



Markets in Motion: Understanding the Impact of Supply in the Targeting of Commercial Real Estate Markets

First Quarter 2001

Ocwen Financial Corporation
1675 Palm Beach Lakes Blvd.
West Palm Beach, Florida 33401

For more information contact:

Patrick Toomey
Editor
(561) 682-8537
ptoomey@ocwen.com

Contributing Authors:

Darryl Connelly
International Division

Christopher Hyatt
International Division

Robert Hunter, MAI
International Division

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- **Where have all the Tier I Markets Gone?**

For the first time since we began publishing *Markets in Motion* in 1997, none of the sixty U.S. markets we follow in this report exhibit the combined strength required to sustain our Tier I rating. Even the mighty New York, San Francisco and Boston fell from the top. The current First Quarter 2001 rankings of all 60 markets is contained inside.

- **Ocwen Goes International - Research Coverage to Follow**

After a one-quarter hiatus, *Markets in Motion* returns amid a changing Ocwen. Ocwen's initiative to become a market leader in providing knowledge and technologies to the mortgage and real estate industries has now spread overseas. In October 2000, Ocwen's international team (some of who are contributors to this report) was hired by Finsac (Financial Sector Adjustment Company) to resolve approximately \$700 million in non-performing commercial loans. Similar engagements are currently under negotiation in Europe, Asia, the Caribbean and Latin America. This new international presence gives us first hand knowledge and experience about international non-performing loan markets, real estate sales and leasing, due diligence and valuation standards. We look forward to sharing some of this information with our *Markets in Motion* subscribers in the near future.

- **Ocwen Releases its Assessment of "Real Estate Backed Commercial Discount Loans"**

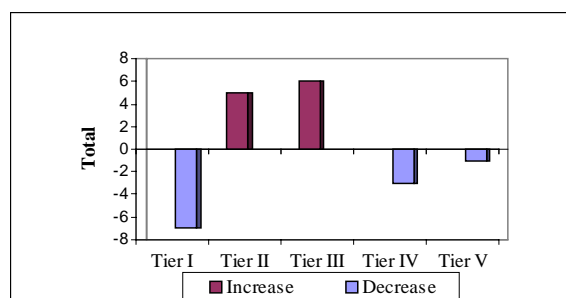
In this report, Ocwen examines the investment performance of commercial discount loans ("CDL") versus other investment alternatives, highlighting how CDL loss severities can be mitigated through risk-based pricing and effective asset management. In addition, this report takes a look at the secondary market and predicts where the next round of CDLs is likely to come from and why. Free copies are available from our website.

First Quarter 2001 Summary

For the first time since we published the original edition of *Markets in Motion* in 1997, there are no Tier I markets to report. Even the mighty New York, San Francisco and Boston dropped out of the highest tier (see Figure I). In the Third Quarter 2000 edition we recommended “..caution in markets with stock market, technology and dot.com risk.” Specifically, we recommended caution in “New York City, San Francisco and Boston.” This risk has now become reality. We see further declines in markets such as San Jose, Seattle, and Atlanta due to supply volatility.

The size of the Tier III category increased in the First Quarter 2001, rising from 17 to 23 markets. Eleven markets this quarter were unchanged, seven increased from Tier IV and four decreased from Tier II and one decreased from Tier I. Markets that increased include Columbus, Indianapolis, Newark, Orlando, Salt Lake City, Tampa-St. Petersburg and West Palm Beach. Those decreasing include Baltimore, Nassau-Suffolk, Richmond, Sacramento and San Antonio.

Figure I. Changes in Tier Size



Source: Ocwen Financial Corporation, 2001.

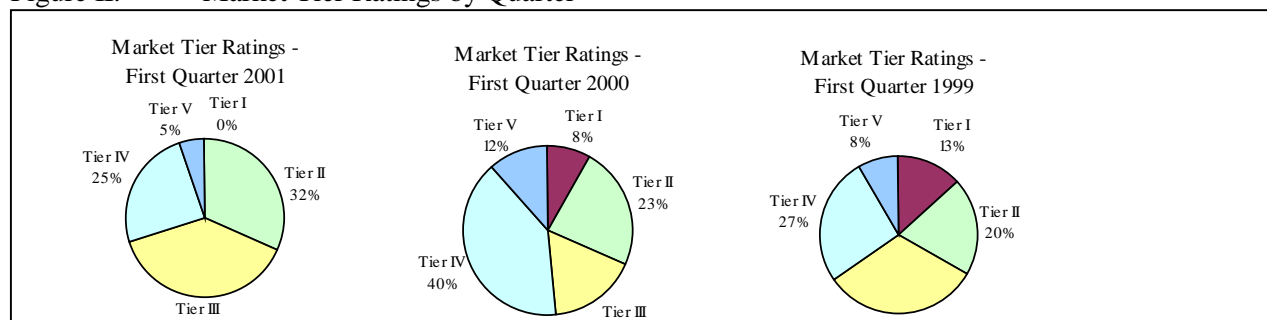
The size of the Tier II category increased from 14 to 19 this quarter after remaining flat since the First Quarter 2000. Ten of these markets were unchanged, three increased and six decreased. Markets that decreased from Tier I include Boston, New York City, Oakland, Raleigh-Durham, San Francisco and Seattle. Those increasing from Tier III include Cincinnati, Detroit and Norfolk.

The Tier IV category decreased from 18 to 15. Ten markets were unchanged from the previous report, two increased from Tier V and three decreased from Tier III. Markets improving this quarter include Atlanta and Fort Lauderdale. Markets that dropped from Tier III include Cleveland, Denver and New Orleans.

Tier V has three markets this quarter compared to five in the Third Quarter 2000. Dallas and Oklahoma City remained unchanged, while Milwaukee dropped from Tier IV.

Figure II shows the composition of market tier ratings for the first quarter for each of the last three years. Since the First Quarter 1999, the size of Tier I has steadily decreased from 13% to 0%. This reduction has been mainly attributed to economic concerns. In response to the reduction in the size of Tier I, the size of Tier II and Tier III increased from 20% to 32%, and from 32% to 38%, respectively.

Figure II. Market Tier Ratings by Quarter



Source: Ocwen Financial Corporation, 2001.

However, not all of the growth in Tier II and Tier III can be attributed to a shrinking Tier I. The combined decrease in Tier IV and Tier V has also played a part, especially over the past year. These tiers have decreased from 52% a year ago to just 30% this quarter. Thus we have a pattern which is consistent with a real estate slowdown – a shrinking number of “quality” markets and a growth in the number of “average” or “weakening” markets. The concern over investment fundamentals, tracking back to 1998, has put downward pressure on new supply. This has left the market with fewer Tier IV and Tier V markets. Figure III shows the five markets with

Figure III. Occupancy and Levels

Top 5 Occupancy Rates

Rank	Major Market	10/00
1.	Austin, TX	97.2
2.	Boston, MA	95.7
3.	San Francisco, CA	95.7
4.	San Jose, CA	95.7
5.	Washington, DC-MD-VA	95.7

Bottom 5 Occupancy Rates

1.	Riverside-San Bernardino, CA	79.2
2.	Oklahoma City, OK	80.6
3.	New Orleans, LA	82.5
4.	Dallas, TX	82.9
5.	Fort Worth-Arlington, TX	84.5

Source: Ocwen Financial Corporation, 2001.

the highest occupancy rates and the five markets with the lowest occupancy rates. Markets such as Austin, Boston and San Francisco are the tightest of the *Target 60* markets, while Riverside-San Bernardino and Oklahoma City have the lowest occupancy rates.

Figure IV shows when specific markets peaked and began to slow. A market peaks when its fundamental characteristics such as market supply, market momentum, replacement cost ratio and barriers to entry peak, level and then decline.

Figure IV. Peaked Markets

Major Market	Peak Quarter	Peak Tier Rating	Current Tier Rating
Boston, MA	2Q 2000	1	2
Denver, CO	4Q 1998	1	4
Detroit, MI	2Q 1999	1	2
Los Angeles, CA	4Q 1998	1	3
New York, NY	2Q 2000	1	2
San Francisco, CA	2Q 2000	1	2
San Jose, CA	3Q 2000	1	2
Chicago, IL	2Q 1999	2	3

Source: Ocwen Financial Corporation, 2001.

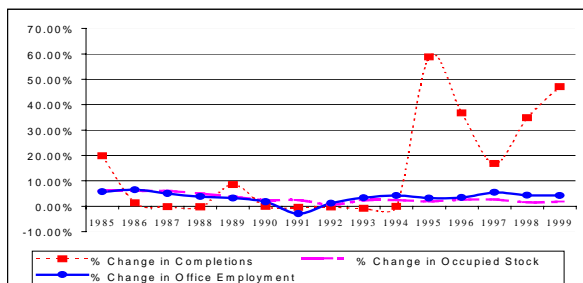
Real Estate Market Philosophy

Introduction

Effective real estate decisions are founded upon understanding the economic environment affecting each property. Forces and events that are both micro and macro in nature affect the economic environment. Macro forces are incorporated into our MSA approach via explicit historical MSA sensitivities to national growth rates and also via explicit MSA employment exposure in sensitive industries such as retail, services, durable goods manufacturing, and F.I.R.E. (finance, insurance, and real estate). Micro forces are included in the approach via weighting four real estate sub-models for each MSA.

Historically, there has been a significant difference between the growth in annual supply and the growth in annual office demand. National demand, as measured by office employment, averaged 3.4% between 1985 and 1999. During the same time period, the average annual change in supply (completions) was 11.7%.

Figure V.
Supply Drives the Market
National Office Trends 1985 – 1999



Source: Ocwen Financial Corporation, 2001.

Relationship Between Supply and Demand

The annual percentage change in completions on a year-by-year basis ranged from a high of 58.8% to a low of -0.8%. In comparison, the percentage change in office employment ranged from a high of 6.5% to a low of -2.9%. Thus, we see the significant difference in amplitudes between

office employment growth and supply growth. While national office demand ebbed and flowed with changes in the economy, the degree of such changes each year was less significant than the more erratic fluctuation in completions. Therefore, our philosophy states that the most important variable to understand when analyzing property risk is supply.

Correlation Analysis

We correlated GNP and the total income return for offices and compared that to the correlations between the performance of the retail, multifamily and industrial sectors and GNP. The total income return data was obtained from the National Council of Real Estate Investment Fiduciaries (NCREIF) and is based on their portfolio model of properties located throughout the country.

The correlation analysis revealed that MSA GNP has a greater correlation with office income returns than any other property type. The correlation between the total income return for offices and GNP was 82%. Multifamily, retail and industrial property classes had correlations between 60% and 70%.

The Markets in Motion Approach

The purpose of *Markets in Motion* is to provide investors and clients with an overall real estate barometer for the *Target 60* markets that Ocwen analyzes. The office market is used as the baseline indicator because its empirical correlations are more robust than other property classes, as noted above, and also because data availability for the office sector permits more comprehensive real estate modeling. The companion analysis, *The Property Score Report*, uses a similar technique but provides ratings for specific property types. The property risk model is also supply driven and created specifically for the multifamily, retail, industrial and hotel property types.

MSAs are ranked by determining the weighted average tier score of seven separate real estate and economic components. Each component is given a rating between I and V, with I being the best. The real estate components include four models: the Supply Model, the Replacement Cost Model, the Market Momentum Model and the Barriers to Entry Model. The remaining three components include economic volatility, employment exposure and market intelligence. The following sections provide details.

The Supply Model

The Supply Model utilizes current inventory, new construction, occupancy rates, and current and forecasted employment to measure each market’s office stock relative to a set equilibrium level. The result is an estimate of each market’s inventory “overhang,” represented in years until the market reaches equilibrium, holding all inputs constant (Figure VI). Negative overhang values represent markets where demand is currently exceeding supply, while positive overhang values represent markets where supply exceeds demand. For example, New York City could absorb approximately 3.01 years worth of new completions at current levels, assuming no changes in current demand and a fixed rate of removals, and still remain at a stabilized occupancy rate. Conversely, Hartford, with the highest overhang value, would take approximately 5.57 years to reach market equilibrium, assuming current demand, a fixed rate of removals and no new construction during that period.

Figure VI. The Supply Model

Major Market MSA	Overhang (Years)	Tier Group
New York City, NY	-3.01	1
Wilmington-Newark, DE-MD	-1.39	1
Cincinnati, OH-KY-IN	-0.57	1
Washington, DC-MD-VA	-1.80	2
San Francisco, CA	-1.34	2
Austin, TX	-1.18	2
Boston, MA	-1.07	2
Oakland, CA	-0.93	2
San Diego, CA	-0.74	2
Tucson, AZ	-0.56	2
Jacksonville, FL	-0.41	2
Raleigh-Durham-Chapel Hill, NC	-0.38	2
West Palm Beach-Boca Raton, FL	-0.28	2

Baltimore, MD	-0.21	2
Salt Lake City-Ogden, UT	-0.20	2
Richmond-Petersburg, VA	-0.17	2
Detroit, MI	-0.14	2
Minneapolis-St. Paul, MN-WI	-0.12	2
Fresno, CA	-0.11	2
San Jose, CA	-0.10	2
Orlando, FL	-0.09	2
Norfolk-Virginia Beach, VA	-0.02	2
Portland, OR	0.30	2
Seattle-Everett, WA	1.00	2
Chicago, IL	0.11	3
Nassau-Suffolk, NY	0.16	3
Tampa-St.Petersburg, FL	0.19	3
Kansas City, MO-KS	0.21	3
Ventura, CA	0.21	3
Denver, CO	0.23	3
Fort Lauderdale, FL	0.23	3
Orange County, CA	0.35	3
Houston, TX	0.39	3
Sacramento, CA	0.42	3
Las Vegas, NV	0.43	3
Newark, NJ	0.46	3
Phoenix, AZ	0.48	3
St. Louis, MO-IL	0.48	3
Columbus, OH	0.49	3
New Haven-Bridgeport-Stamford, CT	0.49	3
Los Angeles-Long Beach, CA	0.52	3
Bakersfield, CA	0.62	3
Miami, FL	0.70	3
Charlotte-Gastonia, NC-SC	0.81	3
Atlanta, GA	0.82	3
Nashville, TN	0.82	3
Indianapolis, IN	0.83	3
Cleveland, OH	0.88	3
Philadelphia, PA-NJ	0.89	3
San Antonio, TX	1.00	4
Fort Worth-Arlington, TX	1.11	4
Milwaukee, WI	1.19	4
Albuquerque, NM	1.32	4
Dallas, TX	1.45	4
Pittsburgh, PA	2.01	5
Riverside-San Bernardino, CA	2.79	5
Honolulu, HI	3.13	5
Oklahoma City, OK	4.01	5
New Orleans, LA	4.74	5
Hartford, CT	5.57	5

Source: Ocwen Financial Corporation, 2001.

Market Momentum Model

The Market Momentum Model (Figure VII) measures a market’s ability to maintain equilibrium occupancy levels given current and forecasted supply and demand. The model considers the rate of occupancy and also the trend. (Note: multi-colinearities exist to a limited degree with the Supply Model).

Figure VII. The Market Momentum Model

Major Market MSA	Occupancy 10/2000	Occupancy 04/2002	Tier Group
Salt Lake City-Ogden, UT	90.81%	91.03%	1
Cincinnati, OH-KY-IN	90.52%	91.30%	1
Raleigh-Durham-Chapel Hill, NC	91.94%	91.96%	1
Tucson, AZ	91.00%	92.22%	1
San Diego, CA	93.07%	93.41%	1
New York City, NY	92.92%	93.62%	1
Wilmington-Newark, DE-MD	94.00%	95.52%	1
Washington, DC-MD-VA	95.70%	95.84%	1
Austin, TX	97.19%	97.92%	1
Chicago, IL	90.15%	90.11%	2
Seattle-Everett, WA	93.50%	90.69%	2
Detroit, MI	90.75%	90.73%	2
Norfolk-Virginia Beach, VA	91.11%	90.84%	2
Portland, OR	92.41%	91.06%	2
Minneapolis-St. Paul, MN-WI	91.58%	91.26%	2
Oakland, CA	92.91%	92.83%	2
San Jose, CA	95.65%	93.60%	2
Boston, MA	95.72%	94.48%	2
San Francisco, CA	95.67%	95.27%	2
West Palm Beach-Boca Raton, FL	87.71%	90.06%	3
Orlando, FL	89.60%	90.21%	3
Baltimore, MD	89.91%	90.32%	3
Albuquerque, NM	86.10%	85.92%	4
Honolulu, HI	85.80%	86.28%	4
Pittsburgh, PA	86.83%	86.43%	4
Las Vegas, NV	85.53%	86.57%	4
San Antonio, TX	86.40%	86.73%	4
Bakersfield, CA	86.60%	87.40%	4
Miami, FL	87.82%	87.45%	4
Houston, TX	86.36%	87.50%	4
Atlanta, GA	88.20%	87.54%	4
Indianapolis, IN	87.26%	87.78%	4
Los Angeles-Long Beach, CA	87.32%	88.06%	4
Milwaukee, WI	87.85%	88.09%	4
Ventura, CA	87.40%	88.41%	4
Phoenix, AZ	88.99%	88.55%	4
Cleveland, OH	88.60%	88.56%	4
Nashville, TN	89.44%	88.60%	4
Tampa-St.Petersburg, FL	87.78%	88.66%	4
Fresno, CA	87.00%	88.72%	4
Philadelphia, PA-NJ	89.11%	88.85%	4
Fort Lauderdale, FL	88.59%	89.01%	4
New Haven-Bridgeport-Stamford, CT	88.84%	89.03%	4
Newark, NJ	88.80%	89.07%	4
St. Louis, MO-IL	89.03%	89.14%	4
Orange County, CA	89.55%	89.43%	4
Columbus, OH	89.78%	89.46%	4
Richmond-Petersburg, VA	88.24%	89.51%	4
Kansas City, MO-KS	89.47%	89.62%	4
Nassau-Suffolk, NY	89.35%	89.62%	4
Sacramento, CA	90.41%	89.85%	4
Denver, CO	90.12%	89.89%	4
Jacksonville, FL	88.25%	89.90%	4
Charlotte-Gastonia, NC-SC	91.63%	89.98%	4
Riverside-San Bernardino, CA	79.18%	78.96%	5
Oklahoma City, OK	80.60%	81.21%	5
New Orleans, LA	82.50%	83.05%	5
Dallas, TX	82.93%	83.93%	5
Hartford, CT	84.45%	84.70%	5
Fort Worth-Arlington, TX	84.45%	85.30%	5

Source: Ocwen Financial Corporation, 2001.

Replacement Cost Model

The Replacement Cost Model (Figure VIII) evaluates whether buying an existing building in a MSA is more cost effective than building a new facility altogether. Hypothetical CBD and suburban buildings are “constructed.” Local building cost multipliers are then applied to the model building to determine a total building cost. The costs are then blended and compared to the blended current sales value producing a value-to-cost ratio for each market. In markets with ratios significantly less than 1.0 it is more cost effective to purchase rather than construct. While in markets with ratios greater than 1.0, it would be better to build.

Figure VIII. Replacement Cost Model

Major Market MSA	Weighted Value to Cost Ratio	Tier Group
Honolulu, HI	69.7%	1
Nassau-Suffolk, NY	62.5%	1
New Haven-Bridgeport-Stamford, CT	63.4%	1
New York City, NY	69.8%	1
Richmond-Petersburg, VA	69.7%	1
San Francisco, CA	69.8%	1
Boston, MA	72.7%	2
Chicago, IL	76.3%	2
Detroit, MI	78.1%	2
Hartford, CT	72.0%	2
Minneapolis-St. Paul, MN-WI	77.1%	2
Newark, NJ	77.8%	2
Riverside-San Bernardino, CA	75.4%	2
San Diego, CA	79.0%	2
Ventura, CA	76.7%	2
Cincinnati, OH-KY-IN	83.4%	3
Cleveland, OH	89.5%	3
Columbus, OH	81.1%	3
Denver, CO	80.0%	3
Fort Lauderdale, FL	89.9%	3
Indianapolis, IN	82.9%	3
Kansas City, MO-KS	86.7%	3
Miami, FL	89.9%	3
Milwaukee, WI	87.2%	3
Nashville, TN	87.2%	3
Oakland, CA	89.3%	3
Oklahoma City, OK	86.1%	3
Philadelphia, PA-NJ	89.6%	3
Pittsburgh, PA	83.3%	3
Portland, OR	89.7%	3
San Antonio, TX	83.1%	3
San Jose, CA	87.0%	3
Seattle-Everett, WA	80.1%	3
St. Louis, MO-IL	80.6%	3
Washington, DC-MD-VA	82.8%	3
Albuquerque, NM	95.2%	4
Bakersfield, CA	98.0%	4
Baltimore, MD	95.4%	4
Charlotte-Gastonia, NC-SC	91.5%	4

Fresno, CA	90.3%	4
Jacksonville, FL	95.1%	4
New Orleans, LA	99.2%	4
Norfolk-Virginia Beach, VA	93.9%	4
Raleigh-Durham-Chapel Hill, NC	96.7%	4
Sacramento, CA	95.2%	4
Salt Lake City-Ogden, UT	97.2%	4
Tampa-St.Petersburg, FL	90.1%	4
West Palm Beach-Boca Raton, FL	93.6%	4
Wilmington-Newark, DE-MD	96.3%	4
Atlanta, GA	109.9%	5
Austin, TX	113.8%	5
Dallas, TX	107.5%	5
Fort Worth-Arlington, TX	110.9%	5
Houston, TX	104.4%	5
Las Vegas, NV	106.6%	5
Los Angeles-Long Beach, CA	107.4%	5
Orange County, CA	104.3%	5
Orlando, FL	100.4%	5
Phoenix, AZ	102.6%	5
Tucson, AZ	123.7%	5

Source: Ocwen Financial Corporation, 2001.

Barriers to Entry Model

The Barriers to Entry Model (Figure IX) represents the culmination of extensive market level survey research designed to identify the development constraints that exist in each market. Issues such as available land, zoning regulations and political environment were meticulously researched during conversations with local government agencies, brokers and developers. Survey responses are then tabulated into a final score.

Figure IX. Barriers to Entry Model

Major Market	Average Weight	Tier Group
Boston, MA	1.00	1
Honolulu, HI	1.00	1
Nassau-Suffolk, NY	1.00	1
New Haven-Bridgeport-Stamford, CT	1.00	1
New York City, NY	1.00	1
Newark, NJ	1.30	1
San Francisco, CA	1.40	1
Albuquerque, NM	2.00	2
Austin, TX	2.00	2
Bakersfield, CA	2.00	2
Baltimore, MD	2.00	2
Charlotte-Gastonia, NC-SC	2.00	2
Chicago, IL	1.50	2
Cincinnati, OH-KY-IN	2.00	2
Columbus, OH	2.00	2
Denver, CO	1.80	2
Detroit, MI	1.80	2
Fort Lauderdale, FL	2.00	2
Fort Worth-Arlington, TX	2.00	2
Fresno, CA	2.00	2

Hartford, CT	1.70	2
Houston, TX	2.00	2
Indianapolis, IN	2.00	2
Jacksonville, FL	2.00	2
Kansas City, MO-KS	2.00	2
Los Angeles-Long Beach, CA	1.70	2
Miami, FL	2.00	2
Milwaukee, WI	2.00	2
Minneapolis-St. Paul, MN-WI	2.00	2
Nashville, TN	2.00	2
New Orleans, LA	2.00	2
Norfolk-Virginia Beach, VA	2.00	2
Oakland, CA	2.00	2
Orange County, CA	2.00	2
Orlando, FL	2.00	2
Philadelphia, PA-NJ	2.00	2
Phoenix, AZ	2.00	2
Portland, OR	2.00	2
Raleigh-Durham-Chapel Hill, NC	2.00	2
Richmond-Petersburg, VA	2.00	2
Riverside-San Bernardino, CA	1.50	2
Sacramento, CA	2.00	2
Salt Lake City-Ogden, UT	2.00	2
San Antonio, TX	2.00	2
San Diego, CA	1.50	2
San Jose, CA	1.70	2
Seattle-Everett, WA	2.00	2
Tampa-St.Petersburg, FL	2.00	2
Tucson, AZ	2.00	2
Ventura, CA	1.70	2
Washington, DC-MD-VA	1.50	2
West Palm Beach-Boca Raton, FL	2.00	2
Wilmington-Newark, DE-MD	1.70	2
Cleveland, OH	2.50	3
Pittsburgh, PA	2.30	3
St. Louis, MO-IL	2.30	3
Atlanta, GA	3.00	5
Dallas, TX	3.00	5
Las Vegas, NV	3.00	5
Oklahoma City, OK	3.00	5

Source: Ocwen Financial Corporation, 2001.

Other Factors

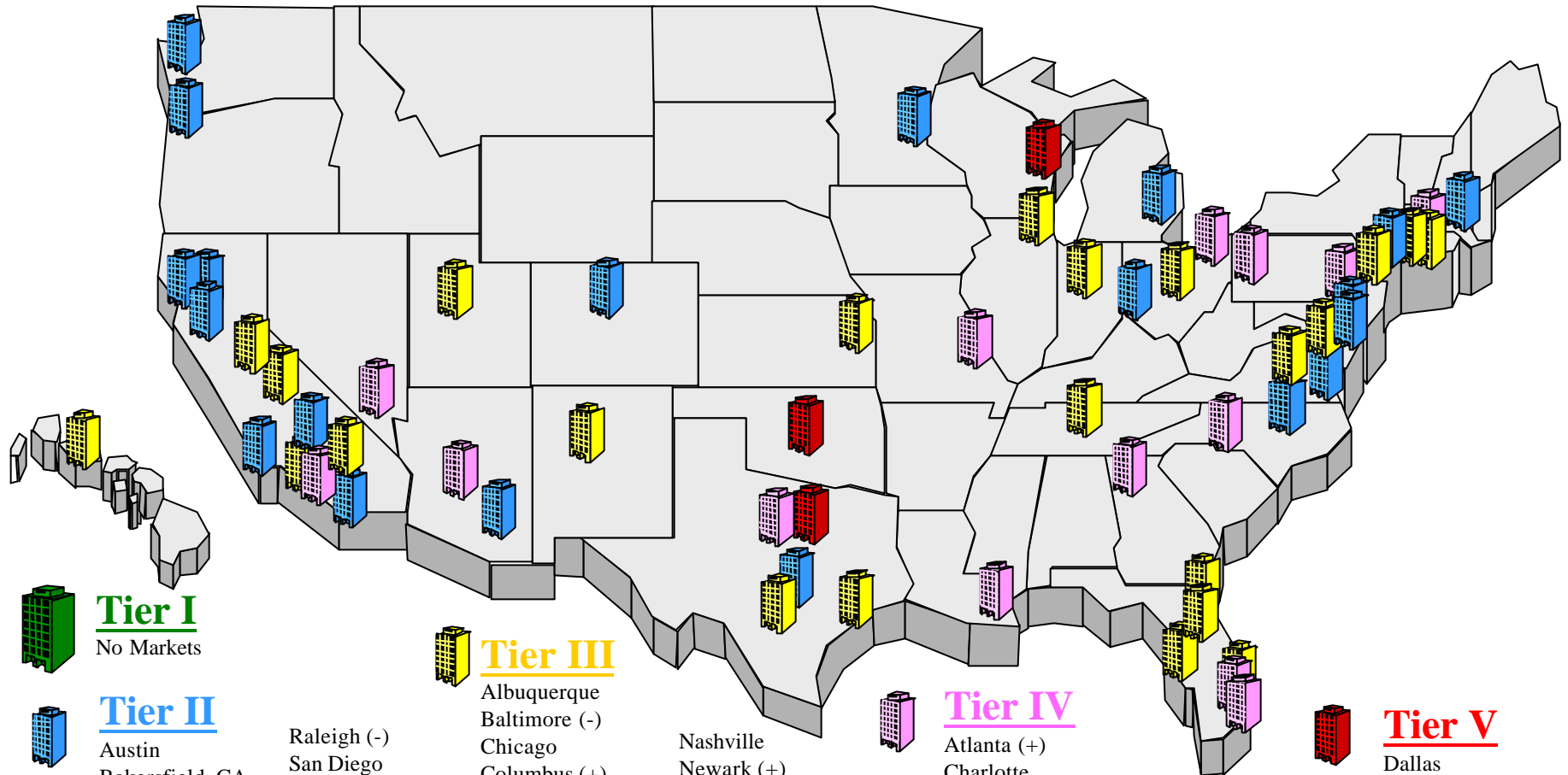
A market's economic volatility and its employment exposure are also factored into the final score. If the market has employment levels in excess of the national average (on a percentage basis) in the manufacturing, retail trade, F.I.R.E. or the service sector then the MSA is considered to have concentrated employment exposure. Adjustments may also be made to allow for market intelligence or information that is not included in the data constructing the model. Figure X (next page) lists the final rankings for the *Target 60* markets.

Figure X. Markets in Motion Final Results

Major Market	Supply Model Overhang (Years)	Market Momentum		Replacement Cost Value/Cost	Barriers to Entry Rank	Final Over-all Tier Rating
		Occupancy Rates				
		10-2000	04-2002			
Austin, TX	-1.18	97.19%	97.92%	113.8%	2.00	2
Bakersfield, CA	0.62	86.60%	87.40%	98.0%	2.00	2
Boston, MA	-1.07	95.72%	94.48%	72.7%	1.00	2
Cincinnati, OH-KY-IN	-0.57	90.52%	91.30%	83.4%	2.00	2
Detroit, MI	-0.14	90.75%	90.73%	78.1%	1.80	2
Minneapolis-St. Paul, MN-WI	-0.12	91.58%	91.26%	77.1%	2.00	2
New York City, NY	-3.01	92.92%	93.62%	69.8%	1.00	2
Norfolk-Virginia Beach, VA	-0.02	91.11%	90.84%	93.9%	2.00	2
Oakland, CA	-0.93	92.91%	92.83%	89.3%	2.00	2
Portland, OR	0.30	92.41%	91.06%	89.7%	2.00	2
Raleigh-Durham-Chapel Hill, NC	-0.38	91.94%	91.96%	96.7%	2.00	2
San Diego, CA	-0.74	93.07%	93.41%	79.0%	1.50	2
San Francisco, CA	-1.34	95.67%	95.27%	69.8%	1.40	2
San Jose, CA	-0.10	95.65%	93.60%	87.0%	1.70	2
Seattle-Everett, WA	1.00	93.50%	90.69%	80.1%	2.00	2
Tucson, AZ	-0.56	91.00%	92.22%	123.7%	2.00	2
Ventura, CA	0.21	87.40%	88.41%	76.7%	1.70	2
Washington, DC-MD-VA	-1.80	95.70%	95.84%	82.8%	1.50	2
Wilmington-Newark, DE-MD	-1.39	94.00%	95.52%	96.3%	1.70	2
Albuquerque, NM	1.32	86.10%	85.92%	95.2%	2.00	3
Baltimore, MD	-0.21	89.91%	90.32%	95.4%	2.00	3
Chicago, IL	0.11	90.15%	90.11%	76.3%	1.50	3
Columbus, OH	0.49	89.78%	89.46%	81.1%	2.00	3
Fresno, CA	-0.11	87.00%	88.72%	90.3%	2.00	3
Honolulu, HI	3.13	85.80%	86.28%	69.7%	1.00	3
Houston, TX	0.39	86.36%	87.50%	104.4%	2.00	3
Indianapolis, IN	0.83	87.26%	87.78%	82.9%	2.00	3
Jacksonville, FL	-0.41	88.25%	89.90%	95.1%	2.00	3
Kansas City, MO-KS	0.21	89.47%	89.62%	86.7%	2.00	3
Los Angeles-Long Beach, CA	0.52	87.32%	88.06%	107.4%	1.70	3
Nashville, TN	0.82	89.44%	88.60%	87.2%	2.00	3
Nassau-Suffolk, NY	0.16	89.35%	89.62%	62.5%	1.00	3
New Haven-Bridgeport-Stamford, CT	0.49	88.84%	89.03%	63.4%	1.00	3
Newark, NJ	0.46	88.80%	89.07%	77.8%	1.30	3
Orlando, FL	-0.09	89.60%	90.21%	100.4%	2.00	3
Richmond-Petersburg, VA	-0.17	88.24%	89.51%	69.7%	2.00	3
Riverside-San Bernardino, CA	2.79	79.18%	78.96%	75.4%	1.50	3
Sacramento, CA	0.42	90.41%	89.85%	95.2%	2.00	3
Salt Lake City-Ogden, UT	-0.20	90.81%	91.03%	97.2%	2.00	3
San Antonio, TX	1.00	86.40%	86.73%	83.1%	2.00	3
Tampa-St.Petersburg, FL	0.19	87.78%	88.66%	90.1%	2.00	3
West Palm Beach-Boca Raton, FL	-0.28	87.71%	90.06%	93.6%	2.00	3
Atlanta, GA	0.82	88.20%	87.54%	109.9%	3.00	4
Charlotte-Gastonia, NC-SC	0.81	91.63%	89.98%	91.5%	2.00	4
Cleveland, OH	0.88	88.60%	88.56%	89.5%	2.50	4
Denver, CO	0.23	90.12%	89.89%	80.0%	1.80	4
Fort Lauderdale, FL	0.23	88.59%	89.01%	89.9%	2.00	4
Fort Worth-Arlington, TX	1.11	84.45%	85.30%	110.9%	2.00	4
Hartford, CT	5.57	84.45%	84.70%	72.0%	1.70	4
Las Vegas, NV	0.43	85.53%	86.57%	106.6%	3.00	4
Miami, FL	0.70	87.82%	87.45%	89.9%	2.00	4
New Orleans, LA	4.74	82.50%	83.05%	99.2%	2.00	4
Orange County, CA	0.35	89.55%	89.43%	104.3%	2.00	4
Philadelphia, PA-NJ	0.89	89.11%	88.85%	89.6%	2.00	4
Phoenix, AZ	0.48	88.99%	88.55%	102.6%	2.00	4
Pittsburgh, PA	2.01	86.83%	86.43%	83.3%	2.30	4
St. Louis, MO-IL	0.48	89.03%	89.14%	80.6%	2.30	4
Dallas, TX	1.45	82.93%	83.93%	107.5%	3.00	5
Milwaukee, WI	1.19	87.85%	88.09%	87.2%	2.00	5
Oklahoma City, OK	4.01	80.60%	81.21%	86.1%	3.00	5

Source: Ocwen Financial Corporation, 2001.

Market Tiers - First Quarter 2001



Tier I
No Markets



Tier II

Austin
Bakersfield, CA
Boston (-)
Cincinnati (+)
Detroit (+)
Minneapolis
New York City (-)
Norfolk (+)
Oakland (-)
Portland



Tier III

Raleigh (-)
San Diego
San Francisco (-)
San Jose
Seattle (-)
Tucson
Ventura, CA
Washington DC
Wilmington
Albuquerque
Baltimore (-)
Chicago
Columbus (+)
Fresno
Honolulu
Houston
Indianapolis (+)
Jacksonville
Kansas City
Los Angeles
Nassau-Suffolk(-)

Nashville
Newark (+)
Orlando (+)
Richmond (-)
Riverside-SB
Sacramento (-)
Salt Lake City (+)
San Antonio (-)
Stamford
Tampa (+)
West Palm Beach (+)



Tier IV

Atlanta (+)
Charlotte
Cleveland (-)
Denver (-)
Ft. Lauderdale (+)
Ft. Worth
Hartford
Las Vegas
Miami
New Orleans (-)



Tier V

Dallas
Milwaukee (-)
Oklahoma City

Orange County
Philadelphia
Phoenix
Pittsburgh
St. Louis

(+) Increased Tier Ranking; (-): Decreased Tier Ranking

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For more information about our research services contact:

Patrick Toomey

Phone: (561)-682-8537

Fax: (561)-682-8141

e-mail: ptoomey@ocwen.com