

Atlanta Real Estate 2008

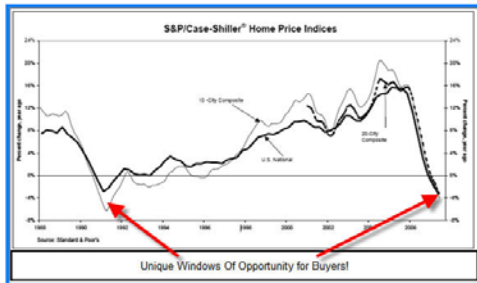
Prudential Georgia Realty

“It’s A Great Time To Buy In Atlanta”

The market facts tell us that - **Right Now** - there is a truly unique **window of opportunity** for well-informed buyers of residential real estate. As we look back historically, there have been previous “windows of opportunity” for buying real estate, stocks and other investments. How many times have we heard those familiar words, “I sure wish I had bought when” The problem is that for most consumers these windows of opportunity are easy to see historically but are often missed as they occur. People who make money in real estate do not just buy low – they buy the **right property at the right price**.



THE WINDOW OF OPPORTUNITY IS OPEN!



Right Now is the right time to buy the right real estate in Atlanta. There is an abundance of great properties, prices are at or near the bottom, mortgage rates are low and long-term trends for future values are excellent.

In this report, we will provide information and insight on:

1. The National Real Estate Market
2. The Atlanta Real Estate Market
3. The Future Outlook for Atlanta Real Estate
4. The Right Choice for Sellers
5. The Right Choice for Buyers

The National Market Real Estate Market:

First let’s review the national real estate market. We hear all over the media terms like “real estate recession” and “real estate bubble.” Yes, that does get attention – which sells advertising. That is how the media makes money. **So let’s review some of the facts that will help you make money!**

A recent CNN Money headline calls the 2008 housing outlook – “Pain Street USA.” And that may be true for sellers in many parts of

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Pain Street USA: '08 housing outlook



our country. The national market began as the story of 7 states but now the rest of the country has caught the real estate bug. California, Nevada, Arizona and Florida had huge run-ups in prices driven by speculators and flippers. Those markets are now correcting as they should. Some mid-western states like Michigan, Ohio and Indiana are suffering from population trends moving in the wrong direction. Real estate is a game of supply and demand. Supply is the inventory of available homes and the demand comes from buyers.

Here is some good news. On January 22nd, the Fed lowered the federal funds rate and the discount rate by .75% - the largest cut since October 1984. On January 30th, the Fed lowered both rates again by another .5%. The LIBOR average has dropped considerably which means lower mortgage rates. This is great news for real estate buyers and sellers. We expect the Fed to take additional action in future months which will help mortgage rates remain historically low.



Foreclosures are having a significant impact on supply and consequently home values. In October, we saw a peak in ARM adjustments for 2007 with another adjustment period in March 2008. Subprime defaults have jumped from 9.1% in October 2006 to 19.4% in late 2007. At the end of 2007, more than 1 million subprime mortgages were

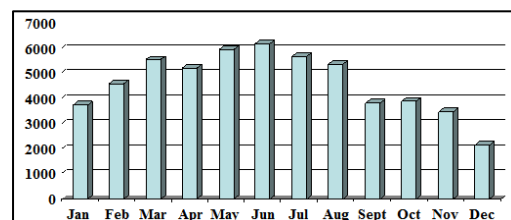
90 days or more past due. Metrostudy reports that over 183,000 borrowers have recently been in discussions with their lenders to work out a new payment plan. Lower interest rates and pressure from government to work out payment plans with subprime borrowers should help lower the foreclosures numbers in 2008. Foreclosures may still be opportunities for informed buyers. **But beware - buying a foreclosure is much more complicated than most realize.**

The US Department of Commerce recently released a report stating that 2007 new housing starts were down 25% from 2006. There was a considerable drop in the 4th Quarter of 2007. The National Association of Home Builders estimates that 2008 new housing starts will be down an additional 25% from 2007. Homebuilders have stopped building spec homes in most markets until they move their existing inventory. **There are unprecedented incentives for consumers as builders and developers are increasingly motivated.**

Now, let's look at the Atlanta real estate market.

The Atlanta Real Estate Market:

So what does all this mean to Atlanta? Atlanta did not experience a big run-up in prices and has great prospects for the long-term trends that will positively affect home values. However, the Atlanta real estate market has clearly felt the effects of the national market. In the first half of 2007,



net unit sales in the Atlanta real estate market were off around 15%. Since June of 2007, there has been a significant drop. In November and December, TrendGraphix reports that closed units and sales were off 49% and 59% from the previous year. Current inventory is approximately 20 months based upon current closings. Expired & withdrawn listings have set a series of new records. We do not expect a quick turnaround in sales in 2008. Units and sales are forecasted to be down 15% from 2007 – consistent with patterns in the second half of 2007.

What a wonderful opportunity for buyers!

So what is impacting our local supply and demand? On the supply side, there is simply:

1. too much resale inventory
2. too many foreclosures
3. and too many new home properties

On the demand side, there are simply not enough buyers. Challenges include:

1. Potential buyers that cannot sell their existing homes – especially those moving from other markets.
2. Potential buyers that can no longer qualify for the mortgage on the price of home they wanted to buy.
3. Potential buyers simply frozen on the sidelines trying to figure out – “when is the right time to get back in the market.” Much of this is caused by media-driven fear, election-year politics and negative consumer sentiment.

New home builders currently have around 11 months of inventory in Atlanta. Most have stopped building spec homes unless they have a non-contingent contract. CDI Credit reports significant increases in construction



liens and new homes foreclosures in 2007.



The good news is that most Builders have already lowered prices and adjusted incentives to reflect the new market conditions. There are many fabulous new home developments and properties available.

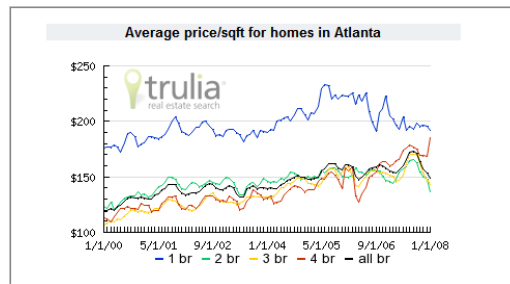
The Atlanta Journal-Constitution reports that foreclosures in metro Atlanta area were up 29% in 2007 - averaging around 4,900 per month. In January of 2008, the AJC reported an increase to almost 7000 per month. There are options for sellers – especially with lower interest rates. We have a strategic partnership with SunTrust – Atlanta’s hometown bank – and would be happy to assist you. Other local organizations such as the Georgia Association of Mortgage Brokers and the Mortgage Bankers Association of Georgia can also help. If you still need to sell your property quickly, Prudential Georgia Realty has agents that specialize in short sales. Just contact one of our specialists or me for details. For foreclosure buyers, we have “free hot lists” of foreclosure and pre-foreclosure properties. These are available by visiting www.PrudentialGA.com and clicking on Search Foreclosures.



The Atlanta resale market has been significantly slowed by over-supply and lower demand from buyers. Record expired and withdrawn listings signal increasing frustration from sellers with properties that have very little traffic and no reasonable offers. We also hear many stories of sellers that would like to sell but are trying to wait for a better market. That signals even more “pent-up supply.”

Average home values have already dropped in metro Atlanta. If you have been active in the market, this is no surprise. Property values have been driven down by heavy new home incentives, foreclosures and very motivated sellers. We do not expect a more significant price decline in Atlanta and North Georgia in 2008

signaling that we are at or near the bottom. Recent reports from Trulia, the latest Case-Shiller Index, First American and others confirm the fact that Atlanta home values have fallen in 2007 and early 2008. The “average sales price” in Atlanta has actually gone up since the higher end has performed better than the lower end. It is important to understand that average sales price only reflects properties that were sold is NOT a good indicator of average home values. Many sellers have already adjusted to the new norms in the market but some are still fighting reality with properties that are significantly over-priced.



Remember that real estate is about local supply and demand. Every community and area is different. Your Prudential Georgia Realty agent can tell you the facts in your local area.

Outlook For The Atlanta Real Estate Market:

OK, now for the answers to the questions everyone is asking. When will the over-supply be gone? When will buyers return? When will home values start rising again? The facts tell us that:

- **Single family homes inventory will be absorbed and inventory levels will return to normal by the late 2009/ early 2010 timeframe.**
- **2008 will see the return of more buyers to take advantage of great mortgage rates, low prices and great selection opportunities. Buying activity will continue to increase in 2009 and 2010.**
- **Home values will remain flat in 2008 and 2009 due to excessive inventory. Home values will begin increasing in 2010 and 2011 as inventories drop and population growth continues in Atlanta.**
- **New home builder starts will be back on the increase again in 2011-2012.**
- **And the cycle continues.....**

Clark Howard reports that average home values will drop 15% in 2008. He is right - nationally. California, Nevada, Florida and some other markets have not seen the bottom yet. As previously stated, Atlanta prices have already dropped and we believe they are at or near the bottom. Economy.com reports that Atlanta is the major metro that will help lead us out of this slower market. CNN recently rated Atlanta as the leading large metro and the 4th city overall that is poised for a real estate “bounce back” in 2008 and 2009.

The screenshot shows a CNN Money.com article titled "How to play the real estate bounce-back". The article discusses the Atlanta real estate market, mentioning projected median sales prices for single-family homes: Q1 2008: \$177,790 and Q4 2009: \$187,640, with a 5.6 percent growth. It also mentions that Atlanta is the leading large metro and the 4th city overall that is poised for a real estate "bounce back" in 2008 and 2009. The article includes a photo of the Atlanta skyline at night.

So why is Atlanta expected to be the metro that leads the nation out of this real estate market? Listen to these trends on Atlanta.

Atlanta has an incredible future.

- Our economy is strong and diversified.
- We have an active and business-friendly government.
- Hartsfield-Jackson airport is the busiest airport in the world and allows passengers to reach more places in the world quicker than any other metropolitan area.
- Atlanta is expected to add 67,300 new jobs in 2008 and 63,500 in 2009. (Georgia State University Study)
- Atlanta has the highest percentage increase of new millionaires – 1st in the nation. (Claritas)
- Atlanta is the #1 destination for young professionals. (Geolytics & U.S. Census)
- AARP rated Atlanta as the best city for baby boomers & seniors to live.
- In the last 6 years, Atlanta added more people than any metro in the nation. (Fortune)
- Fortune magazine says that Atlanta is expected to add 2 million more by 2020 – roughly the size of Denver.
- The Census Bureau and Virginia Tech released a report that says that in the next 25 years, Atlanta will be the center of a “Megapolitan Cluster” of over 7 million people.



Mortgage rates remain historically low. The Fed is expected to make even further cuts in 2008 and is poised to inject more liquidity into the credit markets if needed. These actions should help keep mortgage rates at these incredibly low ranges.

For metro Atlanta, the conclusion is clear. Right Now – is a great time to buy the right real estate in Atlanta. That is why many wealthy individuals are buying and investing here. They see the next wave coming and are smart enough to buy ahead of the wave when prices are lower. And we wonder how the wealthy get wealthier?

The Right Choice For Sellers:

For sellers, this type of market requires a different approach. Buyers are comparison shoppers. When there are many opportunities, buyers only want to consider the best. They will not waste time on properties they perceive to be overpriced, in need of significant repairs or that require upgrades. In a buyer's market, your value proposition must be clear and compelling. Here are some keys to success in a buyer's market.

First, your property must be found on leading real estate websites. Since over 80% of buyers and 100% of buyer's agents search for properties on the internet, your property must be exposed in all the right places. Prudential Georgia Realty will display your property on more sites than any other brokerage.



Second, your property must be found on Google.

The most popular search terms are simply “real estate.” The first results will typically be Realtor.com and Yahoo Real Estate. That is why we have strategic partnerships with these companies. Locally, the most common search terms are “real estate atlanta georgia” and **Prudential Georgia Realty is #1 on Google!**



Third, your property must be highly prioritized and distinctive online. You

must understand how real estate websites prioritize their listing searches. Most favor multiple photos, virtual tours, video and other rich content. Our listings

are “showcase or featured listings” listings on major websites such as



Realtor.com, Yahoo Real Estate, AJCHomefinder and

Trulia – the fastest growing real estate website. If your listing is buried deep in the search pages, it will simply not be found!



Fourth, the unique value of your property should be displayed in beautiful rich media so it comes to life online. This requires high-quality images with

impactful text descriptions. The latest innovations are

widescreen narrated videos which communicate your story in the most powerful format available. It is more important than ever to make your property stand out.



These online techniques are the keys to getting the buyer interested. When they actually visit the property, you only get one chance to make a great impression. To achieve this goal, Prudential Georgia Realty has developed a new seller program called the **RIGHTChoice® Home** program. These homes are pre-appraised, pre-inspected, have a great presentation, have a home warranty and are technology showcased using the latest innovations. This program was specifically developed from buyer feedback. **Buyers love RIGHTChoice® Homes because they are less risky, look great and are priced to the market.** More and more sellers are realizing that the market has changed and their approach to selling their property must be different to attract qualified buyers. Please contact your Prudential Georgia Realty agent today to get started.



This RIGHTChoice Home is...
PRE-INSPECTED • PRE-APPRAISED
READY TO SHOW • HOME WARRANTY
Contact Agent For Details

The Right Choice For Buyers:

Real estate investors make their highest returns by first making the right choice in selecting an expert to advise them through the process. Real estate is about local supply and demand. Areas of town, neighboring communities, homes on different streets or individual homes can have very different investment values.

Prudential Georgia Realty agents are experts in their local markets and are specialists in representing buyers. We have specialists in new homes, fine homes, foreclosures, bank-owned properties, company-owned properties, condos, horse farms, land & investment property and more. They understand the trends in those specific niches and know the best properties.

Here is where we see some of the big opportunities for buyers and investors. They are:

- **move-up buyers!**
- **select new home properties!**
- **select foreclosures, bank-owned, company-owned properties!**
- **select in-town condos!**
- **select luxury properties!**
- **revitalized neighborhoods!**
- **rental properties outside the perimeter!**
- **and as always - great properties with great locations - lake-front, stream-front, mountain views and golf course views!**

Move-up buyers have their pick of opportunities today. There is a fabulous selection of resale properties that have already adjusted their pricing to the new market. And many new home builders are also willing to trade so they can lower their carrying costs. If you do not make as much money as originally planned on the sale of your existing home, you have an opportunity to make that and more on your new home! Our Certified Skills Negotiators can help you get the best value that produces the highest return.

There are many wonderful new home communities and properties. Buyers need qualified specialist representing them more than ever before. How do you negotiate a contract that protects you? We can help. Our teams also work closely with the Greater Atlanta Home Builders Association who has a rigorous builder certification program. To view a complete inventory of Atlanta's new home properties, go to PrudentialGa.com and click on "new home properties."



There are certainly investment opportunities in foreclosures, bank-owned and company-owned properties. Prudential Georgia Realty has agents that specialize in this market. We also have "free hot lists" of foreclosure and pre-foreclosure properties. Just go to our website and click on Search Foreclosures for details.

The facts tell us that **Right Now** is the right time to buy “the right” real estate in Atlanta. There is an abundance of inventory, prices are at or near the bottom, mortgage rates are historically low and the long-term trends for future values are excellent. There is no guarantee that these wonderful buying conditions will last – it is an election year, we have a potential recession looming, inflation could return and natural disasters or terrorist events could occur at any time. **The window of opportunity is officially open – don’t miss it!**



**THE WINDOW OF
OPPORTUNITY IS OPEN!**

Thank you for viewing our Atlanta Real Estate 2008 video. We will be updating this report again soon with the latest information and predictions that can make you money! Please visit PrudentialGA.com or call 770.992.4100 for more information or to speak with one of our specialists today.



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The Right Choice®