

The Chairman's Report

A Message from Lawrence F. Flick, IV, Chairman and Chief Executive Officer
Prudential Fox & Roach, REALTORS® and The Trident Group



FALL/WINTER 2012

REGIONAL EDITION: SOUTHEASTERN PENNSYLVANIA



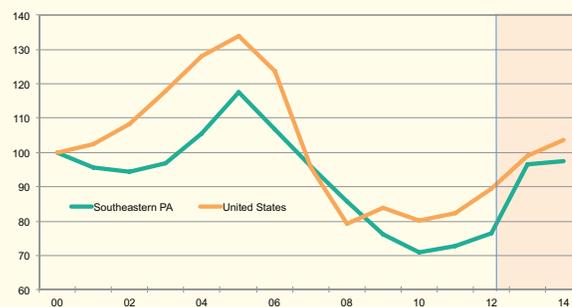
IT'S REAL ... IT'S NOW!

Have you noticed that conversations about real estate have changed...for the better? Until recently, talk often focused on how bad the market was. And it's easy to see why — for the past five years, the news was dominated by price declines and slow sales. But no longer. The times have definitely changed! Now it seems nearly every day I hear from someone I know that they've just bought a home at a great price and unbelievably low interest rate. And considering how many homes have sold so far this year, the odds are that you also know at least one person who is thrilled with a recent home purchase.

IT'S REAL!

The increase in the recent number of home sales is not an anomaly. It's now crystal clear that our real estate market has turned the corner. The bottom of the market was last year. In fact, Trend Multiple Listing Service shows an increase in the number of year-over-year pending sales every month since April 2011.

The number of homes sold hit bottom in 2010 and has been rising steadily since then:



Existing Single-Family Home Sales % Change

2000=100 • Sources: NAR, Census Bureau, Moody's Analytics

The real estate boom in the last decade created an unrealistic notion that the value of owning a home was purely a short-term financial investment. Many homeowners grew to expect double-digit yearly appreciation and some even came to view their homes as personal ATMs, ready to dispense cash on demand. But five consecutive years of a declining real estate



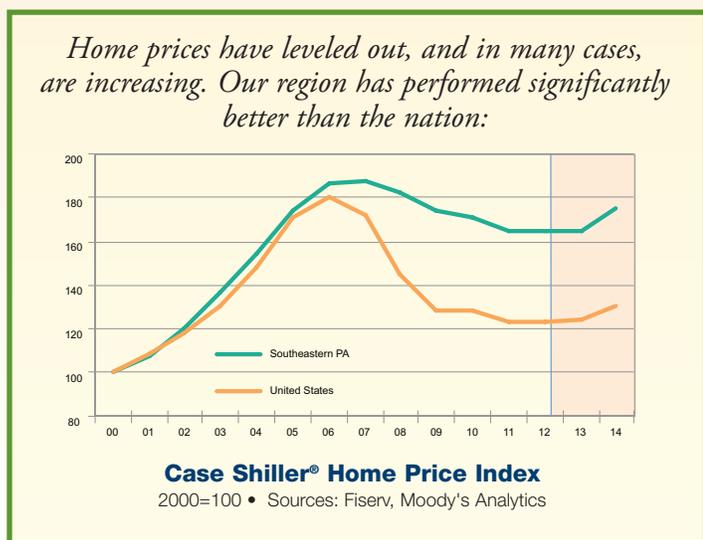
Prudential
Fox & Roach, REALTORS®



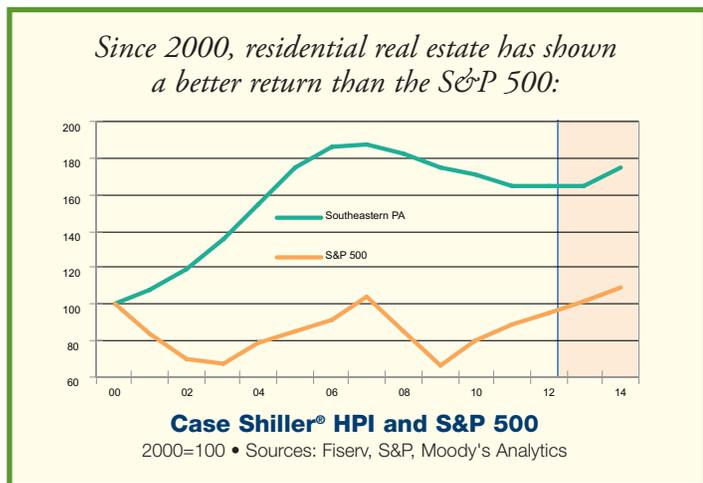
The Trident
Group

market have prompted a reevaluation of the reasons for owning a home. We've returned to the basics: homeownership is again a key part of the American Dream, motivated by a desire for stability and what we think is best for our families. It's a way to put down roots in a community and to say "this is who I am" to the world.

Home prices have leveled out, and in many cases, are starting to rise. And it's not just our region that's experiencing an upturn. Markets all around the country are up. Even the Case Shiller Home Price Index, previously the source of reports of severe price depreciation in the hardest hit markets, shows positive increases for the past two quarters.



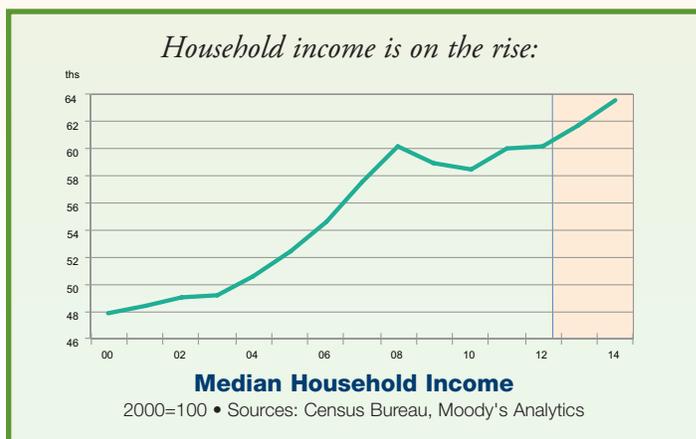
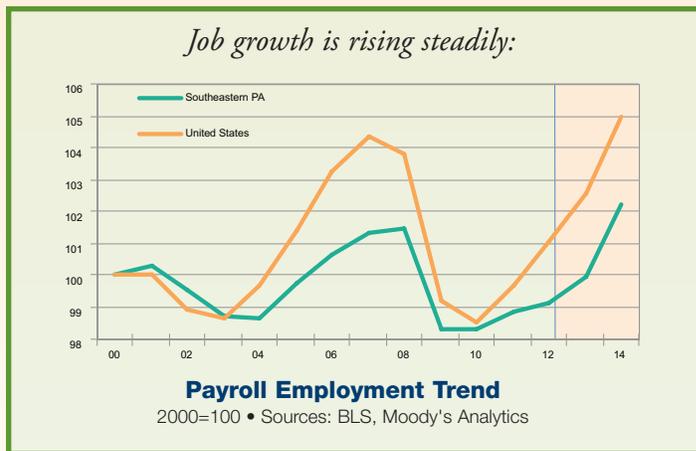
And beyond this immediate need and desire, homeownership remains a strong long-term investment over time.



ECONOMIC TRENDS

The improvement in the real estate market is part of a broader trend of economic improvement. Slowly but surely, our overall economy is improving.

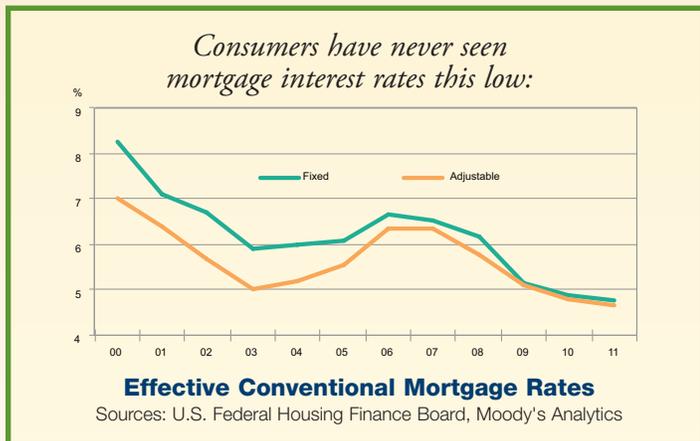
The data clearly shows that this market is real. It's therefore not surprising we know someone who has decided that yes, the time is right to buy or sell their home!



IT'S NOW...

Now *is* an ideal time to buy or sell a home. The charts show that prices are as low as they are going to be for the foreseeable future. But another important aspect of this positive environment is interest rates. Even experienced Realtors have never seen rates this low at any point in their career. The great news is that for buyers, the combination of the lowest house prices and rock-bottom mortgage interest rates combine to create an optimal opportunity to purchase a new home.

The great news is that for buyers, the combination of the lowest house prices and rock-bottom mortgage interest rates combine to create an optimal opportunity to purchase a new home.



IT'S REAL FOR SELLERS, TOO

Sellers are taking advantage of this turnaround. They see that buyers who have delayed a purchase are now searching seriously. But sellers must recognize that this current activity is different from those of the boom years, when any "For Sale" sign usually brought a quick sale. Today's buyers are cautious and discriminating, so it is especially important that your home be priced right and ready to show from the moment you place it on the market. Think of listing your house as holding a Grand Opening — you want to make sure that it looks its best and is priced to sell when the very first potential buyer walks up to your front door.

Consumers who want to sell their house and "move up" to a new home get the best of both worlds. There are more potential buyers for their current house, and as buyers, they too will get the same benefits of affordable prices and great interest rates.

It's Real...It's Now. Take a close look at the data and consider your own personal circumstances. If you agree that it's an ideal time to buy or sell a home, then it's time to contact your Prudential Fox & Roach sales associate and your Trident Mortgage Company mortgage consultant today!

Lawrence F. Flick, IV
Chairman and Chief Executive Officer
Prudential Fox & Roach, Realtors® and The Trident Group

*Now is an ideal time to buy or sell a home...
prices are as low as they are going to be for the foreseeable future.*

AN INDEPENDENT VIEW



Joel L. Naroff, Ph.D. is the President and founder of Naroff Economic Advisors. He is a consultant to Prudential Fox & Roach, Realtors and The Trident Group. A nationally recognized economic forecasting expert, Joel was awarded the Lawrence Klein

Award for Blue Chip forecasting excellence and was the Bloomberg Business News top economic forecaster in 2008. In 2007, he received the National Association of Business Economists Outlook Award and was named the top economic forecaster by MSNBC in 2006.

Slow but steady seems to be winning the race. While the economy continues to expand at a much less than hoped for pace, there are signs that a corner is being turned. Job growth, though not nearly as strong as anyone would like, is coming back and the unemployment rate went below 8% for the first time. Manufacturing activity, which had slumped during the summer, is ramping up. Households are spending money again with retail and especially motor vehicle

sales rising solidly. And maybe most importantly, the housing market is becoming a leading light of the economy. Increasing demand for both new and existing homes is driving up prices and encouraging homebuilders to increase construction activity. While concerns such as the European recession and the uncertainty over the “Fiscal Cliff” remain a barrier to stronger growth, it looks like we can build momentum early next year if the election leads to a break in the Washington logjam.

The turn in housing has been developing for a while and it is likely to accelerate. The Federal Reserve has promised to drive down mortgage rates even further and will keep those rates down for a long time. That should bolster demand. The rising prices is important because those who hoped for even better deals and held out are now finding that the market is going in the opposite direction. The current low home prices and extraordinarily low mortgage rates make housing an unbelievable deal. As more and more people recognize that waiting will not get them a better deal, I expect sales and prices to rise even faster as we go through the rest of this year and especially during the first half of 2013.



Prudential
Fox & Roach, REALTORS®

The Trident
Group

