

OVERVIEW

Demand for land remains at a level that continues to support relative long-term values. Farm ground, finished vacant lots, partially developed projects, and future project phases have been pursued by investors, developers and farmers with concentration and attention to details. There have been a couple of fire-sales (\$3500 per acre partially developed and farm ground in Star), but for the most part, the competitive nature of the marketplace has kept pricing at a slight premium to the value of the underlying farm income of the asset.

SUPPLY AND DEMAND

Housing prices continue to decline, with current median sold home prices below the 2005 level in all submarkets. Demand, as evidenced by the volume of home sales, appears to be even with or above 2010 levels in all submarkets. New construction, as evidenced by building permits, is lower in all submarkets in 2011.

While price and demand continue to stabilize, the supply of homes remains a top issue. The backlog supply of bank-owned homes will continue to be the top focus of the market for the next few quarters. The banks are doing a good job of controlling the supply of bank-owned homes on the market at any given time. I foresee additional price weakness if the banks and HUD decide to put more product on the market. At this time, HUD continues to actively market no more than 10% of their bank-owned inventory.

OUTLOOK

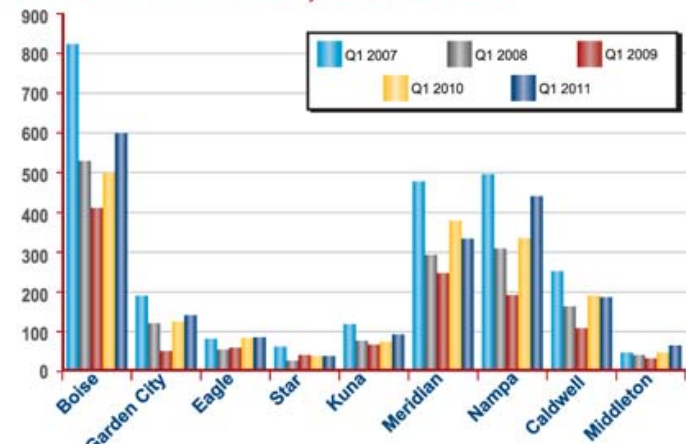
We continue to work with investors and developers to carry out acquisitions for long-term planning and development. Now is the time to gain control of strategic land for future development.

Median Home Price by Selected Cities

	Ada County						Canyon County		
	Boise	Garden City	Eagle	Star	Kuna	Meridian	Nampa	Caldwell	Middleton
Q1 2005	\$166,419	\$159,448	\$344,950	\$179,900	\$124,500	\$193,198	\$115,691	\$100,065	\$132,652
Q1 2006	\$210,181	\$208,276	\$335,585	\$254,750	\$178,549	\$248,011	\$151,793	\$137,011	\$176,669
Q1 2007	\$218,446	\$210,900	\$340,000	\$260,000	\$177,500	\$262,984	\$170,589	\$151,839	\$185,420
Q1 2008	\$219,596	\$190,000	\$372,000	\$200,000	\$177,500	\$236,823	\$155,534	\$135,345	\$193,990
Q1 2009	\$175,596	\$187,290	\$332,000	\$199,900	\$141,500	\$190,376	\$121,256	\$104,750	\$146,563
Q1 2010	\$169,472	\$141,584	\$340,000	\$167,052	\$118,000	\$163,392	\$105,253	\$85,873	\$120,000
Q1 2011	\$148,822	\$118,571	\$310,000	\$152,000	\$98,000	\$154,344	\$83,826	\$69,779	\$102,000

Source: Intermountain MLS

Number of Homes Sold by Selected Cities



Source: Intermountain MLS

Single Family Home Building Permits by County

