



CHATTANOOGA
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3rd Quarter
Regional Residential Market Conditions

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Area Sales Soften in Third Quarter

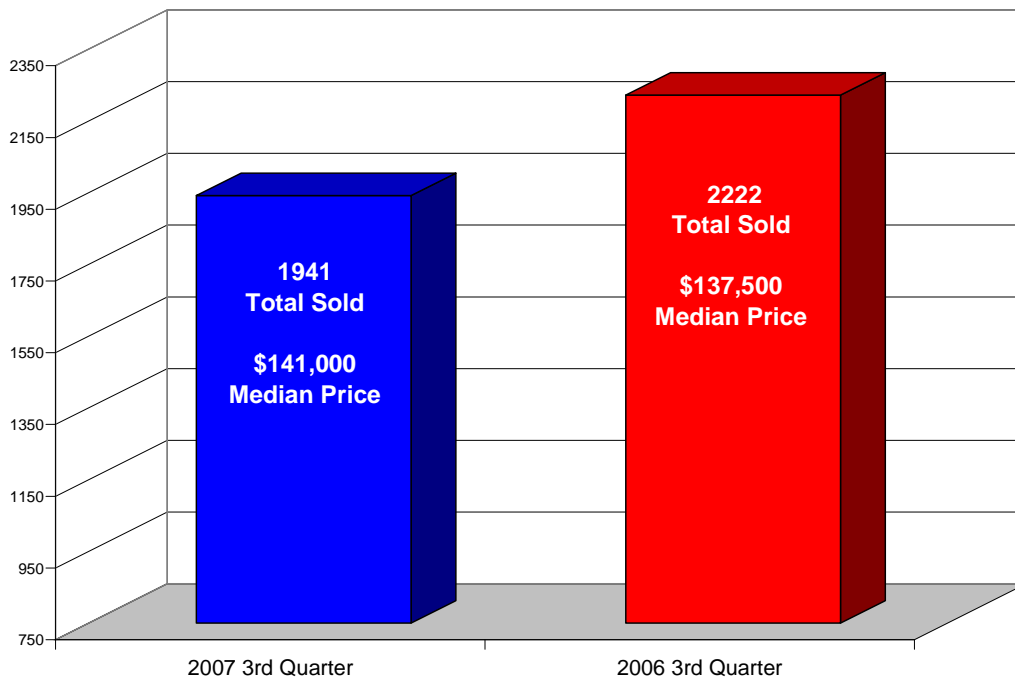
Market Fundamentals Remain Strong: It's A Great Time To Buy

Area residential sales were slowed in this year's third quarter according to figures released by the Multiple Listing Service (MLS) of the Chattanooga Association of REALTORS®. Though down, the regional real estate market remains healthy with current conditions continuing to favor buyers.

While the figures released show a 14.5 percent decline from this same time in 2006, it is important to note that last year was a record setting real estate year for the greater Chattanooga area. Compared to the second quarter of 2007, there is 13.6 percent drop in sales, though the second quarter often outperforms the third, including the 9.4 percent decline experienced from the second to third quarter in 2006. Third quarter sales in 2007 did outpace this year's first quarter by about 7 percent.

“Yes, 2006 was a record breaker for us locally,” said Jason Farmer, President of the Chattanooga Association of REALTORS®. “But by no means has 2007 been a disastrous year, in fact it's been fairly positive. Unfortunately consumers are being bombarded by confusing and conflicting real estate stories. What needs to be understood is that all real estate is local and it's dangerous to be influenced by national reports.”

3rd Quarter Comparison 2006 vs. 2007



	2006 3rd Quarter	2007 3rd Quarter
Sold	2,222	1,941
Median Price	\$137,500	\$141,000

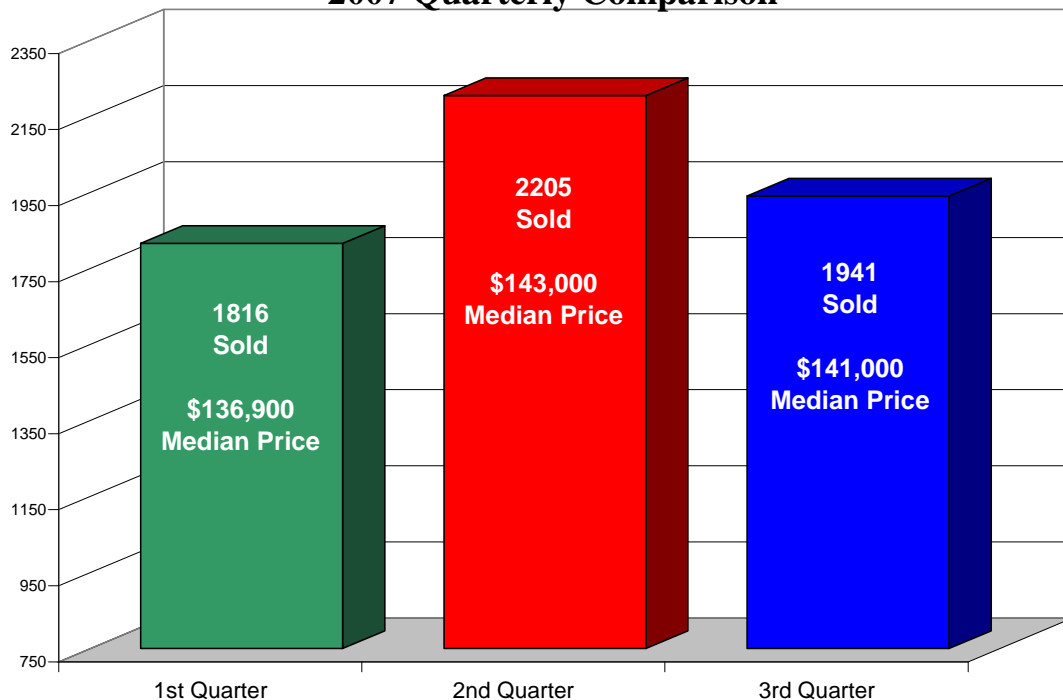
National stories, however, are impacting the way buyers, sellers, and investors are approaching real estate. Consumer confidence in real estate has been shaken with more homes being listed for sale and sitting on the market longer, problems with mortgage delinquencies and defaults, and perplexing home prices. Still, for those who are looking at buying and selling will find a positive local market.

“The fundamentals are solid here in our region. Once we regain our confidence in the value and importance of real estate in this country, we’ll start seeing activity pick up again,” contends Dan Griess, President of the area REALTOR® MLS. “These numbers stem from the months the credit crunch and subprime debacle were most sobering. And despite what may be the perception, access to mortgages and funding is still widely available – and interest rates are at near historic lows.”

One local fundamental that has remained sturdy is affordability. While other areas experienced extreme, and often unrealistic, price increases during the housing boon over the past five or six years, the greater Chattanooga area was able to buck the trend and continues to remain one of the most affordable markets in the South.

Compared to the median home price figure – the price at which half of the homes sold for more and half sold for less – released by the National Association of REALTORS® of over \$211,000*, the local median home price ticked in at \$141,000 for the third quarter. This regional value is a respectable 2.5 percent increase over the \$137,500 median price for this same time last year and virtually unchanged from the second quarter in 2007. Singling out the North Georgia area, the third quarter median price rose over 5 percent from the year prior.

2007 Quarterly Comparison



	2007 1st Quarter	2007 2nd Quarter	2007 3rd Quarter
Sold	1,816	2,205	1,941
Median Price	\$136,900	\$143,000	\$141,000

* Projected figure

Nationally the median price has endured several periods of declines as pricing realism works its way back into those markets that witnessed the skyrocketing prices seen in places like Las Vegas, Miami, San Francisco, and New York. Conversely, and one of the positives of real estate in Southeast Tennessee and Northwest Georgia, this has been a steady market and immune from the drastic highs and lows, providing relatively sound returns for sellers.

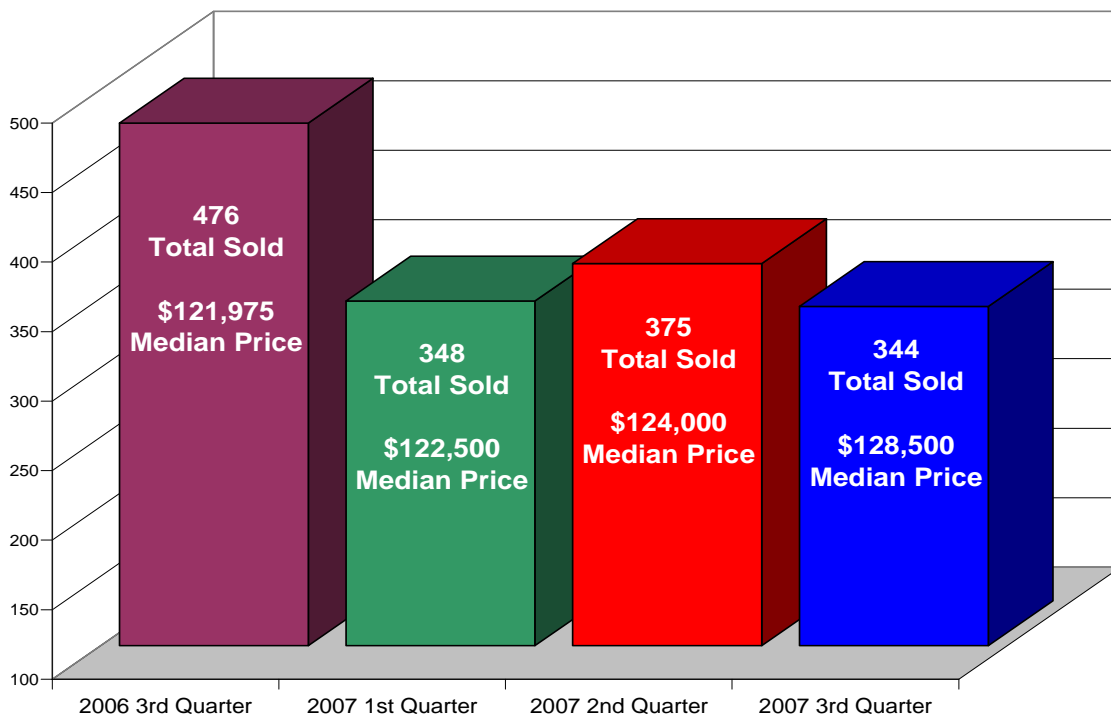
“Right now is a great time to buy! This is a great market and the issues plaguing other markets are just not present,” adds Griess. “While inventory remains high, it actually provides more options and some great deals for buyers and investors. Serious people can see that real estate remains strong.”

“You can go ahead and try and guess what’s going to happen next week or even next year, but in five years you can either be wishing you had, or glad you did. This really is a great time to buy,” confirms Farmer.

Both Farmer and Griess point to changing demographics and new and expanding business opportunities as keys to regional growth in both the community and real estate market, which will also help home prices appreciate. One group that has gained a great deal of attention is that of retirees who are seeing the value and benefit of the Tennessee valley’s mild climate, low cost of living, and convenient geographical location. Yet with four generations of people in today’s workforce, demand will continue to be fueled by all segments of the population who understand homeownership is the cornerstone of the American Dream and a good long-term investment.

While third quarter numbers may be softer than last year, the fundamentals are sound and today’s buyers and sellers can find great opportunities and realize the dream of homeownership by working with a REALTOR® who understands the local market and will be a valuable asset in what is often an individual’s most significant transaction in their lifetime.

North Georgia Comparison



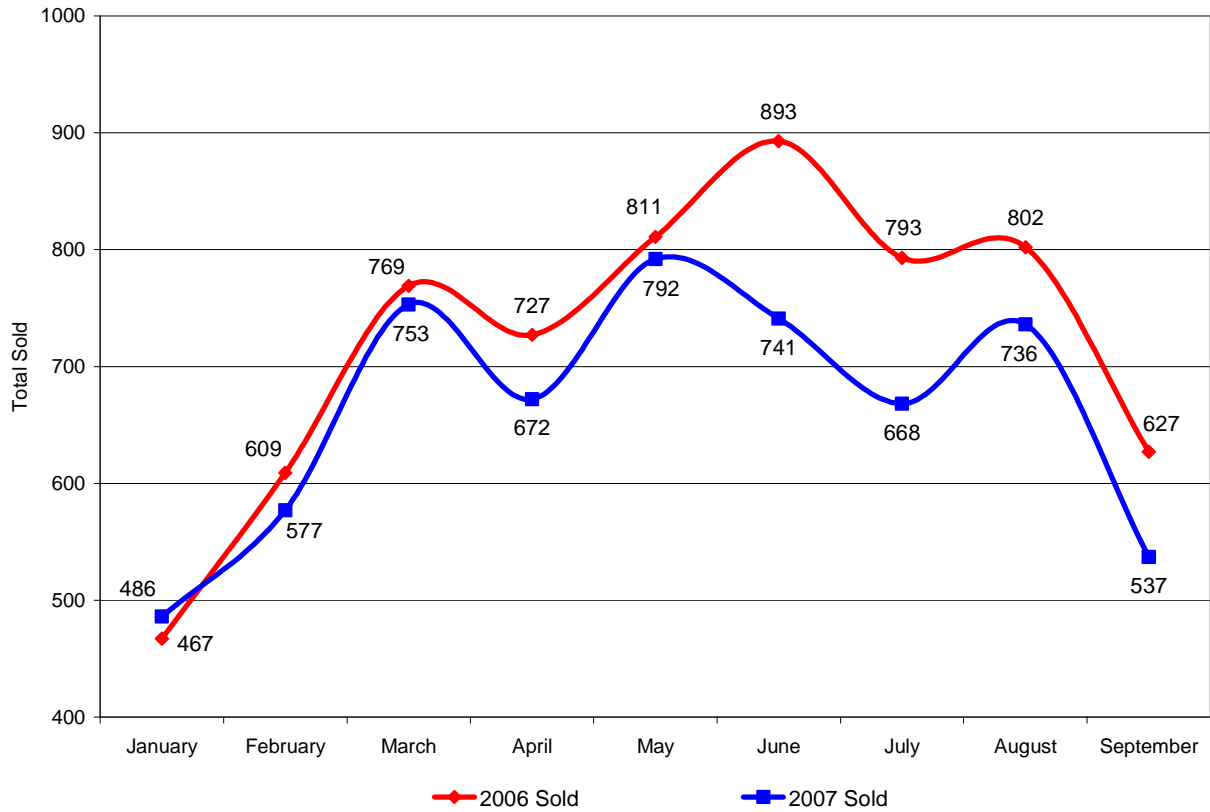
2007 3rd Quarter Data By Type

Price Class/Type	0-2 Bedrooms	3 Bedrooms	4+ Bedrooms	Multi Family	Condo Co-Op	Farms	Total Units
\$29,999 or Under	37	26	2	3	1	0	69
\$30,000 - \$39,999	20	17	3	1	3	0	44
\$40,000 - \$49,999	17	26	0	1	3	0	47
\$50,000 - \$59,999	18	25	5	4	2	0	54
\$60,000 - \$69,999	21	30	6	2	3	0	62
\$70,000 - \$79,999	22	37	7	1	4	0	71
\$80,000 - \$89,999	16	60	4	10	2	0	92
\$90,000 - \$99,999	15	64	3	2	2	0	86
\$100,000 - \$119,999	20	152	20	5	18	0	215
\$120,000 - \$139,999	15	175	19	4	14	0	227
\$140,000 - \$159,999	17	164	32	5	24	0	242
\$160,000 - \$179,999	11	107	31	1	8	0	158
\$180,000 - \$199,999	1	63	27	3	7	0	101
\$200,000 - \$249,999	4	81	45	1	18	0	149
\$250,000 - \$299,999	4	41	62	0	10	0	117
\$300,000 - \$399,999	5	25	67	1	8	2	108
\$400,000 - \$499,999	0	9	28	0	4	1	42
\$500,000 - \$749,999	1	4	34	0	3	0	42
\$750,000 - \$999,999	0	1	5	0	1	0	7
\$1,000,000 - \$1,249,999	0	0	3	0	0	0	3
\$1,250,000 - \$1,149,999	0	1	1	0	0	1	3
\$1,500,000 - \$1,999,999	0	1	0	0	0	0	1
\$2,000,000 - \$2,999,999	0	0	1	0	0	0	1
\$3,000,000 or Over	0	0	0	0	0	0	0
Total Types	244	1109	405	44	135	4	1941
Median Price	\$73,000	\$133,000	\$248,700	\$91,000	\$155,450	\$467,000	\$141,000

2007 3rd Quarter Data By MLS Area

MLS Area	Total Sales	Median Price	Average Days On Market
01 - Tiftonia - Lookout Valley - Elder Mountain	18	\$232,500	105
02 - Downtown-St.Elmo-High Park-Avondale-Miss Ridge	132	\$44,025	103
03 - City of East Ridge	89	\$108,251	97
04 - Brainerd-East Brainerd	190	\$140,000	130
05 - Hwy 58 - city - Eastdale/Dalewood/Tyner	87	\$120,000	94
06 - N. Chatt-Mtn. Creek-Riverview-Rivermont	113	\$154,700	102
07 - Red Bank City Limits	40	\$115,500	67
08 - Hixson-Chatanooga City Limits	74	\$152,500	90
09 - Signal Mtn-Walden-Suck Creek	57	\$236,500	101
10 - Lookout Mountain	10	\$489,900	95
11 - Catoosa County	163	\$145,700	107
12 - Hwy 58/Harrison/Georgetown	50	\$143,750	104
13 - N Ham Co/Soddy/Bakewell/Sale Cr/Middle Valley	177	\$158,000	98
14 - Counties Other than Hamilton excluding GA	89	\$104,500	130
15 - Volunteer Site to Hunter Road	25	\$169,000	128
16 - E Brainerd county/Ooltewah	129	\$209,250	117
17 - Ooltewah/Snow Hill	61	\$216,000	120
18 - Collegedale Includes Apison	41	\$276,750	120
19 - Walker County	156	\$106,900	105
20 - Dade County	16	\$124,500	168
21 - All Other Georgia Counties	0	\$0	0
22 - Bradley County	121	\$144,050	83
23 - McMinn County	11	\$116,000	136
24 - Rhea County	39	\$119,900	138
25 - Alabama	22	\$105,000	126
26 - Whitfield	5	\$153,500	146
27 - Chattooga	4	\$113,500	66
28 - Sequatchie	19	\$116,256	179
29 - Marion	2	\$110,000	24
30 - Bledsoe	1	\$90,000	326
31 - Meigs	0	\$0	0
32 - Polk	0	\$0	0
Total	1941	\$141,000	108

Month-to-Month Area Sales 2006 vs. 2007



Month-to-Month Area Median Price 2006 vs. 2007

