

TREND Economic and Market Watch Report

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

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

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

Index

Local Report

Delaware

Kent County	3
New Castle County	5

New Jersey

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

Pennsylvania

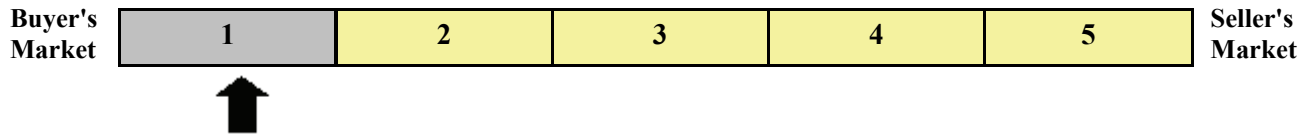
Berks County	16
Bucks County	18
Chester County	21
Delaware County	23
Montgomery County	25
Philadelphia County	28

Trends	30
Chief Economist's Commentary*	31
Local Forecast	32
Economic Monitor*	33

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

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

Kent County, DE



Labor Market :

Employment declined by 571 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 4% in the second quarter to 4.9% for the first two months of the third 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 :

	<i>Q2' 08</i>	<i>Q3' 08</i>	<i>Q4' 08</i> <i>(Forecast)</i>
Average Price	\$218,300	\$226,700	↑
# Homes on the Market *	939	1,805	↔
# Homes Sold **	422	326	↓
# New Homes Built ***	218	150	↓
Avg # of Days on Market	88	84	↑

* Available as of Sep. 30, 2008.

** May not add to total of zip codes

*** During the first two months of 3rd quarter.

Data by Zip Codes

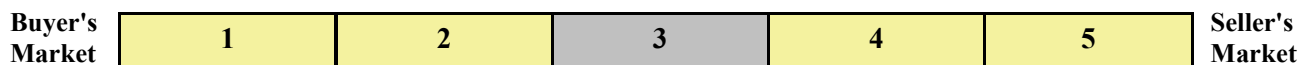
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19901	\$233,600	10.97%	54	-41.30%	79	96.0%
19904	\$218,800	-4.50%	77	-42.54%	91	97.0%
19934	\$265,000	-3.78%	19	-57.78%	61	96.0%
19936	\$249,500	N/A	2	N/A	45	94.3%
19938	\$261,000	-0.84%	14	-56.25%	81	99.3%
19943	\$208,100	-8.65%	19	-42.42%	72	100.3%
19946	\$178,200	-22.79%	10	-28.57%	102	94.4%
19950	\$204,000	-37.71%	1	-66.67%	355	93.2%
19952	\$176,000	-13.04%	17	0.00%	69	95.0%
19953	\$207,200	-20.70%	11	-26.67%	52	98.6%
19954	\$235,800	56.06%	3	-25.00%	186	96.9%

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)
19955	\$169,900	N/A	1	N/A	29	100.0%
19958	\$166,000	N/A	1	N/A	44	97.7%
19962	\$269,300	-2.32%	29	-35.56%	111	97.7%
19963	\$205,400	-0.24%	11	-52.17%	126	97.0%
19964	\$221,500	15.24%	4	33.33%	89	98.3%
19977	\$226,600	1.21%	51	-22.73%	71	97.3%
19979	\$210,900	-1.91%	1	0.00%	97	98.1%
19980	\$264,900	107.60%	1	0.00%	90	100.0%

New Castle County, DE



Labor Market :

Employment declined by 2,696 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 4% in the second quarter to 5% for the first two months of the third 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 :

	Q2' 08	Q3' 08	Q4' 08 (Forecast)
Average Price	\$268,700	\$264,100	↑
# Homes on the Market *	2,474	3,305	↔
# Homes Sold **	1,513	1,116	↓
# New Homes Built ***	168	128	↓
Avg # of Days on Market	68	65	↑

* Available as of Sep. 30, 2008.

** May not add to total of zip codes

*** During the first two months of 3rd quarter.

Data by Zip Codes

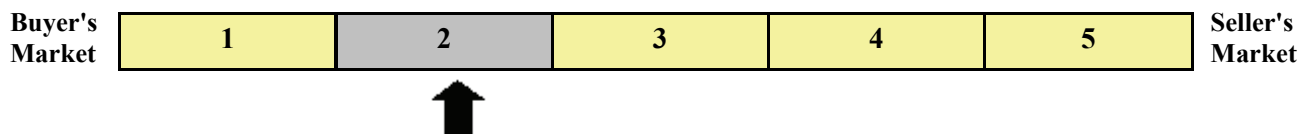
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19701	\$253,000	-7.90%	91	-35.92%	72	97.4%
19702	\$241,700	2.29%	124	-31.87%	71	97.3%
19703	\$188,000	-16.48%	26	-13.33%	71	96.0%
19706	\$169,800	-24.20%	3	-25.00%	122	96.2%
19707	\$423,100	-2.26%	27	-61.43%	56	97.1%
19709	\$333,000	5.48%	65	-56.67%	82	100.2%
19711	\$315,100	2.44%	113	-22.60%	63	96.4%
19713	\$214,300	2.58%	53	-47.00%	62	96.8%
19720	\$191,700	-0.78%	109	-43.52%	64	97.4%
19733	\$305,000	N/A	1	N/A	19	96.9%
19734	\$295,300	-9.97%	20	-23.08%	147	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)
19801	\$144,100	-14.94%	17	-68.52%	68	95.8%
19802	\$163,100	5.77%	44	-42.86%	60	96.9%
19803	\$358,300	-2.79%	62	-30.34%	59	96.0%
19804	\$180,500	-11.74%	47	-22.95%	39	97.0%
19805	\$175,900	6.09%	107	-25.17%	60	96.5%
19806	\$345,200	-10.13%	26	-43.48%	64	95.6%
19807	\$926,400	-13.85%	14	-36.36%	51	95.7%
19808	\$277,600	0.22%	86	-43.42%	65	96.8%
19809	\$226,900	8.31%	22	-65.08%	61	97.0%
19810	\$324,600	-2.52%	55	-40.22%	52	96.5%
19938	\$312,500	17.92%	2	100.00%	116	96.3%
19977	\$363,300	51.12%	2	-60.00%	56	99.5%

Burlington County, NJ



Labor Market :

Employment declined by 447 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 4.5% in the second quarter to 5.4% for the first two months of the third 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 :

	Q2' 08	Q3' 08	Q4' 08 (Forecast)
Average Price	\$278,300	\$286,900	↑
# Homes on the Market *	2,750	3,675	↔
# Homes Sold **	1,368	890	↓
# New Homes Built ***	155	140	↓
Avg # of Days on Market	89	89	↑

* Available as of Sep. 30, 2008.

** May not add to total of zip codes

*** During the first two months of 3rd quarter.

Data by Zip Codes

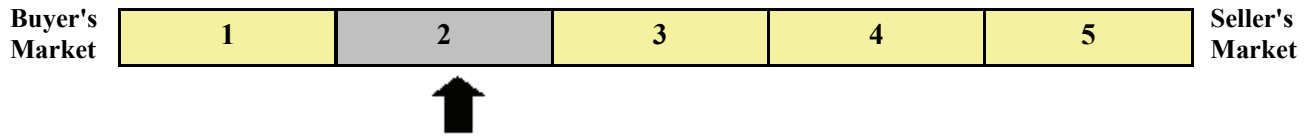
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08004	\$307,000	N/A	1	N/A	204	99.1%
08010	\$181,700	-11.06%	12	-70.00%	181	93.6%
08015	\$179,600	-11.83%	74	-2.63%	86	97.1%
08016	\$247,500	-3.51%	79	-36.80%	82	95.9%
08019	\$299,900	-33.36%	1	-50.00%	35	100.0%
08022	\$314,100	-14.09%	15	-34.78%	140	95.1%
08036	\$304,300	-15.68%	10	-37.50%	82	97.7%
08041	\$350,000	0.72%	1	-50.00%	74	92.1%
08046	\$161,200	-15.38%	72	-22.58%	91	95.2%
08048	\$259,300	-24.11%	22	-53.19%	90	97.9%
08052	\$190,000	-7.14%	17	-64.58%	94	96.2%

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)
08053	\$292,800	5.55%	112	-38.46%	75	96.6%
08054	\$359,400	22.41%	77	-63.85%	72	94.9%
08055	\$471,900	14.99%	70	-19.54%	105	94.7%
08057	\$574,800	3.20%	47	-16.07%	92	95.5%
08060	\$214,800	-15.60%	51	-40.70%	83	95.2%
08065	\$176,800	-11.78%	18	-48.57%	62	94.6%
08068	\$236,500	22.67%	9	-62.50%	73	94.2%
08075	\$242,900	-1.38%	54	-22.86%	87	96.1%
08077	\$270,100	-8.56%	28	-30.00%	74	95.7%
08088	\$257,000	-22.87%	60	-34.78%	113	94.9%
08505	\$271,100	-8.57%	26	-42.22%	104	96.8%
08511	\$388,400	11.90%	2	-33.33%	71	98.4%
08515	\$524,200	15.26%	12	-25.00%	61	93.3%
08518	\$178,000	-3.99%	2	-81.82%	95	98.9%
08554	\$181,000	-3.57%	10	-16.67%	89	93.6%
08562	\$255,400	-2.82%	7	-50.00%	157	94.5%
08610	\$171,000	-24.20%	1	-66.67%	55	95.1%

Camden County, NJ



Labor Market :

Employment declined by 488 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 5.5% in the second quarter to 6.4% for the first two months of the third 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 :

	Q2' 08	Q3' 08	Q4' 08 (Forecast)
Average Price	\$217,500	\$224,700	↑
# Homes on the Market *	2,849	4,056	↔
# Homes Sold **	1,330	1,036	↓
# New Homes Built ***	98	92	↓
Avg # of Days on Market	80	79	↑

* Available as of Sep. 30, 2008.

** May not add to total of zip codes

*** During the first two months of 3rd quarter.

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08002	\$249,700	2.76%	57	-18.57%	103	94.4%
08003	\$354,300	2.90%	59	-41.58%	76	96.3%
08004	\$194,100	-10.22%	32	-36.00%	70	95.4%
08007	\$195,500	1.77%	14	40.00%	101	96.4%
08009	\$226,200	-4.11%	31	-38.00%	118	97.0%
08012	\$198,100	-9.63%	33	-32.65%	91	97.9%
08018	\$399,900	-26.49%	1	0.00%	136	100.0%
08021	\$168,500	5.05%	73	-54.38%	51	96.8%
08026	\$222,400	-19.54%	5	-50.00%	92	95.7%
08029	\$167,100	-18.80%	15	0.00%	83	97.4%
08030	\$118,900	-15.73%	34	-26.09%	87	95.8%

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	\$183,300	-3.17%	29	-3.33%	54	94.6%
08033	\$468,700	-19.73%	64	-3.03%	108	94.7%
08034	\$269,300	5.48%	40	-45.21%	65	96.3%
08035	\$258,400	-4.86%	18	-10.00%	47	96.7%
08037	\$216,900	-10.96%	4	-20.00%	154	94.8%
08043	\$358,600	16.47%	58	-37.63%	69	95.4%
08045	\$218,500	6.48%	2	-77.78%	71	97.2%
08049	\$163,300	-17.98%	11	-52.17%	97	95.6%
08059	\$152,900	-13.96%	11	-31.25%	28	97.2%
08078	\$171,400	-17.52%	14	-50.00%	90	97.8%
08081	\$202,400	-5.07%	133	-26.92%	88	96.9%
08083	\$206,500	12.41%	13	-23.53%	88	95.8%
08084	\$197,100	-8.88%	13	18.18%	65	96.7%
08089	\$212,300	-2.84%	4	-71.43%	100	96.0%
08091	\$182,500	-10.89%	13	-23.53%	62	96.6%
08095	\$150,000	N/A	1	N/A	14	100.1%
08102	\$125,600	294.97%	5	150.00%	119	100.1%
08103	\$65,100	-6.60%	9	-59.09%	115	93.0%
08104	\$61,100	-18.21%	38	-40.63%	58	94.0%
08105	\$76,900	-11.30%	25	-45.65%	67	94.5%
08106	\$231,500	3.86%	25	-19.35%	69	96.1%
08107	\$171,600	2.20%	26	-39.53%	79	95.9%
08108	\$237,100	-13.05%	47	-25.40%	85	96.1%
08109	\$193,700	-8.63%	47	-43.37%	76	95.5%
08110	\$144,600	-7.07%	32	-42.86%	68	96.8%

Amidst the Confusion, Some Positive Signs

by Lawrence Yun, NAR Chief Economist

Part of the government's original \$700 billion plan to purchase troubled mortgages and take them off banks' books is being shelved – primarily because of the long-time involvement to implement it effectively. Instead, the money will be used to quickly strengthen the capital position of financial institutions and support securitization for consumer financing. The goal is to get capital to lenders (banks, mortgage companies, other financial institutions) so that they can start issuing loans to consumers and companies. In one sense the plan is working; the LIBOR rates – the key rate measurement of liquidity flow in the financial system — have begun to thaw after being essentially frozen. But in a greater respect the plan is not yet working: residential mortgage rates stubbornly carry a high spread above Treasury rates, commercial mortgage loans are non-existent and the banks are not still lending to small businesses.

The good news on the real estate front is that mortgages backed by Fannie Mae and Freddie Mac (now under the governance of the Federal Housing Finance Agency) have received stronger support. Treasury Secretary Henry Paulson recently said the following regarding the mortgage-backed securities of Fannie and Freddie: “The U.S. government honors its commitments and investors can bank on it.” Let's all hope he's right on both counts. Still, there has been investor confusion about what “effective” vs. “explicit” guarantee of Fannie and Freddie debts actually means. That confusion has pushed up mortgage rates.

Yes, we are in the midst of one of the worst financial crises in a generation. The confusion in the markets has also affected consumers — some consumers mistakenly believe mortgage loans are not available. However, massive government efforts are being made to ensure mortgages flow to qualified consumers. There are loans out there.

Perhaps also a bit confusing for consumers, against this turmoil of financial and credit concerns: housing affordability has been *improving* consistently over the last few months. Affordability is as high as it's been since 2003. The latest NAR Housing Affordability Index stood at 135.2 for September – up from August's revised reading of 123.3 and a third consecutive monthly increase. That means that a family earning the median family income has 135 percent of the income necessary to qualify for a conventional loan covering 80 percent of a median-priced existing single-family home.

That improved affordability has led to improved home sales. In September, existing-home sales rose more than five percent from the level in August. In Arizona, California and Nevada, sales rose 20 percent or more between the second and third quarters of 2008. In fact, 19 states experienced increased or no change in sales during that time.

Those home sales are helping to work off housing inventory. Shrinking inventory is another sign that the real estate market is stabilizing. Inventory of new homes has been falling since posting a peak supply of 570,000 new homes in August 2006. As of September 2008, new-home inventory had fallen to 394,000. The inventory of existing homes has also declined – from an 11.2 month supply in April to a 9.9 month supply in September.

While these signs are encouraging, more must be done, particularly given our economic contraction forecast of about two percent in the fourth quarter of this year, and a jobless rate that could easily surpass 7 percent in 2009. NAR research indicates that an interest-rate deduction of just 1 percentage point could result in as many as 840,000 additional home sales. That could further reduce the inventory of homes by as much as 20 percent.

To encourage more buyers into the housing market, NAR has proposed that the government buy-down mortgage interest rates to ensure fixed low rates for home buyers. NAR also presented a four-point plan to Congress last month recommending, in part, that the repayment feature be removed from the first-time home buyer tax credit, that the tax credit be extended to all buyers, and that higher FHA and conventional loan limits be made permanent – up to \$729,000 in high-cost areas – to give buyers in these areas access to safer, more affordable mortgages. A meaningful shrinking of inventory can only occur with new set of buyers entering the market. Only then will home prices, Wall Street and the economy begin to turn toward a sustainable recovery.

While NAR will continue to press for additional housing stimulus, the housing recovery – and the subsequent economic recovery – also depends on restoring consumer confidence. REALTORS® are an essential part of that. Buying a home has been a path to long-term wealth accumulation for a vast number of homeowners. REALTORS® have the knowledge, experience and expertise to help their clients make informed, smart decisions in these difficult times.

Forecast for the Slowing Market

by Lawrence Yun, NAR Chief Economist

The U.S. economy has entered a recession and will contract for the next three quarters, and the recovery, from the second half of 2009, will be tepid. The unemployment rate will rise through the middle of 2009 before steadily heading down. However, existing home sales will be rising despite challenging economic times.

The most important factor driving home sales is affordability. With home prices falling in many parts of the country and mortgage rates still near historic lows, affordability conditions have markedly improved. Even with rising unemployment, nearly 93 percent of households will have jobs. This 93 percent of working households (rather than 95 percent during good economic times) respond to incentives. Added measures, from the first-time homebuyer tax credit to a larger number of mortgage loans qualifying to be purchased by Fannie and Freddie and through the FHA program, will further bring homebuyers to the marketplace.








Back in the previous recession, the economy shed nearly 2 million net jobs from 2001 to 2003. All the while, existing home sales rose from 5.2 million to 6.2 million just as jobs were being cut. New home sales likewise rose from 900,000 to 1.1 million. Mortgage rates were falling and housing affordability was rising during these years. The 2 million job cuts were painful, but the economy still had 130 million job holders.

Sales have been rising in California and Florida for several months and the momentum appears to be building with even a higher year-over-year sales increases with each passing month. This trend has expanded to Arizona and Nevada and northern Virginia. Now more markets are participating in the home sales recovery including Rhode Island, Minnesota, and Colorado. Existing home sales, therefore, will likely breakout from the narrow trading range of 4.8 to 5 million of the past 12 months to 5.2 million by the year end and to 5.4 million in 2009. Even with the improvement, the next year's sales level will still be well below the 7.1 million peak sales achieved with rampant speculative buying in 2005.

New home sales will be a different story. There is an overhang of inventory and homebuilders are being forced to cut back sharply. New housing starts have fallen by about 60 percent from peak activity three years back. Because of the cutback in new home construction, the inventory of vacant new homes on the market has fallen to 408,000 as of August from nearly 600,000 just two years ago. The total inventory - new and existing combined - still remains elevated, so further reduction in building by builders will be welcomed. Because of low housing starts, new home sales will continue to tread at soft levels - under 500,000 in 2009 (far below the 1.2 million peak sales in 2005).

On the economic front, recession in itself is not a positive for the housing market because there are fewer job holders. But if a recession is accompanied by rising housing affordability, then home sales can trend higher - as is now. A prolonged deep recession, however - certainly a possibility in light of the most severely tested financial market stress since the Great Depression - can dampen consumer confidence and put up barriers to home buying. Fortunately, the economic downturn appears manageable provided a right stimulus package get through. President-Elect Obama clearly recognize the need to get the housing market moving. The two housing stimulus bills (homebuyer tax credit and higher loan limits), \$700 billion Treasury plan and the Federal Reserve's actions are designed to assure steady mortgage flow and help revive the housing sector. With it, the economy will expand and create jobs. America and its exceptional ingenuity always find a way to move past crises and back to economic prosperity.

This table reflects data available through November of 2008.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p>Existing Home Sales posted 5.18 million seasonally adjusted annualized units in September – a 5.5% increase from August’s resales pace and 1.4% ahead of the pace registered in September 2007. Home prices continued to retreat, with the national median price of an existing home at \$191,600 in September. Housing inventory declined to a 9.9 months supply at the current sales pace.</p>	Sept 08 5,180 Aug 08 4,910 Sept 07 5,110		Modest gains in months ahead.
<p>New Home Sales rose 2.7% in September to 464,000 seasonally adjusted annualized units. The pace is still 33.1% off that posted in September of 2007. The inventory of new homes available for sale at the end of the month declined to 394,000 – a 10.4 months supply at the current sales pace.</p>	Sept 08 464 Aug 08 452 Sept 07 694		New homes are a difficult sell when existing homes are cheaper
<p>Housing Starts posted a seasonally adjusted annual rate of 817,000 units – a 6.3% decline from August’s level and 31.1% off the level registered in September of 2007. Single-family housing starts were down 12.0% from the previous month, but multifamily starts rose 5.8% from August. Housing permits, generally a reliable indicator for future starts declined 8.3% from August to 786,000 – 38.4% off the level posted in September 2007.</p>	May 08 817 Apr 08 872 May 07 1,185		Foreclosure inventory keeps builders at bay
<p>Housing Affordability improved in September. NAR’s housing affordability index stood at 135.2 for September – up from August’s revised reading of 123.3 and a third consecutive monthly increase. The rise in affordability was due to a decline in the national median price for an existing home, a decrease in qualifying income, and lower interest rates.</p>	Sept 08 135.2 Aug 08 123.2 Sept 07 115.8		It may be hard to repeat the good gains in affordability from the prior year
<p>Mortgage Rates The 30-year fixed mortgage rate rose to 6.20% in October, after dropping in September. Gaps continue to widen between mortgage bond yields from Fannie Mae and Freddie Mac as compared to the US treasuries and was one of the main reasons for the driving up of rates. Still, compared to a year ago, mortgage rates are lower.</p>	Oct 08 6.20% Sept 08 6.04% Oct 07 6.38%		Depends on how Fannie and Freddie are pushed to get the rates down
<p>Employment The economy continued to lose jobs in October as 240,000 non-farm payrolls were cut. Job losses in both September and August were revised upward – significantly. The nation’s unemployment rate also rose significantly – to a 14-year high of 6.5%. Job gains in sectors including government, health care and accounting/bookkeeping were not enough to offset the major losses in construction, retail, securities firms and auto</p>	Oct 08 -62 Sept 08 -62 12-month total -1,138 thousand		Job losses will continue for six more months
<p>Economic Growth The U.S. economy contracted in the third quarter of 2008, as real gross domestic product (GDP) decreased at an annual rate of 0.3%. This is the first estimate of third quarter economic growth based on incomplete data. Among the major components contributing to the negative GDP figure were sharp declines in personal consumption expenditures and slower growth in exports.</p>	2008:III -0.3% 2008:II 2.8% 2007:III 4.8%		The right stimulus package needs to be structured to get the economy back on track

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