



Authors:
Tony Lindauer, PVA
Donna Hunt, Chief Deputy, PVA

2007 Real Estate Market in Review



Chuck Kavanaugh
Executive Vice President



Adam Hall
President



Lisa Stephenson
Executive Vice President

2007 Real Estate Market In Review

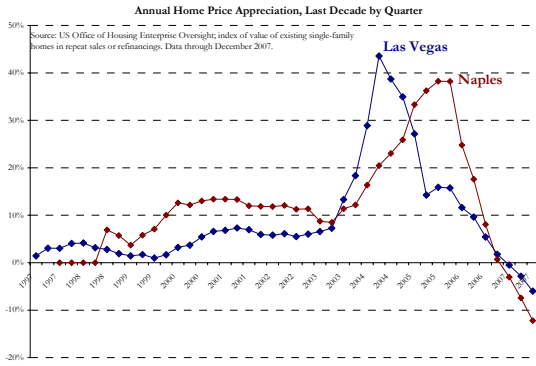
“LOUISVILLE IS IN BETTER SHAPE THAN MOST US CITIES”

This joint report between the Jefferson County PVA Office, Greater Louisville Association of Realtors, the Home Builders Association of Louisville, and the Mortgage Bankers Association of Louisville is to put the face of reality on the current real estate market in Jefferson County.

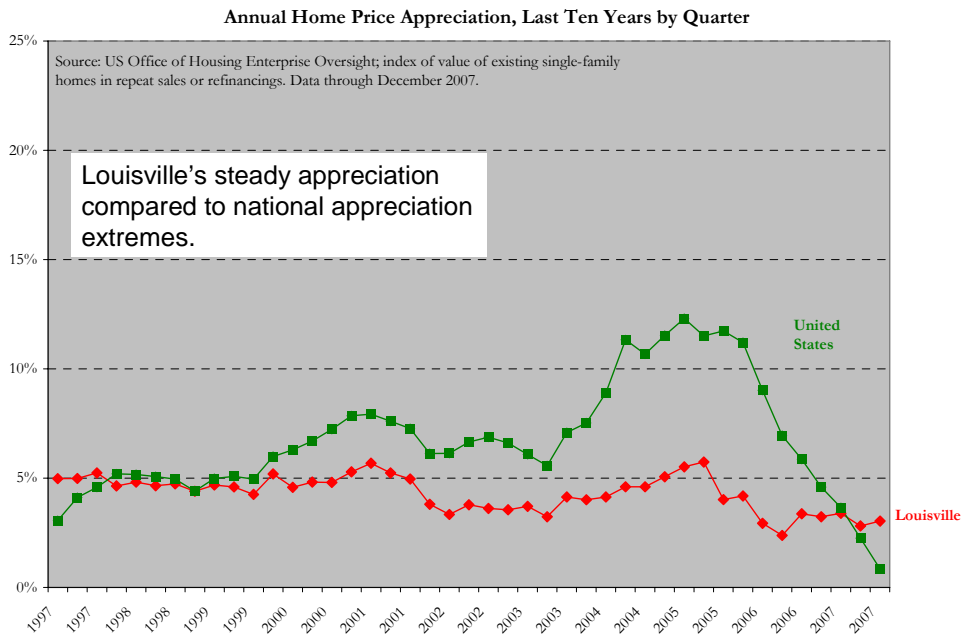
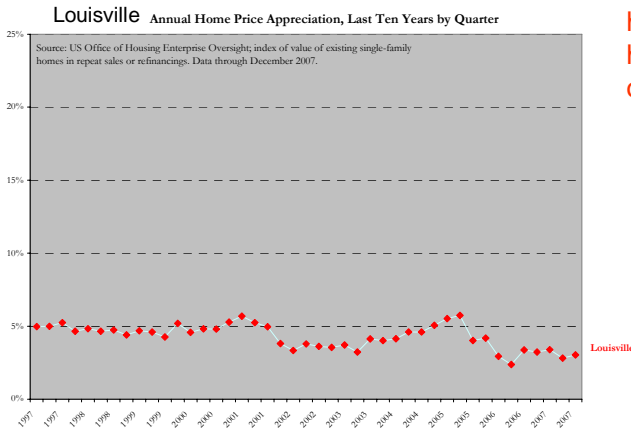
Property owners in Jefferson County can be confident that the investment in their home is still safe. Property values for 2007 in Jefferson County actually increased from a median value of \$141,000 in 2006 to \$147,000.

Even though a great deal of the United States is seeing a housing decline, Jefferson County is fortunate that we have a resilient market without extremes in yearly value appreciation as evidenced in the graphs produced by the University of Louisville on the following page.

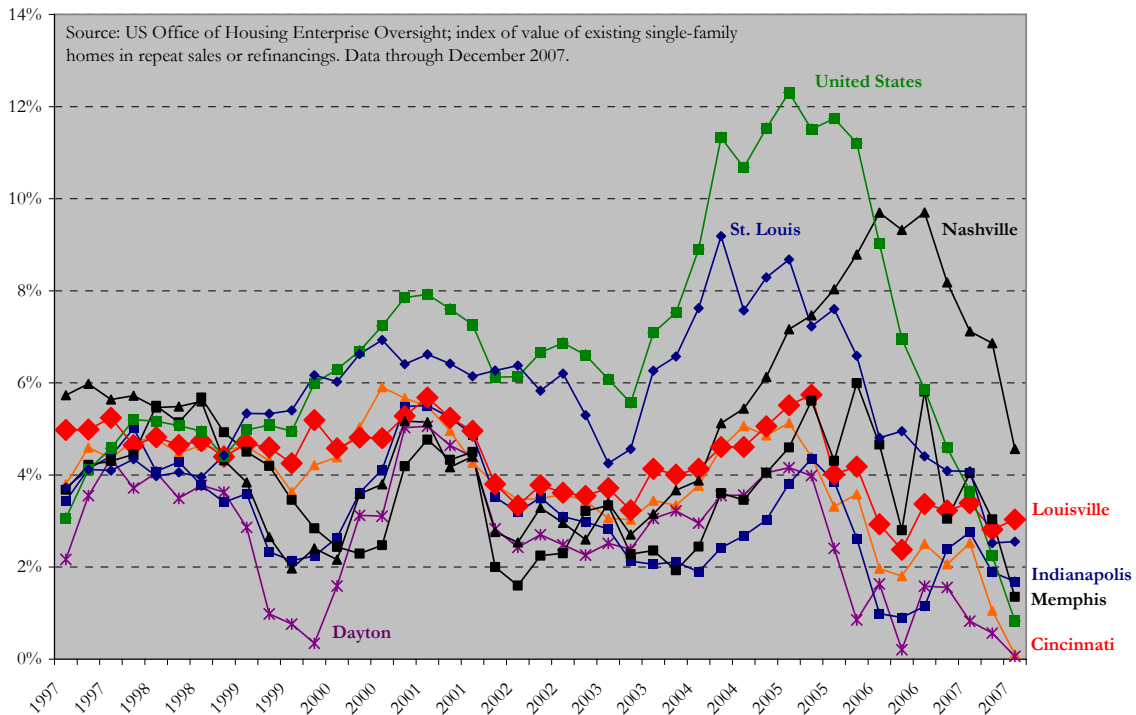
The National Media has portrayed the 2007 real estate market as a very dismal year. In markets such as Florida, Las Vegas, California, New York, Michigan, Ohio, Indiana and Arizona, that negative response is very true. However, when those areas were seeing double digit appreciation each year, the Louisville market was seeing steady 2-5% yearly increases. The Louisville market is currently in far better shape than the majority of the country because we do not have extreme shifts in home prices.



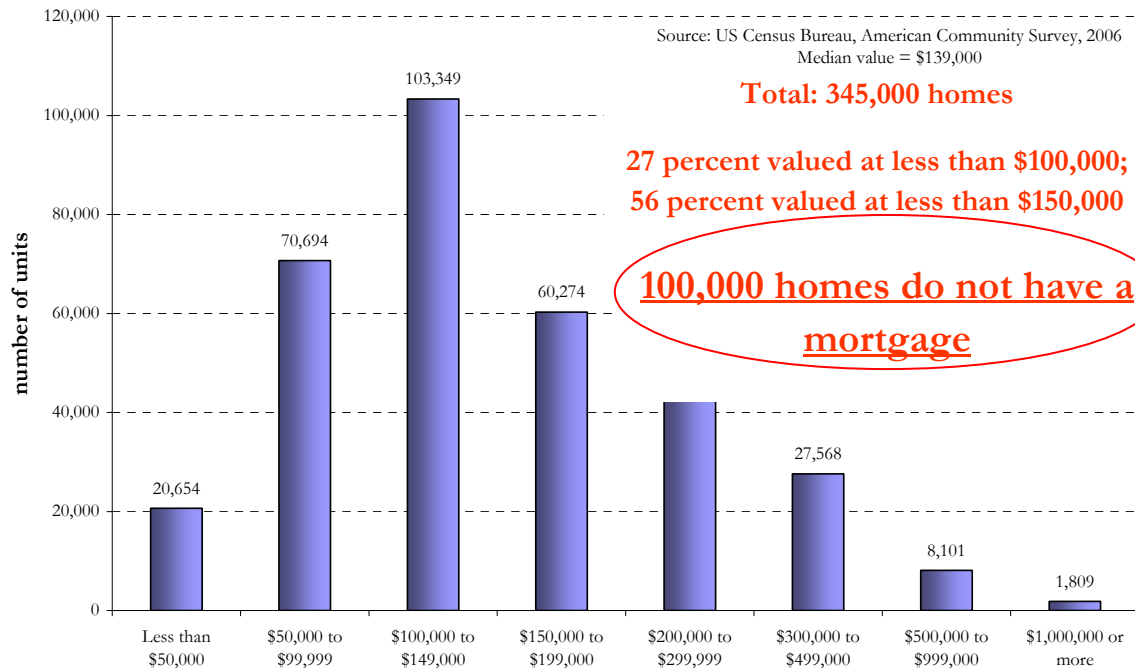
Compared to Las Vegas, NV, Naples, FL and other volatile real estate markets, Louisville's market is resilient and does not reflect extreme fluctuations in appreciation, thus ensuring the homeowner's investment. The home is the single largest creator of wealth in Jefferson County.



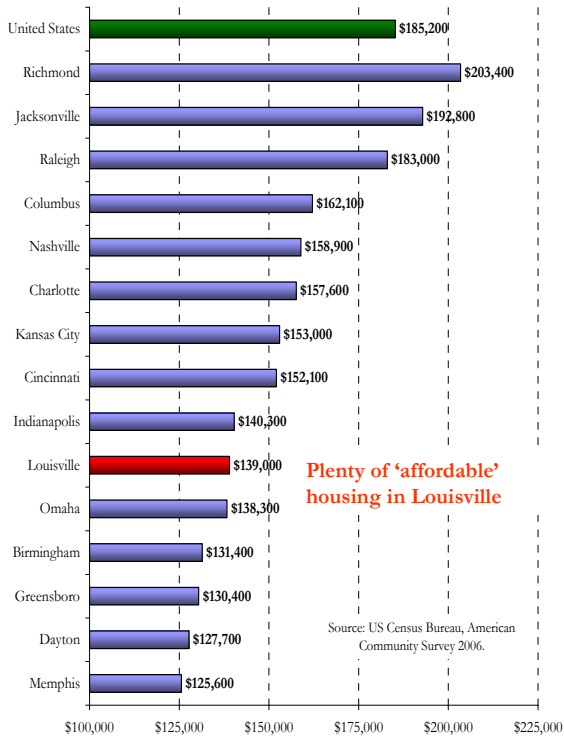
Annual Home Price Appreciation, Last Decade by Quarter



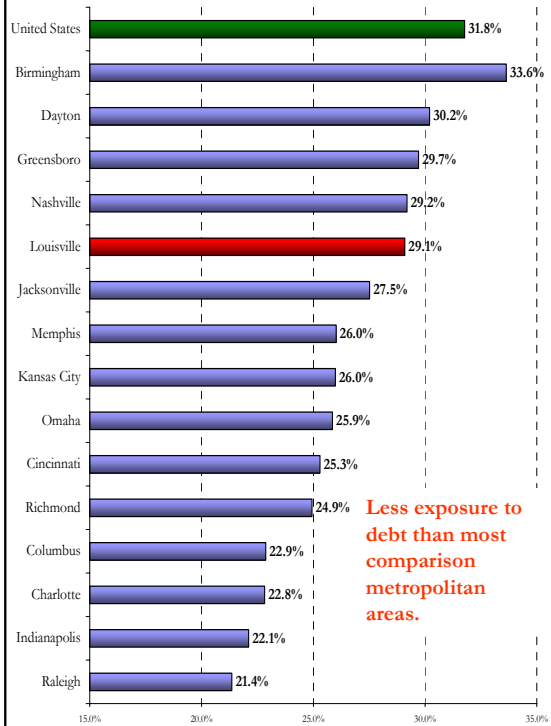
Value of Owner-occupied Housing Units Louisville Metropolitan Statistical Area, 2006



**Median Value of Owner-Occupied Housing Unit, 2006
Louisville and Comparison Metropolitan Statistical Areas**



**Share of Homes with no Mortgage, 2006
Louisville and Comparison Metropolitan Statistical Areas**



Residential Detached Single Family Market

Despite lower home values in other parts of the country, the Louisville home market values remain steady. The median sale price of \$147,000 for 2007 was an increase of \$6,000 from the 2006 median sale price of \$141,000.

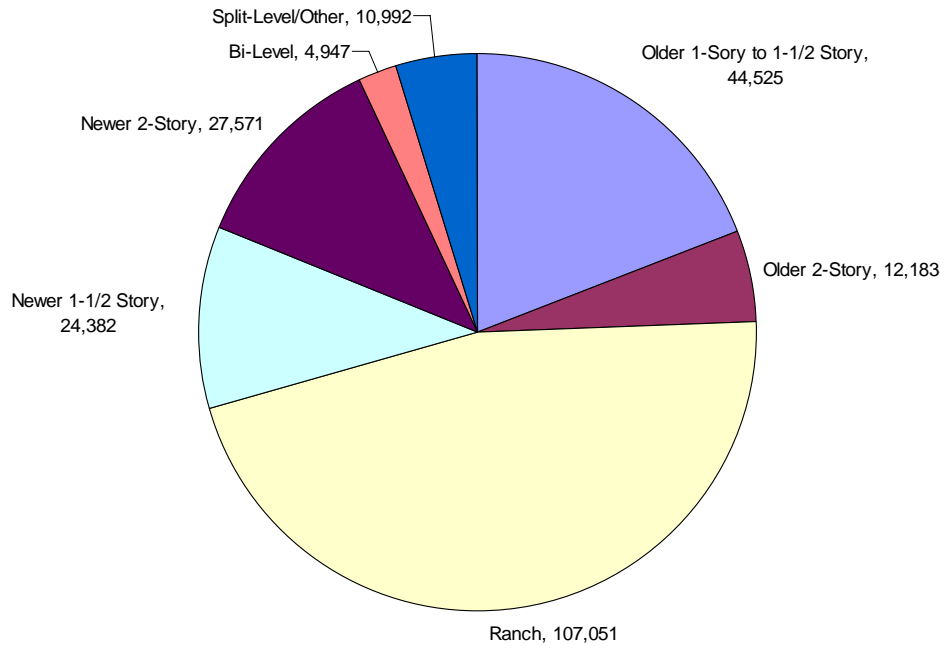
The Jefferson County Property Valuation Administrator's Office considered a combined number 13,211 sales for 2006 and 2007.

Although building and tract home sales have slowed in the Jefferson County market, housing is very affordable. The current housing types in Jefferson County are lead by the typical ranch style home making up almost half of the market. The housing types found in Jefferson County and the sales of each type is depicted in the following charts.

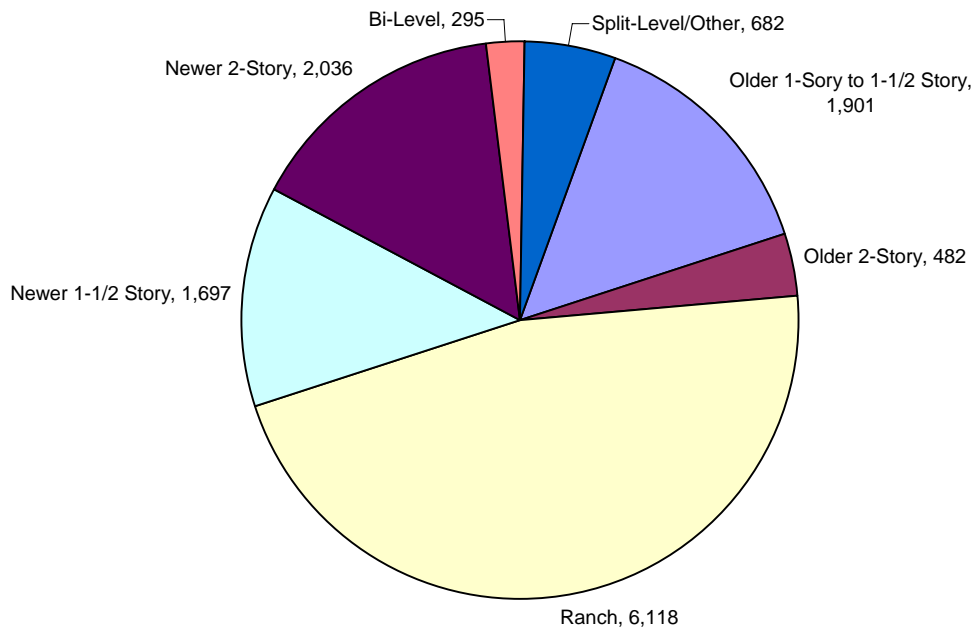
Single-Family-Detached House Types and Sales

Types of Houses	Total	2006-2007 Sales	Percent Total Sales
Older 1-Story to 1-1/2 Story	44,525	1901	4.27%
Older 2-Story	12,183	482	3.96%
Ranch	107,051	6118	5.72%
Newer 1-1/2 Story	24,382	1697	6.96%
Newer 2-Story	27,571	2036	7.38%
Bi-Level	4,947	295	5.96%
Split-Level/Other	10,992	682	6.20%
Total	231,651	13211	5.70%

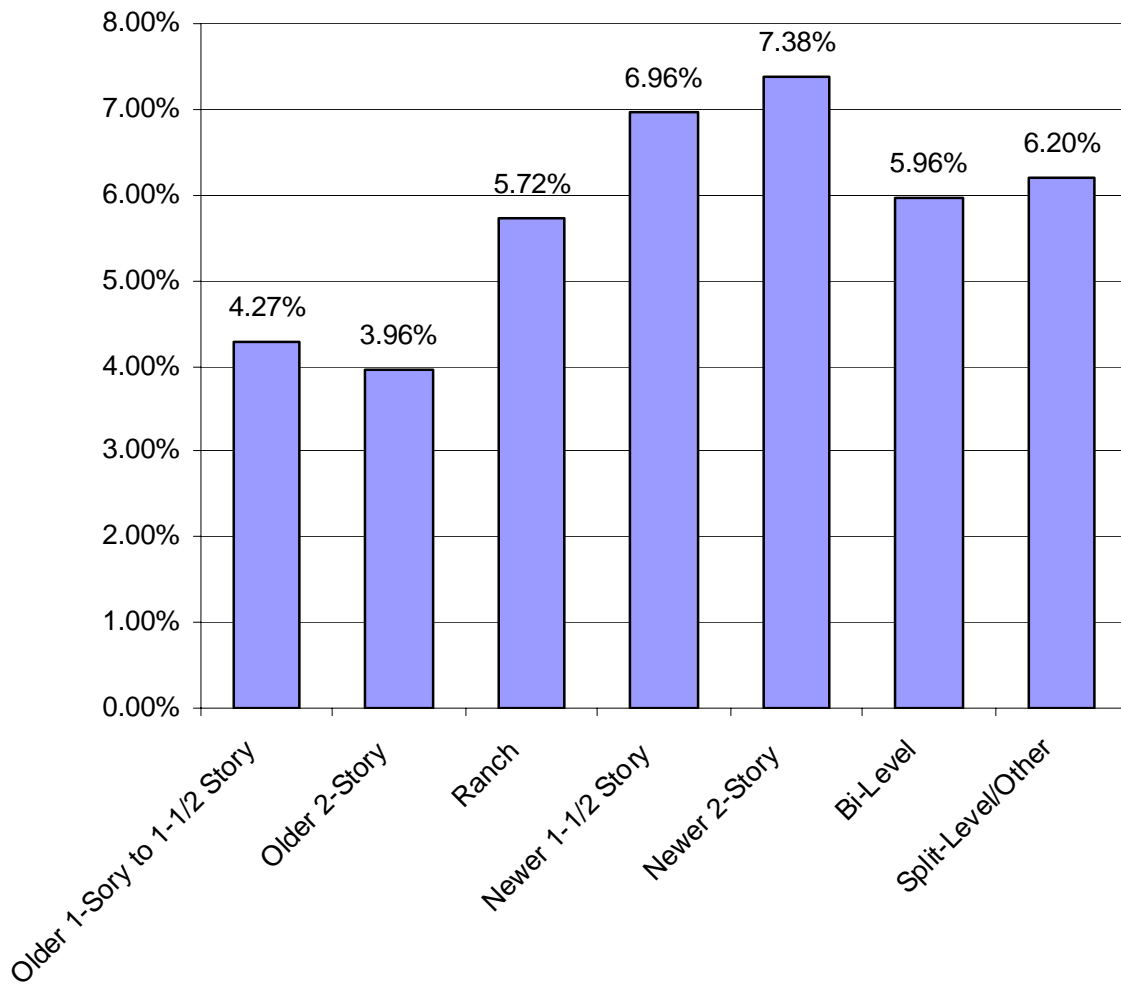
Current Single-Family Residential Houses by Type



Single-Family Residential House Sales, 2006-2007



Percent Total Sales by House Type



SINGLE FAMILY HOMES

Greater Louisville Association of REALTORS

Y E A R	NUMBER OF SALES	TOTAL DOLLAR VOLUME	AVERAGE HOUSE PRICE	ANNUAL PERCENT OF CHANGE
1971	5,424	\$123,453,302	\$22,761	
1972	5,952	\$149,654,868	\$25,144	10.47%
1973	6,157	\$169,874,892	\$27,591	9.73%
1974	5,821	\$174,247,785	\$29,934	8.49%
1975	6,202	\$198,737,716	\$32,044	7.05%
1976	6,876	\$232,374,400	\$33,795	5.46%
1977	8,344	\$316,074,197	\$37,880	12.09%
1978	7,741	\$325,411,127	\$42,037	10.97%
1979	8,285	\$386,978,953	\$46,708	11.11%
1980	4,830	\$250,047,834	\$51,770	10.84%
1981	3,964	\$221,855,959	\$55,968	8.11%
1982	3,926	\$208,439,798	\$53,092	-5.14%
1983	6,221	\$338,917,259	\$54,480	2.61%
1984	6,017	\$343,959,375	\$57,165	4.93%
1985	5,705	\$343,423,411	\$60,197	5.30%
1986	5,618	\$349,868,945	\$62,276	3.45%
1987	5,638	\$369,586,537	\$65,553	5.26%
1988	7,250	\$507,447,845	\$69,993	6.77%
1989	7,104	\$545,172,880	\$76,742	9.64%
1990	6,416	\$504,607,320	\$78,648	2.48%
1991	6,451	\$537,897,282	\$83,382	6.02%
1992	7,821	\$700,354,908	\$89,548	7.39%
1993	7,936	\$784,640,256	\$98,871	10.41%
1994	8,256	\$853,059,456	\$103,326	4.51%
1995	8,245	\$931,355,200	\$112,960	9.32%
1996	9,912	\$1,139,949,384	\$115,007	1.81%
1997	9,775	\$1,177,379,200	\$120,448	4.73%
1998	10,038	\$1,323,401,939	\$131,839	9.46%
1999	10,813	\$1,473,241,521	\$136,247	3.34%
2000	10,331	\$1,481,498,343	\$143,403	5.25%
2001	10,522	\$1,588,398,095	\$150,960	5.27%
2002	11,121	\$1,720,841,180	\$154,738	2.50%
2003	12,562	\$2,035,426,028	\$162,030	4.71%
2004	13,687	\$2,267,309,622	\$165,654	2.24%
2005	15,109	\$2,611,308,558	\$172,831	4.33%
2006	15,107	\$2,632,044,582	\$174,227	0.81%
2007	14,792	\$2,602,680,729	\$175,952	0.99%

37 Year Average Growth Rate
of all Single Family Homes listed and sold in the
Greater Louisville Association of Realtors' Multiple Listing Service

5.91%

\$ Increase>>>

\$1,725

% of List

97.23%

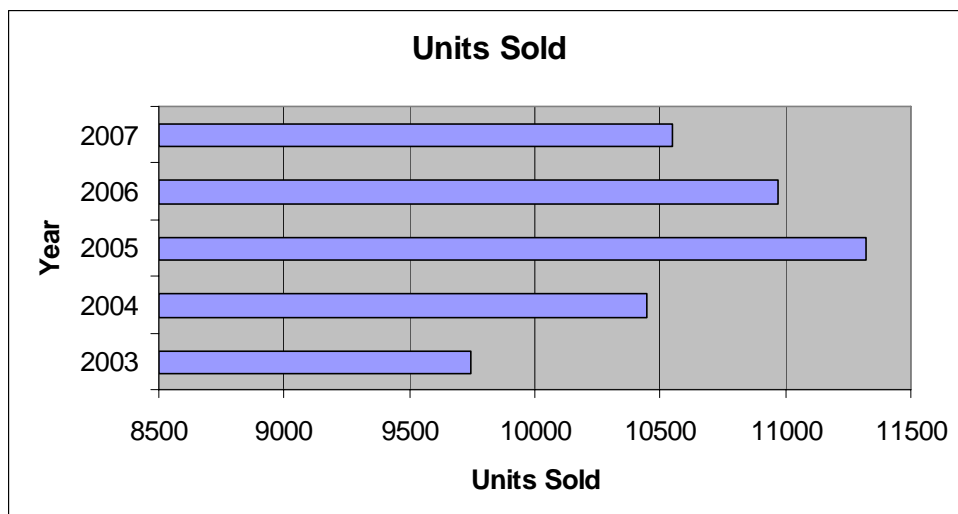
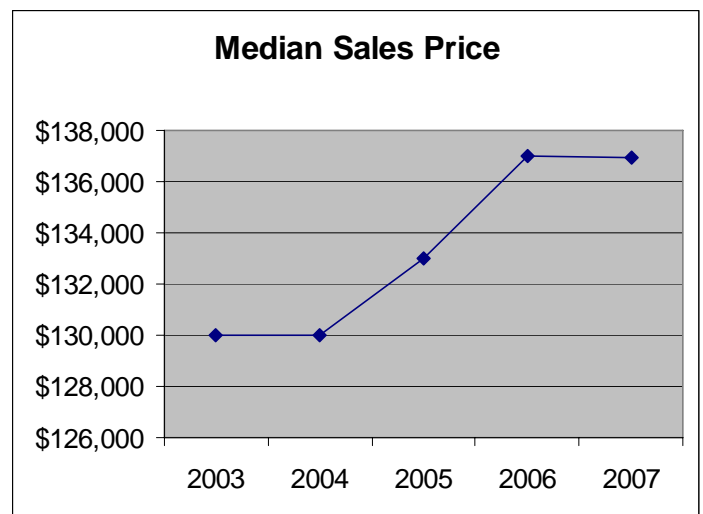
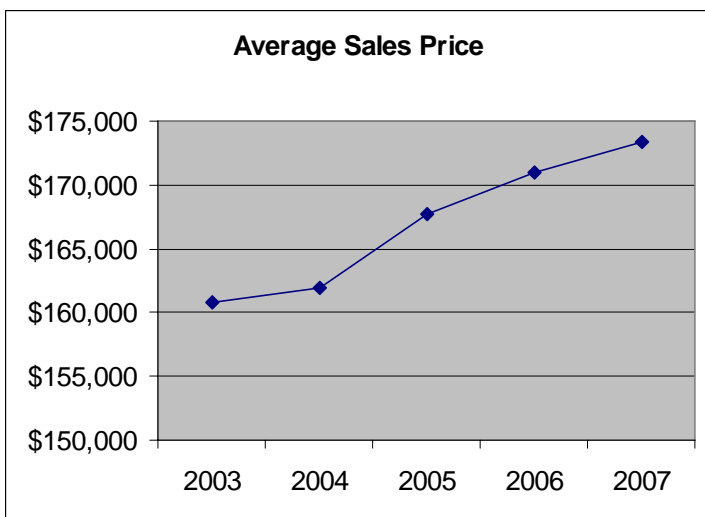
This representation is based in whole or in part on data supplied by the Greater Louisville Association of Realtors or its Multiple Listing Service. Neither the Board nor its MLS guarantees or is in any way responsible for its accuracy. Data maintained by the Board or its MLS may not reflect all real estate activity in the market.

This analysis is NOT meant to replace a full and complete Market Analysis

The Greater Louisville Association of Realtors

The Greater Louisville Association of Realtors, www.louisvillerealtors.com, keeps track of their Multiple Listing Service (MLS). Their data indicates an increase in average sales price and median sales price similar to data provided by the Jefferson County PVA. Attached is a breakdown of the sales from 2003 through 2007.

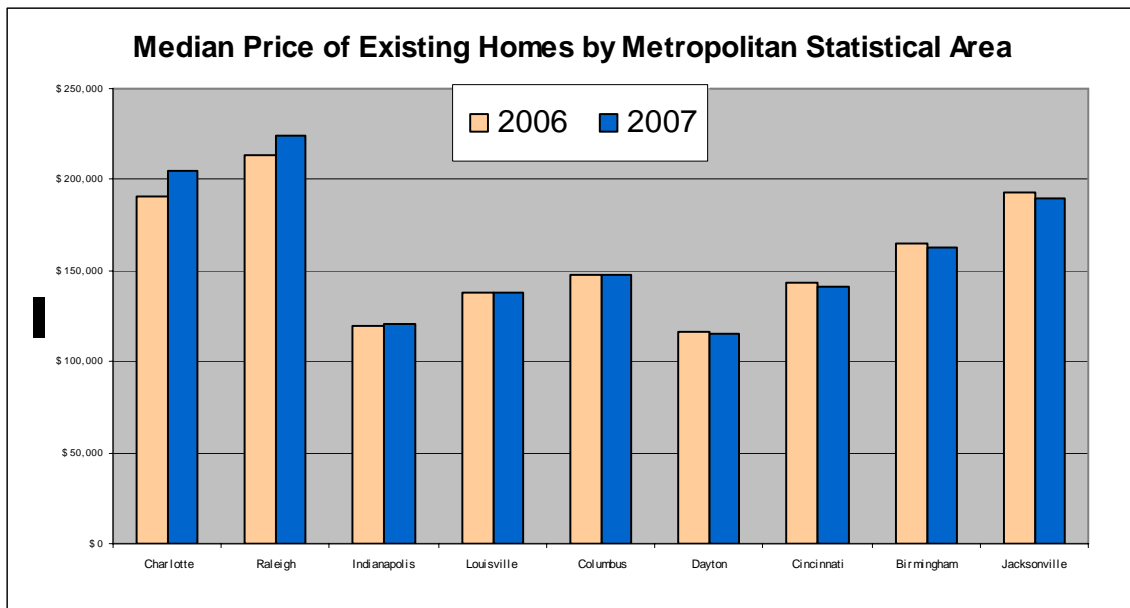
Average Sales Price, Median Sales Price and Sales Jefferson County, KY



Source: Greater Louisville Association of REALTORS

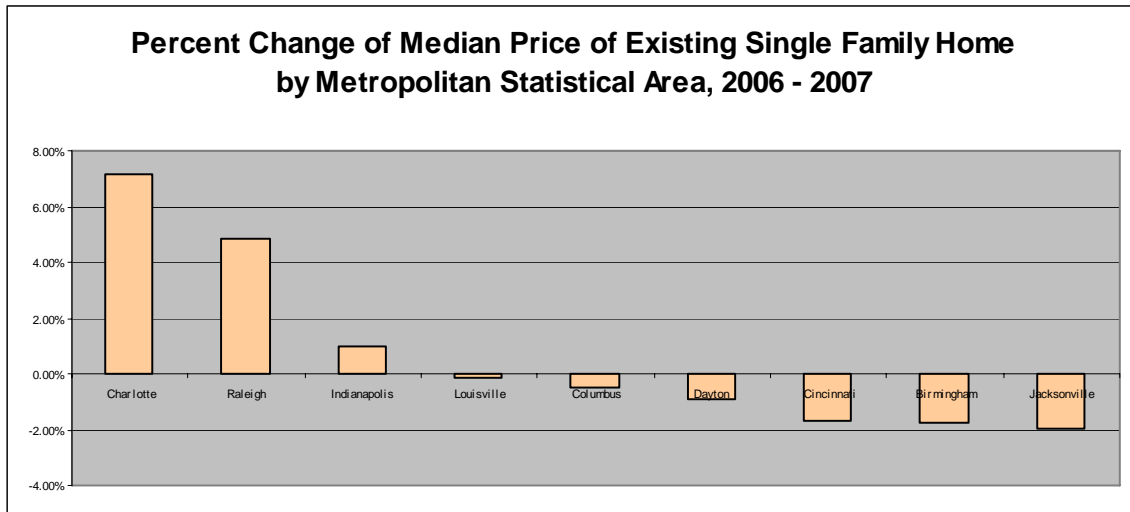
Median Price of Existing Single Family Homes by Metropolitan Statistical Area*

MSA	2006	2007	% Change
Charlotte	\$190,600	\$204,300	7.19%
Raleigh	\$213,800	\$224,200	4.86%
Indianapolis	\$119,300	\$120,500	1.01%
Louisville	\$137,600	\$137,400	-0.15%
Columbus	\$148,100	\$147,400	-0.47%
Dayton	\$116,700	\$115,600	-0.94%
Cincinnati	\$143,200	\$140,800	-1.68%
Birmingham	\$165,100	\$162,200	-1.76%
Jacksonville	\$193,000	\$189,200	-1.97%



Source: National Association of Realtors

*Data may be skewed due to the inclusion of less expensive properties outside of municipal boundaries but inside metropolitan statistical areas.



Source: National Association of Realtors

*Data may be skewed due to the inclusion of less expensive properties outside of municipal boundaries but inside metropolitan statistical areas.

Single Family Detached New Construction

New home construction and sales have slowed in the Louisville market; however there were 1,041 new homes sold in Jefferson County in 2007.

Of the 65 new home subdivision plats that were recorded in 2007, there were 43 brand new subdivisions and 22 new sections of existing subdivisions put to record in Jefferson County. There were a few new home sales in the \$83,000 to \$147,000; however, the majority of new home sales were in the \$147,000 to \$500,000 range. As evidenced by the map only a few new homes were sold inside Interstate 264 (Watterson Expressway). The majority of new home sales were near Interstate 265 (The Gene Snyder Expressway).

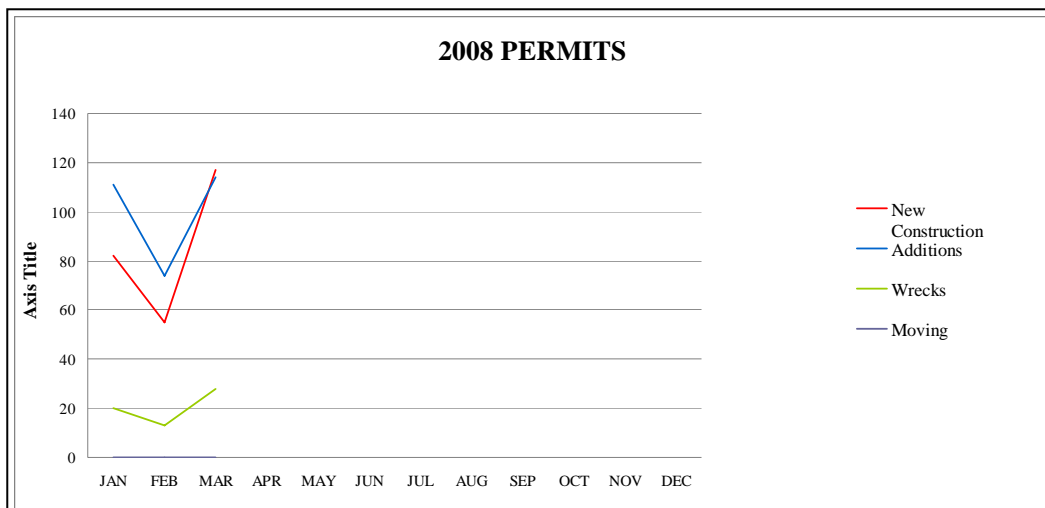
PRIOR YEAR NUMBER OF NEW HOUSES SOLD

2004	2,290
2005	1,841
2006	1,469
2007	1,041

New Building Permits

So far in 2008 there have been 254 new construction permits issued by Metro. A chart is attached showing the January – March building permits.

Month	JAN	FEB	MAR
New Construction	82	55	117
Additions	111	74	114
Wrecks	20	13	28
Moving	0	0	0

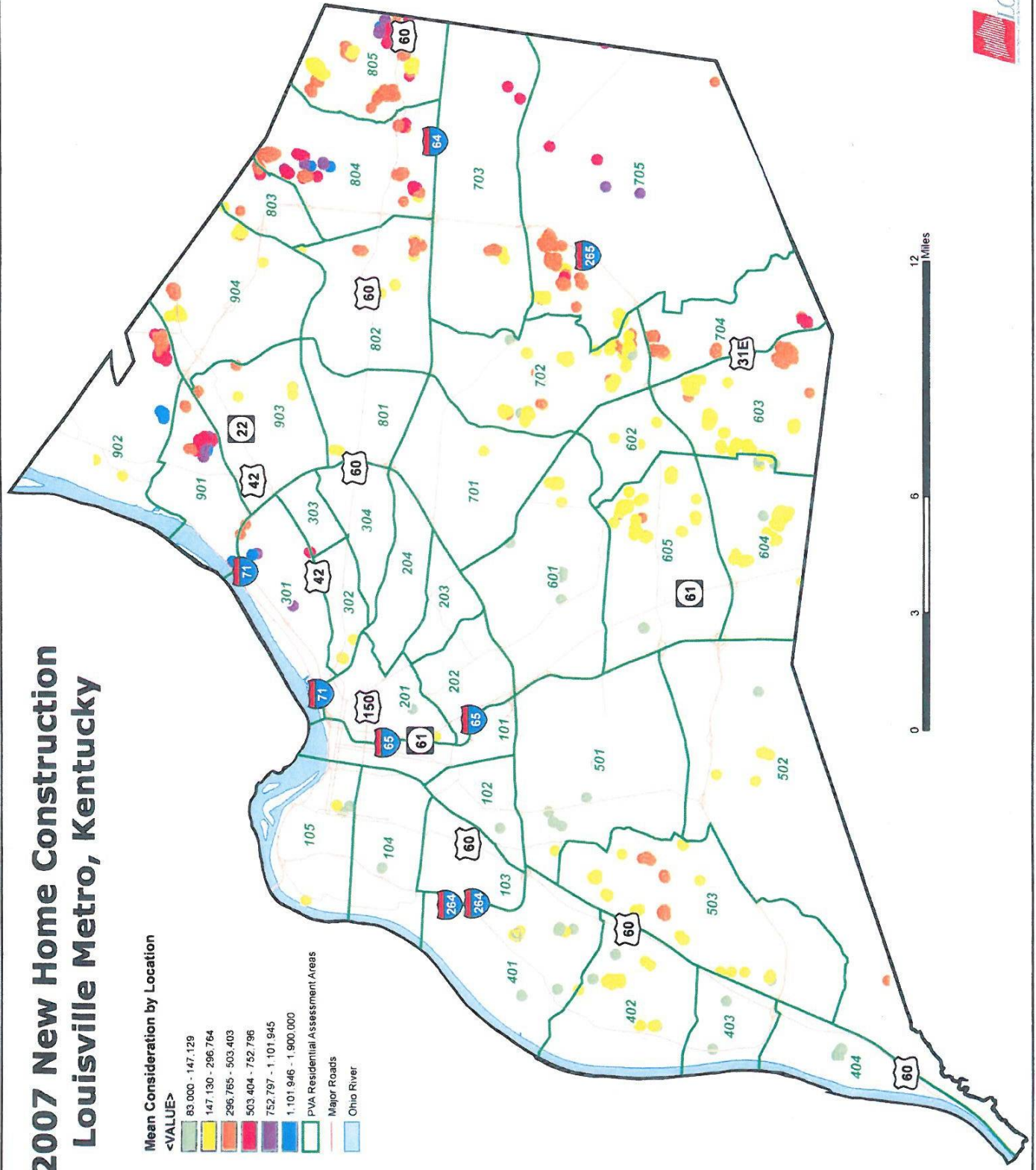


2007 New Home Construction Louisville Metro, Kentucky

Mean Consideration by Location

- <VALUE>
- 83,000 - 147,129
 - 147,130 - 296,764
 - 296,765 - 503,403
 - 503,404 - 752,796
 - 752,797 - 1,101,945
 - 1,101,946 - 1,900,000

- PVA Residential Assessment Areas
- Major Roads
- Ohio River



Residential Condominiums

Residential condominiums are an ever growing segment of single family living in Jefferson County. To date, the Jefferson County Property Valuation Administrator's Office has 20,845 condominiums on record.

In 2007, 809 new condominium units and 51 new condo complexes were put to record throughout Jefferson County. In 2007, 430 units were sold in the new complexes and 379 units were sold in already establish complexes.

Downtown Condominium Market

The vibrant downtown area is attracting an increasing demand for condominiums. Young professionals, empty nesters, and commuters that are tired of traffic and fuel costs are choosing to make the move to downtown living.

According to Jefferson County Property Valuation Assessment Roll there are 166 condominiums in existence in the Downtown Louisville Management District with 123 individually owned and 43 in developers and/or company names. As of April 8, there were 149 listings in the Multiple Listing Service of the Greater Louisville Association of Realtors; however the MLS has a much larger description of the Central Business District.

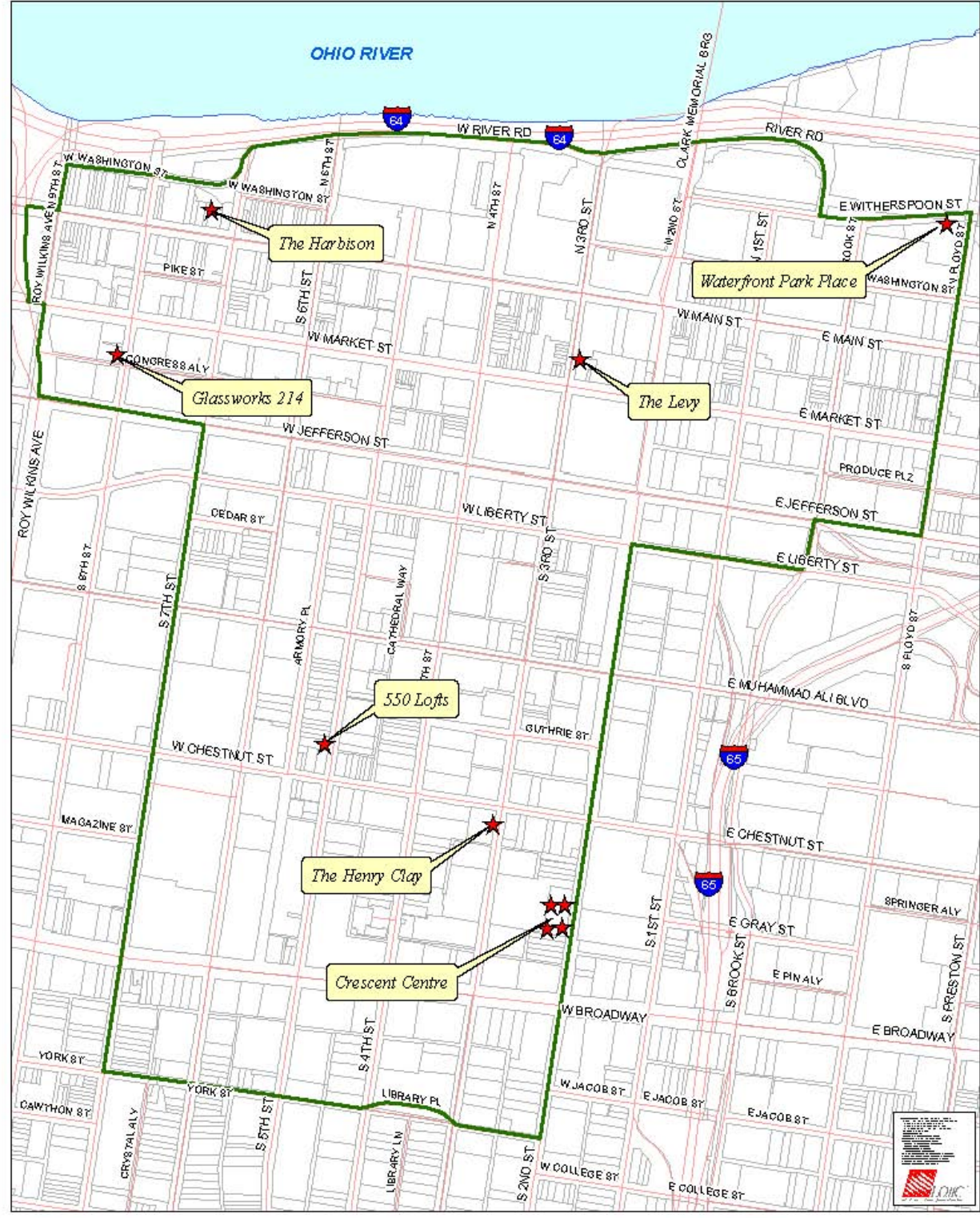
According to the Louisville Downtown Management District, www.ldmd.org there are now approximately 429 condominium units either in existence, planned or under construction in the Louisville Downtown Development District. (See attached list)

Sales In Louisville downtown Management District

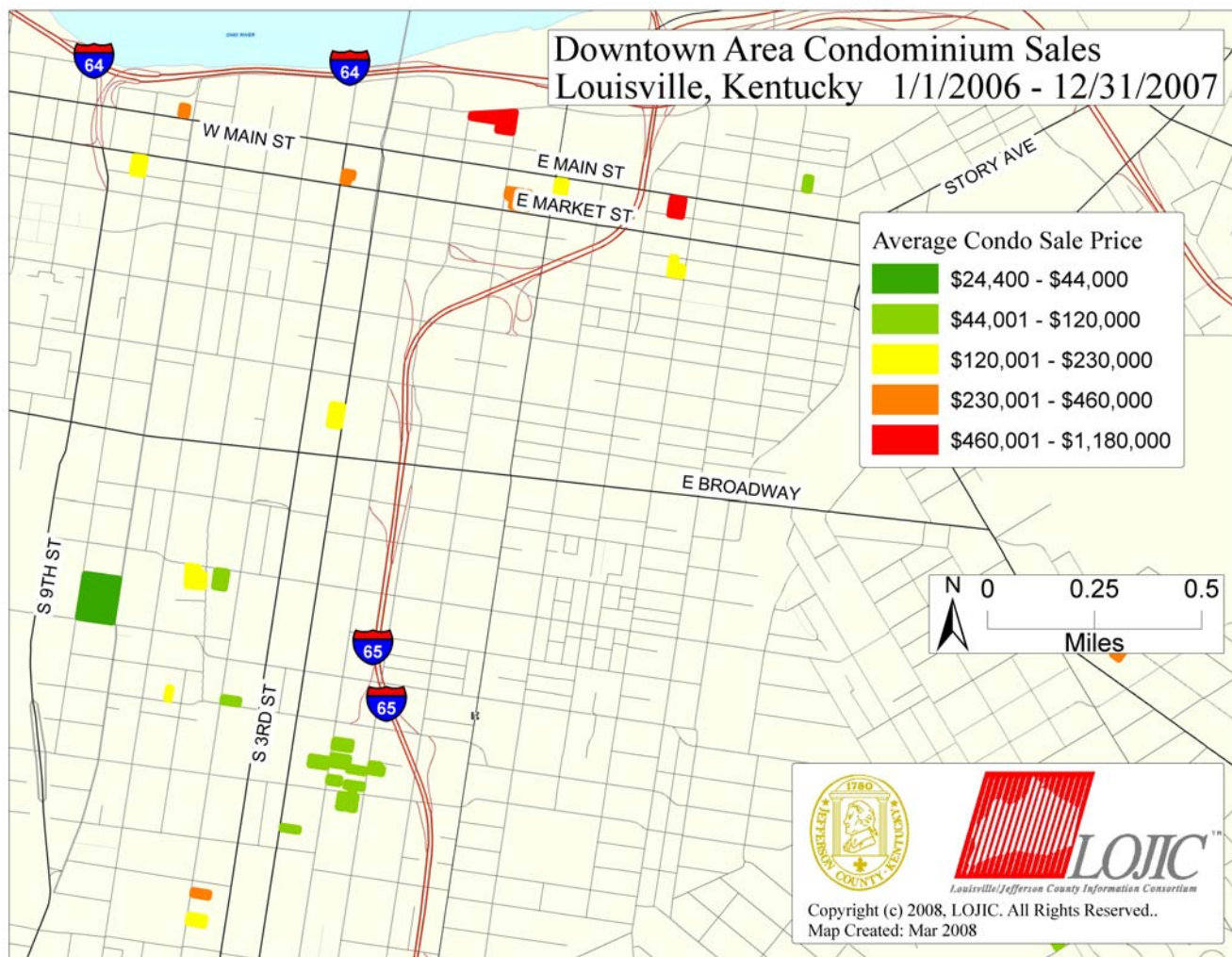
2005	43 units	\$14,564,250 Total Sales	\$338,703 average
2006	14 units	\$14,359,900 Total Sales	\$1,025,707 average
2007	23 units	\$11,779,220 Total Sales	\$512,140 average

**Residential Condominium Sites
Louisville Downtown Management District**

- ★ Residential Condominium Sites
- Downtown Management District
- Street Centerlines



Downtown Condominium Sales

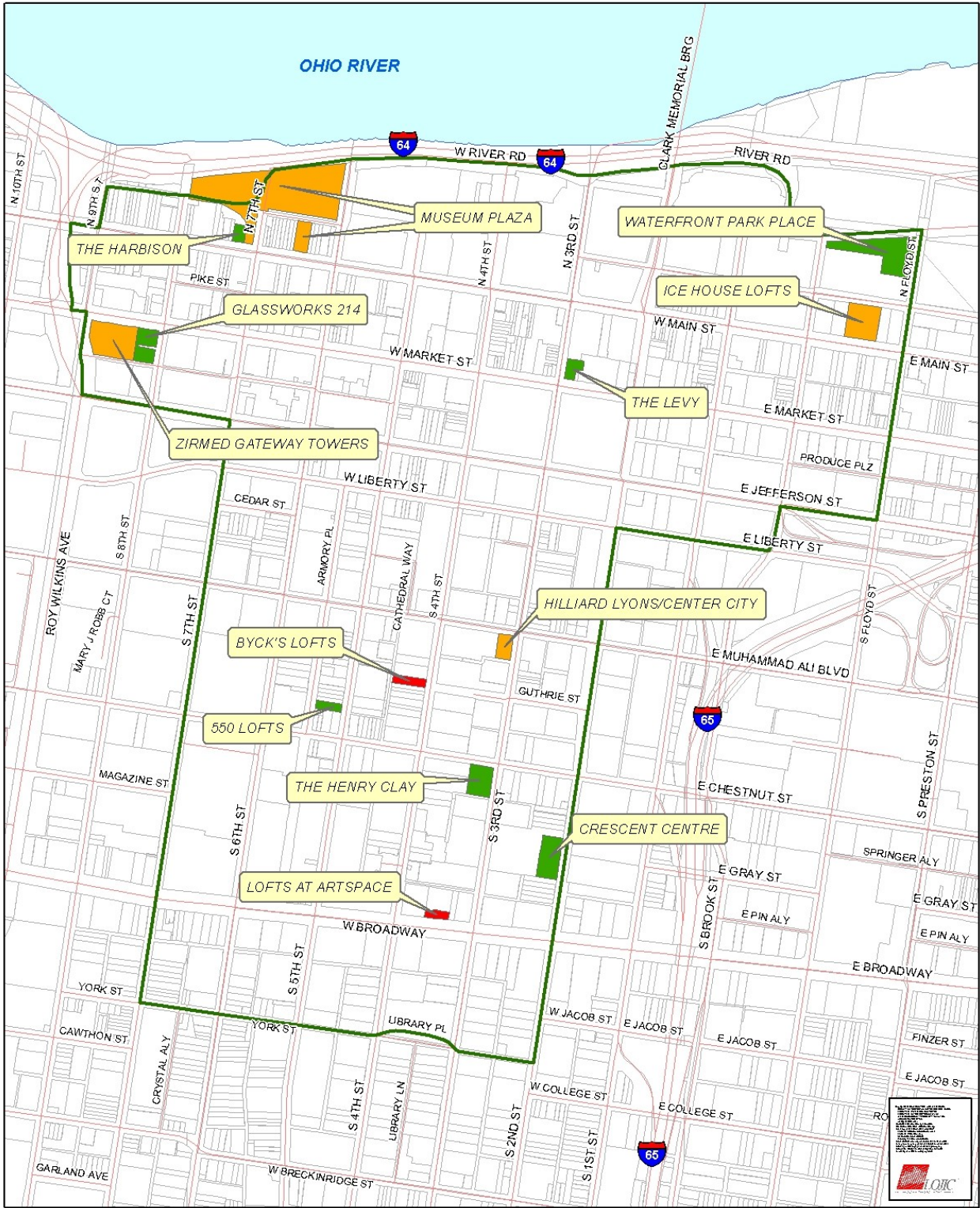


Louisville Downtown Management District Condominiums

NAME	FINISHED	PLANNED	UNDER CONSTRUCTION	OUTSIDE	Grand Total
550 LOFTS	8				8
626 EAST MAIN				5	5
BYCK'S LOFTS			15		15
CENTRAL PARK LOFTS				29	29
CRESCENT CENTRE	22				22
DEHART PAINT BUILDING				22	22
EAST MARKET LOFTS				6	6
EDISON PARK				25	25
FIFTH STREET TERRACES				30	30
FLEUR-DE-LIS ON MAIN				82	82
GALLERY SQUARE LOFTS				21	21
GLASSWORKS 214	5				5
GLASSWORKS COMMONS/GREEN STREET LOFTS				0	0
HANCOCK ST FIREHOUSE				3	3
HILLIARD LYONS/CENTER CITY		0			0
ICE HOUSE LOFTS		56			56
LEGACY LOFTS				40	40
LIBERTY GREEN				590	590
LOFTS AT ARTSPACE			10		10
MERCANTILE GALLERY LOFTS				42	42
MUSEUM PLAZA		162			162
PARK PLACE LOFTS				22	22
PRESTON POINTE				4	4
RESIDENCE AT PRESIDENTIAL PLACE				3	3
RIVERPARK PLACE				350	350
THE BACON-DEBROVY LOFTS				16	16
THE HARBISON	20				20
THE HENRY CLAY	11				11
THE HUB				60	60
THE LEVY	23				23
WATERFRONT PARK PLACE	77				77
ZIRMED GATEWAY TOWERS		20			20
Grand Total	166	238	25	1350	1779

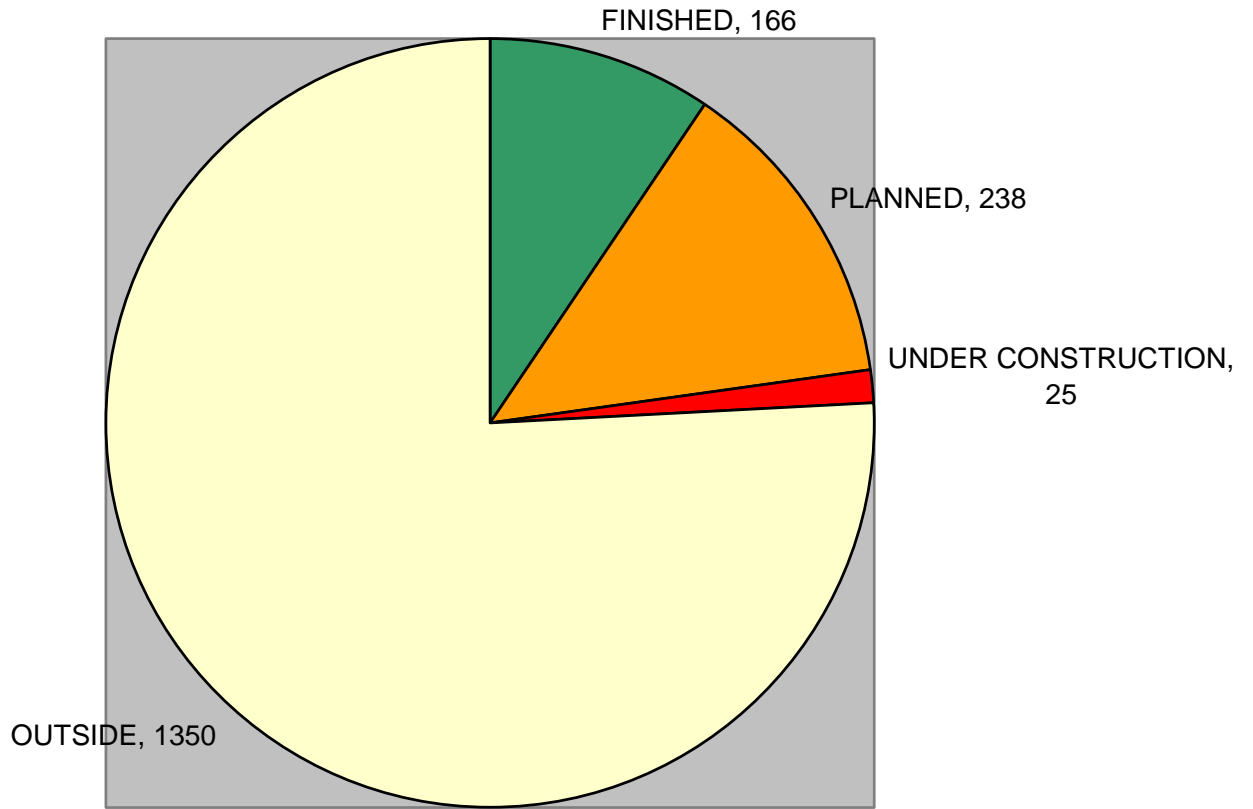
Residential Condominium Sites
Louisville Downtown Management District:
 Finished, Planned, Under Construction

Downtown Management District
 Street Centerlines
 Condominiums
 Finished
 Planned
 Under Construction



STATUS	Total
FINISHED	166
PLANNED	238
UNDER CONSTRUCTION	25
OUTSIDE	1350
Grand Total	1779

Central Business District Condominiums



Foreclosures

Jefferson County foreclosures have significantly increased. However we are not experiencing the extremely high increase in volume of metropolitan counties in many other areas.

In Jefferson County judgments and scheduled foreclosure sales have been on the increase since 2002 when there was an increase in scheduled sales in one year from 1,262 in 2002 to 2,161 in 2003. Since then there has been a steady increase in the number of judgments entered and sales scheduled. In 2007 there were 3,089 foreclosure judgments and sales scheduled with the Jefferson County Master Commissioner's office, www.jcomm.org, and 2,093 sales actually occurred (some foreclosures are settled during this process). This was an increase of 13.3% over 2006. The 2,093 homes sold in foreclosure represents less than 1% of the total housing market in Jefferson County. The average sale price at the foreclosure auction was approximately \$77,893, but there were over 480 that were over \$100,000. Foreclosures were widespread across all areas of Jefferson County, however data indicates large clusters of foreclosures in areas west and south of downtown. (See map, following page) The increased number of foreclosures might possibly have an impact on property values for surrounding property owners in the future.

In some instances, foreclosures can negatively impact government through decreased revenue that comes from property taxes. However, data shows that this is not the case for Jefferson County.

2007 Tax Collected for 2006 Tax Year

Taxes Owed	-	\$545,687, 214.96
Taxes collected as of March 31 st	-	\$508,111,593.98
Percent collected as of March 31 st	-	93%

2008 Tax Collected for 2007 Tax Year

Taxes Owed	-	\$552,658,631.19
Taxes Collected as of March 31 st	-	\$541,833,980.75
Percent collected as of March 31 st	-	97%

Mortgage Hot Line 211

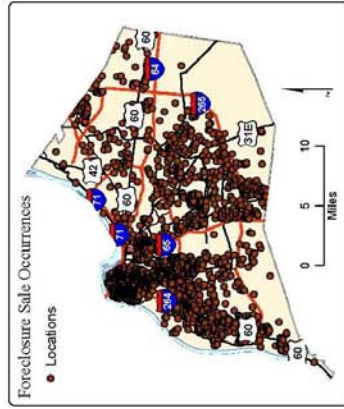
A free hot line is available 24 hours a day for Louisville-area homeowners facing mortgage problems. Dial 2-1-1 for assistance.

The hot line is part of an effort by metro government to connect distressed homeowners with their lenders so the two sides can work out agreements and keep the borrowers in their homes. Access for more details can be made at www.louisvilleky.gov/foreclosure.

The state also provides a hot line number at (866) 830-7868.

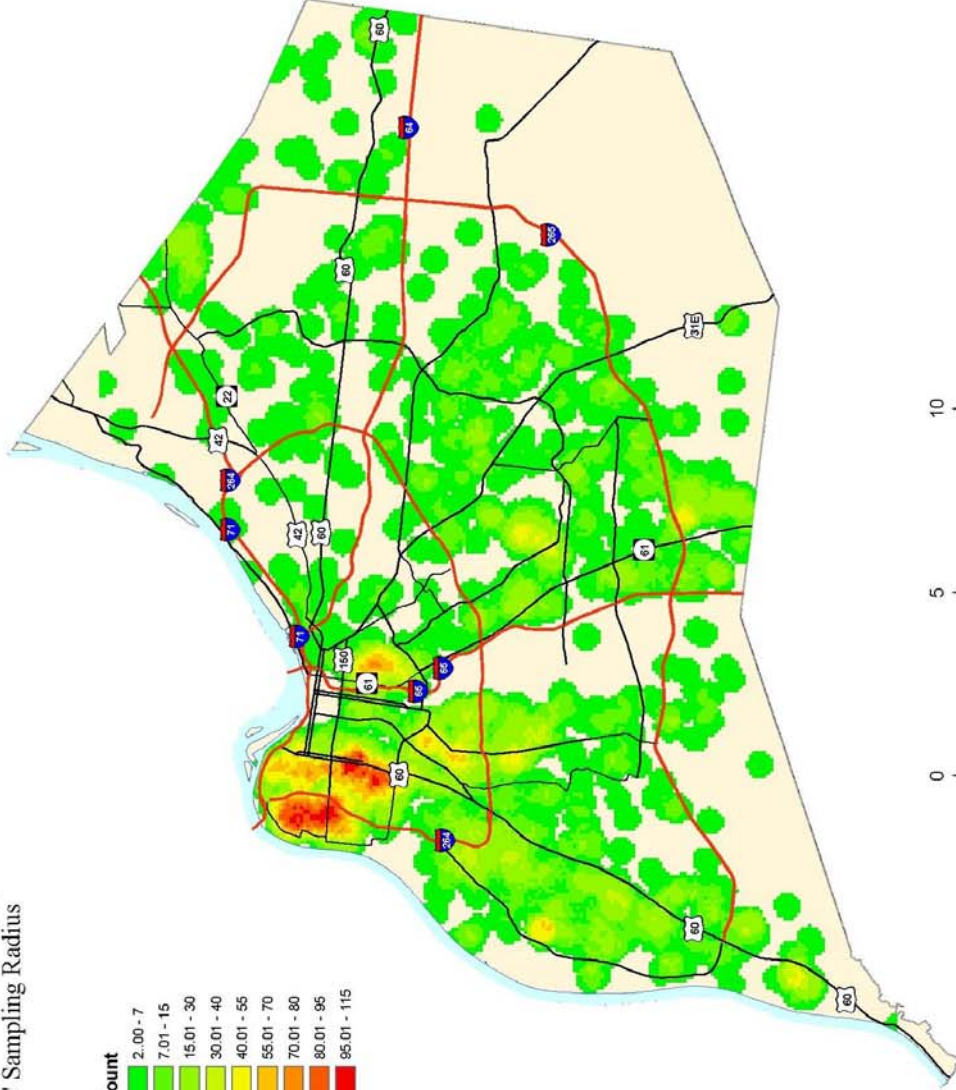
Foreclosure Sales, 2007 Jefferson County, Kentucky

The following maps display the locations and density of foreclosure sales in Jefferson County, Kentucky for 2007 year. The choropleth-style density map (right) is derived by counting the number of foreclosure sales within 2000' of each sampling location. The sampling locations are part of a county-wide grid, made of 500' x 500' cells. In summary, the red areas on the density map denote a high density of foreclosure sales whereas the green areas denote a lower density of foreclosure sales.

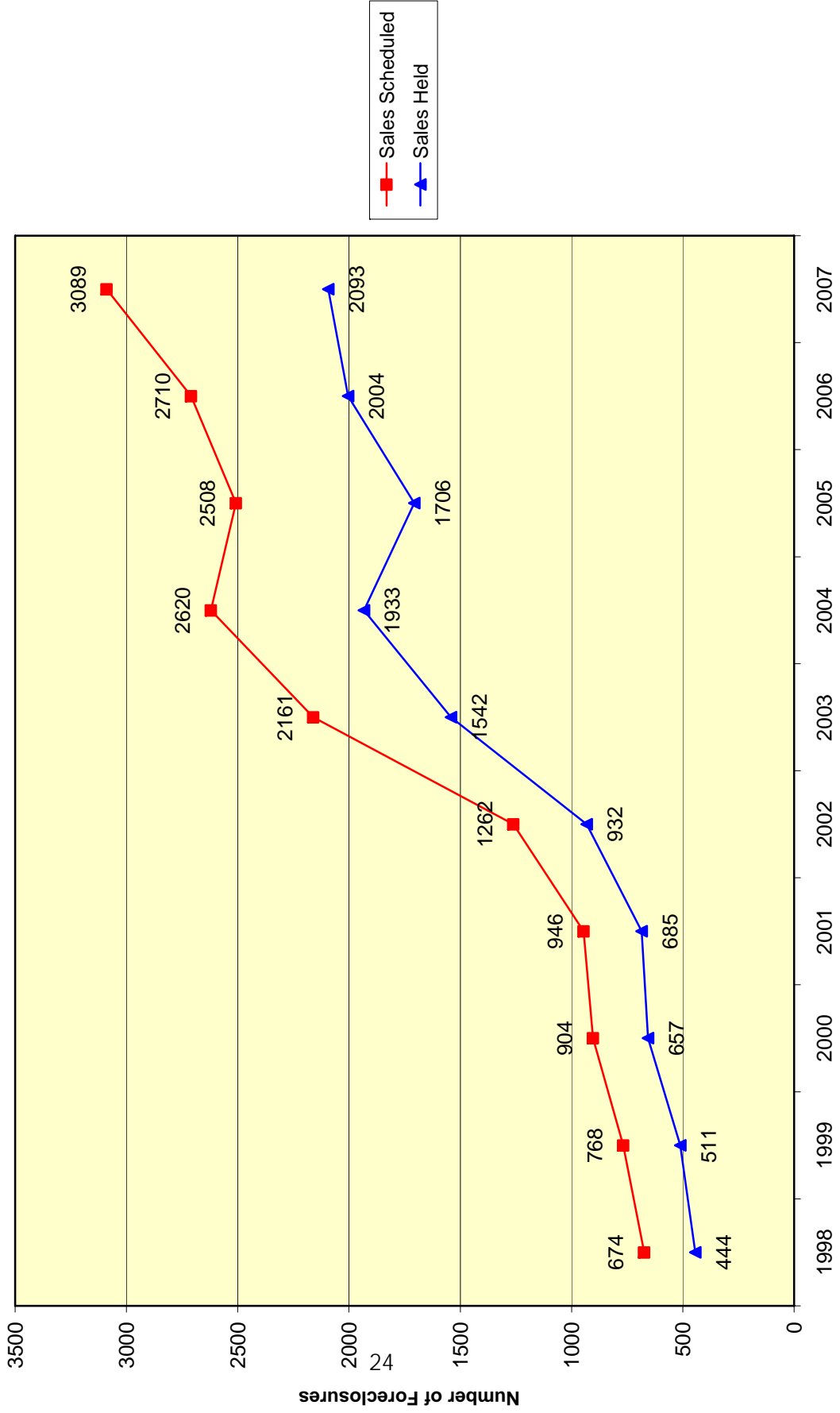


THESE DATA WERE PROVIDED BY THE KENTUCKY FORECLOSURE SALE DATA CENTER (KFSDC) AND ARE SUBJECT TO THE FOLLOWING DISCLAIMERS: THE DATA IS PROVIDED AS-IS AND WITHOUT WARRANTY OF ANY KIND. THE DATA IS NOT GUARANTEED TO BE COMPLETE, ACCURATE, OR UP-TO-DATE. THE DATA IS NOT TO BE USED FOR ANY PURPOSES OTHER THAN THOSE INTENDED BY THE KFSDC. THE DATA IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM. THE DATA IS NOT TO BE USED FOR ANY PURPOSES OTHER THAN THOSE INTENDED BY THE KFSDC. THE DATA IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM.

Foreclosure Sale Density
2000' Sampling Radius



Louisville Foreclosures Over Last 10 Years



Commercial Land

The Commercial Department performed an in-depth study of downtown land values to track the City's amazing transformation and growth. Sales were analyzed from 1980 to the present, resulting in a total of 120 valid vacant land sales. Nine like sales were found resulting in a time adjustment of 3% per year. A range of \$2 to \$130 per square foot was the result. With such a wide range in values the sales were plotted on a digital map using Geographic Information System (GIS) software. Using the sales data in the spatial environment, a land value prediction model was created by mapping and comparing the values and location of each sale. With the prediction data, values were then applied to each parcel being reassessed creating a more accurate land value assessment in the central business district.

Bluegrass Industrial Park and Blankenbaker Crossing was another area of interest with numerous sales and new developments. Sales were analyzed from 2000 to the present, resulting in a total of 42 valid vacant land sales. A time adjustment of 3% per year was used to bring the sales up to date. The result in Bluegrass Industrial Park was a range of \$100,000 to \$150,000 an acre. Blankenbaker Crossing showed a much higher range of \$200,000 to \$300,000 per acre. Each area was then reassessed using the new ranges of land values.

Retail Sector

Louisville has seen the addition of two new Wal-Mart stores, the first, located at 7100 Raggard Road in Southwest Jefferson County near Riverport Industrial Park. The site is approximately 30 acres and has a retail facility of over 200,000 S.F.

The second Wal-Mart store is located in Louisville's East End and is the former site of the "Biggs Department Store" located 12981 Shelbyville Road. This store is situated on a 20 acre out-parcel of the former Biggs and also includes a retail outlet comparable in size to the Raggard Road location. Middletown Partners, LLC developed the remaining site into 6 smaller out-

parcels that include two neighborhood strip centers as well as retail and business offices.

Apartment, Hotel, and Manufacturing 2007 Sales

Apartment sales were essentially flat when compared to 2006. One exception appears to be the continued strength of the Highlands area. That area included a number of sales which became condo conversions. However, there was a notable increase in the number of sales which represented a decrease from the previous assessed value of apartments in a number of areas throughout the county.

Hotel sales in the CBD continued to show exceptional strength as evidenced by the sales of the Seelbach Hotel as well as the Residence Inn on E Market Street. Louisville has been experiencing a great deal of activity in the hospitality sector in the past couple of years with many chain motels being built. This trend appears to be continuing for the coming year.

Sales of industrial manufacturing properties have been relatively few and prices have been level or increased slightly.

2007 Office and Industrial Property Values Snapshot

Historically, when real estate is really booming nationwide, it's steady in Jefferson County. However, when real estate is doing really poor nationwide, it's still consistent in Jefferson County. The 2007 year was no exception. Although property values in Jefferson County did not sky-rocket prior to 2007, like in many areas of the nation, it did not experience the decline of property values either.

Downtown

The greatest increases in property values were seen in the central business district (CBD). It has now reached a level of synergy with developers, businesses, and investors jockeying to acquire real estate. They also realize the potential profits from a plethora of over one billion dollars of investments announced for the next three years! The largest of the proposed developments

include Museum Plaza, Louisville Cardinals downtown arena, Whiskey Row, the Fleur-de-lis, Center City District, U of L's Nucleus, hotels, etc.

Suburbs

As available commercial and industrial land for development becomes more and more scarce throughout Jefferson County, increases in property values in most areas have been noticed. Also contributing to steady property value increases is the feared uncertainty of the stock market. Understandably individual and institutional investors are diversifying portfolios to include greater percentages of commercial real estate.

Conclusion

In conclusion, the perception of the housing market in the rest of the Nation has tarnished homeowners opinions on real estate in Jefferson County. This report has been prepared to provide insight into the reality of the current real estate market in Louisville.

Acknowledgements

This special report was co-authored by Tony Lindauer, Jefferson County PVA, and Donna Hunt, Chief Deputy PVA, www.pvalouky.org. Contributing to the report were Lisa Stephenson, Greater Louisville Association of Realtors, www.louisvillerealtors.com, Chuck Kavanaugh, The Home Builders Association of Louisville, www.hbal.com and Adam Hall, The Mortgage Bankers Association of Louisville, www.mbalou.org.

Special thanks to Daniel Albers, The Master Commissioner's Office, www.jcomm.org and for the research support provided by the Economics Professor Paul Coomes, University of Louisville, www.louisville.edu. Also, we would like to thank LOJIC, www.lojic.org for the use of their data, as well as all the PVA employees for their assistance and hard work.

This report is also available online at www.pvalouky.org.