

Economic and Market Watch Report

**Includes:**

Berks County, PA
Bucks County, PA
Burlington County, NJ
Camden County, NJ
Chester County, PA
Delaware County, PA
Gloucester County, NJ
Kent County, DE
Mercer County, NJ
Montgomery County, PA
New Castle County, DE
Philadelphia County, PA
Salem County, NJ

TREND Economic and Market Watch Report

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

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.

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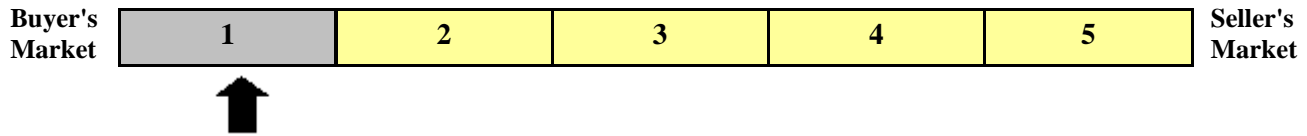
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*Reprinted from [Real Estate Outlook: Market Trends and Insights](#).

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Kent County, DE



Labor Market :

Employment declined by 310 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 8% in the fourth quarter to 9.7% for the initial two months of the first 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>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$199,700	\$189,100	↓
# Homes on the Market *	1,696	1,775	↑
# Homes Sold **	369	290	↓
# New Homes Built ***	159	100	↑
Avg # of Days on Market	109	112	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

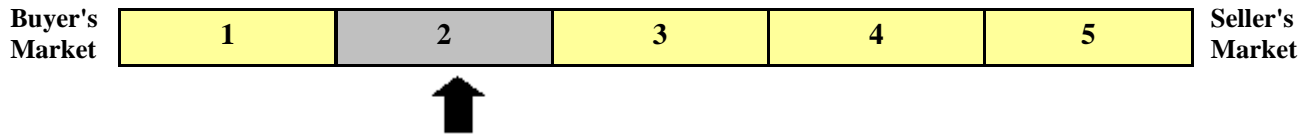
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19443	\$240,400	N/A	1	N/A	0	100.0%
19901	\$180,700	-11.12%	35	59.09%	90	95.0%
19904	\$169,000	-9.29%	58	9.43%	107	95.8%
19934	\$162,900	-38.11%	19	18.75%	118	96.9%
19936	\$102,900	N/A	1	N/A	39	103.0%
19938	\$226,200	1.21%	19	171.43%	73	98.3%
19943	\$200,000	-1.28%	26	62.50%	106	96.9%
19946	\$189,400	42.41%	4	-33.33%	153	91.8%
19952	\$148,500	-13.31%	17	142.86%	160	94.2%
19953	\$100,000	-39.47%	1	-80.00%	171	83.3%
19954	\$144,000	51.58%	2	0.00%	95	87.9%

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)
19962	\$228,700	-3.46%	22	37.50%	131	97.9%
19963	\$224,600	15.18%	6	-50.00%	157	96.3%
19964	\$176,800	8.80%	2	0.00%	187	93.3%
19977	\$208,500	0.92%	47	34.29%	114	96.4%

New Castle County, DE



Labor Market :

Employment declined by 2,881 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 8.3% in the fourth quarter to 9.4% for the initial two months of the first 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 :

	<i>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$228,300	\$233,500	↓
# Homes on the Market *	2,995	3,761	↑
# Homes Sold **	1,320	883	↓
# New Homes Built ***	157	120	↑
Avg # of Days on Market	77	87	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

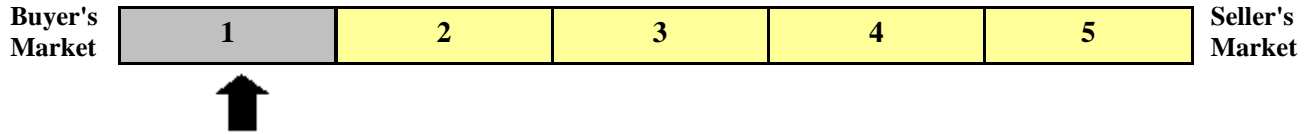
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19701	\$239,500	-7.42%	64	8.47%	64	97.7%
19702	\$206,300	-6.52%	67	-17.28%	83	97.0%
19703	\$186,000	-0.64%	25	38.89%	85	96.8%
19706	\$158,400	-37.86%	1	0.00%	7	99.0%
19707	\$415,200	23.39%	26	-16.13%	74	95.3%
19709	\$286,000	-3.21%	62	12.73%	110	98.0%
19711	\$249,100	-7.50%	58	26.09%	83	95.4%
19713	\$190,500	3.53%	41	46.43%	65	96.4%
19720	\$166,700	-7.75%	90	18.42%	97	96.0%
19730	\$220,000	N/A	1	N/A	14	103.0%
19733	\$340,000	N/A	1	N/A	401	85.0%

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)
19734	\$246,100	-19.86%	20	42.86%	81	97.6%
19801	\$91,700	-23.07%	15	-11.76%	88	93.8%
19802	\$165,500	32.40%	31	-18.42%	64	97.1%
19803	\$326,100	3.49%	40	-2.44%	70	96.1%
19804	\$169,900	-3.41%	24	-7.69%	101	94.7%
19805	\$138,600	-17.94%	75	7.14%	82	95.4%
19806	\$286,300	-23.94%	40	37.93%	89	92.6%
19807	\$992,300	36.64%	19	72.73%	209	91.5%
19808	\$222,300	-4.06%	55	-8.33%	91	96.6%
19809	\$213,800	18.51%	31	3.33%	81	95.7%
19810	\$278,600	-5.50%	28	-41.67%	77	96.4%
19938	\$225,000	13.07%	1	-50.00%	38	97.9%

Burlington County, NJ



Labor Market :

Employment increased by 1,827 jobs in Burlington County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 8.9% for the fourth quarter to 9.6% in the first two months of the first quarter. The solid job growth may provide a stimulus to home sales, while historically low mortgage rates boost affordability.

Housing Market :

	<i>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$241,400	\$243,800	↔
# Homes on the Market *	3,337	4,454	↑
# Homes Sold **	1,136	746	↔
# New Homes Built ***	140	68	↑
Avg # of Days on Market	101	114	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

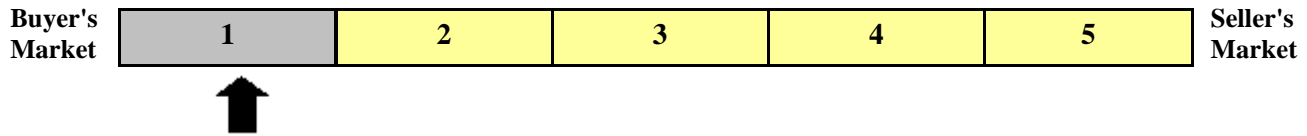
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08010	\$156,600	8.75%	11	22.22%	113	96.4%
08015	\$154,500	-6.42%	33	-29.79%	95	94.3%
08016	\$197,400	-10.72%	44	-6.38%	113	95.5%
08022	\$273,100	-6.54%	20	53.85%	170	92.9%
08036	\$269,300	-4.16%	4	-20.00%	81	96.6%
08046	\$121,500	-9.06%	50	-18.03%	106	95.3%
08048	\$277,900	-6.49%	16	-11.11%	89	95.4%
08052	\$158,900	1.02%	18	-5.26%	143	93.5%
08053	\$247,000	-6.83%	85	-1.16%	118	94.3%
08054	\$277,500	13.50%	93	0.00%	89	94.5%
08055	\$356,700	17.18%	42	23.53%	137	95.2%

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)
08057	\$502,200	3.87%	37	32.14%	185	90.5%
08060	\$206,900	-5.87%	30	-23.08%	127	96.3%
08065	\$153,400	-13.14%	20	25.00%	88	96.0%
08068	\$204,400	11.21%	8	60.00%	187	95.5%
08073	\$284,000	N/A	1	N/A	77	97.2%
08075	\$181,200	-12.67%	39	21.88%	81	95.9%
08077	\$250,600	3.64%	28	0.00%	82	95.8%
08088	\$264,600	26.06%	45	50.00%	129	95.0%
08505	\$231,200	-5.94%	43	104.76%	103	95.6%
08511	\$227,000	-15.14%	1	0.00%	97	94.6%
08515	\$432,300	-3.05%	7	-22.22%	214	95.7%
08518	\$152,000	8.19%	13	18.18%	95	94.4%
08554	\$199,900	19.84%	8	-38.46%	57	95.2%
08562	\$361,400	57.89%	6	0.00%	78	95.8%
08620	\$350,000	N/A	1	N/A	451	94.7%

Camden County, NJ



Labor Market :

Employment increased by 4,341 jobs in Camden County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 10.7% for the fourth quarter to 11.2% in the first two months of the first quarter. The solid job growth may provide a stimulus to home sales, while historically low mortgage rates boost affordability.

Housing Market :

	<i>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$186,500	\$190,400	↔
# Homes on the Market *	3,440	4,458	↑
# Homes Sold **	1,226	788	↔
# New Homes Built ***	63	27	↑
Avg # of Days on Market	93	95	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

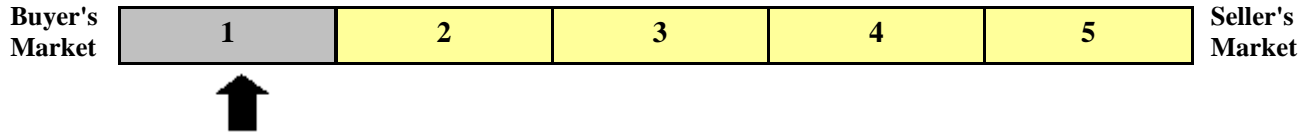
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08002	\$216,200	-4.29%	34	78.95%	90	94.0%
08003	\$280,200	0.04%	37	-21.28%	144	94.6%
08004	\$179,600	5.71%	28	47.37%	83	96.8%
08007	\$174,500	-12.49%	9	28.57%	72	95.0%
08009	\$226,300	0.27%	24	118.18%	63	94.9%
08012	\$181,500	10.54%	29	7.41%	113	97.4%
08021	\$133,600	3.09%	63	-4.55%	80	94.7%
08026	\$218,400	19.67%	4	300.00%	103	92.0%
08029	\$165,800	-0.48%	7	-22.22%	66	97.8%
08030	\$79,900	-32.12%	12	-42.86%	33	93.8%
08031	\$174,100	-1.86%	17	88.89%	55	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	\$449,000	7.21%	47	46.88%	130	94.5%
08034	\$232,800	11.98%	28	-9.68%	90	95.6%
08035	\$262,700	12.89%	11	-15.38%	97	91.0%
08037	\$399,000	128.00%	2	100.00%	70	96.7%
08043	\$284,200	9.35%	57	46.15%	110	95.4%
08045	\$128,600	11.83%	5	400.00%	76	98.2%
08049	\$127,100	-23.39%	7	-30.00%	53	93.7%
08059	\$185,800	7.71%	9	-35.71%	151	99.0%
08078	\$146,000	2.74%	15	7.14%	79	92.6%
08081	\$160,900	-14.64%	80	-6.98%	101	95.4%
08083	\$146,500	-11.05%	6	-40.00%	121	95.6%
08084	\$172,800	40.26%	9	50.00%	126	96.5%
08089	\$119,900	-37.52%	9	50.00%	94	93.3%
08091	\$167,100	-0.59%	10	66.67%	95	96.7%
08102	\$71,700	N/A	1	N/A	41	106.0%
08103	\$66,400	12.35%	11	37.50%	205	90.8%
08104	\$57,400	15.96%	23	15.00%	65	98.0%
08105	\$71,800	1.41%	13	-35.00%	67	97.6%
08106	\$190,100	-1.50%	14	-12.50%	89	96.5%
08107	\$129,200	-14.32%	21	-4.55%	83	92.9%
08108	\$224,100	-2.52%	29	-9.38%	69	94.7%
08109	\$161,600	-2.30%	30	-6.25%	125	95.3%
08110	\$110,800	-7.90%	21	-30.00%	50	92.6%

Gloucester County, NJ



Labor Market :

Employment increased by 2,648 jobs in Gloucester County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 10.1% for the fourth quarter to 11.1% in the first two months of the first quarter. The solid job growth may provide a stimulus to home sales, while historically low mortgage rates boost affordability.

Housing Market :

	<i>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$205,900	\$205,100	↔
# Homes on the Market *	2,166	2,756	↑
# Homes Sold **	725	445	↔
# New Homes Built ***	172	83	↑
Avg # of Days on Market	103	106	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

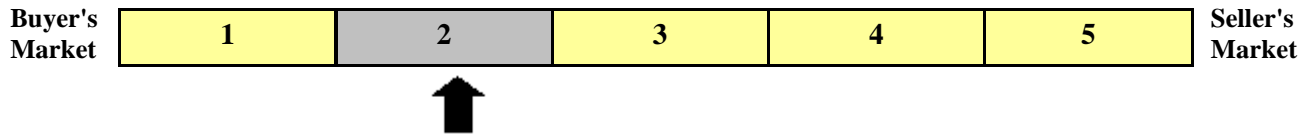
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08012	\$209,100	4.97%	20	-16.67%	105	92.4%
08014	\$182,000	7.06%	1	0.00%	123	93.4%
08020	\$197,000	-24.20%	2	0.00%	37	101.1%
08027	\$165,100	1.35%	8	14.29%	83	96.5%
08028	\$182,700	-0.44%	19	-32.14%	150	94.5%
08051	\$158,600	-16.53%	31	40.91%	68	97.8%
08056	\$375,200	15.30%	5	25.00%	81	95.8%
08061	\$241,600	-17.23%	10	100.00%	77	96.7%
08062	\$363,700	33.47%	14	-36.36%	149	94.3%
08063	\$144,800	-12.35%	1	-66.67%	25	102.0%
08066	\$119,800	-17.72%	13	225.00%	78	96.3%

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	\$155,000	13.89%	13	-27.78%	148	96.1%
08080	\$246,300	3.84%	56	3.70%	104	94.8%
08081	\$229,300	-7.65%	2	0.00%	50	88.3%
08085	\$274,900	0.04%	26	-3.70%	112	95.3%
08086	\$225,800	4.10%	12	-14.29%	77	97.2%
08090	\$176,700	0.80%	11	22.22%	76	97.2%
08093	\$131,700	-26.59%	15	66.67%	114	96.3%
08094	\$210,200	-3.80%	60	17.65%	116	97.0%
08096	\$173,500	-5.60%	56	-3.45%	96	95.6%
08097	\$177,600	-10.98%	4	-20.00%	131	91.2%
08312	\$175,800	4.71%	15	0.00%	69	97.4%
08322	\$218,200	-17.69%	13	-18.75%	128	94.9%
08343	\$284,800	4.51%	6	200.00%	135	92.8%
08344	\$156,700	-8.58%	10	42.86%	198	90.6%
08360	\$249,900	54.26%	1	0.00%	64	100.0%

Mercer County, NJ



Labor Market :

Employment increased by 4,469 jobs in Mercer County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 7.8% for the fourth quarter to 8.3% in the first two months of the first quarter. The solid job growth may provide a stimulus to home sales, while historically low mortgage rates boost affordability.

Housing Market :

	Q4' 09	Q1' 10	Q2' 10 (Forecast)
Average Price	\$293,000	\$275,200	↔
# Homes on the Market *	2,142	2,865	↑
# Homes Sold **	833	571	↔
# New Homes Built ***	45	35	↑
Avg # of Days on Market	91	92	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

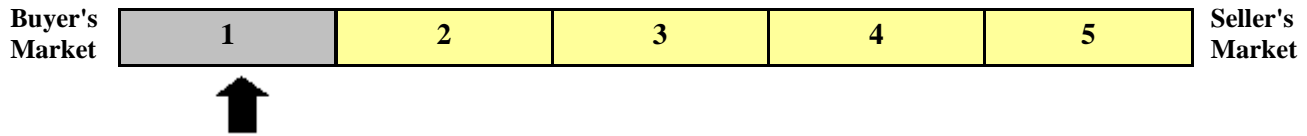
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
08501	\$325,000	N/A	1	N/A	50	92.9%
08512	\$168,400	144.06%	10	900.00%	125	92.7%
08520	\$224,400	-5.32%	45	-2.17%	87	95.8%
08525	\$234,000	-55.33%	6	50.00%	103	95.9%
08534	\$401,000	-6.04%	24	4.35%	165	97.2%
08540	\$645,200	-19.15%	51	34.21%	94	93.9%
08542	\$523,900	-22.93%	3	-40.00%	39	96.3%
08550	\$630,800	20.04%	26	13.04%	64	96.2%
08560	\$700,000	96.52%	2	-33.33%	233	94.4%
08609	\$80,100	19.02%	5	-44.44%	203	92.5%
08610	\$194,600	22.01%	38	-11.63%	75	97.1%

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	\$69,800	-7.55%	28	47.37%	58	88.5%
08618	\$131,900	-12.53%	33	22.22%	69	97.4%
08619	\$225,200	-3.88%	31	6.90%	76	96.7%
08620	\$268,400	-14.47%	15	87.50%	112	96.3%
08628	\$301,900	31.72%	14	7.69%	116	94.9%
08629	\$103,600	-5.82%	15	-11.76%	98	91.6%
08638	\$180,300	3.32%	24	9.09%	138	93.2%
08648	\$283,500	6.02%	55	17.02%	87	96.1%
08690	\$270,700	-3.22%	40	53.85%	86	95.0%
08691	\$324,400	-16.39%	30	15.38%	81	96.6%

Salem County, NJ



Labor Market :

Employment increased by 489 jobs in Salem County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 11.3% for the fourth quarter to 13% in the first two months of the first quarter. The solid job growth may provide a stimulus to home sales, while historically low mortgage rates boost affordability.

Housing Market :

	<i>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$145,200	\$155,500	↔
# Homes on the Market *	561	665	↑
# Homes Sold **	126	85	↔
# New Homes Built ***	18	6	↑
Avg # of Days on Market	129	139	↑

* Available as of Mar. 31, 2010.

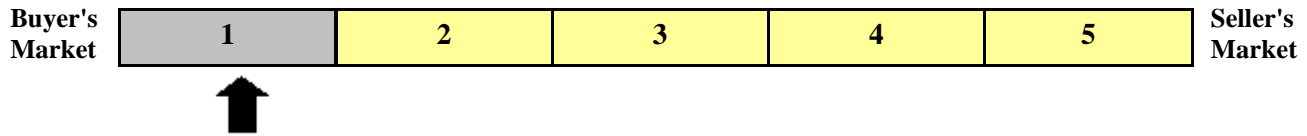
** May not add to total of zip codes

*** During the first two months of 1st 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	\$166,000	-28.14%	1	-80.00%	6	103.8%
08038	\$76,000	N/A	1	N/A	321	80.0%
08067	\$144,900	-27.91%	1	-50.00%	238	100.0%
08069	\$118,100	15.90%	16	23.08%	87	96.9%
08070	\$139,900	-8.74%	16	-15.79%	136	92.2%
08079	\$137,400	52.33%	11	-31.25%	173	91.6%
08098	\$241,300	11.40%	15	36.36%	211	95.7%
08318	\$193,800	-2.22%	15	87.50%	127	96.2%
08343	\$111,000	-77.80%	1	0.00%	11	92.6%

Berks County, PA



Labor Market :

Employment declined by 207 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 9.1% in the fourth quarter to 10.4% for the initial two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Berks County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	<i>Q4' 09</i>	<i>Q1' 10</i>	<i>Q2' 10</i> <i>(Forecast)</i>
Average Price	\$160,500	\$150,500	↔
# Homes on the Market *	3,629	4,158	↑
# Homes Sold **	1,074	740	↔
# New Homes Built ***	49	25	↑
Avg # of Days on Market	94	98	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

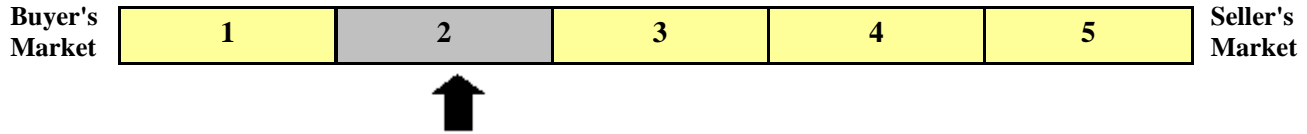
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
17026	\$134,000	N/A	1	N/A	17	99.6%
17067	\$163,500	N/A	2	N/A	110	96.2%
17569	\$173,100	N/A	4	N/A	15	97.5%
18011	\$285,000	N/A	1	N/A	7	95.0%
18070	\$269,900	N/A	1	N/A	123	100.0%
19464	\$177,500	N/A	1	N/A	184	93.5%
19503	\$207,000	15.00%	1	0.00%	159	96.3%
19504	\$219,700	-24.89%	8	100.00%	112	95.4%
19505	\$194,100	-17.16%	7	40.00%	70	98.0%
19506	\$204,300	-27.78%	13	85.71%	83	96.8%
19507	\$133,700	1.52%	4	0.00%	41	97.3%

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)
19508	\$216,300	12.31%	21	10.53%	166	98.1%
19510	\$202,900	-13.03%	18	260.00%	131	98.3%
19512	\$158,100	-7.11%	20	0.00%	71	94.9%
19518	\$198,100	-13.42%	27	-15.63%	102	97.2%
19522	\$180,200	-12.74%	20	53.85%	69	96.5%
19526	\$126,100	-0.79%	12	-20.00%	74	97.9%
19529	\$310,000	N/A	1	N/A	8	96.9%
19530	\$172,900	-17.55%	4	-50.00%	252	95.4%
19533	\$166,700	-17.31%	17	54.55%	100	99.6%
19539	\$138,900	-22.18%	6	0.00%	151	95.5%
19540	\$189,100	-20.18%	23	43.75%	154	96.5%
19541	\$197,100	N/A	4	N/A	198	94.2%
19543	\$245,300	-3.77%	11	22.22%	80	97.1%
19547	\$166,000	-9.19%	5	-16.67%	84	91.7%
19551	\$133,700	11.79%	7	0.00%	98	99.6%
19555	\$177,500	-26.13%	3	-57.14%	145	99.1%
19559	\$96,000	N/A	2	N/A	72	90.7%
19560	\$130,500	-14.76%	21	-8.70%	94	96.9%
19562	\$163,300	-9.63%	3	50.00%	108	93.7%
19565	\$189,400	-8.55%	8	-27.27%	31	100.7%
19567	\$104,800	-5.42%	16	100.00%	79	96.5%
19601	\$69,500	-13.23%	29	0.00%	86	94.7%
19602	\$45,400	1.34%	16	6.67%	54	91.9%
19604	\$70,500	9.98%	42	-20.75%	96	97.3%
19605	\$165,700	4.61%	46	84.00%	105	97.4%
19606	\$154,100	3.28%	66	-1.49%	109	96.7%
19607	\$142,500	-6.25%	48	23.08%	101	94.9%
19608	\$212,200	-20.73%	40	48.15%	107	97.4%
19609	\$156,000	8.94%	32	52.38%	66	96.6%
19610	\$246,100	-3.53%	36	44.00%	120	88.1%
19611	\$100,500	-0.20%	22	57.14%	60	97.2%

Bucks County, PA



Labor Market :

Employment declined by 654 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 7.2% in the fourth quarter to 8.5% for the initial two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Bucks County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 09	Q1' 10	Q2' 10 (Forecast)
Average Price	\$304,000	\$317,400	↔
# Homes on the Market *	3,252	4,342	↑
# Homes Sold **	1,509	978	↔
# New Homes Built ***	158	92	↑
Avg # of Days on Market	88	100	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

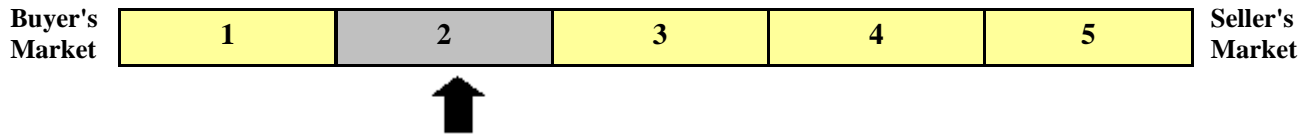
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
18055	\$262,900	N/A	1	N/A	227	97.4%
18077	\$416,700	47.40%	3	0.00%	73	89.6%
18901	\$364,900	4.53%	44	7.32%	141	95.8%
18902	\$401,400	-5.31%	29	20.83%	84	95.8%
18912	\$360,000	N/A	1	N/A	345	95.3%
18913	\$631,300	68.35%	2	100.00%	218	97.3%
18914	\$325,300	-9.49%	37	12.12%	79	96.1%
18917	\$213,100	-4.82%	8	33.33%	84	96.0%
18920	\$460,000	N/A	1	N/A	0	86.8%
18923	\$372,500	7.35%	3	50.00%	8	102.1%
18925	\$451,400	-3.30%	15	36.36%	109	95.0%

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)
18929	\$475,300	-13.19%	13	225.00%	154	91.5%
18930	\$250,600	-34.29%	5	25.00%	219	96.4%
18932	\$127,500	N/A	2	N/A	98	92.4%
18938	\$606,500	-1.14%	35	118.75%	174	91.6%
18940	\$570,100	29.89%	53	26.19%	97	93.8%
18942	\$862,500	27.78%	2	0.00%	295	90.8%
18944	\$268,100	-2.90%	35	6.06%	92	95.5%
18947	\$325,700	-38.70%	9	50.00%	79	94.2%
18951	\$235,000	4.58%	65	35.42%	106	95.4%
18954	\$459,000	39.81%	16	128.57%	62	96.0%
18955	\$90,000	-62.28%	1	-66.67%	14	90.1%
18956	\$1,830,000	N/A	1	N/A	284	91.7%
18960	\$254,800	7.06%	21	31.25%	98	96.2%
18966	\$306,200	3.76%	67	24.07%	77	95.3%
18969	\$174,100	-14.15%	7	40.00%	99	98.4%
18970	\$215,000	N/A	2	N/A	29	97.7%
18972	\$528,400	35.14%	5	0.00%	141	95.6%
18974	\$274,200	11.24%	50	11.11%	94	95.7%
18976	\$325,500	-4.85%	32	10.34%	121	95.5%
18977	\$393,300	-43.57%	11	22.22%	108	93.8%
19006	\$294,100	-6.63%	3	50.00%	199	89.5%
19007	\$152,800	1.87%	32	23.08%	70	95.6%
19020	\$255,300	9.43%	64	3.23%	106	95.4%
19021	\$142,400	-12.85%	11	-45.00%	89	96.5%
19030	\$248,500	8.18%	13	0.00%	84	96.6%
19040	\$185,000	N/A	2	N/A	81	89.4%
19047	\$297,200	7.41%	46	76.92%	129	96.1%
19053	\$233,500	-10.05%	24	14.29%	78	95.6%
19054	\$224,300	6.91%	18	-47.06%	82	96.4%
19055	\$194,200	14.71%	34	17.24%	79	93.9%
19056	\$237,700	-4.96%	20	5.26%	76	96.0%
19057	\$179,200	5.23%	25	-13.79%	53	96.8%
19067	\$316,900	1.90%	87	17.57%	95	96.0%
19440	\$397,500	55.88%	2	100.00%	128	90.4%

Chester County, PA



Labor Market :

Employment increased by 1,915 jobs in Chester County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 6.3% for the fourth quarter to 7.2% in the first two months of the first quarter. The solid job growth may provide a stimulus to home sales, while historically low mortgage rates boost affordability.

Housing Market :

	Q4' 09	Q1' 10	Q2' 10 (Forecast)
Average Price	\$326,800	\$337,400	↔
# Homes on the Market *	3,302	4,245	↑
# Homes Sold **	1,369	825	↔
# New Homes Built ***	226	172	↑
Avg # of Days on Market	83	93	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

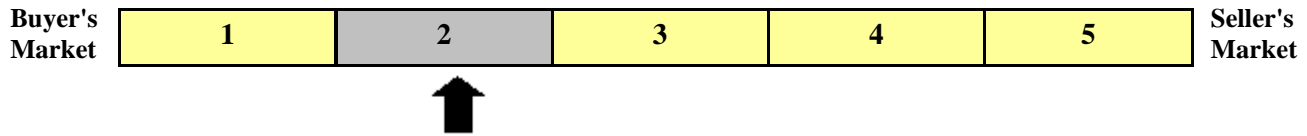
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19073	\$401,700	33.90%	6	500.00%	101	97.5%
19087	\$411,000	3.32%	37	23.33%	69	96.0%
19301	\$408,700	34.75%	12	33.33%	68	94.6%
19310	\$172,500	N/A	2	N/A	82	100.0%
19311	\$321,400	10.41%	14	100.00%	118	96.0%
19312	\$699,100	3.74%	24	84.62%	132	93.9%
19317	\$462,500	-11.96%	4	-33.33%	146	98.3%
19320	\$242,700	20.99%	79	-10.23%	96	96.5%
19330	\$223,100	-0.84%	4	33.33%	46	98.1%
19333	\$705,700	134.76%	10	-72.97%	93	93.4%
19335	\$283,500	-13.54%	75	19.05%	79	96.3%

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	\$371,600	15.87%	24	14.29%	90	95.9%
19342	\$550,000	N/A	1	N/A	56	84.6%
19343	\$322,600	-32.17%	10	42.86%	91	94.9%
19344	\$301,300	32.61%	10	-16.67%	58	94.9%
19348	\$371,300	15.67%	26	-21.21%	127	93.1%
19350	\$451,000	-5.55%	16	6.67%	73	94.5%
19352	\$302,200	-14.99%	17	41.67%	78	96.6%
19355	\$508,300	-1.91%	34	-24.44%	91	95.6%
19358	\$128,000	N/A	1	N/A	348	96.2%
19362	\$315,000	41.89%	1	-75.00%	16	100.2%
19363	\$193,800	-19.08%	23	4.55%	119	94.5%
19365	\$184,600	17.80%	17	41.67%	105	98.1%
19372	\$266,200	0.08%	2	-60.00%	62	97.7%
19375	\$620,000	N/A	1	N/A	224	84.1%
19380	\$368,700	7.65%	73	23.73%	85	96.4%
19382	\$326,700	-2.65%	98	25.64%	85	95.6%
19390	\$302,000	-0.26%	16	-5.88%	101	95.7%
19421	\$360,000	N/A	1	N/A	57	96.0%
19425	\$369,100	-14.54%	37	32.14%	115	96.2%
19460	\$253,200	-2.09%	66	-10.81%	101	96.2%
19465	\$309,600	23.05%	22	-24.14%	72	97.1%
19475	\$244,400	-21.54%	23	109.09%	89	96.2%
19520	\$392,000	79.32%	5	0.00%	73	90.2%

Delaware County, PA



Labor Market :

Employment declined by 1,105 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 8% in the fourth quarter to 8.8% for the initial two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Delaware County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 09	Q1' 10	Q2' 10 (Forecast)
Average Price	\$239,900	\$228,600	↔
# Homes on the Market *	3,031	3,978	↑
# Homes Sold **	1,436	873	↔
# New Homes Built ***	108	73	↑
Avg # of Days on Market	86	94	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st quarter.

Data by Zip Codes

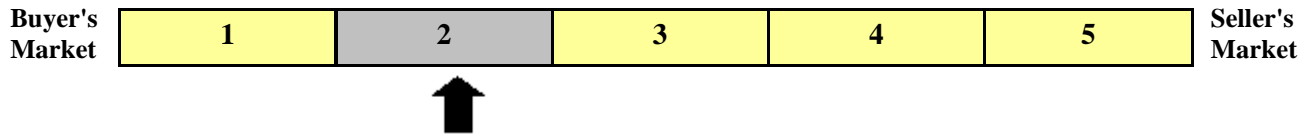
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19003	\$278,800	1.27%	8	-42.86%	58	97.4%
19008	\$293,100	-3.36%	24	20.00%	44	96.3%
19010	\$496,800	21.56%	20	11.11%	73	93.6%
19013	\$64,000	7.20%	19	18.75%	122	94.0%
19014	\$201,900	-8.77%	34	-2.86%	98	95.2%
19015	\$152,400	-6.67%	34	3.03%	68	98.1%
19018	\$146,600	3.75%	46	39.39%	118	96.9%
19022	\$80,000	-24.95%	3	-66.67%	96	89.0%
19023	\$68,800	-9.59%	45	4.65%	66	95.7%
19026	\$190,100	8.32%	57	39.02%	111	96.6%
19029	\$139,800	14.87%	9	200.00%	48	96.3%

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	\$109,300	-3.53%	12	0.00%	70	94.5%
19033	\$170,300	-17.61%	10	-16.67%	71	96.0%
19036	\$135,600	-11.43%	24	-7.69%	60	94.9%
19041	\$716,000	161.98%	3	0.00%	21	96.5%
19043	\$155,300	-37.00%	7	250.00%	78	93.8%
19050	\$134,900	5.89%	36	-14.29%	97	95.2%
19061	\$204,600	-24.47%	48	-4.00%	105	96.5%
19063	\$356,600	1.71%	52	13.04%	83	94.9%
19064	\$289,700	5.15%	42	31.25%	125	97.2%
19070	\$222,200	7.76%	8	14.29%	79	92.1%
19073	\$519,700	18.30%	27	0.00%	111	95.4%
19074	\$163,600	5.68%	5	0.00%	75	92.9%
19076	\$162,200	12.72%	13	18.18%	94	97.9%
19078	\$183,400	4.44%	22	144.44%	114	97.5%
19079	\$97,100	-5.91%	19	-5.00%	93	96.5%
19081	\$314,100	27.73%	12	9.09%	173	93.7%
19082	\$95,000	5.67%	53	-3.64%	98	94.2%
19083	\$287,600	12.83%	50	-9.09%	67	97.0%
19085	\$1,028,100	15.96%	4	-33.33%	145	92.9%
19086	\$296,700	-5.99%	27	12.50%	133	95.5%
19087	\$681,200	15.73%	9	-60.87%	141	93.1%
19094	\$206,700	39.10%	3	-25.00%	21	99.5%
19096	\$331,000	N/A	4	N/A	101	97.0%
19317	\$455,800	18.57%	8	60.00%	108	95.2%
19342	\$373,000	-0.90%	24	-25.00%	135	94.3%
19373	\$559,900	-3.33%	4	-33.33%	135	97.2%
19382	\$490,000	-24.62%	1	-50.00%	32	98.0%
OTHER	\$362,500	N/A	2	N/A	117	92.5%

Montgomery County, PA



Labor Market :

Employment declined by 170 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 6.9% in the fourth quarter to 7.9% for the initial two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Montgomery County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 09	Q1' 10	Q2' 10 (Forecast)
Average Price	\$283,600	\$293,100	↔
# Homes on the Market *	4,336	6,001	↑
# Homes Sold **	2,196	1,312	↔
# New Homes Built ***	149	153	↑
Avg # of Days on Market	86	94	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st 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	\$227,200	35.40%	7	-30.00%	41	97.8%
18054	\$322,900	87.95%	7	40.00%	98	96.8%
18073	\$271,700	10.67%	13	30.00%	124	85.2%
18074	\$211,700	-4.64%	4	-50.00%	145	96.9%
18076	\$193,300	-5.11%	9	28.57%	185	96.1%
18915	\$240,000	-0.21%	2	0.00%	62	98.1%
18964	\$238,400	10.17%	18	20.00%	97	96.5%
18969	\$246,000	-5.06%	11	-21.43%	53	94.9%
19001	\$232,300	7.05%	28	12.00%	75	98.2%
19002	\$399,100	10.40%	72	44.00%	96	94.2%
19003	\$438,700	36.54%	7	-30.00%	99	95.4%

Montgomery County, PA

Data by Zip Codes

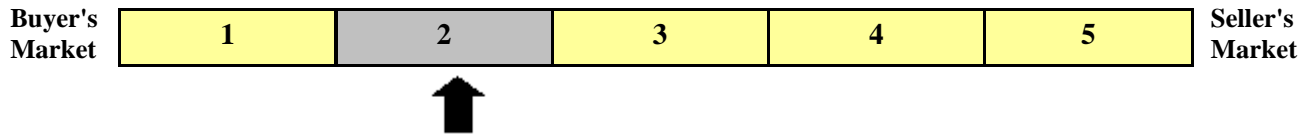
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19004	\$317,200	7.23%	16	60.00%	139	92.3%
19006	\$394,400	13.96%	21	40.00%	65	95.8%
19010	\$1,170,300	51.85%	8	-11.11%	128	89.0%
19012	\$212,200	-0.38%	9	-10.00%	60	96.6%
19025	\$301,700	-9.40%	6	20.00%	55	97.2%
19027	\$276,100	-19.55%	43	95.45%	99	94.9%
19031	\$296,200	-12.24%	4	33.33%	108	94.9%
19034	\$566,200	69.32%	10	0.00%	193	88.1%
19035	\$1,057,500	6.51%	4	-33.33%	135	86.8%
19038	\$256,300	9.11%	43	-12.24%	81	96.5%
19040	\$243,900	-7.23%	28	21.74%	77	96.4%
19041	\$563,800	-26.02%	6	0.00%	123	90.5%
19044	\$289,400	9.79%	28	3.70%	73	97.4%
19046	\$317,000	-13.34%	20	17.65%	99	92.9%
19066	\$631,300	33.72%	8	-11.11%	93	92.6%
19072	\$369,400	-40.72%	17	70.00%	91	93.9%
19075	\$290,900	-8.61%	15	87.50%	122	96.3%
19085	\$1,078,300	122.33%	3	200.00%	160	91.5%
19087	\$417,500	-44.69%	2	-71.43%	17	96.0%
19090	\$239,200	12.99%	25	0.00%	56	97.6%
19095	\$330,700	13.25%	10	66.67%	59	90.9%
19096	\$430,100	-7.37%	28	33.33%	43	96.8%
19118	\$269,900	N/A	1	N/A	5	100.0%
19401	\$129,900	1.09%	65	22.64%	92	94.7%
19403	\$282,100	0.50%	78	21.88%	93	95.7%
19405	\$167,500	0.90%	13	160.00%	115	94.0%
19406	\$270,800	-1.60%	26	-13.33%	83	97.4%
19422	\$369,200	-22.27%	34	6.25%	91	94.8%
19426	\$308,900	-0.80%	49	-19.67%	103	96.7%
19428	\$274,100	-1.93%	31	-22.50%	52	95.2%
19437	\$262,500	N/A	1	N/A	50	105.0%
19438	\$354,600	27.01%	33	17.86%	133	96.2%
19440	\$258,600	-4.08%	19	72.73%	88	96.2%
19444	\$348,400	-10.94%	17	-5.56%	94	92.5%
19446	\$278,200	10.13%	88	22.22%	100	97.1%
19453	\$174,300	16.20%	3	-62.50%	80	87.9%
19454	\$316,300	33.12%	50	0.00%	106	96.7%

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)
19456	\$182,000	-14.95%	1	0.00%	5	101.2%
19460	\$385,400	24.20%	8	0.00%	101	93.3%
19462	\$276,300	4.42%	22	22.22%	103	95.0%
19464	\$159,200	-4.67%	85	-4.49%	100	95.9%
19468	\$223,100	2.57%	55	61.76%	94	97.5%
19473	\$287,800	20.72%	30	30.43%	96	96.2%
19474	\$223,900	-9.54%	6	500.00%	122	96.2%
19490	\$275,000	-72.50%	1	0.00%	207	94.8%
19492	\$220,000	-8.33%	1	0.00%	30	91.7%
19504	\$287,500	23.23%	2	-50.00%	90	95.2%
19525	\$266,200	0.11%	25	56.25%	136	96.4%

Philadelphia County, PA



Labor Market :

Employment declined by 2,448 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 10.8% in the fourth quarter to 11.4% for the initial two months of the first quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Philadelphia County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

	Q4' 09	Q1' 10	Q2' 10 (Forecast)
Average Price	\$168,000	\$168,300	↔
# Homes on the Market *	8,070	9,728	↑
# Homes Sold **	3,403	2,418	↔
# New Homes Built ***	83	47	↑
Avg # of Days on Market	74	77	↑

* Available as of Mar. 31, 2010.

** May not add to total of zip codes

*** During the first two months of 1st 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	\$344,000	-56.83%	5	-68.75%	68	97.0%
19103	\$391,500	-16.58%	67	179.17%	135	94.9%
19104	\$173,300	-33.32%	20	42.86%	47	95.4%
19106	\$620,600	9.34%	38	58.33%	179	89.9%
19107	\$291,700	-25.30%	12	-29.41%	81	94.2%
19111	\$171,100	5.55%	85	13.33%	84	96.2%
19114	\$201,100	9.53%	56	19.15%	72	96.1%
19115	\$210,500	-2.09%	36	-2.70%	58	95.6%
19116	\$210,900	-6.89%	29	0.00%	70	95.3%
19118	\$628,800	39.58%	14	40.00%	139	93.1%
19119	\$262,500	27.00%	41	2.50%	89	93.0%

Philadelphia County, PA

Data by Zip Codes

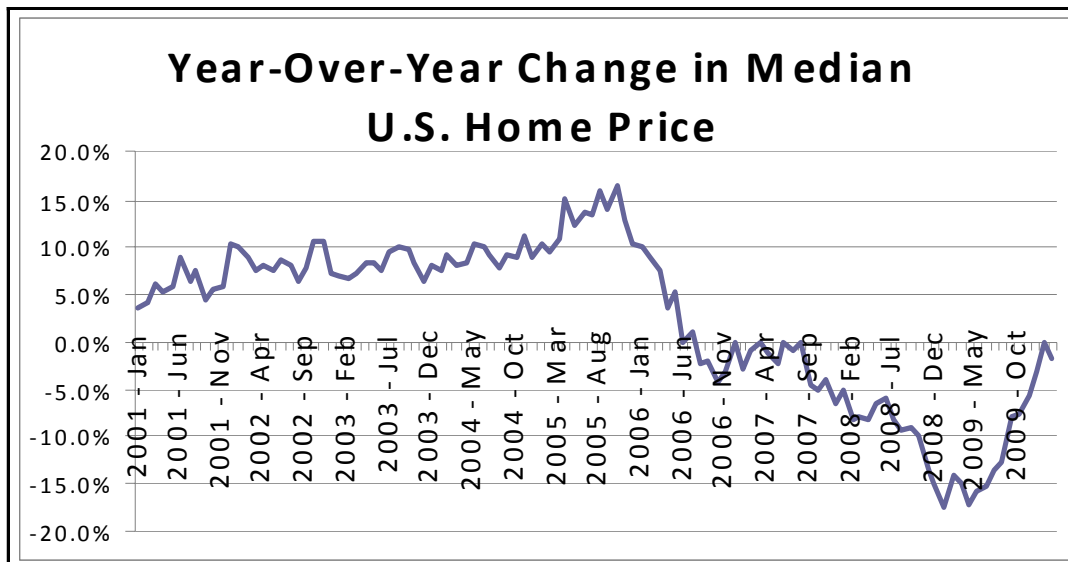
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
19120	\$77,200	-2.03%	95	17.28%	56	95.0%
19121	\$95,500	-31.49%	15	25.00%	63	86.6%
19122	\$126,000	-34.65%	8	-42.86%	241	88.8%
19123	\$339,400	2.76%	22	46.67%	73	93.0%
19124	\$83,200	6.53%	92	-1.08%	66	95.0%
19125	\$157,200	-4.03%	73	92.11%	86	96.4%
19126	\$132,400	-5.16%	23	4.55%	76	95.5%
19127	\$218,300	-16.20%	15	15.38%	48	95.2%
19128	\$241,900	1.04%	67	-15.19%	75	95.6%
19129	\$207,500	-23.01%	30	66.67%	78	97.1%
19130	\$334,100	13.87%	60	53.85%	77	95.6%
19131	\$91,900	-13.87%	40	21.21%	75	95.1%
19132	\$57,500	42.68%	12	-14.29%	106	95.6%
19134	\$87,300	11.64%	64	-20.99%	66	94.5%
19135	\$101,000	2.23%	75	47.06%	72	95.7%
19136	\$132,000	2.72%	77	37.50%	63	96.4%
19137	\$133,700	7.05%	21	90.91%	77	96.7%
19138	\$81,900	-19.39%	43	-2.27%	55	96.8%
19139	\$95,900	14.58%	31	10.71%	74	95.7%
19140	\$47,400	-13.50%	22	-21.43%	67	95.0%
19141	\$77,000	-8.33%	32	-13.51%	33	96.4%
19142	\$60,500	12.45%	44	2.33%	58	93.9%
19143	\$106,400	13.92%	53	20.45%	80	94.3%
19144	\$96,400	10.55%	37	19.35%	75	95.7%
19145	\$135,100	-3.22%	78	23.81%	100	93.7%
19146	\$263,500	6.12%	113	37.80%	101	95.7%
19147	\$350,100	12.68%	93	19.23%	102	94.2%
19148	\$144,800	1.61%	111	0.91%	60	94.5%
19149	\$115,100	1.86%	92	-10.68%	66	96.0%
19150	\$159,200	4.46%	29	16.00%	69	96.7%
19151	\$106,100	-14.92%	50	35.14%	74	95.8%
19152	\$185,100	4.28%	50	16.28%	75	96.3%
19153	\$110,300	-9.44%	21	31.25%	66	90.8%
19154	\$193,600	3.86%	40	-35.48%	54	95.6%

Changes Mounting in Pricing?

By Ken Fears

Manager, Regional Economics

The sharp drop in home prices from 2006 to 2010 bedeviled the national and local housing markets. Falling prices limit homeowners' ability to refinance mortgages without substantial cash investments in areas where prices have fallen. This trend has contributed to rising foreclosures. Furthermore, falling prices or the specter of a potential decline in prices have kept many buyers on the fence waiting for the "right time".



But the winds of change appear to have pushed the national housing market and many local markets in a new direction. The planned cessation of the first time home buyer tax credit, slated for last November, caused a rush of sales in the late fall market. Higher sales volumes placed upward pressure on home prices as compared to a year earlier, which resulted in price stabilization and even a modest price appreciation in some markets. The national median home price had edged slowly towards a price bottom through the fall of 2009 (when the year-over-year price change reaches zero or rises towards zero in the graph above) before an outright increase of 0.1% in January. Locally, the average home price rose 1.7% between the first quarter of 2010 and the first quarter of 2009. This is an improvement from the fourth quarter of 2009 when the year-over-year change in the average price was -3.7%

In a similar manner, concessions can indicate an improvement in pricing. Better pricing by sellers or multiple bids can cause the spread between the list price and sold price to decline. Here in the area covered by TREND MLS the concession was -5.0% for the first quarter of 2010, which was a smaller concession than the first quarter of 2009. The share of properties which sold for 5% below asking or less was 62.6% in the 1st quarter of 2010, a decline from the same period in 2009 suggesting that pricing in this market is softening.

Price changes led the downswing into the housing recession. They will play an equally important role in a housing revival. Rising prices will boost confidence, allay potential buyers' fears of a price decline, and attract bargain hunters alike. Price growth won't return to the white-hot days of the late boom period, but it will usher in an important psychological change: the stability of a traditional market expansion.

Two Fronts: Jobs and Confidence

by Lawrence Yun, NAR Chief Economist

Well, we may as well get ready for it. Yes, mortgage rates continue at historic lows, averaging around the 5-percent mark recently. But rates are likely to rise. By December of this year, the average mortgage rate could be close to 6 percent – perhaps as high at 6.5 percent. Why? The reasons for the increase are the macroeconomic forces of a recovering economy and a very high budget deficit. If the U.S. government has trouble borrowing and has to raise interest rates to attract investors to purchase U.S. debt, then the rest of the private sector will also pay higher interest rates.

The good news from that somewhat sobering scenario is that consumer price inflation will remain relatively benign and wage growth tepid, keeping the lid on borrowing rates and preventing them from rising too high. I do not foresee the mortgage rate going above 7 percent, at least for a prolonged period, in the next two years. Those engaged in the jumbo loan market or commercial real estate will note that rates are already that high. But current high rates on jumbo and commercial real estate loans are due to the lack of government guarantees. As the financial market exhibits clear signs of stabilization and as banks continue to build up their capital buffer, it is only a matter of time before lenders start lending to non-government backed sectors. So the underwriting standards for jumbo and commercial real estate mortgages could become less stringent from improvements in the bank capital situation just as interest rates on conventional and FHA mortgages begin to rise.

So, down the road we will have to face into the headwinds of higher mortgage rates on conventional and FHA loans, as well as the expiration of the home buyer tax credit (which ends in April for contract signings). Foreclosures also will remain troubling, as they will surely be just as high this year as last year. Is housing headed for more trouble or for a full recovery? The answer depends on two potentially big support factors: Jobs and Confidence.

Jobs

Potential home buyers (both first-timers and repeat buyers) who hold stable jobs respond to mortgage rate changes. But a new cohort of stable job holders needs to be created in order to sustain housing demand. In March, we saw the first meaningful job additions to the economy in more than three years as a net 162,000 new workers (payrolls) were added to the economy.

March's job creation figure looks light in the aftermath of 8 million brutal layoffs over the past two years, and it will take some time to make up the difference. From April to the end of 2010, one million jobs could be added to the economy. Another two million could be in the offing next year. It may take four full years to fully recover all the job losses, but at least the darkest part of the job tunnel is behind us. Even the high-paying but hard-hit manufacturing sector appears to have turned the corner with 17,000 job gains. Surprisingly, the construction sector added jobs as well, despite very weak housing starts and a dearth of commercial construction. Infrastructure spending no doubt is helping. Employment in rental-and-leasing also rose – by 1,800. Separately, and to gauge competition, NAR membership in March was 1.063 million, little changed from the 1.068 million one year ago, though down from the peak 1.4 million members in 2007. Past patterns indicate that NAR membership rises from spring well into autumn, before a seasonal dip in winter.

Confidence

A second factor that will be important in supporting the housing market is consumers' views regarding home purchases. In the past three years, most metro markets experienced successive price declines; rational consumers asked "why buy now when I can buy later for less?" Renters have been staying put for an average 19 months in recent times before making a move versus the typical 14 months (this, according to a Wall Street Journal report). Census data suggests suppressed household formation in the past two years – meaning more people living with roommates or with parents – and so not seeking their own housing.

But with home prices showing signs of stabilization, the change in attitude towards home buying could be at hand. NAR's median home price data in February indicated only a slight decline from 12 months earlier, while the Case-Shiller price index showed a modest price increase. This price stabilization came about because home buyers responded to the tax credit. There was a surge in home buying late last year as the original tax credit deadline loomed. Pending home sales in February also stirred higher, hinting the beginning of a second surge as the April deadline approaches. This forward momentum will likely – perhaps definitively – signal the "bottoming out" of home prices in few months time. Only then will consumers fully regain their confidence about home purchases. Of course, this home buying confidence is not directly observable, though we know it plays a big factor. A separate consumer confidence index, based on several qualitative questions tallied by The Conference Board, has not shown any notable improvement of late, however. This index stood 70.2 in March, about the same level as the prior nine months, though much improved from late 2008 and early 2009 in the midst of the financial market crisis.

Economy

The broader production economy has been doing quite well. GDP expanded robustly by 5.6 percent in the final quarter of 2009 following the 2.2 percent growth in the prior quarter. That's the good news. The somewhat bad news: the increased production came about with far fewer workers – i.e., fewer workers doing more work. But with GDP growth expected to continue in 2010, albeit not very robustly, the job creation momentum appears intact. Business spending growth has been solid. International trade has picked up volume. The stimulus impact of government spending is also adding to production. But more importantly, the all-mighty consumers are beginning to open up their wallets as they feel more comfortable about their finances.

The baseline outlook is for steady economic growth of near 3 percent this year and in 2011. Note that GDP growth typically tends to be better than 5 percent in the immediate years following a recession, so the growth outlook can be considered subdued. Balance sheet readjustments by both banks and consumers to put aside more for future rainy days will be one key reason holding back growth potential. Nonetheless, the near 3 percent GDP expansion will accompany job growth of about 2 million each year from 2011. Such job growth will boost existing home sales to 5.5 million in 2010 and to 5.7 million in 2011. For comparison, sales were 5.16 million last year and reached 7.1 million at the peak of the housing boom in 2005.

Risks

There are always risks to forecasts. Energy is one: big oil price swings always put a monkey wrench in any economic forecast. For each \$10 per barrel rise in oil prices, \$80 billion is removed from the economy, though oil-producing countries like Norway benefit immensely. For perspective, oil prices have risen from an average \$60 a barrel in 2009 to \$85 a barrel in early April 2010.

Another bigger risk – although with a smaller probability – relates to the budget deficit and some possibility of federal spending spiraling out of control. Currently, both foreign and domestic investors justify the high deficit as necessary to boost the economy and to be manageable over time. Keynesian economics backs up that view: go into deficit spending when private demand falters to pull the economy back on track. The recent enactment of truly historic health care legislation will not bust the budget – in fact, it becomes a cost saver over time – at least according to the Congressional Budget Office. But what if the CBO's projections are way off the mark (which has happened on a few occasions). Then there could be some major headaches ahead. An uncontrollable budget deficit will force interest rates up, perhaps significantly if, for instance, China rushes to the exit. That would push the U.S. economy into another recession. Another recession would mean an even higher budget deficit as there will be fewer people working, thus smaller tax revenues.

Amateur History

Sometimes it is worth a look back into history for some guidance and fun. “Deficits do not matter,” said former Vice President Dick Cheney. Mr. Cheney was addressing the experience of the then very high Reagan era deficits that brought robust economic growth and huge job gains. But that was a time when foreigners had just started to finance a U.S. budget deficit in a meaningful way. Today's deficit is much larger than during the Reagan years and more dependent than ever on foreigners, particularly China, buying U.S. debt.

Let's look back even further. England truly became an unmatched superpower beginning at the time of Queen Elizabeth I. She was guided by an economist named Gresham, who had no knowledge of Keynesian economics (Keynes would have to wait several centuries) but an abundance of every-day common sense. Gresham had this simple advice: we need to bring the borrowing costs down and strengthen Her Majesty's currency. To achieve that meant balancing the books. Building a rainy day fund was even better. The Virgin Queen took his words of caution to heart. England invested in a navy (for that rainy day) and Elizabeth did not build a single new palace during her long years of reign. Queen Marie Antoinette, across the channel and in a different era, was known for her frivolous spending habits. In fact, she had a nickname during her reign: Madame Deficit. France was facing ruinous budget problems, and while most of those were unrelated to Marie's penchant for spending, the image of “out of control” spending added to the revolutionary fervor as the basic needs of the French people were not being met.

I know times have changed from those during Elizabethan England and Revolutionary France. And the U.S. is neither of those nation states. President Obama will no doubt go down in history as one of the most transformative leaders – for better or worse – primarily because of health-care reform. The debate on that health care law continues, sometimes vehemently from both sides. No American President will want to be labeled with Marie Antoinette's moniker. Only time will tell if President Obama's health care legislation will go down in history as a monumental success of lowering cost and enlarging coverage or a monumental failure of long queues and resentments and continuously climbing budget deficits. Perhaps one day U.S. policies and programs will allow our nation to build comfortable rainy day reserves while at the same time spend tax revenue on Americans to meet their basic needs. Easier said than done, of course. Which is why if it were to ever happen, that President – whoever he or she may be – will go down in history as one of the greatest ever.

This table reflects data available through April 2, 2010.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
Existing Home Sales eased 0.6% in February to a seasonally adjusted annual rate of 5.02 million units. Year over year, resales were up 7.0%. The national median home price for an existing home was \$165,100. At the end of the month, total housing inventory was at an 8.6 month supply at the current sales pace.	Feb 10 5,020 Jan 10 5,050 Feb 09 4,690	↓	Declines in the immediate months after tax credit ends
New Home Sales also declined in February – by 2.2% – to a seasonally adjusted annual rate of 308,000 units. New sales were off 13.% from a year ago. While the inventory of new homes available for sale at the end of February was down 28% from February of 2009, the months supply was a 9.2 – a 3.4% increase from January.	Feb 10 308 Jan 10 315 Feb 09 354	↑	Remaining largely at suppressed levels until 2011
Housing Starts declined 5.9% in February to a seasonally adjusted annual rate of 575,000 units, but starts were up slightly – by 0.2% – from a year ago. Housing permits – generally a reliable indicator of future starts – were off 1.6%, but were up 11.3% from February of 2009.	Feb 10 575 Jan 10 611 Feb 09 574	↑	Inaccessibility of construction loans holding back full recovery
Housing Affordability remains at high levels. NAR’s Housing Affordability Index stood at 176.0 in February, down from January’s reading of 177.5. Increases in several of the components of the index, including mortgage rates, qualifying income, and a small month-to-month increase in the median price of existing homes contributed to the decline.	Feb 10 176.0 Jan 10 177.5 Feb 09 180.7	↓	Modest decline from super high levels
Mortgage Rates The average 30 year fixed rate mortgage decreased slightly – by 2 basis points – in March from February to 4.97%. With still-historic low lending costs, consumers scramble to secure low rates as many economists expect a rate hike during the second half of the year. The average rate was at 5 percent in March of 2009.	Mar 10 4.97% Feb 10 4.99% Mar 09 5.00%	↑	Recovering economy and high budget deficit forces up rates
Employment The economy created 162,000 jobs during March – the biggest job gain in three years. Adding to payrolls in March were manufacturers, temporary help services, the health care sector, and leisure and hospitality. The federal government also added 48,000 temporary Census positions. But those newly created jobs had no impact on the unemployment rate, which was unchanged at 9.7%.	Mar 2010 +162 Feb 2010 -14 12-month total: -2,320	↑	Job creation momentum appears intact
Economic Growth The economy grew at an annual rate of 5.6% in the fourth quarter of 2009. Growth in the third quarter of last year was 2.2% and GDP registered a -5.4% growth rate in the fourth quarter of 2008. This is the third estimate of GDP growth, based on more complete data, and is off from the previous estimate of 5.9%. Increases in consumer spending, exports, fixed investment and equipment and software contributed to the growth.	2009:IV +5.6% 2009:III +2.2% 2008:IV -5.4%	↑	To expand but not robustly as would normally happen postrecession

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