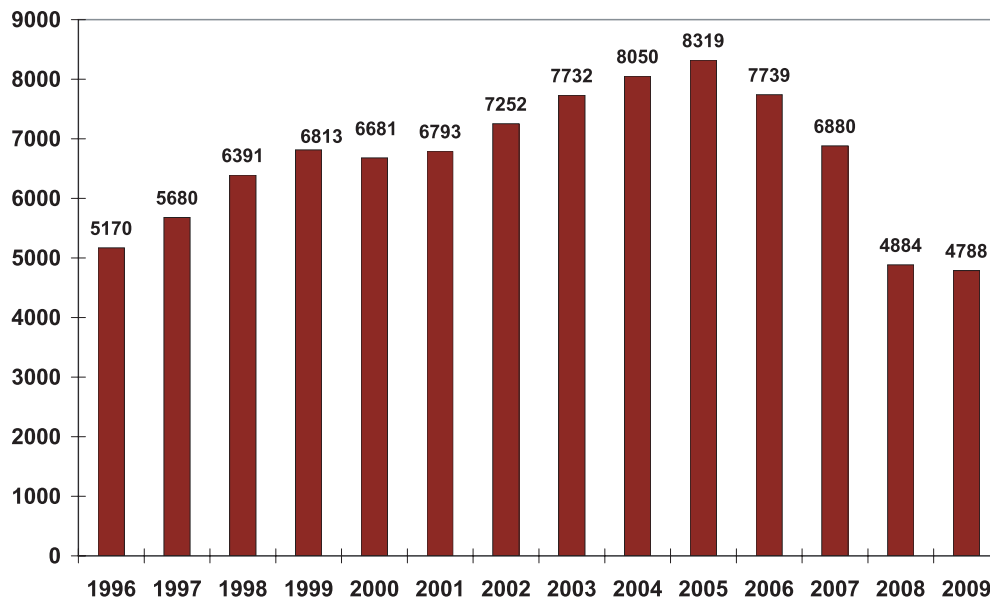


The 2009 New Castle County housing market experienced a 2% decline in the number of homes sold in comparison to the year 2008. The number of homes for sale declined by about 11% and the area experienced an average pricing correction of 7%. On a positive note, the number of pended properties or new contracts are 4% ahead of last year or 200 units. Since June 2009 the number of homes put under contract each month has outpaced the activity of last year in the same months by 18%. Good news not clearly evident in the year to date numbers. With the recent expansion and extension of the home buyer's tax credit through the spring market we may see this trend continue.

| Market Overview New Castle County , DE | Year 2009 | Year 2008 | % Chg |
|---|-----------|-----------|--------|
| Average Sales Price | \$240,784 | \$259,016 | -7.0% |
| Median Sales Price | \$217,000 | \$229,000 | -5.2% |
| Number of Sold Properties | 4788 | 4884 | -2.0% |
| Number of Pended Properties | 5017 | 4817 | 4.2% |
| Number of New Listings | 9345 | 11095 | -15.8% |
| Days on Market | 79 | 71 | 11.3% |
| % Original List Price to Sold Price | 92% | 94% | -1.4% |
| # of Homes for Sale | 3278 | 3673 | -10.8% |

NUMBER OF HOMES SOLD 1996 - 2009

Looking back at the sold housing data for the last thirteen years, 2009 has returned to the levels experienced during 1996 and has set a new record with the lowest number of homes sold.

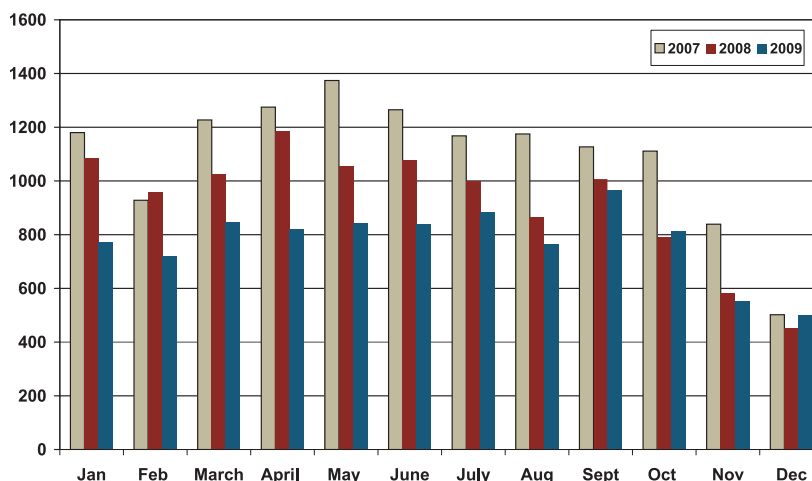


A review of the local markets within New Castle County provides us with further insight into the market adjustments experienced and lends further credence to the fact that all real estate is local, right down to the areas within a market. Pricing declines range from just about 4% in the Pike Creek/Elsmere/Newport market to 19% in the Hockessin/Greenville/Centerville market. Certain markets experienced an increase in sales as a result of these pricing adjustments (10%; Hockessin/Greenville/Centerville, 10%; New Castle/Red Lion/Delaware City, 13%; South of Canal). This continued correction will restore the ratio of housing prices to income and provide the stimulus to stabilize our local real estate market.

| A Look at the Local Markets | | | | | | |
|-----------------------------------|----------------------------------|-----------|----------|---------------------------|------|----------|
| | Average Price of Sold Properties | | | Number of Sold Properties | | |
| | 2009 | 2008 | % Change | 2009 | 2008 | % Change |
| All New Castle County | \$240,784 | \$259,016 | -7.0% | 4788 | 4884 | -2.0% |
| AREA | | | | | | |
| Brandywine | \$272,582 | \$290,405 | -6.1% | 762 | 759 | 0.4% |
| Wilmington | \$181,537 | \$200,934 | -9.7% | 706 | 785 | -10.1% |
| Hockessin/Greenville/Centerville | \$474,060 | \$586,007 | -19.1% | 221 | 200 | 10.5% |
| Pike Creek/Elsmere/Newport | \$212,887 | \$221,336 | -3.8% | 699 | 744 | -6.0% |
| New Castle/Red Lion/Delaware City | \$177,181 | \$184,943 | -4.2% | 515 | 468 | 10.0% |
| Newark/Glasgow | \$239,871 | \$258,269 | -7.1% | 1440 | 1535 | -6.2% |
| South of Canal | \$284,857 | \$310,464 | -8.2% | 445 | 393 | 13.2% |

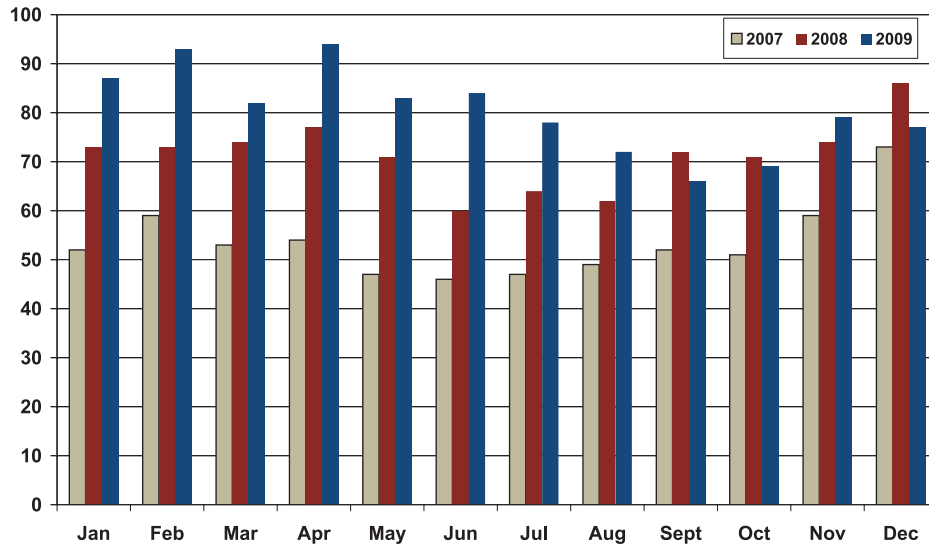
By looking at four housing market indicators on a monthly basis we are better able to assess the direction and overall health of the market; the number of new listings coming on the market; the average number of days it takes a home to sell; the sales price as a percentage of the original list or “asking price” and the number of new contracts by month.

NEW LISTING ACTIVITY BY MONTH



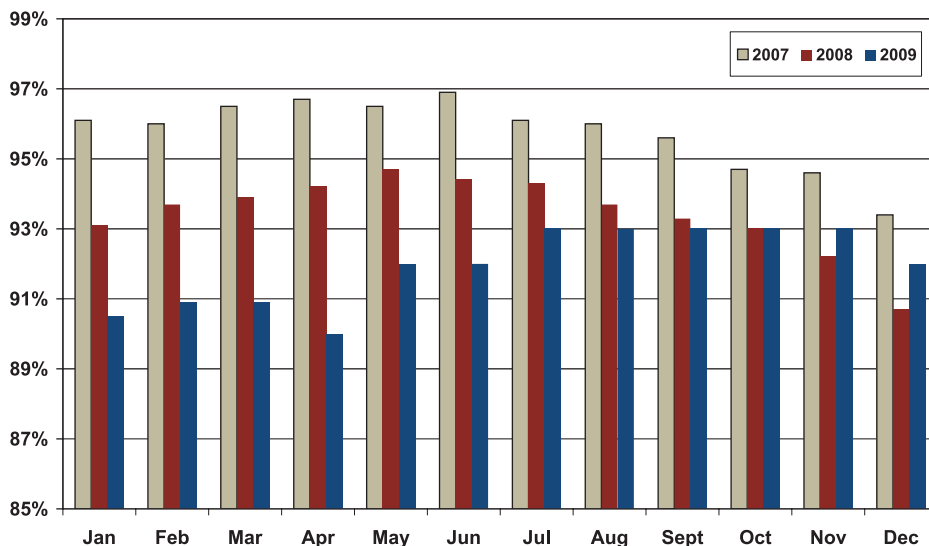
In 2009, New Castle County experienced nearly a 16% decline in the number of newly listed properties when compared to 2008. This has a positive effect on the market – a lower number of homes entering the market decreases months’ supply and helps with absorption. Overall, the area ended the year with an 11% decline in the number of homes for sale.

DAYS ON MARKET BY MONTH



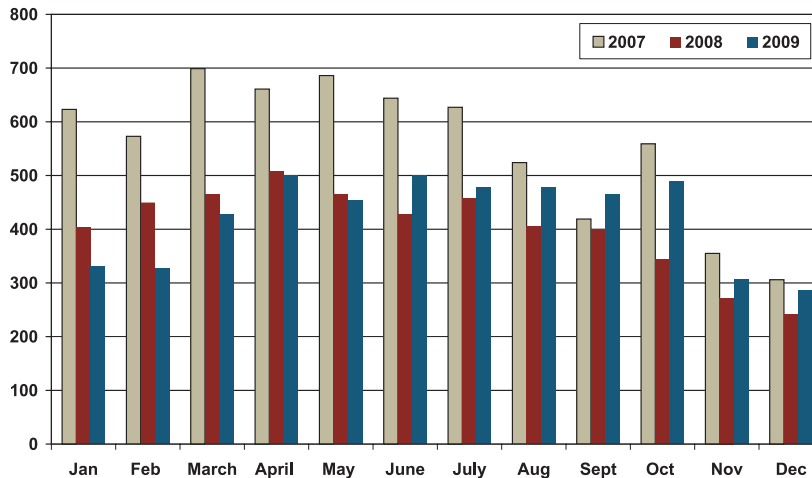
The days on market prior to sale averaged 79 days as compared to 71 days last year. The last half of 2009 showed improvement over the first half of the year with a decline in the number of days month to month.

PERCENTAGE LIST TO SALE BY MONTH



Homes are selling with further reductions from the original list price often referred to as "listing discount". The increase in this indicator from last year reflects the wider gap between buyer and seller during negotiation and suggests that sellers are "chasing" or "falling behind the market" when pricing their properties. Fortunately the latter half of 2009 showed less of a discount suggesting that sellers are listening to the market when setting their list price.

NEW CONTRACTS BY MONTH



Correct pricing will bring buyers back into our housing market – as listing prices have fallen, sales have increased. In 2009 the area experienced a 4% increase in new contract activity compared to 2008; the double digit increase in new contract activity in the latter half of the year made up for the slow start of the first half.

Overall most indicators and economists point to a slow recovery of our local real estate market although we are certainly in a better place than this time last year! The year 2010 is expected to follow the same course with possibly some bumps in the road depending on steps that the Federal Government might take with its federal deficit reduction plan.

If your personal situation affords you the opportunity to purchase a home in today's market, start the process now with the help of your Realtor. There are several factors that are likely to change later this year including the expiration of the home buyer tax credit and an increase in mortgage interest rates. The number of homes that meet your home search criteria may narrow as the inventory of homes for sale continues to decline. If you are a seller, listen to the advice of your Realtor and set your initial asking price so that potential buyers perceive the price and condition of your home to be a better value than its closest competition.

At Patterson-Schwartz, we have helped people buy and sell in every kind of market. We welcome the opportunity to provide you with the guidance and strategy necessary to successfully navigate a real estate transaction in today's environment.