

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.

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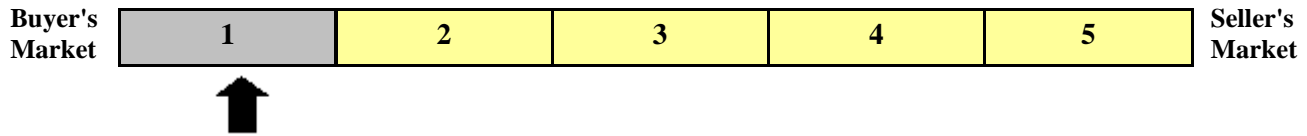
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*Reprinted from [Real Estate Outlook: Market Trends and Insights](#).

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Kent County, DE



Labor Market :

Kent County saw 451 layoffs occur during October and November. Despite the decline in employment, the average monthly unemployment rate fell from 8% during the third quarter to 7.9% in the first two months of the fourth quarter. Rising job losses are hurting demand, but historically low mortgage rates are improving affordability.

Housing Market :

	<i>Q3' 09</i>	<i>Q4' 09</i>	<i>Q1' 10</i> <i>(Forecast)</i>
Average Price	\$206,600	\$199,600	↓
# Homes on the Market *	2,742	2,485	↑
# Homes Sold **	373	346	↓
# New Homes Built ***	223	102	↑
Avg # of Days on Market	118	112	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

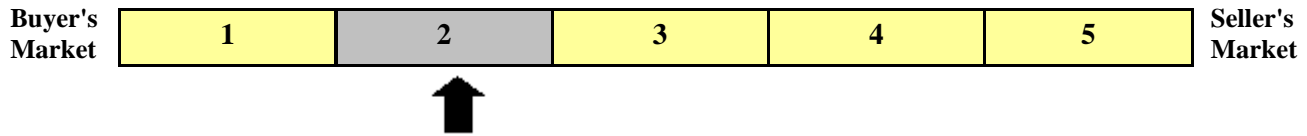
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19901	\$182,200	-17.52%	53	23.26%	127	97.4%
19904	\$186,200	-6.48%	66	0.00%	98	97.8%
19934	\$252,600	9.21%	26	23.81%	91	96.4%
19938	\$204,400	-4.84%	23	43.75%	104	96.8%
19943	\$186,500	-20.03%	27	145.45%	111	98.7%
19946	\$244,500	38.92%	9	125.00%	175	95.3%
19950	\$188,500	-10.24%	2	-33.33%	167	93.1%
19952	\$164,100	-22.56%	27	145.45%	122	94.4%
19953	\$260,300	14.37%	6	-25.00%	76	93.7%
19954	\$146,900	-1.28%	3	-25.00%	82	98.9%
19962	\$225,100	2.64%	30	36.36%	156	97.5%
19963	\$163,900	-19.06%	5	-16.67%	79	94.9%

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)
19964	\$116,900	-48.62%	4	100.00%	65	96.9%
19977	\$208,900	1.95%	64	88.24%	104	97.6%
19979	\$385,000	105.33%	1	0.00%	64	96.3%

New Castle County, DE



Labor Market :

In the first two months of the fourth quarter, 40 jobs were added to the payrolls of New Castle County. As a result of these new jobs, the average monthly unemployment rate fell from 8.5% during the third quarter to 8.3% for October and November. This steady job creation may help to maintain demand for home purchases. Favorable mortgage rates should support this trend.

Housing Market :

	<i>Q3' 09</i>	<i>Q4' 09</i>	<i>Q1' 10</i> <i>(Forecast)</i>
Average Price	\$246,200	\$232,900	↓
# Homes on the Market *	5,159	4,585	↑
# Homes Sold **	1,411	1,266	↓
# New Homes Built ***	196	124	↑
Avg # of Days on Market	72	76	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

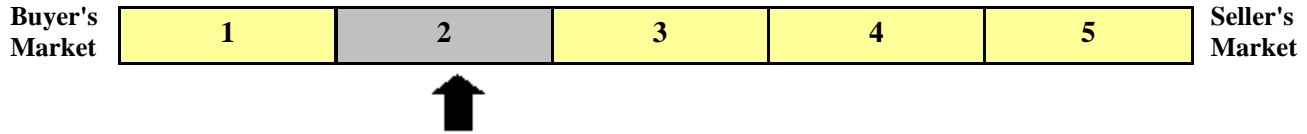
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19701	\$251,400	-7.74%	90	18.42%	100	96.3%
19702	\$223,300	-2.15%	132	32.00%	68	97.6%
19703	\$188,800	3.68%	34	30.77%	69	97.4%
19706	\$91,100	-46.41%	2	100.00%	96	93.5%
19707	\$368,300	-6.74%	44	69.23%	64	96.0%
19709	\$279,400	-9.99%	92	41.54%	92	98.2%
19711	\$289,200	-9.51%	84	23.53%	73	96.6%
19713	\$178,400	-7.85%	62	0.00%	62	97.0%
19720	\$180,600	4.27%	142	43.43%	71	97.7%
19732	\$515,000	N/A	1	N/A	207	83.2%
19734	\$286,700	-2.02%	18	-10.00%	104	96.6%

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)
19801	\$102,500	-47.38%	22	10.00%	133	95.7%
19802	\$149,400	5.51%	61	15.09%	88	96.4%
19803	\$292,600	-13.66%	55	17.02%	66	95.5%
19804	\$186,000	-0.75%	52	62.50%	66	98.5%
19805	\$157,900	6.83%	111	15.63%	82	97.0%
19806	\$270,400	-12.24%	46	12.20%	77	93.7%
19807	\$566,400	-5.38%	14	-6.67%	114	93.6%
19808	\$250,100	7.34%	109	11.22%	70	96.5%
19809	\$221,000	-7.10%	38	65.22%	51	96.3%
19810	\$300,600	-2.94%	55	25.00%	60	95.9%
19938	\$175,000	28.77%	1	0.00%	81	93.8%
19977	\$178,000	N/A	1	N/A	71	96.2%

Burlington County, NJ



Labor Market :

In the first two months of the fourth quarter, 377 jobs were added to the payrolls of Burlington County. As a result of these new jobs, the average monthly unemployment rate fell from 9.1% during the third quarter to 8.8% for October and November. This steady job creation may help to maintain demand for home purchases. Favorable mortgage rates should support this trend.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$249,300	\$241,700	↓
# Homes on the Market *	6,235	5,365	↑
# Homes Sold **	1,206	1,117	↓
# New Homes Built ***	118	101	↑
Avg # of Days on Market	101	100	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

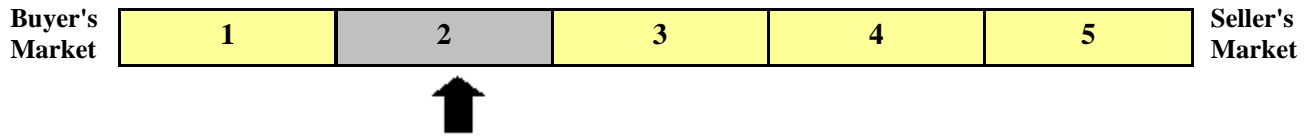
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08010	\$144,100	-18.82%	23	43.75%	116	94.3%
08015	\$163,700	1.55%	57	16.33%	72	97.5%
08016	\$237,100	-4.01%	74	19.35%	109	95.5%
08019	\$174,000	N/A	3	N/A	56	90.7%
08022	\$327,700	-8.10%	39	95.00%	117	95.7%
08036	\$291,400	0.76%	6	-14.29%	54	94.6%
08046	\$142,500	-3.06%	90	28.57%	111	96.3%
08048	\$237,700	-11.27%	24	71.43%	150	95.6%
08052	\$181,800	6.01%	36	44.00%	79	96.5%
08053	\$258,500	-2.01%	136	23.64%	99	95.4%
08054	\$227,300	-16.28%	151	17.97%	91	96.1%

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)
08055	\$318,600	-5.01%	70	52.17%	96	96.0%
08057	\$648,500	39.73%	33	6.45%	125	92.8%
08060	\$216,200	-6.20%	63	28.57%	79	95.7%
08064	\$279,000	N/A	1	N/A	368	93.3%
08065	\$184,000	1.10%	17	13.33%	74	96.4%
08068	\$203,200	-19.27%	7	40.00%	110	97.4%
08075	\$210,400	-6.90%	85	41.67%	92	95.9%
08077	\$263,400	-0.34%	37	76.19%	106	95.8%
08088	\$248,300	8.86%	55	34.15%	126	94.9%
08505	\$262,300	-5.61%	58	70.59%	88	96.1%
08511	\$290,100	-28.51%	3	50.00%	195	95.2%
08515	\$395,300	-10.32%	9	12.50%	212	97.8%
08518	\$163,800	22.15%	16	128.57%	77	92.8%
08554	\$154,600	10.43%	18	200.00%	96	95.4%
08562	\$279,400	-3.19%	6	-25.00%	142	97.2%

Camden County, NJ



Labor Market :

In the first two months of the fourth quarter, 412 jobs were added to the payrolls of Camden County. As a result of these new jobs, the average monthly unemployment rate fell from 10.8% during the third quarter to 10.6% for October and November. This steady job creation may help to maintain demand for home purchases. Favorable mortgage rates should support this trend.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$210,200	\$191,600	↓
# Homes on the Market *	6,560	5,773	↑
# Homes Sold **	1,195	1,176	↓
# New Homes Built ***	55	57	↑
Avg # of Days on Market	93	94	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

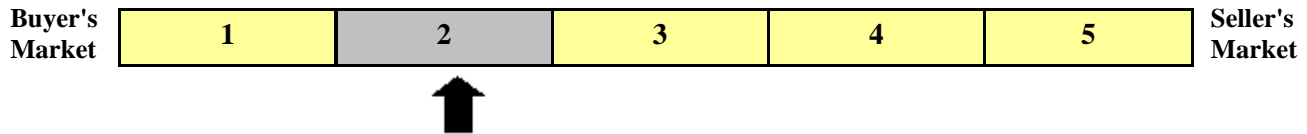
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08002	\$225,100	8.01%	67	86.11%	105	95.6%
08003	\$282,200	-7.32%	70	37.25%	87	94.0%
08004	\$198,700	12.96%	30	114.29%	94	95.9%
08007	\$193,900	4.08%	13	225.00%	70	95.8%
08009	\$207,700	-2.03%	31	24.00%	87	95.9%
08012	\$184,200	-4.26%	48	6.67%	108	97.0%
08021	\$135,500	-2.73%	91	75.00%	99	96.0%
08026	\$180,000	-62.18%	3	200.00%	169	92.0%
08029	\$162,700	-2.63%	16	128.57%	114	95.7%
08030	\$110,000	-6.06%	42	61.54%	102	95.8%
08031	\$156,900	-10.03%	22	4.76%	80	95.1%

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)
08033	\$340,700	-21.53%	38	2.70%	119	95.0%
08034	\$229,900	-10.65%	61	64.86%	96	94.5%
08035	\$246,700	-24.79%	16	0.00%	112	96.8%
08037	\$182,500	-17.35%	4	-20.00%	216	97.0%
08043	\$293,200	14.09%	76	49.02%	85	95.0%
08045	\$114,100	-28.10%	8	14.29%	105	96.0%
08049	\$163,300	17.14%	12	71.43%	101	96.8%
08059	\$164,500	20.87%	28	250.00%	106	98.1%
08078	\$159,500	-10.24%	30	150.00%	87	96.0%
08081	\$178,000	-7.05%	152	20.63%	91	96.8%
08083	\$188,400	10.05%	24	118.18%	100	96.8%
08084	\$181,400	3.36%	15	50.00%	114	93.7%
08089	\$172,400	153.53%	7	600.00%	80	97.9%
08091	\$121,700	-51.92%	6	-14.29%	162	90.2%
08102	\$89,900	-35.46%	1	-80.00%	71	100.0%
08103	\$55,900	-21.82%	11	0.00%	64	84.5%
08104	\$56,200	-1.23%	25	-37.50%	75	94.3%
08105	\$74,700	11.16%	22	-4.35%	65	93.5%
08106	\$217,700	2.54%	25	47.06%	62	96.6%
08107	\$153,400	5.65%	32	113.33%	113	95.9%
08108	\$214,500	-6.37%	54	38.46%	81	96.6%
08109	\$171,500	-2.94%	64	68.42%	84	97.2%
08110	\$125,600	-9.77%	32	-13.51%	106	98.6%

Gloucester County, NJ



Labor Market :

In the first two months of the fourth quarter, 244 jobs were added to the payrolls of Gloucester County. As a result of these new jobs, the average monthly unemployment rate fell from 10% during the third quarter to 9.9% for October and November. This steady job creation may help to maintain demand for home purchases. Favorable mortgage rates should support this trend.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$218,100	\$206,700	↓
# Homes on the Market *	3,963	3,505	↑
# Homes Sold **	681	715	↓
# New Homes Built ***	154	91	↑
Avg # of Days on Market	107	103	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

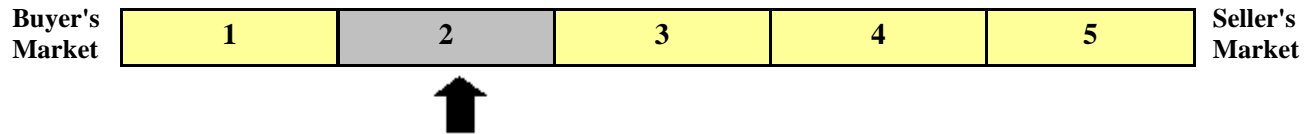
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08012	\$192,000	-8.48%	41	127.78%	123	96.5%
08014	\$113,000	N/A	1	N/A	9	96.2%
08020	\$327,500	-13.20%	5	-16.67%	145	97.4%
08027	\$163,500	-2.50%	17	142.86%	101	95.1%
08028	\$189,900	-0.05%	34	9.68%	137	96.4%
08032	\$157,400	-11.72%	4	100.00%	16	100.0%
08051	\$161,800	-19.62%	42	23.53%	113	96.3%
08056	\$317,600	-20.38%	15	-16.67%	108	95.5%
08061	\$227,800	-11.91%	8	0.00%	60	96.4%
08062	\$364,900	-2.75%	27	17.39%	135	95.2%
08063	\$147,300	-2.00%	6	0.00%	77	96.2%

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	\$112,300	-13.28%	21	31.25%	133	94.3%
08071	\$176,900	-16.60%	24	4.35%	101	94.6%
08080	\$232,100	-0.04%	111	109.43%	107	95.7%
08081	\$265,900	2.82%	3	-25.00%	117	96.7%
08085	\$259,000	-11.39%	58	23.40%	72	97.4%
08086	\$223,400	-9.33%	21	10.53%	111	97.4%
08090	\$231,400	-8.83%	19	5.56%	65	93.7%
08093	\$159,000	1.47%	30	76.47%	87	96.1%
08094	\$197,400	-13.00%	78	11.43%	107	96.5%
08096	\$182,300	-4.55%	87	40.32%	102	95.9%
08097	\$213,500	-13.74%	1	-50.00%	129	93.0%
08312	\$158,000	-16.67%	26	52.94%	89	96.9%
08322	\$183,600	-37.66%	24	0.00%	88	96.1%
08328	\$190,800	18.44%	2	-50.00%	146	92.0%
08343	\$229,700	3.70%	3	-40.00%	77	97.7%
08344	\$140,700	-25.95%	6	20.00%	80	95.4%
08360	\$247,000	42.36%	1	0.00%	86	95.8%

Mercer County, NJ



Labor Market :

Mercer County saw 2,644 layoffs occur during October and November. Despite the decline in employment, the average monthly unemployment rate fell from 8.3% during the third quarter to 7.7% in the first two months of the fourth quarter. Rising job losses are hurting demand, but historically low mortgage rates are improving affordability.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$361,200	\$303,000	↔
# Homes on the Market *	3,848	3,351	↑
# Homes Sold **	928	778	↔
# New Homes Built ***	39	28	↑
Avg # of Days on Market	92	92	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

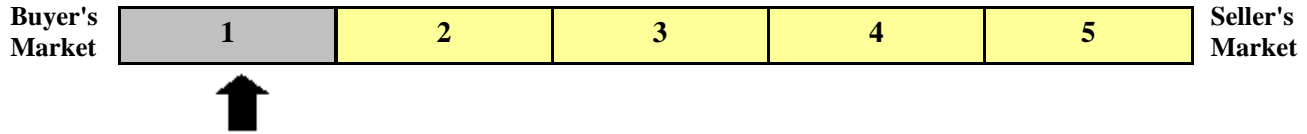
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08512	\$246,200	23.72%	12	71.43%	147	95.3%
08520	\$276,800	12.11%	73	43.14%	94	95.9%
08525	\$518,800	80.96%	12	140.00%	214	88.4%
08534	\$391,500	-16.24%	33	57.14%	115	95.9%
08540	\$706,200	0.23%	63	28.57%	89	94.5%
08542	\$489,400	50.58%	7	250.00%	140	96.1%
08550	\$552,500	-13.59%	50	117.39%	73	95.7%
08560	\$419,300	8.68%	8	166.67%	131	94.0%
08609	\$77,100	9.67%	6	-45.45%	64	97.2%
08610	\$168,300	-4.92%	82	34.43%	90	96.4%
08611	\$65,600	-22.37%	38	40.74%	63	91.5%

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)
08618	\$158,900	1.66%	51	112.50%	104	94.6%
08619	\$245,400	-5.87%	65	80.56%	80	96.2%
08620	\$227,000	-17.12%	12	-29.41%	41	97.3%
08628	\$234,800	7.02%	15	66.67%	109	95.0%
08629	\$124,800	3.91%	27	80.00%	97	95.7%
08638	\$174,200	0.46%	41	156.25%	99	94.3%
08648	\$291,200	-8.46%	87	77.55%	77	96.2%
08690	\$311,500	12.74%	58	18.37%	104	95.9%
08691	\$357,800	14.90%	38	18.75%	85	96.3%

Salem County, NJ



Labor Market :

Employment declined by 31 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 10.4% in the third quarter to 11.1% for the second two months of the fourth 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 :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$179,900	\$150,600	↓
# Homes on the Market *	958	899	↑
# Homes Sold **	143	121	↓
# New Homes Built ***	16	11	↑
Avg # of Days on Market	117	131	↑

* Available as of Dec. 31, 2009.

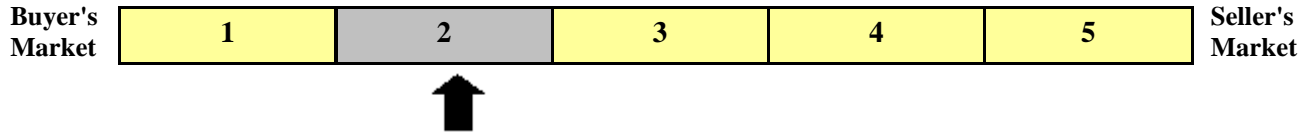
** May not add to total of zip codes

*** 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	\$219,500	-35.91%	2	100.00%	43	93.6%
08023	\$36,800	-71.25%	2	100.00%	151	81.7%
08067	\$30,000	-61.98%	1	0.00%	70	103.8%
08069	\$120,300	-4.07%	27	92.86%	115	94.4%
08070	\$146,500	-17.60%	45	164.71%	114	96.1%
08072	\$165,000	N/A	1	N/A	19	97.1%
08079	\$105,000	-10.10%	12	-14.29%	205	84.5%
08098	\$199,000	-22.24%	14	-22.22%	207	94.4%
08302	\$154,200	-10.09%	3	50.00%	136	95.4%
08318	\$220,800	15.84%	12	50.00%	112	95.2%
08343	\$262,500	25.18%	2	-60.00%	31	96.8%

Berks County, PA



Labor Market :

Berks County saw 3,138 layoffs occur during October and November. Despite the decline in employment, the average monthly unemployment rate fell from 9.2% during the third quarter to 9.1% in the first two months of the fourth quarter. Rising job losses are hurting demand, but historically low mortgage rates are improving affordability.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$170,500	\$166,600	↓
# Homes on the Market *	5,422	5,135	↑
# Homes Sold **	1,042	1,011	↓
# New Homes Built ***	66	33	↑
Avg # of Days on Market	90	95	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

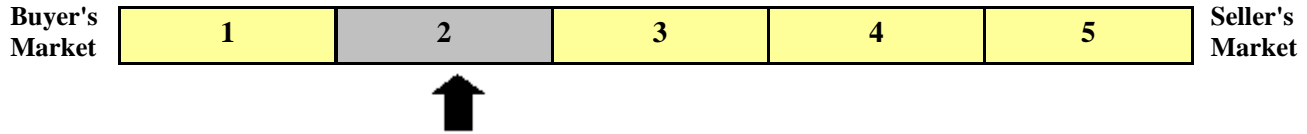
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
17026	\$129,900	N/A	1	N/A	118	100.0%
17569	\$208,200	-2.71%	4	100.00%	189	99.8%
18011	\$332,500	56.47%	2	100.00%	150	92.4%
18062	\$147,500	N/A	4	N/A	95	96.6%
19503	\$139,500	-29.37%	4	300.00%	58	97.1%
19504	\$243,900	2.44%	8	-11.11%	110	98.6%
19505	\$200,800	-11.78%	6	50.00%	100	97.2%
19506	\$214,000	1.09%	20	100.00%	128	96.2%
19507	\$120,000	0.50%	2	-60.00%	72	96.0%
19508	\$183,000	-11.59%	44	33.33%	106	97.4%
19510	\$194,400	-1.67%	43	38.71%	93	98.9%

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)
19512	\$185,200	-10.57%	27	3.85%	104	96.2%
19518	\$222,100	-8.60%	32	6.67%	140	96.5%
19520	\$121,000	-62.73%	2	-50.00%	14	94.9%
19522	\$177,400	-15.32%	41	78.26%	80	97.0%
19526	\$172,500	8.76%	21	-22.22%	91	98.0%
19529	\$177,500	-39.32%	2	100.00%	47	89.7%
19530	\$185,600	12.55%	10	-16.67%	106	94.1%
19533	\$172,000	-2.66%	18	80.00%	68	97.0%
19539	\$197,900	-13.09%	10	233.33%	65	95.9%
19540	\$213,800	-0.93%	31	-6.06%	114	96.8%
19541	\$232,400	8.70%	11	83.33%	173	98.2%
19543	\$227,000	-24.61%	12	9.09%	105	97.5%
19547	\$160,000	-56.75%	6	500.00%	93	95.2%
19551	\$176,700	12.12%	13	30.00%	52	98.7%
19554	\$144,000	N/A	1	N/A	179	96.1%
19555	\$110,200	-34.64%	8	60.00%	72	95.6%
19559	\$114,000	N/A	3	N/A	125	105.3%
19560	\$138,800	-6.15%	37	85.00%	81	98.6%
19562	\$141,800	20.68%	3	-25.00%	71	96.7%
19565	\$192,300	-4.61%	16	-38.46%	94	96.4%
19567	\$131,900	-3.30%	16	77.78%	86	94.8%
19601	\$74,900	0.81%	39	14.71%	81	96.6%
19602	\$60,500	36.57%	18	-21.74%	106	96.8%
19604	\$69,500	10.49%	65	22.64%	74	96.0%
19605	\$161,700	12.14%	77	26.23%	107	97.7%
19606	\$153,300	-23.35%	102	37.84%	112	97.0%
19607	\$164,200	-0.97%	84	47.37%	92	96.2%
19608	\$209,100	-12.44%	61	17.31%	66	98.3%
19609	\$159,400	-5.96%	32	14.29%	66	98.5%
19610	\$272,800	8.00%	45	4.65%	126	93.3%
19611	\$106,100	-4.07%	30	11.11%	84	96.8%

Bucks County, PA



Labor Market :

Bucks County saw 2,933 layoffs occur during October and November. Despite the decline in employment, the average monthly unemployment rate fell from 7.5% during the third quarter to 7.2% in the first two months of the fourth quarter. Rising job losses are hurting demand, but historically low mortgage rates are improving affordability.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$332,700	\$304,500	↔
# Homes on the Market *	6,066	5,068	↑
# Homes Sold **	1,723	1,491	↔
# New Homes Built ***	133	126	↑
Avg # of Days on Market	83	88	↑

* Available as of Dec. 31, 2009.

** 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	\$275,500	12.49%	6	500.00%	40	95.6%
18055	\$238,500	-88.08%	1	0.00%	68	96.0%
18073	\$353,500	N/A	2	N/A	235	98.9%
18077	\$353,500	128.36%	4	100.00%	188	88.5%
18081	\$316,500	50.71%	3	200.00%	91	98.0%
18901	\$370,700	-0.05%	87	50.00%	111	94.4%
18902	\$434,200	-4.95%	49	40.00%	77	94.8%
18914	\$331,100	-4.50%	59	110.71%	102	94.4%
18917	\$260,900	15.19%	8	166.67%	91	97.3%
18920	\$2,550,000	811.04%	1	0.00%	60	94.6%
18921	\$199,500	N/A	1	N/A	230	95.5%

Bucks County, PA

Data by Zip Codes

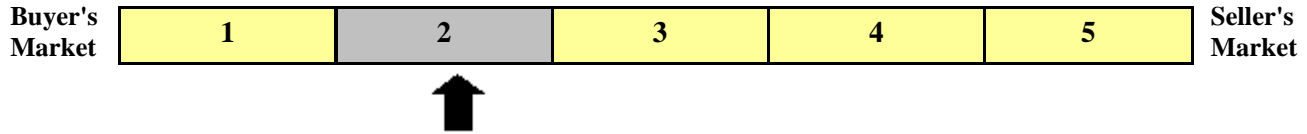
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18923	\$393,200	2.16%	5	25.00%	50	101.6%
18925	\$515,100	6.18%	15	-21.05%	137	93.4%
18929	\$440,900	21.93%	15	15.38%	104	94.7%
18930	\$303,000	-19.20%	4	33.33%	192	94.8%
18934	\$285,800	-24.15%	2	0.00%	42	91.4%
18938	\$530,900	-4.51%	43	38.71%	142	91.4%
18940	\$412,300	10.33%	94	70.91%	74	95.3%
18942	\$433,700	-11.60%	7	75.00%	205	91.7%
18943	\$190,000	N/A	1	N/A	664	63.4%
18944	\$297,900	-10.43%	58	45.00%	98	96.9%
18947	\$475,700	43.33%	8	0.00%	129	92.7%
18951	\$212,400	-4.63%	89	23.61%	71	97.5%
18954	\$431,400	11.85%	9	-30.77%	37	94.3%
18955	\$223,500	N/A	4	N/A	59	98.8%
18960	\$237,900	-22.46%	31	-3.13%	126	97.3%
18962	\$272,000	N/A	1	N/A	46	98.9%
18963	\$1,775,000	N/A	1	N/A	80	80.9%
18964	\$209,300	N/A	2	N/A	48	95.6%
18966	\$302,400	-11.22%	93	47.62%	70	96.2%
18969	\$185,300	-11.38%	15	87.50%	119	97.0%
18970	\$90,000	-50.00%	1	0.00%	23	94.8%
18972	\$319,100	-3.10%	7	16.67%	190	94.1%
18974	\$250,400	-11.17%	97	27.63%	66	97.2%
18976	\$333,800	-4.49%	67	109.38%	99	96.4%
18977	\$502,200	-9.95%	11	57.14%	65	95.6%
18980	\$480,000	17.07%	1	0.00%	48	91.4%
19006	\$391,600	22.38%	5	66.67%	173	92.6%
19007	\$168,000	-4.27%	59	90.32%	88	97.4%
19020	\$249,600	-2.39%	93	10.71%	98	96.5%
19021	\$186,100	11.57%	17	-34.62%	93	98.1%
19030	\$223,100	-7.77%	23	53.33%	52	97.5%
19040	\$232,000	15.14%	1	0.00%	38	101.3%
19047	\$284,400	-8.85%	72	35.85%	88	97.1%
19053	\$276,300	-0.90%	49	2.08%	65	97.0%
19054	\$207,000	5.72%	33	3.13%	46	97.4%
19055	\$192,300	14.60%	35	16.67%	55	98.0%
19056	\$231,100	-5.40%	34	61.90%	65	97.9%

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)
19057	\$181,800	-0.33%	49	32.43%	57	97.2%
19067	\$330,500	-5.71%	115	29.21%	101	95.1%
19440	\$447,400	44.32%	4	300.00%	99	94.4%

Chester County, PA



Labor Market :

Chester County saw 2,273 layoffs occur during October and November. Despite the decline in employment, the average monthly unemployment rate fell from 6.7% during the third quarter to 6.3% in the first two months of the fourth quarter. Rising job losses are hurting demand, but historically low mortgage rates are improving affordability.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$347,100	\$327,500	↔
# Homes on the Market *	5,985	5,141	↑
# Homes Sold **	1,421	1,346	↔
# New Homes Built ***	252	149	↑
Avg # of Days on Market	81	83	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

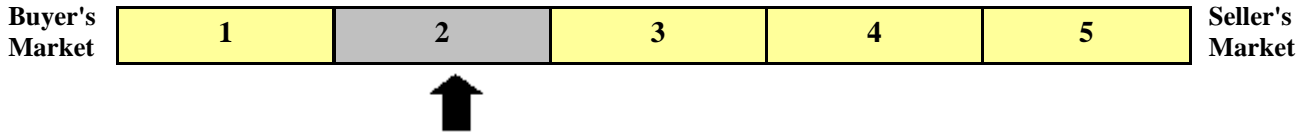
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19073	\$403,300	-0.40%	5	-16.67%	90	98.1%
19087	\$321,100	-17.26%	64	45.45%	70	96.8%
19301	\$330,600	-45.16%	22	29.41%	97	95.9%
19310	\$224,000	3.23%	6	500.00%	87	95.4%
19311	\$335,800	-24.08%	20	81.82%	95	95.6%
19312	\$725,400	31.75%	32	52.38%	86	92.9%
19317	\$596,800	72.29%	18	80.00%	141	90.2%
19320	\$234,100	13.97%	151	51.00%	90	96.6%
19330	\$247,800	-8.70%	7	16.67%	167	96.8%
19333	\$569,000	2.41%	19	5.56%	45	94.7%
19335	\$322,400	-0.52%	143	64.37%	85	96.5%

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	\$308,000	-9.47%	42	50.00%	67	97.3%
19343	\$385,900	-38.95%	12	33.33%	88	94.6%
19344	\$249,000	23.39%	20	185.71%	110	97.2%
19348	\$344,600	-6.33%	46	39.39%	77	95.7%
19350	\$401,800	-6.80%	18	-18.18%	82	96.5%
19352	\$334,100	8.76%	18	100.00%	125	95.5%
19355	\$478,900	-15.49%	66	65.00%	86	94.2%
19362	\$145,300	-47.87%	7	75.00%	211	90.2%
19363	\$216,600	-29.17%	44	18.92%	99	97.3%
19365	\$177,100	-10.37%	19	35.71%	72	98.3%
19372	\$249,400	-4.26%	8	100.00%	41	97.1%
19380	\$369,700	2.69%	129	57.32%	71	96.7%
19382	\$320,000	-10.26%	135	43.62%	70	97.0%
19390	\$262,200	-10.08%	35	16.67%	141	95.9%
19425	\$419,700	-11.32%	47	56.67%	68	94.0%
19435	\$398,500	N/A	1	N/A	95	100.0%
19460	\$259,000	2.82%	121	51.25%	71	96.2%
19465	\$251,900	-11.89%	46	53.33%	96	97.0%
19475	\$250,400	32.49%	33	94.12%	66	96.7%
19520	\$370,000	-0.22%	11	120.00%	64	94.4%
19543	\$299,900	-20.03%	1	0.00%	73	100.0%

Delaware County, PA



Labor Market :

A decline in employment of 2,385 jobs was offset by a decrease in the number of persons looking for work during the first two months of the fourth quarter. The net effect was no change in the 8% average monthly unemployment rate from the third quarter. Job losses are cutting into confidence and demand, but historically low mortgage rates are creating a great buying opportunity for those with a job and good credit.

Housing Market :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$263,600	\$239,700	↔
# Homes on the Market *	5,209	4,514	↑
# Homes Sold **	1,480	1,397	↔
# New Homes Built ***	95	66	↑
Avg # of Days on Market	80	87	↑

* Available as of Dec. 31, 2009.

** May not add to total of zip codes

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

Data by Zip Codes

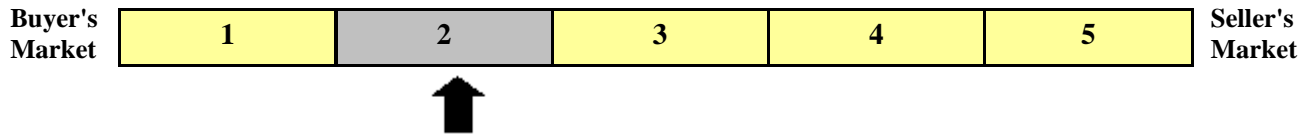
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19003	\$281,600	-5.19%	19	11.76%	53	97.3%
19008	\$324,500	-4.67%	44	51.72%	72	96.2%
19010	\$414,700	-29.36%	37	146.67%	86	92.7%
19013	\$85,700	25.84%	20	-25.93%	38	96.8%
19014	\$205,600	-8.46%	70	45.83%	70	96.3%
19015	\$152,300	3.32%	64	45.45%	67	97.0%
19018	\$155,100	-4.67%	69	21.05%	77	97.3%
19022	\$108,900	15.48%	8	0.00%	59	99.7%
19023	\$85,900	5.79%	48	11.63%	79	97.0%
19026	\$188,900	-1.15%	98	46.27%	91	96.4%
19029	\$132,000	-12.70%	10	233.33%	87	88.2%

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	\$117,300	1.47%	30	36.36%	64	97.1%
19033	\$184,400	-6.77%	23	91.67%	93	97.3%
19036	\$140,100	8.02%	52	92.59%	56	97.4%
19041	\$1,292,100	120.87%	6	500.00%	150	87.8%
19043	\$178,000	-12.23%	5	0.00%	41	98.1%
19050	\$153,100	6.99%	79	36.21%	93	97.2%
19061	\$208,700	-23.55%	80	31.15%	107	96.6%
19063	\$341,600	-12.92%	86	65.38%	109	94.4%
19064	\$294,900	-0.17%	57	16.33%	117	97.5%
19070	\$203,200	-1.07%	17	112.50%	108	97.1%
19073	\$456,500	-21.72%	48	14.29%	86	94.1%
19074	\$166,600	7.90%	7	-36.36%	92	99.3%
19076	\$174,900	1.51%	12	-7.69%	75	97.7%
19078	\$195,500	-8.35%	30	150.00%	41	98.4%
19079	\$107,000	5.84%	27	92.86%	95	96.4%
19081	\$270,800	2.50%	18	5.88%	59	95.7%
19082	\$106,900	5.53%	96	77.78%	75	96.4%
19083	\$271,900	2.80%	86	22.86%	72	96.7%
19085	\$1,174,800	66.69%	8	166.67%	108	95.4%
19086	\$310,200	-6.06%	30	3.45%	141	93.6%
19087	\$551,000	1.06%	25	19.05%	116	94.6%
19094	\$179,100	14.29%	12	0.00%	91	98.1%
19096	\$391,300	-7.93%	3	200.00%	124	96.5%
19317	\$397,000	70.17%	17	0.00%	138	91.4%
19342	\$359,300	-12.52%	46	91.67%	143	96.1%
19373	\$505,500	-38.50%	6	100.00%	71	93.1%
19382	\$680,000	12.96%	1	0.00%	74	85.0%
OTHER	\$377,700	N/A	3	N/A	62	98.5%

Montgomery County, PA



Labor Market :

Montgomery County saw 3,645 layoffs occur during October and November. Despite the decline in employment, the average monthly unemployment rate fell from 7.2% during the third quarter to 6.9% in the first two months of the fourth quarter. Rising job losses are hurting demand, but historically low mortgage rates are improving affordability.

Housing Market :

	<i>Q3' 09</i>	<i>Q4' 09</i>	<i>Q1' 10</i> <i>(Forecast)</i>
Average Price	\$305,400	\$284,300	↔
# Homes on the Market *	7,945	6,680	↑
# Homes Sold **	2,367	2,143	↔
# New Homes Built ***	176	103	↑
Avg # of Days on Market	81	84	↑

* Available as of Dec. 31, 2009.

** 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	\$400,000	N/A	1	N/A	606	100.5%
18041	\$200,100	19.04%	10	-9.09%	62	96.7%
18054	\$367,600	-0.11%	10	100.00%	121	96.7%
18070	\$243,000	N/A	1	N/A	424	95.5%
18073	\$252,100	5.09%	27	170.00%	80	96.7%
18074	\$246,500	1.27%	18	100.00%	111	96.7%
18076	\$181,700	-8.79%	15	50.00%	164	93.4%
18936	\$215,000	-5.12%	1	0.00%	146	97.9%
18964	\$250,800	4.15%	43	19.44%	98	96.4%
18969	\$272,200	2.60%	20	-16.67%	58	97.9%
19001	\$234,100	5.26%	51	75.86%	60	97.7%

Montgomery County, PA

Data by Zip Codes

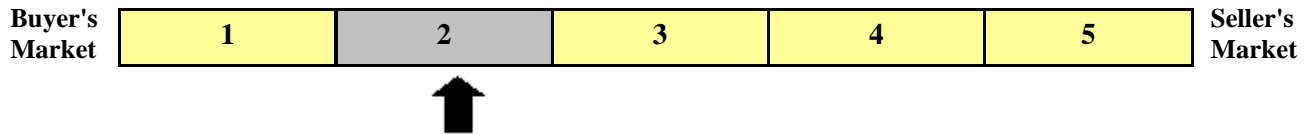
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19002	\$436,800	-3.79%	80	70.21%	78	91.6%
19003	\$291,100	4.49%	20	53.85%	85	93.2%
19004	\$405,800	-8.09%	21	0.00%	112	94.5%
19006	\$417,800	12.64%	37	-19.57%	99	94.9%
19010	\$1,264,100	54.95%	12	-25.00%	105	91.6%
19012	\$243,800	2.52%	12	20.00%	69	94.7%
19025	\$387,500	-9.65%	15	36.36%	65	95.6%
19027	\$225,400	-10.59%	55	57.14%	121	93.6%
19031	\$302,900	-11.56%	10	233.33%	39	95.9%
19034	\$417,800	-41.55%	11	-8.33%	100	93.8%
19035	\$798,000	-2.68%	4	-33.33%	93	96.5%
19038	\$270,000	-2.95%	75	27.12%	67	96.0%
19040	\$255,600	2.86%	55	61.76%	66	96.4%
19041	\$692,000	-32.85%	7	16.67%	73	90.3%
19043	\$329,900	N/A	1	N/A	116	100.0%
19044	\$246,300	4.01%	42	68.00%	66	95.1%
19046	\$322,200	2.84%	45	21.62%	94	94.5%
19066	\$428,900	7.55%	15	275.00%	124	95.3%
19072	\$445,600	-6.78%	21	-16.00%	148	92.7%
19075	\$268,600	-8.89%	25	56.25%	39	96.6%
19083	\$296,000	7.64%	1	0.00%	18	98.7%
19085	\$1,136,900	-1.99%	8	100.00%	111	90.2%
19087	\$417,800	-35.52%	9	200.00%	91	95.5%
19090	\$224,200	-3.03%	36	5.88%	68	95.9%
19095	\$275,900	3.84%	10	-23.08%	137	94.9%
19096	\$385,800	-14.61%	35	16.67%	65	95.8%
19401	\$169,800	5.47%	106	30.86%	87	95.3%
19403	\$251,700	-4.44%	129	31.63%	93	96.0%
19405	\$198,700	26.80%	20	42.86%	94	97.5%
19406	\$259,100	3.23%	59	18.00%	83	97.4%
19422	\$389,500	-5.60%	42	5.00%	106	95.0%
19426	\$325,200	-9.97%	95	21.79%	75	96.4%
19428	\$283,000	6.75%	58	56.76%	70	95.6%
19435	\$150,000	-23.86%	1	0.00%	29	93.8%
19437	\$550,000	N/A	1	N/A	107	96.5%
19438	\$287,300	-13.78%	60	36.36%	103	96.5%
19440	\$260,800	-11.20%	28	3.70%	92	95.7%

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)
19444	\$358,000	-11.32%	24	20.00%	44	96.7%
19446	\$265,800	-11.10%	143	34.91%	75	97.2%
19453	\$127,900	-8.77%	9	200.00%	52	98.1%
19454	\$274,200	0.70%	92	55.93%	60	96.6%
19456	\$271,800	N/A	2	N/A	9	96.5%
19460	\$383,300	-14.54%	20	81.82%	43	95.1%
19462	\$299,700	5.86%	38	52.00%	70	95.7%
19464	\$150,700	2.59%	159	65.63%	78	96.8%
19468	\$229,300	5.52%	94	70.91%	85	97.2%
19473	\$246,200	-27.29%	47	46.88%	113	96.9%
19474	\$292,900	0.93%	12	100.00%	114	98.5%
19492	\$250,000	N/A	1	N/A	88	94.3%
19504	\$248,600	63.77%	8	700.00%	99	96.2%
19505	\$175,500	N/A	2	N/A	40	103.4%
19512	\$182,500	1.39%	1	0.00%	145	93.6%
19525	\$287,500	2.13%	32	0.00%	141	96.8%
OTHER	\$500,000	207.88%	1	0.00%	782	96.2%

Philadelphia County, PA



Labor Market :

Employment declined by 5,116 jobs in October and November. The job losses brought about an increase in the average monthly unemployment rate from 10.8% in the third quarter to 10.9% for the second two months of the fourth 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 :

	Q3' 09	Q4' 09	Q1' 10 (Forecast)
Average Price	\$189,100	\$174,700	↔
# Homes on the Market *	14,718	13,325	↑
# Homes Sold **	3,122	3,167	↔
# New Homes Built ***	72	40	↑
Avg # of Days on Market	73	74	↑

* Available as of Dec. 31, 2009.

** 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	\$544,200	69.06%	6	-33.33%	75	93.8%
19103	\$482,900	15.66%	59	55.26%	118	94.7%
19104	\$159,200	0.82%	19	18.75%	58	89.1%
19106	\$476,600	2.21%	40	42.86%	148	94.2%
19107	\$364,400	-11.66%	25	25.00%	177	92.4%
19111	\$165,800	4.74%	154	20.31%	61	96.5%
19114	\$196,800	1.60%	80	105.13%	70	97.3%
19115	\$227,100	2.11%	73	28.07%	58	95.2%
19116	\$242,800	5.43%	72	67.44%	62	96.0%
19118	\$513,200	-16.51%	24	4.35%	101	92.6%
19119	\$218,400	-2.28%	61	24.49%	67	95.7%

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	\$83,000	-2.35%	117	4.46%	59	96.6%
19121	\$93,900	-13.14%	15	-16.67%	80	87.5%
19122	\$180,700	30.28%	18	80.00%	234	92.6%
19123	\$313,400	4.12%	33	43.48%	81	94.3%
19124	\$90,700	6.71%	176	35.38%	71	95.5%
19125	\$192,200	13.59%	93	57.63%	88	96.3%
19126	\$125,300	-3.32%	32	190.91%	51	95.4%
19127	\$232,400	4.78%	35	191.67%	83	96.6%
19128	\$235,000	-2.61%	103	49.28%	69	96.7%
19129	\$249,300	-18.64%	28	-6.67%	72	97.6%
19130	\$291,400	-10.70%	86	30.30%	91	95.6%
19131	\$105,600	-9.36%	55	10.00%	68	95.1%
19132	\$56,700	58.82%	20	11.11%	80	81.0%
19133	\$52,900	9.52%	10	66.67%	62	91.1%
19134	\$88,400	21.43%	100	17.65%	77	93.5%
19135	\$109,600	3.30%	122	84.85%	74	97.3%
19136	\$134,800	3.22%	88	41.94%	50	97.2%
19137	\$124,100	-0.40%	23	9.52%	74	97.2%
19138	\$96,400	3.99%	84	64.71%	52	97.3%
19139	\$69,100	10.38%	32	0.00%	62	94.3%
19140	\$48,200	-26.52%	36	2.86%	75	91.7%
19141	\$89,700	-6.95%	47	67.86%	69	96.9%
19142	\$68,700	22.24%	42	-28.81%	93	93.9%
19143	\$103,400	9.88%	75	11.94%	84	95.9%
19144	\$113,900	-16.25%	56	47.37%	77	95.9%
19145	\$149,100	18.24%	99	17.86%	95	94.0%
19146	\$253,700	5.49%	130	16.07%	98	96.0%
19147	\$315,000	-17.95%	122	50.62%	87	93.8%
19148	\$155,600	1.50%	162	57.28%	73	94.5%
19149	\$121,900	2.52%	190	69.64%	51	97.1%
19150	\$145,100	-2.42%	44	22.22%	59	96.5%
19151	\$113,200	-5.11%	85	54.55%	55	97.1%
19152	\$178,200	-0.72%	97	86.54%	61	96.1%
19153	\$108,400	4.53%	27	35.00%	82	95.7%
19154	\$195,500	6.77%	72	24.14%	65	97.1%

One Year After the Crash

By Ken Fears, Manager of Regional Economics

A lot can change in one year. In September of 2008, the Lehmen Brothers investment bank declared bankruptcy. The subsequent chain of events sent global credit markets into turmoil and brought many local housing markets to a virtual standstill. Nationally, seasonally adjusted home sales slipped 11.0% between September and November of 2008. However, over the 12 months ending in November of 2009, home sales rose 44.1% to reach 6.540 million at a seasonally adjusted and annualized rate. Here in the market covered by TREND MLS sales were 9.0% higher in December of 2009 than 12 months earlier, a modest gain. Much of this momentum is due to unprecedented government incentives through record low mortgage rates and tax credits. But how will the market fair in 2010 when these incentives are eliminated?

The first-time home buyer tax credit was originally set to expire in late November of 2008. Any home sold by November 30th was eligible for the credit. However, it can take a month to two months to close a contract, so only homes that were under contract in October had a realistic chance of closing in time to use the credit. Consequently, looking at the change in demand from October to November of 2009 can be informative. Nationally, the number of homes under contract rose for nine consecutive months, peaking in October and then falling 15.5% in November of 2009. Likewise, sales fell 16.2% between November and December, reflecting the slump in November contracts. Locally, the number of homes sold fell 35.3% between November and December of 2009. It is unlikely that sale should remain as strong as their November highs, but homes sales should remain above 2009 levels because of the decline in layoffs and improved consumer confidence.

	Less than \$1 Million	More than \$1 Million
Sales Q4 2008	11,895	87
Sales Q4 2009	16,268	103

Another change has developed in the market that could support stronger sales in 2010. A large jump in jumbo mortgage rates created a disproportionate increase in inventory at the higher price ranges in 2007 and 2008, but sales at the upper end have since picked up. The strong incentives for first time buyers spurred buying at the lower end of the market, but the improvement at the upper price range was due to a different factor: better mortgage rates. The spread between average 30-year fixed rate on a jumbo and FHA rates fell from 143 basis points in January of 2009 to 71 basis points in December of 2009¹. As a result, sales have rebounded and the months supply of homes for sale above \$1,000,000 has tightened (improved) from 63.8 in November of 2008 to 23.3 months in November of 2009. Here in the market covered by TREND MLS, sales of homes over \$1,000,000 rose by 18.4% from December 2008 to December 2009.

The housing market in 2010 is virtually guaranteed to be better than that of 2009. Sales will improve at the upper end of the market as banks' view of non-agency backed loans as less risky spreads. But rising mortgage rates across the board may create headwinds for sales growth as the economy recovers in late 2010. Regardless, the national market will likely achieve a higher level of sales volume, well below the heady days of 2006, but at a steady, more stable level of sales.

¹ Source: Bankrate.com

A New Year: Good Prospects, Lingering Challenges

by Lawrence Yun, *NAR Chief Economist*

Happy New Year! I think we were all glad to say good-bye to 2009 and the recession, a suffering job market, and at least for most of the year, very sluggish housing activity.

Fortunately, towards the end of last year things were looking up for housing (finally). As we saw, the first time home buyer tax credit provided a strong incentive for buyers to enter the market. From a sales pace of 4.5 million units (seasonally adjusted annualized pace) in the immediate months prior to the tax credit stimulus, existing-home sales soared to 6.1 million and 6.5 million in October and November, respectively. Now with the tax credit having been extended (and expanded) and the new deadline not looming until the middle of 2010, the deep cold winter will bring us a few calm months before another surge in home sales in spring and early summer. Of course, the big question is, once the tax credit goes away in the second half of the year, what can we expect?

The key to a real and sustainable housing market recovery can be summed up in one word: jobs! The job market continues to struggle despite recent respectable gains in production. That is, total production as measured by GDP grew for the first time in two years in the third quarter of 2009, by a decent 2.2 percent growth rate. Early indications are that the economy expanded by better than 4 percent in the final (fourth) quarter of 2009. Based on many economic indicators - from consumer credit and retail sales to the need for inventory restocking and rising exports - GDP is expected to expand by close to 3 percent for all of 2010. While that 3 percent GDP growth is somewhat lackluster coming out of a deep recession, the worst is definitively over.

Even as production rises, companies coming out of a recession push their existing workers to do more rather than hiring new workers to raise production. Not surprisingly, the unemployment rate remained high at 10 percent in December as far fewer people were working (or even looking for work) during the month. In December a net 85,000 payroll jobs were lost according to company survey data in December tracked by the Bureau of Labor Statistics. In a separate survey of households which asks people whether or not they have a job, there were 589,000 net fewer jobs. Since the beginning of the recession two years ago, the country has shed 7.2 million jobs. Over the short term, the unemployment rate will, I'm afraid, go higher - possibly even to 10.5 percent, particularly if many of the discouraged workers re-enter the labor force and start applying for a job.

However, there are several signs pointing towards potentially consistent job creation in the second half of the year. In December, temporary help employment rose for a fifth straight month. Because many companies first turn to such "temp" jobs coming out of a recession, this rising trend should imply permanent job creations starting in few months. Past historical experience also show that temp jobs rise before permanent jobs.

Sector by sector, manufacturing companies continue to bleed heavily while jobs are still being cut sharply in construction because of weak housing starts and near total collapse in new commercial real estate construction. Jobs at state and local governments fell slightly in December. There will be continuing pressure throughout this year for further job cuts as most state and local governments are running relatively high budget deficits and generally by law have to balance their books.

There are some bright spots. Those sectors that have been gaining jobs consistently have been in health care service and in education. For a recent college graduate with a nursing or education degree, the job

prospects are much better. Another sector that had been hammered badly but is now showing job additions is the professional business service sector (e.g., accounting, management consulting, and law offices) which added about 50,000 payrolls in December. That could signal some good news for commercial real estate: these job gains will require office space, so this could be the very first sign of potential improvement and business opportunities for commercial REALTORS®.

Another bright spot: 2010, fortunately happens to be the year of the Census and the counting of people. Consequently, the government will hire about one million people this year to collect and process the data. Yes, these jobs will be mostly temporary. But nonetheless it will provide jobs and income support until the private sector begins to add jobs on a permanent basis. Currently, the private sector is on the sidelines with a wait-and-see approach. But with overall production continuing to gain respectably the private sector will eventually need to boost payroll. As the home buyer tax credit expires in June, private sector job creation will be key to a sustainable housing market recovery. My best guess is about 100,000 net job gains per month in the second half of the year.








Assuming the job market does turn around then, home sales for the year will be about 10 percent higher in 2010 compared to 2009. With inventory being absorbed, home values will likely squeak out a gain for the year as a whole. That is important in terms of boosting consumer confidence about home buying.

Home values are also important for boosting income for REALTORS®. Residential brokerage commission fell in 2009 by 6.2 percent to \$40.6 billion according to Real Trends. That figure is roughly in line with NAR's estimated 8 percent decline in average commission income based on 5 percent higher unit sales but 13 percent decline in home values in 2009. While it's true that REALTORS® were much busier than normal in 2009 - both in terms of having more customers as well as having to spend longer on home sales transactions (particularly in regards to short-sales) - lower home values led to overall reduction in income on average.

Based on our home sales and home price projections for 2010, I think we can expect about a 12 to 19 percent rise in overall commission income in 2010. The forecast is never "on the money" (no pun intended) and the actual figure could be measurably higher or lower. Still, I'm comfortable in saying that following four years of a housing market recession, aggregate income is more likely to be up because of the tax credit in the first half of the year and the job creation in the second half.

However, any rise in the aggregate commission income for REALTORS® as a whole may not be reflected in the income for individual REALTORS® if many more people enter the profession. (Remember, this happened during the housing boom years.) Those contemplating entering the profession need to be aware of the business challenges in the early years of a real estate career. The average income of REALTORS® with less than two years of experience is well below \$20,000 per year before expenses. In addition, referrals and personal relationships have been the dominant factors in drawing new clients. Over 80 percent of recent home buyers and home sellers recommend (or will likely recommend) their specific REALTOR® to colleagues, friends, and family members. As with any dynamic entrepreneurial business, there will be some start-ups who will do very well, but the initial edge in real estate business will be with veterans who have served their clients well in the past.

This table reflects data available through January 8th 2010.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p>Existing Home Sales rose 7.4% in November to a seasonally adjusted annual rate of 6.54 million units. November resales were more than 44% higher than a year ago and at their highest level since February of 2007. The healthy sales activity helped draw down existing-home inventory to 3.52 million units – a 6.5 month supply at the current sales pace. The national median home price for an existing home was \$172,600.</p>	Nov 09 6,540 Oct 09 6,090 Nov 08 4,540		Second surge coming in spring
<p>New Home Sales declined 11.3% in November to a seasonally adjusted annual rate of 335,000 units. November's sales pace was 9.0% off that recorded in November 2008. While the actual number of new homes available for sale decreased to 235,000, inventory rose to a 7.9 month supply at the current sales pace.</p>	Nov 09 355 Oct 09 400 Nov 08 390		The worst is past
<p>Housing Starts posted a seasonally adjusted annual rate of 574,000 in November – a 8.9% increase from October's level, but 12.4% off the rate a year ago. Single-family starts rose 2.1%. Housing permits – generally a reliable indicator of future starts – climbed 6.0% from the previous month.</p>	Nov 09 574 Oct 09 527 Nov 08 655		Construction loans are difficult to come by but more new homes will be built in 2010
<p>Housing Affordability remains at a fairly high level. NAR's latest Housing Affordability Index (HAI) posted a reading of 167.7 in November, just marginally off October's index of 167.8 but well above the 144.3 index reading in November of 2008. Continuing low home prices and mortgage rates are keeping the index historically high.</p>	Nov 09 167.7 Oct 09 167.8 Nov 08 144.3		Soft income growth from high unemployment rates
<p>Mortgage Rates increased slightly, as the average 30-year fixed rate rose from 4.88% in November to 4.93% in December. As the economy further strengthens, the Federal Reserve is likely to raise its overnight target rate, and this will push up short-term interest rates such as those for adjustable-rate mortgages. However, no Fed action is anticipated until the second half of 2010.</p>	Dec 09 4.93% Nov 09 4.88% Dec 08 5.29%		Will no longer remain at rock bottom levels
<p>Employment Despite encouraging signs in other sectors of the economy the job market continues to be a worry. In December, 85,000 jobs were lost, much worse than most analysts expected. November's revised employment figure actually showed a gain of 4,000 – the first job creation figure in nearly two years. That good news was tempered by an upwardly revised job loss number in October. The unemployment rate was unchanged at 10%, most likely due to people who have stopped looking for work.</p>	Dec 09 -85 Nov 09 +4 12-month total: -4,164		Net job gains possibly from spring and definitely by summer
<p>Economic Growth The U.S. economy grew at a 2.2% rate in the third quarter of 2009. This is the third and final estimate of GDP growth based on more complete data. For comparison, second quarter 2009 real GDP growth was -0.7%. The positive GDP growth figure reflects increases in personal consumption expenditures, exports, and federal government spending, as well as contributions from private inventory and residential fixed investment.</p>	2009:III +2.2% 2009:II -0.7% 2008:III -0.5%		Not a robust postrecession growth, but still an expansion

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