Creating Whole Communities

Challenge of the St. Louis Region's Changing Demographics

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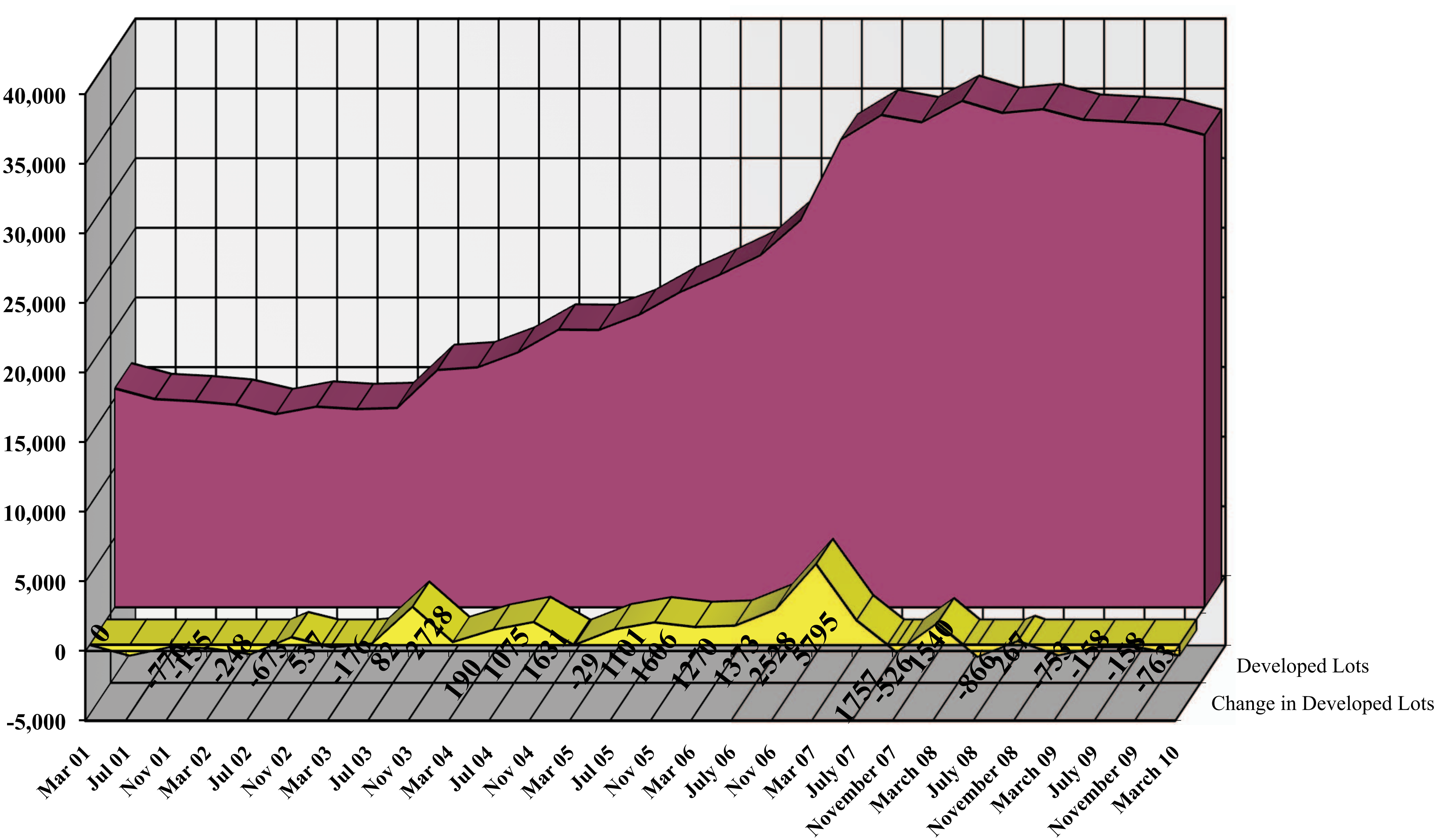
Demographic Challenges and Regional Housing Development

- 2001 to 2010….From Demographic Alignment to Mis-Alignment
- 2006 to 2010….Winding Down the New Home Over Supply
- 2006 to ???....Paradox of Choice, How Homebuyers Choose Where to Live and Where Not to Live
- Beyond 2010….Competing for Residents Under Rooftops

2001 to 2010….From Demographic Alignment to Mis-Alignment

- When Interest Rates Drop and Boomers Boom = Home Payment Tolerance and Unintended Housing Market Consequences
- Lot Development Cycles
- Last Decade Demographic Fallacies
- Age Migrations/Declining Big Home Market
- Lot Inventories Mis-aligned with Demand

St. Louis, MO 10 County MarketGraphics Region



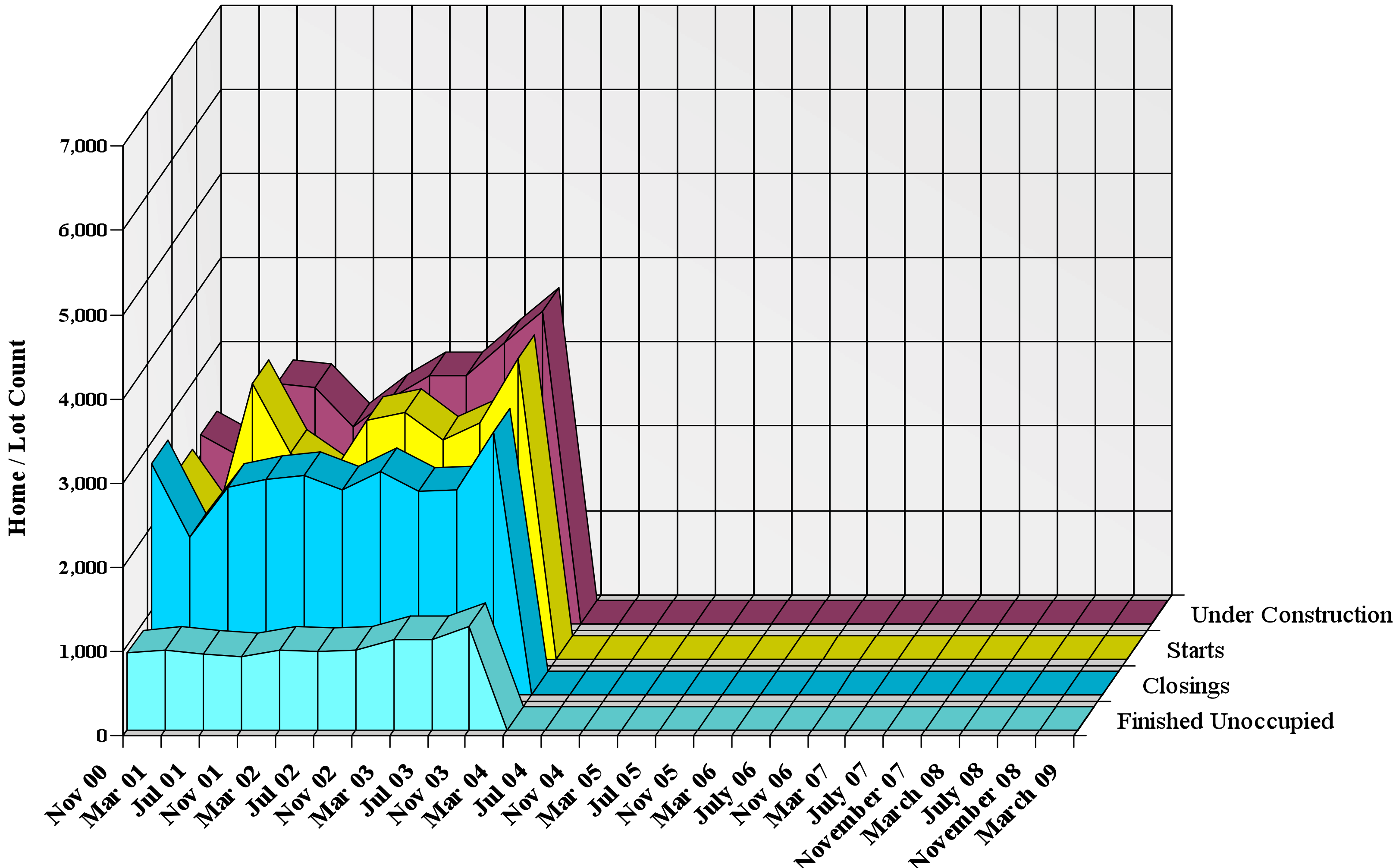
New homes, after doubling in size since 1960, are shrinking. The trend for smaller homes is predicted to continue after the economy recovers. “This will remain a trend. I don’t expect this (home size) to come back up,” says Gopal Ahluwalia, vice president of research for the National Association of Home Builders.

USA Today April 2009

2006 to 2010….Winding Down the New Home Over Supply

- New Home Supply Guidelines
- March 2006 (A True Story) Four Years of Winding Down New Homes Over Supply
- Why We Kept Overbuilding for 1 ½ Years
- Why Returning to a Pre-Sale Market Is Good for Everyone

St. Louis, MO 10 County MarketGraphics Region



3,709 Homes Under Construction

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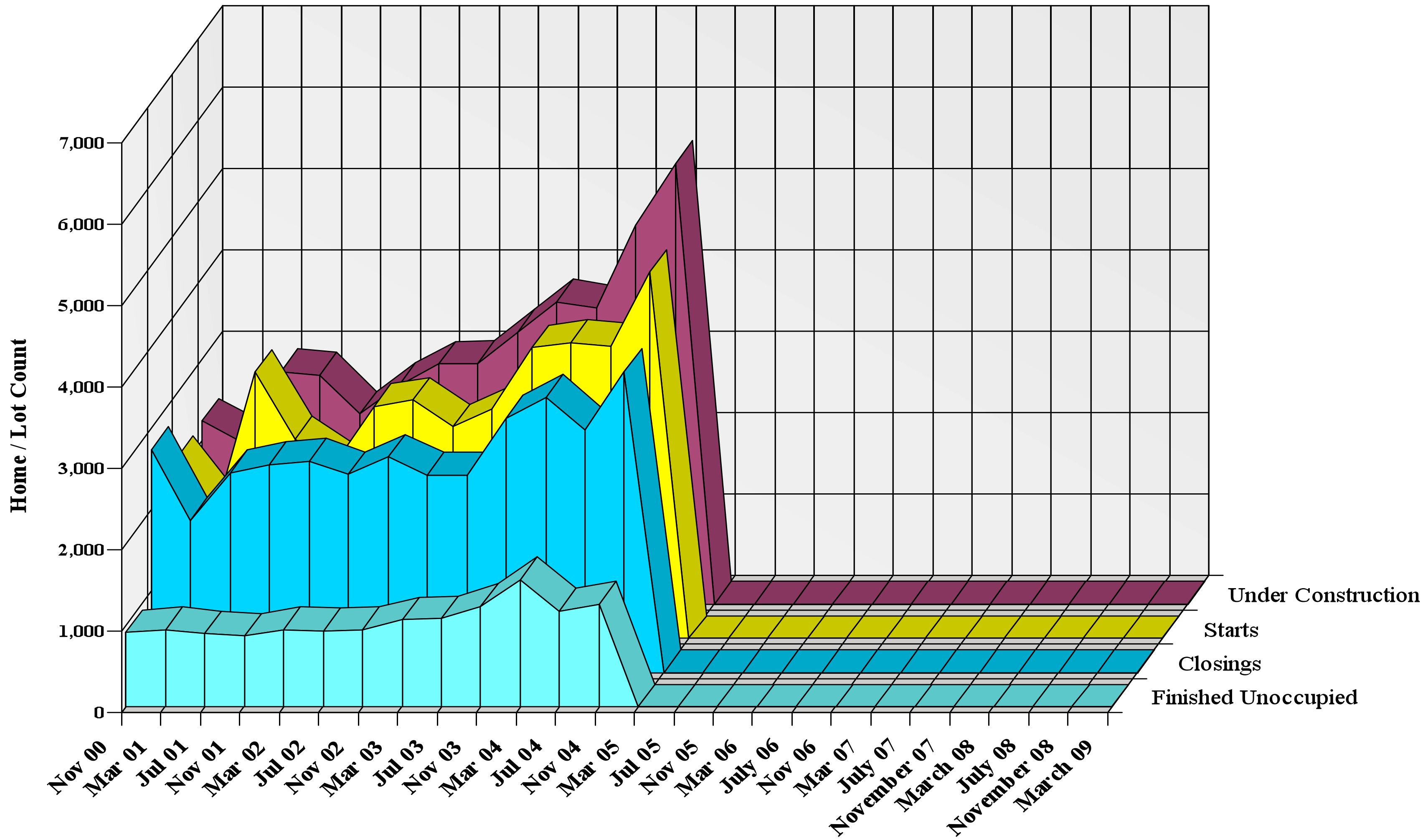
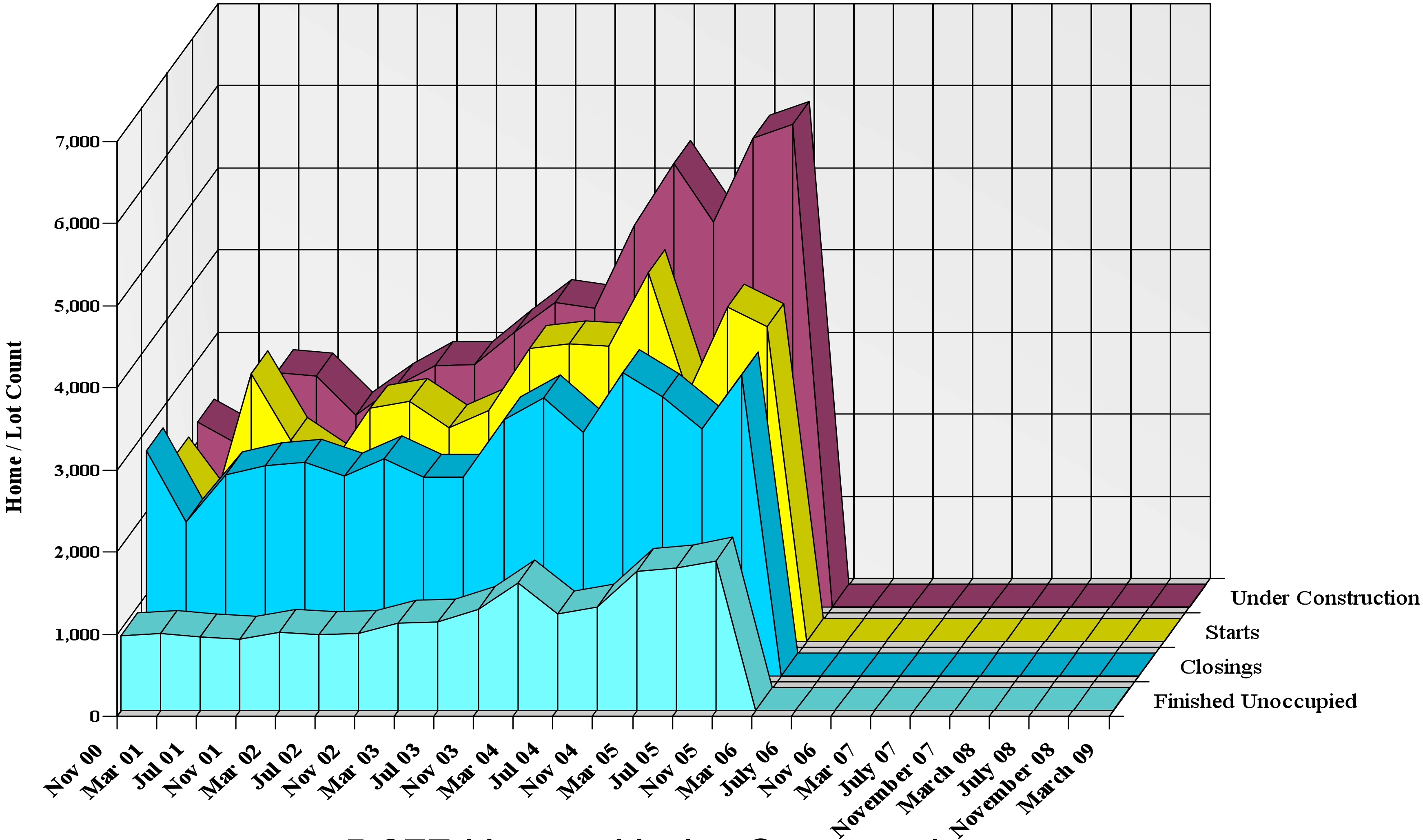


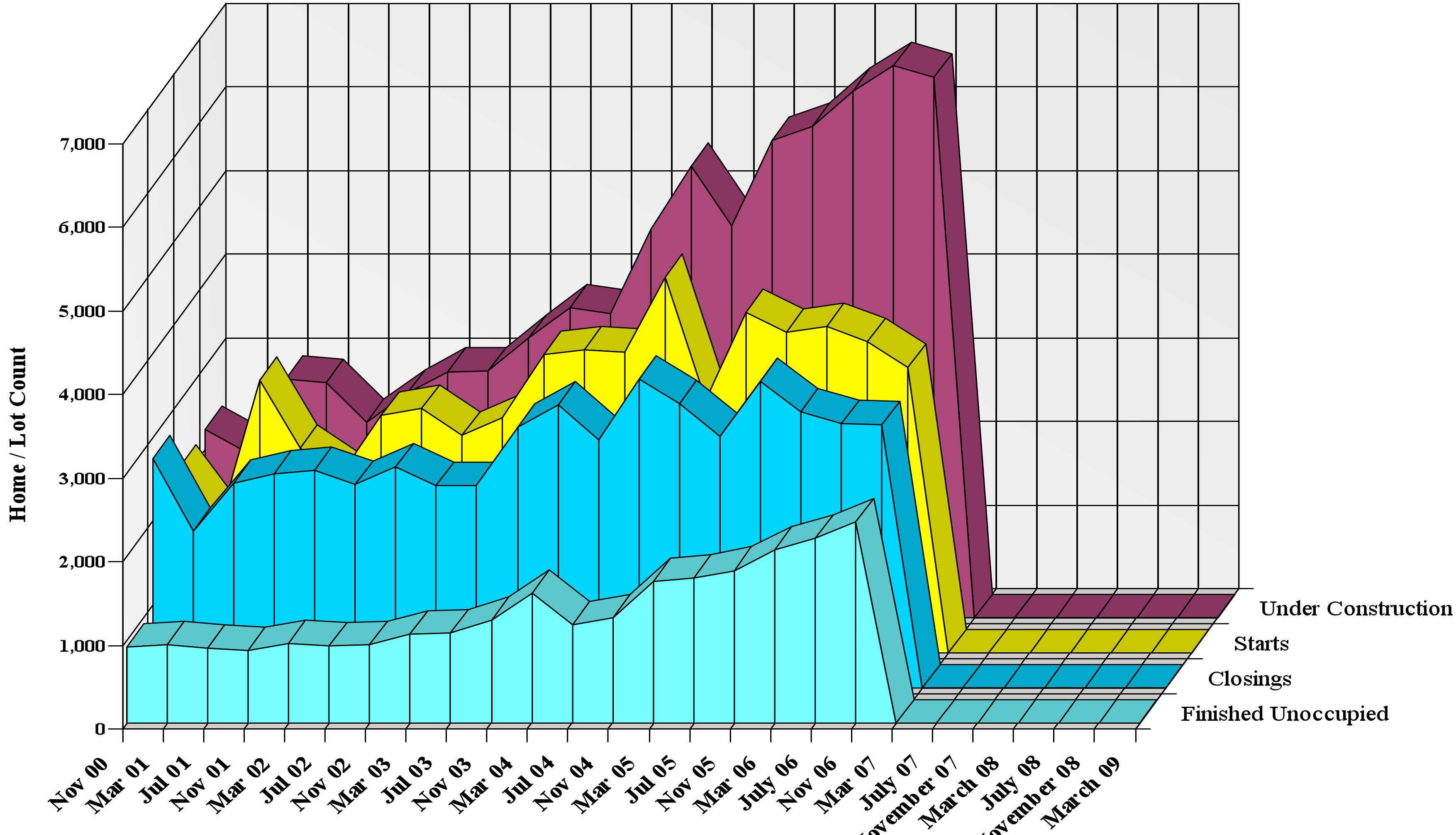
5,406 Homes Under Construction

St. Louis, MO 10 County MarketGraphics Region



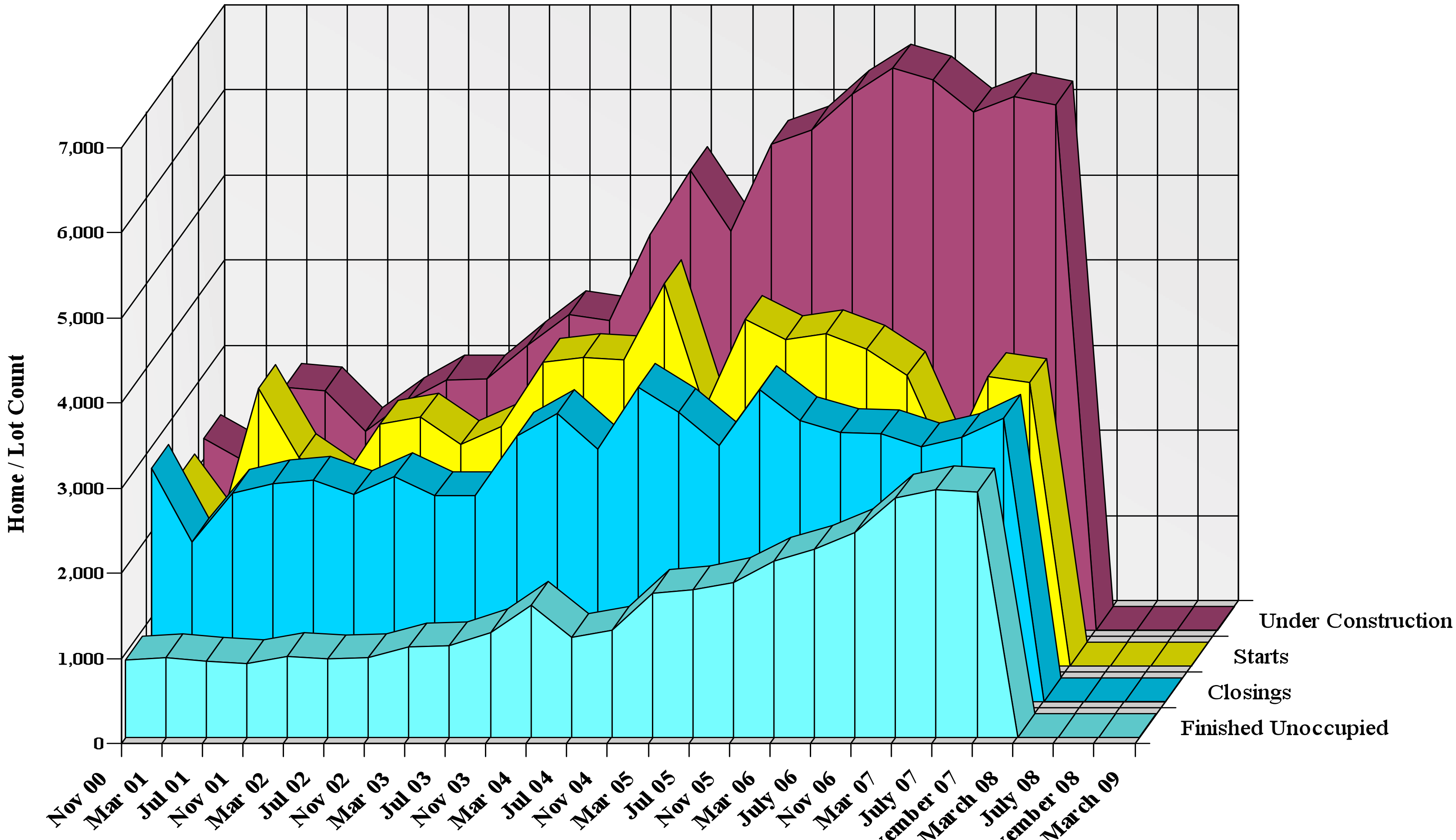
5,877 Homes Under Construction

St. Louis, MO 10 County MarketGraphics Region



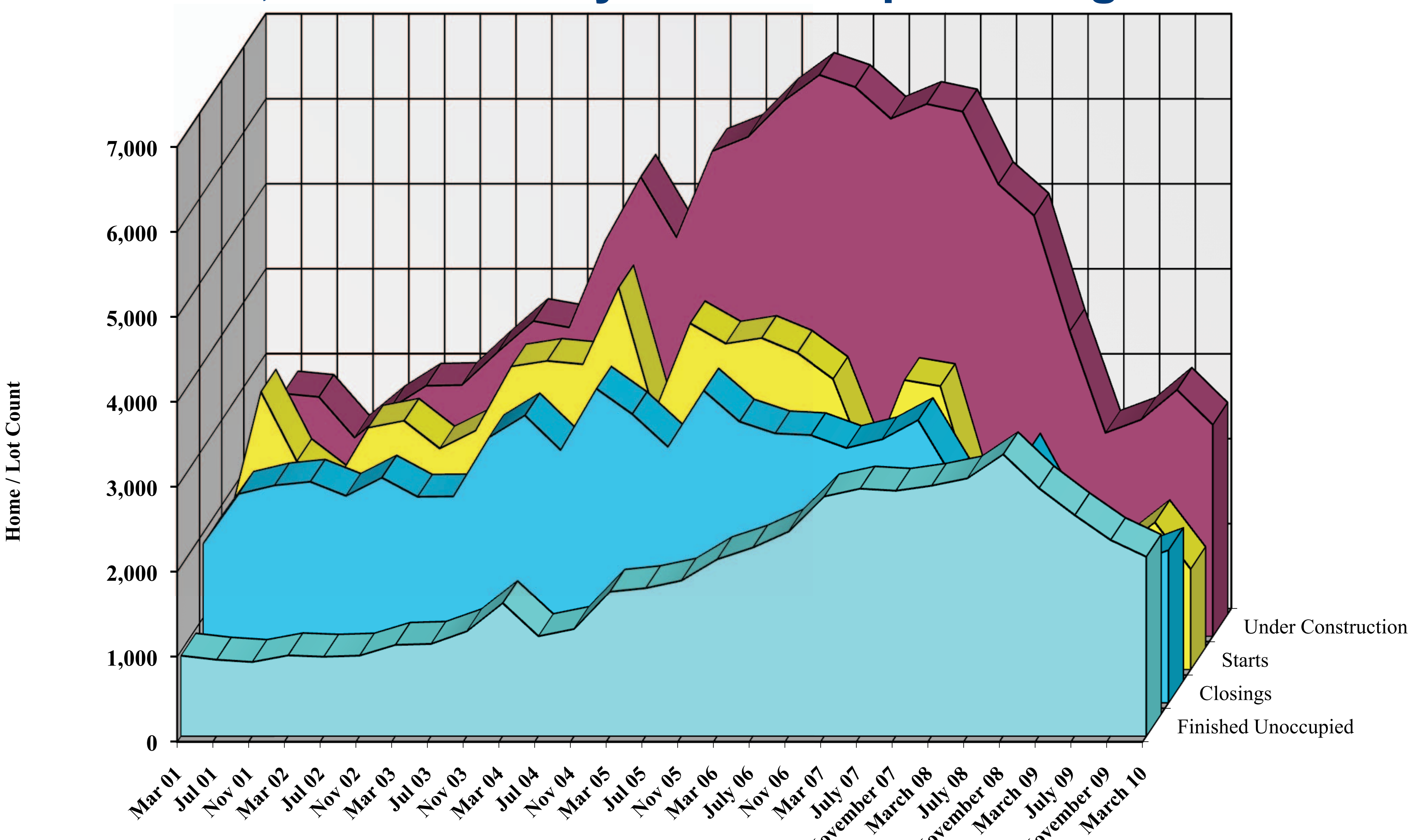
6,464 Homes Under Construction

St. Louis, MO 10 County MarketGraphics Region



6,176 Homes Under Construction

St. Louis, MO 10 County MarketGraphics Region

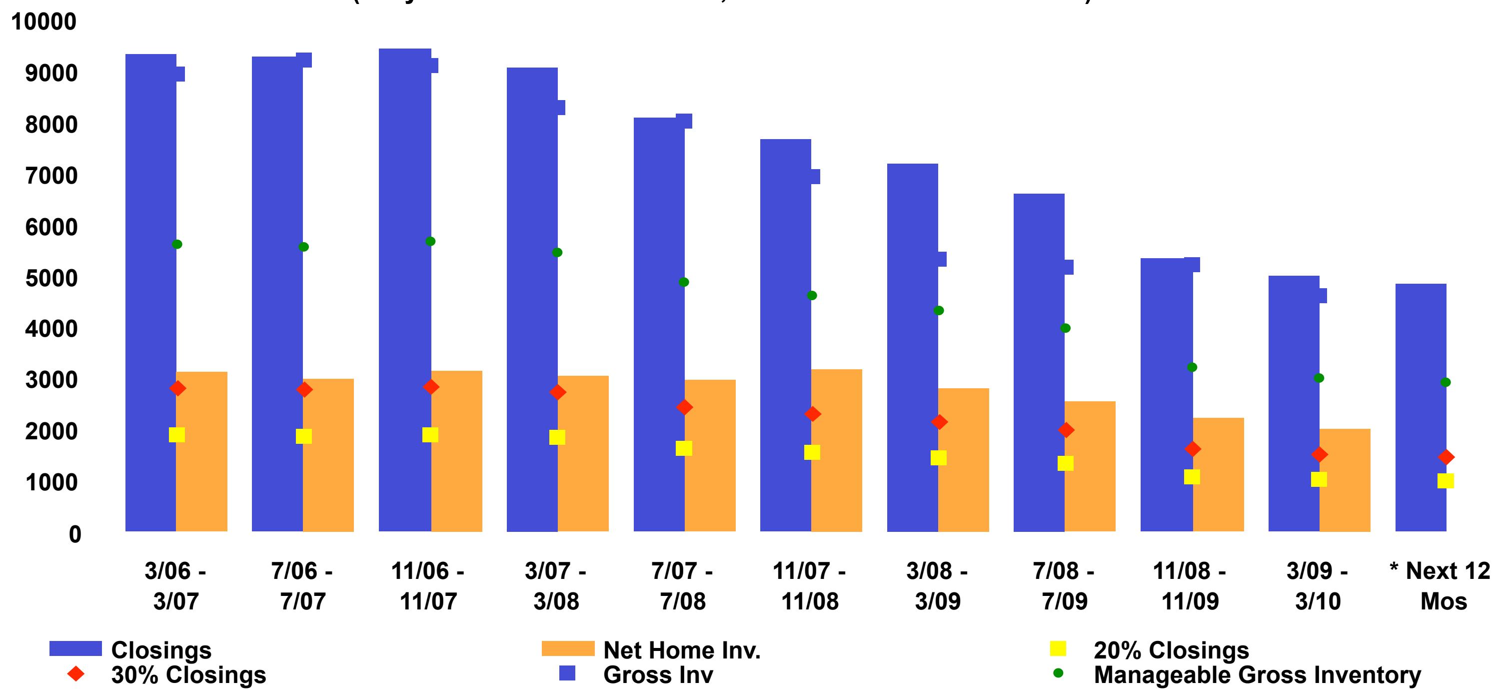


2,489 Homes Under Construction

St. Louis Region (10-County Market)

Historical New Home Inventory vs. Projected Demand

(Only active subdivision data, not homes built on odd lots)



	3/06 - 3/07	7/06 - 7/07	11/06 - 11/07	3/07 - 3/08	7/07 - 7/08	11/07 - 11/08	3/08 - 3/09	7/08 - 7/09	11/08 - 11/09	3/09 - 3/10	* Next 12 Mos
Closings	9319	9251	9429	9060	8074	7656	7165	6592	5325	4983	4823
Net Home Inv.	3116.4	2977.5	3142.8	3043.0	2961.6	3174.7	2795.9	2526.8	2206.0	2005.3	
30% Closings	2795.7	2775.3	2828.7	2718.0	2422.2	2296.8	2149.5	1977.6	1597.5	1494.9	1446.9
20% Closings	1863.8	1850.2	1885.8	1812.0	1614.8	1531.2	1433.0	1318.4	1065.0	996.6	964.6
Gross Inv	8913	9178	9064	8271	7986	6910	5312	5151	5209	4600	

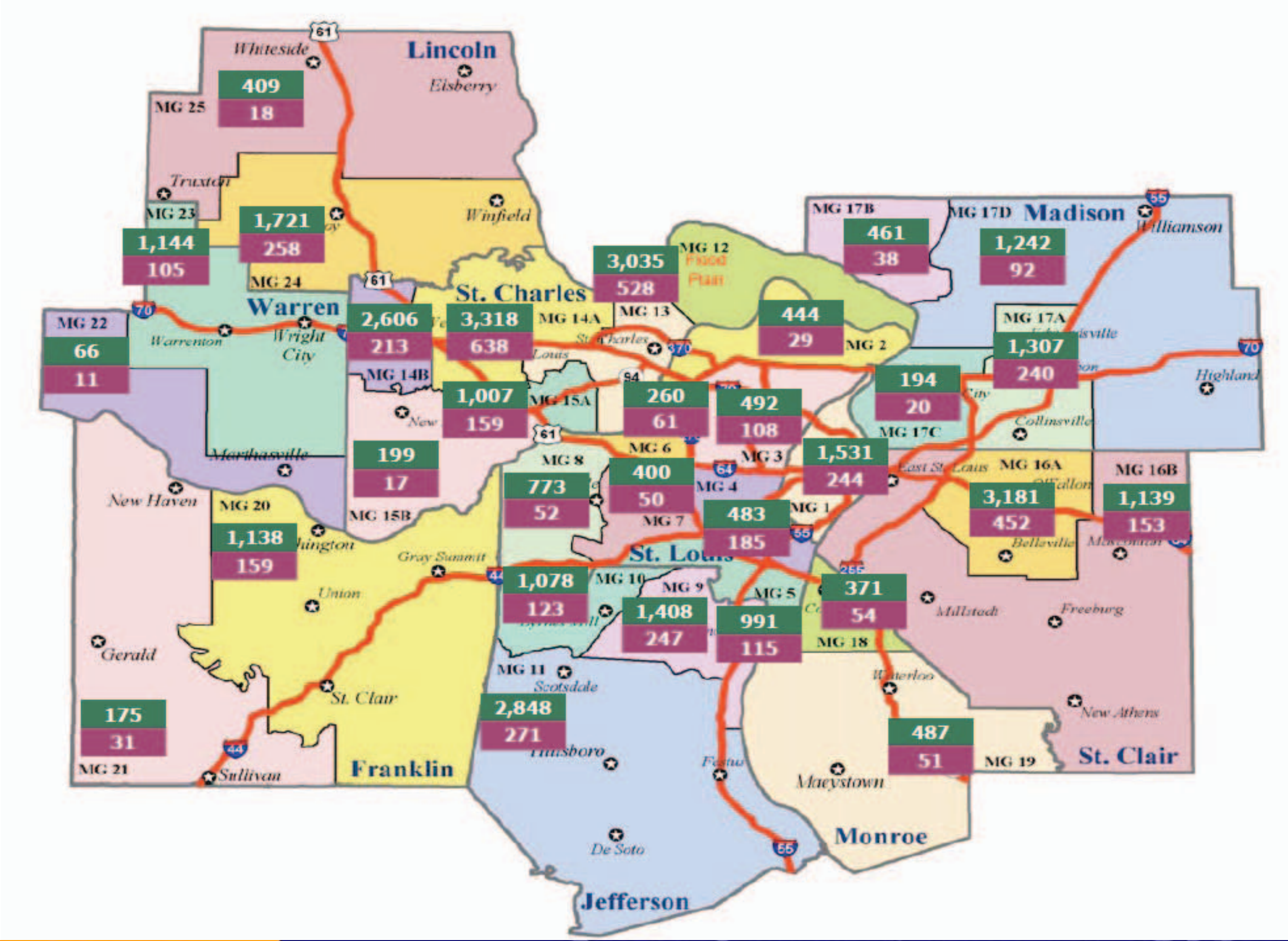
The best net home inventory should fall under the 20% of annual closings. Above 30% is a concern. This chart has columns representing closings and net home inventory not sold with the 20% to 30% caution inventory range shown by the 2 crossing lines.

* Next 12 Mos Projected Demand - The activity anticipated to occur in the subdivisions tracked based on past audit.

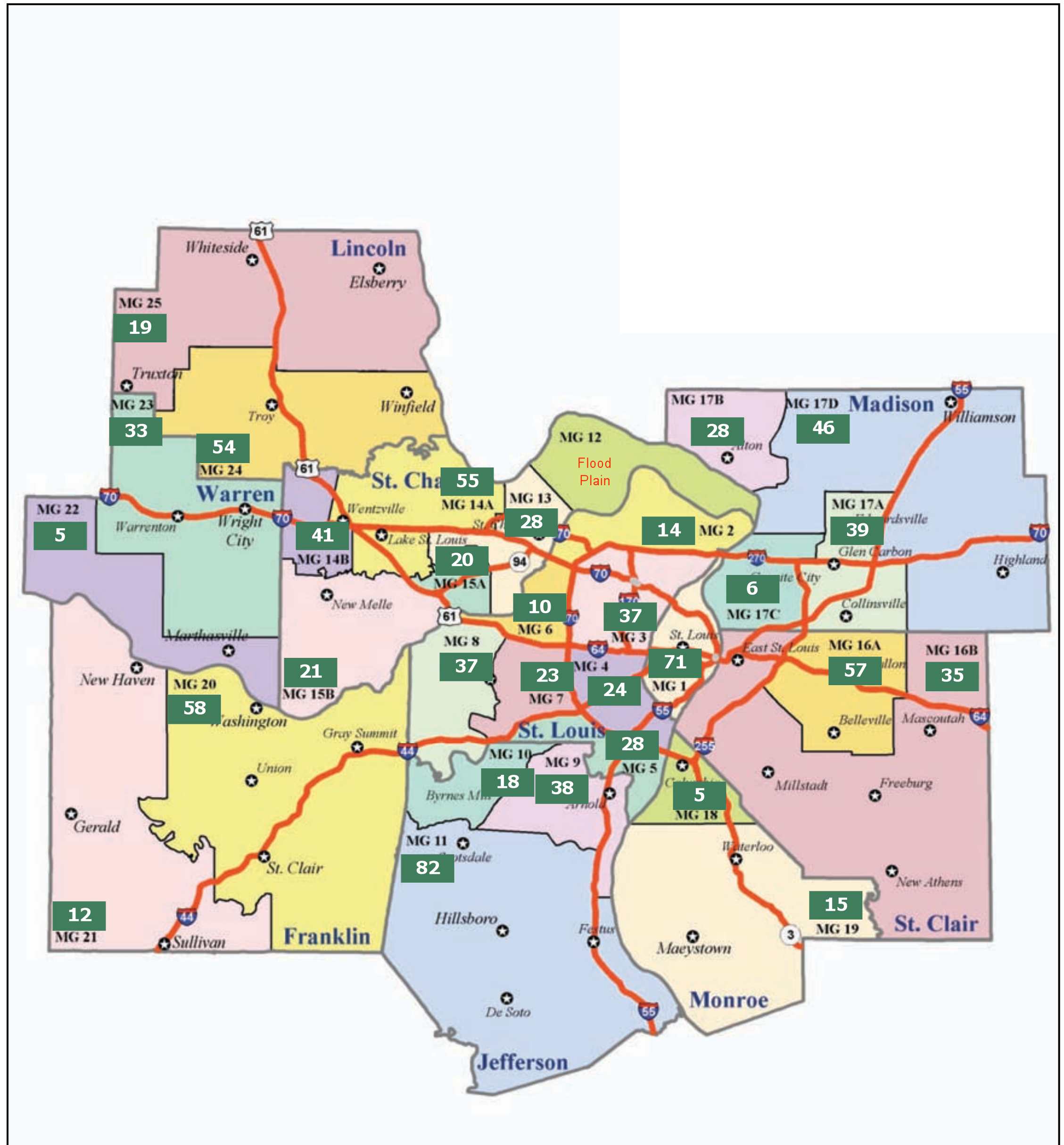
2006 to ??? ....Paradox of Choice, Homebuyers Choose Where to Live and Where Not to Live

- Developed Lot 2 Year Guideline
- Tough Market 1/3, 1/3, 1/3 Rule for 1505 New Home Subdivisions
- More Homebuyers in Fewer New Subdivisions
- Growing Number of Inactive Subdivisions

Developed Lot Inventory – Top Number
Forecasted 12-Month Demand – Bottom Number



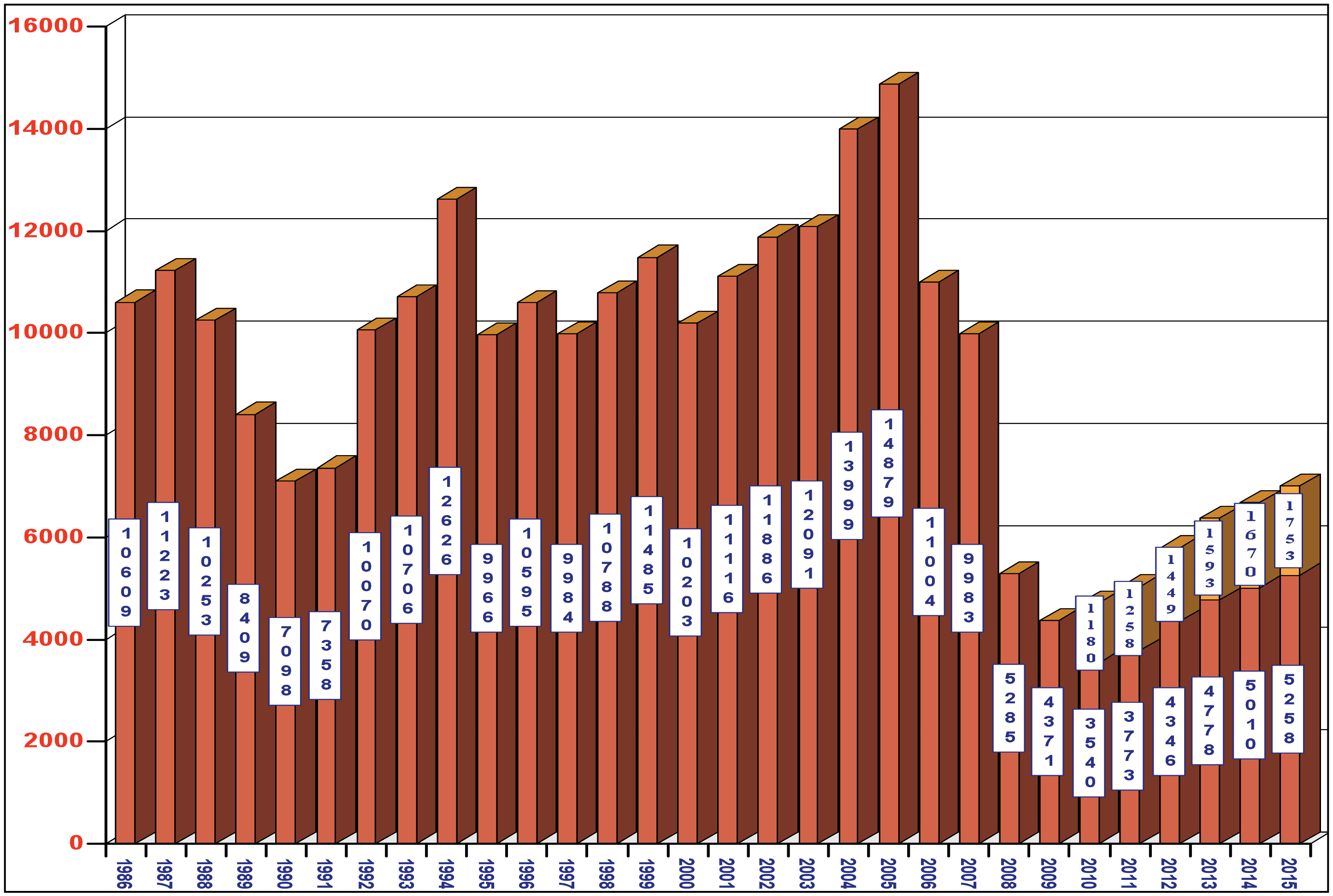
Inactive Subdivisions by MG Area



<u>Beyond 2010</u>….Competing for Residents Under Rooftops

- New Housing Forecast 2010 – 2016
- Housing at Risk for Lifelong Citizen Needs
- Community Expectations Built on Rooftops
- Community Funding Expectations Disrupted
- **<u>TREND!</u>** It's About the People! Housing and Community Demographic Visioning

St. Louis Region Previous Starts and Housing Forecast of Starts



Solutions: New Home Development That Focuses on People

- STL Region's Predictable Demographic Disadvantage - Marginal Growth
- STL Region's Demographic Advantage to Predict - Marginal Growth
- 2005 – A Call From the St. Charles Audience
- 2010 – New Era Competing for Residents. Winning Communities' Home Development = Envisioned Demographic Needs

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