<u>Economic and Market Watch Report</u>

1st Quarter, 2008

*Click on a County to view economic and real estate information at the county and zip code level

The Kanawha Valley Multiple Listing Service, Inc.
Economic and Market Watch Report

The Kanawha Valley Multiple Listing Service, Inc. (KVMLS) has been providing multiple listing services to it participants since its inception in 1965. KVMLS is one of the largest Multiple Listing Service's (MLS) in West Virginia, delivering MLS data to over 650 participants and subscribers. Our service area includes all of Kanawha, Putnam, Jackson, Lincoln, Boone and portions of Clay, Cabell, Fayette, Mason, Nicholas, Wayne Wood, and Wirt Counties.

The Kanawha Valley Multiple Listing Service, Inc. is committed to providing our REALTOR® members with superior industry information and the tools necessary to succeed in today's real estate market.

KVMLS is pleased to offer another member service benefit and introduce the Economic and Market Watch Report to our members that is designed to assist REALTORS® by identify current and future economic and real estate trends that affects their industry.

For more information please do not hesitate to contact Marlena R Cain at 304-344-9851, e-mail marlena.mullins@kvrealtors.com or visit our web-site at www.kvrealtors.com .

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Local Report

Kanawha Valley Board of Realtors

REALTOR®

Jackson County, WV

Buyer's Market	1	2	3	4	5	Seller's Market

Labor Market :

Employment declined by 214 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 4.6% in the first quarter to 7% for the first two months of the second quarter. Despite the job losses, the job situation still remains strong in Jackson County. Combined with historically low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q4' 07	*Q1' 08*	*Q2' 08 (Forecast)*
Average Price	**$135,000**	**$103,500**	↑
# Homes on the Market *	**119**	**116**	↔
# Homes Sold **	**32**	**36**	↓
# New Homes Built ***	**NA**	**NA**	↓
Avg # of Days on Market ****	**141**	**137**	↑

* Available as of Mar. 31, 2008.
** May not add to total of zip codes.
*** During the first two months of 1st quarter.
**** Days on market is defined as the difference between the list date and contract date.

Town Name	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price
Cottageville	$88,300	N/A	2	N/A	254	94.0%
Evans	$121,300	-14.58%	3	50.00%	157	95.5%
Given / Rock Castle	$88,200	N/A	3	N/A	258	95.1%
Kenna / Kentuck	$158,800	-0.94%	2	-60.00%	201	96.7%
Leroy	$250,000	400.00%	1	0.00%	29	96.2%
Millwood	$116,300	20.52%	4	100.00%	131	92.9%
Mount Alto	$47,500	N/A	1	N/A	20	86.5%
Ravenswood / Sherman	$96,400	3.54%	9	-25.00%	138	90.0%
Ripley / Fairplain	$88,600	-34.42%	11	-45.00%	90	94.0%

Local Report

Kanawha County, WV

Buyer's Market	1	2	3	4	5	Seller's Market

Labor Market :

Employment declined by 3,443 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 3.7% in the first quarter to 4.5% for the first two months of the second quarter. Despite the job losses, the job situation still remains strong in Kanawha County. Combined with historically low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q4' 07	Q1' 08	Q2' 08 (Forecast)
Average Price	**$143,700**	**$135,400**	
# Homes on the Market *	**1,017**	**1,097**	
# Homes Sold **	**341**	**293**	
# New Homes Built ***	**5**	**3**	
Avg # of Days on Market *****	**75**	**95**	

* Available as of Mar. 31, 2008.
** May not add to total of zip codes.
*** During the first two months of 1st quarter.
**** Days on market is defined as the difference between the list date and contract date.

Town Name	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price
Belle / Shrewsbury	$77,500	-19.61%	3	-57.14%	41	96.9%
Cabin Creek / Chelyan	$34,400	N/A	1	N/A	0	94.3%
Charleston- Downtown	$128,600	26.57%	62	-23.46%	121	92.7%
Clendenin	$117,000	32.80%	5	-50.00%	86	88.4%
Cross Lanes	$133,300	12.58%	29	-6.45%	98	96.0%
Dunbar	$87,700	16.31%	7	-30.00%	106	95.3%
Elkview	$159,800	7.03%	11	-21.43%	81	94.2%
Hernshaw	$100,000	N/A	1	N/A	49	100.0%
Hugheston	$70,000	N/A	1	N/A	92	93.6%
Institute	$108,000	44.00%	1	0.00%	9	93.9%
Kanawha City	$235,700	-0.51%	17	-22.73%	110	90.4%
Malden / Rand	$57,100	-14.52%	8	33.33%	138	90.8%

Kanawha County, WV

Town Name	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price
Marmet	$44,600	-33.13%	2	-33.33%	25	83.3%
Montgomery	$120,000	-5.44%	1	0.00%	389	92.4%
Nitro	$104,100	15.03%	18	-14.29%	103	92.9%
Pinch	$147,000	-10.91%	1	0.00%	35	77.4%
Pratt	$44,000	-44.65%	1	0.00%	25	89.8%
Saint Albans	$96,500	0.94%	50	11.11%	74	95.3%
Sissonville	$108,200	-21.76%	8	100.00%	65	91.2%
South Charleston	$120,800	2.20%	14	-33.33%	80	95.4%
South Hills	$203,100	-13.68%	24	-54.72%	86	93.8%
Spring Hill	$189,900	18.61%	25	8.70%	86	94.6%
Tornado	$192,700	48.00%	3	-57.14%	152	93.8%

Kanawha Valley Board of Realtors

REALTOR®

Local Report

Lincoln County, WV

Buyer's Market	1	2	3	4	5	Seller's Market
		↑				

Labor Market :

Employment declined by 255 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 4.5% in the first quarter to 6.2% for the first two months of the second quarter. Despite the job losses, the job situation still remains strong in Lincoln County. Combined with historically low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q4' 07	*Q1' 08*	*Q2' 08 (Forecast)*
Average Price	**$121,000**	**$40,300**	↑
# Homes on the Market *	**11**	**13**	↔
# Homes Sold **	**1**	**3**	↓
# New Homes Built ***	**NA**	**NA**	↓
Avg # of Days on Market *****	**1**	**145**	↑

* Available as of Mar. 31, 2008.
** May not add to total of zip codes.
*** During the first two months of 1st quarter.
**** Days on market is defined as the difference between the list date and contract date.

Town Name	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price
Hamlin	$56,000	40.00%	1	0.00%	10	80.0%
Harts / Ferrellsburg	$40,000	N/A	1	N/A	22	66.8%
Spurlockville / Morrisvale	$25,000	N/A	1	N/A	405	92.9%

Putnam County, WV

Buyer's Market	1	2	3	4	5	Seller's Market

Labor Market :

Employment declined by 609 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 3.4% in the first quarter to 4.2% for the first two months of the second quarter. Despite the job losses, the job situation still remains strong in Putnam County. Combined with historically low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q4' 07	*Q1' 08*	*Q2' 08* *(Forecast)*
Average Price	**$184,300**	**$192,700**	↑
# Homes on the Market *	**333**	**365**	↓
# Homes Sold **	**128**	**114**	↔
# New Homes Built ***	**25**	**8**	↔
Avg # of Days on Market ****	**75**	**94**	↑

* Available as of Mar. 31, 2008.
** May not add to total of zip codes.
*** During the first two months of 1st quarter.
**** Days on market is defined as the difference between the list date and contract date.

Town Name	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price
Buffalo	$110,000	266.67%	3	50.00%	126	90.9%
Eleanor	$101,000	-34.29%	5	66.67%	54	97.2%
Hurricane	$220,200	6.53%	69	2.99%	103	95.2%
Liberty	$59,900	-53.09%	1	-66.67%	48	92.9%
Poca / Lanham	$118,500	24.08%	2	-66.67%	99	94.8%
Red House	$135,000	-5.26%	1	0.00%	17	97.3%
Scott Depot	$144,800	-23.55%	22	-12.00%	69	99.7%
Winfield	$211,100	9.78%	11	-26.67%	109	96.2%

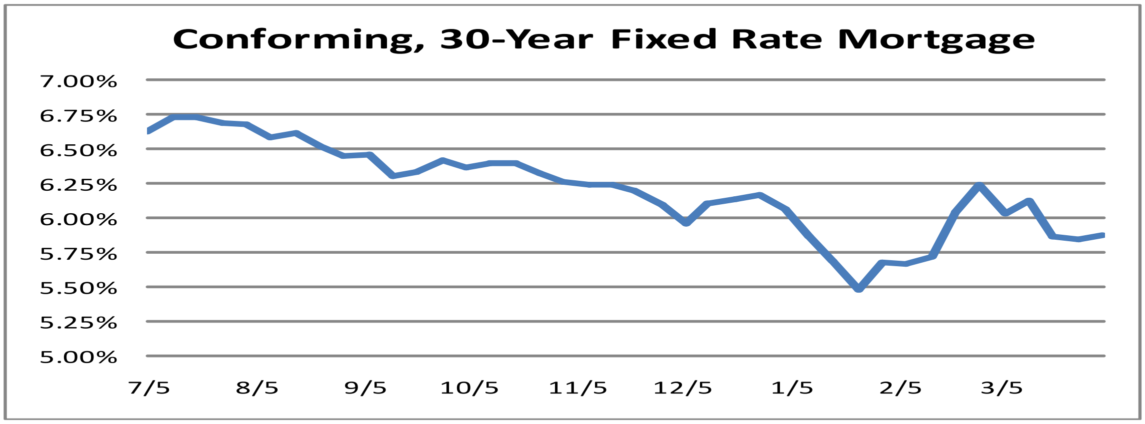
Others

Town Name	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price
Racine	$67,000	N/A	1	N/A	4	95.8%
OTHER	$127,500	-6.32%	28	-9.68%	115	94.3%

Overcoming Uncertainty

By Ken Fears
Manager, Regional Economics

Long-term mortgages rates fell sharply in January. The average 30-year fixed rate mortgage fell from an average of 6.07% for the first week in January to 5.48% by the fourth week. This rate gyrated thereafter before settling back under 5.9% for the last few weeks in March. These rates are a substantial improvement from the third quarter of 2007, when the average rate hit 6.57% and was even higher for some of the weeks in that period.



These lower rates should have improved affordability by reducing rates. Lower rates would draw down monthly payments in an environment of flat prices. If prices fell, payments would fall that much more, boosting affordability further. As a result, home sales should have improved. However, the malaise of bad news about the economy, the banking system, foreclosures and the national housing market has created questions for local housing markets that aren't necessarily warranted. Was the market covered by the Kanawha Valley Board of Realtors® able to buck the trend?

It is difficult to compare the first quarter of a year with the fourth quarter because seasonal patterns normally cause sales to be slower in the coldest months of the year. One would anticipate slower sales in January, February and March than in October, November, and December. But the sub-prime fallout created much consternation in the housing markets this past fall and sales fell as a result, despite a sharp decline in conforming, those under the $417,000 cap, mortgage rates. If sales improved in the first quarter, then one might be able to assert with moderate certainty that the improvement in affordability is drawing buyers back to the market, if only at a tepid rate. Here in the area covered by the Kanawha Valley Board of Realtors® sales fell -10.2% between the first quarter of 2008 and the fourth quarter of 2007. Consequently, it is unlikely that the sharp decline in rates pierced buyers' uncertainty about the housing market in the local area. Sales were strongest in February, suggesting that buyers were not responding to the sharp decline in rates during January.

The uncertainty in the housing market will continue through most of 2008. But little by little, we will see shapes in the fog. Sales levels and inventories have begun to plateau at the national level. Foreclosures will continue to rise, but at diminishing rates. Removing the uncertainty will do much to boost confidence. It is up to Realtors® to identify and advise their clients of the opportunities that abound in this buyers' market.

Bigger Fall After Bigger Gain

By Lawrence Yun, NAR Chief Economist

The stream of stories about housing's downturn continue in the media. But I can't stress enough the reality: not all housing markets have suffered to the same extent. We are all well aware of the current weak housing market regions: California, Florida, Arizona, Nevada, and the D.C. region. We should also be aware that these areas were also the places where prices increased the most during the housing boom. Current price declines of 5% to 20% are not as frightening for those who bought a home for the long-term.

For example, based on NAR price data, a typical homeowner who bought a property in 2000 would be have accumulated $123,000 in Phoenix, $150,100 in Orlando, $242,800 in Riverside-San Bernardino, and $252,000 in the Washington, D.C. metro region. That does not even include any additional equity that homeowner acquired from paying down mortgage debt from his/her normal amortizing monthly payments. The equity position would be less for those homeowners who took out home equity loans and who took cash-out refinances. (I would personally advise against tapping into housing equity unless it is for investment reasons - like paying for tuition or to open a business).

Data from the Federal Reserve further affirms the long-term housing equity accumulation for homeowners *even with recent declines in home prices.* Homeowners' net housing equity (home value minus mortgage debt) rose from $6.2 trillion to $9.6 trillion from 2000 to 2007.

And as I say, in many parts of the country, there has not been a price decline. NAR data indicate that essentially half of the 150 metro markets studied in the U.S. experienced a price *increase* throughout the past seven years. Data from the Office of Federal Housing Enterprise Oversight (OFHEO) also show that close to 70 percent of the 287 markets the agency tracks had price increases throughout those same seven years. In rural America, the price declines are even more rare.

Because of different price measurements, the gain could also be different depending on how the price statistics are calculated. Only when the homeowner him or herself sells their home – i.e., has a actual price against which to measure – would they know for sure how much equity was accumulated or lost.

The Case-Shiller home price index, by contrast, which looks at a very narrow 20 markets, finds most markets experienced price declines in 2007. Interestingly though, if one uses the Case-Shiller national aggregate price index, the housing equity gains are much higher than under other price data. From 2000 to 2007, a typical U.S. homeowner would have accumulated $103,400 according to Case-Shiller rather than the $75,400 equity gain as is implied by the NAR data.

The Case-Shiller price gain appears outsized and not necessarily what most people would be saying. Perhaps, the methodology of the Case-Shiller price index brings volatile swings that distort underlying trends. So the recent decline in the Case-Shiller price measurement may not be due completely to a decline in home prices but rather to a downward adjustment after illusory high price gains it showed during the market boom. These illusory price gains also fooled Wall Street and global capital providers into believing that the underlying housing collateral was worth more than it actually was. Ask Bear Stearns if it would have made a similar bet if it knew that home values were not as high as indicated by Case-Shiller.

Sure, home prices have fallen measurably in some Florida and California markets - as reflected in both Case-Shiller and NAR data. But broadly speaking the decline in the Case-Shiller price measurement may be just a downward adjustment to compensate for unrealistically strong price gains it recorded during the housing market boom.

The Forecast

By Lawrence Yun, *Senior Vice President,Cheif Economist*

NAR's latest pending home sales index slipped yet again. The index in March again came in soft, falling one percent from the prior month. Of course, what you'll hear in much of the media reports will be that March's index was the lowest reading since the index was created in 2001. However, smarter observers will note that for all intents and purposes, the index has actually been moving in a very narrow range from August of last year to March of this year. It's important to remember that this time period reflects post credit crunch conditions where subprime loan originations virtually disappeared from the market place.

But the pending sales index report did have some bright spots. The Northeast region continues to show some good signs of recovery. In March, pending home sales in the region rose 12.5 percent. The West and South regions were essentially unchanged. Only the Midwest region experienced a meaningful decline with a 10.4 percent fall. As with all things "real estate," some local markets fared better than others. Pending sales rose in localities where affordability conditions have measurably improved. For example, Bakersfield and Providence both showed outright year-over-year gains in March.

As for actual *closings*, existing-home sales finished the first quarter of this year with a 4.95 million annualized unit sales pace. That is essentially unchanged from the 5.00 million existing-home sales in the fourth quarter of last year. Home sales will continue to trend soft in the current quarter with the expectation of 5.01 million sales. In the second half of this year, look for a measurable lift to the 5.6 to 5.9 million unit range.

There are several reasons to expect the lift. Mortgages will become more widely available. Both Fannie Mae and Freddie Mac recently announced plans to further provide liquidity, including in the new higher conforming jumbo markets. California, where jumbo loans had accounted for close to half of sales in 2005, was witnessing only 10 to 15 percent of jumbo loan originations in early 2008. Any reversal in the share of the jumbo loan market will have a huge impact in markets like those in California.

Legislation is also being debated to make the higher conforming loan limit (now at $729,000 versus $417,000 a year ago) *permanent* rather than temporary as it is currently. The temporary status of the higher loan limit has not really drawn investor interest in holding on to GSE backed jumbo loans; hence, the interest rates on jumbo loans have remained very high.

Another key reason for a solid recovery is due to wider use of FHA loans. Many lenders are trying to get HUD approval so they can make loans. Consumers are digesting the benefits of this safer loan product that carries much lower interest rates. As consumers realize that FHA loans no longer carry the stigma as being purely for low-and-moderate income households with credit blemishes, more and more consumers will utilized the loans, thereby steadily replacing the disappearance of the subprime loans.

And let's not forget those tax rebates. Tax rebate checks are showing up in bank accounts. There are some who say the rebate is not enough to make an impact on the economy. But rebates *did* make a difference in 2001. And today's rebate checks are larger than the ones back then.

Other developments are pointing towards better times. Exports continue to ramp up solidly. Business profits are surprisingly solid – outside of homebuilders and the financial industry. Business spending will grow as a result. These factors indicate that the economy will be better in the second half of this year after

The Forecast...Continued

having stalled in the first half. The improving economy will also life consumer spirits, some gaining enough confidence to buy a home.

All that means that home prices will also improve in the second half of 2008 in many parts of the country. The return of jumbo loans and higher-priced home purchases will result in a higher recorded median home price. (Recent lower median prices were driven by fewer than normal transactions requiring jumbo loans.) As we know all real estate is local and there are large variations across markets. Even though the national median price will be lower in 2008, due to the weak first half and major price declines that already occurred in few markets, more than half of the country is likely to experience a price growth this year.

And there's a possibility of more good news. Legislation providing for a tax credit for homebuyers has been passed by both chambers of Congress, although the White House has hinted at a veto because it did not like the "big" housing stimulus bill. The White House has opposed several aspects of the stimulus bill, though it has not (yet?) come out actually *opposing* the homebuyer tax credit concept if applied for any homes and not just foreclosed ones. The homebuyer tax credit will make market conditions much stronger than what we call for in the current baseline forecast.

Risks do still exist. Very high oil prices could stick around and that will hold back consumer spending growth. Inflation could notch higher, which then will result in higher mortgage rates. Despite these risks the economy and the housing market look to improve markedly in the second half of 2008. The momentum will carry forward to 2009.

Economic Monitor

This table reflects data available through April 4, 2008.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
Existing Home Sales rose 2.9% in February to a seasonally adjusted annual rate of 5.03 million units. The national median existing-home price for all housing types was $195,900 in February, down 8.2%from a year earlier. Total housing inventory fell 3.0%: at the end of February there were 4.03 million existing homes available for sale – a 9.6-month supply at the current sales pace.	Feb 08 5,030 Jan 08 4,890 Feb 07 6,600	↑	Subprime disappeared, but FHA and GSE loans making a comeback
New Home Sales recorded a seasonally adjusted annual rate of 590,000 units in February – a 1.8% decline from January's revised rate of 601,000 units, but almost 30% off the rate in February 2007. New home inventory has been decreasing over the past 12 months, but is still elevated. At the end of February there were 471,000 new homes available for sale – a 9.8 months supply at the current sales pace.	Feb 08 590 Jan 08 601 Feb 07 840	↔	Soft sales through the end of the year because builders are bringing very few to the market
Housing Starts slipped 0.6% in February to a seasonally adjusted annual rate of 1.065 million units. February starts were off 28.4% from the rate in February of 2007. Single-family starts declined, while multi-family units rose. Building permits – generally a reliable indicator of future starts, fell 7.8% to 978,000.	Feb 08 1,065 Jan 08 1,071 Feb 07 1,487	↓	Recent housing permits point toward further declines in new construction
Housing Affordability continued to improve in February. NAR's housing affordability index stood at 135.2 at the end of the month – the 7th consecutive increase in the index, and the highest index level since February 2003. Declines in most of the components of the index -- median home price, interest rates, qualifying income – combined with an increase in the median family income – contributed to rising affordability.	Feb 08 135.2 Jan 08 131.3 Feb 07 114.1	↑	Incomes are rising while home prices are not
Mortgage Rates rose slightly but continue at historic lows. The average 30-year fixed mortgage rate in March was 5.97% – a 10- basis point increase from February's rate, but below the 6.16% average recorded in March of 2007. Rates are likely to settle around the 6% range for the next few months.	Mar 08 5.97% Feb 08 5.87% Mar 07 6.16%	↔	Cannot fall further from already historically favorable rates
Employment The U.S. economy lost jobs for a third month in a row. In March, payrolls were cut by 80,000 – the largest job loss figure in five years and worse than most analysts expected. The unemployment rate rose from 4.8% to 5.1% – relatively modest by historical standards, but its highest level since September of 2005. One piece of good news for workers: average hourly earnings rose to $17.86 in March, a 0.3 percent increase from the previous month.	Mar 08 -80 Feb 08 -76 12-month total 536 thousand	↑	Second half recovery
Economic Growth The U.S. economy eked out a barely positive GDP growth measurement in the last quarter of 2007. Real gross domestic product increased at an annual rate of 0.6% in the fourth quarter of 2007. This is the third and final estimate of economic growth based on more complete data. Increases in personal consumption expenditures, exports, nonresidential structures, spending by state and local government and equipment and software were offset by declines in private inventory investment and residential fixed investment.	2007:IV 0.4% 2007:III 4.9% 2006:IV 2.1%	↑	Fiscal stimulus and lagged impact of monetary stimulus will help grow the economy

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