



INSURANCE • REAL ESTATE

NATIVE INTELLIGENCE 2008

NATIVE INTELLIGENCE AT ITS BEST!

FRANK K. NORTON, JR.

First Job - Night Janitor for three Green Street office buildings

My Wish - For my children to be happy and successful

Favorite Food - Build your own pasta with no pasta

Proudest Accomplishment - 21 Annual Forecasts

Perfect Day - Blue sky, crisp air and lots of fish

Most Unusual Gift - A Newell Post

Favorite Restaurant - 2 Dog Café-Gainesville

My Hero - Hercules

Best Vacation - A month in

Montisi, Italy

First Car - My aunt's Red Cross vehicle

First Big Purchase - A black BMW 320i

Indulgence - My wife and family

My Company - Norton



BOB NORTON

First Job -The Royal Theatre part time job

My Wish - Happiness

Favorite Food - Chocolate

Proudest Accomplishment - The Success of RIN

Perfect Day - 36 Holes of Golf

Most Unusual Gift - Lasik Eye Surgery from my wife

Favorite Restaurant -

The Georgia Grill

Best Vacation -

Punta Mita, Mexico

First Car - Datsun 710

Recent Impulse Buy -

Nintendo Wii

First Big Purchase -

First house

Indulgence - Clothes

My Company -

Norton



The Norton Agency is a diversified financial service company serving the North Georgia region since 1928. For three generations, the name you can trust in Northeast Georgia.



Change...

A community defines a company and a company defines a community. Intertwined with the growth, prosperity and dynamics of this region The Norton Agency celebrates its 80th year. In 1928, banker W. L. Norton moved his family from the valleys of White County to the emerging business center of Gainesville. At the same time he launched his diversified Insurance and Real Estate Company, The WL Norton Agency. While timing is everything, he pushed forward his business through the Great Depression selling individual and business insurance policies and marketing bank-owned foreclosed real estate to an expanding poultry based economy. Hard scrappy work forged WL into the ultimate multi-tasker: property management, mortgage loans, insurance and real estate sales, state senator and North Georgia's first community residential developer (Longstreet Hills circa 1937).

In 1952, son Frank Norton, later joined by his life partner, Betty, took the business foundation laid by his father (elder Norton) and built a strong platform of expanded insurance products, commercial, life, health and personal lines, and together they established a network of regional insurance and real estate service centers. Throughout this period, Frank Norton was involved in a string of successful residential and commercial developments. His pioneering efforts left a legacy of quality community development and regional economic stability in the far corners of this region.

Today, The Norton Agency's name and reputation stands for **Vision, Strength and Community Commitment**. It continues to lead the regional business community through innovative business components (Southern Capital Funds, Real Estate Insurance Network-RIN, and Strategic Insite Consultation). And we've even gone back to our roots creating a total asset management division and marketing for bank-owned properties (circa 2007) in our NORTONREO.COM Division.

Standing up and serving the community's needs is the essence of The Norton Agency's principles and character. **Telling the client what they need to hear not what they want to hear** distinguishes The Norton Agency from its competition. Eighty years is simply a foundation for Bob and Frank Norton Jr. to build upon. The legacy of community connectivity will continue as The Norton Agency consistently evolves to better serve North Georgia's outstanding community and its wonderful people.

Thank you for 80 wonderful years. 2008 is just our beginning!

Frank K. Norton, Jr.
President
The Norton Agency

Robert V. Norton
President
Norton Insurance

NORTON NATIVE INTELLIGENCE™ FORECAST 2008
MAY BE DOWNLOADED AT WWW.NORTONCOMMERCIAL.COM/INTELLIGENCE.HTML
FOR ADDITIONAL CONSULT NORTON COMMERCIAL 770.297.4800

W. L. NORTON AGENCY, INC.

www.nortonnorthga.com

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| <input type="checkbox"/> INSURANCE
434 Green Street
Gainesville, GA 30501
770.534.5248
1.800.955.0022 | <input type="checkbox"/> GAINESVILLE
RESIDENTIAL
434 Green Street
Gainesville, GA 30501
770.536.1250
1.800.955.0022 | <input type="checkbox"/> COMMERCIAL/
ACREAGE
434 Green Street
Gainesville, GA 30501
770.532.0022
1.800.955.0022 | <input type="checkbox"/> SOUTH HALL
RESIDENTIAL
4004 Mundy Mill Rd.
Oakwood, GA 30566
770.532.6366 | <input type="checkbox"/> HABERSHAM
COUNTY
855 Washington St.
Clarksville, GA 30523
706.754.5700
1.800.663.7136 | <input type="checkbox"/> WHITE COUNTY
10 East Kytle Street
Cleveland, GA 30528
706.865.2189
Insurance
706.865.5400
Real Estate | <input type="checkbox"/> GA 400
Settendown Village
4320 Heard Circle
Ste. 500
Cumming, GA 30041
770.887.0053 | <input type="checkbox"/> BANKS
CROSSING
5457 Mt. Olive Rd.
Commerce, GA 30529
706.335.8009 | <input type="checkbox"/> DAHLONEGA
59 East Main Street
Dahlonega, GA 30533
706.864.1035 |
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2008 TOP **10** TRENDS

- | | |
|--|--|
| <p>1 Reality... The Market and Regional Economy get a hard dose of REALITY.</p> <p>2 Shortage... Despite the flood of Atlanta residential inventory we see a looming lot and housing shortage.</p> <p>3 Water... The Tipping Point has arrived. As a state are we prepared to do something bold and long term?</p> <p>4 "GREEN" Takes Root... The movement towards ecological-based business decisions has taken root and is spreading like kudzu.</p> <p>5 While We Weren't Looking... Counties and municipalities right now are heaping more regulations and bureaucracy on the engines of growth.</p> | <p>6 Hispanic Growth has Slowed its Meteoric Rise... and if it continues to play out there will be economic reverberations across the region.</p> <p>7 Foreclosure. Deal or No Deal... If you're an individual investor, don't expect a great windfall.</p> <p>8 Lake Lanier...Water Water EverywhereNot a place to dock...</p> <p>9 Retail... Begins an Evolution.</p> <p>10 Land in an Era of Re-pricing... As development and rampant speculation are evaporating raw land prices, prepare for a reset.</p> |
|--|--|

For a copy of past Forecasts in PDF format go to
www.nortoncommercial.com/intelligence.html
 and download Forecasts back to 1994.

2003-2008 FIVE YEARS OF TIME

Many folks ask about the performance of our Forecast over time, so here's just a brief look back. Judge for yourself on the strength and validity of our prognostications.

We're clearly no Nostradamus who centuries ago cast his predictions in such general terms that they could be translated 500 years later into the modern age... "A fireball will shoot across the sky..." can be translated into modern jets, antiballistic missiles or the latest space shuttle like Haley's Comet or a meteor shower. No, Norton Native Intelligence™ is no Nostradamus, its writers, researchers and management are willing to read the tea leaves, cast ashes into the wind and go out on a proverbial limb.

Five years ago our trends included:

- 1. OH, FOR A DROP OF WATER**
Our community's growth and prosperity are linked to our ability to maintain an everlasting supply of clean water.
- 2. ANTI-ANTICS**
A political shift in power from an old pro-business guard to a newcomer activist.
- 3. GROWING OLD GRACEFULLY**
Changing demographics in North Georgia focus attention on the recession-proof health care industry.
- 4. A CASE FOR CONSOLIDATION**
Whether it's government services or departments, it's time to look for ways to stretch the tax revenue.

- 5. THE BATTLE FOR I-985/HWY 365**
The sewer-starved corridor searches for an identity while a turf war over control heats up.
- 6. AFFORDABLE HOUSING**
"It's the payment stupid" as potential buyers scurry for low-cost home alternatives like ants swarming an anthill.
- 7. HISPANIC GROUND ZERO**
The economic realities of a multi-cultural community.
- 8. EDUCATION...THE WEAKEST LINK**
Improvements in education will drive the broader economy.
- 9. RETAIL NICHE MARKETING**
The growth demographics have ripened the North Georgia economy for retail expansion.
- 10. THE FORTUNATE ECONOMY**
Despite the national economic malaise, North Georgia's economy presents fortunate opportunities.

So five years hence re-reading our detailed predictions, will we have given ourselves a solid A? – not always perfect, but generally on the mark. The Norton Agency truly believes

KNOWLEDGE IS POWER

and once again provides a glimpse of the future and shares it with North Georgia.

NATIVE INTELLIGENCE TOP **10** TRENDS 2008

We're at it again, for 21 years now The Norton Agency has published its annual North Georgia Business Forecast. Originally started as only a Real Estate focused report, it has grown, changed and evolved into a leading edge, trend watching, must read.

Admittedly, it's a daunting task to gather up file boxes full of notes, study reports, newspaper clippings and personal business leader interviews then synthesize them into a concise readable treatise on the annual state of North Georgia. We love it, thrive on the research and profess to be down right "nerdy" when it comes to the raw numbers and, even better, testing and formulating our interpretations of that data. What's happened? What's happening now? And the sheer thought of what's going to happen gets our juices flowing. If you can't tell by now, we love this stuff. We're passionate about the great successes of our community, but at times harsh, critical and brutally "FRANK" about the inequities we see or the periodic lack of leadership on the part of our communities.

The 23 communities in Norton's definition of North Georgia once made up an isolated cocoon of rural Georgia or Appalachia. No More! We are now forever intertwined with the regional economy of Atlanta as she reaches her arms further North into the foothills of our region.

We use our mountains of research primarily for the direct benefit of our client base, but willingly share much of our summaries with the communities, citizens, governments and yes, even our competitors in order to help everyone become more informed about the WHO, HOW, WHAT AND WHEN of North Georgia. We will also forever challenge ourselves (Norton) and others to be better...do more...stretch... in order to become a better place than we found it.

"We are a blessed people in a blessed land,
with the promise of God for a brighter tomorrow."

Our Forecasts are always about change. They exist to shine a light on emerging trends and people whose ideas innovate and shape the direction and future of our region. We and our readers eat this stuff for breakfast. We hope you will read with interest our Top 10 Trends for 2008, pour over our statistical charts and put the "**Power of Norton**" and its data to work for you.



EXECUTIVE BOOKMARK READING LIST 2005-2007

In addition to poring over 19 weekly and daily papers, internet publications and clippings sent by Norton Native Intelligence™ and Market Watch readers, the authors have read the following books in 2005/2007. These undoubtedly influence the thoughts and writings of various Norton publications. Check out these resources to learn more.

Made to Stick	Chip and Dan Heath
All Real Estate is Local	David Lereah
The Fred Factor	Mark Sanborn
The Starbucks Experience	Joseph A. Michelli
The Wal-Mart Effect	Charles Fishman
An Inconvenient Truth	Al Gore
Tipping Point	Malcolm Gladwell
The World is Flat	Thomas Friedman
Blink	Malcolm Gladwell
Freakonomics	Steven D. Levitt and Stephen J. Dubner
A Whole New Mind	Daniel Pink
Purple Cow	Seth Godin

1 REALITY

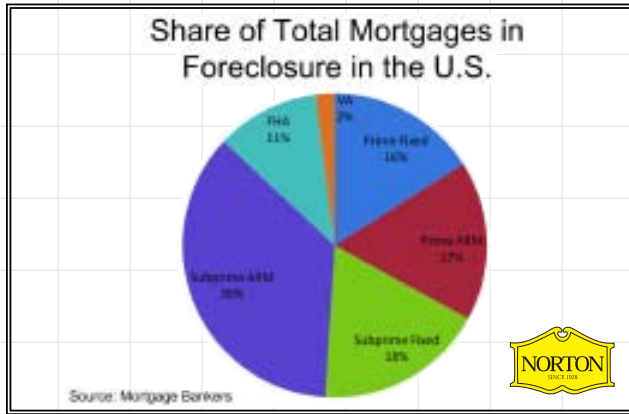
My fifth grade teacher, Mrs. West at Candler Street School in Gainesville, made each one of us in her class memorize a poem, later making us stand up on the lunchroom stage reciting the same. Well, Mrs. West, it stuck, and has kept me better focused these past few months of market uncertainty. The Rudyard Kipling "If" poem starts like this:

**"If you can keep your head when all about you
Are losing theirs and blaming it on you, ..."**

Typically when we write our forecast, we start with the strongest trend and work forward. This year, however, we have waited to write Trend 1 last. In fact, it was only 3 days prior to the publication of our report. The real estate market has moved with such velocity and changes, it makes your head spin. We've poured over stacks of data, combed through the internet postings, detailed outside reports, blogs and had countless meetings with developers, lenders (yes, there are still lenders wanting to lend money) and growth related industry types to better grasp the severity of the market downturn and develop models, or scenarios, of timing and recovery. The first question is clearly about recovery. The second involves what fundamental changes will occur in the residential industry once recovery is underway.

**"If you can dream-and not makes dreams your master;
If you can think-and not make thoughts your aim;"**

One just has to take a helicopter ride 1,000 feet up over the communities of South and North Forsyth, Jackson, Cherokee and



**“If you can make one heap of all your winnings
And risk it on one turn of pitch-and-toss,
And lose, and start again at your beginnings
And never breathe a word about your loss;”**

Housing sales are now down 28 to 35 percent nationally in terms of units closed from 2005. The national rate of sales for existing homes is in the range of five million and new homes are in the vicinity of 800,000. There are markets where the level of sales are worse and many that are not as bad. There are significant differences between this nation’s regions both in the level of closed sales and of prices. The “good news” continues to be that prices are not falling as so many misinformed reports have it. The “tough news” is that closed units are down and there is little chance that there will be a quick recovery from these levels.

North Gwinnett to observe the market in its state of actual reality. The landscape looks like a sea of bones. Ribbons of bleached concrete and unfinished residential developments stick out like carcasses of beached whales. Open sores of graded but unfinished roads, sewer pipes poking up, stacks of rusting drain covers, abandoned sales trailers and rotting, half-finished amenities stick out like thumbs as you hover above. A HARD DOSE OF REALITY HAS COME HOME AND THE SIGNS OF THESE TIMES ARE EVER PRESENT. Cycles have always come and gone, but perhaps not as swiftly as this one. In this day of instant messaging and electronic telefaxing, the speed which the industry is experiencing this one is like a Petite Lemans sports car slamming against the rock face of Yonah Mountain. Lenders turned their loan spigots off in March and April 2007. A subprime lending meltdown in May and June and a barrage of horribly negative national press in July and August sidelined even the most credit-worthy buyers, nervous that something greater was afoot. But the fundamentals are sound...no they are ROCK SOLID.

The perception of bottom differs by industry strata. For builders and realtors’ inventories peaked (bottom) in September. For lot developers, it was October and in November for lenders. Norton Native Intelligence™ believes the depth of despair and lot and spec home foreclosures will peak this spring (2008) and for Wall Street looking at housing developer stocks and aggressive sub prime lenders those could bottom by mid year.

Norton Native Intelligence™ believes we, in North Georgia, hit bottom in September 2007 and have been bouncing along at that level ever since. The mortgage product confusion, National Media reports and inventory peaks hit “The Wall” and are slowly, slowly, slowly turning the corner. In our 2007 Forecast we projected “a return to normalcy as our #1 Trend and that the days of the variant speculation have waived and the true consumer (the homeowner) is King.” We further projected that:

Normalcy points to a repeat of the sales volumes of 2003, *an all time record* at that point, and still a perfectly strong and respectable real estate market: normalcy reflects a vibrant metro and outer metro Atlanta market.

What Norton failed to project was the sub prime mess, mortgage collapse and its effect on the over-extended housing market. In

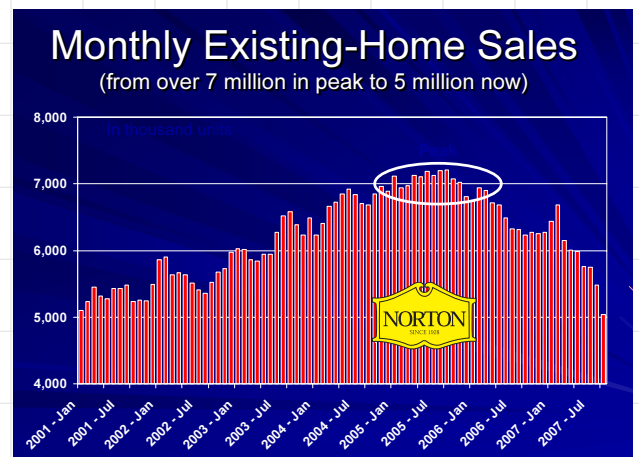
Low Unemployment	5%	(1)
Low Long Term Interest	30 year fixed 5.750%	(2)
Low Inflation	3.8%	(1)
Regional Job Growth	42,000 new jobs 2008	(3)

Sources
 (1) US Bureau of Labor
 (2) Norton Guaranteed Mortgage January 2008
 (3) Georgia State Center of Economic Forecasting

Until the National media moves on to the next issue du jour, it will be a constant battle to educate consumers and local media about the realities of the housing market and the opportunities that exist despite the perception of “Armageddon.”

**“If you can meet with Triumph and Disaster;
And treat those two impostors just the same;”**

Never before in our 80 year real estate career have we studied more reports and analyzed even the most insignificant of data. Our objective was to drill down into the fat, the muscle and cut into the bones of North Georgia’s micro markets. Our monthly *Real Estate Reality Reports* (produced exclusively for our associates) have chronicled the rapid decline of sales volumes but exposed the underlying boney **Strength** of the Metro Atlanta Business Engine.



actuality, 2007 was the worst real estate market in 5 years. While the national media drills that fact nightly into our buyer brains on the other hand, 2002 was the best real estate market in the world's history... to that point.

Perhaps the flood of too much money into the housing market can be traced directly to the financial board room and factoring divisions of Wall Street. The core market of housing growth was clearly 2002. Then Wall Street whiz kids securitized, packaged and monetized huge sums (funds) of sub prime market creating a raging barn fire of loose low credit money. Easy money to buy a house, easy money to develop and easy money for Wall Street returns.

So what do we think about 2008 prospects, recovery and the changing rules for financing, development and construction?

We have seen the inventory of homes, new and resale, peak and foresee a slow but steady climb through 2008. It's a buyers market now and a seller market won't return until mid to late 2009 or early 2010.

While the sub prime market hurt the lower end product, changes in the fundamental way jumbo mortgages were structured (rates, terms, credit)

hurt Atlanta's North-side and, in fact, higher priced Lake Lanier property. As these loan products return, sales in higher priced homes will escalate.

Credit will be king when getting a home mortgage and real equity contributions to new development or speculative home building will be paramount to the development construction industry.

We believe across the board lot development recovery will not occur until late 2009 or into 2010. Land purchases may not surge until 2012 or beyond. Homes will get more expensive as the current inventory is burned off in 2008 and the first half of 2009. Affordable work force housing will remain a conundrum. All communities need it, but the governments are putting up road blocks at every turn.

In November, one of our friends, developer John Cowart, wrote this to the *Atlanta Journal*, "Today is perhaps the best time to buy a home in the last decade. New homes stimulated by builder discounts and incentives and existing houses affected by a dropping demand have seen some price decline for more than a year in some markets. Mortgage financing is believed to be difficult even for the most qualified. While the inventory of homes has peaked, the next generation of new home construction is seeing shared increases in material costs due to worldwide demand for steel, concrete and other raw materials. Much of the Hispanic labor force that kept labor cost down has left the area seeking work elsewhere (see **Trend 6**). With impending housing rebound a labor shortage will significantly drive costs up and lengthen the home construction cycle. New licensing and development regulator issues (see **Trend 5**) have pushed out many of the small players who helped keep prices in check, and many others have left the industry because of the downturn. New and costly impact fees, increased sewer taps and water meter fees are increasingly used to fill municipal coffers. Once the existing inventory is sold, the consumer will be in for sticker shock unlike any we have seen before."

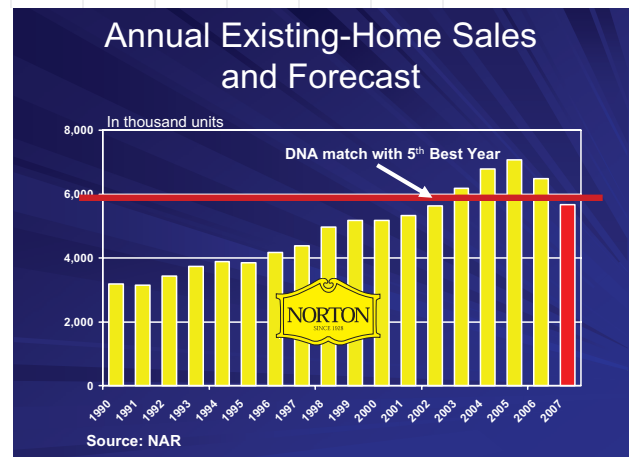
As *Business 2.0's* October 2007 issue points out — "Boding well for the local economy, "Hotlanta" boasts one of the highest rates of job growth in so-called creative-class occupations in the country. Why? It's the top destination in America for young professionals, a transportation hub (Atlanta's airport is the busiest in the world), and a place where most Fortune 500 companies maintain a regional presence. Projections by researchers at the U.S. Census Bureau and Virginia Tech place Atlanta at the center of a "megapolitan" cluster of urban sprawl that will develop over the next quarter-century, encompassing 7 million people. That means the region is going to add to itself the equivalent of more than two Denvers—and 3 million new homes."

We're in for the long haul...Kipling's distance run, we're not out of the woods yet but we do see light, bright light ahead. **THAT'S THE BOLD REALITY**

**"If you can fill the unforgiving minute
With sixty seconds' worth of distance run,
Yours is the Earth and everything that's in it,"**

RETAIL ESTATE SALES MARKET DOLLAR VOLUME CHANGES 2006 TO 2007	
County	Change
Banks	-23.89
Barrow	-5.91
Clarke	-6.54
Dawson	-26.46
Fannin	-35.37
Forsyth	-15.62
Franklin	-30.37
Gilmer	-49.66
Habersham	-5.17
Hall	-13.74
Hart	-26.27
Jackson	-41.12
Lumpkin	-7.08
Madison	-9.24
Oconee	-20.63
Pickens	-16.71
Rabun	-16.09
Stephens	-21.67
Towns	-44.57
Union	-41.39
Walton	-27.66
White	-13.94

Source: Beasley Reports/Norton Native Intelligence™ Copyright 2007



2 A LOT SHORTAGE
What are you talking about?
Are you out of your mind?

Well, Norton Native Intelligence™ readers please don't throw this publication away and please read on. There's little doubt that the residential market is experiencing one of the worst downturns in the last 20 years, the current housing instability appears linked to short-run factors, not a change in the region's fundamental competitiveness.

When you systematically study the market conditions, absorption levels, price points, locational differences, and negative psychometrics attacking the regional lending industry...one can only come to one conclusion

“North Georgia will run out of houses at certain price points, in certain elementary school districts well before the next construction cycle even starts its engine.”


Several factors point to this interesting real world phenomena. Major national builders are pouring over reams of sales data and customer satisfaction surveys and scouring certain areas right now for lots. Yes, RIGHT NOW. They saw the market correction



WILL COBB

First Job - Cutting grass
My Wish - Educated healthy children
Favorite Food - Steak Tartare
Proudest Accomplishment - Eagle Scouts
Perfect Day - Motorcycle ride
Most Unusual Gift - Two Dollar Bill
 (There is more to that story)
Favorite Restaurant - Taqueria del Sol
My Hero - Grandfathers
Best Vacation - Fly fishing in Belize
First Car - Pontiac Catalina
 Safari Wagon
Recent Impulse Buy -
 Sterling Jolly Roger cufflinks
First Big Purchase -
 Engagement Ring
Indulgence - My children
My Company -
 Norton Commercial




Pent-Up Demand? 

	2005	2007	Difference
Total Home Sales	8.4 million	6.5 million	- 1.9 million
Subprime Loans	1.6 million	700,000 (?)	- 900,000
Jobs (in October)	134.4 million	138.4 million	+ 4 million
Wage + Salary	\$5.7 trillion	\$6.4 trillion	+ \$700 billion
Household Wealth	\$52 trillion	\$58 trillion	+ \$6 trillion
Home Prices	\$219,600	\$218,200	- \$1,400
Mortgage Rates	5.9%	6.4%	+ 0.5% points

happening first, big builders pulled back their horns, acquisition teams dropped escrow money like hot potatoes and downsized or better yet pulled in the galloping construction horse back to just a brisk trot. Some national builders are even hoarding cash for 2008 major business or market acquisitions. *Metrostudy*, the nation's most comprehensive authority on new homes, showed 3rd quarter Atlanta Big Builder housing inventory at 6.5 months vs. the rest of the Atlanta new homes at approximately 11 months. These top 10 Atlanta big builders for the most part are well poised to capitalize on the market recovery and specific market demand shortfalls.

An important factor to consider is lead time. Because of governmental bureaucracy, regulation and the basic mechanics of development, it takes anywhere from 18 months to 40 months to deliver any future residential lot product. If a developer today contracted for a property (raw land), goes through reasonable due diligence, rezoning, regional impact surveys, traffic studies, engineering, financing then closes, he/she then has just started the uphill climb of permitting, grading, construction, inspections, environmental protection and final recording of an approved plat enabling him to even close the first lot. Norton Native Intelligence™ believes that:

- Forsyth...**It's 30 months
- Hall...**It's 26 months
- Jackson...**It's 18 months
- Barrow...**It's 20 months
- Dawson...**It's 30 months
- Cherokee...**It's 30 months
- Gwinnett...**It's 36 to 48 months depending upon the cycle of zoning hearings.

Keeping that in mind, some micro markets (see Norton agents for specific opportunities), have less than 30, 20 or 18 months of remaining lots. Considering some price point differences and some micro markets, inventory drops to as low as 5 months supply. **SHORTAGE WILL APPEAR!**

The third and perhaps the most important factor is that the lending community is in a state of financing shell shock. Massive



the shores and forests of North Georgia. Well, several months ago we had a conversation with one of Norton's new homes staff working in one of the value priced communities in Jackson County. What's the best selling feature of your new homes we asked? This agent brought to our attention that homes under \$200,000 with an outdoor room sold well before those without. Yes, a 10x14 outdoor room with a hardy-plank modular fireplace, using the simplest of construction created velocity of home sales.

We tell people that almost every single megatrend in America right now favors growth of affordable housing... Surge in lower middle class employment, multi-cultural population expansion, single women in the work force and consumer confidence.

2008 and 2009 will see the natural reduction of the greater lot inventory reduced and a high velocity of sales of homes priced under \$220,000. IF BUILDERS CAN FIND THOSE LOTS.

3

WATER

The new song of the Chattahoochee

**Trickling out of the hills of Habersham
Down the mud valleys of Hall**

**I long, so long to reach the plain
Vaguely remember once the rapid and how deep the fall
Split at the rock but never again
No more is my bed narrow or wide
And now but a dribble on every side
It's with great pain that I ever attain the plain**

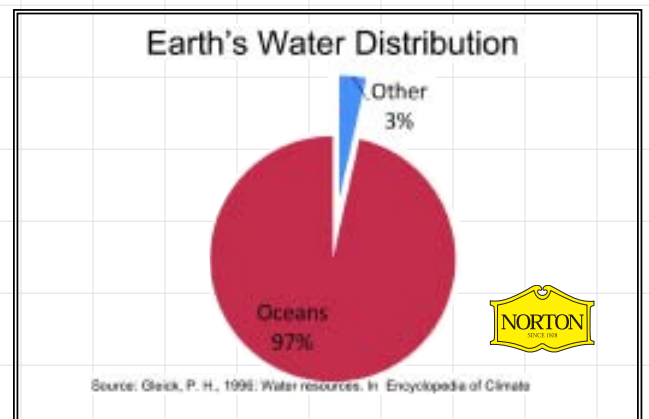
**Far from the hills of Habersham
Far from the mud valleys of Hall.**

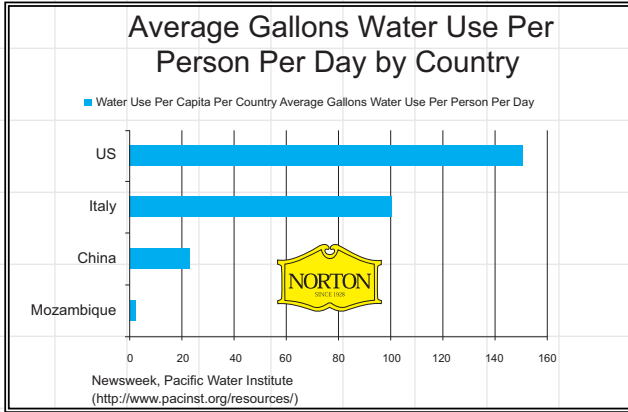
**Norton Native Intelligence™
With Apologies to Sidney Lanier**

home foreclosures, under-capitalized builders or developers have left little appetite for new home loans much less new acquisition and development (A & D). These lenders have lived with 10 years of great revenues from the fees or interest off A & D loans (the industry's version of crack cocaine). No new loans means **no** new development and the unintended consequence means lot shortages. Norton Native Intelligence™ has woven these three factors together for our prediction for a looming shortage beginning as soon as the middle of 2008.

Let's face it, too much product has been built too soon in the wrong places and at the wrong price points. Where are the \$250,000 homes (not townhouse homes) in South Forsyth? The \$150,000 to \$175,000 homes in Jackson? How many mountain cabins built in the \$400,000's do we have to see standing empty before we recognize the solid market is in the \$200,000's? **This is stupidly obvious.** There are more buyers in the cheaper product than in the higher end. Middle Class America wants new space but at a *Target* style and price: Volume, Square Footage, but Stylish.

Take the emerging phenomena of the outdoor room. We started seeing some of them in the custom homes of The Street of Dreams showcases ten years ago, then into the higher end McMansions and Lake Lanier Homes now proliferating across





county's cannons, storm the dams, take over the waterways, climb the highest water tower and scream "come and get it."

Norton Native Intelligence™ believes the statistics are way off. Lake Lanier property owner's studies pegging Lake Lanier was a \$5.7 billion dollar regional impact are flat wrong. Without Lake Lanier's 2,554,000 acre-feet of maximum storage capacity Megalopolis **ATLANTA WOULD BECOME A CONCRETE CEMETERY**. Disaster Looms.

This is the second year in a row that water is one of our 10 top trends. In fact we've cited water and its concern and impact 16 times in 20 reports and only when we reach the depth of a 100 year drought does anyone really take notice. In this era of instant 24 hour news, Lake Lanier, or rather what's left of it, has become Global Headlines. Never before have we heard Atlanta's mayor, Shirley Franklin, ever mention Lake Lanier, or seen Governor Perdue sweating with concern, but now it's everywhere. We hail this as the *Tipping Point* for action...a tipping point for solid solutions not band aids or lip service. The clear and present danger is that a little rainfall here and there takes the pressure off the water movement. Cool, clean water lapping on the lush, green shores of Lanier is not, however, the complete solution but only one part of a vast "aqua-ecosystem" that must be carefully crafted for our multi-state region including:

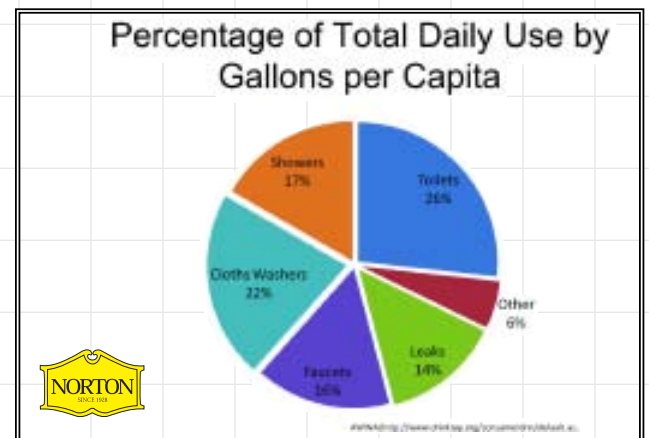
Same old song, new beat and tempo but with war drums sounding in the distant background...just when you think you have enough and our lakes reach full pool, PRESTO the Corps' plug is pulled and flows downstream. Then they stand on their soapbox and cry that its "*environmental protection*" for a small crop of inedible mussels staunchly ignoring our aqua economy and millions of human water drinkers...**it makes you want to call Commission Chairman Tom Oliver (Hall) or Charlie Laughinghouse (Forsyth), to mount the militia, load the**

- Raising Lanier's full pool 2 feet NOW! And keeping it full. Let out only the same flows that come into it in times of drought. That would add roughly 25 billion gallons. By the way, what did the million-year-old mussels do before the Chattahoochee re-reg dams were built?...they survived!
- Relax immediately the rules time-table, bureaucracy and authorize private dredging of coves and channels of Lanier to increase overall storage capacity and act like Tasmanian devils and clean up the mess NOW while the lake is down. Graders are longing for work and standing by.
- Encourage Alabama and Georgia to build 10 to 20 other regional community reservoirs and storage basins that can



BUCKY SPRINGLE

- First Job** - Stacking lumber at father's lumber company
- My Wish** - To make it to 75
- Favorite Food** - Hamburgers from my grill
- Proudest Accomplishment** - Making it to 60
- Perfect Day** - Being on the flat, calm ocean with a fishing rod in my hand
- Most Unusual Gift** - Something from my mother, face jugs, grandmother's hanky, I could go on and on...
- Favorite Restaurant** - Home
- My Hero** - Myself
- Best Vacation** - Bimini 1972
caught 1st Blue Marlin
- First Car** - 1952 Studebaker
- Recent Impulse Buy** - Lottery Tickets
- First Big Purchase** - Boat
- Indulgence** - Saltwater fishing
- My Company** -
Norton Commercial

be used both for recreation (pays the bills), fire protection and emergency water storage.

- Urge conservation at every turn. We need not take water for granted. The State of Georgia should offer tax incentives for rainwater cisterns, gray water reuse irrigation systems, retrofitting older structures with conservation-saving plumbing and more. Teach our local landscape irrigation companies to branch into the installation and retrofitting of such systems.
- Consider major desalination plants to serve North Florida, South Georgia and Alabama and even, where practical, pump it to the southern portions of Atlanta.
- Diversifying Atlanta's itch for water with new applications for withdrawal from multiple watersheds...Lake Oconee, water purchases from Macon to serve Atlanta's airport and from the Tennessee rivers from the North.
- **It's not the growth that's fueled this water crisis; it's the lake management that's the issue. Loosen the Corps' fist over flows. The environment should come first.**

QUIT TALKING ABOUT WATER AND DO SOMETHING

4 GREEN

The **green** movement takes root.

Mother Earth has called and North Georgia's community has started to answer. The **Green** movement has taken root and is sprouting its tender shoots all throughout our majestic ridges and fertile valleys.

The National **Green** Movement is permeating every aspect of life. In a recent poll by Global Market Insite, close to 70% of respondents said that they had used lower energy bulbs in the last 12 months. The same poll found that 40% had avoided buying products whose packaging might harm wildlife upon disposal. In 2006 about 250,000 new hybrid vehicles were registered, a 28% increase over 2005, and those numbers barely scratch the surface of new consumer commitment to all things **Green**.

Not too long ago, **Green** Companies were the exception, not the rule, but **Green** Business and **Green** Marketing are no longer the province of boutique, rarefied, profit-deprived brands. **Green** is now Mainstream and shows up everywhere, from corporate annual reports to the imaging influencing TV ads of a multinational conglomerate. Everyone's getting in on the act, to the point where some companies have been accused of "**Green** Washing," giving their images a bit more of a **greenish** "tint" than they necessarily deserve.

JEAN FERRIS



First Job - Retail Sales in Department Store

My Wish - To lose 20 pounds

Favorite Food - Butter

Proudest Accomplishment - Caring for my mom

Perfect Day - On the beach

Most Unusual Gift - A trip to China

Favorite Restaurant - Ernie's in Francis Co.

My Hero - My Mom

Best Vacation - Carmel and Monterey

First Car - 1939 Plymouth Club Coupe

with Glass Pac Dual Pipes

Recent Impulse Buy -

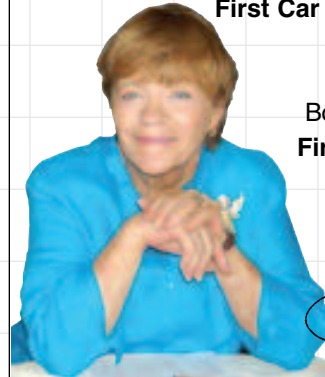
Bose head phones for the plane

First Big Purchase - 1st Home

Indulgence - Butter

My Company -

Norton Commercial



Jean Ferris

Rarely has there been a band wagon like the eco-friendly one upon which most of America's big-name businesses have jumped. Over the past 6 months or so, the **carbon neutral** foot-print may have become the new motherhood and apple pie. LEED (Leadership in Environmental Energy and Design®) boom-ett building initiatives in commercial construction and renovation is touted everywhere and in November 2007 standards for environmentally sensitive "certified" residential construction were at last released. Renewable harvested lumber, low carbon foot-print materials, locally harvested stone, brick or other recyclable materials are woven together in an effort to stimulate baby boomer buyers back into today's slower real estate market.

According to the Santa Monica (California) **Green** Building Program a building is green when it:

- Reduces exposure to noxious materials
- Conserves non-renewable energy and scarce materials
- Minimizes the life cycle ecological impact of energy and materials
- Uses renewable energy and sustainable materials

The **green** consumer has seen a parallel evolution and no longer fits the tree hugging, tofu-eating stereotype. Suddenly, the types

of consumers who consider themselves environmentally conscious and those who are the prototype of John and Jane Q. Public are looking more and more alike. A higher percentage of your customer base than ever before is seeking social responsibility and ethical business practices from all its preferred brands. It used to be that consumers who were self-identified as “green” were willing to pay more for the knowledge that their buying behavior was benefiting the world around them and future generations. But that magnanimous attitude is quickly fading and being replaced by one of entitlement: consumers increasingly want green products and competitive pricing.

With our regional water shortage (see **Trend 3**), the importance of conservation, preservation of national resources and good ol’ American efficiency has hit those in North Georgia like a freight train. “The attitude what worry? We have plenty” reached a *Tipping Point* with the National TV footage of the Lake Lanier Mud Flats. Norton and its 47 affiliated businesses believe it’s time to step up and lead by example. For the last six months we

have been developing our own **Green** Plan for the Yellow Giant and hope others will follow our example.

- Identified all non-low-flow toilets and are systematically replacing them in all owned and managed properties.
- Launched a paper and plastic recycling program for all 9 branch offices estimated at producing 3 tons of recyclables in a year.
- Reduced thermostats and installed temperature control systems in all buildings shutting down non-essential equipment during non-business hours.
- Replacing all incandescent light bulbs with lower energy light bulbs.
- Looking for recycled solutions in every purchase and studying potential carbon footprints of the products we do purchase.

In fact, this Forecast is our first printing effort using 100% post-recycled paper and 100% soy ink. The Norton Agency is exploring other printing solutions in an attempt to convert 75% of Norton’s annual printing needs to recycled paper.

And we offer a print-on-demand option or electronic version of our Forecasts and Housing Reports at nortoncommercial.com/intelligence to save our trees and forests.

We recognize the **Green** effort will not be easy, will be cumbersome and laborious to implement but **Green** is a worthy cause for our North Georgia Community stewardship.

Community Leadership by Example! If Norton Can Do It, Why Can’t You?

GREENING OF AMERICA LESSONS LEARNED

- Take a cue from the environmental advocacy groups to make your company more eco-friendly:
- ✓ Use recycled paper with as much post-consumer recycled content as possible.
 - ✓ Opt for soy-based ink instead of petroleum-based ink whenever practical.
 - ✓ Reduce unwanted mail by having customers specify how often they’d like to hear from you.
 - ✓ Update your mailing lists often to eliminate bad addresses.
 - ✓ Choose vendors who use renewable energy, or urge your current vendors to do so.
 - ✓ Use chlorine-free paper.
 - ✓ Print marketing materials on both sides of the paper.
 - ✓ Offer customers the option of getting information online instead of in paper form.
 - ✓ Experiment with CDs, PDF files, and other formats that require less (or no) paper and packaging.

DEBORAH HARDY

First Job - Office Assistant for dental office

My Wish - a cure for cancer. Ocean crossing in my own boat

Favorite Food - Steak (real food) & toasted marshmallow jelly beans

Proudest Accomplishment - taking care of a sick parent, buying a house, sailing and winning Regatta

Perfect Day - 85° sunny sky, 10-15mph wind and blue water

Most Unusual Gift - ...Can’t Say...

Favorite Restaurant - Gibby’s in Montreal Canada/ El Sombrero

My Hero - Ted Turner and kids who survive cancer

Best Vacation - Driving California Coast

First Car - ’83 Dodge

Recent Impulse Buy - a dress

First Big Purchase - Car

Indulgence - Vodka, Shoes and snow skiing

My Company - Norton Commercial



Deborah F. Hardy



METRO ATLANTA GREEN REPORT CARD

Rank among U.S. metro areas in miles driven by the average Atlantan: 1

Metric tons of greenhouse gases from Georgia's coal-fired plants in 2005: 83 million

Year in which the Atlanta region will draw the maximum 705 million gallons a day from the Chattahoochee: 2030

Acres of trees eliminated daily in metro Atlanta: 54

Number of commercial and institutional buildings in metro Atlanta with LEED energy-saving certification in 2001: 3 in 2007: 62

Minimum estimated savings over 20 years in utility, emissions, maintenance and health costs for metro Atlanta's LEED buildings, per square foot, after accounting for the initial costs of building green: \$650 million

Number of metro Atlanta single-family housing units: 1.4 million

Number of metro Atlanta houses that meet EarthCraft energy-saving standards: 4,295

Maximum percentage decrease in energy consumption for an EarthCraft-certified home: 40

Estimated reduction, in tons, of CO2 emissions in 2004, thanks to the 1,900 EarthCraft: 10,000

Reduction, in pounds, of SO2 and NOx emissions in 2004, thanks to EarthCraft: 80,000

Number of cars that would have to be removed from Metro Atlanta's roads to reduce emissions at a comparable rate: 2,000

Sources: Federal Highway Administration, U.S. Energy Information Administration, Atlanta Regional Commission, U.S. Census Bureau, Southface Energy Institute, U.S. Green Building Council, Emory University, clean-technology firm Capital E

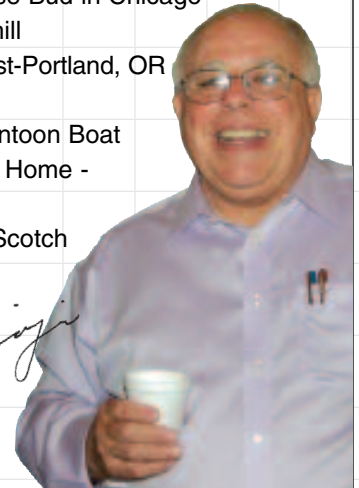
closed doors and loosely attended public meetings. Undoubtedly, as a result of increased regulation, the next generation of construction will be more expensive and more bureaucratic to develop. Tightening UDC codes, longer building permitting processes and complicated zoning codes are in the works in Forsyth, Dawson, Hall, Habersham, Jackson, Barrow and Gwinnett. It is our strong belief these silent-running government actions will kill any chance for affordable housing in North Georgia while at the same time the slowing real estate market is applying downward price pressure on existing and new homes. Maximum impact fees, exorbitant water and sewer permit costs will add \$1,000's to new construction and will be directly passed on to the buying public.

Norton Native Intelligence™ sees some local governments talking out of both sides of their mouth. They all talk about "home affordability" (some even commission outside affordability studies,) "shortages of labor supply" and "diversity of housing product;" then the very next week they pass increased building regulations, require residential sprinklers for enhanced fire codes, require sidewalk construction, drastic stream setbacks, add permit or regulatory fees and increase water or sewer tap-on costs. They are building themselves an affordable housing



CARMINE GIORGIO

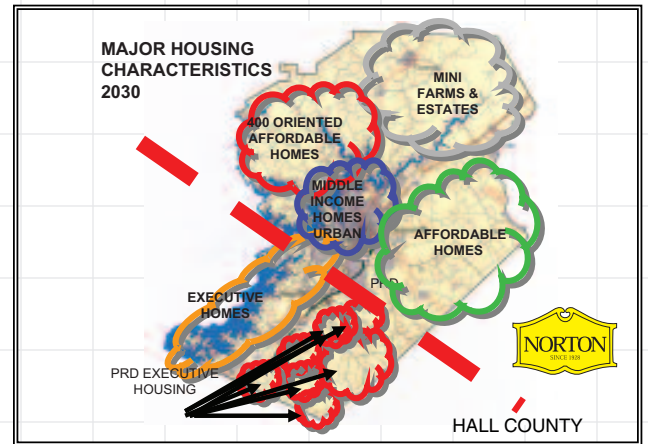
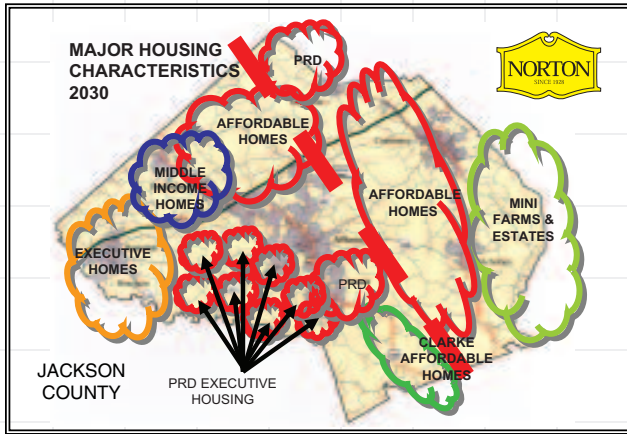
- First Job** - General Electric Space Program- Heat Shield
- My Wish** - Financial independence and time to travel
- Favorite Food** - Pasta - any kind
- Proudest Accomplishment** - To watch my kids achieve their goals
- Perfect Day** - October- 60°, sunny and light breeze
- Most Unusual Gift** - Ski Boat
- Favorite Restaurant** - Rose Bud in Chicago
- My Hero** - Winston Churchill
- Best Vacation** - West Coast-Portland, OR
- First Car** - 1947 Chevrolet
- Recent Impulse Buy** - Pontoon Boat
- First Big Purchase** - First Home -
Morristown, PA
- Indulgence** - Single Malt Scotch
- My Company** -
Norton Commercial



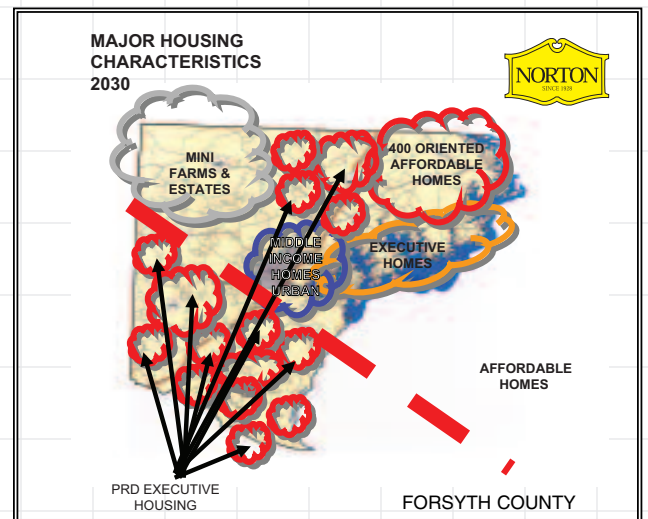
Carmine Giorgio

5 WHILE WE WEREN'T LOOKING

While we (the growth building industry) have been sleeping, the dark forces of local government have been meeting, planning and quietly conspiring against the largest industry in North Georgia... **Growth.** As sinister as that might sound, it's happening behind



bureaucratic nightmare...snuffing out any hope for affordable housing for tens of thousands of North Georgians. In the last 5 years alone, Norton Native Intelligence™ believes a 21% increase in raw cost was added to the average home price purely due to governmental legislation (local, state and federal).



BETH CARMICHAEL

First Job - Secretary at Hardee Co Electric Company

My Wish - Be happy, content and eventually become a grandma

Favorite Food - Any kind of seafood

Proudest Accomplishment - My children

Perfect Day - Snowed in with warm fire and good book

Most Unusual Gift - Horse and tack to my daughter for her 13th birthday

Favorite Restaurant - Olive Garden

My Hero - My Dad

Best Vacation - Skiing in Germany

First Car - 1966 Plymouth Fury III

Recent Impulse Buy - Art Easel

First Big Purchase - Aigner Purse in high school

Indulgence - Pasta and good music

My Company - Norton Commercial

So wake up, watch these night riders for anti-growth. If our civic leadership really wants to do something about home affordability, unshackle the regulations, trim impact fees and permit costs, free the chains on growth and streamline the process. Every government housing action, be it Gwinnett, Towns or Jackson Counties, should have a “needs assessment,” weighing government regulations against housing affordability. The unintended consequence is major community strangulation.



Beth Carmichael

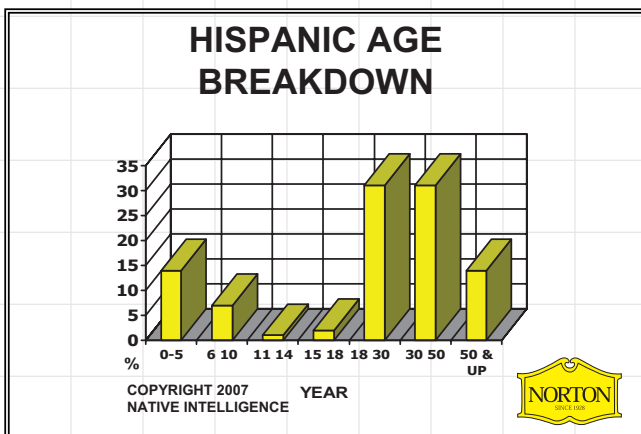


6 **HISPANIC GROWTH MAY HAVE STOPPED...**

or at least slowed the velocity of migration. While we have seen no major study and the data is only now being collected, Norton Native Intelligence™ is seeing clear signs of tempering the Hispanic growth and perhaps in certain micro markets age groups a down-right **exodus**. Here are some of the recent reports...

- Hispanic populations in the apartment and mobile home rental components have shrunk as much as 35% in certain micro markets.
- The poultry industry is feeling the effects of a shrinking migrant Hispanic labor pool and is being forced to step up recruiting and retention programs to maintain productivity.
- North Georgia's Social Service Agencies are seeing a 5 to 15% drop in Hispanic requests for services.
- The organic growth rate of the Hispanic population (new births) as a percentage of total births at Northeast Georgia Health System was static from 2002 to 2005 and only now seeing modest increases.

Norton Native Intelligence™ has attempted to drill down further into this underground market, but as of yet the data is inconclusive. From what we do know, Norton Native Intelligence™ can stratify the North Georgia Hispanic Population into these layers.



From our scientific random sampling it's the Migratory Agricultural portion of the population (Legal or Illegal) that has been reduced first over the last 12 to 18 months with the common construction labor rapidly following behind. Both of these population segments are largely young, single and mobile. **Those in the North Georgia labor force who have family, children and established community connections (relatives, church, medical) are the most stable segment of the Hispanic population.** We might refer to this group as the modern day wagon train settlers, moving across the country several times before putting down roots. It's the Hispanic homeowner that has the deepest roots, those with middle and high school age children leading the new established order. They have been largely AMERICANIZED, have established friendships and are creating the next generation of Hispanic Americans.

We believe the reduction in the Latino raw numbers is the byproduct of intended or unintended consequence of what one

TOMMY HOWARD



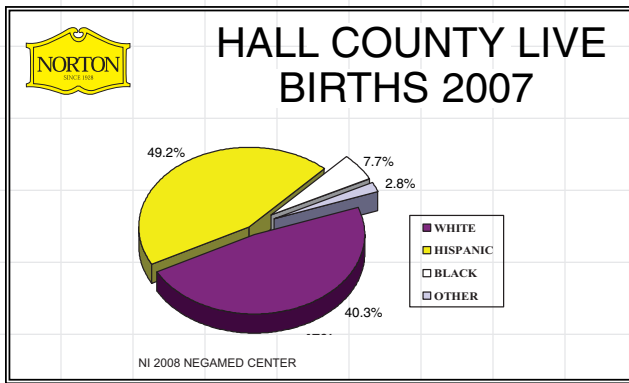
- First Job** - Mowing lawns
- My Wish** - To be happy
- Favorite Food** - Pasta
- Proudest Accomplishment** - Getting married
- Perfect Day** - 75 Degrees, sunny and breezy
- Favorite Restaurant** - Horse Radish Grill
- My Hero** - Thomas Jefferson
- Best Vacation** - Costa Rica
- First Car** - Toyota Corolla
- Recent Impulse Buy** - Ipod
- First Big Purchase** - Car
- Indulgence** - Good wine
- My Company** - Norton



local official unflatteringly dubbed the "Juan Crow" laws. Like the Jim Crow laws proceeding them, these regulations, either state, national or local, add scrutiny and authoritative control to a migrant population already fearful of government (be it Mexican or American).

- Within a short period we have required driver's licenses for car purchase...which was followed by the evaporation of used car lots.
- We have forced required scrutiny on employee's social security numbers or work papers by our industry...and highly auditing employment records of contractors to check immigration status of their workers, denying County contracts to companies with illegal workers publicized INS round-ups.

The anti-Hispanic movement has been quickly translated into "we don't want them," "we don't need them," "go away." The questionable legal status Hispanic residents have now a "nowhere to hide" level of discomfort. Norton Native Intelligence™ believes that many of our undocumented worker residents left 12 to 18 months ago, disappearing into smaller invisible communities in North and South Carolina, Tennessee and Alabama where communities are below the radar of Federal and State Authorities.



Norton Native Intelligence™ long term forecast is the entering of an era of pure sustained, organic growth and the settlement and stability of this new citizenry: more babies, more school age children, more taxpayers, more homeowners and more new Americans. We strongly believe surges are gone and the Americanization of North Georgia's Hispanic colony begins.

7 FORECLOSURE. DEAL OR NO DEAL

That is the question. With the sub-prime crisis meltdown this summer, financial market confusion and the tidal wave of interest rate repricing headed America's way, foreclosures and more importantly foreclosure opportunities are everywhere. But the media has hyped up the problems and ignited the home vulture buyers into a skitzofrenzy. There are hundreds of smaller-scale investors on the prowl for turnaround situations in otherwise stable markets. The stark reality is that while there will be numerous excellent home buys, the steep 50 to 75% discounts for these products just aren't there. Yes, the lenders' home inventory of REO will swell temporarily, but we do not see a wholesale deflation of these homes in order to clear the shelves. Quite the opposite; currently we see our own bank clients focused on maximizing recovery from these slightly-used, slightly-abused resale homes.

Properties that have been "Raped" upon foreclosure (the borrower yanks everything out of the house prior to losing it) and homes in "IFFY" locations or unfinished new construction of course will have major price adjustments...25 to 40%. These lender-owners are simply trying to contain their losses, shorten their carry and move these albatrosses out of inventory. But the bulk of the 2008 to 2009 bank home foreclosures will be on a solid footing. **MAXIMIZING RECOVERY** is the financial institutions' mantra. **NORTONREO**, a separate subsidiary set up to represent bank or institutional- owned property, is well aware of this institutional thinking. It's a waste of time even trying. Quality Housing in Quality Locations will sell at a Quality Price. Count on some discount but 50 cents on the dollar for quality just won't happen.

Norton trains its salespeople to spot and capitalize not only on houses that need work but also on what Norton calls "ugly situations"—people with problems who are motivated to sell for cash. Among the most common situations: divorce, death, job loss, problem tenants and mortgage delinquencies caused by non-affordable financing.

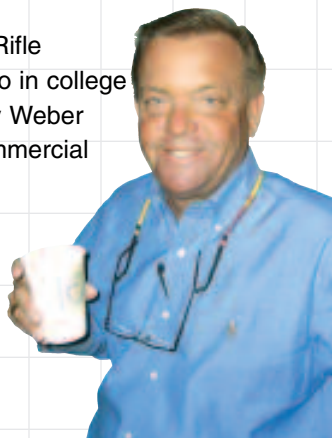
On the **opportunistic** side of the foreclosed housing correction is the strengthening of the housing multi-family rental market.

The construction day labor scattered in similar fashion over the last 6 to 9 months commiserate with the reduction of available residential construction work. If this pattern is correct, then Norton Native Intelligence™ believes the exodus or down-sizing is nearly complete. Those remaining Hispanics and their families represent the core of the new Americanization North Georgia population. Hispanic dependent businesses have suffered the worst point of the loss and will see a slow stabilization of consumer expenditure, and industry should expect increased competition for labor resources. The out-of-work, construction dependent worker pool is a great resource for the other manufacturing components which are in desperate need of legitimate labor.



GREG GREEN

- First Job** - Caddy
- My Wish** - Live Long and Prosper
- Favorite Food** - Steak—medium rare
- Proudest Accomplishment** - Won club championship
- Perfect Day** - Hot, sunny day at the beach
- Favorite Restaurant** - Cinco's
- Best Vacation** - Maui, Hawaii
- First Car** - Olds Delta 1988
- Recent Impulse Buy** - 22 Rifle
- First Big Purchase** - Stereo in college
- Indulgence** - Grilling on my Weber
- My Company** - Norton Commercial



Norton Native Intelligence™ believes that for every 200 homeowner foreclosures, 150 of those families are immediately seeking rental housing...somewhere. The other 50 double up, but only short term, with family and friends re-entering the housing market within a year. This is creating great demand for rental housing at a variety of price points. It used to be cheaper to buy a home (100% financing plus) in Georgia than to rent a traditional apartment (security deposit, pet deposit, first month's rent). While credit risks are apparent and there may be little or no money for security deposits (short term), these rental families by in large were current with their \$850.00 home mortgage but got caught in a credit pinch when their mortgage reset at \$1,350.00. Remember landlords, they were current at \$850.00, so why can't they rent at \$850.00?

Norton Native Intelligence™ sees huge rental home opportunities for the next 24 to 36 months: that trend may even stimulate new multi-family development in some micro- markets and push rental rates and sale prices upward for price increases for apartment complex purchases in 2008, 2009 and 2010.

lawyers consulted and perhaps in 12 to 24 months individual or class action lawsuits and massive Congressional and US Senator lobbying effort to break the boat dock ceiling. This process could take 8 to 10 years to make its way through Congress or the courts. Just look at the current Tri State Water War (started in 1988) for a projected timetable.

- The shortage of boat docks (those that have) is not apparent now; it's more psychological than relative. However, as North Atlanta marches through us, demand for lots and homes with docks will intensify regardless of the fluctuating lake levels.
- Lake prices are increasing at 6 to 16 % per year now regardless of a fluctuating lake level. Nevertheless, we project that Lake Lanier home prices will soar to Lake Burton/Rabun stratospheric prices within five years.
- Lake Lanier permanent dock moratorium is great news for Lake Hartwell and good news for other northern lakes in which docks continue to be available. Prices on these lakes will increase proportionately.

8

LAKE LANIER...NO PLACE TO DOCK

The U S Army Corps of Engineers' announcement that the maximum ceiling of boat docks on Lake Lanier has been reached is the most significant event for the lake since impoundment in 1957. This historic precedent-setting, environmentalist-supported legislation will have reverberations throughout the nation. It is our understanding no other Corps Lake has had such a permanent moratorium on a managed lake in America.

Norton Native Intelligence foresees:

- A period of "shell shock" for lake landowners who have had applications in progress but who missed the cut off. We see



BETTY HOWARD

First Job - Student Teacher

My Wish - For 2008 to be a successful, blessed and peaceful year for all

Favorite Food - Country French

Proudest Accomplishment - My children

Perfect Day - Any day at the beach

Most Unusual Gift - Set of my own tools for car repairs

Favorite Restaurant - My Kitchen

My Hero - My daughter

Best Vacation - Last one

First Car - 1955 Yellow Chevrolet ("Penelope")

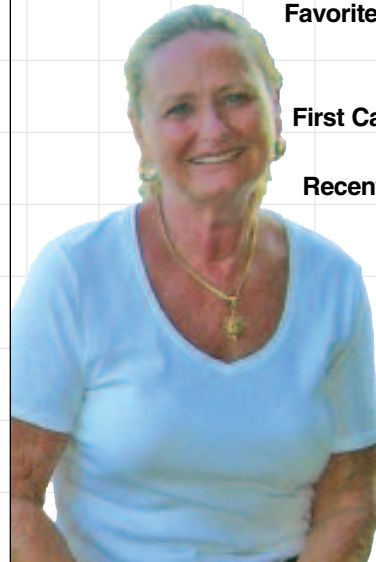
Recent Impulse Buy - Furniture

First Big Purchase - Car

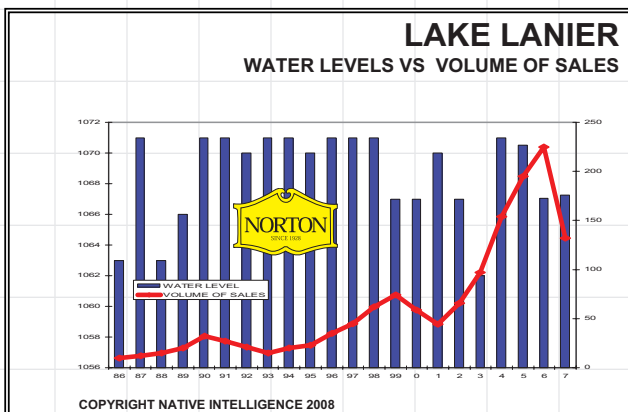
Indulgence - Fine Wine

My Company -

Norton Commercial



Betty Howard



STEVE GOOCH



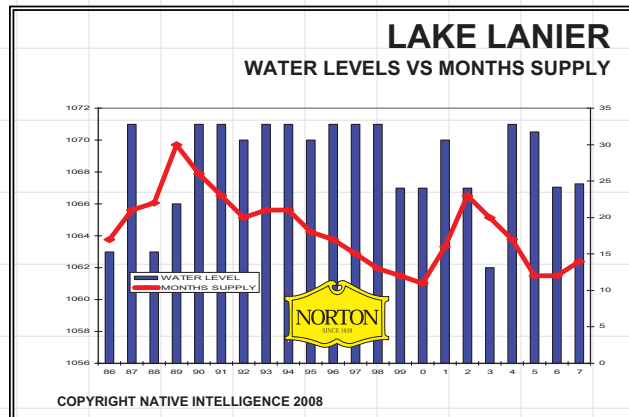
- First Job** - Grew up on poultry farm
- My Wish** - Financial Freedom
- Favorite Food** - Pasta
- Proudest Accomplishments** - Elected to Public Office
- Perfect Day** - Closing a deal
- Most Unusual Gift** - Salvation
- Favorite Restaurant** - Olive Garden
- My Hero** - My grandmother
- Best Vacation** - Hawaii
- First Car** - 1979 Pontiac Gran Prix
- Recent Impulse Buy** - Beretta 12 Ga. Shotgun
- First Big Purchase** - 5 acres of land when I was in college
- My Company** - Norton Commercial



Stephen Gooch

- Dock slip prices at developments like Marina Bay and Harbor Point and other smaller community dock facilities will double with the impending scarcity, and traditional marinas will benefit as well from the rising demand and lack of personal dock permitting.
- And remember if you have a permit **RENEW IT** and if you are warned for any Corps infraction, **immediately act upon it**. The loss of your boat dock could mean a loss of 100s of thousands in value. Once lost, those docks will be permanently removed from the system...not assigned to someone else.

Native Intelligence™ personal note: We feel sorry for our local Corps Officials who do a pretty good job managing this lake with a declining budget and massive Army, environmental and legislative directives. They will take the “blunt force trauma” of the folks clamoring for a boat dock. A specific note...they have no money budgeted to defend their actions or fight pending lawsuits. Pity also our congressional staffs that, like Luke Skywalker, have been fighting an omnipotent Darth Vader force of the National Corps of Engineers for years.



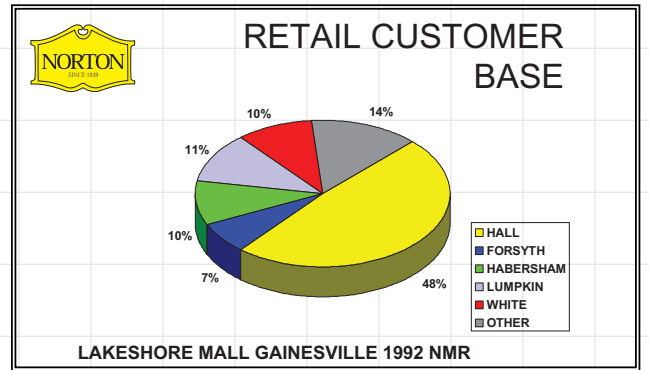
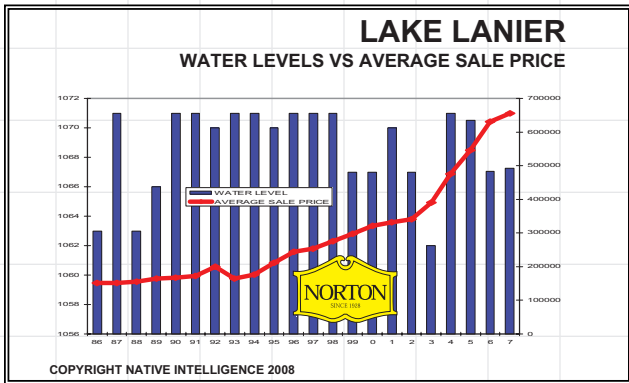
Lastly, the boat dock ceiling is both a Good thing, prices are going to go sky high and a Bad thing, more government interaction in our lives is unwelcome. Put on your crash helmet...its going to be a bumpy ride and, oh, one last question:

What's the Corps going to do next? BASED ON ITS HISTORY OF UNPREDICABILITY, NO TELLING.....

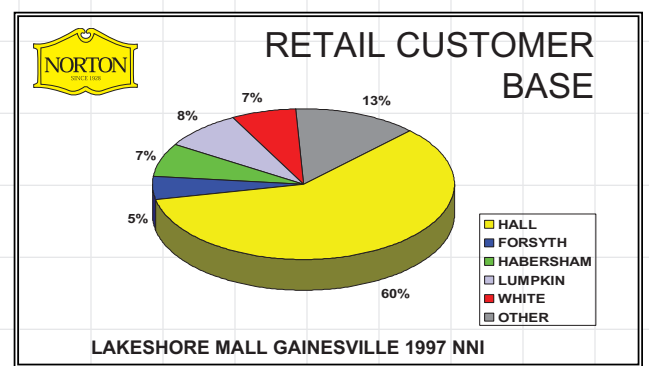
A separate white paper correlating sales values with water levels published January 1, 2007 is available @ nortoncommercial.com/intelligence

HERE ARE SOME QUICK FACTS ON GEORGIA'S LARGEST LAKE:

- Currently the lake elevation is 1,071 feet when at normal pool. The record high was in April of 1964 when the lake reached elevation 1077.2 msl which was approximately 6 feet above its full level.
- The maximum capacity of Lake Lanier is 1,085 feet.
- Lake Lanier covers 47,182 acres at an elevation of 1,085 feet above mean sea level (msl) (maximum storage capacity), providing for storage of 2,554,000 acre-feet of water.
- At full conservation pool (normal level, 1,071 feet msl), the lake covers 39,038 acres, has a perimeter shoreline of 693 miles, and provides for storage of 1,957,000 acres-feet of water.
- During drought periods, the lake may be as low as 1,035 feet msl and cover 22,442 acres, with storage of 867,600 acre-feet of water that is capable of releasing enough water to maintain minimum river flow downstream.
- Of the project's 17,744 acres above full power pool, 2,360 acres are open and the remainder is forested by pines, oaks, hickories, elm, sweet bay, ash, sycamore, persimmon, dogwood and other trees.



- Lake Lanier has an average depth of 60 feet and a maximum depth of approximately 160 feet near the dam based on the 1993 USGS Buford Dam quad map.
- A minimum flow of 600 cubic feet per second is discharged constantly through a hydroelectric service unit operated for peaking power on a schedule of 5 days per week.
- The project operates to maintain a minimum flow of 750 cubic feet per second at Peachtree Creek (Atlanta) to provide for wastewater assimilation (USACE, Mobile District, 1998).



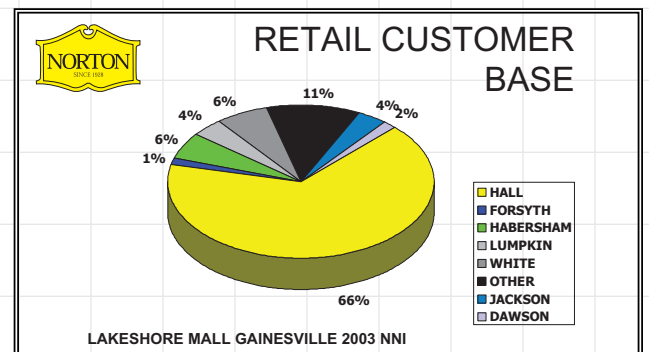
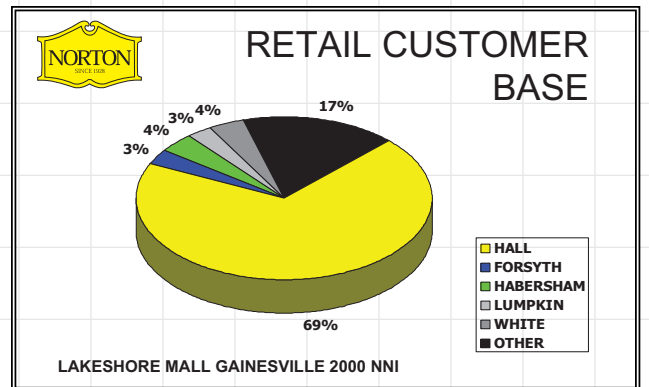
9

RETAIL MAKES A GIANT LEAP

We have been predicting a seismic retail shift for some time in Hall County with the waning dominance of Lakeshore Mall (North Georgia's indoor shopping experience); the proliferation of regional hometown shopping alternatives in Forsyth, Lumpkin, Dawson, Jackson and every other North Georgia county and the impending South Hall retail developments (Spout Springs Road and Mundy Mill Road). As in any growth organism, a central Gainesville and now Oakwood-Flowery Branch amoeba like cell division is now underway, Hall County clearly has a dual retail town center and in short order will divide again into three, four and perhaps five major retail destination hubs.

In the beginning...Gainesville, aka Mule Camp Springs, was North Georgia's trading post a level patch of fertile ground; clear, cool spring's water and the apex of multiple Indian trails and pioneer roads. Long before chicken was king, retail trading, commerce and barter, were the community's life line. The retail merchants that built mansions along Green Street are just one lasting remainder of the vibrancy and wealth of Gainesville retail importance.

The Gainesville Square was the "IT" place to shop, be seen and socialize. Changing demographics, the expanding post war economy fueled the retail expansion out Washington Street and the establishment of North Georgia's only indoor shopping environment. As recent as 1990, 90% of all retail space in Hall County was within 2 miles of



native intelligence

TOP TEN TRENDS

downtown Gainesville. Awashed with a steady stream of property and sales tax revenue the community spread its wealth into quality schools, parks, further retail, industrial zones, airports and a bustling economy.

The dilution of Gainesville's retail dominance was a slow dribble at first. Gwinnett Place opened in 1985, North Point in 1993, pulling at historical shopping patterns. Pioneering Walmarts in Forsyth, Lumpkin, Cornelia, Commerce, Toccoa and Dawson County kept durable goods shoppers home. The triple whammy of Lakeshore Mall's change of ownership, the opening meteoric rise of North Georgia Premium Outlets (Dawson County) and the opening up of the Mall of Georgia was perhaps the tipping point forever shifting retail balance and focus off of Gainesville.

One can just look at the retail customer base or out of county car counts since 1992 at Lakeshore Mall to see the waning importance the center has over the lives of regional customers.

Once the Mall of Georgia (Buford) opened up, it was clear that Gainesville no longer offered the county's population the shopping alternatives the changing demographics sought. Specialty goods, boutiques, high service quality restaurants and convenience stores continued to prosper in Gainesville, but the depth and variety of other goods and services were growing elsewhere.

In 2000, Norton Native Intelligence™ and its Commercial Division began providing the Greater Hall Chamber and governmental leaders a stream of retail research and demographics. Some 40% to 50% of all potential Hall County retail dollars were now being spent out of the county. So not only had Gainesville lost its retail magnetism from shoppers living in surrounding counties, it had lost significant retail sales and retail sales tax dollars from its **own** citizens. The surrounding Walmart shopper car counts paint a dismal picture of lost revenue to the Queen City and a windfall to those Walmart host municipalities.

Now totaling over 2,037,000 square feet of retail space this division of retail concentration is great news as it **REGAINS SHOPPERS LOST TO GWINNETT'S RETAIL BASE**. "Shop at Home" means we will see SPLOST and LOST tax revenue increase benefiting the much needed local infrastructure. As example, one local authority believes today one Walmart produces almost as much revenue to Hall County and its municipalities as the sole Lakeshore Mall... **and now we have two**. The new Stonebridge Center is 500,000 square feet compared to 570,589 in Lakeshore Mall and with a stronger mix of retailers, again will produce stronger retail tax revenue.

Keeping Hall County shoppers home and bringing outside tax dollars by offering unique shopping venues will mark Hall County's success or failure through the rest of this decade. Retail is catching up to the roof tops, the pendulum is swinging back and if successful will have far reaching revenue implications multiple times greater than any industrial recruit. While jobs are important, retail revenue stokes the economic fires. Add to the equation these retail projects already under development:

<u>USER</u>	<u>SIZE</u>	<u>LOCATION</u>
Sam's	140,000 square feet	South Hall
Kroger/Royal Lakes	80,000 square feet	South Hall
Ingles/Winder Hwy.	80,000 square feet	South Hall
And these proposed or on the drawing board:		
Sembler	500,000 (±) square ft.	Gainesville West
Northgate Retail Center	800,000 square feet	Northeast Hall
Mountain Brook Farm	900,000 square feet	Northeast Hall
Thompson Mill Village	523,000 square feet	South Hall ⁽¹⁾
RiverBrook Village	300,000 square feet	North Hall
Mundy Mill	500,000 square feet	South Hall/Oakwood

(1) Does not include office segment

While it further dilutes Center Gainesville's retail impact, in the same breath it strengthens Hall County's shopping, creates stronger nodes of community retail, keeps local folks home for shopping and attracts dollars once again from the surrounding demographics. A deeper meaning to "**SHOP AT HOME**" as the pendulum swing gains momentum.

Hall County Shoppers in Surrounding Walmarts

	% Hall Shoppers	% Lost Tax Revenue
Dawson	15%	15%
Forsyth	2%	2%
Lumpkin	10%	10%
Habersham	3%	3%
Buford	16%	16%
Commerce/Banks	6%	6%
Winder	3%	3%

**Survey and Car Count 2003-2007 Norton Native Intelligence™

And 2007 saw the sands shift back with the dual openings of a Walmart Superstore on Mundy Mill Road, 203,826 square feet and Stonebridge Center at Hog Mountain Road/Spout Springs Road and I-985 500,000 square feet. Add those square footages to an existing retail base in South Hall and the retail market suddenly gets "legs."

Hall Retail Evolution

Year	Lakeshore Mall	Hall Retail Market Square Footage	% of Total Market
1986	570,589	4,155,000	13.7%
1990	570,589	5,055,000	11.2%
1994	570,589	6,105,000	9.3%
1998	570,589	7,155,000	8.0%
2002	570,589	8,405,000	6.8%
2007	570,589	10,505,000	5.4%

70

LAND...BEGINS ITS ERA OF REPRICING

The land frenzy fueled by the housing market is over...for a while.

That's going to be a rude awakening for those sellers holding out for astronomical land prices. In most cases, they missed the market "window" to cash in their land, as their "lottery ticket" to fame and fortune. The stories of rags to riches are legendary. "Ma and Pa Clampett sitting on 100 acres of rolling farm land." Suddenly, the value soars to stratospheric proportions, not because of the Texas crude underneath, the beat-up barns and well-worn fields, but because of the county sewer line just installed along their rear bordering creek and property line. Zoning density drives up the value and **WHAM-BAM...** "Jed's a millionaire and Granny can move to Beverly Hills." During the Hey Day Boom of the 2000 to 2005's, this story or something similar played out in counties across the Northern arch of Metro Atlanta.

But now comes the market correction and the body count of builders, developers and lenders left in its wake. *Metrostudy*, the nation's leading source for new home data, now tracks (3Q 2007), over 82,000 fully-developed vacant lots on the north side of Atlanta awaiting a builder buyer and another 150,000-plus zoned, but yet to be developed, lot segment. That's a decade of lot supply in the face of the current, but temporary, housing demand slow down. This is a pause that does not refresh.

There is a natural hierarchy of residential product.

- Standing home inventory (homes finished or under construction)
- Developed vacant lots ready for construction
- Partially developed lots needing a final plat and county sign off
- Zoned entitled land but with no development infrastructure in place

And at the bottom of this food chain is:

■ Unzoned raw land

Today, as always, **the value of your land is what someone else will pay for it.** With few, if any, bulk land buyers in the market land prices will tumble. Developer land players are working overtime to put their own land holdings (renegotiating loans, adding equity partners, selling off other assets) into some sort of cryogenic suspended animation hopeful that sometime in the not too distant future, they can thaw out the bodies of their communities and bring them back to life for the next development cycle. But amid the rubble of overzealous development, there is HOPE in this interim cycle. Low priced homes built on low priced land will continue to move (see **Trend 2**). We have built too many high-priced homes in locations too remote to justify the commute. The development

ring of oversaturation is evident around Atlanta with the worst "future" lot land markets on Atlanta's Northside to include:

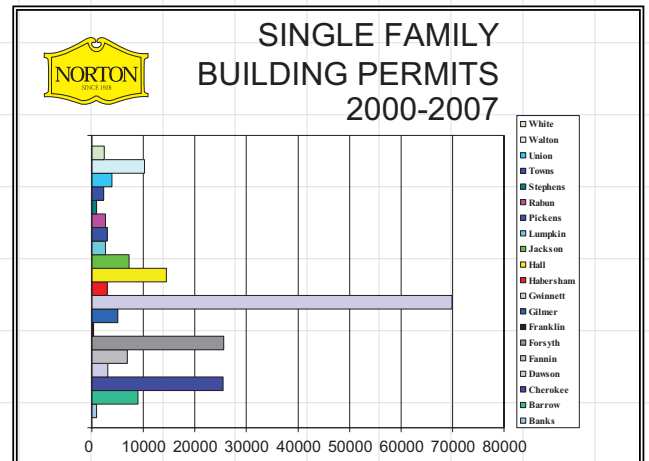
Jackson	Dawson	Habersham
North Forsyth	North Cherokee	Walton
North Hall	White	

Norton Native Intelligence™

According to Norton Native Intelligence research each of these have future available zoned lots in excess of 50 months of supply.

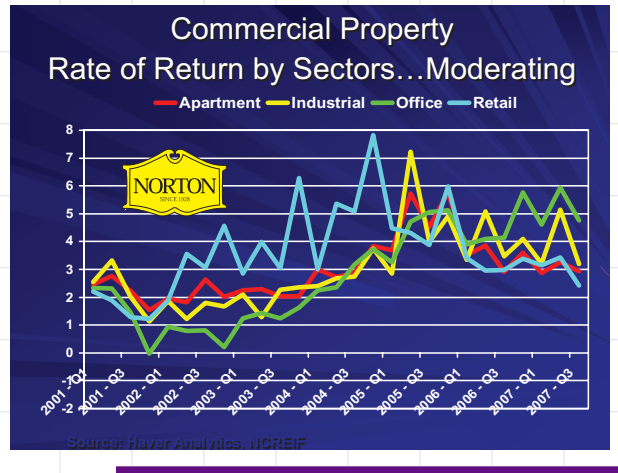
Norton Native Intelligence™ is not sure this was a buyer, seller or lender driven problem. High land prices drove the need for higher densities to make the business model work, forcing developers to consider smaller lot size and ultimately influencing the end result...the house price. We believe, however, that the actual end users (buyers) reject 40 and 45 foot wide lots in out-of-the-way, rural locations and are actually seeking forests of trees, green space, vistas and interconnected neighborhoods...not row after row of homogenized square boxes.

In this time of market fragmentation and a new era of land sales, we suggest landowners consult professionals (preferably a Norton Acreage Associate) to better understand the Wal-Mart like "falling prices."



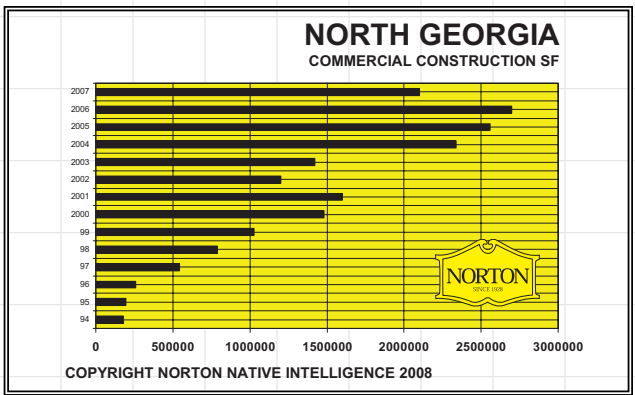
2008 REVIEW

While the bulk of our annual forecast is devoted to the identification of North Georgia's top trends or chronicling activity centers in the various counties, we annually review the dynamics of what we refer as the Five Food Groups: office, industrial, retail, multifamily and residential. A balanced diet creates a healthier North Georgia region. The following charts are the leading indicators of our market. For more detailed information contact any one of our Commercial-Acreage Specialists.

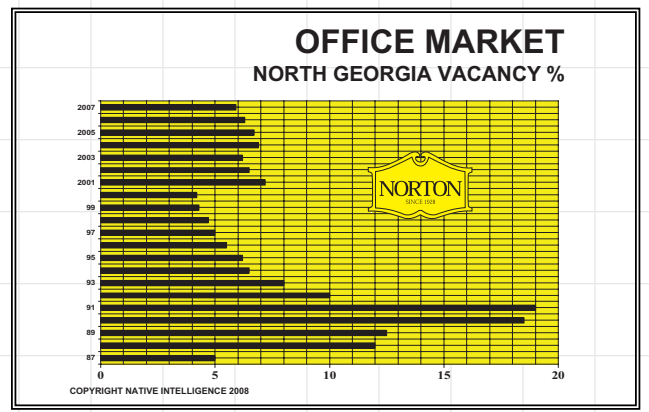
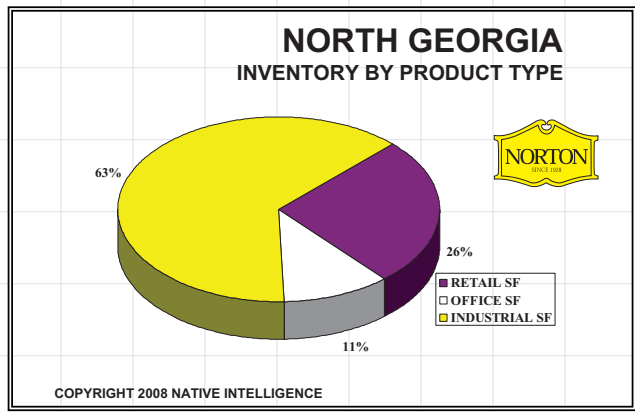


Positive Economic Outlook

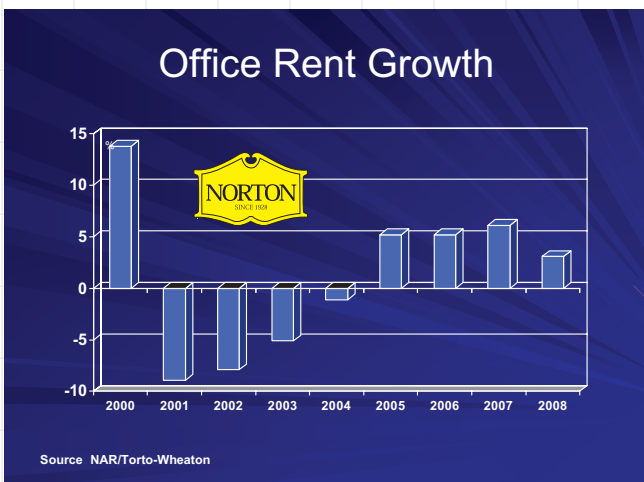
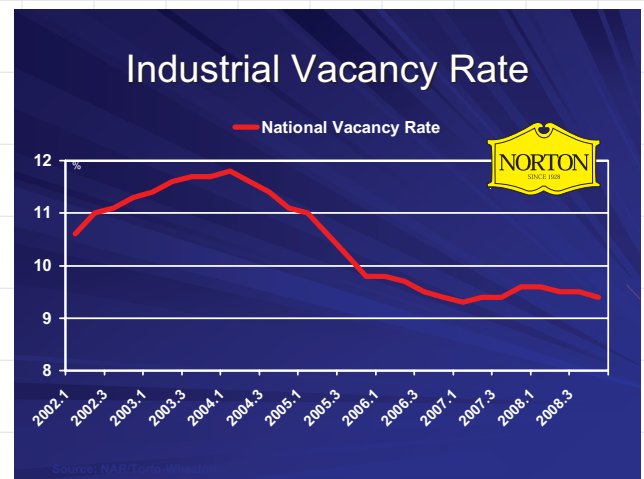
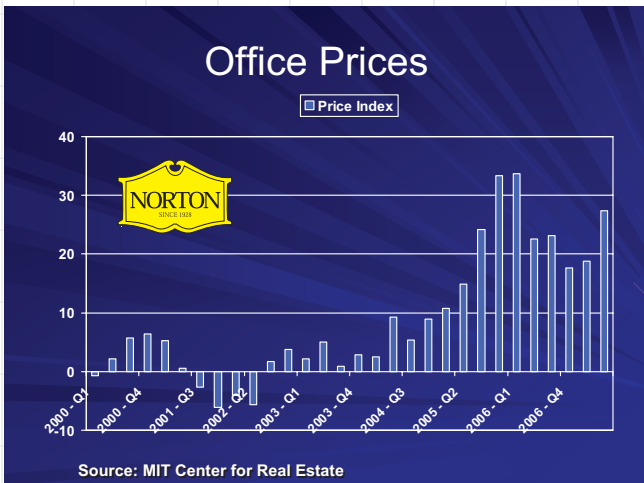
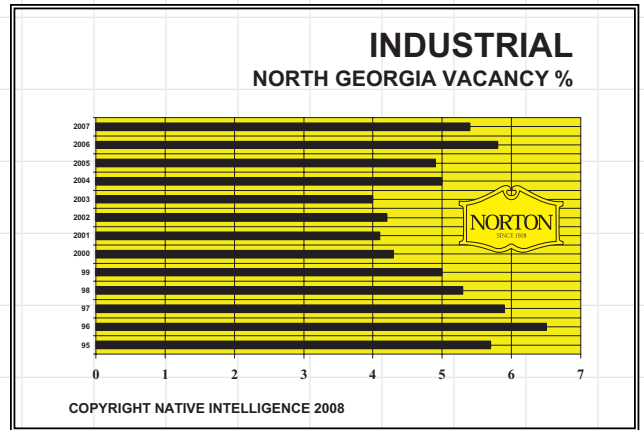
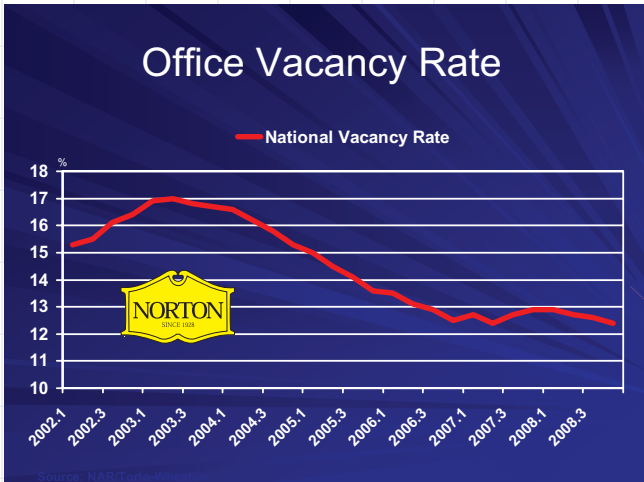
	2006	2007	2008
GDP	3.3%	2.1%	2.8%
CPI Inflation	3.2%	2.8%	2.8%
Job Growth	1.9%	1.3%	1.1%
Unemployment Rate	4.6%	4.6%	4.9%
10-year Treasury	4.8%	4.7%	4.6%

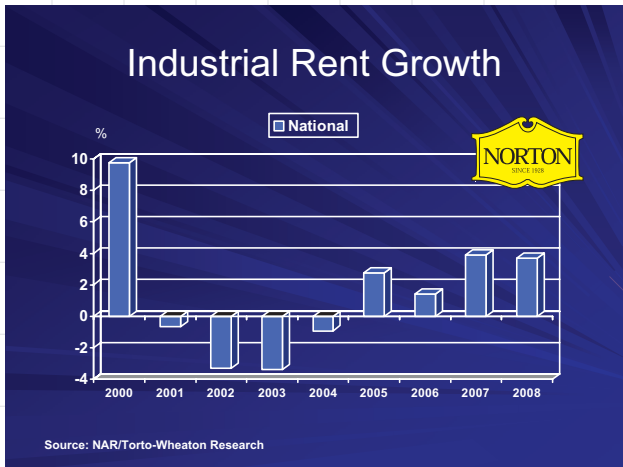


OFFICE

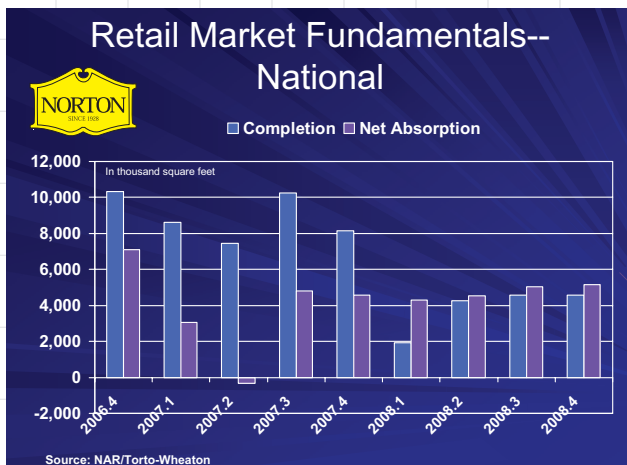
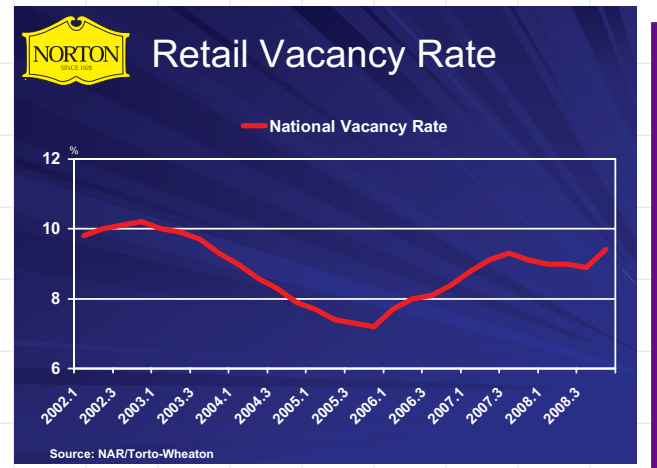
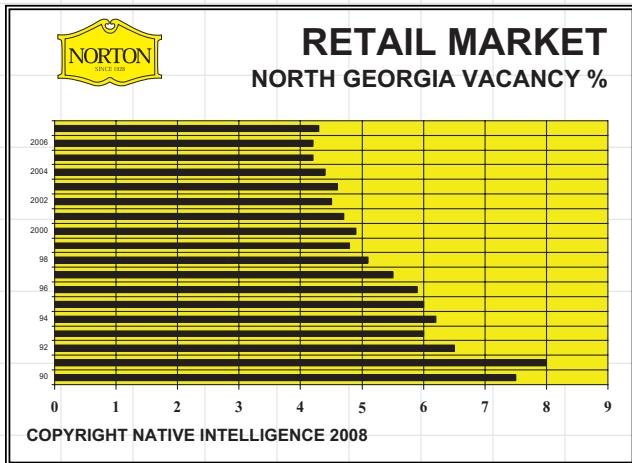


INDUSTRIAL

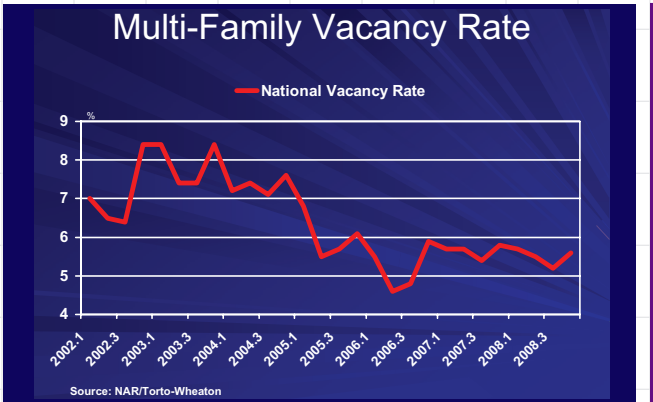
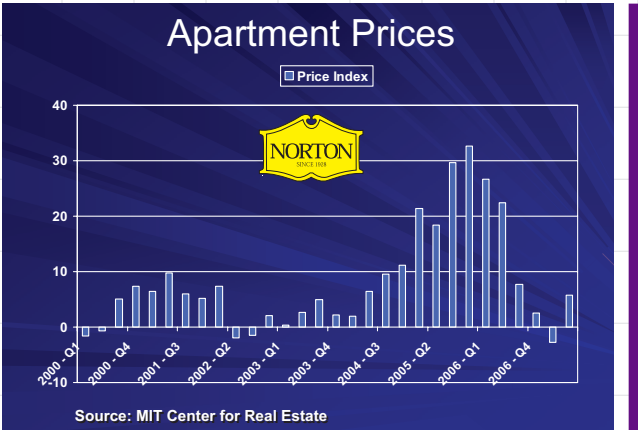
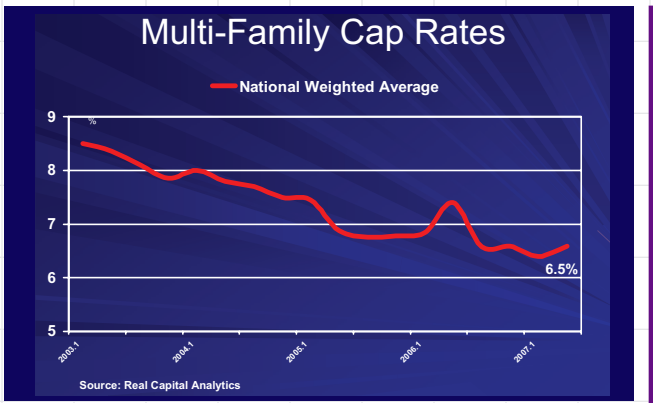
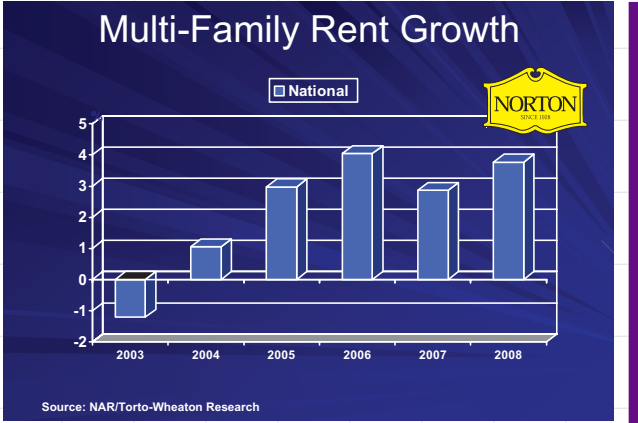
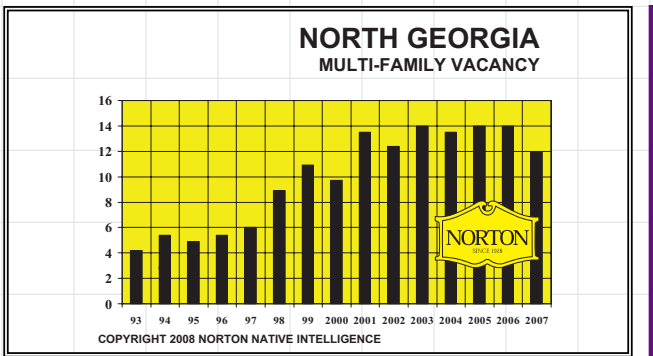




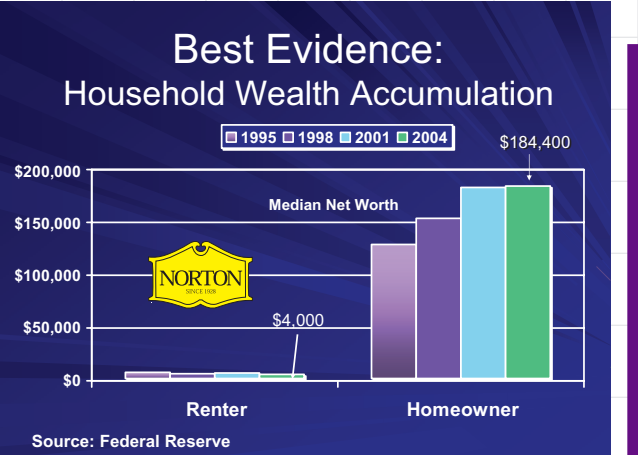
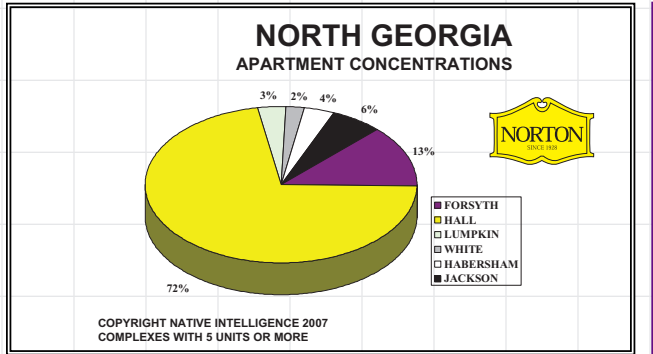
RETAIL



MULTIFAMILY



RESIDENTIAL



Top 10

THE POWER TO PERFORM

For the last eight years Norton’s Native Intelligence™ Report has recognized 10 Next Generation Leaders. These diverse men and women are carefully considered and selected because of the power of change they wield or the impact they play on the changing landscape of North Georgia. Occasionally, we get a call from some business person, public relations agent or government official wanting to be considered. Sorry, we’re flattered, but it’s **OUR LIST**.

Power, influence and long-range impact are subjective. The wide range of people on our Native Intelligence™ list are not necessarily there because of financial holdings, political conquest or Norton clients. In order to earn a spot in our Native Intelligence™ ranking, an individual has to directly influence the region in which we’re living—whether it’s their economic influence, community contribution or public service.

“**The Power to Perform**” Norton Commercial Brokerage’s slogan applies equally to this year’s list of Native Intelligence’s™ Top Ten...they have Power to Perform...for all of us.

1 CHARLIE MILLER

Businessman, Civic Servant, County Leader. Great things come to Habersham because of Miller’s efforts. Busier than a one-armed paper hanger, Miller serves as President of Habersham’s Industrial Authority recruiting new industry and rapidly expanding the county’s business offerings... AND is an elected member of the Habersham County Commission. He struggles with constraints of growth, expanding tax base and increased demand for services...AND he was recently pulled out of retirement to become CEO of Community Bank and Trust, one of the region’s largest Homegrown Banks. RETIREMENT never looked so good for a thankful Habersham County.

2 CHARLIE LAUGHINGHOUSE

...is not a laughing-House. As Forsyth County Commission Chairman, he is forging ahead to modernize and create self-sufficient Forsyth, and he has a tiger by the tail. Laughinghouse’s 4 years on-the-job (county commissioner), Baptism-by-fire training served him well in preparation for his newly elected County Chairmanship. He has learned to play hardball politics and plays it well: playing tough tackle with Forsyth’s old guard; standing up for his principles and ideas. He was the architect for a political charged housing

moratorium, only what he got was an **Economic** one. We don’t always agree with his direction, methodology or vision, but he is clearly a force and power moving Forsyth off center. We respect that and agree to disagree. His leadership will shape Forsyth and the Georgia 400 Corridor for decades to come.

3 WILL SCHOFIELD

Hall County’s School Superintendent is first and foremost one of the Good Guys. While we must acknowledge Schofield is a client and friend, his tenacity and vision will blueprint the county school system for generations. BRIGHT, ANIMATED, VISIONARY, ARTICULATE...he is quietly marshalling resources, squeezing budgets and building a dedicated leadership team. Overcoming the obstacles of high population growth, multi-cultural language concerns, unfunded mandates, Schofield is pushing and prodding every button. A voracious reader, insatiable learner, technology adaptive and a deep thinker, Schofield doesn’t blow his own horn or break his arm patting himself on the back. His style is forceful yet honorable. Watch closely as he moves Hall County’s School System from GOOD to GREAT!

4 VAL PERRY

Lake Lanier Property Owners Association. We don’t know much about his background, but we’re impressed with his tenacity and leadership. Perry asks pointed good questions, taking incessant notes and clearly communicating the message of the private property rights of his membership. We see Perry as the next generation of LLPOA following the big shoes of Jackie Joseph, Ron Seder and others. Lake Lanier is important to all of us and Perry is well-educated, well spoken, clear and focused on the advocacy of a stable, clear, clean pool of water. We need that right now. Keep it Up. The Lake, Too.

5 AND 6 JOE M. HATFIELD & GUS ARRENDALE

Habersham County second generation poultry leaders are broadening their parental legacy...spell that FIELD-DALE. Hatfield, hunter, environmentalist (State DNR Board) and street-smart businessman, learned the poultry business ground up. Conversely, Arrendale has become the spokesperson and PT Barnum Promoter of a new brand *Springer Mountain Farms*, pushing the poultry giant into multi-level, health-conscious product lines and eventually as a full service food provider. “Original,” “Organic” and “Fresh!” Great adjectives for both businessmen’s styles and the products they produce.

7 ANGELA SHEPHERD

The Banks County Manager is best described as a petite, high energy, perky dynamo and now the backbone of an emerging BANKS County. While she has forward-looking commissioners (at last) the day-to-day tasks fall on her broad little shoulders. Retail expansion, industrial recruitment, sewer initiatives keep her plate full and their successes become notches on her belt. Banks County will do great during her tenure, but won't be able to hold on to her for long as we see her capable and recruitable for bigger assignments. Shepherd's mark will endure long after she is gone.

8 JOE CAMPBELL

New White County Commissioner stepped up to the political plate during the heated debate on the controversial Mountain Development Restrictions. His years as athletic coach, mountain home builder, developer and banker have served him well. This giant of a man now along with the other county commissioners is up to the task of moving White County out of its Dark Ages thinking, and balancing the environmental heritage of the county with the right of private property owners.

9 JIM WALTERS

"ONLY IN AMERICA"
 Hall County and Regional Businessman has been on our list once before, but his power, presence, involvement and investments continue to be everywhere we turn. His current involvement in creating a new regional bank, Chattahoochee Bank of Georgia, investments in a string of land investment gems along GA 365 and leadership roles in Brenau, Lakeview Academy, YMCA, State DNR Chairman, Featherbone Education Center and Northeast Georgia Medical Center distinguish him as one of our few repeat leaders. At 70 years young, Jim has only started to leave his business and charitable footprint on the face of North Georgia. For that we are grateful and appreciative.

10 LAMAR PARIS

As Union County's (population 17,289 and another estimated 20,000 weekend "part time" residents) sole commissioner, Paris has his hands full...and that's 24-7. With 159 counties in Georgia only 9 out of 159 use the sole commissioner system whereby the elected commissioner runs it all: utilities, industrial and retail recruitment, planning, roads, public safety and tax collection...and we just thought our own juggling was tough. But Paris shines, his quiet deliberate manner working through the toughest

situations. His leadership style is fair and even, his vision most importantly is keeping Union County growth in balance with its ability to deliver services. A first-class job from a first-class act.

PAST RECOGNITION RECIPIENTS

- Scott Atherton
- Henk Evers
- Mary Helen McGruder
- Jennifer Scott
- Tommy Bagwell
- Jim Gardner
- Russell McMurry
- Ron Seder
- Charles Bannister
- Paula Gault
- Steve Mills
- Pam Sessions
- Phillip Beard
- Gary Gibbs
- Chris Nonnemaker
- Brian Shuler
- Pat Bell
- Steve Gooch
- Billy Morse
- Tom Slick
- Mike Berg
- Pat Graham
- Michael D. Moyer
- Burton Stephens
- Dennis Bergen
- Tom Hensley
- Chris Nonnemaker
- Dennis Stockton
- Stan Brown
- Ronnie Hopkins
- Tom Oliver
- Jimmy Talent
- Casey Cagle
- Bill Johnson
- Danny Otter
- Erwin Topper
- Sam Chapman
- Jackie Joseph
- Dudley Owen
- Dick Valentine
- David Claybo
- Bryan Kerlin
- Donald Panoz
- Russell Vandiver
- Broughton Cochran
- Chris Lovelady
- Eugene E. "Chip" Pearson, Jr.
- Jim Walters
- Carlyle Cox
- Virgil Lovell
- Sonny Perdue
- Alan Wayne
- Al Crace
- Chris Maddox
- Scott Martin
- Randall Pugh
- Rich White
- Jonathan Davis
- Wayne Mason
- Jeff Quensenberry
- Philip Wilheit
- Kit Dunlap
- Tony Mastandrea
- John "Jack" Rooker
- Martha Zoller
- Mike Evans



RUSSELL D. DYE

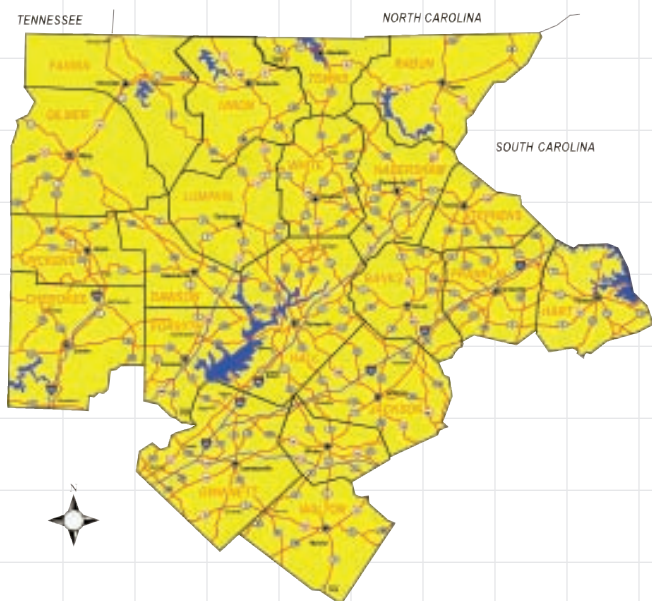
- First Job** - True Value Hardware Store
- My Wish** - Be wise, be successful, and always share it
- Favorite Food** - A nice ribeye from Green's Grocery
- Proudest Accomplishment** - Birth of my daughter and college graduation
- Perfect Day** - Clear, cold day on a duck pond with my buddies
- Most Unusual Gift** - More than I can remember
- Favorite Restaurant** - Two Urban Licks
- My Hero** - My Wife and My Dad
- Best Vacation** - My Honeymoon: Dominican Republic and Park City, UT
- First Car** - GMC 4WD Pick-up
- Recent Impulse Buy** - New tailored suit
- First Big Purchase** - My House
- Indulgence** - Hunting and Family
- My Company** - Norton Commercial



LAND OF OPPORTUNITY NORTH GEORGIA 2008 COUNTY OVERVIEW

The National Media's doom and gloom hype has finally inched its way into the cracks and crevices of the North Georgia Growth Economy. From Cherry Log to Matt, from Chestnut Mountain to Redbud from Hollywood to Airline, North Georgia is feeling the effects of the builder slow down, sub-prime meltdown and consumer uncertainty. Investors and second home buyers are sidelined, paralyzed by the thought of making a wrong decision.

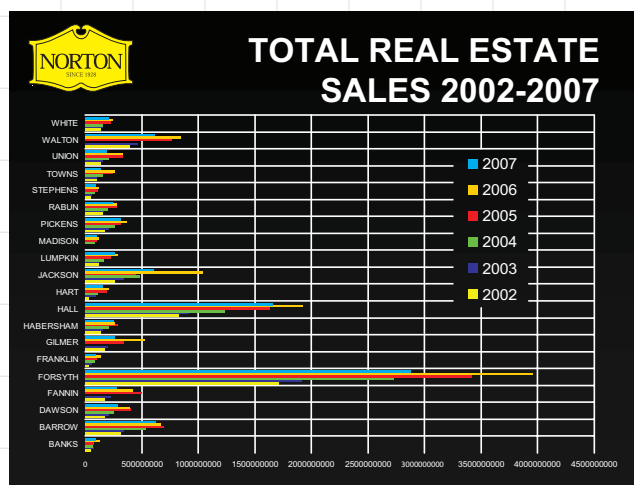
But it's clearly a perception market. Primary Homes, Second Homes, Custom Construction or Newly Developed Lot Inventory, Retail Expansion and Industrial Relocation are trading hands every day in every corner of our region. When compared to other areas of the nation, WE ARE THE FORTUNATE ECONOMY. Norton Native Intelligence™ believes the pall on the market will be short lived. At year end interest rates are dropping, a stable job market and expanding middle class employment is predicted by Georgia State Center for Economic Research. And finally home inventory appears to have peaked in September 2007. Signs of pent-up demand are showing up in value house price points and the surge in the stock market is creating added wealth for potential second home buyers. Coupled with strong home supplies and seasonally motivated sellers, the future bodes well for North Georgia's recovery.



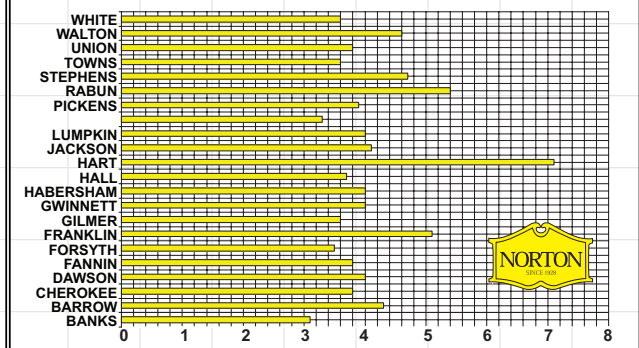
The Power of Norton's information base **Native Intelligence™** starts in its individual county database and local, on-the-ground knowledge. Over 1,200 separate indices are maintained on 30 counties. This enables our brokerage staff to drill down to the core of a county's activity and most of all OPPORTUNITY. Despite the occasional breakdown of crummy local politics, the future direction for North Georgia is healthy...wealthy...and wiser...North Georgia is a driving force for Georgia as historically 32% of all new home permits in the state are in our region. The following narrative charts and indices are Norton's STATE OF THE UNION for North Georgia.

Here are 23 bright spots in the National Economic Fabric.

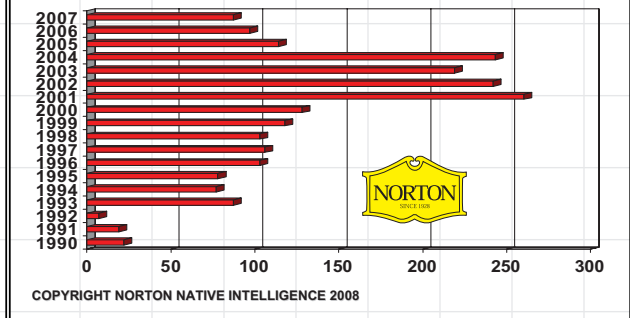
Frank K. Norton, Jr.
fkjnr@nortonnorthga.com
 Phone Direct: 770-718-5252



SELECT COUNTIES UNEMPLOYMENT NOV 2007

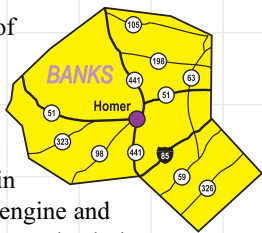


BANKS COUNTY TOTAL BUILDING PERMITS

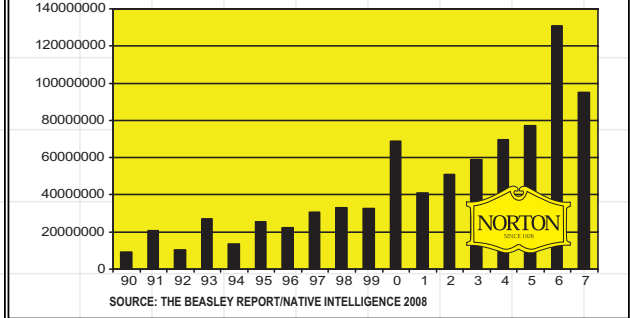


BANKS

Strategically located as the next domino of growth along I-85, DeKalb-Gwinnett-Jackson-BANKS so far has avoided the frenzy and excesses of its southern band of brothers. Banks retail component estimated at over 1.5 million square feet in size is the driver for the county's growth engine and stabilizer of its tax base. As of this writing, real solutions for the aging Craven's Pottery are at hand and Norton's Native Intelligence™ foresees the metamorphosis of existing retail into a multi-state retail epicenter along I-85. Sewer initiatives for the Martin Bridge exit could perhaps lengthen the retail market even further or create a regional destination and industrial zone. Either way diversification is a good thing for Banks County's future.

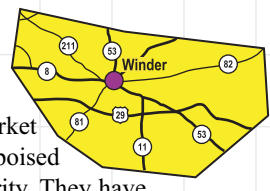


BANKS COUNTY TOTAL REAL ESTATE SALES



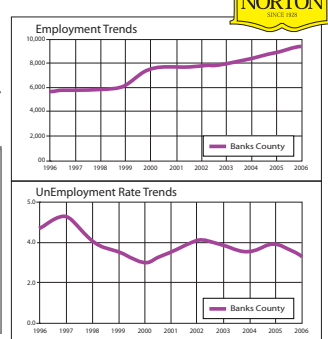
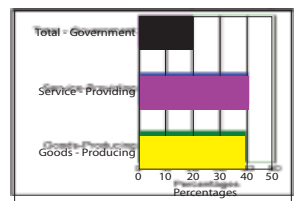
BARROW

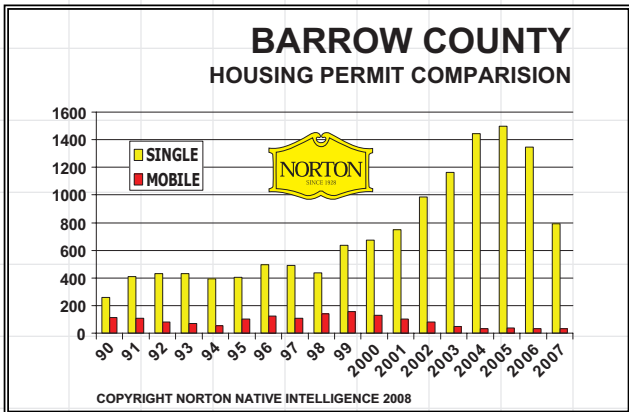
Gwinnett's affordable bedroom has largely escaped the massive speculative development currently consuming its neighbors. As the affordable housing market for the region's employment, Barrow is poised for rapid recovery and continued prosperity. They have what no one else in Metro Atlanta can deliver...close in accessible, affordable land and the resulting affordable housing stock, a residential community supported by an improving school system and progressive government support services. While there has been a steady increase of higher end housing product in Barrow's Northeast (Chateau Elan corner) it needs to temper its desire for much more and learn lessons of excess from its adjoining neighbor Jackson (see Jackson County which follows).



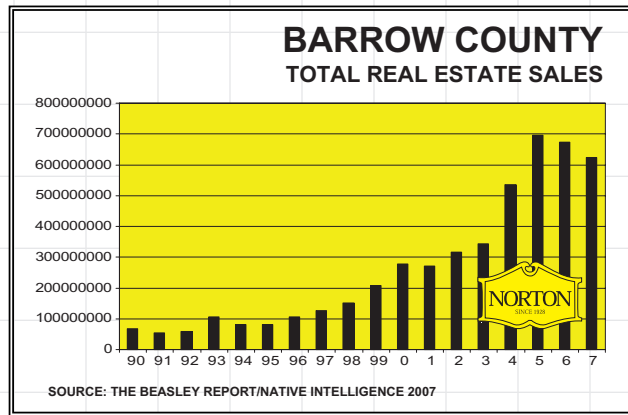
BANKS COUNTY EMPLOYMENT 2006 ANNUAL AVERAGES

- 9,414 RESIDENTS CURRENTLY EMPLOYED.
- 3.2% UNEMPLOYMENT RATE





overpass over the Central Winder railroad tracks. This 80 million dollar project alone will alleviate the Winder bottleneck, create and stimulate new business and open up the county for progress.



transportation plans will impact Barrow perhaps more than any other Atlanta community which includes improvement for GA 316, 316 HOV lanes in Gwinnett portion, a new I-85 and 316 interchange and a much-needed, super interchange linking GA 316 with downtown Winder via a west Winder bypass. This project will create a 4 lane direct route from GA 316 to GA US 211 and have a

MATT MCCORD

First Job - Grounds Crew Atlanta Falcons

My Wish - To finish my life list

Favorite Food - Low Country Boil

Proudest Accomplishment - Climbing Kilimanjaro

Perfect Day - No schedule. No cell.

At the beach with friends.

Most Unusual Gift - Shoe trees and pliers. (same box)

Favorite Restaurant - Fat Matt's Rib Shack

My Hero - I like Teddy Roosevelt & Johnny Carson

Best Vacation - African Safari

First Car - '92 GMC Jimmy

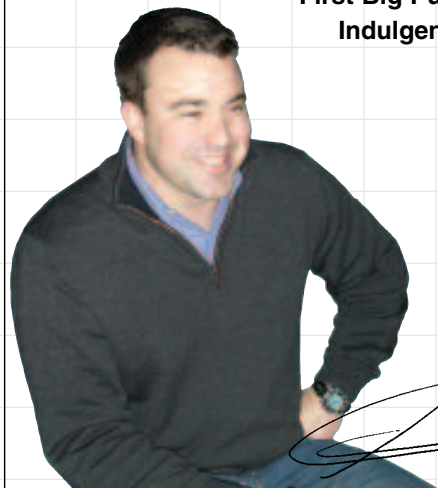
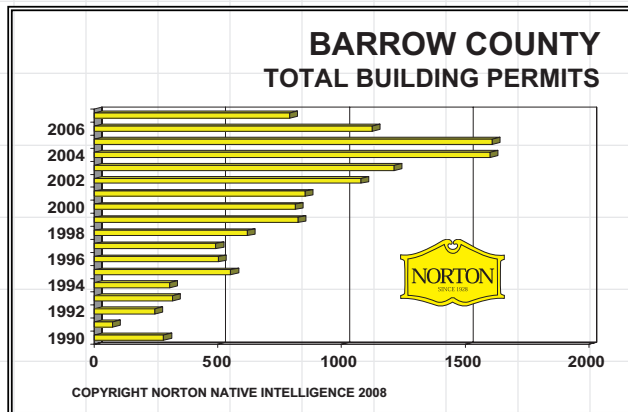
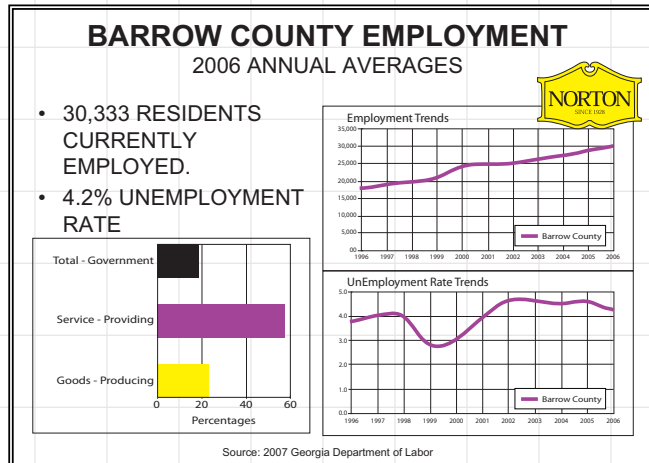
Recent Impulse Buy - A little black dog

First Big Purchase - New Ride

Indulgence - Day Dreaming

My Company -

Norton Commercial

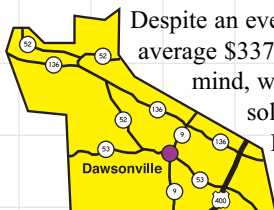



CHEROKEE

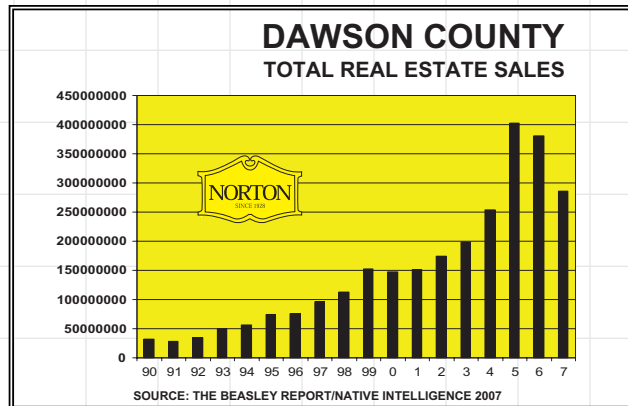
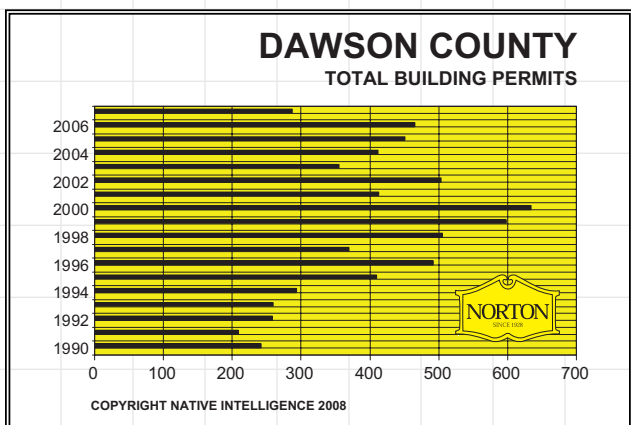
This county has ping ponged its way along for almost 10 years now. **Go** growth, **No** growth, **Go** growth, **No** growth. While the county has prime potential for industrial and business recruitment and strategic accessibility, it can't make up its mind what it wants to be or much less how to get there. Today it's a no growth regime and a new highly restrictive UDC document in effect promotes lower density developments. Constraints on infrastructure, water and sewer equal the constraints placed on development through various political maneuvers.

But the "bright light" for Cherokee long term, is positioning. Cherokee, whether they like it or not, is next door to METRO ATLANTA and they can't move. It's a pretty easy commute to the Cobb employment center including the Cumberland Mall area. They need to face the fact that Atlanta is going to move THROUGH THEM NOT TO THEM and they need to be prepared. Projects like the Sembler project at I-575 and medical expansion lift the entire Cherokee business boat. Cherokee is a natural extension of Cobb and Atlanta. The position is too compelling.

DAWSON



Despite an ever escalating average home price (2007 average \$337,098) and a one track retail development mind, we like Dawson. Its leadership is rock solid, its incredible mountains, Lake Lanier and rolling terrain pierced by GA 400, who could wish for any more? But Dawson needs a little **bit** more. Land prices have soared to the point that only the very high end homes can be built. Norton Native Intelligence™ believes a major Dawson residential potential, raw land correction is eminent and if so, multi-price point housing, so greatly needed, will result. With the massive additional retail growth projected for Dawson



County (one million square feet plus) labor will be in scant supply. The North Georgia Premium Outlet Mall struggles now to hire AND KEEP sufficient help. Residents have been willing to



BRENDA DUCKETT

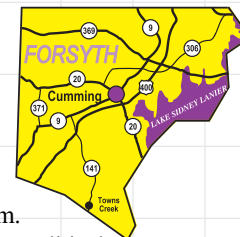
- First Job** - Travelers Insurance
- My Wish** - To be the best wife & mom I can be
- Favorite Food** - Veggies
- Proudest Accomplishment** - Proud grandmother of 10.
- Perfect Day** - Family day at the house with games and cookout.
- Most Unusual Gift** - Nativity from Guatemala made of clay
- Favorite Restaurant** - Ruth Chris Steak House
- My Hero** - My husband - Ken
- Best Vacation** - Mission Trip to Guatemala
- First Car** - 55 Ford
- Recent Impulse Buy** - 5 New Vests
- First Big Purchase** - First home - Cost \$10,500 with a payment of \$77.00/mo
- Indulgence** - Friends, fellowship and some quiet time
- My Company** - Norton Commercial



travel farther for more privacy, open space (large lots/land), smaller schools and a greater sense of community, but will this continue with sky rocketing oil prices? We believe they will want to stay closer to home, to work, play and shop. Dawson must grow and keep its own labor rather than rely on commuting imports. Multiple price point housing starting at the lowest pay scales is a must. If not, the retail movement will choke on the vine and wither away. A retail business mecca is emerging and we challenge Dawson to be better prepared.

FORSYTH

O' what a difference a year makes. Forsyth ended 2006 permitting over 4,000 homes with an unwavering growth engine...Residential—at least 150 active developments...Retail by Cousins (Avenues) and Sembler market place...and to cap it off an aggressive Chamber-initiated business recruitment program.



Then comes Forsyth's "winter of discontent"...a political moratorium...its May residential development train wreck...the midsummer historic drought...and major governmental skirmishes over water and SPLOST.

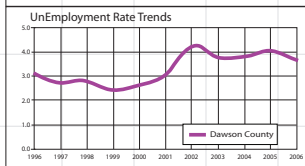
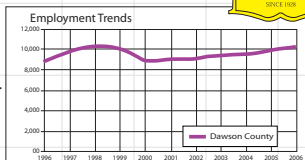
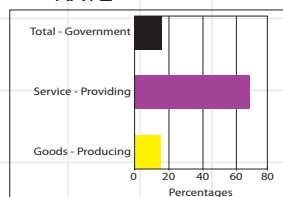
By the end of 2007 Norton Native Intelligence™ projects cataloged 2,600+ standing new homes for sale in Forsyth and another 10,000 vacant but developed lots, or another 40 months supply of lot inventory. Forsyth, in the opinion of Norton Native Intelligence™ will be hardest hit by the Growth Engine slow down since GROWTH is its largest and perhaps **only** industry. We expect the trickle down effect to impact Forsyth's tax revenues and durable goods spending. A resale home hangover, uncertainty about Lanier water sustainability and even surplus staff in growth supported government departments like Planning and Permitting are eminent.

The current UDC revision is counter productive in a regional development environment that is embracing new urbanism as an alternative to tract home development. The proposed minimum lot requirements would eliminate the possibility of future communities in Forsyth County such as Vickery which has been a great success. We believe the direction in which the current commission is taking the county is counter to most of the forward-thinking areas of the country.

On the other hand, Forsyth County Schools have led the way in environmental sustainability through such measures as installing waterless urinals in all of its new school facilities. These measures are a critical way to address the water crisis that has gripped the

DAWSON COUNTY EMPLOYMENT 2006 ANNUAL AVERAGES

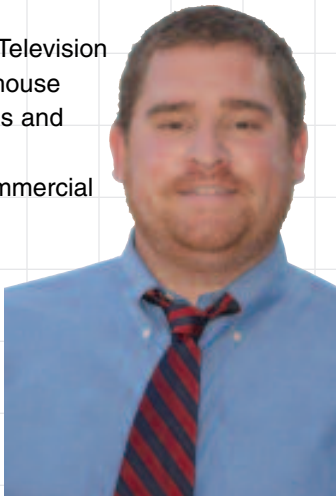
- 10,281 RESIDENTS CURRENTLY EMPLOYED.
- 3.7% UNEMPLOYMENT RATE



Source: 2007 Georgia Department of Labor

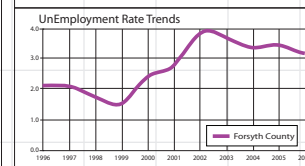
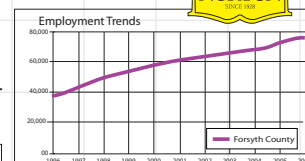
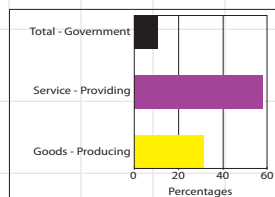
J.R. JOHNSON

- First Job** - Building houses
- My Wish** - To be stress free and successful
- Favorite Food** - Bar-B-Que
- Proudest Accomplishment** - My wonderful family
- Perfect Day** - Fly fishing in the North Georgia Mountains
- Most Unusual Gift** - Leather work gloves
- Favorite Restaurant** - Frontera Mex-Mex Grill
- My Hero** - My grandfather
- Best Vacation** - Lake Tahoe
- First Car** - Volvo
- Recent Impulse Buy** - HD Television
- First Big Purchase** - Our house
- Indulgence** - Family, friends and good times
- My Company** - Norton Commercial

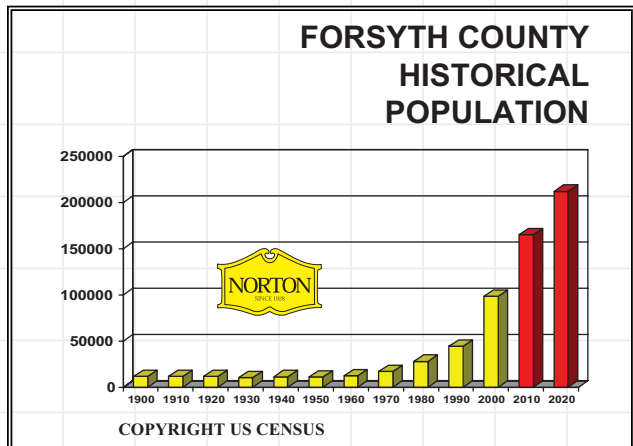


FORSYTH COUNTY EMPLOYMENT 2006 ANNUAL AVERAGES

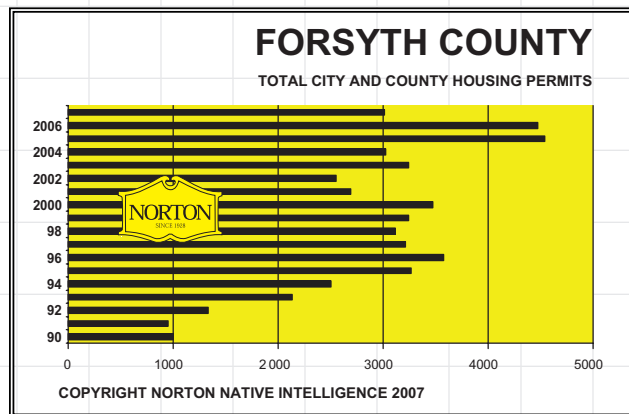
- 75,394 RESIDENTS CURRENTLY EMPLOYED.
- 3.2% UNEMPLOYMENT RATE



Source: 2007 Georgia Department of Labor



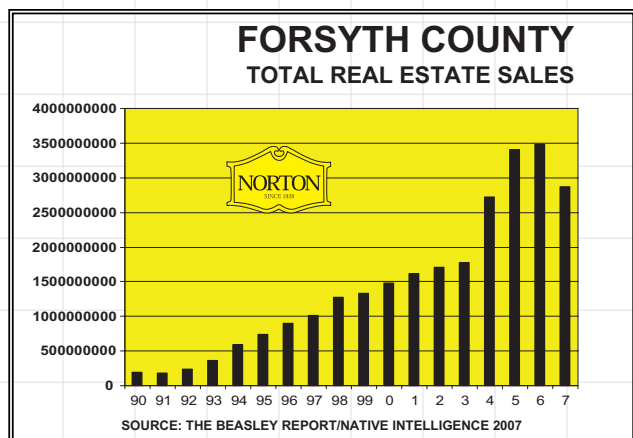
not talking about cluster housing with common walls or row after row of townhouses, no real houses with real yards...front, back and side and real family neighborhood connectivity. Deliver that and you will open the flood gates for much needed quality business relocation and internal sustainable employment.



Upper Chattahoochee basin over the past year. New facilities in Forsyth County are being built to standards which meet or exceed standards of the Green Building Council for institutions and Forsyth County will have a \$100,000,000 bond referendum on the ballot in February for the protection of parks and greenspace.

The greatest challenge ahead will be what to do with all the high priced subdivision development that is now half-finished and at a standstill coupled with having too many, too high-priced homes in all the wrong locations. Land in Forsyth will take the greatest hit of all the counties in the regional study by Norton Native Intelligence™ (see **Trend 10**). But we remain steadfastly **BULLISH** that Forsyth can wean itself from the “crack-cocaine-addict” like habit of McMansion development. The Chamber’s business recruitment program, the government’s focus on the major retail development opportunities and expanding Forsyth window onto Lake Lanier through hotels, convention centers and park development will help soften this momentary residential blip.

Norton Native Intelligence™ continues to call for Forsyth to correct its greatest weakness: the lack of a diversified housing base. Where are the \$220,000 to 250,000 free-standing homes in South Forsyth?...the \$170,000 to 200,000 homes in Forsyth’s North?...We’re



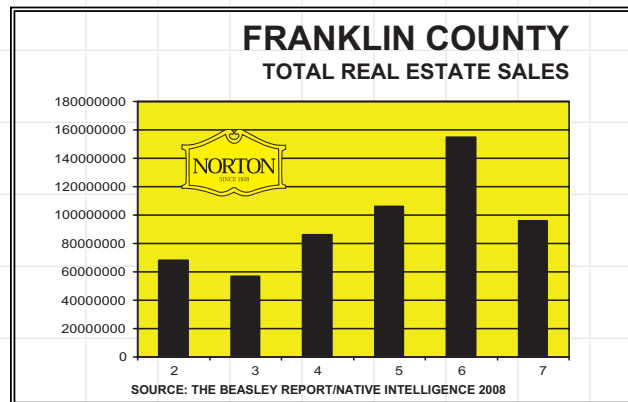
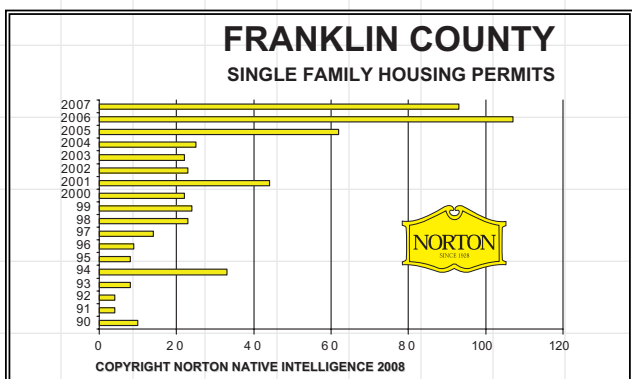
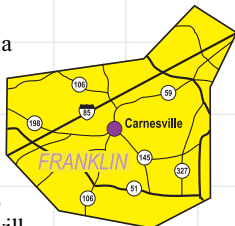
ALLEN NIVENS

- First Job** - Gas dock at the CCC
- My Wish** - A vibrant downtown Gainesville
- Favorite Food** - Memphis-style ribs
- Proudest Accomplishment** - 7 years of marriage and 2 kids!
- Perfect Day** - Closing deals by morning, Allman Brothers by night
- Favorite Restaurant** - Chops
- Best Vacation** - Sun Valley
- First Car** - Jeep Wagoneer
- Recent Impulse Buy** - Gibson Les Paul guitar
- First Big Purchase** - Oak Ridge Boys album-7 years old
- Indulgence** - Crème Brulee
- My Company** - Norton Commercial



FRANKLIN, MADISON, HART & ELBERT

Northeast Georgia's most northern counties, like a "crouching tiger," are just lying-in-wait. Franklin with its superior interstate accessibility, visibility and huge water resources will capture long term the lion's share of industrial (transport related distribution), retail and support services, the timing of which will



be delayed by the market correction. Madison and Hart land tracts should maintain values through 2008. Mostly agricultural tracts are being traded. Raw land SHOULD STAY well below \$10,000 per acre. Of greater value to the region is Lake Hartwell, sitting reasonably full with miles and miles of second home opportunity ripe for purchase. In Lake Lanier's moment of confusion there is profit in Lake Hartwell.

TOM CROMARTIE

First Job - Bus Boy at Poor Richards

My Wish - Prosperity

Favorite Food - Preferably cooked

Proudest Accomplishment - MBA

Perfect Day - Samburu

Most Unusual Gift - A Large shirt

Favorite Restaurant - Six Feet Under

My Hero - Parents

Best Vacation - Road trips with Alyson

First Car - Subaru

Recent Impulse Buy - First home

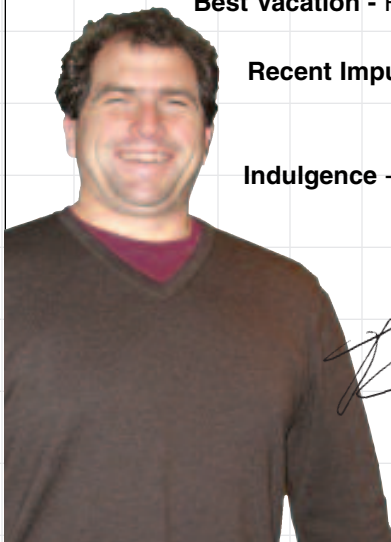
First Big Purchase -

"Ghetto Blaster" at 10

Indulgence - That's pretty obvious

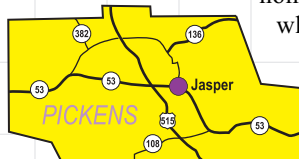
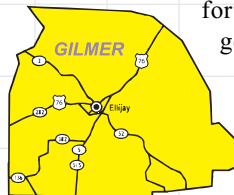
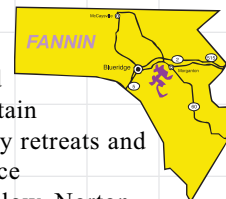
My Company -

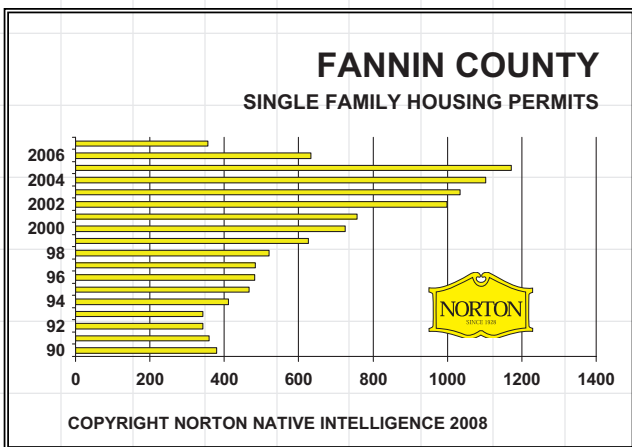
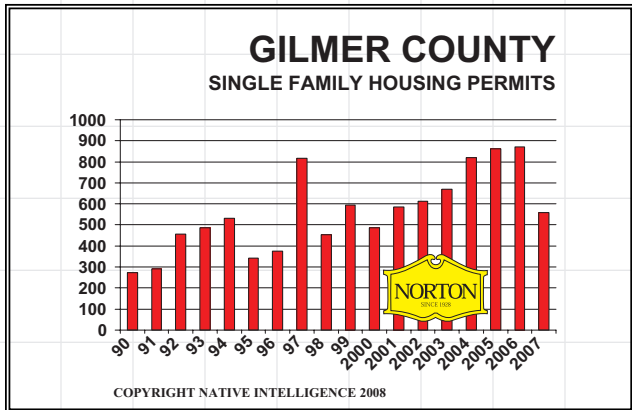
Norton Commercial



GILMER, FANNIN & PICKENS

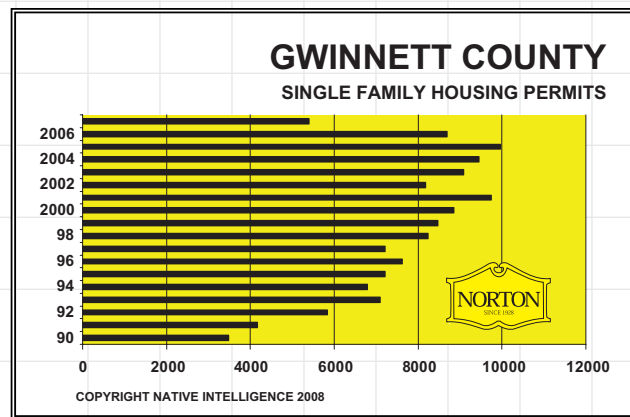
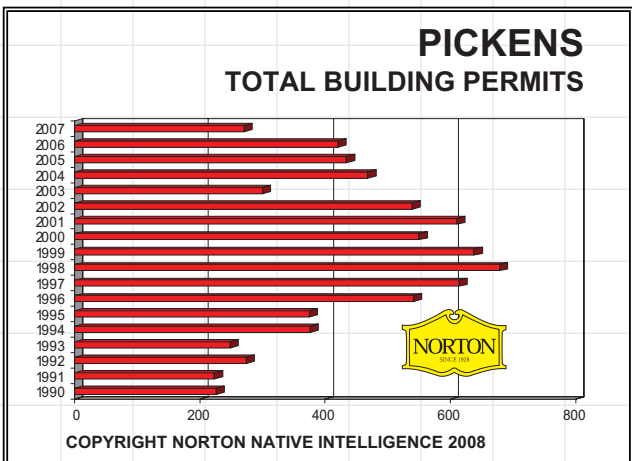
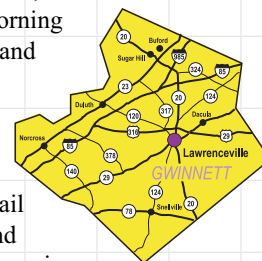
This North Central Georgia string of counties is fertile ground for second home mountain getaways, eco-friendly retreats and the associated service businesses that follow. Norton Native Intelligence™ has been diligently studying today's market effects on both primary and secondary home markets. Our conclusion is that while velocity has slowed, especially in higher priced \$400,000+ second homes, the second home market has not experienced the same decline as the primary home component. Less speculative development and a much more methodical, conservative builder group has helped temper any potential construction frenzy. That's a good, no, that's a great thing. While resale inventories are up slightly and construction permits way down, the homes selling are not at major discounts. These by and large are discretionary sellers with lots of equity and in most cases great patience.



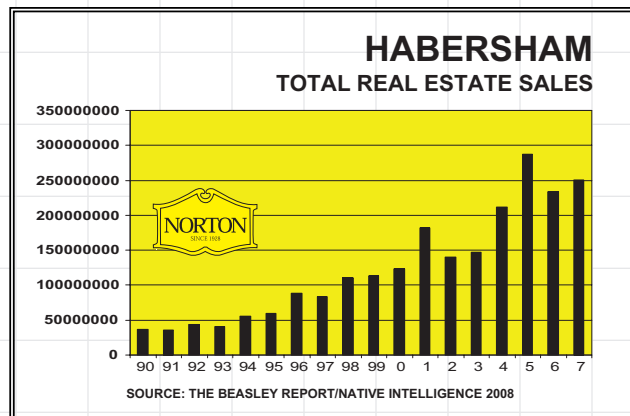


GWINNETT

Georgia's greatest economic engine is at idle, not at a stop, as this market with a Sunday morning hang over, works off its excess of homes and vacant but developed lots (Norton Native Intelligence™ 4th Qt pegged them at 18,725, 44 months of supply). Not to worry, however, Gwinnett's strength is its diversity. The regional nature of its retail and its ever expanding business (office and industrial) will more than pick up the economic slack resulting from the temporary housing correction. Major road improvements in Gwinnett's Heart (I-85/316) will unshackle the gridlock and traffic will begin to flow well with a cross-country network of feeder arteries. While congested Gwinnett may be ahead of the curve in meeting the transportation needs of its residents, the housing breather is also welcome news for Gwinnett's school system and its construction initiatives. We see Gwinnett's continued versatility, draw of multi-cultural, international buyers and continued growth.

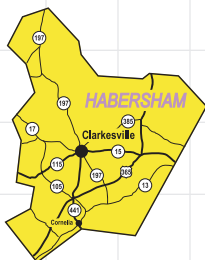


Gwinnett is also seeing the “second generation” development as developers have bought tracts of residential houses with excess acreage, torn them down, and built larger communities with increased density. We anticipate more Gwinnett Work/Play concepts (Suwanee and Buford) with the condos over the store fronts with restaurants, banks, parks, etc. Bottom line Norton Native Intelligence™ believes in Gwinnett’s underlying economic strength, commitment and vision. This county will recover first and fastest as it has a diversified housing base at all price points, a growing stable job market and a myriad of stuff to do...Food, Entertainment and Attractions. The decisions of the 1980’s are only now bearing ripe fruit.

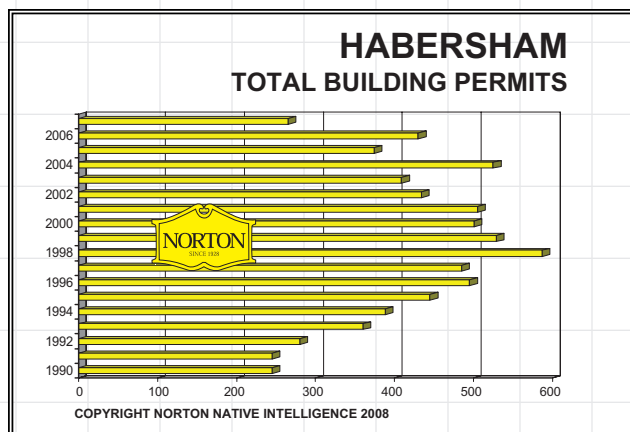


HABERSHAM

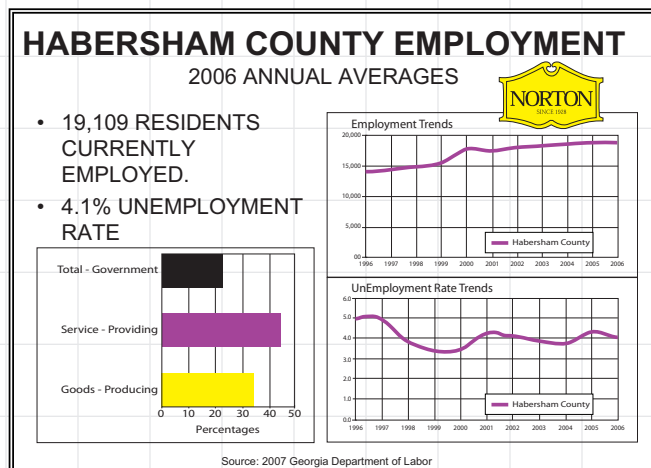
Poised for a major leap, Habersham is sitting on a multi-county goldmine of opportunity. The tipping point we believe will be the development of a new, expanded Wal-Mart which will trigger other retailers to flock like lemmings to Habersham’s heart, MIDWAY. Norton Commercial Brokerage was instrumental in the Wal-Mart expansion and is already inundated with fast food, drugs, grocery, gas and quality, sit-down restaurant offerings. With a median income higher than neighbors White, Stephens, Rabun and Banks Counties, Midway is poised for a explosive 5-10 year run.



poultry continues to be Habersham’s employment life blood, the area is developing into a regional medical center. The hospital is underway with a 35 million dollar expansion initiative and speculative development around its facility will blueprint the region for decades. Strategic alliances like a shared water system with neighboring Toccoa (Stephens County) point to the strong commitment for long-term infrastructure.

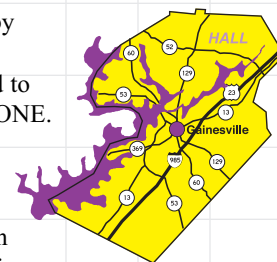


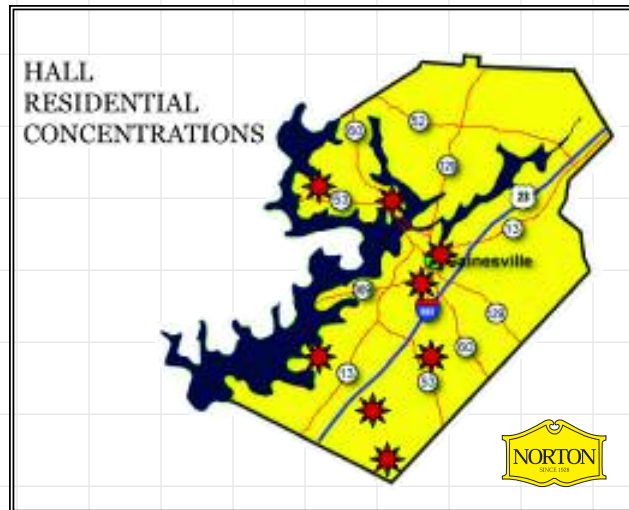
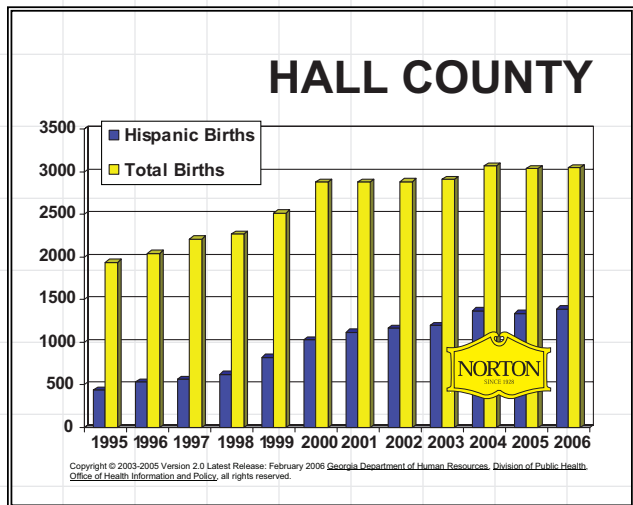
The county is also expanding its agenda through an industrial recruitment program in order to offer its residents local job opportunities versus current long distance commutes. They are serious about gaining jobs. Outlying residential is slowing like most of North Georgia, but a flurry of in-town housing development is occurring in downtown Clarkesville. While



HALL

Of the 23 counties that were studied by *Metrostudy's* 3rd Quarter 2007, Hall County’s rate of home sales compared to previous 3rd Quarter was NUMBER ONE. From one of our recent 1,000 feet high helicopter tours, the rampant development seen in Cherokee, Forsyth, Fulton, Gwinnett and Jackson was notably absent in Hall. While major over-supplies of developed lots exist in North Hall (78 months) South

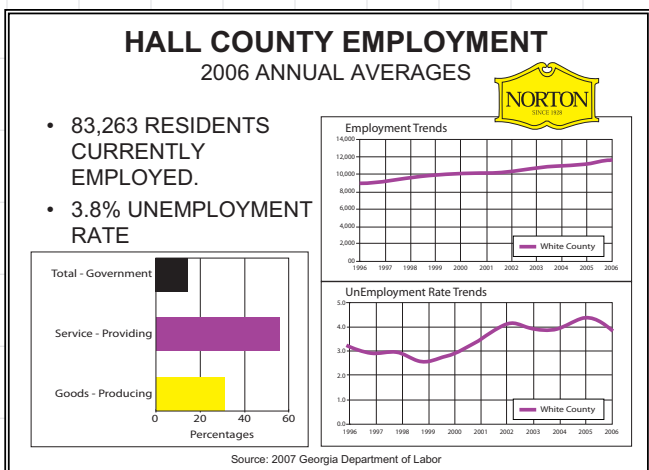




Hall is in **fantastic** shape and represents **orderly** control of expanded infrastructure and resources. (Note to Developer Readers-Just because we're in better shape than most, don't go crazy with new construction). Hall County's housing success, in 2008, 2009 and 2010 will be price point and locationally sensitive.

The overall Hall housing sales market (new and resale) is off 2006 to 2007 at least 30% as the "perception" market grips the pocket books of many a buyer, but prices have not dropped and inventory of homes for sale is only up 12-15%. Hall has been especially hit by a slower lake sales volume, but again no deflation of houses. In fact, 2006 to 2007 the average lake sale increased 9% and more million dollar lake homes traded hands in 2007 than 2006.

Planning for the next wave of economic expansion is well under way. The county's sewer initiative in South Hall will



STEPHEN LOVETT

First Job - Sea Island carpet cleaner

My Wish - UGA NCAA Football National Championship by 2010

Favorite Food - BBQ Ribs (Secret Family Recipe)

Proudest Accomplishment - MLB player (.000) 0-6 batting average against me

Perfect Day - Waking without an alarm

Favorite Restaurant - Inoko Hibachi Steakhouse

My Hero - My dad (as pastor and as father)

Best Vacation - A month in Costa Rica

First Car - 1983 Chevrolet Caprice Classic

Recent Impulse Buy - My 2nd pair of blue jeans

First Big Purchase - My most recent car

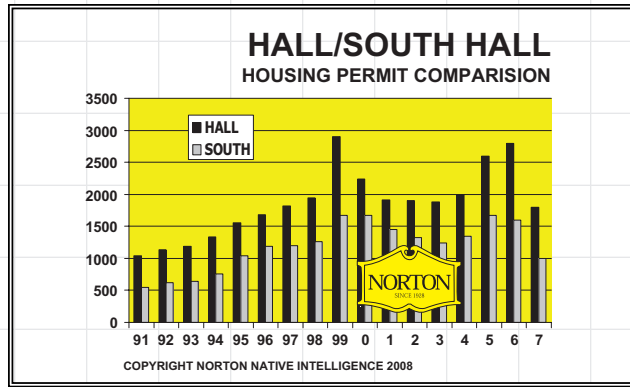
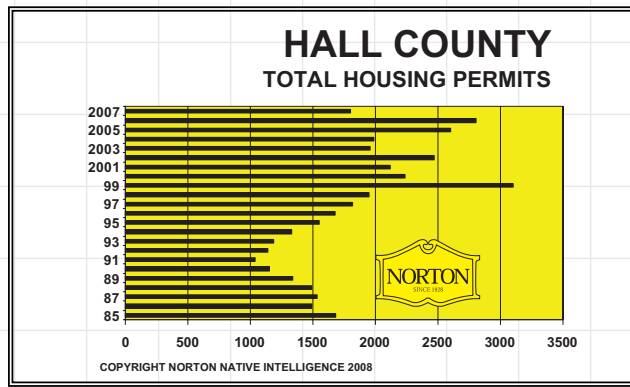
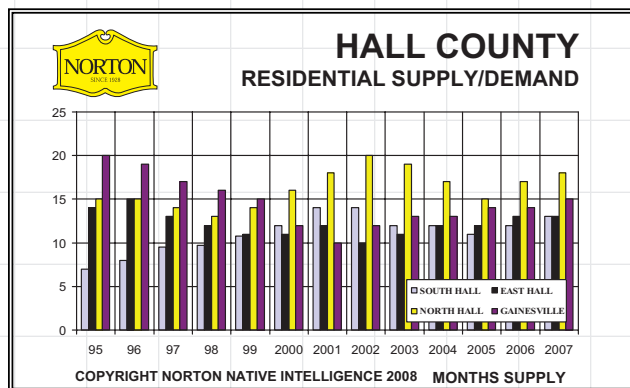
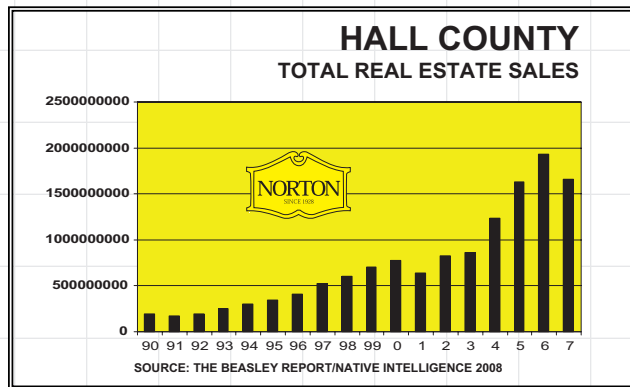
Indulgence - Dairy Queen Blizzards (Reese's and Oreo mix)

My Company - Norton Commercial




begin construction, its purchase of the Wieland sewer plant a bonus to capacity and the much-hailed Crystal Farms 570 acre purchase will provide a complete generation of business expansion. Oakwood's partnership with Braselton sewer is a smart move toward intergovernment partnerships. The more sewer capacity Hall County and its municipalities can capture the better the county is in the long run. **Sewer is Gold!** Retail nodes are solidifying along I-985, Exit 12 and 16/17 and smaller business centers emerging around the new River Place Hospital in Hall's Southeast, around Lula/365/51, along 365 and in parts of North Hall. Retail follows rooftops and we see the next two years of development cycle...**Retail Heavy.**

And at year end we see the sleeping giant Glade Farm stir a bit with a zoning proposal for 1507 acres. The plan calls for 2736 homes, a school site and over 1 million square feet of commercial and office space. This toe in the water initiative is welcome and long overdue. If they can create a strong destination community at Hagen Creek, then the remaining assets will soar in potential value. We see a new city emerging in Northeast Hall.



WADE RHODES



First Job - Commercial printing sales

My Wish - Retire on a farm

Favorite Food - Prime Rib

Proudest Accomplishment - North Georgia Soccer

Perfect Day - Quail Hunting

Most Unusual Gift - Gift Card to Zaxby's

Favorite Restaurant - Lake Rabun Hotel

My Hero - Clint Eastwood

Best Vacation - Pheasant Hunting, North Dakota

First Car - 1967 Jeep

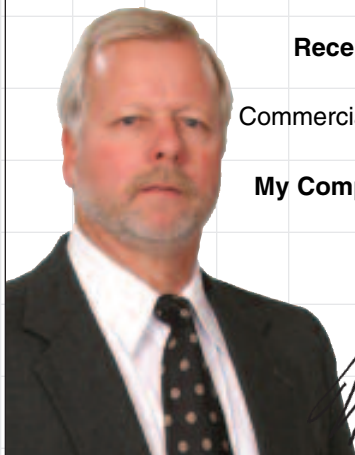
Recent Impulse Buy - Shotgun

First Big Purchase -

Commercial building for my business

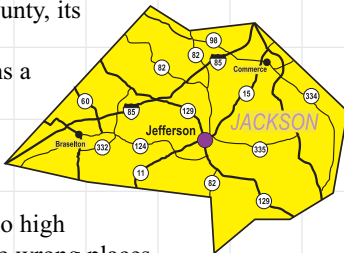
Indulgence - Hunting

My Company - Norton Commercial

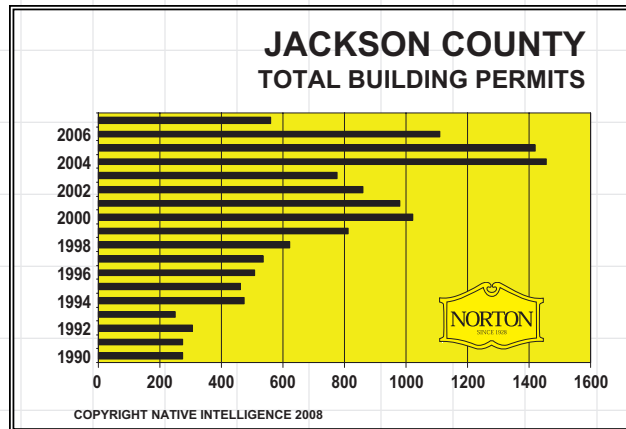


JACKSON

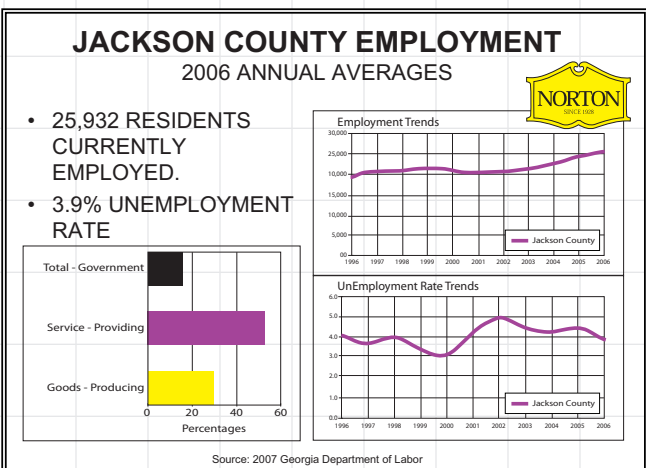
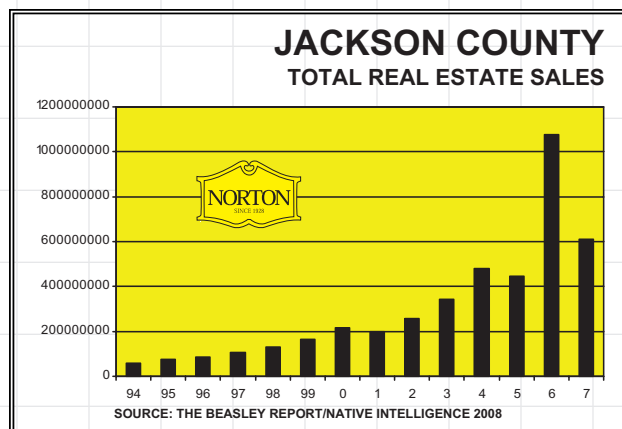
We remain bullish on Jackson County, its potential for sustained long-term growth, but are pulling in the reins a bit. The Jackson residential market has gotten way ahead of the curve and is now tripping on its own feet. Too many vacant developed lots, creating too high priced housing components, in the wrong places, for too few buyers. As one local has dubbed it IT'S A TRAIN WRECK OUT THERE. *Metrostudy* reports 61.6 months of supply of developed vacant lots and 91+ months of supply in West Jackson (Hoscht and West). This inventory and resulting slowdown goes way beyond a micromarket mild correction, we see Jackson's residential market in collapse. This is clearly a pricing crisis not a real estate collapse. Jackson County needs to come back to reality. The builders clearly misjudged both price and depth of demand. Where Jackson County population could support housing is in the \$150,000 to 175,000 range and the relocating Gwinnett market seeks houses \$150,000 to 200,000. Jackson development has been intoxicated with building homes \$275,000 and up! Somebody's been drinking crazy water. Only a major price correction is in order, but to affect correction sever, County and Municipality zoning restrictions, 1,700 and up minimum square footages, banning vinyl siding and other costly building restrictions must be reassessed in light of the real demand which is Affordable Housing not McMansion. The average price of homes in Jackson is not reflective of the average house demand. Its spread is \$50,000 to 150,000 off what is really selling.



On the other hand, a major price correction will be great news for the Jackson Industrial Business Recruitment machine. Available labor supply is almost nonexistent and constraining Jackson's business growth. Jackson has sustained itself as a labor importer for at least a decade but other communities have

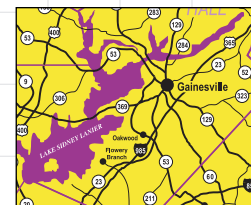


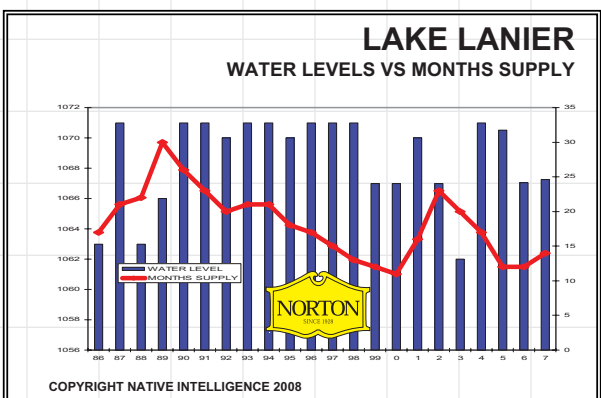
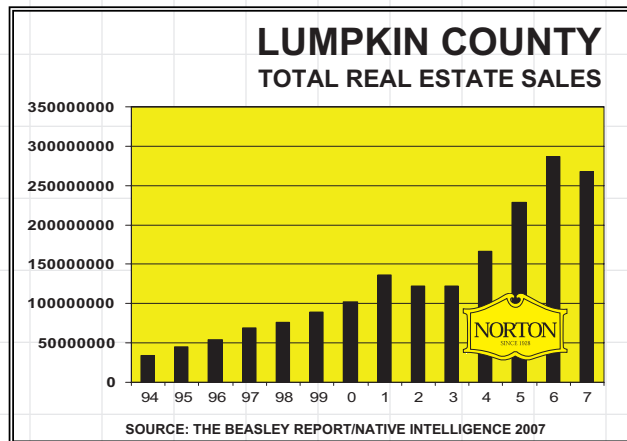
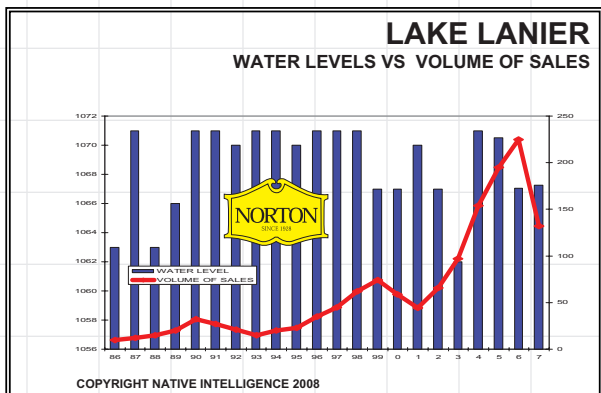
started their own labor recruiting efforts, tightening the job market. Pushing home price corrections will allow Jackson to grow its own employees and offer employers quality industrial communities and quality value-priced housing. After all, Jackson's 15,000 zoned undeveloped industrial acres is dependent upon a solution.



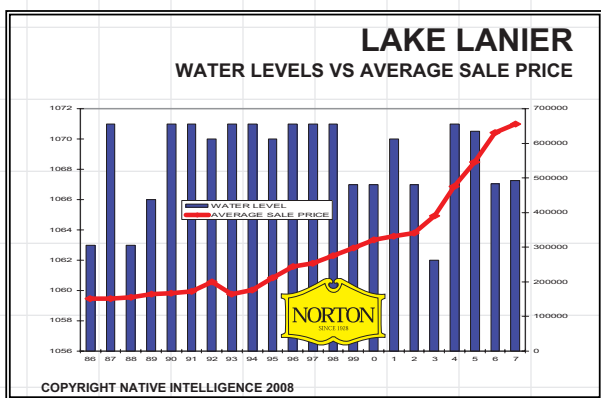
LAKE LANIER

See **Trend 8** for our clear opinion of Lake Lanier's future. Norton has also prepared a White Paper on lake value correlations to lake water levels which can be downloaded at nortoncommercial.com/intelligence.



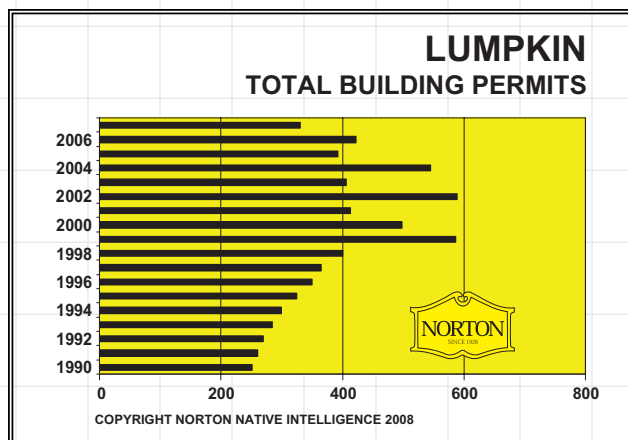


the grape crop and the record drought that has hit the Southeast. Tourism seems stronger than ever on the beautiful town square of Dahlonega. Writers and publishers throughout the nation have recognized Dahlonega/Lumpkin County as one of the best places to live. It doesn't take long to see why when you visit the many sites around the community.



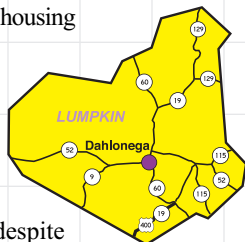
Lumpkin's newest development Monteluca has been a big hit with its winery and clubhouse nearing completion. Lots and homes are being gobbled up faster than anticipated with one acre lots selling for as much as \$700,000 along the Etowah River.

The county government reached a huge milestone this year when it received its first Bond Rating of A1 from Wall Street's Moody's Investors Rating Service. What a comeback from just 7 years ago when Lumpkin found itself in a financial disaster and unable to fund its day to day expenses. The county's favorable bond rating will help the county to fund the new judicial center that is scheduled to be built next summer. Along with many other new projects slated to be funded with a new SPLOST, a new water treatment plant is under design and construction for the city to treat the water from the new reservoir recently completed by the city and county. With this type of investment



LUMPKIN

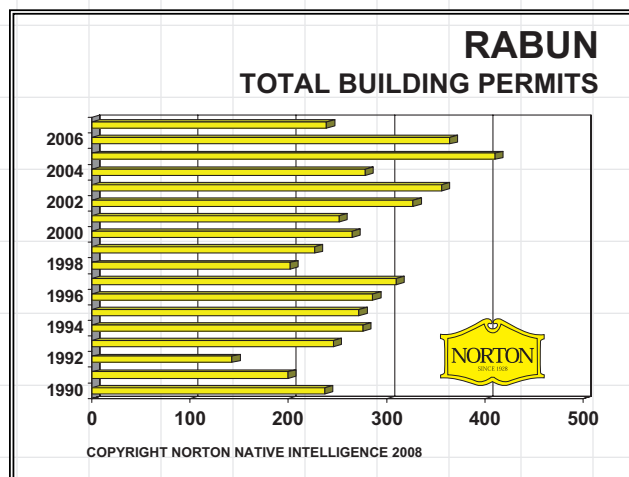
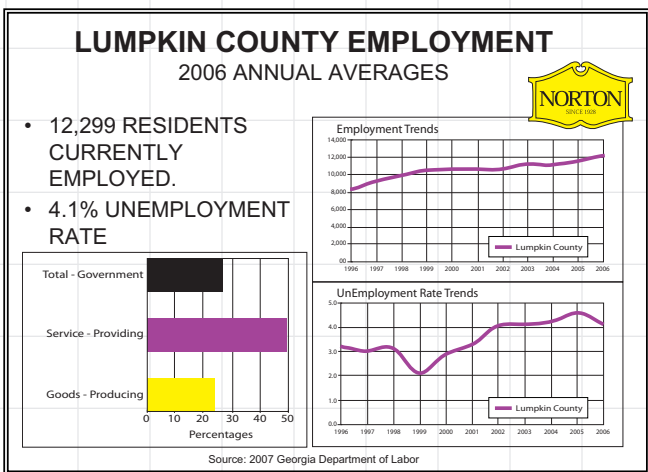
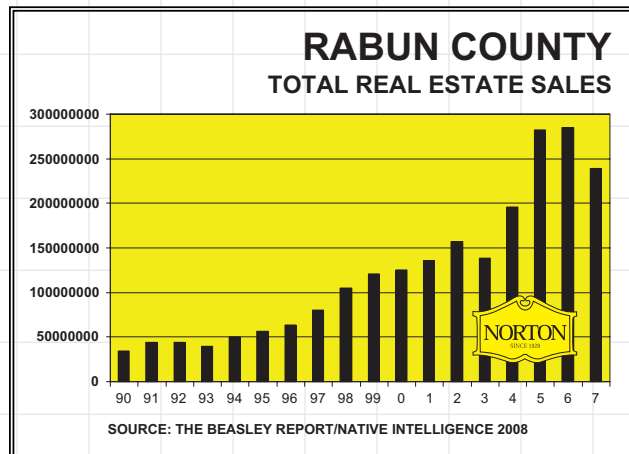
Lumpkin County has weathered the storm better than most neighboring counties this year regarding the housing slowdown and well-known developers and investors like Mercer Reynolds and Wayne Mason made strategic purchases of land in Lumpkin County.



The farm wineries in Lumpkin and other North Georgia counties are still thriving despite record level spring frosts that wiped out over 50% of

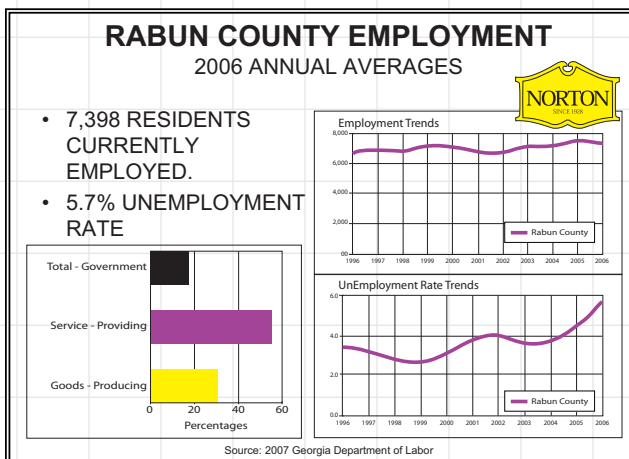
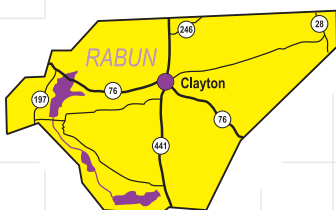
in infrastructure, this community will be better prepared than most for decades of positive growth with less fear of another record drought. The county has prepared a referendum for liquor by the drink to be decided on Super Tuesday, February 5, 2008, and the county is determined to continue the commercial development already in process along the Ga. 400 corridor. North Georgia College and State University is continuing to set record growth rates with enrollment each year. They currently have major construction projects underway to build a new media center and a new student recreation center that will sit on top of their first ever multi-level parking deck. Downtown Dahlonega will benefit greatly from the use of the parking facilities.

Active adult communities are springing up around the community as more baby boomers reach retirement age and move to the beautiful North Georgia Mountains. Dahlonega and Lumpkin County have lots to offer in terms of recreational, cultural, and other activities to its residents and visitors.



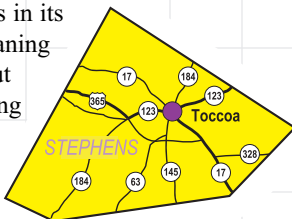
RABUN

The housing market clearly peaked on Rabun's string of **great** lakes Burton, Rabun and Seed with prices reaching urban market comparisons in 2006. Norton Native Intelligence™ believes, however, 2006 was its transitional year and in 2007 the market softened with sales off 35%. The buyer velocity will return, the uncertainty is when and where. The good news is that the "Chi Chi" allure of these lakes and rustic societal lifestyles is too strong. **Rabun is to Atlanta as the Hamptons is to New York.** These are discretionary owners of the highest order. They don't have to buy, they don't have to sell, they don't have to worry. Good for Rabun.

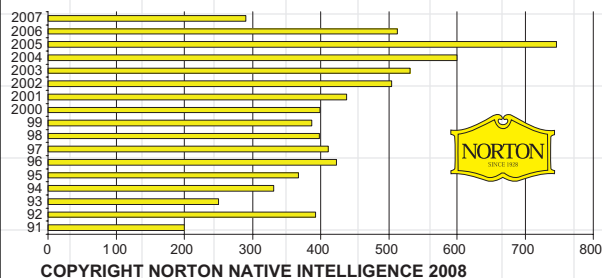


STEPHENS

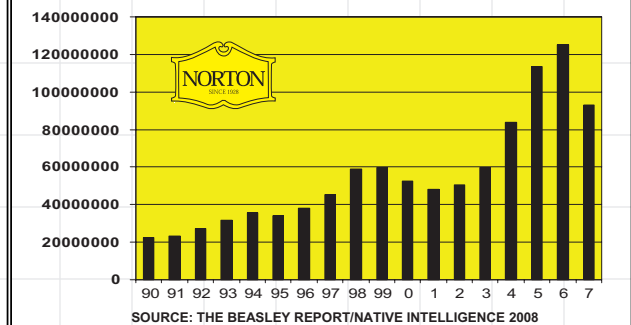
While Stephens housing market remains in its 7-year market doldrum, Stephens is cleaning up. Cleaning up its downtown (it's about time)...cleaning up in its water marketing agreement with Habersham County (spell that M.O.N.E.Y.)...and cleaning up its gateways. The overhang of available industrial space is slowly working its way out and its retail sales have gotten a kick start with its new Wal-Mart on Big A Road.



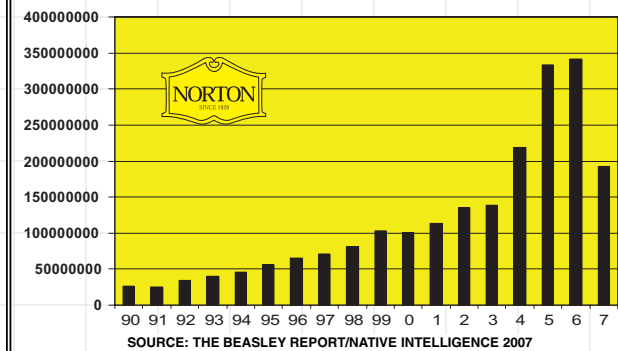
UNION COUNTY SINGLE FAMILY HOUSING PERMITS



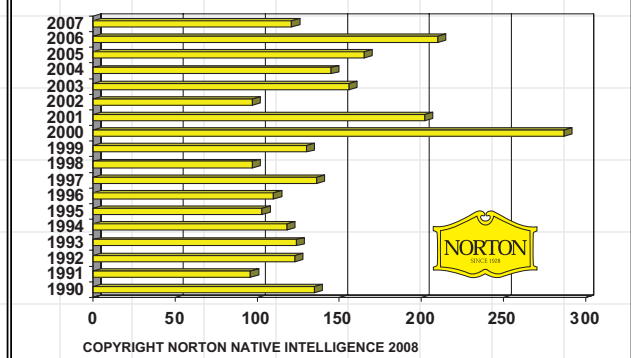
STEPHENS COUNTY TOTAL REAL ESTATE SALES



UNION COUNTY TOTAL REAL ESTATE SALES

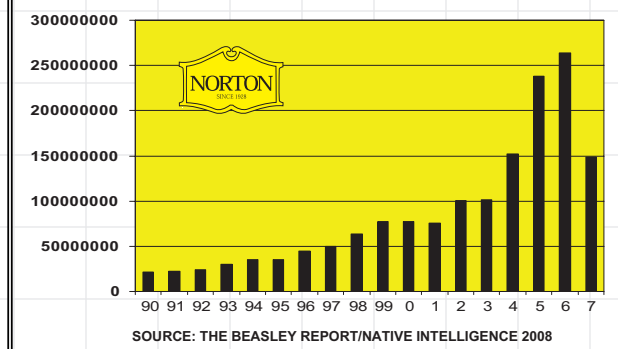


STEPHENS TOTAL BUILDING PERMITS

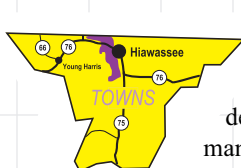


and depth of Union/Towns second homes remains AFFORDABILITY GETAWAY CABINS NOT 5-STAR RETREATS. Priced correctly they sell by the dozens.

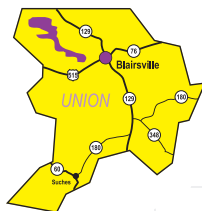
TOWNS COUNTY TOTAL REAL ESTATE SALES

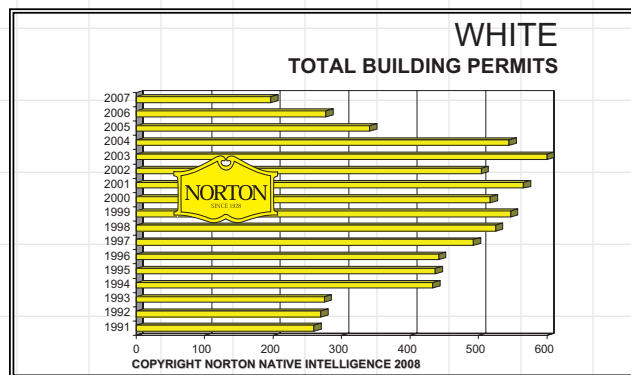
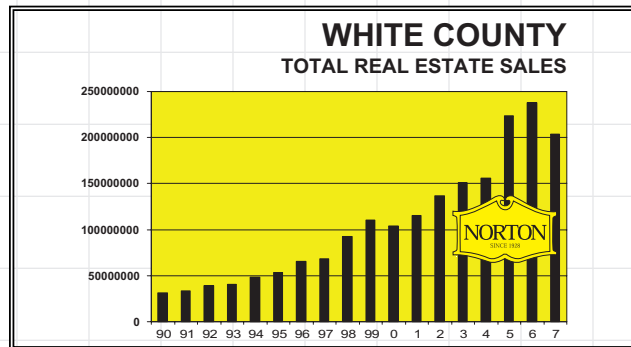
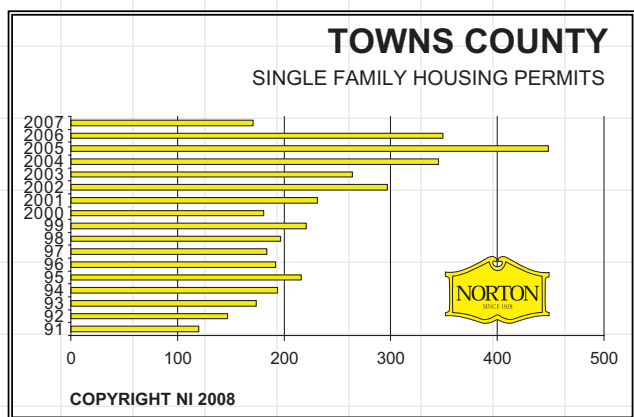


UNION & TOWNS



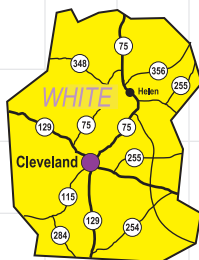
This market was hit hard by too many speculative lot developments and too many high priced second home offerings. The strength





WHITE

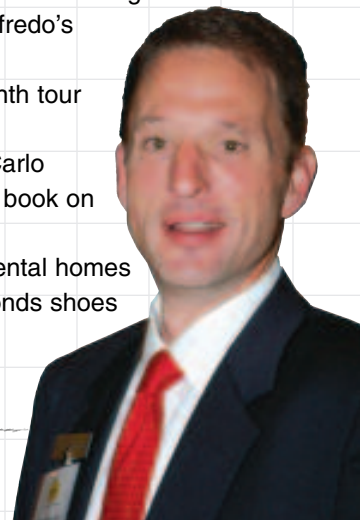
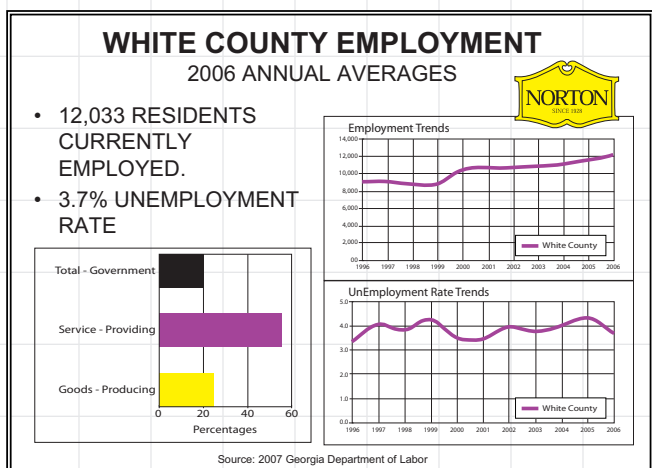
We've described White as in the **middle** of nowhere and the **middle** of everywhere. Its accessibility hinders its expansion and growth, but in the same breath its inaccessibility (GA 400 and I-985) protects it from outside influences. White's residential housing is clearly bifurcated. The homes developed South rely on Hall County employment expansion and its affordability when compared to North Hall, and a North White consists of largely a mountain retreat component with its epicenter North of Cleveland. We do not see anything of change here. Cleveland's expansion potential is buoyed by an anticipated new Wal-Mart (we still believe in Santa Claus) and a bigger, better BabyLand attraction. Both will mean an expanded job market and a stability of its economy.



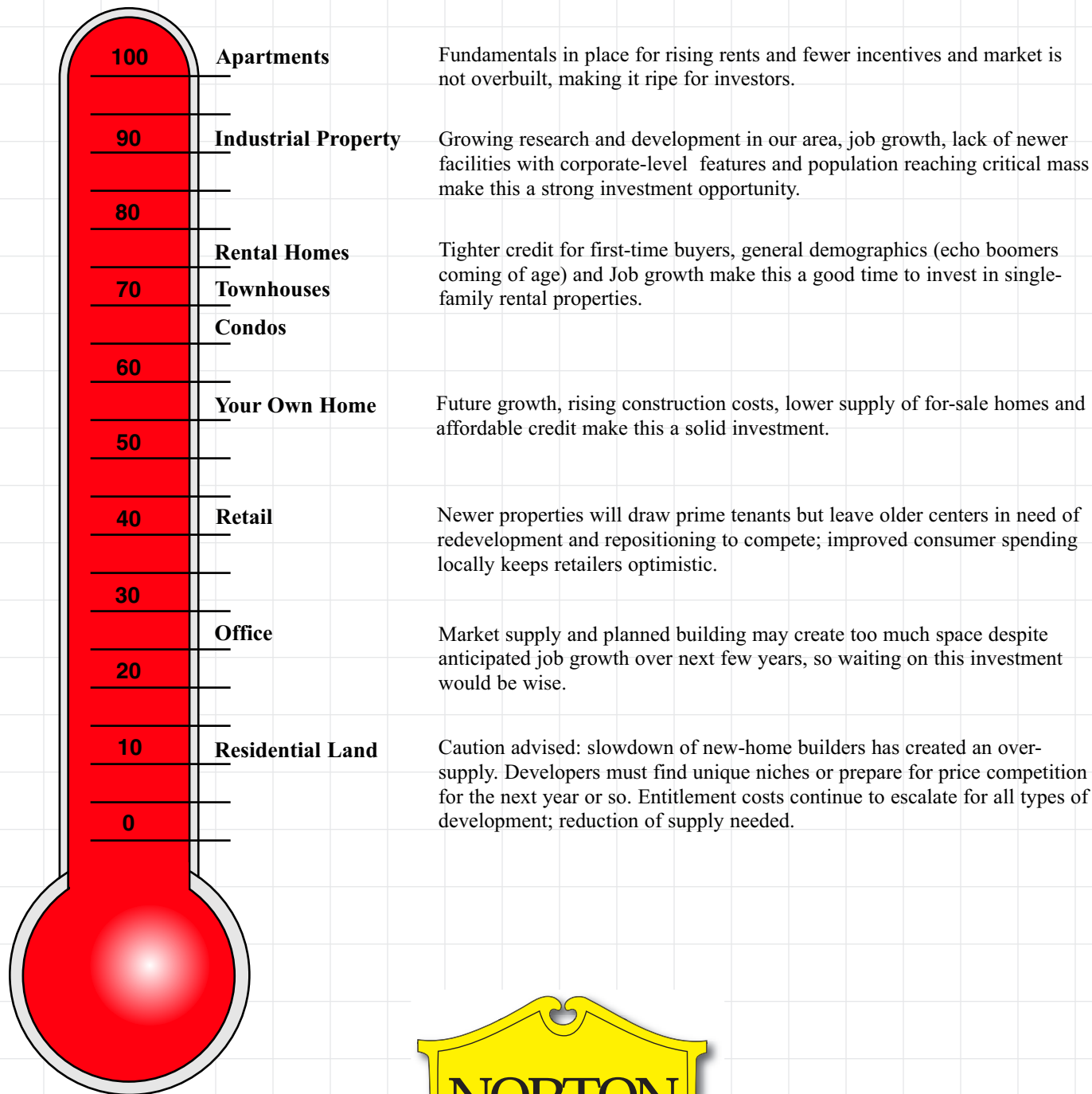
STEPHEN BLACK



- First Job** - Box Plant
- My Wish** - To be on all 7 Continents before I turn 50
- Favorite Food** - Biscuit and Gravy
- Proudest Accomplishment** - Youngest person ever elected to Hall County Commission
- Perfect Day** - Stepping off the plane in Italy
- Most Unusual Gift** - A pair of bandage scissors
- Favorite Restaurant** - Alfredo's
- My Hero** - Ronald Regan
- Best Vacation** - One month tour of Europe
- First Car** - 1978 Monte Carlo
- Recent Impulse Buy** - A book on impulse control
- First Big Purchase** - 9 rental homes
- Indulgence** - Allen-Edmonds shoes
- My Company** - Norton Commercial

NORTH GEORGIA INVESTMENT GAUGE



We thank and acknowledge the tireless work of Matthews Printing Company who has proudly printed this Forecast for 21 years.

OPPORTUNITY

Despite what you may read and interpret from the preceding 42 pages, Norton and Norton Native Intelligence™ sees this

“As a time of unprecedented opportunity. At no time in history will the converging factors of supply, market stress and great personal wealth converge.”

Norton, its Brokerage, Investment, Management and Consultation Divisions, have worked long and hard to prepare itself for just that Opportunity. Our contrarian, out-of-the-box view is simply

There is profit in confusion!

While we certainly sympathize with the current market and individual pain, we believe it is our **Responsibility** to sift through the hubris, pick up the pieces, and help our clients **Capitalize** on the opportunities that come our way. Some key opportunities that are only now emerging include:

- The Foreclosure market will strengthen and tighten the home and multi-family rental market. Rents will escalate, occupancies increase, and the market should spur a new round of multi-family development.
- With the new homes inventory at its peak, great buys exist today, but will be diluted month by month through 2008. Great time to buy up in house size and in house price.
- Strong raw land buys will appear in the second half of 2008 as the stress level on developer and developer spec investors intensifies.
- Retail continues to lag behind the number of rooftops in our market - especially small service oriented businesses presenting investment opportunities.
- Affordable housing (whatever the definition you may have) is still the deepest part of the housing pool.
- Mobile and modular housing will see a resurgence of interest for buyers and community developers with the subprime credit crunch pushing the buyers back to this housing segment.
- And more - just look around you.

But a word of advice: “Don’t do this alone.” The market is too volatile, too mobile, and changes too swift to sell, invest, or develop without the side by side assistance of a Professional (preferably Norton). Read our reports, study the opportunities and **THEN INVEST**. North Georgia is strong, with deep employment roots, great quality of life attractors and abundant opportunity for business expansion.

THERE IS PROFIT IN CONFUSION!

NORTON

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Greg Green
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Carmine Giorgio
Bucky Springle
Jean Ferris
JR Johnson
Matt McCord
Debbie Hardy
Steve Gooch
Tom Cromartie

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Wade Rhodes
Allen Nivens
Russell Dye
Beth Carmichael
Stephen Black
Stephen Lovett
Frank Norton, Sr.
Betty Norton

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Kim Crumley
Kristi Young
Strother Randolph
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Lois Kassander
Lori Martin
Lorraine McGaha
Marie Breed
Nathan Klein
Norman Moolenaar
Nancy Norton

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Pamela Dye
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Pam Heumaneus
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Amanda Norton
Regina C. Edmondson
Ricky Lewallen
Robin Gravitt
Robin Wetherington
Krista Holloway
Spears Mallis
Sandi Simpson
Sherry Myers
Susan Moss
Tadd Shadburn

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Regina Cochran
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Art Adams
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Barbara Hatcher
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Belinda Young
Ben Gilleland

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Beverly Edenfield
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Bob Small
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Vicki Brooks
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Tina Free
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Larry Jenkins
Linda Ayers
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Susan Godbee
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Tricia Ruth
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Dawn Savage
Diana Dokken
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ROW 12

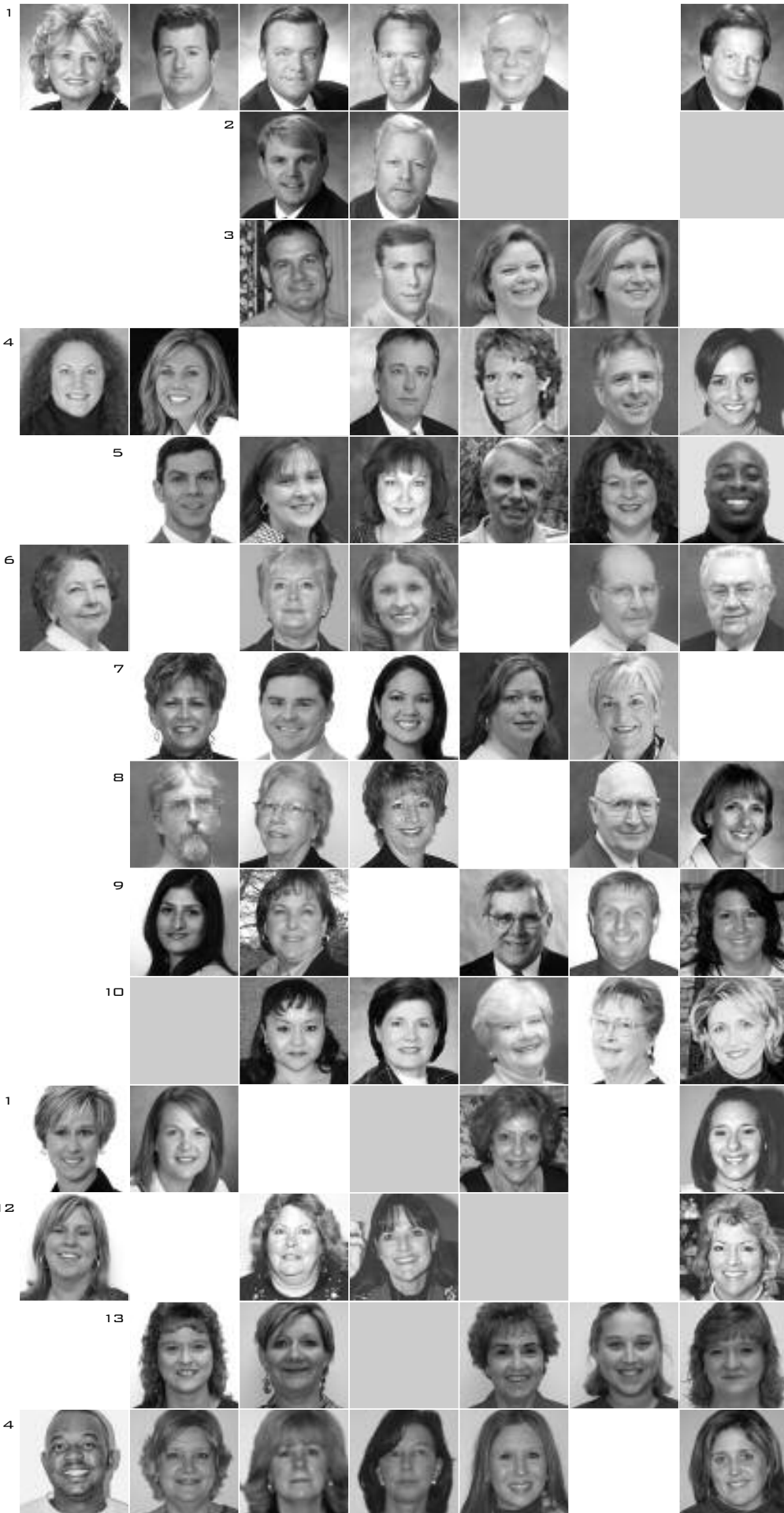
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Sherry Hall
Sherry Roberts
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Amanda Hill
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