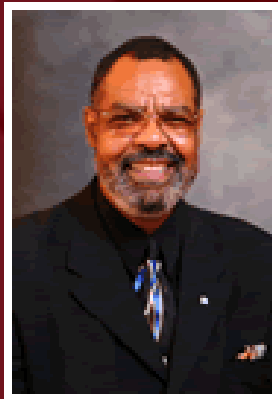




**PRINCE GEORGE'S COUNTY
ASSOCIATION OF REALTORS®**

2005 Review/2006 Preview

David Maclin, GRI



*2005-2006 President,
Prince George's County
Association of REALTORS®*

RECORD YEAR—AGAIN!

2003 (Jan.-Nov.)

• *Total Dollar Volume*
\$2.63 billion

• *Units Sold*
13,480

2004 (Jan.-Nov.)

• *Total Dollar Volume*
\$3.34 billion

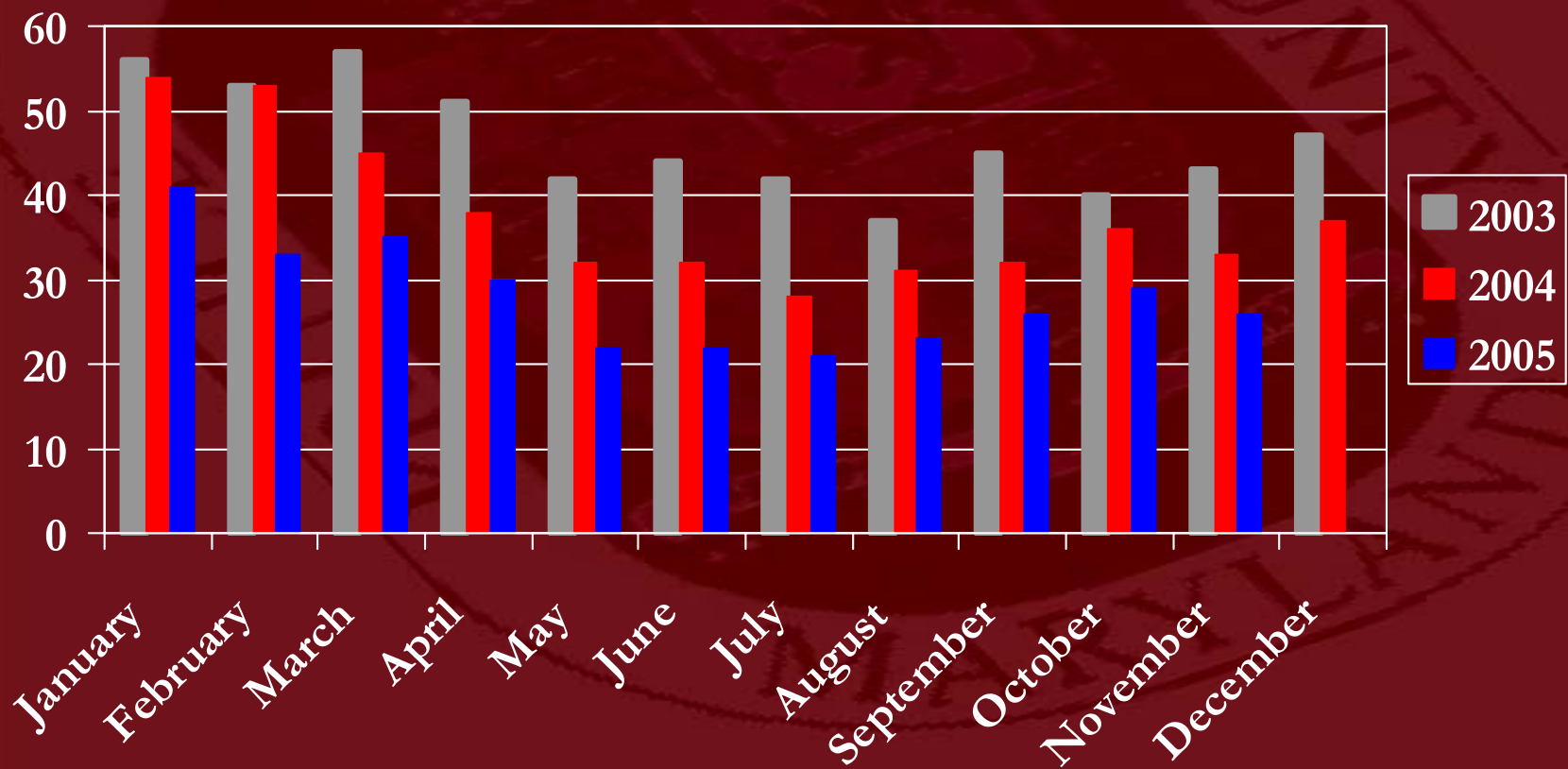
• *Units Sold*
14,447

2005 (Year to Date)

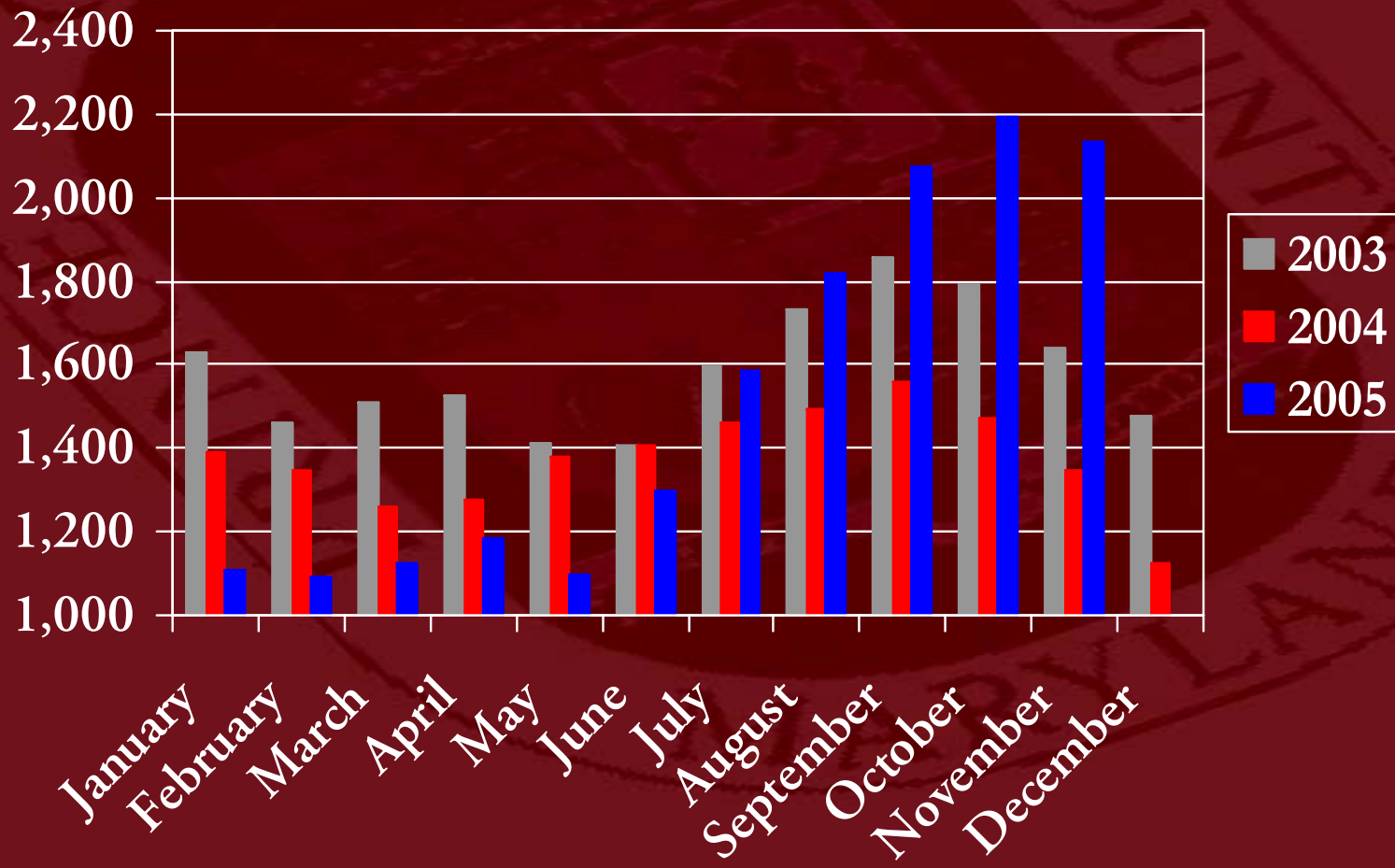
• *Total Dollar Volume*
\$4.33 billion

• *Units Sold*
14,251

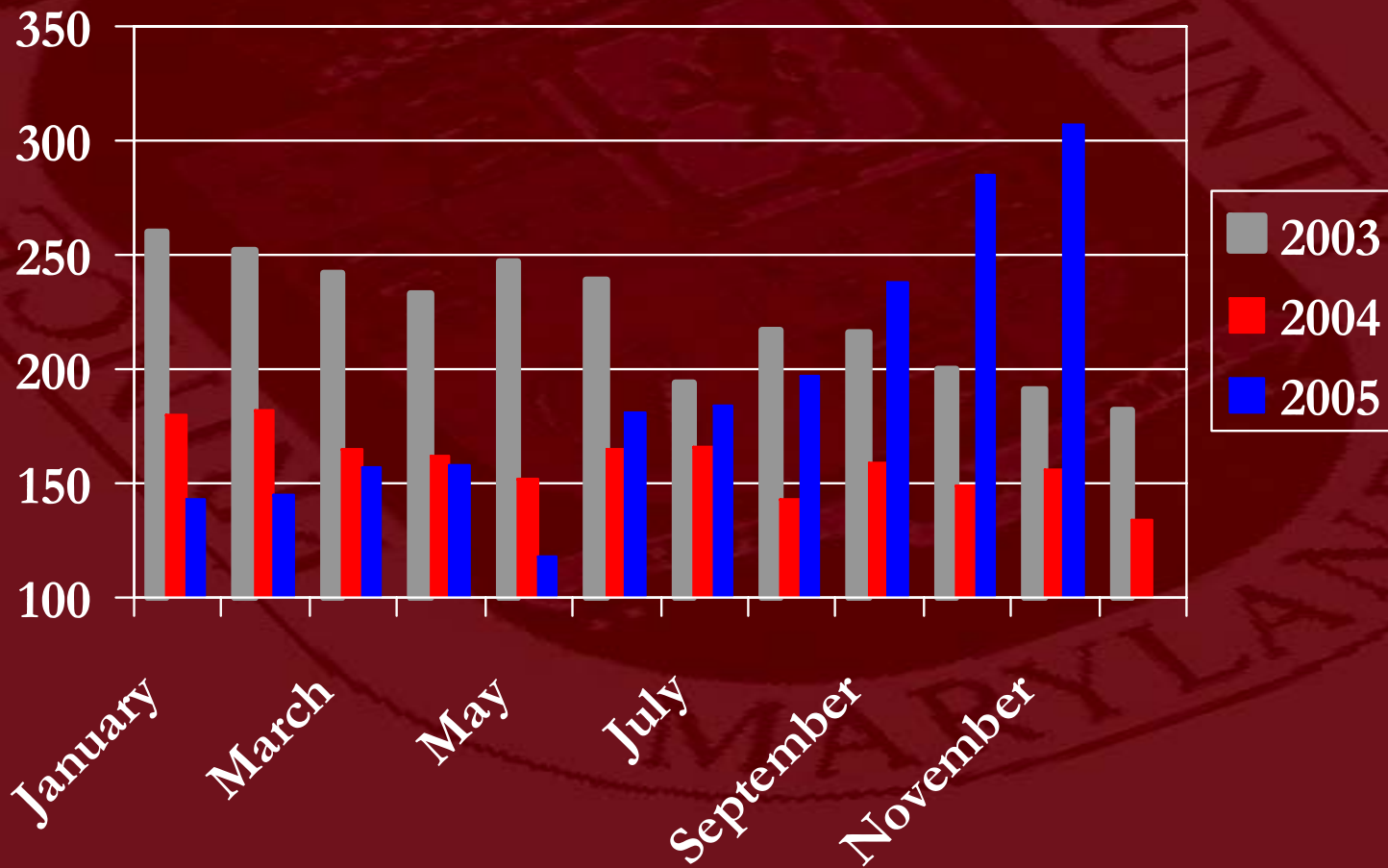
Average Days on Market (Single-Family & Condos/Co-ops)



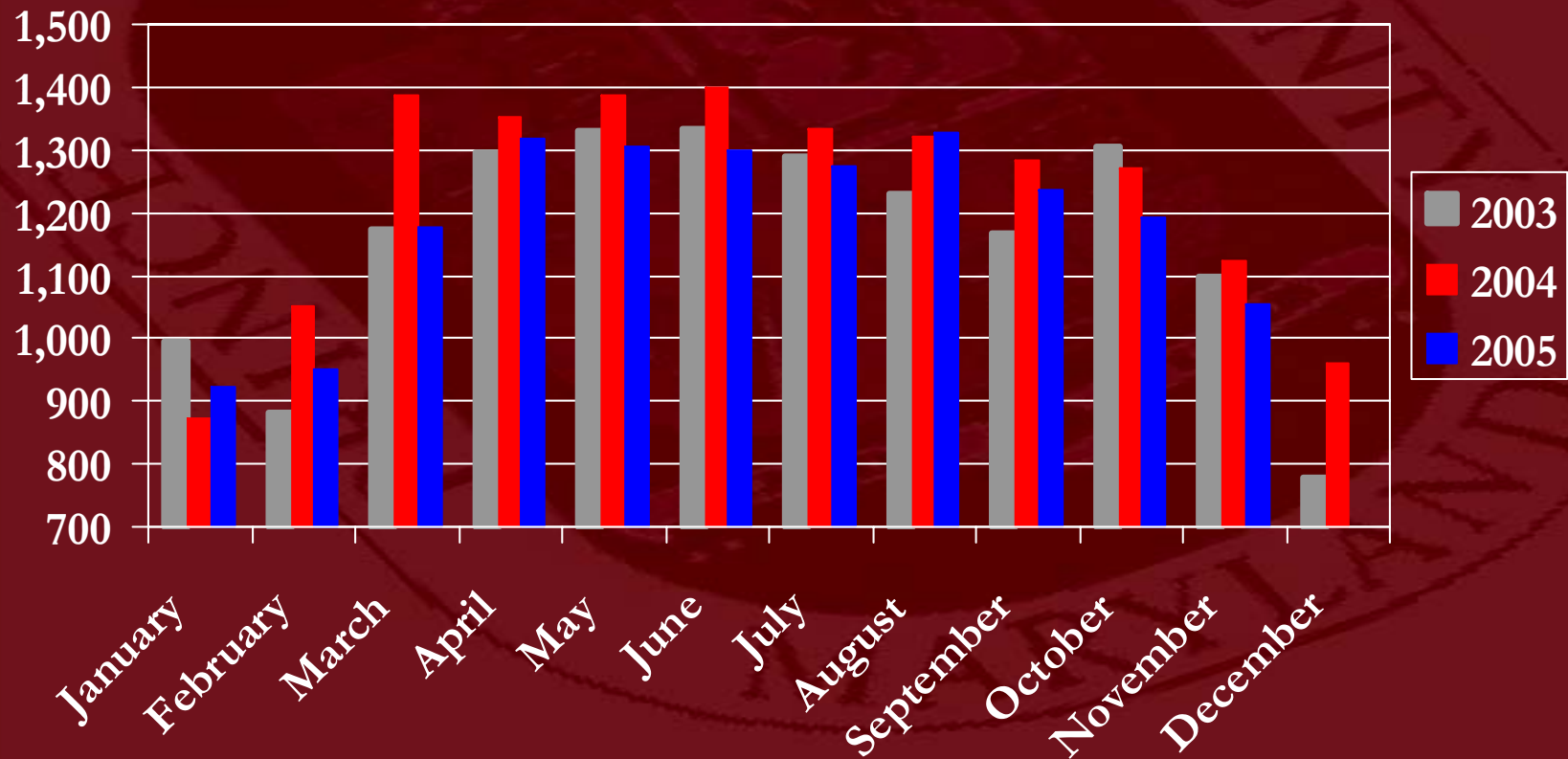
Listing Inventory (Single-Family)



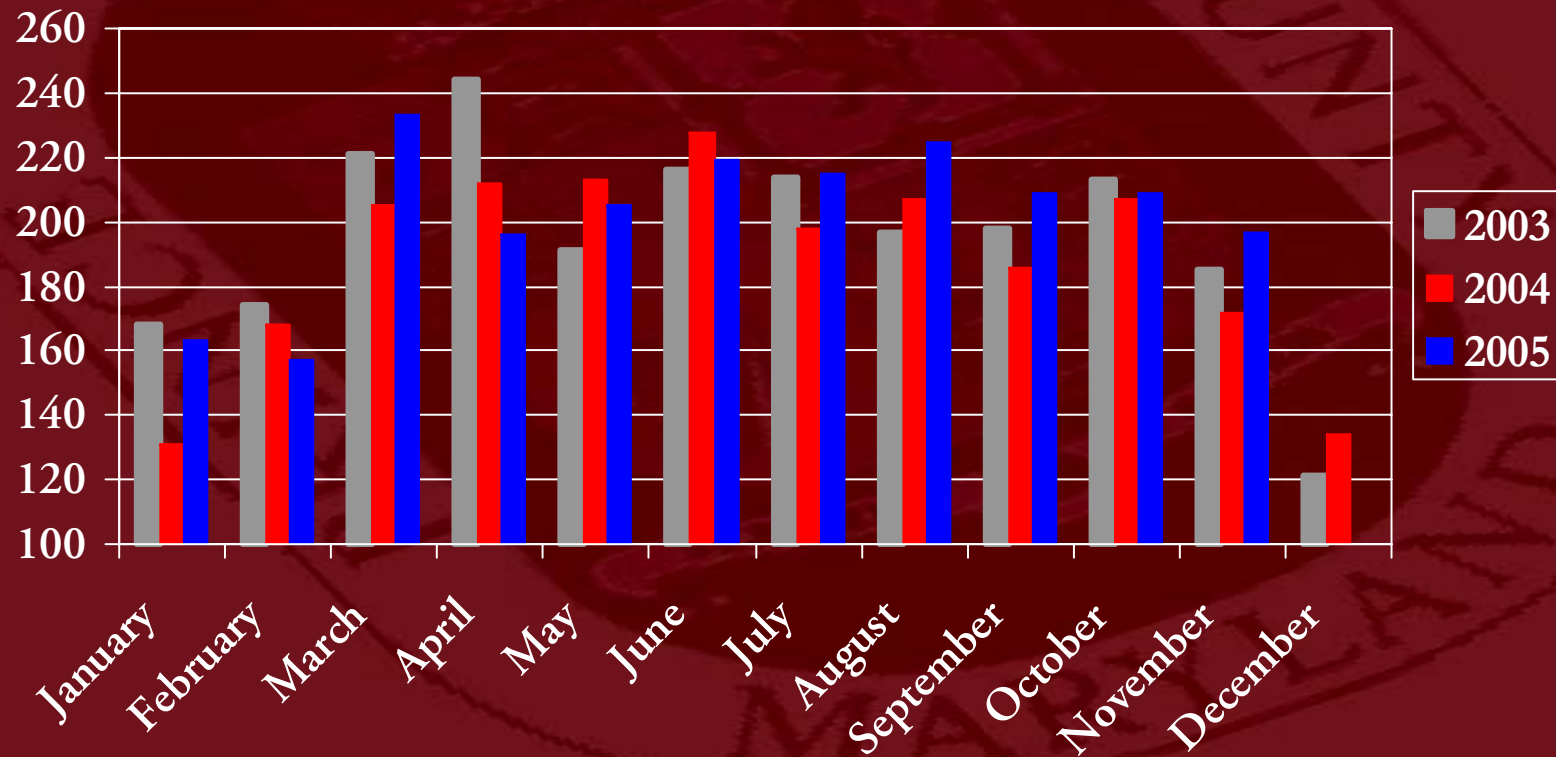
Listing Inventory (Condos/Co-ops)



New Contracts (Single-Family)

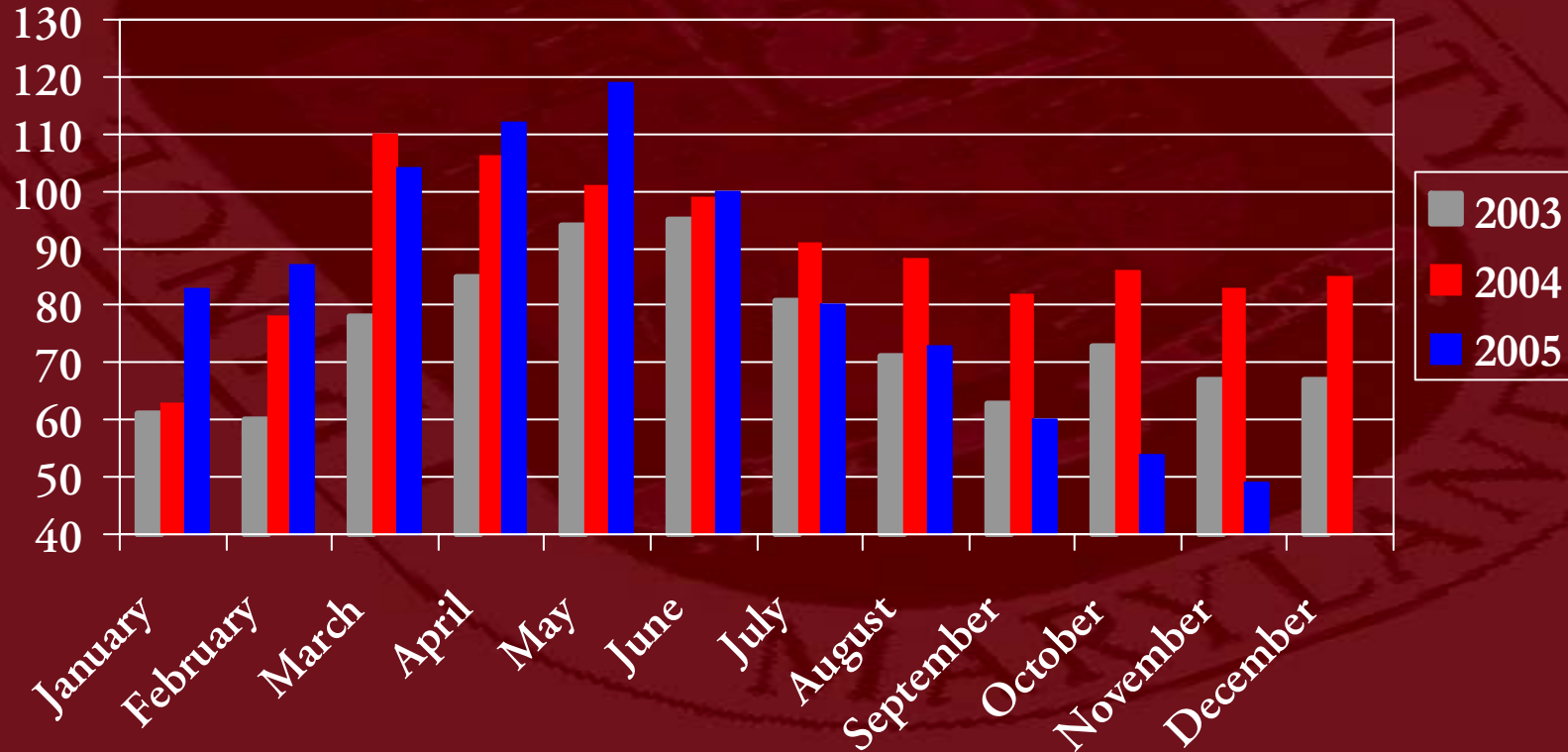


New Contracts (Condos/Co-ops)



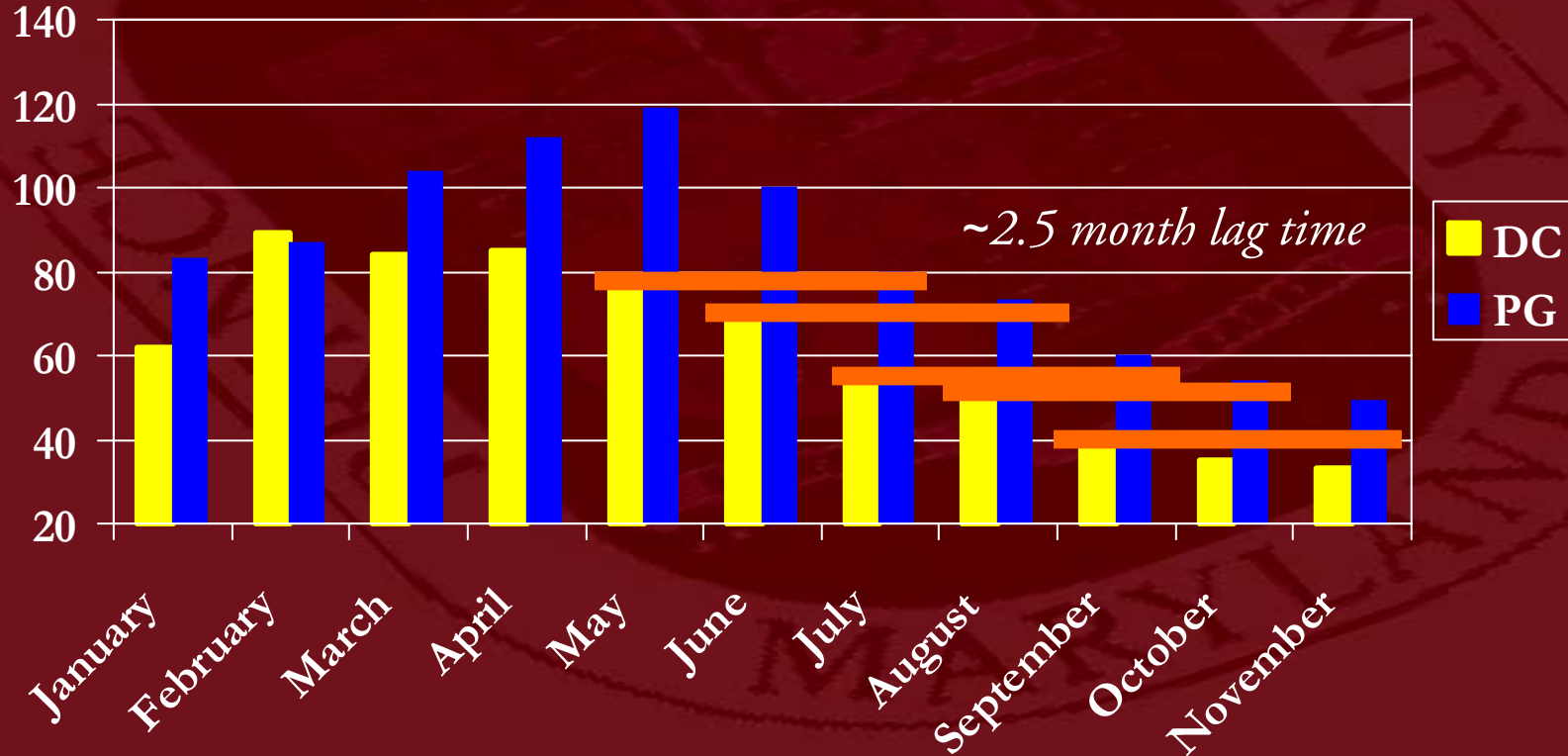
Absorption Rate (Single-Family)

Absorption Rate is Percentage of New Contracts Versus Inventory



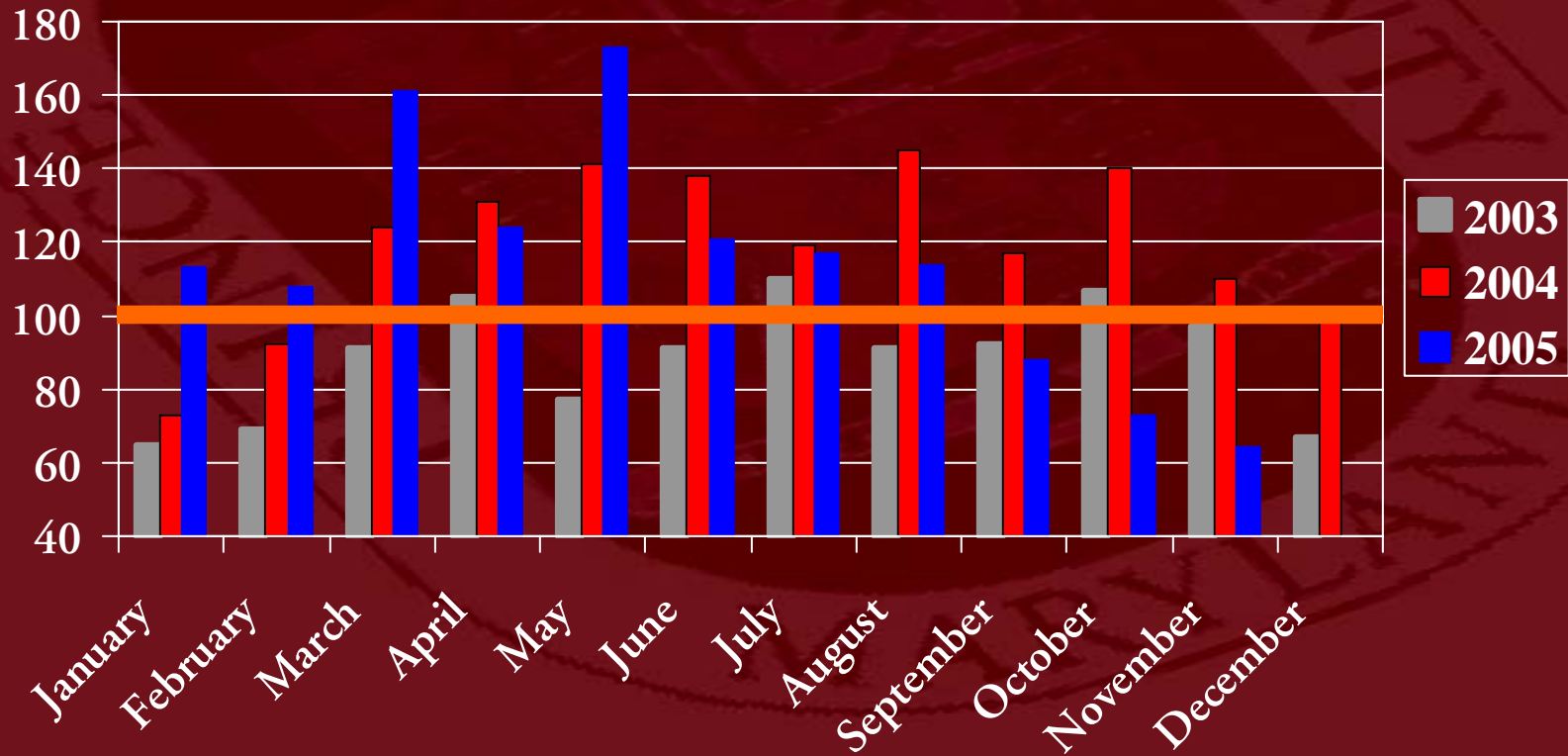
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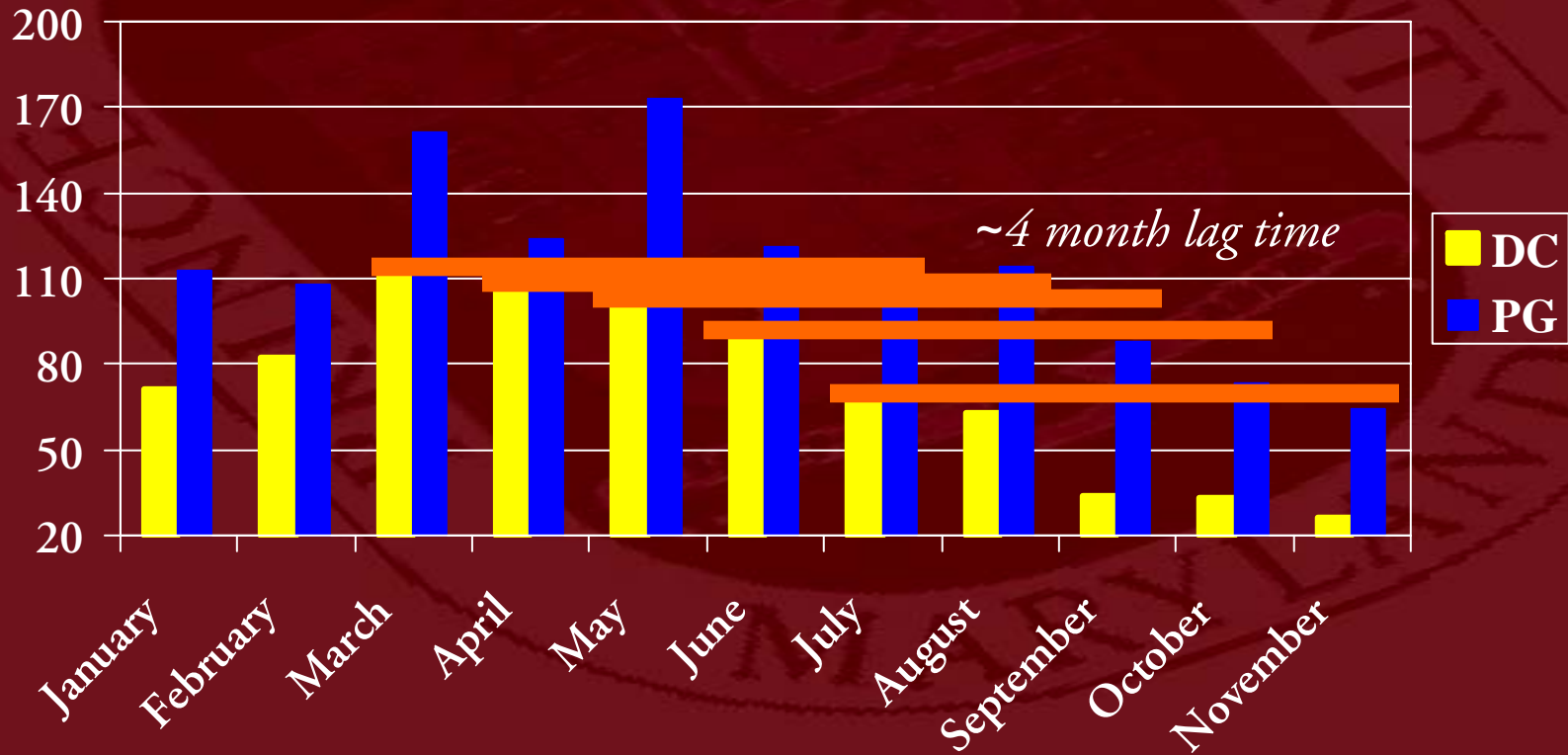
Absorption Rate (Condos/Co-ops)

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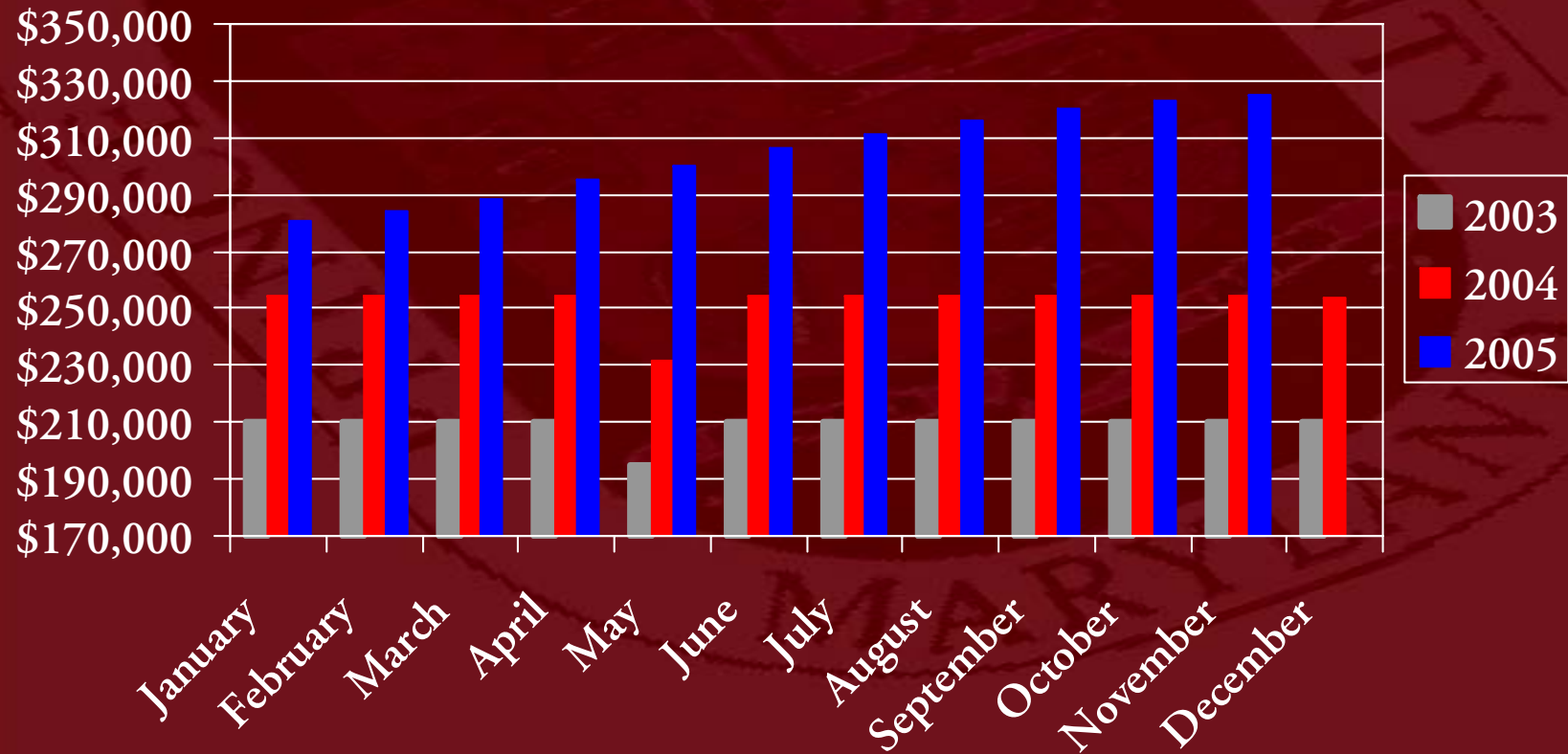
Average Single-Family Home Prices

November 2005 Comparison

DC: \$618,692

MC: \$560,327

PG: \$325,010



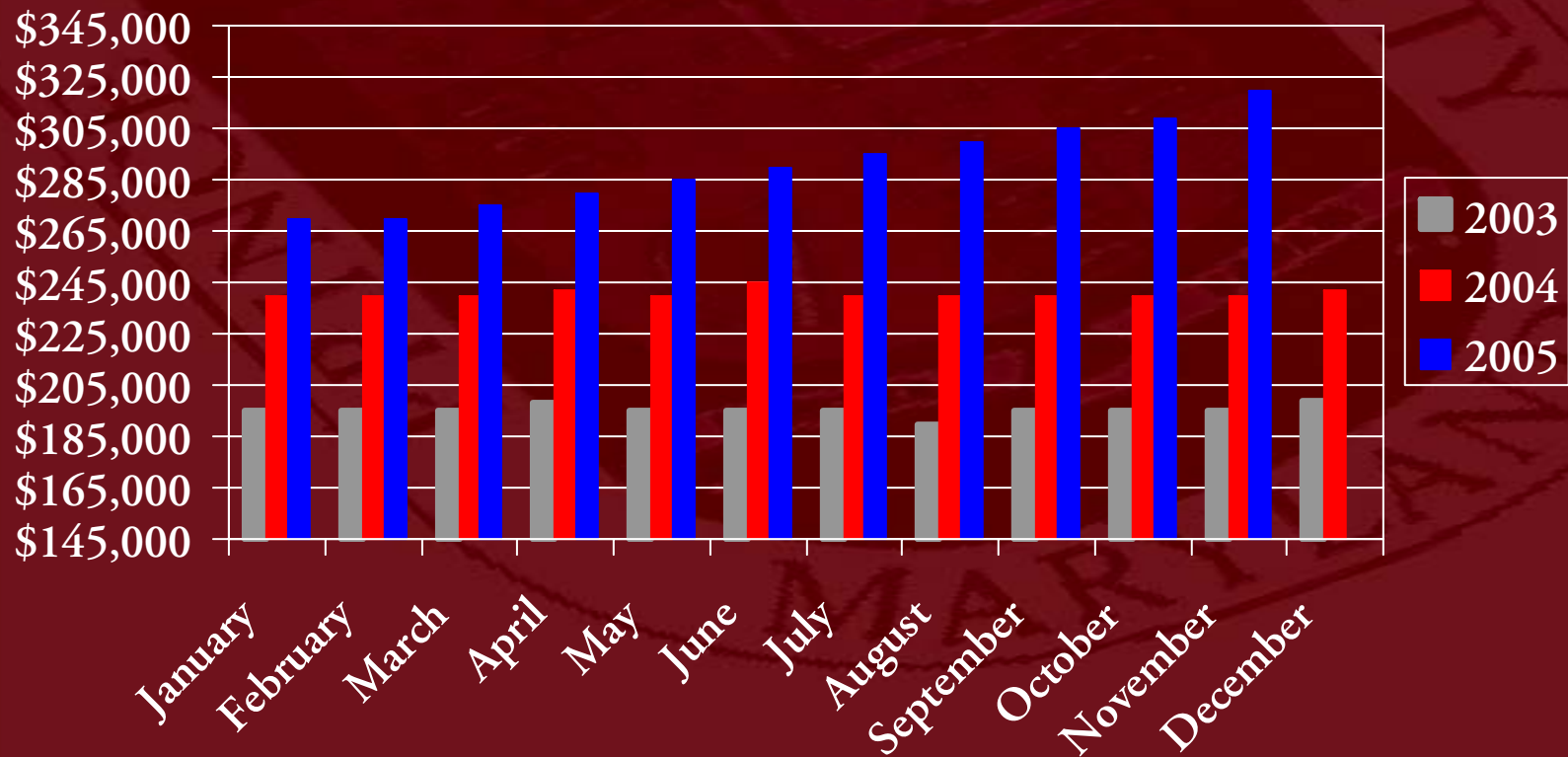
Median Single-Family Home Prices

November 2005 Comparison

DC: \$489,000

MC: \$465,000

PG: \$320,000



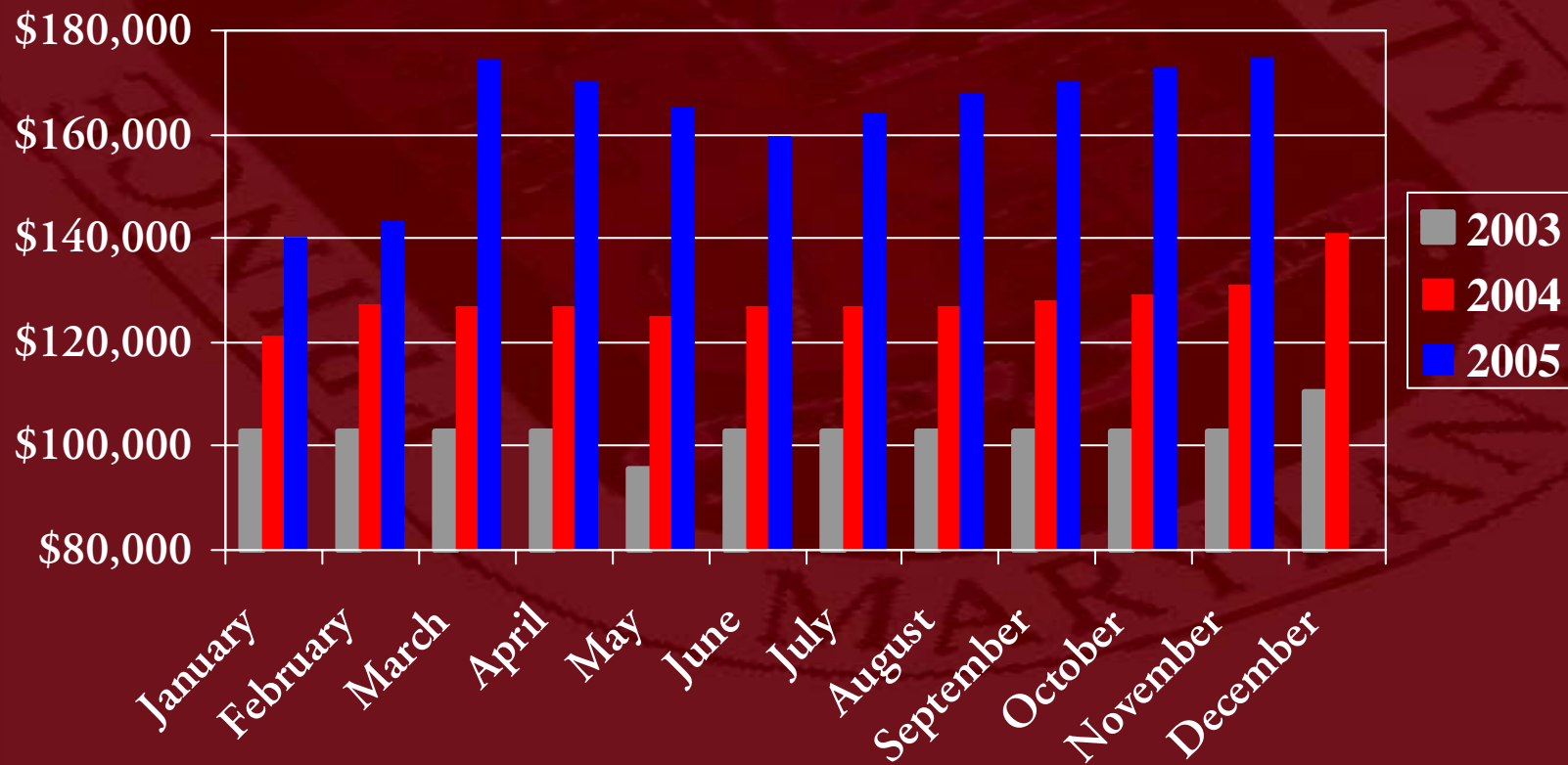
Average Condo/Co-op Prices

November 2005 Comparison

DC: \$424,661

MC: \$306,041

PG: \$174,513



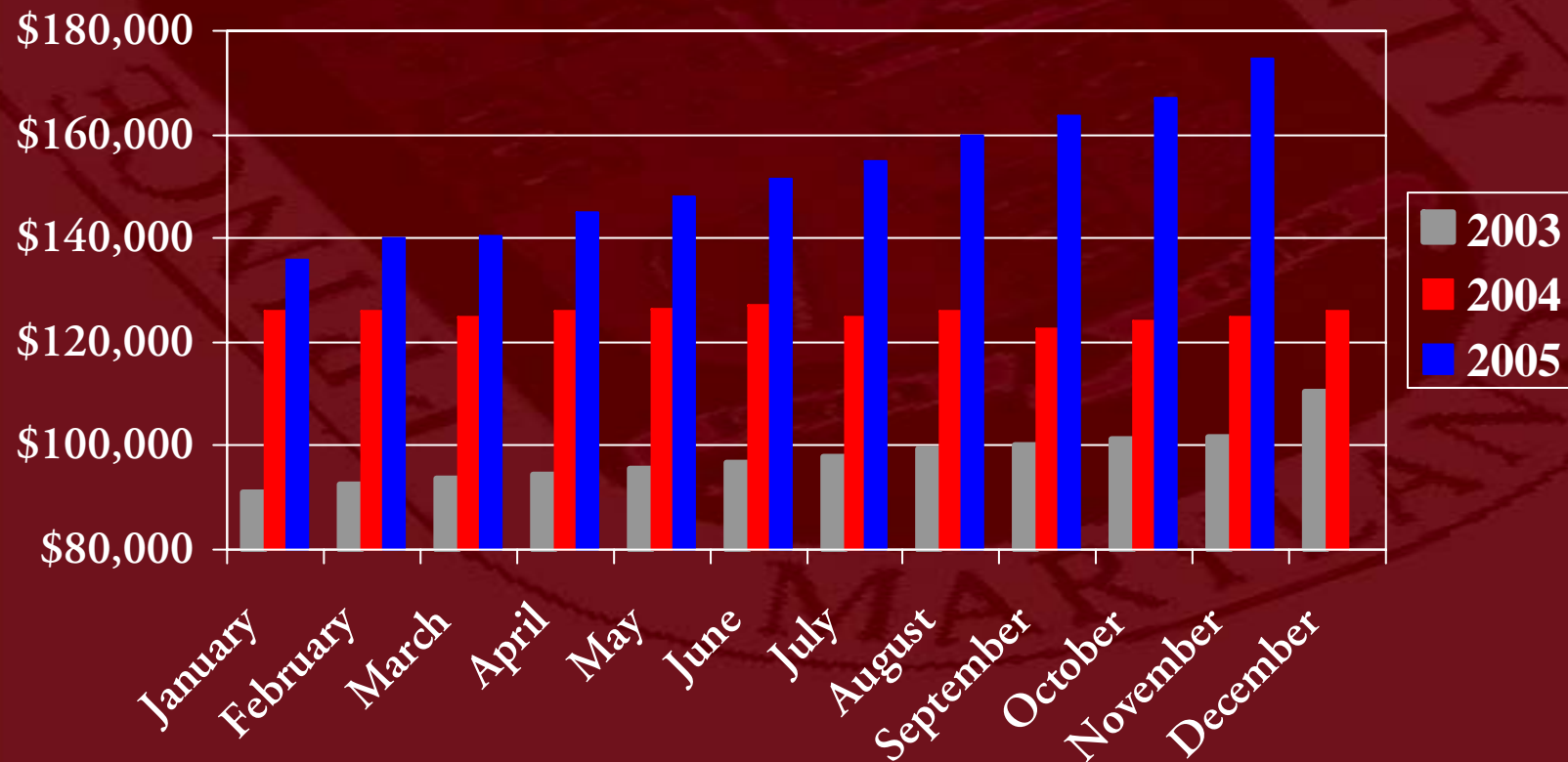
Median Condo/Co-op Prices

November 2005 Comparison

DC: \$377,950

MC: \$275,000

PG: \$170,000



Market Statistics Summary

	November 2005	October 2005	November 2004	October 2004
Average Sold Price Single-Family	\$325,010	\$329,929	\$254,739	\$254,732
Median Sold Price Single-Family	\$320,000	\$309,000	\$240,000	\$240,000
Average Sold Price Condos	\$174,513	\$172,660	\$130,948	\$128,948
Median Sold Price Condos	\$170,000	\$167,000	\$124,803	\$124,217
Total Units Sold (Condos & Single-Family)	1,230	1,383	1,338	1,420
Days on Market (Condos & Single-Family)	26	29	33	36

Putting It In Perspective

	November 2005	November 1999	Difference
Inventory <i>(Condos & Single-Family)</i>	2,447	4,241	73%
Total Units Sold <i>(Condos & Single-Family)</i>	1,230	748	40%
Absorption Rate <i>(Condos & Single-Family)</i>	55%	18%	37% points
Days on Market <i>(Condos & Single-Family)</i>	26	125	400%

2006 Forecast

- NAR: Market cooling; no 'bubble,' more like a balloon
- Overall, a strong performance
- New commercial & residential projects have Prince George's County becoming *the* next address
- Still a region on the move!
- Prince George's County will remain the most affordable in metro area, but...
- **Crime has to be dealt with!**

How We Stack Up

- **MEDIAN PRICES** *(Single-Family & Condos)*

<i>National:</i>	\$218,000
DC:	\$558,487
Montgomery County:	\$507,611
Prince George's County:	\$310,000

- **PRICE APPRECIATION** *(Q2 2003-Q2 2005)*

<i>National:</i>	12.02%
DC: (4th highest state in the nation)	20.53%
Maryland: (5th highest state in the nation)	19.29%
Virginia (7 th highest state in the nation)	18.66%
8. Pensacola-Ferry Pass-Brent, FL	29.8%
Prince George's County:	29.1%
9. Visalia-Porterville, CA	28.46%

Source: NAR and OFHEO

How We Stack Up

- **MEDIAN PRICES** *(Single-Family)*

National:	\$215,900
Atlanta:	\$171,200
Austin, TX:	\$167,100
Jacksonville, FL:	\$187,000
Prince George's County:	\$320,000

- **PRICE APPRECIATION** *(Q2 2004-Q2 2005)*

National:	12.02%
Atlanta:	5.36%
Austin, TX:	6.48%
Jacksonville, FL:	18.51%
Prince George's County:	29.1%

AFFORDABILITY

116
74.9
57.5
75.5
74.1-77.1

Source: NAR, OFHEO & National Assn. of Home Builders

For more information, please visit

www.PGCAR.com

or contact us!

Statistics available on the 6th of every month



**PRINCE GEORGE'S COUNTY
ASSOCIATION OF REALTORS®**

2005 Review/2006 Preview

Hello. I am David Maclin, 2005-2006 President of the Prince George's County Association of REALTORS®.

You've been hearing seemingly dramatic drops in numbers from my colleagues this afternoon. I have some similar statistics to report, but I'll attempt to put it in perspective for you in a couple of minutes. It's not all doom and gloom.

I am very pleased to be with you today, especially to report that, when all is said and done, 2005 is expected to be the most active year on record in Prince George's County.

Comparing year-to-date totals from 2003-present, you can see that we have surpassed last year's record performance in terms of dollar volume by a whopping 30%. Total units sold is slightly down by 1.9%.

Average Days on Market

With it being such an active market in Prince George's County this year, homes did not stay on the market for very long. The number of days a home stayed on the market dropped by 21% over the past year to an average of 26 days. That's for both condos and single-family homes.

Inventory

One cause of this is that it was an extremely tight market in the first half of '05. Last year, we said that the inventory of single-family homes dropped to its lowest point since the '90s real estate boom. But as you can see, inventory sank to even lower levels in late winter/early spring market.

Condo inventory experienced a similar trend, reaching its lowest point in more than a decade in May of this year, then increasing in the 3rd and 4th quarters.

New Contracts

The year-to-date number of ratified contracts for single-family homes decreased from last year's trend by a nominal 1.2%.

However, the condo/co-op sector is still robust, showing a growth rate of about 14% for the year.

Absorption Rate

The amount of new contracts vs. available inventory is explained in the absorption rate. The percentage of available single-family homes absorbed in the first half of the year grew as high as 119%, while recently it has been slipping to about 50%.

As I said earlier, single-family inventory is down, while the number of purchases is down. This means two things:

1. Prices will remain stable in the coming year; and
2. We are likely to see an increase in the number of days on the market soon as it turns from a sellers market to being more of a buyer-friendly environment.

The historical tendency has been for Prince George's County to lag behind DC, Northern Virginia and Montgomery County during homebuying/selling cycles. If you look here, we are about a quarter behind what is happening in DC.

As for condos/co-ops, it is only in the past 3 months that we saw the absorption rates fall below 100%. In fact, May set the record for the highest absorption rate ever at 173%. If you think about that, there were almost 2 contracts written than were condos available at the end of May.

And again, if you look here, our condo market is roughly 4 months behind the cooling trend the District is seeing presently.

Prices

Prices rose steadily throughout the year from roughly \$280,604 to \$325,010 last month. This is up by more than \$115,000 from 2003.

Median single-family home prices also climbed right along with the average price going from a low of \$270,000 in January to a high of \$320,000 in November.

Looking at condos/co-ops, you may ask why condos in Prince George's County are such a great commodity? The answer is that they are among the lowest-priced real estate in the tri-state area.

The average and median condo prices at the end of last month were \$170,000 and \$174,513 respectively. As you can see the average and median prices are almost the same, and you could likely afford to buy 2 condos in Prince George's County for the price of one in the District of Columbia.

Snapshot of the Market

And if you take a snapshot of the market and compare the state of the market today to the same time last year, the average and median prices single-family homes inflated almost \$75,000 while condos rose by about \$40,000—double the rate of increase from 2003-2004. Days on the market for all property is down. And again, sales volume is stable for the year, but down 6% comparing November '04 to November '05.

Projections/Perspective

But let's step back and put this all into perspective.

For the past several years, the residential housing market in the metro area has operated without regard to benchmarks like supply and demand. Although economic theory maintains that increased supply leads to lower prices, that wasn't the case in the housing market. Prices were ridiculous. In some cases homes were selling after only a day on the market. And after submitting contracts on numerous houses and not winning, we were seeing cases of “buyer fatigue.”

Now we are entering a “market correction” phase where YOU WILL see inventory spike up, absorption WILL go down and prices WILL ONLY increase slightly. The market is stabilizing.

We have been saying for several years that the market could not inflate forever. Now, people are finally starting to listen.

If you go back just 6 years, to November 1999, when the most recent real estate boom was budding:

- Inventory was at 4,241 available homes
- The number of units sold was only 748
- The absorption rate was 18%

- And the number of days a home was on the market averaged just over 4 months

Compare this to last month:

- Inventory was at 2,447 active listings
- 1,230 units were sold
- The absorption rate stands at 55%
- And homes stayed on the market an average of less than a month

For the market to “dip” to 1999 levels, and “dip” is an extremely relative term, we would need inventory to increase by 73%, the number of units sold and the absorption rate would both have to decrease by nearly 40%, and length of time on the market would need to quadruple. And home prices would have to take a nosedive.

That’s quite a change in the landscape and one that will not occur overnight.

Nearly all expert real estate economists from the National Association of REALTORS®, the National Association of Home Builders, and the government’s Office of Federal Housing Enterprise Oversight agree that the market is easing its way down from “full-throttle” mode, **BUT THERE IS NO SUCH BUBBLE WAITING TO BURST.**

In fact, NAR has gone so far as to produce “Anti-Bubble Reports” for major metropolitan areas in the U.S. The reports, of which the Washington, DC and Baltimore studies are included in your packets from PGCAR, make the analogy that the market is like a balloon. It will not burst, its simply losing some air.

So what do we see for 2006?

Well, the residential real estate market will continue to cool down, but only from sizzling-hot highs. But overall we expect a strong year in Prince George's County.

There are several factors encouraging this:

1. **One reason is due to the expansion of commercial ventures coming to the county**, such as National Harbor. I'll let Doug address more of this in his presentation. Also, developers and corporations are seeing what a wealth Prince George's County is. We co-sponsored the county's inaugural Ambassador's Day last month. Emissaries from nations throughout Central & South America, Africa, Europe and Asia toured the county and were amazed by the resources available within PG County's borders. It was a complete success and we will become even more involved in the planning for the 2006 event and showcasing our county as *THE* "next address."
2. **Prices in the county are still the lowest in the region.** To even come close to DC's rates, prices would have to almost double. We expect to continue to see homebuyers fleeing the incredible home prices in the District and Montgomery County.
3. **But, we need to deal with a major issue if Prince George's County is to truly succeed: AND THAT IS CRIME!** If you say Prince George's County to anyone on the street, the first thing they think of is crime. Actually County Executive Jack Johnson and Congressman Albert Wynn said that crime was their #1 concern for the county at our Annual Legislative Breakfast held last month. Some of our government officials are quickly coming up for re-election, and we WILL hold them accountable for their success or failure.

Crime has overtaken our communities and tainted our reputation, particularly inside the Beltway, or as some call it "DC's Ward 9."

We are taking steps to be proactive in reclaiming our neighborhoods. Last week, I appointed a member of the PGCAR Board of Directors to

serve on a Crime Fighting Coalition comprised of REALTORS®, members of the Apartment & Office Building Association, civic groups, law enforcement representatives, religious leaders, businessmen and political leaders. The group's first meeting is tomorrow.

PGCAR is also planning a town hall-type summit of law enforcement and elected officials and real estate professionals to occur this spring to promote dialogue between all parties as to what each of us may do to assist the other, both in the short and long term. The media will assuredly be invited.

I attended a NAR seminar this summer given by Juan Williams, a Pulitzer Prize-winning senior correspondent with NPR and Fox Television. That day he was talking about building diverse communities.

He began speaking about a county just outside of DC where 20 years ago the population was mostly Caucasian, and now is primarily African-American and a great melting pot of diversity and is fast becoming a new hub for business. He said that this county has surpassed Atlanta as the premier city for upwardly-mobile African Americans. And he also compared the county to cities like Austin, TX, and Jacksonville, FL, for many socio-economic reasons. He finally admitted he was speaking about Prince George's County.

As you can see, Prince's George's County certainly shows more affordability than anywhere in the metro area.

In terms of housing appreciation, the county's rate of appreciation is double the national average, and also beats the District, Maryland and Virginia. In fact, if PG County was its own entity for statistical purposes, it would have the 9th highest appreciation rate among metropolitan statistical areas in the country.

And when compared to cities such as Atlanta, Austin & Jacksonville, sure—median prices are more expensive, but we also have one of the highest standards of living in the DC metro area. House appreciation is higher among this comparison group, but affordability is much below the national average and is very comparable in this comparison group.

In summary, Prince George’s County real estate is a great value, Prince George’s County is a great place to live—and people are finally realizing the economic viability and opportunity available in the county.

Lastly, I just wanted to make you aware of our newest report, “The Economic Impact of Real Estate on the Prince George’s County.” They are hot off the press and are available on your way out if you haven’t gotten one already. It cements real estate’s role as a key economic stimulator in Maryland and Prince George’s County.

Thank you for your time and for being here today. To see our monthly statistical reports, visit our Web site at www.pgcar.com, and of course, we will continue to monitor local, state, regional and national market conditions. If you ever need any assistance, feel free to contact us.