

January 2008

Dear Colleague,

**From Flat to Flourishing, 2008 Awaits**

"When Buck Knives left San Diego for Idaho in 2004, we didn't hear the end of it," said Duane Roth, Executive Director of UCSD's CONNECT. "At the same time those 300 or so jobs were lost, dozens of data processing, wireless and other high tech companies were sprouting like mushrooms in San Diego County," he continued. "But you never heard about that because everyone was obsessed about Buck Knives leaving."

This skewed perspective has similarities to the 2008 mood in our industry. Even though flat and flatter seem to be the current buzzwords for Southern California's real estate market, it's important to keep in mind that other sectors of our economy are holding steady and even flourishing. While this won't stanch the pain immediately, it's every reason to stay the course. San Diego's unemployment rate held steady at 4.8 percent according to December data, despite a loss of thousands of jobs in real estate and mortgage lending. Riverside and San Bernardino counties are forecasting 2008 unemployment rates to decline to 3.8%. A *Regional Economic Forecast 2007-2008 Executive Summary* from California State University, Long Beach, projected that the "Riverside-San Bernardino region is expected to generate two years of steady employment growth, despite the housing downturn." Recession or no recession, we believe that our region is diversified enough to weather this cycle once more.

As long as venture capitalists are investing heavily in San Diego biotech – which they are forecast to do in 2008 -- new jobs are created and highly paid professionals are recruited. The financial activities sector, which is closely tied to the housing boom, has held up well in the Inland Empire despite the downturn in housing. It's not a matter of if, but when, these consumers will jump into the housing market.

Despite a national decline in manufacturing jobs, San Diego's economy boasts 103,000 manufacturing employees. The Inland Empire projects 9,000 new manufacturing jobs over the next two years.

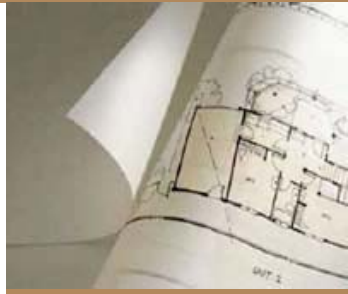
A profusion of new telecommunications, software, and Internet-support companies are fueling demand for engineers, sales and marketing, finance, and creative professionals throughout Southern California. All of them need housing, even if they wait on the sidelines a while longer.

We are hardly the Rust Belt, withering away because of outdated, outsourced, or dying industries. We are a dynamic, sleek and enviable economic engine, cooling our jets and regrouping for the next lap.

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*Snow Properties provides project management services to developers, financial institutions, owners and managers of real property assets in Southern California. Its expertise spans three decades and all stages of real estate development.*

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**Did You Know?**

**Is The Competition Back?**

"After months of stalemate, it's suddenly a competitive environment," according to Norm Scheel, co-owner of Hoffman Companies in Irvine. Mr. Scheel was referring to land prices in Southern California which have plummeted to such a level that investors and speculators are moving back in. (Source: [Daily Transcript](#) 12/19/07).

"Right now, most of the buyers are individuals using their own money," Scheel continued. "They feel the land market could still drift down a bit, but the risk of waiting is greater."

The Hoffman Company specializes in residential, commercial and industrial properties throughout Southern California.

**"Losers" Play Their Way to Success**

After losing countless back-to-back games earlier this season, the Chargers kept the faith and rallied on to make the playoffs. [Union Tribune](#) sports writer, Nick Canepa, described their most recent win over the Colts as "... possibly the best, most dramatic performance in Chargers' history." Talk about a comeback from a dismal early season.

This is no small feat and one great example to all of us. Keep playing like a champ. Act like a winner, despite the naysayers and a losing tide. Many of us in the real estate industry might improve our attitude by dwelling on the Chargers' model.

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