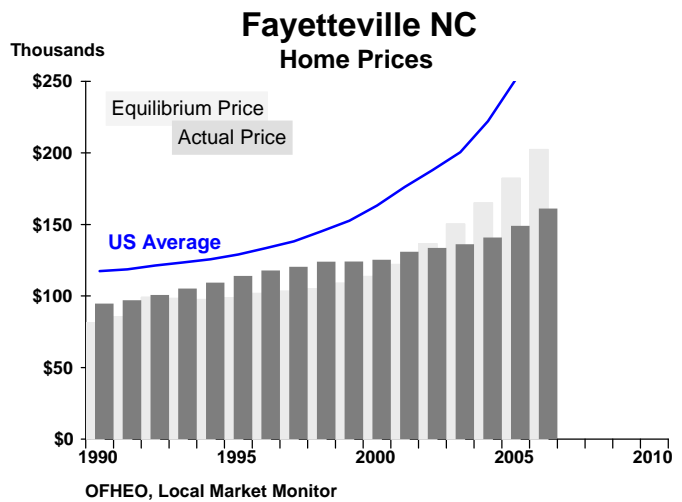
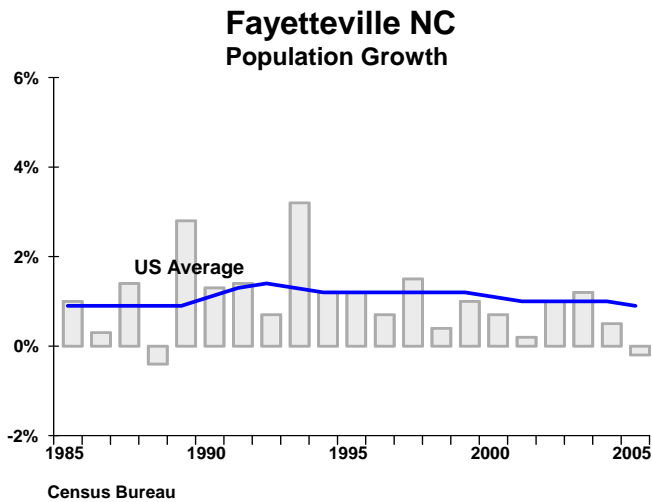


Fayetteville NC



Demographics: The population is skewed away from the older age categories and towards the young adult-age groups, a reflection of the large military and student population. Past population growth was erratic and generally **low**.

Local Economy: The local economy very closely follows the national cycle. The economy features a large **government** sector (Fort Bragg, state university) and a reduced manufacturing sector that has chronically been losing jobs. The current economic situation is **mixed**, with job losses in manufacturing and business services.

Housing: Apartments provide 17% of local housing and made up 28% of new construction in recent years. Multi-family and single-family construction were at record high levels in 2005, lower in 2006. Home prices and rents are restrained by a large number of **mobile homes**.

Home prices have in the past closely followed local income gains. Prices were up 6% in 2005, 12% in the last 12 months, suggesting **stronger demand**.

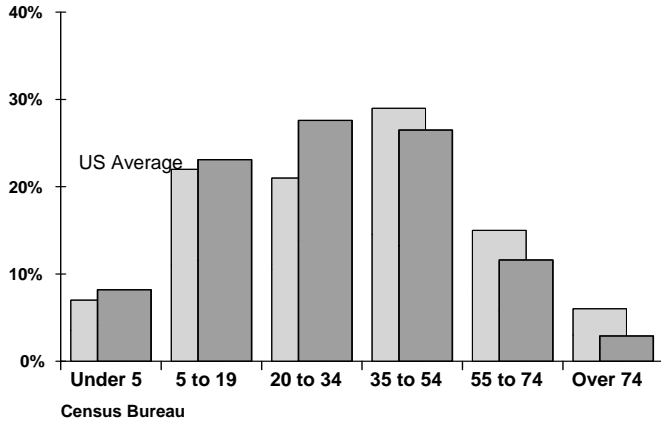
Investment Risk is fairly high because of the low population growth, high housing construction level and the heavy dependence on the government sector. Political or military considerations could suddenly reduce (or increase) the size of the military presence. I believe that the investment returns are probably inadequate to justify the long-term risk in this market, and I recommend **SELLING** apartment properties for better opportunities elsewhere. Single-family development should be approached with caution. A substantial market exists up to \$250,000.

Reviewed by Ingo Winzer

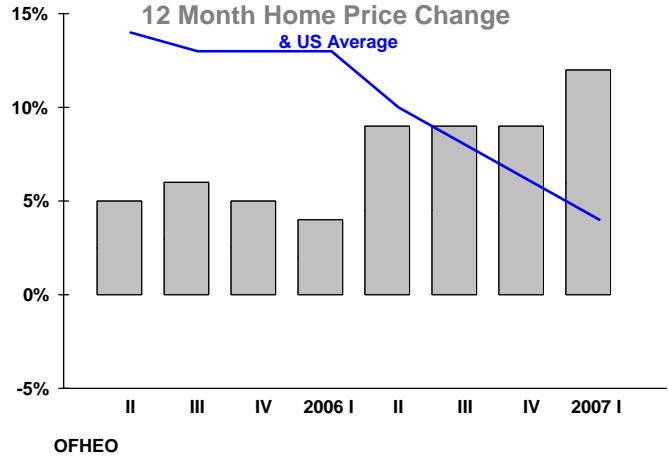
Investing in real estate is risky, even in favorable markets. This Review gives our best estimate of current and future economic circumstances in this market, but we could easily be wrong. The Review should not be considered investment advice regarding any particular property.

Fayetteville NC

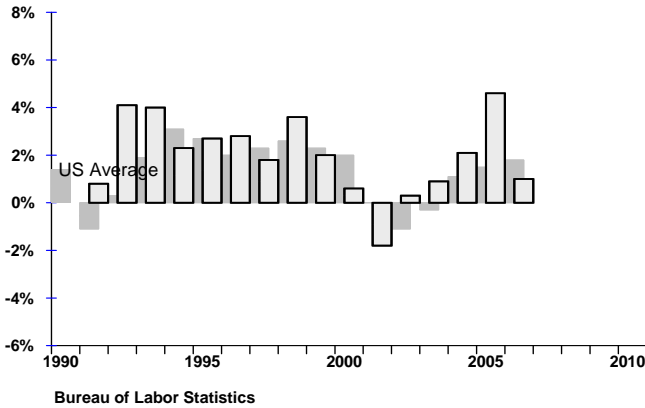
Fayetteville NC
Population Age Distribution



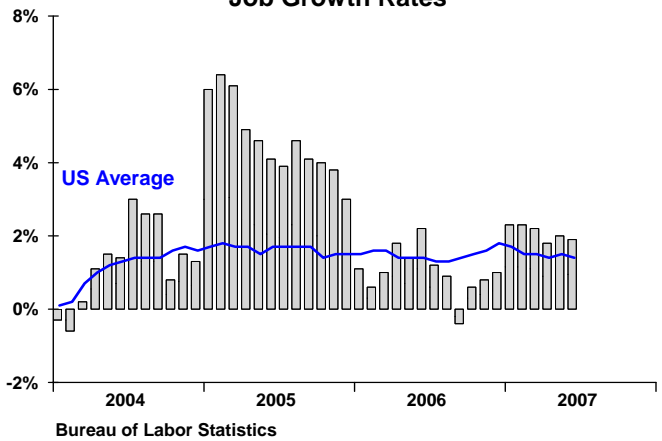
Fayetteville NC
12 Month Home Price Change & US Average



Fayetteville NC
Job Growth



Fayetteville NC
Job Growth Rates



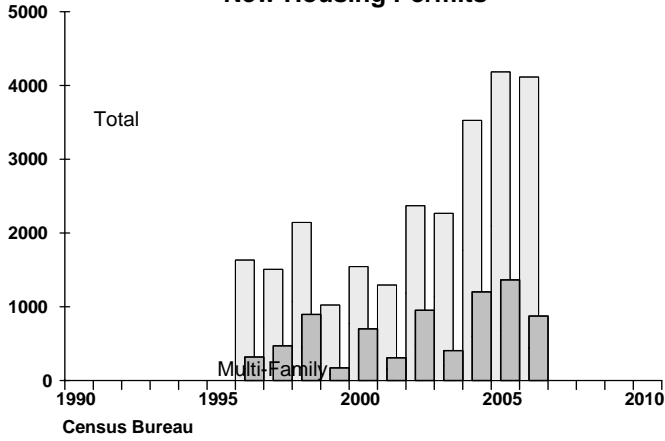
Fayetteville NC	Current Jobs (000)		US Avg	Job Growth	
	(000)	%		2006	Jun 07
Total	129.5	100%	100%	1.0%	1.9%
Construction	6.8	5%	5%	4.9%	7.9%
Manufacturing	10.1	8%	13%	-12.4%	-2.9%
Retail Trade	16.4	13%	12%	0.6%	3.8%
Transport, Util.	4.8	4%	5%	2.1%	0.0%
Finance	4.5	3%	6%	2.3%	2.3%
Business Services	12.1	9%	10%	-1.6%	-1.6%
Health Services	14.0	11%	10%	5.6%	5.3%
Hotels, Restaurants	14.3	11%	10%	5.6%	4.4%
Government	36.6	28%	16%	2.9%	1.7%

Bureau of Labor Statistics

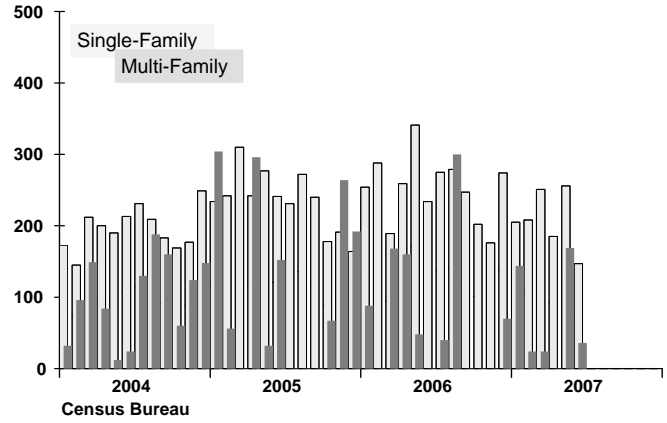
Fayetteville NC	Total US	
Total Home Sales 2005:	7,575	8.4 Mil
Home Sales to Investors:	12%	15%
12 Months Housing Permits:	3,512	1,559,107
6 Months Permits Increase:	-19%	-25%
Average Home Price 2006:	\$161,105	\$274,030
Home Price Increase 2006:	8%	9%
Population 2005:	345,555	296,410,404
Estimated Pop. Growth '00-05:	3%	5%
Foreclosure Risk Rating:	Low	
Home Value Rating:	Undervalued	

Fayetteville NC

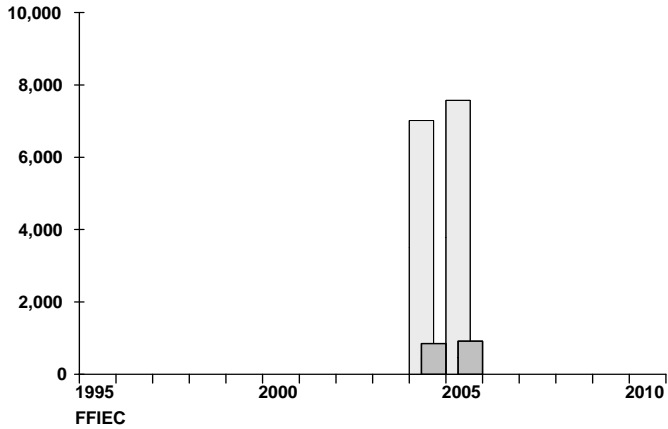
**Fayetteville NC
New Housing Permits**



**Fayetteville NC
New Housing Permits**



**Fayetteville NC
Total Home Sales & Sales to Investors**



Fayetteville NC

Housing Construction Balance

Units Absorbed by Population Growth	550
Units Lost thru Deterioration, etc.	592
Total Annual Units Needed for Balance	1,143
Current Annual Construction Level	3,512
Overbuilding as % of Existing Housing	2.0%
12 Month Construction Change, Single-family:	-5%
12 Month Construction Change, Multi-family:	-18%

Vacancy Data
Not Available

**Fayetteville NC
Home Sales by Price Range**

