

ChartMaster Services

Presentable Market Data

2Q 2007 Condo/Townhome Residence Market Profile

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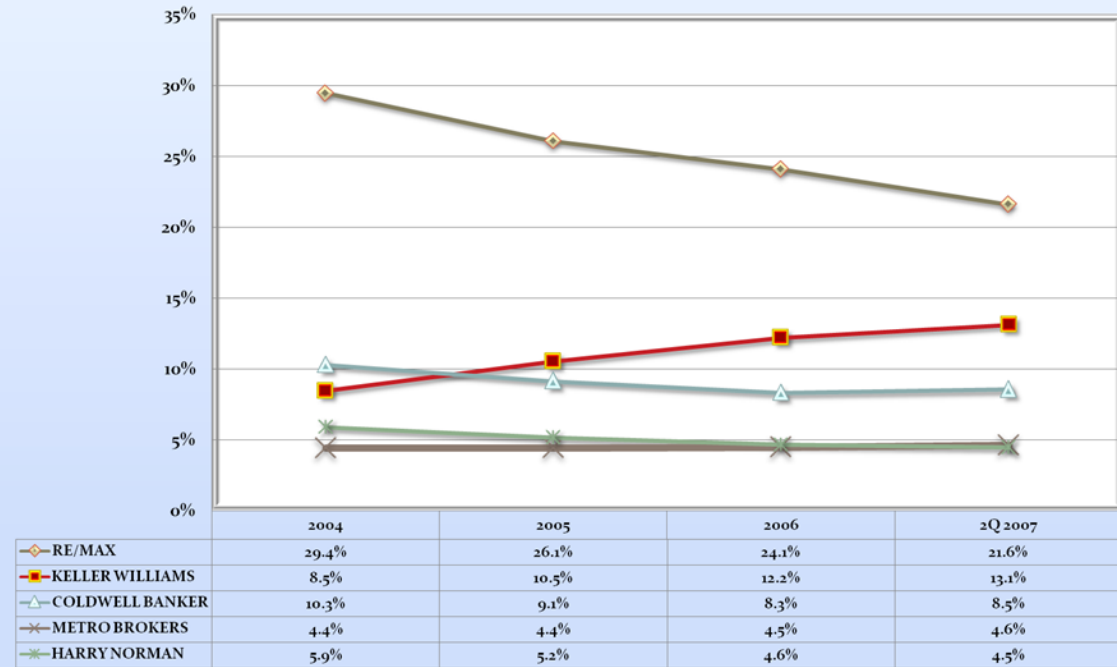
2Q 2007 Quarterly Metro Market Profile

Provided By Keller Williams Realty
Condo/Town Home Residences – 36 FMLS Areas

- Keller Williams Realty rose from 4th position in Atlanta Metro market share, to 2nd position, in three years
- Keller Williams is the only top five company to increase its Atlanta market share every year since 2003

Top 5 Companies: Market Share of Closed Sides

Total Sell + List Sides for Sales of Detached + Condo/Townhome Residences



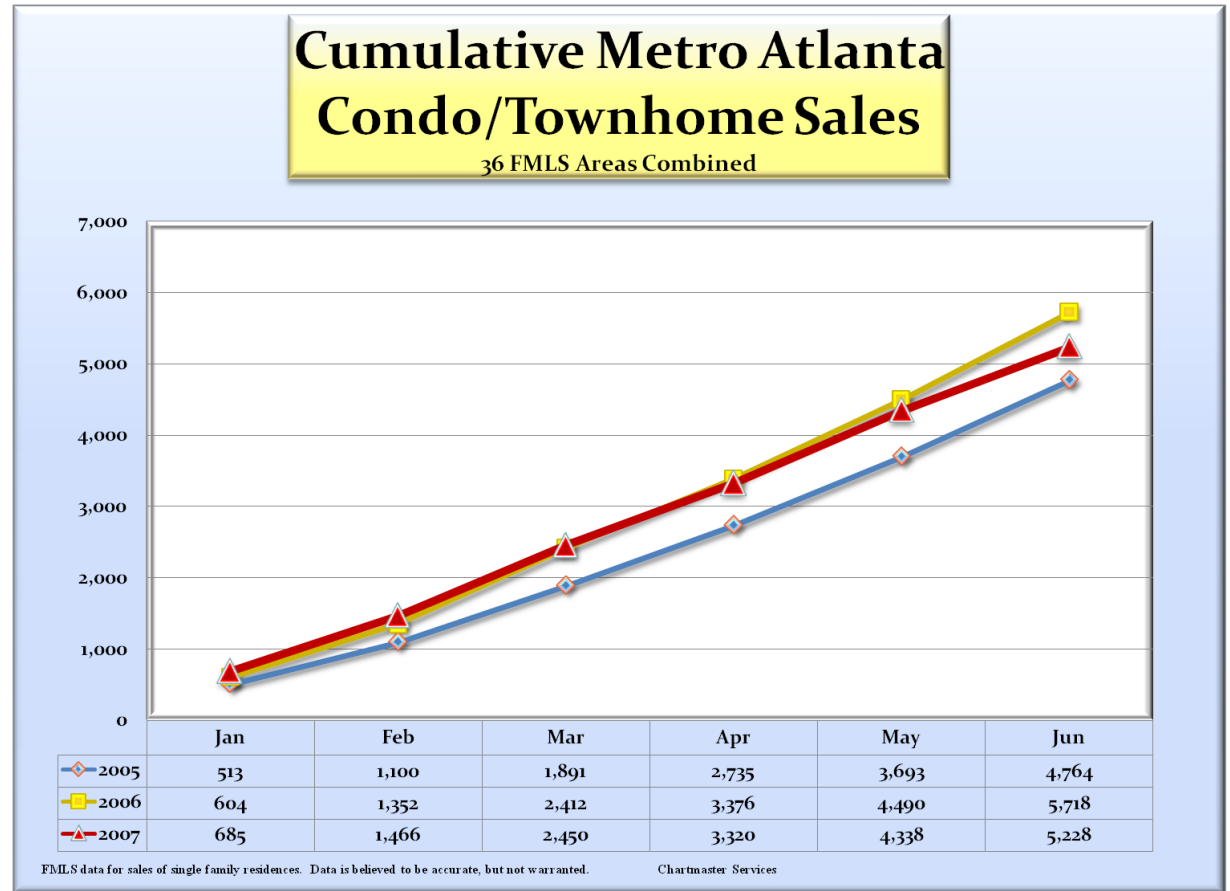
FMLS data for sales of single family detached + Condo/Townhome residences. Data is believed to be accurate, but not warranted.

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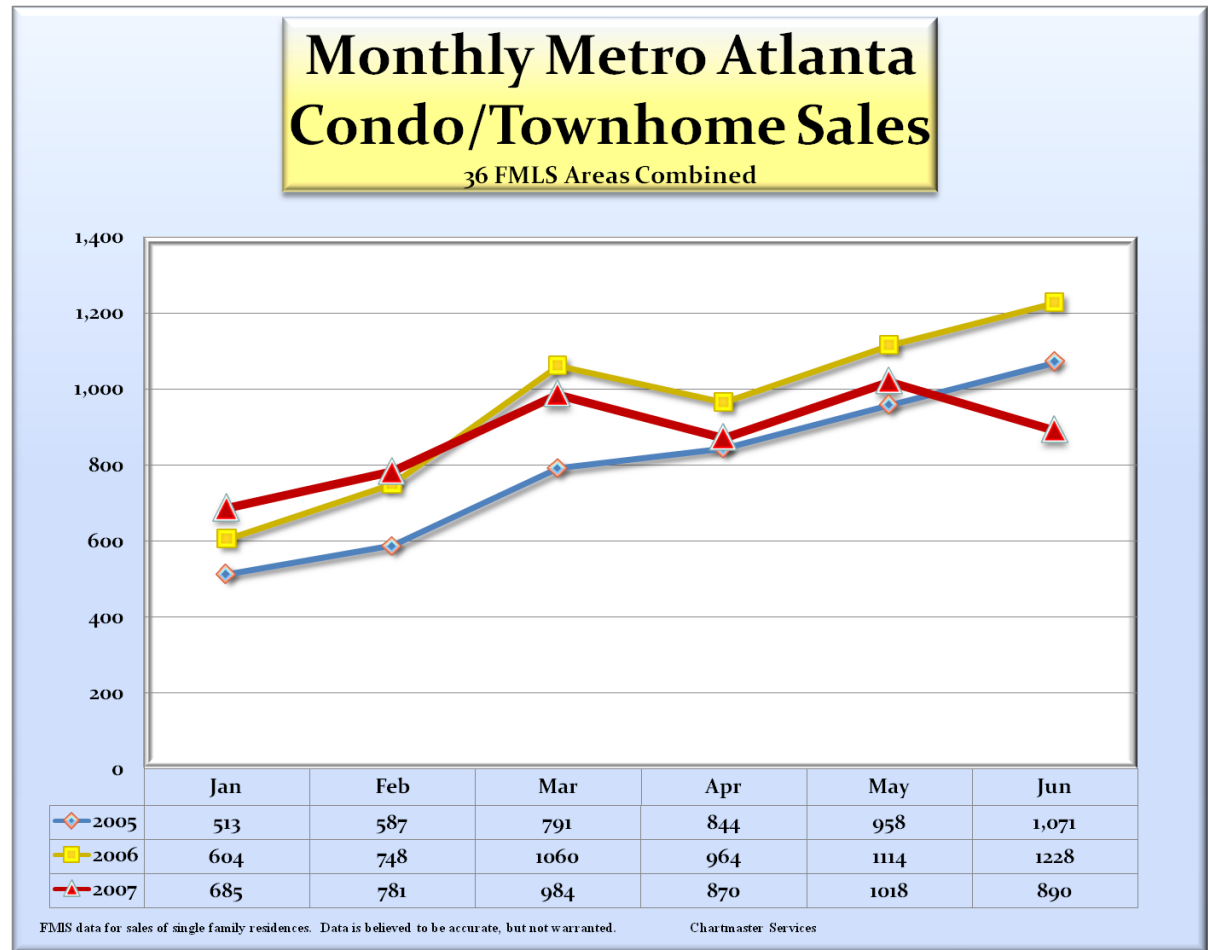
- Cumulative 2007 sales through June, are 8.6% lower than 2006, but still nearly 10% ahead of the comparable 2005 period
- After strong January and February sales, March, 2007 sales through June have fallen below the same period last year
- Sales for June will continue to be posted and end closer to, but not as high as 2006 sales



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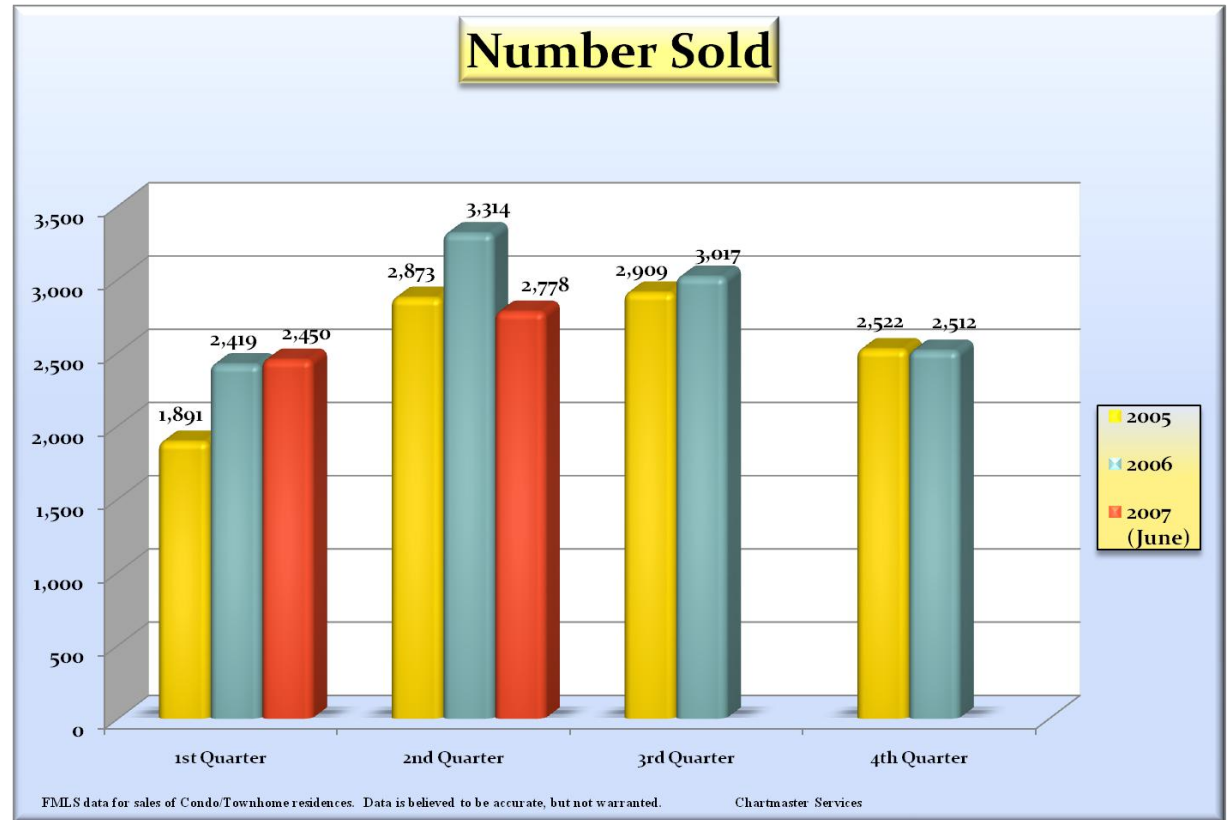
- Monthly sales through June, 2007 began in March to fall below 2006 monthly sales and have continued lower each month since then
- However, monthly 2007 sales were higher in each month than 2005 sales, through May
- June, 2007 sales were 12.7% below June, 2005 and 24.1% below June, 2006



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- 2Q 2007 sales are 16.2% below those of 2Q 2006 and 3.4% lower than 2Q 2005
- 2Q 2007 sales are 13% above 1Q 2007 sales, following the normal seasonal sales pattern
- Second Quarter sales will continue to increase somewhat as processing of lag entries continues



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2Q 2007 Sales

- While overall sales were down by 16% in 2Q 2007 vs. 2Q 2006, one market segment had increased sales
- Higher priced resale units were ahead of last year's sales for the comparable period
- Sales of both new/resale units at the lower price level were considerably less than those of 2Q 2006

	NEW	RESALE	TOTAL
\$500K+	26 +0%	41 +2%	67 +2%
\$200 - \$499K	369 -21%	587 -6%	956 -13%
<\$200K	315 -32%	1,440 -14%	1,755 -18%
TOTAL	710 -26%	2,068 -12%	2,778 -16%

Comparison to one year ago:

 Better

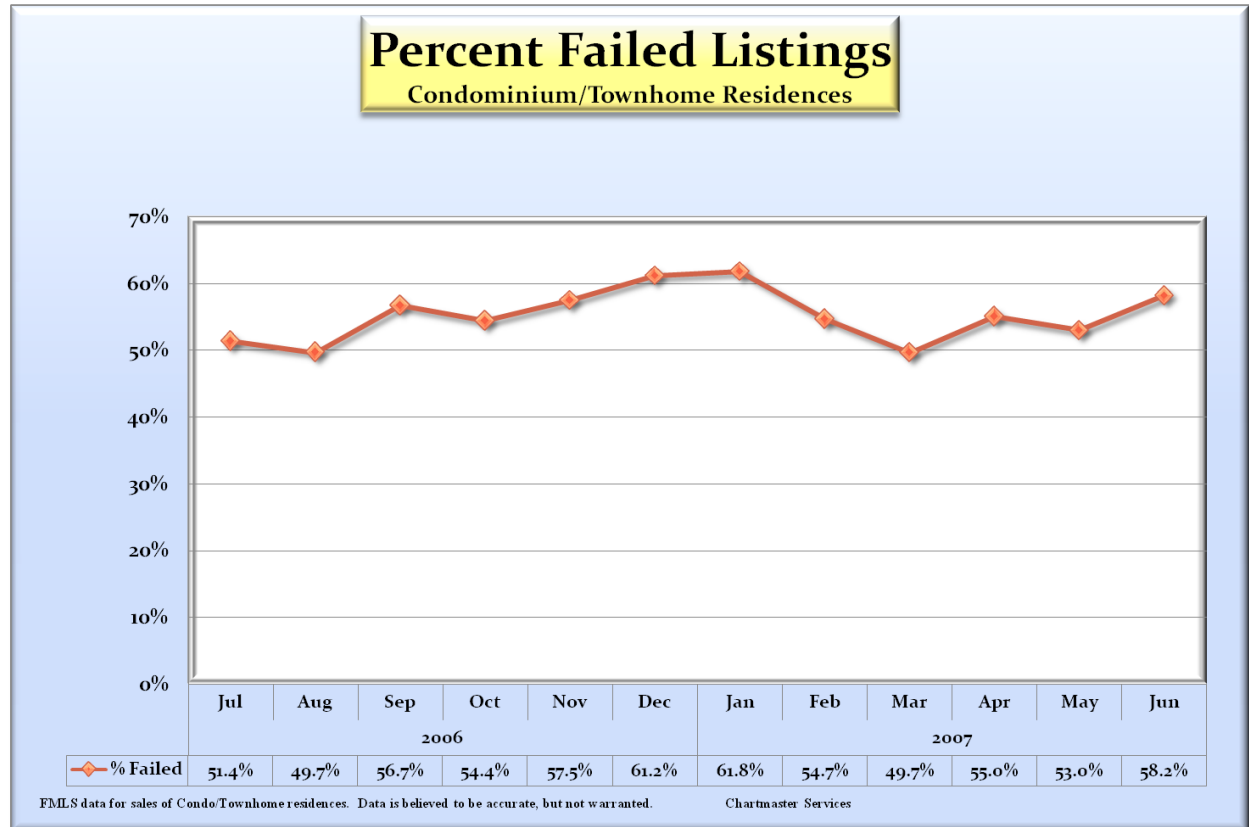
 Same

 Worse

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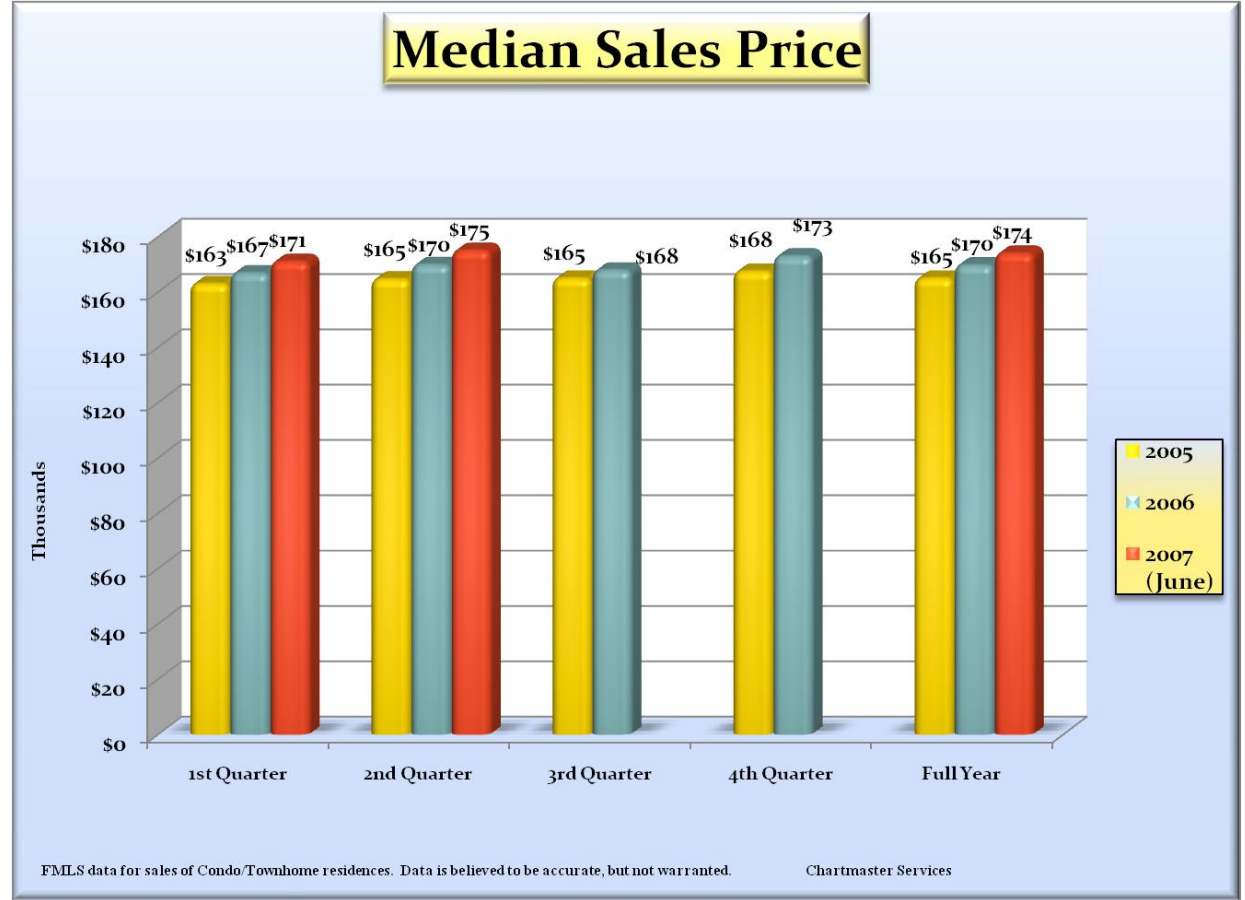
- Failed listings are viewed here as a percentage of total listings in order not to overstate the trend based upon absolute numbers
- Failed listings as a percent of total listings generally remained in a range between 50%-60% of total listings (exp., wd, closed) through 2Q 2007
- Market slowing began in mid-2006 with failed listings increasing through year-end, but moderating somewhat in early 2007



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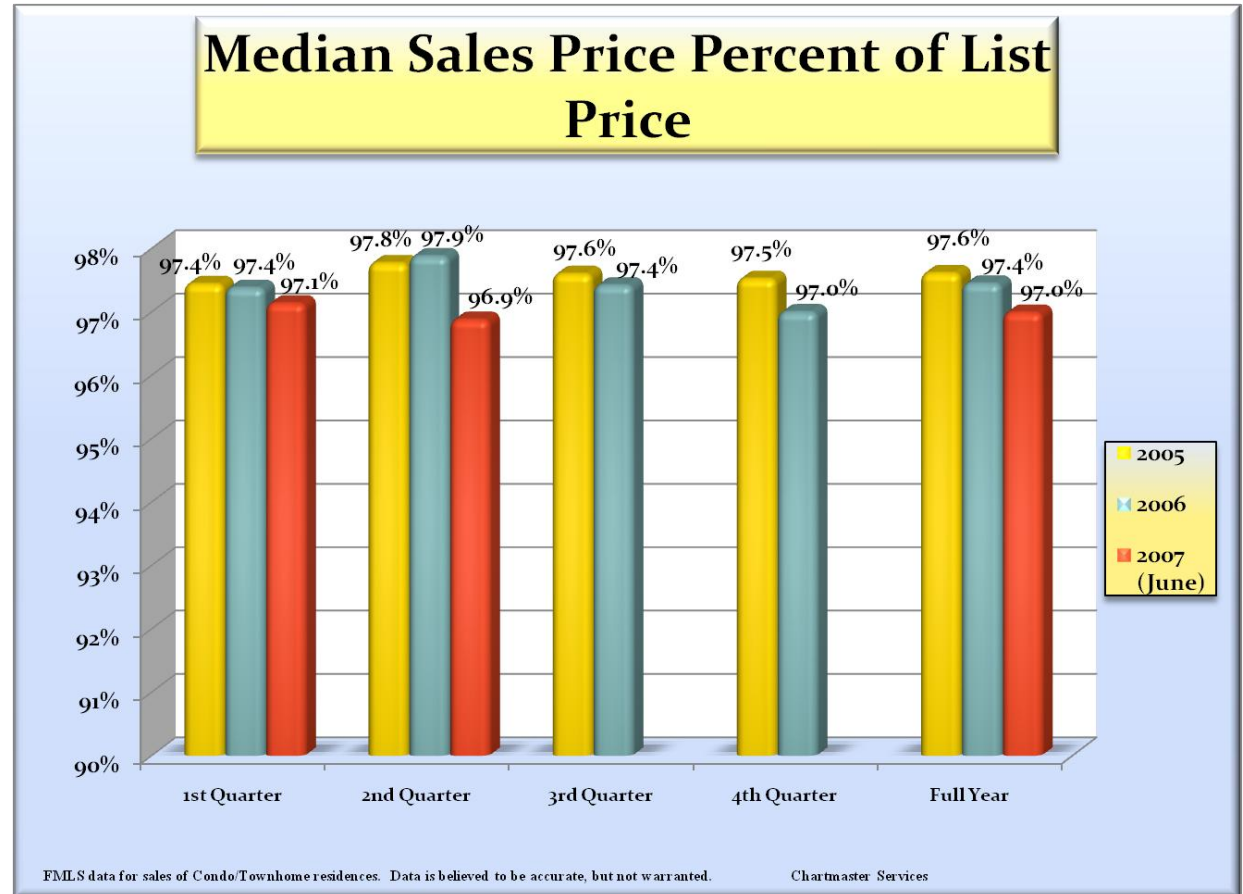
- Median prices increased by 2.9% during 2Q 2007, compared to 2Q 2006
- Median prices were slightly higher (1%) in 2Q 2007 than in 4Q 2006, likely due to a higher portion of units priced above \$500,000
- Overall condo/townhome Median prices continue to rise at similar rates (2-3%) in each of the last three years



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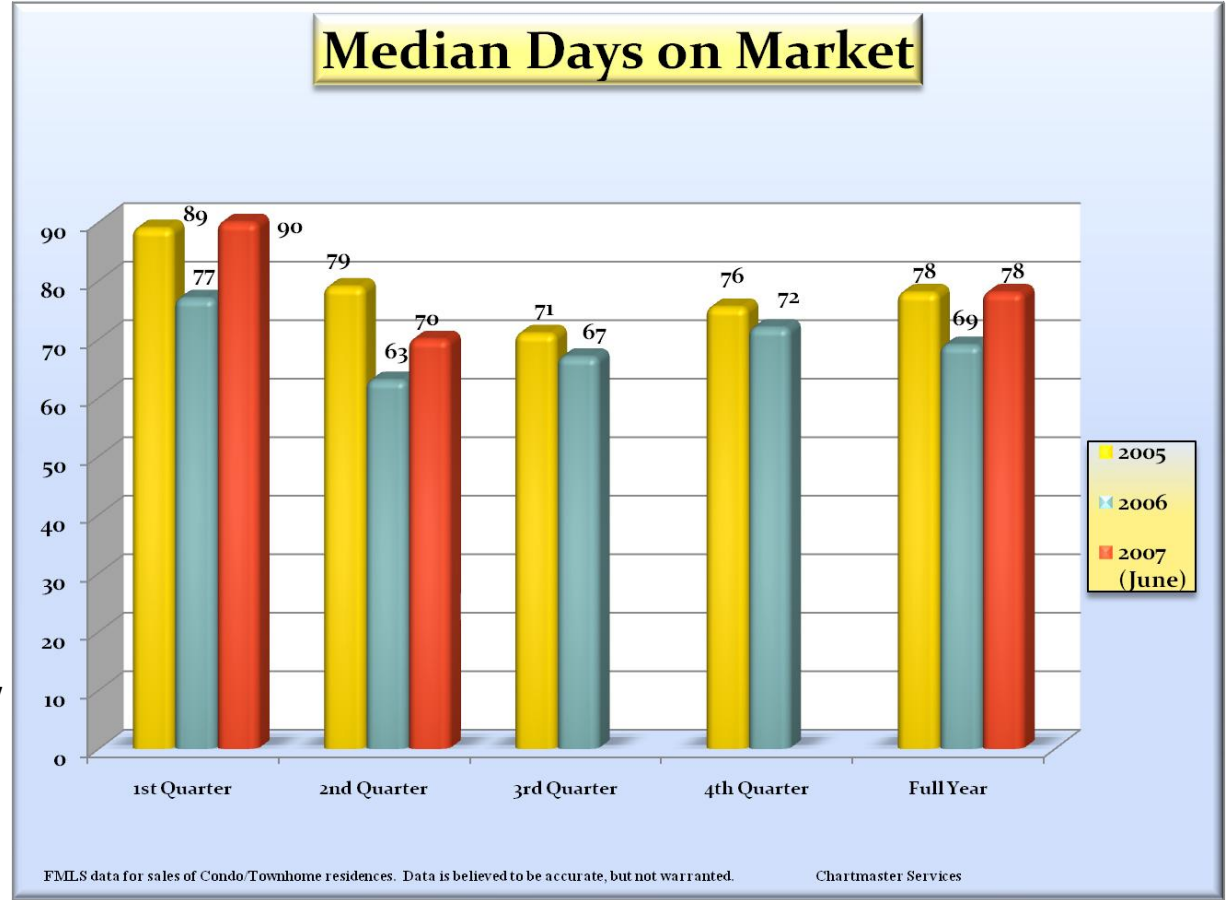
- The sales price as a percent of list price represents the impact of contract negotiations on net selling price
- Higher S/L ratios would indicate that Sellers are able to sell at prices closer to their original asking price
- This ratio declined in 4Q 2006 and continued lower into 1Q 2007, with some additional erosion in 2Q 2007



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- A trend toward fewer days on market was evident throughout the metro area in early 2006
- The upturn in 4Q 2006 may have been a seasonal pattern that carried into 1Q 2007
- DOM returned to more normal rates in 2Q 2007



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- Comparing sales by market sector shows that resale units sold more quickly (-15%) in 2Q 2007 than in 2Q 2006, while new units in the medium and low price sectors took longer to sell (+17%)
- Overall, days on market for new units was 76% longer than for resale units during 2Q 2007

2Q 2007 Days on Market

	NEW	RESALE	TOTAL
\$500K+	111 Days -5%	52 Days -15%	57 Days -22%
\$200 - \$499K	120 Days +17%	62 Days -10%	79 Days -6%
<\$200K	95 Days +17%	63 Days -15%	67 Days -12%
TOTAL	108 Days +17%	62 Days -15%	70 Days -10%

Comparison to one year ago:

 Better

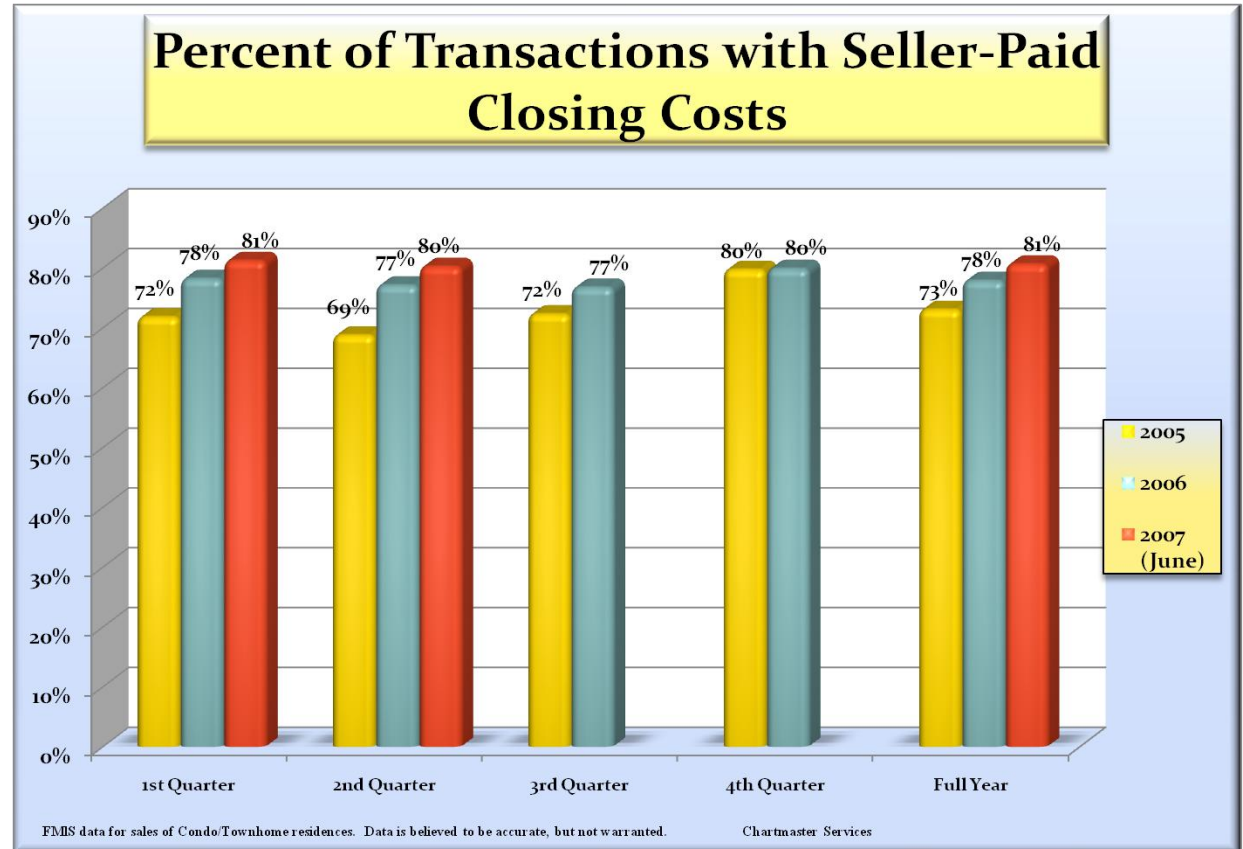
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 Worse

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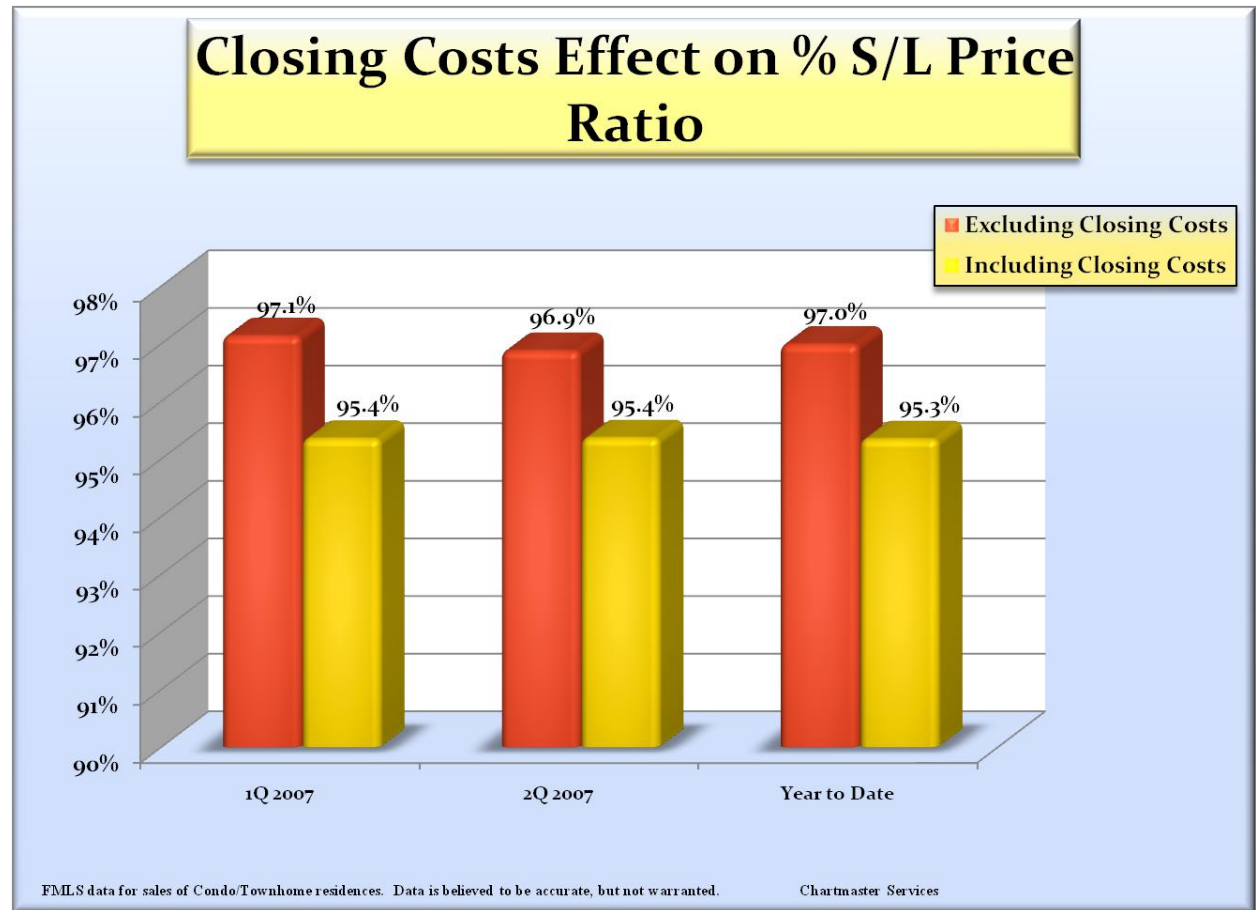
- Sellers are agreeing to pay some, or all of their Buyer's closing costs in increasing portions of the sales transactions in Atlanta
- Increases have occurred in each of the last 2 years
- 80% of the 2Q 2007 transactions included Seller-paid closing costs



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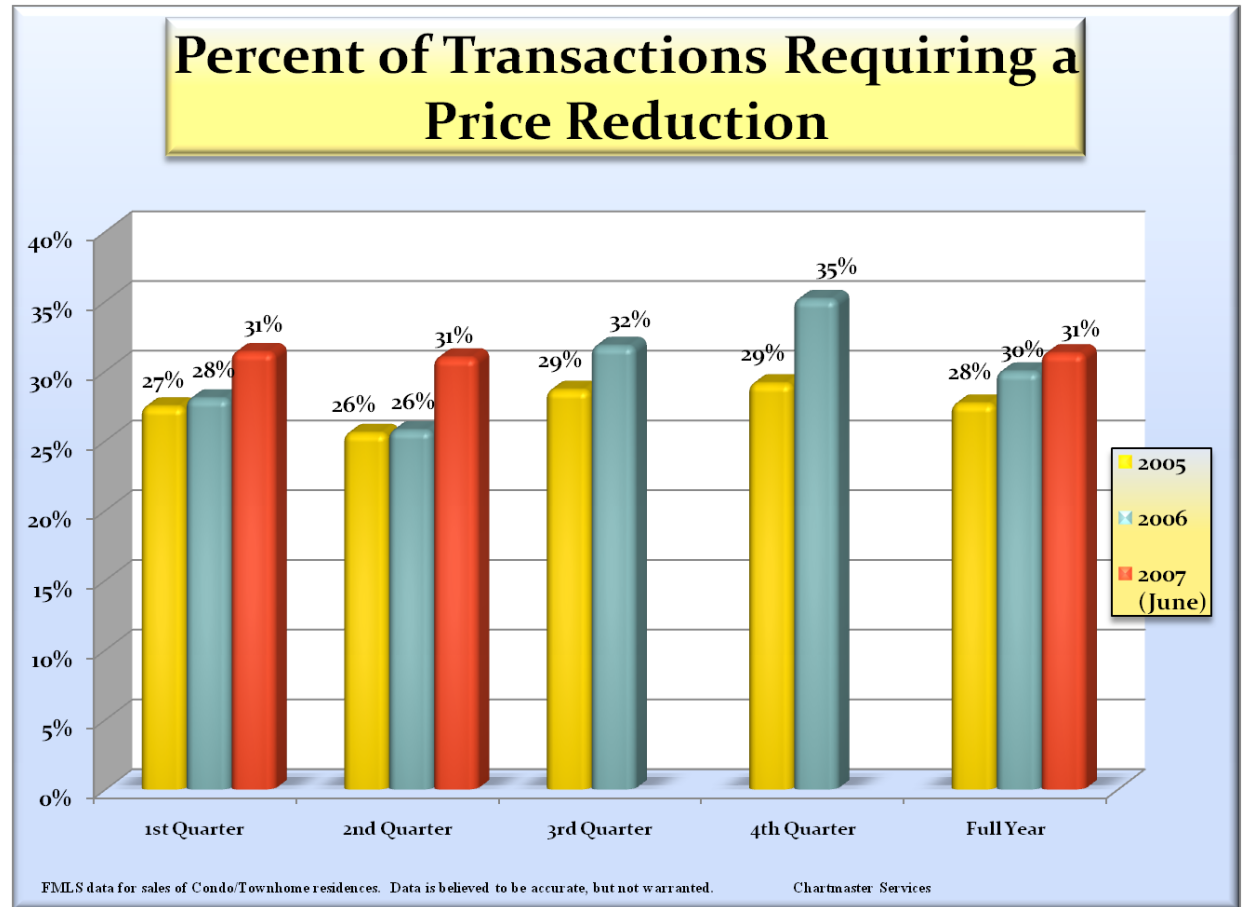
- Sellers agreeing to pay some or all of their Buyer's closing costs reduce their net percentage of original list price by an additional 1.7% of their original list price
- Allowance should be made for Seller-paid closing costs when estimating the net proceeds to Seller in a sales transaction



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- Properties listed at prices higher than the current market usually require a price reduction in order to attract a buyer
- Typically, reductions are needed in 25-30% of the sales transactions
- This percentage increased in the 3rd and 4th quarters of 2006, indicating Buyer resistance to current price levels, but shows a slight decrease thus far in 2007



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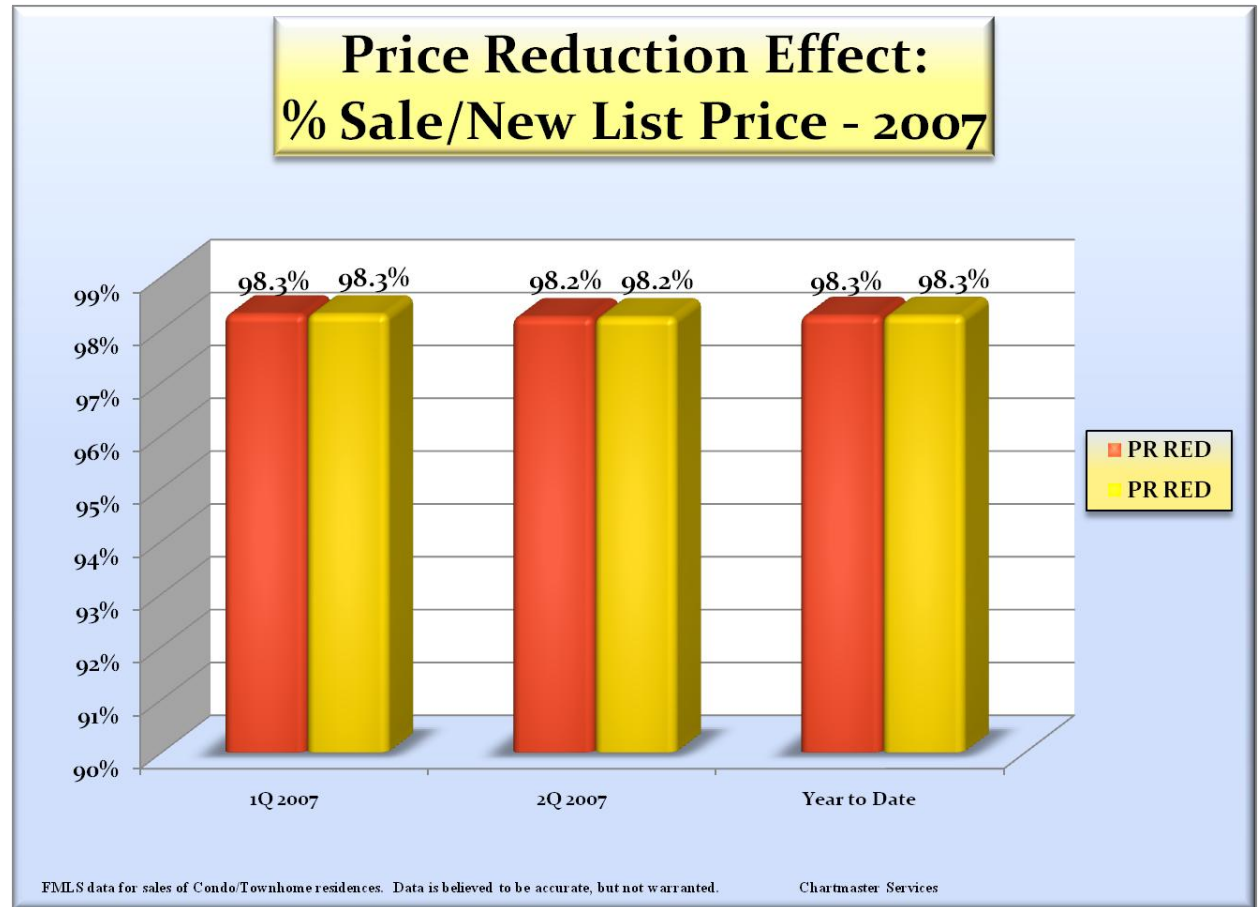
- When Sellers have to reduce their list prices, the eventual sales price represents a smaller percentage of their original asking price – usually by 5-6 percentage points
- At median 2007 prices, a Seller with a price reduction would net \$9,500 less than Sellers not required to reduce their price



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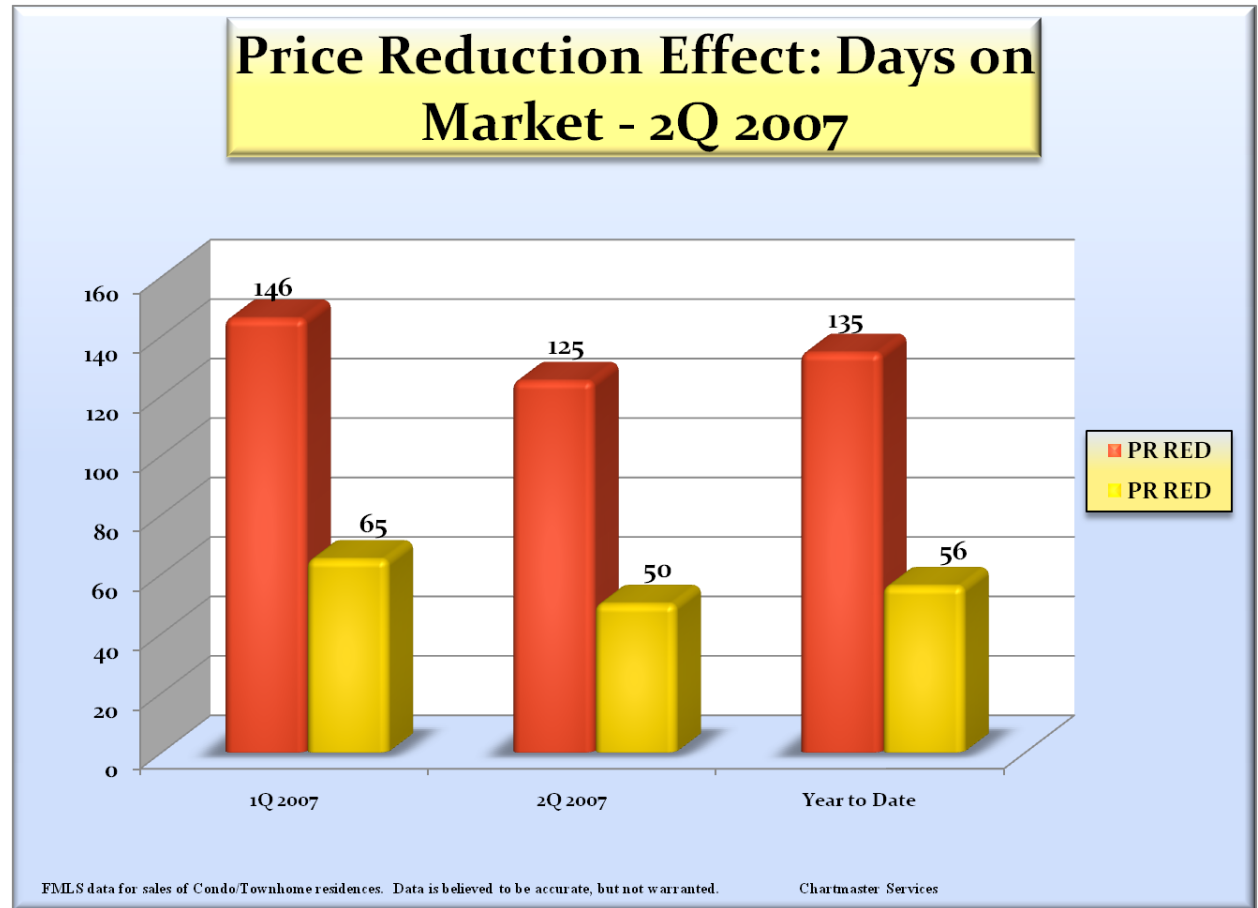
- When Sellers have to reduce their list prices, the eventual selling price percentage of the new, reduced price is usually equal to, or lower than, the ratio for non-price reduced properties
- During 2007, this ratio was the same for both types of properties, indicating that ratios are no better once a reduction is taken



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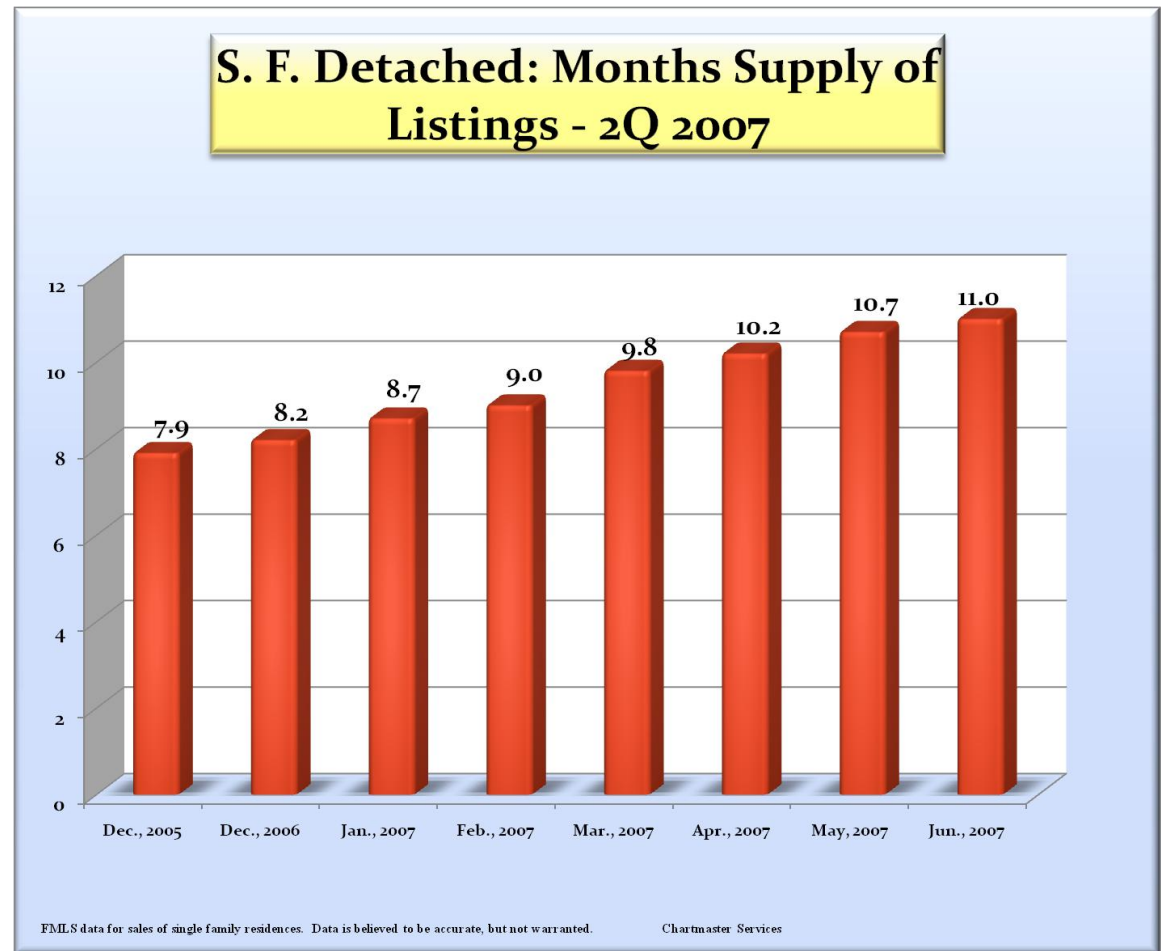
- In addition to having to accept a lower percent of original list price, price reduced properties also need more than twice as many days on market to obtain a contract
- The likely results to Sellers are higher carrying costs, greater inconvenience due to keeping the residence in showing condition and delay in finding and moving to a new home



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- The supply of active listings, expressed in months of supply, continued to increase steadily through June, 2007
- Higher listing inventories mean a more difficult market environment for Sellers, due to the higher number of competing listings available to Buyers
- A return to market growth will be more difficult while inventories are still rising



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- The supply of active listings rose to 11 months during June, 2007
- The largest supply exists in units priced above \$500K, where new/resale units now stand at a 30-month supply
- Inventory of newly built units, priced above \$500K, are at a record 40.8 months supply

Months Supply of Listings – June 2007

	NEW	RESALE	TOTAL
\$500K+	40.8 Months +126%	23.1 Months +18%	30.0 Months +58%
\$200 - \$499K	13.8 Months +34%	14.1 Months +24%	14.0 Months +28%
<\$200K	8.0 Months +86%	9.0 Months +4%	8.8 Months +16%
TOTAL	12.1 Months +65%	10.6 Months +11%	11.0 Months +24%

Comparison to one year ago:



Better



Same



Worse

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SUMMARY

- The strong, positive sales momentum of early 2006 slowed in 4Q 2006 and continues slower through 2Q 2007. However, sales through June of this year are still higher than in 2005.
- Overall, Median sales prices were slightly higher than in 2Q 2006. This, coupled with fewer days on market, is an indication of underlying market strength.
- The percent of transactions occurring after a price reduction is lower than it was in 4Q 2006, possibly indicating a lessening of Buyer resistance to current market prices.
- The percentage of transactions with Seller-paid closing costs continued at a high level in 2Q 2007.
- A drag on the market in 2Q 2007 is the high level of listing inventory. An inventory reduction is necessary before a resumption of market growth can occur.

Conclusion: Despite a market slowdown, the Condo/Townhome market appears basically healthy. Sellers pricing their property at **CURRENT** market prices with units properly prepared for sale, are selling at a median of 98% of original list price, in a median of 50 days. Sellers should be especially cautious in pricing at the market during this period of market change. Buyer price resistance may be waning, but still remains higher than it was for most of 2006. The large inventory of active listings creates a highly competitive environment for Sellers, requiring a greater degree of preparation and attention to pricing, prior to listing a property for sale.

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Relevance to Sellers:

- The higher overall inventory of units results from a slower market in 2007.
- Sellers of new construction units priced above \$500K may experience longer sell times due to a much greater inventory of unsold new homes than was the case previously.
- Higher prices on new construction make resale units more attractive at all price levels.
- Evidence of Buyer resistance to higher price levels resulted in lower % S/L ratios higher percentages of expirations/withdrawals and increased percentages of listings requiring a price reduction in order to attract a buyer.
- Sellers can expect somewhat reduced net proceeds from sale due to larger price concessions (% S/L) during contract negotiations and Seller payment of some, or all, of Buyer's closing costs – pricing at the market will minimize the need to reduce listing price, maintaining higher % S/L ratios and improving the Seller's ability to resist paying their Buyer's closing costs.

Relevance to Buyers:

- Sellers of new construction units may be more willing to give Buyer concessions, especially at higher price levels, due to the abnormally high current inventory and longer DOM.
- Look for price reduced units to obtain greater likelihood of discounting during contract negotiation – price reductions are still running at the higher end of the normal percentage range for closed transactions
- Ask Seller to pay closing costs
- Expect lower than normal (+3%) price increases.