THE POWER TO PERFORM

MID-YEAR ECONOMIC FORECAST 2009

Forecasting is a dangerous contact sport, especially in turbulent times like these, but forecasting, collecting and interpreting raw data is more important than EVER before. Quite frankly (and I'm always Frank) there is too much money sitting on the sidelines waiting, waiting, waiting for the *mythical* bottom. Like an evasive unicorn or the black puffs of smoke on the TV show "Lost", Bottom seems here one day…gone another.

Clearly this is a cycle, a long protracted cycle, no depression yet a business contraction that will in this writer's opinion define our generation much like World War I, The Depression, World War II and Vietnam defined those before us. Twenty or thirty years from now we will have our grandchildren sitting on our knees while the 3D smell-a-vision is heliographing beside us,telling stories of survival, fortunes lost and **made** and the wonderful opportunities created amidst the Economic Holocaust.

As with our annual Forecast, including the Top 10 Trends, last year's Mid-Year Forecast and our occasional Market White papers, we try to present the hard cold reality of markets, product types, growth conditions, overlaying those pieces with our "real time" market observations….. Interpretations of what's to come and various what if?...scenarios. "The market is what it is, now what are you going to do about it?"

To download last year's Mid-Year Forecast go to www.nortoncommercial.com/reports-forcasts.html. To download January 2009's Annual Forecast go to www.nortoncommercial.com/reports-forecasts.html and see for yourself how right or wrong we have been in the past.

GENERAL MARKET & ECONOMIC OBSERVATIONS
There has been a somber pall on the North Georgia Market for at least the last 16 months. The construction industry hit a brick wall with the collapse of easy money credit. The development engine fell off a cliff with the soaring product (commercial condo & lot) inventories and the consumers retreated into their bunkers after seeing their perceived affluence evaporate with last fall's stock market Armageddon. Foreclosures in all counties have steadily climbed to record levels. Residential credit crunch issues have spread like the swine flu to commercial retail, office and general business sectors and tax revenues are taking a hit as consumers fearful of jobs and investment portfolios remain in major cash positions if not **downright hoarders**.

But green shoots are sprouting up all around us.

- New home inventory is down 54% from 2006 46% from 2007 and almost **zero** new home starts will level price stability.
- Lake Lanier is close to full pool with sunny temperate weather renewing its recreational pilgrimage and reinvigorating interest in Lake Lanier Real Estate.
- Foreclosures while up in the newspaper postings are also up in real buyer closings. Reports indicate 40-50% of all sales in 2009 are foreclosure resales or stressed sales with the average, well-priced foreclosure only on the market 120-150 days.
- While the luxury good retail market has evaporated along with consumer's affluence, necessity goods and services are soaring. Wal-Mart, the Outlet Centers and chains like Dollar General and Dollar Tree are posting record sales. Small Mom and Pop retailers focused on" value" and "service" returned to the retail lease market this spring.
- Major employment announcements on Atlanta's Northern Exurb (Blackberry, NCR, and Kaplan Schools) bolster the middle class business migration from Atlanta's core and reinforces the overall diverse job markets.

- Industrial Recruiters in Gwinnett, Cherokee, Hall, Forsyth and Jackson report a surge in new prospect activity (they indicate 30-40% automotive parts related) that signals a next wave of manufacture distribution diversification.

The economic stimulus plan, while not quite the hope many envisioned, helped to stabilize the government, law enforcement and education employment sectors thus foregoing more draconian layoffs and corresponding millage rate increases. Homes are selling every day some with multiple, simultaneous offers. While the market has not returned to the heady euphoria of 2005 and 2006, internal Norton stats chart a 14.75% year over year contract sales rate at midyear 2009. Based on phone activity and an increase in web hits on our various websites: www.thenortonagency.com www.nortonbestbuys.com www.nortoncommercial.com www.thelotbank.com www.nortonreo.com
the rest of the summer into the fall looks **promising**.

SINGLE FAMILY RESALES

Inventory (FMLS/MLS) peaked for resale homes in November 2007 and has numerically declined since that time. The Northern Arc of counties has the following supply of resale homes.

County	Months of Supply	County	Months of Supply
Banks	10.4	Hall	19
Barrow	8.5	Jackson	10.4
Cherokee	15.6	Lumpkin	25.8
Dawson	32.3	Rabun	60
Forsyth	13.8	Stephens	35
Gwinnett	9.5	Walton	11.1
Habersham	18.6	White	33.8

(Historical equilibrium might be 8.5 months of supply)
Source: Norton Native Intelligence™ and FMLS/MLS

The resale market has become extremely bifurcated. On one side are the bank owned foreclosures, pre-negotiated short sales or asset liquidation consolidating stressed sellers. On the other side, the traditional sellers want to sell their home at a reasonable price to move out of town for a new job, wanting to trade up as their family expands or those downsizing in their time of life. **TODAY'S BUYER IS PERFECTLY SITUATED IN THE MIDDLE!** For both resale groups, the seller is now motivated; the banks cleaning up their portfolios, the traditional seller losing patience with the length of time for the market to rebound and both price their property accordingly in order to move the inventory. To work through some of the market confusion and level the selling playing field, Norton launched its own "Best Buy" program. Patterned after Lexus pre-certified used cars **nortonbestbuy.com** does the same standard for traditional homes. Go to NORTONBESTBUYS.COM to find out more information.

Realistic asking prices for the most part sell homes in today's market. The real challenge in new or resale sales is the appraisal process. Beaten down by shell-shocked lenders and threats of license seizure by the Federal Regulators, appraisers have their tail between their legs and are running scared. Even where there are multiple offers, we are seeing some final appraisals 10-15% lower than real value (contract price). As one appraiser recently told us "I no longer do appraisals for friends…..it just makes them mad." The challenge, of course, is comps: Are foreclosures comps? Are stressed sales comps? How does one value a property when there are no sales for miles around? Norton Native Intelligence™ sees the valuation pendulum has swung too far on one side and realignment, balance is needed. Look for increased resales activity this summer and into the fall to stabilize values and calm the skittish property appraisers.

The "core" value in homes is still there… Shelter, Utilitarian Use, Recreation, Lifestyle, Life Choice and Family bonding are now the overriding factors of home ownership, The long-term investment quality will return in time. Buyers in the last 12 months have keenly taken advantage of these price corrections and capitalized on motivated sellers to stretch their home buying dollar coupled with low (below 5.5%) interest rates. The National Affordability Index has hit the highest level for buyers in the last 10 years. More House, More Value, More Potential than perhaps in the last 10 years.

Norton Native Intelligence™ sees the buyer window only open for these strong capitalistic purchases during the next four quarters as the existing inventory will have dried up, limited new construction will be taking place and RESALE appreciation returns.

NEW SINGLE FAMILY CONSTRUCTION
Inventory is down 46% year over year from its peak in 2006 and new construction has all but evaporated (1950 levels), with construction delivery lead times of 9 to 12 months, the lack of available credit flowing from commercial lending sources and the builder community decimated by foreclosures and bankruptcy. The inventory Metro Atlanta has today will be the inventory we have next summer less the sales of homes in between. Expect no resumption of the construction engine for 2 to 3 years at the earliest. Bankers and their board's memories will be indelibly embellished with the firestorm of the correction. The construction we do see today can be categorized into the following three areas. Some banks are finishing off their inventory, stalled midstream in order to liquidate their assets. A few national builders, D.R. Horton and Pulte are back building limited inventory in select "hot" elementary school zones at narrow price points. And we see isolated custom home construction throughout the region and on Lake Lanier as builders and owners take advantage of the pause in construction, material prices and reduction in labor cost and shrinking builder profit margins.

Going forward, Metro Atlanta and especially segments of still attractive North Georgia are now and will intensify the degree of new home construction shortages. Even with an abundant supply of vacant lots in quality neighborhoods, the construction engine has stopped and grown stone cold. Norton Native Intelligence™ believes the industry upheaval will necessitate the market to return to the "stone age of home construction." That is the time before epoch of Euphoria (2000-2006) where new home seekers contracted for a great lot, found a floor plan that fit the property and their pocketbook. They then found a builder to build it for them. Along the way the homeowner, not the builder, got a construction loan with permanent financing takeout. The builder profit is almost eliminated and the lender makes scheduled, authorized inspections with draw payments to the homeowner who then pays the builder. The builder in this "Stone Age" returns to a simple vendor coordinating construction for Mr. and Mrs. Homeowner. New home supplies by micro market are as follows:

NEW HOMES

County	Months of Supply	County	Months of Supply
Banks	9.5	Hall	11.9
Barrow	9.5	Jackson	10.6
Cherokee	10.4	Lumpkin	8.2
Dawson	16	Rabun	9.5
Forsyth	8.9	Stephens	14
Gwinnett	11	Walton	13.5
Habersham	8.5	White	14

(Equilibrium might be 9 months of standing completed inventory
Source: Norton Native Intelligence™ and FMLS/MLS

NEW HOME COMMUNITIES
The pundits in Atlanta refer to New Home Communities as the Red Ring of Death in the modern real estate industry. Heavy land development that took place from 2000 to 2006 along concentric rings radiating around Megalithic Atlanta Georgia. The Atlanta real estate market was no different from Dallas, Chicago, Madison or Memphis. We grew up in the *Ozzie and Harriet*, *"Leave it to Beaver"* or *"Happy Days"* era and the urge for a simple suburban life is too compelling. The new homes communities with their curving tree-lined streets, varying home style (somewhat homogenized) and town center amenity areas pulled at our memories in some *Stepford Wives* dimension. Norton Native Intelligence™ has for over two years of the market correction chronicled the down turn of demand but segregated the hubris into categories….those that will recover, those ill designed or too far out in Timbuktu to recover and those in-between. Quality development in First Class accessible locations with multiple price points of product will endure. These developments, in quality elementary school zones on the north side of Atlanta's Interstate 20, are being scouted by the National and Regional builders and being considered by the larger investment funds. Traffic in new home communities

picked up steam in March 2009, but with limited inventory sales teams have a hard time capturing the buyer's attention. One interesting and telling observation by a major real estate data collector is that not only do many viable developments "look" abandoned (un-kempt landscaping, mud in streets, rank pools and amenity areas) but also the marketing trailers are barren, the brochure boxes empty, the sales force invisible. One wonders if the abandonment of marketing is fueling the stagnation of sales in these projects. The remaining land development industry types best take an extended holiday and those managers and marketers of the existing new homes communities who pay attention to their mini villages will reap the great rewards.

DEVELOPED AVAILABLE LOTS

Every community across the great platform of Georgia has them…from the grassy plains of Plains to the mountain tops of Blairsville and parts in-between GEORGIA HAS LOTS OF LOTS. By Norton Native Intelligence™ estimates

Metro Atlanta	152,000
Second Home Lots	50,000
Other Georgia	85,000
Total	**287,000 Vacant Developed Lots**

The inventory of developed lots peaked in 2007 and the only remaining new horizontal development taking place is either in the hands of lenders finishing off product (collateral) to recover assets at some point in the future or the gargantuan Pulte developments, The Villages of Deaton's Creek (Hall) and Sun City Peachtree (Spalding). Both of these projects, while not recession proof, are selling homes every week to new Georgia pre-retirement families making them certainly recession resilient.

The two biggest issues facing Georgia lot inventories are the price of homes and the now absence of all second home demand (see second home section later in this report). The Two Georgias, Metro Atlanta and the rest of the state, are facing a crisis of price. The vast majority of remaining lots was developed in anticipation of home values north of $300,000 when the **real market is far south of that number**. Land prices escalated quickly in the 2000-2006 and at the same time infrastructure development cost rose from $10,000 average per lot to $25,000. Community standards, environmental costs, planning, permitting, storm water retention, and bells and whistles like underground utilities, sidewalks and high testosterone amenities pushed the raw lot price upward. **A wholesale re-pricing of lots is the impending Tsunami of a cataclysmic event.** For almost a decade forward Norton Native Intelligence™ projects that the average new home price (demand driven) will hover at $225-245,000. Lots priced in those ranges will sell **first and fastest** regardless of the elementary school zones.

Mid-year 2009 months of lot supplies are projected by Norton Native Intelligence™ as follows:

County	Months of Supply	County	Months of Supply
Banks	175	Hall	240
Barrow	250	Jackson	480
Cherokee	135	Lumpkin	285
Dawson	400	Rabun	490
Forsyth	145	Stephens	320
Gwinnett	168	Walton	460
Habersham	190	White	300

(Historical Equilibrium is estimated to be 25 months of completed lot supply)

Source: Norton Native Intelligence™ and Metro Study's

NNI Comments: We see great opportunities for lot intermediaries, those that purchase at sharp price points, stabilize properties and hold. These funds will reap great profits if they do deep due diligence before acquisition and pinpoint end product price points correctly.

RAW BUT ENTITLED PROPERTY

Our best advice is to prepare the property for a long winter nap. Until the economic climate settles into a well-run groove, employment stabilizes and the existing lot inventory is cut by two thirds, we will see little or no development which takes the prime buyers off the table. Raw but entitled property has value, much more than its troubled sister, land partially developed, which has less that raw land value, but working out of these situations is problematic and individualistic. Some parcels, in markets that will recover sooner, will see the daylight of development earlier, others will languish. Recently, we have seen county governments critically look at these properties for green space (also reduces outstanding entitlement promises) as future school sites, parks and other public infrastructure, turning lemons into lemonaid and spectacular buys for governments with the funds to invest in **deep** long-term community assets.

RAW LAND

We have seen no movement and limited interest in raw land since 2007 and believe that for the most part this trend should continue until the real economy shakes out. While there are isolated **screaming deals**, land prices have not declined nor have they risen since virtually no land has traded hands. The long-term potential, strategic positioning, long-term growth dynamics and accessibility to employment growth zones will bode well for many North Georgia land holdings but again the cold growth engine must be re-stoked. Land for agriculture, recreational use, aesthetic and enjoyment is always in demand. Rolling Gentleman /Gentlewomen farms will also always have intrinsic value, especially in the near reaches of the strong Atlanta executive labor force.

FORECLOSURES

Atlanta foreclosures are now in their 2nd wave. **First wave** was the subprime home foreclosures as the interest rate and monthly payments reset. **Second wave** hit with the developer and builder foreclosures escalating as credit dried up and new home sales tanked (again a credit employment issue). Beginning in the 3rd quarter of 2009 we see a **third wave** of foreclosures, more powerful than previous waves but with high dollar volumes of the foreclosures not the number of units being foreclosed making a powerful statement. Mega residential developments are finding themselves at the end of their interest reserve, major Atlanta condo projects are in high stress because of the evaporation of sales prospects and lastly small unanchored strip retail shopping centers built to support the growing now stagnate population will dominate the foreclosure lists. Unless there is some national catastrophic event we shouldn't see a 4th wave and foreclosure rates should temper by the end of 2010. While asset portfolios of the lenders swell, the breadth and depth of the investment funds demand increases. Never in the 82 year history of our firm have we seen nor **heard about so much money** sitting on the sidelines waiting for an opportune time to capitalize on sharp buys. **This patient money will Rock the market**.

CONDO MARKET

There remains an uncertain future for the North Georgia Condo Market. Attached zero lot line, townhouse or stacked condo products have been slow to be received in the outer ring of Metro Atlanta. Those that have prospered have succeeded on low price points, appealing to working middle-aged single parents or targeting retirement or pre-retirement population segments. As evident by the percentage of condo products vs. single family detached solds between 2005 and 2007, only 2 to 12% of a total construction volume might be **sustainable**. (The percentage of population that find that product segment appealing) Norton Native Intelligence™ tracking points out that the further out from Atlanta's core…the smaller the percentage. The exception seems to be the more urban employment centers (and students) of Gainesville, Canton and Athens. The products that was much discussed and enthusiastically produced were the mixed use urban villages in Buford – Buford Village-- Suwanee –Town Center - **Forsyth** – Vickery and Woodstock - Woodstock Downtown. Norton Native Intelligence™ supported the new urbanism concept of "Live, Work, Play" in highly detailed terrariums of contained environments. But everyone (NNI included) substantially overestimated the demand for that life style and vastly overestimated the price point thresholds/ceilings. Vickery, for example, had great detailed designs, small compact exterior spaces but had limited success with the stacked units, the 2nd floor (above retail and service) lofts, apartments, condos and high end retail.

People want "space," trees, environment and room to wander, stretch and above all seek privacy. The further out you go from the Big ATL, the more you want to retreat back to Mother Nature. The media attention in the 2nd half of 2009 and well into 2010 will be on the hyper-stressed National and Atlanta mid and high-rise condo market. Over 6,000 new, high-priced condos exist in Atlanta's core and the market is below sea level in interest. North Georgia has very few condos, townhouses or clusters and will be unaffected by that product demise.

SINGLE FAMILY RENTAL HOMES

While the vacancy of investments bought, owned and placed up for lease inches up, the demand is increasing fivefold. We see strong demand around Atlanta for single family $750 to $1,200, quickly slowing as price points edge above that range. The demand is broken into two parts: Those that are delaying a home buying decision but want something more than an apartment and those that are credit disabled, recently foreclosed or bankrupt but have the basic monthly income to support renting this kind of shelter.

This market is the 2009 version of a **shell game**. A property is foreclosed after a subprime reset and the house is sold by the lender to an investor/landlord who leases the house, now cleaned up and reconditioned, to a couple who lost their house due to foreclosure three streets over. With credit repair taking 5 to 7 years on average, these investor rental homes look like great investment opportunities.

MULTI FAMILY

Two varying events occurred in 2008 in the Multi Family market. During the second half we saw a quick flurry of new apartment construction permits then the trend stopped as credit for these projects dried up. Second, we saw the vacancy levels increase in Gwinnett, Gainesville, Jackson, Clarke and Cherokee Counties as the Hispanic labor force declined and the economy forced others to double up. While there are a few projects under construction (Oakwood/Gwinnett) most new projects look like they won't get even started until late 2010-2012. The Hispanic Exodus has, we believe, ended, and the Hispanic apartment owners are all in a process of reshaping their business plans which means competing with the traditional non-Hispanic complexes. This results in more competition and more concessions for everyone. Watch multi-family vacancy tighten over the next 24 months and rents start to inch up in the second half of 2010.

INDUSTRIAL

The Atlanta market is an under-estimated, under-promoted Industrial lynchpin in America's distribution and logistics arena. In the mid 1980's, Metro Atlanta's Industrial market stood at 135 million square feet and in 2008 it now approaches 600 million square feet. With only a 6%-8% Industrial vacancy, the Metro Atlanta real estate market is in actuality one giant storage closet. While only a handful of new Industrial space announcements have occurred in the last nine months, the distribution market (we are clearly not heavy manufacturing labor) has had limited layoffs – downsizing. This is bullish for the distribution employment counties along I-85 and I-75 and to a limited extent I-20. Conversations with Georgia State and Local Industrial Recruiters indicate an uptick in new industrial prospect inquiries since March 2009 which could lead to a strong finish for 2009 and points to even stronger activity in 2010 and 2011. The footprint for Industrial development was largely laid in 2000 to 2006 with the I-85, GA316 and I-985/365 with cumulative totals of available Industrial land zoned or having prospects of being rezoned for industrial use surpassing 20,000 acres (over half in Jackson) and this will sustain regional Industrial development for decades. The small user (5-15,000 square feet) has fared reasonably well in the economic meltdown, continuing to produce their widgets, sprockets and gears for the regional manufacturers. Look for continued outward migration from Gwinnett and Cobb and contraction short-term for industries, suppliers and distributors of construction related products.

RETAIL/COMMERCIAL

Value-necessity demand is in…Luxury, Frill and opulence is out! The retail market is not in the tank. While the casual observer sees the shuttered stores and vacant new side shop space, overall the stores that are occupied are stocked and selling. The National and Regional media paints a dismal picture of the retail market making one think it's 40, 50 or 60 percent vacant when in actuality National vacancy hovers at 6.5% and in North Georgia Norton Native Intelligence™ projects a vacancy slightly lower than 5%. Wal-Mart, Kroger, Food Lion, Target, Best Buy, Publix, Ingles, Lowes, Home Depot, The Mall, The Outlet Centers are **FULL**. Rarely does one see a closed fast food unit and most entertainment/retail restaurants are occupied and open regular hours. Retail may be reshaping itself but it is not out of business. The weakest retail segment is small strip shopping centers unanchored (we don't consider a nail salon an anchor) built by amateur developers, investors or hobbyists with projected rental rates north of $18.00 per square foot. Norton's Commercial staff gets repeated small shop retail calls but target rates are below $15.00, back to value priced retail not luxury. This demand has intensified since January 2009 as folks look at alternative sources of revenue and employment. Many new retailers have cashed out of their jobs, taken early retirement or investment markets and are willing to plunk down money for inventory and pursue an independent dream.

Those that focus goods and services toward daily necessities, intermediate luxury (nail salons, dog parlors) and value priced wares should ride through the turbulent waters with ease.

OFFICE

After a year or so of market stagnation, the office market in the outer exurbs of Atlanta has picked up. Norton is tracking a number of quality office prospects 1,500 to 40,000 square feet in size in the North Gwinnett, Hall and Forsyth and Cherokee markets. These are for the most part professional services firms taking advantage of this market correction to stabilize their occupancy cost. The recently announced Blackberry, Kaplan and NCR relocations are all shots in the arm for the institutional markets and create splinter job opportunities for their direct vendors. Norton Native Intelligence™ sees stable rates for 18 to 24 months until new projects with today's construction cost push them upward.

MEDICAL OFFICE SPACE

A clear bright spot in the economy is medical and medical services. This segment is not immune (collections may be affected) but it is for the most part recession resistant. Health care plans are covered post employment (COBRA) and families will sacrifice a great deal of other life luxuries to keep the general health of their children strong. The major medical office concentrations NEGA, Medical Arts, Northside Forsyth, Gwinnett Medical Center, and RiverPlace are substantially occupied with proposed buildings in Gainesville, Cumming and Commerce on hold at this writing. The <u>HOLD</u> creates limited pent up demand which could affect the market rent in 2011 and 2012.

HOTEL/MOTEL

The business traveler cut back their trips as did many tourists and vacationers since September 2008 affecting travel to Gainesville Convention Hotels and Motel vacancy overall. The stay vacation, we believe, will help the Inns and Motels in the North Georgia mountain region but it may be several years for the overall hotel/motel occupancy to cycle back to 2005/2006 levels. New hotels in West Gainesville, Braselton, Gwinnett, Flowery Branch and GA400 focus on <u>value</u> which is the **bull's eye** for this market.

GENERAL INVESTMENTS

While many investors are looking at foreclosure opportunities, the strong investment buys, cash in hand, still outpace the availability of quality product 10 to 1. Pressure on cap rates continues, as does "cash on cash" calculations. It is a **buyer's market** for at least the next 24 months. Changes in tax laws, depreciation and capital gains may alter that formula some, but it's way too early to forecast. Hometown investing, that is putting hard-earned investment money in your own backyard, still is the preference for the small investor, only now we seem to be competing with out-of-towners who see the attractiveness and opportunities in our vibrant region. At times it's the forest for the trees syndrome. Invest here, the opportunities are unlimited.

SENIOR HOUSING

With the phenomenal success of The Villages of Deaton's Creek and Del Webb/Pulte the mark has been set on our area as the <u>Next Retirement Mecca</u>. Our region's story is too compelling.....attractive lifestyle components, reasonable land and infrastructure cost, low taxes, great healthcare, close proximity to urban attributes, forests, trees, lakes, recreational "stuff to do"…all give our region THE EDGE. Despite the housing slow down and missteps by Levitt and Sons (it will be back) we are encountering copy-cat developers across the country interested in putting their toe in the retirement water of North Georgia. We see many of the stalled traditional development being repackaged into pre-retirement villages. We are confident that over the next 5 years we will see a waterfall of retirement and active lifestyle product come our way. The downside for that market **TODAY** is 70 to 80% of the buyers have another house to sell.

SECOND HOME

As the primary home market slowed down, the second home market came to an abrupt halt. A second home is a discretionary expense that can be delayed until times get better or the waters calm. Second home developers have been caught by the shift in market and like their primary home developer cousins are experiencing **extreme stress**. But this too shall pass. The good news is that while some speculative second home development did occur, it was only a small fraction that of the primary home glut. Yes, there are way too many hard to construct, mountainside lots available at unsustainable prices, but the market is largely a custom home one with those properties quickly absorbed once consumer confidence settles…we think mid 2009.

Once reignited, developers and builders need to remember that most of the second home buyers in our region are price sensitive as there is virtually no rental market to fall back on and it's hard to justify a mega purchase for only occasional recreational use. The deepest part of this second home market is $200,000 to $300,000, much more than that and the risks for sales failure accelerate.

LAKE LANIER
SEE, WE TOLD YOU SO! Lake Lanier on June 1, 2009 reached 1066.13, almost but not quite full pool. What goes down….given time will fill back up. Now that we are back up to a traditional level, the consumer visitor confidence must be reestablished and strengthened. The lake buyer and the lake recreational user need comfort that the lake won't be drawn down as severely in the future. Groups like the 1071 Coalition and Lake Lanier Property Owners are vigilant in their quest for stability…**We thank them**.

With the increased water levels and increased recreational activity comes increased homes for sale on Lake Lanier. The industry missed the traditional November to March buying season but seems to be picking up steam since May 2009. Lanier was not a speculative market. Very few foreclosures are in inventory and less subprime stress. Lanier owners typically have tremendous equity in their homes and are unlikely to dump their homes in a pinch or a drought. We do believe that a number of homes pulled off the market 2006-2008 will be placed back on the market in the next six months swelling inventory with all the inventory coming on the market (many of them now highly- stressed sellers). We have seen isolated dramatic $100,000+ price points drop but this will be cyclical. The real value for a home not on the market is stable. The recently announced Corps of Engineers lottery for remaining boat docks gives high attention to dock shortages and over the long term pushes up lake home values. Those that have have…those that don't have are up a dry creek without a paddle.

MARKET WRAP UP
There is clearly light at the end of a very long, dark tunnel **and** it is not an approaching train. **It's recovery**. While fully- sustained market recovery is months and months away, inventory is dropping, prices are stabilizing and sales activity is bouncing up and down on the proverbial bottom. And the winners of all this? Us…**North Georgia**…we will emerge stronger and wiser, some **richer** than before. The market will continue to expand as Atlanta's outward growth and newcomer Mecca is unobstructed and relentless. We in North Georgia are in the way of progress as Atlanta (we only want the good parts) moves through us. Opportunity exists in the lessons learned from overbuilding and poor planning just as the opportunity exists to seize the great investment land, lot and building buys keeping the ownership within our ranks. Norton Native Intelligence™ sees the bottom and the clear blue sky above. Real Estate in California was the "canary in the mine" for the market down turn in California and Florida's 2009 rebound points to a different kind of canary singing in some cases all the way to the bank. **The real estate landscape will forever be changed and remembered by generations and the opportunities created will be legend.**

For expert, straight up advice and professional real estate brokerage, management or development service, call Norton.
The Power to Perform

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