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Contact: Chris Sexton Chris@ChatRealtors.com (423) 698-8001

Sales Tick Up for the Year but Buyers Continue to Hold Off

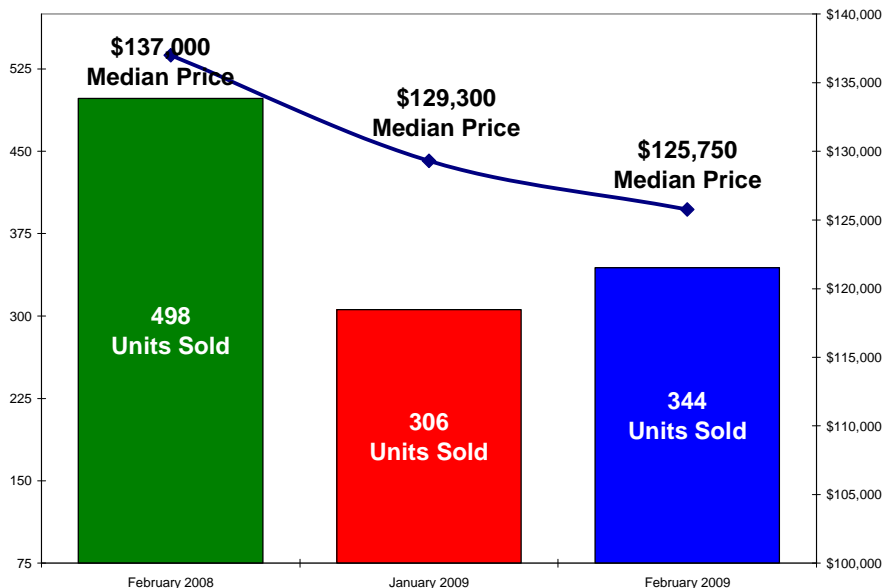
CHATTANOOGA, TN – March 23, 2009 – The local real estate market continues to underperform and favor buyers according to data released by the Multiple Listing Service (MLS) of the Chattanooga Association of REALTORS®. In February of this year, the Southeast Tennessee and Northwest Georgia area saw the sale of 344 residential units, an almost 31 percent decrease compared to the same month in the previous year.

Though down from the 2008 numbers, the February figures are up 12 percent from January this year. Historically, softer sales numbers are always seen in the opening months of the year but the extension of the economic challenges and depleted consumer confidence continues to weigh down on the real estate market. With the spring and summer months being the strongest sales period for buyers, REALTORS® hold out hope for a continued upsurge in sales activity.

“There is plenty of opportunity here in the greater Chattanooga region but people are being swayed by economic uncertainty and assuming they can’t get a piece of their American Dream,” said Nickie Schwartzkopf, President of the Chattanooga Association of REALTORS®. “The news of job losses, stock market ups and downs and banks lending standards tightening is making people pause on any purchase of big ticket items, but for those who have the wherewithal should embrace this market now or they could likely regret it in five to 10 years.”

“In light of the economic environment we can see why buyers are on the fence but we encourage people to see housing as a long term investment with the current local market showing some positive conditions people need to investigate and understand,” explains Kathy Tucker, MLS President. “The housing stock is full, sellers are motivated and pricing their homes appropriately. And interest rates are extremely low, making mortgage payments even more affordable. If you do your homework you’re going to be pleasantly surprised.”

Statistical Comparison



In terms of market affordability, a key indicator can be seen in the local median home price, which is the price that half of all units sell for more and half sell for less. For the month of February, the local median home price was \$125,750. That represents an 8 percent drop from the same time one year earlier and a 2.7 percent drop from the median price reported last month.

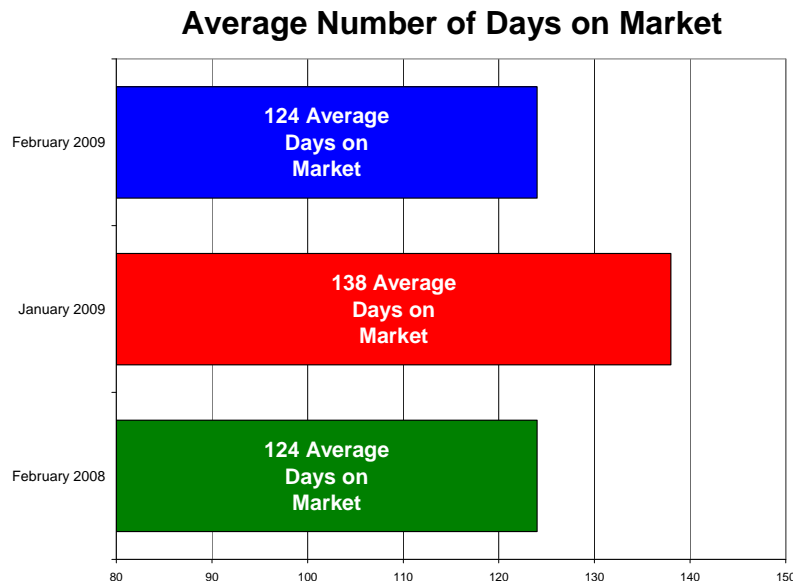
The greater Chattanooga area's affordability is particularly evident when compared to the national aggregate median price of \$165,400, as released by the National Association of REALTORS®. Median home prices have been brought down in recent months because of the higher number of foreclosures, increased activity in short sales and sellers in the highest priced markets setting more realistic pricing points since the calming of the unsustainable real estate boom.

"Affordability is a huge selling point throughout the region and it allows buyers to find they really do get more house for their dollar. Plus, funding for a loan is still available. Yes, banks have tightened their lending standards but they're still making loans, and at some very attractive rates," adds Schwartzkopf.

"We enjoyed some great years in real estate but the local market is not completely stalled; you're still seeing families grow, new career opportunities arise and so many other factors that truly dominate the reasons why people make moves in real estate. As more jobs move to the area and renewed confidence in the economy takes hold we will see an even better outlook for our real estate market," admits Tucker.

"While we are all dealing with the lack of consumer confidence and want a return to stronger economic certainty, we are encouraging our clients to investigate what's actually out there and not be overly influenced by the negatives so many are focused on. For instance, the \$8,000 first-time homebuyer tax credit should be turning renters and those who don't own homes into new buyers who can start building that nest egg for their future," contends Schwartzkopf.

In terms of the number of average days on the market, February 2009 and 2008 matched with 124 days but is fewer than experienced in January of this year by 10 percent, or two weeks. With the lack of confidence and rising inventory, the number of days on market continues to stay around the four to five month range.



The Chattanooga Association of REALTORS®, the region's premier voice for real estate, is made up of about 1,700 real estate professionals engaged in every aspect of real estate throughout Southeast Tennessee and Northwest Georgia. Those interested in the region's real estate market can visit www.RightTimeRightMarket.com, an informative Web site with up-to-date information about the state of the Northwest Georgia and Southeast Tennessee real estate market while also offering helpful tips on buying or selling a home, information on renting versus owning a home, information on the temporary tax credit for first-time homebuyers, and area facts for those relocating or retiring to the greater Chattanooga area.