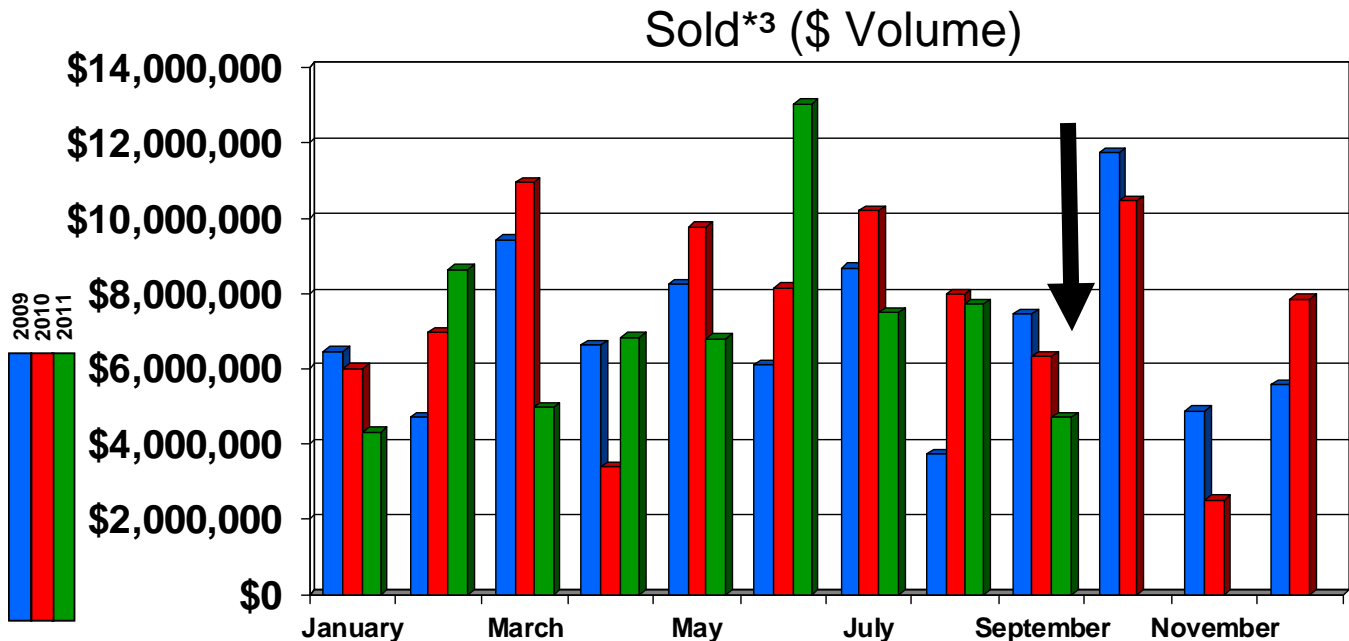


# Integrity Market Report Lake Keowee Homes\*1

September 2011 – Third Quarter Update

## SOME SMALLER HOMES WERE SOLD



Based on information from the Western Upstate Multiple Listing Service for the Period January 1, 2009 through August 31, 2011

### Lake Keowee Homes\*1

With dogged conformance with national real estate sales trends, the Lake Keowee home market was down in September. The optimism that we had experienced earlier in the year and the encouragement we felt from the second quarter results were dashed when we reviewed the third quarter results. Sales in July, August and September were lower by 26%, 4% and 26% respectively from the sales experienced in the corresponding months in 2010. The aggregate 2011 third quarter sales of about \$20,000,000 was down about 19% from aggregate third quarter sales of about \$24,500,000 in 2010. With about 80% of this year's expected sales already in the book, we forecast that total 2011 sales of Lake Keowee homes will be about \$84,000,000 down about 7.5% from the \$91,000,000 experienced over all of 2010. If this is so, the growth trend that we had seen since the market bottomed out in 2008 has been stopped; most likely, temporarily.

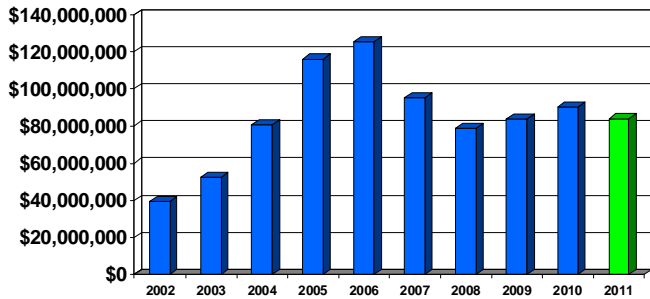
In September, twelve Lake Keowee homes sold for a total of about \$4,700,000 making the value of the average home sold about \$390,000. It was the first month since March, 2011 that no "mega homes" (homes selling for \$1,000,000 or more) sold. (A home that was offered in *The Cliffs at Keowee Vineyards* for \$1,495,000 sold in September for \$865,000; a 42% discount after being on-market 843 days.) Primarily, smaller homes, averaging about 2,800 square feet sold in September. Whereas in a typical month the average Lake Keowee home sold has about 3,500 square feet. We need some good economic news to get this market moving again!



## Annual Market Trending

### Annual Market

(Total Market by Year)



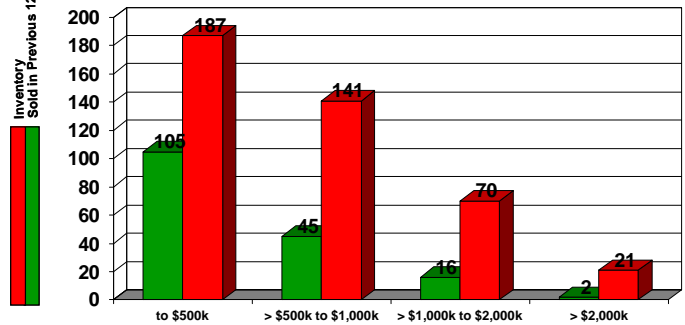
### Lake Keowee Homes\*1

This chart shows trends in *The Market* since 2002. Sales peaked in 2006 at just over \$120,000,000. It's clear that the market "bottomed out" in 2008. Based on the three quarters of sales already experienced in 2011, which typically account for 80% of annual sales, we now expect 2011 (estimated in green) sales to be \$84,000,000, down 7% from 2010. .

## Inventory by Price Segment

### Sales vs Inventory\*2 (Units)

(Market Segmented by Price Range)



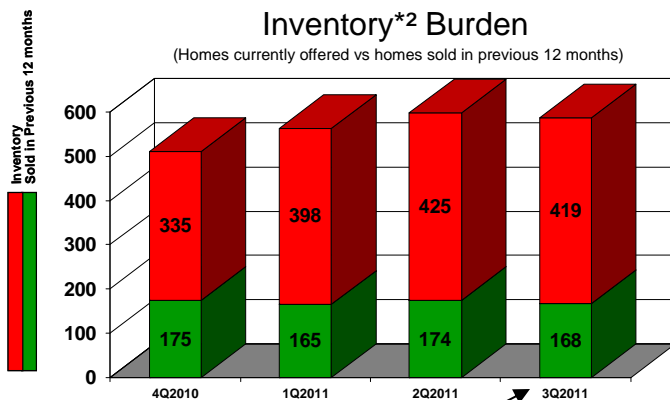
### Lake Keowee Homes\*1

This chart compares the total sales in a given price range (green) over the past twelve months versus the current inventory (red) of homes in that price range offered as of October 19, 2011. Inventory is in better balance below \$500,000. At \$2,000,000 and above there's about \$58,000,000 of homes currently offered. There were two sales reported in that range in over the past twelve months.

## Inventory\*2 Dynamics

### Inventory\*2 Burden

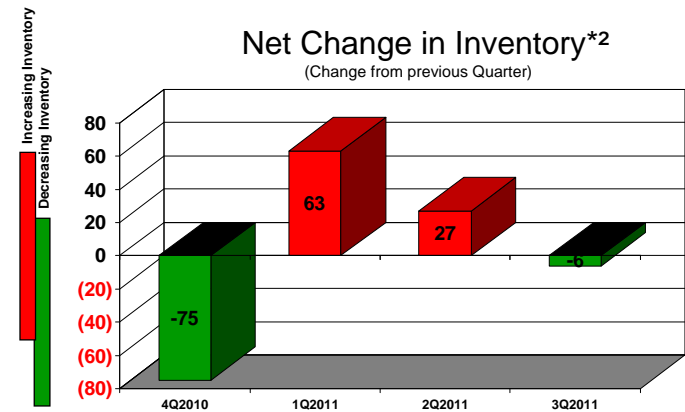
(Homes currently offered vs homes sold in previous 12 months)



### Lake Keowee Homes\*1

### Net Change in Inventory\*2

(Change from previous Quarter)



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 homes being offered (red). In the twelve months that ended on September 30, 2011 (the "3Q2011" stack on the left hand chart above) 168 homes valued at \$85,600,000 sold. As of October 19, 2011 there was a total of 419 such home being offered asking an aggregate of \$322,000,000. The inventory is annually cyclic. Homes are brought on-market in the first and second quarters only to be withdrawn unsold in the third and fourth. The average selling price of a home sold in *The Market* over the past 12 months was \$507,000. The average asking price for a home in the inventory is currently about \$768,000. The average selling price is trending lower while the average asking price is increasing.



## Lake Keowee Homes\*1 - Sold\*3 July, 2011 through September, 2011

Community	Type	Address	City	Beds	Bath	Half arage	SqFt	Closed	Sold	Initial	Discount	% DOM	
KEOWEE KEY		321 Long Reach	Salem	4	2	1	2 2300	7/7/2011	\$275,000	\$389,000	\$114,000	29% 728	
Craggmore	Waterfront	305 Galax Ridge	Salem	6	6	1	3 9000	7/13/2011	\$1,500,000	\$3,300,000	\$1,800,000	55% 898	
KEOWEE KEY		15 Golf Green Lane	Salem	2	3	0	2 2030	7/15/2011	\$173,000	\$269,000	\$96,000	36% 590	
CLIFFS AT KEOWEE	Waterfront	438 Old Shallowford Bridge Road	Sunset	4	4	2	2 5900	7/18/2011	\$1,660,000	\$2,195,000	\$535,000	24% 269	
WATERFORD POINTE - OCONEE		601 Coleridge Court	Seneca	3	2	2	2 2395	7/18/2011	\$375,000	\$429,000	\$54,000	13% 392	
HIDDEN FALLS		721 Hidden Falls Drive	West Union	4	3	0	2 3000	7/19/2011	\$280,000	\$344,900	\$64,900	19% 500	
WATERFORD SUB		304 Oakleaf Court	Seneca	3	2	1	2 3185	7/20/2011	\$434,500	\$599,000	\$164,500	27% 539	
SOUTH OAK POINT		117 South Oak Pointe Drive	Seneca	4	3	1	2 3750	7/22/2011	\$400,000	\$479,000	\$79,000	16% 476	
WATERS EDGE		175 W. Waters Edge Drive	West Union	5	3	0	0 3400	7/26/2011	\$250,000	\$299,000	\$49,000	16% 103	
KEOWEE KEY		207 Night Cap Lane, Keowee Key	Salem	3	3	1	2 2470	7/28/2011	\$289,000	\$289,000	\$0	0% 28	
NORTHLAKE ESTAT	Waterfront	300 Pine Cliff Dr.	Seneca	3	2	1	2 2469	7/29/2011	\$575,000	\$659,000	\$84,000	13% 77	
ELEVEN OAKS		312 Devon Way	Seneca	3	2	1	3 2900	7/29/2011	\$277,000	\$340,000	\$63,000	19% 444	
	Waterfront	1376 Pine Grove Church Road	Sunset	5	3	1	0 3300	7/29/2011	\$425,000	\$590,000	\$165,000	28% 102	
KEOWEE KEY	Waterfront	8 Lighthouse Court	Salem	4	2	1	2 4825	7/29/2011	\$600,000	\$989,000	\$389,000	39% 802	
<b>Count: 14</b>									<b>Totals: \$7,513,500</b>	<b>\$11,170,900</b>	<b>\$3,657,400</b>		
<b>Results for July</b>									<b>Monthly Averages: 3.79 2.86 0.93 1.86 3,637</b>	<b>\$536,679</b>	<b>\$797,921</b>	<b>\$261,243</b>	<b>33% 425</b>
OAK STONE SHORE	Waterfront	211 Oak Stone Drive	West Union	4	4	1	3 5870	8/1/2011	\$725,000	\$735,000	\$10,000	1% 12	
	Waterfront	525 Old Shallowford Bridge Rd	Sunset	2	1	0	0 747	8/2/2011	\$352,500	\$395,000	\$42,500	11% 474	
KEOWEE KEY		3 Anchorage Lane	Salem	3	3	0	2 3257	8/3/2011	\$185,000	\$199,000	\$14,000	7% 60	
SAXONY POINT	Waterfront	103 Moselle Drive	Seneca	4	3	1	2 4500	8/3/2011	\$500,000	\$727,500	\$227,500	31% 762	
CLIFFS AT KEOWEE FALLS SOUTH	Waterfront	400 Moonlit Trail	Salem	4	4	1	3 7600	8/5/2011	\$1,450,000	\$3,750,000	\$2,300,000	61% 829	
WALKER POINT	Waterfront	192 Walker Point	Seneca	4	3	1	2 2250	8/12/2011	\$465,000	\$499,900	\$34,900	7% 184	
KNOLLWOOD MANOR	Waterfront	6021 Lake Point East Drive	Seneca	4	4	1	3 6611	8/18/2011	\$700,000	\$899,900	\$199,900	22% 588	
SOUTH OAK POINT	Waterfront	118 South Oak Pointe Drive	Seneca	4	2	2	2 3600	8/22/2011	\$625,000	\$748,000	\$123,000	16% 348	
SOUTH OAK POINT	Waterfront	311 Willow Oak Court	Seneca	5	4	1	3 4300	8/23/2011	\$890,000	\$925,000	\$35,000	4% 38	
VENTURE BAY	Waterfront	312 Venture Drive	West Union	4	3	0	2 2100	8/23/2011	\$450,000	\$500,000	\$50,000	10% 39	
KEOWEE KEY		3 Marina View Circle	Salem	3	3	0	2 2100	8/24/2011	\$332,400	\$379,900	\$47,500	13% 187	
BACKWATER LANDING	Waterfront	1230 Melton Road	West Union	2	2	0	0 1100	8/26/2011	\$70,000	\$80,000	\$10,000	13% 86	
WHITE HARBOR	Waterfront	23366 White Harbour Rd	Seneca	4	3	1	2 3726	8/26/2011	\$555,000	\$595,000	\$40,000	7% 127	
KEOWEE POINTE		202 Luther Land Road	Seneca	3	2	0	2 2260	8/29/2011	\$170,000	\$189,900	\$19,900	10% 56	
KEOWEE KEY		13 Gulf Stream Lane	Salem	3	2	0	2 2000	8/31/2011	\$230,000	\$299,900	\$69,900	23% 504	
<b>Count: 15</b>									<b>Totals: \$7,699,900</b>	<b>\$10,924,000</b>	<b>\$3,224,100</b>		
<b>Results for August</b>									<b>Monthly Averages: 3.53 2.87 0.60 2.00 3,468</b>	<b>\$513,327</b>	<b>\$728,267</b>	<b>\$214,940</b>	<b>30% 286</b>
BACKWATER LANDING	Waterfront	#69 Melton Road	West Union	2	2	0	0 1000	9/2/2011	\$178,000	\$210,000	\$32,000	15% 112	
BEACON SHORES	Waterfront	509 Beacon Shores Drive	Seneca	3	3	1	2 3500	9/3/2011	\$375,000	\$574,900	\$199,900	35% 472	
NORMANDY SHORES	Waterfront	109 Cardinal Drive	Seneca	4	3	0	2 3800	9/8/2011	\$285,810	\$300,000	\$14,190	5% 41	
PINE RIDGE POIN	Waterfront	125 Pine Ridge Pointe	Seneca	4	4	1	2 3697	9/9/2011	\$767,500	\$899,000	\$131,500	15% 256	
	Waterfront	9072 Crystal Lane	Seneca	3	2	1	2 2156	9/16/2011	\$225,000	\$299,000	\$74,000	25% 192	
CLIFFS @ VINYRD	Waterfront	857 Clubhouse Drive	Sunset	3	3	2	0 3505	9/16/2011	\$865,000	\$1,495,000	\$630,000	42% 843	
KEOWEE INLET	Waterfront	506 Inlet Drive	Seneca	4	3	0	0 2600	9/19/2011	\$285,000	\$399,000	\$114,000	29% 552	
THE WOODS ATKEOWEE		211 Long Bay Drive	West Union	3	3	0	3 2733	9/21/2011	\$386,500	\$434,900	\$48,400	11% 180	
KEOWEE KEY		12 Boatswain Way	Salem	3	2	0	1 1868	9/22/2011	\$112,500	\$119,000	\$6,500	5% 71	
CEDAR CREEK		110 Holly Hill Rd.	Sunset	3	2	1	2 2207	9/23/2011	\$208,500	\$235,000	\$26,500	11% 193	
KEOWEE KEY		15 Quartermaster Drive	Salem	3	2	1	2 2538	9/29/2011	\$355,000	\$429,000	\$74,000	17% 211	
KEOWEE KEY	Waterfront	4 Horizon Pointe Lane	Salem	3	2	1	2 4000	9/29/2011	\$670,000	\$724,900	\$54,900	8% 69	
<b>Count: 12</b>									<b>Totals: \$4,713,810</b>	<b>\$6,119,700</b>	<b>\$1,405,890</b>		
<b>Results for July</b>									<b>Monthly Averages: 3.17 2.58 0.67 1.50 2,800</b>	<b>\$392,818</b>	<b>\$509,975</b>	<b>\$117,158</b>	<b>23% 266</b>
<b>Three Month Count: 41</b>									<b>Three Month Total: \$19,927,210 \$28,314,600 \$8,387,390</b>				
<b>Results for Three Months</b>									<b>Three Month Averages: 3.51 2.78 0.73 1.80 3,330 \$486,030 \$690,600 \$204,570 30% 335</b>				

**Bank Owned Property** Range: Lake Keowee Subdivision Homes  
**Short Sale** Closed: Based on information from the Western Upstate Multiple Listing Service for the period July 1, 2011 thru September 30, 2011





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### Footnotes:

**Lake Keowee Homes\*1** means waterfront and interior homes in subdivisions that share a boundary with Lake Keowee.

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

**Sold\*3** means aggregate value (in units or dollars) of Lake Keowee Home 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.

