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East Contra Costa County Land Activity

Dataquick's November data shows that Contra Costa County is performing like much of the state, with pockets of improvement as well as areas of continued instability. Of the thirty-five Contra Costa County zip codes studied, approximately half reported declines in median prices from 2008. However, there are definitely signs of improvement on the volume side, with more than 70% of Contra Costa County zip codes posting sales increases over 2008.

While market instability wreaked havoc on builders' balance sheets, the tide appears to be shifting and many are back in the market. Builders are shoring up financials with future communities that have a land basis in today's market reality but are positioning themselves for improving market conditions. The majority of land transactions are now occurring in the eastern portion of the county, specifically Antioch, Brentwood and Oakley. These new land purchases are expected to drive product change in the area including the return of value driven housing. This not only includes smaller, less amenitized product, but the return of "big box" value house as the market returns to its more house for less money roots.

Recent land transactions in the area typically range from \$50,000 to \$75,000 per lot (note: these numbers do include fee credits), with Brentwood on the upper end of this scale and Antioch and Oakley on the lower portion. DR Horton, Kiper Homes, and Meritage Homes have all purchased land in the area recently, with the sellers being Signature, Shea and Pulte, respectively. Residential development fees in Brentwood are typically averaging between \$55,000 and \$60,000 per lot. Adding these development fees to some of the recent finished lot transactions of approximately \$70,000 per finished lot in Brentwood, we estimate that finished lot prices in Brentwood are now ranging somewhere between \$125,000 and \$135,000. Current new home prices in Brentwood as well as neighboring Antioch and Oakley generally range from the high \$200,000's to the low to mid \$400,000's

Utilizing our static residual model, we evaluated eastern Contra Costa County resale trends to provide general finished lot value guidelines. While these numbers are off significantly from the peak, these lower prices will enable builders to compete favorably with resale competition and lingering foreclosures, generating increased new home sales volume. Look for improved market reports in late 2010 and into 2011.

Community	Zip code	Resale Home Price/Sq. Ft	Est. Median New Home Price/ Sq. Ft (+ 15%)	Est. Median New Home Price (2,200 SF)	Est. Finished Lot Value	Finished Lot, % Home Price
Antioch	94509	\$109	\$125	\$275,770	\$83,039	30%
Oakley	94561	\$115	\$132	\$290,950	\$93,665	32%
Pittsburg	94565	\$116	\$133	\$293,480	\$95,436	33%
Antioch	94531	\$118	\$136	\$298,540	\$98,978	33%
Brentwood	94513	\$128	\$147	\$323,840	\$116,688	36%
Concord	94520	\$172	\$198	\$435,160	\$194,612	45%
Concord	94519	\$200	\$230	\$506,000	\$244,200	48%
Martinez	94553	\$217	\$250	\$549,010	\$274,307	50%
Concord	94521	\$238	\$274	\$602,140	\$311,498	52%
Concord	94518	\$258	\$297	\$652,740	\$346,918	53%

SOURCE: DataQuick; Meyers Builder Advisors.

NOTE: Finished lot values are based on median resale PPF values for a 2,200 square foot home and assume a 15% premium for a new home, 10% profit margin, directs of \$50 per foot, and 20% in soft costs.

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