



The Future: What's Really Going On?

NAOIP 2012 Forecast

Presented by

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How is the Economy Doing?

- ✓ Very Good
- ✓ Good
- ✓ Bad
- ✓ Very Bad

History Causes the Future

- Causes

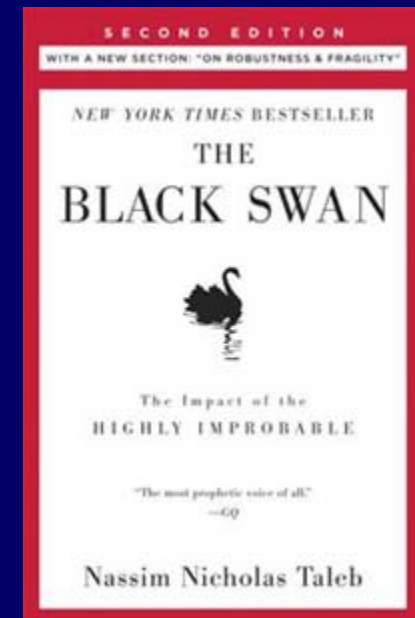
Demographics

Values

Physical

Effects

What is past is prologue...
Shakespeare, the *Tempest*



The Methodology of Futurology

70%

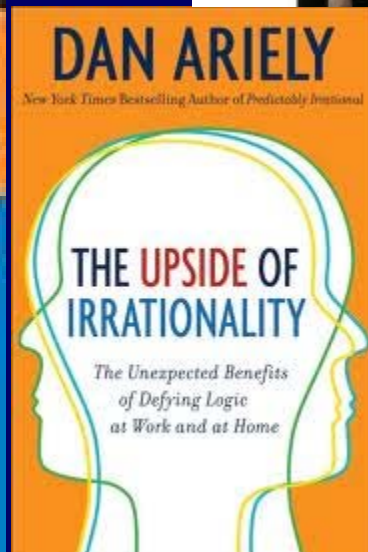
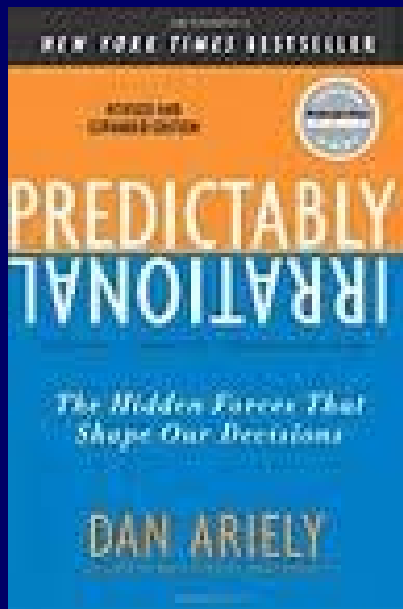


NAIOP RESEARCH FOUNDATION



We're Shaping the Future

If you don't know the cause,
you won't know the cure.



Real Estate Prices



UP? ↗



DOWN? ↘



Real Estate Prices



UP ? ↗



The Riches are in the Niches

The Future: When Will Housing Prices Recover?

What Caused the Housing Bust?

What Caused the Housing Boom?

What Caused the Housing Boom? (and Bust?)

Easy Credit!

100% loans

Undocumented loan applications

Inflated appraisals

Bank loans to developers

CDOs

PCLs (and bad tax laws)

Adjustable APR

English language documents for

Foreign Language Speakers

What Causes Housing Prices?

Demand

People needing homes
Ability to buy
Willingness to buy
Authority to buy



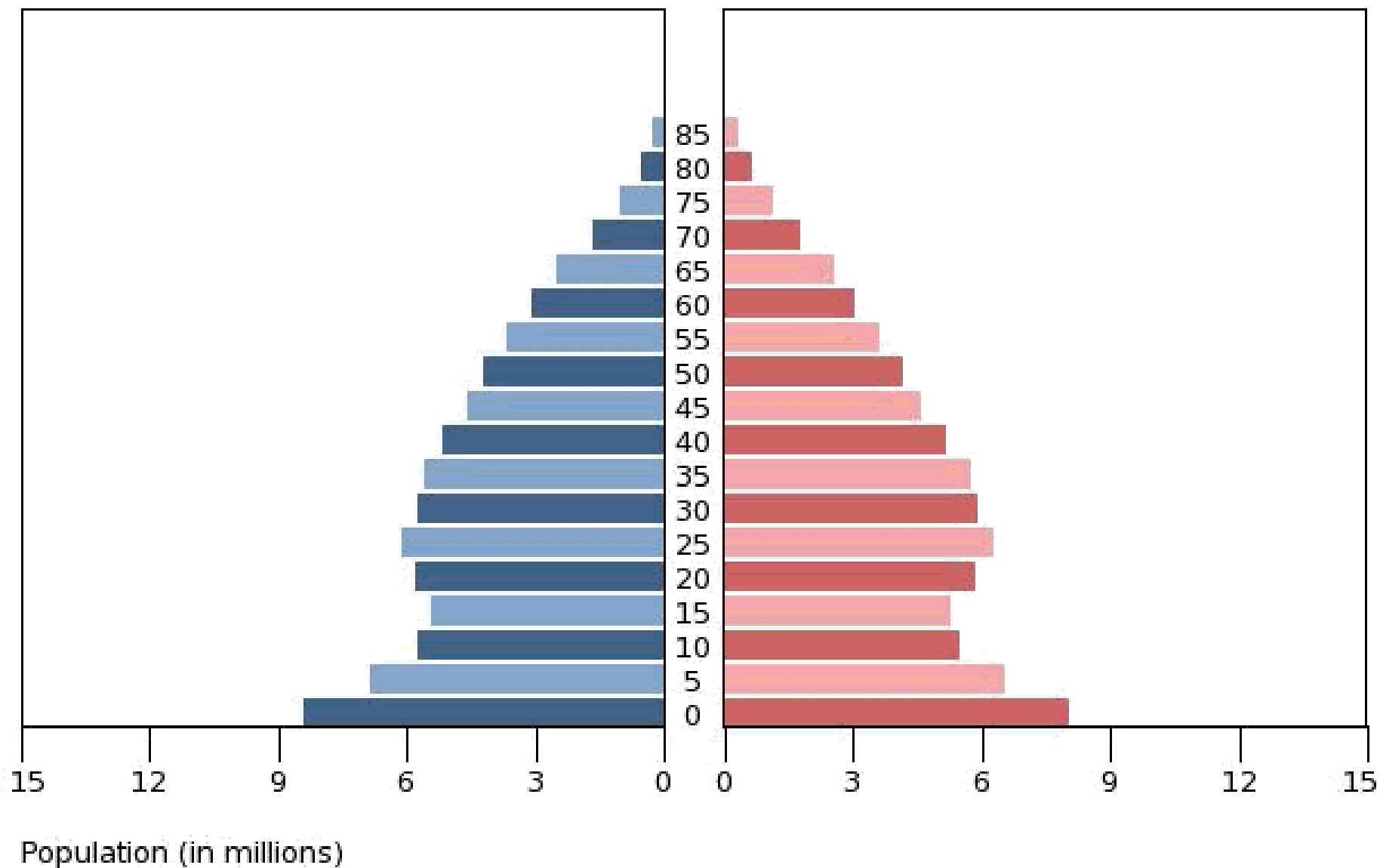
Supply



Male

United States - 1950

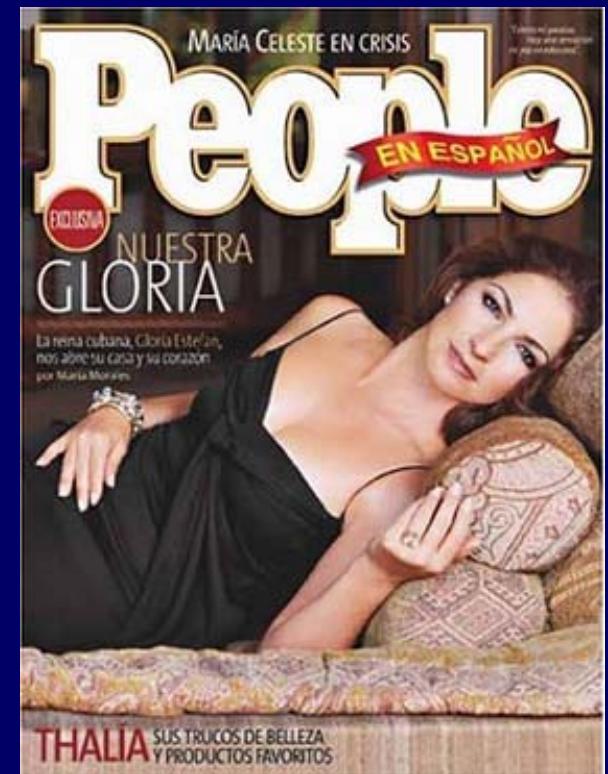
Female



The Changing American Consumer

Fertility Rates by Ethnicity

	Births Per 1000 Women	
	1980	2010
Whites (non Hispanic)	62	58
Hispanics	95	108
Blacks (non Hispanic)	91	67
American Indian	83	60



2000 – 2010 Minority Growth

Latinos + 42% = 50.5 million

African-Americans + 11% = 37.7 million



Global Fertility Rates (children born per woman)

2011 Estimates

United States - 2.06

Afghanistan – 5.39	Israel 2.7
Australia – 1.78	Italy 1.39
Brazil – 2.18	Japan 1.21
Canada 1.58	Korea (South) 1.23
Chad 5.05	Macau 0.92
China 1.54	Malawi 5.43
Congo 5.68	Mali 6.44
Cuba 1.44	Mexico 2.99
Egypt 2.97	Netherlands 1.66
France 1.96	Niger 7.6
Germany 1.41	Norway 1.77
Ghana 3.48	Russia 1.42
Hong Kong 1.07	Singapore 1.1
India 2.62	South Africa 2.3

Source: CIA Factbook

The Future: When Will Housing Prices Recover?

What Caused the Housing Bust?

What Caused the Housing Boom?

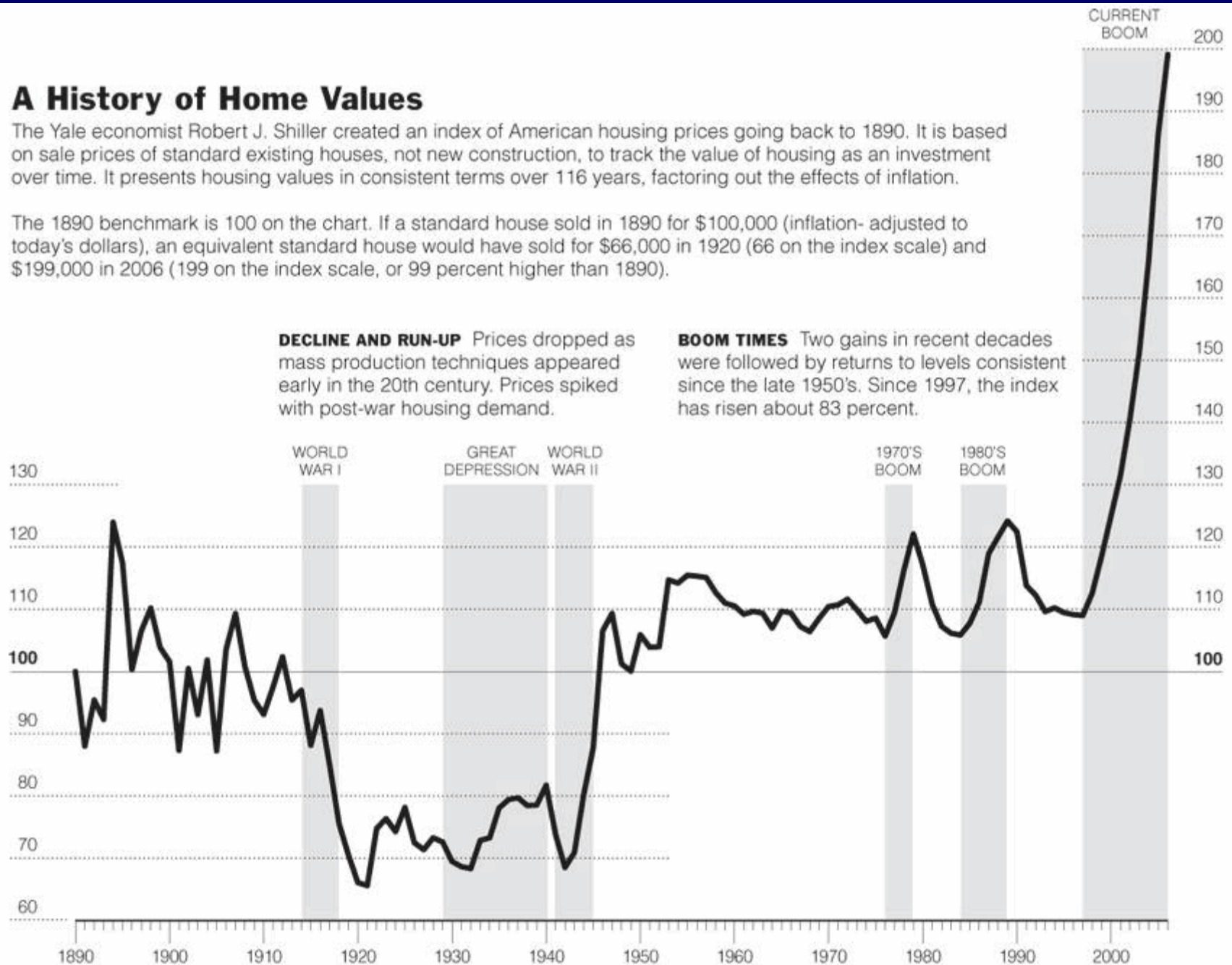
A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).

DECLINE AND RUN-UP Prices dropped as mass production techniques appeared early in the 20th century. Prices spiked with post-war housing demand.

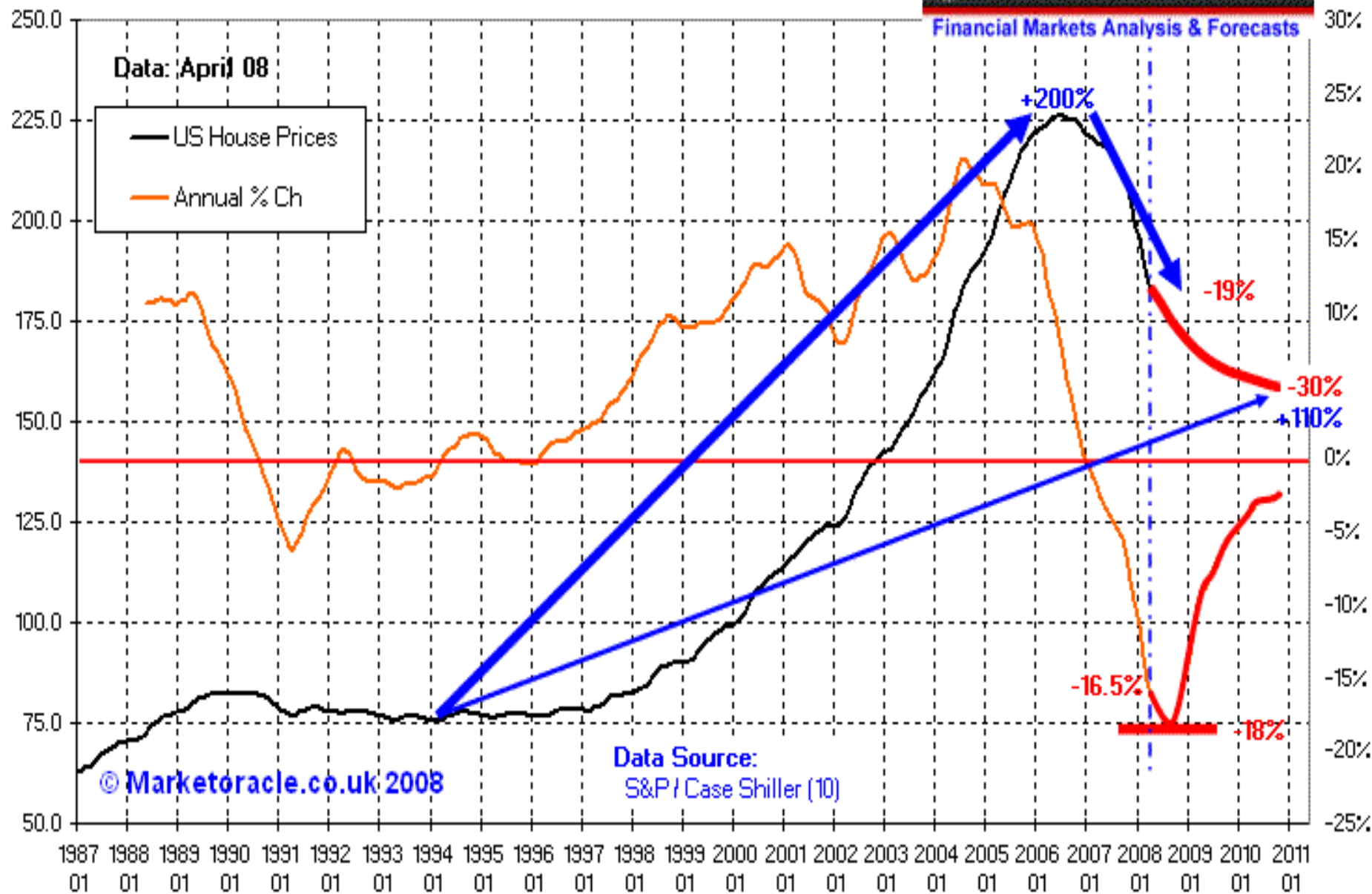
BOOM TIMES Two gains in recent decades were followed by returns to levels consistent since the late 1950's. Since 1997, the index has risen about 83 percent.



US House Prices Trend and Forecast 2008-2010

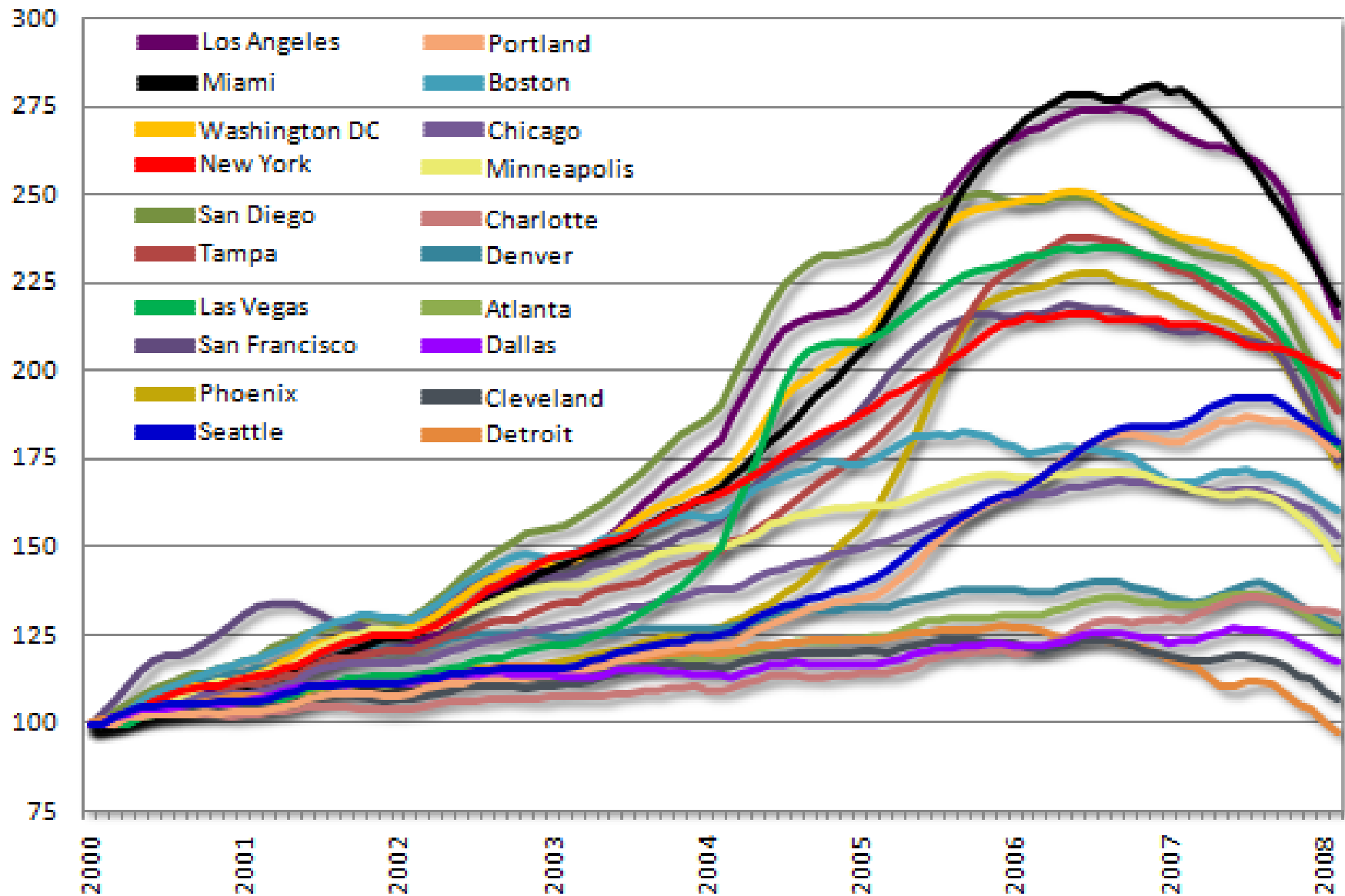


Financial Markets Analysis & Forecasts



S&P/Case-Shiller Home Price Indices

Jan. 2000 - Feb. 2008, Source: Standard and Poor's



Which is the largest city?

- Atlanta
- Boston
- Cleveland
- Columbus
- Detroit
- Las Vegas
- Miami



Which is the largest city?

- Atlanta
- Boston
- Cleveland
- Columbus
- Detroit
- Las Vegas
- Miami
- 420,003
- 617,594
- 396,815
- 787,033
- 713,777
- 583,756
- 399,457



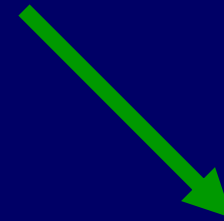
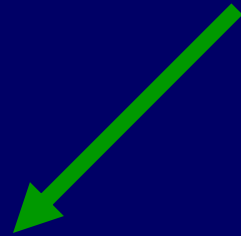
What Determines Prosperity for



Individuals
Companies
Nations

VALUES:

Shared beliefs or group norms
internalized by an individual

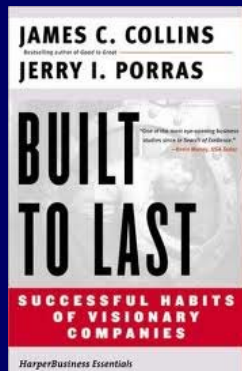


TERMINAL

Goals

Motivations

Words

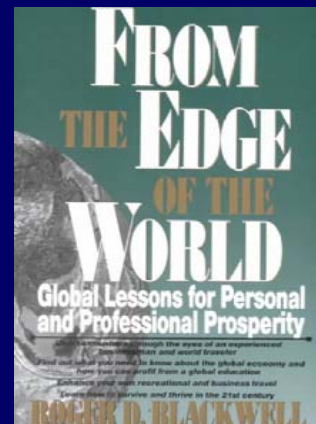


INSTRUMENTAL

Behavior

Teamwork

Actions



WORLD'S RICHEST COUNTRIES

Rank	Country	GDP - per capita (PPP)	(2010 estimate)
1	Qatar	\$ 145,300	
2	Liechtenstein	\$ 141,100 (2008)	
3	Luxembourg	\$ 81,800	
4	Bermuda	\$ 69,900 (2004)	
5	Norway	\$ 59,100	
6	Singapore	\$ 57,200	
7	Jersey	\$ 57,000 (2005)	
8	Kuwait	\$ 51,700	
9	Brunei	\$ 50,300	
10	United States	\$ 47,400	
11	Hong Kong	\$ 45,600	
12	Andorra	\$ 44,900 (2008)	
13	Guernsey	\$ 44,600 (2005)	
14	Cayman Islands	\$ 43,800 (2008)	
15	Gibraltar	\$ 43,000 (2006)	
16	Switzerland	\$ 42,900	
17	Australia	\$ 41,300	
18	Netherlands	\$ 40,500	
19	Bahrain	\$ 40,400	
20	Austria	\$ 40,300	
21	United Arab Emirates	\$ 40,200	
22	Canada	\$ 39,600	
23	Sweden	\$ 39,000	
24	British Virgin Islands	\$ 38,500 (2004)	
25	Belgium	\$ 37,900	
26	Equatorial Guinea	\$ 37,900	
27	Ireland	\$ 37,600	
28	Denmark	\$ 36,700	
29	Iceland	\$ 36,700	
30	San Marino	\$ 36,200	
31	Germany	\$ 35,900	
32	Greenland	\$ 35,900 (2007)	
33	Taiwan	\$ 35,800	
34	Falkland Islands	\$ 35,400 (2002)	
35	Finland	\$ 35,300	
36	United Kingdom	\$ 35,100	
37	Isle of Man	\$ 35,000 (2005)	
38	Japan	\$ 34,200	
39	France	\$ 33,300	
40	Macau	\$ 33,000 (2009)	



WORLD'S POOREST NATIONS

71 Russia \$15,900

11,200

100 Iran \$ 11,200

104 Brazil \$ 10,900

105 South Africa \$ 10,700

109 Cuba \$ 9,900

112 Colombia \$ 9,800

113 Tunisia \$ 9,500

119 Dominican Republic \$ 8,600

120 Belize \$ 8,400

127 China \$ 7,400

136 Egypt \$ 6,200

156 Indonesia \$ 4,300

161 Iraq \$ 3,600

162 Philippines \$ 3,500

163 India \$ 3,400

167 Vietnam \$ 3,100

169 West Bank \$ 2,900 (2008)

173 Yemen \$ 2,600

World \$

182 Nigeria \$ 2,400

188 Cambodia \$ 2,000

194 Cote d'Ivoire \$ 1,800

195 Korea, North \$ 1,800

196 Bangladesh \$ 1,700

200 Kenya \$ 1,600

201 Ghana \$ 1,600

203 Zambia \$ 1,500

205 Haiti \$ 1,200

211 Rwanda \$ 1,100

211 Afghanistan \$ 1,000

214 Ethiopia \$ 1,000

219 Malawi \$ 900

224 Niger \$ 700

225 Somalia \$ 600

227 Zimbabwe \$ 400

229 Congo, \$300

History Causes the Future

- Causes  Effects







What is past is prologue...
Shakespeare, the *Tempest*



Anyone who fails
to *learn*
the lessons of
history

GDP

Fastest Growing Nations

Country	% Growth GDP	Date	World Rank	Region Rank
 Qatar	16.3%	2010	1	1
 Singapore	14.5%	2010	3	1
 Taiwan	10.8%	2010	4	2
 India	10.4%	2010	5	3
 China	10.3%	2010	6	4
 Sri Lanka	9.1%	2010	9	5



“The future always arrives a little before most people are willing to give up the present.”



Don't Confuse Trend with Substance

2010 Sales

- E-Commerce retail
- Bricks and mortar



NOW
THERE'S MORE
OF THE LIMITED
TO LOVE!

JOIN US FOR OUR EXCLUSIVE GRAND OPENING EVENTS!



Don't Confuse Trend with Substance

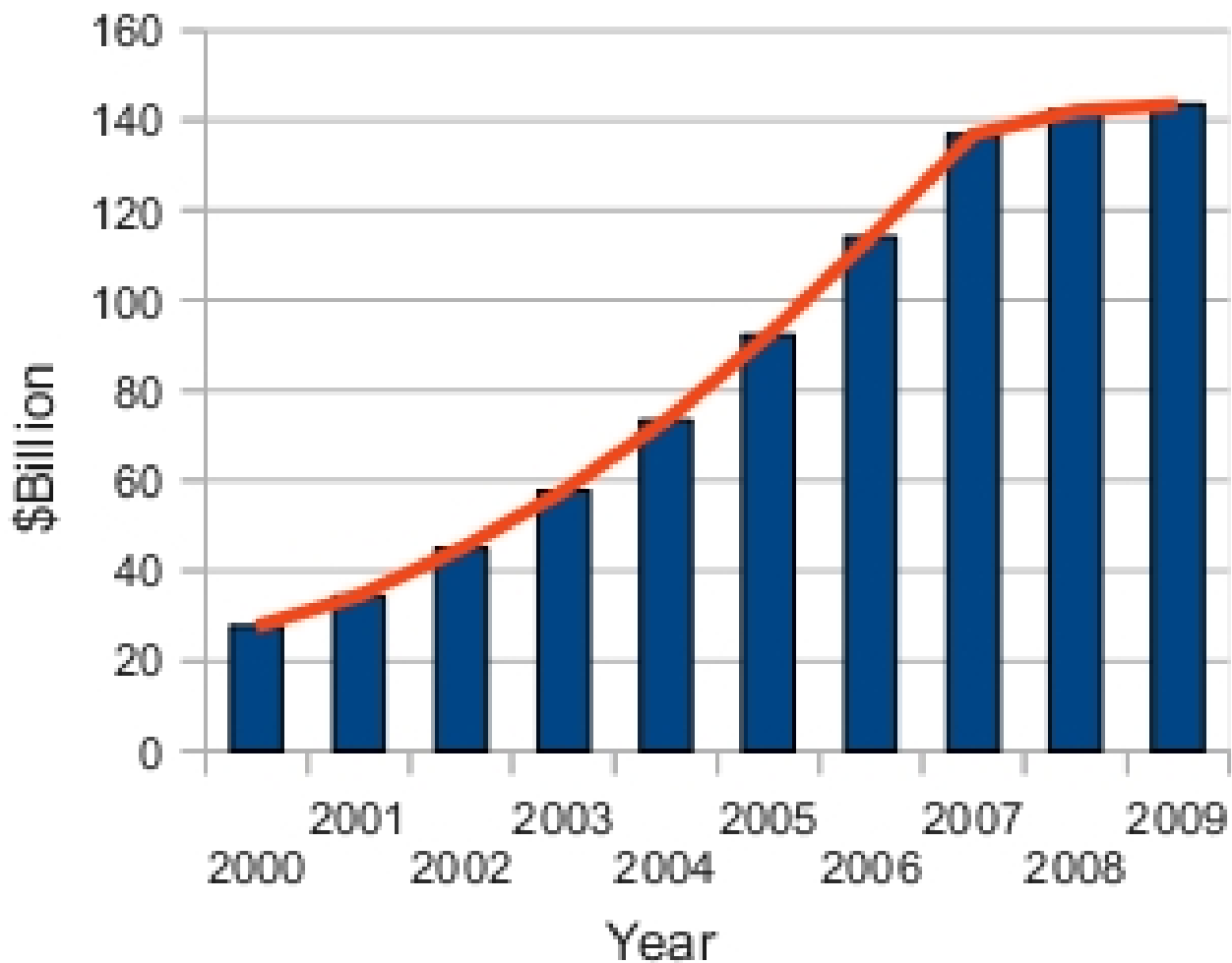
Change in sales, 2009-2010

E-commerce + 14.8%

• Total Retail + 7%



U.S. E-Commerce Growth



<http://dstevenwhite.com>

Don't Confuse Trend with Substance

- E-commerce +14.8%
- Total retail sales + 7.0%

- \$165.4 billion
- \$1,014.4 billion

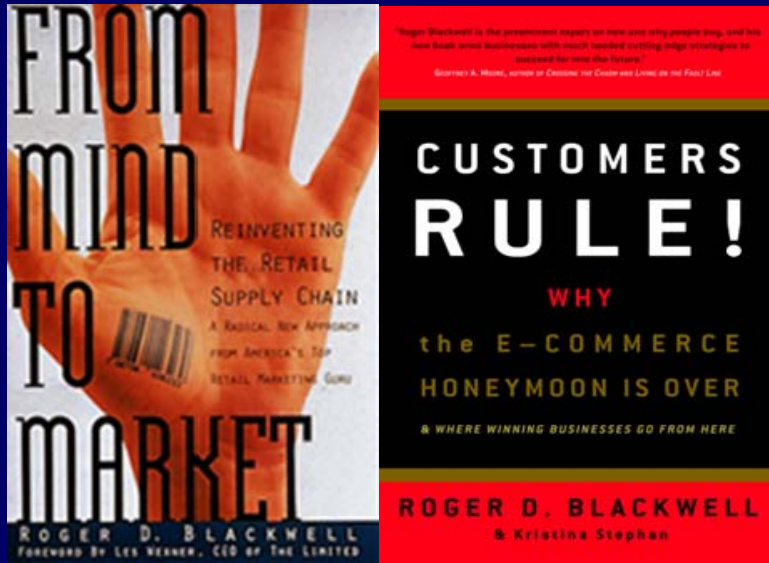
- 2001 = 1.2% of total retail

- 2005 = 2.4%

- 2009 = 3.9%

- 2010 = 4.2%

Source: US Census
March, 2011



How is the Economy Doing?

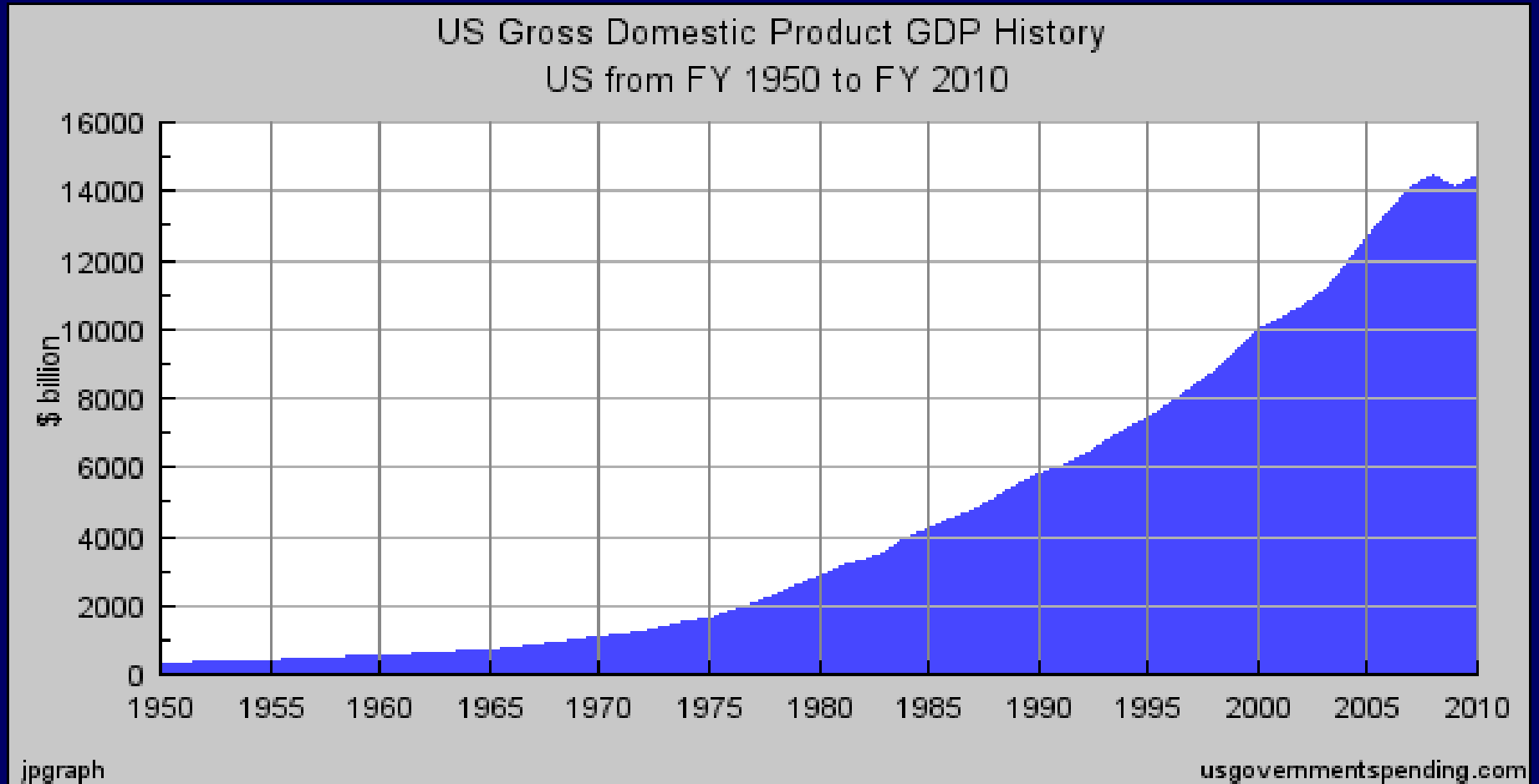
- ✓ Very Good
- ✓ Good
- ✓ Bad
- ✓ Very Bad

What do people mean when they talk about the “economy”?

GNP – Money value of all goods and services produced by U.S. firms (in the U.S. and other nations)

GDP – Money value of all goods and services produced in the United States (by both U.S. and foreign firms)

The U.S. Economy



2011 = 15 .? Trillion + 4% 4th q

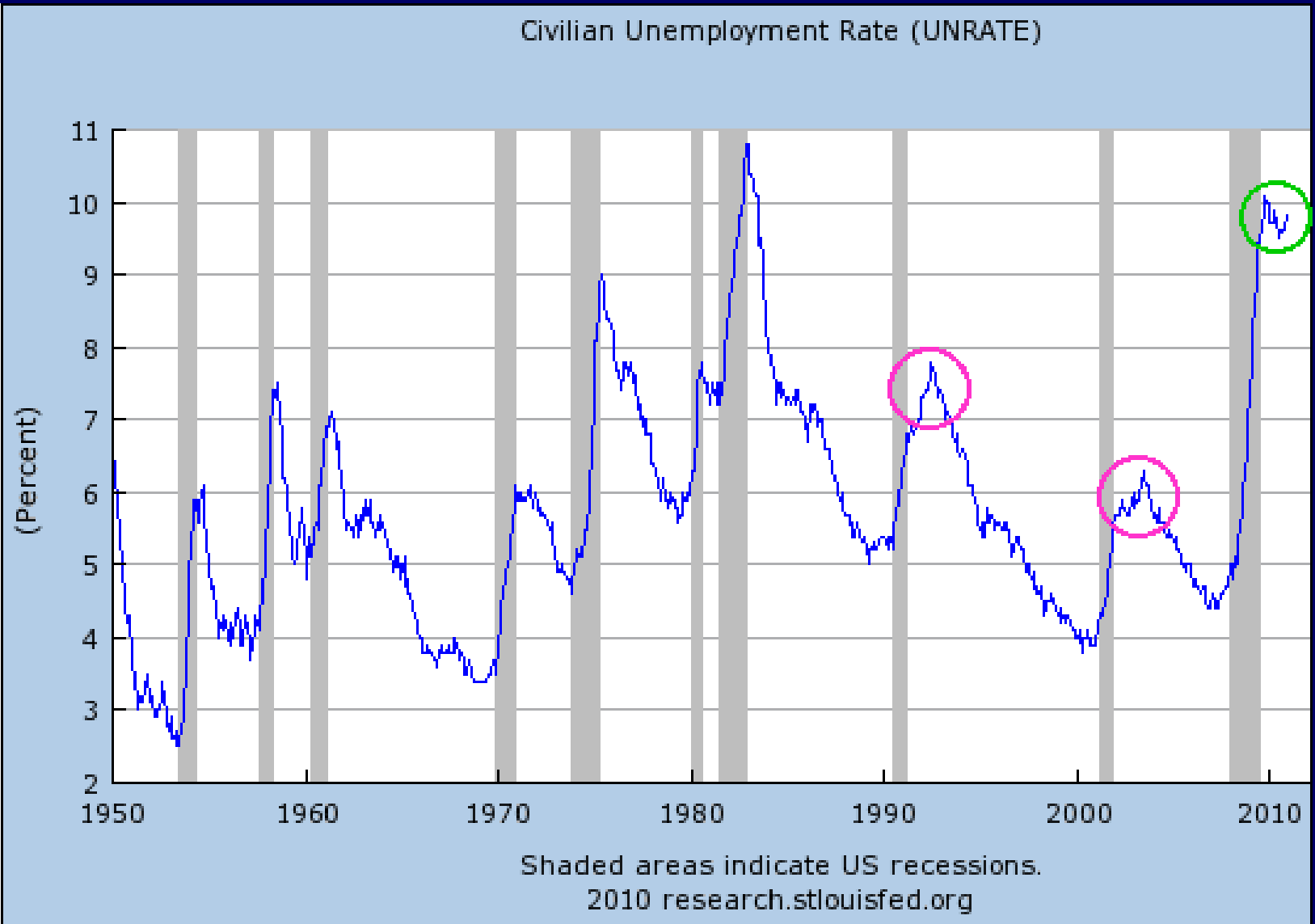
How is the Economy Doing?

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Cyclical versus Structural Unemployment



Structural v. Cyclical Unemployment

UNFILLED JOBS = 3 MILLION

Unqualified People

Health Practitioners and Tech (3:1)

Computers and Math (3:1)

Life Sciences (2:1)

Unwanted jobs: food processing

Unwanted places:

Alaska, Dakotas, Nebraska

Jobs Wanted Ratios

Construction	27:1
Maintenance	13:1
Production	9:1
Food service	8:1

U.S. Manufacturing Output : Up or Down?

Billions of Dollars

1990	2000	2010
\$3022.0	\$4601.4	\$6278.2

Factory jobs as % of total non-farm employment:

1950 - 31 %
1960 - 28.4
1970 - 25.1
1980 - 20.5
1990 - 16.2
2000 - 13.1
2010 - 9.0

What took 1,000 workers to produce in 1950 could be produced with 184 workers in 2009.

Source: U.S. Bureau of Labor, BLS

What's the Solution to a Higher Growth Economy?

Grow *Sustainable* Consumption

Tax Policies Should

Reward savings and

Punish credit

Research:

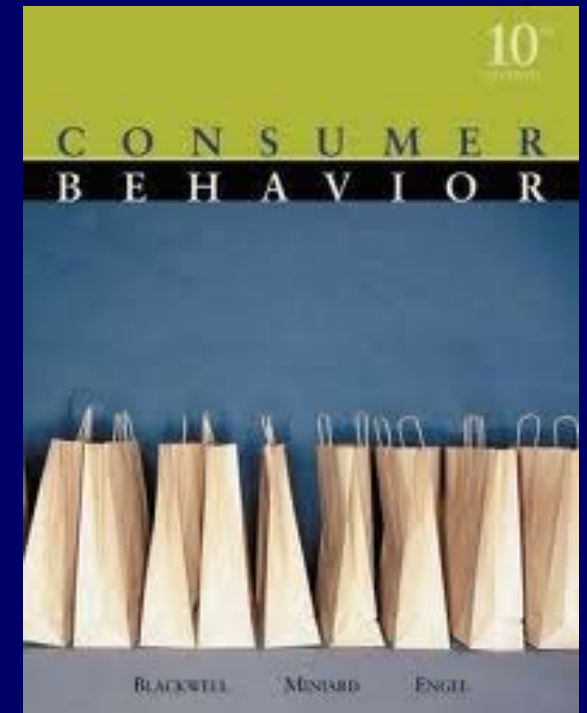
High savings

= High economic growth

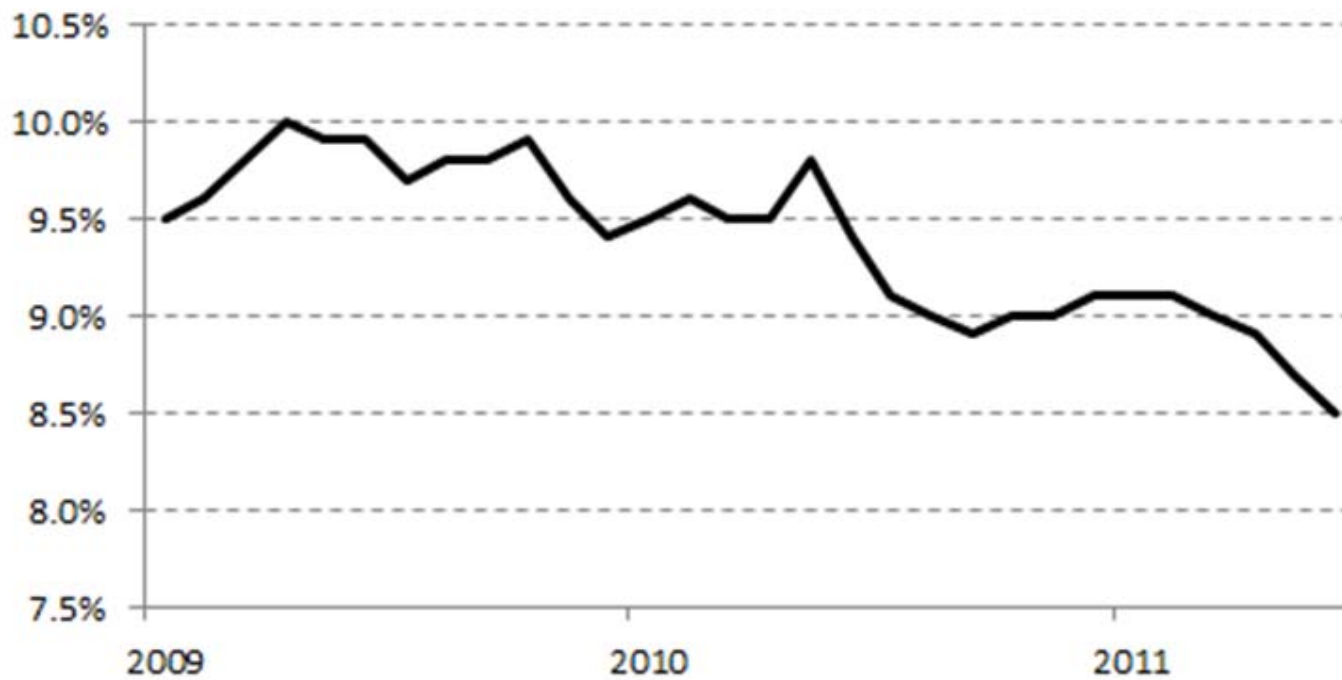
2005 = - .5 %

2010 = + 4.0

2011 = + 5.5



Unemployment Rate



Source: Bureau of Labor Statistics, Jan 2012.

What's the Most Gross Fact
About the U.S. Economy?

Gross federal debt

President	Start Debt to GDP	End Debt to GDP	Increase
R/Truman	117.5%	93.%	-24.4%
Truman	93.1	71.4	-21.7
Eisenhower	71.4	60.4	-11.0
Eisenhower	60.4	55.2	- 5.2
K/Johnson	55.2	46.9	- 8.3
Johnson	46.9	38.6	- 8.3
Nixon	38.6	35.6	- 3.0
N/Ford	35.6	35.8	+ 0.2
Carter	35.8	32.5	- 3.3
Reagan	32.5	43.8	+11.3
Reagan	43.8	53.1	+ 9.3
Bush	53.1	66.1	+15.0
Clinton	66.1	65.4	- 0.7
Clinton	65.4	56.4	- 9.0
Bush	56.4	63.5	+ 7.1
Bush	63.4	83.4	+20.0
Obama	83.4	--	

90% =
point of
no
recovery

Recent US Federal Debt Numbers

	Gross Federal Debt	Debt Held by Public
2012	\$16.7 trillion	\$10.8 trillion
2011	\$15.5 trillion	\$9.9 trillion
2010	\$13.5 trillion	\$8.2 trillion
2009	\$11.9 trillion	\$6.8 trillion
2008	\$10.0 trillion	\$5.3 trillion

Gross Federal Debt is the total debt owed by the United States federal government. It comprises “debt held by the public” and “debt held by federal government accounts,” such as IOUs owed to the Social Security trust fund. “Debt held by the public” includes debt actually held by the public and foreign governments, and also debt held by the Federal Reserve System, i.e., monetized as part of the monetary base.

Federal Spending Per Household

Spending \$32,137 per household in 2011

\$10,458 Social Security/Medicare

6,465 Defense

5,374 Anti-poverty programs

1,739 Interest on federal debt (\$6,000 by 2020)

1,190 Veteran's benefits

1,135 Unemployment benefits

698 Education

552 Health research/regulation

522 highways/mass transportation

3,494 international aid, environmental, farm subsidies,
air transportation, space exploration, energy, etc.

Collecting \$18,295 per household in 2011

= **YOU AND I OWE \$13,841 per household (2011)**

+\$10,000 since 2001

+ \$5,000 since 2008 (adjusted for inflation, 2011)

Is There a Solution?

“For every complex problem,
there is an easy solution ---
that is wrong.”

G.B. Shaw

Complex Solution: Chambliss-Warner bi-partisan deficit reduction plan

“Cease fire on immediately criticizing each other’s ideas”



Sen. Saxby Chambliss
(R-Georgia, and

Sen. Mark Warner,
(D-Virginia)

Remember....

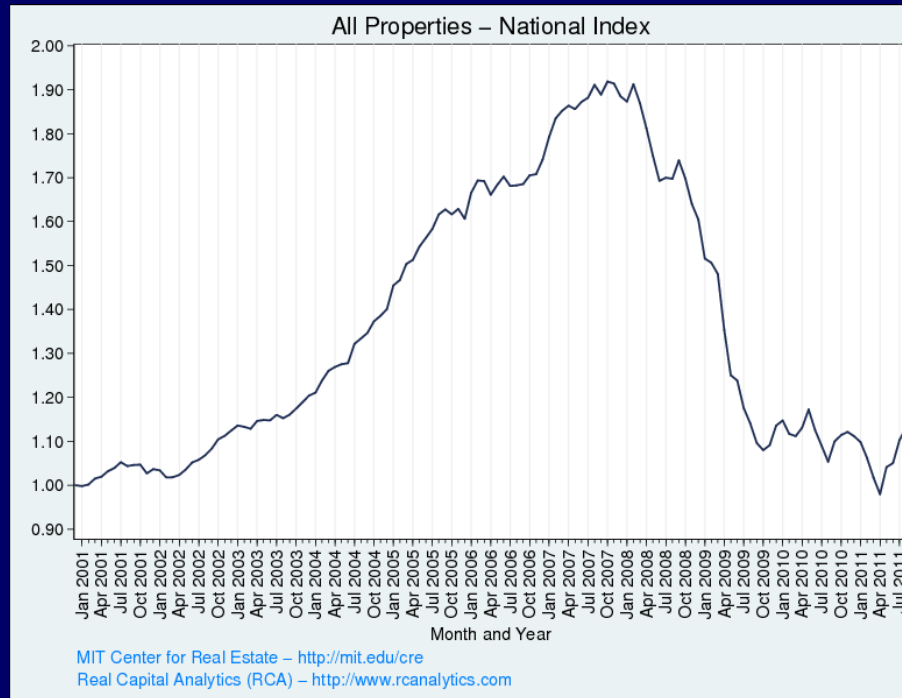
For every *problem*,
there is a *solution**



*But not necessarily
an easy one.

January, 2012

Numbers Are Encouraging



Latest results of
Moody's/REAL CPPI
(October 24)
show a price change return of
positive 2.4% in August for
all properties national index

Columbus housing prices:
-2.75 % (U.S. – 4.5%) 2011 3rd q

Home sales - 1.3 percent
19,700 in 2011

Private nonresidential construction spending rose 4.5%
(Commerce Department data, November 2011)

12.6% increase in manufacturing,
spending on commercial projects (retail, warehouse and farm) up 12%
private educational facilities up 10%,
private transportation up 9.2%
power up 8.4%) above year-ago levels.

2011 Retail Sales

Best since 1999



Total Retail + 7.7%

Online and Catalog
+ 10.6%



Source: U.S. Census Bureau

Consumer Sentiment

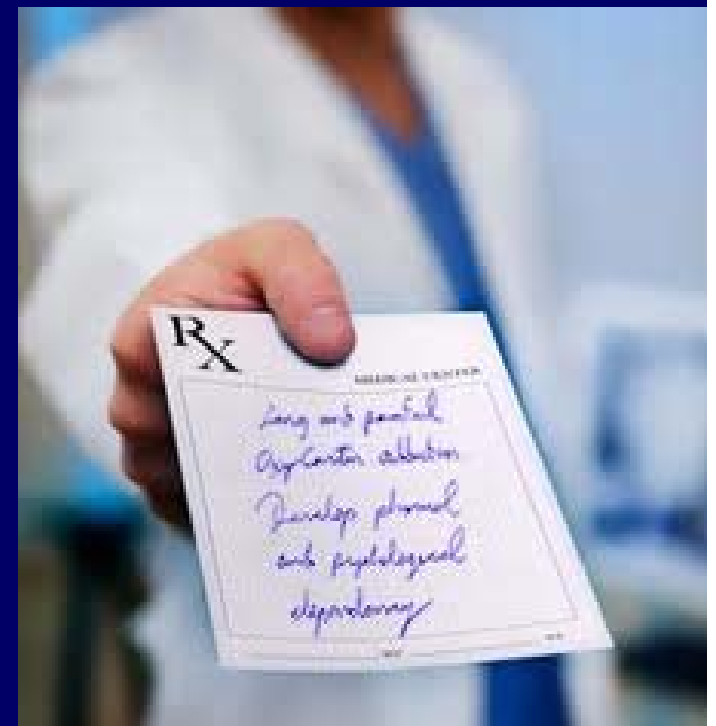
May 2011 69.9

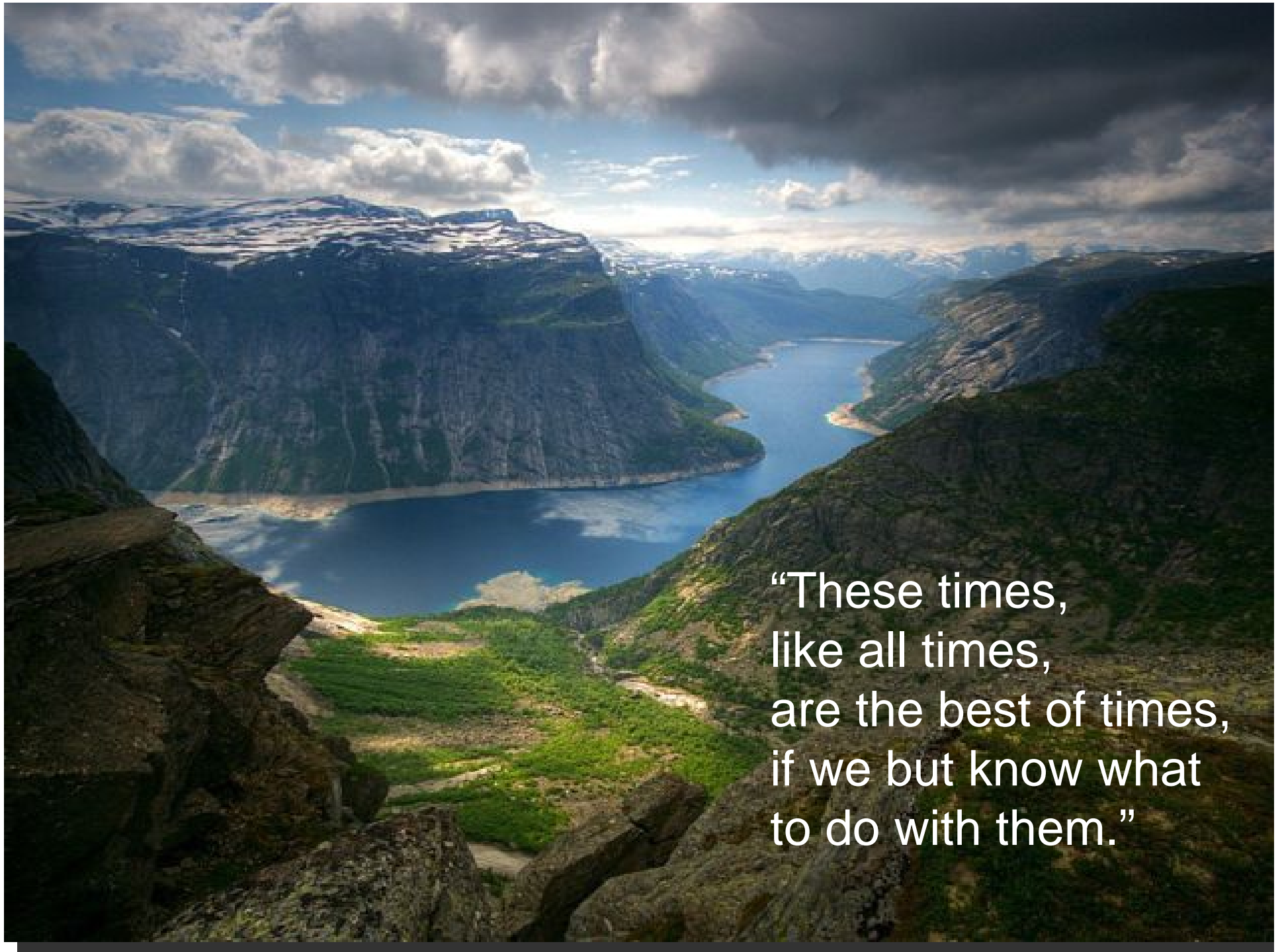
January 2012 74.0

Source: University of Up North



If you don't know the cause,
you won't know the cure.





“These times,
like all times,
are the best of times,
if we but know what
to do with them.”



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The Methodology of Futurology

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