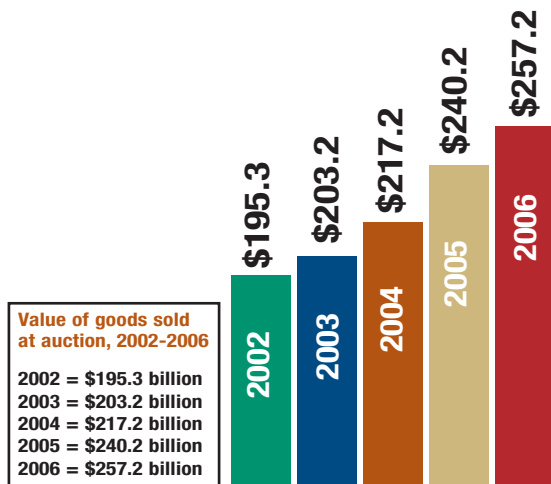


If you are interested in ordering copies of this brochure to distribute to your clients or use as a media resource, contact the NAA Membership Department

at 888-541-8084, ext. 15.
Copies can be purchased for \$25/100 copies.

AUCTION INDUSTRY GROWS 7.1% IN 2006



The live auction industry's revenue grew 7.1% translating into \$257.2 billion as documented in this report produced by the National Auctioneers Association. With an increase in sectors like residential real estate auctions, public perception of auctions is changing and becoming the first choice for people who want to sell real and personal property.

For the fourth consecutive year, the auction industry showed significant growth. This report shows this growth overall and by sector. Additionally, this report only measures live auctions and does not include online auction sales.

IN 2006, MORPACE CONDUCTED A TOTAL OF 1,424 INTERNET INTERVIEWS WITH NAA MEMBERS. MEMBERS ESTIMATED CHANGES IN THEIR ANNUAL GROSS SALES RECEIPTS FROM 2005 AS WELL AS WITHIN AUCTION SPECIALTY AREAS.

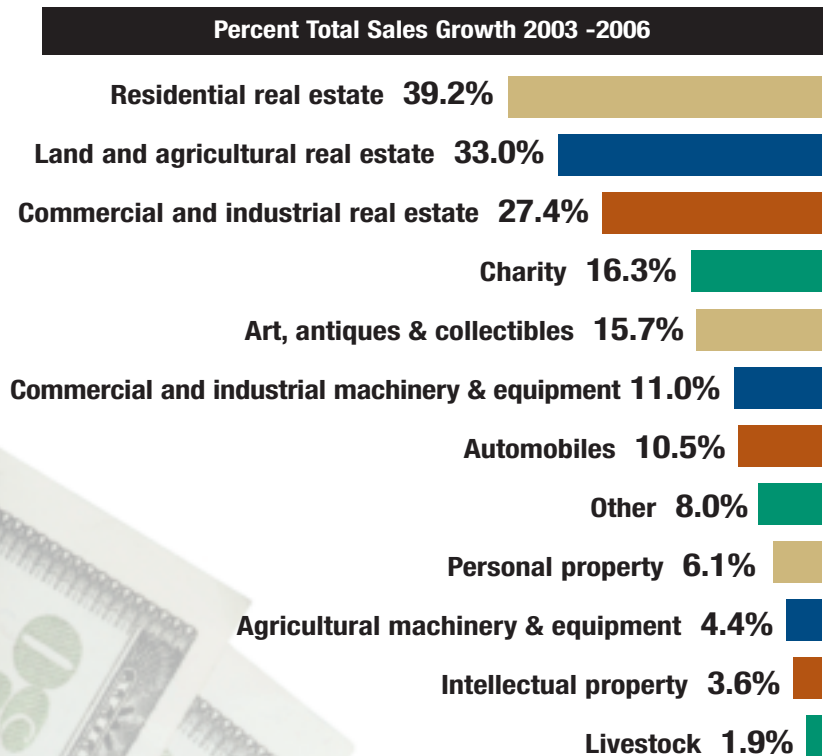
METHOD OF PROJECTING GROSS SALES

In 2003, NAA initiated the first extensive and professional data collection about auction industry gross sales. On behalf of NAA, MORPACE International created the survey tool and conducted more than 1,300 interviews with Auctioneers. This national sample of the industry included firms that were NAA members, non-NAA members, and large companies that accounted for significant market share in various auction specialty areas.

A model was developed to project industry-wide sales based on this comprehensive information. Using the original sales relationships between NAA members and the industry, the MORPACE model projects industry-wide sales based primarily on interviews with NAA members. Since 2004, industry-wide gross sales receipts have been derived from quarterly interviews with NAA members and by collecting year-end sales activity of mega-firms within specific auction specialties.

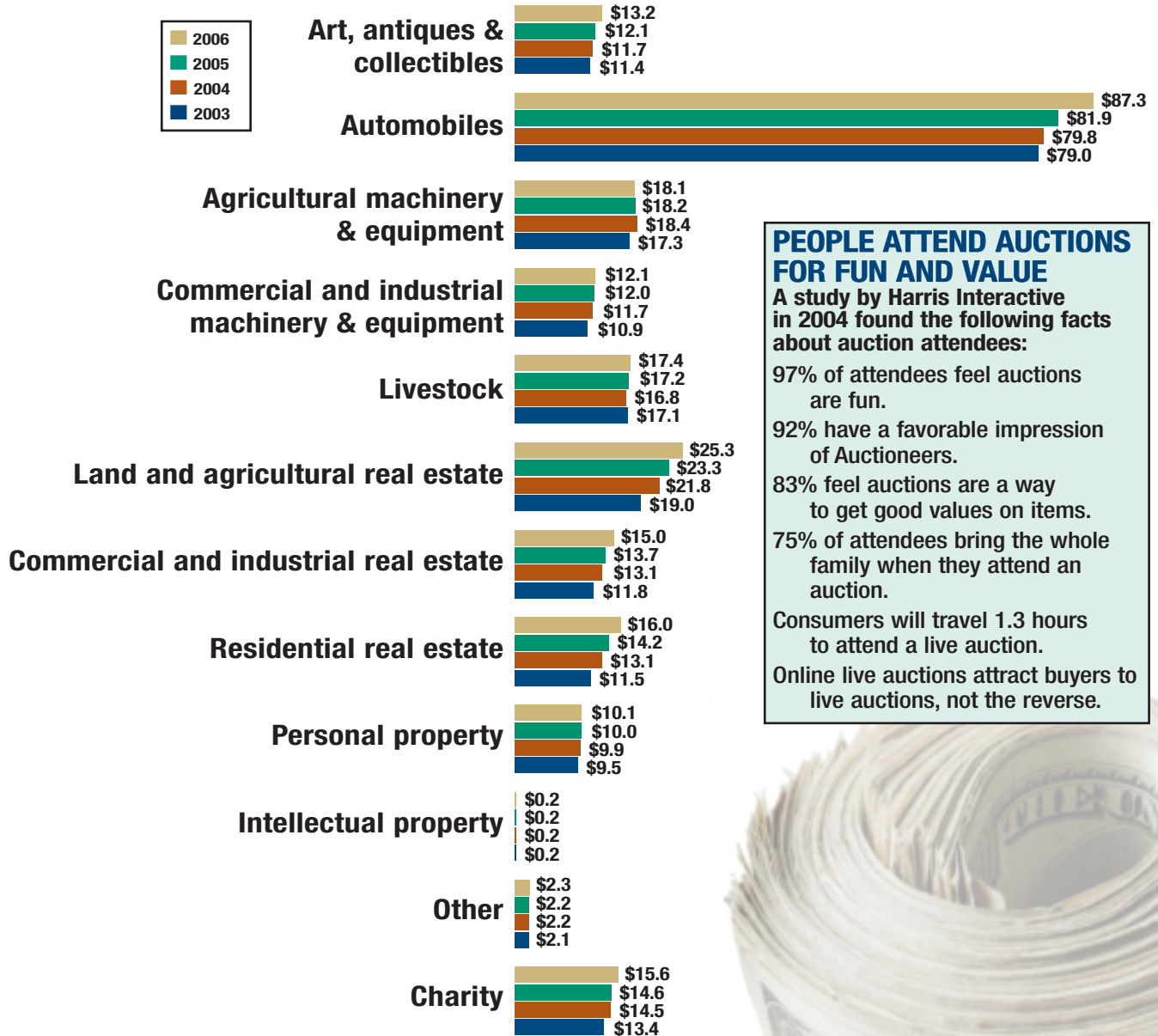
In 2006, MORPACE conducted a total of 1,424 online interviews with NAA members. Members estimated changes in their annual gross sales receipts from 2005 and by auction specialty area. Data was also collected on marketing and advertising spending as well as the number of total auctions conducted in 2006.

TOTAL GROWTH OF AUCTION SECTORS



Within the major categories of auction specialties, the fastest growing sectors are all related to real estate. The adjacent chart shows *total* change in gross sales revenue from 2003-2006. Residential real estate grew 39.2% during this period, from \$11.5 billion in 2003 to \$16.0 billion in 2006. Land and agricultural real estate grew 33.0% from 2003-2006, followed by commercial and industrial real estate which showed a total growth of 27.4%. Automotive, with 2006 gross sales revenues of \$87.3 billion represents the largest sector accounting for more than a third of total industry-wide sales. Its modest growth of only 10.5% from 2003-2006 indicates that online competition might be challenging live auction market share.

Gross Sales Revenue (in billions) By Auction Area – 2003 to 2006



PEOPLE ATTEND AUCTIONS FOR FUN AND VALUE

A study by Harris Interactive in 2004 found the following facts about auction attendees:

97% of attendees feel auctions are fun.

92% have a favorable impression of Auctioneers.

83% feel auctions are a way to get good values on items.

75% of attendees bring the whole family when they attend an auction.

Consumers will travel 1.3 hours to attend a live auction.

Online live auctions attract buyers to live auctions, not the reverse.

2006 REVENUE ESTIMATES BY AUCTION SPECIALTY AREA

The \$87.3 billion estimated gross sales revenue for automobiles continues to dwarf other sectors of the industry.

Land and agricultural real estate follows a distant second with \$25.3 billion. Residential real estate is the overall fastest growing sector with total revenue of \$16.0 billion in 2006, and the fifth largest auction segment.

There is a small difference between gross sales receipts for 2006 and combined total revenue for specific auction segments. The survey asked members to estimate changes in their cumulative gross sales receipts for 2006 compared to 2005. Members' estimates for specific auction categories are slightly less than their percent estimates for total annual sales growth. The accompanying chart shows the most recent four-years estimate of gross sales revenue.



REAL ESTATE FOCUS

Why is real estate a consistent growth leader? Despite a slowdown in traditional sales of residential homes in 2006, why did revenue from residential real estate auctions increase 12.5% over 2005? Greater acceptance of the auction method of marketing is one explanation. Younger consumers are receptive to auctions because of their involvement with online auction firms.

As the sale of real estate through live auction has increased, real estate agents have discovered the advantage of a quick turnaround of the property. Increased consumer acceptance combined with a greater focus on marketing strategy are favorable indicators for residential real estate to continue as the fastest growing sector of the auction industry.

CHARITY AUCTIONS GROW

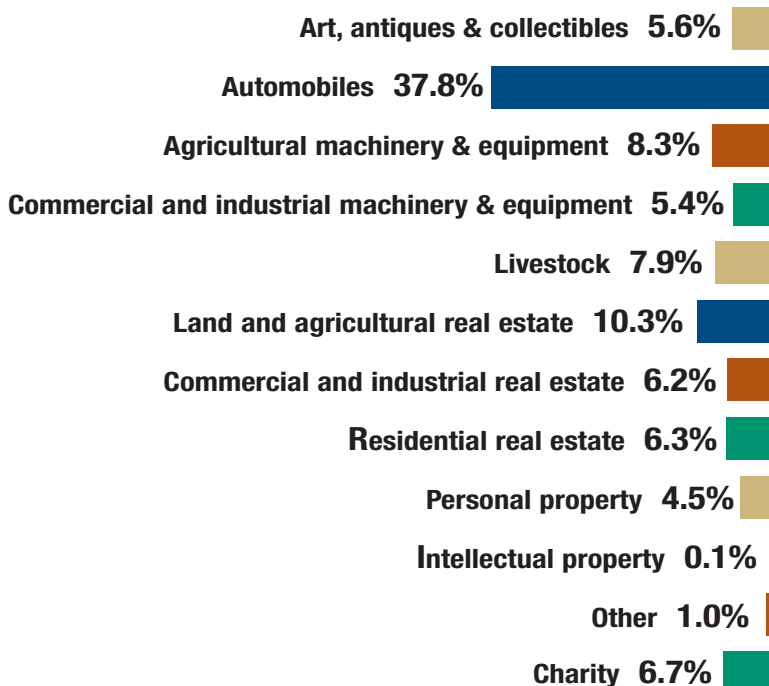
Charity auctions are the fourth-fastest growing sector of the auction industry. Estimated gross sales revenue increased to \$15.6 billion in 2006. Since 2003, total growth of this auction segment has climbed 16.3%.

Organizations that sponsor charity auctions see the advantages of using a professional Auctioneer for fundraisers. Nonprofits see how a professional Auctioneer can raise more money, provide greater entertainment, and protect the organization from problems and legal liabilities compared to a non-professional.

DISTRIBUTION OF TOTAL REVENUES BY AUCTION SEGMENTS

With 37.8% of gross sales revenue, the automotive specialty area leads all other segments in the distribution of sales. Land and agricultural real estate is second with 10.3%, followed by agricultural machinery and equipment with an 8.3% share of total auction revenues that are assigned to an auction specialty.

Distribution of Sales by Auction Specialty 2003-2006 Average



As growth in the three real estate segments outpaces other specialty areas, their percentage of total gross sales revenue will also expand. Combined, the real estate segments represent an average of 22.8% of auction revenues over the past four years.

The chart represents a four-year average of auction gross sales revenues which provides a longer-term perspective of revenue distribution.

GROWTH IN THE NUMBER OF AUCTIONS

More money invested in marketing, and a greater enthusiasm by consumers to use live auctions to both sell and purchase goods is a strong contributor to the increase in live auctions in 2006.

The number of auctions increased 7.8% from 2005.