

The Birch Quarterly

B I R C H M A N A G E M E N T , I N C .

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Movers

With the arrival of the New Year comes some added real estate community involvement for two of our team members.

Michelle Porter, our President, was re-elected for another term on the Greater Greensboro Realtors Association Board of Directors.

Lee Porter, our CEO, was elected Vice-Chairman, and will be Chairman in 2012, of the Greater Greensboro Realtors Association Commercial Alliance. Mr. Porter will certainly have a busy year as he was also elected for a second term as Treasurer on the TREBIC (Triad Real Estate Builders Industry Coalition) Board of Directors. And on top of those 2 honors, Mr. Porter was asked to serve the City of Greensboro as a member of the RUCO (Rental Unit Certificate of Occupancy) Board.

Expansion

December and January were an extraordinarily busy couple of months for our entire team as Birch Management, Inc. acquired 2 separate companies.

HomePro Realty was operated by Camilla Forcum and managed investment property in Guilford and Rockingham County. All of the operations of HomePro have been merged into our Greensboro office.

In another acquisition, Birch Management acquired the High Point operation of Baldwin Properties. With the Baldwin acquisition came a physical presence in High Point and a portfolio of investment properties that complimented our current inventory. Once the transition is complete, we will be able to serve our clients and customers from either location. This will be a real positive in the leasing process as prospective tenants will be able to work with the office that is most convenient for them. The High Point office is located at 1101 North Main Street, Suite 203 in the heart of High Point.

Birch Management now manages investment property in Guilford, Rockingham, Davidson, Alamance, and Forsyth Counties.

Along with new clients and customers, we have some new team members and roles as well. Below is a summary of

our new structure and team members:

- Lee Porter will be our Chief Executive Officer
- Christie Ownbey has been promoted to Vice-President
- Dawn Caviness has joined our team as a Property Manager
- Ken Hoffman has joined our team as a Property Manager
- Jennifer Weaver has been named Resident Services Manager
- Jennifer Costas has joined our team as Resident Services Agent
- Patty Bremkamp has joined our team as a Resident Services Agent
- Sheila Skeen has joined our team as a Resident Services Agent

We are very excited to have such a great team and hope that all of our clients have the opportunity to say hello one day.

Is It Better?

That is a great question, and one for which there is no simple answer. Throughout the four primary types of investment product that we manage, multi-family, single family, retail, and office there are varying signals that indicate things might be getting better, but don't get too excited.

Nationally the multi-family markets are showing strong signs of recovery, but that

does not come as a surprise as tight credit markets have forced more of our population into the rental market. During the past 5 years the number of renters has increased by 3.5 million people and that increase helped the value of apartment buildings increase 16% in 2010, after falling 27% between 2006 and 2009. Green Street Advisors is projecting that there will be an additional 4.4 million rental households added by 2014, which could be a positive for multi-family.

Unfortunately our local multi-family market is not tracking that of the national. The last reporting period showed a decrease of average rents from \$634 to \$624 from six months prior, that was down from a high of \$645 in March 2008. A bright spot is that vacancy has dropped from a high of 13.94% in September of 2009 to 12.6% as of September 2010.

While there is no data source that tracks single family rentals, it is reasonable to draw parallels to the multi-family market. We are seeing continued increase of quality supply and thus downward pressure on market rents in the single family market. With an estimated 2 million additional single family rentals having come on the market in the last 6 years, we do not anticipate much upward movement in rents in 2011.



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Our mission is to offer personalized and professional service to both our clients and customers by building strong relationships, utilizing the latest technology, implementing effective marketing strategies, following consistent systems all with honesty and integrity throughout every facet of our business

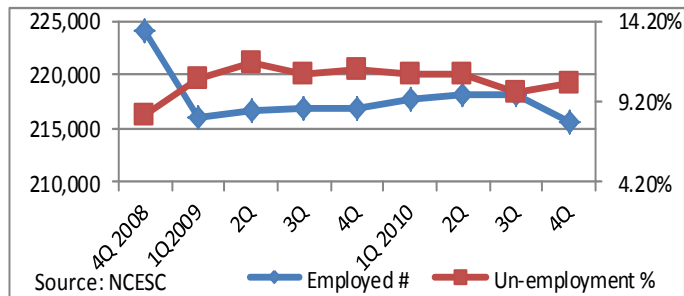
SERVICE ANNOUNCEMENTS

- **Client Web Access:** Those who have taken advantage of our client web access have found it to be a very helpful source of information. This is the fastest way to find out the answers to most financial questions, please contact us if you do not have your log-in ID and password. This is yet another valuable tool provided for our valued clients.
- **New Reporting Period:** As detailed in a client update letter mailed out on January 31, 2011, we are now reporting transactions in your account from the twenty-sixth of the previous month until the twenty-fifth of the current month. This minor change will allow us to be more fluid in the processing of transactions in our office and will not materially alter your monthly statements.
- **Office Closing:** Our next scheduled office closing will be Good Friday, April 22, 2011. Unless inclement weather forces a change, our office hours are Monday to Thursday 8:30am-5:00pm and Friday's from 8:30am-4:00pm.

TRIAD REAL ESTATE MARKET INDICATORS

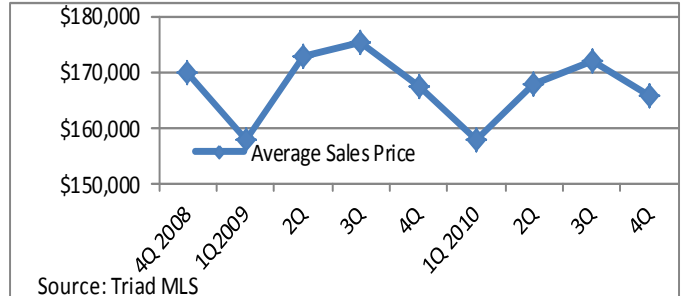
ECONOMIC INDICATORS

EMPLOYMENT STATISTICS

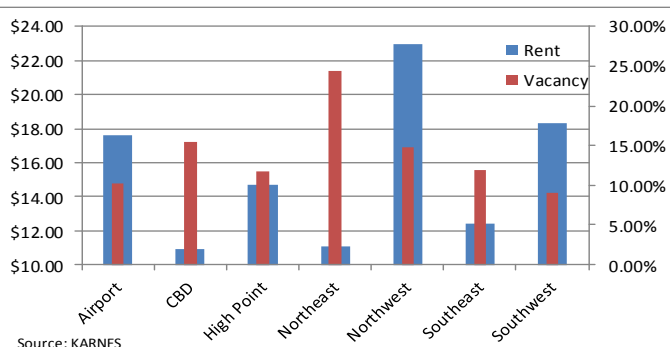


RESIDENTIAL SALES

AVERAGE SALES PRICE



RETAIL STATISTICS



TRANSACTIONS / DOM

