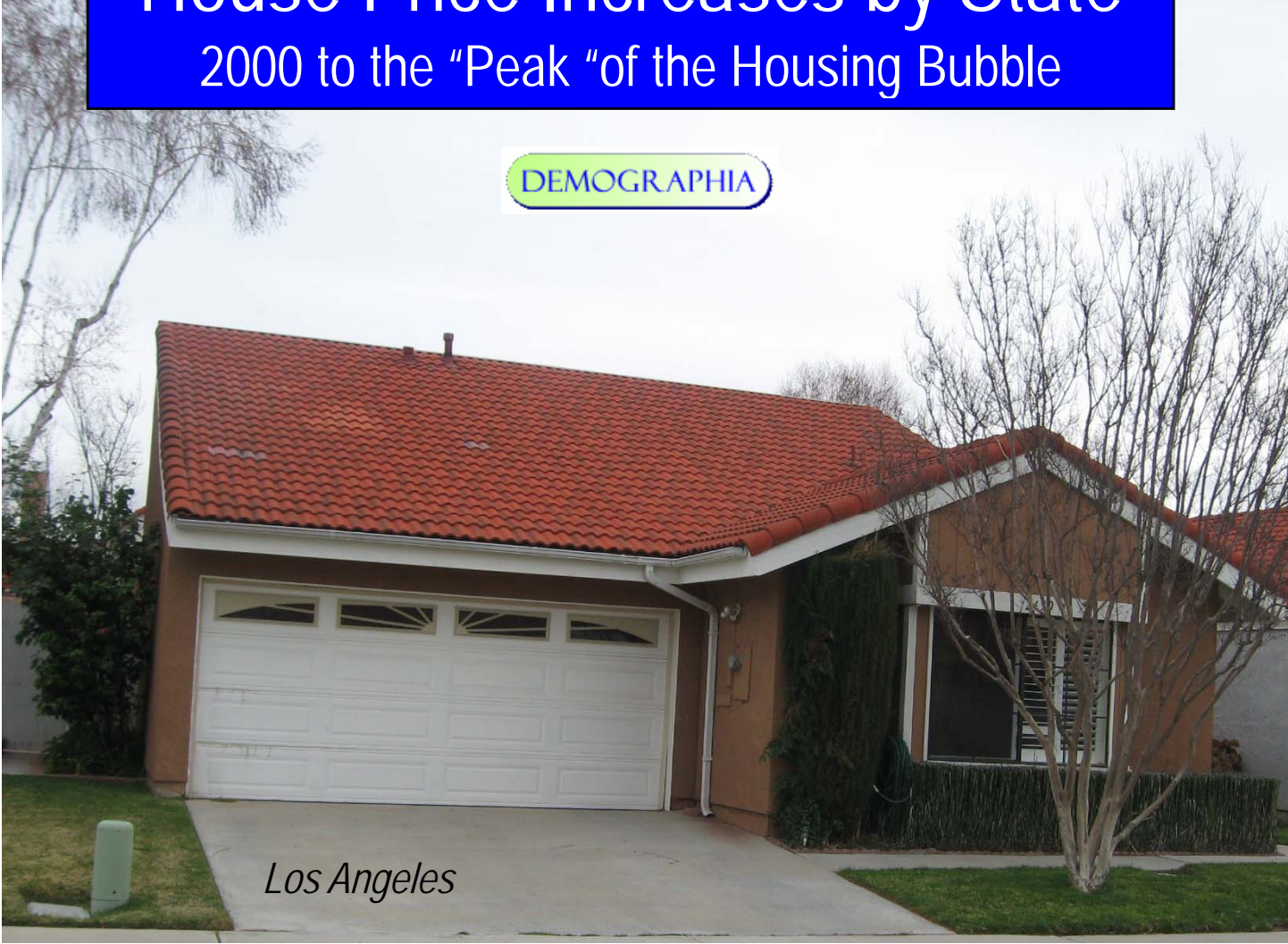




*Houston*

Subprime Mortgages &  
House Price Increases by State  
2000 to the "Peak "of the Housing Bubble

DEMOGRAPHIA



*Los Angeles*

DEMOGRAPHIA

Table 1

Subprime Mortgage Share & House Value  
Increases Relative to Household Incomes  
*By State/DC: 2000 to 2006*

| State/DC             | Change in House Values Relative to Household Incomes (Median Value Multiple): 2000 to 2006 | Subprime Mortgages as a Share of all Mortgages: 2008: 2nd Quarter | Land Market Category (See Notes Below) |
|----------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------|
| Alabama              | 6.7%                                                                                       | 9.4%                                                              | 1                                      |
| Alaska               | 31.6%                                                                                      | 10.4%                                                             | 1                                      |
| Arizona              | 58.5%                                                                                      | 14.8%                                                             | 2                                      |
| Arkansas             | 14.2%                                                                                      | 8.6%                                                              | 1                                      |
| California           | 103.5%                                                                                     | 12.9%                                                             | 2                                      |
| Colorado             | 23.7%                                                                                      | 10.7%                                                             | 2                                      |
| Connecticut          | 49.7%                                                                                      | 11.0%                                                             | 2                                      |
| Delaware             | 54.0%                                                                                      | 9.6%                                                              | 1                                      |
| District of Columbia | 110.3%                                                                                     | 8.7%                                                              | 2                                      |
| Florida              | 76.2%                                                                                      | 15.8%                                                             | 2                                      |
| Georgia              | 19.4%                                                                                      | 11.5%                                                             | 1                                      |
| Hawaii               | 53.3%                                                                                      | 10.9%                                                             | 2                                      |
| Idaho                | 34.9%                                                                                      | 8.9%                                                              | 1                                      |
| Illinois             | 34.7%                                                                                      | 11.6%                                                             | 2                                      |
| Indiana              | 13.9%                                                                                      | 13.3%                                                             | 1                                      |
| Iowa                 | 20.3%                                                                                      | 7.3%                                                              | 1                                      |
| Kansas               | 20.0%                                                                                      | 9.0%                                                              | 1                                      |
| Kentucky             | 4.0%                                                                                       | 11.0%                                                             | 1                                      |
| Louisiana            | 7.2%                                                                                       | 12.9%                                                             | 1                                      |
| Maine                | 39.2%                                                                                      | 12.2%                                                             | 1                                      |
| Maryland             | 83.6%                                                                                      | 11.1%                                                             | 2                                      |
| Massachusetts        | 58.7%                                                                                      | 10.1%                                                             | 2                                      |
| Michigan             | 20.3%                                                                                      | 13.2%                                                             | 1                                      |
| Minnesota            | 51.0%                                                                                      | 9.3%                                                              | 2                                      |
| Mississippi          | 9.4%                                                                                       | 14.1%                                                             | 1                                      |
| Missouri             | 26.0%                                                                                      | 11.2%                                                             | 1                                      |
| Montana              | 27.4%                                                                                      | 5.5%                                                              | 1                                      |
| Nebraska             | 15.5%                                                                                      | 8.2%                                                              | 1                                      |
| Nevada               | 78.1%                                                                                      | 17.7%                                                             | 2                                      |

|                |       |       |   |
|----------------|-------|-------|---|
| New Hampshire  | 52.4% | 10.6% | 2 |
| New Jersey     | 78.7% | 10.5% | 2 |
| New Mexico     | 8.7%  | 8.9%  | 1 |
| New York       | 70.9% | 13.3% | 2 |
| North Carolina | 9.0%  | 9.4%  | 1 |
| North Dakota   | 12.4% | 4.5%  | 1 |
| Ohio           | 16.7% | 13.7% | 1 |
| Oklahoma       | 10.6% | 11.4% | 1 |
| Oregon         | 34.3% | 9.5%  | 2 |
| Pennsylvania   | 31.3% | 12.6% | 1 |
| Rhode Island   | 78.8% | 13.0% | 2 |
| South Carolina | 12.8% | 10.6% | 1 |
| South Dakota   | 4.6%  | 5.3%  | 1 |
| Tennessee      | 15.0% | 13.0% | 2 |
| Texas          | 18.8% | 12.5% | 1 |
| Utah           | 16.4% | 10.9% | 1 |
| Vermont        | 38.1% | 7.2%  | 1 |
| Virginia       | 59.8% | 9.1%  | 2 |
| Washington     | 36.1% | 8.9%  | 2 |
| West Virginia  | 1.2%  | 11.6% | 1 |
| Wisconsin      | 28.9% | 9.2%  | 2 |
| Wyoming        | 21.8% | 7.8%  | 1 |

### Sources

Median house price and median household income from US Bureau of the Census  
Subprime mortgage share from Mortgage Bankers Association for 2008: 2nd Quarter

### Note on Housing Bubble Peak (2006)

2006 was the peak of the "housing bubble" as measured by median house value relative to median household income (Median Value Multiple)

### Notes on Land Market Categories:

1: Responsive Land Use Market (Traditional or liberal land use regulation):  
Minimal impact on land costs.

2: Prescriptive Land Use Market (significant restriction on land development, substantial government land ownership, or other significant regulations):  
Significant land cost increase impacts

State land market categories based upon classification of largest metropolitan area in the state, include those classified as “growth management,” “growth control,” “containment” and “contain-lite” in From Traditional to Reformed A Review of the Land Use Regulations in the Nation’s 50 largest Metropolitan Areas (Brookings Institution, 2006) as well as markets Demographia has determined to have significant rural zoning (large lot zoning) and land preservation restrictions (New York, Chicago, Milwaukee, Minneapolis-St. Paul, Virginia Beach and Washington). New Hampshire category based upon Boston metropolitan area classification (The portion of Boston in New Hampshire is the largest metropolitan area in the state).

Table 2

Subprime Mortgage Share & House Value Increases Relative to Household Incomes  
*By Subprime Mortgage Share Quintile: State/DC*

| Subprime Mortgage Quintile | Subprime Mortgages as a Share of all Mortgages: 2008: 2nd Quarter | Change in House Values Relative to Household Incomes (Median Value Multiple): 2000 to 2006: All States & DC | Change: 2000 to 2006: Responsive Land Market States | Change: 2000 to 2006: Prescriptive Land Market States & DC | House Value Increases: Prescriptive Markets Compared to Responsive Markets |
|----------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------|
| Quintile 1                 | 7.2%                                                              | 30.0%                                                                                                       | 21.1%                                               | 65.3%                                                      | 3.09                                                                       |
| Quintile 2                 | 9.2%                                                              | 30.9%                                                                                                       | 19.7%                                               | 42.0%                                                      | 2.13                                                                       |
| Quintile 3                 | 10.7%                                                             | 42.3%                                                                                                       | 16.2%                                               | 56.9%                                                      | 3.52                                                                       |
| Quintile 4                 | 12.0%                                                             | 29.2%                                                                                                       | 19.2%                                               | 69.1%                                                      | 3.60                                                                       |
| Quintile 5                 | 14.2%                                                             | 43.8%                                                                                                       | 15.1%                                               | 62.9%                                                      | 4.17                                                                       |
| Overall                    | 10.7%                                                             | 35.3%                                                                                                       | 18.8%                                               | 57.1%                                                      | 3.03                                                                       |

Notes at Table 1

**Cover Illustrations**

Top:

\$550,000 house on urban fringe of Houston (4,600 square feet on 0.4 acres): 2007

Bottom:

\$550,000 house on urban fringe of Los Angeles (1,700 square feet on 0.1 acres): 2007

**Subprime Mortgages & House Price Increases by State**

2009.02