



Amherst[®] Securities Group LP

Single Family Housing – Private Investor Perspective

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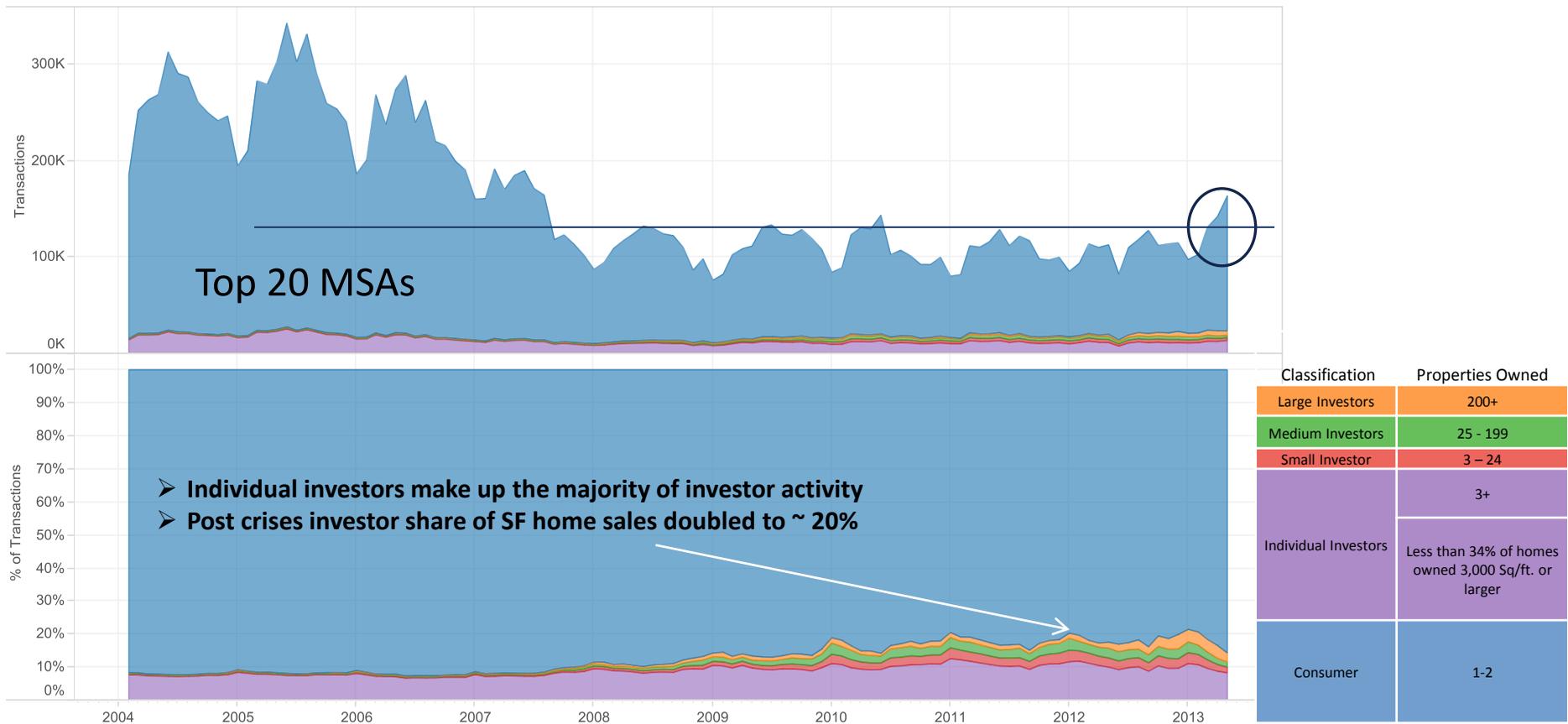
The Federal Reserve Bank of
Cleveland

September 19th, 2013

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Dimensioning Investor Activity

- Individual Investors have been an important element of the housing recovery
- Large investors account for a growing but insignificant portion of the real estate market
- Recent consumer activity has been very strong



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Single Family Leasing (Single Unit Cash Flow Economics)

Example Property: 2004 Orchid Bloom Dr., Indianapolis, IN



Beds/Baths	3/2.5
Sq./ft.	1,792
Year Built	2002
List Price + Repairs	\$98,375
Annual Rent Revenue	14.03%
Property Management	-0.98%
T&I	-3.21%
HOA Dues	-0.20%
Maintenance	-0.61%
Vacancy	-1.28%
Total Expense	-6.28%
Net Cap Rate	7.75%
Annual NOI	\$7,604

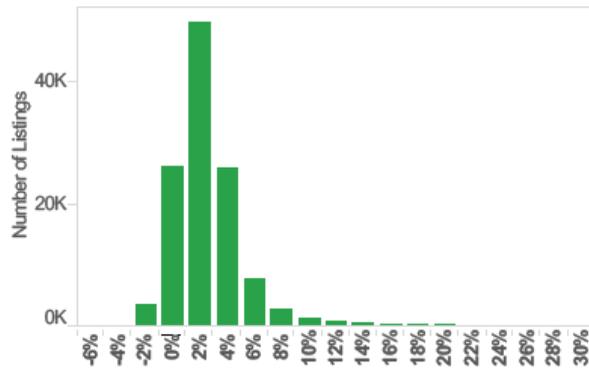
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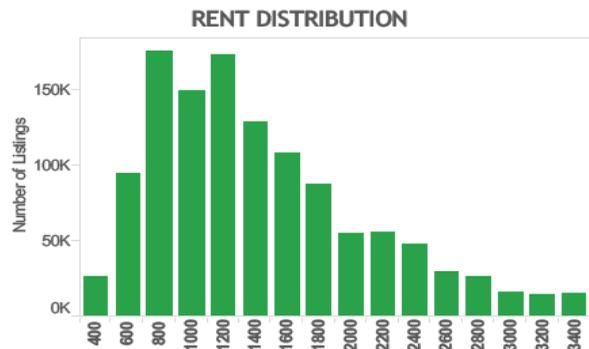
Not All Markets are Suitable for Investment

- Rents are inelastic
- Local tax policy can be a barrier

ESTIMATED CAP RATE DISTRIBUTION OF LISTINGS
(MLS LISTINGS AS OF 8/06/2013)



Top 20 MSAs



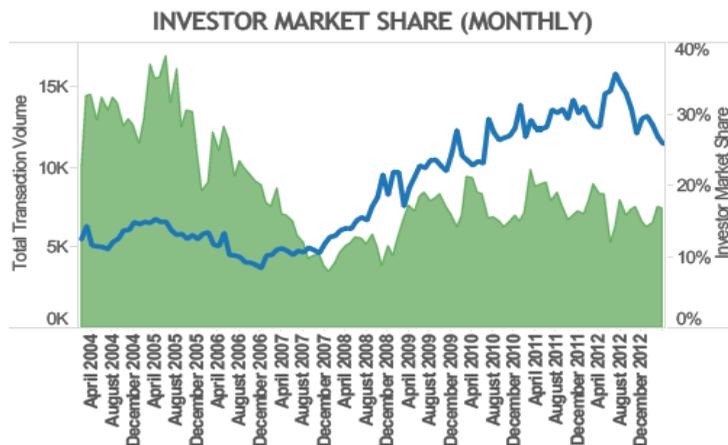
MSA	Tax Year	Tax Rate	% of Properties with Tax Rate >6%	% of Properties with Tax Rate >8%
New York-Northern New Jersey-Long Island NY-NJ-PA	2012	13.7%	81.0%	75.3%
Chicago-Naperville-Joliet IL-IN-WI	2012	9.2%	97.3%	88.0%
Detroit-Warren-Livonia MI	2012	4.6%	19.3%	8.7%
Dallas-Fort Worth-Arlington TX	2012	2.6%	0.0%	0.0%
Miami-Fort Lauderdale-Pompano Beach FL	2012	1.8%	0.1%	0.1%
Cleveland-Elyria-Mentor OH	2012	1.8%	0.0%	0.0%
Tampa-St. Petersburg-Clearwater FL	2012	1.6%	0.0%	0.0%
Minneapolis-St. Paul-Bloomington MN-WI	2012	1.5%	0.1%	0.0%
Portland-Vancouver-Hillsboro OR-WA	2012	1.4%	0.0%	0.0%
Boston-Cambridge-Quincy MA-NH	2012	1.4%	0.0%	0.0%
Los Angeles-Long Beach-Santa Ana CA	2012	1.3%	2.2%	2.2%
San Francisco-Oakland-Fremont CA	2012	1.3%	0.1%	0.0%
Seattle-Tacoma-Bellevue WA	2012	1.3%	0.0%	0.0%
Phoenix-Mesa-Glendale AZ	2012	1.3%	0.0%	0.0%
San Diego-Carlsbad-San Marcos CA	2012	1.1%	0.0%	0.0%
Las Vegas-Paradise NV	2012	1.1%	0.2%	0.1%
Atlanta-Sandy Springs-Marietta GA	2012	1.1%	0.0%	0.0%
Washington-Arlington-Alexandria DC-VA-MD-WV	2012	1.1%	0.0%	0.0%
Charlotte-Gastonia-Rock Hill NC-SC	2012	0.9%	0.0%	0.0%
Denver-Aurora CO	2012	0.7%	0.0%	0.0%



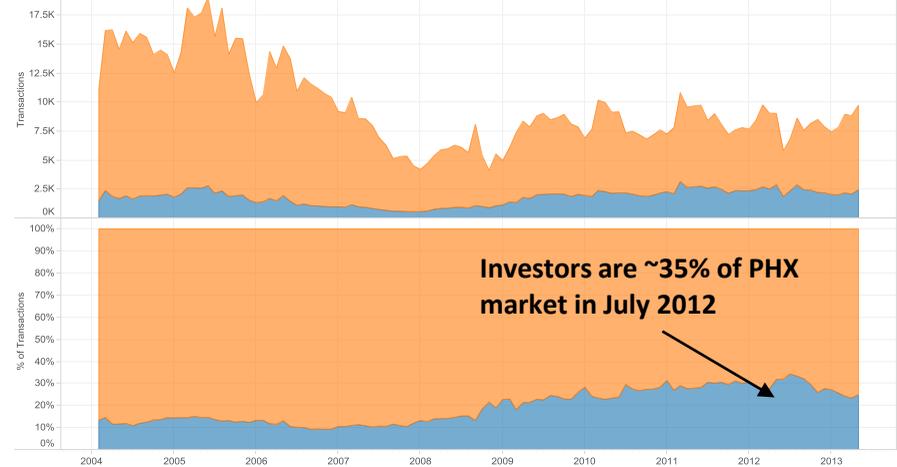
Conditions For Success

Phoenix Case Study

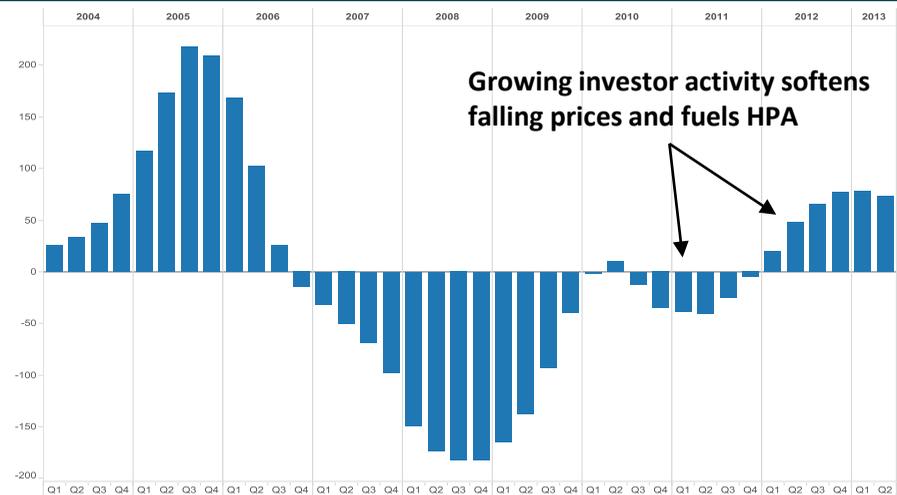
- Non-judicial foreclosure proceedings enable inventory to flow onto the market
 - Free flow of distressed assets enables investors to absorb distressed properties
 - At the peak in July 2012, investors comprised as much as 35% of transactions
- Housing Demand
 - When homes are foreclosed, need for a place to live doesn't go away
- Consumers are re-entering market
 - Time has healed credit scores



Transaction Volume & Market Share – Phoenix



Year-over-Year Case Shiller Index Growth – Phoenix



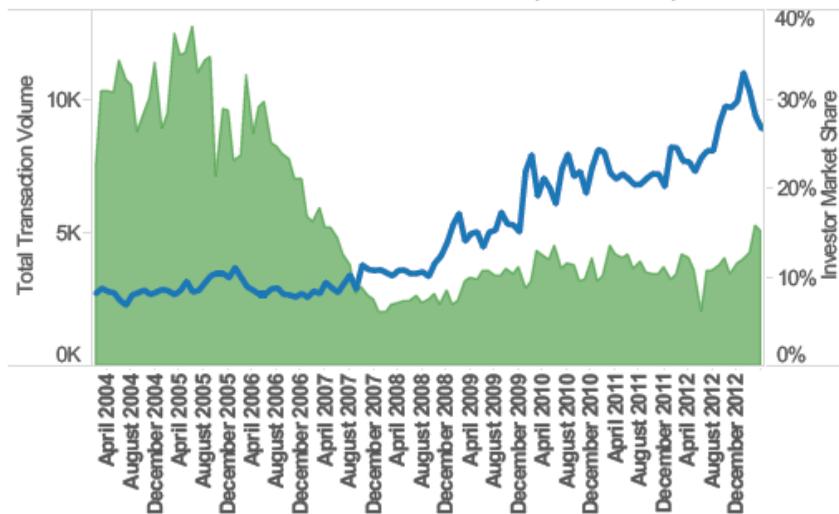
Conditions For Success

Florida Case Study

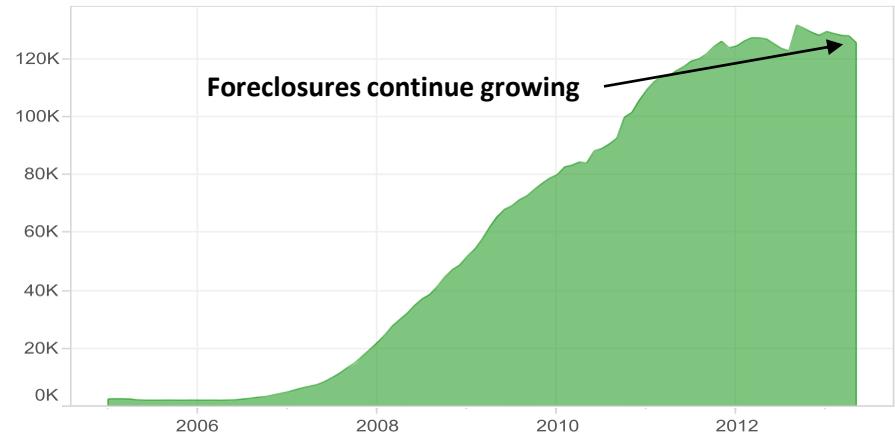
- Judicial foreclosure prevents distressed inventory from flowing through the system; prolongs real estate pain
 - Loans in foreclosure continue to rise
 - Housing values in Florida fell for 19 consecutive quarters compared to 14 quarters in Phoenix

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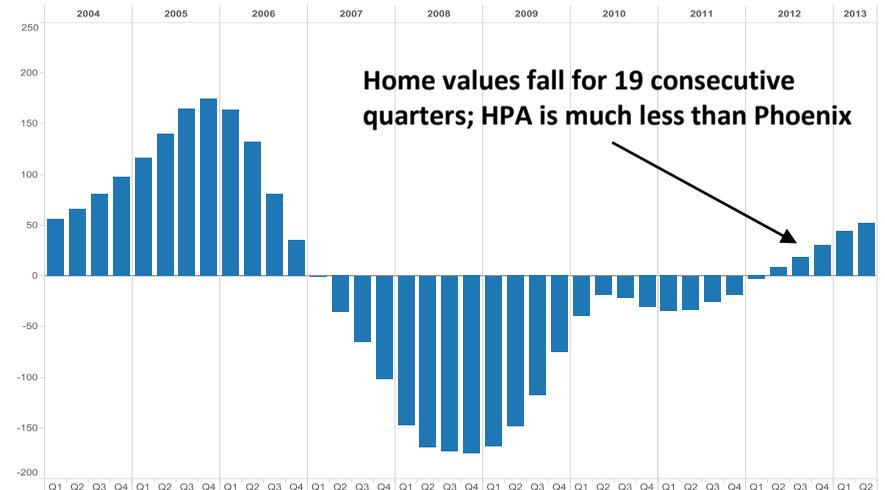
INVESTOR MARKET SHARE (MONTHLY)



Loans in foreclosure – Miami, Orlando & Tampa



Year-over-Year Case Shiller Index Growth – Florida



Total Return Potential (Consumer Re-Emergence)

As credit markets and consumer balance sheets cure, home prices should retrace to affordability metrics :

- Consumer gradually buys the investor out of the market
- Investors realize a return from taking on risk and stabilizing the real estate market
- The infrastructure for a national Single Family rental industry including Fair Housing Act governance and capital markets access remains to supplant the Subprime Mortgage Market

Asset Price	\$92,000
Repairs	\$6,375
Asset Price + Repairs	\$98,375
Market Median Household Income	\$72,136
Monthly Income	\$6,011
Market Historic DTI	20%
PITI Payment*	\$1,202
Qualifying Loan Amount**	\$124,795
Home Value @ 90% LTV	\$138,661
Future Home Value / Cost	1.41x

* Includes 3.21% asset value for Taxes + Insurance

** 30y FRM @ 6.0%

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