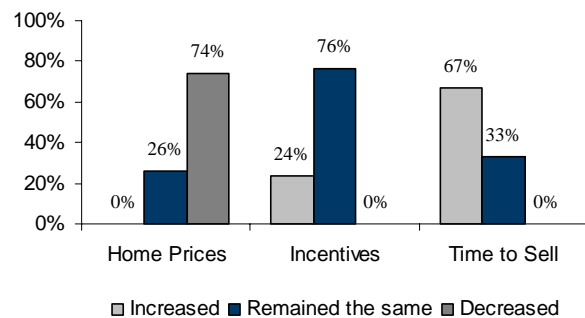
Exhibit 31: Traffic Falls Short of Expectations, Lower Prices, Higher Incentives , Increased Time to Sell in September

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

Port St. Lucie, FL

(383 single-family permits in 2009, 171st largest market in the country)

Traffic remains below agents' expectations. Buyer traffic remained below agents' expectations in September, as our traffic index came in at 33, unchanged from our reading in August, with readings below 50 indicating traffic short of expectations. 67% of agents said traffic was unchanged, and 33% said it was below expectations.

Lower prices, flat incentives. Home prices fell again in September, as our price index came in at 33 (from 17 in August), below a neutral reading of 50 (readings lower than 50 point to sequentially lower prices). 67% of agents said prices were unchanged, and 33% said they were lower. Meanwhile, sellers held incentives flat in September; as our incentive index came in at 50 (from 33 in August), with readings lower than 50 suggesting unchanged incentives. 100% of agents said incentives were unchanged.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 17 (from 33 in August), remaining short of a neutral reading of 50, pointing to an increased time to sell over the last 30 days (readings lower than 50). 67% of agents said the time to sell increased, and 33% said the time to sell was unchanged. We view an increased time to sell as a negative step toward price stabilization.

Comments from real estate agents:

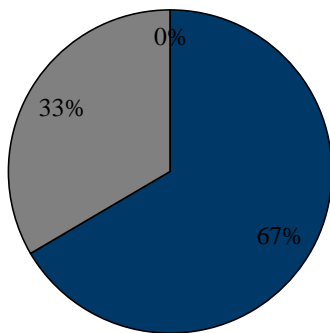
- "Job losses and the fear of another economic decline are keeping people away from the market."
- "Buyers are being cautious. They are taking their time seeking bargains."

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

Exhibit 32: Traffic Below Expectations, Lower Prices, Unchanged Incentives, Time to Sell Increases in September

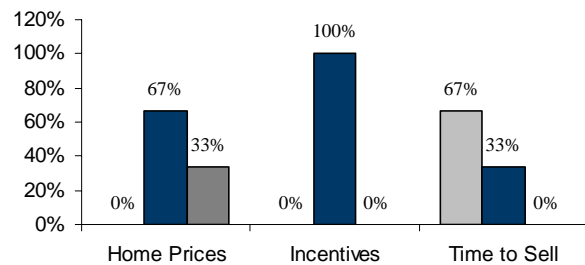
| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | ↔ |

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

(3,028 single-family permits in 2009, 29th largest market in the country)

Traffic short of agents' expectations. Buyer traffic fell again in September, as our traffic index fell to 13 from 14 in August, remaining short of a neutral reading of 50 (readings below 50 suggest traffic did not meet agents' expectations). 75% of agents said traffic was below expectations and 25% said it met expectations.

Prices decline, incentives increase. Home prices fell further in September, as our price index came in at 18 (from 14 in August), remaining below a neutral reading of 50 (readings short of 50 point to sequentially lower prices). 64% of agents said prices were lower, and 36% said prices were unchanged. Meanwhile, incentives increased in September, as our incentive index came in at 44 (from 37 in August), just shy of a neutral reading of 50 (readings short of 50 suggest higher incentives). 73% of agents said incentives were unchanged, 19% said they were higher, and 8% 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 16 in September from 19 in August, staying below a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings lower than 50 point to an increased time to sell). 68% of agents said the time to sell increased, and 32% said the time to sell was unchanged. We view an increased time to sell as a negative step toward price stabilization.

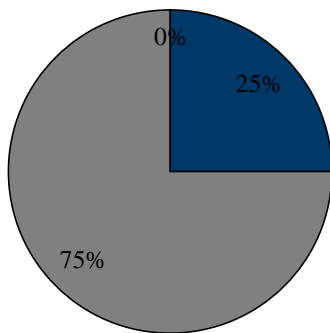
Comments from real estate agents:

- "I think listings are priced too high right now. Buyers know the inventory is large and they are willing to wait until prices fall."
- "People are showing no motivation to buy. They don't think we've reached the bottom yet."

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

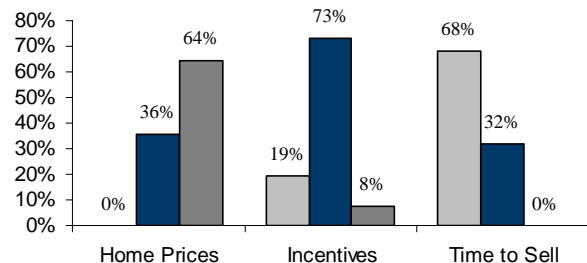
Exhibit 33: Traffic short of Expectations, Lower Prices, Higher Incentives, Longer Time to Sell in September

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

Raleigh, NC

(4,414 single-family permits in 2009, 14th largest market in the country)

Traffic remains below expectations. Buyer traffic remained short of agents' expectations in September, as our index reading came in at 13 (from 11 in August), staying below of a neutral reading of 50 (readings below 50 point to lower than expected traffic). 81% of agents said traffic was lower than expected, 13% said it met expectations, and 6% said it was above expectations.

Lower prices, additional incentives. Home prices continued to face pressure in September; our price index came in at 27 (from 17 in August), pointing to sequentially lower prices over the last 30 days (readings below 50 suggest lower prices). 53% of agents said prices were lower, 40% said they were unchanged, and 7% said they were higher. Meanwhile, sellers continued to offer additional incentives in September, as our incentive index came in at 30, up marginally from 29 in August, still below a neutral reading of 50 (readings below 50 point to increased incentives over the last 30 days). 60% of agents said incentives were unchanged and 40% 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 23 in September, up slightly from 19 in August, but still below a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings short of 50 suggest a longer time to sell). 67% of agents said the time to sell increased, 20% said the time to sell was unchanged, and 13% said the time to sell decreased. We view the longer time to sell as a negative indicator for future pricing trends.

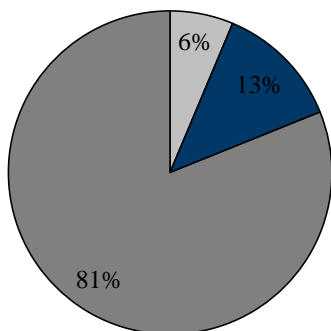
Comments from real estate agents:

- "A common perception is that the economy will get worse. I think that is holding back a lot of activity."
- "There is no incentive for people to buy. They are worried prices will fall more. They have lost confidence in the market."

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.

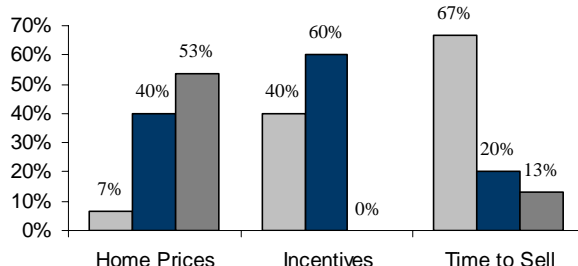
Exhibit 34: Traffic Below Expectations, Prices and Incentives Worsen, Time to Sell Lengthens in September

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

(2,650 single-family permits in 2009, 35th largest market in the country)

Traffic below expectations. Our buyer traffic index came in at 38 in September, unchanged from our reading in August, remaining below a neutral reading of 50, suggesting traffic was below agents' expectations over the last 30 days (readings below 50). 50% of agents said traffic was below expectations, 25% said it was unchanged, and 25% said it above expectations.

Lower prices, higher incentives. Home prices fell again in September, as our price index came in at 13 (from 0 in August), staying well below a neutral reading of 50, indicating sequentially lower prices (readings short of 50 indicate lower prices over the last 30 days). 75% of agents said prices were lower, and 25% said they were unchanged. Meanwhile, sellers increased incentives in September, as our incentive index came in 25 (from 0 in August), still short a neutral reading of 50 (readings lower than 50 suggest higher incentives). 50% of agents said incentives were higher, and 50% said they were unchanged.

Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 13 in September, up slightly from 0 in August, but still falling short of a neutral reading of 50, suggesting an increased time to sell over the past 30 days (readings lower than 50). 75% of agents said the time to sell increased, and 25% said the time to sell was unchanged. We view an increased time to sell as a negative step toward price stabilization.

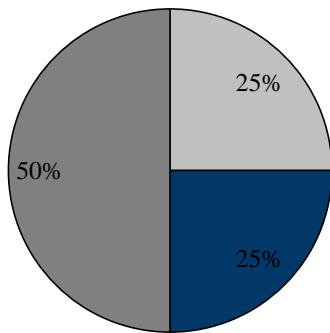
Comments from real estate agents:

- "People want to wait and see what happens in the market before they buy anything."
- "Buyers are losing confidence because of economic uncertainty."

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.

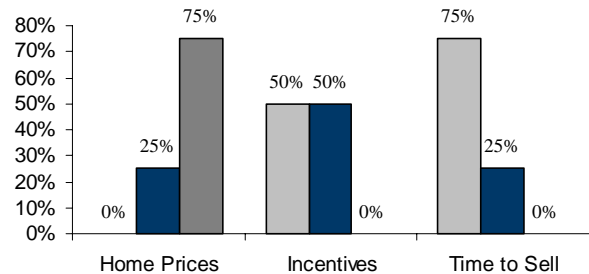
Exhibit 35: Traffic Below Expectations, Prices Decrease, Incentives Increase, Increased Time to Sell in September

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

(2,445 single-family permits in 2009, 41st largest market in the country)

Traffic still short of expectations. Our buyer traffic index came in at 25 in September, up from 0 in August, but still below a neutral reading of 50, suggesting traffic levels failed to meet agents' expectations (readings lower than 50 indicate traffic was below agents' expectations). 57% of agents said traffic was lower than expected, 36% said traffic met expectations, and 7% said traffic exceeded expectations.

Prices fall, incentives unchanged. Home prices continued to face pressure in September. Our home price index fell to 18 from 25 in August, with readings lower than 50 indicating sequentially lower prices. 64% of agents said prices were lower, and 36% said they were unchanged. Meanwhile, incentives were steady in September, as our incentive index came in at 46 (up from 42 in August), coming in-line with a neutral reading of 50 (readings of 50 point to unchanged incentives). 62% of agents said incentives were unchanged, 23% said they were higher, and 15% said they were lower.

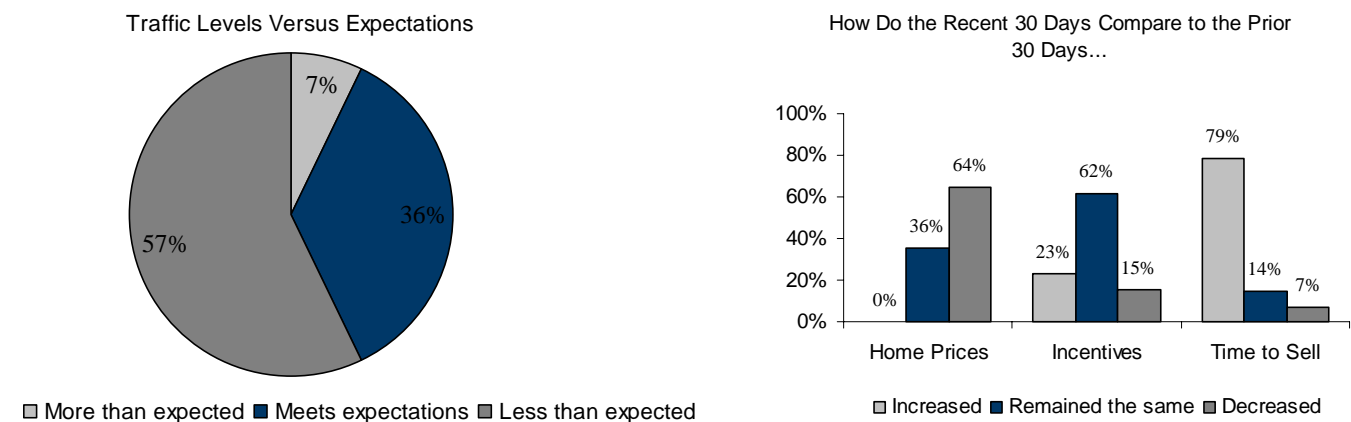
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 14 in September (from 6 in August), staying well below a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings lower than 50 suggest a longer time to sell). 79% of agents said the time to sell increased, 14% said it was unchanged, and 7% said it declined. We view an increased time to sell as a negative step toward price stabilization.

Comments from real estate agents:

- "People feel no pressure to buy because inventories keep rising."
- "High unemployment is draining my buyers' confidence."

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, Lower Prices, Steady Incentives, Time to Sell Lengthens in September



Source: Credit Suisse estimates

San Antonio, TX

(5,443 single-family permits in 2009, 7th largest market in the country)

Traffic well below expectations. Our buyer traffic index fell to 5 in September from 18 in August, pointing to traffic well below agents' expectations (readings short of 50 indicate traffic did not meet agents' expectations). 90% of agents said traffic was lower than expectations, and 10% said it was in-line with expectations.

Lower prices, higher incentives. Home prices continued to fall in September, as our price index fell to 10 from 24 in August, well below a neutral reading of 50, (readings below 50 indicate sequentially lower prices). 80% of agents said prices were lower, and 20% said they were unchanged. Sellers offered additional incentives in September, as our incentive index came in at 25, unchanged from our reading in August, remaining short of a neutral reading of 50 (readings below 50 suggest increased incentives). 50% of agents said incentives were higher, and 50% said they were unchanged.

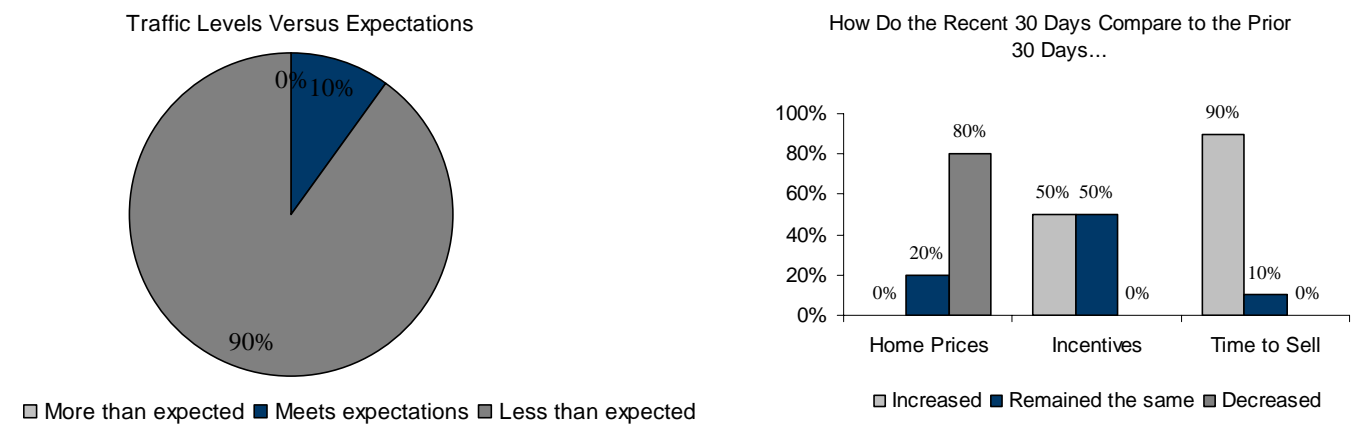
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index fell to 5 in September from 21 in August, falling well below a neutral reading of 50, suggesting an increased time to sell over the past month (readings lower than 50). 90% of agents said the time to sell increased, and 10% 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:

- "People are concerned about jobs and where home prices are going."
- "There is further uneasiness about the economy."

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 Short of Expectations, Prices Fall, Incentives Increase, Increased Time to Sell in September



Source: Credit Suisse estimates

San Diego, CA

(1,777 single-family permits in 2009, 52nd largest market in the country)

Traffic fails to meet expectations. Buyer traffic fell further in September, as our traffic index fell to 5 from an already low 7 in August, with readings lower than 50 pointing to traffic below agents' expectations. 95% of agents said traffic was below expectations, and 5% said it exceeded expectations.

Prices fall, incentives increase. Home prices faced additional pressure in September, as our price index fell to 24 from 29 in August, falling further below a neutral reading of 50 (readings below 50 point to sequentially lower prices). 52% of agents said prices were lower over the past 30 days, and 48% said they were unchanged. Meanwhile, sellers increased incentives in September, as our incentive index came in at 40 (from 42 in August), remaining short of a neutral reading of 50 (readings below 50 point to increased incentives). 68% of agents said incentives were unchanged, 26% said they were higher, and 6% said they were lower.

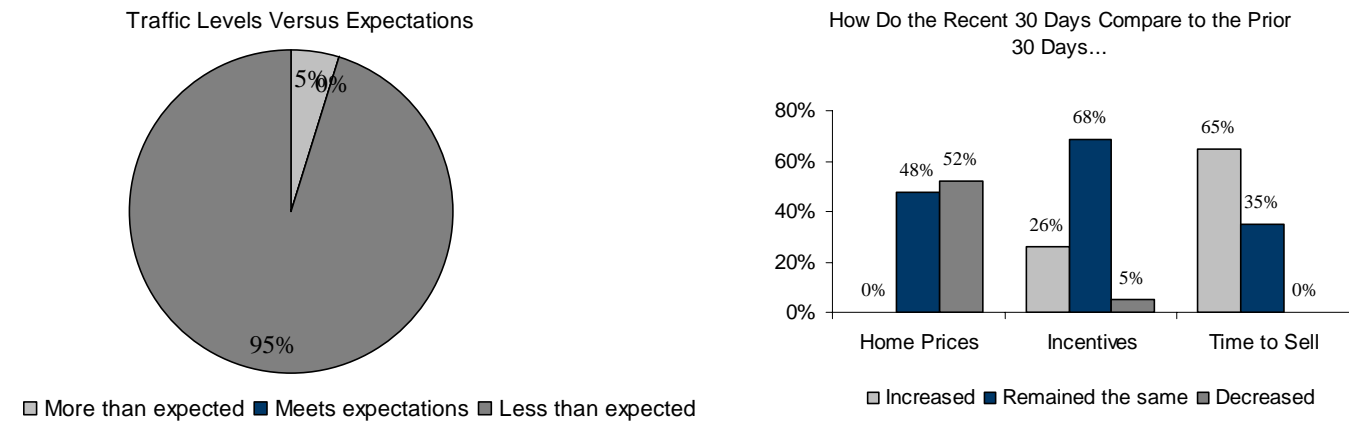
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 18 in September, up slightly from 13 in August, remaining well below a neutral reading of 50, pointing to an increased time to sell over the last 30 days (readings short of 50). 65% of agents said the time to sell increased, and 35% 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:

- "Buyers are not confident in the economy."
- "Fearful buyers are worried prices may fall again. Fears of unemployment dominate."

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 Fall, Incentives Increase, Longer Time to Sell in September



Source: Credit Suisse estimates

San Francisco, CA

(2,277 single-family permits in 2009, 42nd largest market in the country)

Traffic remains below expectations. Buyer traffic remained below agents' expectations in September, as our traffic index fell to 14 from 18 in August, remaining below a neutral reading of 50 (readings lower than 50 point to traffic below expectations). 75% of agents said traffic was lower than expected, 21% said it was in-line with expectations, and 4% said it was above expectations.

Prices decline, incentives flat. Home prices fell again in September, as our price index fell to 25 from 33 in August, short of a neutral reading of 50 (readings below 50 suggest sequentially lower prices). 59% of agents said prices were lower over the past 30 days, 30% said they were unchanged, and 11% said they were higher. Meanwhile, sellers held incentives steady in September; as our incentive index came in at 50 (from 44 in August), in-line with a neutral reading of 50 (readings below 50 point to increased incentives). 64% of agents said incentives were unchanged, 18% said they were higher, and 18% said they were lower.

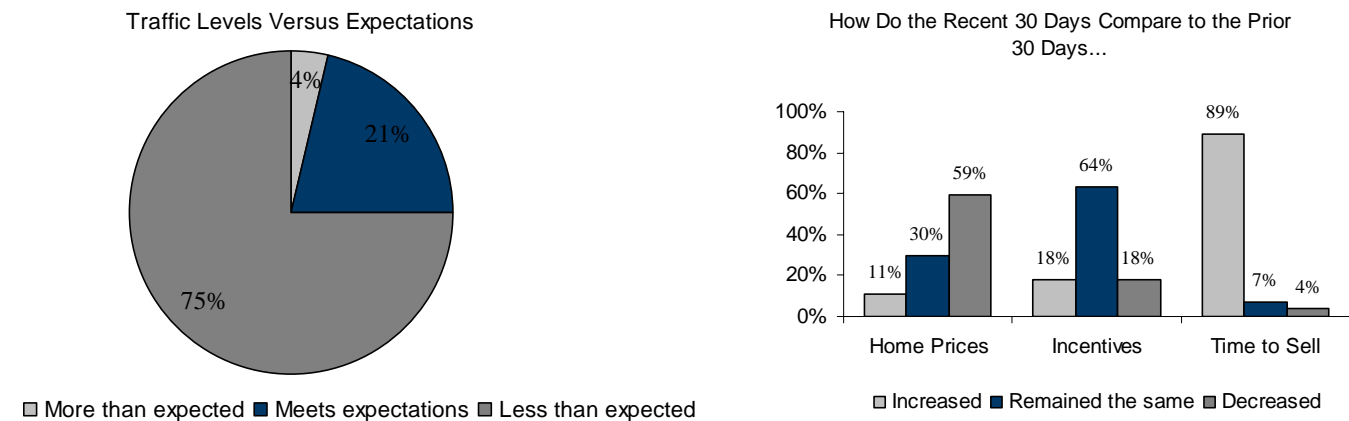
Length of time needed to sell a home increased – a negative indicator for future pricing trends. Our time to sell index came in at 7 in September (down from 21 in August), well below a neutral reading of 50, suggesting an increased time to sell over the last 30 days (readings below 50 indicate a longer time to sell). 89% of agents said the time to sell increased, 7% said the time to sell was unchanged, and 4% said the time to sell declined. We view the longer time to sell as a negative indicator for future pricing trends.

Comments from real estate agents:

- "There is no urgency and consumer confidence is awful."
- "Buyers get nervous when they try to make decisions, they think prices are going to fall again."

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 Below Expectations, Prices Decline, Incentives Unchanged, Time to Sell Lengthens in September



Source: Credit Suisse estimates

Sarasota, FL

(1,317 single-family permits in 2009, 71st largest market in the country)

Traffic below agents' expectations. Buyer traffic remained well below agents' expectations in September, as our traffic index fell to 6 from 29 in August, with readings below 50 pointing to traffic short of expectations. 87% of agents said traffic was lower than expected, and 13% said it was in-line with expectations.

Prices decline, incentives increase. Home prices fell further in September, as our price index fell to 7 from 19 in August, well below a neutral reading of 50, indicating sequentially lower prices (readings below 50). 86% of agents said prices were lower, and 14% said they were unchanged. Meanwhile, incentives increased in September, as our incentive index came in at 33 (from 27 in August), remaining below a neutral reading of 50 (readings short of 50 indicate increased incentives). 50% of agents said incentives were higher, 33% said they were unchanged, and 17% 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 worsened, coming in at 21 in September (from 27 in August), staying short of a neutral reading of 50, pointing to an increased time to sell over the past 30 days (readings lower than 50 suggest an increased time to sell). 57% of agents said the time to sell increased, and 43% said the time to sell was unchanged. We view the longer time to sell as a negative indicator for future pricing trends.

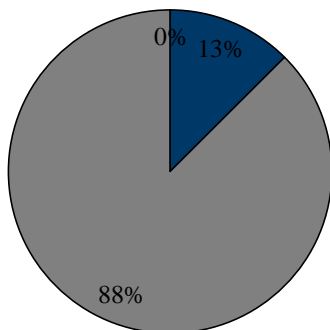
Comments from real estate agents:

- “Generally, there are concerns about the economy and unemployment.”
- “Buyers are waiting because they think prices are going to fall further.”

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.

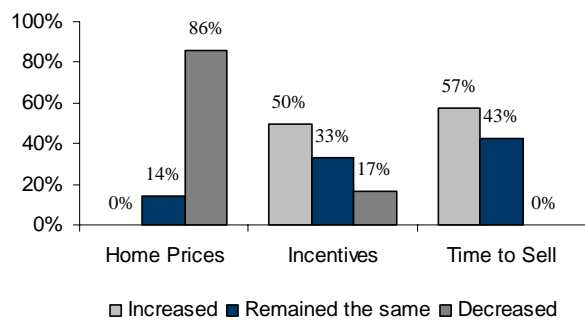
Exhibit 40: Traffic short of Expectations, Prices Decline, Additional Incentives, Unchanged Time to Sell in September

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

| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

Tucson, AZ

(2,028 single-family permits in 2009, 47th largest market in the country)

Traffic short of expectations. Buyer traffic failed to meet expectations again in September, as our traffic index came in at 17 (from 6 in August), still below a neutral reading of 50 (readings short of 50 suggest traffic did not meet expectations). 75% of agents said traffic was below expectations, 17% said it was in-line with expectations, and 8% said it exceeded expectations.

Prices and incentives worsen. Home prices remained under pressure in September; our home price index came in at 21 (from 16 in August), suggesting lower prices over the last 30 days (readings below 50 point to sequentially lower prices). 58% of agents said prices declined, and 42% said they were unchanged. Meanwhile, incentives increased in September, as our incentive index came in at 33 (from 34 in August), with readings below 50 pointing to additional incentives. 50% of agents said incentives were unchanged, 42% said they were higher, and 8% said they were lower.

Longer time needed to sell a home in September. Our time to sell index worsened in September, coming in at 21 (from 25 in August), below a neutral reading of 50, pointing to an increased time to sell (readings below 50). 58% of agents said the time to sell a home increased, and 42% said the time to sell was unchanged. We view the longer time needed to sell as a negative indicator of future pricing trends.

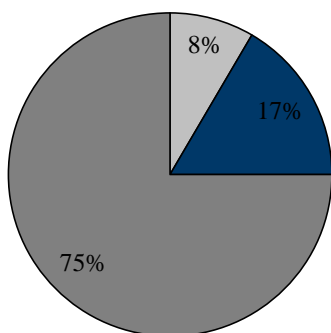
Comments from real estate agents:

- "I think the weak traffic ties back to the poor economy."
- "Clients are citing weak confidence for the future of the housing 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.

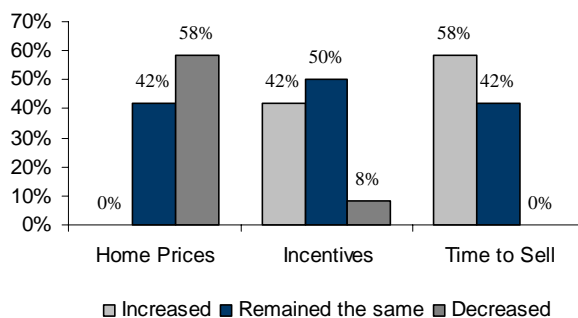
Exhibit 41: Traffic short of Expectations, Prices Decline, Incentives Increase, Time to Sell Lengthens in September

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

Virginia Beach, VA

(2,887 single-family permits in 2009, 31st largest market in the country)

Traffic remains below expectations. Buyer traffic stayed below agents' expectations in September, as our traffic index came in at 10 (from 8 in August), with readings below 50 indicating lower than expected traffic. 80% of agents said traffic was below expectations, and 20% said it was in-line with expectations.

Lower prices, higher incentives. Home prices fell further in September, as our price index came in at 25 (from 23 in August), staying below a neutral reading of 50, pointing to declining prices over the last 30 days (readings below 50 indicate sequentially lower prices). 50% of agents said prices were lower, and 50% said they were unchanged. Meanwhile, sellers increased incentives, as our incentive index came in at 20 (from 38 in August), coming in below a neutral reading of 50, suggesting increased incentives over the past month. 60% of agents said incentives were higher, 40% said they were unchanged.

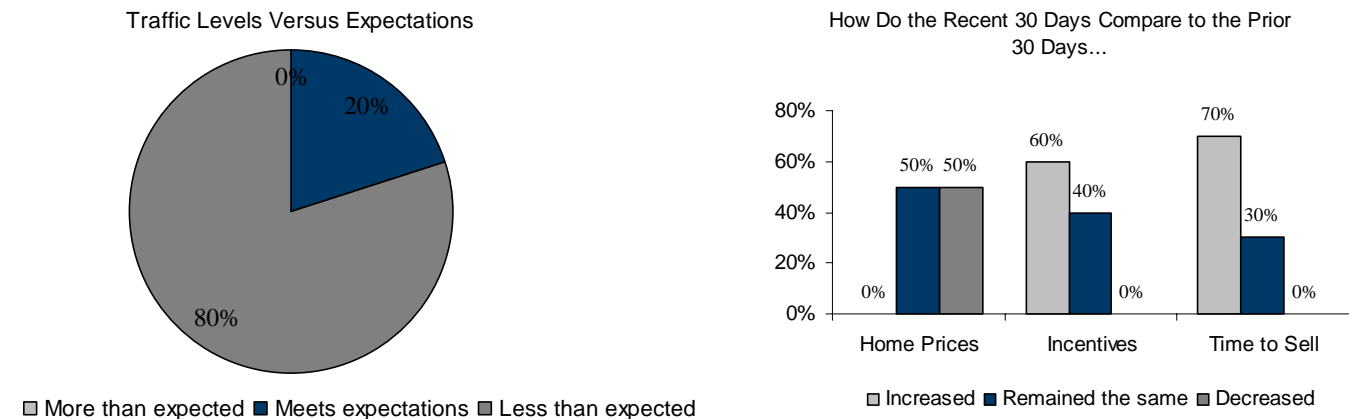
Longer time needed to sell a home in September. Our time to sell index came in at 15 in September, unchanged from our reading in August, and still below a neutral reading of 50, pointing to a longer time to sell over the past 30 days (readings below 50). 70% of agents said the time to sell increased, and 30% 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:

- "There are very few buyers out there. Those who are looking are worried about their jobs and the economy."
- "There is a lack of confidence in the economy and the direction of the market."

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 Falls Below Expectations, Lower Prices, Higher Incentives, Longer Time to Sell in September



Source: Credit Suisse estimates

Wilmington, NC

(1,534 single-family permits in 2009, 63rd largest market in the country)

Traffic remains below agents' expectations. Our buyer traffic index fell to 31 in September from 35 in August, pointing to traffic below agents' expectations (readings lower than 50 suggest traffic did not meet agents' expectations). 50% of agents said traffic was lower than expectations, 38% said it met expectations, and 12% said it was above expectations.

Prices fall further, incentives increase. Home prices fell again in September, as our price index fell to 6 from 22 in August, well below a neutral reading of 50, suggesting lower prices over the last 30 days (readings below 50). 88% of agents said prices were lower, and 12% said prices were unchanged. Meanwhile, incentives increased, as our incentive index came in at 44 (from 56 in August), just shy of a neutral reading of 50 (readings lower than 50 suggest increased incentives over the past month). 62% of agents said incentives were unchanged, 25% said they were higher, and 13% said they were lower.

Longer time needed to sell a home in September. Our time to sell index came in at 31 in September (from 22 in August), remaining well below a neutral reading of 50, indicating an increased time to sell (readings below 50 suggest the time to sell increased over the last 30 days). 50% of agents said the time to sell increased, 38% said the time to sell was unchanged, and 12% said the time to sell decreased. We view the longer time needed to sell as a negative indicator of future pricing trends.

Comments from real estate agents:

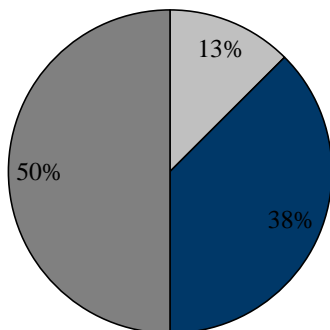
- "Unemployment is dragging the market to a halt."
- "The inventory is high here, and buyers are becoming patient and very picky."

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

Exhibit 43: Traffic Below Expectations, Prices Fall, Incentives Increase, Time to Sell Lengthens in September

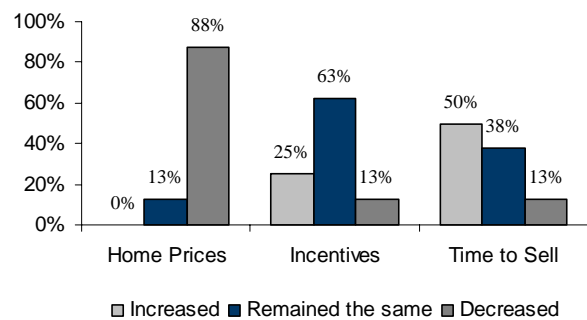
| September Market Trends | |
|-------------------------|---|
| Traffic | 👎 |
| Home Prices | 👎 |
| Incentives | 👎 |

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

Historical Trends

Traffic remained essentially flat at depressed levels; buyers lack confidence, and continue to expect and wait for further price declines. Historical traffic trends:

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

| | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Atlanta, GA | 37.5 | 33.8 | 29.2 | 30.2 | 39.2 | 24.1 | 33.8 | 37.5 | 23.5 | 12.1 | 15.5 | 12.5 | 19.7 |
| Austin, TX | 39.5 | 33.3 | 43.8 | 40.9 | 37.5 | 55.0 | 39.3 | 60.0 | 29.5 | 25.0 | 2.6 | 13.2 | 13.2 |
| Baltimore, MD | 57.1 | 27.8 | 50.0 | 45.8 | 45.0 | 0.0 | 37.5 | 25.0 | 57.1 | 30.0 | 18.8 | 20.0 | 11.1 |
| Boston, MA | 50.0 | 61.1 | 50.0 | 53.8 | 54.5 | 64.7 | 78.6 | 50.0 | 45.5 | 21.4 | 33.3 | 18.2 | 22.2 |
| Charleston, SC | 40.0 | 87.5 | 50.0 | 30.0 | 50.0 | 50.0 | 50.0 | 50.0 | 25.0 | 30.0 | 43.8 | 0.0 | 15.4 |
| Charlotte, NC | 40.9 | 31.0 | 25.0 | 37.5 | 39.6 | 37.5 | 25.0 | 25.0 | 31.3 | 16.7 | 15.8 | 10.7 | 18.4 |
| Chicago, IL | 42.6 | 35.6 | 33.6 | 39.5 | 41.3 | 47.8 | 34.3 | 26.1 | 20.2 | 18.9 | 10.6 | 9.6 | 12.0 |
| Cincinnati, OH | 45.0 | 50.0 | 35.7 | 31.3 | 50.0 | 27.3 | 26.7 | 77.3 | 18.8 | 0.0 | 22.2 | 13.6 | 28.6 |
| Columbus, OH | 50.0 | 16.7 | 45.0 | 25.0 | 57.1 | 40.0 | 58.3 | 58.3 | 25.0 | 9.1 | 7.1 | 13.6 | 0.0 |
| Dallas, TX | 31.1 | 34.6 | 37.5 | 43.2 | 41.3 | 56.5 | 52.6 | 47.6 | 28.0 | 5.3 | 19.0 | 21.4 | 12.1 |
| Denver, CO | 41.7 | 37.1 | 32.9 | 33.3 | 38.9 | 52.6 | 48.5 | 48.5 | 29.0 | 12.5 | 12.5 | 10.3 | 13.0 |
| Detroit, MI | 39.1 | 38.1 | 33.3 | 32.0 | 34.0 | 39.6 | 40.0 | 44.7 | 36.1 | 34.2 | 31.6 | 29.5 | 25.0 |
| Fort Myers, FL | 72.0 | 70.0 | 73.5 | 56.5 | 48.1 | 57.9 | 57.9 | 56.7 | 45.0 | 39.5 | 22.0 | 28.1 | 36.4 |
| Houston, TX | 33.9 | 30.4 | 34.6 | 20.5 | 47.7 | 45.5 | 39.6 | 27.8 | 24.0 | 21.4 | 15.0 | 13.2 | 14.3 |
| Inland Empire, CA | 53.0 | 56.9 | 48.1 | 58.3 | 50.0 | 44.7 | 47.8 | 43.5 | 43.8 | 19.4 | 23.8 | 27.3 | 15.4 |
| Jacksonville, FL | 27.3 | 35.7 | 45.5 | 35.0 | 50.0 | 22.2 | 50.0 | 66.7 | 38.9 | 21.4 | 17.9 | 20.0 | 11.1 |
| Las Vegas, NV | 55.9 | 64.8 | 58.1 | 50.0 | 51.5 | 55.7 | 47.1 | 56.3 | 44.6 | 19.0 | 18.2 | 21.7 | 20.8 |
| Los Angeles, CA | 62.5 | 57.0 | 59.0 | 56.7 | 51.6 | 48.5 | 50.0 | 53.8 | 54.3 | 23.8 | 16.7 | 23.0 | 15.2 |
| Miami, FL | 53.1 | 53.1 | 43.5 | 54.9 | 51.4 | 47.2 | 47.8 | 48.6 | 35.9 | 28.1 | 21.6 | 25.0 | 29.2 |
| Minneapolis, MN | 56.8 | 39.0 | 35.1 | 38.7 | 31.1 | 48.8 | 45.5 | 57.0 | 24.3 | 8.0 | 6.8 | 8.3 | 14.3 |
| Nashville, TN | 22.7 | 27.3 | 9.1 | 43.8 | 38.9 | 20.6 | 19.2 | 50.0 | 15.0 | 20.8 | 31.3 | 18.2 | 15.8 |
| New York-Northern NJ | 41.5 | 42.4 | 39.1 | 41.7 | 32.1 | 32.0 | 40.7 | 32.1 | 22.9 | 16.7 | 15.4 | 18.1 | 21.6 |
| Orlando, FL | 57.7 | 61.5 | 38.0 | 47.1 | 50.0 | 56.7 | 50.0 | 60.0 | 34.6 | 6.3 | 27.3 | 16.7 | 16.0 |
| Phila.-Southern NJ | 29.2 | 30.0 | 44.1 | 14.3 | 32.0 | 24.2 | 42.9 | 34.4 | 15.2 | 10.5 | 10.0 | 12.5 | 13.2 |
| Phoenix, AZ | 52.7 | 50.0 | 43.8 | 36.7 | 34.0 | 39.0 | 40.3 | 51.0 | 37.0 | 18.5 | 13.8 | 10.5 | 19.4 |
| Port St. Lucie, FL | 50.0 | 50.0 | 50.0 | 41.7 | 50.0 | 50.0 | 60.0 | 66.7 | 0.0 | 33.3 | 16.7 | 33.3 | 33.3 |
| Portland, OR | 44.6 | 24.0 | 40.4 | 25.0 | 43.1 | 34.0 | 41.4 | 42.9 | 21.7 | 11.5 | 11.5 | 13.6 | 12.5 |
| Raleigh, NC | 26.9 | 26.3 | 22.5 | 22.5 | 36.8 | 23.3 | 37.5 | 26.5 | 5.3 | 16.7 | 10.7 | 11.1 | 12.5 |
| Richmond, VA | 33.3 | 50.0 | 16.7 | 50.0 | 33.3 | 33.3 | 30.0 | 0.0 | 20.0 | 25.0 | 10.0 | 37.5 | 37.5 |
| Sacramento, CA | 55.6 | 33.3 | 53.8 | 38.5 | 34.6 | 34.6 | 12.5 | 68.8 | 50.0 | 8.3 | 11.5 | 0.0 | 25.0 |
| San Antonio, TX | 25.0 | 42.9 | 62.5 | 44.4 | 46.2 | 25.0 | 34.6 | 45.0 | 29.4 | 28.1 | 5.6 | 17.9 | 5.0 |
| San Diego, CA | 60.3 | 40.9 | 47.2 | 40.0 | 45.2 | 31.3 | 41.7 | 51.9 | 20.0 | 13.2 | 14.7 | 6.9 | 4.8 |
| San Francisco, CA | 55.0 | 55.0 | 51.3 | 59.7 | 50.0 | 44.2 | 47.6 | 65.2 | 46.9 | 28.0 | 18.3 | 17.9 | 14.3 |
| Sarasota, FL | 35.7 | 70.0 | 72.7 | 56.3 | 55.6 | 54.5 | 50.0 | 58.3 | 50.0 | 18.8 | 12.5 | 29.2 | 6.3 |
| Seattle, WA | 64.1 | 48.6 | 57.4 | 31.3 | 47.9 | 57.4 | 44.8 | 66.1 | 28.3 | 17.3 | 19.2 | 16.7 | 25.0 |
| Tampa, FL | 41.7 | 43.2 | 40.0 | 43.2 | 50.0 | 53.3 | 37.0 | 47.4 | 36.1 | 20.5 | 9.3 | 15.0 | 14.0 |
| Tucson, AZ | 43.5 | 34.8 | 41.3 | 38.9 | 39.5 | 52.8 | 31.6 | 44.7 | 37.5 | 13.6 | 14.3 | 6.3 | 16.7 |
| Virginia Beach, VA | 40.0 | 42.9 | 46.2 | 66.7 | 54.5 | 43.8 | 37.5 | 33.3 | 25.0 | 18.8 | 6.3 | 7.7 | 10.0 |
| Washington, DC | 56.9 | 53.9 | 50.0 | 55.7 | 39.7 | 32.4 | 63.0 | 62.5 | 35.2 | 27.1 | 25.0 | 18.5 | 35.0 |
| Wilmington, NC | 25.0 | 19.2 | 31.8 | 33.3 | 16.7 | 50.0 | 50.0 | 80.0 | 50.0 | 16.7 | 16.7 | 35.0 | 31.3 |
| Total | 44.8 | 43.5 | 43.0 | 41.1 | 43.5 | 41.4 | 43.1 | 48.7 | 31.5 | 19.1 | 16.9 | 17.0 | 17.9 |

Source: Credit Suisse estimates

Our home price index slipped further, as sellers adjust in response to continued weakness in demand and rising inventory. 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]

| | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Atlanta, GA | 29.5 | 25.7 | 17.9 | 25.0 | 29.5 | 22.2 | 30.9 | 20.8 | 28.4 | 27.6 | 21.7 | 16.7 | 19.1 |
| Austin, TX | 26.3 | 26.2 | 25.0 | 43.2 | 28.8 | 40.0 | 32.1 | 50.0 | 36.4 | 27.5 | 28.9 | 15.8 | 23.7 |
| Baltimore, MD | 50.0 | 16.7 | 25.0 | 20.8 | 15.0 | 31.3 | 31.3 | 35.7 | 28.6 | 20.0 | 25.0 | 25.0 | 16.7 |
| Boston, MA | 50.0 | 50.0 | 54.2 | 38.5 | 50.0 | 47.1 | 57.1 | 58.3 | 54.5 | 42.3 | 35.7 | 40.9 | 27.8 |
| Charleston, SC | 30.0 | 37.5 | 22.2 | 30.0 | 30.0 | 12.5 | 38.9 | 20.0 | 25.0 | 20.0 | 25.0 | 25.0 | 27.3 |
| Charlotte, NC | 33.3 | 21.7 | 37.5 | 32.5 | 31.3 | 37.5 | 30.0 | 22.5 | 31.3 | 34.6 | 18.4 | 23.1 | 18.4 |
| Chicago, IL | 25.5 | 23.3 | 22.8 | 20.2 | 23.0 | 26.1 | 28.3 | 23.9 | 24.4 | 19.7 | 15.3 | 10.9 | 10.9 |
| Cincinnati, OH | 42.5 | 55.6 | 28.6 | 43.8 | 34.6 | 30.0 | 56.3 | 59.1 | 56.3 | 35.7 | 22.2 | 18.2 | 28.6 |
| Columbus, OH | 33.3 | 25.0 | 35.0 | 25.0 | 42.9 | 40.0 | 41.7 | 41.7 | 16.7 | 27.3 | 21.4 | 13.6 | 33.3 |
| Dallas, TX | 34.2 | 38.5 | 42.9 | 36.4 | 31.3 | 43.8 | 39.5 | 54.8 | 44.0 | 39.5 | 28.6 | 21.4 | 25.9 |
| Denver, CO | 42.9 | 34.3 | 42.7 | 35.1 | 34.7 | 48.7 | 53.1 | 53.1 | 51.6 | 34.6 | 35.9 | 24.1 | 22.2 |
| Detroit, MI | 15.2 | 38.1 | 31.3 | 26.9 | 18.0 | 22.9 | 30.4 | 45.2 | 33.3 | 38.9 | 26.3 | 33.3 | 28.9 |
| Fort Myers, FL | 54.3 | 60.0 | 50.0 | 68.2 | 59.6 | 50.0 | 57.9 | 50.0 | 70.0 | 60.5 | 46.0 | 20.6 | 31.8 |
| Houston, TX | 37.5 | 47.7 | 40.4 | 38.6 | 38.6 | 47.7 | 43.8 | 41.7 | 41.7 | 40.5 | 21.7 | 26.3 | 21.4 |
| Inland Empire, CA | 57.6 | 60.3 | 60.0 | 55.6 | 56.9 | 57.5 | 71.7 | 70.5 | 65.6 | 50.0 | 47.6 | 38.6 | 37.5 |
| Jacksonville, FL | 36.4 | 28.6 | 13.6 | 35.0 | 25.0 | 22.2 | 34.4 | 27.8 | 38.9 | 21.4 | 25.0 | 22.2 | 22.2 |
| Las Vegas, NV | 38.6 | 42.9 | 50.0 | 41.2 | 47.2 | 38.2 | 41.2 | 50.0 | 50.0 | 43.3 | 35.5 | 32.0 | 30.0 |
| Los Angeles, CA | 66.7 | 52.3 | 61.2 | 68.3 | 62.5 | 64.7 | 69.1 | 61.5 | 45.8 | 50.0 | 31.7 | 25.0 | 25.7 |
| Miami, FL | 44.7 | 42.9 | 28.8 | 30.8 | 35.1 | 26.4 | 37.5 | 38.2 | 29.5 | 37.1 | 28.2 | 28.6 | 27.7 |
| Minneapolis, MN | 41.1 | 33.1 | 30.4 | 34.6 | 26.7 | 37.5 | 34.8 | 52.0 | 29.2 | 18.2 | 19.3 | 28.0 | 14.6 |
| Nashville, TN | 31.8 | 30.0 | 27.3 | 43.8 | 26.5 | 26.5 | 26.9 | 31.3 | 35.0 | 20.8 | 31.3 | 31.8 | 23.7 |
| New York-Northern NJ | 31.2 | 25.9 | 26.4 | 28.2 | 27.0 | 28.0 | 38.8 | 33.6 | 33.3 | 28.7 | 14.7 | 21.4 | 22.7 |
| Orlando, FL | 25.0 | 42.3 | 24.0 | 26.5 | 32.4 | 23.3 | 34.8 | 40.0 | 36.5 | 25.0 | 34.1 | 24.0 | 16.0 |
| Phila.-Southern NJ | 27.1 | 26.0 | 29.4 | 28.6 | 30.0 | 40.0 | 42.9 | 39.3 | 41.7 | 27.5 | 30.0 | 20.0 | 13.2 |
| Phoenix, AZ | 56.8 | 51.5 | 43.8 | 33.7 | 35.4 | 39.0 | 35.0 | 40.8 | 38.9 | 42.7 | 26.6 | 17.9 | 12.5 |
| Port St. Lucie, FL | 28.6 | 28.6 | 28.6 | 33.3 | 37.5 | 35.7 | 40.0 | 50.0 | 50.0 | 50.0 | 16.7 | 16.7 | 33.3 |
| Portland, OR | 28.6 | 24.0 | 21.2 | 25.0 | 21.4 | 20.0 | 17.2 | 35.7 | 23.9 | 19.2 | 17.3 | 14.1 | 17.9 |
| Raleigh, NC | 30.8 | 27.8 | 27.5 | 27.5 | 34.2 | 25.0 | 43.8 | 29.4 | 21.1 | 16.7 | 20.0 | 16.7 | 26.7 |
| Richmond, VA | 0.0 | 30.0 | 16.7 | 16.7 | 25.0 | 21.4 | 20.0 | 50.0 | 20.0 | 25.0 | 16.7 | 0.0 | 12.5 |
| Sacramento, CA | 41.7 | 53.3 | 54.2 | 46.2 | 54.2 | 53.8 | 53.8 | 62.5 | 50.0 | 37.5 | 38.5 | 25.0 | 17.9 |
| San Antonio, TX | 40.0 | 39.3 | 40.6 | 33.3 | 38.5 | 25.0 | 42.9 | 45.0 | 41.2 | 21.9 | 16.7 | 21.4 | 10.0 |
| San Diego, CA | 65.5 | 63.6 | 61.1 | 65.6 | 59.5 | 50.0 | 61.8 | 69.2 | 55.0 | 44.4 | 41.7 | 28.6 | 23.8 |
| San Francisco, CA | 54.9 | 60.3 | 48.7 | 58.3 | 44.0 | 53.8 | 51.2 | 54.3 | 48.4 | 39.1 | 33.3 | 25.0 | 25.9 |
| Sarasota, FL | 18.8 | 30.0 | 31.8 | 37.5 | 22.2 | 22.7 | 28.6 | 33.3 | 57.1 | 31.3 | 27.3 | 19.2 | 7.1 |
| Seattle, WA | 30.3 | 31.4 | 20.6 | 22.9 | 32.6 | 27.3 | 24.1 | 44.4 | 34.8 | 21.2 | 20.0 | 20.0 | 20.6 |
| Tampa, FL | 29.2 | 31.8 | 35.0 | 29.5 | 38.5 | 42.9 | 36.0 | 42.1 | 41.7 | 28.6 | 21.2 | 23.3 | 16.7 |
| Tucson, AZ | 28.3 | 31.0 | 23.9 | 16.7 | 39.5 | 32.4 | 19.4 | 25.0 | 37.5 | 18.2 | 14.3 | 15.6 | 20.8 |
| Virginia Beach, VA | 22.7 | 28.6 | 20.8 | 33.3 | 31.8 | 37.5 | 25.0 | 20.8 | 25.0 | 31.3 | 25.0 | 23.1 | 25.0 |
| Washington, DC | 62.5 | 65.8 | 54.3 | 50.0 | 50.0 | 51.6 | 67.3 | 83.3 | 55.8 | 45.8 | 40.6 | 40.7 | 32.8 |
| Wilmington, NC | 8.3 | 20.8 | 10.0 | 16.7 | 0.0 | 25.0 | 25.0 | 30.0 | 10.0 | 22.2 | 27.8 | 22.2 | 6.3 |
| Total | 36.3 | 37.6 | 34.1 | 35.6 | 35.0 | 35.7 | 39.9 | 43.4 | 38.9 | 32.1 | 26.8 | 22.9 | 22.0 |

Source: Credit Suisse estimates

Incentives increased modestly; greater focus on price cuts. Historical incentive trends:

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

| | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Atlanta, GA | 50.0 | 41.7 | 47.9 | 47.5 | 45.8 | 32.0 | 37.9 | 37.0 | 42.4 | 31.5 | 34.6 | 32.7 | 34.5 |
| Austin, TX | 36.8 | 45.2 | 36.7 | 31.8 | 38.0 | 32.5 | 44.6 | 40.0 | 29.5 | 37.5 | 36.8 | 26.3 | 35.3 |
| Baltimore, MD | 57.1 | 38.9 | 33.3 | 37.5 | 43.8 | 42.9 | 50.0 | 35.7 | 50.0 | 50.0 | 35.7 | 30.0 | 37.5 |
| Boston, MA | 50.0 | 50.0 | 50.0 | 45.5 | 50.0 | 43.3 | 33.3 | 44.4 | 71.4 | 45.0 | 55.6 | 60.0 | 42.9 |
| Charleston, SC | 40.0 | 25.0 | 50.0 | 37.5 | 40.0 | 62.5 | 43.8 | 30.0 | 35.7 | 60.0 | 37.5 | 25.0 | 40.9 |
| Charlotte, NC | 45.2 | 43.1 | 45.0 | 40.0 | 35.4 | 42.1 | 37.5 | 32.5 | 31.8 | 40.0 | 41.2 | 42.3 | 39.5 |
| Chicago, IL | 39.6 | 41.7 | 41.2 | 43.4 | 38.0 | 48.7 | 40.4 | 51.2 | 38.5 | 44.3 | 48.8 | 40.5 | 45.2 |
| Cincinnati, OH | 43.3 | 55.6 | 32.1 | 43.8 | 34.6 | 30.0 | 43.8 | 45.5 | 56.3 | 57.1 | 44.4 | 45.0 | 28.6 |
| Columbus, OH | 0.0 | 41.7 | 22.2 | 50.0 | 21.4 | 40.0 | 33.3 | 50.0 | 50.0 | 36.4 | 28.6 | 27.3 | 50.0 |
| Dallas, TX | 44.1 | 44.0 | 47.6 | 45.5 | 47.9 | 30.6 | 44.7 | 50.0 | 38.0 | 42.1 | 50.0 | 30.8 | 26.8 |
| Denver, CO | 46.2 | 50.0 | 33.8 | 50.0 | 47.0 | 45.8 | 46.6 | 41.9 | 41.4 | 42.3 | 40.0 | 48.1 | 35.4 |
| Detroit, MI | 40.5 | 39.5 | 50.0 | 45.5 | 50.0 | 47.6 | 47.7 | 52.8 | 46.9 | 46.7 | 50.0 | 50.0 | 46.9 |
| Fort Myers, FL | 47.8 | 52.6 | 41.2 | 45.0 | 46.0 | 33.3 | 36.8 | 53.3 | 35.0 | 39.5 | 42.0 | 26.5 | 31.8 |
| Houston, TX | 33.3 | 37.5 | 38.0 | 43.2 | 33.3 | 52.4 | 47.9 | 33.3 | 39.6 | 45.0 | 29.3 | 28.9 | 40.0 |
| Inland Empire, CA | 48.3 | 51.9 | 47.7 | 41.2 | 46.9 | 35.0 | 37.5 | 35.7 | 50.0 | 50.0 | 50.0 | 43.2 | 47.8 |
| Jacksonville, FL | 45.0 | 35.7 | 27.3 | 60.0 | 30.0 | 33.3 | 36.7 | 50.0 | 27.8 | 42.9 | 50.0 | 27.8 | 50.0 |
| Las Vegas, NV | 36.8 | 46.3 | 44.8 | 35.3 | 41.7 | 44.1 | 39.1 | 39.7 | 37.5 | 34.5 | 41.7 | 42.0 | 41.3 |
| Los Angeles, CA | 36.6 | 40.5 | 46.7 | 50.0 | 39.1 | 38.7 | 50.0 | 50.0 | 50.0 | 42.1 | 42.0 | 38.7 | 43.3 |
| Miami, FL | 45.2 | 48.8 | 46.1 | 51.4 | 57.6 | 43.5 | 47.5 | 46.9 | 37.5 | 42.3 | 44.3 | 41.7 | 39.5 |
| Minneapolis, MN | 39.4 | 44.4 | 37.2 | 39.2 | 39.0 | 43.1 | 35.6 | 37.2 | 41.4 | 32.9 | 34.1 | 51.3 | 37.5 |
| Nashville, TN | 50.0 | 45.0 | 50.0 | 31.3 | 32.4 | 50.0 | 42.3 | 46.9 | 55.0 | 50.0 | 43.8 | 40.9 | 34.2 |
| New York-Northern NJ | 46.7 | 38.3 | 41.0 | 49.2 | 48.5 | 39.4 | 44.9 | 48.9 | 49.1 | 40.6 | 42.6 | 46.6 | 44.9 |
| Orlando, FL | 38.5 | 50.0 | 40.0 | 50.0 | 47.1 | 35.7 | 52.5 | 41.7 | 26.0 | 53.3 | 38.6 | 45.8 | 37.0 |
| Phila.-Southern NJ | 40.9 | 43.5 | 36.7 | 42.9 | 47.7 | 39.3 | 37.5 | 46.4 | 47.7 | 52.8 | 38.2 | 36.1 | 38.2 |
| Phoenix, AZ | 39.1 | 41.5 | 37.5 | 35.4 | 39.6 | 36.6 | 38.2 | 34.4 | 42.7 | 38.0 | 32.9 | 31.1 | 30.2 |
| Port St. Lucie, FL | 50.0 | 64.3 | 50.0 | 50.0 | 50.0 | 57.1 | 60.0 | 66.7 | 40.0 | 50.0 | 50.0 | 33.3 | 50.0 |
| Portland, OR | 44.2 | 39.6 | 38.0 | 50.0 | 51.9 | 39.6 | 46.2 | 37.5 | 36.4 | 42.3 | 41.3 | 36.7 | 44.2 |
| Raleigh, NC | 34.6 | 39.5 | 28.9 | 23.7 | 28.9 | 40.0 | 40.6 | 34.4 | 34.2 | 33.3 | 35.7 | 29.4 | 30.0 |
| Richmond, VA | 0.0 | 37.5 | 41.7 | 33.3 | 41.7 | 50.0 | 37.5 | 50.0 | 20.0 | 75.0 | 33.3 | 0.0 | 25.0 |
| Sacramento, CA | 53.1 | 50.0 | 45.8 | 45.5 | 40.9 | 45.5 | 54.5 | 31.3 | 33.3 | 45.8 | 41.7 | 41.7 | 46.2 |
| San Antonio, TX | 40.0 | 35.7 | 28.1 | 22.2 | 42.3 | 50.0 | 46.4 | 55.0 | 34.4 | 43.8 | 33.3 | 25.0 | 25.0 |
| San Diego, CA | 44.4 | 50.0 | 46.9 | 46.7 | 38.9 | 38.6 | 42.3 | 38.6 | 50.0 | 44.1 | 34.4 | 41.7 | 39.5 |
| San Francisco, CA | 46.2 | 48.4 | 43.1 | 41.4 | 45.6 | 45.5 | 44.3 | 47.6 | 44.6 | 44.4 | 45.8 | 43.8 | 50.0 |
| Sarasota, FL | 30.0 | 38.5 | 36.4 | 35.7 | 37.5 | 40.9 | 45.5 | 37.5 | 40.0 | 28.6 | 30.0 | 27.3 | 33.3 |
| Seattle, WA | 43.5 | 40.6 | 26.8 | 28.3 | 50.0 | 37.1 | 35.2 | 37.0 | 45.2 | 43.5 | 38.6 | 48.3 | 37.5 |
| Tampa, FL | 35.4 | 52.3 | 39.5 | 42.5 | 33.3 | 42.9 | 40.4 | 44.7 | 35.3 | 35.7 | 42.0 | 35.7 | 47.7 |
| Tucson, AZ | 33.3 | 37.5 | 38.6 | 36.1 | 42.1 | 36.7 | 33.3 | 35.0 | 35.7 | 31.8 | 32.1 | 34.4 | 33.3 |
| Virginia Beach, VA | 45.5 | 42.3 | 37.5 | 33.3 | 50.0 | 43.8 | 50.0 | 40.0 | 54.5 | 42.9 | 50.0 | 37.5 | 20.0 |
| Washington, DC | 48.5 | 39.4 | 51.8 | 40.6 | 52.9 | 36.7 | 39.6 | 54.3 | 42.3 | 45.0 | 42.6 | 34.8 | 30.4 |
| Wilmington, NC | 50.0 | 45.5 | 30.0 | 41.7 | 25.0 | 50.0 | 50.0 | 40.0 | 30.0 | 44.4 | 44.4 | 55.6 | 43.8 |
| Total | 41.0 | 43.8 | 40.2 | 41.6 | 41.8 | 41.9 | 42.9 | 43.1 | 41.2 | 43.7 | 40.7 | 37.1 | 38.4 |

Source: Credit Suisse estimates

Our home listings index fell further, remaining at its lowest point since April '08; rising inventory and weak demand to pressure prices. 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]

| | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Atlanta, GA | 62.5 | 58.1 | 68.8 | 68.6 | 58.1 | 50.0 | 35.7 | 33.3 | 41.2 | 31.0 | 35.0 | 33.3 | 43.8 |
| Austin, TX | 63.2 | 47.6 | 53.1 | 61.4 | 63.5 | 42.5 | 27.8 | 24.0 | 22.7 | 30.0 | 18.4 | 13.2 | 5.3 |
| Baltimore, MD | 64.3 | 16.7 | 33.3 | 37.5 | 25.0 | 64.3 | 25.0 | 7.1 | 21.4 | 30.0 | 18.8 | 15.0 | 11.1 |
| Boston, MA | 46.2 | 61.1 | 45.8 | 73.1 | 59.1 | 52.9 | 21.4 | 29.2 | 44.4 | 30.8 | 39.3 | 40.9 | 5.6 |
| Charleston, SC | 40.0 | 75.0 | 72.2 | 70.0 | 60.0 | 25.0 | 55.6 | 20.0 | 43.8 | 60.0 | 37.5 | 12.5 | 37.5 |
| Charlotte, NC | 59.5 | 46.6 | 52.5 | 57.5 | 39.6 | 30.0 | 20.0 | 35.0 | 32.6 | 36.7 | 44.4 | 30.8 | 23.7 |
| Chicago, IL | 47.2 | 47.4 | 48.2 | 52.5 | 41.2 | 29.5 | 19.1 | 22.8 | 27.3 | 34.2 | 35.4 | 24.5 | 32.6 |
| Cincinnati, OH | 57.5 | 50.0 | 67.9 | 68.8 | 38.5 | 25.0 | 31.3 | 31.8 | 18.8 | 28.6 | 22.2 | 36.4 | 21.4 |
| Columbus, OH | 66.7 | 50.0 | 83.3 | 62.5 | 57.1 | 60.0 | 33.3 | 50.0 | 50.0 | 22.7 | 42.9 | 27.3 | 16.7 |
| Dallas, TX | 39.5 | 59.6 | 57.5 | 54.5 | 45.8 | 45.3 | 39.5 | 36.8 | 34.0 | 23.7 | 23.8 | 30.8 | 25.0 |
| Denver, CO | 69.0 | 64.3 | 68.3 | 64.7 | 61.4 | 48.7 | 33.3 | 32.8 | 37.1 | 42.3 | 30.6 | 24.1 | 24.1 |
| Detroit, MI | 54.3 | 40.5 | 56.3 | 61.5 | 44.0 | 60.4 | 60.9 | 42.9 | 36.1 | 47.2 | 44.7 | 45.2 | 42.1 |
| Fort Myers, FL | 71.7 | 52.5 | 67.6 | 61.4 | 52.0 | 50.0 | 65.8 | 66.7 | 60.0 | 57.9 | 48.0 | 41.2 | 40.9 |
| Houston, TX | 51.8 | 68.2 | 50.0 | 59.1 | 38.6 | 42.5 | 37.0 | 25.0 | 22.9 | 21.4 | 21.7 | 28.9 | 33.3 |
| Inland Empire, CA | 74.2 | 70.7 | 80.0 | 76.5 | 65.7 | 72.5 | 56.5 | 59.1 | 71.9 | 52.8 | 70.0 | 52.3 | 44.0 |
| Jacksonville, FL | 36.4 | 57.1 | 63.6 | 55.0 | 33.3 | 44.4 | 50.0 | 61.1 | 38.9 | 35.7 | 53.8 | 35.0 | 44.4 |
| Las Vegas, NV | 60.0 | 89.3 | 81.7 | 70.6 | 72.2 | 71.4 | 69.1 | 85.9 | 70.6 | 48.3 | 33.9 | 18.0 | 20.0 |
| Los Angeles, CA | 72.9 | 70.9 | 83.7 | 76.7 | 64.5 | 60.9 | 47.8 | 42.3 | 29.2 | 42.9 | 33.3 | 31.9 | 34.3 |
| Miami, FL | 60.6 | 69.1 | 59.3 | 62.8 | 55.3 | 60.0 | 56.0 | 63.9 | 56.4 | 51.6 | 47.4 | 46.4 | 22.3 |
| Minneapolis, MN | 71.8 | 81.0 | 79.8 | 80.8 | 64.1 | 61.5 | 38.4 | 28.6 | 34.7 | 50.0 | 40.9 | 31.7 | 26.3 |
| Nashville, TN | 45.5 | 40.0 | 45.5 | 68.8 | 29.4 | 32.4 | 34.6 | 18.8 | 50.0 | 20.8 | 37.5 | 22.7 | 31.6 |
| New York-Northern NJ | 45.6 | 42.4 | 43.6 | 63.2 | 52.0 | 36.7 | 31.6 | 17.3 | 26.2 | 22.2 | 25.0 | 32.9 | 15.2 |
| Orlando, FL | 73.1 | 76.9 | 62.5 | 64.7 | 44.1 | 63.3 | 56.8 | 56.0 | 57.7 | 43.8 | 54.5 | 31.3 | 46.0 |
| Phila.-Southern NJ | 39.6 | 42.0 | 52.9 | 57.1 | 47.9 | 35.0 | 32.1 | 36.7 | 27.1 | 20.0 | 25.0 | 23.8 | 34.2 |
| Phoenix, AZ | 70.8 | 53.8 | 53.1 | 43.5 | 40.3 | 32.2 | 32.8 | 39.8 | 35.6 | 39.1 | 36.2 | 29.1 | 24.5 |
| Port St. Lucie, FL | 35.7 | 50.0 | 42.9 | 58.3 | 62.5 | 57.1 | 60.0 | 100.0 | 70.0 | 75.0 | 33.3 | 41.7 | 33.3 |
| Portland, OR | 58.9 | 64.0 | 76.0 | 62.5 | 51.7 | 24.0 | 27.6 | 35.7 | 41.3 | 51.9 | 50.0 | 27.4 | 23.2 |
| Raleigh, NC | 65.4 | 55.3 | 45.0 | 47.5 | 47.4 | 40.0 | 21.9 | 37.5 | 42.1 | 33.3 | 23.3 | 36.1 | 50.0 |
| Richmond, VA | 33.3 | 50.0 | 33.3 | 50.0 | 41.7 | 35.7 | 30.0 | 0.0 | 30.0 | 25.0 | 25.0 | 0.0 | 25.0 |
| Sacramento, CA | 80.6 | 73.3 | 76.9 | 69.2 | 57.7 | 61.5 | 46.2 | 37.5 | 65.0 | 38.5 | 53.8 | 31.3 | 32.1 |
| San Antonio, TX | 50.0 | 39.3 | 50.0 | 61.1 | 50.0 | 42.9 | 42.3 | 25.0 | 38.2 | 28.1 | 16.7 | 23.1 | 15.0 |
| San Diego, CA | 60.3 | 72.7 | 77.8 | 68.8 | 60.0 | 47.9 | 58.8 | 50.0 | 35.0 | 33.3 | 32.4 | 21.4 | 31.0 |
| San Francisco, CA | 64.7 | 66.7 | 73.1 | 72.2 | 70.0 | 36.0 | 38.1 | 30.4 | 41.9 | 41.3 | 33.9 | 33.9 | 17.3 |
| Sarasota, FL | 68.8 | 63.3 | 59.1 | 56.3 | 61.1 | 59.1 | 50.0 | 50.0 | 83.3 | 56.3 | 59.1 | 46.2 | 35.7 |
| Seattle, WA | 56.3 | 58.6 | 72.7 | 62.5 | 39.1 | 37.5 | 27.6 | 35.7 | 30.4 | 26.9 | 15.2 | 25.0 | 27.9 |
| Tampa, FL | 54.2 | 50.0 | 62.5 | 59.1 | 48.1 | 53.6 | 38.9 | 44.7 | 50.0 | 38.1 | 25.0 | 33.3 | 27.1 |
| Tucson, AZ | 76.1 | 66.7 | 43.2 | 52.8 | 44.7 | 26.5 | 36.1 | 52.5 | 63.3 | 59.1 | 35.7 | 34.4 | 33.3 |
| Virginia Beach, VA | 36.4 | 50.0 | 46.2 | 61.1 | 45.5 | 25.0 | 12.5 | 8.3 | 12.5 | 37.5 | 31.3 | 11.5 | 15.0 |
| Washington, DC | 69.4 | 71.1 | 70.0 | 75.0 | 67.9 | 75.0 | 62.0 | 51.9 | 55.8 | 50.0 | 46.9 | 46.3 | 32.8 |
| Wilmington, NC | 33.3 | 27.3 | 50.0 | 33.3 | 50.0 | 25.0 | 16.7 | 0.0 | 30.0 | 38.9 | 50.0 | 27.8 | 25.0 |
| Total | 57.2 | 57.2 | 60.2 | 61.6 | 51.3 | 46.1 | 39.5 | 38.2 | 42.0 | 38.9 | 36.3 | 30.0 | 28.2 |

Source: Credit Suisse estimates

Length of time needed to sell a home increased in September, a negative leading indicator for prices. 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]

| | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Atlanta, GA | 30.0 | 38.9 | 31.3 | 26.7 | 31.1 | 38.9 | 40.0 | 43.8 | 35.3 | 25.9 | 23.3 | 13.0 | 17.2 |
| Austin, TX | 21.1 | 19.0 | 28.1 | 29.5 | 34.6 | 30.0 | 37.5 | 36.0 | 35.7 | 25.0 | 23.7 | 8.3 | 10.5 |
| Baltimore, MD | 42.9 | 33.3 | 16.7 | 8.3 | 25.0 | 35.7 | 50.0 | 42.9 | 50.0 | 10.0 | 0.0 | 15.0 | 0.0 |
| Boston, MA | 53.8 | 55.6 | 41.7 | 50.0 | 50.0 | 61.8 | 64.3 | 54.2 | 68.2 | 38.5 | 32.1 | 22.7 | 22.2 |
| Charleston, SC | 30.0 | 37.5 | 37.5 | 40.0 | 30.0 | 50.0 | 38.9 | 30.0 | 50.0 | 30.0 | 31.3 | 12.5 | 29.2 |
| Charlotte, NC | 35.0 | 16.7 | 37.5 | 32.5 | 22.9 | 37.5 | 40.0 | 25.0 | 35.4 | 33.3 | 13.2 | 11.5 | 21.1 |
| Chicago, IL | 34.5 | 30.7 | 29.3 | 26.7 | 27.5 | 37.8 | 30.0 | 39.1 | 22.2 | 12.5 | 21.4 | 7.4 | 18.5 |
| Cincinnati, OH | 30.0 | 44.4 | 32.1 | 50.0 | 34.6 | 20.0 | 56.3 | 77.3 | 31.3 | 21.4 | 11.1 | 22.7 | 14.3 |
| Columbus, OH | 50.0 | 50.0 | 45.0 | 37.5 | 71.4 | 62.5 | 41.7 | 58.3 | 33.3 | 22.7 | 28.6 | 25.0 | 16.7 |
| Dallas, TX | 31.6 | 32.7 | 42.9 | 29.5 | 29.2 | 42.2 | 36.1 | 57.1 | 35.4 | 34.2 | 11.9 | 14.3 | 17.2 |
| Denver, CO | 36.2 | 45.6 | 45.1 | 40.9 | 41.4 | 47.4 | 45.5 | 50.0 | 38.7 | 26.9 | 24.2 | 10.3 | 16.7 |
| Detroit, MI | 50.0 | 26.2 | 43.8 | 40.4 | 40.0 | 37.5 | 47.8 | 59.5 | 47.1 | 47.2 | 34.2 | 32.5 | 23.7 |
| Fort Myers, FL | 71.7 | 57.5 | 64.7 | 59.1 | 46.0 | 55.3 | 63.2 | 70.0 | 57.5 | 55.3 | 31.3 | 26.5 | 27.3 |
| Houston, TX | 35.2 | 43.2 | 28.8 | 22.7 | 28.6 | 22.7 | 29.2 | 27.8 | 29.2 | 19.0 | 5.0 | 10.5 | 14.3 |
| Inland Empire, CA | 54.7 | 63.8 | 52.0 | 61.1 | 52.9 | 47.5 | 58.7 | 50.0 | 56.3 | 38.9 | 35.7 | 29.5 | 20.0 |
| Jacksonville, FL | 36.4 | 42.9 | 36.4 | 45.0 | 33.3 | 44.4 | 43.8 | 61.1 | 38.9 | 28.6 | 39.3 | 25.0 | 22.2 |
| Las Vegas, NV | 51.5 | 66.1 | 70.7 | 47.1 | 48.6 | 62.9 | 58.8 | 67.7 | 59.7 | 41.4 | 27.4 | 20.0 | 20.0 |
| Los Angeles, CA | 57.3 | 54.7 | 63.3 | 68.3 | 51.6 | 63.6 | 58.7 | 78.0 | 47.9 | 22.7 | 20.0 | 10.0 | 22.9 |
| Miami, FL | 54.3 | 58.2 | 44.1 | 47.4 | 52.6 | 44.3 | 52.2 | 50.0 | 39.7 | 48.4 | 30.8 | 31.0 | 27.7 |
| Minneapolis, MN | 60.2 | 48.3 | 53.3 | 42.3 | 41.3 | 50.0 | 50.9 | 61.2 | 37.1 | 21.6 | 19.3 | 19.5 | 15.9 |
| Nashville, TN | 22.7 | 45.0 | 18.2 | 37.5 | 26.5 | 26.5 | 26.9 | 37.5 | 35.0 | 12.5 | 28.6 | 22.7 | 15.8 |
| New York-Northern NJ | 34.8 | 39.4 | 38.0 | 29.9 | 29.5 | 32.5 | 40.8 | 40.0 | 36.1 | 21.3 | 17.1 | 18.6 | 19.7 |
| Orlando, FL | 61.5 | 80.8 | 46.0 | 55.9 | 44.1 | 63.3 | 58.7 | 60.0 | 61.5 | 33.3 | 50.0 | 34.0 | 26.0 |
| Phila.-Southern NJ | 37.5 | 36.0 | 41.2 | 28.6 | 34.0 | 34.5 | 35.7 | 46.7 | 29.2 | 30.0 | 10.0 | 14.3 | 16.7 |
| Phoenix, AZ | 66.2 | 56.2 | 54.7 | 41.3 | 43.1 | 44.9 | 45.9 | 45.9 | 45.6 | 30.0 | 25.5 | 20.0 | 21.9 |
| Port St. Lucie, FL | 50.0 | 35.7 | 64.3 | 58.3 | 50.0 | 71.4 | 60.0 | 83.3 | 50.0 | 50.0 | 16.7 | 33.3 | 16.7 |
| Portland, OR | 50.0 | 34.0 | 44.2 | 34.2 | 34.5 | 30.0 | 36.2 | 57.1 | 50.0 | 30.8 | 24.0 | 18.8 | 16.1 |
| Raleigh, NC | 46.2 | 21.1 | 27.5 | 27.5 | 28.9 | 40.0 | 37.5 | 30.6 | 23.7 | 29.2 | 13.3 | 19.4 | 23.3 |
| Richmond, VA | 0.0 | 40.0 | 33.3 | 33.3 | 25.0 | 35.7 | 40.0 | 0.0 | 50.0 | 25.0 | 16.7 | 0.0 | 12.5 |
| Sacramento, CA | 50.0 | 60.0 | 50.0 | 57.7 | 42.3 | 38.5 | 46.2 | 50.0 | 55.0 | 15.4 | 26.9 | 6.3 | 14.3 |
| San Antonio, TX | 35.0 | 32.1 | 31.3 | 22.2 | 38.5 | 31.3 | 42.9 | 45.0 | 41.2 | 31.3 | 16.7 | 21.4 | 5.0 |
| San Diego, CA | 56.9 | 54.5 | 58.3 | 50.0 | 52.5 | 44.0 | 58.8 | 57.7 | 25.0 | 14.7 | 17.6 | 12.5 | 17.5 |
| San Francisco, CA | 57.8 | 50.0 | 38.5 | 43.1 | 44.0 | 44.2 | 45.1 | 45.7 | 33.9 | 23.9 | 25.8 | 21.4 | 7.4 |
| Sarasota, FL | 35.7 | 60.0 | 68.2 | 37.5 | 55.6 | 45.5 | 60.7 | 66.7 | 75.0 | 37.5 | 45.5 | 26.9 | 21.4 |
| Seattle, WA | 56.1 | 48.6 | 45.6 | 41.7 | 34.8 | 51.5 | 43.1 | 62.1 | 45.5 | 36.5 | 26.0 | 16.7 | 27.9 |
| Tampa, FL | 37.5 | 47.7 | 55.3 | 38.6 | 46.2 | 46.4 | 38.9 | 44.7 | 33.3 | 42.9 | 15.4 | 28.3 | 20.8 |
| Tucson, AZ | 54.3 | 42.9 | 39.1 | 47.2 | 36.8 | 35.3 | 41.7 | 37.5 | 40.0 | 40.9 | 17.9 | 25.0 | 20.8 |
| Virginia Beach, VA | 36.4 | 28.6 | 30.8 | 44.4 | 27.3 | 25.0 | 25.0 | 16.7 | 33.3 | 31.3 | 31.3 | 15.4 | 15.0 |
| Washington, DC | 68.1 | 67.9 | 60.3 | 61.4 | 56.4 | 57.8 | 80.8 | 66.7 | 52.0 | 31.3 | 31.3 | 21.2 | 25.9 |
| Wilmington, NC | 25.0 | 18.2 | 27.3 | 16.7 | 33.3 | 25.0 | 25.0 | 30.0 | 40.0 | 11.1 | 22.2 | 22.2 | 31.3 |
| Total | 43.7 | 44.1 | 42.9 | 40.3 | 39.4 | 42.9 | 45.8 | 49.1 | 42.6 | 29.6 | 23.6 | 19.1 | 18.8 |

Source: Credit Suisse estimates

Agent Recommendations

Agents recommend Toll Brothers and Pulte. Toll Brothers received the highest percentage of recommendations by agents nationwide. 27% of agents (net of positive responses less negative responses) surveyed said they would recommend Toll, while 24% said they would recommend Pulte Group. We believe this is important since 35-40% of new home sales involve an agent. 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, which has seen its share of positive responses increase in recent months as its Open Series has gained traction.

Exhibit 49: Toll and Pulte Most Highly Recommended by Agents

| Rank | Ticker | Company Name | Net Recommendation |
|------|--------|------------------------|--------------------|
| 1 | TOL | Toll Brothers | 27% |
| 2 | PHM | Pulte Group | 24% |
| 3 | DHI | D.R. Horton | 19% |
| 4 | MTH | Meritage Homes | 18% |
| 5 | LEN | Lennar Corp. | 16% |
| 6 | SPF | Standard Pacific Corp. | 16% |
| 7 | RYL | Ryland Group | 9% |
| 8 | HOV | Hovnanian Enterprises | 6% |
| 9 | MDC | MDC Holdings | 5% |
| 10 | BZH | Beazer Homes | 4% |
| 11 | NVR | NVR, Inc. | 1% |
| 12 | KBH | KB Home | (12%) |

Source: Credit Suisse estimates

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

| Market | BZH | DHI | HOV | KBH | LEN | MDC | MTH | NVR | PHM | RYL | SPF | TOL |
|-------------------------------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|------------|
| Atlanta, GA | 12% | 21% | -- | -- | -- | -- | -- | -- | 38% | 29% | -- | -- |
| Austin, TX | -- | 63% | -- | 11% | 53% | -- | 63% | -- | 42% | -- | 58% | 32% |
| Baltimore, MD | 22% | 22% | 11% | 0% | 0% | 0% | -- | 22% | -- | 11% | -- | -- |
| Charleston, SC | 15% | 15% | -- | 8% | 0% | -- | -- | 0% | -- | 15% | -- | -- |
| Charlotte, NC | 0% | 30% | 10% | 25% | 25% | -- | -- | 30% | -- | 25% | 25% | 45% |
| Chicago, IL | -- | 4% | 6% | -- | 13% | 0% | -- | -- | 40% | 13% | -- | 21% |
| Cincinnati, OH | -- | -- | 0% | -- | -- | -- | -- | 14% | 0% | 14% | -- | -- |
| Columbus, OH | -- | -- | 0% | -- | -- | -- | -- | 0% | 0% | -- | -- | -- |
| Dallas, TX | 7% | 66% | 24% | 7% | 14% | 0% | 10% | -- | 31% | -- | 24% | 24% |
| Denver, CO | -- | 19% | -- | 11% | 19% | 33% | 4% | -- | 22% | 30% | 22% | 41% |
| Detroit, MI | -- | -- | 0% | -- | -- | -- | -- | -- | 53% | -- | -- | 68% |
| Fort Myers, FL | -- | 36% | 0% | 0% | 27% | -- | 18% | -- | 18% | 9% | -- | -- |
| Houston, TX | 10% | 14% | 5% | 10% | 33% | 0% | 19% | -- | 24% | -- | -- | -- |
| Jacksonville, FL | 22% | 11% | -- | 33% | 33% | 22% | -- | -- | 56% | 22% | 22% | 33% |
| Las Vegas, NV | 20% | 52% | -- | 32% | 36% | 16% | 20% | -- | 56% | 12% | -- | 52% |
| Los Angeles, CA | -- | 9% | 11% | 17% | 17% | 3% | 3% | -- | 9% | -- | 20% | 14% |
| Miami, FL | -- | 17% | -- | -- | 33% | -- | -- | -- | -- | -- | 4% | -- |
| Minneapolis, MN | -- | 40% | 14% | -- | 33% | -- | -- | -- | 40% | 42% | -- | 14% |
| Nashville, TN | 26% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| New York-Northern New Jersey, NY-NJ | -- | 6% | 12% | -- | 6% | -- | -- | 0% | 24% | -- | -- | 34% |
| Orlando, FL | 12% | 28% | 4% | 20% | 24% | -- | 20% | -- | 16% | 4% | 4% | 24% |
| Philadelphia-Southern NJ | -- | 11% | 16% | -- | 5% | 0% | -- | 16% | 21% | -- | -- | 42% |
| Phoenix, AZ | 18% | 27% | 12% | 6% | 16% | 20% | 29% | -- | 43% | 10% | 22% | 53% |
| Port St. Lucie, FL | -- | 0% | -- | 0% | -- | -- | -- | -- | -- | -- | -- | -- |
| Portland, OR | -- | 32% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Raleigh, NC | 6% | 25% | 19% | 31% | 13% | -- | -- | 0% | 13% | -- | 0% | 44% |
| Richmond, VA | 0% | -- | -- | -- | -- | -- | -- | 25% | -- | -- | -- | -- |
| Riverside-San Bernardino, CA | 19% | 27% | 19% | 23% | 19% | 8% | -- | -- | 42% | 15% | 15% | -- |
| Sacramento, CA | 0% | 21% | 7% | 14% | 21% | 0% | 29% | -- | 14% | 7% | 7% | 7% |
| San Antonio, TX | 0% | 70% | -- | 10% | 40% | -- | 20% | -- | 60% | -- | -- | 20% |
| San Diego, CA | 5% | 29% | 24% | 24% | 24% | 0% | -- | -- | 10% | 5% | 29% | 19% |
| San Francisco, CA | -- | 4% | -- | -- | 18% | -- | 7% | -- | 25% | -- | 14% | 29% |
| Sarasota, FL | -- | -- | -- | 0% | 25% | -- | -- | -- | 13% | -- | 13% | -- |
| Seattle, WA | -- | 31% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Tampa, FL | 4% | 24% | 20% | 16% | 32% | 4% | -- | -- | 28% | 24% | 24% | -- |
| Tucson, AZ | -- | 33% | 25% | 0% | 50% | 17% | 50% | -- | 33% | -- | 0% | 8% |
| Virginia Beach, VA | -- | 0% | 0% | -- | -- | -- | -- | 0% | -- | -- | -- | -- |
| Washington, DC | 13% | 20% | 17% | -- | 17% | 7% | -- | 27% | 30% | 10% | -- | 37% |
| Wilmington, NC | 13% | -- | -- | -- | -- | -- | -- | 0% | -- | -- | -- | -- |
| TOTAL | 11% | 25% | 11% | 14% | 23% | 8% | 22% | 11% | 29% | 17% | 18% | 31% |

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 expect this to 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 | BZH | DHI | HOV | KBH | LEN | MDC | MTH | NVR | PHM | RYL | SPF | TOL |
|-------------------------------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|
| Atlanta, GA | 21% | 6% | -- | -- | -- | -- | -- | -- | 12% | 6% | -- | -- |
| Austin, TX | -- | 0% | -- | 47% | 11% | -- | 11% | -- | 11% | -- | 0% | 11% |
| Baltimore, MD | 0% | 0% | 11% | 0% | 0% | 11% | -- | 22% | -- | 44% | -- | -- |
| Charleston, SC | 15% | 31% | -- | 15% | 8% | -- | -- | 0% | -- | 0% | -- | -- |
| Charlotte, NC | 55% | 20% | 5% | 40% | 20% | -- | -- | 5% | -- | 15% | 15% | 0% |
| Chicago, IL | -- | 0% | 2% | -- | 6% | 2% | -- | -- | 2% | 9% | -- | 6% |
| Cincinnati, OH | -- | -- | 0% | -- | -- | -- | -- | 14% | 0% | 14% | -- | -- |
| Columbus, OH | -- | -- | 0% | -- | -- | -- | -- | 0% | 0% | -- | -- | -- |
| Dallas, TX | 7% | 3% | 3% | 41% | 7% | 3% | 3% | -- | 7% | -- | 3% | 0% |
| Denver, CO | -- | 15% | -- | 41% | 0% | 11% | 7% | -- | 11% | 4% | 4% | 0% |
| Detroit, MI | -- | -- | 0% | -- | -- | -- | -- | -- | 16% | -- | -- | 5% |
| Fort Myers, FL | -- | 9% | 27% | 18% | 9% | -- | 9% | -- | 0% | 0% | -- | -- |
| Houston, TX | 0% | 0% | 5% | 38% | 5% | 0% | 0% | -- | 5% | -- | -- | -- |
| Jacksonville, FL | 0% | 0% | -- | 22% | 0% | 11% | -- | -- | 0% | 0% | 0% | 0% |
| Las Vegas, NV | 0% | 12% | -- | 20% | 12% | 12% | 4% | -- | 8% | 4% | -- | 4% |
| Los Angeles, CA | -- | 0% | 0% | 20% | 3% | 0% | 0% | -- | 3% | -- | 3% | 0% |
| Miami, FL | -- | 4% | -- | -- | 4% | -- | -- | -- | -- | -- | 0% | -- |
| Minneapolis, MN | -- | 9% | 7% | -- | 12% | -- | -- | -- | 9% | 14% | -- | 2% |
| Nashville, TN | 11% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| New York-Northern New Jersey, NY-NJ | -- | 0% | 15% | -- | 3% | -- | -- | 1% | 4% | -- | -- | 3% |
| Orlando, FL | 0% | 4% | 0% | 16% | 12% | -- | 4% | -- | 0% | 4% | 0% | 8% |
| Philadelphia-Southern NJ | -- | 5% | 11% | -- | 0% | 0% | -- | 5% | 11% | -- | -- | 21% |
| Phoenix, AZ | 6% | 10% | 8% | 37% | 8% | 2% | 10% | -- | 4% | 2% | 2% | 4% |
| Port St. Lucie, FL | -- | 0% | -- | 0% | -- | -- | -- | -- | -- | -- | -- | -- |
| Portland, OR | -- | 4% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Raleigh, NC | 19% | 13% | 6% | 13% | 6% | -- | -- | 0% | 0% | -- | 6% | 13% |
| Richmond, VA | 0% | -- | -- | -- | -- | -- | -- | 50% | -- | -- | -- | -- |
| Riverside-San Bernardino, CA | 0% | 8% | 4% | 35% | 4% | 0% | -- | -- | 0% | 4% | 4% | -- |
| Sacramento, CA | 7% | 7% | 7% | 14% | 7% | 0% | 0% | -- | 0% | 0% | 0% | 0% |
| San Antonio, TX | 0% | 0% | -- | 50% | 10% | -- | 0% | -- | 0% | -- | -- | 0% |
| San Diego, CA | 0% | 0% | 0% | 10% | 5% | 0% | -- | -- | 5% | 0% | 0% | 0% |
| San Francisco, CA | -- | 7% | -- | -- | 11% | -- | 0% | -- | 7% | -- | 0% | 0% |
| Sarasota, FL | -- | -- | -- | 13% | 0% | -- | -- | -- | 0% | -- | 0% | -- |
| Seattle, WA | -- | 20% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Tampa, FL | 0% | 12% | 4% | 20% | 4% | 0% | -- | -- | 4% | 0% | 0% | -- |
| Tucson, AZ | -- | 0% | 0% | 50% | 0% | 0% | 8% | -- | 0% | -- | 0% | 0% |
| Virginia Beach, VA | -- | 0% | 0% | -- | -- | -- | -- | 0% | -- | -- | -- | -- |
| Washington, DC | 10% | 3% | 10% | -- | 20% | 3% | -- | 7% | 10% | 10% | -- | 10% |
| Wilmington, NC | 0% | -- | -- | -- | -- | -- | -- | 13% | -- | -- | -- | -- |
| TOTAL | 8% | 6% | 5% | 25% | 7% | 4% | 4% | 10% | 5% | 7% | 2% | 4% |

Source: Credit Suisse estimates

Exhibit 52: Homebuilding Industry Comparative Valuations

| 10/4/2010 | Beazer Homes BZH | D.R. Horton DHI | Hovnanian HOV | KB Home KBH | Lennar Corp. LEN | MDC Holdings MDC | Meritage MTH | NVR Inc NVR | PulteGroup PHM | Ryland RYL | Toll Brothers TOL | Average |
|-------------------------------------|---------------------|--------------------|------------------|----------------|---------------------|---------------------|-----------------|-----------------|-------------------|----------------|----------------------|-----------------|
| RATINGS AND RETURN POTENTIAL | | | | | | | | | | | | |
| Rating | Neutral | Neutral | Underperform | Neutral | Outperform | Neutral | Neutral | Neutral | Underperform | Underperform | Neutral | |
| Current Price | \$4.16 | \$10.98 | \$3.92 | \$11.20 | \$15.36 | \$28.40 | \$19.33 | \$631.42 | \$8.64 | \$17.19 | \$18.74 | |
| Target Price | \$4.00 | \$10.00 | \$2.00 | \$11.00 | \$17.00 | \$25.00 | \$18.50 | \$615.00 | \$8.50 | \$15.00 | \$18.50 | |
| Target BV Multiple | 1.1x | 1.2x | NM | 1.0x | 1.2x | 1.2x | 1.2x | 2.2x | 1.1x | 1.1x | 1.2x | 1.2x |
| Dividend Yield | 0.0% | 1.4% | 0.0% | 2.2% | 1.0% | 3.5% | 0.0% | 0.0% | 0.0% | 0.7% | 0.0% | 0.7% |
| Total Return Potential | (3.8%) | (7.6%) | (49.0%) | 0.4% | 11.7% | (8.5%) | (4.3%) | (2.6%) | (1.6%) | (12.0%) | (1.3%) | (2.5%) |
| CAPITALIZATION | | | | | | | | | | | | |
| Market Cap. (\$ min) | \$315 | \$3,494 | \$304 | \$861 | \$2,841 | \$1,339 | \$620 | \$3,741 | \$3,306 | \$758 | \$3,108 | \$1,881 |
| Cash (\$ min) | \$568 | \$1,714 | \$509 | \$1,094 | \$1,223 | \$1,634 | \$442 | \$1,264 | \$2,776 | \$878 | \$1,640 | \$1,249 |
| Debt (\$ min) | \$1,359 | \$2,215 | \$1,649 | \$1,755 | \$2,890 | \$1,242 | \$605 | \$0 | \$4,360 | \$874 | \$1,964 | \$1,719 |
| Net Debt/Cap | 69% | 16% | 122% | 52% | 40% | (61%) | 25% | (229%) | 33% | (1%) | 11% | 31% |
| EARNINGS | | | | | | | | | | | | |
| CS Calendar Year Ests. | | | | | | | | | | | | |
| 2009 | (\$1.71) | (\$0.96) | (\$7.36) | (\$1.33) | (\$2.45) | \$0.52 | (\$2.12) | \$31.01 | (\$4.23) | (\$3.78) | (\$4.38) | |
| 2010E | (\$2.01) | (\$0.12) | (\$3.27) | (\$1.68) | \$0.01 | (\$1.29) | (\$0.66) | \$29.91 | (\$0.12) | (\$1.99) | (\$0.45) | |
| 2011E | (\$1.55) | \$0.38 | (\$2.05) | (\$0.70) | \$0.13 | (\$0.87) | \$0.05 | \$37.10 | (\$0.01) | (\$0.37) | (\$0.16) | |
| 2012E | (\$0.37) | \$1.20 | (\$0.92) | \$1.10 | \$1.21 | \$0.75 | \$1.45 | \$64.00 | \$0.62 | \$0.85 | \$0.60 | |
| VALUATION | | | | | | | | | | | | |
| Price/Earnings | | | | | | | | | | | | |
| 2009 | NM | NM | NM | NM | NM | 54.9x | NM | 20.4x | NM | NM | NM | NM |
| 2010E | NM | NM | NM | NM | NM | NM | NM | 21.1x | NM | NM | NM | NM |
| 2011E | NM | 28.8x | NM | NM | NM | NM | NM | 17.0x | NM | NM | NM | 8.1x |
| 2012E | NM | 9.2x | NM | 10.2x | 12.7x | 37.9x | 13.3x | 9.9x | 14.0x | 20.3x | 31.2x | 16.0x |
| Book Value | | | | | | | | | | | | |
| Tangible BV/Share | \$4.66 | \$8.23 | (\$4.36) | \$8.00 | \$12.96 | \$22.14 | \$15.27 | \$276.95 | \$5.79 | \$12.48 | \$14.90 | |
| P/TBV | 0.89x | 1.33x | NM | 1.40x | 1.19x | 1.28x | 1.27x | 2.28x | 1.49x | 1.28x | 1.18x | 1.27x |
| Adjusted BV/Share | \$3.53 | \$8.45 | NM | \$11.05 | \$14.26 | \$21.32 | \$16.01 | \$276.95 | \$7.59 | \$13.42 | \$15.88 | |
| P/Adj. BV | 1.18x | 1.30x | NM | 1.01x | 1.08x | 1.33x | 1.21x | 2.28x | 1.14x | 1.28x | 1.18x | 1.19x |
| OPERATING METRICS | | | | | | | | | | | | |
| CY Orders (Homes) | | | | | | | | | | | | Total |
| 2009 | 4,406 | 18,294 | 5,178 | 8,341 | 11,510 | 3,306 | 3,853 | 9,409 | 14,185 | 5,302 | 2,710 | 86,494 |
| % Ch. Yr/Yr | (17.8%) | (7.5%) | (13.6%) | 0.8% | 0.8% | 7.5% | (16.6%) | 7.4% | (7.3%) | (12.2%) | 5.1% | 0.7% |
| 2010E | 4,120 | 19,569 | 3,961 | 6,830 | 10,841 | 3,321 | 3,342 | 9,434 | 14,185 | 3,764 | 2,664 | 82,031 |
| % Ch. Yr/Yr | (6.5%) | 7.0% | (23.5%) | (18.1%) | (5.8%) | 0.5% | (13.3%) | 0.3% | 0.0% | (29.0%) | (1.7%) | (5.2%) |
| 2011E | 4,372 | 22,553 | 4,440 | 8,112 | 12,421 | 3,866 | 3,797 | 11,237 | 15,704 | 4,497 | 3,202 | 94,201 |
| % Ch. Yr/Yr | 6.1% | 15.2% | 12.1% | 18.8% | 14.6% | 16.4% | 13.6% | 19.1% | 10.7% | 19.5% | 20.2% | 14.8% |
| 2012E | 5,465 | 28,191 | 5,328 | 10,546 | 15,527 | 5,028 | 4,742 | 14,448 | 19,630 | 5,621 | 4,162 | 118,688 |
| % Ch. Yr/Yr | 25.0% | 25.0% | 20.0% | 30.0% | 25.0% | 30.1% | 24.9% | 28.6% | 25.0% | 25.0% | 30.0% | 26.0% |
| CY Closings (Homes) | | | | | | | | | | | | Total |
| 2009 | 4,411 | 18,164 | 5,245 | 8,488 | 11,478 | 3,013 | 4,039 | 9,042 | 20,603 | 5,129 | 2,896 | 92,508 |
| % Ch. Yr/Yr | (33.0%) | (24.0%) | (35.9%) | (31.8%) | (27.1%) | (32.9%) | (28.2%) | (15.8%) | (2.0%) | (30.2%) | (31.0%) | (18.6%) |
| 2010E | 4,278 | 18,928 | 4,225 | 7,348 | 10,366 | 3,314 | 3,446 | 9,573 | 14,938 | 4,079 | 2,625 | 83,119 |
| % Ch. Yr/Yr | (3.0%) | 4.2% | (19.4%) | (13.4%) | (9.7%) | 10.0% | (14.7%) | 5.9% | (27.5%) | (20.5%) | (9.4%) | (10.1%) |
| 2011E | 4,007 | 21,392 | 4,212 | 7,387 | 11,702 | 3,747 | 3,549 | 10,304 | 14,717 | 4,196 | 2,896 | 88,110 |
| % Ch. Yr/Yr | (6.3%) | 13.0% | (0.3%) | 0.5% | 12.9% | 13.0% | 3.0% | 7.6% | (1.5%) | 2.9% | 10.4% | 6.0% |
| 2012E | 5,173 | 26,707 | 5,024 | 9,843 | 14,515 | 4,749 | 4,428 | 13,213 | 18,321 | 5,198 | 3,639 | 110,809 |
| % Ch. Yr/Yr | 29.1% | 24.8% | 19.3% | 33.2% | 24.0% | 26.7% | 24.8% | 28.2% | 24.5% | 23.9% | 25.6% | 25.8% |
| Gross Margins, Ex-Charges | | | | | | | | | | | | Average |
| 2009 | 11.5% | 13.1% | 2.8% | 18.3% | 15.6% | 17.9% | 15.4% | 18.4% | 9.8% | 10.3% | 16.2% | 13.6% |
| 2010E | 13.6% | 17.2% | 10.7% | 17.6% | 19.7% | 17.9% | 17.7% | 17.9% | 13.3% | 15.9% | 15.2% | 16.1% |
| 2011E | 11.2% | 14.9% | 9.5% | 16.4% | 18.6% | 16.8% | 15.9% | 17.6% | 12.3% | 14.0% | 14.6% | 14.7% |
| 2012E | 14.5% | 17.4% | 13.6% | 18.7% | 20.3% | 19.1% | 17.9% | 20.6% | 15.1% | 16.5% | 17.1% | 17.4% |
| SG&A % of Housing Revs | | | | | | | | | | | | Average |
| 2009 | 22.7% | 14.7% | 21.1% | 17.2% | 20.5% | 23.9% | 14.7% | 8.7% | 19.0% | 14.7% | 18.3% | 17.8% |
| 2010E | 19.1% | 12.5% | 18.1% | 19.9% | 18.4% | 24.1% | 15.1% | 8.8% | 14.3% | 15.4% | 17.9% | 16.7% |
| 2011E | 18.5% | 12.1% | 18.7% | 16.8% | 17.5% | 21.0% | 14.0% | 8.0% | 13.0% | 13.8% | 17.5% | 15.5% |
| 2012E | 16.3% | 10.7% | 16.3% | 15.0% | 16.4% | 17.7% | 12.7% | 7.2% | 11.3% | 12.8% | 15.5% | 13.8% |
| LAND EXPOSURE | | | | | | | | | | | | |
| Lots Controlled | 29,768 | 116,500 | 34,829 | 39,800 | 104,261 | 10,932 | 14,461 | 46,300 | 149,631 | 22,721 | 35,800 | |
| Years Supply | 7.0 | 6.2 | 8.2 | 5.4 | 10.1 | 3.3 | 4.2 | 4.8 | 10.0 | 5.6 | 13.6 | 7.1 |
| % Owned | 80% | 77% | 51% | 82% | 79% | 67% | 71% | 0% | 90% | 69% | 81% | 68% |
| % Optioned | 20% | 23% | 49% | 18% | 21% | 33% | 29% | 100% | 10% | 31% | 19% | 32% |
| Cumulative Impairments | \$1,541 | \$5,001 | \$2,246 | \$2,898 | \$4,866 | \$1,214 | \$1,005 | \$607 | \$5,646 | \$1,216 | \$2,199 | \$28,437 |
| % of Average '06 Inventory | 43% | 44% | 50% | 38% | 48% | 39% | 56% | 36% | 52% | 42% | 35% | 46% |
| Current Inventory | \$1,318 | \$3,557 | \$1,166 | \$1,790 | \$4,772 | \$753 | \$738 | \$515 | \$5,001 | \$730 | \$3,491 | \$23,833 |
| % of Assets | 63% | 57% | 57% | 56% | 58% | 28% | 59% | 28% | 50% | 42% | 64% | 52% |
| % of Book Value | 359% | 135% | NM | 291% | 193% | 73% | 149% | 28% | 152% | 133% | 143% | 148% |
| SHORT INTEREST | | | | | | | | | | | | |
| Short Interest, % of Float | 28.1% | 8.3% | 36.1% | 19.6% | 11.8% | 12.9% | 12.2% | 6.4% | 11.4% | 16.5% | 10.4% | 11.1% |

Source: Company data, Credit Suisse estimates

Companies Mentioned (Price as of 04 Oct 10)

Beazer Homes USA (BZH, \$4.16, NEUTRAL [V], TP \$4.00)
 DR Horton (DHI, \$10.98, NEUTRAL [V], TP \$10.00)
 Hovnanian Enterprises (HOV, \$3.92, UNDERPERFORM [V], TP \$2.00)
 KB Home (KBH, \$11.20, NEUTRAL [V], TP \$11.00)
 Lennar (LEN, \$15.36, OUTPERFORM [V], TP \$17.00)
 M.D.C. Holdings, Inc. (MDC, \$28.40, NEUTRAL [V], TP \$25.00)
 Meritage Corp (MTH, \$19.33, NEUTRAL [V], TP \$18.50)
 NVR Inc. (NVR, \$631.42, NEUTRAL, TP \$615.00)
 Pulte (PHM, \$8.64, UNDERPERFORM [V], TP \$8.50)
 Ryland Group (RYL, \$17.19, UNDERPERFORM [V], TP \$15.00)
 Toll Brothers (TOL, \$18.74, NEUTRAL [V], TP \$18.50)

Disclosure Appendix

Important Global Disclosures

I, Daniel Oppenheim, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities.

Analysts' stock ratings are defined as follows:

Outperform (O): The stock's total return is expected to outperform the relevant benchmark* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

Neutral (N): The stock's total return is expected to be in line with the relevant benchmark* (range of $\pm 10-15\%$) over the next 12 months.

Underperform (U): The stock's total return is expected to underperform the relevant benchmark* by 10-15% or more over the next 12 months.

Relevant benchmark by region: As of 29th May 2009, Australia, New Zealand, U.S. and Canadian ratings are based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. Some U.S. and Canadian ratings may fall outside the absolute total return ranges defined above, depending on market conditions and industry factors. For Latin American, Japanese, and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; for European stocks, ratings are based on a stock's total return relative to the analyst's coverage universe**. For Australian and New Zealand stocks a 22% and a 12% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively, subject to analysts' perceived risk. The 22% and 12% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively, subject to analysts' perceived risk.*

***An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*

Restricted (R): In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

Volatility Indicator [V]: A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' coverage universe weightings are distinct from analysts' stock ratings and are based on the expected performance of an analyst's coverage universe* versus the relevant broad market benchmark:**

Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

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

**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*

***The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

Credit Suisse's distribution of stock ratings (and banking clients) is:

| | Global Ratings Distribution | |
|---------------------------|-----------------------------|-----------------------|
| Outperform/Buy* | 46% | (62% banking clients) |
| Neutral/Hold* | 40% | (59% banking clients) |
| Underperform/Sell* | 12% | (51% banking clients) |
| Restricted | 2% | |

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: http://www.csfb.com/research-and-analytics/disclaimer/managing_conflicts_disclaimer.html

Credit Suisse does not provide any tax advice. Any statement herein regarding any US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purposes of avoiding any penalties.

Important Regional Disclosures

Singapore recipients should contact a Singapore financial adviser for any matters arising from this research report.

Restrictions on certain Canadian securities are indicated by the following abbreviations: NVS--Non-Voting shares; RVS--Restricted Voting Shares; SVS--Subordinate Voting Shares.

Individuals receiving this report from a Canadian investment dealer that is not affiliated with Credit Suisse should be advised that this report may not contain regulatory disclosures the non-affiliated Canadian investment dealer would be required to make if this were its own report.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit http://www.csfb.com/legal_terms/canada_research_policy.shtml.

As of the date of this report, Credit Suisse acts as a market maker or liquidity provider in the equities securities that are the subject of this report.

Principal is not guaranteed in the case of equities because equity prices are variable.

Commission is the commission rate or the amount agreed with a customer when setting up an account or at anytime after that.

CS may have issued a Trade Alert regarding this security. Trade Alerts are short term trading opportunities identified by an analyst on the basis of market events and catalysts, while stock ratings reflect an analyst's investment recommendations based on expected total return over a 12-month period relative to the relevant coverage universe. Because Trade Alerts and stock ratings reflect different assumptions and analytical methods, Trade Alerts may differ directionally from the analyst's stock rating.

The author(s) of this report maintains a CS Model Portfolio that he/she regularly adjusts. The security or securities discussed in this report may be a component of the CS Model Portfolio and subject to such adjustments (which, given the composition of the CS Model Portfolio as a whole, may differ from the recommendation in this report, as well as opportunities or strategies identified in Trading Alerts concerning the same security). The CS Model Portfolio and important disclosures about it are available at www.credit-suisse.com/ti.

To the extent this is a report authored in whole or in part by a non-U.S. analyst and is made available in the U.S., the following are important disclosures regarding any non-U.S. analyst contributors:

The non-U.S. research analysts listed below (if any) are not registered/qualified as research analysts with FINRA. The non-U.S. research analysts listed below may not be associated persons of CSSU and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For Credit Suisse disclosure information on other companies mentioned in this report, please visit the website at www.credit-suisse.com/researchdisclosures or call +1 (877) 291-2683.

Disclaimers continue on next page.



This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse AG, the Swiss bank, or its subsidiaries or its affiliates ("CS") to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS or its affiliates.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. CS will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you. CS does not offer advice on the tax consequences of investment and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change.

CS believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in the other sections of the report were obtained or derived from sources CS believes are reliable, but CS makes no representations as to their accuracy or completeness. Additional information is available upon request. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected total return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating. In addition, CS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. CS is involved in many businesses that relate to companies mentioned in this report. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgement at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk.

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase.

Some investments discussed in this report have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment, in such circumstances you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed.

This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report is issued and distributed in Europe (except Switzerland) by Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, England, which is regulated in the United Kingdom by The Financial Services Authority ("FSA"). This report is being distributed in Germany by Credit Suisse Securities (Europe) Limited Niederlassung Frankfurt am Main regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). This report is being distributed in the United States by Credit Suisse Securities (USA) LLC; in Switzerland by Credit Suisse AG; in Canada by Credit Suisse Securities (Canada), Inc.; in Brazil by Banco de Investimentos Credit Suisse (Brasil) S.A.; in Mexico by Banco Credit Suisse (México), S.A. (transactions related to the securities mentioned in this report will only be effected in compliance with applicable regulation); in Japan by Credit Suisse Securities (Japan) Limited, Financial Instrument Firm, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Securities Investment Advisers Association; elsewhere in Asia/Pacific by whichever of the following is the appropriately authorised entity in the relevant jurisdiction: Credit Suisse (Hong Kong) Limited, Credit Suisse Equities (Australia) Limited, Credit Suisse Securities (Thailand) Limited, Credit Suisse Securities (Malaysia) Sdn Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse Securities (India) Private Limited, Credit Suisse Securities (Europe) Limited, Seoul Branch, Credit Suisse AG, Taipei Securities Branch, PT Credit Suisse Securities Indonesia, and elsewhere in the world by the relevant authorised affiliate of the above. Research on Taiwanese securities produced by Credit Suisse AG, Taipei Securities Branch has been prepared by a registered Senior Business Person. Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn. Bhd., to whom they should direct any queries on +603 2723 2020.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements. Non-U.S. customers wishing to effect a transaction should contact a CS entity in their local jurisdiction unless governing law permits otherwise. U.S. customers wishing to effect a transaction should do so only by contacting a representative at Credit Suisse Securities (USA) LLC in the U.S.

Please note that this report was originally prepared and issued by CS for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of CS should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. This research may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA or in respect of which the protections of the FSA for private customers and/or the UK compensation scheme may not be available, and further details as to where this may be the case are available upon request in respect of this report.

Any Nielsen Media Research material contained in this report represents Nielsen Media Research's estimates and does not represent facts. NMR has neither reviewed nor approved this report and/or any of the statements made herein.

If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content.

Copyright 2010 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

CREDIT SUISSE SECURITIES (USA) LLC
United States of America: +1 (212) 325-2000