

Economic and Market Watch Report

2nd Quarter, 2009



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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 its 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

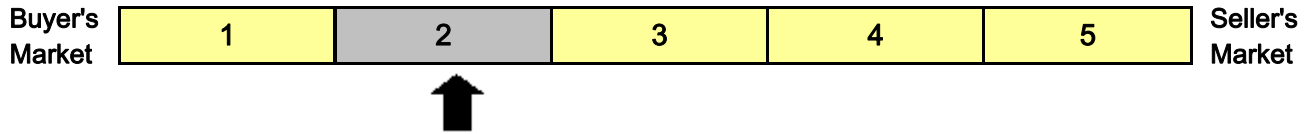
West Virginia

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Jackson County, WV



Labor Market :

Employment declined by 437 jobs in April and May. The job losses brought about an increase in the average monthly unemployment rate from 9.4% in the first quarter to 12.8% for the second two months of the second quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Jackson County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

| | Q1' 09 | Q2' 09 | Q3' 09 (Forecast) |
|------------------------------|-----------|-----------|----------------------|
| Average Price | \$126,000 | \$127,900 | ↓ |
| # Homes on the Market * | 121 | 126 | ↑ |
| # Homes Sold ** | 15 | 26 | ↓ |
| # New Homes Built *** | NA | NA | ↑ |
| Avg # of Days on Market **** | 98 | 130 | ↑ |

* Available as of Jun. 30, 2009.

** May not add to total of zip codes.

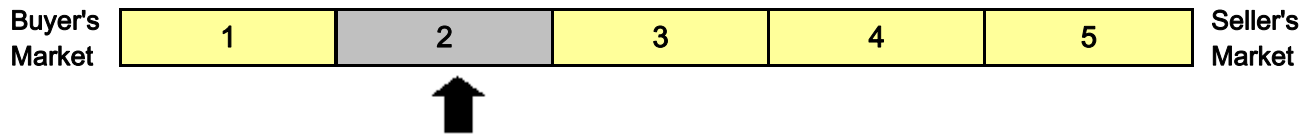
*** During the first two months of 2nd quarter.

**** 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 |
|----------------------|---------------|-----------------------|------------------------------|-----------------------------------|------------------------|-------------------|
| Advent | \$57,500 | N/A | 1 | N/A | 126 | 88.5% |
| Evans | \$123,000 | -11.32% | 3 | -25.00% | 91 | 94.2% |
| Given / Rock Castle | \$67,500 | N/A | 2 | N/A | 179 | 79.5% |
| Kenna / Kentuck | \$202,500 | 40.82% | 2 | 0.00% | 162 | 90.0% |
| Millwood | \$99,500 | -39.88% | 1 | -75.00% | 42 | 100.0% |
| Ravenswood / Sherman | \$102,600 | -12.68% | 7 | -41.67% | 76 | 86.3% |
| Ripley / Fairplain | \$162,400 | 51.35% | 9 | -18.18% | 174 | 95.0% |
| Sandyville | \$79,000 | -49.03% | 1 | 0.00% | 161 | 87.9% |



Kanawha County, WV



Labor Market :

Employment declined by 267 jobs in April and May. The job losses brought about an increase in the average monthly unemployment rate from 5.4% in the first quarter to 6.6% for the second two months of the second quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Kanawha County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

| | Q1' 09 | Q2' 09 | Q3' 09 (Forecast) |
|------------------------------|-----------|-----------|----------------------|
| Average Price | \$127,800 | \$147,400 | ↔ |
| # Homes on the Market * | 1,032 | 1,068 | ↑ |
| # Homes Sold ** | 208 | 321 | ↔ |
| # New Homes Built *** | 6 | 4 | ↑ |
| Avg # of Days on Market **** | 92 | 78 | ↑ |

* Available as of Jun. 30, 2009.

** May not add to total of zip codes.

*** During the first two months of 2nd 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 |
|-----------------------|---------------|-----------------------|------------------------------|-----------------------------------|------------------------|-------------------|
| Alum Creek | \$117,000 | -39.38% | 2 | 0.00% | 15 | 95.9% |
| Belle / Shrewsbury | \$82,700 | -23.85% | 5 | -28.57% | 71 | 87.8% |
| Cabin Creek / Chelyan | \$39,900 | N/A | 1 | N/A | 164 | 100.0% |
| Charleston- Downtown | \$128,500 | -7.55% | 62 | -18.42% | 85 | 92.1% |
| Clendenin | \$111,100 | 5.81% | 6 | 50.00% | 93 | 92.5% |
| Cross Lanes | \$130,400 | -9.13% | 22 | -42.11% | 103 | 95.3% |
| Dunbar | \$80,500 | -27.08% | 11 | -50.00% | 85 | 96.7% |
| Elkview | \$169,100 | 4.19% | 17 | -34.62% | 98 | 98.2% |
| Eskdale / Carbon | \$55,800 | N/A | 2 | N/A | 56 | 98.8% |
| Hansford | \$177,000 | N/A | 1 | N/A | 103 | 93.2% |
| Kanawha City | \$207,800 | 20.81% | 32 | 39.13% | 58 | 94.9% |



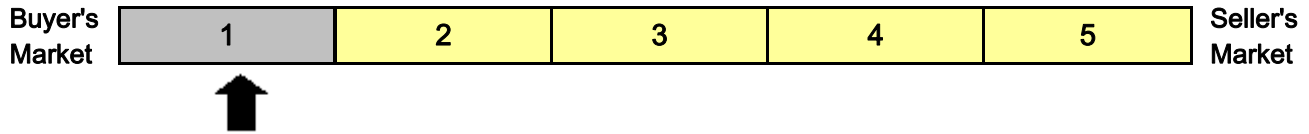
Local Report

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 |
|------------------|---------------|-----------------------|------------------------------|-----------------------------------|------------------------|-------------------|
| Malden / Rand | \$73,500 | -25.00% | 5 | -28.57% | 119 | 93.9% |
| Marmet | \$63,000 | -19.23% | 1 | 0.00% | 19 | 100.0% |
| Montgomery | \$110,000 | N/A | 1 | N/A | 233 | 90.2% |
| Nitro | \$104,600 | 11.99% | 16 | -5.88% | 81 | 93.3% |
| Pinch | \$82,500 | -62.33% | 2 | 100.00% | 68 | 90.2% |
| Saint Albans | \$100,300 | 2.98% | 40 | -31.03% | 66 | 92.3% |
| Sissonville | \$139,000 | -25.87% | 3 | -25.00% | 72 | 90.3% |
| South Charleston | \$109,700 | -3.18% | 23 | -11.54% | 60 | 93.2% |
| South Hills | \$239,400 | 4.95% | 44 | -38.03% | 71 | 92.8% |
| Spring Hill | \$193,900 | -13.09% | 22 | -4.35% | 83 | 95.9% |
| Tornado | \$100,000 | -38.46% | 3 | 50.00% | 117 | 95.1% |



Lincoln County, WV



Labor Market :

Employment declined by 23 jobs in April and May. The job losses brought about an increase in the average monthly unemployment rate from 8.4% in the first quarter to 10.8% for the second two months of the second quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Lincoln County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

| | Q1' 09 | Q2' 09 | Q3' 09 (Forecast) |
|------------------------------|----------|----------|----------------------|
| Average Price | \$64,500 | \$67,500 | ↔ |
| # Homes on the Market * | 10 | 12 | ↑ |
| # Homes Sold ** | 1 | 2 | ↔ |
| # New Homes Built *** | NA | NA | ↑ |
| Avg # of Days on Market **** | 86 | 80 | ↑ |

* Available as of Jun. 30, 2009.

** May not add to total of zip codes.

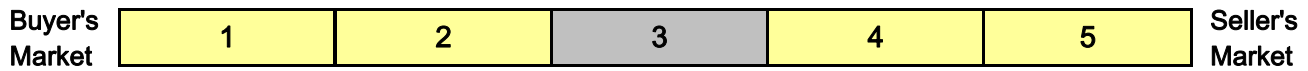
*** During the first two months of 2nd quarter.

**** 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 |
|-----------|---------------|-----------------------|------------------------------|-----------------------------------|------------------------|-------------------|
| Midkiff | \$95,000 | N/A | 1 | N/A | 148 | 79.2% |
| Sod | \$39,900 | -60.06% | 1 | 0.00% | 12 | 100.0% |



Putnam County, WV



Labor Market :

Employment declined by 80 jobs in April and May. The job losses brought about an increase in the average monthly unemployment rate from 5.8% in the first quarter to 6.9% for the second two months of the second quarter. Job losses are ticking upwards, creating a drag on buyer confidence and demand in Putnam County. However, historically low mortgage rates have created a favorable buying environment for those with a job.

Housing Market :

| | Q1' 09 | Q2' 09 | Q3' 09 (Forecast) |
|------------------------------|-----------|-----------|----------------------|
| Average Price | \$186,600 | \$184,600 | ↔ |
| # Homes on the Market * | 407 | 426 | ↑ |
| # Homes Sold ** | 106 | 156 | ↔ |
| # New Homes Built *** | 17 | 4 | ↑ |
| Avg # of Days on Market **** | 83 | 89 | ↑ |

* Available as of Jun. 30, 2009.

** May not add to total of zip codes.

*** During the first two months of 2nd 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 |
|-------------------------|---------------|-----------------------|------------------------------|-----------------------------------|------------------------|-------------------|
| Bancroft | \$102,500 | -49.13% | 1 | -50.00% | 60 | 94.0% |
| Buffalo | \$210,000 | 189.66% | 2 | 100.00% | 42 | 100.0% |
| Eleanor | \$282,700 | 88.47% | 3 | 50.00% | 48 | 94.9% |
| Fraziers Bottom / Pliny | \$194,200 | 52.31% | 5 | 400.00% | 153 | 96.7% |
| Hometown | \$77,000 | N/A | 1 | N/A | 9 | 96.9% |
| Hurricane | \$194,200 | -0.92% | 90 | 13.92% | 103 | 95.9% |
| Leon / Robertsburg | \$35,000 | -72.87% | 1 | -66.67% | 505 | 71.4% |
| Poca / Lanham | \$113,400 | 13.86% | 5 | 25.00% | 8 | 98.1% |
| Red House | \$165,700 | 90.46% | 1 | 0.00% | 131 | 98.9% |
| Scott Depot | \$160,700 | -23.18% | 30 | -31.82% | 64 | 96.6% |
| Winfield | \$195,200 | 10.03% | 17 | -15.00% | 64 | 95.9% |



Local Report

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 |
|-----------|---------------|-----------------------|------------------------------|-----------------------------------|------------------------|-------------------|
| OTHER | \$162,600 | -5.85% | 35 | 2.94% | 102 | 92.6% |

You've Got to Fall Before You Can Pick Yourself Up

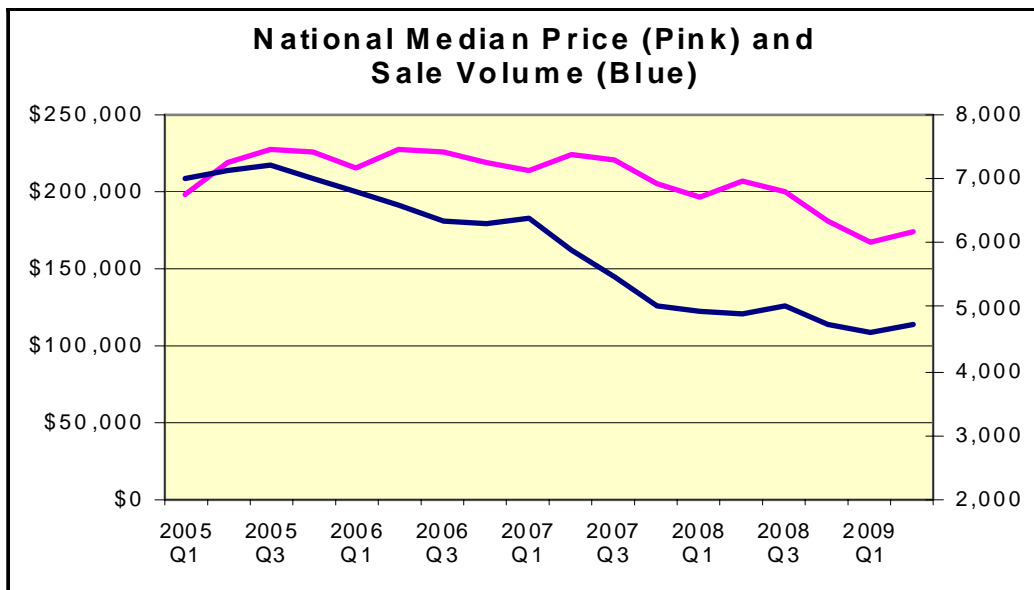
By Ken Fears

Manager, Regional Economics

The national housing market peaked in 2006, but some local markets peaked before this period, while others were still on the upswing through 2007. Today, most markets are in decline as a result of the economic recession, problems in the mortgage markets and a hangover from the subprime mess. Critical to a recovery is eliminating the perception of the local market as being in decline and crucial to this change is defining the "bottom" in the market covered by the Kanawha Valley Board of Realtors®.

Nationally, the median price peaked in the third quarter of 2005. Since then, it has fallen 23.5%. Over the last 12 months, the median home price has fallen 15.7%. Thus, 60.4% of the national price decline took place in the last 12 months ending in June of this year.

Sales have followed suit. After peaking in the third quarter of 2005, the quarterly sales volume declined 34.5%, but only 3.6% in the 12 month period ending in June. The bulk of the decline in sales, 92.9%, occurred prior to the large price declines of the last 12 months. This pattern makes sense. After years of a strong sellers' market, sellers were reluctant to recognize the change in affordability as mortgage rates began to creep up in the middle of 2005. As financing and demand dried up, sellers were forced to re-evaluate their asking prices in an environment of excess supply and economic pessimism. The delay to re-price exacerbated the price correction.



Locally, the housing market reached its peak price in the second quarter of 2008 with an average price of \$152,204. Today, 4 quarters later, the average price stands at \$150,597, a peak-to-date decline of 1.1%. The last four quarters account for all of the \$1,607 average price decline in the local market.

Sales are down 34.5% since their peak in the second quarter of 2007 through the second quarter of 2009. Over the last 12 months, sales have fallen 20.1%, making it too early to tell if the seasonally-adjusted pattern of local decline is over.

Nationally, neither sales nor prices appear to have clearly defined a bottom, yet. When that process is done, consumers are more likely to gain the confidence that they need to get in the market.

“Appraising” the Situation

by Lawrence Yun, *NAR Chief Economist*

As I write this, we are about to celebrate the 4th of July – Independence Day. What started as a revolt against unfair taxes became a revolution against an imperial government intruding into the lives and business activities of colonial citizens. Tea tax, stamp tax, burdensome regulations and rules that impede the free flow of goods and trade. Thank goodness we are blessed to live in the land of the free.

Of course, for many households and businesses today, independence is tempered by the current economic environment. We have seen improvement in our economy, but we need to see more – especially in the real estate sector. Let first take a look at the latest developments.

The latest residential housing market figures do indeed give me some hope. Existing-home sales rose 2.4 percent in May. May’s increase follows a rise in re-sales in April as well. That’s the first back-to-back monthly increase in existing-home sales since September of 2005. Pending sales also rose. And while May’s pending home sales index of 90.7 represented a mere 0.1 percent from the previous month’s (upwardly revised) reading of 90.6, it was 6.7 percent higher than the index in May 2008. Indeed, May’s pending home sales index was the fourth consecutive monthly gain since October of 2004. Housing affordability continues at historically high levels as well. NAR’s Housing Affordability Index in May was 171.6. While that is off from April’s revised reading of 178.8, the index last May was 129.8. And remember that April’s index was the highest reading ever recorded since NAR began tracking housing affordability in 1970.

So what’s holding back our “independence” from the current recession and a true housing recovery? First and foremost – jobs. June’s employment figures showed that employers cut 467,000 payroll jobs during the month – a much larger number than most analysts expected. And the good news that May’s job cuts were smaller than originally estimated (322,000 rather than 345,000) was offset by revised April employment figures which showed 15,000 more layoffs than originally thought. The national unemployment rate rose to 9.5 percent – that’s the highest level in 26 years. It’s likely that the unemployment rate will surely breach the double-digit threshold before it starts to trend back down in 2010.

But another factor which seems to be impeding a housing recovery is new appraisal rules and they could be impacting the time it takes from contract to closing. There is a growing lag time between the pending home sales and closed sales. Traditionally, sales close one to two months after a contract is signed.

In the past month, we’ve heard from a number of REALTORS® that the appraisal process is taking longer.

The appraisal issue is a bit complicated. For instance, distressed homes often are selling for 20 percent less than normal homes in the same area. (In May, distressed properties accounted for almost a third of all existing-home sales.) But some appraisals don’t distinguish between traditional homes and distressed properties.

In many cases appraisers from outside the area are being used. They are hired by large, national lenders, perhaps with little knowledge about a local real estate market. The intentions of the new appraisal rules were to improve accuracy by removing undue pressure for inflation valuations. But the pendulum may have swung too far in the other direction, leading to unintended negative consequences, including consumers paying higher fees, and appraisers receiving lower compensation.

Another consequence is a “lower quality” of appraisals – many appraisers themselves (and REALTORS® as well) have indicated to me that they’ve seen lower quality of appraisals because those appraisals do not take into consideration unique housing features. The result of all of these “unintended consequences” from the new appraisal rules: the housing market recovery being unnecessarily delayed.

(More details about the new appraisal rules, current legislation under consideration and NAR’s efforts on this issue are available at www.realtor.org. The Association also has a “blog” on which you can share your concern and latest experiences with the new appraisal rules.)

All real estate is local and appraisals should be done by an expert with local expertise. Speedy clarification of the appraisal rules could smooth a housing market recovery and support the overall economy. NAR is currently conducting a study to assess the degree to which new appraisal rules are impacting home sales. And NAR is working with policymakers to ensure that appraisals are conducted so that home buyers and sellers can conduct their transactions with REALTORS® in a cost-effective and time-efficient manner.

So let’s declare a bit more of our independence – and freedom from restrictive rules that are holding back a vigorous housing recovery. Only when that happens will we be free from the reins – and the reign – of our recession.

This table reflects data available through July 3rd of 2009.

| Monthly Indicator | Recent Statistics | Likely Direction Over the Next Six Months | Forecast |
|---|---|---|---|
| Existing Home Sales r2.4% in May to a seasonally adjusted annual rate of 4.77 million units. The inventory of existing homes available for sale fell to 3.80 million units – a 9.6 month supply at the current sales pace. The national median sales price for an existing home was \$173,000 in May, a 16.8% decline from the price registered a year ago. | May 09 4,770 Apr 09 4,660 May 08 4,950 | ↑ | Momentum building and broadening to more geographic regions |
| New Home Sales slipped in May, posting a seasonally adjusted annualized rate of 342,000 units. The pace is 0.6% off the revised April level of 344,000 units, and 32.8% below the level registered in May of 2008. New home inventory continued to decline, with 292,000 units available for sale at the end of May – a 10.2 month supply at the current sales rate. | May 09 342 Apr 09 344 May 08 509 | ↓ | Very few spec home sales |
| Housing Starts rose in May to a seasonally adjusted annualized rate of 532,000 units – a 17.2% increase from April’s level, but 45.2% off the level in May of 2008. Single-family starts increased 7.5% from the previous month. Building permits – generally a reliable indicator of future starts – also rose in May – by 4.0% – but were still 47.0% down from their level a year ago. | May 09 532 Apr 09 454 May 08 971 | ↓ | Recovery taking hold only from 2010 |
| Housing Affordability continues to be at historic highs. NAR’s housing affordability index (HAI) in May posted a reading of 171.6 – down from April’s record-setting level of 178.8, but well above the 129.8 index registered in May of 2008. Affordability has been consistently above the 170.0 mark since the beginning of the year. | May 09 171.6 Apr 09 178.8 May 08 129.8 | ↔ | Very high already |
| Mortgage Rates remain at historic lows. The average rate on a 30-year fixed mortgage loan was 5.42% in June. While an increase from May’s average rate of 4.86%, it is well below the 6.32% average in June of 2008. As the economy begins to turn the corner, look for mortgage rates to inch upward although remaining well below 6% for the foreseeable future. | June 09 5.42% May 09 4.86% June 08 6.32% | ↑ | Could spike if inflation appears |
| Employment The job market continues to hold back any meaningful “quick start” to the economic recovery. Employers cut 467,000 payrolls in June. Businesses will continue to hold back on hiring until the credit markets loosen up and they are convinced that the economy is moving in the right direction. | June 09 -467 May 09 -322 12-month total: -5,664 | ↓ | Tough job market in 2009 |
| Economic Growth GDP growth in the first quarter declined 5.5% (SAAR) – slightly better than earlier estimates. This is the third and final estimate of GDP based on more complete data. Among the factors “raising” the GDP figure was the level of imports which dropped significantly more than earlier estimated. Consumer spending increased 1.4% – the highest it has been in almost two years. | 2009:I -5.5% 2008:IV -6.3% 2008:I -1.0% | ↑ | Sluggish rebound |

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