

RED CAPITAL Research

Metropolitan Payroll Forecast Summary

November 2008

RED CAPITAL Research employs time-series econometric models to forecast future payroll employment trends for each of the fifty metropolitan areas that we cover from a research perspective, a group we call the “**RED 50**”. Each metro forecast is derived from a unique multivariate equation with predictive economic variables and coefficients calibrated to the specific characteristics of the local employment market.

Future values for predictive independent variables are obtained from economic forecasts published by Mr. Richard DeKaser, chief economist of National City Bank. Mr. DeKaser typically updates his forecast monthly. His latest forecast can be obtained using the following link: (<https://www.nationalcity.com/main/micro-site/economics/pages/home.asp>).

The attached *Metropolitan Payroll Forecast Summary* provides our latest metro payroll forecasts, expressed on annual and quarterly bases, incorporating up-to-date macro economic data and NCB forecasts. **RCR** intends to update the forecasts regularly to maintain conformity with Mr. DeKaser’s latest projections and to incorporate the latest Bureau of Labor Statistics payroll data and other government economic statistics. We hope this initiative will help our readers to stay abreast of economic developments and the **RCR** view of this most critical driver of metropolitan apartment demand.

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NOVEMBER FORECAST DATA

Table 1: Summary of Key National Metrics			
	2007a	2008f	2009f
GDP	2.0%	1.3%	0.0%
Final Sales	2.4%	1.6%	0.2%
Consumption	2.8%	0.4%	0.8%
Fixed Investment	-3.1%	-4.3%	-8.6%
Nonresidential	4.9%	2.7%	-9.0%
Residential	-17.9%	-21.2%	-7.4%
Payroll Employment	1.1%	-0.1%	-1.0%
Unemployment Rate	4.6%	5.7%	7.4%

Source: National City Bank (11/10/2008)

Table 2: Metropolitan Payroll Growth Forecasts						
Metro Area	2007a		2008f		2009f	
Albuquerque	4,100	1.0%	500	0.1%	1,000	0.3%
Atlanta	54,600	2.3%	-3,400	-0.1%	-43,000	-1.8%
Austin	34,100	4.7%	16,700	2.2%	2,000	0.3%
Baltimore	12,700	1.0%	7,500	0.6%	4,000	0.3%
Boston	28,500	1.7%	18,500	1.1%	6,000	0.3%
Charlotte	32,500	3.9%	15,900	1.9%	0	0.0%
Chicago	31,000	0.8%	2,100	0.1%	-28,000	-0.7%
Cincinnati	7,900	0.8%	-800	-0.1%	2,000	0.2%
Cleveland	-4,100	-0.4%	-5,800	-0.5%	-3,000	-0.3%
Columbus	11,700	1.3%	6,400	0.7%	-1,000	-0.1%
Dallas	57,100	2.8%	42,800	2.1%	15,000	0.7%
Denver	25,700	2.1%	14,400	1.2%	-10,000	-0.8%
Detroit	-39,100	-2.0%	-45,800	-2.3%	-23,000	-1.2%
Fort Lauderdale	3,800	0.5%	-10,300	-1.3%	-15,000	-1.9%
Fort Worth	26,500	3.1%	17,100	2.0%	5,000	0.6%
Houston	103,400	4.2%	63,400	2.5%	59,000	2.3%
Indianapolis	14,100	1.6%	3,900	0.4%	0	0.0%
Inland Empire	1,100	0.1%	-19,300	-1.5%	-1,000	-0.1%
Jacksonville	8,500	1.4%	-2,500	-0.4%	4,000	0.6%
Kansas City	20,400	2.1%	2,800	0.3%	-2,000	-0.2%
Las Vegas	9,500	1.0%	-500	-0.1%	11,000	1.2%
Los Angeles	23,300	0.6%	-22,500	-0.5%	-54,000	-1.3%
Louisville	10,000	1.6%	1,100	0.2%	-3,000	-0.5%
Miami	11,800	1.1%	-6,200	-0.6%	-9,000	-0.9%
Milwaukee	6,500	0.8%	-7,900	-0.9%	-15,000	-1.8%
Minneapolis	11,000	0.6%	-400	0.0%	-17,000	-0.9%
Nashville	9,300	1.2%	5,100	0.7%	1,000	0.1%
New York	92,100	1.8%	29,300	0.6%	-43,000	-0.8%
Norfolk	7,600	1.0%	11,400	1.5%	6,000	0.8%
Northern Virginia	15,600	1.2%	11,200	0.9%	16,000	1.2%
Oakland	2,200	0.2%	-16,100	-1.5%	-34,000	-3.3%
Orange County	-6,000	-0.4%	-28,100	-1.9%	-33,000	-2.2%
Orlando	23,500	2.2%	300	0.0%	-10,000	-0.9%
Philadelphia	12,500	0.7%	1,600	0.1%	-6,000	-0.3%
Phoenix	24,400	1.3%	-25,500	-1.3%	-21,000	-1.1%
Pittsburgh	8,400	0.7%	5,600	0.5%	1,000	0.1%
Portland	21,600	2.1%	4,600	0.4%	-10,000	-1.0%
Raleigh-Durham	35,400	4.6%	19,200	2.4%	13,000	1.6%
Sacramento	5,000	0.6%	-6,900	-0.8%	-19,000	-2.1%
Salt Lake City	24,300	3.9%	6,100	1.0%	-9,000	-1.4%
San Antonio	20,900	2.6%	18,200	2.2%	12,000	1.4%
San Diego	6,600	0.5%	-2,900	-0.2%	-5,000	-0.4%
San Francisco	22,400	2.3%	11,200	1.1%	-24,000	-2.4%
San Jose	16,900	1.9%	1,600	0.2%	-16,000	-1.8%
Seattle	51,800	3.1%	33,200	1.9%	-7,000	-0.4%
St. Louis	7,300	0.5%	-6,500	-0.5%	-8,000	-0.6%
Suburban Maryland	5,800	0.6%	5,600	0.6%	6,000	0.6%
Tampa	-3,300	-0.3%	-19,700	-1.5%	-20,000	-1.6%
Washington DC Metro	22,900	0.8%	32,600	1.1%	35,000	1.2%
West Palm Beach	-1,400	-0.2%	-6,300	-1.1%	-10,000	-1.7%

Table 3: Metropolitan Payroll Growth Quarterly Forecasts

Metro Area	2008 Q1		2008 Q2		2008 Q3		2008 Q4		2009 Q1		2009 Q2		2009 Q3		2009 Q4	
	Payroll	% Change	Payroll	% Change	Payroll	% Change	Payroll	% Change	Payroll	% Change	Payroll	% Change	Payroll	% Change	Payroll	% Change
Albuquerque	1,700	0.4%	1,500	0.4%	-400	-0.1%	-700	-0.2%	-1,100	-0.3%	-800	-0.2%	1,200	0.3%	3,100	0.8%
Atlanta	30,200	1.2%	23,400	1.0%	-19,600	-0.8%	-47,700	-1.9%	-62,700	-2.5%	-64,100	-2.6%	-40,800	-1.7%	-3,500	-0.1%
Austin	24,300	3.3%	16,500	2.2%	16,600	2.2%	9,400	1.2%	4,200	0.6%	1,400	0.2%	200	0.0%	2,700	0.4%
Baltimore	9,700	0.7%	8,400	0.6%	7,400	0.6%	4,300	0.3%	4,700	0.4%	3,700	0.3%	2,800	0.2%	6,300	0.5%
Boston	22,700	1.4%	19,200	1.1%	18,300	1.1%	13,700	0.8%	5,500	0.3%	6,100	0.4%	5,300	0.3%	8,700	0.5%
Charlotte	16,700	2.0%	16,100	1.9%	17,300	2.0%	13,600	1.6%	4,000	0.5%	700	0.1%	5,900	0.7%	-9,400	-1.1%
Chicago	20,500	0.5%	2,600	0.1%	-5,700	-0.1%	-8,800	-0.2%	-20,700	-0.5%	-21,300	-0.5%	-37,200	-1.0%	-33,900	-0.9%
Cincinnati	5,100	0.5%	-100	0.0%	-1,800	-0.2%	-6,600	-0.6%	-5,800	-0.6%	-200	0.0%	4,600	0.4%	10,200	1.0%
Cleveland	-4,600	-0.4%	-6,100	-0.6%	-5,200	-0.5%	-7,300	-0.7%	-5,000	-0.5%	-2,200	-0.2%	-2,200	-0.2%	-1,000	-0.1%
Columbus	10,200	1.1%	6,700	0.7%	6,700	0.7%	2,000	0.2%	-1,000	-0.1%	-1,200	-0.1%	-2,500	-0.3%	-700	-0.1%
Dallas	50,700	2.5%	45,000	2.2%	44,500	2.1%	31,100	1.5%	20,400	1.0%	13,000	0.6%	9,300	0.4%	16,300	0.8%
Denver	23,100	1.9%	15,700	1.3%	12,700	1.0%	6,100	0.5%	300	0.0%	-6,700	-0.5%	-16,200	-1.3%	-18,800	-1.5%
Detroit	-39,400	-2.0%	-47,200	-2.4%	-51,500	-2.6%	-44,900	-2.3%	-27,300	-1.4%	-23,200	-1.2%	-23,100	-1.2%	-19,300	-1.0%
Fort Lauderdale	-7,200	-0.9%	-6,700	-0.8%	-10,100	-1.3%	-17,100	-2.2%	-17,500	-2.2%	-17,800	-2.3%	-16,600	-2.2%	-10,000	-1.3%
Fort Worth	19,200	2.3%	18,200	2.1%	16,000	1.8%	15,100	1.7%	12,200	1.4%	6,900	0.8%	1,200	0.1%	-1,200	-0.1%
Houston	85,700	3.4%	61,000	2.4%	56,200	2.2%	50,600	1.9%	51,800	2.0%	59,100	2.3%	60,800	2.3%	66,300	2.5%
Indianapolis	11,500	1.3%	5,800	0.6%	1,900	0.2%	-3,500	-0.4%	-4,500	-0.5%	-3,500	-0.4%	0	0.0%	8,700	0.9%
Inland Empire	-15,800	-1.2%	-22,800	-1.8%	-21,100	-1.7%	-17,500	-1.4%	-15,200	-1.2%	-3,600	-0.3%	6,400	0.5%	10,200	0.8%
Jacksonville	200	0.0%	-3,300	-0.5%	-5,500	-0.9%	-1,300	-0.2%	3,000	0.5%	3,500	0.6%	5,000	0.8%	6,300	1.0%
Kansas City	13,700	1.4%	3,000	0.3%	-4,000	-0.4%	-1,600	-0.2%	-2,300	-0.2%	-2,600	-0.2%	-1,200	-0.1%	-3,800	-0.4%
Las Vegas	2,200	0.2%	-4,700	-0.5%	-700	-0.1%	1,000	0.1%	7,200	0.8%	11,200	1.2%	9,900	1.1%	13,900	1.5%
Los Angeles	-14,400	-0.4%	-9,300	-0.2%	-21,300	-0.5%	-45,100	-1.1%	-56,700	-1.4%	-62,600	-1.5%	-58,400	-1.4%	-37,500	-0.9%
Louisville	9,600	1.6%	500	0.1%	600	0.1%	-6,200	-1.0%	-6,700	-1.1%	-3,100	-0.5%	-2,800	-0.5%	400	0.1%
Miami	1,600	0.2%	-4,000	-0.4%	-9,100	-0.9%	-13,400	-1.3%	-11,000	-1.0%	-8,800	-0.8%	-10,600	-1.0%	-6,600	-0.6%
Milwaukee	-2,300	-0.3%	-5,400	-0.6%	-7,500	-0.9%	-16,400	-1.9%	-16,900	-2.0%	-17,100	-2.0%	-16,100	-1.9%	-8,800	-1.0%
Minneapolis	10,000	0.6%	7,100	0.4%	-3,300	-0.2%	-15,500	-0.9%	-16,900	-1.0%	-22,000	-1.2%	-19,800	-1.1%	-10,000	-0.6%
Nashville	11,500	1.5%	8,400	1.1%	1,000	0.1%	-600	-0.1%	-1,200	-0.2%	-1,700	-0.2%	400	0.0%	5,000	0.6%
New York	57,000	1.1%	37,200	0.7%	28,400	0.5%	-5,500	-0.1%	-31,500	-0.6%	-46,000	-0.9%	-58,800	-1.1%	-36,200	-0.7%
Norfolk	6,300	0.8%	9,800	1.3%	16,600	2.1%	13,000	1.7%	9,100	1.2%	7,300	0.9%	3,600	0.4%	3,300	0.4%
Northern Virginia	10,600	0.8%	10,100	0.8%	12,600	1.0%	11,400	0.9%	12,400	1.0%	12,800	1.0%	16,000	1.2%	21,600	1.6%
Oakland	-4,000	-0.4%	-11,200	-1.1%	-20,200	-1.9%	-28,800	-2.7%	-39,400	-3.8%	-38,700	-3.7%	-32,800	-3.2%	-25,800	-2.5%
Orange County	-22,600	-1.5%	-23,800	-1.6%	-31,100	-2.1%	-35,000	-2.3%	-38,500	-2.6%	-39,400	-2.6%	-32,700	-2.2%	-22,700	-1.5%
Orlando	5,600	0.5%	2,000	0.2%	-600	-0.1%	-5,800	-0.5%	-6,200	-0.6%	-7,700	-0.7%	-14,400	-1.3%	-11,700	-1.1%
Philadelphia	10,300	0.5%	6,300	0.3%	-1,100	-0.1%	-9,000	-0.5%	-11,200	-0.6%	-9,900	-0.5%	-6,000	-0.3%	3,800	0.2%
Phoenix	2,700	0.1%	-15,900	-0.8%	-38,800	-2.0%	-50,000	-2.6%	-56,900	-3.0%	-43,400	-2.3%	-15,300	-0.8%	31,000	1.7%
Pittsburgh	7,700	0.7%	4,500	0.4%	5,700	0.5%	4,500	0.4%	3,100	0.3%	600	0.1%	500	0.0%	0	0.0%
Portland	13,200	1.3%	8,200	0.8%	2,400	0.2%	-5,300	-0.5%	-7,100	-0.7%	-13,500	-1.3%	-12,600	-1.2%	-7,700	-0.7%
Raleigh-Durham	26,600	3.4%	23,400	2.9%	16,400	2.0%	10,200	1.2%	10,000	1.2%	11,300	1.4%	15,600	1.9%	16,000	1.9%
Sacramento	3,000	0.3%	-3,200	-0.3%	-9,900	-1.1%	-17,500	-1.9%	-25,200	-2.8%	-25,600	-2.8%	-16,900	-1.9%	-8,700	-1.0%
Salt Lake City	15,300	2.4%	10,300	1.6%	3,500	0.6%	-4,800	-0.7%	-12,200	-1.9%	-13,700	-2.1%	-9,100	-1.4%	-2,100	-0.3%
San Antonio	20,500	2.5%	17,100	2.0%	17,500	2.1%	17,800	2.1%	15,700	1.9%	14,400	1.7%	10,200	1.2%	8,300	1.0%
San Diego	1,100	0.1%	-2,000	-0.2%	-4,700	-0.4%	-6,200	-0.5%	-9,400	-0.7%	-9,100	-0.7%	-3,700	-0.3%	800	0.1%
San Francisco	20,400	2.1%	17,500	1.8%	6,600	0.7%	200	0.0%	-12,500	-1.3%	-24,200	-2.4%	-27,600	-2.8%	-30,800	-3.1%
San Jose	9,300	1.0%	5,400	0.6%	-1,000	-0.1%	-7,300	-0.8%	-7,100	-0.8%	-12,600	-1.4%	-21,800	-2.4%	-23,100	-2.5%
Seattle	39,800	2.3%	33,200	1.9%	38,000	2.2%	21,800	1.2%	200	0.0%	-12,300	-0.7%	-16,000	-0.9%	-1,100	-0.1%
St. Louis	600	0.0%	-6,900	-0.5%	-10,200	-0.8%	-9,600	-0.7%	-7,900	-0.6%	-10,500	-0.8%	-8,300	-0.6%	-5,200	-0.4%
Suburban Maryland	4,500	0.5%	3,300	0.3%	8,400	0.9%	6,400	0.7%	6,700	0.7%	5,800	0.6%	5,900	0.6%	8,400	0.9%
Tampa	-11,800	-0.9%	-19,700	-1.5%	-20,400	-1.6%	-27,100	-2.1%	-26,500	-2.0%	-26,300	-2.0%	-21,100	-1.7%	-6,600	-0.5%
Washington DC Metro	24,500	0.8%	27,500	0.9%	41,700	1.4%	36,600	1.2%	34,300	1.2%	32,400	1.1%	32,200	1.1%	39,900	1.3%
West Palm Beach	-4,800	-0.8%	-5,400	-0.9%	-3,600	-0.6%	-11,100	-1.9%	-13,100	-2.2%	-12,800	-2.2%	-11,100	-1.9%	-2,200	-0.4%