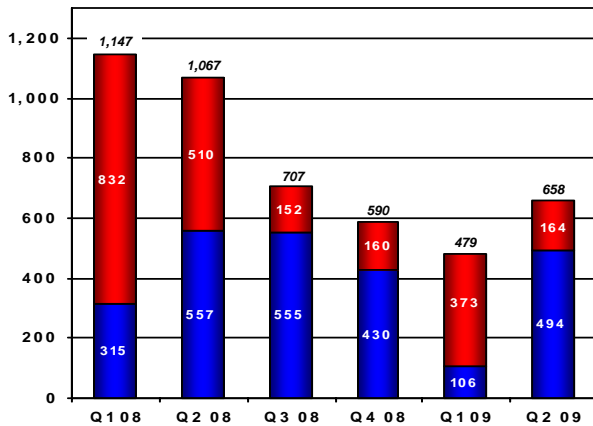


## New Condominium Sales Activity at Midyear 2009

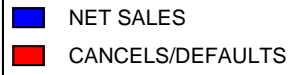
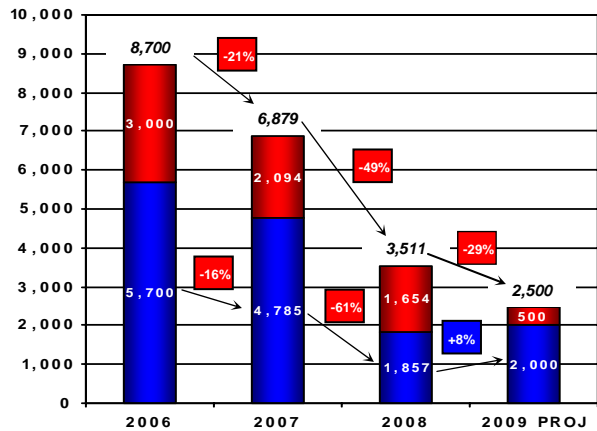
In the first half of 2009 there were **600 net new condominium units** sold. This is a 30% decrease over the same period last year. With a few notable and expected exceptions, McWilliams|Ballard anticipates that the default or cancellation cycle is complete, as 86% of the available inventory has now delivered.

Since the defaults and cancellations that occurred in the first half of the year are from a limited number of projects, looking at the overall number of gross sales gives a better indication of the actual sales activity in the market. **1,137 gross sales** occurred in the first half of the year, a 48% decrease from the same period in 2008. While this statistic is initially disappointing, the strong gross sales of the second quarter (12% over Q4 2008 and 37% over Q1 2009) signal the strengthening of the local metropolitan market. It is our expectation that the second half of the year will remain steady and mirror the performance of second quarter.

Washington Metro Area New Condominium Sales  
By Quarter (gross sales in *italics*)

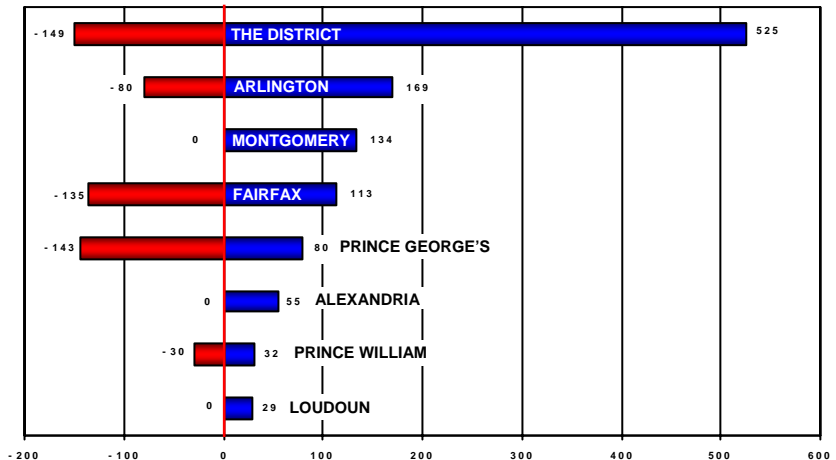


Washington Metro Area New Condominium Sales  
By Year (gross sales in *italics*)



COUNTY/CITY	GROSS SALES	NET SALES
<i>The District</i>	525	376
<i>Arlington</i>	169	89
<i>Montgomery</i>	134	134
<i>Fairfax</i>	113	-22
<i>Prince George's</i>	80	-63
<i>Alexandria</i>	55	55
<i>Prince William</i>	32	2
<i>Loudoun</i>	29	29
<b>OVERALL</b>	<b>1,137</b>	<b>600</b>

Washington Metro Area New Condominium Sales By Jurisdiction



For the purpose of this report, gross and net sales are defined as: Gross sales are all sales that occurred during the subject time period. Net sales are all gross sales less any cancellations and/or defaults that occurred during the period

## ***New Condominium Sales Activity at Midyear 2009 Cont.***

On the surface, these sales numbers do not appear encouraging. The steady slowing of new condominium sales has continued and the negative market trends appear reluctant to abate. However, sales in 2009 have outperformed expectations and demonstrated some of the healthier fundamentals of the Washington market. Sales have battled the negativity associated with the regional and national markets as the steady flow of grim economic news (GDP, unemployment) seemed to predict a crisis situation. This increase in sales over the previous two quarters represents a change in the overall market standing. Historically low interest rates and attractive pricing have lured buyers back to the market, all looking for the best deal. Nearly all significant new condominium projects have accepted reality and have adjusted pricing accordingly.

Some of these projects have been outpacing the market for months, while others have only recently made the necessary pricing modifications. Either way, the result is proof that in a market as fundamentally strong as this one, a market exists for new product as long as that new product is at a reasonable price. As the graph on the previous page illustrates, this paradigm applies particularly to the closest-in markets where the most valuable product is located. The strong sales for the first half of 2009 are largely driven by The District, Arlington and Montgomery County.