

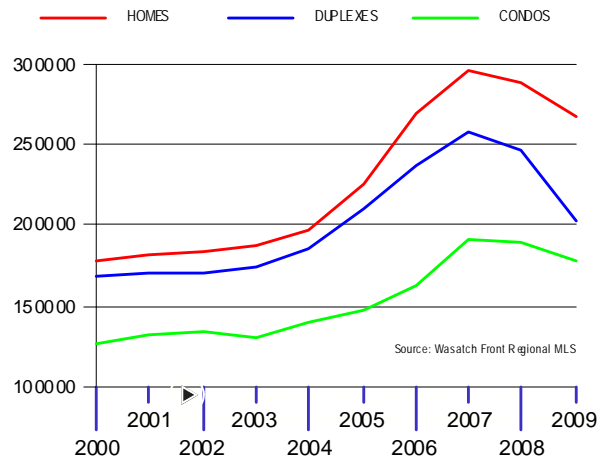


2009 MARKET REPORT

PARAGON PROPERTIES

21 Years of Excellence in Realty Services

AVERAGE YEARLY SOLD PRICES—SL COUNTY



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2010 Outlook

I EXPECT THAT HOUSING PRICES WILL BOTTOM OUT AND STABILIZE IN EARLY 2010. THE \$8000 FIRST TIME BUYER TAX CREDIT HAS BEEN EXTENDED THROUGH APRIL 30TH, AND IS NOW SUPPLEMENTED WITH A \$6500 CREDIT FOR CERTAIN REPEAT HOME BUYERS. THESE GOVERNMENT INCENTIVES, ALONG WITH THE LOWEST LOAN RATES IN 39 YEARS AT 4.7%, AND SHARPLY LOWER PRICES HAVE CREATED HOUSING AFFORDABILITY NOT SEEN IN 20 YEARS. THE RESULTING DEMAND FOR HOMES WILL HELP ABSORB EXCESS INVENTORY AND SUPPORT PRICES.

THE CURRENT MARKET

HOMES: THE SALT LAKE VALLEY AVERAGE HOME SELLING PRICE IN 2009 FELL BY 6.9% COMPARED TO 2008. THIS FOLLOWS A 3% DROP IN 2008. ON AVERAGE, A SINGLE FAMILY HOME SOLD FOR \$267,600, DOWN \$19,700 FROM 2008'S PRICE OF \$287,300.

THE DECLINE IS EVEN MORE PRONOUNCED IF WE LOOK AT QUARTERLY STATS. VALLEY HOME PRICES PEAKED AT \$312,000 IN THE 3RD QUARTER OF 2007 BEFORE FALLING \$58,500 OR 19% TO A LEVEL OF \$253,500 FOR THE MOST RECENT QUARTER. SLUMPING VALUES IN THE PAST TWO YEARS FOLLOWED A PERIOD OF SHARPLY RISING PRICES, UP 50% FROM 2004 TO 2007. DURING THOSE THREE YEARS, OUR MARKET WAS FUELED BY JOB GROWTH, IN MIGRATION, ABUNDANT EASY CREDIT AND SPECULATIVE REAL ESTATE INVESTING. THESE FACTORS PREVAILED BEFORE THE SUB-PRIME MORTGAGE CRISIS AND ENSUING RECESSION DOUBLED OUR STATE'S UNEMPLOYMENT RATE TO 6.5%.

CONDOS & DUPLEXES: THE AVERAGE CONDO PRICE IN 2009 DROPPED \$10,700 OR 5.6% TO \$178,600. DUPLEXES EXPERIENCED A SHARPER DECLINE, HOWEVER, FALLING \$42,600 ON AVERAGE, OR 17%, FROM \$245,900 TO \$203,300. BESIDE OVERALL POOR ECONOMIC CONDITIONS, THE INCOME PROPERTY MARKET HAS FALLEN FASTER DUE TO HIGHER VACANCY RATES, LARGER DOWN PAYMENT REQUIREMENTS, AND LENDER TIGHTENING OF CREDIT FOR INVESTOR PURCHASES.