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## Poppies Corp

**Phone**  
949.215.1103

**Fax**  
949.716.6961

**E-mail**  
[mark@poppiescorp.com](mailto:mark@poppiescorp.com)

**We're on the Web!**  
[www.poppiescorp.com](http://www.poppiescorp.com)

*"Poppies Pipeline"*  
*provides up to date*  
*status on our current*  
*and proposed new*  
*development projects*  
*and opportunities.*

## A New Look for 2006

We've changed the look of everything from our web site ([www.poppiescorp.com](http://www.poppiescorp.com)) to the *Poppies Pipeline* and our business cards. Besides a change in appearance with a new logo and color scheme, our redesigned web site contains new sections with News of Interest, Community information and updates (even a proprietary area for members to gather important information on their investment projects), photos and floor plans and archived newsletters. We hope our new look and more substantial web site provides our subscribers with the information they need to make important investment decisions. We want to especially thank our design team at [www.2computerchicks.com](http://www.2computerchicks.com) for their magnificent effort in translating our message into an interesting, informative and pleasing new look.

## Market Indicators

I received a number of emails and phone calls after sending out the January *Poppies Pipeline* chastising me for being overly cautious (*"The Market Catches its' Breath"*). It appears that while the press is doing their usual the sky is falling outlook, there hasn't been any statistical result to back up all the doom and gloom tales in Arizona. Perhaps a slowdown and longer days on market, but no indication of prices dropping for new home sales – only a slower increase in values from the last two years, but still increasing. Looks like a number of experts are expressing the opinion that the slowdown is not of major consequence – especially in selected local markets like much of Arizona. Some of the more extensive reports and opinions can be found on our website under "News of Interest". Here are a couple of brief excerpts from last week:

**Feb. 16, 2006 MarketWatch:** *New construction of U.S. homes soared 14.5% in January to a seasonally adjusted annual rate of 2.276 million, aided by the warmest weather of any January on record. It's the highest rate for seasonally adjusted starts since March 1973. The percentage gain was the largest in nearly 12 years, the Commerce Department said Thursday*

**Feb. 15, 2006 BusinessWeek Online:** *The data should be consistent with real residential investment growth at a healthy 6% rate in the first quarter. We expect growth in the housing sector to moderate back toward the 3% to 4% trend-growth in the economy by the end of 2006.*

*Yet most market economists are entering 2006 (the way they did 2005, and 2004...and 2003...and 2002) expecting a drop in housing activity for the year, given the enormous "overshoot" of activity through the recession. Despite the ongoing pessimism, the sector keeps setting new highs.*

*Meanwhile, permit data have remained strong, although they have moved lower in recent months -- suggesting the possibility of a more throttled pace of construction in 2006.*

*Overall, recent indicators point to a moderating, but not collapsing, housing market. We still believe the slowing we expect in 2006 will be gradual, and consistent with a solid housing sector overall.*

**Feb. 21, 2006 MarketWatch:** *In the homebuilding sector, Toll Brothers could see some positive action today, after the company was featured bullishly in a Barron's article during the weekend. According to the article, the company appears undervalued as TOL is still highly profitable and controls a large bank of land for future building*

**Feb. 15, 2006 HGTVpro.com:**—*Indicating stabilizing conditions in the nation's single-family housing market, home builder confidence remained unchanged in February from levels gauged in each of the past two months, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), released today.*

*February marks the third consecutive month in which the HMI has held at 57, and the second consecutive month in which there has been no change posted in the index component that gauges current single-family home sales.*

*"After several record-breaking years for home sales, builders are anticipating a return of the market to a healthy and steady pace," said David Pressly, a home builder from Statesville, N.C. and NAHB president. He noted that any number above 50 on the index indicates that more builders view conditions as good than poor in their markets.*

*"This is definitely a good sign that the housing market is stabilizing," agreed NAHB Chief Economist David Seiders. "The HMI fell significantly during the second half of 2005 as eroding affordability conditions affected home sales and builder sentiment, and the recent stabilization is consistent with the orderly cooling-down process that NAHB has been forecasting."*

*"There are still some significant regional variations in builder perceptions of housing market conditions," Seiders noted. "In particular, responses from builders in the West reflected much improved weather conditions in that region, accounting for a significant rebound in the area's HMI score. By contrast, the Midwest, with its poorly performing job market, showed some further erosion in its HMI score as local builders lowered their expectations even further."*

*Derived from a monthly survey that NAHB has been conducting for almost 20 years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as either "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view sales conditions as good than poor.*

*For February's HMI, the component gauging builders' perceptions of current market conditions was unchanged from January, at a still-favorable 62. Meanwhile, the component gauging sales expectations for the next six months and the component gauging traffic of prospective buyers each declined one point, to 65 and 40, respectively.*

*On a regional basis, the HMI for builders in the West rebounded strongly from a big dip in January to reach 74—just one point behind where it was at year-end 2005—and the HMI for builders in the Northeast rose a single point to 57. The HMI for builders in the South and Midwest declined by two points to 64, and by three points to 33, respectively.*