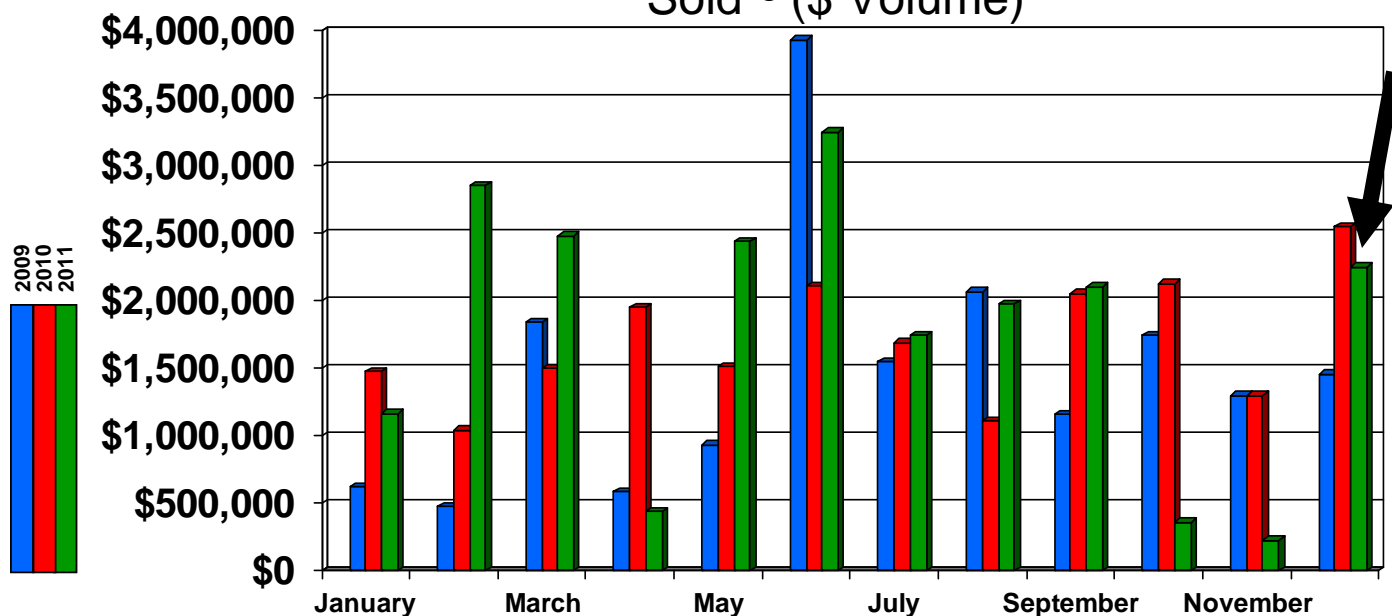


LOTS BOUNCE BACK

Sold*3 (\$ Volume)



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

Lake Keowee Lots*1

After two months of severely depressed sales attributable primarily to tax sales and other auctions held during the fall, the Lake Keowee Waterfront Lot market bounced back. Thus our previous characterization of that market as being “consistently inconsistent” was reaffirmed. In December a total of eight such lots were sold for a total of \$2,251,500 making the average price of a lot sold \$281,438 somewhat above the longer term averages. Compared to December of 2010 sales of \$2,551,000, sales in December 2011 were down about 11%. But stronger than expected sales in February, March May and June of 2011 brought total sales for the year to \$21,289,650 for the 86 lots sold. Although early in the year we had forecasted that the market would grow about 10% over 2010, the actual growth was a little over 4%. The average Selling Price for a lot sold in 2011 calculated to about \$248,000.

Lots sold across a range of price points in December from a low of \$132,000 for Lot 37 in RiverStone to \$772,500 for a lot in The Reserve at Lake Keowee. One bank-owned lot was sold in The Cliffs Vineyards. Overall, the average discount from Initial Listing Price to Selling Price was about 27%; typical of our experience in the market over the past year.



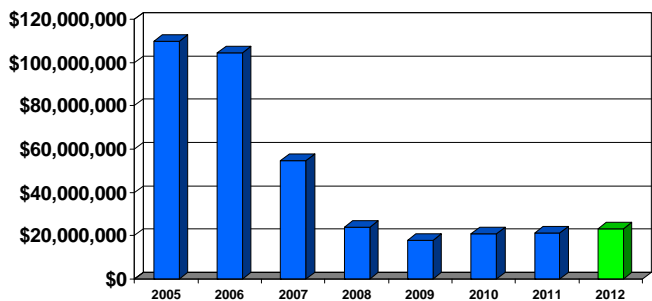
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Annual Market Trending

Annual Market
(Total Market by Year)

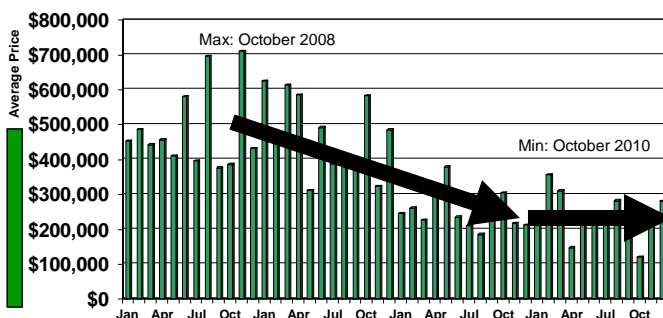


Lake Keowee Lots*1

This chart shows trends in *The Market* since 2005. Sales volume peaked in 2005 at just about \$110,000,000. It's clear that the market "bottomed out" in 2009. We now expect 2012 (estimated in green) sales to be about \$23,500,000, about 10% greater than 2011. Lots are performing better than homes.

Average Price of Lot Sold

(January, 2008 through September, 2011)



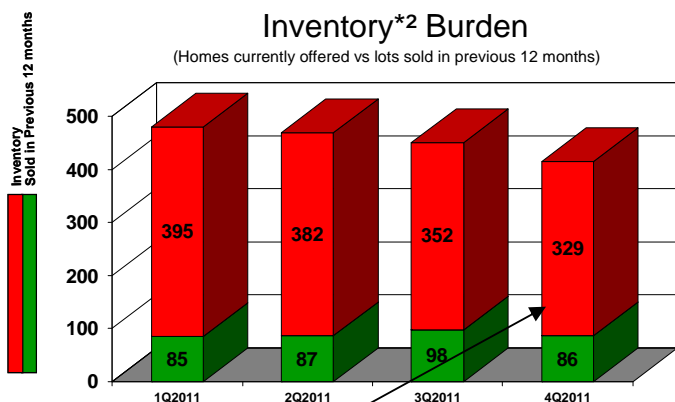
Lake Keowee Lots*1

The average price of a lot sold peaked in October, 2008. Since then this market measure had dropped rapidly but now seems to have leveled off. Because sales volume has diminished, the sale (or lack of sale) of very high-end lots greatly influenced these averages.

Inventory*2 Dynamics

Inventory*2 Burden

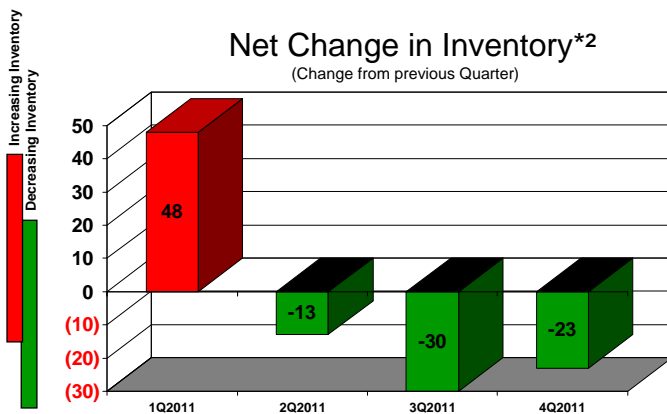
(Homes currently offered vs lots sold in previous 12 months)



Lake Keowee Lots*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 lots being offered (red). In the twelve months that ended on December 31, 2011 (the "4Q2011" stack on the left hand chart above) 86 lots valued at \$21,290,000 sold. As of January 6, 2012 there was a total of 329 such lots being offered asking an aggregate of \$137,000,000. The inventory is generally cyclic. It typically builds in the first and second quarter of each year as new properties are brought to market. When most of these properties remain unsold, they are withdrawn over the third and fourth quarters; only to return in the following year. In 2011, however, inventory dropped unexpectedly in the second quarter. By dollar volume, the current unsold inventory represents a little over 6 years sales. By lot count, the inventory is a little over three and a half years.



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Lake Keowee Lots*1 - Sold*3 October, 2011 through December, 2011

Community	Type	Address	City	Closed	Sold	Initial	Discount	%	DOM
OTHER	Waterfront	Lot 3 Mandalay Way	Seneca	10/26/2011	\$65,000	\$129,999	\$64,999	50%	321
THE RESERVE AT LAKE KEOWEE	Waterfront	Lot D-2	Sunset	10/27/2011	\$120,000	\$130,000	\$10,000	8%	92
OUTER BANKS	Waterfront	Lot 8	Six Mile	10/28/2011	\$177,200	\$199,000	\$21,800	11%	280
Count:	3				Totals:	\$362,200	\$458,999	\$96,799	
Results for October					Average:	\$120,733	\$153,000	\$32,266	21% 231
CLIFFS AT KEOWEE FALLS SOUTH	Waterfront	TL36 Crystal Cove Trail	Salem	11/22/2011	\$225,000	\$399,000	\$174,000	44%	81
Count:	1				Totals:	\$225,000	\$399,000	\$174,000	
Results for November					Average:	\$225,000	\$399,000	\$174,000	44% 81
KOKOMO	Waterfront	Lot 15 Kokomo Way	Seneca	12/2/2011	\$142,000	\$149,900	\$7,900	5%	264
THE RESERVE AT LAKE KEOWEE	Waterfront	208 Deep Cove Court	Sunset	12/2/2011	\$772,500	\$975,000	\$202,500	21%	410
BEACON SHORES	Waterfront	Lot 87	Seneca	12/5/2011	\$140,000	\$169,000	\$29,000	17%	267
THE RESERVE AT LAKE KEOWEE	Waterfront	244 Saranac Drive	Sunset	12/13/2011	\$300,000	\$679,000	\$379,000	56%	884
WYNWARD POINTE	Waterfront	Lot 62	Salem	12/16/2011	\$165,000	\$175,000	\$10,000	6%	32
WATERSIDECROSSI	Waterfront	Lot 5 Rockcrest Ct	Seneca	12/27/2011	\$425,000	\$499,000	\$74,000	15%	12
RIVERSTONE	Waterfront	Lot 37	Salem	12/27/2011	\$132,000	\$200,000	\$68,000	34%	239
CLIFFS AT VINYARD	Yes	W90 Buttercup Way	Sunset	12/30/2011	\$175,000	\$249,000	\$74,000	30%	336
Count:	8				Totals:	\$2,251,500	\$3,095,900	\$844,400	
Results for December					Average:	\$281,438	\$386,988	\$105,550	27% 306
Count:	12				Totals:	\$2,838,700	\$3,953,899	\$1,115,199	
Results for Three Months					Average:	\$236,558	\$329,492	\$92,933	28% 268

Bank Owned Property Range: Lake Keowee Waterfront Lots
Short Sale Closed: Based on information from the Western Upstate Multiple Listing Service for the period October 1, 2011 through December 31, 2011

We Understand how to deal in this market. It takes three things to sell a lot. We call them the three Ps of real estate: **Preparation, Positioning and Promotion.** Give us a call and we'll tell you more. There's no obligation on your part.





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Footnotes:

Lake Keowee Lots*1 means waterfront lots.

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 Lot 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.

