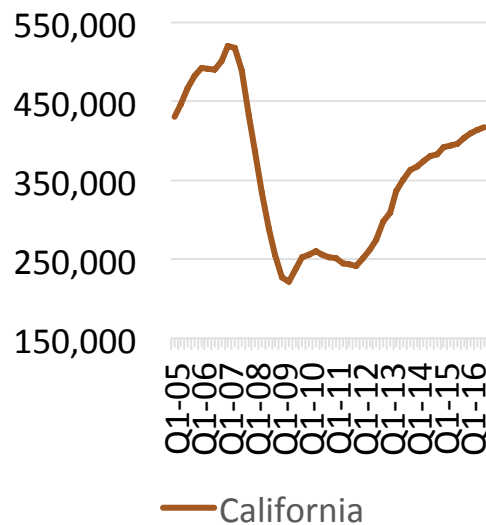


Homes

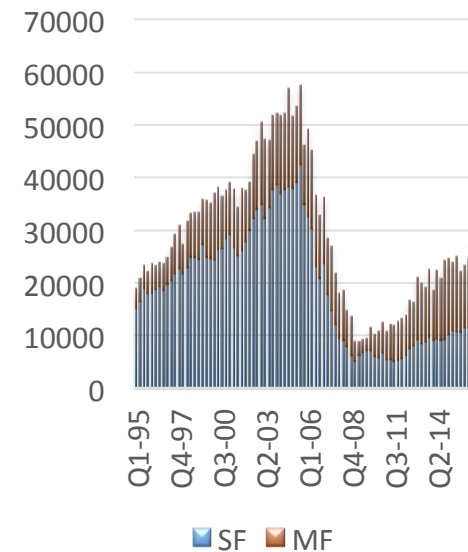
**Existing SFR
Median Prices,
Q1-05 to Q3-16**



California Home Prices, Q3-16

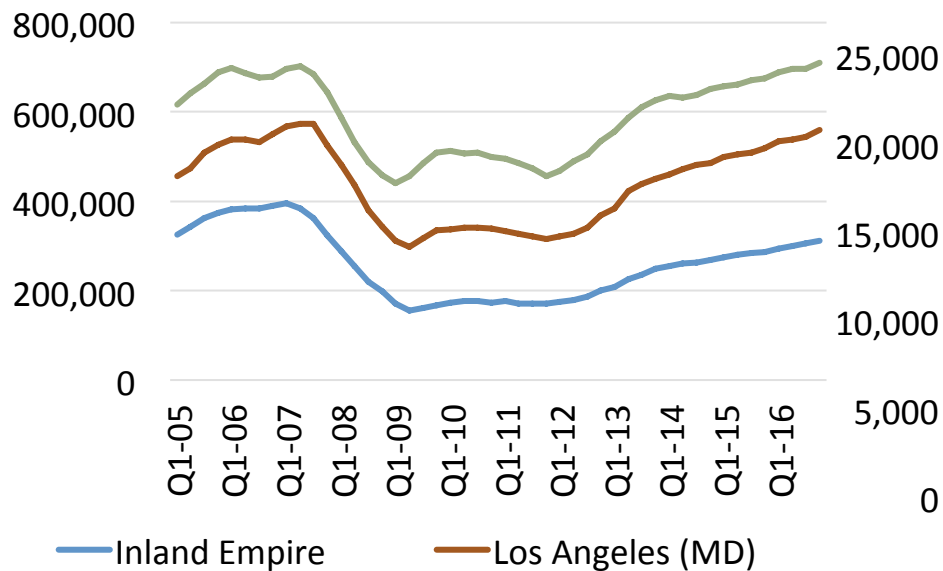
County	Median Price	YoY Growth (%)
Monterey	517,400	13.7
San Luis Obispo	537,200	8.1
Inland Empire	306,400	8.0
San Diego	536,400	6.0
San Francisco	1,221,500	5.8
Orange County	696,200	3.7
South Bay	919,000	2.3
Santa Barbara	461,600	-4.1
Los Angeles	542,600	6.9

**Residential
Units**

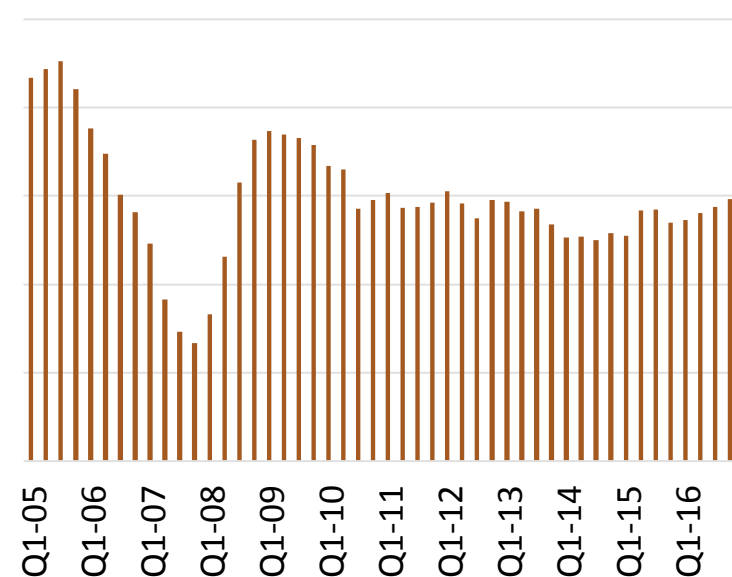


Residential Real Estate

**Median Price for Existing SFR
Q1-05 to Q4-16**

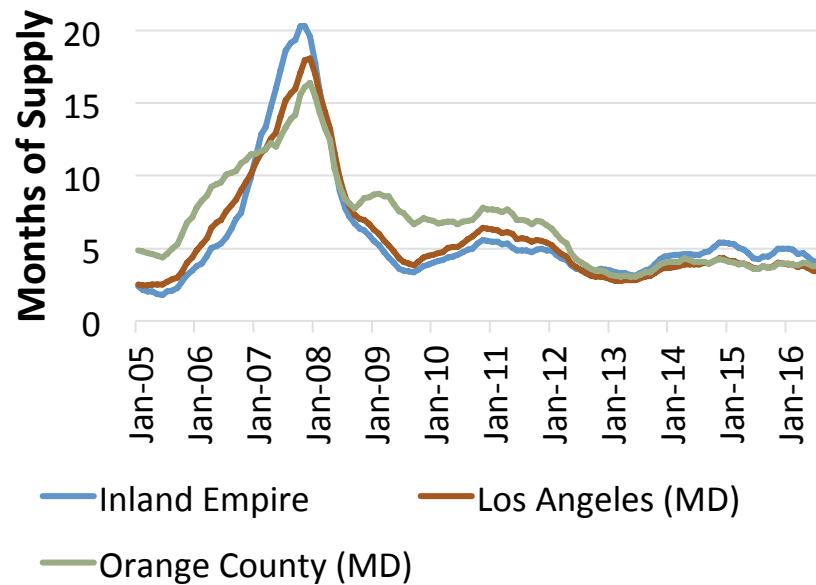


**Existing SFR Home Sales in the Inland
Empire, Q1-05 to Q4-16**

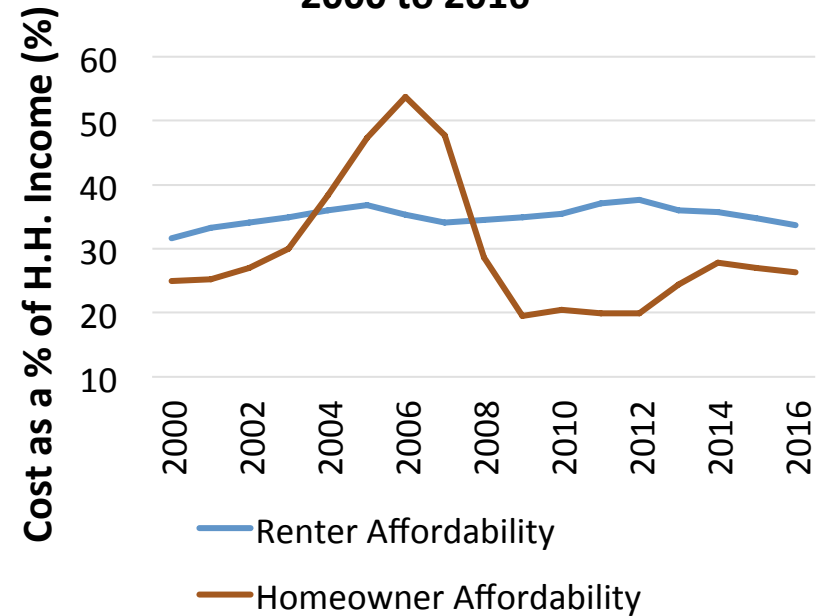


Housing

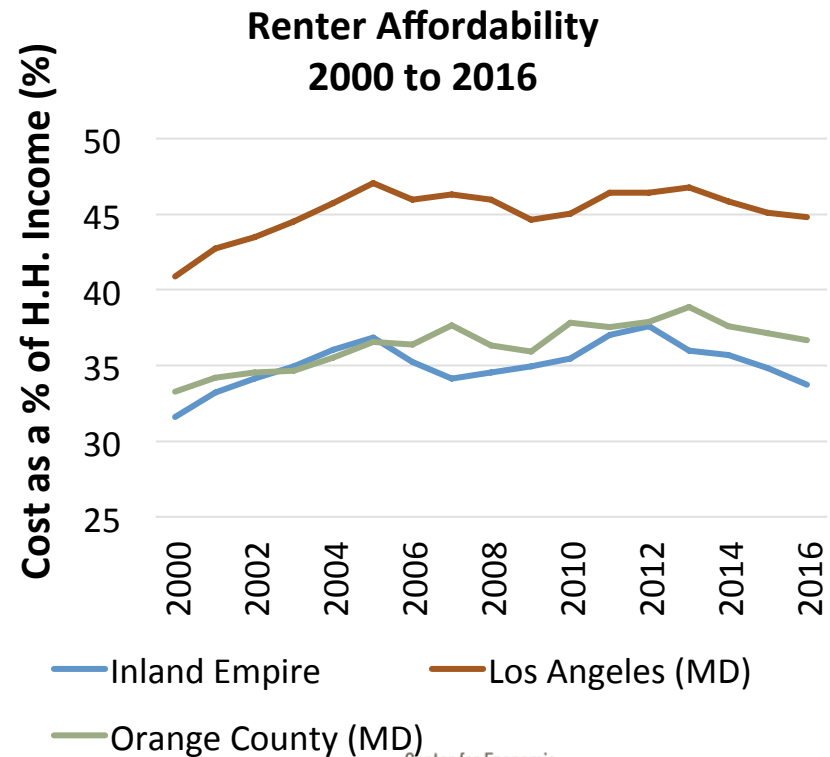
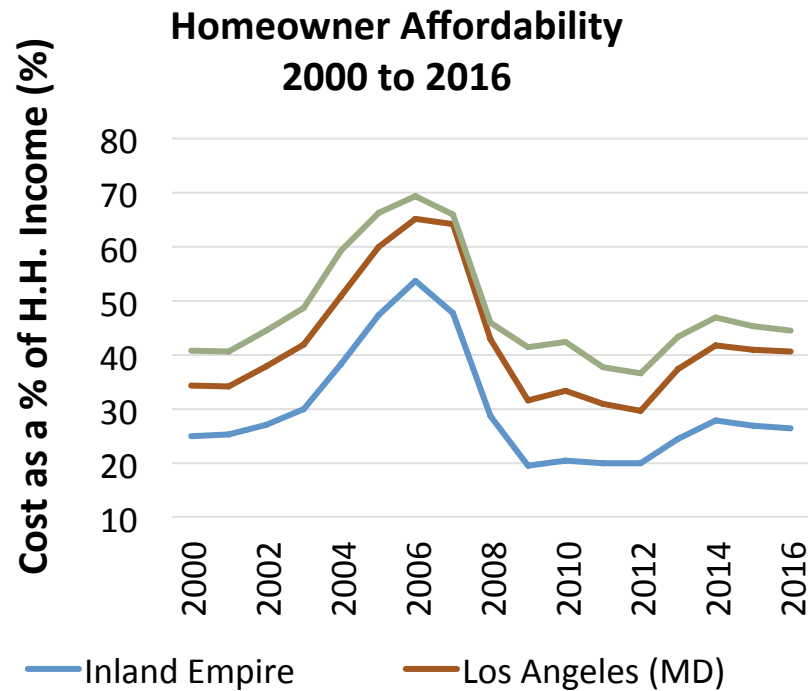
**Housing Inventory, MA Smoothed
Jan-05 to Aug-16**



**Inland Empire Housing Affordability
2000 to 2016**

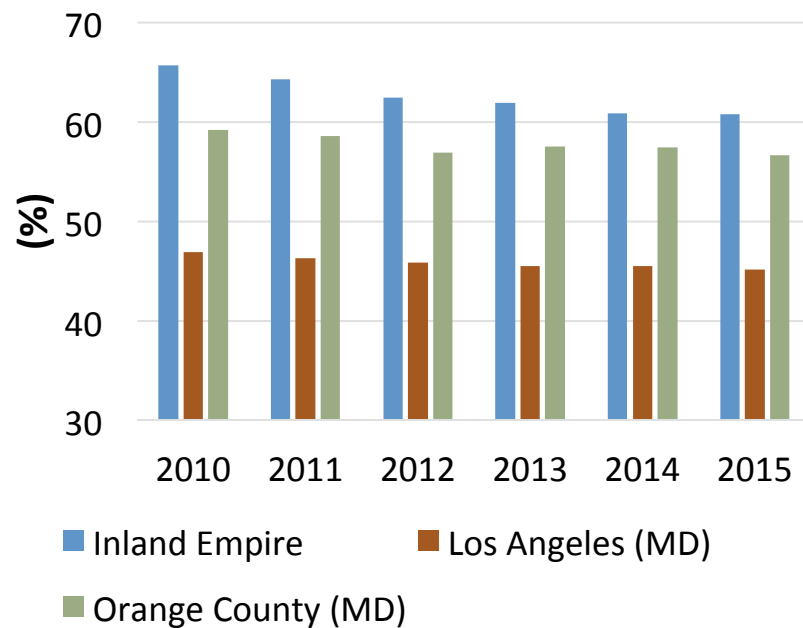


Affordability



Ownership

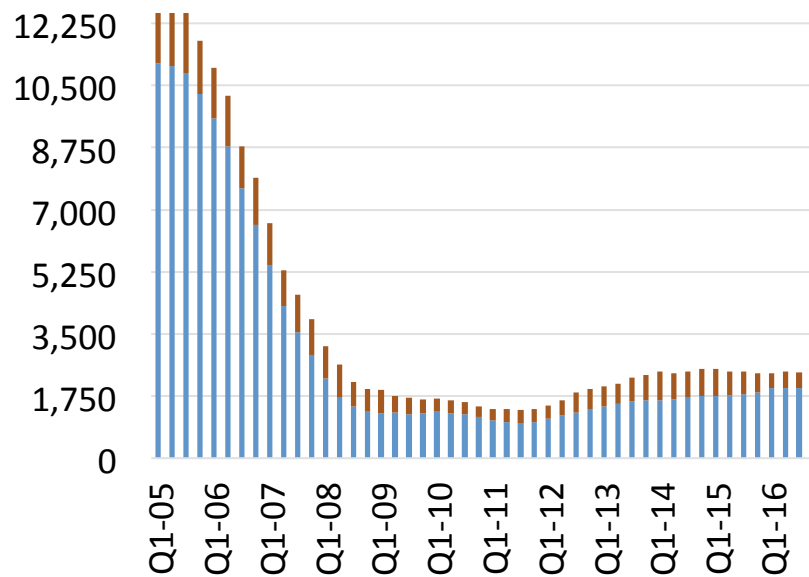
Share of Owner-Occupied Housing Units, 2010 to 2015



Location	Total Housing Units		Owner-Occupied Units	
	2015	5-yr Growth (%)	Share 2015	5-yr Change (p.p.)
Inland Empire	1,343,526	6.2	60.8	-4.9
Los Angeles (MD)	3,293,095	2.8	45.1	-1.7
Orange County (MD)	1,022,542	3.7	56.6	-2.6

Residential Permitting

**Residential Building Permits,
Q1-05 to Q4-16**



UCRIVERSIDE UNIVERSITY OF CALIFORNIA
UCRIVERSIDE Administration
Single-Family Multi-Family

Single-Family Units, Annual

City	2016	Level Change	Growth (%)
Riverside Co. Uninc. Area	1,597	625	64.3
Ontario	483	192	66.0
Menifee	492	142	40.6
Upland	134	92	219.0
Lake Elsinore	462	89	23.9
Inland Empire	8,347	1,386	19.9

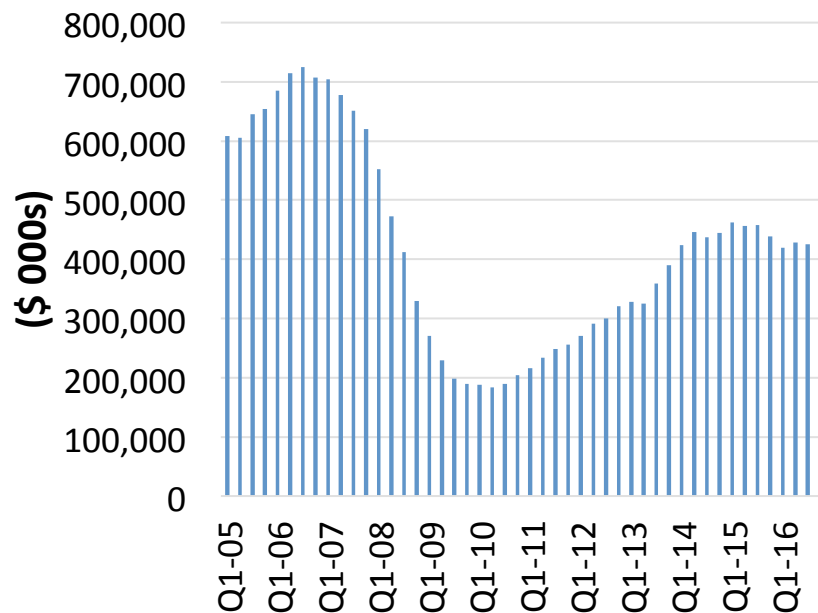
Multi-Family Units, Annual

City	2016	Level Change	Growth (%)
Chino Hills	331	315	1968.8
Hesperia	194	194	N/A
Palm Desert	223	192	619.4
Moreno Valley	112	112	N/A
Temecula	130	92	242.1
Inland Empire	1,934	419	-17.8

Center for Economic
Forecasting and Development

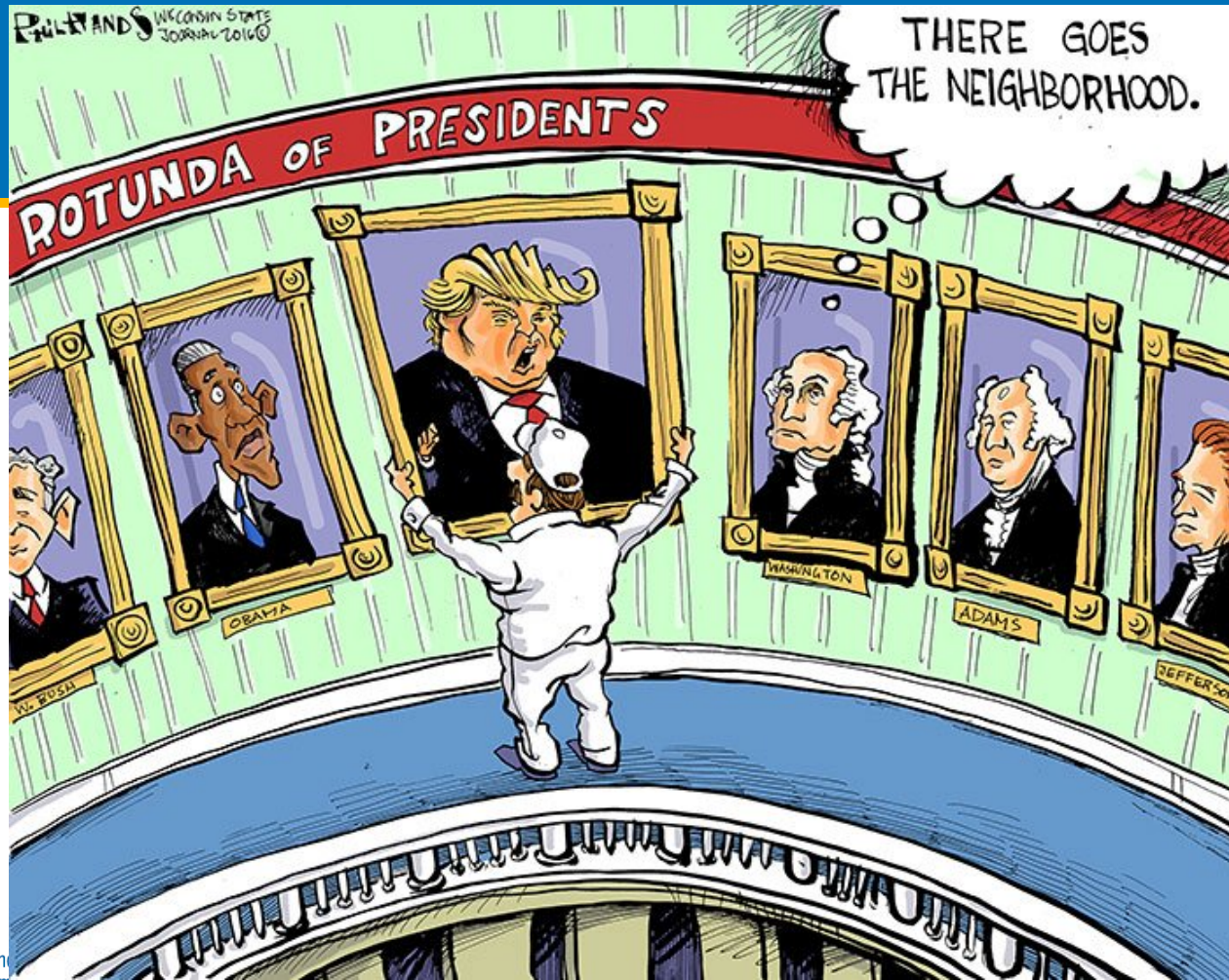
Nonresidential Real Estate

Inland Empire Nonresidential Building Permit Values, Q1-05 to Q4-16

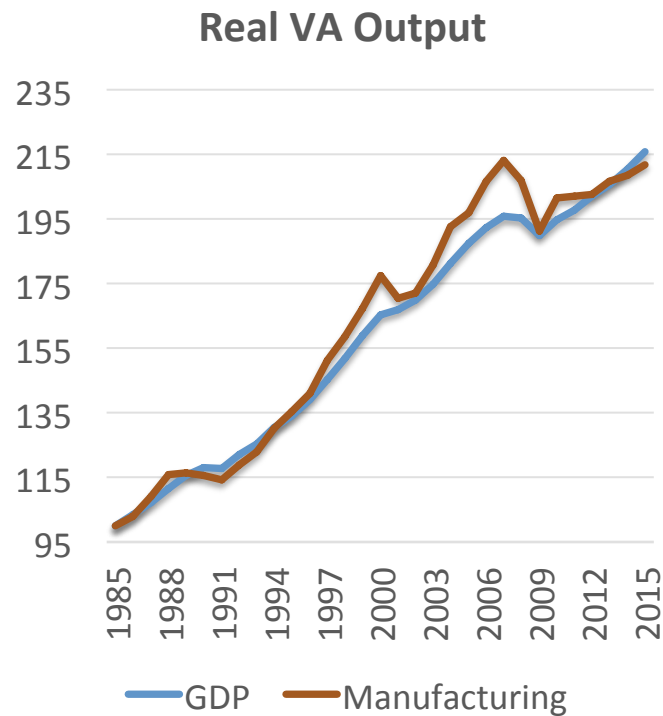


Inland Empire Nonres. Building Permit Values

Permit Type	2016 (\$000s)	YOY Change (\$000s)	YOY Growth (%)
New Commercial	445,296	11,629	2.7
Office	41,070	-25,094	-37.9
Retail	342,999	83,974	32.4
Hotel	28,280	-10,579	-27.2
Industrial	507,547	-41,642	-7.6
Other	151,020	-87,175	-36.6
Total Nonresidential	1,712,247	-5,208	-0.3



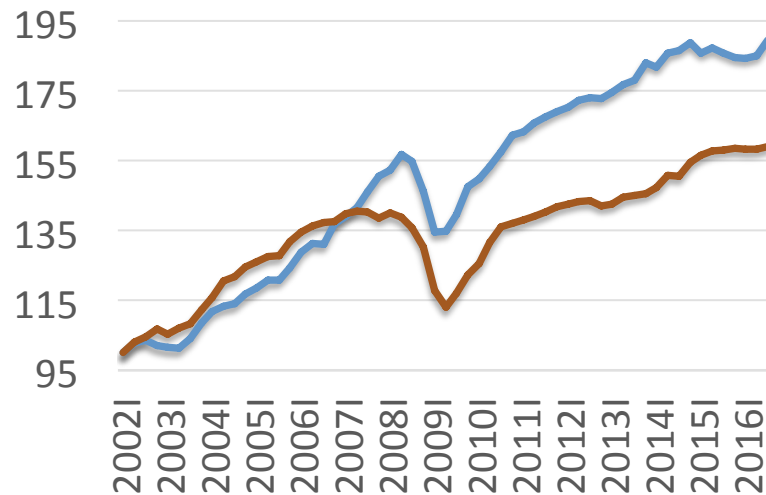
US Manufacturing Output



Growth in Real Output	95-15	Jobs
Petroleum Prod	126.0%	-9
Motor vehicles	78.5%	-353
Primary metals	43.9%	-240
Other transportation	33.6%	-111
Chemical products	28.1%	-160
Electrical eq	-3.1%	-205
Fabricated metal	-3.7%	-287
Printing	-5.6%	-372
Food and beverage	-9.3%	40
Wood products	-9.8%	-240
Furniture	-19.9%	-271
Paper	-28.1%	-258
Textile mills	-46.4%	-396
Apparel	-62.6%	-527

Trade Indicators

Real Imports and Exports (Index 2002=100)



— Exports — Imports

Nominal Trade Flows as % GDP



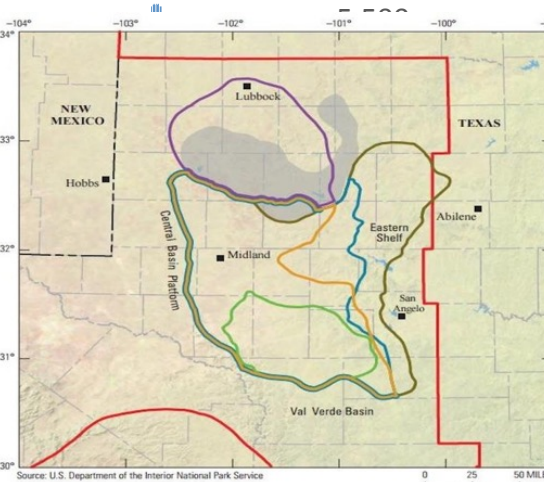
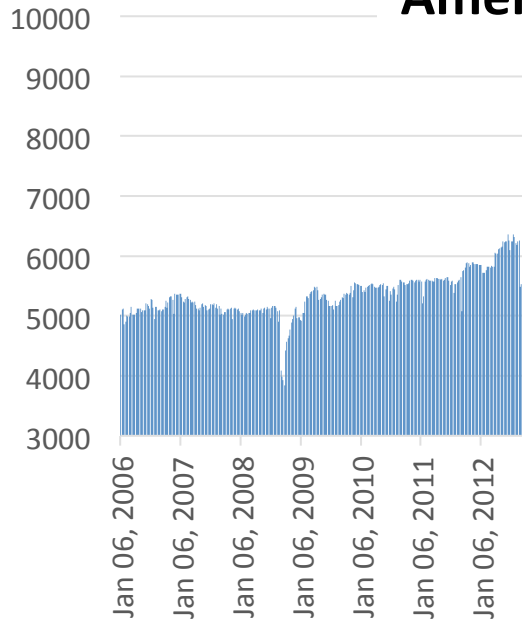
— Trade Gap % GDP

The Energy Sector

Daily Oil Production
September

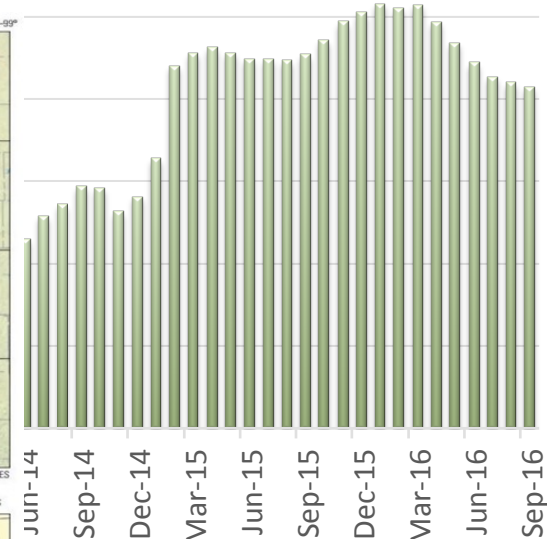
The largest oil deposit ever found in America was just discovered in Texas

Wells



EXPLANATION

- Horsehoe oil
- Midland Basin Wolfcamp A Continuous Oil AU
- Midland Basin Wolfcamp B Upper Continuous Oil AU
- Midland Basin Wolfcamp B Lower Continuous Oil AU
- Midland Basin Wolfcamp C Continuous Oil AU
- Midland Basin Wolfcamp D Continuous Oil AU
- Midland Basin Northern Wolfcamp Continuous Oil AU
- Permian Basin Province (part)
- County boundary



Dodd-Frank and Banking

Y-o-Y Growth Bank Balance Sheets



Finance Profits: Share of National Income

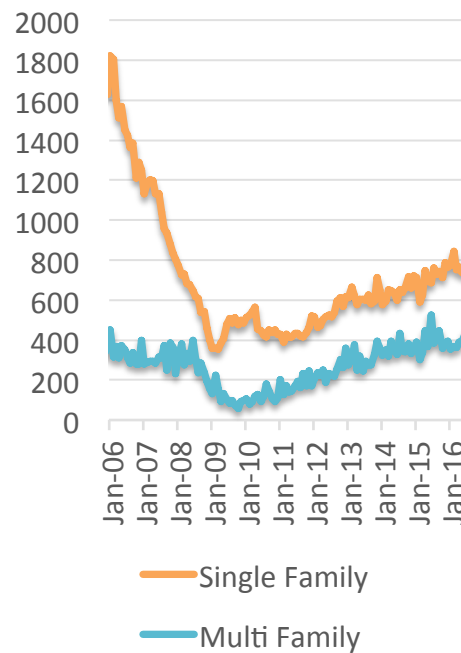


Housing Markets

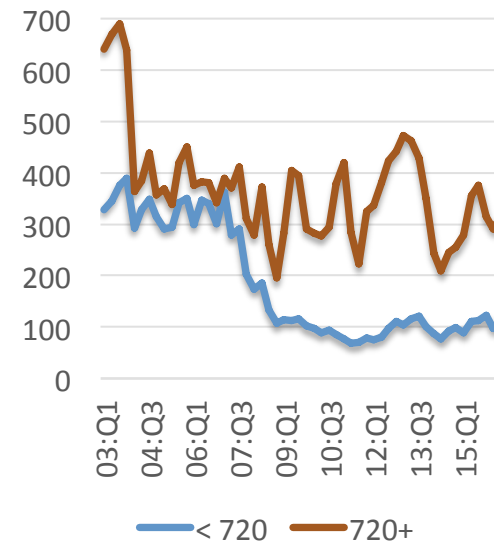
Affordability: Median Price for Median HH, Tax Adjustment, DPI



Housing Starts (SAAR)



Mortgage Credit Origination by Credit Score

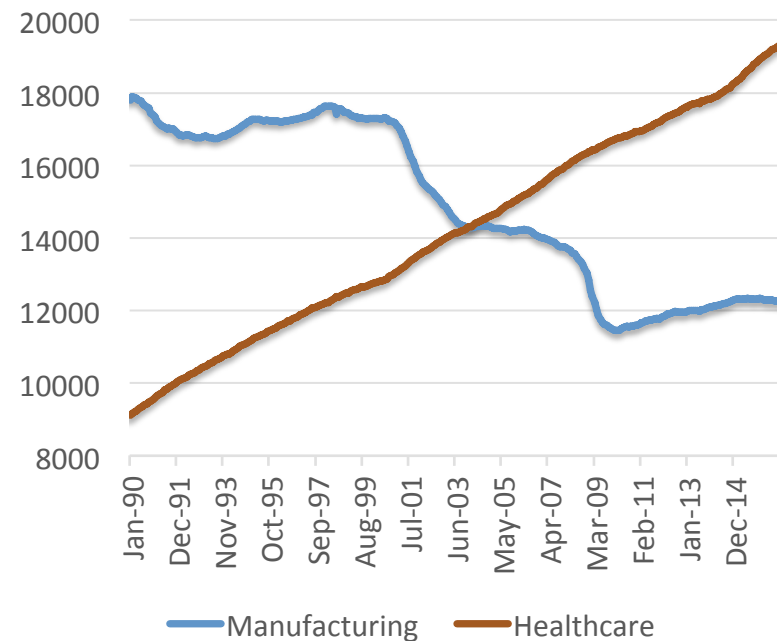


The Future of Obama-care?

US Population Insurance Status

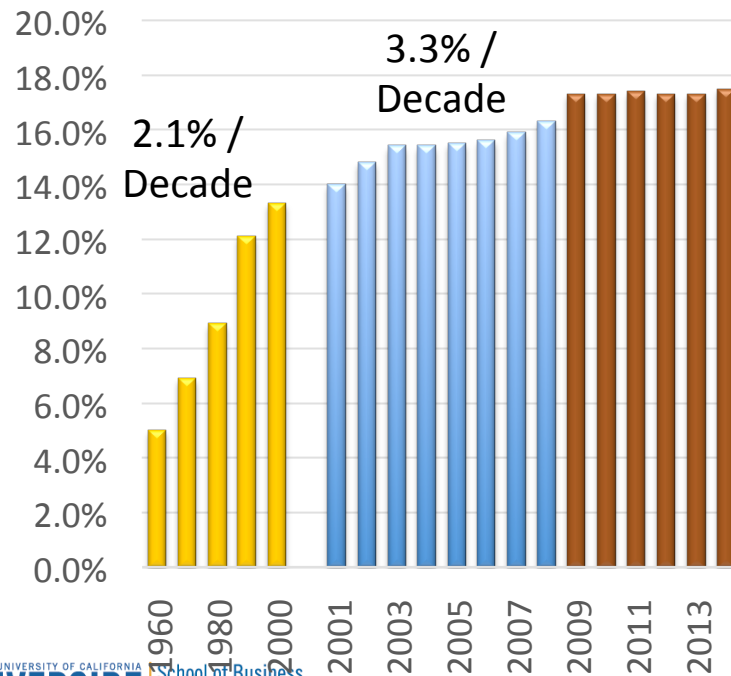
		2015	09-15 Change
65+	Public	44,731	7,913
	Private	1,314	558
	Uninsured	392	34
Total	Public	117,107	21,831
	Private	169,586	9,055
	Uninsured	29,758	-15,907

Employment by Sector



The Healthcare Crisis

National Health Spending % GDP



**Per Capita Healthcare Spending
2015, PPP Adjusted**

USA	\$9,402	France	\$5,428
Norway	\$7,832	Canada	\$5,421
Switzerland	\$7,300	Belgium	\$5,340
Sweden	\$6,285	Australia	\$4,873
Netherlands	\$6,209	Finland	\$4,467
Germany	\$6,204	Japan	\$4,255
Austria	\$6,143	UK	\$3,717

Social Insurance

Population Growth Projections

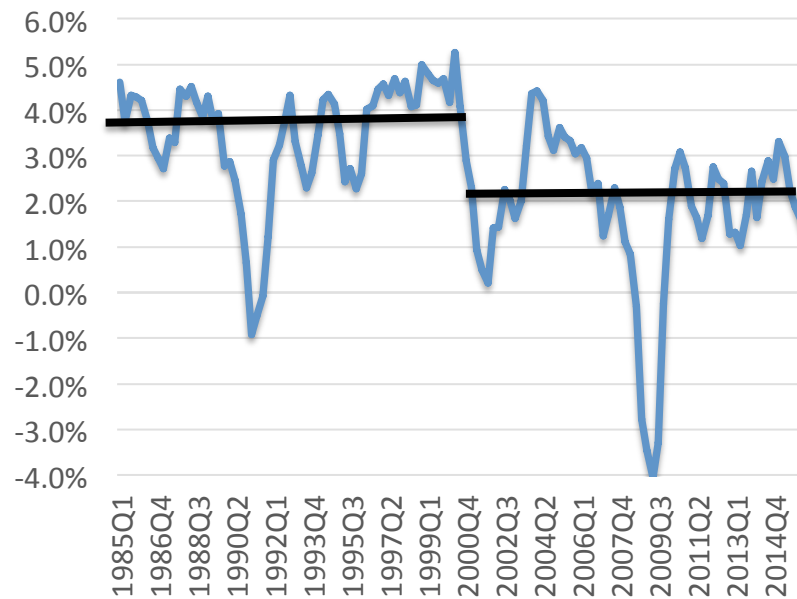
	2015	2015-2025		2025-2035	
Total	321,369	25,966	8.1%	23,003	6.6%
<18 years	73,635	1,380	1.9%	2,431	3.2%
18 to 24	31,214	(478)	-1.5%	154	0.5%
25 to 44	84,657	8,772	10.4%	3,552	3.8%
45 to 64	84,032	(1,797)	-2.1%	3,553	4.3%
65 years+	47,830	18,090	37.8%	13,313	20.2%
85 years+	6,304	1,178	18.7%	4,427	59.2%

Medicare Spending Projections

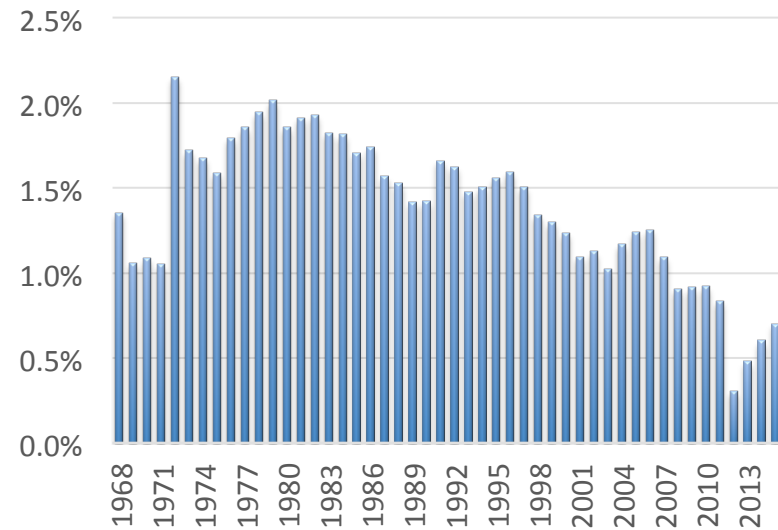
	Pop 65+	Fed M. Spending / Senior
1995	33,767	\$5,461
2015	47,761	\$13,531
2035*	78,761	\$43,395
	Spending Share of GDP	Spending Share Federal Rev
1995	2.4%	13.0%
2015	3.6%	18.7%
2035*	7.9%	41.0%

Secular Stagnation?

Real GDP Growth Y-o-Y

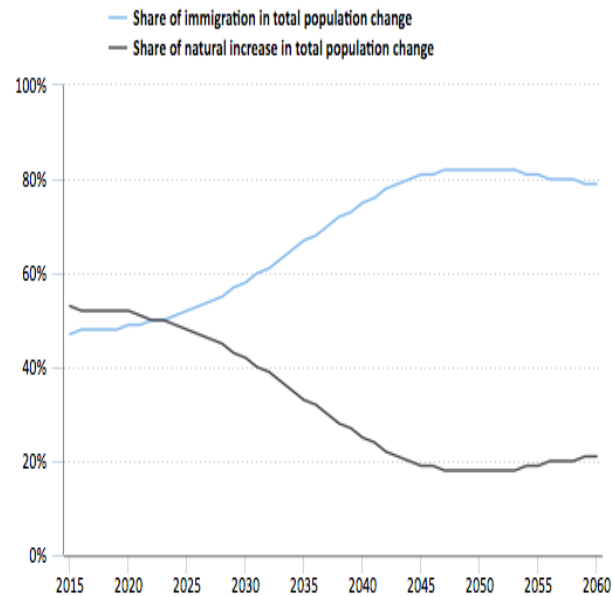


Growth Working Age Adults

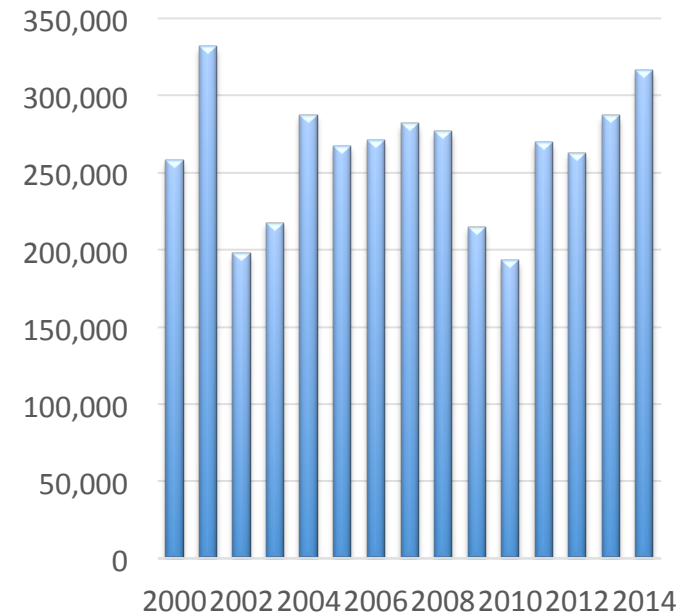


Immigration

Projected share of natural increase of population and immigration in total population change

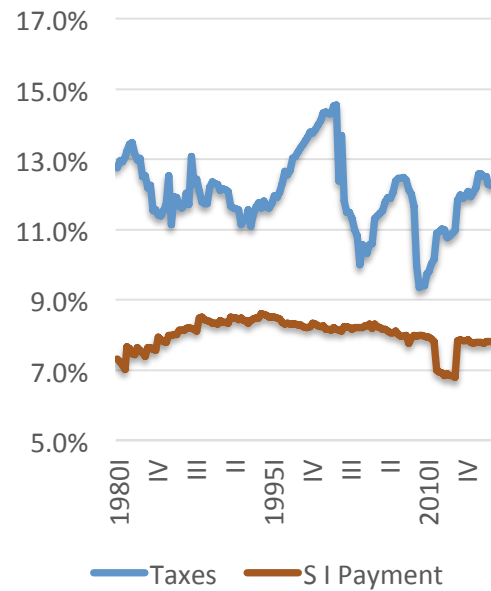


H-1B Visa Acceptance Number by Year (New and Renew)



US Taxes

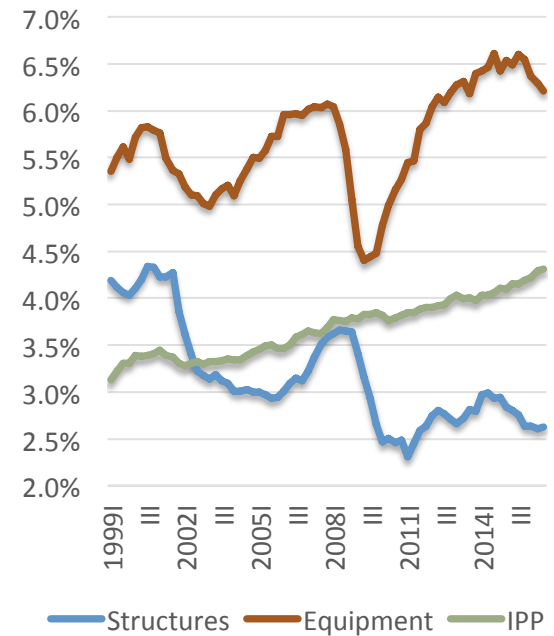
Income Taxes Share of Income



Corporate Effective Tax Rate State and Federal

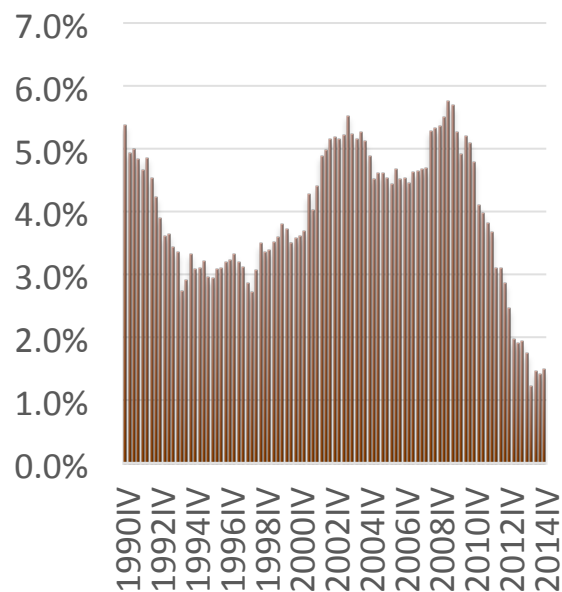


Investment (Real) Share of GDP

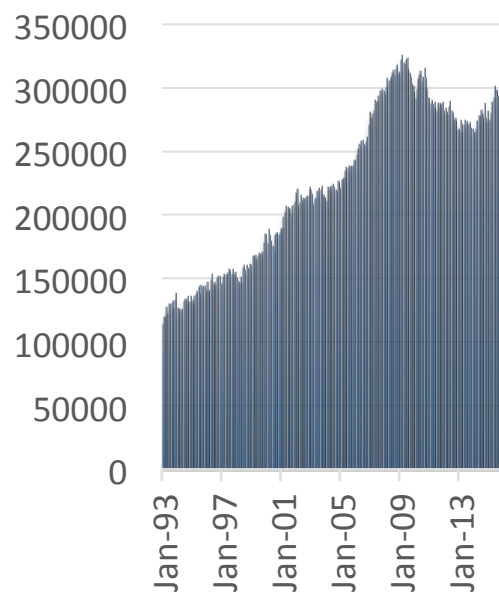


Public Construction

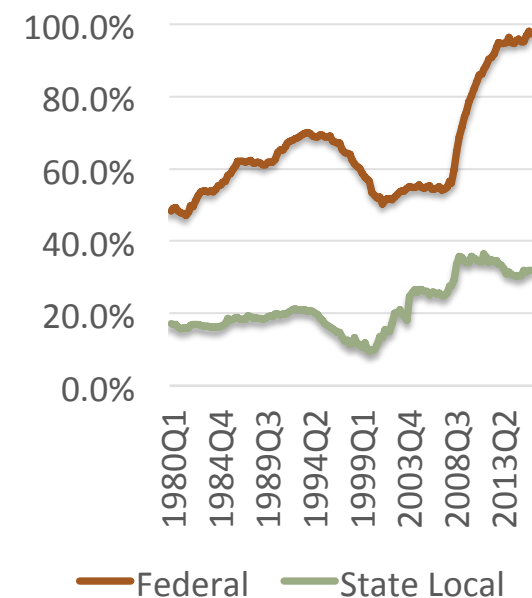
**Public Net Investment
as % of Revenues**



**Spending on Current
Infrastructure**



**Government Gross
Debt as % of GDP**

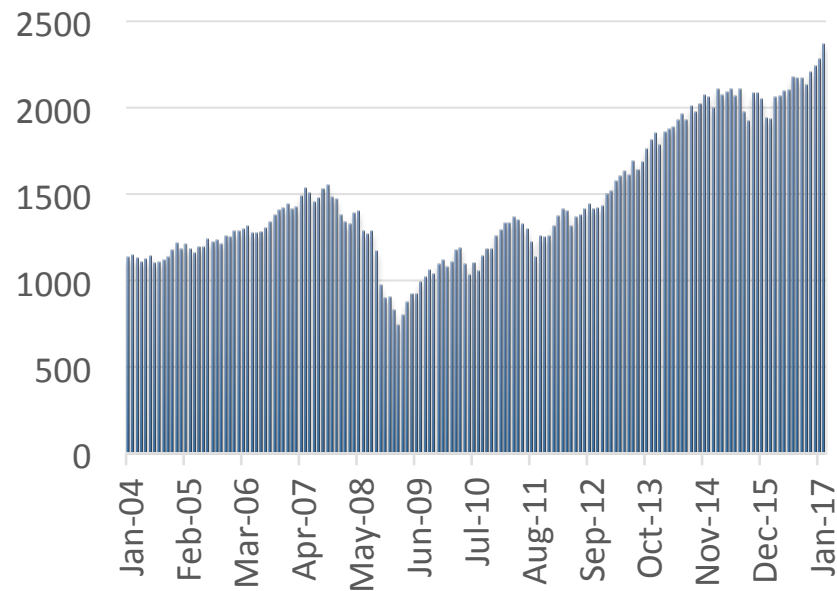


The Economic Outlook

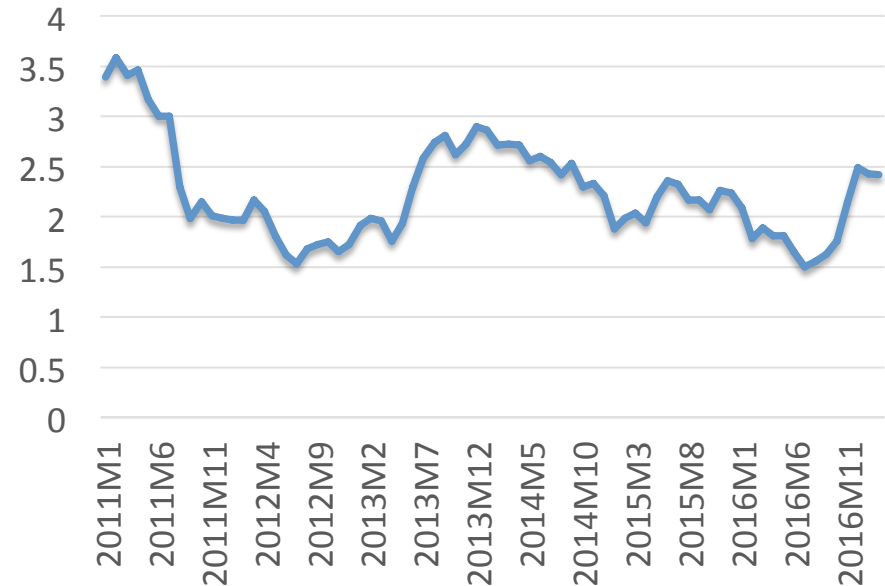
Source	GDP			
	Q1-17	Q2-17	Q3-17	Q4-17
Beacon Economics	2.6	2.1	2.4	2.2
BOA Merrill Lynch	2.0	2.0	2.0	2.3
Wells Fargo	1.7	2.4	2.5	2.2
WSJ Survey	2.2	2.4	2.5	2.5
Philadelphia Fed.	2.2	2.3	2.4	2.4
Federal Reserve	1.8 to 1.9 (2016) 1.9 to 2.3 (2017)			
	Federal Funds Rate			
UBS	0.63	0.88	0.88	1.13
BOA Merrill Lynch	0.5-0.75	0.75-1.00	0.75-1.00	1.00-1.25
Wells Fargo	0.75	1.00	1.00	1.25
WSJ Survey	-	0.9	-	1.31
	10 Year Treasury Yield			
UBS	2.5	2.1	2.2	2.3
BOA Merrill Lynch	2.65	3.00	2.95	2.85
Wells Fargo	2.47	2.50	2.53	2.57
WSJ Survey	-	2.62	-	2.86
Philadelphia Fed.	2.5	2.6	2.7	2.8

Asset Price Shifts

S&P 500



10 Year Bond Rates



The Trump Factor

Positives

- *Something* will get done in Washington DC
- Infrastructure investment: stimulative if done right, help long run productivity
- Tax cuts: very modest bump in spending (if done right)
- Financial deregulation good for housing, banks
- More balanced access to Chinese market
- Americans hate Obamacare, but they tend to like the Affordable Care Act

Negatives

- Inexperience / infighting / conflict of interest issues
- Federal deficit likely to widen sharply
- Interest rates to rise
- Potential for major trade war
- Increase in wealth inequality
- Federal Reserve to cede control to Congress
- Backwards steps in immigration policies / skilled labor issues
- Backwards steps in environmental policies
- Revenge of the Left