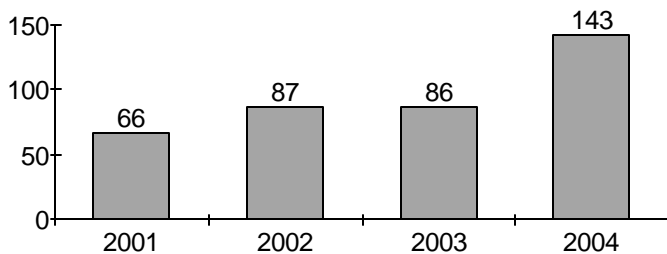


Real Estate Report

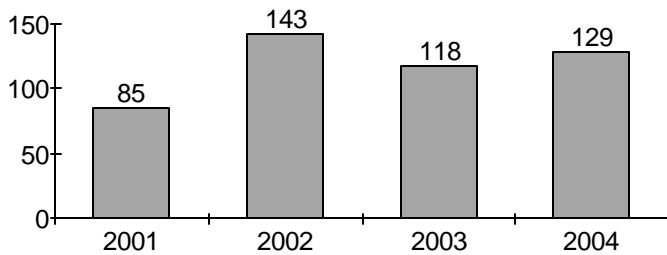


Birch Appraisal Group

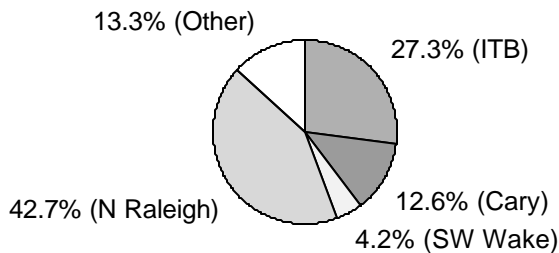
Annual Closed Sales 800k+



Avg DOM 800k+



Market Share by Area



The graphs at left present information on the luxury market within Wake County. This market is defined as having residential housing priced at \$800,000 and above. The data was obtained from www.realtor.com website, the Wake County Revenue Department and my databases.

The top graph presents closed sales over the past four years. The luxury segment exploded in 2004, posting a 66% gain over 2003 levels. The overall market was up 16% compared to 2003. The segment represents .8% of the overall market and 4% of the overall sales volume.

The middle graph presents the average days on market for this market segment. The average days on market for the overall market has been 85 days.

The bottom graph presents market share, based upon number of closings, by geographic area. The majority of activity in the luxury home segment takes place in North Raleigh, primarily in the zone 7 area. Inside the Beltline has a firm hold on the number two position, followed by the rest of the county, then Cary/Morrisville.

With the exception of the higher than average days on market, current statistical indicators are quite bullish for this segment. Looking into 2005, I see continued growth as our local economy picks up and the number of people who can afford this type of housing increases.

Birch Appraisal Group

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Statistical Indicators

The tables below and on the next page present listing and sales information as obtained from TMLS**. The listings were obtained as of 1/15/05 and are reported as re-sale, spec and total. The closed sales cover a period from 1/1/04 through 12/31/04 and are reported as re-sale, spec and total. The "04PerMo" column takes the number of closed sales and divides by 12. The "04Supply" column takes the "TotalList" column and divides by the per month. This number provides an inventory snapshot, with the theory being that current inventory will be exhausted if no inventory is added and sales pace continues. The "04AvDOM" column presents the average days on market for each price point.

**Based on information obtained from the Triangle MLS, Inc. for the period 1/1/04 through 12/31/04.

Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Cary/Morrisville	500-599.9	17	23	40	53	50	103	9	5	69
	600-699.9	7	10	17	16	16	32	3	6	61
	700-799.9	3	5	8	8	10	18	2	5	61
	800-899.9	2	0	2	3	1	4	0	6	39
	900-999.9	2	0	2	1	1	2	0	12	1
	1ml+	7	2	9	8	3	11	1	10	117
	Area Total	38	40	78	89	81	170	14	6	39
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Apex	500-599.9	2	0	2	2	0	2	0	12	27
	600-699.9	4	0	4	1	0	1	0	48	74
	700-799.9	1	0	1	0	0	0	0	n/a	0
	800-899.9	0	0	0	0	0	0	0	n/a	0
	900-999.9	0	0	0	0	0	0	0	n/a	0
	1ml+	1	0	1	1	0	1	0	12	282
	Area Total	8	0	8	4	0	4	0	24	43

Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Holly Springs	500-599.9	10	40	50	7	69	76	6	8	89
	600-699.9	9	18	27	4	14	18	2	18	98
	700-799.9	3	0	3	1	6	7	1	5	119
	800-899.9	2	0	2	3	1	4	0	6	75
	900-999.9	1	0	1	0	0	0	0	n/a	0
	1ml+	2	0	2	1	0	1	0	24	203
	Area Total	27	58	85	16	90	106	9	10	65
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
ITB	500-599.9	5	1	6	26	4	30	3	2	85
	600-699.9	13	1	14	27	3	30	3	6	72
	700-799.9	7	5	12	8	2	10	1	14	81
	800-899.9	3	4	7	8	2	10	1	8	127
	900-999.9	4	4	8	4	1	5	0	19	230
	1ml+	7	5	12	18	6	24	2	6	93
	Area Total	39	20	59	91	18	109	9	6	76

Statistical Indicators

Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
North RaleighZ2	500-599.9	14	11	25	9	14	23	2	13	83
	600-699.9	10	8	18	14	5	19	2	11	60
	700-799.9	1	4	5	3	6	9	1	7	100
	800-899.9	3	0	3	1	0	1	0	36	14
	900-999.9	0	0	0	3	0	3	0	0	98
	1ml+	1	1	2	0	1	1	0	24	316
	Area Total	29	24	53	30	26	56	5	11	75
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
North RaleighZ7	500-599.9	19	8	27	47	25	72	6	5	95
	600-699.9	20	11	31	23	36	59	5	6	108
	700-799.9	12	5	17	15	13	28	2	7	98
	800-899.9	5	7	12	10	9	19	2	8	75
	900-999.9	4	4	8	9	8	17	1	6	114
	1ml+	16	14	30	7	13	20	2	18	171
	Area Total	76	49	125	111	104	215	18	7	73
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Wake Forest	500-599.9	12	20	32	18	37	55	5	7	88
	600-699.9	10	5	15	7	6	13	1	14	30
	700-799.9	4	6	10	4	3	7	1	17	119
	800-899.9	1	1	2	2	1	3	0	8	91
	900-999.9	4	0	4	1	2	3	0	16	324
	1ml+	10	5	15	5	5	10	1	18	248
	Area Total	41	37	78	37	54	91	8	10	100
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Chatham	500-599.9	19	17	36	9	18	27	2	16	140
	600-699.9	13	15	28	5	15	20	2	17	138
	700-799.9	7	11	18	3	6	9	1	24	48
	800-899.9	2	4	6	2	4	6	1	12	156
	900-999.9	5	3	8	1	1	2	0	48	152
	1ml+	12	6	18	4	6	10	1	22	129
	Area Total	58	56	114	24	50	74	6	18	85
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Durham County	500-599.9	12	1	13	12	2	14	1	11	119
	600-699.9	6	0	6	10	3	13	1	6	99
	700-799.9	8	3	11	7	1	8	1	17	148
	800-899.9	6	4	10	2	1	3	0	40	429
	900-999.9	4	1	5	1	1	2	0	30	34
	1ml+	15	5	20	6	0	6	1	40	101
	Area Total	51	14	65	38	8	46	4	17	103
Area	Class	ReSaleList	SpecList	TotalList	Re-SaleClsd	SpecClsd	04 Clsd	04PerMo	04Supply	04AvDOM
Orange County	500-599.9	24	9	33	63	33	96	8	4	84
	600-699.9	16	16	32	28	19	47	4	8	95
	700-799.9	14	4	18	20	9	29	2	7	113
	800-899.9	6	5	11	11	11	22	2	6	121
	900-999.9	5	3	8	5	2	7	1	14	98
	1ml+	13	13	26	9	15	24	2	13	84
	Area Total	78	50	128	136	89	225	19	7	66

Vacant Lot Sales/Market Share by View

Township	#Sold	Avg Sales Pr	Avg Ac
BARTONS CREEK	111	\$157,781	1.56
WAKE FOREST	47	\$159,232	1.07
SWIFT CREEK	38	\$167,987	1.32
CHATHAM	37	\$179,957	2.21
RALEIGH	19	\$210,921	0.45
WHITE OAK	19	\$148,605	2.23
CEDAR FORK	14	\$168,500	0.42
BUCKHORN	13	\$201,808	12.55
HOUSE CREEK	13	\$132,577	0.57
HOLLY SPRINGS	11	\$144,455	2.02
ORANGE	10	\$181,630	4.82
Area Summary	377	\$162,899	2.00

The top table presents vacant lot sales by township location within Wake County during 2004. The #Sold column presents the number of closed lot sales at \$100,000 and up within each township. The Avg Sales Pr column presents the average sales price of these sales. The Avg Ac column presents the average acreage of these sales. The Area Summary line item presents the total number of closed sales, average sales price and average acreage.

The following statements can be made concerning lot sales in this market segment:

The high dollar lot sales parallel the \$800,000 and up housing sales in terms of location. A good portion of Inside the Beltline lot sales are tear downs of existing dwellings.

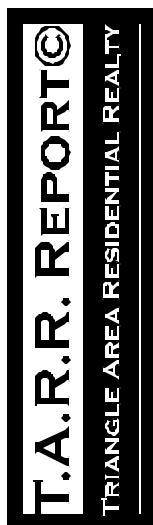
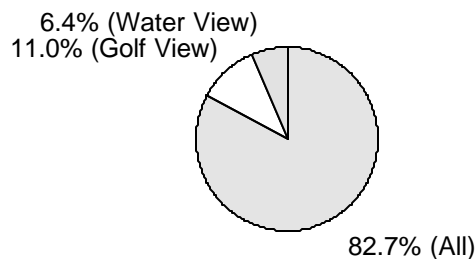
The majority of these lots contain a minimum of one acre.

Bartons Creek township, north of Strickland Road and east of U.S. 70 has the greatest amount of activity. The Falls Lake watershed zoning dictates minimum lot size in this area.

There is a large segment of lot buyers who view Chatham county as an equivalent location compared to Wake county alternatives.

The bottom graph presents market share by view. My initial perception was that the majority of luxury housing was located on either a golf course or water front. This pie chart shows that is not the case.

Market Share by View



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