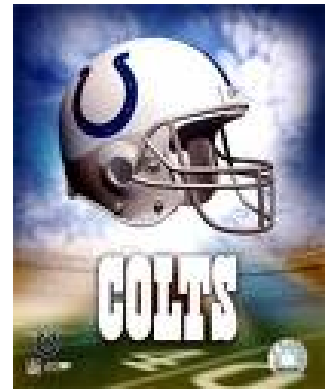




Community Research Services, LLC



Affordable Housing Market Trends: Indiana - 2007



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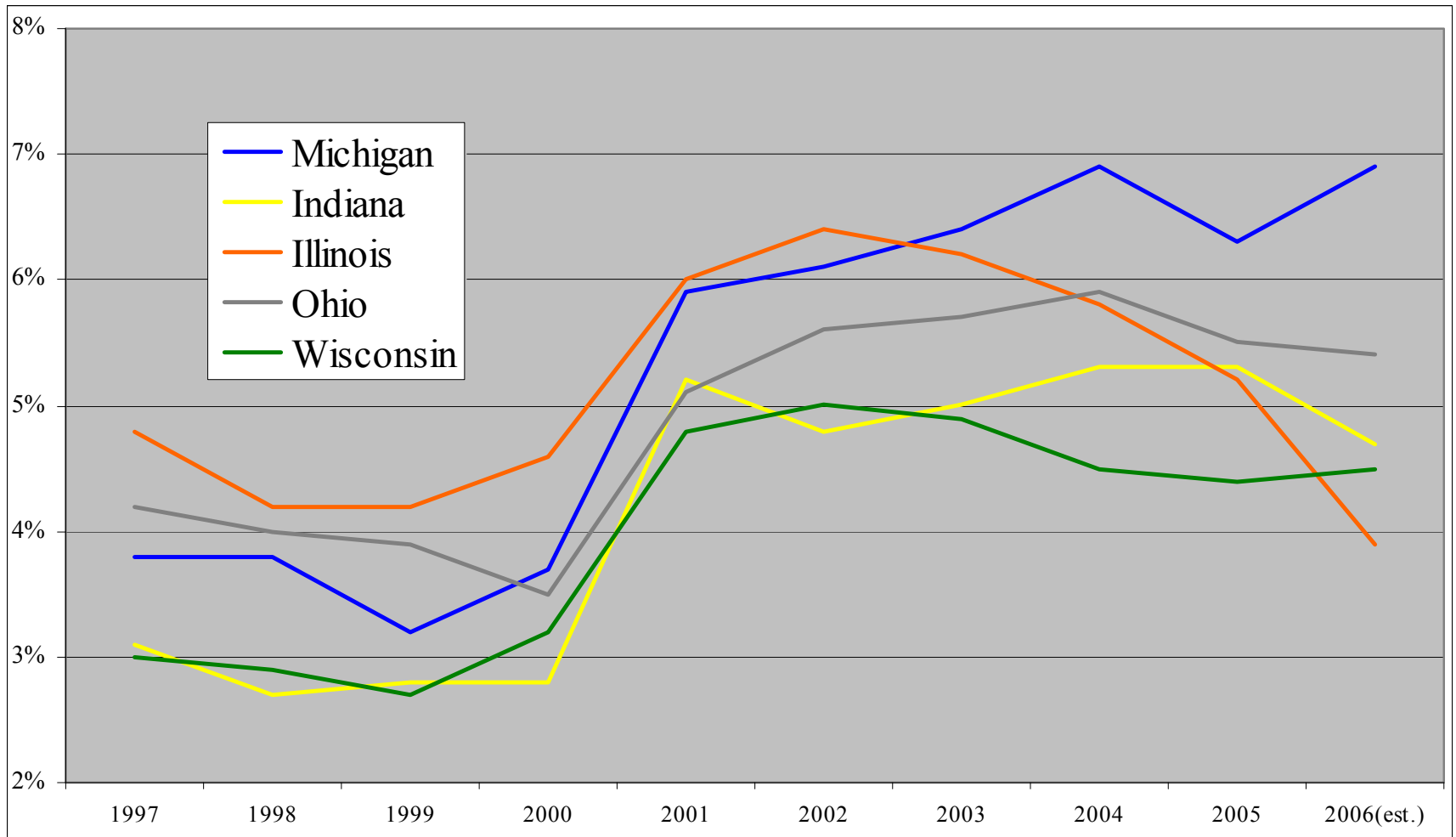
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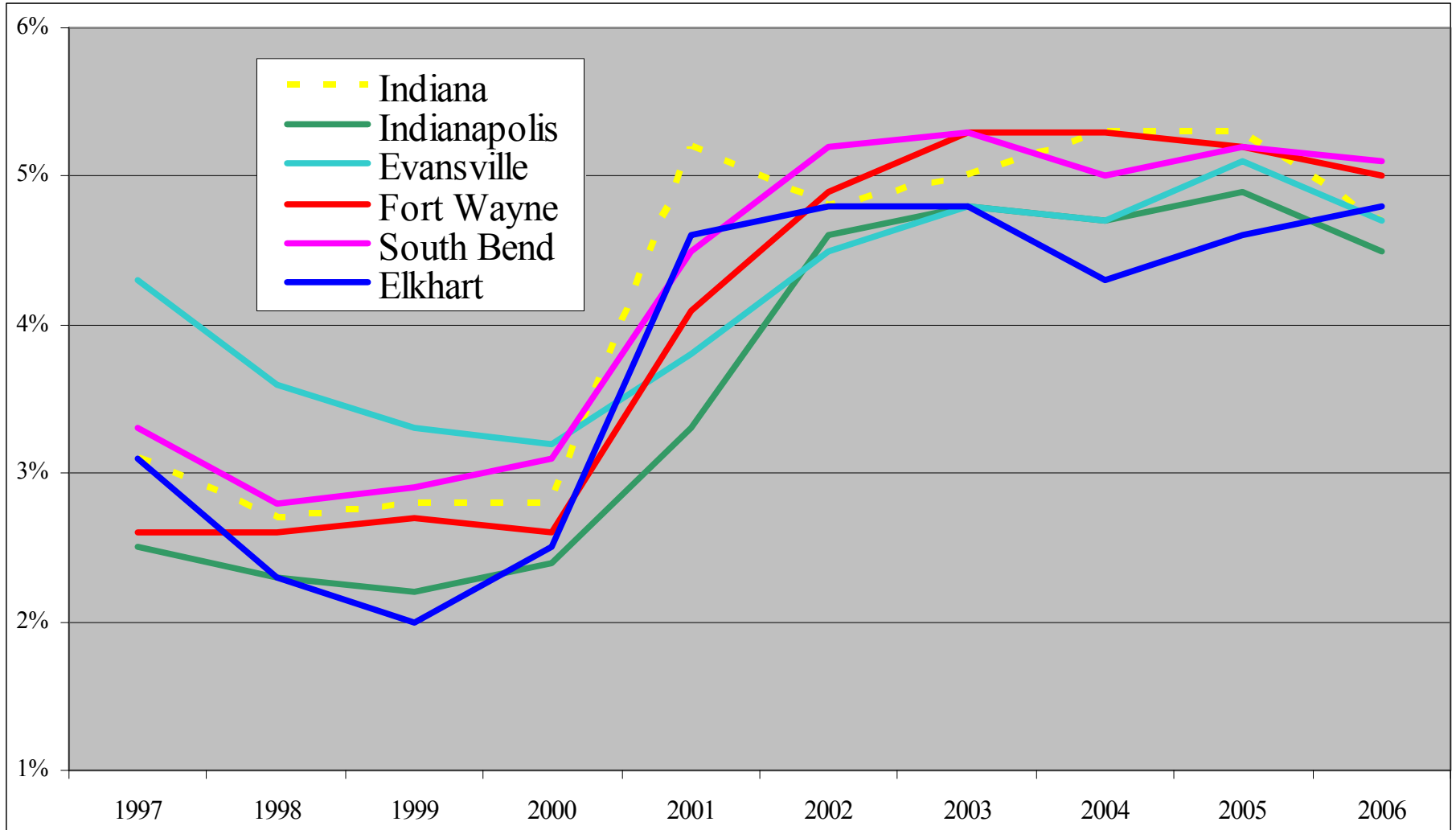
Discussion Summary

- Prevailing economic trends and key variables
- Comparisons to other metropolitan areas/states
- Implications regarding future housing markets
- Current status of IN housing markets
 - Underperforming vs. positive markets
 - Available alternatives/suggestions
- Other market-related issues
 - Market Study review process – Year Two
 - Questions/Comments?

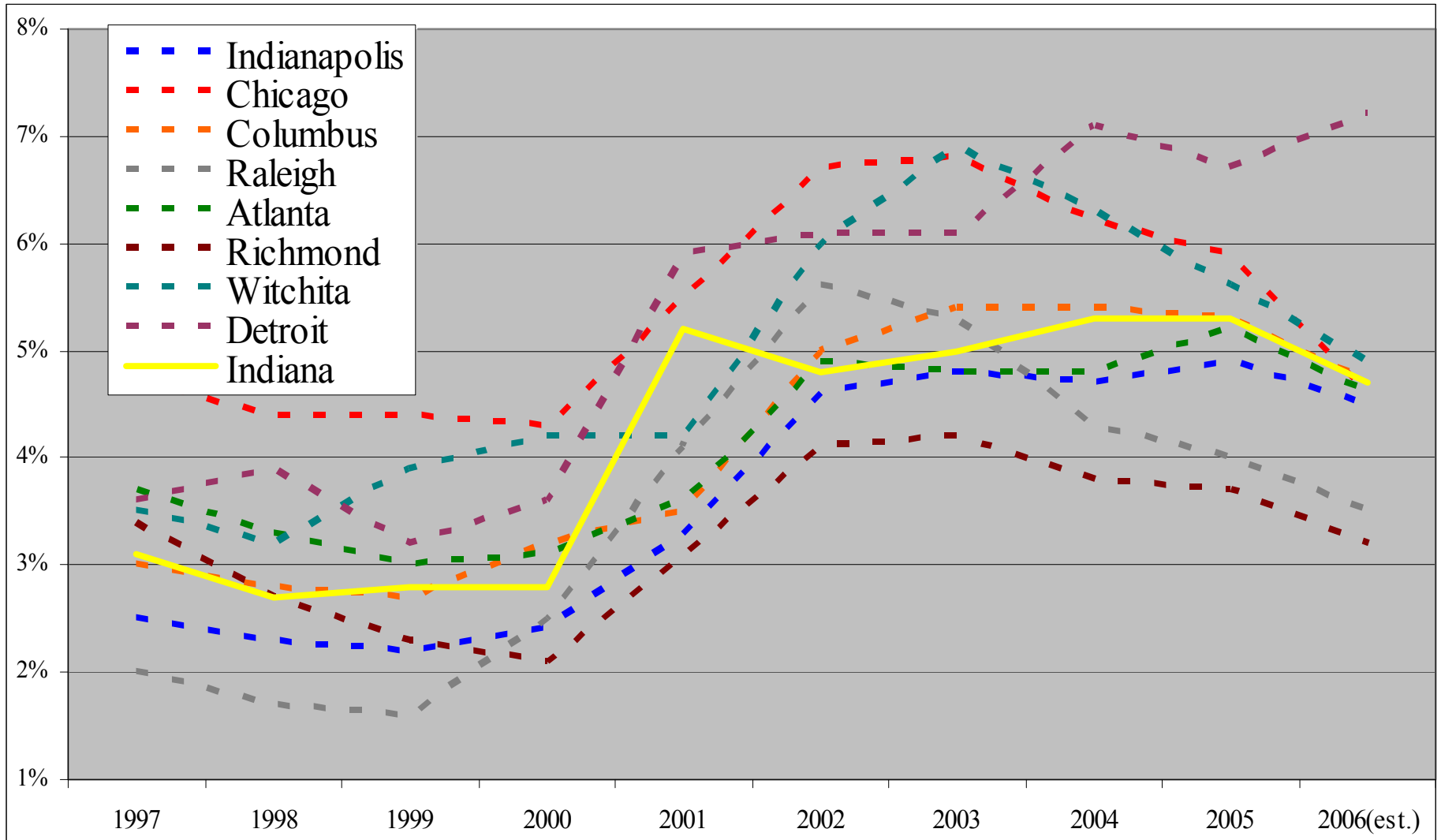
Unemployment Rates – 1997 - 2006



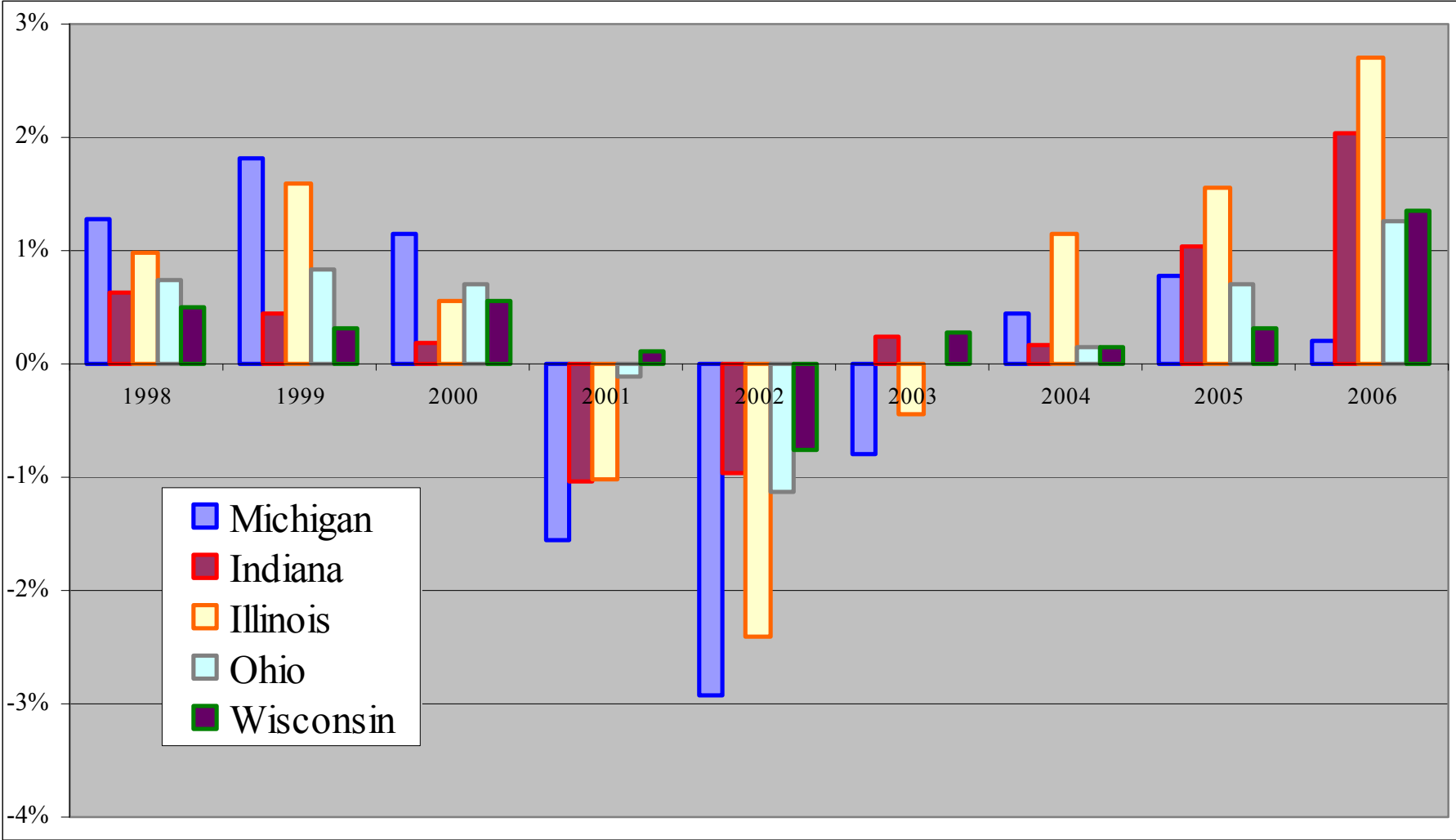
IN Metropolitan Unemployment Rates: 1997-2006



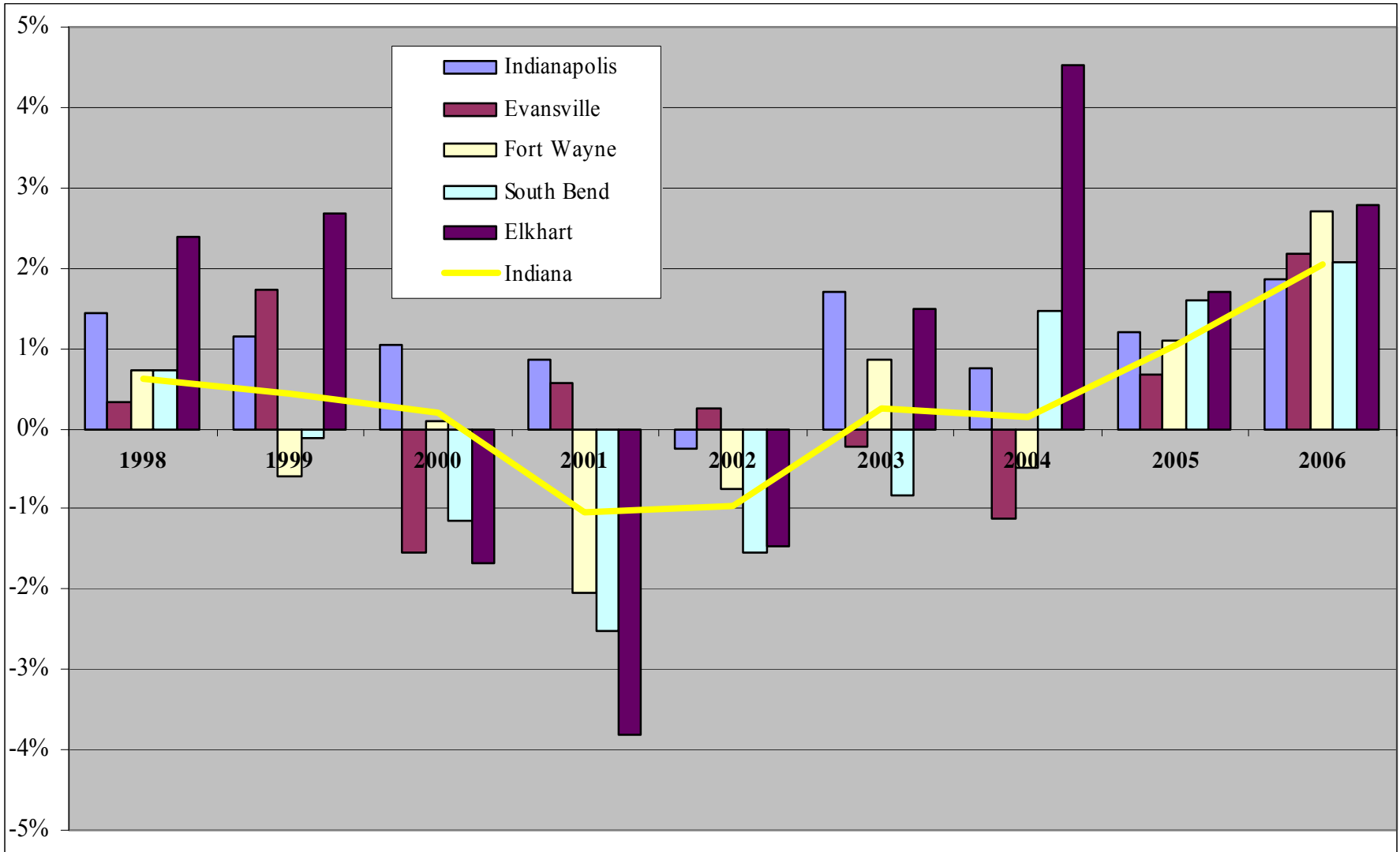
Select Metropolitan Unemployment Rates: 1997-2006



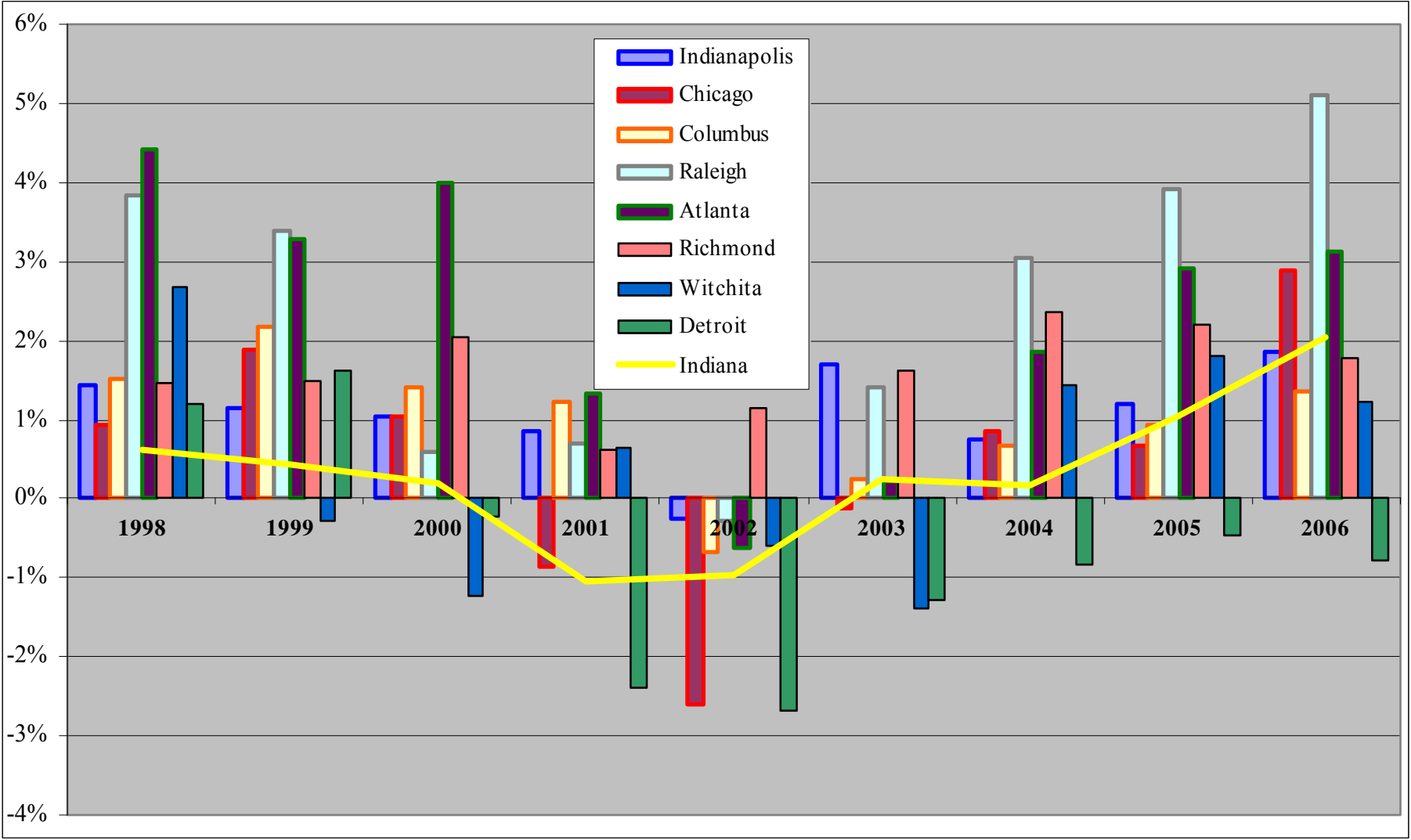
Annual Change in Employment – 1998 - 2006



Annual Change in Employment – 1998 - 2006



Annual Change in Employment – 1998 - 2006



Indiana Housing Market Implications:

- Population and household growth is generally stable
- Income growth is at or slightly above overall inflation
- Interest rates – long-term rates will likely stabilize for balance of 2007 – still a buyers market for SF homes (if buyers can be found...)
- Employment gains are positive – outperforming neighboring states
- Economic prospects locally and regionally are positive for 2007 and 2008, according to local and regional experts

Market Implications for Affordable Housing

- Limited employment growth = limited demand potential
- Turnover - the primary determinant for demand
- Niche markets, unique developments, and community-based alternatives are the remaining options within most markets
- Replacement housing, rehabilitation, and adaptive reuse also represent available development alternatives

Current Market Trends – In Brief

- Stable markets:
 - Portions of greater Indianapolis
 - Portions of greater South Bend/Mishawaka/Elkhart
 - “Many” rural localities
 - Niche markets
- Remaining markets – are either:
 - Saturated
 - Lack demand potential
 - Cannot provide all elements necessary for a positive housing market

Other Issues/Market Questions/Comments:

Market review process – Year Two – generally considered successful by participating firms.

This Year:

- New market study requirements
- Elimination of some items
- Inclusion of other items