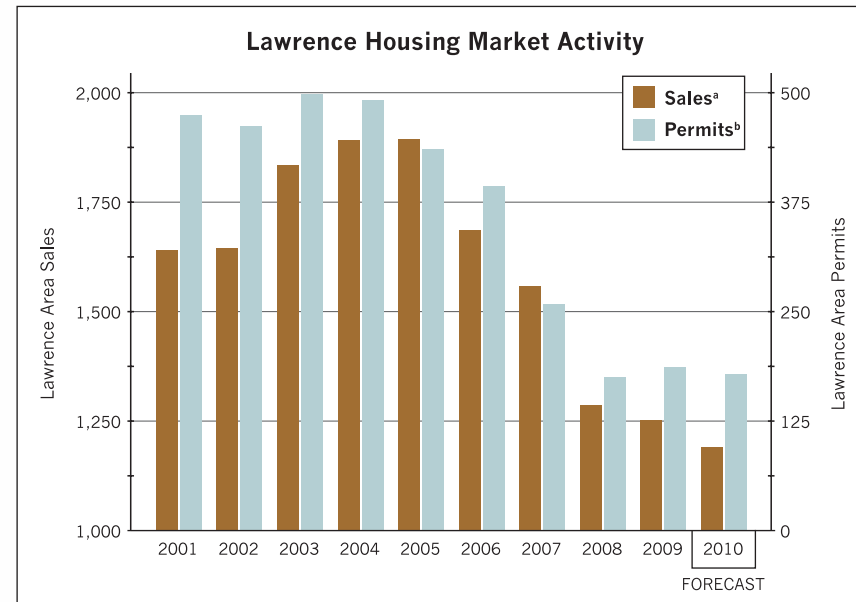


Lawrence Forecast



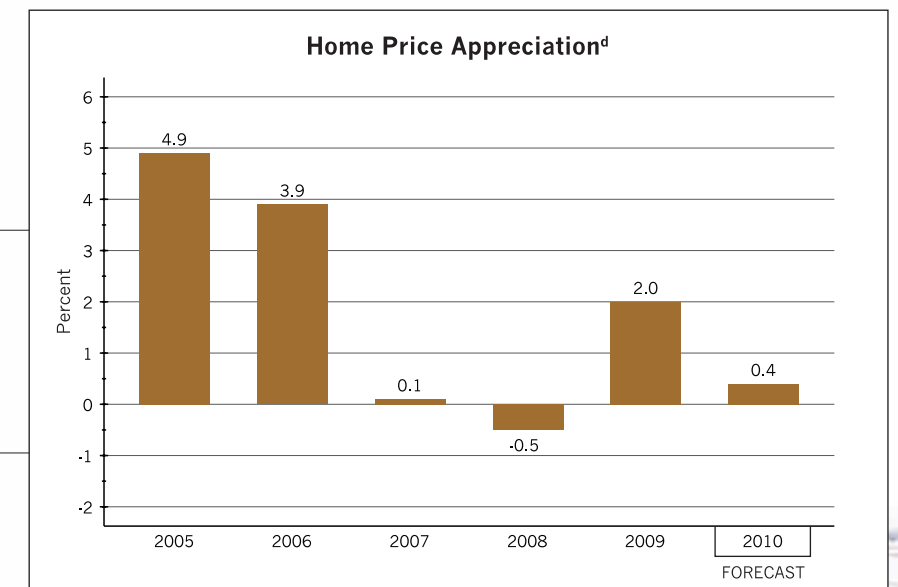
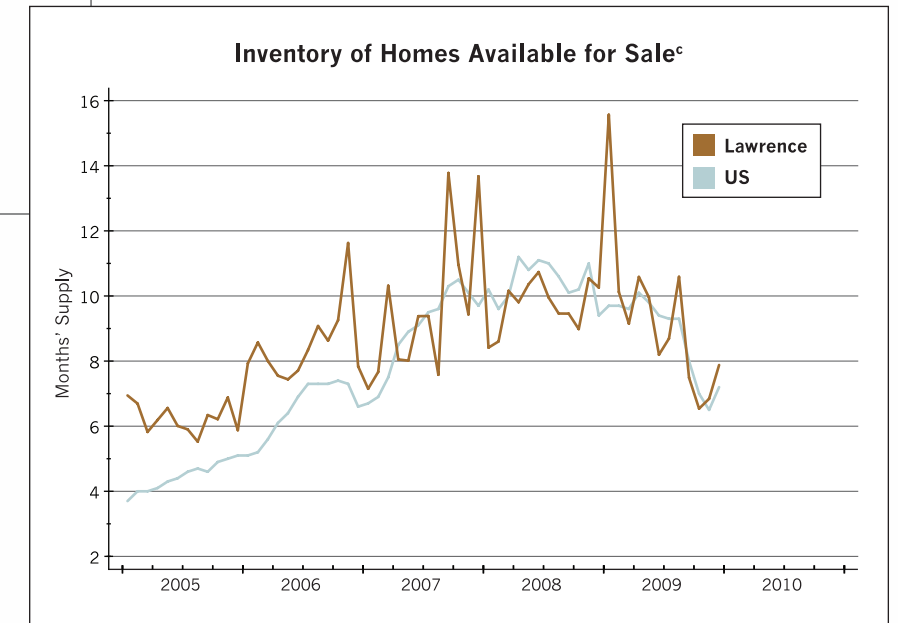
The Lawrence housing market has been in a deep freeze for a number of years now. Even with the tax-credit induced surge in the fourth quarter, sales in 2009 were down for the fourth straight year, and have fallen by more than 30 percent since the 2005 peak.

Lawrence area home sales should fall by 4.9 percent to 1,191 units in 2010.

Home sales should surge in the first half of 2010 because of the extended tax credit. Fundamentally, however, we have seen no independent turnaround in the market, meaning sales will likely drop again after the tax credit expires this summer.

The tax credit also appears to have helped buoy the area's home prices. As with sales, however, we expect prices will drop again slightly once the credit expires, ending the year essentially flat.

New home construction activity will fall by 4.4 percent in 2010 to 179 units.



Sources: Lawrence Board of Realtors; U.S. Bureau of the Census; Federal Housing Finance Agency; WSU Center for Real Estate
 Notes:
 a) Total home sales as reported by the Lawrence Board of Realtors.
 b) Total single-family building permits issued in the Lawrence MSA as reported by the U.S. Bureau of the Census.
 c) Ratio of active home listings to home sales, seasonally adjusted. Lawrence figures combine new and existing homes.
 d) Year-over-year percentage change in the Federal Housing Finance Agency all-transactions index for the Lawrence MSA, as measured using 4th quarter values.