

PRESS RELEASE

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RCLCO Announces Top-Selling U.S. Master-Planned Communities for 2006

BETHESDA, MD --Poinciana, with 2,563 net sales, was 2006's top-selling master-planned community (MPC) in the U.S. according to RCLCO (formerly Robert Charles Lesser & Co., LLC), a leading independent real estate advisory firm. This is a one step increase from last year's survey when they were ranked number two.

RCLCO has been releasing its top selling MPC rankings since 1994, when it first undertook this effort to gain greater insight into the master-planned community industry. For the first time this year, RCLCO tracked net sales to try to account for the increased levels of cancellations in 2006.

2006 Rank	2005 Rank	2004 Rank	MPC Name	MPC Developer	Market	Net 2006	Net 2005	% Change
1	2	2	Poinciana (incl. Solivita)	Avatar Properties Inc.	Central Florida	2563	3192	-20%
2	3	-	Mountain's Edge	Focus Property Group	Las Vegas	1732	2213	-22%
3	6	10	The Woodlands	The Woodlands Operating Co.	Houston	1409	1515	-7%
4	18	-	Cinco Ranch	Newland Communities	Houston	943	727	30%
5	9	5	Summerlin	The Howard Hughes Corp.	Las Vegas	617	954	NA
6	8	12	Johnson Ranch	Sunbelt Holdings	Phoenix	608	1060	-43%
7	10	19	Highlands Ranch	Shea Homes	Denver	589	908	-35%
8	13	15	Vistancia	Shea Homes/Sunbelt Holdings	Phoenix	572	855	-33%
9	24	-	Power Ranch (incl. Trilogy)	Sunbelt Holdings	Phoenix	553	482	15%
10	-	-	Eagle Springs	Newland Communities	Houston	509	408	25%

Master-planned communities are large-scale developments featuring a range of housing prices and styles, an array of amenities, and multiple non-residential land uses (such as commercial, hotels, and educational facilities) offering residents an attractive and convenient environment in which to live, work, and play. Some communities provide lifestyle options for multiple market segments, while others target a specific buyer type such as active adults age 55 and over.

Each year, RCLCO invites communities across the U.S. to participate in the survey. Last year, RCLCO predicted that the combination of legacy MPCs in the western U.S. reaching sell-out and the increasing scarcity of large land tracts relatively close to metropolitan areas would contribute to a trend of fewer communities reaching the 1,000-unit sales threshold. In 2006, these factors have been aided by a national slowdown in the housing sector, to produce even fewer MPCs with 1,000 sales than in previous years.

The housing market correction was also manifest in the total number of sales in the Top 10 MPCs. Coming off a very strong 2005 year, 2006 saw a sharp decline in total sales in the Top 10 communities. Most, if not all, of the communities surveyed by RCLCO experienced a drop-off in sales, and only three communities, located in Phoenix and Houston, saw sales increase from 2005 to 2006. In percentage terms, sales in 2006 were down approximately 23% from 2005, with some communities indicating even steeper declines.

It should be noted that The Villages of Lady Lake, which has been the top-ranked master-planned community in the country for several years running, declined to participate in this year's survey. Unofficial reports indicate a sharp drop-off in sales at The Villages from 2005. Estimates suggest

that The Villages most likely continued to sell at a very fast pace, and had they chosen to participate in this year's survey would have been ranked very highly – perhaps even in the top three – among the communities in the Top-Selling U.S. Master-Planned Communities of 2006.

Strong selling MPCs continued to be concentrated in Florida, Texas (Houston), Phoenix, and Las Vegas. Sales in communities located in the mid-Atlantic and western states continued to fall off. Many of the large MPCs in these portions of the United States are nearing sell-out, having passed their peak sales years. Furthermore, large tracts of land relatively close to metropolitan areas have become scarcer throughout the country, limiting the extent to which large MPCs with rapid sell-out propositions can be developed. As the national housing market returns to normal, it will remain to be seen whether projects in Florida, Texas, Phoenix, and Las Vegas (all areas with relatively more land availability, lower relative land values, warm climates, and fast growing MSAs) will continue to outpace projects in regions with limited land availability, higher underlying land values, and colder climates.



There are still many success stories in the MPC segment. What explains their continued strong performance? Solid fundamentals of real estate become even more important when market conditions turn. Well-located communities with product, project, and amenity programming that are market-driven and are properly positioned to satisfy the needs, tastes, and pocketbooks of the target market audience are keys to success – especially when market conditions sour. Appropriate pricing and the ability to shift gears quickly when the market shifts is also critical in maintaining buoyancy through uncertain times.

RCLCO is an independent real estate advisory firm, providing market and financial analysis and strategic planning services to a broad spectrum of clients including developers, corporations, financial institutions, institutional and private investors, public agencies, and nonprofit organizations around the globe. Founded in 1967, RCLCO has expertise in virtually every land use, completing hundreds of engagements annually for industry leaders. RCLCO is headquartered in Washington, D.C., and has locations in Atlanta, Los Angeles, and Orlando. For more information, visit www.rclco.com.

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Contact:

Nicole G. Robinson, Marketing Manager
RCLCO
nrobinson@rclco.com
(240)644-0991
www.rclco.com