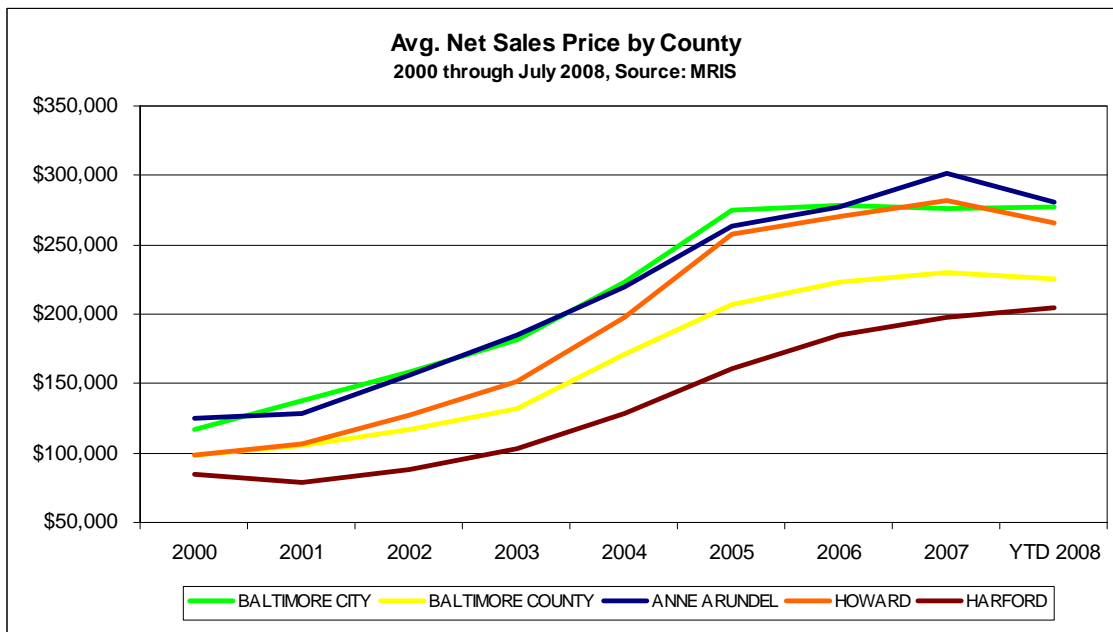
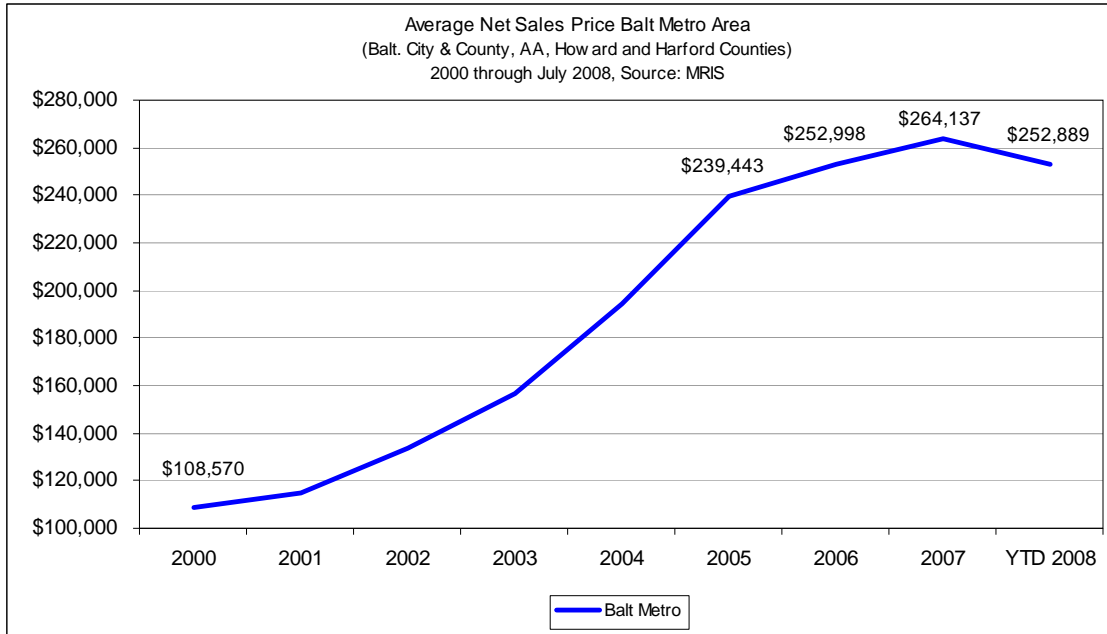


Baltimore Condo Market Update – August, 2008

The sales prices of condominiums and coops appear to be holding up better in Baltimore than many might think based on our recent analysis of thousands of transactions entered into the multiple listing service. We recently exported and analyzed every condo and coop transaction from 2000 through July of 2008 from MRIS (Metropolitan Regional Information System), which is the multiple listing service used by Baltimore area real estate agents. The jurisdictions included in the data analysis were Baltimore City, Baltimore County, Anne Arundel, Howard, and Harford.

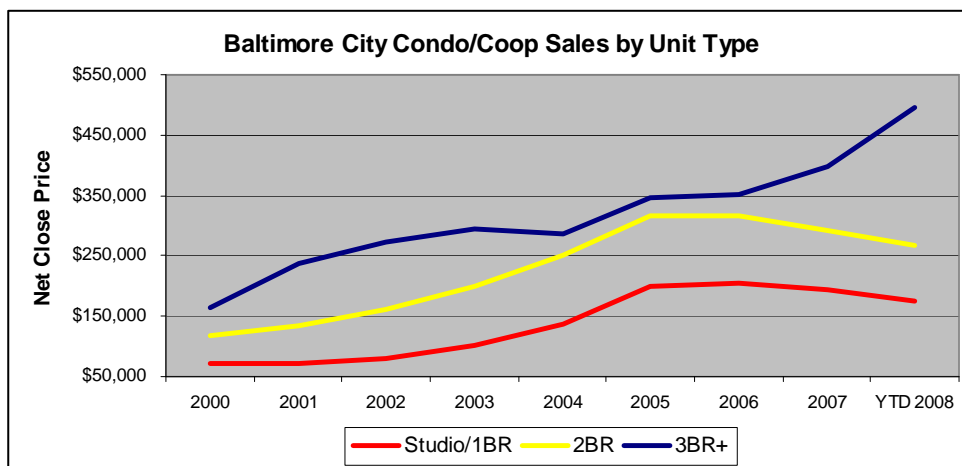
While everyone knows prices are not increasing like they were in the first half of the decade, sales prices for existing condominiums in and around Baltimore are not declining much on average. The average sales price for condos in Baltimore City was \$278,482 in July of this year, which is basically unchanged from \$278,417 in July of 2007. The prices used for this analysis are net of any seller subsidy (closing cost contribution, etc.). While the average sales prices can be somewhat erratic from month to month, the general trend is pretty flat. Even the metro area including the counties mentioned above has only shown a decline of 4.3% year-to-date through July compared to all of 2007 and this is mostly attributed to declines in Howard and Anne Arundel counties. And, this is after a 4.4% increase of the average metro area price in 2007.



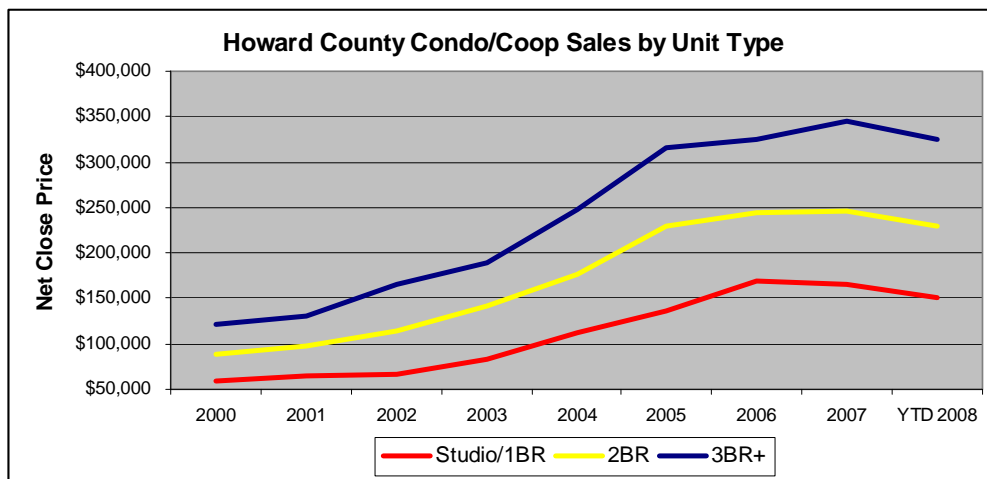
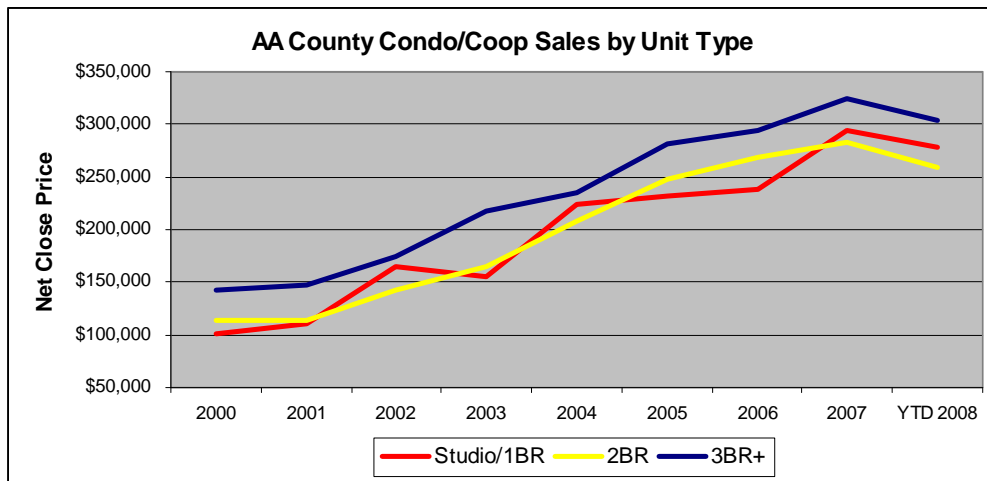
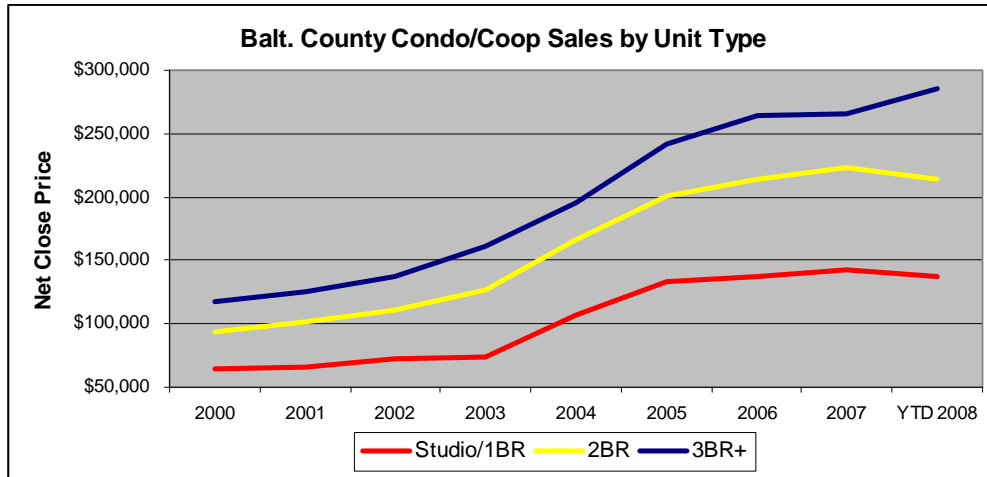


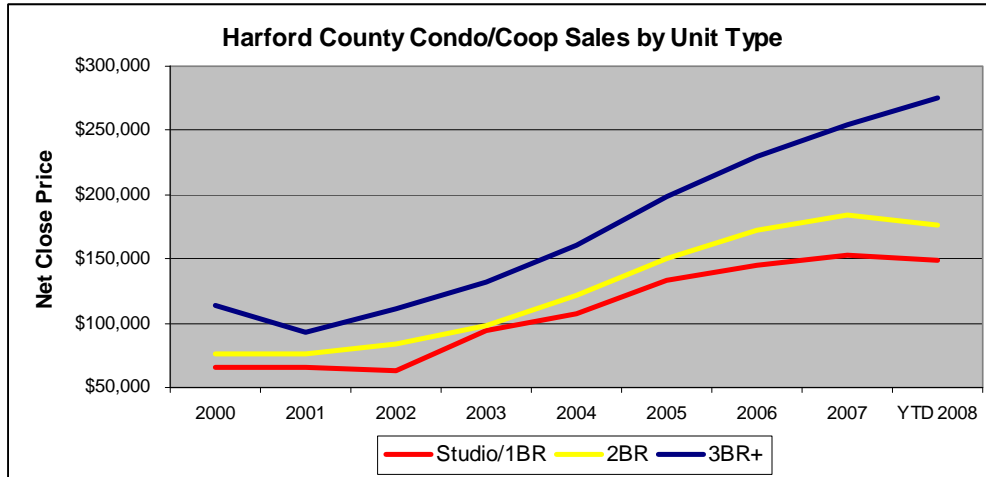
Baltimore City has held up better than some other jurisdictions perhaps due to rising energy prices encouraging people to live close-in and the general trend of downtowns being repopulated / new urbanism. Baltimore City pricing is actually UP slightly so far this year compared to all of 2007. And, Harford County has not declined on a yearly basis yet maybe because of the lower price points in general there.

An aspect of our analysis we found surprising was that sales prices for three-bedroom or larger condos/coops has continued to increase in Baltimore City, while two-bedrooms or smaller has decreased since 2006. We expected lower priced units to hold up in price better than larger and more expensive units due to the general affordability factor, but this has not been the case. One explanation may be that buyers of larger condos/coops may be less affected by tightening lending standards than the buyers of smaller and less expensive units. Apparently New York City is experiencing such a market dynamic, albeit at a different scale, according to this [New York Times article](#).



Such a trend is not uniform across jurisdictions though. Howard and Anne Arundel Counties have seen gradual declines across all unit types, not just studio, one-bedroom, and two-bedroom homes.





What does this all mean? The old mantra of “location, location, location” still holds true and maybe the media exaggerates negative aspects of the current housing market and prefers to ignore the positives. After all negative news seems to sell.

What do you think? Where are condo prices headed? Are there opportunities for modest appreciation in some neighborhoods? Are others headed for disaster? Chime in with your thoughts.

For more general sales price information you can visit the [Maryland Association of Realtors Housing Research Statistics website](#).

A few footnotes about our analysis and what makes up the data:

1. The data we analyzed came from MRIS and is for homes with condominium or coop ownership only. The data does include fee simple detached single family or row homes, but it could include townhouse style condos. The data also does not necessarily include every home sold by the owner without an agent or every new condo sold by developers.
2. The trends are not necessarily of the “same store” variety like the [S&P/Case-Shiller index](#), which compares the sales prices of the same exact homes and accounts for renovations, additions, etc. The Case-Shiller methodology is highly regarded; however, it does NOT include condominiums and coops nor does it include new construction. The idea is that if prices are down it may be because less valuable homes are trading just as if prices are up it may be because more valuable homes are trading when compared with an earlier period of time. Case-Shiller works to negate such discrepancies by pairing two sales of the same exact home.
3. We are not economists or statisticians, but we believe the numbers are meaningful when viewed in aggregate and the best available measure of condominium sales prices. We recommend you do your own research and due diligence when considering purchasing a home.

# CONDOAUTHORITY

EVERY NEW CONDO IN DC & BALTIMORE

AVG Net Close Price CloseYear	Jurisdiction						
	BALTIMORE CITY	BALTIMORE COUNTY	ANNE ARUNDEL	HOWARD	HARFORD	Balt Metro	
2000	\$ 116,561	\$ 98,735	\$ 125,459	\$ 98,610	\$ 84,795	\$ 108,570	
2001	\$ 137,424	\$ 105,491	\$ 128,349	\$ 106,771	\$ 78,706	\$ 114,634	
2002	\$ 158,022	\$ 116,654	\$ 156,574	\$ 127,464	\$ 88,584	\$ 133,792	
2003	\$ 181,235	\$ 131,861	\$ 185,276	\$ 151,443	\$ 103,254	\$ 156,807	
2004	\$ 223,623	\$ 171,017	\$ 220,027	\$ 197,375	\$ 128,046	\$ 194,556	
2005	\$ 275,536	\$ 207,075	\$ 262,901	\$ 257,405	\$ 160,621	\$ 239,443	
2006	\$ 278,828	\$ 222,740	\$ 277,461	\$ 270,328	\$ 184,771	\$ 252,998	
2007	\$ 275,731	\$ 230,060	\$ 301,669	\$ 282,140	\$ 197,122	\$ 264,137	
YTD 2008	\$ 276,947	\$ 225,099	\$ 281,063	\$ 265,707	\$ 205,056	\$ 252,889	

AVG Net Close Price CloseYear	BALTIMORE CITY % Change	BALTIMORE COUNTY % Change	ANNE ARUNDEL % Change	HOWARD % Change	HARFORD % Change	Balt Metro % Change
2000						
2001	17.9%	6.8%	2.3%	8.3%	-7.2%	5.6%
2002	15.0%	10.6%	22.0%	19.4%	12.5%	16.7%
2003	14.7%	13.0%	18.3%	18.8%	16.6%	17.2%
2004	23.4%	29.7%	18.8%	30.3%	24.0%	24.1%
2005	23.2%	21.1%	19.5%	30.4%	25.4%	23.1%
2006	1.2%	7.6%	5.5%	5.0%	15.0%	5.7%
2007	-1.1%	3.3%	8.7%	4.4%	6.7%	4.4%
YTD 2008	0.4%	-2.2%	-6.8%	-5.8%	4.0%	-4.3%

**Average Net Sales Prices of Condos/Coops by Jurisdiction**

AVG Net Close Price County	CloseYear	Home Types			
		Studio/1BR	2BR	3BR+	All
BALTIMORE CITY	2000	\$ 71,329	\$ 117,817	\$ 163,759	\$ 116,561
	2001	\$ 71,835	\$ 133,656	\$ 238,283	\$ 137,424
	2002	\$ 79,616	\$ 160,824	\$ 271,537	\$ 158,022
	2003	\$ 100,323	\$ 199,267	\$ 294,484	\$ 181,235
	2004	\$ 137,532	\$ 249,849	\$ 285,959	\$ 223,623
	2005	\$ 199,630	\$ 317,243	\$ 345,275	\$ 275,536
	2006	\$ 204,130	\$ 316,759	\$ 351,902	\$ 278,828
	2007	\$ 195,262	\$ 290,507	\$ 396,753	\$ 275,731
YTD 2008	\$ 174,737	\$ 268,658	\$ 495,430	\$ 276,947	

AVG Net Close Price County	CloseYear	Home Types			
		Studio/1BR	2BR	3BR+	All
BALTIMORE COUNTY	2000	\$ 64,681	\$ 94,248	\$ 118,105	\$ 98,735
	2001	\$ 65,538	\$ 102,105	\$ 125,517	\$ 105,491
	2002	\$ 73,125	\$ 110,856	\$ 137,682	\$ 116,654
	2003	\$ 74,304	\$ 127,210	\$ 161,557	\$ 131,861
	2004	\$ 106,988	\$ 165,953	\$ 195,605	\$ 171,017
	2005	\$ 133,183	\$ 200,528	\$ 241,377	\$ 207,075
	2006	\$ 137,545	\$ 214,577	\$ 263,980	\$ 222,740
	2007	\$ 142,487	\$ 222,903	\$ 265,143	\$ 230,060
YTD 2008	\$ 137,318	\$ 214,360	\$ 285,098	\$ 225,099	

AVG Net Close Price County	CloseYear	Home Types			
		Studio/1BR	2BR	3BR+	All
ANNE ARUNDEL	2000	\$ 101,428	\$ 113,326	\$ 142,798	\$ 125,459
	2001	\$ 110,987	\$ 113,398	\$ 147,607	\$ 128,349
	2002	\$ 165,448	\$ 142,590	\$ 174,029	\$ 156,574
	2003	\$ 155,761	\$ 164,230	\$ 217,587	\$ 185,276
	2004	\$ 224,266	\$ 207,324	\$ 235,776	\$ 220,027
	2005	\$ 232,610	\$ 247,078	\$ 281,278	\$ 262,901
	2006	\$ 238,522	\$ 268,056	\$ 294,007	\$ 277,461
	2007	\$ 294,546	\$ 282,798	\$ 324,940	\$ 301,669
YTD 2008	\$ 277,610	\$ 259,320	\$ 303,270	\$ 281,063	

AVG Net Close Price County	CloseYear	Home Types			
		Studio/1BR	2BR	3BR+	All
HOWARD	2000	\$ 59,758	\$ 88,447	\$ 120,859	\$ 98,610
	2001	\$ 64,900	\$ 97,551	\$ 131,118	\$ 106,771
	2002	\$ 66,655	\$ 113,810	\$ 164,788	\$ 127,464
	2003	\$ 83,290	\$ 141,233	\$ 188,546	\$ 151,443
	2004	\$ 111,947	\$ 176,919	\$ 247,567	\$ 197,375
	2005	\$ 136,826	\$ 229,505	\$ 314,978	\$ 257,405
	2006	\$ 168,840	\$ 244,605	\$ 324,962	\$ 270,328
	2007	\$ 164,757	\$ 246,362	\$ 345,134	\$ 282,140
YTD 2008	\$ 151,366	\$ 230,039	\$ 324,849	\$ 265,707	

AVG Net Close Price County	CloseYear	Home Types			
		Studio/1BR	2BR	3BR+	All
HARFORD	2000	\$ 65,237	\$ 76,341	\$ 113,949	\$ 84,795
	2001	\$ 65,150	\$ 76,051	\$ 93,420	\$ 78,706
	2002	\$ 62,418	\$ 83,463	\$ 111,317	\$ 88,584
	2003	\$ 94,589	\$ 97,551	\$ 132,324	\$ 103,254
	2004	\$ 107,829	\$ 121,088	\$ 161,219	\$ 128,046
	2005	\$ 132,693	\$ 150,557	\$ 197,875	\$ 160,621
	2006	\$ 145,380	\$ 172,584	\$ 229,999	\$ 184,771
	2007	\$ 152,674	\$ 184,658	\$ 254,968	\$ 197,122
YTD 2008	\$ 148,780	\$ 176,691	\$ 274,688	\$ 205,056	