

Hot Sheet

TIMELY NEWS & INFORMATION



Hot Sheets are a collection of comprehensive reports covering subjects specific to the real estate industry including:

- ❖ **Construction Spending** - Detailed analysis of economic release published each month.
- ❖ **Housing Starts** - Detailed analysis of economic release published each month.
- ❖ **New Home Sales** - Detailed analysis of economic release published each month.
- ❖ **Existing Home Sales** - Detailed analysis of economic release published each month.
- ❖ **Interest Rate Projections** – Summary tables based on economists’ weekly projections of key interest rates.
- ❖ **Credit Conditions And Trends** - Summary of credit conditions and trends published at the end of each quarter.
- ❖ **Fed Announcements** - Summary of Fed interest rate movements and policy announcement following each FOMC meeting.

THESE ECONOMIC REPORTS ARE A BLEND OF THE GRAPHS, CHARTS, DETAILED SUMMARIES, AND EXPERT ECONOMIC ANALYSIS DERIVED FROM DATA SOURCES DIRECTLY FROM THE RELEASING AGENCY OR ORGANIZATIONS.

WHY YOU WANT IT! *Hot Sheets* are published periodically on their own schedules. They are informative resources and great reference tools. Hot Sheets give you the details and provide the meaning to the data.

WHY WE PROVIDE IT! By providing this service we are endeavoring to foster an environment to exchange information, encourage dialogue and conduct business together.

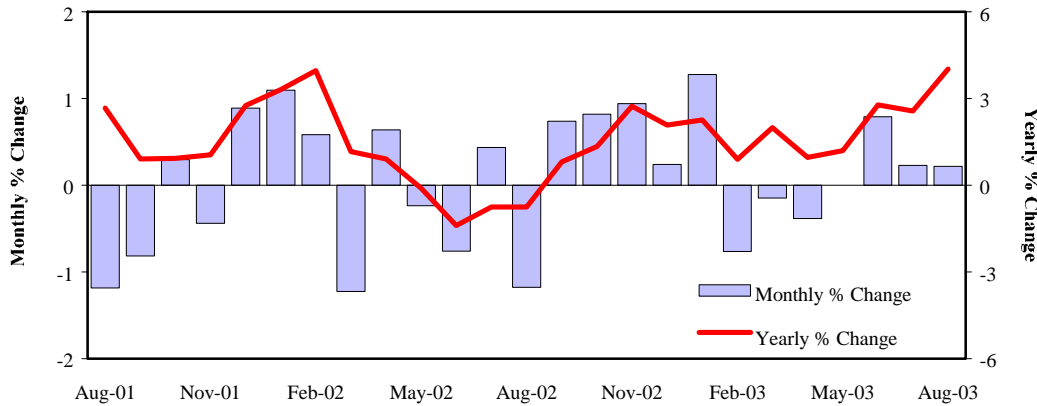
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**SELECT THE HOT SHEETS THAT MATCH YOUR INTEREST AND
CHOOSE YOUR PREFERRED METHOD OF DELIVERY!**

Hot Sheet CONSTRUCTION SPENDING

MODEST GAIN ON STRONG HOME BUILDING

Construction Spending – Wednesday, October 1, 2003



Robust homebuilding activity over the summer led to a modest gain in construction spending in August but the monthly increase missed consensus estimates. Construction spending rose 0.2% in August, after the same gain in July. Spending is up 4.0% over the past year. Residential construction expenditures increased 1.4% in August, a record high, and are up a strong 7.0% over the last twelve months. The recent drop in mortgage rates should keep home construction activity strong over the next several months. Non-residential construction spending, still the weak spot in the building sector, fell 2.7% during the month. Public construction rose 0.6% on a gain in highway projects but schools posted a big decline. While slightly weaker than expected in August, construction spending still is trending higher overall and will make positive contributions to 3Q economic growth.

PERCENT CHANGE

Forecast:	0.5%
Consensus**:	0.4%
Actual:	0.2%

	Relative Weight*	Monthly % Changes			Annual Rates of % Change for						
		Aug-03	Jul-03	Jun-03	Three Month	Six Month	Twelve Month	2002	2001	Five Year	Ten Year
Construction Spending	100%	0.2	0.2	0.8	5.1	1.4	4.0	2.1	2.8	5.4	6.2
Previous estimate			0.2	0.7							
Private Construction	75.4%	0.1	0.5	0.1	2.7	0.1	4.3	0.9	1.5	4.8	6.1
Residential	68.1%	1.4	0.6	-0.1	7.9	2.2	7.0	11.0	7.6	7.8	7.6
Nonresidential	31.9%	-2.7	0.3	0.5	-7.3	-4.1	-1.2	-14.9	-6.8	-0.1	3.7
Commercial	28.2%	1.9	3.2	2.9	37.2	19.5	5.8	-16.1	-2.7	0.4	# N/A
		What is this about?									
Power	11.3%	-19.8	3.1	-5.7	-63.0	-50.0	1.6	-16.9	53.4	15.5	# N/A
Office	13.4%	-0/6	-2.1	2.4	-1.2	-8.0	-16.0	-16.9	53.4	15.5	# N/A
Health Care	11.3%	-0.5	-1.7	2.8	1.9	1.5	6.7	19.3	-2.5	6.5	# N/A
All Other	35.8%	-0.9	-1.2	-0.3	-9.2	3.7	-2.9	-18.2	-12.0	-5.1	# N/A
Public Construction	24.6%	0.6	-0.6	3.0	Sharp acceleration.			5.9	7.0	7.7	6.4
Education	27.1%	-2.2	0.0	3.0	12.6	5.6	3.2	5.9	7.0	7.7	6.4
		Easier to get to school.									
Highways & Streets	27.9%	4.5	-2.9	5.1	29.4	-0.4	0.5	#N/A	#N/A	# N/A	# N/A
All Others	45.0%	0.0	0.5	1.7	9.1	7.6	6.1	#N/A	#N/A	# N/A	# N/A

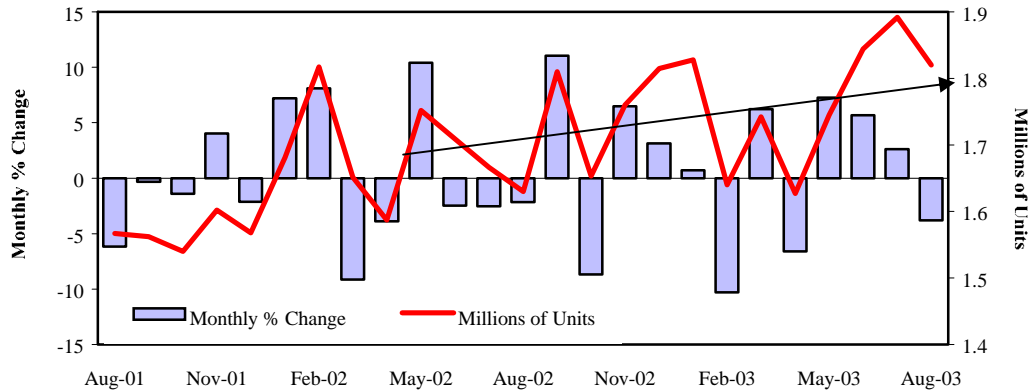
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Hot Sheet HOUSING STARTS

STILL ROBUST

Housing Starts – September 17, 2003



The number of new residential construction starts fell last month but the level of home building activity remains robust. Housing starts fell 3.8%, as expected, to a seasonally adjusted annual rate of 1.82 million units. July starts reached an annual rate of 1.89 million units, a 17-year high. Starts in the single-family segment fell 4.0% while multifamily starts fell 3.1%. Housing permits, often used as an indicator of future building activity, rose 4.8% to 1.89 million units with strong gains in both single-family and multifamily permit issuance. Even with their recent rise, mortgage interest rates remain low by historical standards and low enough for continued robust housing construction activity over the next few months.

Forecast: **1.80M***
 Consensus: **1.83M***
 Actual: **1.82M**

MILLIONS OF UNITS

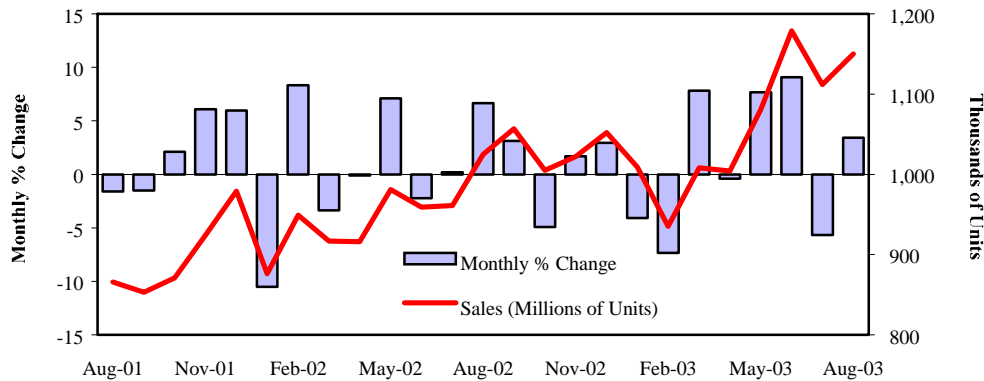
	Months of				Average for						
	Aug-03	Jul-03	Jun-03	May-03	Three Month	Six Month	Twelve Month	2002	2001	Five Year	Ten Year
Housing Starts	1.82	1.89	1.84	1.75	1.85	1.78	1.76	1.71	1.60	1.63	1.52
	-3.8	2.6	5.7	7.3			6.9	1.8			
Single Family	1.48	1.54	1.50	1.39	1.50	1.44	1.43	1.36	1.27	1.29	1.21
(percent change)	-4.0	2.5	7.9	2.4			7.2	3.2			
Multi Family	0.34	0.36	0.35	0.36	0.35	0.34	0.34	0.35	0.33	0.34	0.31
	-3.1	2.9	-3.1	31.9			5.4	-3.5			
Northeast	0.15	0.19	0.16	0.15	0.17	0.16	0.16	0.16	0.15	0.15	0.14
Midwest	0.39	0.38	0.35	0.36	0.38	0.36	0.35	0.35	0.33	0.34	0.32
South	0.85	0.88	0.82	0.79	0.85	0.81	0.80	0.78	0.73	0.74	0.69
West	0.44	0.44	0.51	0.45	0.46	0.45	0.46	0.42	0.39	0.40	0.37
Housing Permits	1.89	1.80	1.82	1.80	1.84	1.79	1.80	1.75	1.64	1.65	1.50
(Percent change)	4.8	-1.3	1.1	4.6			6.9	2.4			
Single-Family	1.48	1.43	1.43	1.35	1.45	1.39	1.38	1.34	1.23	1.24	1.14
(Percent change)	2.9	0.5	5.8	1.3			8.2	2.6			
Multi-Family	0.41	0.37	0.40	0.45	0.39	0.40	0.41	0.41	0.40	0.41	0.36
(Percent change)	12.3	-7.6	-12.8	15.8			2.6	1.8			

Sources: Bureau of the Census, Department of Commerce via Haver Analytics. Data, graph & table courtesy of Insight Economics. * Bloomberg
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Hot Sheet NEW HOME SALES

STILL PEAKING

New Home Sales – Thursday, September 25, 2003



RECORD HIGH: 1179k (06/03) RECORD LOW: 338k (09/81)

Sales of new homes surprised to the upside last month coming in at their second highest level ever! New home sales rose 3.4% in August to a seasonally adjusted annual rate of 1150K. The previous three months of sales were revised lower but June was still the highest month on record at 1179K. Regionally sales were mixed with a surge of over 12% in the Northeast and Midwest, a modest gain of 2.4% in the West and a 1.1% decline in the South. The inventory of homes for sale increased but because of the strong sales pace the months supply remained at 3.7. Tight supplies are keeping appreciation rates aloft with median prices up 3.1% over the past year. The housing sector is still peaking even with the bump in rates. Home sales are expected to remain quite robust but ease slightly going forward.

THOUSANDS OF UNITS

Forecast:	1125 k
Consensus*:	1115 k
Actual:	1150 k

	Months of				Average for						
	Aug-03	Jul-03	Jun-03	May-03	Three Month	Six Month	Twelve Month	2002	2001	Five Year	Ten Year
New Home Sales (thousands)	1150	1112	1179	1081	1147	1089	1051	977	907	906	811
(percent change)	3.4	05.7	9.1	7.7	Strong acceleration.		7.7	3.1			
Northeast	81	72	83	73	77	73	65	65	65	72	69
(percent change)	12.5	013.3	13.7	4.3				-0.5	-8.2		
Midwest	245	217	188	162	217	192	197	189	164	168	149
(percent change)	12.9	15.4	16.0	-6.9				15.4	4.9		
South	529	535	549	525	538	518	491	450	439	418	368
(percent change)	-1.1	02.6	4.6	12.2				2.5	7.8		
West	295	288	359	321	314	302	290	273	239	248	224
(percent change)	2.4	-19.8	11.9	9.9				13.9	-2.7		
Inventory	347	340	343	344	343	343	341	327	302	303	310
Month's Supply	3.7	3.7	3.6	3.9	3.7	3.9	4.0	4.1	4.1	4.1	4.8
	No inventory imbalance.										
Median Sales Price (\$000)	184.5	192.5	186.3	195.5	187.8	188.9	187.3	185.0	172.6	167.2	151.1
(percent change)	3.1	9.6	-2.3	8.0	3.3	3.4	4.0	7.2	3.6		
Average Sales Price (\$000)	237.5	251.8	237.8	243.7	242.4	239.9	234.5	225.9	210.1	203.1	181.4
(percent change)	7.3	15.6	5.6	7.6	9.5	6.9	6.4	7.5	2.8		

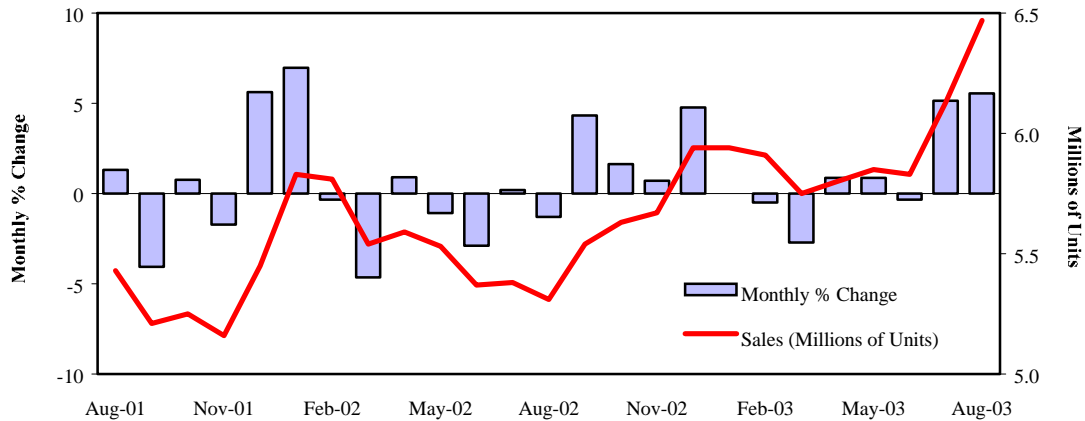
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Hot Sheet

EXISTING HOME SALES

RECORD BREAKER

Existing Home Sales – Thursday, September 25, 2003



RECORD HIGH: 6.47 million (08/03) RECORD LOW: 1.37 million (03/70)

August proved to be another record-breaking month for the sale of pre-owned homes. Existing home sales rose 5.5% in August to a seasonally adjusted annual rate of 6.47 million units. Moreover July sales were upwardly revised to a rate of 6.13 million units. Sales sizzled as buyers moved quickly to lock in before rates could move any higher. Regionally, the West and South posted the largest gains while in the Northeast and Midwest gains were more moderate. The inventory of homes for sales rose by 100K but because of the strong sales pace, the supply remained unchanged at 4.6 months. Robust demand continues to push appreciation rates higher with the median and average sales price up 9.8% and 9.4% respectively over the past year. With rates projected to hover between 6.0% and 6.5% the remainder of the year, home sales will moderate somewhat but remain at historically strong levels.

Forecast:	6.00 M
Consensus*:	6.07 M
Actual:	6.47 M

MILLIONS OF UNITS

	Months of				Average for						
	Aug-03 Record!	Jul-03	Jun-03	May-03	Three Month	Six Month	Twelve Month	2002	2001	Five Year	Ten Year
Existing Home Sales (millions)	6.47	6.13	5.83	5.85	6.14	5.97	5.87	5.60	5.29	5.24	4.64
(percent change)	5.5	5.1	-0.3	0.9			5.7	2.6			
Northeast (thousands)	710	700	650	680	687	673	671	661	638	654	610
(percent change)	1.4	7.7	-4.4	4.6			3.7	-1.3			
Midwest (thousands)	1380	1340	1290	1330	1337	1313	1287	1224	1157	1156	1064
(percent change)	3.0	3.9	-3.0	4.7			5.8	3.0			
South (thousands)	2620	2460	2290	2290	2457	2373	2339	2211	2109	2042	1757
(percent change)	6.5	7.4	0.0	0.0			4.8	4.7			
West (thousands)	1760	1630	1600	1550	1663	1613	1576	1498	1388	1390	1204
(percent change)	8.0	1.9	3.2	-2.5			8.0	0.7			
Inventory (thousands)	2460	2360	2500	2360	2440	2402	2324	2130	1840	1890	1813
Months' Supply	4.6	4.6	5.1	4.8	4.8	4.8	4.8	4.7	4.6	4.8	5.4
	Robust price gains.										
Median Sales Price (\$000)	177.5	181.6	175.0	166.4	178.0	171.1	165.7	157.5	146.5	140.7	126.0
(percent change)	9.8	11.8	6.8	7.4	9.4	8.2	8.0	7.5	5.8		
Average Sales Price (\$000)	224.5	228.2	223.2	212.9	225.3	217.2	210.0	200.6	184.2	177.4	157.5
(percent change)	9.4	9.6	5.8	6.7	8.2	7.2	7.7	8.9	4.7		

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INTEREST RATE PROJECTIONS

KEY INTEREST RATE PROJECTIONS

09/26/2003

KEY TREASURIES	Current	1/WK	1/MO
3-Mo T-Bill Yield*	0.94%	0.96%	0.96%
6-Mo T-Bill Yield	1.01%	1.03%	1.03%
2-Yr T-Note Yield*	1.55%	1.88%	1.88%
3-Yr T-Note Yield	1.96%	2.29%	2.29%
5-Yr T-Note Yield	2.90%	3.23%	3.23%
10-Yr T-Note Yield	4.00%	4.37%	4.44%
30-Yr T-Bond Yield*	4.93%	5.30%	5.37%

KEY FED RATES	Current	After 28-Oct	After 09-Dec	After 28-Jan
Prime Rate	4.00%	4.00%	4.00%	4.00%
Discount Rate	2.00%	2.00%	2.00%	2.00%
Fed Funds Rate*	1.00%	1.00%	1.00%	1.00%
11 th District Cost of Funds	2.018%	2.018%	2.018%	2.018%
Balance of Risk * (1)	Weakness	Weakness	Weakness	Weakness

KEY INTEREST RATES	Current	1/WK	1/MO
30-Year Fixed / Freddie Mac	5.51%	5.88%	5.88%
15-Year Fixed / Freddie Mac	4.86%	5.32%	5.39%
1-Year ARM / Freddie Mac	3.55%	3.88%	3.88%
3-Month LIBOR / Fannie Mae	1.14%	1.47%	1.47%

* Standard & Poor's MMS Survey 09/26/2003.

(1) Balance of Risk – This is the wording included in the Fed's post-FOMC statement that describes the FOMC's consensus about the balance of risks to the attainment of its long-run goals of price stability and sustainable economic growth. It applies to the period extending beyond the next FOMC meeting and is expressed in one of the following views: Balanced – “balanced”, Inflation – “heightened inflation pressures”, Neutral – in a hold pattern, or Weakness – “economic weakness”.

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CREDIT CONDITIONS & TRENDS

CREDIT CONDITIONS AND TRENDS

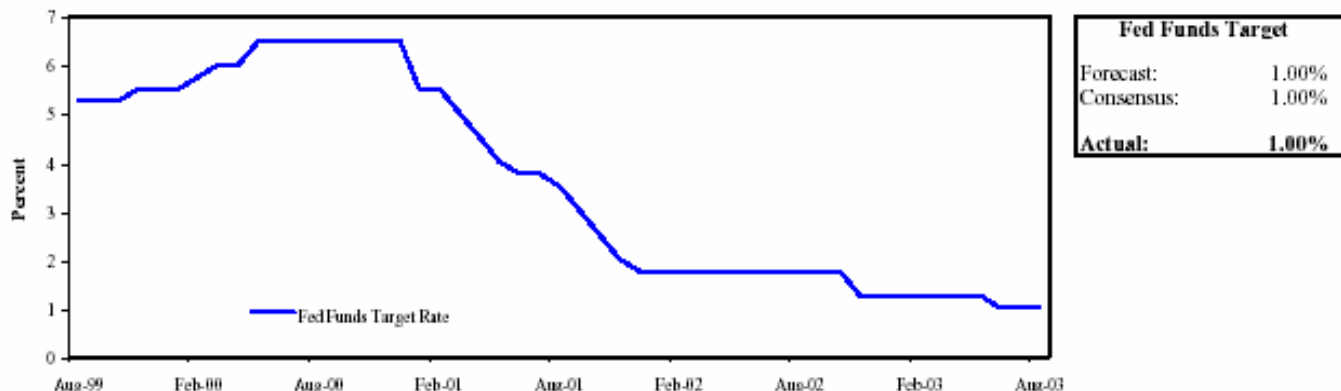
CREDIT CONDITIONS			
2Q 2003			
FACTOR	COMPONENTS	LEVEL	TREND
Personal Bankruptcy	Chapter 7 Chapter 13	High High	Rising Rising
Consumer Credit Delinquencies	Consumer Credit # Of Loans Consumer Credit Volume Credit Cards # Loans Credit Cards Volume	High High High Moderate	Slowing Slowing Slowing Slowing
Mortgage Delinquencies	Past Due 30-90 Days Foreclosures, Started	Low Low	Slowing Slowing

PROJECTED TRENDS			
3Q 2003			
FACTOR	COMPONENTS	LEVEL	TREND
Debt Service	Consumer Debt Service Mortgage Debt Service Real Consumer Credit Growth Mortgage Applications – Purchase Mortgage Applications – Refinance 3-Yr. Treasury Yield	High High Low Very High Very High Very Low	Slowing Rising Slowing Slowing Slowing Rising
Loan Standards	Mortgage Loan-To-Value Ratios Willingness To Lend: Consumer Credit Cards	Moderate Moderate Moderate	Rising Steady Steady
Household Income	Unemployment Rate Unemployment Insurance Claims Employment Growth Real Personal Income Consumer Confidence Average Weekly Hours Worked	High High Low Moderate Low Low	Rising Falling Rising Rising Rising Rising
Household Assets	House Price Growth Stock Price Growth	High Low	Slowing Rising

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ACCOMMODATIVE POLICY TO BE MAINTAINED

FOMC Policy Actions - August 12, 2003



The FOMC decided to keep the target for the federal funds rate at 1.0% today. No change in rates was widely expected by market participants, economists and others. In a statement following the policy meeting, the Fed expressed optimism that the economy would return to robust growth given the current accommodative stance of monetary policy, strong productivity gains and substantial tax relief. The risks to the economy remain balanced at this point according to the Fed with continued firm spending but still weak labor markets. On inflation, the Committee sees more of a risk in dropping prices than in rising prices and because of this The Fed will maintain an accommodative monetary policy for an extended period of time.

Federal Open Market Committee Policy Statement

The Federal Open Market Committee decided today to keep its target for the federal funds rate a 1 percent.

The Committee continues to believe that an accommodative stance of monetary policy, coupled with still robust underlying growth in productivity, is providing important ongoing support to economic activity. The evidence accumulated over the intermeeting periods shows that spending is firming, although labor market indicators are mixed. Business pricing power and increases in core consumer prices remain muted.

The Committee perceives that the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. In contrast, the probability, though minor, of an unwelcome substantial fall in inflation exceeds that of a pickup in inflation from its already low level. The Committee judges that, on balance, the risk of inflation becoming undesirably low is likely to be the predominant concern for the foreseeable future. In these circumstances, the Committee believes that policy accommodation can be maintained for a considerable period.

Voting for the FOMC monetary policy action were Alan Greenspan, Chairman; Ben S. Bernanke, Vice Chairman; Susan S. Bies; J. Alfred Broaddus, Jr.; Roger W. Ferguson, Jr.; Edward M. Gramlich; Jack Gwynn; Donald L. Kohn; Michael H. Moskow; Mark W. Olson, and Jamie B. Stewart, Jr..

Voting against the action was Robert T. Parry. President Parry a 50 basis point reduction in the target for the federal funds rate.