

Welcome to the EIS presentation, November 12th, 2006, **The Real Estate Bust of 2010**. Thank-you for your attendance.

Economic Indicator Services is the world's foremost expert in business, real estate and commodity cycles. Over the years, I have found that practically no one understands how the economy really functions, particularly as regards real estate and banking. I will fix this for you today. (With banking, the level of understanding appears to be even worse.)

This afternoon we will have a look at how real estate has behaved in the past, particularly US real estate, to give us an understanding of the real estate cycle. Then I will show you from where the cycle originates, and why it must repeat. If we have time, we might also look at the role banks play in this cycle.

You are in knowledgeable hands here, so sit back, relax, clear your mind and try to act like a sponge. Any questions throughout the presentataion, ask anytime. There is no one else in the world that can present for you today what you are about to see.

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November 12th, 2006

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Past US Recesions:

2001/2 1991 1982 1974

1961 (1955) 1949 1937 1932

1921 (1913) 1907 1897 1893

1884 1873 1866 1857

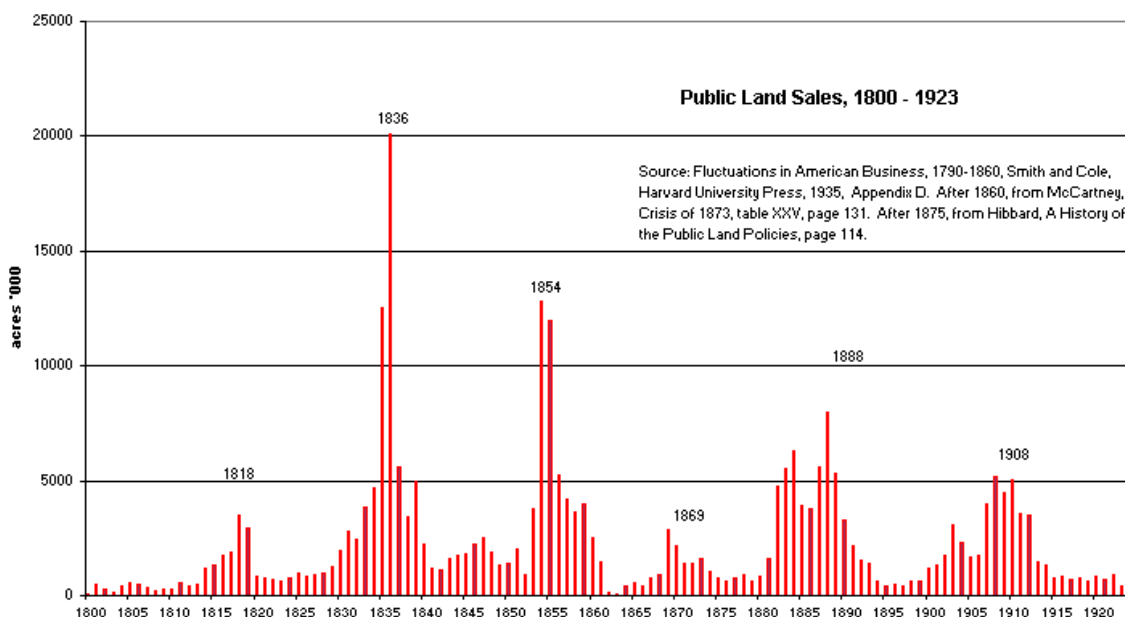
1847 1836/7 1825 1819

The US began selling off its real estate, officially and under a set legal structure, on May 10th,1800. After that, here is what happened:

1818, a peak in land sales, followed by a downturn. 1836, a peak in land sales, followed by economic depression. 1854, a peak in land sales, followed by depression. 1869, a peak in land sales (Chicago peak, 1872), followed by depression. 1888, a peak in land sales (1890 was the count off 1800, if we were to mark each 18th year from 1800), followed by depression. 1908, a peak in land sales, the following downturn cut short by world war. 1926, a peak in real estate speculation, followed five years later by the world's worst ever depression. 1944, a peak in real estate construction (government financed mainly in this cycle), a probably downturn cut short, in fact eliminated, by rebuilding from war's destruction.

In other words, for the first 144 years of real estate enclosure in the US, land sales and / or real estate construction peaked almost consistently, every 18 years.

Since the Second World War and once the US economy finally shrugged off the distorting affects of all the dislocation wrought by the war, the rough 18-year cycle reasserted itself with some vigour. The end years of this first decade of the 21st century will mark the passing of another 18 years since the trough of the previous 18-year cycle in 1991 through 1994. So far, there is little



evidence that much has changed to stop the repeat of yet another land price induced downturn...