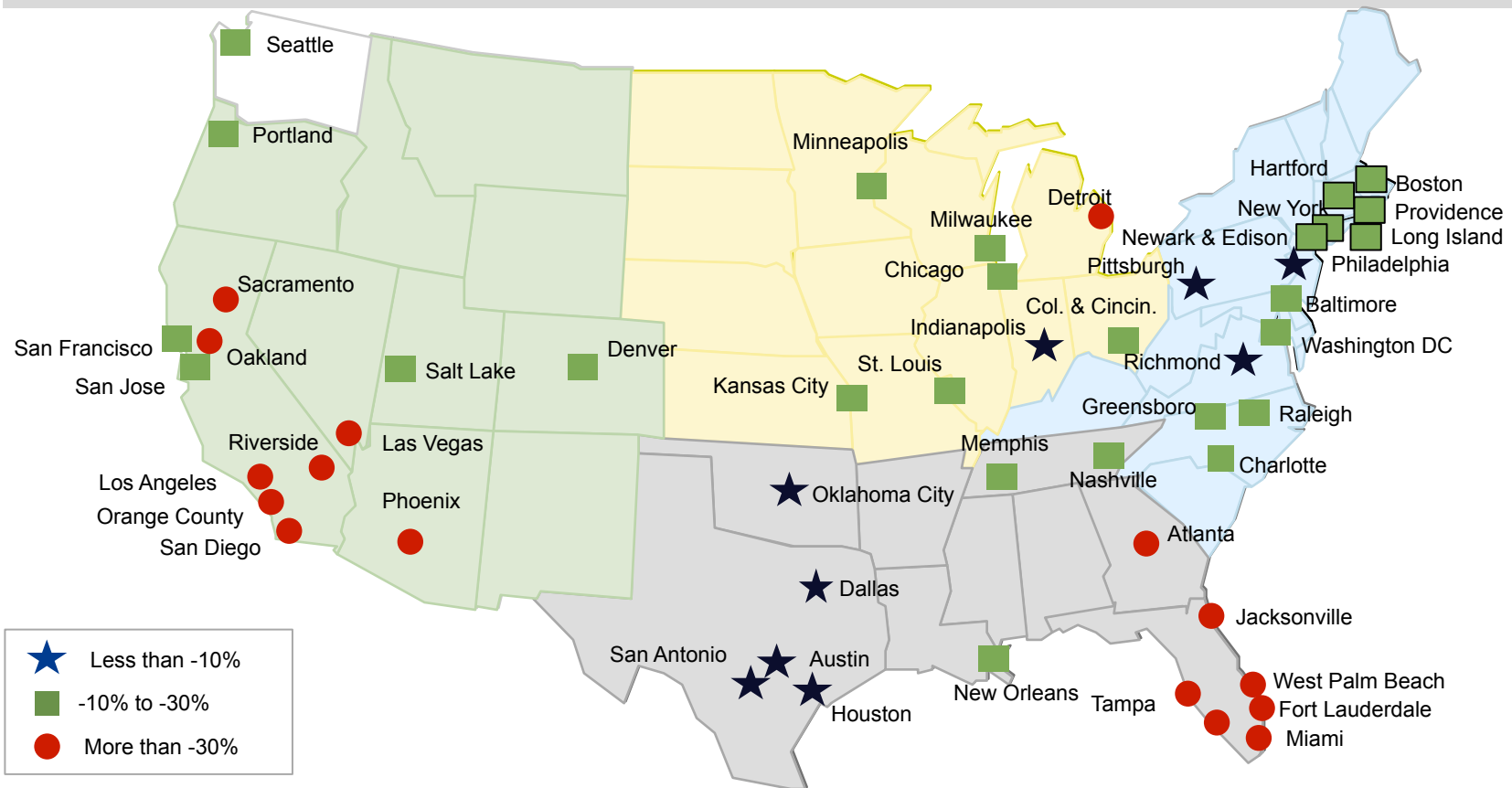


Metro by Home Price Depreciation: Steepest Decline in Southeast and Southwest

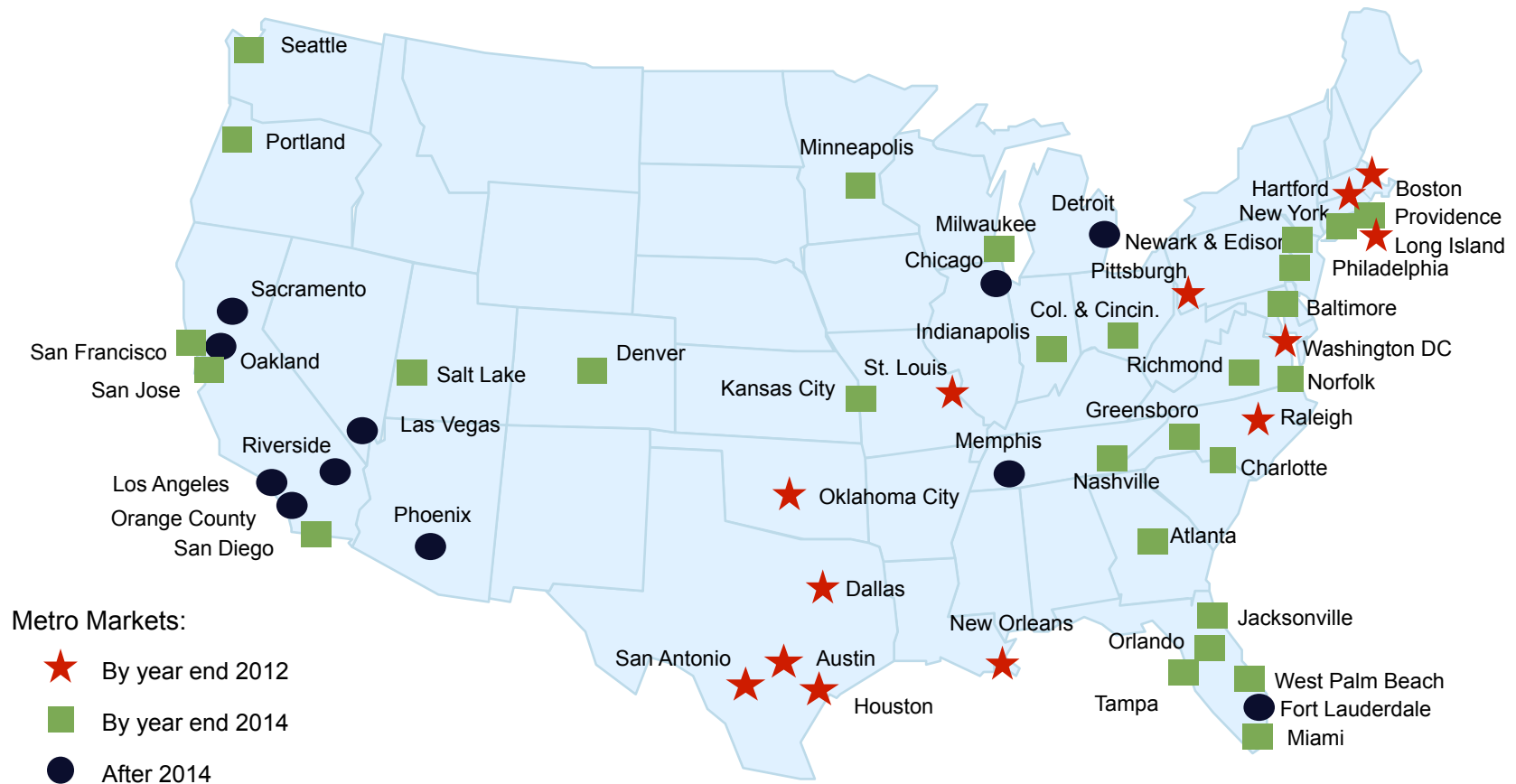
Median Home Prices Metro Peak to Current Total Change



Note: Includes Cities with over 500k jobs. States colored by NCREIF Region.
Source: Economy.com, FHFA & RREEF Research, as of December 2010.

Early and Late Recovery Job Markets

Forecast Return to Peak Employment

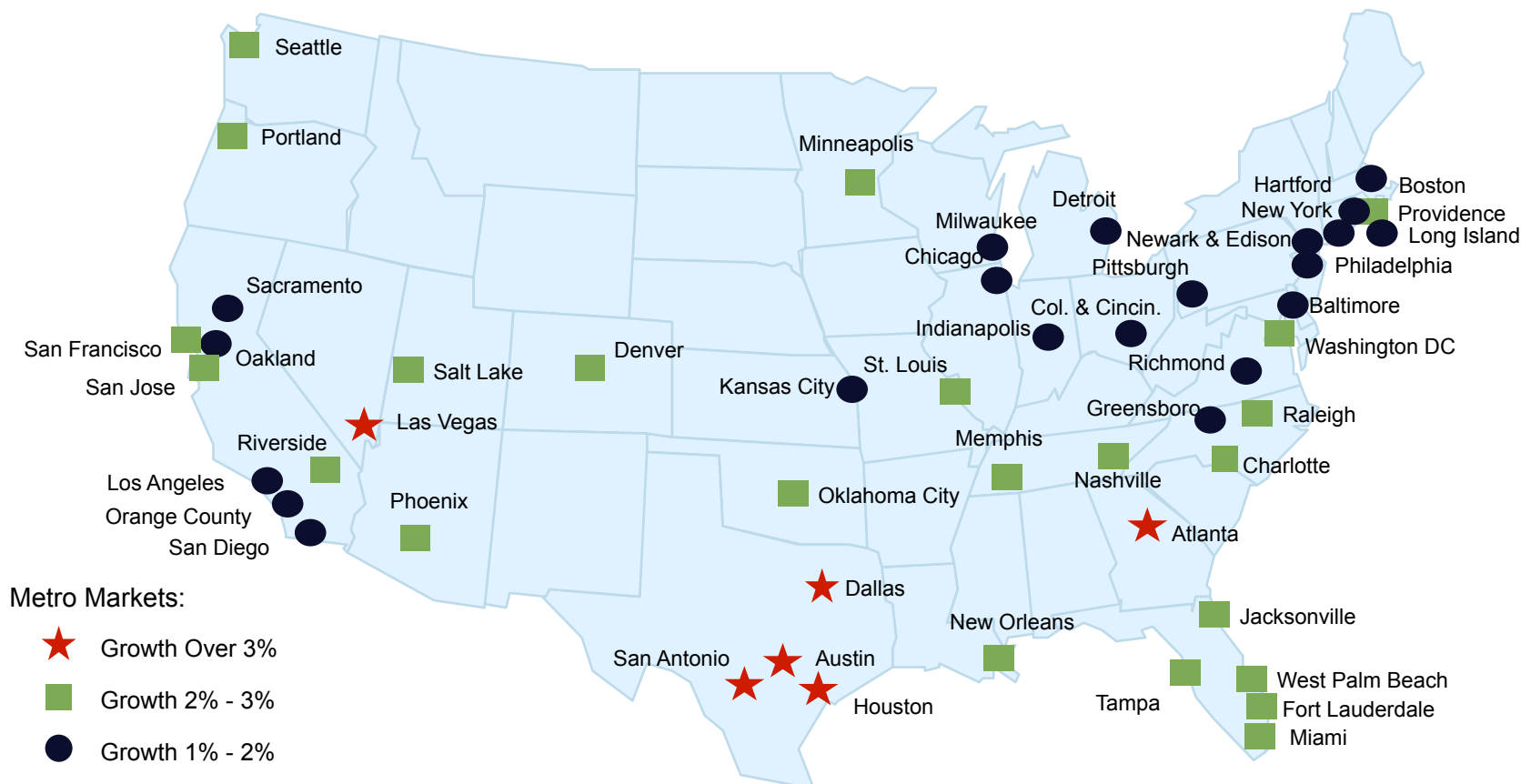


Note: Includes Cities with over 500k jobs in 2010.

Source: Economy.com & RREEF Research, as of December 2010.

Forecast Future Employment Growth by Metro

Forecast Annual Average Employment Growth 2010 - 2015



Note: Includes Cities with over 500k jobs.

Source: Economy.com & RREEF Research, as of December 2010

Improvements in Urban Planning to Put the U.S. on a Path of Faster Growth and More Equitable Income Distribution

1. Plan for feasible sites in excess of forecast effective demand

Urban planners and regulators need to add keeping development competitive to their necessary mission. Re-escalating housing prices increases labor costs and decreases social mobility.

2. Minimize single-use zoning and maximize cluster

Housing and transportation costs = 59% of household income in the San Francisco Bay Area.

3. Mandate default maximum residential densities

*Stop the affluent from getting a bargain
at the expense of the middle class.*

4. Encourage subsequent infill as a condition for approving skip-over development

*Infill can be the reserve that facilitates development innovation.
(One cure for what's wrong with sprawl)*

5. Impose and collect development impact fees to cover costs of induced public expenditures

Stop putting a “get in the game” tax on new development.

6. Start spending the \$1.6 trillion-plus needed to bring U.S. infrastructure up to Chinese standards.

Twenty-first century global competitors can't win with 20th century workplaces and 18th century education.

7. Use taxes to fund environmental and congestion-reducing improvements.

Use the jujitsu of taxes to reduce carbon and electrify our roadways.

8. Take the burden of social housing off the backs of private housing production.

Inclusionary zoning is a counter-productive excuse acting as a solution.

9. Vest tenants of redevelopment properties with rent differential-based subsidies

Mitigate the losses of tenants, as well as landlords.

10. Distribute a portion of sales tax revenue on the basis of population, rather than point of sale

*Make housing development desirable and stop inter-city mercantilism.
Revise Prop. 98 to transfer a portion of property taxes to schools.*

11. Allow a private alternative to public urban redevelopment

Let all the property owners benefit from blight removal and increase the effectiveness of redevelopment agencies by providing competition.

12. Put the genies of toxic mortgages and opaque derivatives back in the bottle

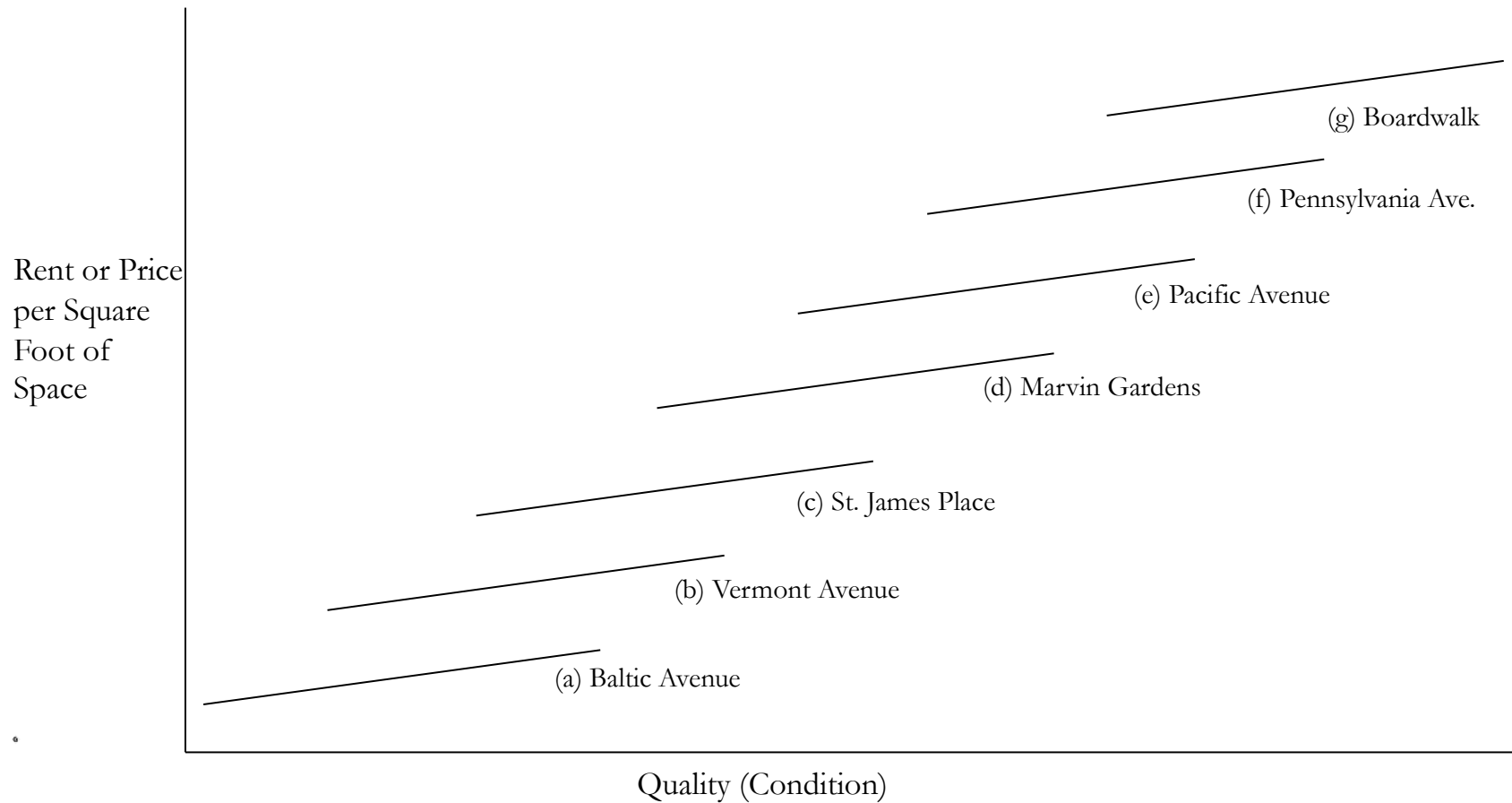
Recognize bankers for what they are and what they do.

13. Resurrect a “fix it don’t stop it” civic culture

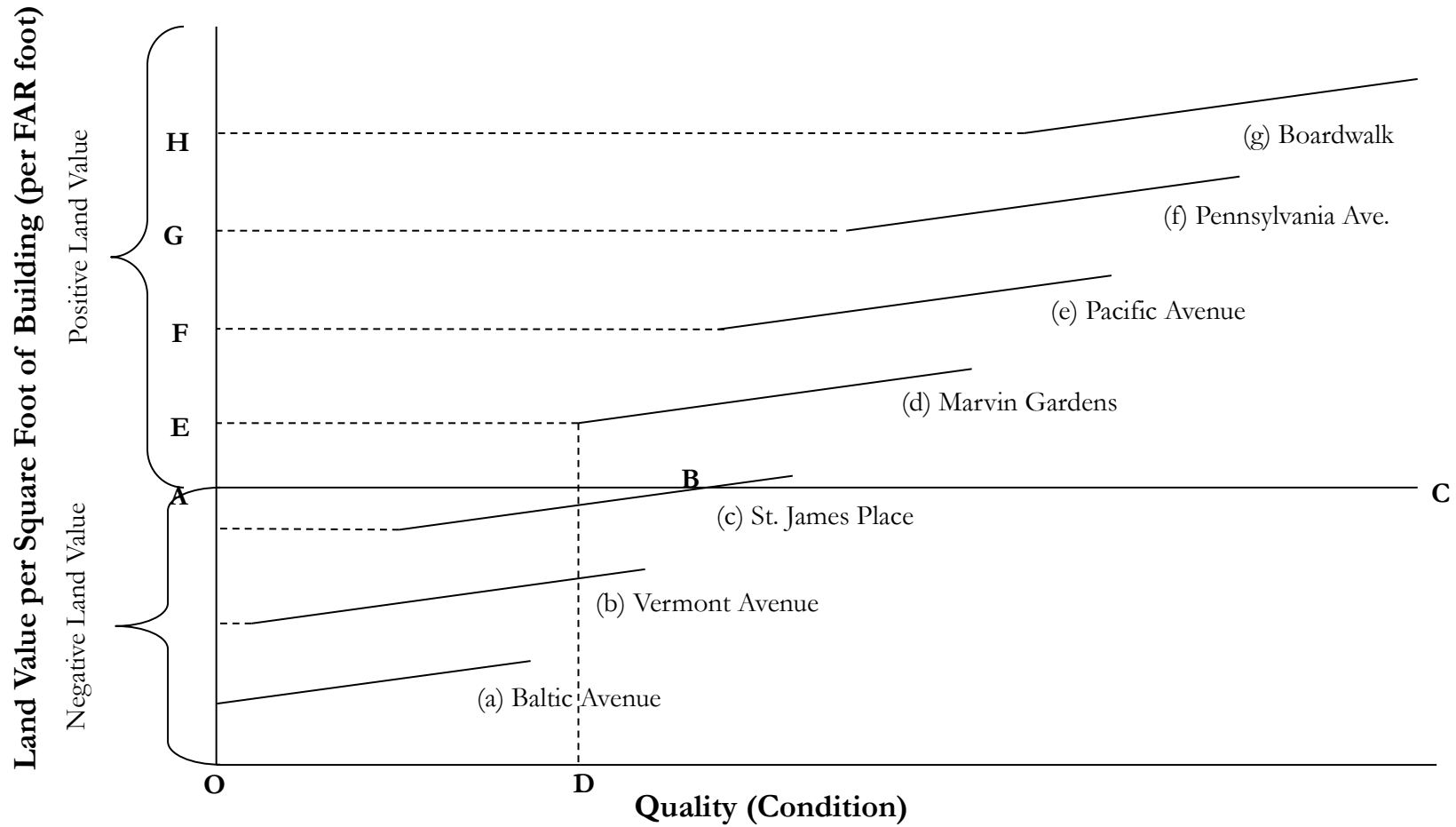
We can easily fix sprawl. See #2, 3, 4 and 7.

The Rungs of a Filtration Ladder

Price and Quality of the Residences in Neighborhoods of an Urban Region



Land Value and Condition of Neighborhoods



Price and Quality Decreases of St. James Neighborhood

