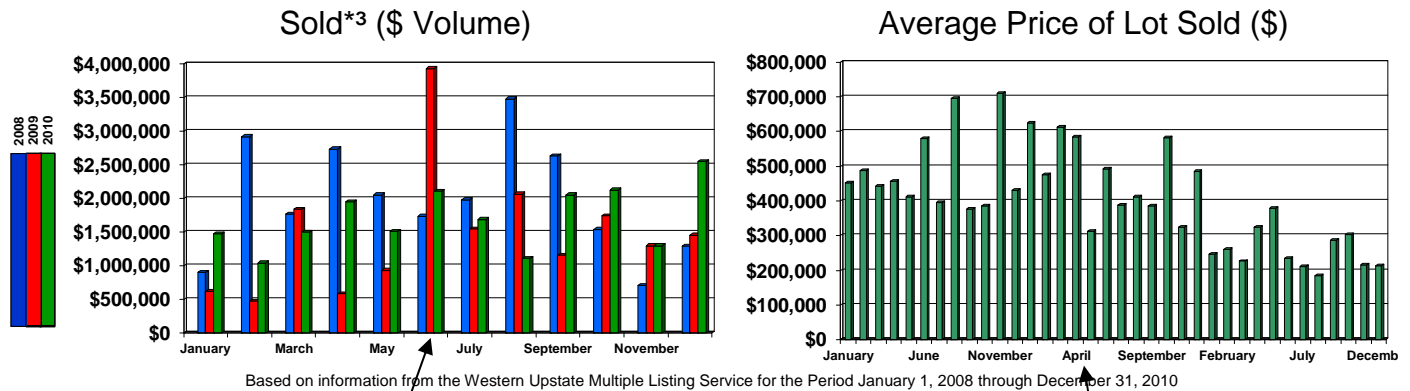


### DECEMBER SALES: A MIXED BLESSING



#### Lake Keowee Lots\*<sup>1</sup>

Sales of Lake Keowee Lots rebounded to about \$2,600,000 in December registering a 75% increase over the dismal performance experienced in December of the previous year.

The chart on the left above shows Lake Keowee Lot sales from January 1, 2008 through December 31, 2010 as reported by the Western Upstate Multiple Listing Service. The chart includes only waterfront lots on Lake Keowee (*"The Market"*). A total of 25 such lots sold for a total of about \$6,000,000 during the fourth quarter months of October, November and December. That represented an increase of about 32% over sales experienced in the comparable quarter of 2009.

Overall 2010, with total sales of \$20,400,000, was a 16% improvement over 2009 with the market picking up steam as the year progressed. But it wasn't a pretty picture for lot sellers. Although money is returning to the market, it is finding bargains. The chart on the right above shows the three year trend of the Average Price of Lot Sold. That trend had been steadily downward, but seems to be leveling off just above \$200,000. Those fourth quarter sales reported above were at an average of \$240,000 which represented an average discount of 42% from the initial asking price for the lots sold.

Excessive inventory, lack of financing and distressed properties all contributed to these results. Of the twelve lots sold in December, four were bank-owned and one was reported as a short sale.

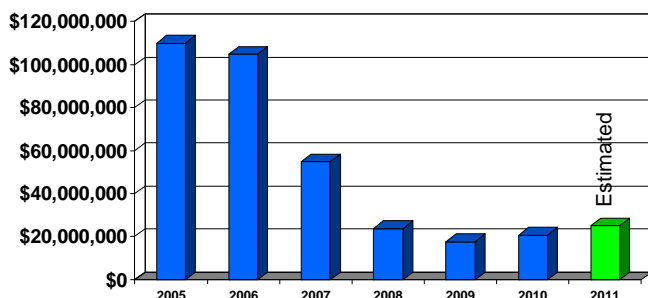
We think buyers will continue to return to the Lake Keowee lot market in 2011 and that they will spend about 20% more in aggregate. Our Early Estimate for 2011 is \$25,200,000. (See chart at top left of page 2.)



## Market Dynamics

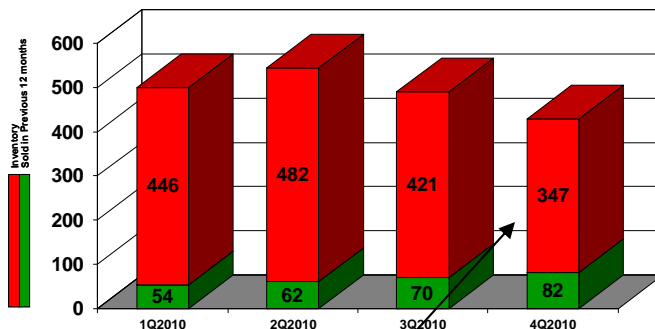
### Annual Market

(Total Market by Year)



### Inventory\*2 Burden

(Lots currently offered vs lots sold in previous 12 months)



To put *The Market* into perspective, you need to look at how a years worth of sales (green) stacks up to the current inventory of lots being offered (red). In the twelve months that ended on December 31, 2010, 82 lots valued at \$20,400,000 sold. As of January 11, 2011 there was a total of 347 such lots being offered asking an aggregate of \$150,000,000. The trend shows improvement with the amount of inventory being reduced. But it's going to take a long time for prices to stabilize. There's just too much inventory for the market to absorb.

## Lake Keowee Lots\*1 - Sold\*3 October through December 2010

Community	Type	Address	City	Closed	Sold	Initial	Discount	%	DOM
HIGHLND LK KEOW	Waterfront	Lot 34	Six Mile	10/8/2010	\$290,000	\$625,000	\$335,000	54%	774
THE RESERVE AT LAKE KEOWEE	Waterfront	312 South Cove Road, B-002	Sunset	10/13/2010	\$158,000	\$158,000	\$0	0%	21
THE RESERVE AT LAKE KEOWEE	Waterfront	429 Pileated Woodpecker Lane	Sunset	10/14/2010	\$334,000	\$590,000	\$256,000	43%	351
WATERFORD POINTE - OCONEE	Waterfront	Lot 226	Seneca	10/29/2010	\$85,000	\$298,000	\$213,000	71%	947
LAUREL RIDGE	Waterfront	Lot 35	Seneca	10/29/2010	\$180,000	\$350,000	\$170,000	49%	1143
THE RESERVE AT LAKE KEOWEE	Waterfront	121 Burwood Ct., F-005	Sunset	10/29/2010	\$480,000	\$885,000	\$405,000	46%	344
CLIFFS AT VINYARD	Waterfront	206 Feather Bells Lane	Sunset	10/29/2010	\$600,000	\$969,000	\$369,000	38%	548
CLIFFS AT KEOWEE SPRINGS	Waterfront	159 Lake Breeze Trail	Six Mile	11/5/2010	\$195,000	\$495,000	\$300,000	61%	118
HIGHLND LK KEOW	Waterfront	Lot 4	Six Mile	11/9/2010	\$61,500	\$199,000	\$137,500	69%	872
HAMPTON SHORES	Waterfront	5 Hampton Shores	Seneca	11/11/2010	\$185,000	\$308,000	\$123,000	40%	287
HIDDEN HARBOR	Waterfront	Lot 9	Seneca	11/16/2010	\$175,000	\$289,000	\$114,000	39%	291
THE RESERVE AT LAKE KEOWEE	Waterfront	L25	Sunset	11/16/2010	\$385,000	\$599,000	\$214,000	36%	168
NONE	Waterfront	Lot B Fairview Church Rd	Seneca	11/19/2010	\$300,000	\$350,000	\$50,000	14%	232
WILDERNESS COVE	Waterfront	Lot 22 Wilderness Cove	West Union	12/2/2010	\$39,700	\$155,900	\$116,200	75%	1711
	Waterfront	000C Abbey Road	West Union	12/2/2010	\$175,000	\$188,000	\$5,000	3%	-1
	Waterfront	000A Abbey Road	West Union	12/2/2010	\$310,000	\$310,000	\$0	0%	-1
WATERFORD POINTE - OCONEE	Waterfront	Lot 172 Waterford Pointe	Seneca	12/3/2010	\$285,000	\$449,000	\$164,000	37%	277
LAUREL POINTE	Waterfront	Lot 1 Laurel Pointe	Seneca	12/15/2010	\$117,000	\$150,000	\$33,000	22%	97
WATERSIDECROSSI	Waterfront	Lot 49 North Waterside Drive	Seneca	12/15/2010	\$300,000	\$335,000	\$35,000	10%	196
CLIFFS AT KEOWEE FALLS SOUTH	Waterfront	LP70 The Cliffs at Falls South	Salem	12/17/2010	\$249,000	\$595,000	\$346,000	58%	279
POINTE HARBOR	Waterfront	Lot # 40 POINTE HARBOR	Seneca	12/22/2010	\$30,000	\$164,900	\$134,900	82%	290
RIVERSTONE	Waterfront	Lot 2 Riverstone	Salem	12/22/2010	\$92,500	\$200,000	\$107,500	54%	544
OTHER	Waterfront	Lot 80 Riverstone Drive	Salem	12/22/2010	\$172,000	\$365,000	\$193,000	53%	589
THE RESERVE AT LAKE KEOWEE	Waterfront	306 Palmer Way G-002	Sunset	12/22/2010	\$485,000	\$790,000	\$305,000	39%	497
SHALLOWFORD	Waterfront	Lot 10 Shallowford at Keowee	Sunset	12/30/2010	\$296,000	\$465,000	\$169,000	36%	829

Count: 25

Totals: \$5,979,700 \$10,274,800 \$4,295,100

Average: \$239,188 \$410,992 \$171,804 42% 456

Bank Owned Property  
Short Sale

Range: Lake Keowee Subdivision Lots

Closed: Based on information from the Western Upstate Multiple Listing Service for the period  
October 1, 2010 through December 31, 2010

#### Footnotes:

Lake Keowee Lots\*1 means waterfront on Lake Keowee.

Inventory\*2 means current volume (in units or dollars) of Lake Keowee Lots offered for sale.

Sold\*3 means aggregate value (in units or dollars) of Lake Keowee Lots contracts reported as closed during the period indicated.

Source: Western Upstate Multiple Listing Service for the periods indicated. Some transactions are not reported by the MLS. Examples include but are not limited to: sales by unrepresented sellers, sales by large developers not actively participating in the MLS (*Cliffs Communities Real Estate, Inc., The Reserve at Lake Keowee*, etc.), sales resulting from foreclosure auctions and tax sales. "On Market" time may be longer and "Original Price" may have been higher. These statistics are only reported for the most recent listing. There may have been one or more earlier listings of a given property. The data is deemed reliable but is not guaranteed. This *Integrity Market Report* does not provide investment advice.



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