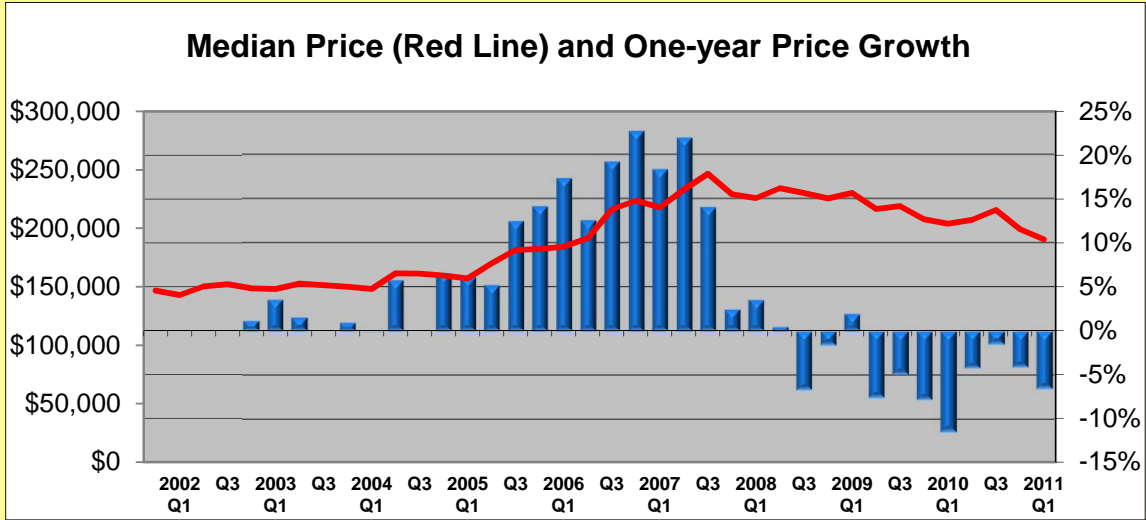


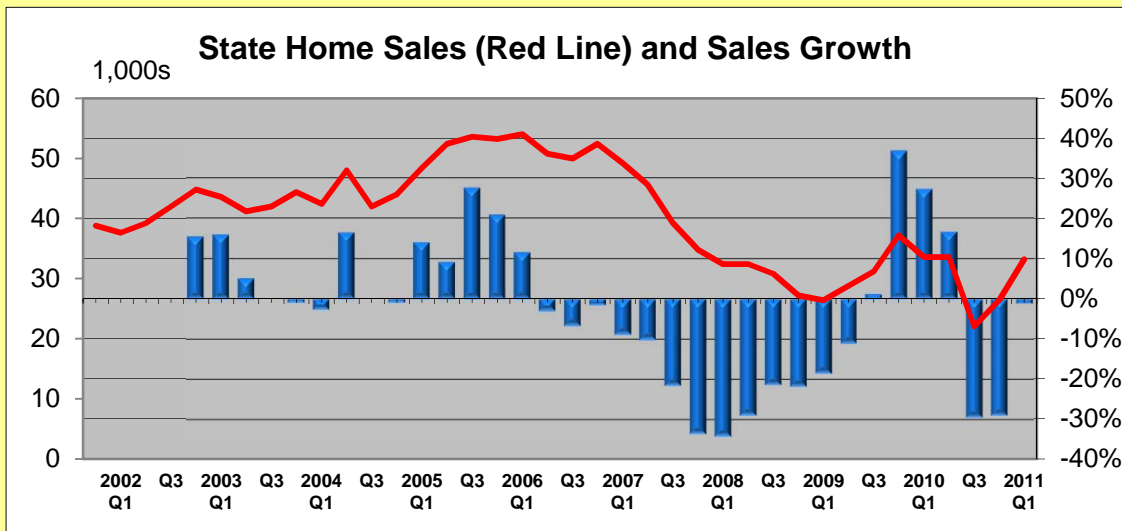
# Salt Lake City Area Local Market Report, First Quarter 2011



## Today's Market...



	Salt Lake City	U.S.	Local Trend
<b>Price Activity</b>			
Current Median Home Price (2011 Q1)	\$190,500	\$157,933	Prices are down compared to a year earlier and continue to weaken
1-year (4-quarter) Appreciation (2011 Q1)	-6.5%	-5.1%	
3-year (12-quarter) Appreciation (2011 Q1)	-15.6%	-20.5%	
3-year (12-quarter) Housing Equity Gain*	-\$35,200	-\$40,633	Real estate remains a long-term investment: those who have owned for more than 3 years have seen the equity in their home grow
7-year (28 quarters) Housing Equity Gain*	\$42,500	-\$23,133	
9-year (36 quarters) Housing Equity Gain*	\$47,500	\$1,433	
*Note: Equity gain reflects price appreciation only			
<b>Conforming Loan Limit**</b>	\$729,750	\$729,250	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$729,750	\$417,000	
<b>Local Median to Conforming Limit Ratio</b>	26%	not comparable	
**Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.			

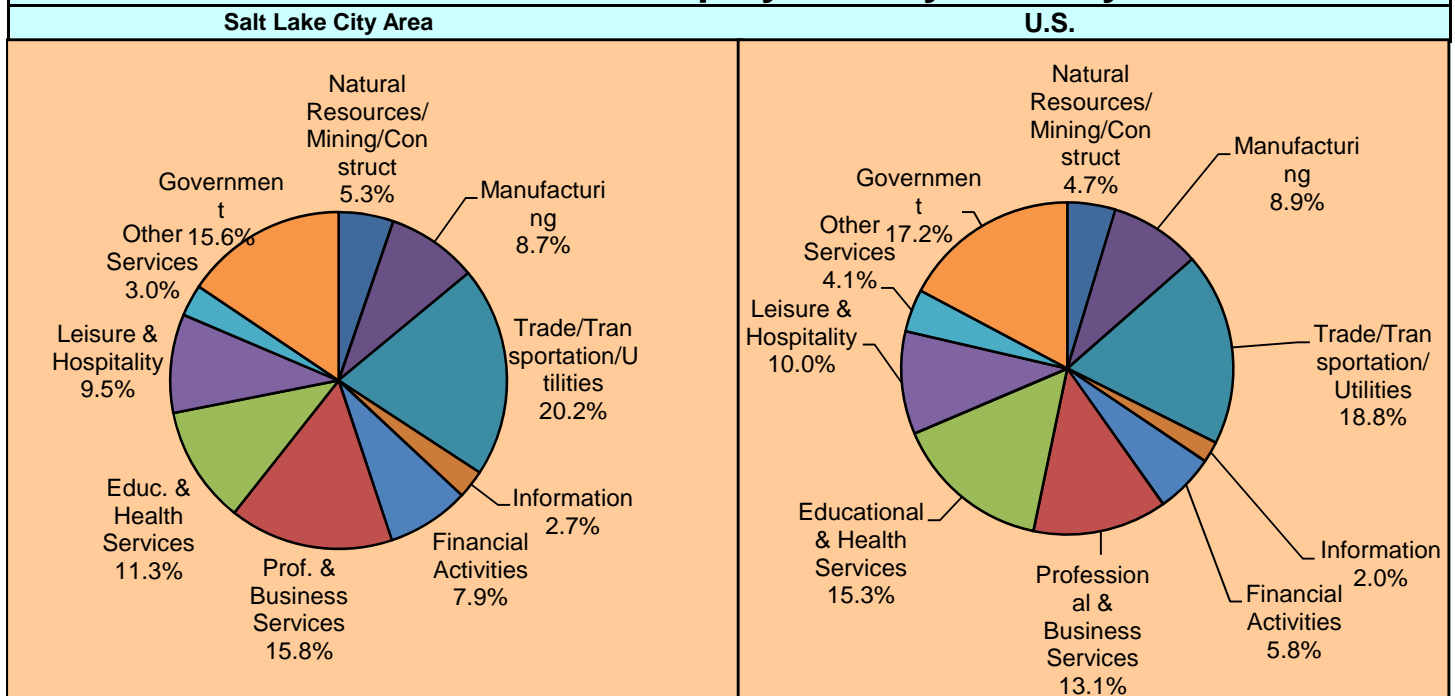


Home Sales	Utah	U.S.	Local sales growth continues to be weak
State Existing Home Sales (2011 Q1 vs 2010 Q1)	-1.2%	-0.8%	

# Drivers of Local Supply and Demand...

Local Economic Outlook	Salt Lake City	U.S.	
12-month Job Change (Mar)	7,800	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	9,700	Not Comparable	
36-month Job Change (Mar)	-31,100	Not Comparable	Unemployment in Salt Lake City is better than the national average and improving
Current Unemployment Rate (Mar)	7.3%	8.8%	
Year-ago Unemployment Rate	7.9%	9.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	1.3%	0.1%	

## Share of Total Employment by Industry



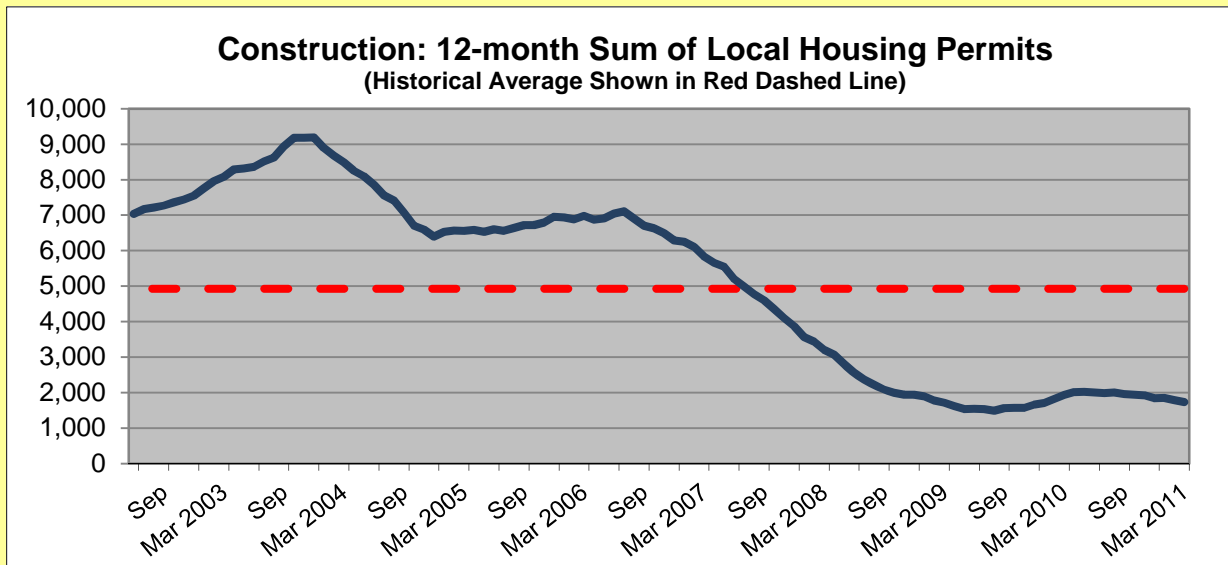
### 12-month Employment Change by Industry in the Salt Lake City Area (Mar - 2011)

Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	300	Financial Activities	1,200
Natural Resources and Mining	NA	Prof. & Business Services	2,600
Construction	NA	Educ. & Health Services	1,400
Manufacturing	1,600	Leisure & Hospitality	-100
Service Providing Excluding Government	NA	Other Services	-300
Trade/Transportation/Utilities	2,400	Government	-1,300

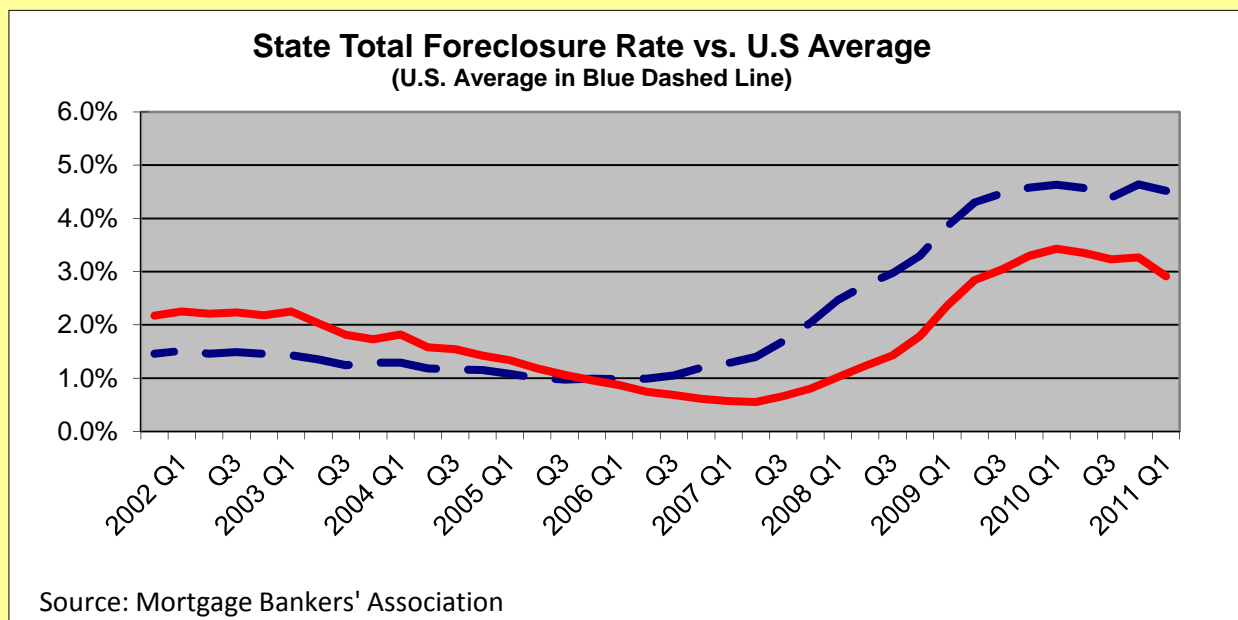
State Economic Activity Index	Utah	U.S.	
12-month change (2011 - Mar)	1.9%	2.9%	The economy of Utah is growing more slowly than the rest of the nation, but improved modestly from last month's 1.74% change
36-month change (2011 - Mar)	-4.2%	-5.1%	

## New Housing Construction

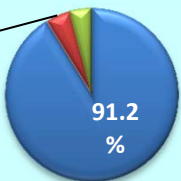
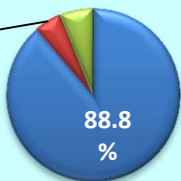
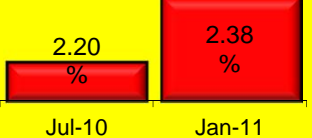
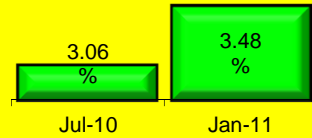
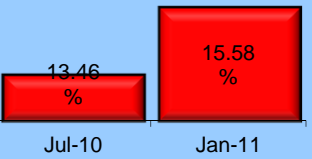
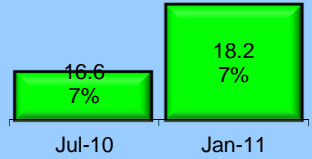
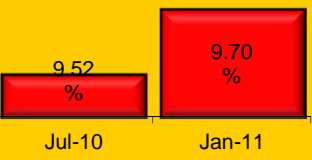
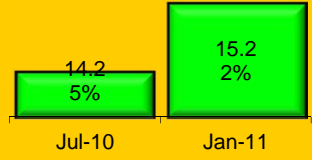
Local Fundamentals	Salt Lake City	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2011	1,736	not comparable	The current level of construction is 64.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,922	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with the inventory more quickly
Single-Family Housing Permits (Mar 2011) 12-month sum vs. a year ago	-10.2%	-10.5%	Construction continues to decline from last year



While new construction is the traditional driver of supply in real estate, foreclosures now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or foreclosure, place downward pressure on the median home prices.



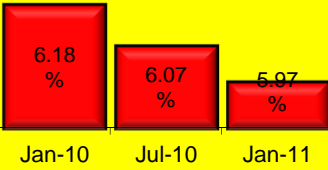
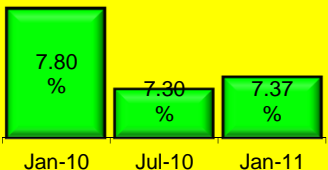
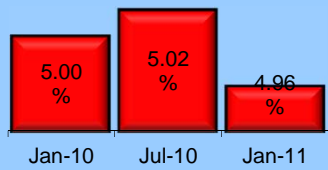
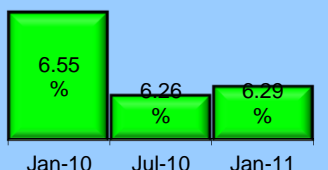
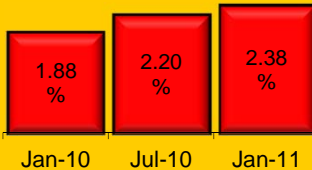
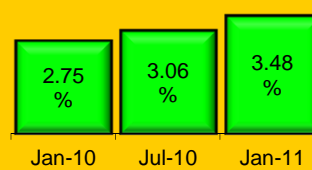
## Foreclosures by Type

Monthly Market Data - January 2011	Salt Lake City	U.S.	
<b>Market Share:</b> Prime (blue), Alt-A (green), and Subprime (red)			Suprime mortgages make up a larger than average share of the Salt Lake City market, but rising prime foreclosures are also becoming a problem
<b>PRIME:</b> Foreclosure + REO Rate			<p>There was small local increase relative to July of last year</p> <p>Compared to the national average, today's local prime rate is low</p>
<b>SUBPRIME:</b> Foreclosure + REO Rate			<p>The subprime foreclosure rate jumped compared to July of last year</p> <p>Locally, today's foreclosure rate is low relative to the national average</p>
<b>ALT-A:</b> Foreclosure + REO Rate			<p>The alt-A foreclosure rate rose slightly over the most recent 6 months</p> <p>The January rate for Salt Lake City is low compared to the national average</p>

The "foreclosure + REO rate" is the number of mortgages, by metro area, that are either in the foreclosure process or have completed the foreclosure process and are owned by banks divided by the total number of mortgages for that area.

Source: First American CoreLogic, LoanPerformance data

## Prime Foreclosures and Delinquencies in Process

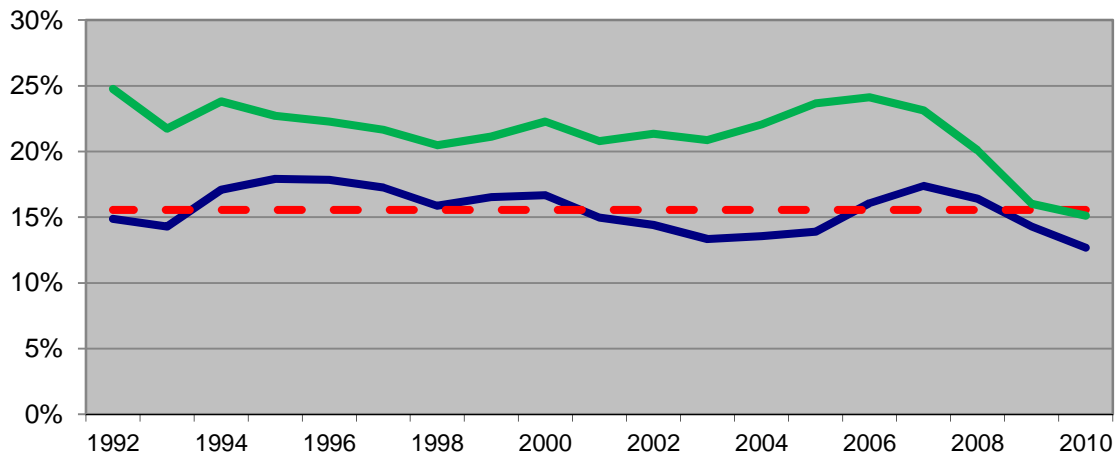
Monthly Market Data - January 2011	Salt Lake City	U.S.	
<b>Prime: 60-day Delinquent</b>			The local 60-day delinquency rate fell over the 6-month period ending in January suggesting that 90-day delinquencies will decline in the near future
<b>Prime: 90-day Delinquent</b>			The 90-day delinquency rate in Salt Lake City fell over the 6-month period ending in January
<b>Prime: Foreclosure + REO Rate</b>			The decline of both the 60 and 90-day delinquency rates over the most recent 6-month period suggests a decline in the local foreclosure rate in the near future.

Source: First American CoreLogic, LoanPerformance data

# Affordability

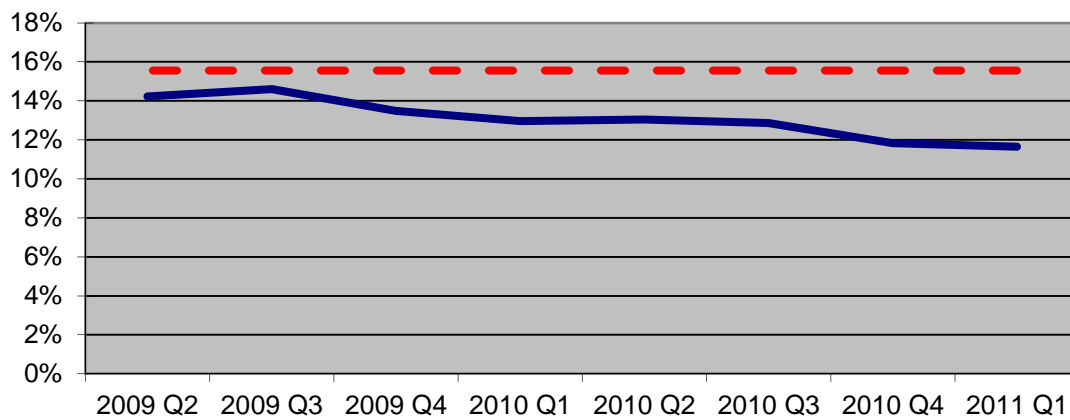


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

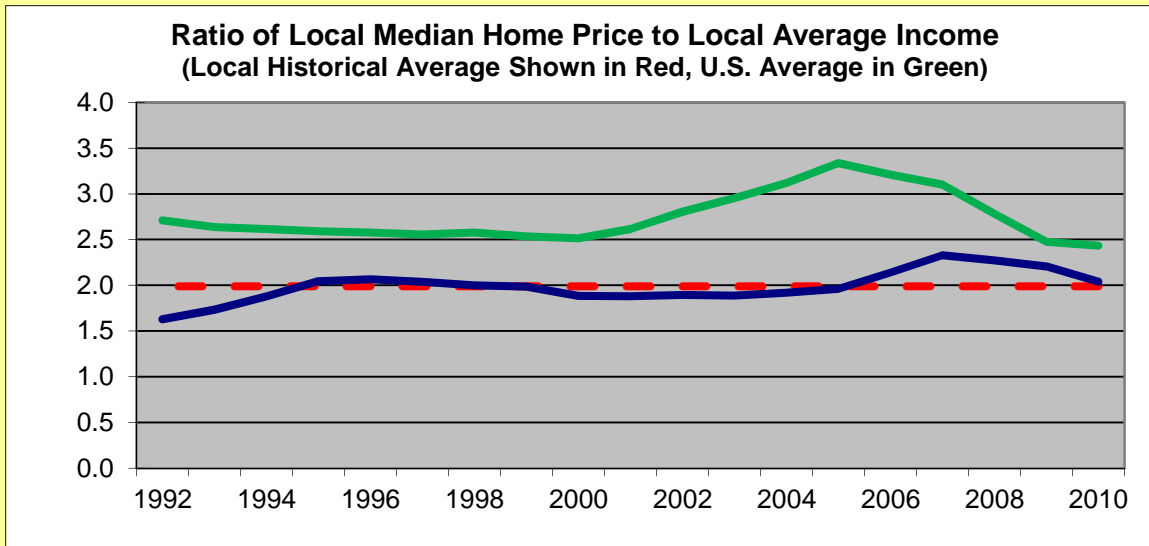


Monthly Mortgage Payment to Income	Salt Lake City	U.S.	
Ratio for 2009	12.7%	15.1%	Historically strong and an improvement over the fourth quarter of 2010
Ratio for 2011 Q1	11.7%	13.8%	
Historical Average	15.6%	22.0%	More affordable than most markets

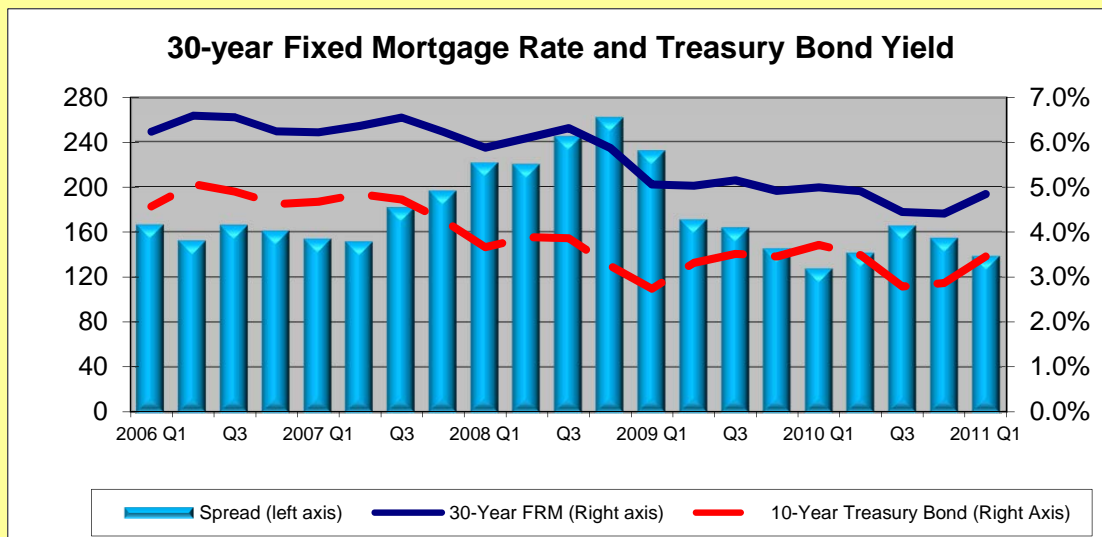
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Salt Lake City	U.S.	
Ratio for 2010	2.0	2.4	The price-to-income ratio has fallen and is below the historical average
Ratio for 2011 Q1	1.8	2.2	
Historical Average	2.0	2.7	Affordable compared to most markets



## The Mortgage Market



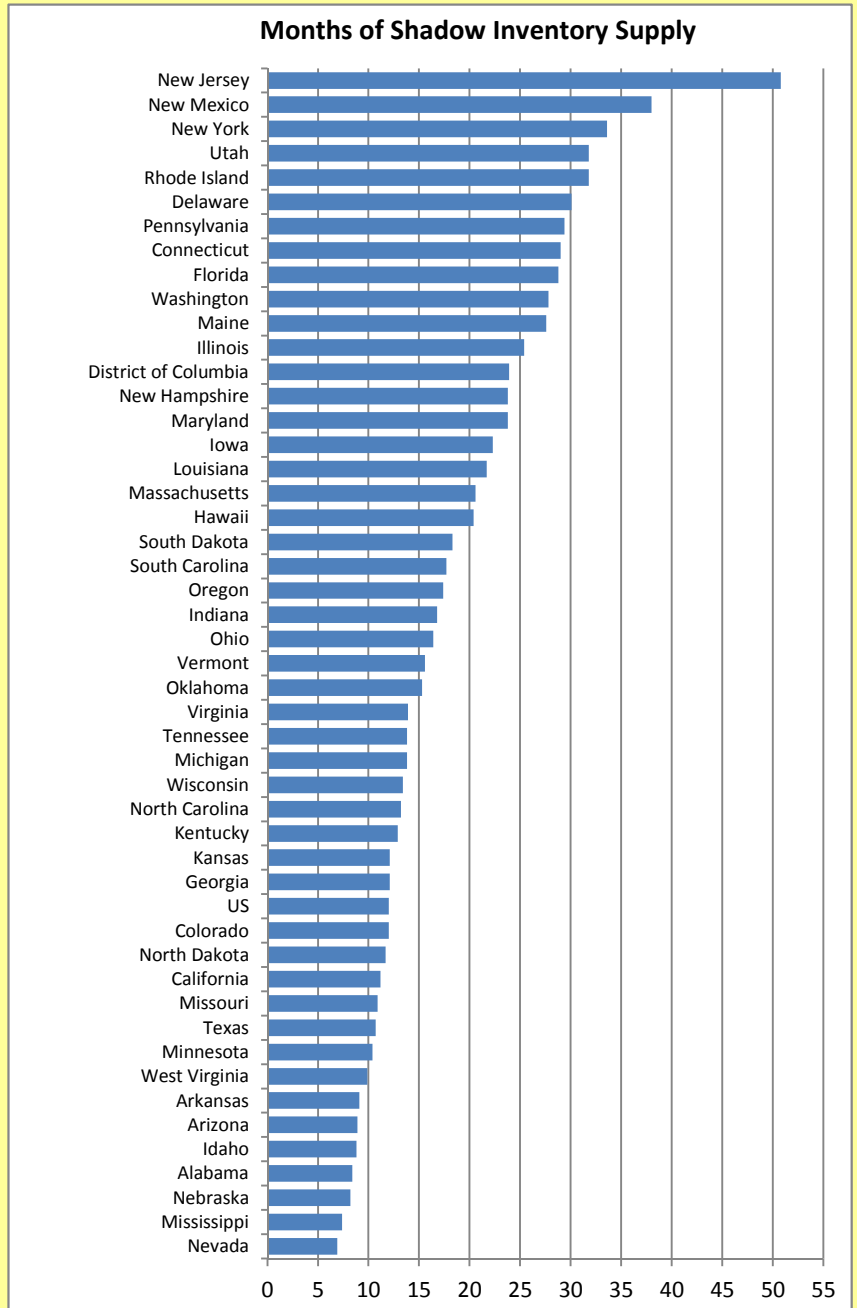
After falling sharply in the second half of 2010, mortgage rates climbed in the 1st quarter of 2011. Strength from a variety of economic indicators including consumer spending, confidence and even housing led the 10-year Treasury higher. This pattern dragged the rate on the average 30-year fixed upward with the Treasury. As a result the spread between the 10-year and the 30-year FRM shrank. This pattern is likely to reverse course in the 2nd quarter as fighting in Libya and uncertainty in Egypt have caused oil prices to spike. In addition, the tsunami and subsequent nuclear disaster in Japan impacted supply chains necessary for production by U.S. firms. The combined effect was a reduction in economic growth in the 1st quarter. This unexpected shock drew down expectation for economic growth and the 10-year Treasury. Mortgage rates have followed suit and were well below 5% as of May. Rates are likely to remain low in the near term, but are expected to reach 5.6% by the 4th quarter of 2011.

# A Closer Look...Shadow Inventory

Shadow Inventory	Salt Lake City	U.S.
As of Q4 2010	17,990	2,777,247
Share of US Shadow	0.6%	NA
Months Supply	31.8	12.0

A concern of many in the real estate field is the amount of inventory that banks have on their books, but have not yet released to the market. This shadow inventory consists of homes near default or already in bank possession, but not listed for sale. A large influx of inventory from this shadow population would place downward pressure on home prices. Bank representatives state that they are not holding back inventory.

Statistical evidence suggests that foreclosures are often priced well below comparable non-distressed properties and move quickly after entering the market as a result. The shadow inventory for Salt Lake City is 17,990 properties which accounts for roughly 0.6% of the total shadow inventory for the United States. This represents 31.8 months of supply assuming that the shadow inventory sells at roughly the current rate of sales for foreclosed homes. For more information on how the shadow inventory was calculated, see the article "State by State Estimate of Shadow Inventory" by Economist Selma Hepp of NAR Research at <http://economistsoutlook.blogs.realtor.org>



## Geographic Coverage for this Report

The Salt Lake City area referred to in this report covers the geographic area of the Salt Lake City metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Salt Lake County, Summit County, and Tooele County

More information on the OMB's geographic definitions can be found at [http://www.whitehouse.gov/omb/inforg\\_statpolicy/](http://www.whitehouse.gov/omb/inforg_statpolicy/)