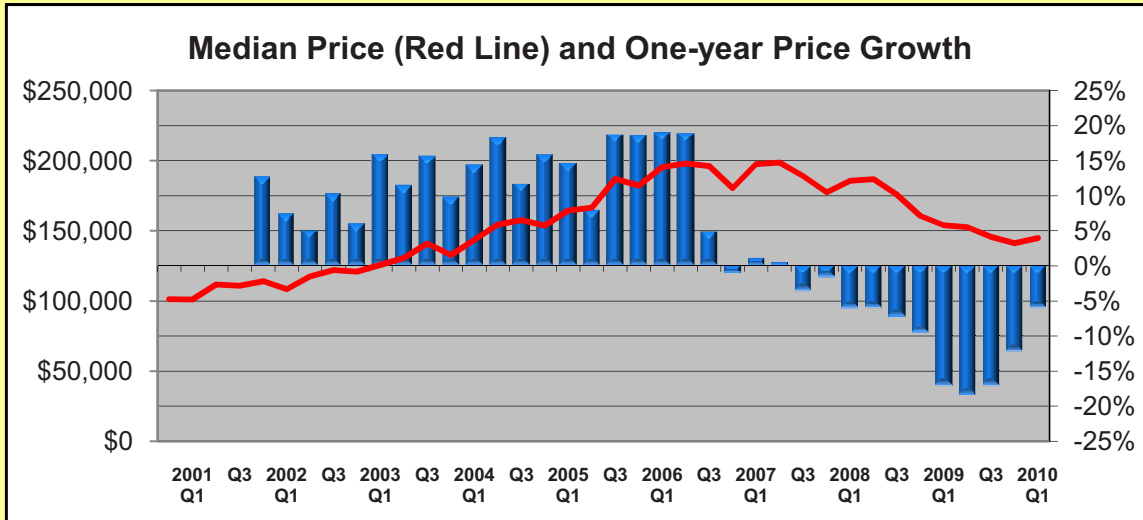


# Jacksonville Area Local Market Report, First Quarter 2010

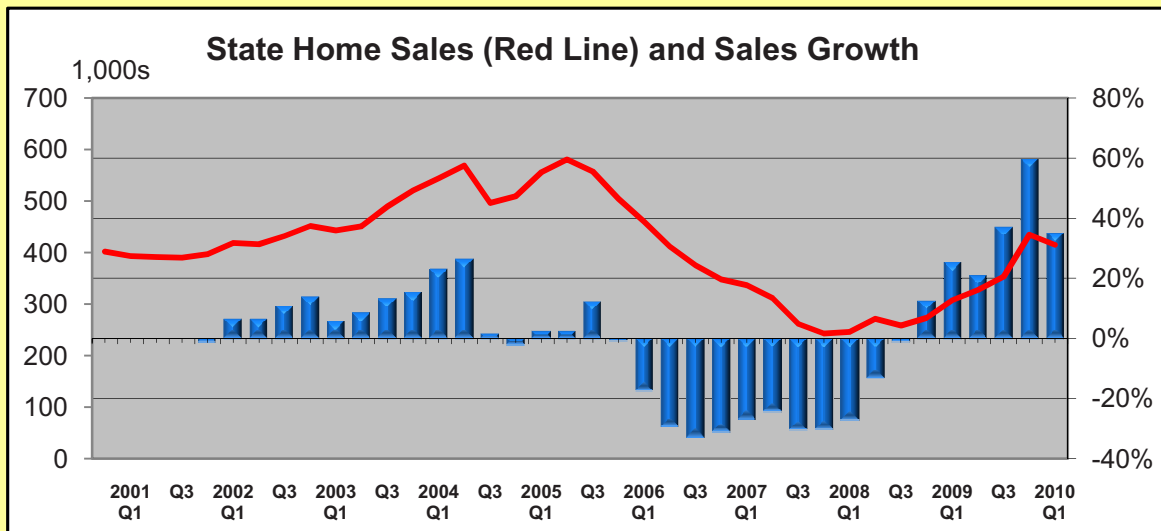


## Today's Market...



	Jacksonville	U.S.	Local Trend
<b>Price Activity</b>			
Current Median Home Price (2010 Q1)	\$144,900	\$166,733	Prices are still down from a year ago, but the trend is improving
1-year (4-quarter) Appreciation (2010 Q1)	-6.0%	-0.5%	
3-year (12-quarter) Appreciation (2010 Q1)	-26.7%	-22.1%	
3-year (12-quarter) Housing Equity Gain	-\$52,700	-\$47,333	Real estate remains a long-term investment: those who bought early in the boom still hold some equity
7-year (28 quarters) Housing Equity Gain	\$19,200	-\$467	
9-year (36 quarters) Housing Equity Gain	\$43,800	\$22,733	
<b>Conforming Loan Limit*</b>	\$417,000	\$729,250	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$387,500	\$417,000	
<b>Local Median to Conforming Limit Ratio</b>	35%	not comparable	

\*Note: the 2009 loan limits for FHA and the GSEs were extended through 2010.



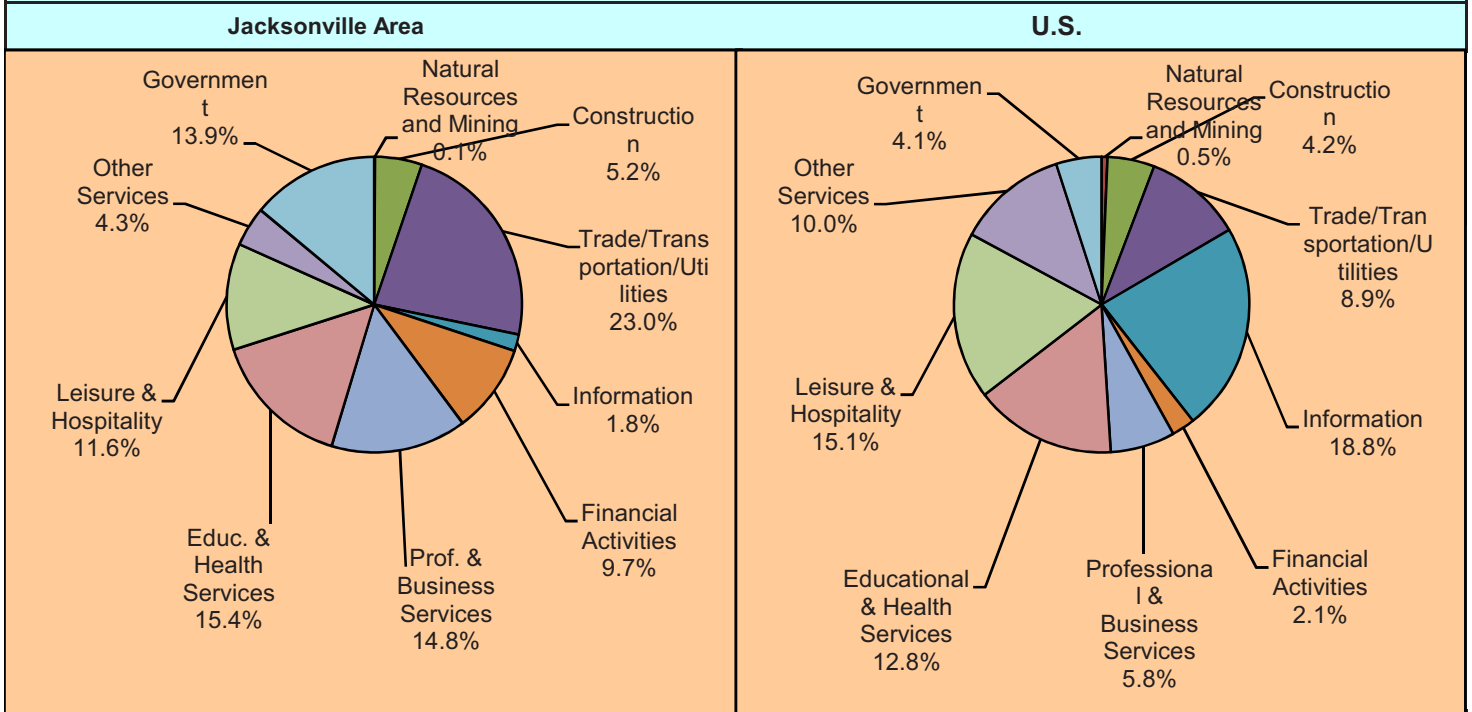
Home Sales	Florida	U.S.	
State Existing Home Sales (2010 Q1 vs 2009 Q1)	35.0%	11.4%	Sales are much stronger than a year ago, but growth is slowing



# Drivers of Local Supply and Demand...

Local Economic Outlook	Jacksonville	U.S.	
12-month Job Change (Mar)	-12,300	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining which could help buyer confidence
12-month Job Change (Feb)	-14,600	Not Comparable	
36-month Job Change (Mar)	-55,300	Not Comparable	Jacksonville's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Mar)	11.9%	9.7%	
Year-ago Unemployment Rate	9.0%	8.6%	Weak, but better than most markets
1-year (12 month) Job Growth Rate	-2.1%	-4.0%	

## Share of Total Employment by Industry



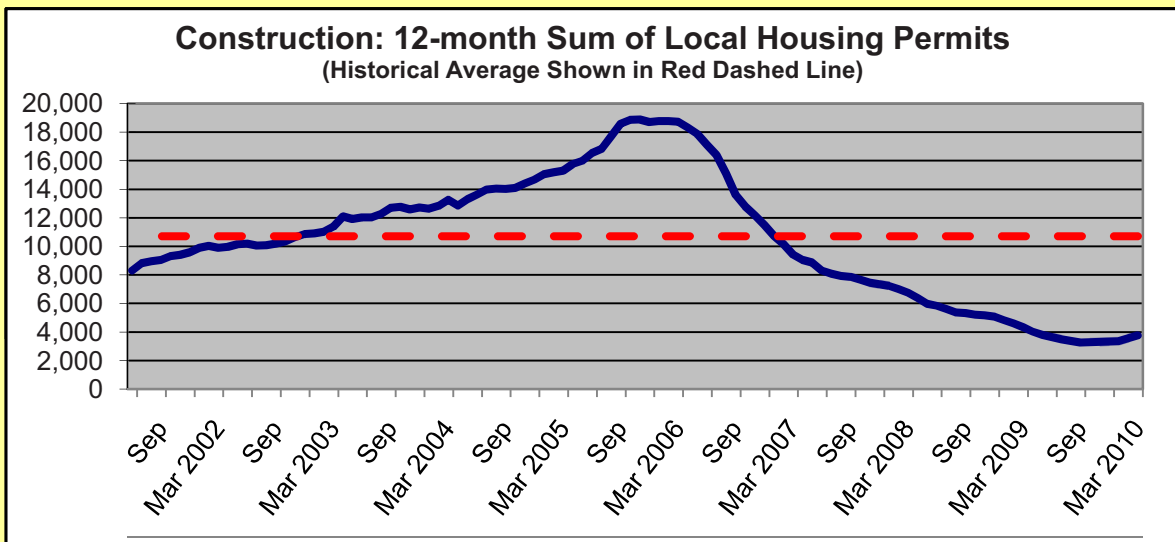
### 12-month Employment Change by Industry in the Jacksonville Area

Natural Resources/Mining/Construct	NA	Prof. & Business Services	-1,000
Natural Resources and Mining	0	Educ. & Health Services	2,000
Construction	-6,500	Leisure & Hospitality	-900
Trade/Transportation/Utilities	-500	Other Services	0
Information	-300	Government	-100
Financial Activities	-2,500		

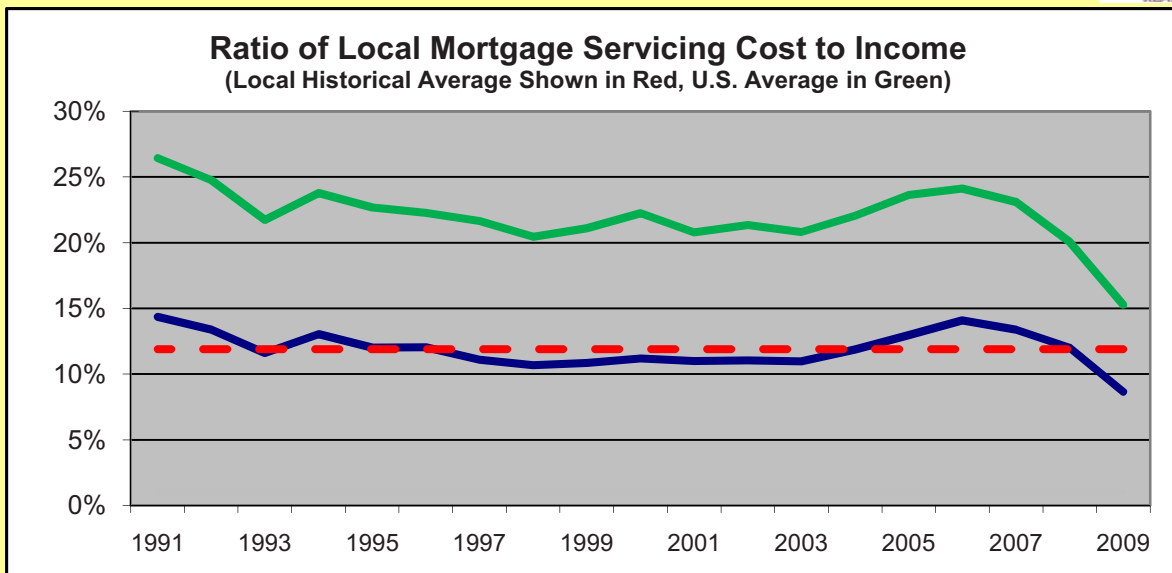
State Economic Activity Index	Florida	U.S.	
12-month change (2010 - Mar)	-2.8%	-1.2%	The economy of Florida is weaker than the rest of the nation, but improved modestly from last month
36-month change (2010 - Mar)	-12.3%	-4.3%	

## Construction

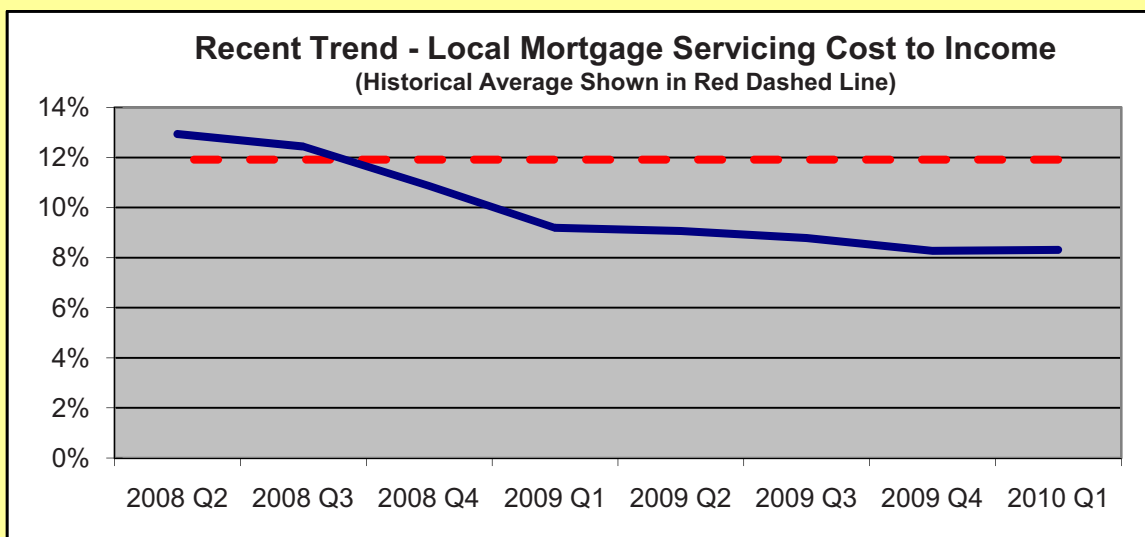
Local Fundamentals	Jacksonville	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2010	3,764	not comparable	The current level of construction is 64.9% below the long-term average
Long-term average for 12-month Sum of 1-Unit Building Permits	10,714	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with current supply and foreclosures more quickly
Single-Family Housing Permits (Mar 2010) 12-month sum vs. a year ago	-13.0%	-6.1%	Construction is down from last year, but appears to have bottomed.



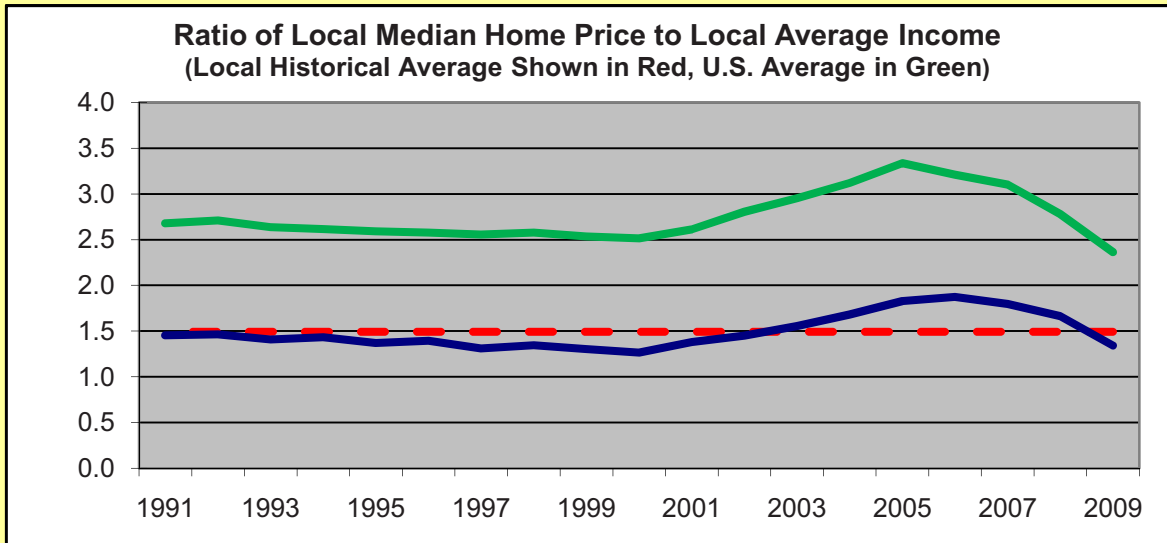
# Affordability



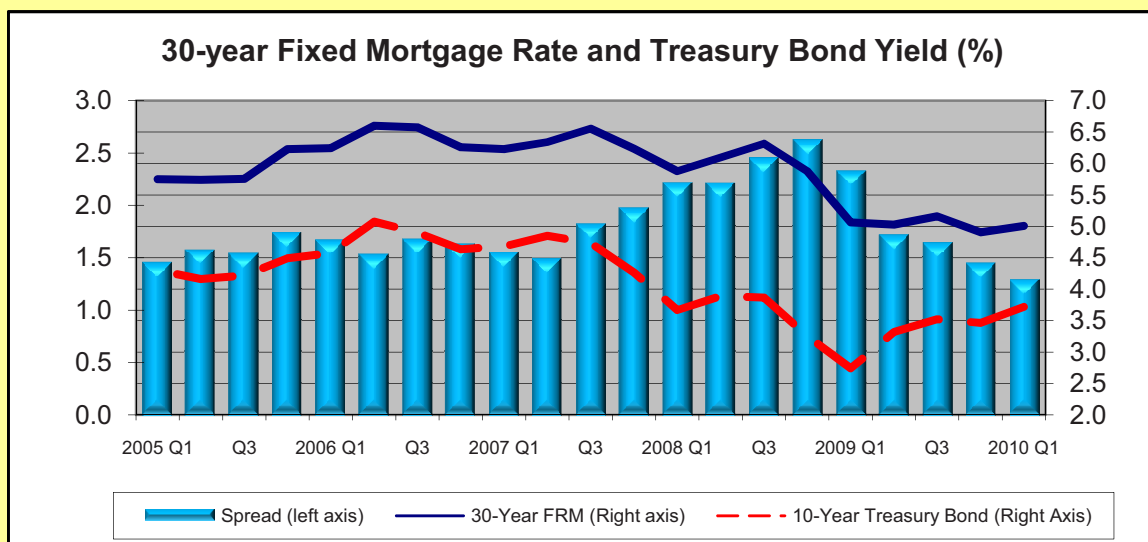
Monthly Mortgage Payment to Income	Jacksonville	U.S.	
Ratio for 2008	8.7%	15.3%	Historically strong, but weaker than the fourth quarter of 2009
Ratio for 2010 Q1	8.3%	14.4%	
Historical Average	11.9%	22.6%	More affordable than most markets



Median Home Price to Income	Jacksonville	U.S.	
Ratio for 2009	1.3	2.4	Local affordability has improved and is below the historical average
Ratio for 2010 Q1	1.3	2.2	
Historical Average	1.5	2.7	Affordable compared to most markets

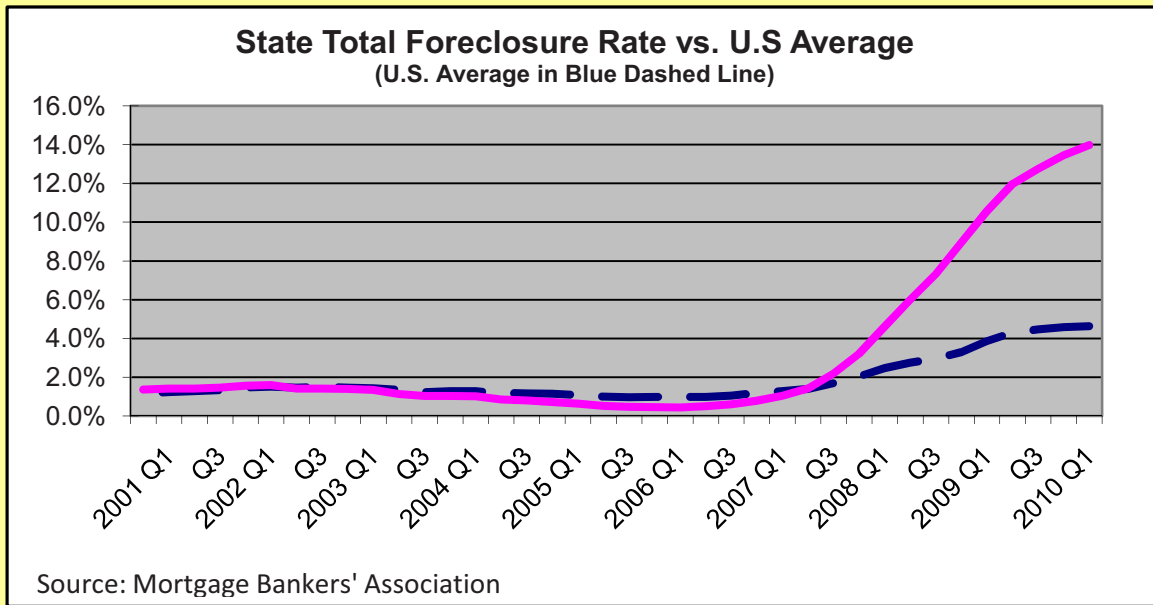


## The Mortgage Market



Signs of economic strength during the first quarter pressed up on the 10-year Treasury yield, while Fed purchases of mortgage backed securities helped to keep long-term mortgage rates low. The spread between the 30-year fixed rate mortgage and the 10-year Treasury continued to shrink through the first quarter of 2010 as a result. In the first two months of the second quarter, new concerns about domestic employment growth and international banking issues have sent investors clamoring to long-term Treasuries for safety, easing inflation concerns (temporarily) and sending the yield sliding. Private demand for mortgage backed securities rose in wake of the Treasury's cessation of its mortgage purchase program, muting upward pressure on long-term mortgage rates. Figures for the second quarter, due out in a few months, will likely show a flat or slightly wider spread between the 10-year Treasury and 30-year FRM. The debt crisis in Greece and fear of a contagion have caused long-term Treasury yields to tumble as nervous investors sought a shelter. The decline in the Treasury yield has not been matched by moderating mortgage rates leading to a increase in the spread.

# Looking Deeper....

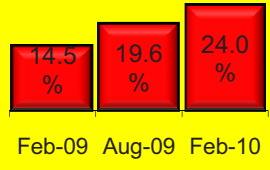
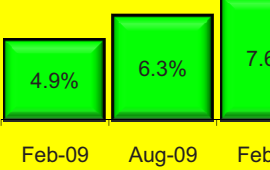
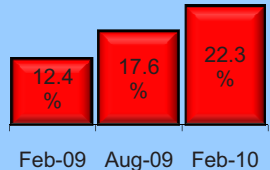
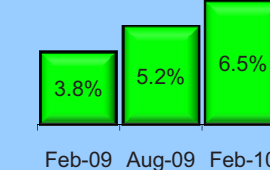
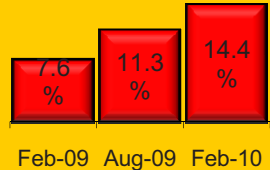
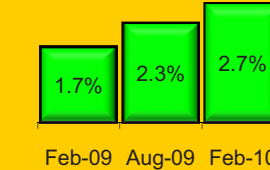


## Foreclosures by Type

Monthly Market Data - February 2010	Jacksonville	U.S.	Delinquencies by Type
<b>Market Share:</b> <u>Prime (blue), Alt-A (green), and Subprime (red)</u>			The Jacksonville market has a lower share of subprime loans than the average market, but rising prime foreclosures are becoming a problem
<b>PRIME:</b> Foreclosure + REO Rate			There was a substantial increase versus August of this year The current local rate is high compared with the current U.S. average
<b>SUBPRIME:</b> Foreclosure + REO Rate			There has been little change locally compared to August The current local rate is high given the U.S. average
<b>ALT-A:</b> Foreclosure + REO Rate			A large local increase occurred compared to August of last year The current rate for Jacksonville is high compared with the up-to-date U.S.

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.

## Prime Foreclosures and Delinquencies in Process

Monthly Market Data - February 2010	Jacksonville	U.S.	
<b>Prime: 60-day Delinquent</b>	 <p>Feb-09 Aug-09 Feb-10</p>	 <p>Feb-09 Aug-09 Feb-10</p>	The share of local 60-day delinquencies rose suggesting that the 90-day delinquency rate is likely to rise in the near future
<b>Prime: 90-day Delinquent</b>	 <p>Feb-09 Aug-09 Feb-10</p>	 <p>Feb-09 Aug-09 Feb-10</p>	Jacksonville's 90-day delinquency rate climbed faster than the national average suggesting a bulge of foreclosures in the future
<b>Prime: Foreclosure + REO Rate</b>	 <p>Feb-09 Aug-09 Feb-10</p>	 <p>Feb-09 Aug-09 Feb-10</p>	Rising 60 and 90-day delinquency rates will press up on local prime foreclosures rates in the near future.

Source: First American CoreLogic, LoanPerformance data

## Geographic Coverage

The Jacksonville area referred to in this report covers the geographic area of the Jacksonville 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:

Baker County, Clay County, Duval County, Nassau County, and St. Johns County

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