

Economic and Market Watch Report

**Includes:**

Berks County, PA
Bucks County, PA
Burlington County, NJ
Camden County, NJ
Chester County, PA
Delaware County, PA
Gloucester County, NJ
Kent County, DE
Mercer County, NJ
Montgomery County, PA
New Castle County, DE
Philadelphia County, PA
Salem County, NJ

TREND Economic and Market Watch Report

TREND is the Multiple Listing Service (MLS) for more than 32,000 real estate professionals in and around the Philadelphia metropolitan region. TREND's 13-county primary service area includes Kent and New Castle counties in Delaware; Burlington, Camden, Gloucester, Mercer and Salem counties in New Jersey; and Berks, Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania.

For more than 10 years, TREND has been committed to providing real estate professionals with superior real estate marketing information services. That commitment continues today and well into the future with our Internet-based MLS and Public Records systems and additional TREND products. The market information services and technology that TREND offers along with education, communication and support of these, give real estate professionals the tools and the advantage they need to succeed in today's industry.

TREND provides the Economic and Market Watch Report to help real estate professionals identify current and future economic trends that affect the real estate industry.

Index

Local Report

Delaware

Kent County	3
New Castle County	5

New Jersey

Burlington County	7
Camden County	9
Gloucester County	11
Mercer County	13
Salem County	15

Pennsylvania

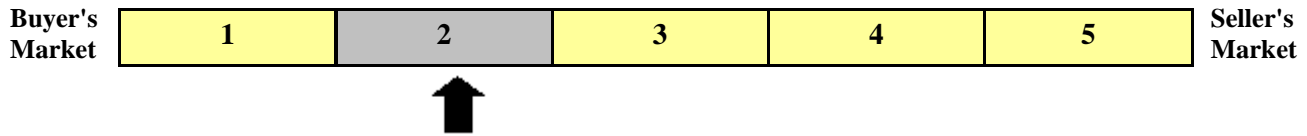
Berks County	16
Bucks County	18
Chester County	20
Delaware County	22
Montgomery County	24
Philadelphia County	27

Trends	29
Chief Economist's Commentary*	30
Local Forecast	31
Economic Monitor*	33

*Reprinted from [Real Estate Outlook: Market Trends and Insights](#).

©2008 TREND MLS and NATIONAL ASSOCIATION OF REALTORS ®. Used with permission. Reproduction, reprinting, or retransmission of this article in any form (electronic media included) is prohibited without expressed written consent. For subscription information please call 1-800-874-6500.

Kent County, DE



Labor Market :

In the first two months of the fourth quarter, 815 jobs were added to the payrolls of Kent County. As a result of these new jobs, the average monthly unemployment rate fell from 3.2% during the third quarter to 3% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$234,900	\$231,900	↑
# Homes on the Market *	1,612	1,610	↔
# Homes Sold **	540	397	↓
# New Homes Built ***	327	164	↓
Avg # of Days on Market	66	74	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

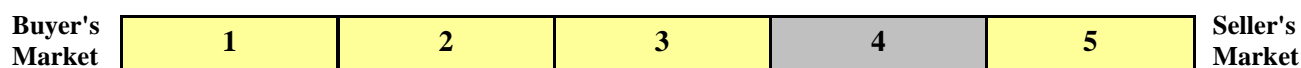
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19901	\$220,800	5.54%	77	-22.22%	79	97.2%
19904	\$218,400	-3.32%	97	-18.49%	76	97.8%
19934	\$233,000	-16.43%	27	-46.00%	88	95.2%
19938	\$285,200	-3.78%	27	-18.18%	49	99.7%
19943	\$228,100	-11.73%	34	-15.00%	64	99.0%
19946	\$200,600	-20.27%	3	-76.92%	61	97.6%
19950	\$273,600	22.36%	4	100.00%	47	107.8%
19952	\$200,700	-0.74%	23	-43.90%	91	97.3%
19953	\$246,200	30.61%	10	-33.33%	72	97.7%
19954	\$203,500	-0.54%	3	-50.00%	125	99.2%
19955	\$85,000	-52.14%	1	-66.67%	42	68.0%

Kent County, DE

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19962	\$253,300	7.65%	32	-28.89%	46	99.2%
19963	\$231,300	15.30%	11	-42.11%	164	94.7%
19964	\$262,800	5.33%	3	50.00%	55	108.2%
19977	\$250,000	4.95%	44	-38.89%	74	98.3%
19979	\$219,000	-	1	-	90	99.6%

New Castle County, DE



Labor Market :

In the first two months of the fourth quarter, 5,413 jobs were added to the payrolls of New Castle County. As a result of these new jobs, the average monthly unemployment rate fell from 3.3% during the third quarter to 3.1% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$269,500	\$275,000	↑
# Homes on the Market *	3,697	2,968	↓
# Homes Sold **	1,861	1,556	↔
# New Homes Built ***	259	141	↔
Avg # of Days on Market	48	59	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

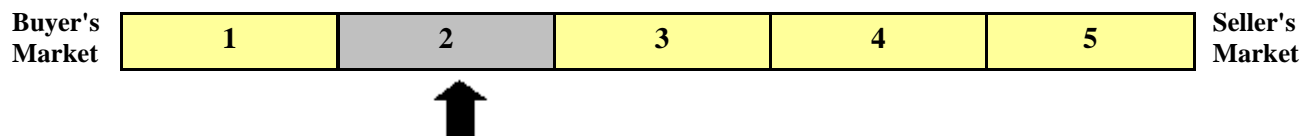
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19701	\$283,100	3.59%	122	-7.58%	58	97.8%
19702	\$246,000	0.49%	140	-29.29%	52	96.5%
19703	\$181,800	-12.93%	29	-29.27%	41	97.7%
19706	\$243,100	13.65%	4	33.33%	99	94.8%
19707	\$437,500	-1.73%	49	22.50%	60	96.1%
19709	\$328,400	-2.84%	86	-6.52%	59	101.2%
19711	\$311,200	-3.11%	104	-1.89%	53	97.6%
19713	\$207,800	-10.16%	93	16.25%	51	97.1%
19720	\$202,000	1.35%	138	-31.34%	52	98.2%
19730	\$116,900	-61.71%	1	-50.00%	113	106.4%
19731	\$290,000	-	1	-	437	93.6%

New Castle County, DE

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19734	\$295,800	3.68%	16	-65.22%	76	98.3%
19736	\$217,800	-30.08%	1	0.00%	135	99.0%
19801	\$338,000	246.31%	163	136.23%	67	101.0%
19802	\$146,300	-4.57%	78	-8.24%	64	96.1%
19803	\$349,700	-3.77%	54	-16.92%	69	96.1%
19804	\$202,400	3.00%	48	-36.00%	51	96.0%
19805	\$156,200	1.03%	139	-9.15%	56	96.9%
19806	\$329,300	29.95%	44	-29.03%	76	96.0%
19807	\$1,057,400	26.67%	27	-6.90%	92	96.6%
19808	\$264,300	3.65%	114	-6.56%	59	97.1%
19809	\$177,600	-19.24%	38	-34.48%	45	97.1%
19810	\$320,600	-1.69%	64	-16.88%	67	96.9%
19938	\$300,000	-17.24%	1	-50.00%	136	60.0%
19977	\$277,500	20.76%	2	-50.00%	93	92.7%

Burlington County, NJ



Labor Market :

In the first two months of the fourth quarter, 2,399 jobs were added to the payrolls of Burlington County. As a result of these new jobs, the average monthly unemployment rate fell from 3.9% during the third quarter to 3.5% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$286,800	\$261,900	↑
# Homes on the Market *	4,341	3,624	↔
# Homes Sold **	1,483	1,166	↓
# New Homes Built ***	225	124	↓
Avg # of Days on Market	74	83	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

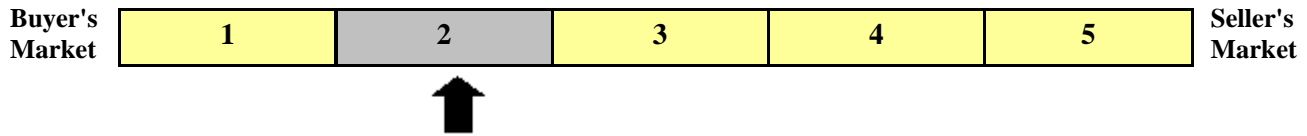
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08010	\$170,100	-2.91%	32	-15.79%	78	96.8%
08015	\$183,700	-10.04%	65	1.56%	92	95.9%
08016	\$248,500	-1.07%	88	-12.00%	85	95.9%
08019	\$280,000	-26.80%	1	-75.00%	58	96.6%
08022	\$321,000	-20.19%	28	0.00%	85	95.4%
08036	\$360,600	2.82%	15	15.38%	85	95.1%
08041	\$311,000	-	5	-	50	95.8%
08046	\$167,600	-16.12%	69	-42.50%	75	97.3%
08048	\$275,300	-5.75%	26	4.00%	104	97.2%
08052	\$173,900	-5.28%	36	-35.71%	70	96.4%
08053	\$280,600	-8.39%	133	-17.39%	76	95.9%

Burlington County, NJ

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08054	\$255,400	-7.23%	149	-18.58%	78	96.5%
08055	\$348,200	-13.02%	65	-26.14%	89	95.6%
08057	\$481,600	-13.94%	50	16.28%	79	95.5%
08060	\$231,800	-5.27%	96	28.00%	100	97.1%
08065	\$207,500	0.53%	32	-3.03%	85	96.6%
08068	\$232,300	-8.87%	19	5.56%	92	97.6%
08075	\$254,200	-1.47%	58	-27.50%	66	96.8%
08077	\$267,900	0.00%	34	-15.00%	77	96.2%
08084	\$650,000	-	1	-	319	100.0%
08088	\$281,300	-8.61%	67	-23.86%	103	95.2%
08505	\$261,500	-7.40%	40	-29.82%	82	95.1%
08515	\$475,300	2.22%	15	650.00%	50	95.9%
08518	\$157,700	4.09%	15	-6.25%	82	95.3%
08554	\$199,000	20.10%	14	16.67%	91	95.3%
08562	\$244,400	-29.77%	7	-12.50%	111	96.7%
08610	\$248,800	21.37%	4	300.00%	81	94.4%
08620	\$330,500	43.70%	2	0.00%	48	96.0%

Camden County, NJ



Labor Market :

In the first two months of the fourth quarter, 2,624 jobs were added to the payrolls of Camden County. As a result of these new jobs, the average monthly unemployment rate fell from 4.9% during the third quarter to 4.3% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$226,900	\$211,700	↑
# Homes on the Market *	4,339	3,629	↔
# Homes Sold **	1,593	1,189	↓
# New Homes Built ***	163	82	↓
Avg # of Days on Market	67	73	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

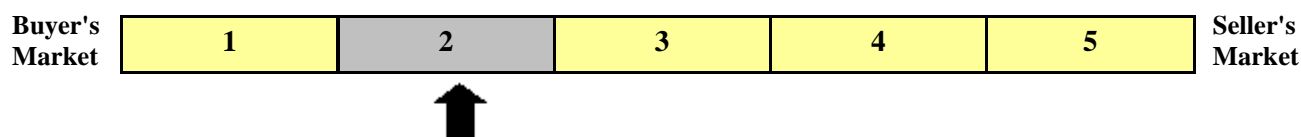
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08002	\$249,200	2.51%	47	-18.97%	97	97.1%
08003	\$350,200	11.88%	68	-24.44%	66	94.8%
08004	\$193,600	-7.94%	26	-21.21%	76	96.6%
08007	\$180,200	-9.36%	17	-15.00%	74	94.9%
08009	\$251,200	5.02%	23	-41.03%	74	99.1%
08012	\$203,800	-0.63%	42	-19.23%	71	97.0%
08018	\$220,000	-8.33%	1	0.00%	112	97.8%
08021	\$160,500	2.62%	124	-9.49%	77	97.5%
08026	\$236,000	-20.83%	4	-33.33%	147	78.1%
08029	\$194,500	9.52%	7	-50.00%	49	98.7%
08030	\$137,000	5.71%	39	-2.50%	63	96.6%

Camden County, NJ

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08031	\$189,700	-0.26%	23	-8.00%	83	96.6%
08033	\$446,300	-9.71%	34	-10.53%	99	93.4%
08034	\$260,600	7.02%	64	4.92%	71	96.2%
08035	\$323,700	25.17%	20	-20.00%	74	95.2%
08037	\$223,000	6.85%	2	-50.00%	86	93.0%
08043	\$328,300	0.06%	66	-19.51%	89	94.8%
08045	\$156,600	-18.48%	12	71.43%	68	95.8%
08049	\$196,100	0.62%	15	7.14%	60	97.7%
08059	\$177,800	-4.77%	22	0.00%	56	96.3%
08078	\$180,400	-6.63%	13	-43.48%	64	95.7%
08081	\$205,200	1.18%	130	-42.73%	89	95.7%
08083	\$187,700	0.16%	27	12.50%	63	95.7%
08084	\$225,800	16.33%	13	-13.33%	86	96.8%
08089	\$209,300	-21.87%	10	150.00%	41	96.1%
08091	\$187,700	-17.75%	7	-53.33%	77	94.8%
08095	\$204,900	-	1	-	1	100.0%
08102	\$54,300	-7.34%	3	-40.00%	71	98.5%
08103	\$79,100	2.59%	15	-28.57%	49	99.5%
08104	\$63,400	-6.07%	50	-20.63%	77	93.8%
08105	\$87,500	5.17%	37	-27.45%	60	95.9%
08106	\$214,600	4.68%	25	13.64%	58	95.8%
08107	\$204,200	5.97%	35	2.94%	72	95.6%
08108	\$232,300	-10.45%	49	22.50%	57	96.1%
08109	\$190,800	-7.65%	59	-18.06%	65	97.0%
08110	\$147,900	-6.39%	58	-13.43%	59	96.1%
OTHER	\$358,200	66.60%	1	0.00%	0	123.6%

Gloucester County, NJ



Labor Market :

In the first two months of the fourth quarter, 1,486 jobs were added to the payrolls of Gloucester County. As a result of these new jobs, the average monthly unemployment rate fell from 4.5% during the third quarter to 3.8% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$248,100	\$238,600	↑
# Homes on the Market *	2,464	2,059	↔
# Homes Sold **	914	661	↓
# New Homes Built ***	248	104	↓
Avg # of Days on Market	71	78	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08012	\$241,400	-1.19%	31	-24.39%	78	96.6%
08014	\$259,000	6.02%	1	-66.67%	287	96.3%
08020	\$189,000	-8.39%	7	133.33%	113	96.2%
08027	\$205,600	9.13%	15	15.38%	47	97.1%
08028	\$221,300	-3.53%	37	-43.94%	66	97.1%
08051	\$186,900	-10.62%	36	-30.77%	82	97.5%
08056	\$383,800	12.09%	7	-30.00%	39	97.0%
08061	\$303,700	8.58%	7	16.67%	81	98.2%
08062	\$352,500	1.18%	39	-7.14%	82	95.4%
08063	\$149,800	-17.87%	8	33.33%	87	95.6%
08066	\$120,700	-17.67%	19	-20.83%	75	96.1%

Gloucester County, NJ

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08071	\$199,900	-5.17%	22	-21.43%	72	96.9%
08080	\$259,700	-4.70%	86	-22.52%	86	96.2%
08081	\$248,900	-19.68%	4	100.00%	74	98.0%
08085	\$363,000	6.42%	46	39.39%	101	96.6%
08086	\$245,400	-5.76%	14	-26.32%	97	94.9%
08090	\$191,200	-12.85%	21	-19.23%	59	95.5%
08093	\$183,900	7.61%	25	-7.41%	63	97.2%
08094	\$213,200	-12.48%	70	-32.69%	75	94.8%
08096	\$219,400	3.49%	95	-11.21%	71	96.9%
08097	\$219,000	3.40%	13	44.44%	106	95.0%
08312	\$161,000	-22.41%	20	11.11%	61	95.3%
08322	\$292,700	15.06%	22	-42.11%	80	98.1%
08328	\$238,500	-12.38%	2	0.00%	104	95.4%
08343	\$239,700	-22.28%	9	12.50%	133	95.9%
08344	\$247,800	25.47%	5	150.00%	67	97.7%

Mercer County, NJ

Buyer's Market	1	2	3	4	5	Seller's Market
----------------	---	---	---	---	---	-----------------



Labor Market :

In the first two months of the fourth quarter, 1,897 jobs were added to the payrolls of Mercer County. As a result of these new jobs, the average monthly unemployment rate fell from 3.9% during the third quarter to 3.4% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$389,800	\$328,000	↑
# Homes on the Market *	2,930	2,348	↔
# Homes Sold **	1,143	832	↓
# New Homes Built ***	113	44	↓
Avg # of Days on Market	75	84	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

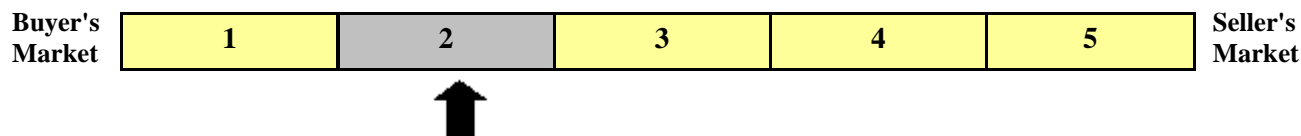
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08512	\$226,000	-4.03%	14	75.00%	63	96.7%
08520	\$309,100	7.66%	69	-26.60%	97	95.9%
08525	\$434,700	-33.05%	17	21.43%	127	94.6%
08530	\$452,500	-	2	-	74	96.3%
08534	\$457,500	-9.92%	34	-19.05%	101	95.9%
08540	\$684,600	-14.85%	84	12.00%	93	94.6%
08542	\$405,200	5.00%	3	-40.00%	108	95.4%
08550	\$570,100	-1.47%	50	28.21%	74	96.7%
08560	\$492,600	-1.08%	8	33.33%	132	95.2%
08609	\$98,200	-24.64%	13	-56.67%	80	89.5%
08610	\$205,000	-6.56%	72	10.77%	93	95.0%

Mercer County, NJ

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08611	\$108,300	-9.45%	53	-36.14%	70	92.7%
08618	\$157,700	-7.02%	67	-24.72%	82	95.8%
08619	\$257,300	-8.14%	48	-17.24%	59	97.2%
08620	\$377,800	20.55%	21	-8.70%	93	94.9%
08628	\$270,500	-7.71%	14	-63.16%	76	97.0%
08629	\$146,500	-13.42%	36	-2.70%	75	95.9%
08638	\$210,500	4.83%	41	-4.65%	90	97.1%
08646	\$301,000	-	1	-	65	94.1%
08648	\$340,000	3.94%	72	-10.00%	91	95.4%
08690	\$315,700	-1.93%	51	-13.56%	84	96.4%
08691	\$357,500	-12.53%	62	0.00%	71	95.9%

Salem County, NJ



Labor Market :

In the first two months of the fourth quarter, 198 jobs were added to the payrolls of Salem County. As a result of these new jobs, the average monthly unemployment rate fell from 4.9% during the third quarter to 4.4% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$194,900	\$190,900	↑
# Homes on the Market *	611	522	↔
# Homes Sold **	173	144	↓
# New Homes Built ***	48	15	↓
Avg # of Days on Market	99	103	↑

* Available as of Dec. 31, 2007.

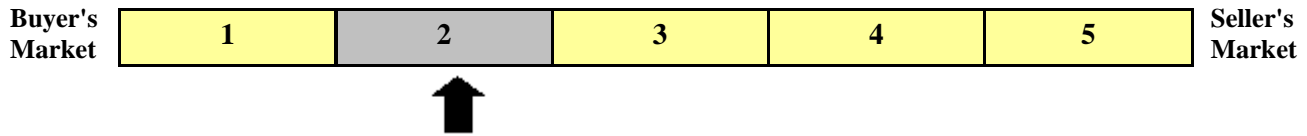
** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08001	\$279,300	-23.06%	5	150.00%	120	90.8%
08023	\$60,000	-	1	-	98	75.1%
08067	\$242,500	14.12%	2	-50.00%	151	97.0%
08069	\$151,900	5.93%	35	0.00%	94	97.1%
08070	\$174,000	4.44%	41	0.00%	114	96.1%
08072	\$164,000	-30.18%	1	0.00%	50	96.5%
08079	\$158,700	-5.70%	22	10.00%	130	94.5%
08098	\$262,900	-1.87%	15	-28.57%	85	94.7%
08302	\$294,500	37.62%	5	0.00%	99	95.5%
08318	\$246,600	3.57%	15	-42.31%	74	96.9%
08343	\$162,000	-41.73%	2	-33.33%	93	88.8%

Berks County, PA



Labor Market :

In the first two months of the fourth quarter, 1,386 jobs were added to the payrolls of Berks County. As a result of these new jobs, the average monthly unemployment rate fell from 4.2% during the third quarter to 4% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$186,700	\$185,100	↑
# Homes on the Market *	3,884	3,551	↔
# Homes Sold **	1,403	1,041	↓
# New Homes Built ***	136	58	↓
Avg # of Days on Market	61	73	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
17067	\$200,000	30.72%	2	-33.33%	13	97.6%
17569	\$196,500	9.47%	2	-33.33%	16	96.3%
18011	\$368,000	-28.05%	1	-50.00%	140	96.9%
18062	\$258,300	-69.61%	3	200.00%	57	96.0%
18092	\$542,000	-	1	-	179	98.6%
19503	\$152,000	-	2	-	14	95.3%
19504	\$271,500	-25.84%	7	16.67%	54	98.0%
19505	\$260,000	-0.50%	2	-50.00%	112	97.7%
19506	\$285,800	20.29%	14	-30.00%	100	95.1%
19507	\$141,700	-24.06%	5	25.00%	72	92.1%
19508	\$210,500	-1.59%	24	-42.86%	66	97.3%

Berks County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19510	\$200,500	-7.65%	28	-17.65%	65	98.2%
19512	\$191,600	-15.07%	31	-11.43%	60	99.1%
19518	\$249,300	-5.03%	49	58.06%	67	100.4%
19520	\$463,500	120.71%	6	500.00%	24	107.3%
19522	\$221,200	9.61%	37	-7.50%	74	96.5%
19526	\$126,400	-10.54%	24	-4.00%	70	98.1%
19529	\$291,800	-	3	-	28	100.2%
19530	\$184,000	-6.98%	12	-33.33%	48	94.4%
19533	\$205,700	3.78%	18	-10.00%	83	100.6%
19534	\$193,800	-43.83%	4	100.00%	25	94.7%
19536	\$151,700	-	3	-	22	95.4%
19539	\$226,800	6.08%	9	28.57%	73	96.9%
19540	\$204,600	-22.50%	26	-21.21%	98	93.2%
19541	\$246,800	6.29%	10	-41.18%	174	101.2%
19543	\$307,600	13.84%	20	17.65%	79	107.2%
19545	\$154,500	-	2	-	20	99.7%
19547	\$247,300	-13.26%	11	22.22%	75	94.2%
19551	\$235,600	3.70%	9	-59.09%	119	98.4%
19555	\$221,000	15.04%	5	-28.57%	117	99.9%
19560	\$161,200	-4.45%	28	-17.65%	102	99.4%
19562	\$158,200	-8.92%	6	-14.29%	62	97.3%
19565	\$234,000	-8.24%	34	-2.86%	91	101.5%
19567	\$142,300	-19.06%	15	-25.00%	73	97.6%
19601	\$88,200	35.28%	61	-27.38%	75	98.6%
19602	\$48,000	-1.23%	37	-32.73%	65	93.2%
19604	\$69,600	-5.05%	63	-29.21%	61	95.5%
19605	\$183,900	5.81%	74	-12.94%	65	96.5%
19606	\$172,700	0.17%	105	-22.79%	76	98.5%
19607	\$191,000	22.99%	73	10.61%	58	98.5%
19608	\$240,000	0.84%	73	-7.59%	93	97.9%
19609	\$160,300	3.42%	28	-44.00%	54	97.8%
19610	\$257,800	2.91%	44	-15.38%	82	95.8%
19611	\$119,000	4.11%	29	-42.00%	61	98.8%
OTHER	\$145,000	-	1	-	7	90.7%

Bucks County, PA

Buyer's Market	1	2	3	4	5	Seller's Market
----------------	---	---	---	---	---	-----------------



Labor Market :

In the first two months of the fourth quarter, 1,156 jobs were added to the payrolls of Bucks County. As a result of these new jobs, the average monthly unemployment rate fell from 3.8% during the third quarter to 3.6% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$378,000	\$350,000	↑
# Homes on the Market *	4,284	3,361	↔
# Homes Sold **	2,029	1,440	↓
# New Homes Built ***	241	210	↓
Avg # of Days on Market	56	66	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18036	\$419,900	-2.44%	1	-90.00%	19	100.0%
18041	\$225,000	-47.67%	1	0.00%	0	100.0%
18073	\$397,000	50.21%	1	0.00%	7	103.1%
18077	\$430,600	-2.67%	4	0.00%	102	95.5%
18081	\$1,260,000	176.92%	1	0.00%	125	93.7%
18901	\$388,400	-11.43%	78	-39.06%	80	95.0%
18912	\$346,000	-68.81%	3	50.00%	67	97.8%
18913	\$350,000	-	1	-	72	79.7%
18914	\$370,400	4.19%	48	-18.64%	76	97.5%
18917	\$193,700	-18.89%	7	0.00%	63	96.1%
18923	\$356,600	3.36%	3	-62.50%	61	94.8%

Bucks County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18925	\$488,100	-6.48%	25	92.31%	58	94.7%
18927	\$425,000	51.30%	1	0.00%	71	83.3%
18929	\$475,400	13.60%	24	26.32%	69	98.1%
18930	\$561,300	65.23%	4	0.00%	82	93.6%
18933	\$460,000	77.61%	1	0.00%	141	96.8%
18938	\$834,800	21.43%	39	-40.91%	140	94.2%
18940	\$490,000	10.16%	85	-18.27%	60	96.1%
18942	\$254,400	-57.99%	3	-70.00%	290	87.8%
18944	\$443,000	25.50%	52	10.64%	74	93.6%
18947	\$463,100	-0.26%	10	-9.09%	57	96.0%
18951	\$262,100	-8.71%	87	-30.95%	73	96.8%
18954	\$556,500	19.24%	12	-29.41%	53	94.9%
18955	\$223,800	19.04%	6	200.00%	82	98.0%
18960	\$291,700	-1.29%	37	-26.00%	66	98.8%
18966	\$310,200	-7.76%	91	0.00%	52	96.0%
18969	\$204,000	-1.50%	10	-9.09%	58	98.3%
18970	\$240,700	-1.55%	3	200.00%	78	99.6%
18972	\$428,000	23.59%	5	25.00%	215	95.3%
18974	\$274,800	-11.47%	99	3.13%	58	96.0%
18976	\$391,900	1.21%	61	7.02%	73	97.0%
18977	\$618,800	12.35%	12	-33.33%	60	97.6%
19006	\$490,000	7.39%	1	-75.00%	98	98.0%
19007	\$193,300	5.69%	43	0.00%	57	95.3%
19020	\$273,700	-2.70%	98	-8.41%	54	97.8%
19021	\$199,700	-6.55%	25	-19.35%	51	96.1%
19030	\$259,100	2.53%	22	-8.33%	78	97.5%
19047	\$344,500	-2.08%	54	-20.59%	69	96.4%
19053	\$281,600	-10.26%	62	-10.14%	57	96.6%
19054	\$221,400	-8.44%	30	-9.09%	39	98.8%
19055	\$203,200	-2.26%	32	-21.95%	57	99.1%
19056	\$250,700	-0.52%	21	-41.67%	59	97.9%
19057	\$199,700	-8.90%	46	12.20%	61	97.0%
19067	\$377,700	-0.81%	145	2.11%	65	95.2%
19440	\$477,000	28.05%	5	150.00%	110	97.2%
OTHER	\$445,900	-53.25%	41	1950.00%	60	95.6%

Chester County, PA

Buyer's Market	1	2	3	4	5	Seller's Market
----------------	---	---	---	---	---	-----------------



Labor Market :

In the first two months of the fourth quarter, 872 jobs were added to the payrolls of Chester County. As a result of these new jobs, the average monthly unemployment rate fell from 3.3% during the third quarter to 3% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$385,700	\$361,300	↑
# Homes on the Market *	4,096	3,394	↔
# Homes Sold **	1,715	1,172	↓
# New Homes Built ***	427	231	↓
Avg # of Days on Market	62	70	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19073	\$372,500	2.34%	7	-36.36%	106	97.7%
19087	\$384,400	0.08%	40	-43.66%	46	96.8%
19301	\$378,400	-4.49%	19	35.71%	63	96.0%
19310	\$187,500	-0.53%	6	500.00%	61	96.1%
19311	\$354,000	-12.01%	21	-19.23%	76	96.3%
19312	\$826,100	-7.16%	24	-27.27%	44	92.5%
19317	\$462,200	-21.06%	14	0.00%	116	94.2%
19320	\$289,100	29.76%	131	-34.50%	78	96.7%
19330	\$300,100	-29.04%	8	14.29%	78	97.6%
19333	\$715,200	25.19%	20	-28.57%	64	97.4%
19335	\$348,000	1.05%	121	-35.64%	64	98.2%

Chester County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19341	\$329,700	-0.72%	35	0.00%	59	95.7%
19343	\$477,800	-7.21%	15	-11.76%	100	97.6%
19344	\$289,300	0.38%	26	-3.70%	70	100.7%
19348	\$355,700	-17.41%	42	-41.67%	72	96.7%
19350	\$409,300	-7.59%	28	-6.67%	79	96.4%
19352	\$395,300	3.86%	15	-37.50%	97	99.9%
19355	\$506,400	-5.17%	37	-51.32%	69	94.7%
19362	\$228,700	-6.35%	3	-40.00%	109	98.8%
19363	\$257,700	-11.35%	30	-14.29%	75	96.9%
19365	\$217,600	8.58%	23	-8.00%	61	97.6%
19372	\$273,000	13.42%	9	-10.00%	64	96.9%
19374	\$191,800	-14.76%	2	0.00%	92	93.6%
19375	\$875,000	108.83%	1	0.00%	96	97.3%
19380	\$372,000	1.22%	126	-17.11%	76	95.5%
19382	\$393,100	1.45%	127	-14.19%	60	96.4%
19390	\$304,100	-1.36%	27	-20.59%	66	95.8%
19421	\$430,000	-	1	-	139	90.5%
19425	\$432,400	-7.43%	37	2.78%	86	95.5%
19460	\$271,800	-7.96%	94	-19.66%	66	97.1%
19465	\$312,700	-12.95%	43	38.71%	89	97.0%
19475	\$263,700	14.75%	28	64.71%	32	103.9%
19481	\$626,000	22.70%	1	-66.67%	144	92.7%
19520	\$344,000	5.04%	9	12.50%	92	95.3%
19543	\$384,300	-19.72%	2	-50.00%	98	102.6%

Delaware County, PA

Buyer's Market	1	2	3	4	5	Seller's Market
----------------	---	---	---	---	---	-----------------



Labor Market :

In the first two months of the fourth quarter, 942 jobs were added to the payrolls of Delaware County. As a result of these new jobs, the average monthly unemployment rate fell from 4.2% during the third quarter to 3.9% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$273,200	\$261,300	↑
# Homes on the Market *	3,578	2,915	↔
# Homes Sold **	1,889	1,422	↓
# New Homes Built ***	110	55	↓
Avg # of Days on Market	52	62	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19003	\$318,600	9.18%	22	10.00%	59	95.8%
19008	\$344,100	-3.23%	50	11.11%	54	96.7%
19010	\$601,400	53.65%	39	25.81%	84	98.4%
19013	\$67,900	1.04%	57	-3.39%	60	93.5%
19014	\$251,600	1.00%	52	-24.64%	71	96.1%
19015	\$152,500	7.47%	69	2.99%	62	95.9%
19018	\$150,900	-11.60%	65	-1.52%	57	96.8%
19022	\$120,300	23.77%	14	75.00%	85	93.7%
19023	\$84,300	-7.87%	64	-29.67%	58	96.4%
19026	\$205,300	-1.53%	71	-31.73%	56	95.8%
19029	\$144,100	9.08%	5	-37.50%	39	96.5%

Delaware County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19032	\$119,300	-8.72%	26	-33.33%	39	97.7%
19033	\$206,600	1.92%	22	-4.35%	57	95.4%
19036	\$150,800	-4.19%	40	8.11%	56	96.5%
19041	\$1,037,600	257.55%	5	66.67%	41	97.0%
19043	\$176,600	-1.83%	11	0.00%	47	97.7%
19050	\$145,300	-4.09%	77	-25.96%	49	96.4%
19061	\$264,500	16.37%	90	-2.17%	68	97.2%
19063	\$405,800	6.17%	80	-20.00%	67	95.4%
19064	\$284,300	-7.57%	66	-5.71%	67	96.4%
19070	\$236,900	0.21%	14	0.00%	75	96.0%
19073	\$612,700	14.35%	53	-5.36%	77	96.7%
19074	\$168,800	-5.22%	12	-36.84%	69	96.1%
19076	\$197,300	14.44%	15	36.36%	71	97.3%
19078	\$197,800	7.27%	22	-8.33%	39	97.2%
19079	\$115,600	-3.51%	28	3.70%	41	97.8%
19081	\$246,700	-16.37%	32	33.33%	65	95.8%
19082	\$121,200	7.35%	105	-25.00%	66	96.4%
19083	\$280,800	3.81%	80	-2.44%	49	96.0%
19085	\$774,000	-57.84%	5	-16.67%	37	94.9%
19086	\$279,800	-7.10%	37	-5.13%	76	94.6%
19087	\$826,200	-3.99%	18	-33.33%	33	98.2%
19094	\$177,400	16.18%	6	-64.71%	62	97.0%
19096	\$468,000	29.78%	1	-75.00%	31	99.6%
19317	\$649,000	63.07%	12	-20.00%	93	123.9%
19342	\$428,300	21.30%	45	7.14%	91	96.2%
19373	\$675,200	25.90%	11	0.00%	100	91.2%
19382	\$590,000	-3.28%	1	0.00%	12	94.4%

Montgomery County, PA

Buyer's Market	1	2	3	4	5	Seller's Market
----------------	---	---	---	---	---	-----------------



Labor Market :

In the first two months of the fourth quarter, 1,435 jobs were added to the payrolls of Montgomery County. As a result of these new jobs, the average monthly unemployment rate fell from 3.5% during the third quarter to 3.3% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$349,200	\$333,800	↑
# Homes on the Market *	5,913	4,710	↔
# Homes Sold **	2,921	2,049	↓
# New Homes Built ***	520	84	↓
Avg # of Days on Market	57	67	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18041	\$224,200	-1.15%	12	-42.86%	80	95.7%
18054	\$257,300	-30.89%	10	25.00%	50	92.5%
18070	\$180,000	-	1	-	6	100.1%
18073	\$275,400	-3.16%	22	-15.38%	78	97.1%
18074	\$270,600	-21.13%	14	-30.00%	46	96.3%
18076	\$212,500	9.09%	7	-53.33%	38	98.4%
18915	\$254,100	-29.14%	4	-20.00%	79	96.4%
18936	\$232,500	2.15%	1	-80.00%	12	97.1%
18964	\$263,100	-8.84%	22	-53.19%	59	97.9%
18969	\$276,300	-29.35%	22	-4.35%	71	96.9%
19001	\$241,900	-6.89%	52	4.00%	49	96.9%

Montgomery County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19002	\$407,700	-14.49%	68	-32.67%	58	95.6%
19003	\$560,400	51.83%	37	105.56%	119	99.4%
19004	\$506,300	-9.78%	17	-52.78%	69	95.7%
19006	\$480,100	20.78%	31	-31.11%	86	99.3%
19010	\$746,300	-34.05%	22	15.79%	61	95.4%
19012	\$264,900	-9.62%	17	70.00%	79	98.6%
19025	\$416,100	-5.97%	10	0.00%	53	96.1%
19027	\$287,300	2.21%	30	-28.57%	72	95.6%
19031	\$401,100	37.22%	13	30.00%	40	95.5%
19034	\$871,400	83.03%	9	-52.63%	71	97.4%
19035	\$1,470,300	31.09%	12	9.09%	57	94.7%
19038	\$291,700	-1.75%	73	-10.98%	60	96.1%
19040	\$288,600	9.65%	51	-15.00%	58	95.5%
19041	\$734,600	-23.18%	14	16.67%	108	94.4%
19044	\$235,800	-17.41%	35	-36.36%	45	96.4%
19046	\$410,600	-7.56%	37	-22.92%	71	97.4%
19066	\$574,000	-17.09%	17	30.77%	39	97.1%
19072	\$502,700	10.73%	41	36.67%	69	95.5%
19075	\$291,200	-7.08%	22	4.76%	82	94.3%
19085	\$999,900	-5.09%	9	-18.18%	95	90.9%
19087	\$581,800	-8.52%	15	-28.57%	48	98.2%
19090	\$242,500	3.77%	45	-8.16%	52	96.9%
19095	\$400,000	38.12%	11	-26.67%	94	91.1%
19096	\$560,700	0.95%	34	-20.93%	49	96.9%
19401	\$171,100	-12.70%	118	6.31%	82	93.6%
19403	\$296,600	6.69%	122	-12.23%	72	97.8%
19405	\$189,500	-10.95%	7	-53.33%	45	93.3%
19406	\$287,000	3.57%	48	-26.15%	66	96.7%
19422	\$404,700	-2.67%	66	-9.59%	74	95.9%
19426	\$337,600	-4.09%	73	-44.27%	74	97.8%
19428	\$292,500	-11.39%	47	-16.07%	78	96.6%
19437	\$1,678,300	-	3	-	169	98.3%
19438	\$339,400	-5.35%	62	31.91%	58	98.8%
19440	\$291,700	-3.15%	43	53.57%	60	96.5%
19444	\$355,900	-18.09%	24	20.00%	42	95.1%
19446	\$290,400	-4.00%	136	-11.11%	48	97.4%
19453	\$137,900	8.84%	9	125.00%	55	97.3%

Montgomery County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19454	\$326,000	9.80%	106	-0.93%	66	96.4%
19456	\$343,500	-7.16%	2	0.00%	98	96.1%
19460	\$419,400	5.38%	13	18.18%	106	89.1%
19462	\$364,300	2.76%	31	6.90%	75	96.6%
19464	\$166,600	0.54%	152	-16.48%	80	97.0%
19468	\$255,700	3.90%	70	-17.65%	70	98.4%
19472	\$269,000	-	1	-	73	96.1%
19473	\$363,500	13.59%	42	-23.64%	57	98.4%
19474	\$258,300	9.36%	5	0.00%	104	94.4%
19492	\$259,300	-	3	-	81	98.5%
19504	\$520,000	96.23%	2	0.00%	82	96.8%
19512	\$217,500	5.63%	3	-62.50%	88	98.9%
19525	\$318,000	16.31%	24	-22.58%	70	97.1%

Philadelphia County, PA

Buyer's Market	1	2	3	4	5	Seller's Market
----------------	---	---	---	---	---	-----------------



Labor Market :

In the first two months of the fourth quarter, 2,034 jobs were added to the payrolls of Philadelphia County. As a result of these new jobs, the average monthly unemployment rate fell from 6.2% during the third quarter to 5.9% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q3' 07	Q4' 07	Q1' 08 (Forecast)
Average Price	\$196,200	\$184,200	↑
# Homes on the Market *	10,925	9,410	↔
# Homes Sold **	4,083	3,366	↓
# New Homes Built ***	186	87	↓
Avg # of Days on Market	61	65	↑

* Available as of Dec. 31, 2007.

** May not add to total of zip codes

*** During the first two months of 4th quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19102	\$452,300	8.28%	11	22.22%	58	95.7%
19103	\$521,200	-15.51%	92	104.44%	157	96.4%
19104	\$103,200	-38.20%	23	-14.81%	38	92.8%
19106	\$666,700	20.76%	51	15.91%	102	97.5%
19107	\$403,300	7.58%	39	39.29%	109	98.3%
19111	\$162,400	-8.82%	146	-24.74%	61	95.5%
19114	\$273,600	27.67%	73	-1.35%	49	100.7%
19115	\$243,900	-11.44%	65	-9.72%	62	95.9%
19116	\$239,600	-3.62%	71	0.00%	66	97.2%
19118	\$680,600	9.63%	28	7.69%	54	97.7%
19119	\$286,500	13.15%	68	-8.11%	58	95.5%

Philadelphia County, PA

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19120	\$90,600	-3.92%	145	-27.50%	57	96.0%
19121	\$94,300	-10.70%	27	-28.95%	89	93.6%
19122	\$144,000	-12.09%	16	-33.33%	92	92.5%
19123	\$370,400	-28.95%	39	-75.00%	89	97.7%
19124	\$89,300	-6.39%	143	-44.36%	53	95.8%
19125	\$174,200	3.32%	85	0.00%	70	92.4%
19126	\$148,300	0.95%	36	-12.20%	54	97.9%
19127	\$260,100	9.42%	23	-17.86%	46	95.8%
19128	\$254,100	3.55%	100	-16.67%	49	96.8%
19129	\$193,100	-17.69%	34	54.55%	48	94.7%
19130	\$337,200	-8.84%	80	-24.53%	74	96.0%
19131	\$101,700	-15.60%	72	-14.29%	61	94.9%
19132	\$50,000	-5.30%	28	-26.32%	54	89.9%
19133	\$49,300	17.10%	12	-20.00%	57	92.3%
19134	\$77,900	17.14%	129	-47.56%	57	94.0%
19135	\$109,100	-9.54%	109	-5.22%	44	96.1%
19136	\$132,500	0.61%	75	-27.88%	59	96.4%
19137	\$143,300	22.48%	27	28.57%	49	93.7%
19138	\$101,400	4.54%	68	-22.73%	49	96.8%
19139	\$56,000	-31.46%	57	7.55%	62	93.4%
19140	\$54,600	2.82%	63	-11.27%	52	95.0%
19141	\$85,200	1.55%	52	-11.86%	46	96.0%
19142	\$74,500	0.00%	83	-8.79%	72	95.8%
19143	\$86,500	-1.82%	108	-1.82%	58	92.8%
19144	\$103,900	-7.48%	80	21.21%	66	95.3%
19145	\$125,600	-5.71%	117	-15.83%	74	94.4%
19146	\$244,100	22.97%	165	-1.20%	80	95.6%
19147	\$351,600	-9.66%	108	-16.28%	109	96.4%
19148	\$139,200	-5.69%	144	-2.70%	71	93.5%
19149	\$125,900	-4.11%	181	-3.72%	53	96.3%
19150	\$143,600	-2.51%	48	-23.81%	71	98.8%
19151	\$119,400	3.38%	65	-32.99%	57	96.4%
19152	\$196,300	3.37%	82	-1.20%	62	96.0%
19153	\$117,200	-5.41%	38	8.57%	58	96.6%
19154	\$196,700	3.20%	60	-25.93%	53	96.8%

Jekyll and Hyde...A Market with Two Faces

By Ken Fears
Manager, Regional Economics

Buyers have been bombarded with horror stories lately. Sales have fallen sharply, foreclosures have risen, inventories are near record levels, and homes are sitting on the market longer. Finally, out right price declines are being reported at the national level and in many local markets. But isn't this a good thing for buyers? Yes, and they are beginning to take note.

For months now the media has been portraying the downside of the transition of this housing market from a sellers' to a buyers market. But for every loser there is a winner and now it is buyers' time to reap the benefits. The recent shake up in the mortgage market has conferred on buyers the last of the important perquisites for it to truly be a buyers market. Despite what many pundits have argued for a year or more, it has not been a buyers' market. Home sales slowed and days on market rose, but buyers were not buying...and they shouldn't have. Prices were flat or rising in the face of mortgage rates that were climbing. From June of 2005 to July of 2007 the average 30-year fixed, conforming mortgage climbed from 5.6% to 6.7%. This combination pushed affordability down as monthly payments rose beyond what was realistic for most buyers. Consequently, many would-be buyers chose to forgo buying rather than get stuck with risky loans.

But the recent sub-prime fallout pushed already extended sellers to do things that they were hoping not to; to accept appraisals, to fix issues with their property prior to sale, and to make price or financing concessions. The last straw snapped with the virtual elimination of the sub-prime market. During the hay-day of the housing market, buyers could scarcely use FHA loans, which carry average rates of 6.5% versus 9.5% for sub-prime, because FHA mortgages require appraisals, more paper work and took significantly more time. Sellers simply would not entertain bids from bidders with these mortgages in the face of so many other buyers who were willing to find other means of financing that were more appealing for sellers. Now, sellers don't have that luxury and buyers have the upper hand on this and many other parts of the negotiation process.

The winds are blowing with buyers who've been disgruntled and move to the side lines. But soon they will face rising rents and they will be forced to ask themselves whether to continue to rent or to buy. When they re-evaluate this decision, they will find a much more pleasant landscape.

But this opportunity has not been extended to all segments of the buying market. The recent mortgage market melt-down extended the spread between loans that fall under the conforming loan limit of \$417,000 and those that do not. The \$417,000 limit is crucial to investors in mortgage backed securities because it is the maximum value of a mortgage that the GSEs will back. This implicit insurance against default risk is the only thing that has kept funding in the mortgage market at all. Buyers that are using mortgages above this limit, called jumbo loans, face much higher mortgage rates, while conforming rates have slipped. On average, the spread between conforming and jumbo rates rose to 96 basis points (e.g. the difference between 6.0% and 6.96% for example) versus just 23 basis points back in early July of 2007.

Here in the area covered by TREND MLS roughly 12.5% of the market falls into the jumbo category, while the rest are conforming. In the fourth quarter of 2007, sales of homes in the jumbo price range fell by 17.8% compared to the same period in 2006. Sales of homes in the conforming category fell by 20.5%. This analysis suggests that, by comparison, the sharp increase in jumbo rates is not having a strong effect on properties priced over the conforming limit.

The difference for a buyer on the margin between a conforming loan and a jumbo loan is immense. It is the difference between a door wide open and a door firmly shut. This market can seem dire for those in higher priced markets, but the door is not shut to all. The opportunities for those who can find homes under the conforming loan limit are boundless and buyers' agents should be steering their clients with this in mind. Likewise, seller's agents should take note, that moving their clients to market to this category, via reduced price, forgoing improvements, help with financing or closing costs or any other means to help the buyer afford the down payment that might put them into a conforming loan, is critical. FHA reform has reduced many of the once onerous requirements on these loans, making them more appealing to sellers. Finally, NAR has worked tirelessly to get the conforming loan limit raised by Congress. If this legislation is passed, it will help to restore confidence in a substantial portion of the jumbo market and re-energize the higher-end market.

Spinning the Wheels

Lawrence Yun, NAR Chief Economist

Though unlikely given abundant pent-up demand, we are faced with the possibility that the housing market could spur a vicious cycle. The market is fragile due to excessive pessimism among potential home buyers. A lack of buyers pushes up inventory. High inventory depresses home prices. Falling home prices raise foreclosures. Higher foreclosures lead to further pessimism among potential buyers. The cycle starts again.

This situation, driven by a lack of buyer confidence, not only impacts homeowners and the housing industry but could easily spread to the broader economy. Any further weakening in the housing market and its related housing wealth impact will likely throw GDP growth into negative territory — by a full two percentage points. That could push the economy into a virtually “no-growth zone” and very close to an economic recession.

Why are buyers hesitant? Obviously each household makes its own decision as to whether or not it’s time to purchase a home. But there are several major factors that may be holding buyers back.

Anticipated lower home prices are holding back many people from buying a home now. Foreclosures will continue to rise in 2008. Rising foreclosures also push prices downward. In addition, the psychological effect of rising foreclosures affect people’s outlook on housing.

Anticipated lower interest rates are also restraining potential buyers. It is widely believed that the Federal Reserve will be cutting interest rates in the next two meetings of the Federal Open Market Committee. While there is no direct relationship between a Fed rate cut and mortgage rate changes, many consumers perceive that mortgage rates will fall with the later cuts. I should note here that NAR advocates a one-time large rate cut rather than a series of small rate cuts in order to end the delay in home buying.

Subprime lending has virtually disappeared since August, 2007. It had comprised about 20% of mortgage originations. While some subprime lending will return, it will do so with improved underwriting standards, a stricter and sounder regulatory environment, and with proper pricing of risk. But the timing of its return remains very uncertain. A recent pick-up in FHA loan endorsement is very encouraging in bringing some would be subprime borrowers into loans with much safer interest rates and in helping some homeowners refinance out of the riskier subprime loans.

The jumbo mortgage market is not functioning. Current conforming mortgages average about 6%. Based on historical trends, rates on jumbo loans would be about 6.2% or 6.3%. Rather, the rates are closer to 7% due to the investor fear of anything U.S. mortgage that does not have a (perceived) backing of the U.S. government. Any rational home buyer will balk at such a higher interest rate.

How to stop this vicious cycle? Any boost to buyer confidence will have a significant impact in reviving the housing market and in lifting the economy. As I mentioned briefly last month in this column, one policy measure that can lift buyer confidence is raising the GSE (Fannie Mae, Freddie Mac) loan limits. A simple lifting of the loan limit from its current \$417,000 to \$625,000 would enable more households to enter the housing market using a conventional mortgage. The direct higher sales would likely induce other hesitant buyers into the marketplace. More home sales will lower inventory and thus strengthen home prices. Any strengthening in home prices could possibly have the biggest impact in lowering foreclosures.

What does that mean in “real life?” We estimate raising the GSE loan limit to \$625,000 will result in:

- 348,000 additional home sales
- \$44 billion in increased economic activity
- \$274 to \$411 per month savings in interest payments for consumers who get new “GSE jumbo” loans versus current private jumbo loans
- potentially 500,000 refinancings of jumbo loans at lower interest rates
- a reduction in the national months’ supply of homes on the market by one month
- strengthen home prices by two to three percentage points
- a reduction in the number of foreclosures by 140,000 to 210,000

All this will help improve our economy. Each home sale contributes to GDP. In 2001, a typical first-time home buyer spent \$3,500 on furniture, carpet, painting, faucets, and other items after purchasing a home. Trade-up buyers spent \$5,000. Obviously those amounts would be greater today – conservatively, I’d say the average would be \$4,500.

There is also income generated by real estate services (moving companies, mortgage lending, inspection, appraisers, etc.), estimated to be about 9% of the home sale price. A \$417,000 home sale generates \$37,500 in direct economic activity. There is also the multiplier effect. The home inspector who earned a fee on that home sale goes out to dinner at a restaurant. The owner of that restaurant buys a plasma screen TV. The TV salesperson takes his/her sales commission and takes a vacation. The vacation resort hires additional workers. Those workers will buy a home ...

It’s another cycle – but not a vicious one.

The Forecast

By Lawrence Yun, *Vice President, NAR Research*

The weakness in the U.S. economy in the fourth quarter of 2007 was affirmed by very soft job figures for December. Only 18,000 net new payroll jobs were added during the month compared to 119,000 monthly job gains for the rest of 2007 and 189,000 (monthly) in 2006. The unemployment rate rose to 5.0%, its highest level in two years, after having treaded at around 4.5% in the first half of 2007.

Current housing market conditions remain weak. The national existing home sales have been right at or near 5 million for the past three months, possibly hinting at stabilization and a formation of a bottom. But the current annualized sales pace would only match the 1998 annual figures (10 years ago) and are down 20% from a year ago and down 30% from the peak year of 2005. The current level of activity is far below that of even the pre-boom year of 2001.

New home construction and new home sales have contracted even more. Recent new single-family housing starts have been in the range of 800,000 to 900,000 and new home sales have fallen well below 700,000. Those figures are down by roughly 50% from their respective peak annual figures in 2005. Though the cutbacks are hampering the economy, they have brought down housing inventory. Housing supply is one of those figures that is usually not in the headlines, but new home inventory has been trending down for more than a year. There were 570,000 new homes for sale in the summer of 2007. There were 509,000 at end of November.

The near-term forecast continues to point toward weak conditions. NAR's pending home sales index remains soft, though it has been essentially flat for the past four months. Will housing demand return solidly by spring of 2008 — even after we account for the normal higher sales activity in the spring months? It is a bit uncertain. On the one hand we have a sizable pent-up demand from 4 million job gains in the past two years. On the other hand, we have buyers waiting it out, hoping for lower home prices and lower interest rates. Because of this push and pull on the consumer psyche the forecast has become more uncertain. Improved financial capacity and improved housing affordability will be enticing for some consumers. Yet, other consumers will continue to wait out to see the bottom in housing before making the move.

As to the TREND MLS service region, home sales fell 10% in 2007 even though the region added 47,800 jobs in the past 24 months. With the stimulative packages of tax cuts and lower interest rates underway, the economy will avoid recession. The higher loan limit on FHA and GSE loans will further permit more people to access low interest rate loans. It is possible there could be a quick turnaround to the housing market. A market timing strategy nearly always brings regrets – bought too early or bought too late. But people who are purchasing for a non-flipping reason of five or more years can be nearly guaranteed that they will come out ahead. But, no one should over-extend herself to become a homeowner. It is in no one's interest to see rising and then falling homeownership rate. It is SUSTAINABLE homeownership that benefits all.

Economic and Housing Market Outlook: February 2008

	Quarterly									2007	2008	2009	
	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4	2009.1	2009.2				2009.3
U.S. Economy													
<i>Annual Growth Rate</i>													
Real GDP	3.8	4.9	0.6	1.2	2.2	2.7	2.9	2.9	2.5	2.8	2.2	2.2	2.7
Nonfarm Payroll Employment	0.9	0.8	0.8	0.0	0.5	1.0	1.2	1.3	1.4	1.5	1.1	0.6	1.4
Consumer Prices	6.0	1.9	4.3	2.4	2.2	1.3	1.5	1.4	1.3	1.3	2.9	2.7	1.4
Real Disposable Income	-0.8	4.5	0.3	1.0	2.0	2.8	3.1	4.7	3.4	3.3	3.1	1.7	3.5
Consumer Confidence	110	107	106	91	87	85	85	86	90	92	103	87	92
<i>Percent</i>													
Unemployment Rate	4.5	4.7	4.8	5.1	5.2	5.4	5.4	5.3	5.2	5.1	4.6	5.3	5.2
<i>Interest Rates, Percent</i>													
Fed Funds Rate	5.3	5.1	4.5	3.2	3.0	3.0	3.0	3.3	3.5	3.8	5.0	3.0	3.6
3-Month T-Bill Rate	4.7	4.3	3.4	2.7	2.7	2.8	2.9	3.2	3.4	3.6	4.4	2.8	3.5
Prime Rate	8.3	8.2	7.5	6.2	6.0	6.0	6.0	6.3	6.5	6.8	8.1	6.0	6.6
Corporate Aaa Bond Yield	5.6	5.8	5.5	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.6	5.2	5.7
10-Year Government Bond	4.8	4.7	4.3	3.7	3.8	4.0	4.2	4.3	4.4	4.5	4.6	3.9	4.5
30-Year Government Bond	5.0	4.9	4.6	4.0	4.2	4.3	4.5	4.6	4.7	4.8	4.8	4.3	4.8
<i>Mortgage Rates, percent</i>													
30-Year Fixed Rate	6.3	6.6	6.2	5.6	5.6	5.8	5.9	6.1	6.2	6.3	6.3	5.7	6.3
1-Year Adjustable	5.5	5.7	5.6	5.1	4.9	4.8	4.7	4.8	4.9	5.0	5.5	4.9	5.0
National Housing Indicators													
<i>Thousands</i>													
Existing Single-Family Sales	5,917	5,420	4,957	4,912	4,982	5,637	5,884	5,845	5,530	5,411	5,652	5,380	5,595
New Single-Family Sales	855	730	654	641	633	633	643	678	675	703	774	637	685
Housing Starts	1,464	1,300	1,151	1,111	1,085	1,075	1,056	1,056	1,051	1,073	1,354	1,082	1,068
Single-Family Units	1,166	990	830	791	781	773	752	737	726	748	1,046	774	742
Multifamily Units	299	310	321	320	304	302	305	319	325	326	308	307	326
Residential Construction*	491	463	433	406	395	392	389	387	385	388	473	396	388
<i>Percent Change -- Year Ago</i>													
Existing Single-Family Sales	-10.7	-13.8	-20.9	-23.5	-15.8	4.0	18.7	19.0	11.0	-4.0	-12.8	-4.8	4.0
New Single-Family Sales	-21.3	-26.6	-33.7	-24.9	-26.0	-13.3	-1.7	5.8	6.8	11.1	-26.4	-17.7	7.6
Housing Starts	-21.3	-23.7	-26.0	-23.9	-25.9	-17.3	-8.2	-4.9	-3.1	-0.2	-24.8	-20.1	-1.3
Single-Family Units	-23.3	-28.9	-32.6	-32.5	-33.0	-21.9	-9.5	-6.8	-7.0	-3.3	-28.6	-26.0	-4.2
Multifamily Units	-12.4	-0.3	-0.7	10.8	1.7	-2.7	-5.0	-0.1	6.9	8.0	-8.3	-0.2	6.0
Residential Construction	-16.5	-16.5	-18.3	-19.8	-19.4	-15.4	-10.0	-4.8	-2.5	-1.1	-16.9	-16.4	-1.9
National Home Prices													
<i>Thousands of Dollars</i>													
Existing Home Prices	223.9	221.2	208.0	200.9	214.9	228.7	216.1	207.8	223.1	237.2	218.9	216.3	223.2
New Home Prices	241.0	241.0	231.6	235.7	231.1	242.0	236.2	241.1	240.4	253.1	246.9	236.3	248.2
<i>Percent Change -- Year Ago</i>													
Existing Home Prices	-1.3	-1.7	-5.2	-6.1	-4.0	3.4	3.9	3.4	3.8	3.7	-1.4	-1.2	3.2
New Home Prices	-2.1	2.0	-5.5	-7.9	-4.1	0.4	2.0	2.3	4.0	4.6	0.2	-4.3	5.0
Local Region													
Payroll Jobs (in thousands)	2839.9	2819.0	2861.5	2800.6	2842.7	2827.5	2875.8	2828.6	2876.9	2872.7	2816.1	2836.6	2867.9
Home Sales	23265	21757	16590	14408	20939	22497	17884	15258	22069	23352	78805	75727	79153
Home Prices (in thousand \$)	276.5	281.1	261.3	252.9	272.6	281.4	262.1	256.7	278.0	291.6	269.6	269.0	276.3
<i>Percent Change -- Year Ago</i>													
Jobs	0.8%	1.0%	0.9%	0.4%	0.1%	0.3%	0.5%	1.0%	1.2%	1.6%	0.5%	0.7%	1.1%
Home Sales	-9.3%	-9.1%	-15.3%	-16.2%	-10.0%	3.4%	7.8%	5.9%	5.4%	3.8%	-9.5%	-3.9%	4.5%
Home Prices	3.4%	2.6%	1.0%	-0.3%	-1.4%	0.1%	0.3%	1.5%	2.0%	3.6%	2.4%	-0.2%	2.7%

Quarterly figures are seasonally adjusted annual rates.

* Billion dollars

Source: Forecast produced using Macroeconomic Advisers quarterly model of the U.S. economy.

Assumptions and simulations by Dr. Lawrence Yun.

This table reflects data available through January 18, 2008.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p>Existing Home Sales registered 5.0 million seasonally adjusted annualized units in November – a slight 0.4% increase from October’s pace but 20.0% lower than the pace in November of 2006. The median price of an existing single-family home was \$210,200 – the first monthly price increase since June. The inventory of existing homes available for sale eased to a 10.3 month supply.</p>	Nov 07 5,000 Oct 07 4,980 Nov 06 6,250	↔	Even sales over the near term and then beginning to rise measurably
<p>New Home Sales declined 9% in November to a seasonally adjusted annual rate of 647,000. The pace was 34.4% off that of November of 2006 and the lowest level since the mid-1990s. The inventory of new homes available for sale at the end of November was at a 9.3 months supply. The good news is that inventory is likely past its peak, and most of the measurable declines in sales have already occurred.</p>	Nov 07 647 Oct 07 711 Nov 06 987	↓	Most of the big declines already taken place, but there could be few more rounds of modest declines
<p>Housing Starts posted a seasonally adjusted annual rate of 1.19 million units – 3.7% off October’s level and 24.2% below that of November 2006. Looking even further back, the latest data represents a 48% decline from the pace in January 2006. Housing permits, generally a reliable future indicator housing starts, fell 1.5% to 1.15 million. Declines are needed due to high inventory. More cutbacks are encouraged to better help stabilize the housing market.</p>	Nov 07 1,187 Oct 07 1,232 Nov 06 1,565	↓	New home inventory has been falling but more is required
<p>Housing Affordability dipped ever so slightly in November. NAR’s Housing Affordability Index stood at 119.3 for the month, off from October’s revised reading of 119.4. The lower average 30-year mortgage rate was offset by an increase in the median price of an existing single-family home. Even so, affordability conditions are better compared to a year ago, when the index was 110.7.</p>	Nov 07 119.3 Oct 07 119.4 Nov 06 110.7	↑	Rising wages and low interest rates push up affordability
<p>Mortgage Rates The 30-year fixed mortgage rate trended lower in December to an average of 6.10%. That is the lowest rate since the peak of the housing boom in October 2005. Low mortgage rates are being influenced by continuous rate cuts by the Federal Reserve. Still, Wall Street is expecting further rate cuts early this year to curb a growing fear of recession.</p>	Dec 07 6.10% Nov 07 6.21% Dec 06 6.14%	↔	Interest rates will remain at near historic lows through the first half of 2008
<p>Employment Job creation was very weak in December, with 18,000 net new jobs added to the economy. About 150,000 new jobs would be considered healthy. The good news: November’s employment figure was revised upward to 115,000 and over the past 12 months 1.3 million jobs have been created. The unemployment rate ticked up to 5%, but is still near historic lows.</p>	Dec 07 18 Nov 07 110 12-month total 1.3 million	↔	Job gains, though modest, will continue — sustained net job cuts are unlikely
<p>Economic Growth Real gross domestic product – GDP – grew 4.9% in the third quarter of 2007. This is the third and final “estimate” of GDP growth based on more complete data. Growth in exports, personal consumption expenditures (PCE), private inventory investment, non-residential structures, federal government spending, equipment and software, and state and local government spending helped offset negative growth in residential fixed investment.</p>	2007:III 4.9% 2007:II 3.8% 2006:III 1.1%	↔	Very slow growth in the first half of 2008 but no economic recession

Notes: All rate are seasonally adjusted. New home sales, existing home sales, and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Inflation is shown as the month-to-month change in the Consumer Price Index. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics, Freddie Mac, and the Mortgage Bankers Association