



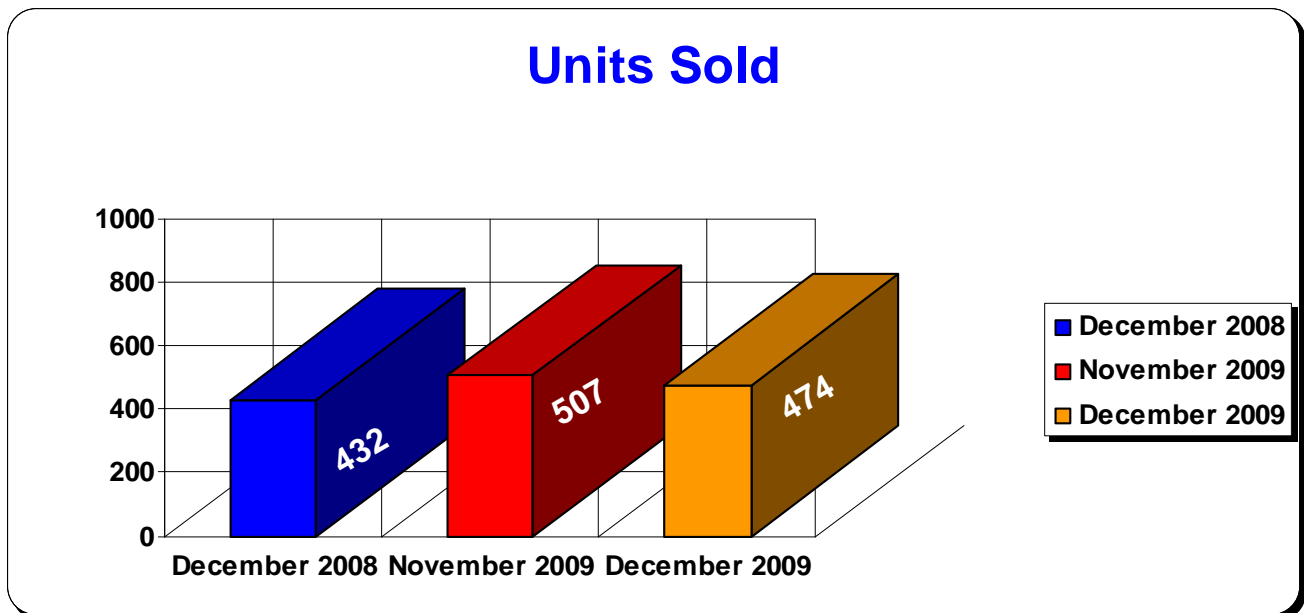
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HOME SALES SHOW SMALL DECREASE FROM NOVEMBER GAIN OVER 2008 SAME-MONTH SALES SHOWS SIGNS OF CONTINUED REBOUND

CHATTANOOGA, TN – January 25, 2010 – The local real estate market witnessed a slight, drop in December in the number of homes sold, according to data released by the Multiple Listing Service (MLS) of the Chattanooga Association of REALTORS®. In December of 2009, Southeast Tennessee and the Northwest Georgia area saw the sale of **474** residential units, a **6.5%** decrease compared to the previous month's sales, but a marked improvement over 2008, showing a **9.7%** increase over the same monthly period of a year ago.

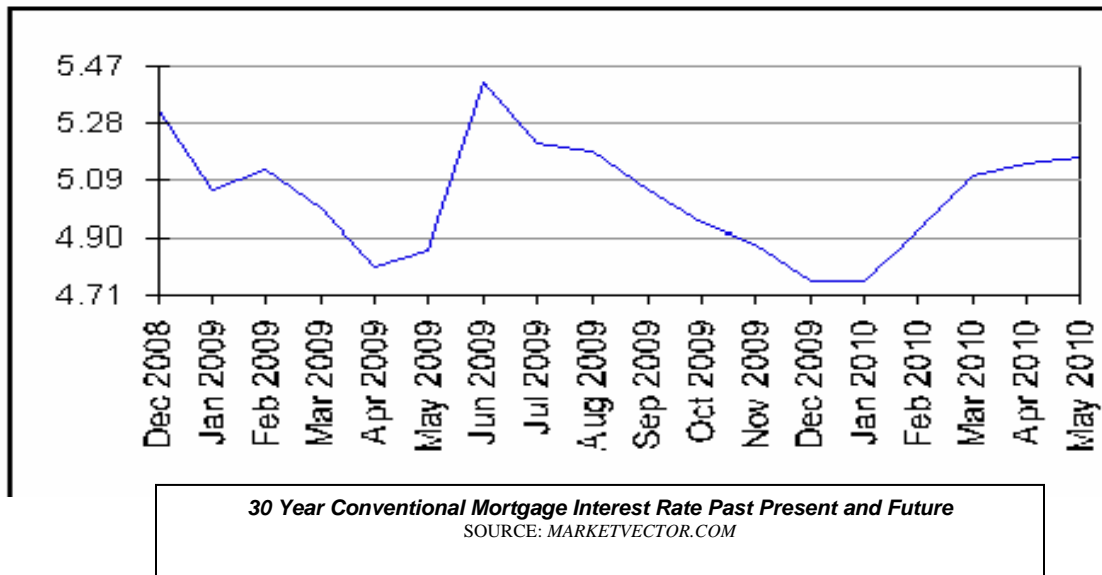
Randy Durham, the incoming President of the local Association, said a drop was not unexpected. "It will be at least early spring before we see notable gains in sales activity as home buyers respond to the recently extended and expanded tax credit," he said. "Pending home sales are now becoming comfortably above year-ago levels, and that shows the market has gained sufficient momentum on its own. We expect another surge in the spring as more home buyers take advantage of affordable housing conditions before the tax credit expires." He was quick to add, "I'm not taking away any feeling at all of a decrease in momentum. A review of Decembers in the past shows that we are now returning to our normal expectations, and away from some of the aberrational numbers seen in the middle of the past decade."



Chattanooga Area MLS President, Bobby Teems believes that unemployment rates will continue to be another key factor in the recovery. "I was very pleased to note that unemployment in our area has dropped a full tenth of a point to 8.8% in just the past month alone," he said. "But", he added, "the staggering levels of both the deficit and the total national debt we're piling up are going to cause both near and long term difficulties if we cannot get federal spending under control".

The general consensus among market economists seems to be that interest rates will start to rise, but not until the year progresses further.

NAR Chief Economist, Dr. Lawrence Yun has stated that Interest rates are likely to go higher. Yun projects an additional 900,000 first-time buyers will qualify for the extended tax credit, in addition to about 2 million who have already purchased along with about 1.5 million repeat buyers who are also expected to benefit from the credit.

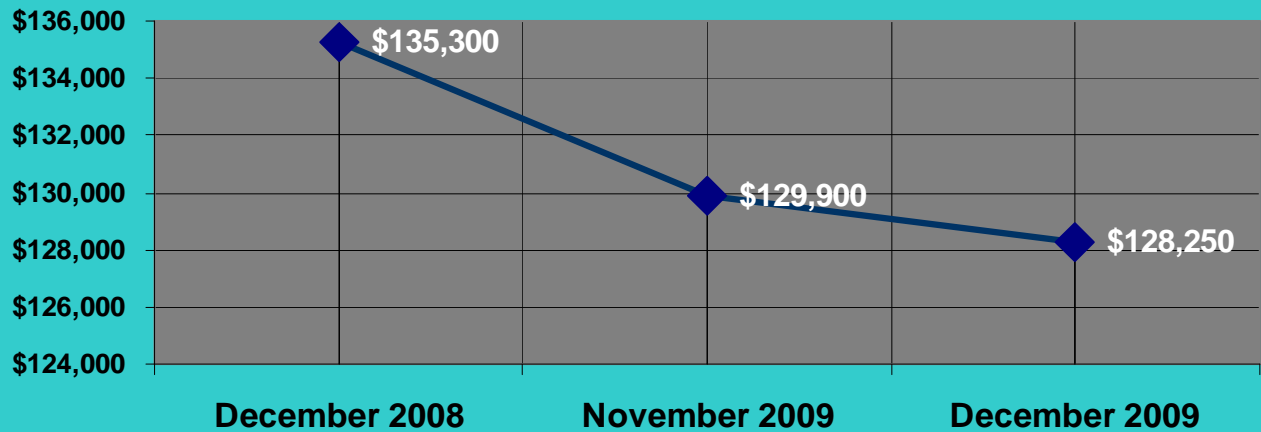


“Many trade-up buyers, who have historically timed their purchase based on school-year considerations, will have to accelerate their buying plans if they need the tax credit to make a trade,” Yun said. Repeat buyers do not have to sell their existing home to qualify for the credit, but they must occupy the home they buy as their primary residence. But the tax credit impact in the first half of the year and expected job-growth impact in the second half will support home buying activity and absorb enough inventory to bring a rough balance between buyers and sellers. Home prices are expected to stabilize or even modestly rise as 2010 moves forward.

One top economist from Raymond James & Associates has provided a similar view of the 2010 Economic Outlook. Noted expert, Scott James has said that the economic expansion should continue in 2010, but at a moderate pace as the economy continues to work through financial difficulties. The outlook for 2011 is more clouded as the Bush tax cuts are scheduled to sunset at the end of 2010. The key factor in the growth outlook will be bank lending to consumers and small businesses. Credit should loosen over time. Conditional on an elevated unemployment rate, a subdued inflation trend, and well-anchored inflation expectations, the Federal Reserve is expected to keep short-term interest rates at exceptionally low levels well into the second half of next year and probably won't start raising rates until 2011.

Affordability is a key indicator – and often the decisive factor - in both the pace and depth of the market dynamics shaping home sales. In the Greater Chattanooga and Northwest Georgia area, this 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.

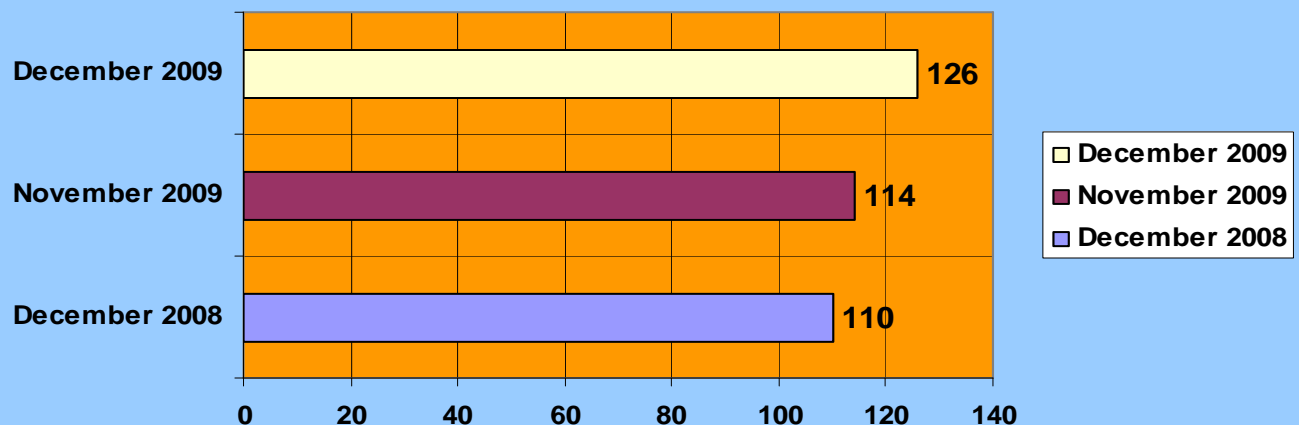
Median Price



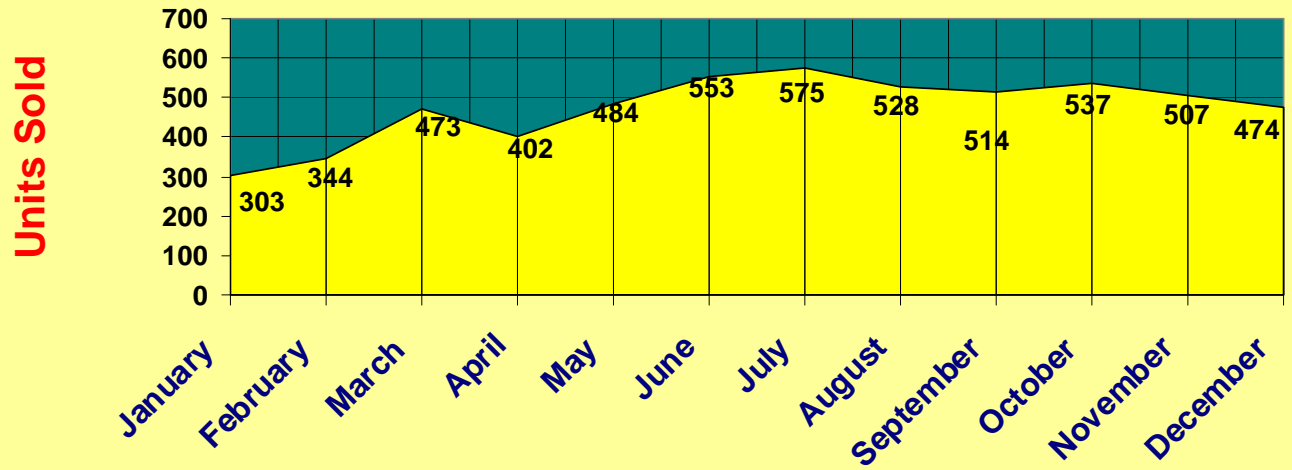
For the month of December, the local median home price was **\$128,250**. That represents a decrease of **5.2%** from the same period one year earlier and a small decrease of **1.3%** from the median price reported the previous month. REALTORS® are quick to point out that it continues to represent a continuing trend of real affordability, and that price sensitive buyers should strongly consider purchasing now, and avoiding the inevitable increases in an improving market.

The average number of days on the market showed a slight increase, attributed to the busy period of any holiday season. From recent highs (above 130 days), the average is now showing **126** days, which has not been interpreted as showing any significant trend.

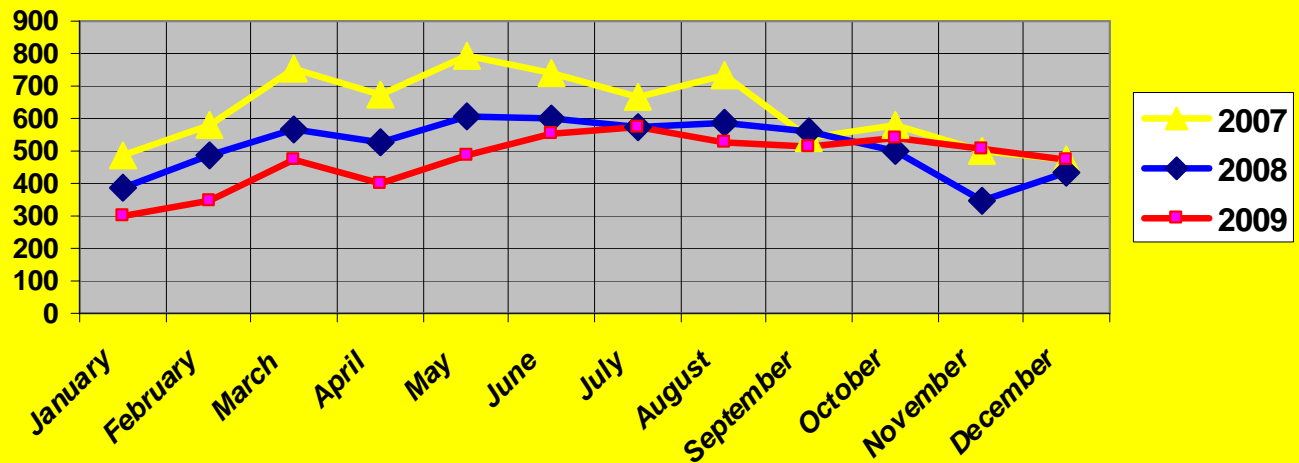
Average Days On Market



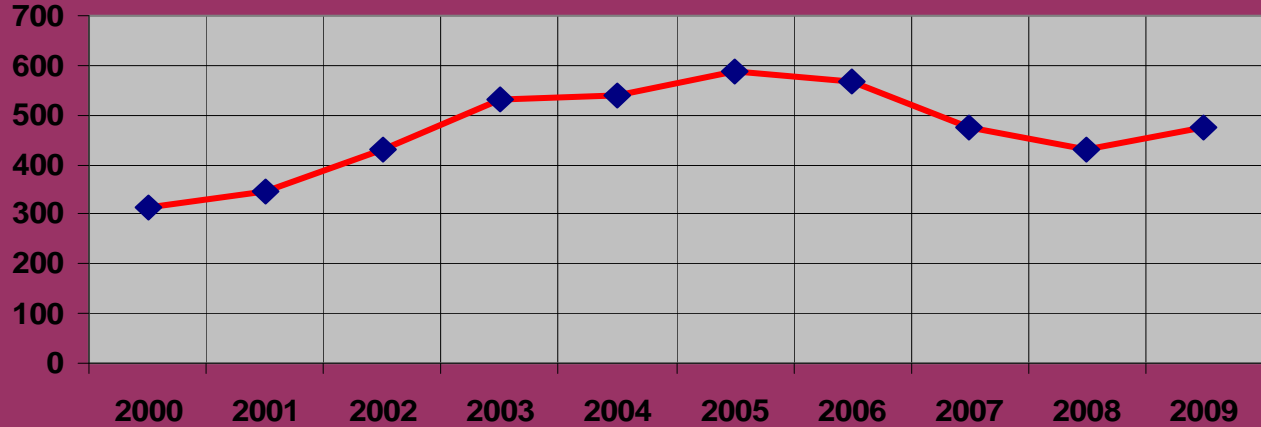
2009-At A Glance



A Three Year Comparison



A Decade of Decembers



The Chattanooga Association of REALTORS[®], the region's premier voice for real estate, is made up of 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

STATISTICAL SOURCES: U.S. Department of Labor (BLS.GOV); U.S. Department of Housing & Urban Development (HUD); State of Tennessee (TennesseeAnytime.org); Hamilton County (HamiltonTN.gov); City of Chattanooga (Chattanooga.gov); MarketVector.com; RaymondJames.com; Bankrate.com; RealEstateABC.com; REALTOR.ORG; Chattanooga Association of REALTORS[®] MLS; and other sources deemed, but not guaranteed, to be reliable.

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