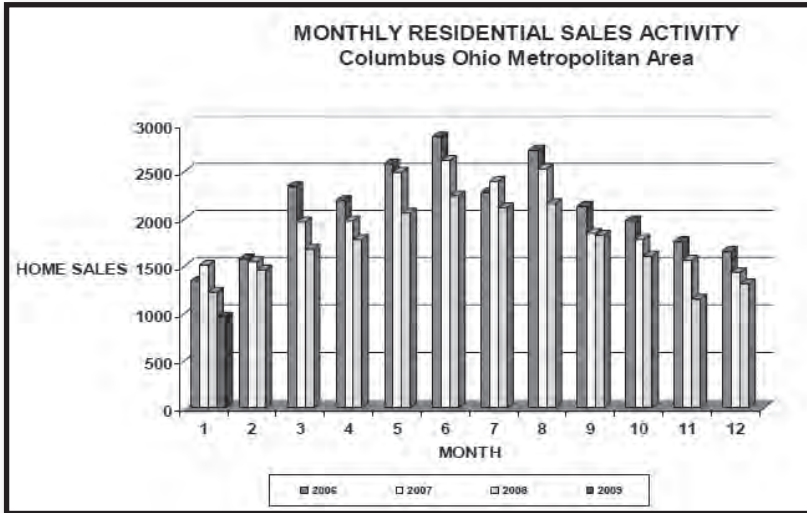


CENTRAL OHIO MARKET

Housing sales in central Ohio continued a pattern of decline in 2008 as the national recession deepened. The decline advanced at an accelerated pace and marked the third straight year of falling residential sales as total sales volume dropped 13.5 percent from the prior year according to the Columbus Board of Realtors. Selling prices continue to move off their peak levels experienced during the robust real estate market of 2003 thru mid 2006. The average sale price was down 5.1% for central Ohio as of year end 2008.



Foreclosure inventory in all price ranges exists throughout the region and continues to be an additional negative market influence. RealtyTrac currently ranks Ohio tenth in foreclosure volume in the country. The pace of foreclosures has declined 12.4% since 2007. Central Ohio and the Columbus MSA is comprised of eight counties including Franklin surrounded by the counties of Licking, Fairfield, Pickaway, Madison, Union, Morrow and Delaware. According to statistics reported by the Office of Federal Housing Enterprise Oversight for the Columbus MSA in its entirety, the HPI (House Price Index) stood at -1.26 in quarter 3 of 2008, down from 0.40 from the prior quarter. The U.S. government's actions to recapitalize financial insti-

tutions, reduce volatility and restore liquidity to financial markets have moved interest rates lower. The Homeowner Affordability and Stability Plan is intended to stall a continued pattern of increases in foreclosures. More affordable interest rates, foreclosure moratoriums and mortgage holder work outs, combined with a reduction in homebuilding are helping to clear the market of excess inventories. While these factors will assist with market stabilization, weak economic conditions are adversely affecting consumer confidence. Weak consumer confidence has resulted in a pull back in consumer spending slowing retail sales and manufacturing locally.

Weighing unfavorably on the housing market is the rising unemployment in the region. The financial crisis has affected all sectors of the economy including U.S auto makers, currently struggling for survival. Part suppliers for the automobile industry are scattered throughout the region and corresponding layoffs and closures have occurred. Retailing, manufacturing and financial services jobs have all experienced declines over the last year. The last of these is significant in view of the metro

	December 2008	September 2008	Annual 2007
Delaware	5.1%	5.2%	4.0%
Fairfield	6.3%	5.9%	5.0%
Franklin	6.1%	6.1%	4.7%
Licking	7.1%	6.4%	5.2%
Madison	7.2%	6.7%	5.2%
Morrow	9.2%	6.9%	5.7%
Pickaway	8.0%	7.0%	6.0%
Union	6.1%	5.5%	4.3%
Columbus MSA	6.2%	6.1%	4.7%
Ohio	7.2%	6.2%	5.6%
U.S.	7.1%	6.0%	4.6%

area's above-average concentration of finance jobs. Employment declined in all industry sectors in central Ohio in 2008 except for education, healthcare, and government.

A draw down of newly built homes continues in the market. Specifically as it relates to new construction in the area, future new construction sales are dependent on the volume of building permit activity in the prior four to six months. Building permits in the Columbus MSA decreased 40% from last year's already depressed levels, representing the sixth consecutive year of decline and will automatically result in a decline in new single family sales during the first half of 2009.

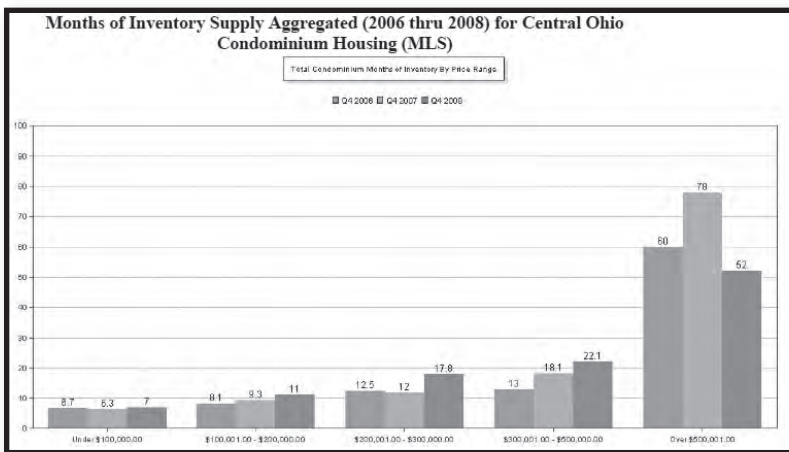
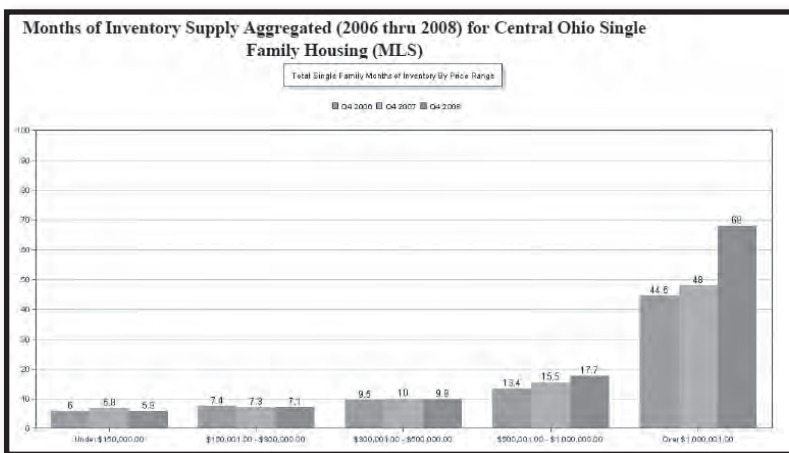
CENTRAL OHIO MARKET continued

In summary, volatile economic conditions will continue to plague the housing recovery in central Ohio which continues to be classified as a buyers market. Individual neighborhood pockets do exist where available homes are in short supply but this is the exception rather than the norm. The housing market is working efficiently as new construction is slowing markedly and existing home prices are moderating. The Federal Government also is assisting in an attempt to steer the housing market to a soft landing. But as long as the supply of housing exceeds demand, homes will take longer to sell and prices will moderate downwards. The central Ohio housing market should once again be active in 2009 but portray flat to modest declines in overall worth. Central Ohio is expected to fair much better than the overall national housing market because it was never overheated with rapid price escalation and thus adjustments are anticipated to be gradual as inventory levels adjust.

The total inventory of residential homes for sale in central Ohio shrunk 17% in 2008. The 13,550 homes on the market in January 2009 is the lowest level in over 3 years. The months of supply statistic is an important housing barometer as it reflects the current inventory in relation to the typical number of homes to sell per month in the proceeding year. The

RAC report is published quarterly at www.RAC.net and displays inventory statistics from major metropolitan areas across the U.S. as well as central Ohio. Typically a 4 month (120 days) supply is considered balanced.

The two trend line graphs at left are reflective of the central Ohio's housing inventory "months of supply." As the graph indicates, an oversupply exists in most price ranges.



For additional or more current information on the residential market in the Central Ohio area, visit www.rac.net and select "The RAC Report," or contact the following RAC member:

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