

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.

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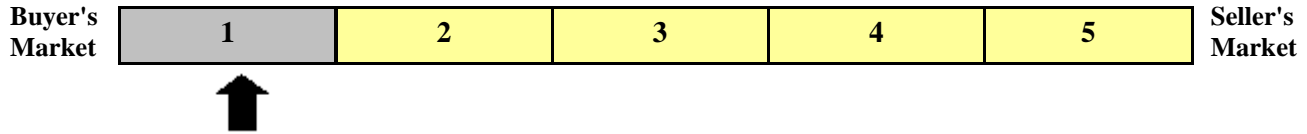
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*Reprinted from [Real Estate Outlook: Market Trends and Insights](#).

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Kent County, DE



Labor Market :

Employment declined by 3,396 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.3% in the fourth quarter to 7.5% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Kent County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$211,100	\$200,700	↔
# Homes on the Market *	1,794	1,946	↑
# Homes Sold **	253	201	↔
# New Homes Built ***	101	77	↑
Avg # of Days on Market	89	114	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

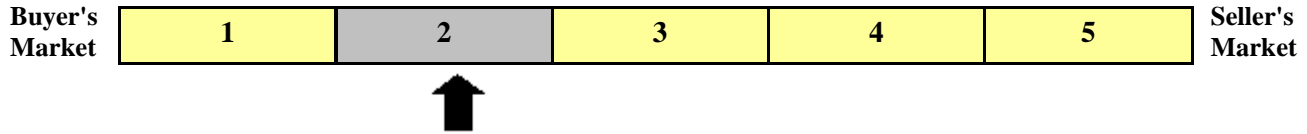
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19901	\$203,300	-7.97%	22	-66.15%	85	97.4%
19904	\$186,300	-6.43%	53	-24.29%	104	96.0%
19934	\$263,200	7.56%	16	-38.46%	126	98.7%
19938	\$223,500	-19.78%	7	-30.00%	57	99.7%
19943	\$202,600	-10.59%	16	-46.67%	158	99.6%
19946	\$133,000	-15.29%	6	-25.00%	102	100.0%
19950	\$160,000	-26.23%	1	-80.00%	156	88.9%
19952	\$171,300	-15.07%	7	-41.67%	71	94.9%
19953	\$165,200	-18.82%	5	66.67%	136	95.2%
19954	\$95,000	-55.81%	2	100.00%	273	83.2%
19962	\$236,900	-10.40%	16	6.67%	93	98.0%

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)
19963	\$195,000	10.36%	12	33.33%	188	94.8%
19964	\$162,500	N/A	2	N/A	100	95.9%
19977	\$206,600	-1.67%	35	2.94%	116	98.4%
19979	\$120,000	-51.71%	1	0.00%	201	96.9%

New Castle County, DE



Labor Market :

Employment declined by 9,117 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.3% in the fourth quarter to 7.3% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in New Castle County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$243,600	\$240,900	↔
# Homes on the Market *	3,123	3,465	↑
# Homes Sold **	1,013	787	↔
# New Homes Built ***	106	62	↑
Avg # of Days on Market	76	87	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

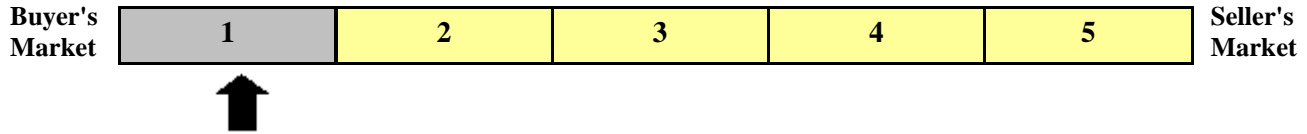
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19701	\$258,700	-3.65%	59	-32.95%	81	97.1%
19702	\$222,100	-1.73%	82	-17.17%	106	96.3%
19703	\$187,200	-2.95%	18	-18.18%	69	94.8%
19706	\$254,900	22.55%	1	0.00%	104	100.0%
19707	\$336,500	-27.13%	31	-3.13%	72	96.3%
19709	\$295,400	4.12%	56	-15.15%	126	94.6%
19711	\$269,300	-10.83%	46	-40.26%	81	95.8%
19713	\$184,000	-22.98%	28	-54.84%	70	95.1%
19720	\$180,700	-6.08%	76	-25.49%	88	95.2%
19734	\$307,100	6.74%	14	7.69%	110	94.7%
19801	\$119,200	-57.55%	17	-46.88%	94	95.9%

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)
19802	\$125,000	-17.82%	38	-26.92%	81	95.6%
19803	\$315,100	-8.35%	41	-30.51%	105	95.3%
19804	\$175,900	-12.75%	26	-38.10%	79	95.0%
19805	\$168,900	3.56%	70	-18.60%	78	94.9%
19806	\$376,400	31.33%	29	-39.58%	66	95.1%
19807	\$726,200	-24.71%	11	-21.43%	72	87.9%
19808	\$231,700	-0.98%	60	-31.03%	76	97.1%
19809	\$180,400	-8.70%	30	3.45%	83	95.4%
19810	\$294,800	-12.29%	48	2.13%	88	95.6%
19938	\$199,000	17.06%	2	100.00%	61	95.0%
19977	\$275,400	21.05%	4	100.00%	128	97.7%

Burlington County, NJ



Labor Market :

Employment declined by 10,836 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.5% in the fourth quarter to 7.6% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Burlington County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$250,700	\$234,900	↔
# Homes on the Market *	3,565	4,052	↑
# Homes Sold **	842	676	↔
# New Homes Built ***	72	54	↑
Avg # of Days on Market	98	109	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

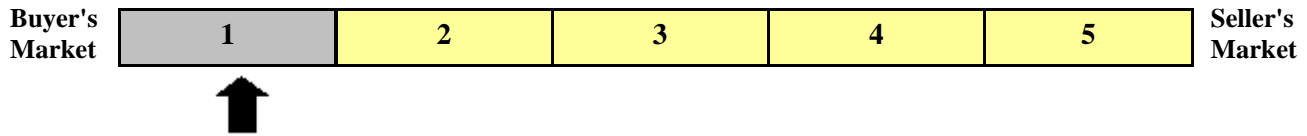
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08010	\$144,000	-29.13%	9	-52.63%	86	91.3%
08015	\$165,100	-12.27%	47	-18.97%	108	97.1%
08016	\$221,100	0.87%	47	-29.85%	87	95.8%
08019	\$225,000	N/A	1	N/A	161	94.1%
08022	\$292,200	-6.53%	13	-43.48%	133	94.5%
08036	\$281,000	-28.91%	5	-58.33%	99	95.1%
08041	\$427,000	47.50%	1	-50.00%	17	96.1%
08046	\$133,600	-20.38%	61	-14.08%	115	94.7%
08048	\$297,200	-12.87%	18	-14.29%	134	93.6%
08052	\$157,300	-11.28%	19	-45.71%	121	94.3%
08053	\$265,100	-0.19%	86	-13.13%	112	95.1%

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	\$244,500	-7.18%	93	-4.12%	103	94.9%
08055	\$304,400	-22.33%	34	-38.18%	128	93.6%
08057	\$483,500	-7.68%	28	16.67%	122	91.7%
08060	\$219,800	-6.15%	39	-26.42%	118	95.4%
08065	\$176,600	-11.96%	16	-15.79%	92	95.2%
08068	\$183,800	-20.16%	5	-54.55%	63	98.6%
08075	\$207,500	-2.40%	32	-43.86%	102	96.4%
08077	\$241,800	-29.03%	28	40.00%	120	94.2%
08088	\$209,900	-16.54%	30	-26.83%	119	95.2%
08224	\$200,000	N/A	1	N/A	205	91.0%
08501	\$370,000	N/A	1	N/A	6	88.1%
08505	\$245,800	-5.53%	21	-38.24%	141	95.8%
08511	\$267,500	N/A	1	N/A	18	97.3%
08515	\$445,900	5.96%	9	-30.77%	76	96.3%
08518	\$140,500	-0.14%	11	-21.43%	86	93.9%
08554	\$166,800	9.31%	13	-13.33%	75	91.8%
08558	\$439,000	N/A	1	N/A	116	92.4%
08562	\$228,900	4.86%	6	20.00%	98	97.3%

Camden County, NJ



Labor Market :

Employment declined by 11,288 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 6.7% in the fourth quarter to 9.1% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Camden County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$199,400	\$188,300	↔
# Homes on the Market *	3,847	4,190	↑
# Homes Sold **	851	690	↔
# New Homes Built ***	34	27	↑
Avg # of Days on Market	86	99	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

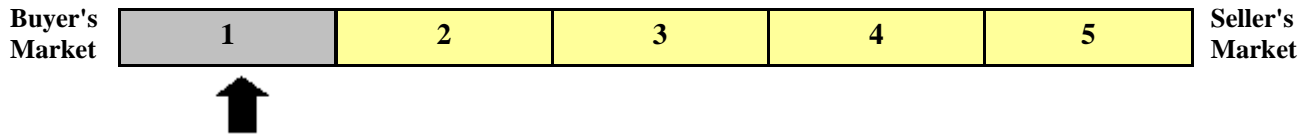
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08002	\$225,900	-2.92%	19	-48.65%	111	91.5%
08003	\$280,100	-2.64%	47	6.82%	96	93.4%
08004	\$169,900	-11.65%	19	-20.83%	92	96.1%
08007	\$199,400	-11.54%	7	0.00%	156	96.4%
08009	\$225,700	-7.76%	11	-50.00%	118	95.5%
08012	\$164,200	-21.70%	27	-40.00%	123	96.4%
08018	\$389,900	4.95%	1	-50.00%	282	100.0%
08021	\$129,600	-14.85%	66	-34.65%	119	94.8%
08026	\$182,500	-16.89%	1	-66.67%	40	91.3%
08029	\$166,600	-12.27%	9	50.00%	92	94.4%
08030	\$117,700	-4.15%	21	-34.38%	84	93.3%

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	\$177,400	2.96%	9	-52.63%	80	96.9%
08033	\$418,800	15.44%	32	0.00%	91	93.3%
08034	\$207,900	-12.61%	31	-32.61%	101	94.7%
08035	\$232,700	-8.39%	13	-43.48%	125	94.9%
08037	\$175,000	-30.00%	1	0.00%	183	94.6%
08043	\$259,900	-26.19%	39	-20.41%	125	95.8%
08045	\$115,000	-37.40%	1	-75.00%	234	135.3%
08049	\$165,900	-10.71%	10	-23.08%	94	96.7%
08059	\$172,500	-7.90%	14	-30.00%	41	99.7%
08078	\$142,100	-21.84%	14	-17.65%	56	96.8%
08081	\$189,100	-3.86%	87	-30.40%	91	95.5%
08083	\$164,700	-5.40%	10	11.11%	223	96.1%
08084	\$123,200	-41.14%	6	-25.00%	77	93.2%
08089	\$191,900	15.19%	6	100.00%	92	95.0%
08091	\$168,100	-16.41%	6	-64.71%	111	97.4%
08103	\$59,100	-21.09%	8	-55.56%	137	94.8%
08104	\$49,500	-30.18%	20	-44.44%	74	95.6%
08105	\$70,800	-11.83%	20	-16.67%	55	95.0%
08106	\$193,000	-10.77%	16	45.45%	66	94.8%
08107	\$147,500	-17.13%	23	35.29%	100	95.4%
08108	\$229,900	-6.20%	32	3.23%	78	94.5%
08109	\$165,400	-13.81%	33	6.45%	99	94.5%
08110	\$120,200	-11.55%	31	-20.51%	92	93.6%

Gloucester County, NJ



Labor Market :

Employment declined by 3,798 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 6% in the fourth quarter to 8.7% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Gloucester County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$234,100	\$211,000	↔
# Homes on the Market *	2,198	2,546	↑
# Homes Sold **	541	416	↔
# New Homes Built ***	90	55	↑
Avg # of Days on Market	103	106	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

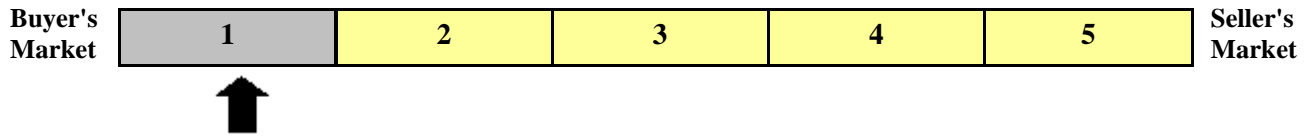
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08012	\$199,200	-7.00%	24	-35.14%	107	93.1%
08014	\$170,000	153.73%	1	0.00%	326	94.5%
08020	\$259,900	N/A	2	N/A	140	94.6%
08027	\$162,900	-13.17%	7	0.00%	67	95.5%
08028	\$187,000	-14.57%	29	-9.38%	104	94.2%
08032	\$165,900	N/A	1	N/A	215	100.0%
08051	\$190,000	12.56%	22	-31.25%	99	95.8%
08056	\$325,400	8.68%	4	-20.00%	52	98.3%
08061	\$291,900	21.02%	5	25.00%	356	98.0%
08062	\$266,000	-22.49%	23	0.00%	103	94.1%
08063	\$165,200	-2.25%	3	-25.00%	85	89.2%

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)
08066	\$145,600	8.33%	4	-73.33%	112	93.4%
08071	\$136,100	-31.85%	18	5.88%	113	95.7%
08080	\$237,200	-1.50%	54	-33.33%	98	95.3%
08081	\$248,300	-7.28%	2	-33.33%	201	95.5%
08085	\$274,800	-10.31%	27	-20.59%	91	95.8%
08086	\$216,900	-14.81%	14	-26.32%	150	94.3%
08090	\$175,300	-21.00%	9	-30.77%	108	95.1%
08093	\$179,400	8.99%	9	-43.75%	58	95.8%
08094	\$218,500	-5.98%	51	-15.00%	101	95.4%
08096	\$183,800	-7.82%	58	-7.94%	98	96.2%
08097	\$199,500	-1.63%	5	-54.55%	122	99.3%
08312	\$167,900	-6.31%	15	-21.05%	120	96.1%
08322	\$265,100	6.85%	16	-5.88%	89	94.1%
08328	\$183,900	4.55%	3	200.00%	38	96.9%
08343	\$272,500	-19.35%	2	-75.00%	120	95.6%
08344	\$171,400	4.32%	7	133.33%	142	89.3%
08360	\$162,000	-23.04%	1	-50.00%	165	95.4%

Mercer County, NJ



Labor Market :

Employment declined by 2,362 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.3% in the fourth quarter to 7.3% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Mercer County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$302,800	\$304,600	↔
# Homes on the Market *	2,149	2,539	↑
# Homes Sold **	510	430	↔
# New Homes Built ***	23	34	↑
Avg # of Days on Market	91	111	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

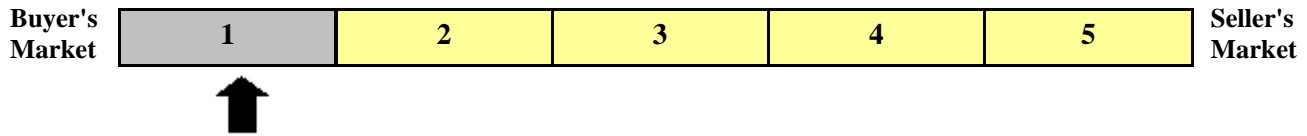
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08512	\$69,000	-54.93%	1	-88.89%	333	83.6%
08520	\$237,000	-12.61%	46	-14.81%	121	94.5%
08525	\$523,800	5.12%	4	0.00%	118	92.4%
08534	\$426,800	-5.16%	23	-8.00%	149	95.6%
08540	\$798,000	-13.53%	38	-41.54%	112	88.4%
08542	\$679,800	N/A	5	N/A	70	94.8%
08550	\$525,500	0.23%	23	-23.33%	79	95.9%
08560	\$356,200	-33.31%	3	-62.50%	164	93.2%
08561	\$325,000	N/A	1	N/A	13	98.5%
08609	\$67,300	-3.86%	9	-18.18%	84	83.6%
08610	\$159,500	-17.99%	43	-25.86%	101	95.7%

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	\$75,500	-20.78%	19	-50.00%	119	88.5%
08618	\$150,800	-4.38%	27	-34.15%	117	93.3%
08619	\$234,300	-0.68%	29	-25.64%	106	94.9%
08620	\$313,800	1.59%	8	-46.67%	123	97.6%
08628	\$229,200	-8.50%	13	-23.53%	136	95.6%
08629	\$110,000	-29.12%	17	30.77%	101	94.8%
08638	\$174,500	-21.54%	22	-37.14%	115	94.6%
08648	\$267,400	-19.26%	47	2.17%	102	95.3%
08690	\$279,700	-9.63%	26	-27.78%	137	94.5%
08691	\$388,000	6.51%	26	4.00%	93	96.1%

Salem County, NJ



Labor Market :

Employment declined by 1,678 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 7.3% in the fourth quarter to 10.5% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Salem County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$177,700	\$157,200	↔
# Homes on the Market *	574	663	↑
# Homes Sold **	82	79	↔
# New Homes Built ***	12	3	↑
Avg # of Days on Market	105	131	↑

* Available as of Mar. 31, 2009.

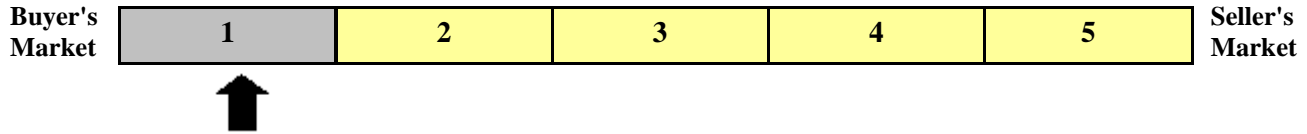
** May not add to total of zip codes

*** During the first two months of 1st 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	\$231,000	-38.40%	5	400.00%	95	86.3%
08023	\$122,000	N/A	1	N/A	8	97.7%
08067	\$201,000	-10.67%	2	100.00%	29	94.8%
08069	\$101,900	-33.49%	13	-18.75%	87	91.4%
08070	\$153,300	-17.05%	19	-26.92%	128	95.9%
08079	\$90,200	-35.85%	16	45.45%	155	96.2%
08098	\$216,600	-24.95%	11	-8.33%	115	96.2%
08302	\$184,500	-24.04%	1	-80.00%	55	88.5%
08318	\$198,200	-8.54%	8	-46.67%	180	91.1%
08343	\$500,000	N/A	1	N/A	541	90.9%
08344	\$202,500	N/A	2	N/A	226	87.1%

Berks County, PA



Labor Market :

Employment declined by 4,502 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 6.1% in the fourth quarter to 8.5% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Berks County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$176,400	\$165,200	↔
# Homes on the Market *	3,677	4,012	↑
# Homes Sold **	820	566	↔
# New Homes Built ***	27	16	↑
Avg # of Days on Market	81	99	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

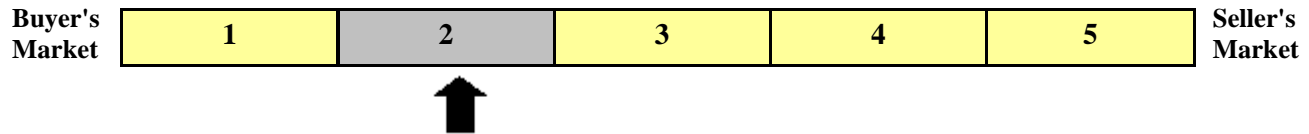
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18056	\$37,500	-90.11%	2	-33.33%	132	85.2%
19503	\$180,000	14.50%	1	-75.00%	50	91.1%
19504	\$292,500	40.90%	4	33.33%	172	94.9%
19505	\$234,300	39.88%	5	150.00%	66	94.6%
19506	\$282,900	18.42%	7	-46.15%	101	95.8%
19507	\$131,700	-2.88%	4	0.00%	71	96.6%
19508	\$192,600	17.15%	19	-47.22%	81	96.0%
19510	\$233,300	16.53%	5	-64.29%	165	99.5%
19512	\$170,200	-23.95%	20	-33.33%	103	95.3%
19518	\$228,800	-11.32%	32	28.00%	116	91.1%
19520	\$333,200	-39.47%	4	300.00%	1	113.4%

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)
19522	\$206,500	3.15%	13	-48.00%	90	96.5%
19526	\$127,100	-9.92%	15	-25.00%	106	97.5%
19530	\$209,700	25.79%	8	-55.56%	113	94.9%
19533	\$201,600	-7.52%	11	-26.67%	93	97.5%
19534	\$245,000	3.16%	1	-50.00%	61	98.0%
19539	\$178,500	16.82%	6	0.00%	158	90.5%
19540	\$236,900	24.55%	16	-33.33%	105	94.1%
19543	\$254,900	-13.24%	9	-35.71%	75	96.7%
19544	\$213,000	N/A	1	N/A	55	94.1%
19545	\$141,000	-15.82%	2	0.00%	30	95.9%
19547	\$182,800	-21.91%	6	0.00%	91	96.6%
19551	\$119,600	-26.58%	7	-46.15%	124	103.1%
19554	\$43,000	N/A	1	N/A	50	87.9%
19555	\$240,300	43.98%	7	-12.50%	90	89.9%
19560	\$153,100	18.77%	23	-20.69%	157	97.7%
19562	\$180,700	15.46%	2	-50.00%	124	96.4%
19565	\$207,100	13.17%	11	-35.29%	101	97.9%
19567	\$110,800	-26.53%	8	-38.46%	88	93.6%
19601	\$80,100	13.14%	29	-35.56%	104	97.4%
19602	\$44,800	5.66%	15	-28.57%	82	86.7%
19603	\$120,000	N/A	1	N/A	109	89.0%
19604	\$64,100	-6.29%	53	-23.19%	78	94.8%
19605	\$158,400	-2.88%	25	-52.83%	129	94.9%
19606	\$149,200	-15.61%	67	-24.72%	109	96.8%
19607	\$152,000	-6.35%	39	-36.07%	87	96.6%
19608	\$267,700	10.99%	27	-51.79%	105	97.4%
19609	\$143,200	-9.94%	21	-16.00%	73	96.6%
19610	\$255,100	0.87%	25	-35.90%	101	91.6%
19611	\$100,700	-19.31%	14	-57.58%	58	97.7%

Bucks County, PA



Labor Market :

Employment declined by 7,061 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.3% in the fourth quarter to 7.2% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Bucks County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$309,800	\$294,700	↔
# Homes on the Market *	3,510	4,212	↑
# Homes Sold **	1,095	810	↔
# New Homes Built ***	172	36	↑
Avg # of Days on Market	77	93	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

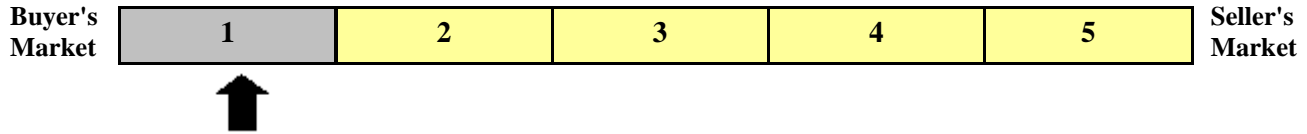
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08825	\$286,900	N/A	1	N/A	94	100.0%
18036	\$350,000	3.86%	3	0.00%	200	93.8%
18077	\$282,700	9.91%	3	-57.14%	135	92.7%
18901	\$349,100	-18.85%	41	-2.38%	134	94.4%
18902	\$423,900	N/A	24	N/A	68	94.2%
18913	\$375,000	-16.67%	1	0.00%	194	100.0%
18914	\$359,400	6.43%	33	-15.38%	129	94.4%
18917	\$223,900	-13.88%	6	200.00%	76	90.1%
18923	\$347,000	15.28%	2	-33.33%	65	93.0%
18925	\$466,800	-25.30%	11	-26.67%	80	95.7%
18929	\$547,500	36.88%	4	-78.95%	116	93.6%

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)
18930	\$381,400	-9.02%	4	-20.00%	68	98.5%
18938	\$613,500	-11.45%	16	-64.44%	110	87.1%
18940	\$438,900	-5.53%	42	-40.85%	90	90.8%
18942	\$675,000	60.94%	2	-66.67%	236	88.5%
18944	\$276,100	-14.57%	33	-37.74%	79	95.7%
18947	\$531,300	-0.06%	6	-33.33%	122	89.5%
18951	\$226,700	-18.98%	49	-46.74%	87	96.8%
18954	\$328,300	-34.13%	7	-30.00%	164	93.1%
18955	\$238,600	11.86%	3	50.00%	71	99.0%
18960	\$238,000	-12.53%	16	-33.33%	148	98.7%
18966	\$295,100	-16.57%	54	-15.63%	77	95.9%
18969	\$202,800	5.52%	5	-28.57%	96	98.5%
18972	\$391,000	26.87%	5	-16.67%	187	90.4%
18974	\$246,500	-17.70%	45	-10.00%	76	92.8%
18976	\$342,100	-2.42%	29	-27.50%	124	95.9%
18977	\$697,000	48.39%	9	12.50%	101	86.2%
19006	\$315,000	N/A	2	N/A	28	95.5%
19007	\$150,000	-12.64%	26	-25.71%	89	92.3%
19020	\$233,300	-10.44%	62	-12.68%	85	96.6%
19021	\$163,400	-15.38%	20	0.00%	80	95.5%
19030	\$229,700	-10.76%	13	-48.00%	85	97.8%
19047	\$276,700	-15.07%	26	-44.68%	87	94.5%
19053	\$259,600	-8.78%	21	-32.26%	106	94.6%
19054	\$209,800	-4.59%	34	21.43%	86	95.6%
19055	\$169,300	-12.46%	29	7.41%	64	97.3%
19056	\$250,100	4.91%	19	-26.92%	77	96.0%
19057	\$170,300	-8.83%	29	-17.14%	91	95.7%
19067	\$311,000	-20.36%	74	-17.78%	80	95.7%
19440	\$255,000	-53.00%	1	-66.67%	187	100.0%

Chester County, PA



Labor Market :

Employment declined by 2,370 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 4.5% in the fourth quarter to 5.8% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Chester County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$345,400	\$324,000	↔
# Homes on the Market *	3,421	3,996	↑
# Homes Sold **	904	749	↑
# New Homes Built ***	127	105	↑
Avg # of Days on Market	83	96	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

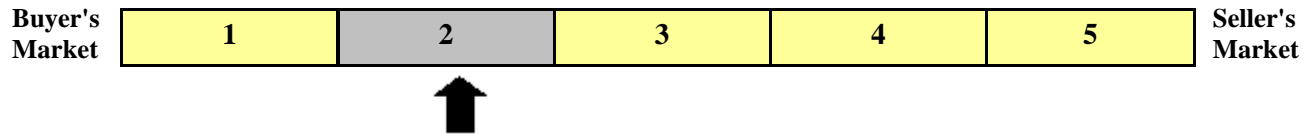
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19073	\$300,000	-14.43%	1	-87.50%	90	95.2%
19087	\$397,800	5.32%	30	-23.08%	97	93.6%
19301	\$303,300	-25.50%	9	-35.71%	53	91.7%
19311	\$291,100	-37.69%	7	-65.00%	132	93.7%
19312	\$673,900	23.70%	13	0.00%	76	95.8%
19317	\$525,300	-47.00%	6	20.00%	145	91.5%
19320	\$201,700	-4.45%	89	-5.32%	93	96.7%
19330	\$225,000	-50.25%	3	-25.00%	29	94.7%
19333	\$300,600	-72.33%	37	146.67%	37	96.3%
19335	\$327,900	7.61%	63	-37.00%	94	95.2%
19341	\$320,700	-14.07%	21	-27.59%	107	96.6%

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)
19343	\$475,600	24.47%	7	-53.33%	125	94.8%
19344	\$227,200	-22.98%	12	-14.29%	166	93.6%
19348	\$321,000	-24.24%	33	-26.67%	110	93.7%
19350	\$477,500	-2.79%	15	66.67%	152	92.1%
19352	\$355,500	2.66%	12	-29.41%	108	96.8%
19355	\$518,200	-9.09%	45	12.50%	76	94.9%
19362	\$222,000	10.34%	4	-33.33%	49	99.1%
19363	\$239,500	-13.88%	22	-12.00%	89	95.3%
19365	\$156,700	-20.98%	12	-7.69%	95	94.5%
19372	\$266,000	11.86%	5	-44.44%	68	96.8%
19376	\$175,000	N/A	1	N/A	23	87.5%
19380	\$342,500	-3.66%	59	-25.32%	88	95.6%
19382	\$335,600	-12.70%	78	-15.22%	108	95.4%
19390	\$302,800	-2.48%	17	-15.00%	96	95.4%
19425	\$431,900	-6.27%	28	-22.22%	149	97.2%
19460	\$270,300	-4.18%	75	-16.67%	92	94.5%
19465	\$251,600	-19.97%	29	16.00%	96	97.9%
19475	\$311,500	12.01%	11	-60.71%	108	96.2%
19520	\$218,600	-26.84%	5	-58.33%	165	80.1%

Delaware County, PA



Labor Market :

Employment declined by 5,621 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.5% in the fourth quarter to 6.9% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Delaware County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$245,200	\$236,800	↔
# Homes on the Market *	3,120	3,648	↑
# Homes Sold **	999	792	↔
# New Homes Built ***	18	14	↑
Avg # of Days on Market	78	95	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

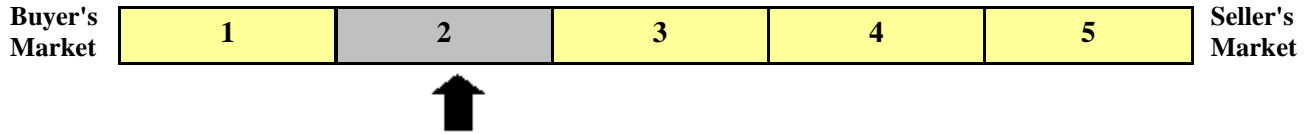
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19003	\$275,300	4.48%	14	-26.32%	86	95.8%
19008	\$303,300	-5.66%	20	-37.50%	67	95.6%
19010	\$408,700	19.64%	18	-35.71%	103	96.2%
19013	\$59,700	-24.81%	16	-73.77%	74	89.2%
19014	\$221,300	9.77%	35	-32.69%	119	94.4%
19015	\$163,300	6.18%	33	-26.67%	77	96.9%
19018	\$141,300	-11.69%	33	-32.65%	87	95.8%
19022	\$106,600	15.37%	9	50.00%	147	96.5%
19023	\$76,100	-8.75%	43	0.00%	85	93.6%
19026	\$175,500	-21.30%	41	-42.25%	108	95.5%
19029	\$121,700	-20.35%	3	-50.00%	73	94.8%

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	\$113,300	0.35%	12	-50.00%	145	96.3%
19033	\$206,700	-3.19%	12	-7.69%	69	96.3%
19036	\$153,100	13.91%	26	-25.71%	63	97.2%
19041	\$273,300	-55.71%	3	-25.00%	191	79.0%
19043	\$246,500	21.01%	2	-50.00%	68	100.4%
19050	\$127,400	-20.87%	42	-32.26%	112	96.0%
19061	\$270,900	13.97%	50	-36.71%	120	97.1%
19063	\$350,600	-15.40%	46	-24.59%	89	96.2%
19064	\$275,500	-4.44%	32	-23.81%	83	96.0%
19070	\$206,200	18.03%	7	-12.50%	68	96.7%
19073	\$439,300	-21.71%	27	-37.21%	91	92.1%
19074	\$154,800	-17.00%	5	-54.55%	85	96.0%
19076	\$143,900	-12.68%	11	175.00%	101	94.7%
19078	\$175,600	-13.75%	9	-47.06%	84	98.4%
19079	\$103,200	-10.65%	20	-4.76%	83	94.2%
19081	\$245,900	-24.08%	11	-57.69%	72	98.1%
19082	\$89,900	-24.90%	55	-26.67%	96	94.0%
19083	\$254,900	-10.81%	55	-19.12%	101	94.8%
19085	\$886,600	-26.42%	6	20.00%	98	85.3%
19086	\$315,600	-4.65%	24	-14.29%	107	95.7%
19087	\$588,600	-34.35%	23	27.78%	91	92.6%
19094	\$148,600	-23.05%	4	-55.56%	43	99.2%
19317	\$384,400	32.73%	5	-50.00%	39	96.7%
19342	\$376,400	-8.06%	32	33.33%	112	95.4%
19373	\$579,200	-7.03%	6	200.00%	139	104.1%
19382	\$650,000	-18.75%	2	100.00%	86	88.7%

Montgomery County, PA



Labor Market :

Employment declined by 7,141 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 4.9% in the fourth quarter to 6.5% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Montgomery County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$302,400	\$285,400	↔
# Homes on the Market *	4,717	5,635	↑
# Homes Sold **	1,569	1,125	↔
# New Homes Built ***	114	103	↑
Avg # of Days on Market	77	95	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st 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	\$167,800	-20.36%	10	100.00%	92	97.8%
18054	\$171,800	-30.42%	5	25.00%	124	96.8%
18073	\$245,500	-13.34%	10	-41.18%	70	95.5%
18074	\$222,000	-20.80%	8	-11.11%	177	96.5%
18076	\$203,700	14.83%	7	-12.50%	83	95.5%
18915	\$240,500	-32.25%	2	100.00%	13	98.2%
18964	\$216,400	-17.18%	15	-31.82%	68	96.6%
18969	\$259,100	6.23%	14	7.69%	102	97.7%
19001	\$217,000	-9.36%	25	-26.47%	79	97.4%
19002	\$361,500	-15.04%	50	2.04%	78	95.1%
19003	\$321,300	-2.64%	10	-41.18%	111	93.8%

Montgomery County, PA

Data by Zip Codes

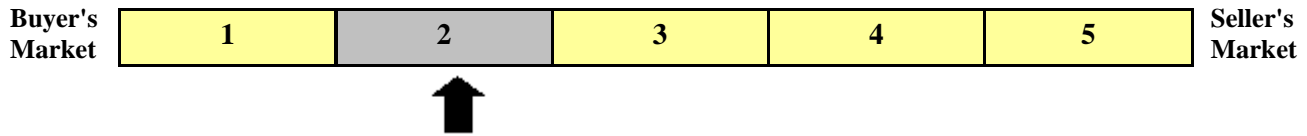
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19004	\$295,800	-35.06%	10	-47.37%	64	90.3%
19006	\$346,100	-14.14%	15	-50.00%	87	92.8%
19010	\$770,700	-15.95%	9	-35.71%	150	89.8%
19012	\$213,000	-10.20%	10	-28.57%	114	91.5%
19025	\$333,000	-16.23%	5	0.00%	100	92.9%
19027	\$343,200	36.79%	22	-33.33%	100	96.2%
19031	\$337,500	-13.39%	3	-75.00%	86	99.4%
19034	\$334,400	-44.22%	10	-23.08%	106	93.3%
19035	\$992,900	-19.77%	6	-14.29%	108	91.7%
19038	\$234,900	-16.47%	49	-14.04%	94	96.2%
19040	\$262,900	9.09%	23	-20.69%	76	98.0%
19041	\$762,100	11.96%	6	-57.14%	134	89.3%
19044	\$268,600	9.86%	28	-9.68%	91	95.4%
19046	\$365,800	-2.74%	17	-37.04%	107	92.3%
19066	\$472,100	-11.43%	9	-47.06%	102	92.6%
19072	\$623,100	4.39%	10	-50.00%	149	93.0%
19075	\$318,300	2.22%	8	-27.27%	79	97.2%
19085	\$485,000	-52.54%	1	-88.89%	7	88.3%
19087	\$754,900	65.62%	7	75.00%	83	98.4%
19090	\$211,700	-9.95%	25	-37.50%	73	96.8%
19095	\$292,000	1.49%	6	-50.00%	102	95.6%
19096	\$464,300	-2.85%	21	-40.00%	120	92.1%
19401	\$128,500	-22.96%	53	-44.21%	93	92.3%
19403	\$280,700	3.39%	64	-36.00%	84	96.7%
19405	\$166,000	-17.17%	5	-61.54%	70	97.1%
19406	\$275,200	2.27%	30	-36.17%	83	95.5%
19422	\$475,000	32.68%	32	-17.95%	115	91.5%
19426	\$311,400	-7.24%	61	-10.29%	99	94.6%
19428	\$279,500	-6.02%	40	-24.53%	83	93.8%
19438	\$279,200	-12.97%	28	-39.13%	103	96.8%
19440	\$269,600	-0.33%	11	-62.07%	107	96.1%
19444	\$391,200	7.86%	18	38.46%	114	94.4%
19446	\$252,600	-13.49%	72	-27.27%	80	94.4%
19453	\$150,000	-1.83%	8	100.00%	108	97.1%
19454	\$237,600	-18.96%	50	-18.03%	92	94.8%
19456	\$214,000	N/A	1	N/A	532	99.6%
19460	\$310,300	-36.53%	8	-11.11%	93	93.5%

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)
19462	\$264,600	-2.97%	18	5.88%	96	92.9%
19464	\$167,000	-6.18%	89	-31.01%	86	97.6%
19468	\$217,500	-11.04%	34	-39.29%	157	96.1%
19473	\$238,400	-30.31%	23	-56.60%	131	96.6%
19474	\$247,500	-13.46%	1	-87.50%	33	99.0%
19490	\$1,000,000	85.19%	1	0.00%	165	77.6%
19492	\$240,000	28.00%	1	-50.00%	79	91.3%
19504	\$233,300	-44.78%	4	0.00%	73	97.7%
19525	\$270,300	-14.22%	17	-22.73%	82	98.7%

Philadelphia County, PA



Labor Market :

Employment declined by 9,893 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 7.9% in the fourth quarter to 9.5% for the first two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Philadelphia County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 08	Q1' 09	Q2' 09 (Forecast)
Average Price	\$172,100	\$171,000	↔
# Homes on the Market *	8,632	9,497	↑
# Homes Sold **	2,328	1,885	↔
# New Homes Built ***	50	50	↑
Avg # of Days on Market	69	81	↑

* Available as of Mar. 31, 2009.

** May not add to total of zip codes

*** During the first two months of 1st 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	\$796,800	72.99%	16	60.00%	211	98.2%
19103	\$469,300	-16.88%	24	-69.62%	112	95.6%
19104	\$259,900	83.29%	14	-17.65%	166	94.1%
19106	\$567,600	0.96%	24	-56.36%	125	90.8%
19107	\$390,500	-19.68%	17	-48.48%	196	91.0%
19111	\$162,100	-7.42%	75	-25.00%	72	95.8%
19114	\$183,600	-18.87%	47	-26.56%	89	94.7%
19115	\$215,000	-3.02%	37	-28.85%	78	93.6%
19116	\$226,500	0.27%	29	-32.56%	82	94.9%
19118	\$450,500	-12.41%	10	-61.54%	104	90.6%
19119	\$206,700	-24.42%	40	-32.20%	73	94.4%

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	\$78,800	-12.74%	81	-29.57%	61	94.9%
19121	\$139,400	32.64%	12	-55.56%	62	95.9%
19122	\$192,800	6.28%	14	75.00%	83	95.1%
19123	\$330,300	-25.73%	15	-53.13%	79	93.7%
19124	\$78,100	-10.23%	93	-31.11%	69	94.5%
19125	\$163,800	-10.93%	38	-50.65%	70	94.8%
19126	\$139,600	18.91%	22	4.76%	85	90.7%
19127	\$260,500	3.41%	13	-48.00%	79	95.6%
19128	\$239,400	-6.85%	79	-15.96%	93	94.9%
19129	\$269,500	36.73%	18	5.88%	92	93.2%
19130	\$293,400	-24.42%	39	-50.63%	130	94.5%
19131	\$106,700	21.94%	33	-31.25%	70	92.0%
19132	\$40,300	-23.53%	14	-53.33%	46	84.2%
19133	\$65,300	45.11%	4	-71.43%	154	93.6%
19134	\$78,200	2.89%	81	-33.06%	68	94.3%
19135	\$98,800	-11.94%	51	-32.00%	64	95.1%
19136	\$128,500	-3.38%	56	-30.86%	67	96.4%
19137	\$124,900	6.84%	11	-50.00%	76	98.1%
19138	\$101,600	9.60%	44	-35.29%	67	96.3%
19139	\$83,700	31.19%	28	-50.00%	71	92.5%
19140	\$54,800	15.86%	28	-12.50%	76	93.7%
19141	\$84,000	-2.55%	37	-15.91%	88	94.0%
19142	\$53,200	-21.42%	44	-12.00%	51	91.1%
19143	\$93,400	14.32%	44	-42.11%	81	91.4%
19144	\$87,200	-29.45%	32	-44.83%	78	95.2%
19145	\$139,600	-8.40%	63	-38.83%	84	92.5%
19146	\$248,300	13.38%	82	-42.66%	95	94.9%
19147	\$310,700	-8.99%	78	-9.30%	92	94.6%
19148	\$142,500	-1.32%	110	-16.03%	75	93.4%
19149	\$113,000	-9.09%	103	0.00%	89	94.9%
19150	\$150,900	9.03%	27	-25.00%	91	95.5%
19151	\$124,700	7.87%	37	-37.29%	69	94.1%
19152	\$177,500	-9.11%	43	-10.42%	53	96.6%
19153	\$121,800	-2.72%	16	-23.81%	77	96.0%
19154	\$186,400	-3.67%	62	-4.62%	67	97.2%

Changing Season, or Changing Market?

By Ken Fears

Manager, Regional economics

The housing market has been in hibernation for most of the winter. With mortgage rates at record lows, prices moderating in most areas, and affordability at its highest level in nearly a decade, most market observers are wondering what it will take to draw buyers off the fence? One certainty is that buyers will come back to the market eventually, but when and how will we know? A review of what to look for might help.

Every spring housing markets around the country experience an increase in inventory coming to the market. By late spring, most markets experience an increase in sales volume as well as an increase in the median price. This improvement is relative to the winter market that takes place in the fourth quarter and first quarter of the subsequent year. Because this seasonal pattern exists, it is important to account for it when trying to determine market trends. The best way to do so is to compare the same seasonal markets. For example, one should not compare aggregate statistics like sales, prices or inventory for the first quarter with those of the second quarter because they are almost always higher in the second quarter. An exception to this rule is if the data has been seasonalized; a fancy term for a sophisticated statistical technique used to make data from two different seasons comparable. For most statistics and all that are not seasonally adjusted, one should compare the same season on a year-over-year basis. One could compare the median home price for January of 2009 with that measured for January of 2008 for instance and be able to reasonably discern whether the market is better or worse than the same time a year earlier.

So, if we look at sales volume in the market covered by TREND MLS, sales in the first quarter fell relative to the fourth quarter of 2008. But, these are different seasonal markets and the data is not seasonally adjusted, so it is difficult to determine if the market is truly improving or not.

The most important indicator of the health of a housing market, though, is the months supply; a measure related to inventory. The months supply is the inventory divided by the number of sales in the most recent period; literally supply divided by demand. Because of the large supply of new homes and foreclosures along with the dearth of demand in the current market, prices are soft or moderating in most areas. This downward pressure can result in more foreclosures which end up contributing to higher inventories and a downward cycle for prices. An improvement in sales may only be seasonal or short-term, but an improvement in inventories relative to demand will have a stronger impact on prices, consumers' perception, and the long-term health of the market.

One nice thing about the ratio of months supply is that you can directly compare two adjacent time periods or seasons without worrying about seasonal patterns because what matters is the relative tightness of the market (supply versus demand) at any point in time. When the ratio of inventory relative to demand is high, then buyers have pricing power and prices are either flat or moderating. The opposite is true of a sellers' market and was typical of the period from 2000 through 2006. Consequently, one of the first signs of an improving market will be stabilization of inventory and a decline in the months supply.

Here in the market covered by TREND MLS performing, the supply of housing rose between the fourth and first quarter. Meanwhile, the months supply increased over this same time period.

It is too early to say whether the market will gain traction and improve in the second half of 2009. However, we can see from the months supply analysis that the market needs to remove more inventory. When the inventory issue is resolved, confidence and demand will return.

Welcome, Sweet Spring

by Lawrence Yun, NAR Chief Economist

After what I'm sure was a "winter of discontent" for a lot of us, it is finally Spring. Perhaps it is the better weather, or the fact that next month many REALTORS® will be visiting Washington for NAR's Midyear meeting, and I look forward to seeing them. But I find myself being cautiously (emphasis added) optimistic.

There are several reasons. First of all, pending home sales were up in February. While the reading is below the benchmark reading of 100 set in 2001, February's pending home sales index was up from January's level. January's index was exceptionally low. It's important to remember that pending home sales generally move up and down month to month. So the question is: is the latest rise sustainable?

I am comfortable in saying that the second half of this year will be measurably better than the first half for several reasons. The impact of the stimulus package provisions will have had time to take effect. The home buyer tax credit – \$8,000 for first-time home buyers – should also help spur home sales. Add to that 50-year low interest rates and the increase in loan limits in high-cost areas so more people have access to lower rates. That's good news for housing, and likely points to healthy home sales activity in the second half of this year.

Of course, not all markets will experience the same level of activity. February's pending sales indicate some areas of the U.S. are performing pretty well, but the trends are shifting. The West region, led by California, had been the leader in unit sales (not necessarily prices), as people took advantage of bargain-basement prices. February's pending sales shows a decline in the West, but increases in the Northeast, the Midwest and a modest rise in the South.

Interest Rates

We are now seeing mortgage interest rates at 50-year lows. Who would ever have thought that a 30-year fixed mortgage loan would go for under 5 percent! Of course, those loans are for households with good credit, high FICO scores, and for those who qualify for refinancing. But it does mean that more households CAN improve the qualifying debt-to-income ratios, particularly if a buyer shoots for homes well within his/her budget. It gets the money moving.

But we also need to look at long-term interest rates which are inching up. The 10-year Treasury yield has been creeping up despite the efforts by the Federal Reserve to bring it down. TALF (Term Asset Lending Facility) is being utilized to buy government bonds, small business loans, credit card and other consumer loans and securities in order to get dollars moving along the economy. The Fed can do this by printing money. When the Fed buys bonds, it puts pressure on long-term rates to fall — in general. But if financial institutions believe there will be future erosion in the dollar's purchasing power, they will be less receptive to lend unless higher interest rates compensate for the potential loss in the purchasing power of the dollar. That is what may be happening: the 10-year Treasury yield is moving higher even though the Federal Reserve has been buying those bonds. Remember: the 30-year mortgage rates generally move roughly in proportion to 10-year Treasuries. So the mortgage rates could be a tad higher this week compared to the last. Still, it will be a while before we see 30-year fixed rates in the high 6 percent range.

Jobs

Another 2 million job losses appear certain over the next 6 to 9 months and the unemployment rate likely to hit or slightly breach 10 percent before stabilizing and then declining. But by no means will the unemployment rate reach the 25 percent rate seen during the Great Depression. And be mindful that those job cut figures are net changes. Every year, the economy adds about 30 million jobs. If there are 35 million job cuts, then the net is 5 million job reductions. If there are 28 million job cuts, then the net is a positive 2 million. Even during a difficult recession, there are constant turnovers in the labor market with about 30 million new hires. Once the economy gets a jolt from the stimulus, which is expected in the second half of the year, the pace of job cuts will lessen. By 2010, the job market will start to add jobs. Indeed, there is one sector – health care – where jobs are being created.

Despite the negative job market reports, the lower mortgage rates can actually trump the impact of job cuts on home sales. Over 90 percent of the workforce still has jobs and they are in a position to respond to home buying incentives.

Some potential spring storms








As I said, I am cautiously optimistic. There are some potential developments that could postpone a second-half uptick. Do not automatically assume mortgage rates will fall further because of the Federal Reserve pumping out more money. Rates may fall or they may not. There are a lot of forces at work in moving interest rates one way or the other. Second, look for foreclosures to trend higher as close to half of modified loans end up re-defaulting; foreclosure rates will rise despite mortgage modifications plans. The key to housing stabilization is whether or not there are sufficient buyers of foreclosed homes. The good news is that recent data indicate that home sales are picking up on the low-price points and for those homes in foreclosures.

... but also some sunny days

Nationally, housing affordability is the highest it has ever been. NAR's Housing Affordability Index rose 0.9 percentage points in February to a record high of 173.5. That is 36.3 percentage points higher than a year ago. A median-income family, earning \$59,700, could afford a home costing \$285,600 in February with a 20 percent down payment, assuming 25 percent of gross income is devoted to mortgage principal and interest. For potential buyers with a good job, good credit history, and who plan to stay in a home long-term, it is an excellent time to purchase a property. This is especially true for first-time buyers who can qualify for an \$8,000 tax credit this year, have a great selection of homes to choose from, and are in a favorable negotiating position. Yes, we have a ways to go for there to be a meaningful increase in home sales. But recent increases in shopping activity are hopeful indicators that we'll see additional sales gains.

Happy Spring!

This table reflects data available through April of 2009.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p>Existing Home Sales rose 5.1% in February to a seasonally adjusted annual rate of 4.72 million units. First-time buyers accounted for half of all home sales during the month. Despite the rise in resales, total housing inventory at the end of February rose 5.2% to 3.80 million existing homes available for sale – a 9.7-month supply at the current sales pace. The national median existing-home price was \$165,400 in February, down 15.5% from a year ago.</p>	Feb 09 4,720 Jan 09 4,490 Feb 08 4,950		First-time buyer tax credit will stimulate the lower-priced homes first
<p>New Home Sales increased in February to 337,000 seasonally adjusted annualized units – 4.7% above the level of sales in January but 41.1% below that in February of 2008. The inventory of new homes available for sale declined to a 12.2 months supply at the current sales pace. Still, the supply of new homes is up more than 25% from a year ago.</p>	Feb 09 337 Jan 09 332 Feb 08 572		Few new homes being built so there will be few new home sales
<p>Housing Starts rose 22.2% in February to a seasonally adjusted annual rate of 583,000 units. The increase follows the historic low of 477,000 units in January. Most of the increase came from multifamily units. Building permits – generally a reliable indicator of future starts – also increased 3.0% in February to a seasonally adjusted annual rate of 547,000, but are down from 981,000 in February 2008.</p>	Feb 09 583 Jan 09 447 Feb 08 1,107		Down over the next 6 months, before rising steadily
<p>Housing Affordability continues to improve. NAR's Housing Affordability Index (HAI) rose to 173.5 in February – the highest level since the index was created in 1971. Declining home prices coupled with lower mortgage rates helped push up the index reading. While affordability has risen, there are still a sizeable number of people shut out from the marketplace because of stringent underwriting standards.</p>	Feb 09 173.5 Jan 09 172.6 Feb 08 137.2		All-time high affordability conditions for those who can get approved and lock in low mortgage rates
<p>Mortgage Rates also declined in March. The average 30-year fixed rate for the month was 5.0% – down from 5.13% in February. The Federal Reserve's program of purchasing mortgage-backed securities is helping drive mortgage rates down, thus making homebuying more affordable for those households who qualify for a loan.</p>	Mar 09 5.00% Feb 09 5.13% Mar 08 5.97%		50-year low mortgage rates in 2009
<p>Employment The economy continued to bleed jobs in March, as a net 663,000 jobs were shed and the number of jobs lost in February and January were revised higher. The national unemployment rate increased to 8.5% – its highest level in 25 years. There were some bright spots: the Education and Health Care sectors have added 450,000 payrolls in the past 12 months.</p>	Mar 09 663 Feb 09 651 12-month total: -4,795		The pace of job losses will slow in the second half, but it is still a net job loss
<p>Economic Growth The economy contracted by 6.3% from the third to the fourth quarter of 2008. This is the final estimate of GDP growth based on more complete data. For comparison, GDP growth in the third quarter of last year was -5.0%. Federal government spending rose, but not enough to offset declines in consumer spending (personal consumption expenditures), spending on equipment and software and residential fixed investment all of which contributed to the negative growth number.</p>	2008:IV -6.3% 2008:III -0.5% 2007:IV -0.2%		The economy output recovers before the job market

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