

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

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The Economic and Market Watch Report identifies current and future economic trends that affect the real estate industry.

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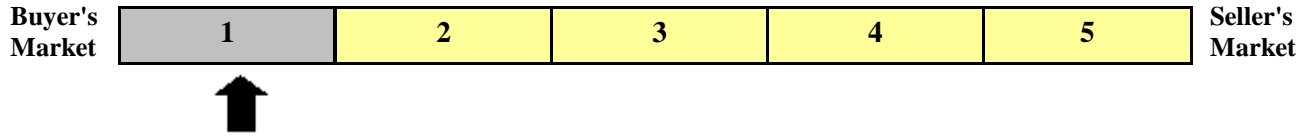
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Kent County, DE



Labor Market :

In the second quarter, 849 jobs were added to the payrolls of Kent County. As a result of these new jobs, the average monthly unemployment rate fell from 8.8% during the first quarter to 7.7% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$172,200	\$179,200	↔
# Homes on the Market *	1,681	1,611	↑
# Homes Sold **	198	332	↔
# New Homes Built ***	104	160	↑
Avg # of Days on Market	121	116	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

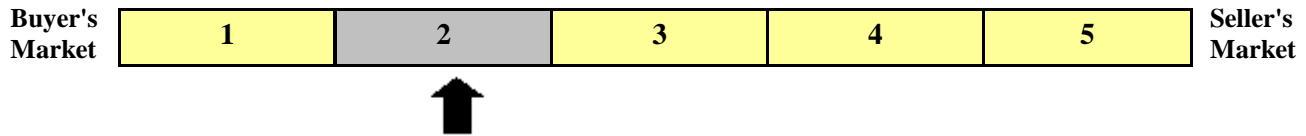
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19901	\$179,000	-10.14%	54	-29.87%	119	95.0%
19904	\$189,500	4.41%	62	-20.51%	119	97.5%
19934	\$170,600	-22.31%	37	2.78%	114	95.3%
19938	\$216,300	6.39%	24	-11.11%	92	97.4%
19943	\$174,400	-15.09%	18	-40.00%	148	96.9%
19946	\$142,400	-31.24%	11	22.22%	120	90.2%
19950	\$390,000	124.27%	1	-66.67%	693	90.7%
19952	\$144,200	7.77%	13	-45.83%	204	92.9%
19953	\$125,600	-42.65%	7	133.33%	41	94.7%
19954	\$198,000	28.16%	3	0.00%	232	87.8%
19962	\$189,400	-19.98%	30	-3.23%	75	95.4%

Kent County, DE

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19963	\$120,400	-29.43%	11	83.33%	147	91.9%
19977	\$182,600	-12.46%	59	-18.06%	99	96.9%
19979	\$180,000	N/A	2	N/A	150	100.0%

New Castle County, DE



Labor Market :

In the second quarter, 504 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 first quarter to 7.9% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	<i>Q1' 11</i>	<i>Q2' 11</i>	<i>Q3' 11</i> <i>(Forecast)</i>
Average Price	\$231,300	\$229,200	↔
# Homes on the Market *	3,960	3,961	↑
# Homes Sold **	757	1,197	↔
# New Homes Built ***	76	195	↑
Avg # of Days on Market	101	95	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

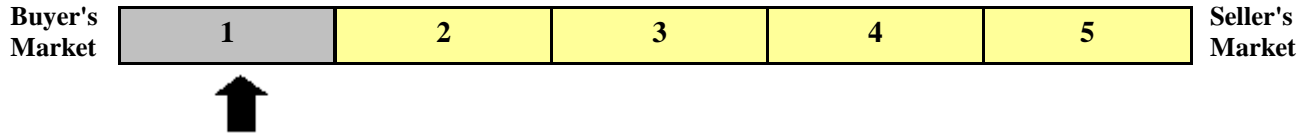
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19701	\$230,500	-6.53%	104	-9.57%	93	97.0%
19702	\$196,200	-7.06%	95	-34.03%	103	96.3%
19703	\$141,600	-27.87%	28	-3.45%	88	97.1%
19706	\$118,900	-17.55%	1	-88.89%	91	99.2%
19707	\$390,000	-3.13%	39	-11.36%	115	94.2%
19709	\$258,500	-9.30%	91	-15.74%	100	96.8%
19711	\$268,200	-3.32%	99	-27.21%	90	96.7%
19713	\$163,700	-8.50%	60	-31.03%	95	95.5%
19720	\$149,900	-11.56%	114	-17.39%	89	96.5%
19733	\$124,500	N/A	1	N/A	51	100.0%
19734	\$269,900	-0.44%	17	-32.00%	105	94.7%

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	\$152,000	-12.74%	19	35.71%	116	94.3%
19802	\$121,100	-16.94%	43	-29.51%	94	94.6%
19803	\$322,400	-2.89%	73	-7.59%	64	96.2%
19804	\$147,400	-16.30%	47	-17.54%	94	94.9%
19805	\$105,000	-33.67%	86	-34.35%	101	94.0%
19806	\$318,000	1.34%	52	4.00%	85	94.9%
19807	\$805,600	-12.45%	20	-16.67%	140	90.7%
19808	\$227,000	-4.34%	108	-30.77%	98	96.1%
19809	\$181,100	-11.49%	36	-30.77%	83	94.8%
19810	\$305,200	9.71%	61	-11.59%	111	96.4%
19977	\$270,000	N/A	3	N/A	74	97.6%

Burlington County, NJ



Labor Market :

In the second quarter, 1,734 jobs were added to the payrolls of Burlington County. As a result of these new jobs, the average monthly unemployment rate fell from 9.2% during the first quarter to 8.7% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	<i>Q1' 11</i>	<i>Q2' 11</i>	<i>Q3' 11</i> <i>(Forecast)</i>
Average Price	\$227,900	\$243,800	↓
# Homes on the Market *	4,343	4,538	↑
# Homes Sold **	675	871	↓
# New Homes Built ***	65	105	↑
Avg # of Days on Market	124	117	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

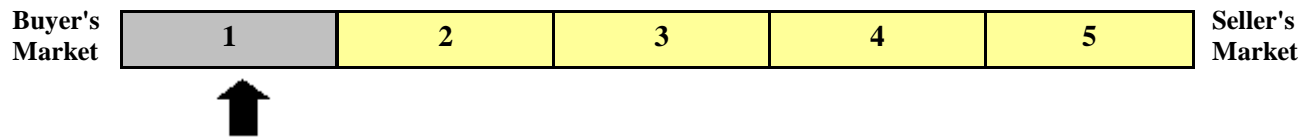
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08010	\$122,700	-21.45%	18	-41.94%	133	90.5%
08015	\$152,000	-5.94%	35	-35.19%	79	96.2%
08016	\$213,100	5.86%	63	-25.88%	124	95.1%
08022	\$246,400	-15.12%	26	-16.13%	200	94.6%
08036	\$352,500	6.43%	11	-64.52%	178	96.2%
08041	\$157,000	N/A	2	N/A	226	87.3%
08042	\$207,500	N/A	1	N/A	8	101.2%
08046	\$114,000	-13.24%	52	-42.86%	92	92.0%
08048	\$290,900	6.28%	27	-20.59%	180	96.5%
08052	\$154,000	-7.67%	31	-34.04%	101	96.3%
08053	\$273,400	5.64%	96	-36.42%	100	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)
08054	\$243,200	-1.46%	112	-44.83%	94	95.2%
08055	\$336,400	-8.26%	68	-16.05%	105	94.5%
08057	\$577,200	11.88%	40	-42.03%	148	93.7%
08060	\$217,600	-4.90%	50	-12.28%	121	95.9%
08065	\$161,200	-5.12%	11	-38.89%	89	94.1%
08068	\$225,900	16.56%	9	-18.18%	155	93.2%
08075	\$193,800	-4.01%	56	-18.84%	123	95.4%
08077	\$222,300	-8.18%	45	7.14%	113	95.2%
08087	\$135,000	62.65%	1	0.00%	127	103.9%
08088	\$229,800	2.91%	57	-21.92%	145	94.6%
08501	\$380,000	N/A	1	N/A	177	96.2%
08505	\$264,100	-2.33%	24	-58.62%	116	96.6%
08515	\$335,400	-27.65%	7	-53.33%	133	94.7%
08518	\$143,200	-20.27%	17	30.77%	110	99.3%
08554	\$125,400	-18.52%	5	-54.55%	73	93.4%
08562	\$278,000	-10.32%	3	0.00%	199	89.8%
08620	\$263,500	76.85%	2	0.00%	68	96.9%
OTHER	\$299,900	N/A	1	N/A	47	103.4%

Camden County, NJ



Labor Market :

In the second quarter, 1,913 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 first quarter to 10.5% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$195,000	\$191,200	↓
# Homes on the Market *	4,495	4,542	↑
# Homes Sold **	610	875	↓
# New Homes Built ***	31	62	↑
Avg # of Days on Market	125	113	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

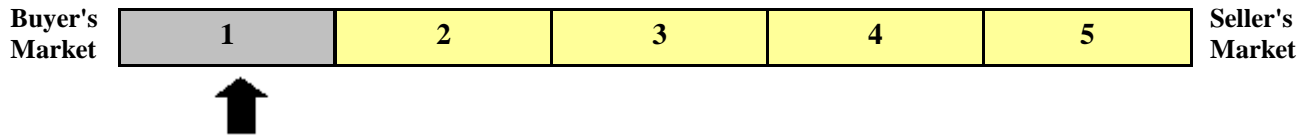
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08002	\$180,300	-15.35%	38	-45.71%	96	95.3%
08003	\$315,300	5.66%	70	-30.69%	85	95.7%
08004	\$148,000	-15.67%	20	-42.86%	159	95.2%
08007	\$172,400	2.86%	12	-7.69%	54	96.6%
08009	\$190,200	-11.45%	43	2.38%	131	95.5%
08012	\$161,100	-11.73%	30	-36.17%	139	94.5%
08021	\$108,500	-26.24%	74	-28.85%	143	93.4%
08026	\$134,000	-41.07%	2	-50.00%	142	97.5%
08029	\$139,700	-8.87%	3	-78.57%	162	95.3%
08030	\$104,200	-12.07%	17	-61.36%	94	92.3%
08031	\$145,800	-15.03%	27	3.85%	85	95.4%

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	\$400,900	3.43%	54	17.39%	115	94.6%
08034	\$224,100	-7.47%	47	-30.88%	80	94.8%
08035	\$218,700	-21.78%	15	-50.00%	138	93.8%
08037	\$144,100	-34.35%	7	-22.22%	166	90.6%
08043	\$300,700	15.52%	50	-33.33%	99	93.9%
08045	\$93,700	-48.94%	3	-25.00%	183	96.6%
08049	\$110,000	-26.03%	4	-80.00%	164	92.5%
08059	\$164,500	1.11%	17	-15.00%	252	94.9%
08078	\$132,600	-4.81%	16	-20.00%	123	96.3%
08081	\$152,100	-15.92%	89	-44.03%	138	96.2%
08083	\$168,400	2.00%	13	-45.83%	143	95.9%
08084	\$122,200	-21.67%	6	-62.50%	95	95.0%
08089	\$149,700	9.59%	5	-28.57%	90	96.7%
08091	\$212,200	48.91%	7	-22.22%	73	98.8%
08103	\$57,800	-2.36%	4	33.33%	150	98.4%
08104	\$52,300	0.97%	26	0.00%	72	92.4%
08105	\$66,100	-18.09%	17	-26.09%	62	89.4%
08106	\$180,100	-4.25%	23	-30.30%	96	93.4%
08107	\$146,000	-7.48%	20	-44.44%	84	94.1%
08108	\$215,300	-10.81%	46	-19.30%	103	95.8%
08109	\$164,300	-7.75%	47	-26.56%	102	95.6%
08110	\$117,800	-15.49%	23	-39.47%	114	91.6%

Gloucester County, NJ



Labor Market :

In the second quarter, 1,134 jobs were added to the payrolls of Gloucester County. As a result of these new jobs, the average monthly unemployment rate fell from 10.4% during the first quarter to 9.7% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	<i>Q1' 11</i>	<i>Q2' 11</i>	<i>Q3' 11</i> <i>(Forecast)</i>
Average Price	\$196,500	\$200,300	↓
# Homes on the Market *	2,838	2,788	↑
# Homes Sold **	394	636	↓
# New Homes Built ***	66	146	↑
Avg # of Days on Market	135	129	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

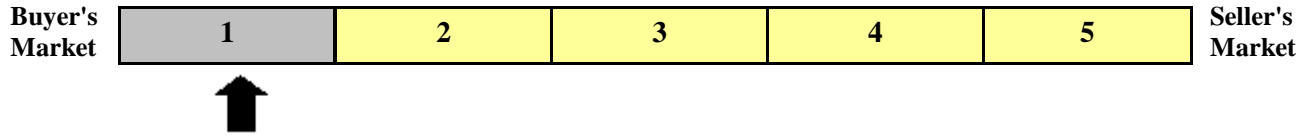
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08012	\$187,200	-6.49%	20	-48.72%	134	94.7%
08020	\$302,600	41.34%	8	60.00%	120	95.9%
08027	\$153,100	-5.08%	10	-23.08%	193	94.1%
08028	\$162,000	-21.28%	40	-2.44%	163	95.7%
08032	\$254,000	77.25%	1	-66.67%	40	101.6%
08051	\$141,900	-20.59%	22	-52.17%	137	93.9%
08056	\$357,000	3.90%	20	5.26%	140	97.1%
08061	\$215,200	-6.43%	12	-29.41%	129	94.4%
08062	\$305,700	-13.77%	36	24.14%	124	95.8%
08063	\$141,800	-4.19%	11	83.33%	113	97.5%
08066	\$92,300	-31.73%	11	-45.00%	53	96.7%

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)
08071	\$159,700	-2.44%	24	-14.29%	123	92.7%
08080	\$206,500	-14.88%	76	-30.28%	125	95.2%
08081	\$393,800	61.39%	5	150.00%	31	96.1%
08085	\$259,800	-4.84%	57	11.76%	133	96.6%
08086	\$177,800	-7.20%	13	-51.85%	128	96.5%
08090	\$202,200	-8.42%	25	66.67%	158	96.0%
08093	\$109,500	-26.01%	15	-50.00%	105	95.3%
08094	\$188,600	-0.16%	96	20.00%	127	95.9%
08096	\$170,500	-4.00%	80	-20.00%	131	96.5%
08097	\$168,500	1.63%	4	-50.00%	143	90.5%
08312	\$158,500	-4.86%	21	-8.70%	89	96.5%
08322	\$180,800	-10.05%	12	-47.83%	172	88.6%
08328	\$149,800	49.80%	2	100.00%	144	97.0%
08343	\$295,300	29.18%	6	-33.33%	149	93.2%
08344	\$137,600	-14.43%	9	50.00%	115	91.2%

Mercer County, NJ



Labor Market :

In the second quarter, 1,007 jobs were added to the payrolls of Mercer County. As a result of these new jobs, the average monthly unemployment rate fell from 8.1% during the first quarter to 7.6% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	<i>Q1' 11</i>	<i>Q2' 11</i>	<i>Q3' 11</i> <i>(Forecast)</i>
Average Price	\$312,300	\$333,500	↓
# Homes on the Market *	2,890	3,049	↑
# Homes Sold **	447	628	↓
# New Homes Built ***	11	52	↑
Avg # of Days on Market	114	98	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

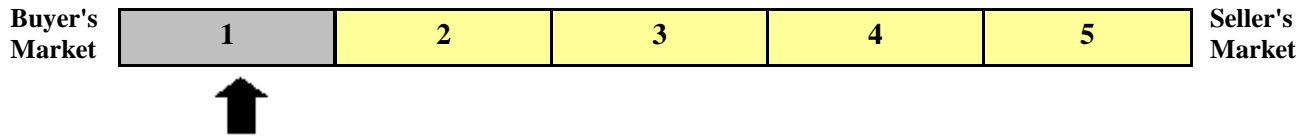
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08512	\$218,900	-0.36%	9	12.50%	121	95.2%
08520	\$234,700	-22.64%	37	-40.32%	116	94.2%
08525	\$525,100	7.49%	9	-18.18%	170	96.5%
08534	\$431,400	-1.19%	35	-38.60%	65	96.0%
08540	\$707,900	-0.16%	87	-20.18%	104	94.9%
08542	\$926,700	82.67%	5	0.00%	27	97.7%
08550	\$576,100	-0.84%	47	-33.80%	62	96.6%
08560	\$404,000	6.04%	5	-44.44%	226	94.7%
08561	\$185,000	N/A	1	N/A	68	100.0%
08609	\$63,400	82.18%	9	-10.00%	121	96.2%
08610	\$180,600	17.43%	44	-35.29%	90	95.1%

Mercer County, NJ

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08611	\$56,800	-33.41%	25	-30.56%	89	89.1%
08618	\$152,200	2.49%	26	-56.67%	113	95.1%
08619	\$215,900	-9.93%	45	-37.50%	76	95.5%
08620	\$221,500	-26.17%	20	-16.67%	72	95.5%
08628	\$224,800	-12.19%	13	-48.00%	166	94.3%
08629	\$85,700	-21.52%	10	-47.37%	82	91.3%
08638	\$143,500	-21.63%	37	-9.76%	120	93.7%
08648	\$266,100	-8.40%	65	-33.67%	103	95.7%
08690	\$239,800	-16.56%	55	-8.33%	91	97.1%
08691	\$359,500	6.33%	44	-16.98%	120	96.0%

Salem County, NJ



Labor Market :

In the second quarter, 67 jobs were added to the payrolls of Salem County. As a result of these new jobs, the average monthly unemployment rate fell from 12% during the first quarter to 10.2% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$164,200	\$155,200	↓
# Homes on the Market *	717	722	↑
# Homes Sold **	76	89	↓
# New Homes Built ***	6	14	↑
Avg # of Days on Market	147	137	↑

* Available as of Jun. 30, 2011.

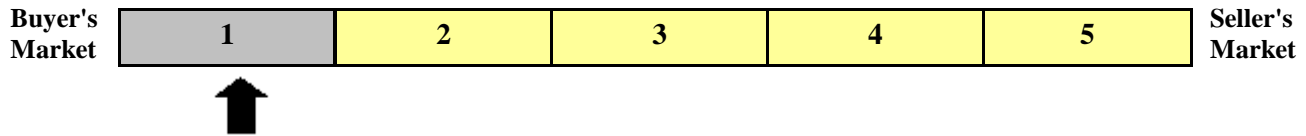
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*** During the first two months of 2nd quarter

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	\$182,100	-21.95%	3	-25.00%	204	89.6%
08038	\$231,300	N/A	2	N/A	530	88.1%
08067	\$30,000	-81.92%	1	-83.33%	17	66.7%
08069	\$109,300	-20.57%	24	-7.69%	136	91.1%
08070	\$138,500	-7.05%	22	-46.34%	130	92.7%
08079	\$169,800	25.78%	9	-40.00%	96	91.1%
08085	\$165,000	N/A	1	N/A	10	94.3%
08098	\$218,400	-5.25%	18	5.88%	137	93.4%
08302	\$360,000	160.87%	1	-50.00%	262	90.2%
08318	\$139,100	-28.08%	7	-66.67%	99	91.7%
08343	\$149,000	-31.27%	1	-75.00%	111	91.7%

Berks County, PA



Labor Market :

In the second quarter, 1,545 jobs were added to the payrolls of Berks County. As a result of these new jobs, the average monthly unemployment rate fell from 8.7% during the first quarter to 7.7% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	<i>Q1' 11</i>	<i>Q2' 11</i>	<i>Q3' 11</i> <i>(Forecast)</i>
Average Price	\$158,500	\$162,200	↔
# Homes on the Market *	4,061	4,083	↑
# Homes Sold **	560	870	↔
# New Homes Built ***	42	46	↑
Avg # of Days on Market	108	116	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

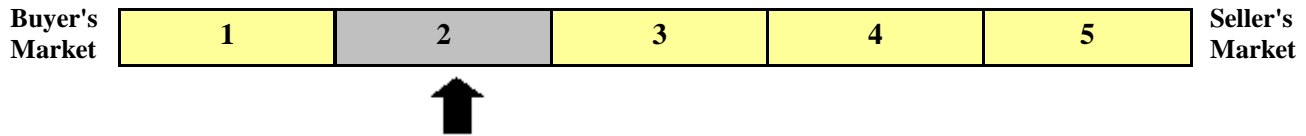
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
17067	\$48,000	-68.04%	1	-66.67%	10	90.6%
17569	\$299,900	17.15%	1	-75.00%	36	96.8%
18011	\$238,300	5.02%	3	-25.00%	157	106.7%
18041	\$400,000	N/A	1	N/A	34	97.6%
18056	\$129,400	99.08%	4	300.00%	86	98.3%
18070	\$230,000	N/A	1	N/A	21	95.9%
18092	\$250,000	N/A	1	N/A	79	76.9%
19464	\$160,000	-15.79%	2	100.00%	88	92.8%
19503	\$158,700	-7.57%	8	166.67%	90	95.4%
19504	\$237,500	16.48%	7	40.00%	120	92.3%
19505	\$201,800	7.00%	8	0.00%	131	95.0%

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)
19506	\$180,500	-11.08%	16	-46.67%	125	95.9%
19507	\$134,000	-32.43%	5	66.67%	112	97.9%
19508	\$154,700	-15.00%	49	-18.33%	112	94.1%
19510	\$203,700	5.27%	24	-20.00%	166	97.4%
19512	\$166,500	-12.28%	21	-27.59%	72	96.8%
19518	\$196,500	-17.19%	27	-35.71%	123	95.7%
19522	\$175,700	-11.35%	39	5.41%	123	98.7%
19526	\$190,600	17.87%	16	-30.43%	106	91.5%
19529	\$393,500	200.38%	2	0.00%	103	93.0%
19530	\$147,300	-22.76%	20	25.00%	126	93.8%
19533	\$193,400	-17.35%	24	33.33%	160	95.0%
19534	\$140,000	-33.33%	1	0.00%	12	116.8%
19539	\$176,900	32.11%	4	-42.86%	75	98.7%
19540	\$219,000	35.27%	17	-29.17%	64	93.9%
19541	\$206,700	-9.18%	9	-18.18%	112	95.7%
19543	\$263,100	-1.76%	15	-6.25%	102	98.6%
19547	\$172,900	-17.75%	4	-66.67%	76	94.2%
19551	\$195,300	14.61%	10	-33.33%	147	93.7%
19554	\$158,000	-24.40%	1	0.00%	64	97.0%
19555	\$156,500	-2.31%	5	0.00%	59	96.9%
19559	\$64,300	N/A	2	N/A	60	94.8%
19560	\$131,400	-7.01%	26	-42.22%	123	96.9%
19562	\$148,000	-7.73%	1	-75.00%	36	102.1%
19564	\$159,900	N/A	1	N/A	1	100.0%
19565	\$160,600	-8.49%	21	-16.00%	104	96.6%
19567	\$145,300	-18.32%	11	-50.00%	117	96.4%
19601	\$68,700	-15.19%	36	-14.29%	107	97.1%
19602	\$63,900	8.12%	12	-14.29%	93	98.5%
19604	\$59,500	-14.51%	44	-21.43%	120	95.3%
19605	\$134,100	-7.20%	57	-39.36%	142	96.9%
19606	\$150,400	-2.65%	89	-29.37%	111	95.3%
19607	\$152,000	-4.04%	60	-38.78%	140	95.7%
19608	\$228,600	-13.18%	52	-18.75%	110	96.6%
19609	\$149,700	-0.33%	31	-22.50%	86	97.7%
19610	\$232,400	2.29%	55	-22.54%	138	91.9%
19611	\$98,000	-5.86%	26	-40.91%	84	95.8%

Bucks County, PA



Labor Market :

In the second quarter, 1,160 jobs were added to the payrolls of Bucks County. As a result of these new jobs, the average monthly unemployment rate fell from 7.8% during the first quarter to 7% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	<i>Q1' 11</i>	<i>Q2' 11</i>	<i>Q3' 11</i> <i>(Forecast)</i>
Average Price	\$301,400	\$321,500	↔
# Homes on the Market *	4,487	4,781	↑
# Homes Sold **	853	1,404	↔
# New Homes Built ***	70	91	↑
Avg # of Days on Market	112	101	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

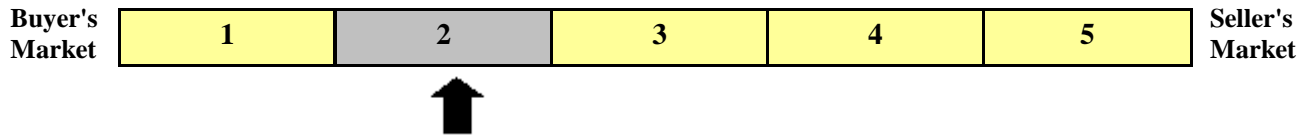
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18036	\$225,000	-36.01%	1	-66.67%	214	91.9%
18041	\$157,300	N/A	1	N/A	17	103.5%
18054	\$250,000	-3.85%	1	0.00%	18	89.3%
18055	\$224,900	-53.15%	1	-50.00%	146	100.0%
18073	\$452,000	30.82%	1	-50.00%	123	98.4%
18077	\$457,500	14.75%	2	-66.67%	157	96.4%
18901	\$382,700	4.65%	72	-34.55%	90	93.8%
18902	\$496,800	-12.72%	54	-14.29%	110	95.3%
18914	\$308,100	-8.33%	57	-34.48%	114	96.0%
18917	\$129,500	-52.20%	2	-33.33%	47	98.4%
18923	\$350,900	-14.29%	5	66.67%	153	95.4%

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)
18925	\$494,200	2.36%	14	-41.67%	64	95.5%
18929	\$404,800	6.64%	33	17.86%	127	96.5%
18930	\$380,700	-13.20%	5	66.67%	67	97.4%
18934	\$365,000	-87.75%	1	0.00%	0	91.3%
18938	\$495,200	-3.81%	57	-8.06%	139	91.7%
18940	\$544,600	28.66%	88	-33.33%	95	94.9%
18942	\$331,700	-34.94%	3	-50.00%	93	87.1%
18944	\$290,400	-6.47%	56	-9.68%	122	97.8%
18947	\$381,500	-13.18%	10	-41.18%	184	89.0%
18951	\$234,700	6.06%	88	-16.19%	115	95.8%
18954	\$428,500	6.75%	25	-10.71%	91	95.6%
18955	\$176,500	-27.55%	2	-50.00%	114	97.0%
18960	\$287,100	2.65%	19	-50.00%	172	97.2%
18962	\$218,000	0.23%	1	-50.00%	8	109.1%
18966	\$314,400	1.03%	84	-26.96%	86	96.0%
18969	\$202,600	-2.83%	9	-30.77%	159	96.3%
18970	\$162,900	-28.62%	1	-75.00%	16	100.0%
18972	\$435,900	27.08%	9	125.00%	144	89.3%
18974	\$274,800	-4.05%	85	-15.84%	76	95.8%
18976	\$315,800	-6.60%	46	-29.23%	139	94.5%
18977	\$462,500	1.09%	21	10.53%	165	95.0%
18980	\$520,000	N/A	1	N/A	309	86.7%
19006	\$233,300	-10.54%	3	0.00%	59	86.4%
19007	\$150,000	0.33%	35	-27.08%	95	95.8%
19020	\$252,700	-1.75%	77	-16.30%	94	95.5%
19021	\$142,600	-27.06%	19	-13.64%	81	96.8%
19030	\$207,900	-8.49%	21	-38.24%	69	94.5%
19047	\$309,500	-8.19%	85	-1.16%	103	96.1%
19053	\$225,700	-13.92%	39	-50.00%	91	96.2%
19054	\$199,900	-10.12%	36	-21.74%	66	96.0%
19055	\$153,100	-16.43%	37	8.82%	73	96.1%
19056	\$237,400	4.54%	35	29.63%	79	96.7%
19057	\$190,400	-0.26%	34	-41.38%	119	97.2%
19067	\$328,400	-6.47%	127	-26.59%	85	95.3%
19440	\$630,000	98.11%	1	0.00%	19	96.9%

Chester County, PA



Labor Market :

In the second quarter, 916 jobs were added to the payrolls of Chester County. As a result of these new jobs, the average monthly unemployment rate fell from 6.4% during the first quarter to 5.9% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$340,500	\$347,100	↔
# Homes on the Market *	4,233	4,595	↑
# Homes Sold **	815	1,191	↔
# New Homes Built ***	123	222	↑
Avg # of Days on Market	119	99	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

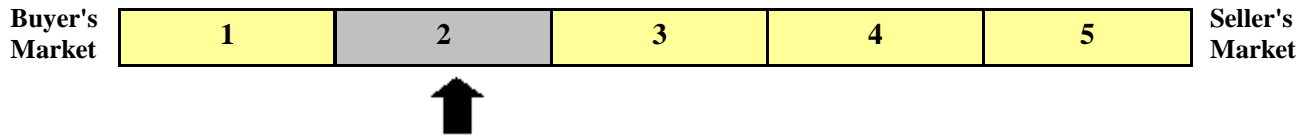
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19073	\$344,100	3.12%	7	0.00%	61	97.3%
19087	\$415,100	-1.07%	48	-42.86%	79	96.5%
19301	\$332,000	-4.24%	32	10.34%	116	95.3%
19310	\$193,000	-29.82%	2	100.00%	14	100.4%
19311	\$351,200	14.81%	18	-35.71%	106	95.4%
19312	\$646,200	-0.34%	38	-5.00%	101	94.3%
19317	\$440,800	7.28%	10	-28.57%	114	92.0%
19320	\$214,200	0.14%	105	-17.32%	109	90.8%
19330	\$278,900	-21.66%	9	-25.00%	74	97.0%
19333	\$571,400	22.80%	21	-4.55%	85	90.7%
19335	\$312,800	3.23%	139	-27.98%	94	97.3%

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	\$347,000	-6.57%	39	-13.33%	90	95.8%
19342	\$650,000	N/A	1	N/A	37	93.0%
19343	\$500,100	59.73%	16	33.33%	136	96.7%
19344	\$177,300	-25.10%	13	-31.58%	91	92.6%
19348	\$288,400	-23.50%	53	-33.75%	119	95.8%
19350	\$391,300	-9.06%	19	-24.00%	143	95.8%
19351	\$215,000	N/A	1	N/A	63	90.0%
19352	\$288,000	-6.83%	12	-45.45%	92	97.7%
19355	\$537,600	13.27%	65	-10.96%	91	94.0%
19362	\$281,300	52.88%	3	-62.50%	50	94.0%
19363	\$223,900	-10.44%	28	-24.32%	183	93.7%
19365	\$155,400	-24.56%	17	-19.05%	85	95.5%
19367	\$100,000	N/A	1	N/A	26	83.4%
19372	\$190,000	-21.03%	2	-71.43%	179	100.0%
19374	\$93,000	N/A	2	N/A	4	80.9%
19375	\$1,022,300	117.51%	1	0.00%	1,242	104.3%
19380	\$366,000	2.21%	132	-20.00%	91	96.8%
19382	\$388,500	9.68%	115	-35.39%	96	93.2%
19390	\$232,300	-2.72%	24	-31.43%	76	94.8%
19425	\$505,000	14.25%	39	-38.10%	73	95.8%
19460	\$271,900	-10.03%	115	-19.01%	105	96.7%
19465	\$261,500	-5.39%	31	-22.50%	99	94.7%
19475	\$249,100	-9.48%	18	-28.00%	58	93.2%
19520	\$333,700	-5.49%	12	9.09%	124	94.9%
19543	\$302,400	0.80%	3	200.00%	1	115.2%

Delaware County, PA



Labor Market :

In the second quarter, 942 jobs were added to the payrolls of Delaware County. As a result of these new jobs, the average monthly unemployment rate fell from 8.1% during the first quarter to 7.5% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$250,400	\$286,800	↔
# Homes on the Market *	4,193	4,348	↑
# Homes Sold **	739	1,120	↔
# New Homes Built ***	40	81	↑
Avg # of Days on Market	111	98	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

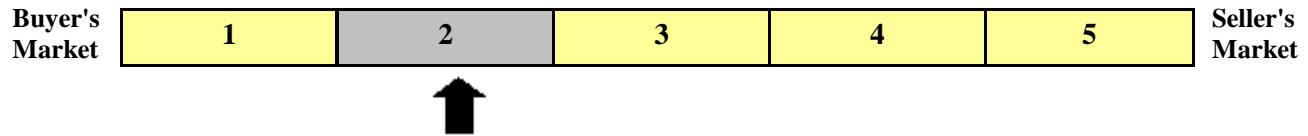
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19003	\$271,700	-14.18%	17	-50.00%	134	96.7%
19008	\$330,400	-2.13%	41	-42.25%	71	96.0%
19010	\$502,200	-9.20%	49	40.00%	91	94.2%
19013	\$66,800	-11.99%	11	-54.17%	153	89.2%
19014	\$216,800	2.36%	45	-36.62%	120	94.8%
19015	\$141,200	-3.35%	50	-27.54%	91	95.0%
19018	\$143,900	-6.80%	35	-61.11%	108	95.1%
19022	\$60,800	-50.69%	10	11.11%	98	89.8%
19023	\$83,000	-7.68%	20	-64.29%	118	95.6%
19026	\$198,000	6.80%	59	-52.03%	107	96.5%
19029	\$170,000	9.68%	2	-80.00%	74	99.2%

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	\$89,600	-15.47%	20	-51.22%	126	95.9%
19033	\$157,400	-13.23%	13	-45.83%	84	92.3%
19036	\$108,800	-26.78%	25	-52.83%	75	94.7%
19041	\$806,900	3.53%	14	133.33%	65	97.0%
19043	\$103,900	-36.30%	5	0.00%	36	100.8%
19050	\$125,400	-9.91%	39	-55.17%	132	95.0%
19061	\$226,500	-5.66%	54	-39.33%	124	96.2%
19063	\$345,200	-5.97%	81	-19.00%	93	94.9%
19064	\$254,100	-11.68%	53	-32.05%	93	96.2%
19070	\$207,400	-9.39%	14	-39.13%	63	97.3%
19073	\$526,900	10.18%	49	-26.87%	117	93.3%
19074	\$129,100	-21.04%	8	-55.56%	103	92.5%
19076	\$165,100	5.63%	10	-9.09%	113	98.8%
19078	\$179,000	-0.67%	26	-7.14%	113	94.3%
19079	\$104,000	3.07%	22	-29.03%	110	95.5%
19081	\$357,000	28.51%	24	-22.58%	114	96.8%
19082	\$83,100	-18.21%	66	-40.00%	85	96.1%
19083	\$290,200	-2.22%	93	-23.77%	72	96.5%
19085	\$1,032,800	-21.88%	11	83.33%	152	91.3%
19086	\$306,900	-5.13%	35	-12.50%	103	95.3%
19087	\$774,900	16.21%	34	0.00%	53	93.6%
19094	\$133,600	-27.19%	5	-54.55%	92	91.9%
19317	\$480,300	31.70%	25	-3.85%	112	95.2%
19319	\$435,000	N/A	1	N/A	26	92.6%
19342	\$420,500	23.31%	29	-52.46%	92	95.1%
19373	\$557,500	17.81%	3	-57.14%	35	95.6%
19382	\$510,000	-15.18%	3	-25.00%	171	99.0%
OTHER	\$436,700	-8.31%	19	137.50%	85	96.8%

Montgomery County, PA



Labor Market :

In the second quarter, 1,442 jobs were added to the payrolls of Montgomery County. As a result of these new jobs, the average monthly unemployment rate fell from 7.2% during the first quarter to 6.4% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$289,600	\$304,400	↔
# Homes on the Market *	6,233	6,470	↑
# Homes Sold **	1,160	1,950	↔
# New Homes Built ***	70	170	↑
Avg # of Days on Market	109	98	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd quarter

Data by Zip Codes

Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18041	\$156,200	-23.54%	7	-36.36%	115	96.8%
18054	\$315,700	2.47%	8	-42.86%	122	97.2%
18073	\$231,500	-9.22%	17	-26.09%	122	96.0%
18074	\$211,600	-14.92%	13	0.00%	148	95.4%
18076	\$104,300	-42.44%	11	-26.67%	197	94.1%
18915	\$255,000	-20.81%	2	0.00%	19	97.2%
18936	\$231,300	-1.99%	2	100.00%	49	99.0%
18964	\$225,700	-17.45%	22	-45.00%	161	95.7%
18969	\$279,400	5.24%	22	-26.67%	85	98.0%
19001	\$230,500	-8.13%	33	-62.92%	65	97.4%
19002	\$365,200	-6.86%	70	-30.69%	109	94.5%

Montgomery County, PA

Data by Zip Codes

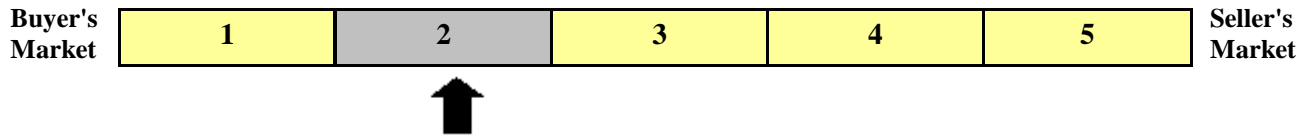
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19003	\$362,100	6.34%	17	-19.05%	68	95.7%
19004	\$354,200	-21.32%	28	-17.65%	103	93.5%
19006	\$399,600	-1.99%	33	-45.00%	110	93.4%
19010	\$811,900	-12.07%	23	-14.81%	78	95.7%
19012	\$230,700	0.35%	10	-50.00%	105	95.6%
19025	\$327,400	-22.82%	20	11.11%	111	96.1%
19027	\$266,100	8.61%	40	-33.33%	128	94.3%
19031	\$386,000	16.69%	9	-40.00%	121	95.1%
19034	\$445,900	1.53%	9	-47.06%	63	96.7%
19035	\$823,900	-40.57%	11	-35.29%	175	91.1%
19038	\$310,200	6.27%	74	-23.71%	64	96.4%
19040	\$252,000	-2.89%	32	-42.86%	69	95.0%
19041	\$508,100	-64.25%	10	-9.09%	82	90.4%
19044	\$254,000	-7.54%	34	-19.05%	128	95.7%
19046	\$304,800	-3.39%	46	-13.21%	99	95.2%
19066	\$540,400	13.60%	23	35.29%	93	96.9%
19072	\$440,300	-10.64%	37	-13.95%	79	94.6%
19075	\$265,700	-4.08%	11	-38.89%	67	97.7%
19083	\$269,500	N/A	2	N/A	113	100.0%
19085	\$1,088,600	3.93%	13	18.18%	96	92.8%
19087	\$495,700	2.44%	10	-41.18%	76	95.2%
19090	\$214,900	-6.36%	40	-4.76%	71	97.6%
19095	\$249,400	-21.72%	15	-37.50%	91	96.1%
19096	\$569,200	2.17%	40	-34.43%	70	92.8%
19118	\$439,500	N/A	2	N/A	126	92.1%
19401	\$136,500	-11.94%	85	-27.97%	109	95.0%
19403	\$267,900	-2.72%	127	-9.93%	111	97.9%
19405	\$205,000	2.86%	10	-47.37%	231	96.8%
19406	\$263,500	-9.79%	54	-16.92%	66	97.1%
19422	\$430,400	4.01%	59	-14.49%	104	94.4%
19426	\$297,000	-7.42%	101	-30.34%	98	96.2%
19428	\$276,900	0.44%	58	-25.64%	64	96.9%
19435	\$311,100	N/A	2	N/A	124	100.0%
19436	\$1,260,000	N/A	1	N/A	78	84.8%
19437	\$590,000	-33.71%	4	300.00%	210	94.4%
19438	\$288,000	3.93%	57	-21.92%	90	96.5%
19440	\$278,900	5.92%	25	-37.50%	69	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	\$326,100	-11.65%	26	4.00%	93	96.2%
19446	\$279,400	-2.31%	131	-30.32%	94	96.1%
19453	\$166,800	-1.01%	4	-33.33%	48	98.2%
19454	\$278,300	1.09%	91	-20.18%	124	95.6%
19456	\$242,300	7.69%	1	0.00%	16	98.9%
19460	\$437,100	2.20%	15	-21.05%	88	94.7%
19462	\$309,200	3.07%	28	40.00%	78	95.5%
19464	\$142,100	-10.06%	94	-41.98%	104	96.2%
19465	\$163,300	-25.37%	2	0.00%	144	94.8%
19468	\$214,900	-11.67%	74	-30.19%	99	96.9%
19473	\$279,800	-6.86%	47	-12.96%	88	96.4%
19474	\$327,500	15.64%	2	-80.00%	223	96.4%
19477	\$560,000	N/A	1	N/A	3	100.0%
19490	\$656,500	7.32%	2	-33.33%	374	93.8%
19492	\$275,000	-6.78%	1	0.00%	0	100.0%
19504	\$237,600	32.00%	5	66.67%	109	93.3%
19512	\$179,800	-14.30%	4	0.00%	138	93.3%
19525	\$277,200	-0.22%	43	26.47%	117	95.8%

Philadelphia County, PA



Labor Market :

In the second quarter, 2,144 jobs were added to the payrolls of Philadelphia County. As a result of these new jobs, the average monthly unemployment rate fell from 10.4% during the first quarter to 9.7% for the second quarter. This steady job creation will help buyer confidence and fuel home purchases down the road. Mortgage rates near 5% should support this trend.

Housing Market :

	Q1' 11	Q2' 11	Q3' 11 (Forecast)
Average Price	\$185,800	\$190,800	↔
# Homes on the Market *	9,754	9,244	↑
# Homes Sold **	1,852	2,731	↔
# New Homes Built ***	78	81	↑
Avg # of Days on Market	90	87	↑

* Available as of Jun. 30, 2011.

** May not add to total of zip codes

*** During the first two months of 2nd 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	\$432,000	-9.09%	18	-5.26%	145	95.1%
19103	\$494,500	4.92%	83	-33.06%	167	90.7%
19104	\$303,400	34.78%	20	-35.48%	94	93.3%
19106	\$443,600	-5.46%	43	-23.21%	109	91.3%
19107	\$347,900	-19.75%	35	0.00%	121	95.2%
19111	\$150,800	-7.09%	96	-39.62%	65	96.4%
19114	\$165,200	-23.02%	63	-8.70%	107	95.7%
19115	\$210,400	-12.30%	53	-41.76%	78	93.5%
19116	\$220,200	-3.55%	46	-30.30%	56	93.5%
19118	\$480,500	5.79%	19	-26.92%	84	95.5%
19119	\$238,400	-3.01%	63	-29.21%	95	94.5%

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	\$75,200	-13.86%	96	-31.91%	65	94.7%
19121	\$114,000	26.39%	24	20.00%	127	93.2%
19122	\$134,700	-27.11%	16	-23.81%	120	92.8%
19123	\$327,000	4.04%	38	-36.67%	101	96.6%
19124	\$78,000	-9.09%	102	-45.74%	68	94.6%
19125	\$167,500	-10.62%	78	-48.34%	80	95.3%
19126	\$125,500	-0.24%	21	-38.24%	131	95.9%
19127	\$213,400	-12.61%	25	-30.56%	119	96.3%
19128	\$221,700	-9.40%	84	-40.85%	83	95.7%
19129	\$298,700	30.15%	23	-39.47%	83	97.9%
19130	\$321,000	0.03%	86	-31.20%	79	95.3%
19131	\$128,100	5.00%	45	-42.31%	115	93.5%
19132	\$45,400	-22.13%	10	-33.33%	130	92.2%
19133	\$53,200	-41.41%	6	0.00%	92	91.3%
19134	\$81,900	-20.72%	78	-25.00%	91	93.0%
19135	\$96,300	-5.77%	88	-29.60%	75	95.3%
19136	\$130,100	-3.49%	84	-38.24%	79	96.0%
19137	\$141,200	4.13%	19	-20.83%	125	96.9%
19138	\$87,500	-16.27%	47	-39.74%	76	94.1%
19139	\$102,800	13.47%	26	-40.91%	64	96.8%
19140	\$49,300	-10.04%	35	25.00%	79	94.2%
19141	\$87,800	-9.48%	30	-25.00%	58	95.9%
19142	\$52,400	-24.39%	61	22.00%	149	87.9%
19143	\$127,700	-8.46%	73	-40.16%	88	92.2%
19144	\$124,400	-5.76%	62	-16.22%	69	94.8%
19145	\$152,400	-2.62%	104	-17.46%	95	92.9%
19146	\$275,300	6.62%	174	-16.75%	92	96.0%
19147	\$365,100	8.63%	146	-18.89%	94	95.4%
19148	\$156,100	-6.86%	149	-14.86%	68	93.3%
19149	\$110,900	-9.76%	106	-37.65%	55	95.1%
19150	\$125,600	-14.91%	32	-39.62%	103	95.8%
19151	\$130,700	2.83%	61	-3.17%	59	96.5%
19152	\$171,400	-6.95%	62	-35.42%	82	95.0%
19153	\$119,700	11.97%	18	-40.00%	80	95.5%
19154	\$178,800	-7.31%	83	3.75%	85	97.2%

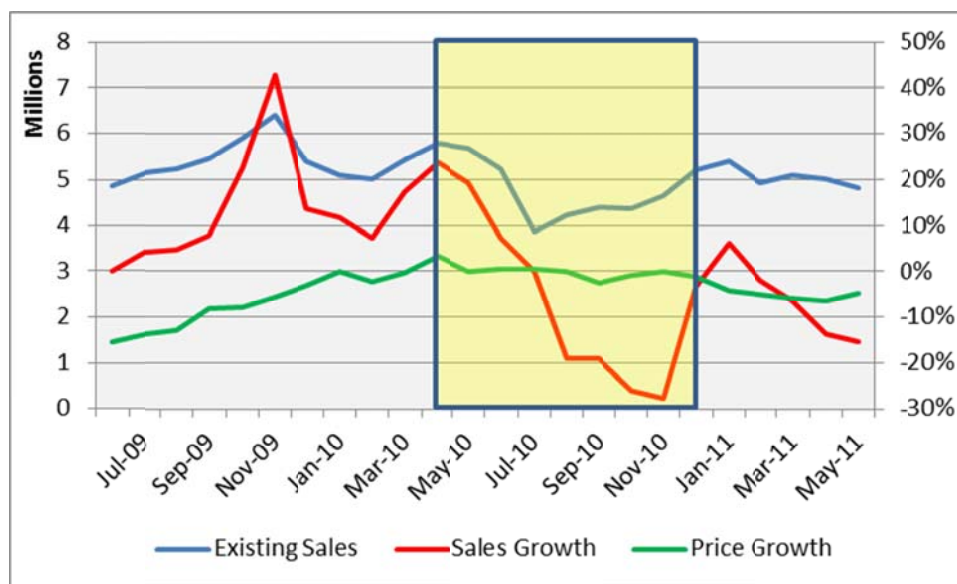
Stepping Out from the Shadow of 2010?

Ken Fears
 Manager, Regional Economics

The spring revealed some important patterns in the national housing market. After an abysmal summer of 2010 in which sales volume crashed in July following the end of the Federal tax credit, sales clawed back to respectable levels by the spring of 2011. However, this year's market is continually compared with the heated sales volume from the tax fed period of 2010. That is about to change.

Nationally, sales volume began to slide in May of 2010 easing 2.0% from April (using seasonally adjusted and annualized figures). The decline continued into June with a fall of 7.9% before the 26.2% crash from June to July. NAR's monthly national homes sales figure for June of this year was 8.8% lower than June of 2011, but this gap was smaller than May's 15.3% spread and sales last year fell sharply in July. Furthermore, NAR's Pending Home Sales index, which measures the volume of homes under contract, jumped 19.8% in June versus last year suggesting that homes sales in July of 2011 will likely surpass sales in July of 2010.

The ramifications of this shift in last year's market on the perception of this year's market is important. Sales have remained robust considering the lack of a credit in today's market. They could be better, but that will come as the economy gains its stride and employment improves. As the year-over-year comparison shifts to reflect last year's weakness, the



summer of 2011 will appear strong, boosting confidence. Low mortgage rates and stable employment will help to underpin the strength of sales this summer.

Locally, sales fell 22.8% in April of 2011 versus April of last year and were 28.4% weaker over the 12 months ending in June of 2011. Though the local pattern differs from the national, the strong local sales in June of 2010 suggest that sales are likely to be stronger in the later part of this summer and into the fall relative to sales levels in 2010, here in the market covered by TREND MLS.

Perception plays an important role in economic behavior. Falling home prices weigh on consumers who spend less in turn. Home prices did not fall directly after the end of the tax credit in May of 2010, but much later, dipping in earnest in January of 2011. Prices have since begun to tick upward, but are likely to remain below last year's level until later this year or in the spring, but they should not venture much further down. Stronger sales growth will boost consumer confidence, which will help the economy and housing in turn...green shoots for the economy.

Taking Care of “Small” Business

by Lawrence Yun, *NAR Chief Economist*

The economy is barely crawling along. A recent sizable downward revision to GDP figures showed that the current economic activity – adding up all income generation from producing autos to providing haircuts – is still below the recent past cyclical peak achieved in late 2007 even though the country added over 10 million additional people in the workable age of 16-and-over. In short, it seems like “Progress in America” has stopped.

The latest data on the manufacturing sector is also not good. After having registered 22 straight months of expansion, the ISM index – which surveys managers in the manufacturing industry – posted a reading of 50.9 in July. The index had been in the 55 to 60 range in the first half of this year. Note that any index below 50 is considered as reflecting a contraction in the industry. The component on new orders showed contraction, though actual current production and employment showed slight expansion. Why the contraction after almost two years of expansion? One likely reason was the constant discussion about the debt ceiling in July which no doubt caused many business decision-makers to halt purchase orders. Consequently, a long-term resolution to debt debate is critical to restart up the manufacturing sector. Large companies are sitting on a pile of cash. They only need clarity and business confidence to start investing again.

The Federal Reserve, though having ended its Quantitative Easing (“QE2”) cannot be any more accommodative. It will no longer buy bonds with freshly printed money; rather, it will only repurchase bonds that are maturing in the Fed portfolio. Money simply cannot be printed in massive quantities for an extended period of time without raising the specter of inflation. Consumer price inflation has already notched up by 3.4 percent from one year ago, while many Social Security check recipients did not get any cost-of-living adjustment last year. They have to wait until 2012 before the COLA gets appropriately readjusted. Many workers, however, do not have automatic COLAs. Average hourly earnings rose 1.9 percent in from June 2010 to June 2010.

Such a slow wage growth assures slow consumer spending growth in the near term. With government spending expected to contract, for better or worse, and housing starts still struggling to gain traction, economic growth will be below the trend growth line. The second half GDP growth rate is expected to be less than 2 percent.

Slow economic growth also means a continuing worsening situation in budget deficit and national debt figures. History shows that one of the biggest sources of federal government revenue has been more people working and so more people paying taxes. The current unemployment rate of 9 percent is just too high.

Aside from the lack of enthusiasm among large companies, one major reason for the economic struggle is that small businesses – the entrepreneurial heart of America – cannot find funds either to establish themselves or to keep going. (It should also be said here that many real estate firms are actually small businesses.) Because of the small nature of such companies, these entrepreneurs cannot issue bonds like IBM or Disney.

Banks also have been extra tough on any borrowers without an established name. Small businesses, therefore, typically have relied on their owners' savings and housing equity for the funds to test out new business ideas.

Chief Economist's Commentary








But housing equity – that is, housing asset value minus mortgage liability – has greatly shrunk in the painful aftermath of the housing market crash. Currently, the aggregate of homeowners' real estate equity is at \$6.1 trillion versus \$13 trillion in 2006 according to Flow of Funds data from the Federal Reserve. The Census Bureau reports that there are 74 million homeowners. So on average, the average equity per homeowner in 2011 is \$82,000, down from the \$170,000 in 2006. Other Federal Reserve data from its Survey of Consumer Finances show that the median homeowner net worth is \$190,000. This larger net worth figure is due to homeowners having other assets in addition to housing equity (stocks, cash, etc.). In comparison, the median net worth of a renter household is \$4,000. The only good news at the moment is that further declines appear to be largely over. Price measurements from NAR, Case-Shiller, Core Logic, and the Federal Housing Finance Agency have all noted a slight uptick in home prices in recent months.

In order to truly give a push to the U.S. economy to get it on a sustainable robust growth path, small businesses need funds to establish themselves and to maintain operations. A home price recovery will be critical to that process in the upcoming years. Any obstacle to such a home price recovery will, therefore, hamper economic growth and job creation. As policymakers continue their discussions on future federal budgets, they need to be well aware that any trimming of housing-related programs – such as the mortgage interest deduction – will hurt home values and consequently derail many small business start-ups.

Stay “up to date” with Dr. Yun's views on real estate and economy by visiting the NAR Research “blog” at <http://economistsoutlook.blogs.realtor.org/>

Economic Monitor

This table reflects data available through April 1, 2011.

Monthly Indicator	Recent Forecast	Likely Direction Over the Next Six Months	Forecast
<p>Existing-home sales in June posted a seasonally adjusted annual rate of 4.77 million units – 0.8% off May’s level and an 8.8% decline from a year ago. Continued economic uncertainty, concerns about the federal budget, and a spike in contract cancellations contributed to the decline. At the same time, the national median price for an existing home rose 0.8% from a year ago to \$184,300.</p>	June 2011 4,770 May 2011 4,810 June 2010 5,230		Contract signings trending higher
<p>New home sales declined by 1.0% from May to June, registering a seasonally adjusted annual rate of 312,000 units. Still, June’s sales pace was a 1.6% increase from a year ago. The inventory of new homes available for sale continues to shrink -- at the end of the month, the supply of new homes was 164,000 – a 6.3-month supply at the current sales rate.</p>	June 2011 312 May 2011 315 June 2010 307		Rising new home price signals buyers are developing
<p>Housing starts increased in June to a seasonally adjusted annual rate of 629,000 units – up 14.6% from May and a 16.7% increase from June of 2010. Both single family and multi-family starts rose; on a year over year basis, multifamily starts were up by 104.8%.</p>	June 2011 629 May 2011 549 June 2010 539		Better than 20 percent increase, but need to wait till 2012
<p>Housing affordability remains at very impressive levels. NAR’s housing affordability index posted a reading of 166.5 in June, down from May’s revised index of 178.5, but above the reading in June of 2010. Changes in the index were due to a significant increase in the median sales price of a home from the previous month.</p>	June 2011 166.5 May 2011 178.5 June 2010 161.7		Price drop ends while mortgage rates rise
<p>Mortgage rates The average interest rate in July for a 30-year fixed mortgage rose to 4.55%. Current Treasury bond yields are at historic lows and may continue to decline slightly but temporarily. Mortgage rates will most likely move in the same direction since in today’s market nearly all mortgage originations have government backing.</p>	July 2011 4.55% June 2011 4.51% July 2010 4.56%		Inflationary and budget deficit pressures push up interest rates
<p>Employment The U.S. economy added 117,000 new jobs in July – better than most analysts expected and well ahead of the 46,000 jobs created in June. The private sector added 154,000 payrolls, while the government sector shed 37,000 – primarily in state and local governments. The unemployment rate declined slightly to 9.1%, due mostly to unemployed workers halting their job search.</p>	July 2011 +117 June 2011 +46 12-month total: +1,258		Only slow gains with no meaningful changes to the unemployment rate
<p>Economic Growth The U.S. economy continued to grow in the 2nd quarter of 2011, but at a slow pace. Real Gross Domestic Product (GDP) increased 1.3% from the 1st to the 2nd quarter of this year (annualized rate). This is the first estimate of 2nd quarter GDP growth based on incomplete data. Contributing to the positive growth in GDP were increases in exports, private inventory, building and nonresidential fixed investment, and federal government spending.</p>	2011:II +1.9% 2011:I +0.4% 2010:II +3.8%		Cruising forward, but at slow pace

Notes: All rates are seasonally adjusted. Existing home sales, new home sales and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics and Freddie Mac.