

## **ChartMaster Services**

*Presentable Market Data*

# **2Q 2007 Single Family Detached Residence Market Profile**

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# Current Market Overview

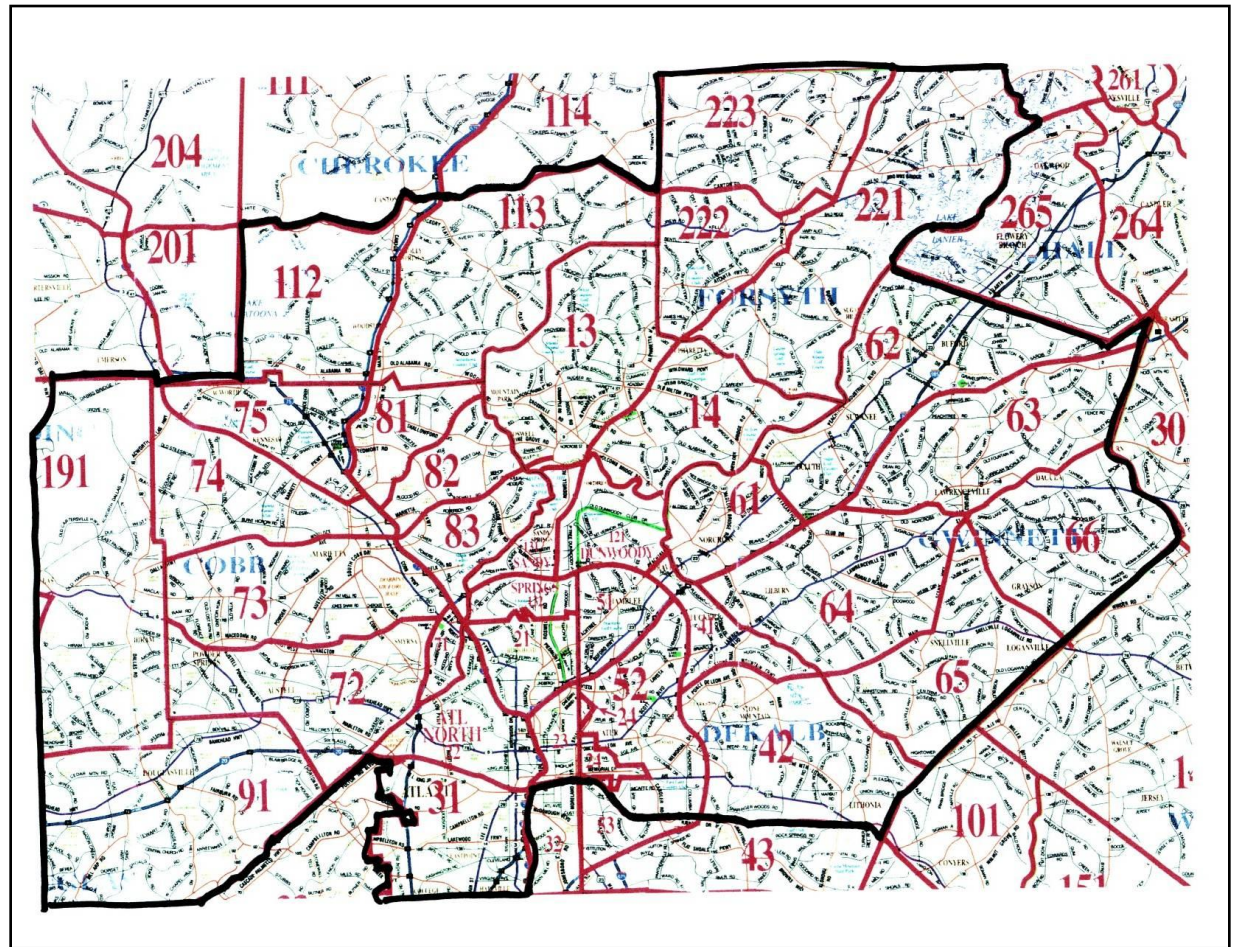
Understanding three views of the current market allows *Buyers* to maximize their ability to evaluate properties, receiving the highest value in their home search and *Sellers* to position their property to maximize money in their pocket while minimizing time on market:

- **Macro View: National Market**  
**National Media Coverage**
- **Metro View: Atlanta Market**  
**Quarterly FMLS Market Report**
- **Micro View: Your Community**  
**Comparative Market Analysis**

# 2Q 2007 Quarterly Metro Market Profile

Provided By Keller Williams Realty  
Single Family Detached Residences – 36 FMLS Areas

- Metro Areas Included
  - 36 FMLS Areas



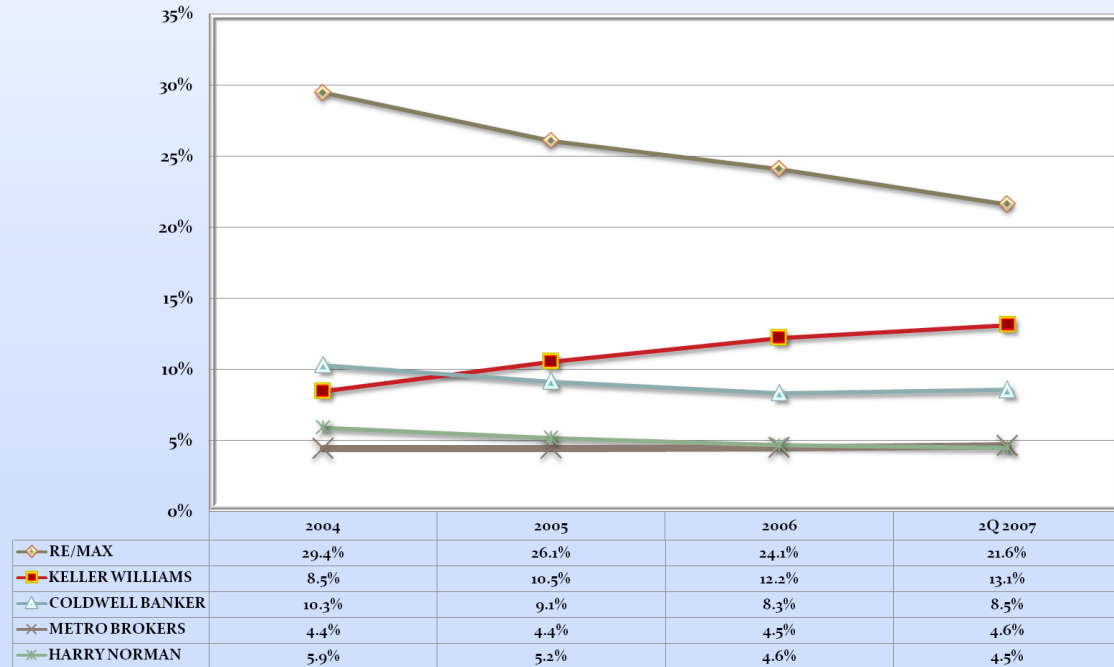
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- Keller Williams Realty rose from 4<sup>th</sup> position in Atlanta Metro market share, to 2<sup>nd</sup> position, in three years
- Keller Williams is the only top five company to increase its Atlanta market share every year since 2003

## Top 5 Companies: Market Share of Closed Sides

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



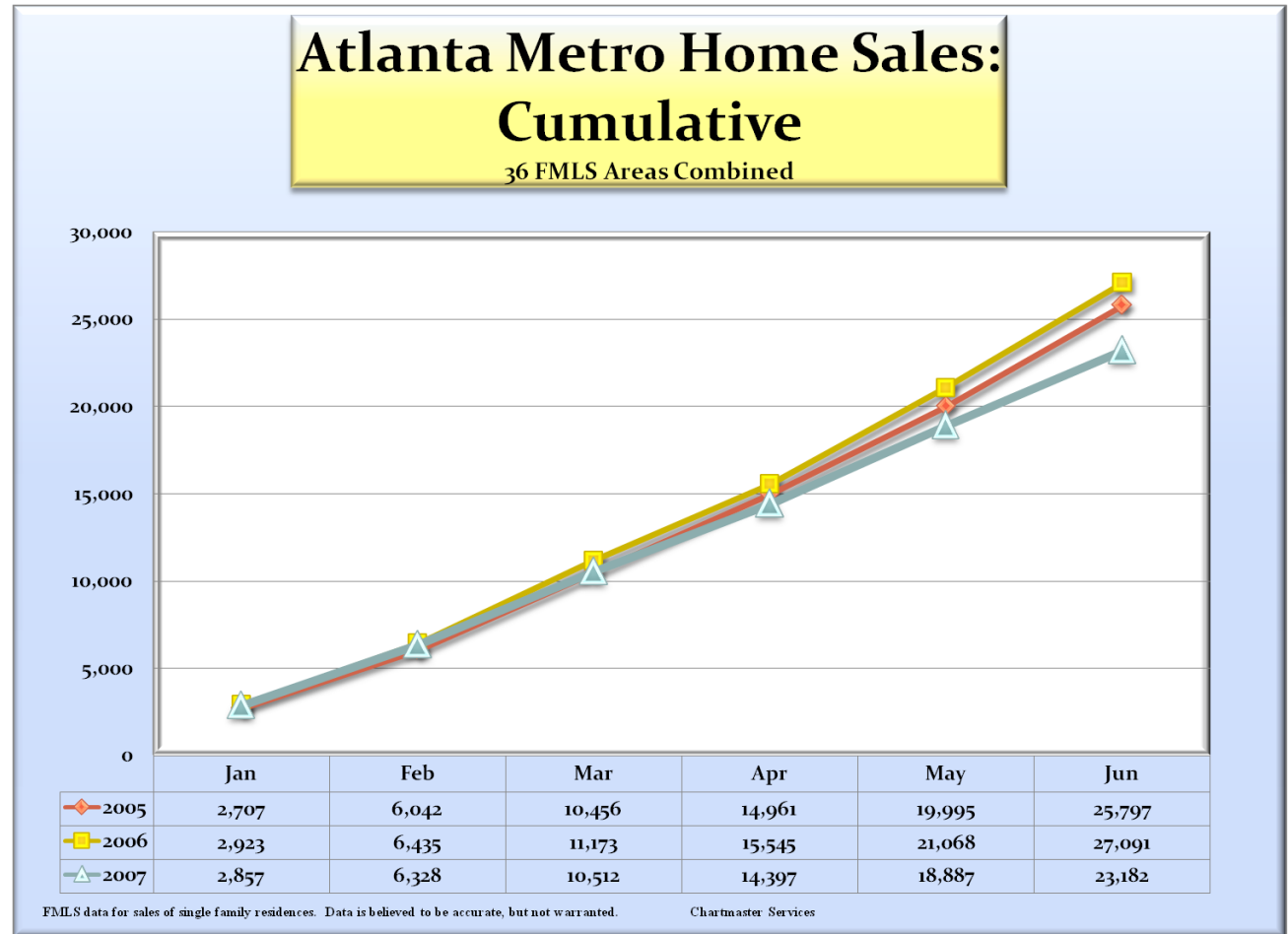
FMLS data for sales of single family detached + Condo/Townhome residences. Data is believed to be accurate, but not warranted.

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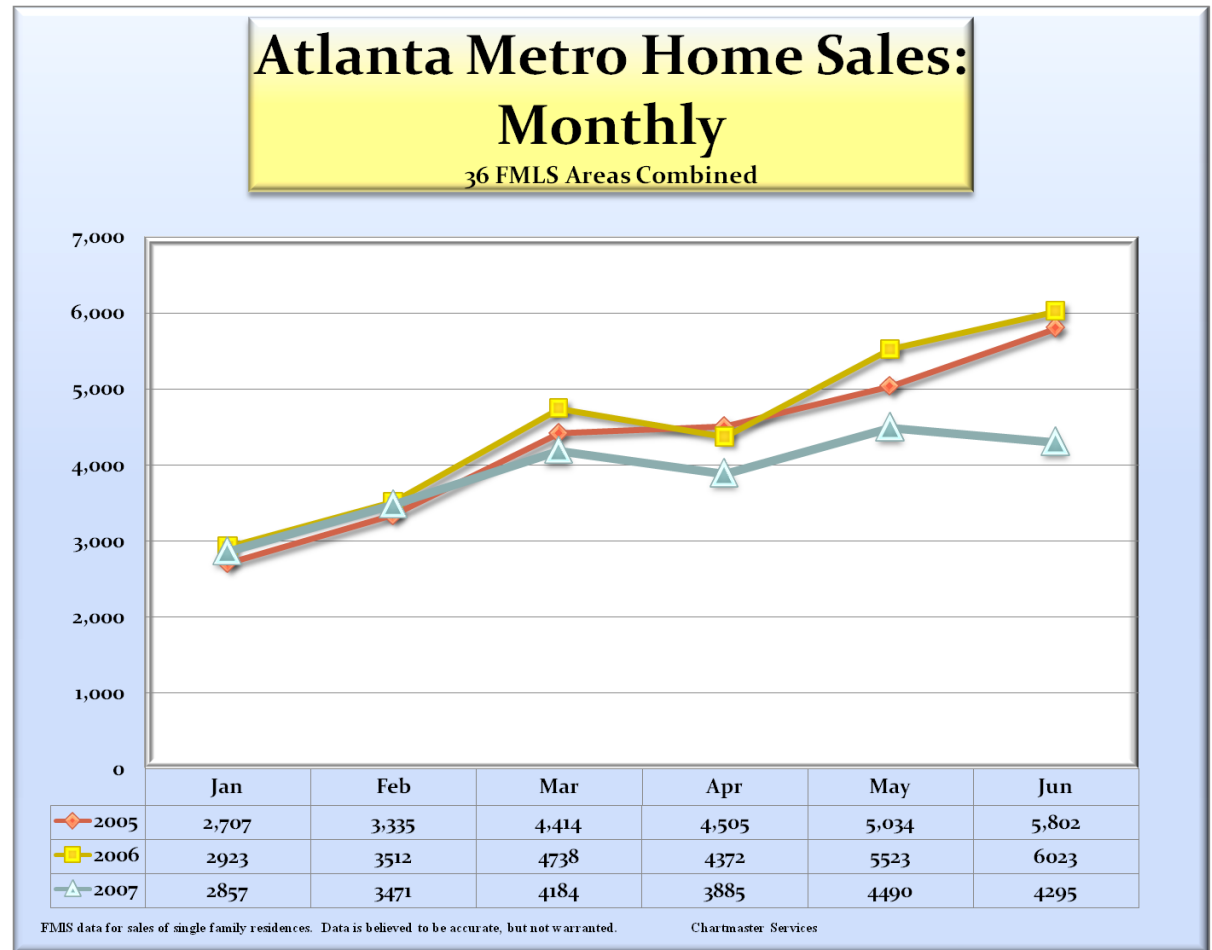
- 2007 sales of single family detached houses lag further behind those of 2006 through 2Q 2007
- Sales are 14.4% below those Through 2Q 2006 and 10% below 2Q 2005



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- Monthly 2007 sales of resale single family detached houses were only slightly below the comparable periods of 2006, through February
- However, sales have steadily ran lower than last year since February
- Some increase in June 2007 sales will occur as lag processing catches up





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- Only one market sector had increased sales over the comparable 2006 period
- New homes priced in the \$500K and above bracket, increased by 6% over 2Q 2006
- The largest impact was in sales of new homes priced below \$200k, which were down by 39%
- Overall, sales were down 13% compared to 2Q 2006

## Year-to-Date June Sales

	NEW	RESALE	TOTAL
\$500K+	814 (+6%)	1,794 (0%)	2,608 (+1%)
\$200 - \$499K	2,509 (-1%)	8,055 (-13%)	10,564 (-11%)
<\$200K	576 (-39%)	9,434 (-18%)	10,010 (-19%)
TOTAL	3,899 (-8%)	19,283 (-14%)	23,182 (-13%)

Comparison to one year ago:

 Better

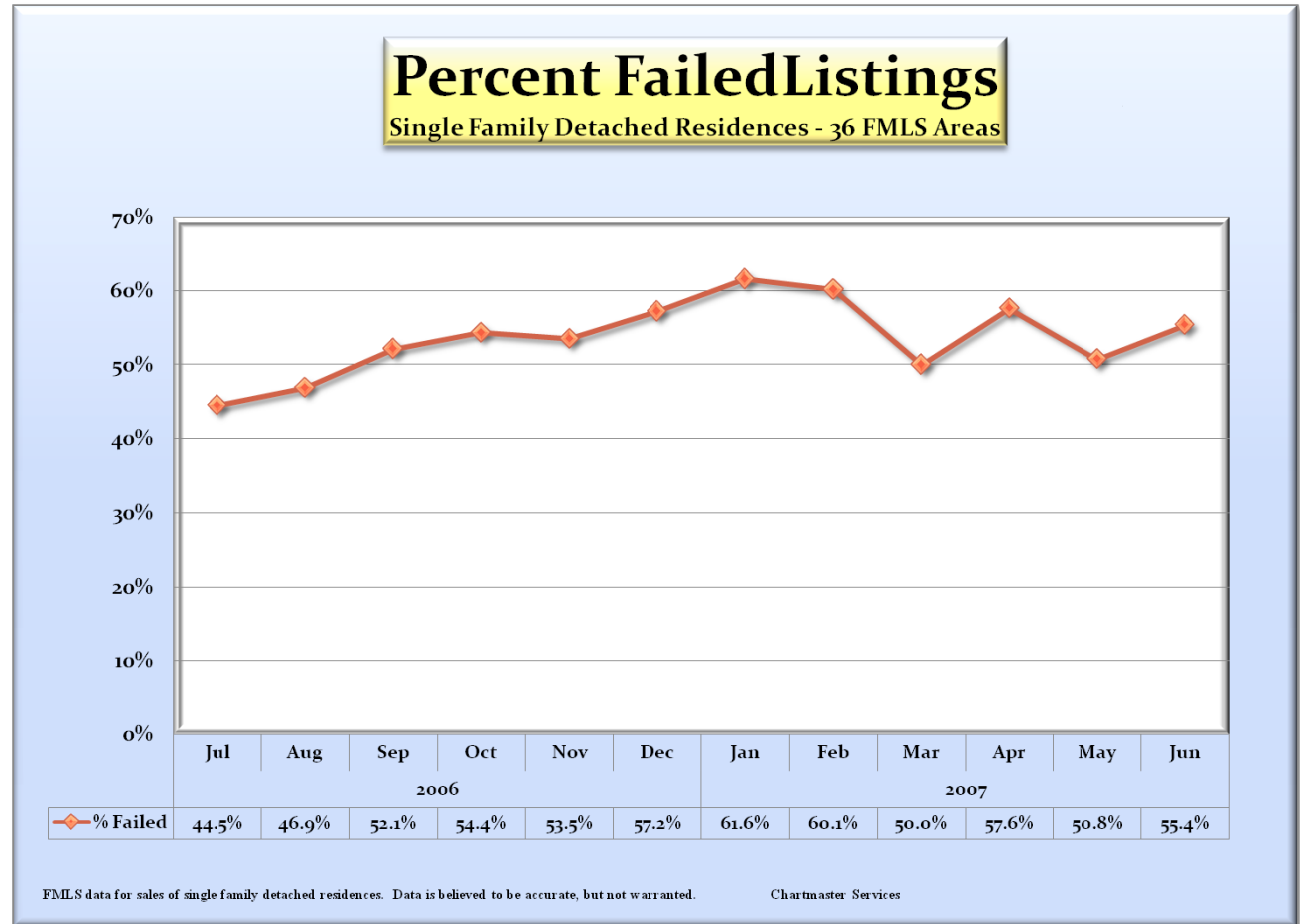
 Same

 Worse

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- Failed listings are viewed here as a percentage of total listings in order not to overstate the trend
- Failed listings as a percent of total listings (exp., WD, closed) rose during the 2<sup>nd</sup> half of 2006, reaching a peak in January, 2007
- The consistently higher rate since the 2<sup>nd</sup> half of 2006 is further evidence of Buyer price resistance, since listings usually fail due to overpricing

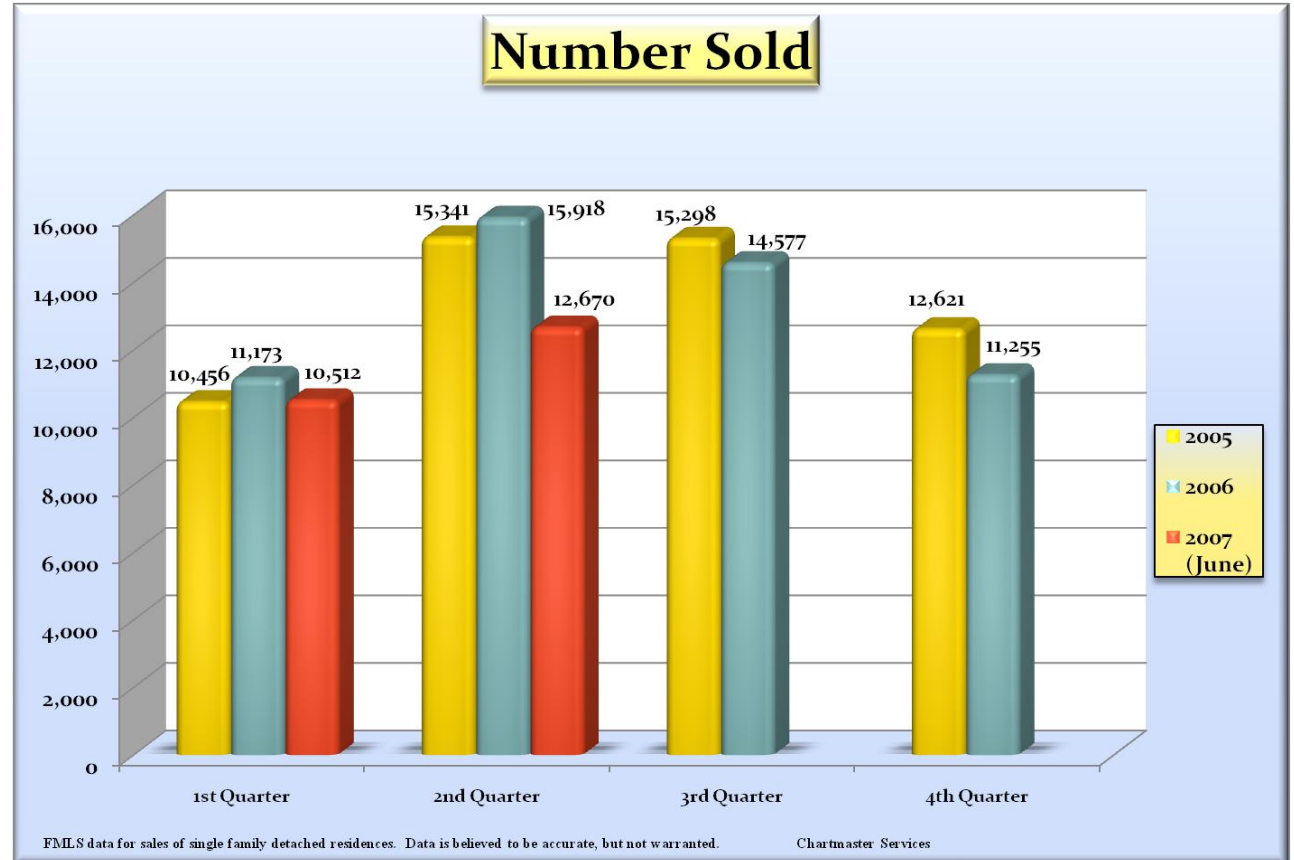




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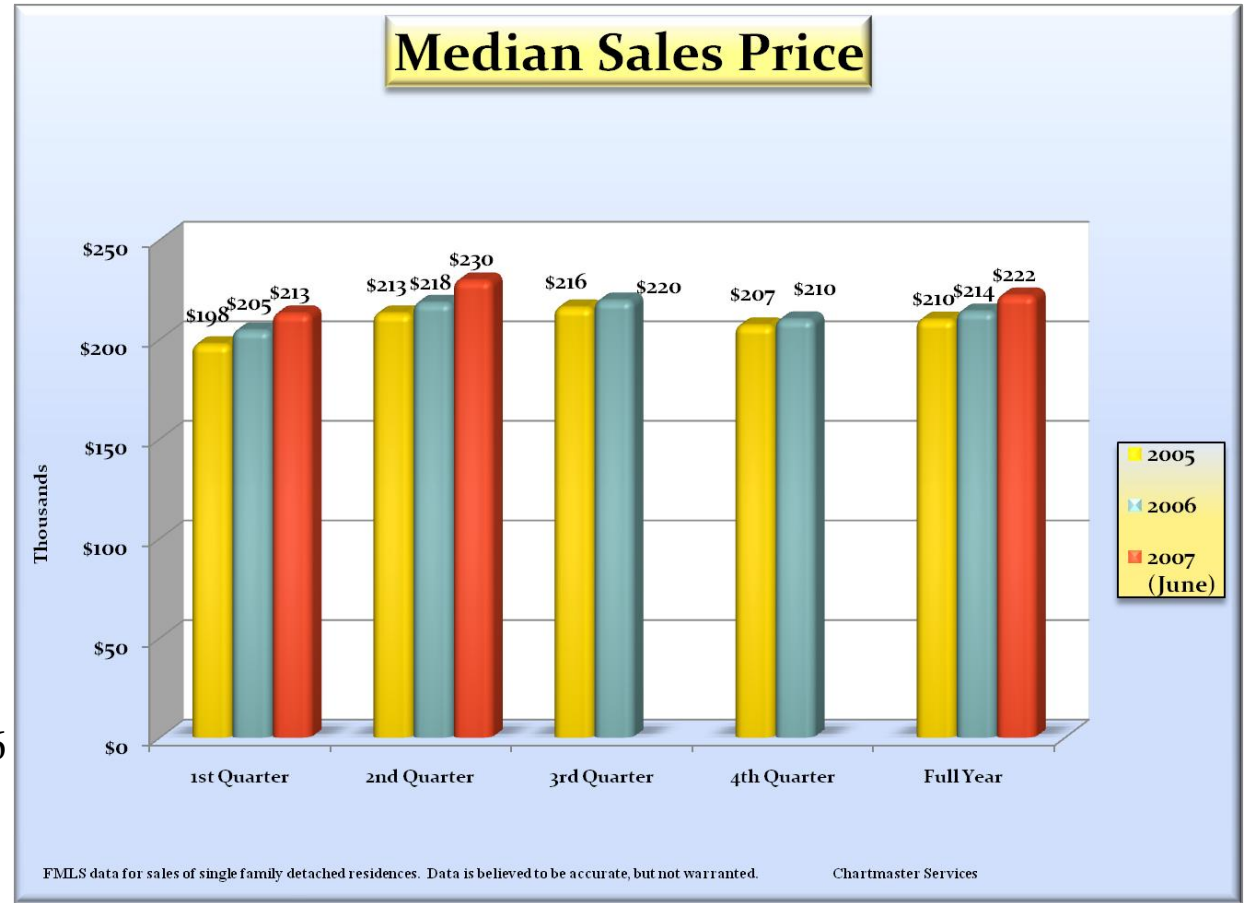
- Sales of houses were down by nearly 20% in the second quarter of 2007, compared to 2Q 2006
- 2Q 2007 sales were lower than both 2Q 2006 and 2Q 2005
- Late processing of June closings will improve the 2Q 2007 number somewhat, but it will remain much lower than in previous years



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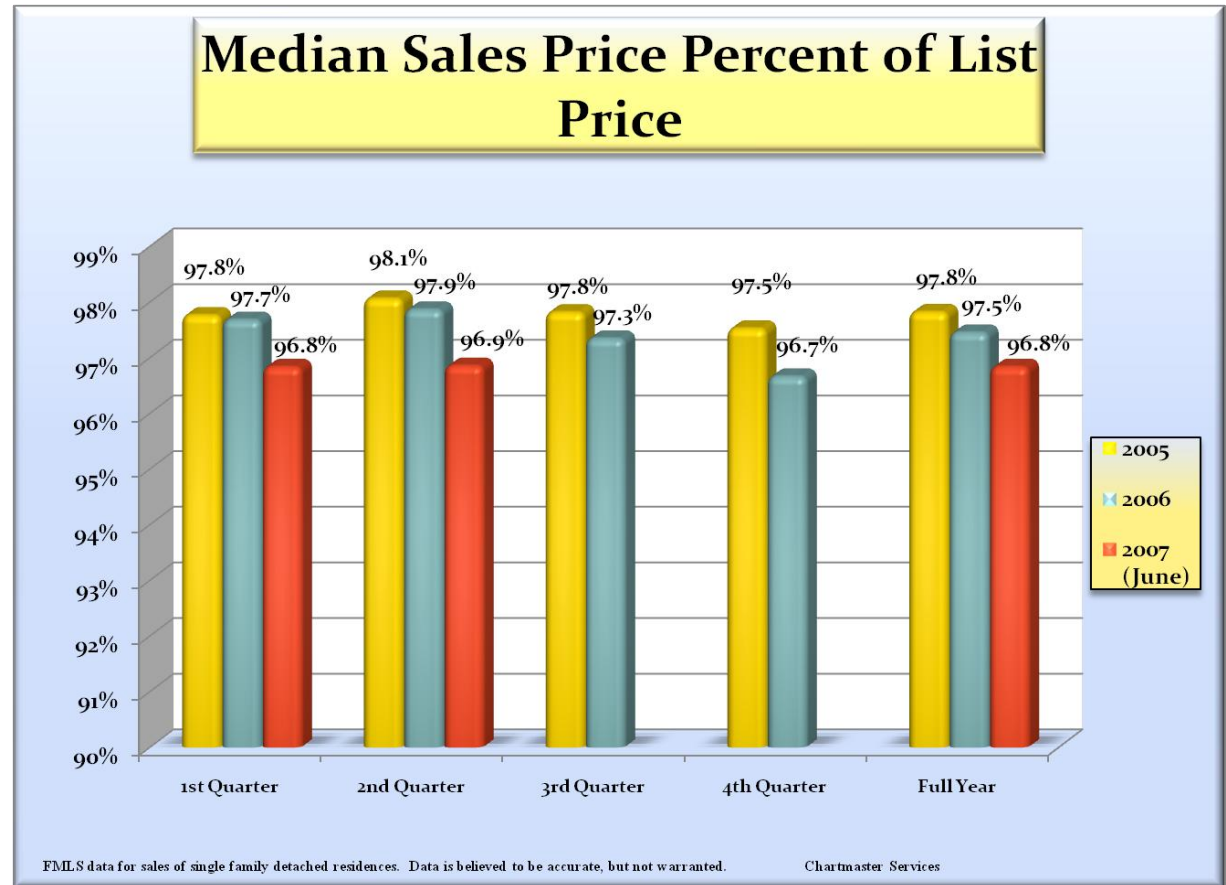
- Median sales prices continued to increase during 2Q 2007
- 2Q 2007 prices were the highest recorded for any quarter so far
- The 2Q 2007 median sales price was 5.5% higher than the 2Q 2006 median price and 8% higher than 1Q 2007



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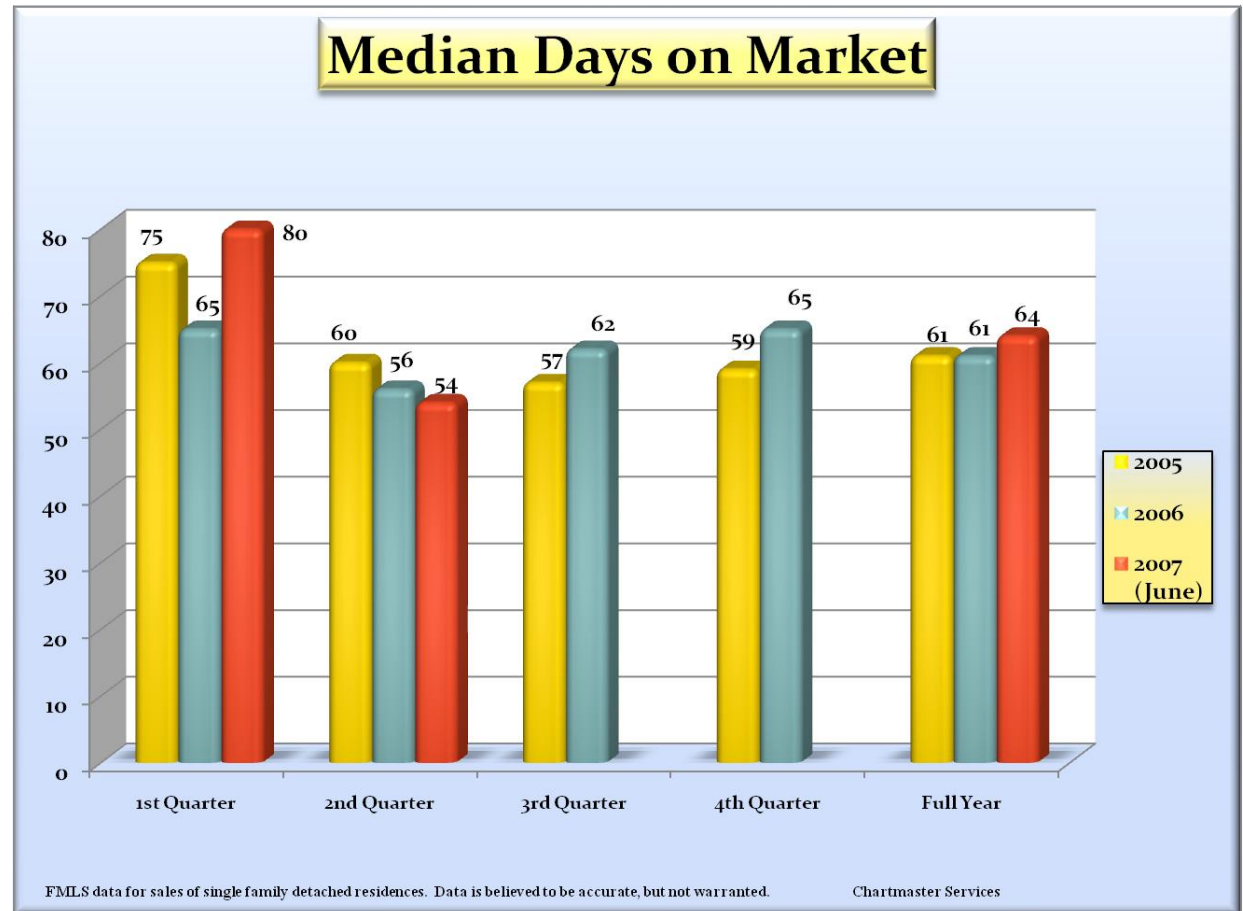
- The median sales price as a percent of original list price remains very close to that of 4Q 2006, but has not continued to decline
- These measures for the last 3 quarters were lower than those of all other 2006 and all 2005 quarterly numbers, indicating that a difficult negotiation environment for Sellers continues



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- After March lags were processed, median days-on-market increased during 1Q 2007, to the highest number recorded in the last two years
- However, 2Q 2007 median DOM have declined back to the levels seen in the fast-selling months of 2006
- Lag processing for June sales could yet affect the final 2Q 2007 sales figures, but any change should be small



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## 2Q 2007 Days on Market

- Looking at segments of the by New/Resale and sales price bracket, illustrates that median days on market have declined in nearly all segments, vs. the comparable year-ago period
- The largest increase was in the mid-priced new homes market sector (+11%) and the greatest decline was in the \$500K+ price range for New and Resale properties combined

	NEW	RESALE	TOTAL
\$500K+	147 Days -12%	50 Days -2%	67 Days -14%
\$200 - \$499K	122 Days +11%	42 Days -5%	51 Days -6%
<\$200K	103 Days -12%	51 Days 0.0%	52 Days -2%
TOTAL	123 Days +3%	47 Days -2%	54 Days -4%

Comparison to one year ago:

 Better

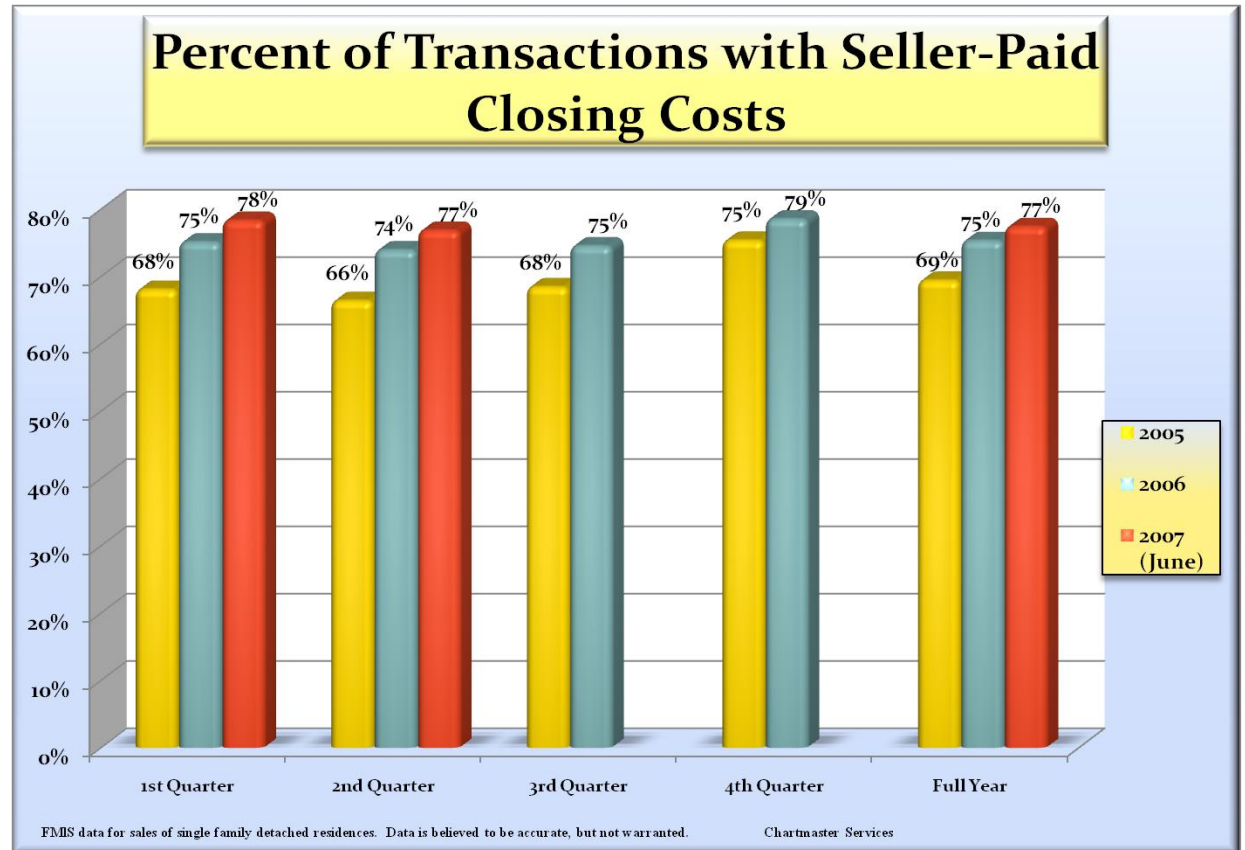
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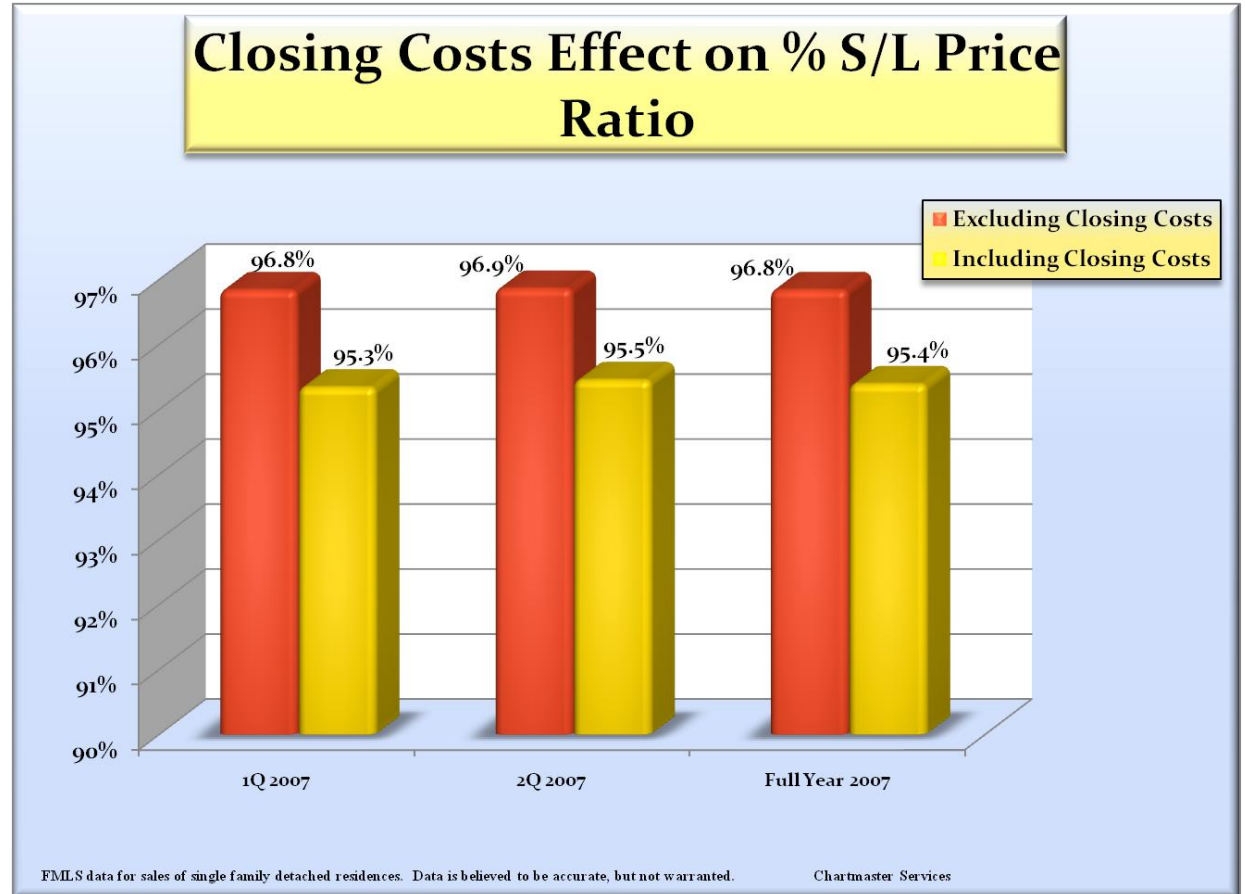
- The trend towards Sellers paying some, or all, of their Buyer's closing costs continues in 2Q 2007 at a rate near the recent high level reached in 4Q 2006
- Seller's should be aware of this Buyer need during contract negotiations



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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 another 1.4% 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

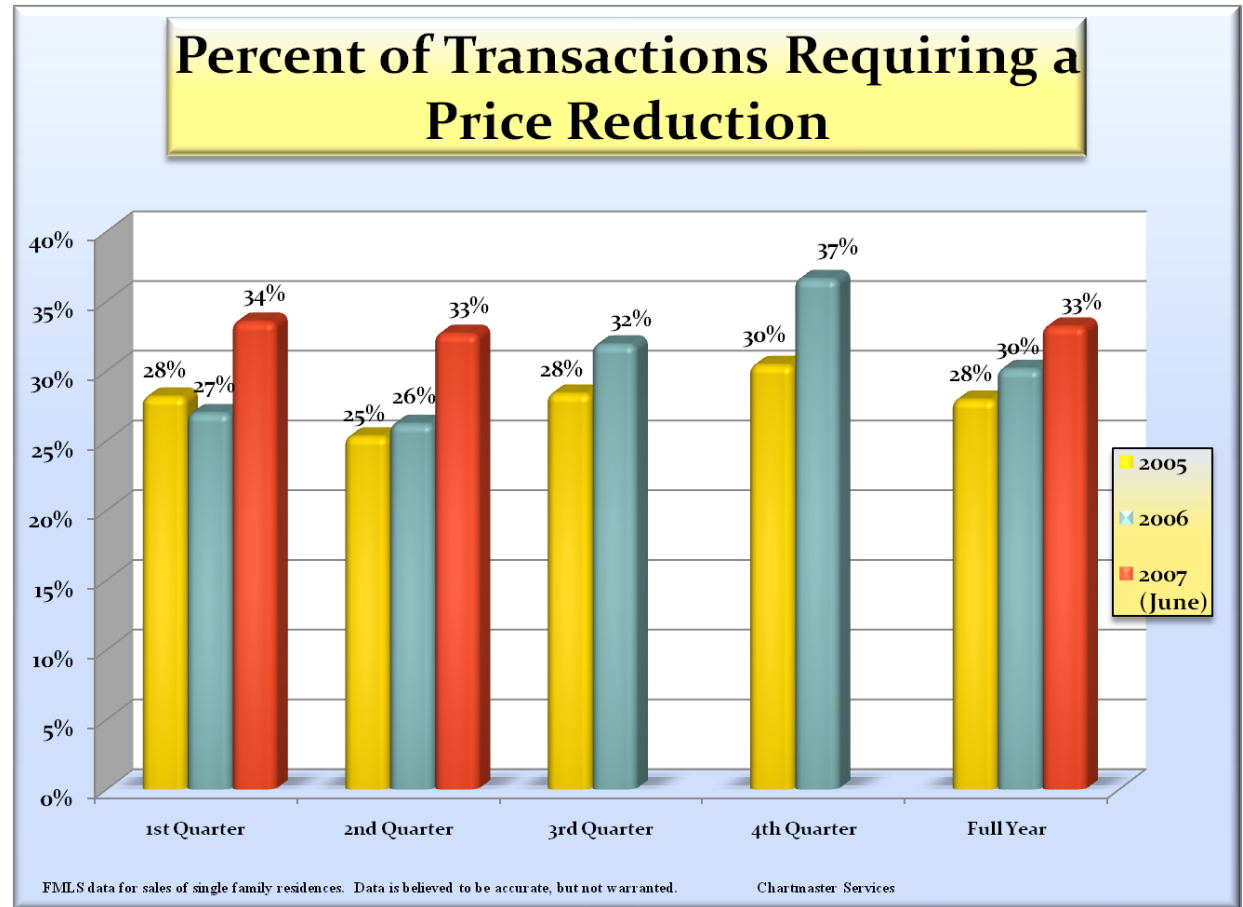




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- The percentage of transactions where the Seller was required to reduce the listing price in order to attract a Buyer, declined somewhat in 2007, from the recent high level reached in 4Q 2006
- The 33% rate is still at the high end of the usual range for price reductions, further indicating a higher level of Buyer price resistance in the current market



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- When a price reduction is required, the Seller negotiates to a lesser portion of the original listing price than a Seller not requiring a price reduction
- This difference across the metro area typically ranges between 4-6 percentage points less than for a Seller with no price reduction
- In 2Q 2007, the 5.2 percentage point difference would amount to a reduction of \$12,342, at the median sales price, compared to a Seller without a price reduction



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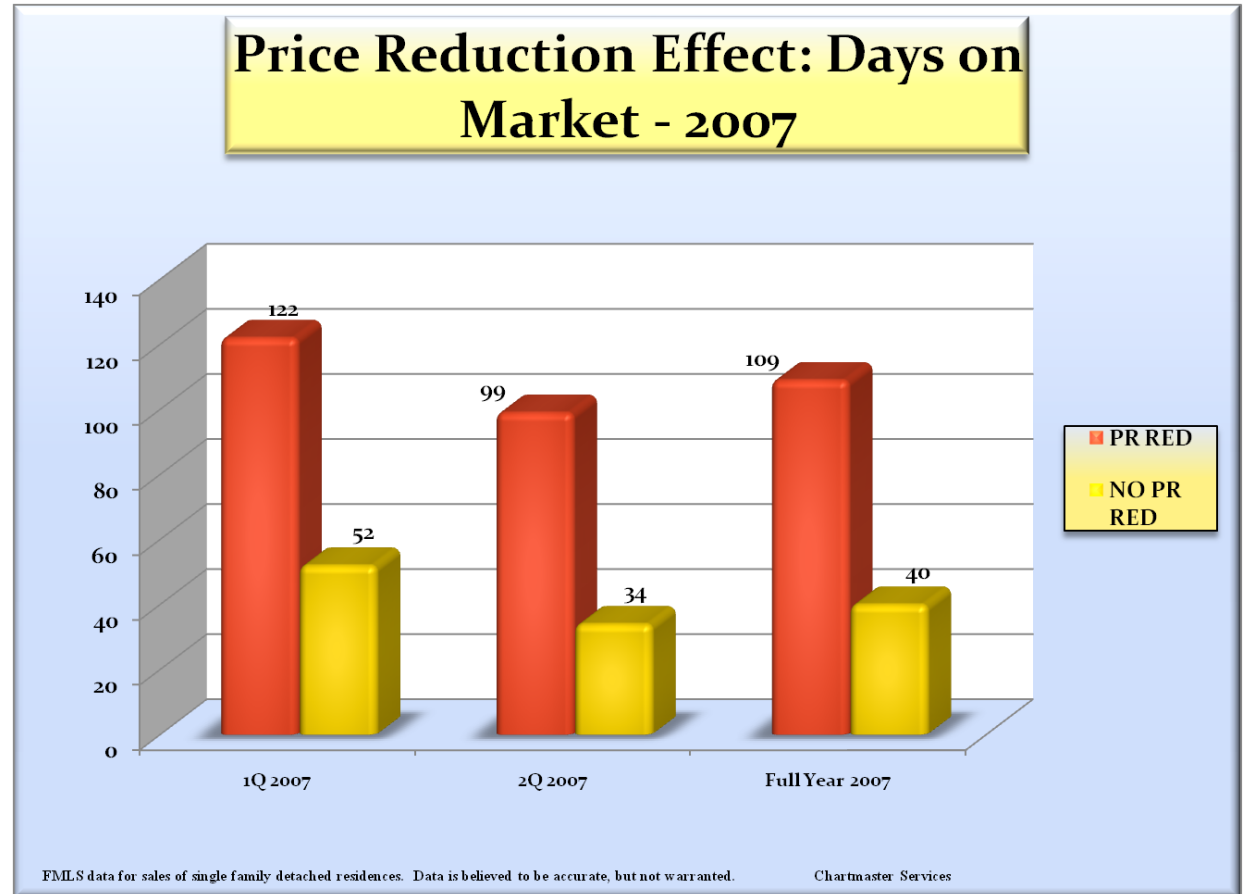
- Even after taking a price reduction, Sellers realize a lesser portion of their *new* list price than those Sellers not required to reduce their price



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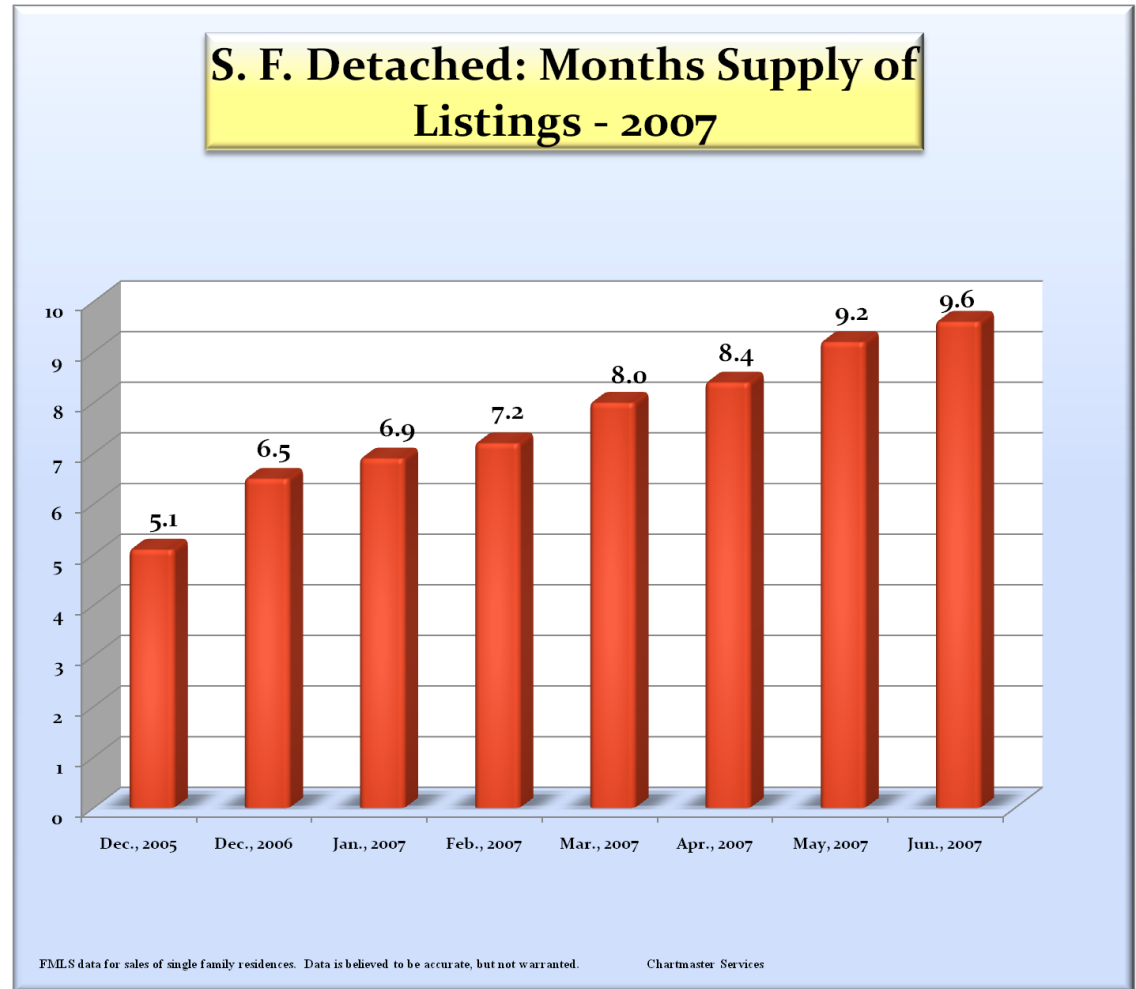
- When a price reduction is required, more time is needed to attract a buyer
- Typically, the Seller with a price reduction needs 2.5-3 times longer to sell than the Seller not required to reduce their listing price
- The likely results are higher carrying costs, greater inconvenience due to keeping the house in showing condition and delays in finding and moving to a new home



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- The listings supply continues to grow in each month of 2007
- Inventory is expressed as the number of months required to sell currently active listings, at the average monthly sales rate during the last 12 months
- Supply has increased by 48% since December, 2006



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## Months Supply of Listings – June 2007

- The listings supply is larger in all market segments
- Inventory is expressed in number of months of sales at the average sales rate of the last 12 months

	NEW	RESALE	TOTAL
\$500K+	21.6 Months +37%	15.8 Months +30%	17.6 Months +33%
\$200 - \$499K	10.9 Months +35%	9.3 Months +47%	9.7 Months +44%
<\$200K	7.3 Months +65%	7.6 Months +35%	7.6 Months +37%
TOTAL	12.4 Months +46%	9.0 Months +40%	9.6 Months +41%

Comparison to one year ago:

 Better

 Same

 Worse

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## SUMMARY

- The Single Family Detached home market continues to be slower during the first half of 2007, compared to the first half of 2006.
- The supply of unsold houses continues to grow, year-t-date time on market has increased slightly after declining in 2006 and the percent S/L price has continued lower than in 2006.
- However, prices have continued to rise and the percent of transactions where the Seller required a price reduction in order to attract a Buyer, has declined into a more normal range.

## Conclusion:

The real estate market in Atlanta entered a “transition” phase in the 4<sup>th</sup> quarter of 2006. After very strong markets in 2005 and early 2006, interest rates edged up slightly, affecting the borrowing power of some potential Buyers. The low price end of the market was most affected, while the higher priced segments continue to advance. New home sales in the lower price segment, were most severely impacted. Sellers will need to pay close attention to preparation of their property and pricing in line with the slower market and high inventory of listings.



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## Relevance to Sellers in 2007:

- Houses have sold at increased prices compared to the previous year, indicating a sound overall real estate market – however, increased time on market, lower % S/L prices and high percentages of transactions requiring a price reduction indicate that pricing at the *current* market is the key to selling in least amount of time and at the best price
- The biggest concern in 2007 has to be the high inventory of homes for sale at all price levels indicating a continuation of 4Q 2006 market slowing – New home inventory increase is particularly troublesome (+37%) , but resale buildup is also high (+30%)
- Market slowing will continue until inventories return to more normal rates – until then, care must be taken in pricing at the market in order to sell within normal time periods

## Relevance to Buyers:

- Builders should be offering Buyer incentives to work down high new home inventory
- Greater price increases in new homes (+10.1%) than in resales (+3.0%) made resales more attractive in 2007
- Market slowing will present better value to Buyers of both resale and new homes
- Properties that have been price-reduced may set up a more favorable negotiating environment
- Buyers should ask the Seller to pay some, or all, of Buyer's closing costs