



Bowden's *MARKET BAROMETER*

All the trends that are fit to follow . . .

CURRENT CLIMATE

Stormy conditions persist, but the fog is lifting.

- Real gross domestic product decreased at an annual rate of 6.1% in the first quarter of 2009. According to one report, the majority of the pressure came from a 51.8% drop in gross private domestic investment as businesses slowed production.
- Yet, personal consumption expenditures increased 2.2% in the first quarter and inventories declined.
- Further, the consumer confidence index increased for the second straight month in April, to its highest level since November.
- Hard to believe when the unemployment rate went up again, from 8.5% to 8.9%. Although not as high as anticipated, job losses came in at 563,000 in April.
- The Federal Reserve intends to keep the federal funds rate at or near zero for the foreseeable future.
- During all the recent chaos, private equity firms have reportedly been quietly beefing up their war chests, readying themselves for a new surge of deals. Some reports call for them sitting on as much as \$1 trillion.
- At the recent Counselors of Real Estate (CRE) meeting in New York, the general consensus was that the economic recovery will be unusually swift once capital flows resume to the commercial sector.
- For the last eight weeks, 200 federal examiners have "labored" inside some of the nation's biggest banks to determine how those institutions would hold up if the recession deepened. Regulators say all 19 banks undergoing the exams will pass. Tsk! On the

Inside . . .

Trends In . . .
Marketing

Green Guide

CCRC Primer

Golf Gallery

Regional Trends
Texas
<>

*"I guess I should warn you, if I turn out to be particularly clear, you've probably misunderstood what I've said."
Alan Greenspan
(1926-)*



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heels of the proclamation came the news that Wells Fargo is planning a \$6 billion common stock offering to mitigate the \$13.7 billion it still needs, and Bank of America will reportedly sell 1.5 billion shares and some businesses to meet its \$33.9 billion shortfall. Oh, and then - there's GMAC which is said to need an additional \$11.5 billion as well. Makes one wonder what the parameters for "passing" are.



Housing Highlights

- New home sales remained steady in March after rebounding in February. Year-over-year, the new homes sales annual rate of 356,000 units is 30.6% lower than the March 2008 rate of 513,000.
- Location, location, location. On a regional basis, the West was the only region to post a monthly increase; sales were up 15.1% from the February pace. New home sales in the South remain unchanged from the previous month while the Northeast and Midwest saw month-over-month declines. All regions are down approximately 30% year-over-year.
- Builders are doing a good job of thinning the supply of unsold new homes. Seasonally-adjusted new home inventory declined for the 23rd straight month to 311,000 in March. At the current sales pace, the inventory translates into a 10.7 month supply.
- Building permit activity supported the trend in March. At an annualized rate of 564,000 authorized building permits, new residential construction was 45% below the March 2008 rate of 938,000.
- Housing starts in March were at an adjusted annual rate of 510,000 or 10.8% below the revised February estimate and 48.4% below the March 2008 rate of 988,000. Regionally, the Northeast saw a 6.3% increase in starts and the Midwest rate was up a significant 15.9%.
- The median new home price fell to \$201,400 from an upwardly revised \$208,700 in February. Median new home prices in March were the lowest they have been since December 2003. Year-over-year, the current rate is 12.2% lower than last year.
- Annualized sales of existing homes declined 3.0% in March from February levels of 4.57 million units. Existing single-family home sales fell 2.8% to 4.1 million units while condominium and co-op sales were down 4.1%. Year-over-year, sales of existing homes are down 7.11%.
- The median sales price for all (existing) housing types increased to \$175,200 in March, from \$168,200 in February. The current rate represents a decrease of 12.4% from March 2008.
- According to the [National Association of Realtors®](#) (NAR) pending home sales rose 3.2% in March. Regionally, the South saw the highest increase of 8.5%. The largest decrease was in the Northeast, 5.7%.



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- Jumbo mortgage loans are back, much to the relief of luxury home builders. Terms are slightly better too, moving into the 75% LTV range with a few sources willing to go as high as 85%.
- Speaking of mortgages, the [Mortgage Bankers Association](#) reports an increase in mortgage loan applications of 2.0% for the week ending May 1, 2009. The current volume represents a 43.7% increase over the same period last year. The average contract interest rate for a 30-year fixed-rate mortgage was 4.79%.
- Nearly 600,000 homebuyers have claimed either the \$7,500 tax credit from last year or the \$8,000 credit for this year. Many are first time buyers, but others who have not owned for a few years are jumping back into real estate as well.
- All of this activity is beginning to bolster the employment situation. Bank of America just announced that it will be adding 5,000 new positions around the country to deal with its burgeoning mortgage business which closed nearly 400,000 new loans during Q1 2009.



Barometric Beat - Most real estate markets have depreciated 25% or so from their peaks sometime in 2006. Due to this, housing affordability is the best it has been in 23 years. Generally speaking, the average home price now represents 2.8X the average household income. When the market peaked in 2006, that ratio had climbed to 4X the average income on a national basis. The median income household now brings home \$52,800 per year and needs 25% of its income to buy a median-priced single-family home. In July of 2006, that household needed 44% of their income to pay for the same home. It's been a hard way to go, but the end result is that conditions are falling into balance for Main Street, and signs of economic and housing industry recovery are popping up in markets all over the country. The [Federal Reserve's Beige Book](#) report of economic activity notes that Boston and New York are both showing early signs of improvement. Hard hit markets like California's Inland Empire and Las Vegas experienced increases in home sales of more than 80% year-over-year in February. On Florida's west coast, sales were up 28% in March over last year in the Sarasota/Bradenton market, inventories are down 31%, and pending sales were up 27%.

The stock market rally has been showing some legs of late, and job losses came in 120,000 fewer than last month and at a number far less than expected by forecasters. "The worst of the economic crisis is over." "The recession is ebbing." "Home sales, consumer spending and big bank earnings all point to recovery." "We're in for a relatively gradual recovery this year." These are just a few of the comments attributed to President Obama, Fed Head Ben Bernanke, Chief Freddy Mac economist Frank Nothaft, and Federal Reserve Vice-Chair Donald Kohn during the last week or two. But the guys we're inclined to believe most aren't in politics. In an interview with MSNBC's "Mad Money" host Jim Cramer, Bob Toll, CEO of [Toll Brothers](#) said: "Deposits to buy new homes have increased in the last five months. I'd say about 80% of the country seems to be on the way back." So there you have it . . . read his lips.

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TRENDS IN . . .

Marketing Momentum

During the most recent real estate boom, the typical marketing strategy included placing a sign on vacant land. The signage often contained a rendering of what the project may look like, a website address, and a telephone number. Typically, the telephone number went to voicemail and when the interested party logged onto the website, specific information such as price, floorplans, etc., remained elusive. The only thing the potential buyer was able to do was provide their contact information and wait --- wait to be contacted at a typically inconvenient time in order to make arrangements to again wait in line on-site, at an again typically inconvenient date for the privilege of saying "may I" to buy the next property the developer deemed appropriate to release for sale. This system actually worked for a quite awhile.

Prior to this most recent boom, the traditional bag of marketing tricks was significantly more comprehensive - and respectful. It included a well-planned and strategically sited sales office that highlighted key features of the project. The sales office would be staffed with motivated professionals equipped with a variety of sales tools such as a topographical table and wall-size renderings and photographs for the purpose of informing and educating the buying public with regard to the vision, experience and stability of the developer and his team. The one-on-one sales presentation would ultimately provide two things: 1) A thorough understanding (by the potential purchaser) of the characteristics of the project and products to be developed; and 2) An understanding by the sales agent of what the potential purchaser's needs/desires actually were; a process that not only served to qualify the lead, but helped to develop an actual "relationship."

In today's dog-eat-dog real estate environment, relationships are critical to selling real estate. But you have to get them to the project first. Or do you?

We've all come to accept NARs assessment that 80% of home seekers begin their search on the Internet. Other internet usage data include the average Internet user spending approximately 3.5 hours online per day, most of which is spent communicating - communicating being the operative word. The advent of Social Networking has boosted Internet usage tremendously. At last count, [Facebook](#) had more than 200 million users worldwide. For you naysayers who think in terms of a netherworld of teenagers chattering endlessly, be aware, social networking is no longer considered to be a youth phenomenon and there are statistics to support the thesis.

Based on [ComScore](#) internet tracking data, [AdAge.com](#) reports that in January more than 50% of Facebook users, and 44% of [MySpace](#) users (in the U.S.) were over the age of 35 years. And many of them are women - you remember them, the motivator/instigator/bottom line decision-maker with regard to the home purchase decision.

Yet other statistics point to even further segmentation: 6.9 million users aged 55-plus spending 204 minutes (on average) per month social networking; and, 1.5 million females over the age of 55 "Facebooking." According to [Inside Facebook](#), this is roughly a 550 percent increase over the



Trends In . . . (continued)

last six months. In comparison, Facebook membership among those younger than 25 years grew by less than 20 percent during the same period. The single biggest age demographic in the U.S. on both Facebook and MySpace is now 35 to 44 and Facebook reports that its fastest-growing demo is the 55-plus group.

The wealthy are arguably the greatest users of the Internet. According to a 2007 [Pew Internet & American Life Project Survey](#), 95% of those with an annual income of \$100,000 or more use the Internet regularly. According to another study conducted by marketing firm [HNW](#), 24% of wealthy Internet users engage in some form of social media platform. Of this wealthy cohort, 68% maintain a profile on at least one site. More than half of wealthy internet users read and comment on blogs, and one in five do so daily or weekly. Women again tend to be the most active bloggers/blog readers.

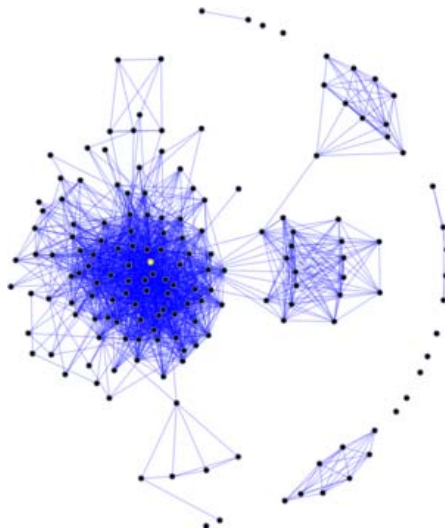
This exponential growth in networking by adults comes as no surprise as they have traditionally leveraged relationships. Business cards have been networking's foundation for decades and clubs and organizations of every ilk have been embraced for their ability to "keep in touch" and share common experiences. But electronic networking is touted as so much more efficient. Is it?

Colleague Bruce Cotton of the [Adworks Agency](#) calls Facebook and the like "the biggest time suckers" known to man. Based on our experience, we must concur. As I sit writing this article, my Tweetdeck has chirped at me not fewer than 100 times telling me that connections are vociferously "tweeting" while I struggle to work, steeling myself not to peek. One of the reasons for all the activity is that in order to get around the 140 character Twitter limit, people tend to write entire paragraphs one entry at a time. A single subject might take as many as a dozen different tweets before the complete thought is finally out in cyberspace. The unfortunate part is that unless you're privileged to all of the tweets "in real time" and in sequence, it may not make any sense. My response to all of this obsessive-compulsive willingness to share is to simply shut down the link. Don't get me wrong, Twitter has more than its fair share of highly intelligent, hardworking professionals that are simply trying to stay in touch with a mass universe of potentially worthwhile connections in a relatively efficient fashion. But most adults on social networks are doing so to keep in touch with family members and friends. In this regard, finding the right network is tantamount to making social networking – well – work.

A social network is a social structure made of nodes (which are generally individuals or organizations) that are tied by one or more specific types of interdependency, such as values, visions, ideas, financial exchange, friendship, kinship, conflict or trade.
Source: Wikipedia



Trends In . . . (continued)



An example of a social network diagram. The node with the highest [betweenness centrality](#) is marked in yellow. Research has shown that social networks operate on many levels, from families up to the level of nations, and play a critical role in determining the way problems are solved, organizations are run, and the degree to which individuals succeed in achieving their goals. <>

There are several social networking sites that cater to business. These include, but are by no means limited to [LinkedIn](#), [Plaxo](#), [Talkbiznow](#), and [Xing](#). Business-specific sites include [WiserEarth.org](#) for the socially/environmentally active; [WAYN](#) for travel and lifestyle topics; and [ActiveRain](#), a realtor/mortgage broker-focused network. The general business sites also have specifically focused "groups" that one can join. These are discussion groups that are typically formed for the primary purpose of sharing information and opinions on a particular topic. LinkedIn has a "ULI" group that does not necessarily comprise [Urban Land Institute](#) members exclusively, but does include development and sales professionals from a variety of disciplines. Other LinkedIn real estate marketing and development-oriented groups include the Amenity Communities Development Association (ACDA). Michael Worthington of [Brightdoor](#) recently posted a couple of queries regarding positive recovery signs and the role of digital marketing in amenity-rich communities. Brian Shealy's ([BCS Enterprises](#)) Luxury Resort Residence and Private Gated Community Network has had some significant response to a question about how "iconic" resorts can differentiate themselves in a difficult marketing environment. While informal, these discussion groups tend to be informative, insightful and well-connected with respect to the credentials of the participants.

Relationships have been cited as the contemporary currency of today's highly competitive marketing environment. [Kevin Kelly's Lifestream](#) blog is one of our favorites, offering abundant insight on the importance and efficacy of technology and networking. "If it is not connected, connect it" is one of his infamously practical quotes. Kevin's philosophy calls for every employee, worker, entrepreneur, sole practitioner, CEO, etc. having "intimate, easy and continuous access" to their business's medium of choice." He believes that networks have their

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Trends In . . . (continued)

own logic and when you connect all to all, the value of the network increases exponentially, and continually adding more members can dramatically increase the value of the network for all who use it. "Every step that promotes cheap, rampant and universal connection is a step in the right direction . . . but only the meaningful should be transmitted."

We couldn't agree more.

Trends in . . . is a regular feature by Judith She`

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GOLF GALLERY - According to Golf Datatech/

NGF/PGA alliance data, March rounds were up 3.4%, year-over-year. The March activity boosted the year-to-date increase 2.4% higher than last year's first quarter pace. On a regional basis, the East North Central region (which includes Wisconsin, Michigan, Illinois, Indiana and Ohio) won hands down with a remarkable increase of 146.9% over last year. The region was followed by New England (up 85%); the West North Central corridor, from North Dakota to Kansas and Missouri, was up 46%; and the Mid-Atlantic was up 17%. The regions that typically provide the most Q1 activity (Pacific, South Central and South Atlantic) were all down compared to last year.

[Pellucid Corp.](#) reports a double-digit gain in Golf Playable Hours (GPH) in March compared to 2008. At the national level, March's GPH were up 14% compared to the same period last year. Q1 2009 finished in positive territory, up 6% over last year. The regional "breadth ratio" (measured as the number of regions up compared against the number of regions down) is now reportedly positive for the YTD period. The 1.3:1 ratio comprises 14 regions up vs. 11 down and the remaining 20 weather-based regions recorded either neutral results or are not yet registering playable hours.

Management Momentum - Nine OB Sports-managed facilities in five states were recently honored in [Golfweek Magazine's](#) "Best Courses You Can Play" state-by-state ranking. In Arizona, both the Saguaro and Cholla courses at [We-Ko-Pa](#), and [Longbow Golf Club](#); both courses at [Indian Wells Golf Resort](#) in California; [Sandia](#) in New Mexico; [Tetherow](#) and [Langdon Farms](#) in Oregon; and [Three Crowns Golf](#) in Casper, Wyoming. Scottsdale-based [OB Sports](#) currently manages 30 premier golf courses and country clubs in the U.S.

Golfweek also recognized 22 Troon Golf-managed courses. [Black Diamond Ranch](#) in Florida, [Forest Dunes Golf Club](#) in Michigan and [Quintero Golf & Country Club](#) in Arizona were once again listed on the prestigious list of the "Top 100 Modern Courses" and courses that made the "Best You Can Play" state rankings for the first time included [Southern Dunes](#) in Arizona and Maderas

Golf Club in California. Headquartered in Scottsdale, Arizona, [Troon Golf](#) is purportedly the world's largest golf management company with operations in 32 states and 30 countries. The company recently signed to manage the Gary Player Signature course at the [Mazagan](#) Resort in Morocco and the Flaxby Country Club golf course located in North Yorkshire, England. Mazagan is being developed by [Kerzner International](#) and York-based [Skelwith Group](#) is developing a hotel and ancillary amenities around the 27-hole Flaxby Country Club layout.



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Rendering of Mazagan Resort Hotel, Morocco



Rendering of Flaxby Hotel, Yorkshire, England



Golfweek also cited 25 courses in the Billy Casper Golf (BCG)/Buffalo Communications Portfolio in its "Best You Can Play" state rankings. BCG owns and/or operates golf courses in 25 states and Buffalo is the company's media and marketing communications division. BCG recently announced the addition of its 100th property to its portfolio. On the heels of multi-course municipal management additions in Chicago and Philadelphia, the company finalized a multi-year contract to manage [The Golf Club of Florissant](#) in Missouri. Shortly thereafter, BCG made its initial foray into the Nevada market, being selected to manage the storied [Desert Rose Golf Course](#) located just minutes from the Las Vegas strip. Designed in 1964 by Joe Lee and Dick Wilson, Desert Rose is known for hosting the annual Clark County Amateur tournament. [Billy Casper Golf](#) is headquartered in Vienna, VA.



No. 1 in Ohio, Longaberger Golf Club, Nashport



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Golf Gallery (Continued)

Hear Ye, Hear Ye! - Two spots are available on the sports calendar for the 2016 Summer Olympic Games and the [International Golf Federation](#) is lobbying the [International Olympic Committee](#) to have golf fill one of those slots. [Forefront](#), a supplier of golf accessories is also supporting the effort with a website, www.golfin2016.org, where individuals can show their support by casting a vote for golf. Six other sports are vying for the two positions: Baseball, softball, karate, rugby sevens, squash and roller sports. Voting at the website will run through September.

Rugby sevens is a variant of [rugby union](#) in which teams are made up of seven players, instead of the usual 15, with shorter matches. The game originated in [Melrose, Scotland](#), and the [Melrose Sevens](#) is still played annually.

David S. Downing, II, CGCS, and GCSAA President in 2008, has been named the new president of [Signature Golf Group](#), a Myrtle Beach-based golf facility management company. Downing replaces one of the four-year old company's founders, Steve Taylor who will become Chairman of the Board. The fledgling company provides design, management and marketing expertise to more than two dozen facilities throughout the U.S.



Mark Freemont has been named General Manager of [The Governor's Club](#) in Brentwood, Tennessee. Freemont, a 12-year veteran of [KemperSports](#), will lead the members-only club. The Governor's Club spans more than 600 acres and features more than 400 homes and world-class amenities including the championship Arnold Palmer Signature golf course. Freemont most recently served as GM at Hawk Pointe Golf Club in Washington, New Jersey and has held management positions at other KemperSports properties including Bandon Dunes and Royal Melbourne.

The [Asian Golf Industry Federation](#) (AGIF) was recently launched to aid golf development in the region. The trade organization represents golf organizations and associations, management firms, equipment and supply manufacturers, architects and real estate development companies. Asia has become a very popular golf development venue, supported by the Asian Tour which will stage an all-time record 28 tournaments and offer an unprecedented \$27 million in prize money this season. The flagship event, The Barclays Singapore Open, will take place at [Sentosa Golf Club](#), November 1st through 4th.

The Asian PGA was formed in July 1994 and the first season in the current Asian Tour lineage was played in 1995, although there had been earlier attempts to create the event.



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Golf Gallery (Continued)

[Gary Player](#) has confirmed that he will be one of six world-class speakers to deliver a keynote address at the [2009 Asia Pacific Golf Summit](#) to be held in Malaysia on October 26-28, 2009. According to Nicklaus Design's Director of Communications, Scott Tolley, The Black Night will be in outstanding company, joined by none other than the [Golden Bear](#). The three day Summit will be held at the [Putrajaya International Convention Center](#) in Kuala Lumpur.

Architectural Achievements - [Pound Ridge Golf Club](#) has been selected as one of "America's Top Golf Courses" by [Zagat](#). Pound Ridge is the only [Pete Dye](#) designed golf course in the state of New York. The facility has received a number of accolades since its July 2008 grand opening including [GOLF Magazine](#) ranking it #2 in its 2008 "Top 10 Best Public Courses" and [Links Magazine](#) selecting it as a "Best New Public Course" for 2008. Not surprisingly, the stand-alone 18 has been described as "challenging."



Jim Krajicek/Pound Ridge Golf Club

Pete and Perry Dye have also been busy with the [Black Pearl at Pristine Bay Resort](#) in Honduras. The golf course will be grassed in salt-water resistant paspalum and is scheduled to open in December. Fourteen of the 18 holes on this par 72, 7,057 yard layout will have views of the world's second largest barrier reef, the MesoAmerican. Plans also call for a comprehensive practice facility.



The **Mesoamerican Barrier Reef** System stretches from the tip of the Yucatán Peninsula down to the Bay Islands of Honduras. It includes the Belize **Barrier Reef**. This **reef** structure is the largest coral **reef** in the Western Hemisphere and the second largest coral **reef** in the world.

The [PGA of America](#) and Cat Island Partners Ltd. have broken ground on the \$200 million [PGA Village in the Bahamas](#), the first PGA Village to be located outside of the U.S. and the third in the entire world. The 1,906 acre property will include more than two miles of beachfront and will feature two golf courses, including a [Rees Jones](#)-designed championship layout. A PGA Learning and Performance Center, a PGA Historical Center and a PGA Grille will enhance the property's golf persona. The property will also contain a resort, a residential community comprising single-family and multi-family housing options, a casino and a full-service spa. Cat Island Partners Ltd. is controlled by five investors, affiliates of [Southworth Development LLC](#) of Newton, MA and EH Fortitude Inc. of Savannah, GA. Other development team members include



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Golf Gallery (Continued)

[Sasaki Associates](#), [EDSA](#), [HVS International](#), [ESS Group, Inc.](#) and Bill Callnin, Chairman and Managing Director of [Cayuga Hospitality Advisors](#) and Cayuga's Casino Gaming Group.



PGA Village The Bahamas Conceptual Rendering

Ochoa Hills Golf Course Architects, the collaborative venture formed last year by Alejandro Ochoa and the partners at [Arthur Hills/Steve Forrest and Associates](#) (AHSF) has inked its first course design project: Punta Lobos, a 54-hole development located on 3,000 acres along the Pacific coastline, 40 minutes north of Cabo San Lucas. Punta Lobos, aka "Sea Lion Point" is owned by the Santa Ana family which has assembled an environmentally responsible team to develop a luxury residential community and destination resort. Ochoa Hills will design three 18-hole layouts that include the semi-private Punta Lobos Golf Club and the private Rancho Santa Ana Golf, and EDSA will direct the sustainable land planning effort. All three courses will be operated by Reno, Nevada-based [Borders Golf Group](#).



Aerial view of Todos Santos



Alejandro Ochoa and Arthur Hills walk the Punta Lobos site

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Bulletin Board



Hear Ye, Hear Ye - Ron Dodson, Audubon Lifestyles Sustainability Advisor, President of Audubon International and the International Sustainability Council, and well-regarded advocate for sustainable development in golf, is the recipient of the 2009 Donald Ross Award. Ron joins a long list of distinguished recipients including Dr. Michael Hurdzan, ASGCA who won the award in 2007 and presented Dodson with the award. One of the most noteworthy projects Dodson has overseen was the creation of the Audubon Cooperative Sanctuary Program which serves to edify that a properly designed and developed golf course can be a low impact, more harmonious form of development.

- The National Association of Homebuilders (NAHB) recently recognized three icons of the 50+ Housing industry at its Building for Boomers & Beyond: 50+ Housing Symposium in Philadelphia. Now in its 9th year, the Icons awards recognize individuals and companies who have contributed to the 50+ housing segment through leadership and innovation. The three individuals selected for 2009 were William Slenker of Fairfax, VA-based Slenker Communities; President of Lexington, KY-based Wiseman Construction and Development, Shirley Wiseman; and Barbara Kleger, President of 55+ Consulting, a division of Philadelphia-based KD Partners, LLC.
- The 2009 Urban Land Institute (ULI) Fall Meeting and Urban Land Expo will be held November 3 - 6, 2009 at the Moscone Center South in San Francisco, CA. Early registration is now open. For sponsorship opportunities contact JB Rauch at jb.rauch@uli.org.

Business Bits - Robert Charles Lesser & Co. (RCLCO) recently released its annual list of top-selling U.S. master planned communities and the West reigns supreme with all top ten located in that region. In spite of sales having dropped 49%, Focus Property Group's Mountain's Edge in Las Vegas came in at No. 1 with 879 closings.



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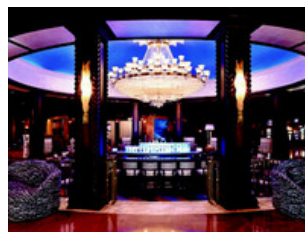


“Imparting historical significance to 3,500 acres of raw land in the southwest Las Vegas Valley differentiates Mountain’s Edge® from other master planned communities in the market. Mountain’s Edge has attracted 21 top home builders to the community. When completed, the project will encompass a multitude of neighborhoods, recreational amenities, public facilities and schools, open community space and neighborhood retail and professional centers.”

- Focus also ranked #4 with [Providence](#), also in Las Vegas. As discussed in Regional Trends, [Newland Communities](#) took second place with Cinco Ranch (775 closings) and posted three of the top ten, all in Texas. Other Texas communities to make the cut include [The Woodlands](#) (#3 with 767 closings) and [The Johnson Development Corp.](#) MPC Sienna Plantation (#8 with 369 closings.) Rounding out the top ten were [Rancho Sahuarita](#) in Tucson (#5) and Shea Homes’ [Vistancia](#) in Phoenix (#7).
- [Hilton Hotels](#) will add three resorts in Puerto Rico to its portfolio of luxury brands. The 750-room [El Conquistador Resort & Golden Door Spa](#) in Fajardo and the [El San Juan Hotel & Casino](#) will both join the Waldorf=Astoria Collection and the [Condado Plaza Hotel & Casino](#) in San Juan will bear the Conrad flag. All three properties were formerly Wyndham resorts and more recently part of the LXR Luxury Resorts & Hotels collection. All of the properties have undergone extensive transformation. El Conquistador completed a \$120 million renovation in 2008 and opened its Coqui Water Park. The 328-room El San Juan completed a \$52 million renovation in 2007 and the 570-room Condado Plaza was renovated last year to the tune of \$70 million.



Conrad Condado Plaza



Lobby El San Juan Hotel & Casino



El Conquistador Resort

- John Wieland, the 72-year-old CEO of Atlanta-based [John Wieland Homes and Neighborhoods](#) has been on a promotional tour since the beginning of March, visiting 56 subdivisions his company is developing in four states. Interestingly, Wieland sleeps each night on the floor of a different unsold home. The veteran home builder says the expedition has taught him much about what is wrong with the homes his company builds, most of which average 3,400 square feet. “You get an entirely different

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perspective when you're sleeping in an empty, unsold home" says Wieland. "American builders have been overbuilding and Americans have been overbuying" he opines. Wieland's new development perspective: Smaller homes closer to metro areas.

- A joint venture of real estate research firm Hanley Wood and web technology company DataSphere has launched. NewHomeListings.com comprises a database that already includes more than 1 million new homes in 11,000 communities with another 3,000 communities soon to be added. The website's most unique attribute is considered to be its ability to provide small and medium-sized builders with the opportunity to participate in a sophisticated and coordinated internet marketing campaign at little or no cost. Listings and leads generated by site traffic are free for participating builders. The program is currently limited to production housing by builders that do a minimum of ten homes per year, but changes to expand features are in the works. Go to www.newhomelistings.com/participate

New Developments - Ritz-Carlton is expanding the company's luxury brand with the first Ritz-Carlton Reserve Resort at Phulay Bay in Thailand.

The Reserve collection will be developed in relatively remote destinations with accommodations designed for peaceful relaxation and seclusion. The Phulay Bay Resort was designed by Thai architect Lek Bunnag. The guest rooms have views of the Andaman Sea, private plunge pools, sheltered outdoor baths and rainforest showers. Future resorts are planned for Costa Rica, Puerto Rico, Turks & Caicos and the United Arab Emirates.



Ritz-Carlton Reserve Resort guest suite at Phulay Bay

In other Ritz-Carlton news, the hotelier has unveiled its new Ritz-Carlton Destination Club. The equity-based private membership program offers two membership options: Home Club Membership which is essentially the R-C Club fractional program that provides titled ownership to a particular property which members may use throughout the year, or the new deeded Portfolio Membership, which affords members the opportunity to experience a variety of destinations and accommodations around the world. Presently, there are nine Destination Club locations: St. Thomas, VI, The Bahamas, Kapalua, HI, Lake Tahoe and San Francisco, CA, Vail, Aspen and Bachelor Gulch, CO, and Jupiter, FL. A Portfolio membership can also include access to participating Ritz-Carlton hotels and resorts worldwide. The point-based system has a base price in the \$120,000 range.

Financial Focus - Scott Marchand advises that his company, Biscayne Capital Partners, Inc. will provide funding for refinancing or acquisition of multi-family properties over \$2.0 million. The non-recourse, assumable loan terms include 35-year amortization, up to 85% LTV on purchases and 80% on refinances. The company also has a Health Care Lending Division for loans \$2.5 million or greater. The company seeks senior housing/long term care, assisted living facilities, Continuing Care Retirement Communities (CCRCs) and a variety of acute care projects on a national basis.



Bulletin Board

John Rymer of SRS Realty Group advises his firm is looking for distressed multi-family assets which need to be completed and/or repositioned. The acquisition team comprises Rymer, a 20+ year veteran of the residential real estate industry and current Vice Chair for the ULI Residential Council; and the Slokker Group, a 70-year old Dutch real estate development and construction company with more than \$1 billion in US assets under management. The current SRS focus is on failed condominium conversions and partially sold and/or constructed condominium towers in the Southeast and mid-Atlantic regions. Undeveloped or partially developed residential land will also be considered.

Fairhope, AL-based Pendleton & Associates LLC is providing commercial real estate mortgage loans nationwide and internationally in amounts ranging from \$400,000 to \$400,000,000 for land, hotels, assisted living, multi-family, mixed use, casinos and golf courses. Debt service coverage is based on the overall strength of the project.

The Blackstone Group and Morgan Stanley Real Estate Investing have once again come out as the two firms to have raised the largest amount of value-added and opportunistic real estate capital over the past five years. The pair raised \$25.6 billion and \$20.15 billion, respectively, reflecting one-fifth of all the direct investment capital secured by the world's 30 largest firms.

In other REIT news, Rockwood Capital has closed its eighth fund on \$96.4 million. The San Francisco-based firm will target all property sectors in major metros such as Boston, New York, Washing, DC, Los Angeles and San Francisco and South Florida. Founded in 1995, Rockwood Capital has raised more than \$4 billion in equity commitments since inception.

Southern Bridge Capital has launched a \$150 million private equity real estate vehicle to target housing in Latin America. The Grand Cayman-based firm will focus on affordable and middle income housing in Central America, the Caribbean and the Andean Region including Peru and Columbia. It will also look to provide mezzanine financing and equity investments to developers in those regions.

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Continuing Care Retirement Community Primer

It appears that we're getting to a period in time when the Continuing Care Retirement Community (CCRC) development concept should explode. This property type has been quietly making its way into development channels for more than a decade, but the general consensus is that developers have been slightly ahead of the curve -- but not anymore. According to the [National Association of Homebuilders](#), (NAHB) homeowners older than age 55 comprise about 20% of all homebuyers. This is up from 18% in 2005 and 16% in 2001. This can be largely attributed to the Active Adult Community (AAC) segment which has burgeoned in recent years, appealing to the pre-retiree buyer that is looking to the future by scaling down residentially while availing themselves of more recreational opportunities.

But there's another significant segment of the population that is somewhat older and actively seeking a new lifestyle. Because they are relatively healthy, they are not yet willing to adopt the "nursing home" as their residence. They do, however, recognize that their health will probably falter over the ensuing years and prefer to prepare for the inevitability of needing some level of personal care. Based on Claritas Inc. 2008 data, there were approximately 38.6 million individuals at or above the age of 65 in 2008. Estimates call for this cohort to grow to 44.4 million by 2013 representing expansion of more than 15 percent.

Historically, retiree migration has been strongest in the Sunbelt states and throughout the Midwest. While there often is a general perception that retirees are a drag on municipal resources, quite the opposite thesis has been presented by the state of Texas. In 2005, the state's 26,636 65+ migrants had an aggregated income of \$732.5 million. Further, the state advises that retirees "pay more in taxes than they use in services; retiree households spend an average of \$36,000 a year in their communities and pay an average of \$3,000 in state and local taxes." Based on their calculations, a single retiree household is equal to 3.7 factory jobs.

According to the U.S. Census Bureau, 64% of Americans over the age of 65 lived with one or more related family members; of the remaining 36%, most lived alone. The CCRC concept not only provides "aging in place" by allowing the resident to live independently for as long as possible while providing convenient access to care, if and when required, but it also imparts a social network for those residents that find themselves alone.

CCRCs are sometimes called life care communities. "Peace of mind" is typically the most common motivation for this once-in-a-lifetime relocation decision. The CCRC generally offers access to three levels of housing and long-term care options within the confines of a singular property; Independent Living, Assisted Living and Skilled Care. Residents move between them as need be. CCRCs tend to guarantee lifetime shelter and care with long-term contracts that detail the housing and care obligations of the community as well as its costs. This provides the residents' adult children with a sense of security in knowing that once their parents move in, they will not need to be moved from familiar surroundings.

Amenities within these communities may be comparatively limited but can range from a well-appointed and comprehensive clubhouse with various gathering spaces and dining options, to



Bowden's Market Barometer

CCRCs (Continued)

dedicated walking trails and even golf. Most ancillary recreational amenities are relatively passive and generally include a swimming pool, bocce and/or croquet courts.



Cypress of Hilton Head Clubhouse



Cypress of Charlotte Library

Independent Living - A wide variety of independent living units can include studio, one and two bedroom apartments, cottages, cluster homes, and/or single-family homes. These homes are designed to make the life of the aging individual more comfortable and tend to include features such as wider hallways and doorways, and ramps to accommodate wheelchairs, a series of safety features for the bath area including grab bars and shower seats, and monitored emergency call systems. Residents of these units are usually active adults who still enjoy recreation and socialization. In this regard, amenities and programs are critical to attracting new residents. The services with this level of living typically include housekeeping and scheduled group transportation.

Assisted Living Facilities (ALF) - The units associated with this level of care may be small studio or one-bedroom apartments with scaled-down kitchens. The buildings typically house group dining areas and common areas for social and recreational activities. Residents typically need some assistance in daily living activities but also want some sense of independence.

Skilled Care - This level of housing and care is more similar to a personalized hospital environment. Accommodations are usually furnished one-room, semi-private units with an attached bathroom. Residents require skilled nursing care (short term or long term) and may benefit from rehabilitative therapy to maintain or improve their abilities. Upon rehabilitation, residents may return to the ALF.

The Cost - The cost of living in a CCRC can be unaffordable to those with low or moderate incomes and assets. Exacerbating the affordability issue is the lack of cooperation with Medicare and private insurance companies as some CCRCs mandate private pay. Some CCRCs provide for an equity ownership position while others offer a non-equity position with a partially or non-refundable entrance fee. The typical program, regardless of ownership, requires an entrance fee plus monthly payments. Entrance fees can range from as low as \$1,000 to more than \$1.0 million dependent upon community type, ownership structure, refundability, location, extent of



Bowden's Market Barometer

CCRCs (Continued)

amenities, services and the quality of the housing. The national average is reportedly in the \$250,000 range. Monthly payments for independent living can range from as low as \$200 to as much as \$5,000 for basic services. Assisted living fees are generally higher, and skilled care fees can exceed \$10,000 per month. Some of the fees are tax deductible and have generally increased at a rate of 3% to 6% per year. Most often, one of three fee structures is utilized.

- Extensive contracts, which include unlimited long-term nursing care at little or no increase in the monthly fee.
- Modified contracts that include a specified amount of long-term nursing care. Beyond that specified time, the resident is responsible for payments.
- Fee-for-service contracts in which the resident pays full daily rates for long-term nursing care.

Entry Requirements - Some CCRCs are affiliated with a specific ethnic, religious, or fraternal order, and membership may be a requirement. The majority of CCRCs require potential residents to have a medical examination to assess their physical and mental status. Selected pre-existing conditions may cause a CCRC to refuse an applicant. Some CCRCs require residents to have both Medicare Parts A and B and residents must prove they can meet the entrance fee and monthly payments. The Continuing Care Accreditation Commission reviews CCRCs for quality of care and financial stability. Facilities that get the stamp of approval are listed at www.carf.org/aging. Scrutiny is voluntary and CCRCs may pay for it, so while a lack of accreditation doesn't necessarily indicate poor quality, having accreditation is a good marketing tool.

Some examples of contemporary CCRCs include:

The Cypress of Raleigh - This 48-acre property is located in Raleigh, NC. The community is planned for 333 Independent Living units and 40 skilled nursing units.



Cypress of Raleigh, NC



Bowden's Market Barometer

CCRCs (Continued)

Independent living cottages at Cypress at Raleigh range in size from 2,200 to 3,000 square feet while villas (apartment flats) range in size from 800 to 2,500 square feet. For-sale pricing ranges from approximately \$375,000 to \$750,000. Monthly fees begin at approximately \$1,600 per month for an individual and \$2,400 per month for a couple. Ninety days of residency in the Health Center is included in the monthly fee. The community provides access to an on-campus full-service healthcare facility providing skilled nursing and long-term care services. All of the community assets, including the Health Center and the Clubhouse, are commonly owned by the residents.



In addition to the 42,000 square foot clubhouse, amenities include a fitness center, heated indoor pool, a business center, two miles of walking trails, a beauty/barber salon, a dedicated concierge, and four different dining options. The developer, The Cypress Company, has also developed similar communities in Charlotte, NC and Hilton Head, SC. Prices skew somewhat higher in these locations with the most expensive cottage starting at \$1.2 million at The Cypress of Charlotte. Des Moines, Iowa-based Life Care Services LLC manages the Cypress of Raleigh facility.

Devonshire at PGA National in Palm Beach Gardens, Florida offers two residential options. A 90% refundable plan entrance fee calls for prices that range from \$429,890 for a 991 square foot one bedroom apartment to \$1.3 million for a 2,841 square foot two bedroom/den unit. In comparison, "Traditional" (non-refundable) entrance fees range from \$238,828 for the same one bedroom unit to \$733,465 for the same two bedroom unit. In both cases a second person fee of \$34,615 applies. Monthly rates range from \$2,799 to \$4,859 for an individual and an additional \$1,407 per month is charged for the second resident. Devonshire has 22 units on 26 acres and provides residents with unlimited access to Chatsworth at PGA National's assisted living, memory care and skilled nursing facility. Amenities include 24-hour gated security, concierge, valet, a clubhouse, heated swimming pool, a putting green, a full-service spa and fitness facility and a full-service wellness center. Devonshire is located within the PGA National Resort community which has four championship golf courses and abundant ancillary resort amenities. Devonshire at PGA is managed by Tampa, FL-based SHP Senior Living Services, LLC. Devonshire at PGA National, Palm Beach Gardens, FL





CCRCs (Continued)



Classic Residences by Hyatt, La Jolla, CA



Hyatt Classic Residence Model Living Room

Classic Residences by Hyatt is a good example of an upscale branded retirement product. Hyatt offers two different community types: Rental Retirement Communities and Continuing Care Retirement Communities (CCRCs.) Hyatt's "typical" fee is in the \$3,300 per month range, and varies by community and residence size. Hyatt has Classic Rental Retirement Residences in California, Florida, Maryland, Nevada, New Jersey and New York. The company's CCRCs are located in Florida, Illinois, Colorado, South Carolina, California and Arizona. Hyatt's Residences are typically luxurious and finely appointed.

The Independent Living, Assisted Living and Continuing Care Retirement Community concepts are diverse and far too complex to define in generic terms. To further complicate the development picture, there are significant governmental mandates that must be addressed when developing and offering such residences for rent or sale. The features of the products that will appeal to the end-user are much more refined than for other types of residential development. The foregoing reflects a general overview of the various concepts and serves to magnify the need for concentrated due diligence and professional guidance when considering this product type in any development scenario. < >



Green Guide

The "green" building movement is growing legs and we've followed and supported its expansion by featuring the U.S. Green Building Council's (USGBC) LEED certification, NAHB's National Green Building Program, the Audubon International Sustainable Community program, the International Sustainability Council and Audubon Lifestyles on a relatively regular basis. All of these organizations have similar goals which essentially include informing, encouraging, and assisting in sustainable practices relative to building, development and lifestyle choices that will ultimately serve to sustain the earth and its resources for future generations.

The first step in the practice of sustainable development is the site selection process which should address the minimization of the environmental impact that the development will have. From there, the environmentally responsible developer will address myriad issues including the use of eco-friendly building materials, captured rainwater and non-potable re-use, construction waste management, daylighting, energy efficiency, high performance water and energy usage, landscaping, etc. While many builders and developers are jumping on the green bandwagon for its ability to attract buyer attention, some go the extra mile and have been recognized accordingly.



Village in Burns Harbor, Indiana - This neo-traditional community in northwest Indiana is the first to earn the land development certification under the NAHB's National Green Building Standard. The 60-acre parcel was carved from unused farm fields and abandoned commercial sites in Burns Harbor, an old steel town about an hour from Chicago. The community's documented focus on environmental stewardship earned it the certification. When completed, the community will include a mix of 265 single-family, semi-detached and multi-family homes and a town center with retail, residential and commercial development.



Green Guide (Continued)



Legacy Development Corporation, Louisville, KY - Winner of two Kentucky Department of Energy Passive Solar Design Awards, this company walks the walk. Legacy Homes uses 2x6s for its exterior walls (vs. 2x4s) for all of its homes, the majority of which are Energy Star certified. Legacy has revamped its vehicle fleet to be environmentally friendly by retiring four gas guzzling trucks and replacing them with six VW Jettas and a Beetle and converting them to run off recycled vegetable oil. The company's Legacy Lofts has been named the Multifamily Green Building Project of the Year by the NAHB. The mixed-use, 38-unit condominium apartment project, located in downtown Louisville, is touted as "Near Zero Carbon Living" making use of renewable energy to reduce to near zero the need for energy supplied by fossil fuel. Using geothermal heating and cooling, solar hot water collectors, photovoltaics and super insulation, energy bills are running under \$10 a month per unit, on average.

The term "carbon neutral" is becoming the new buzz phrase for the green movement. However, it is not currently well understood by laymen. If the concept is universally embraced and marketing types can get the proper intention across, it has the potential to become the most popular development concept ever, and will certainly have an impact on our planet for years to come.

The U.S. Green Building Council estimates that energy inefficiencies in buildings account for up to 33% of global greenhouse gas emissions, and the American Institute of Philanthropy's Conservation Fund estimates that more than two million acres of forests, farmland and natural landscapes are lost to development every year in the U.S. In this regard, it stands to reason that voluntary carbon off-setting is an appropriate and necessary tool for the real estate development industry to utilize in reducing its very significant carbon footprint. Offsetting or neutralizing one's carbon footprint can be accomplished through activities such as reforestation and/or renewable energy development.

*Being **carbon neutral**, or having a net zero carbon footprint refers to achieving net zero carbon emissions by balancing a measured amount of carbon released with an equivalent amount sequestered or offset. Carbon neutral generally refers to CO2 emissions. The term **climate neutral** extends the concept to include other greenhouse gases.*



Green Guide (Continued)



Philadelphia-based [Mantria Corp.](#), a diversified, \$61 million entity that focuses on green community development and socially responsible investing is whole-heartedly embracing the carbon-neutral concept with the development of its nearly 6,000 acre mixed-use project to be located along the Cumberland Plateau in Sequatchie County, Tennessee, in the Chattanooga CMSA. Currently in the master planning stage, Mantria Place is expected to be the first "carbon-negative" community in the U.S. At the foundation of the project is "Mantria Green" -- a set of pioneering principles for developing premium land and real estate with carbon emission offsetting and environmentally conscious design. The community is expected to comprise as many as 3,000 residential units, two golf courses, two lakes and marinas, a village center, a wellness component, a winery, equestrian facilities and a boutique hotel. Approximately 40 percent of the land has been allocated as open space and in keeping with the company's "green" development philosophy the property will have its own waste water treatment plant, a solar power conversion station, a carbon diversion waste-to-energy system, and a solar farm. According to CEO Troy Wragg, the company's strategy for achieving carbon-negative status is fourfold. First, each Mantria Place household will pay an annual carbon tax; second, Mantria will work to reduce development emissions by 25% by using organic materials and employing biodiesel-powered equipment; third, Mantria Place will implement a carbon diversion system to create 100% green power by converting waste into surplus energy to be sold back to local power companies; and fourth, Mantria Place will invest in carbon credits focused on reforestation. Ground breaking for Mantria Place is anticipated for sometime in 2010, at which time the developers should begin looking into a rapidly expanding eco-friendly product that would complement their green endeavors. Mantria's development team comprises some of the most environmentally responsible consultants including internationally recognized [LandDesign](#), sustainable golf development proponent and ASGCA golf course architect [Bill Love](#), [Audubon Lifestyles](#), and [Ralph Stewart Bowden, Inc. Real Estate Counselors](#).

Colleague and BMB subscriber Valerie Weber Hamann, President of [Evergreen Consulting Services](#), whose practice focuses on alternative energy sources and eco-friendly transportation initiatives for master planned communities, resorts, and city centers, recently attended the presentation of Senate Bill 75 before the Colorado Transportation Committee along with Senator Gail Schwartz (D-Snowmass). SB75 would open more Colorado low speed roads to fuel efficient electric vehicles. Based on the US Department of Transportation (DOT) classification, NEVs, or Neighborhood Electric Cars, aka LSVs, (low-speed vehicles) can travel up to 25 mph on most U.S. streets with posted speed limits up to 35 mph. Supporters say these eco-friendly modes of transportation have the propensity to stimulate neighborhood cohesion, reduce public road load and encourage job growth in an emerging industry.



Bowden's Market Barometer

Green Guide (Continued)

The typical cost of NEV operation is \$0.01 to \$0.03 per mile, the cars are easily charged at any standard 110V outlet, and have a 30-45 mile driving range. The bottom line, usage prevents over 12,000 pounds of emissions from tailpipes annually for every gas powered vehicle replacement. Other markets in the news with respect to the electric car concept include Raleigh, NC, Indianapolis and Portland, OR. All are participating in Project Get Ready, an electric plug-in and hybrid-electric vehicle charging station initiative.



One of several NEVs on display on the East Lawn of the Colorado State Capitol.

Master planned communities have long been receptive to the NEV, typically in the form of the electric golf cart. [Peach Tree City, GA](#) was one of the pioneers of the concept, followed by [The Villages](#) and [Celebration](#), both located in Florida. [Lincoln Hills](#), a Del Webb community located in the City of Lincoln, California has gone so far as to have dedicated lanes for NEV drivers and reduced speeds within the community to encourage NEV transportation. The government's new stimulus plan provides for a maximum \$2,500 tax credit for purchasers of low speed, neighborhood electric vehicles for 2009. < >



Bowden's Market Barometer



Regional Trends: The Lone Star State

One of the country's brightest stars is Texas. Located in the South Central region, Texas is the second largest U.S. state in both area (268,820 square miles) and population, estimated at approximately 24 million. The Lone Star state has been ranked the seventh fastest growing in the country, having added approximately 2.5 million people between 2000 and 2007. This represents an annual growth rate of 1.74% per year compared to less than one (1%) percent nationally. Projections call for Texas' population to burgeon by more than 13 million by 2030, the equivalent of adding more people than currently reside in the metropolitan areas of Dallas-Fort-Worth, Houston, and San Antonio.

Economy - The Texas economy is relatively diverse and continues to expand due in part to an appealing tax structure. From April 2007 to April 2008, Texas gained about 262,000 jobs. This level of growth is more than the next six top job growth states combined, and reflects a 2.5% expansion rate, an enviable status compared to other top performing states such as Washington (+1.5%), North Carolina (+1.1%), and Colorado (+1.8%). More recently, the Bureau of Labor Statistics cites Texas as having nine of the top 20 best cities for job growth. Odessa, nearly equidistant between San Antonio and Dallas, ranked #1, followed by Longview (3), Killeen-Temple-Ft. Hood (5), Austin-Round Rock (6), McAllen-Edinburg-Mission (7), Laredo (8) and Houston-Sugar Land-Baytown (10). College Station-Bryan (16) and San Antonio (20) also made the cut. That said, Texas lost 113,600 jobs between March 2008 and March 2009. However, the 1.1% decrease is less than a third of the 3.6% loss for the nation. Further, Texas' seasonally adjusted unemployment rate was 6.7% in March compared to 8.5% for the nation.

The state's oil and natural gas industry has remained an economic bright spot growing at a rate of 7% between February 2008 and February 2009, adding 15,600 new jobs. Alternative energy sources are also beginning to show fruit. Construction on a wind energy farm has resumed in San Patricio County (Corpus Christi CBSA). The project is expected to provide a \$300 million boost to the county's tax base and put cash in landowners' pockets. Those who have 30-year leases with the wind farm developer E.ON Climate and Renewables will receive an estimated \$10,000 to \$12,000 per year for each turbine located on their property. E.ON has also delivered the first two phases of its wind farm in Roscoe, TX, a suburb of Abilene. Once all four phases are completed in mid-2009, Roscoe will be one of the world's largest wind farms with 627 turbines and a total capacity of 781.5 MW, enough to power more than 250,000 Texas homes. Roughly 1,300 wind turbines have virtually saved Sweetwater, a suburb of Ft. Worth. A long-standing drought that dried up water resources and drove away the agricultural industry resulted in a significant population reduction. At least 20 wind energy-related businesses have sprung up in Sweetwater in recent years. The town has now stabilized at approximately 1,000 fewer residents



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Regional Trends *(Continued)*

than reported in the 2000 census (11,400), new hotels have been built, a Wal-Mart has arrived and homes prices have increased approximately 9% per year since 2000.

Other stimulus has arrived in the form of \$138.3 million from the American Recovery and Reinvestment Act for improvements to the Port of Houston and Port of Galveston shipping channels. The improvements are projected to provide 1.5 million direct and indirect jobs. The Metropolitan Transit Authority of Harris County has signed a deal for the next phase of Houston's light-rail system. The \$1.5 billion construction contract is expected to generate 60,000 jobs.

In other developments, the Port of Corpus Christi and the Texas A&M University System have teamed up to redevelop Naval Station Ingleside into a major research and training center. The Port Authority will assume control over a 1,000 acre complex and the A&M System will manage the redevelopment which is projected to begin in 2010. And the state's long-term job growth prospects remain optimistic. Houston and Dallas topped *Site Selection* magazine's "Corporate Facility Project Attraction" list for 2009; the state has 23 companies on *Fortune's* 2009 list of "100 Best Companies to Work For;" and *Area Development* magazine awarded Texas the Gold Shovel award in 2008 for economic development and job creation.

Tourism - According to the Office of the Governor, Economic Development & Tourism Division, Texas is, and will continue to be, one of the premier travel destinations in the U.S. making tourism an integral part of the Texas economy. The state ranks third as a leisure destination for U.S. residents. Top regions for visitor origination in 2007 include West South Central (19.5%), South Atlantic (17.1%) and Mountain (15.9%). Individual states for strong Texas non-resident overnight leisure visitors include California, Louisiana, Oklahoma, New Mexico and Arkansas. International travelers to Texas accounted for approximately 9% of all tourism in 2005; top international markets include Mexico, Canada, Japan, France, Germany and Brazil.

Travelers often evolve into full-time residents and affordable Sun Belt cities that attract tourists are among the fastest growing in the country. In this regard, Texas ranked as the No. 1 relocation destination in the U.S. for the fourth year in a row based on Allied Van Lines' 2009 Annual Magnet Report which tracks U.S. migration patterns. International buyers represent a significant market segment for Texas. According to a recent NAR study, 10% of all international buyers chose Texas in 2007. Of all Texas areas, the Gulf Coast has been most popular in this regard and the state has set aside \$39 million to clean up Galveston Bay which was significantly littered during Hurricane Ike. Cinnamon Shores, a 250-unit new urbanism project expects to sell at least 15% of their products to international buyers while Coastal Properties GMAC/South Padre Island reports that 40% of the firm's dollar volume emanates from affluent buyers from Mexico.

Housing and Development - While many markets have seen strong housing corrections over the last 18 months, most Texas markets are relatively stable or have seen marginal impact. Texas saw a 14% decrease in residential sales activity between 2007 and 2008. However, more than 20% of the state's metropolitan areas have seen reductions in housing inventory during the same period. These better performing MSAs are represented by some of the largest metropolitan areas including Dallas, Fort Worth and Austin.



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Regional Trends *(Continued)*

Dallas and Fort Worth ranked dead last in [PMI Group](#)'s latest forecast of cities to expect a price shakeout. Overall, the state saw a 2.1% increase in average sales price in 2008. Leading financial services firm [UBS](#) has listed Austin, Dallas, Ft. Worth and Houston among its top picks for markets that will lead the housing recovery.

Statewide, the median sales price in January 2009 of \$131,100 reflects a decrease of 5% from the previous year. Decreases in pricing have resulted in the number of homes listed for sale (124,399 based on MLS activity) being 7% lower than one year ago resulting in 6.6 months of inventory based on the current sales pace.

Central Texas builders have started 47% fewer homes in the first quarter 2009 compared to the same period last year when new home construction fell to its lowest level since 1997. The tightening market has resulted in an estimated 5.3 month supply of new product for the region, a condition that is serving to push prices upward. The median price for a new home in the Austin area has increased approximately \$2,000 from one year ago to \$216,448. That said, residential property appraisals appear to be in the throes of stabilization. In Travis County, the average home value of \$295,744 reflected an appraisal value increase of 3.8% for the year (2008) compared to a 12.2% jump the year prior. In Williamson County, the average value fell 1.3% and in Hays County, values rose approximately 2%, on average, compared to 2007.

The downtown Austin condominium market has been very successful. Of the 800 units delivered in 2008, over 90% have closed. At the present time, there are just three luxury condominium projects under construction for a total of approximately 500 units. [The Four Seasons Town Lake](#) project reports having sold about one-half of its 160 condominium units at prices ranging from \$400,000+ to \$2.1 million. [Benchmark Development's "The Austonian"](#) (188 units) and [Stratus Properties' W Hotel/Block 21 Residences](#) (196 units) are similarly priced in the one-half million to a million plus range. All of these projects are expected to open sometime in 2010.



W Hotel/Block 21 Residences is being considered for Platinum LEED Certification



At 56 stories, The Austonian will be the tallest building in Austin



Four Seasons Town Lake

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Regional Trends *(Continued)*

In other housing news, the Bayou City (Houston) recently monopolized RCLCO's annual list of the nation's top-selling master planned communities (MPCs) with five local housing developments in the top ten. Three Newland Communities developments made the cut: Cinco Ranch (2), Telfair (6) and Eagle Springs (10). All exhibited stronger sales activity than the year prior, growing by 7%, 13% and 2%, respectively. The Woodlands and Sienna Plantation also made the top ten, although sales at these two communities were down.



LaCenterra at Cinco Ranch is a 34-acre retail-oriented lifestyle center featuring old-fashioned Texas mercantile style architecture. This pedestrian-friendly environment features outdoor common areas, lakes and water

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A Message from the Editors

"The good news is that **THERE IS GOOD NEWS**, although one would hardly know it from what we read and hear from the media at all levels. The traditional media maxim that bad news sells newspapers may be true, but this philosophy also contributes to negative attitudes and erodes confidence which is a vital intangible in our industry's economy. The constant promotion of bad news influences our decision making processes, resulting in a paralysis within key component areas of our industry, due to decision makers being afraid to commit themselves. It has been our observation that this paralytic effect has infected the financial sector of our industry, which in turn causes an unwilling paralysis in the development sector. The contagious quality of this epidemic, left unchecked, may very well cripple even healthy sectors of the industry.

This newsletter has been developed in response to this situation in which only one side of the story is told. **There are** positive events occurring in the residential development industry. The fundamentals of demand have not evaporated; sales **are** being made, money is being made, and there are developments that are setting record sales levels. We want to tell these stories. We want to let you know that all is not lost. We want decision makers to have the facts that do not make headlines, but are the basis of good business decisions. We want you to be able to use this information to counteract the doom and gloom that dominates our information networks. We believe that there is a crying need for this side of the story to be told.

And so, we intend to report on the bright spots of our industry. You will find out that there are buyers for your products; you will find out who is succeeding, and why. You will have solid information to help you influence decisions. The content of this newsletter will report on demographic trends, focusing on the number of people which are old enough and wealthy enough to buy your products and we will report on the products that are satisfying these needs. We will provide reports on sales performance in discreet regions of the country. We will provide periodic reports on what is being planned within regional markets. And, we'll have timely articles by noted industry professionals who are doing today's deals, as well as tomorrow's." Source: *Bowden's Market Barometer, April 1992*

The foregoing represents the genesis of the *Market Barometer* and was taken, in its entirety, from our inaugural issue in April of 1992. It is as compelling today as it was then. The mission of the *Market Barometer* has not changed throughout its nearly two decades in publication. As we begin our 18th year we continue to strive to usurp the negatives with positive feedback gleaned from our on-going research activities. The success of our efforts depends upon you, the decision maker. Many of our subscribers are also contributors. It is through this spirit of cooperation and solidarity that our industry will continue to gain strength. After reading this issue, you decide if we meet our goals. If we do, please join your colleagues in receiving "*All the trends that are fit to follow . . .*"

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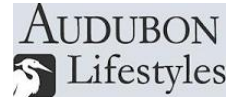
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