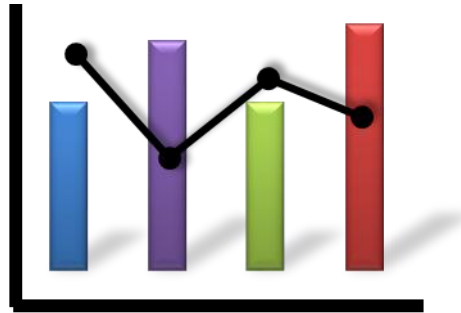


4Q 2013

Metro Market Report

Single Family Detached Residences



ChartMaster Services, LLC

Brought to you by

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ABOUT THIS REPORT

- **Data**

- The source of all data contained herein is FMLS listings data for real estate transactions occurring in 41 selected FMLS areas and does not necessarily represent all market activity either for those areas or for the Atlanta Metro area.
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Current Market Overview

- Understanding three views of the current market allows **Buyers** to maximize their ability to evaluate properties, receiving the highest value in their home search and **Sellers** to position their property to maximize money in their pocket while minimizing time on market:
 - **Macro View: National Market**
National Media Coverage
 - **Metro View: Atlanta Market**
Quarterly Metro Market Report
 - **Micro View: Your Community**
Comparative Market Analysis

Previous Listing Period Effect – Detached Residences (4Q 2013 Atlanta Data – 41 FMLS areas)

	Other FMLS Data Sources (No history data for listings off market for more than 30 days)	ChartMaster Data (More realistic by including listing history data back as far as 3 years)	ChartMaster Difference
Original list Price	\$200,000 Median \$271,655 Average	\$225,000 Median \$280,600 Average	+\$25,000 Median (+12.5%) +\$8,945 Average (+3.3%)
Sales Price/Original List Price (%S/L)	96.1% Median 94.3% Average	95.2% Median 93.0% Average	-.9% Median (-\$1,800 Less) -1.6% Average (-\$4,346 Less)
Days on Market (DOM)	37 Days Median 67 Days Average	51 Days Median 108 Days Average	+14 Median Days Longer (+38%) +41 Average Days Longer (61%)
Incidence of Price Reductions	32.3%	40.9%	+8.6 Percentage Points (+27%)

Conclusion: Other data sources understate time on market and likelihood of requiring a price reduction, while overstating the portion of the original list price received by sellers

Metro Area FMLS Areas Included (41)

Cherokee County:

111 113
112 114

E. Cobb:

81 82 83

W. Cobb:

71 73 75
72 74

DeKalb:

24 42 52 121
41 51 53

Douglas:

91

Forsyth:

221 222 223 224

Fulton OTP:

13 14 131 33

Fulton ITP:

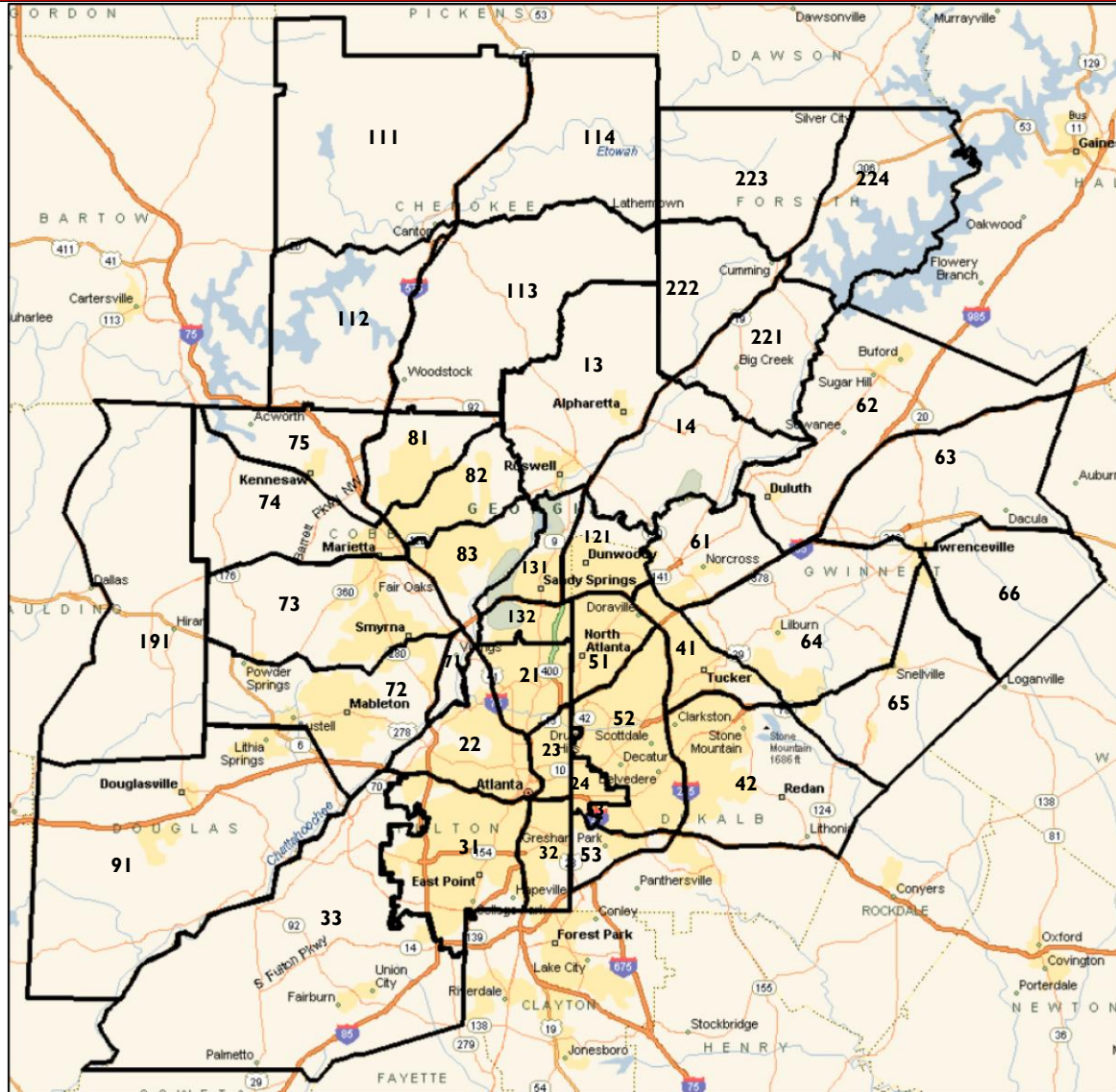
31 21 132
32 22 23

Gwinnett:

61 62 63
63 65 65

Paulding:

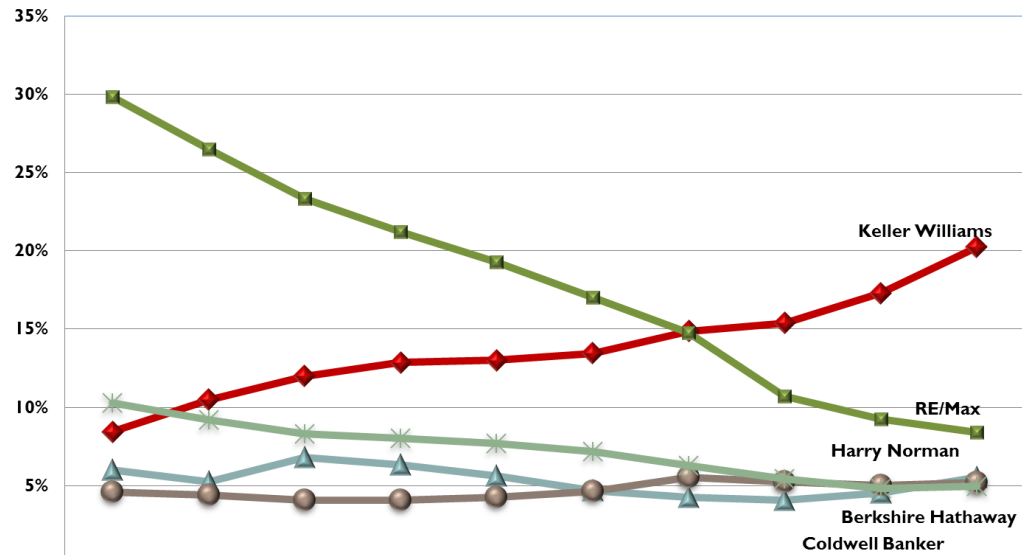
191



Top 5 Atlanta Companies: Market Share of Closed Transactions

Total Sell + List Sides for Sales of Detached + Condo/Townhome Residences

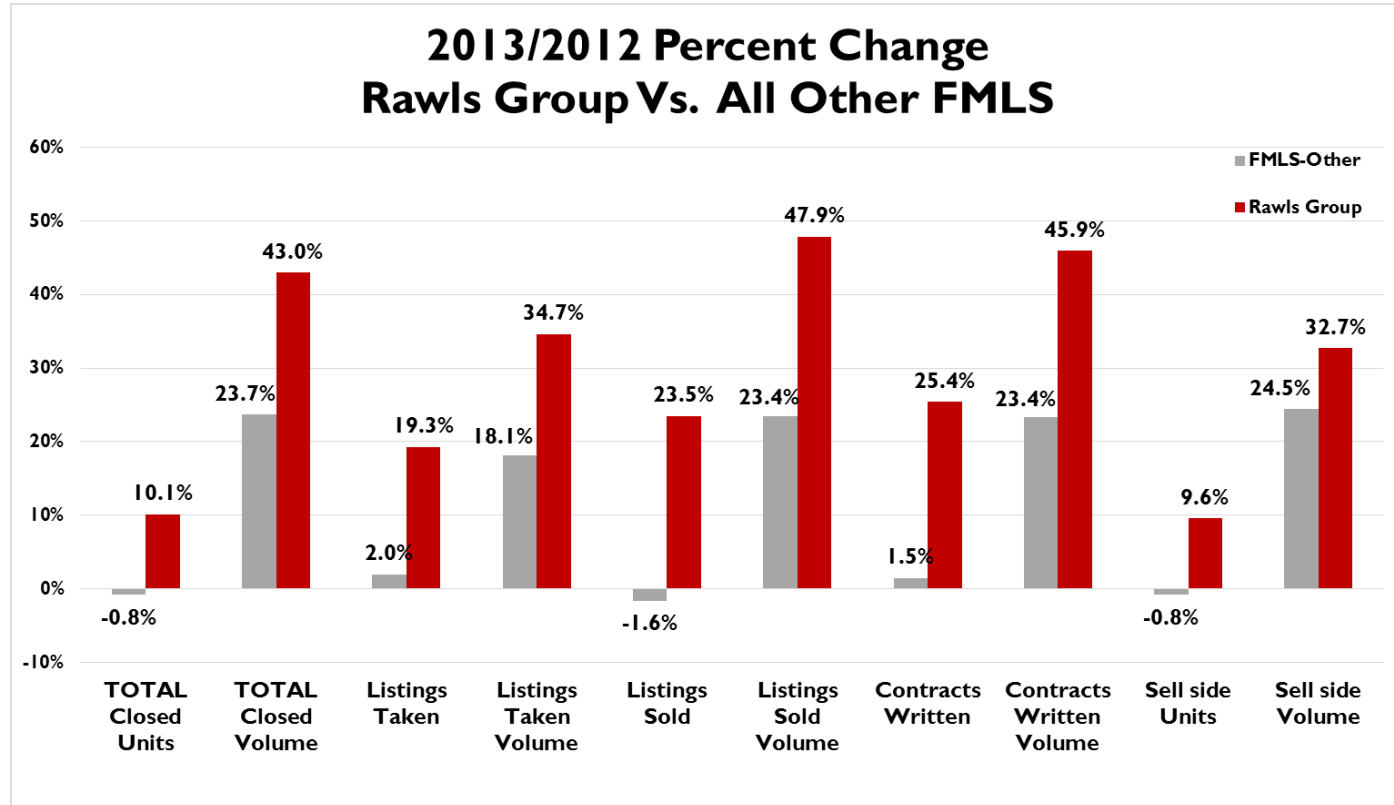
Keller Williams Realty became the **NUMBER 1** real estate company in the Atlanta Metro area in unit sales during 2010, increasing that lead every year through 4Q 2013



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Keller Williams	8.4%	10.5%	12.0%	12.9%	13.0%	13.5%	14.9%	15.4%	17.3%	20.2%
RE/Max	29.8%	26.5%	23.3%	21.2%	19.3%	17.0%	14.8%	10.7%	9.2%	8.4%
Harry Norman	6.0%	5.3%	6.8%	6.3%	5.6%	4.7%	4.3%	4.1%	4.5%	5.6%
Berkshire Hathaway	4.6%	4.4%	4.1%	4.1%	4.3%	4.6%	5.5%	5.2%	5.0%	5.2%
Coldwell Banker	10.3%	9.2%	8.3%	8.0%	7.7%	7.2%	6.3%	5.5%	4.8%	5.0%

FMLS condo/townhome and single family detached residences data. Data believed to be accurate, but is not warranted. ©2013 ChartMaster Services, LLC. All rights reserved. Not to be reproduced without the written permission of chartmasterchuck@aol.com.

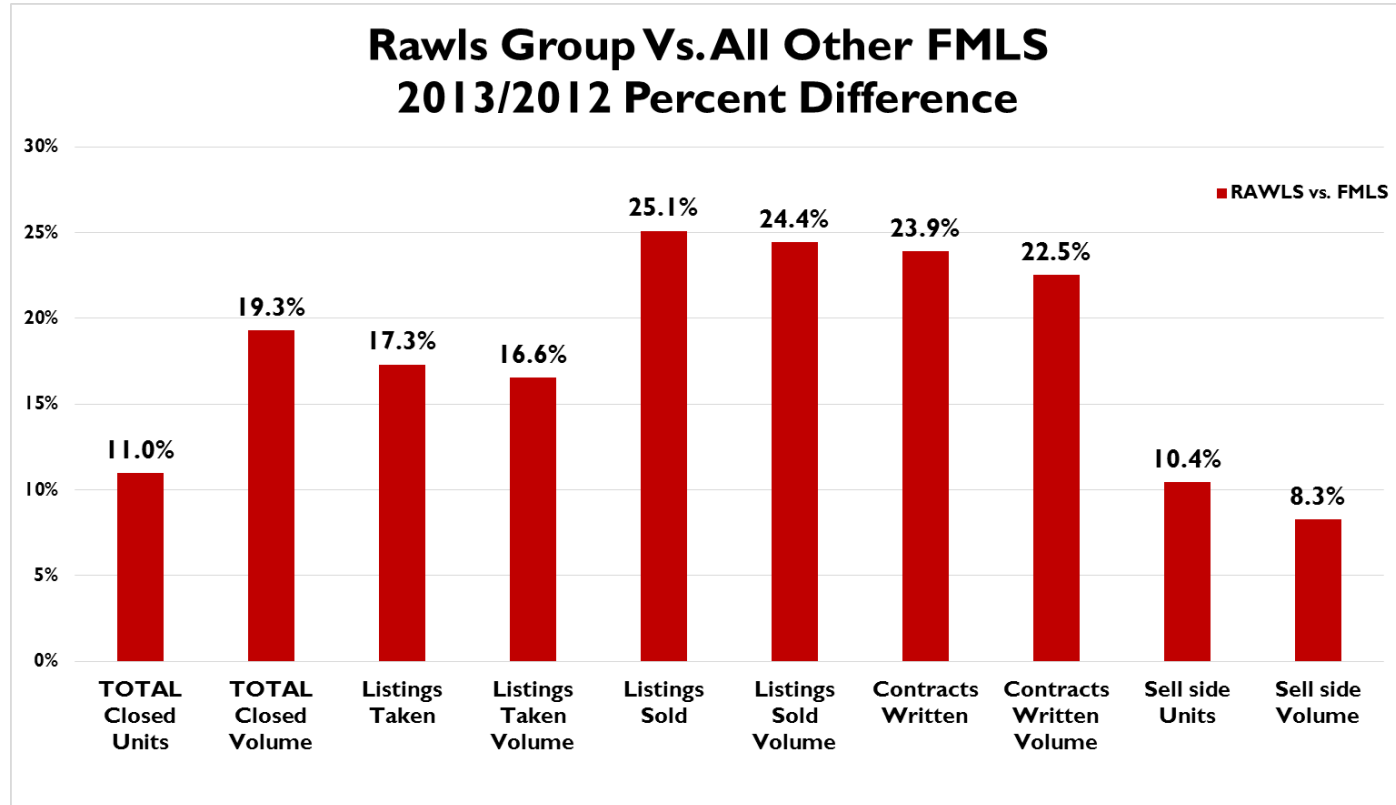
The Rawls Group of offices outperformed the rest of the FMLS in percentage increase in both units and volume during 2013 in each of these categories



BrokerMetrics: Sales of Condo, Townhome and Detached residences in 41 FMLS Areas 1/9/14

During 2013, The Rawls Group offices increased dollar volume by +43.0% in sales of detached and condo residences while the rest of the FMLS offices combined increased volume by +23.7%, for a **+19.3% Rawls Group advantage**

Similar growth was shown in each of these measurement categories



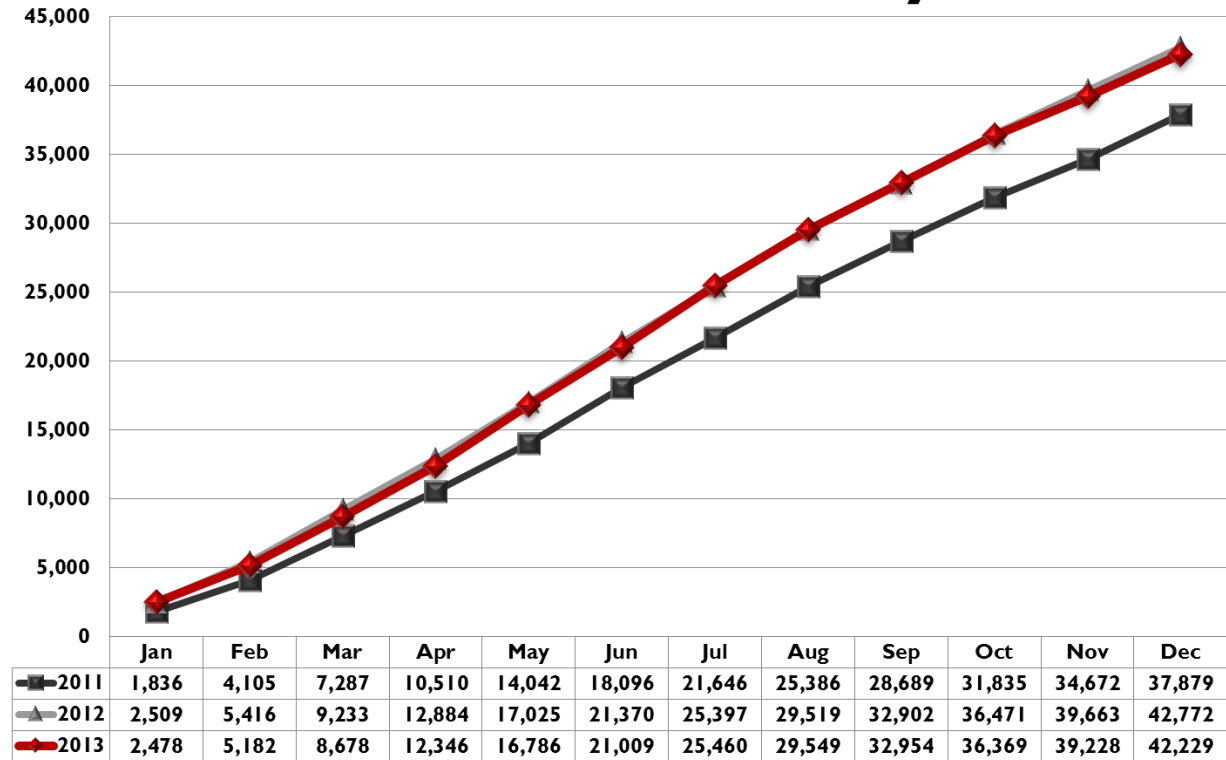
BrokerMetrics: Sales of Condo, Townhome and Detached residences in 41 FMLS Areas 1/9/14

Cumulative Monthly Sales

YTD 2013 sales mostly flat compared to 2012 (-1.3%)

YTD 2013 sales were also +11.5% above those of the same period in 2011

4Q 2013 Sales will still increase somewhat after lagged closings are processed into the system, likely finishing the year very close to that of 2012

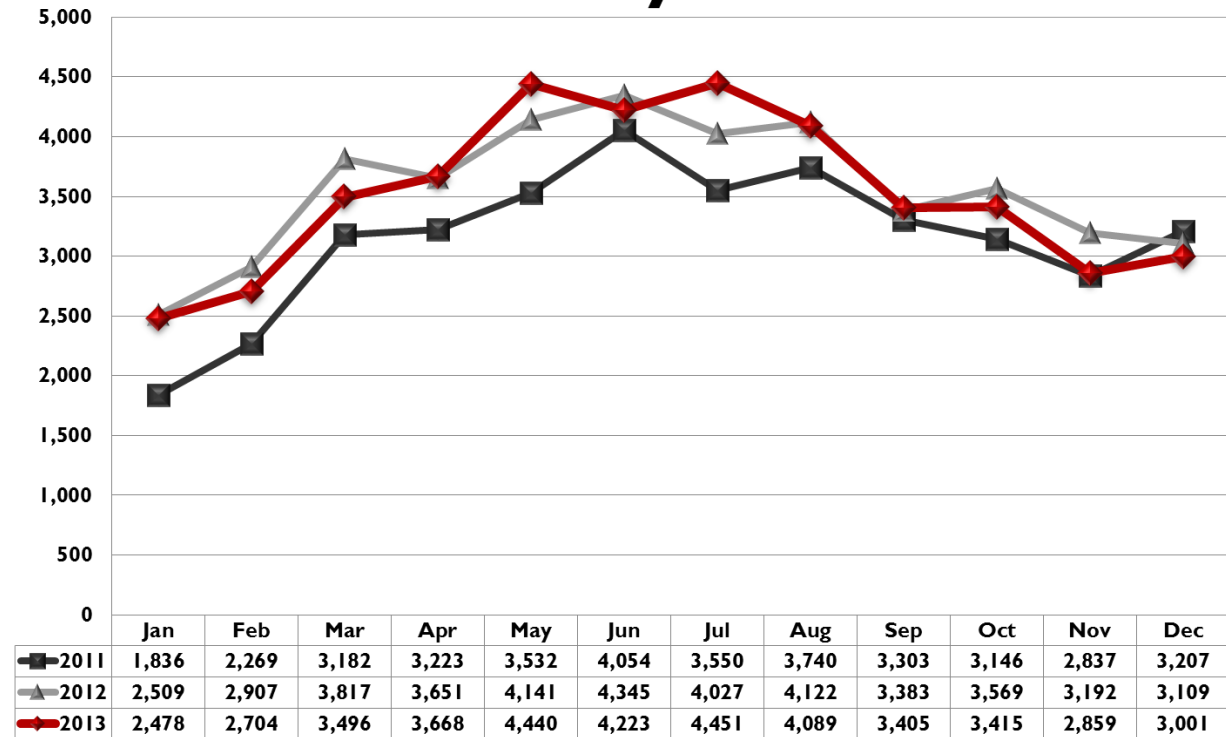


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Sales were mostly flat overall through 4Q 2013 compared to last year, with only 4 months having higher sales than last year

Processing of lagged closings may increase total sales through 4Q to very near those of last year

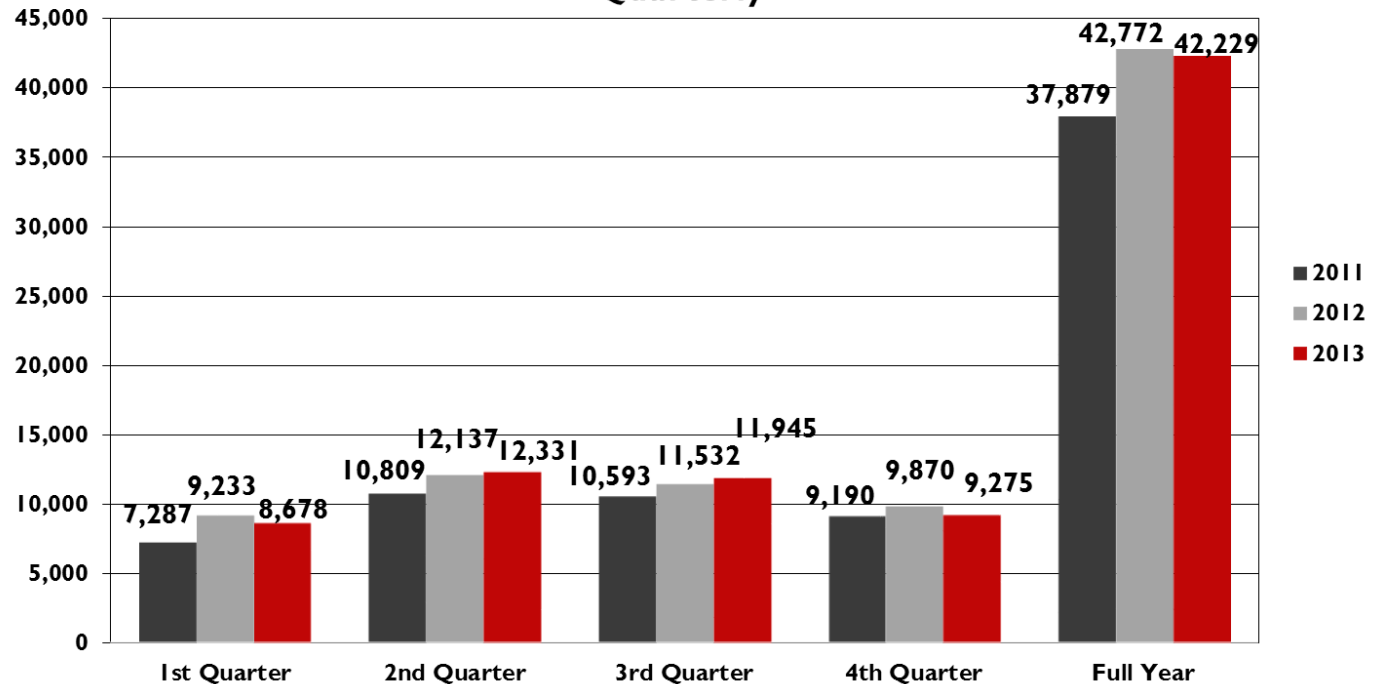
Monthly Sales



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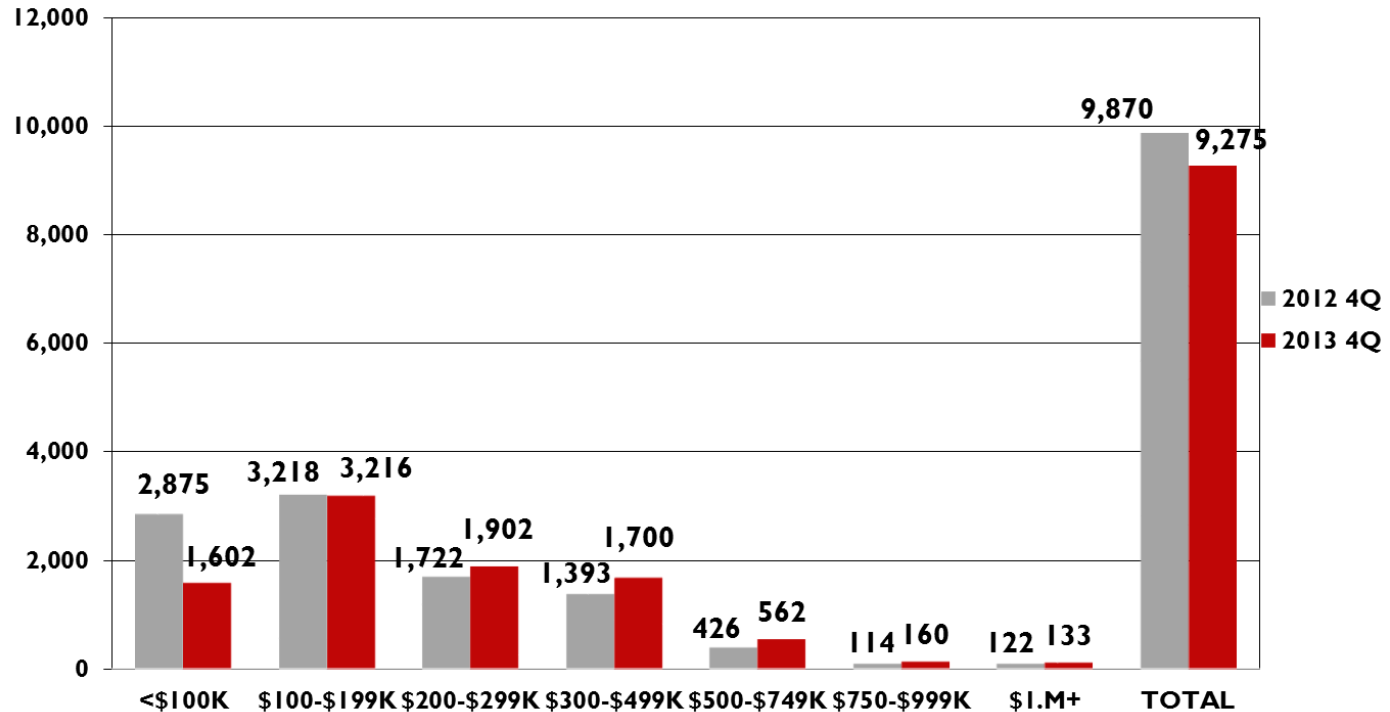
Sales were mostly flat in each of the first 3 quarters of 2013 compared to the same periods last year, declining by -6.0% in 4Q 2013

Number Sold Quarterly



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Number Sold by Price Range



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Analyzing quarterly sales by price range shows that the reason for lower overall sales in 4Q was the -44.2% drop in sales of properties priced below \$100K

All other price ranges increased in sales and the shift toward larger portions of purchases in higher price ranges caused the median sales price for all properties to increase again in 4Q 2013 compared to the same period last year

4Q 2013 sales were -6.0% lower than in 4Q 2012

4Q 2013 Sales

	<\$100K	\$100- \$199K	\$200- \$299K	\$300- 499K	\$500- \$749K	\$750- \$999K	\$1.0M+	Total
NEW	8 (-67%)	204 (-18%)	294 (-2%)	242 (0%)	121 (+70%)	28 (+75%)	29 (+107%)	926 (+1%)
RESALE	1,594 (-44%)	3,012 (+1%)	1,608 (+13%)	1,458 (+27%)	441 (+24%)	132 (+35%)	104 (-4%)	8,349 (-7%)
TOTAL	1,602 (-44%)	3,216 (+0%)	1,902 (+10%)	1,700 (+22%)	562 (+32%)	160 (+40%)	133 (+9%)	9,275 (-6%)

Sales were much lower in the <\$100K price range, keeping the overall change lower in 4Q 2013

All price ranges above \$100K had increased sales for Resale properties compared to 4Q 2012, while New property sales decreased in ranges below \$300K

New properties were 10.0% of 4Q sales

Comparison to 4Q 2012:



Better



Same



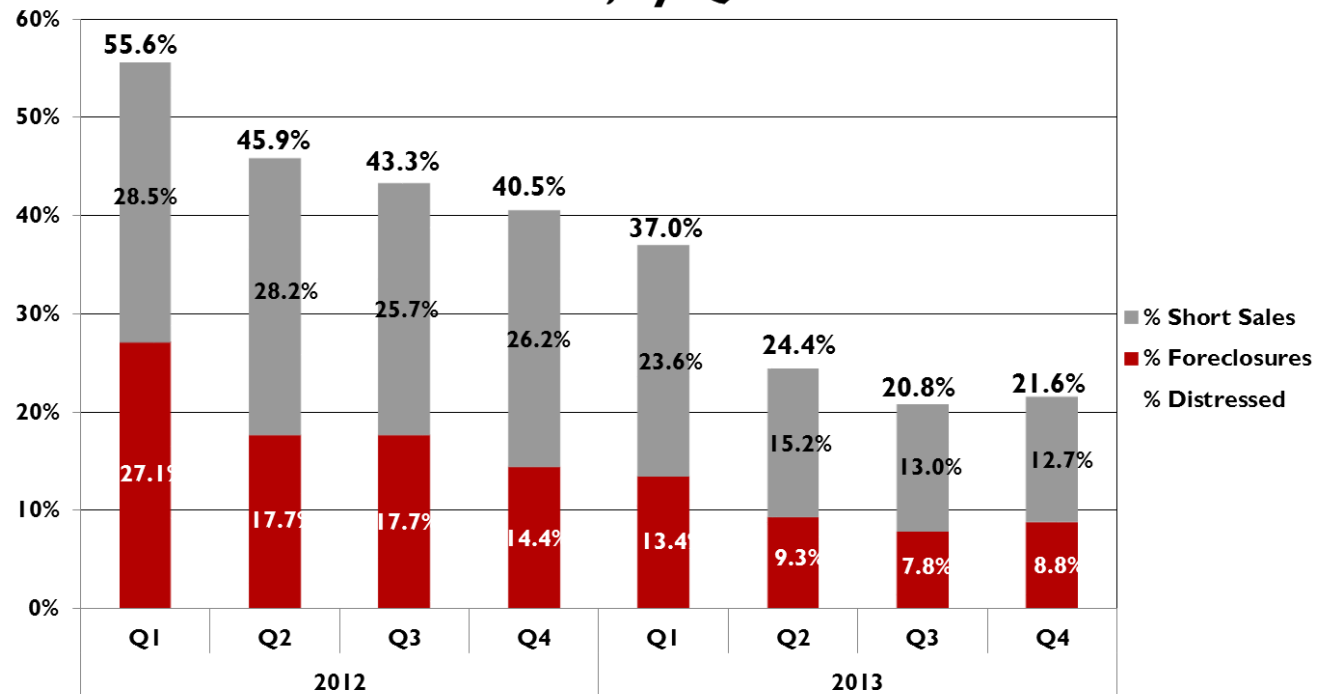
Worse

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Short Sales and Foreclosure Sales add together to make up Distressed Sales, shown here as a percent of total sales

The percentage of 4Q 2013 distressed sale transactions was -18.9 percentage points lower than in 4Q 2012, while slightly higher +.8 points from last quarter

Distressed Sales: % of Total Sales, by Quarter

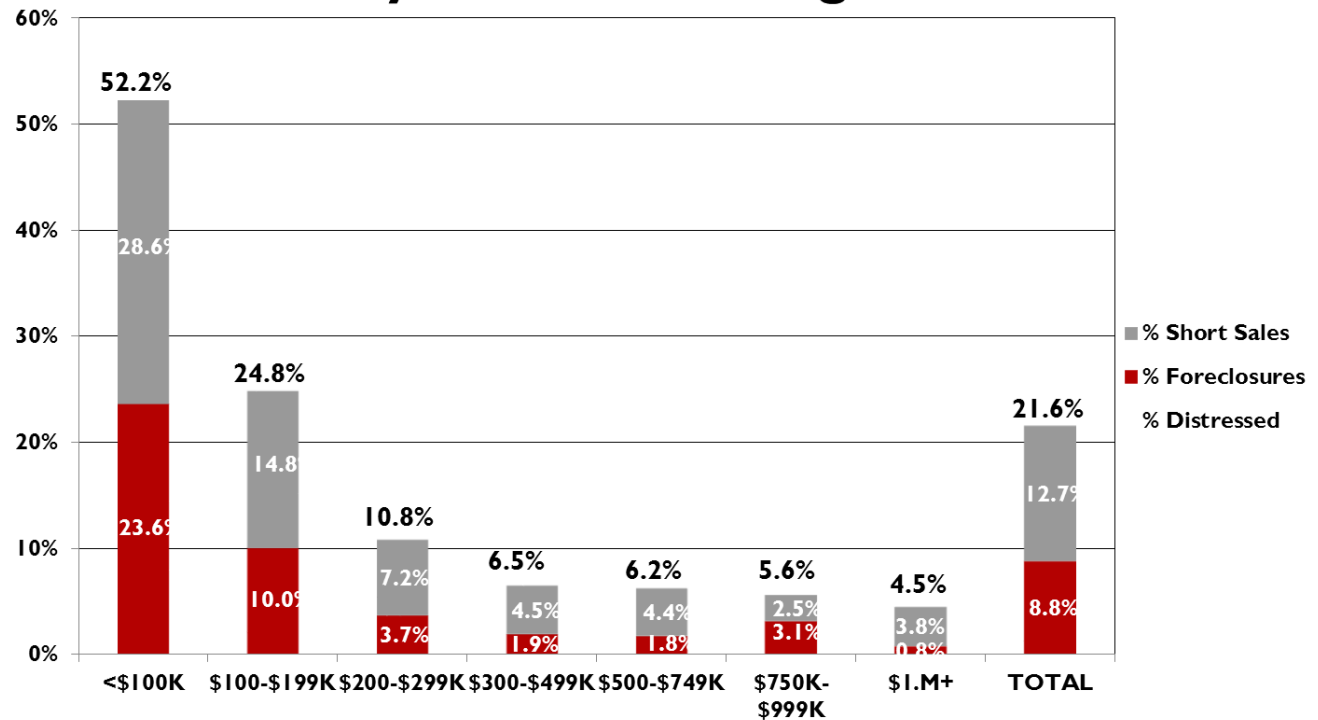


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4Q 2013 Distressed Sales: % by Sales Price Range

Shown by price range illustrates the degree to which distressed sales are present in all price groupings

More than 1 of every 2 sales in the <\$100K price range were distressed property sales during 4Q 2013 and more than half of them were Short Sale transactions



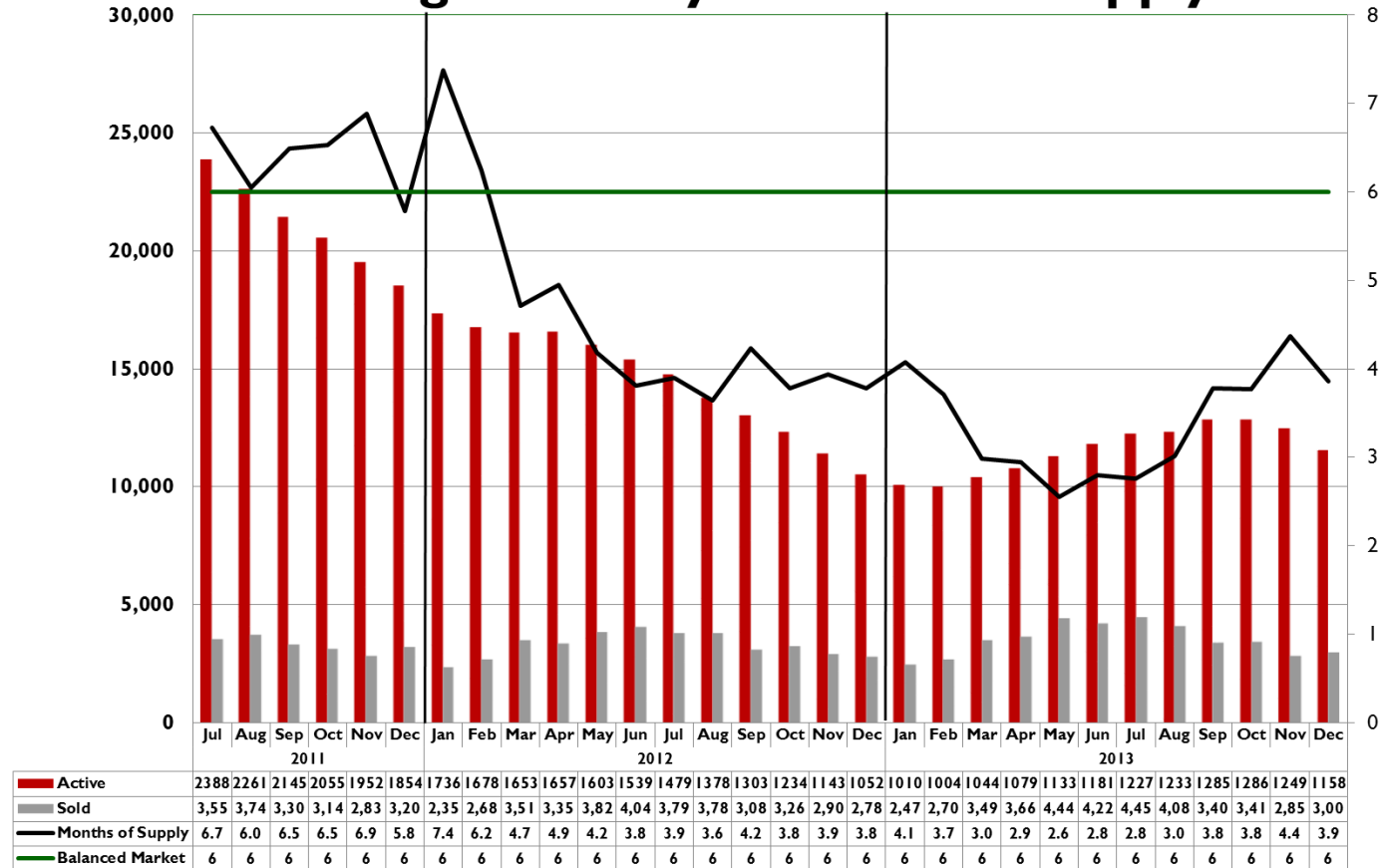
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The number of properties listed for sale compared to the number of properties which sold each month, illustrates the relationship existing between Supply (listings) and Demand (sales)

Using a 3-month average of 4Q 2013 sales yields a 3.7 month supply, meaning that at the current sales rate, it would take more than 3 months to sell the current inventory of listings if no new listings came on the market

A supply of more than 6 months is considered to be a Buyer's market

Listings: Monthly Active/Sold/Supply

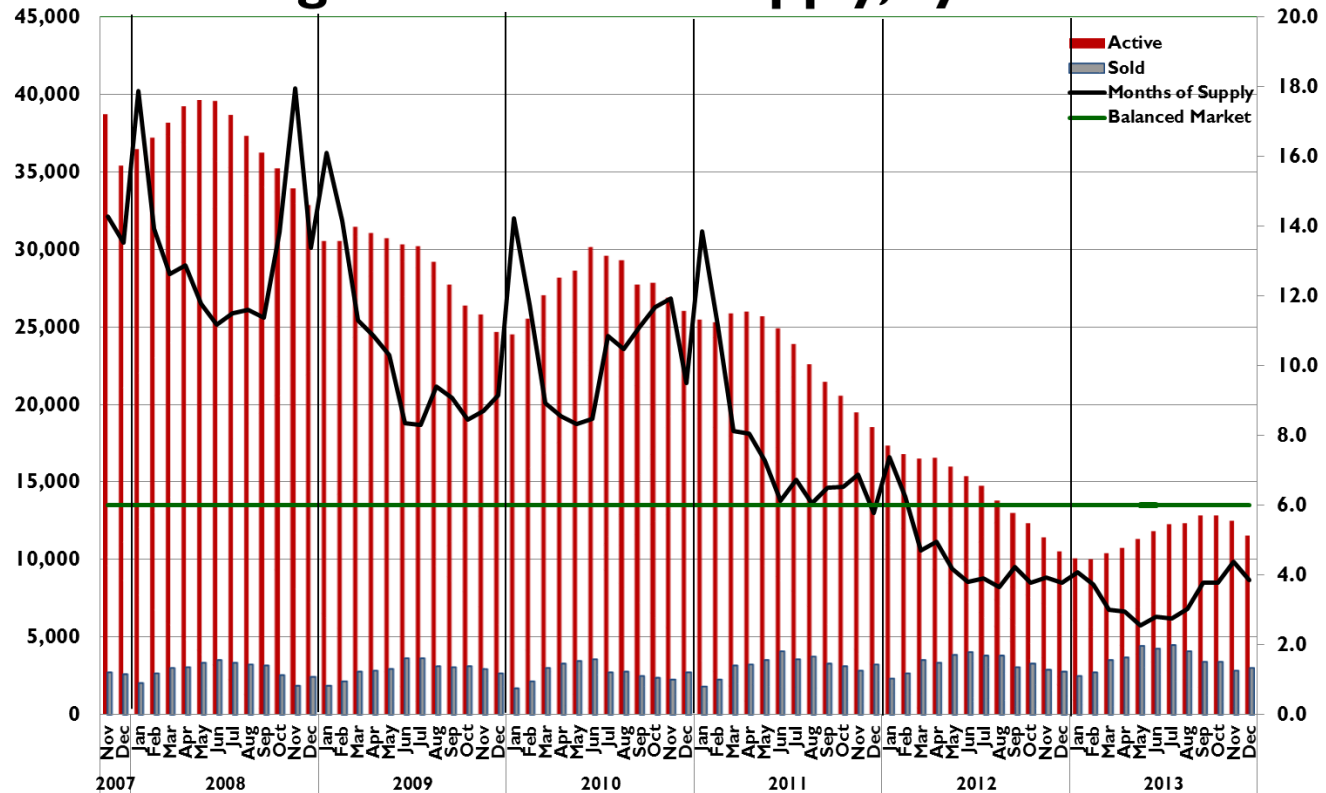


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Listings:Active/Sold/Supply, by Month

Going further back in the market cycle and using each current-month's active listings divided by the average of the previous 3 months of sales yields the monthly supply

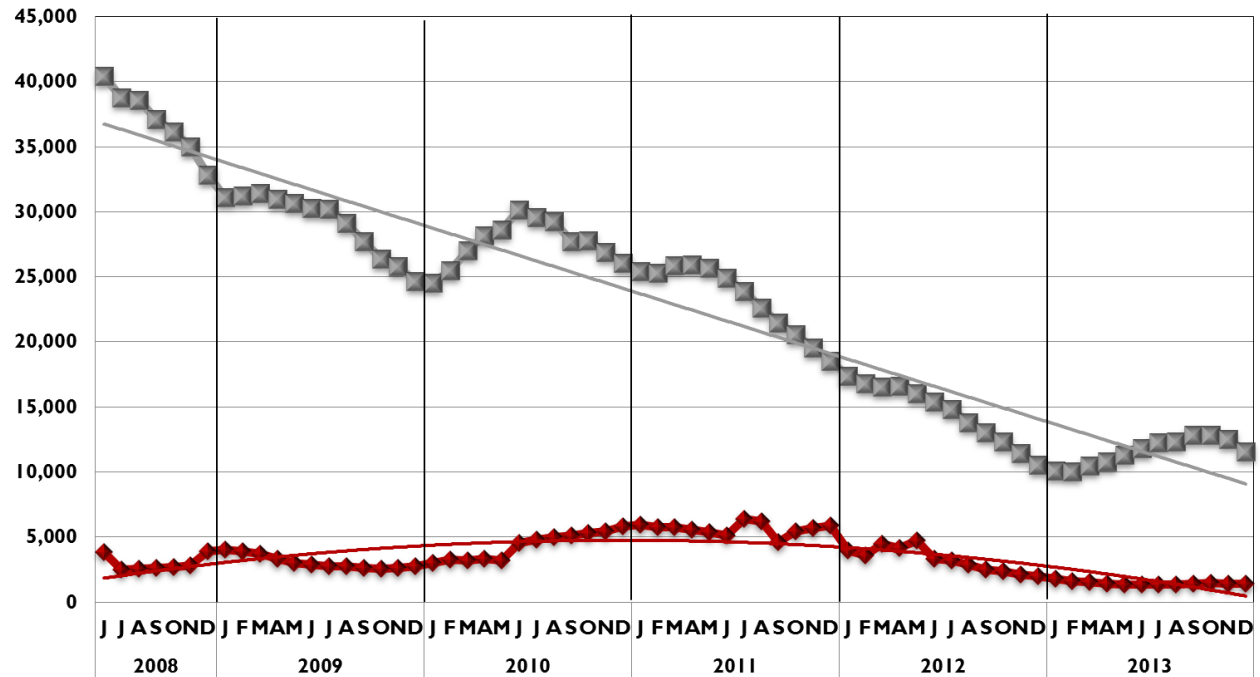
The history of monthly active/sold/supply from Nov., 2007 shows the magnitude of the current drop in Active Listings, from the high of 39,614 in May, 2008 to 11,585 (-70.8%) in December, 2013 while monthly sales decreased by only -10.8% from 3,363 to 3,001 and the resulting supply of 11.8 months fell to 3.7 months (-68.6%)



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Active Listings: Total vs. Distressed

◆ Distressed Property Active Listings
■ Total Active Listings



While sales have been mostly flat during 2013, the number of Active listings began to rise somewhat during 2013

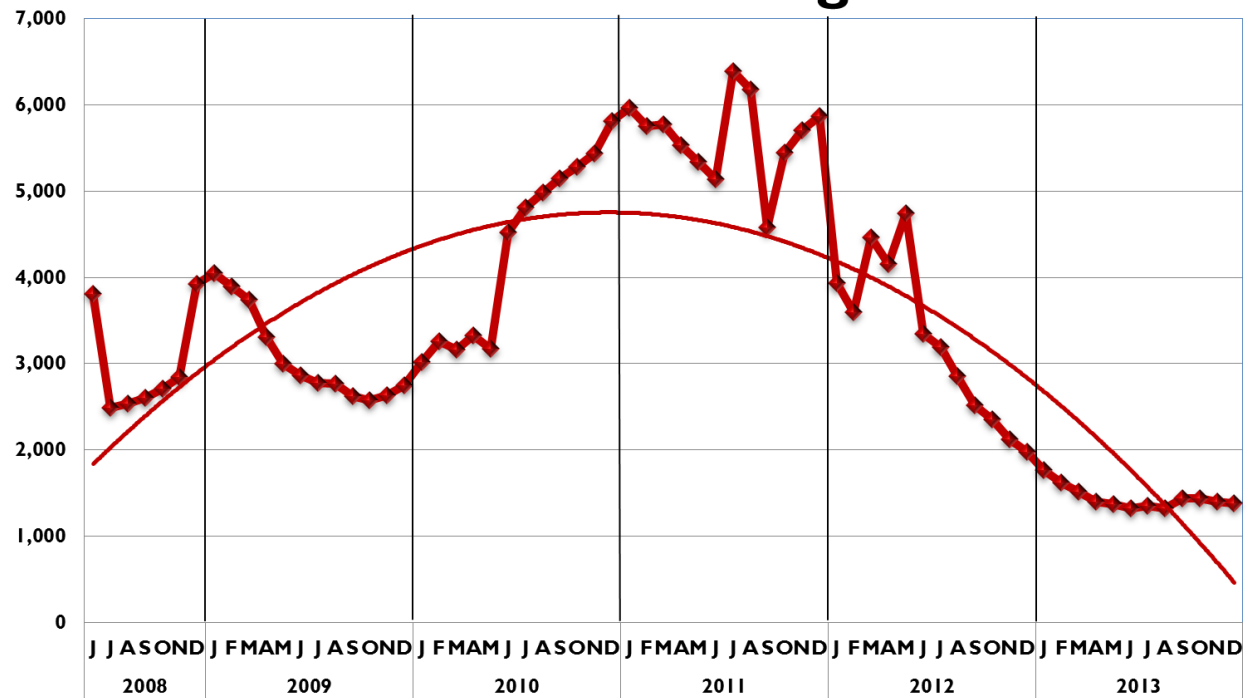
The number of Distressed property listings has flattened in recent months after several months of decline

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Number of Distressed Property Active Listings

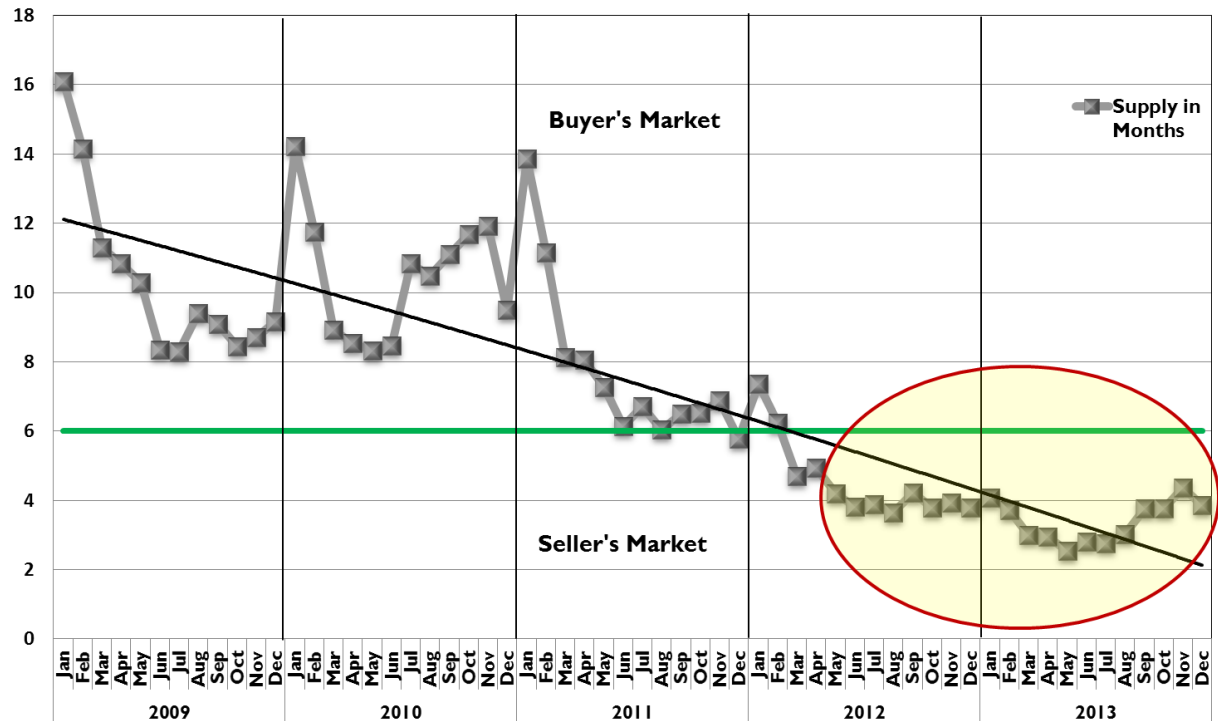
As the total number of all Active listings has declined, Distressed property listings have also

We have seen that the total number of listings has begun to rise recently while the number of distressed property listings flattened, causing the percentage of distressed to slightly increase in December



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Supply of Listings Months



Increasing sales combined with decreasing inventory of listings reduced the months of supply to 3.7 months in December, 2013, reflecting the change from a “Buyer’s Market” to a “Seller’s Market” condition during 2012

Most of the following market measurements show the improvement following this market shift

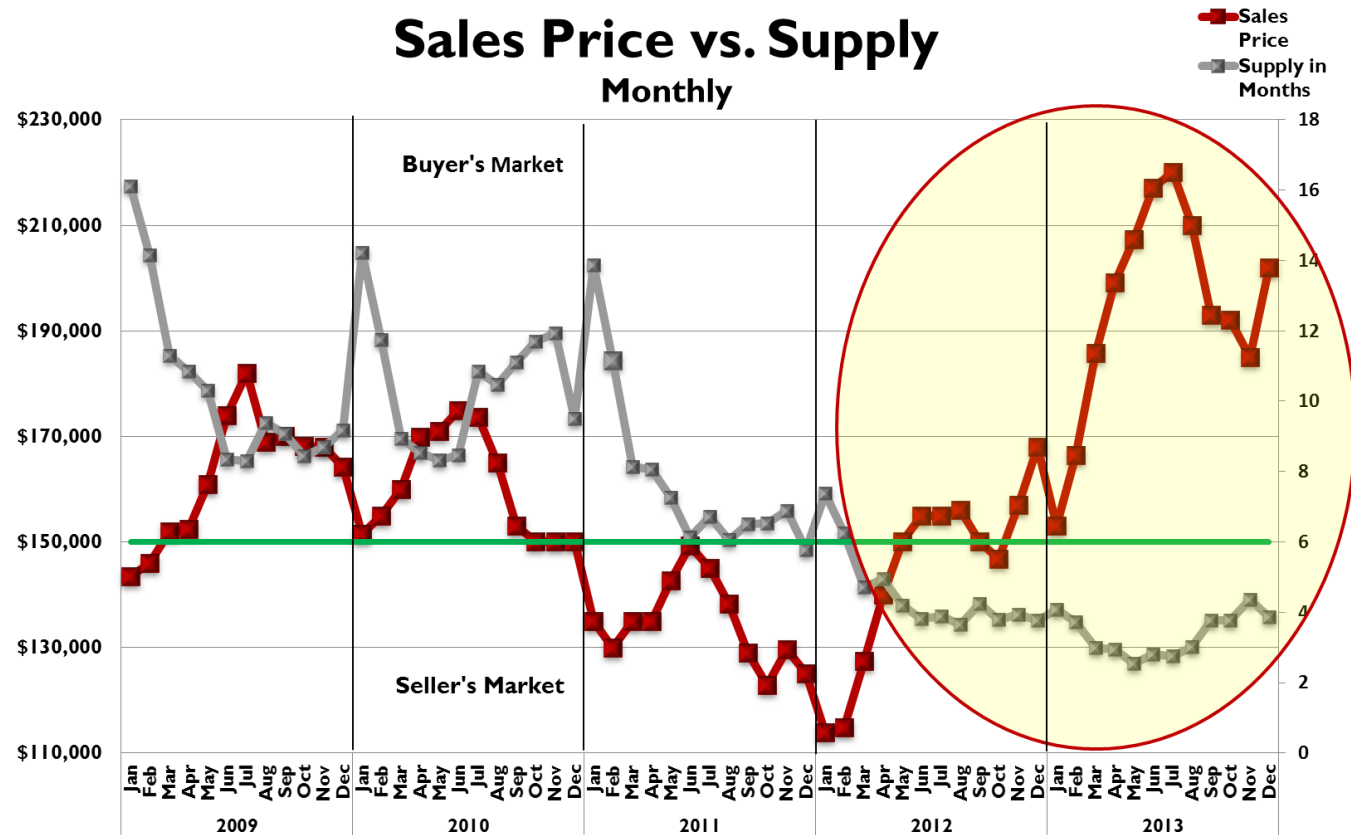
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The contract negotiations advantage turned in favor of the seller when supply fell consistently below 6 months during 2012, resulting in an increasing median sales price as sellers were more able to maintain selling prices closer to their original listing price and more higher priced properties were sold

As seen here, since the supply finally fell below 6 months in 1Q 2012, the median sales price rose sharply, compared to the last 4 years

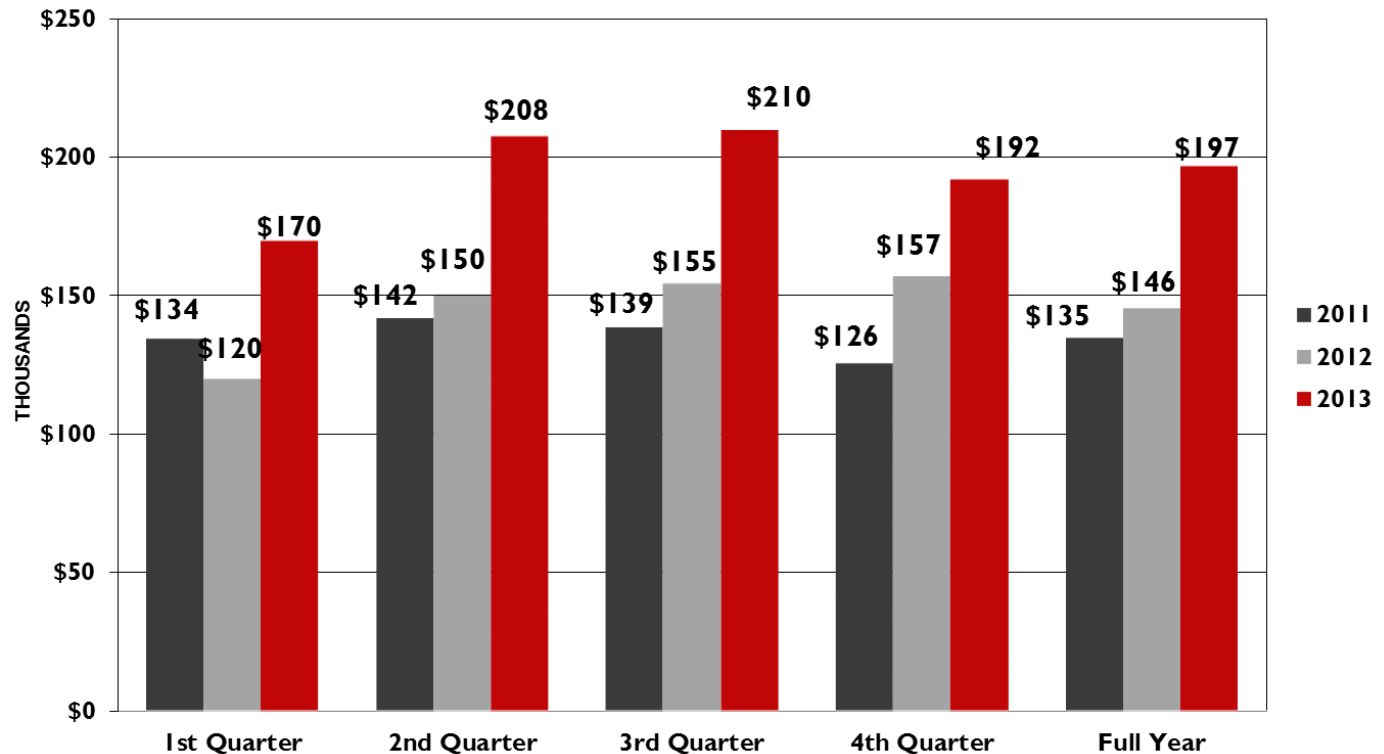
A small uptick in supply during 4Q 2013 may be affecting the level of pricing somewhat although seasonal factors may be the controlling effect

Sales Price vs. Supply Monthly



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Median Sales Price Quarterly



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Even though 4Q 2013 sales were nearly flat, the median sales price rose by +22.3% compared to 4Q 2012, to \$192,000, bringing 7 straight quarters with median sales prices higher than in the same period last year

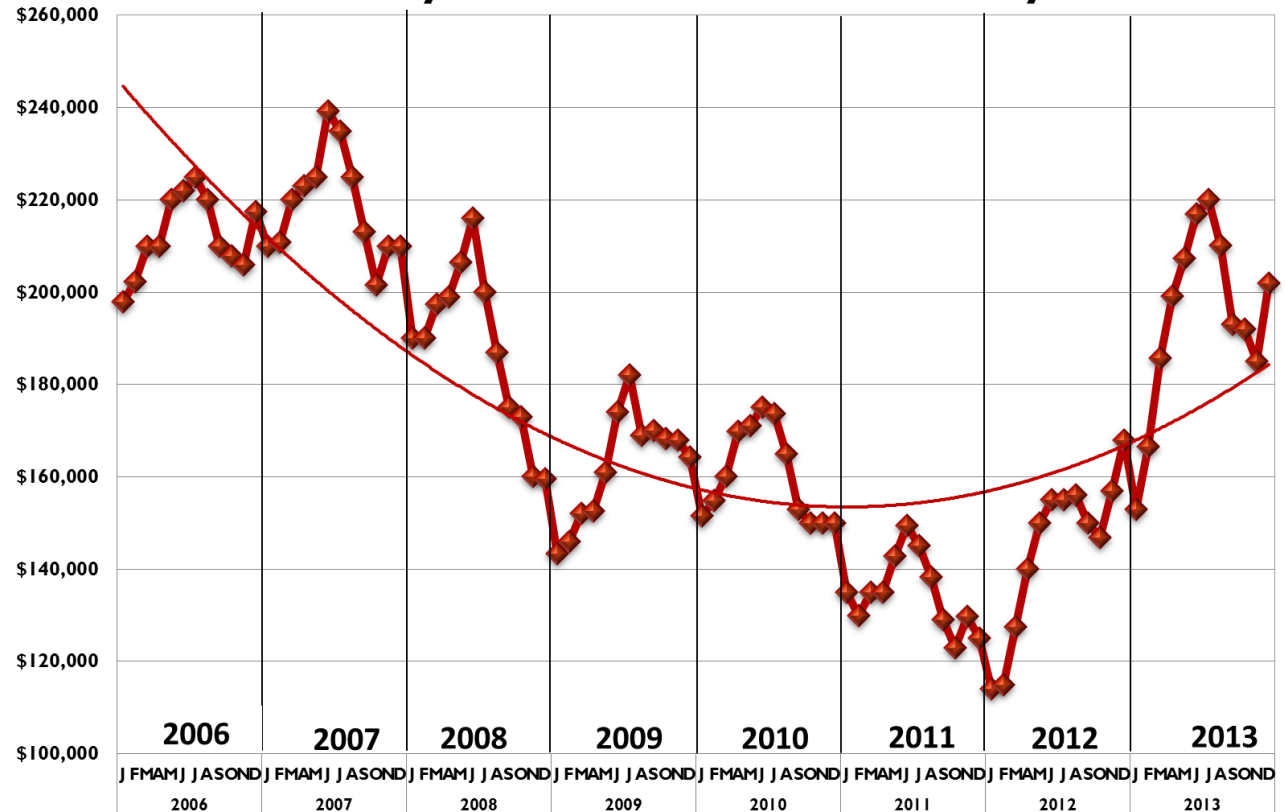
An increase in the percentage of sales in price ranges above \$200K compared to last year resulted in a higher median price

Monthly Median Sales Price History

Monthly median sales prices reached a low point in January, 2012

The steep decline in median sales prices coincided with increases in the percentage of distressed properties sold

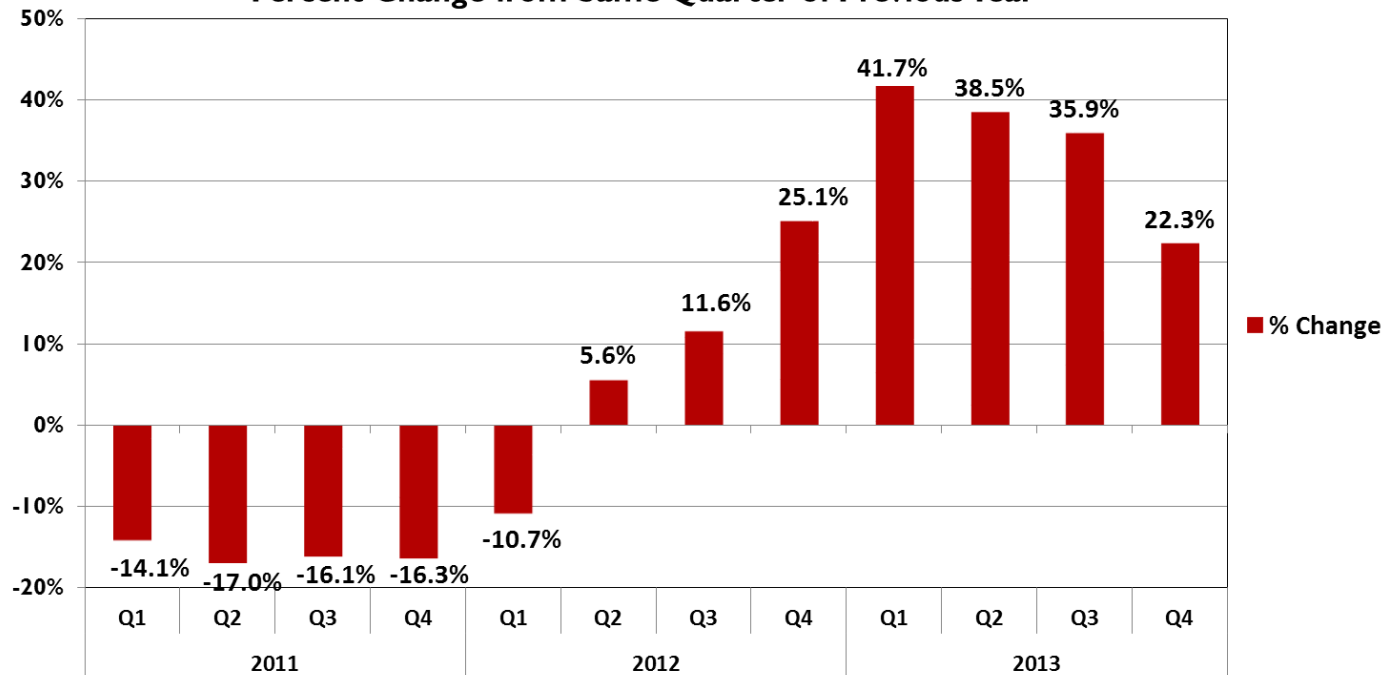
A strong, steady median sales price increase during 2012/13 has resulted from a much lower supply of listings, fewer distressed properties inventory and an increase in the portion of sales at prices above \$200K



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Change in Median Sales Price

Percent Change from Same Quarter of Previous Year



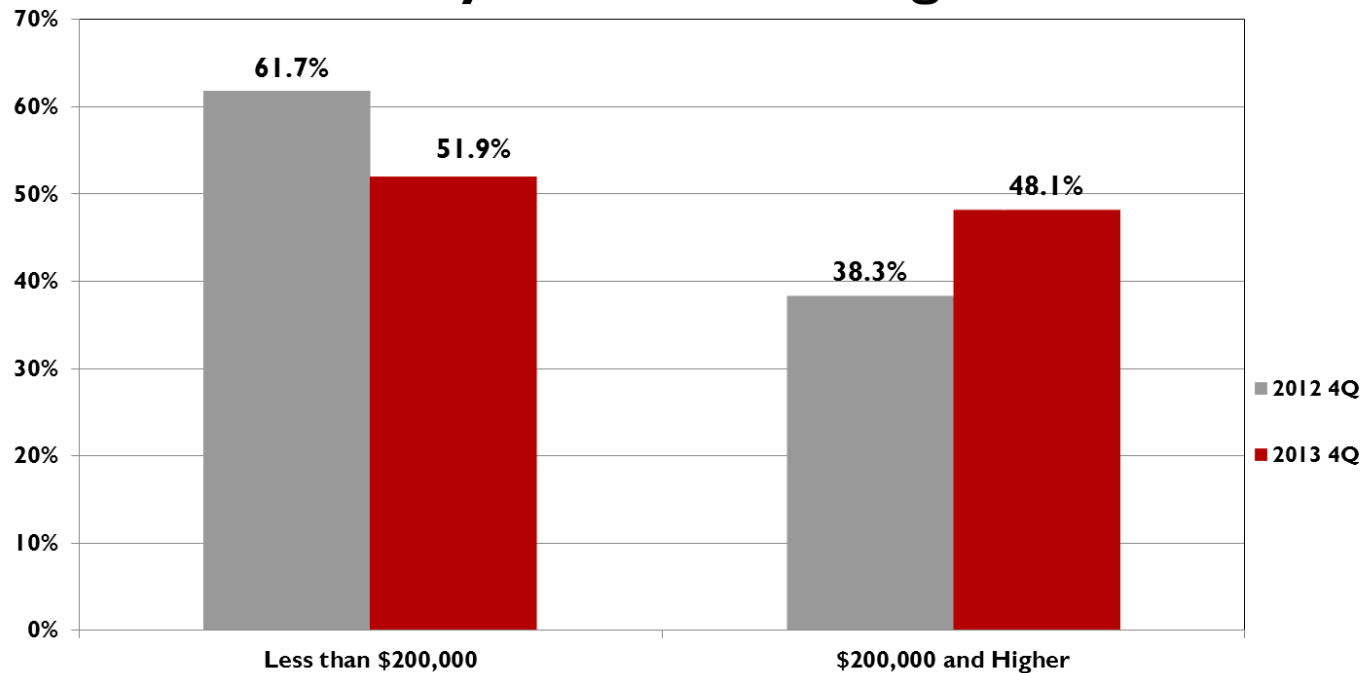
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Median sales prices declined significantly between 1Q 2011 through 1Q 2012 after which the trend reversed into 2013

As the inventory of listings has remained below 6 months, sellers have been able to maintain higher sales prices and more properties are now selling in the higher price ranges

We are now seeing smaller quarterly percentage increases since 1Q 2013 due to comparison with higher prices in the preceding year

Number Sold: % by Sales Price Range



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The median sales price is derived by taking the point at which half of the transactions were at prices above and half below that price

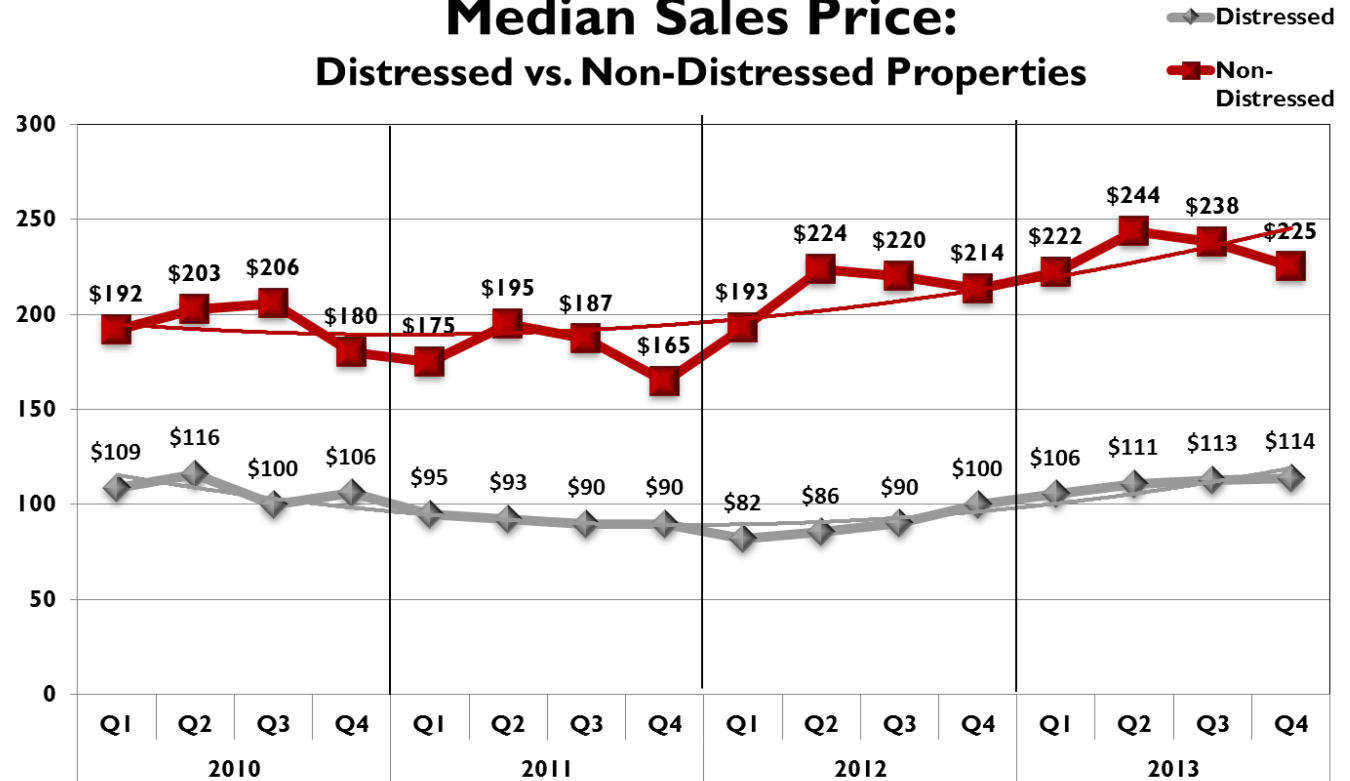
Therefore, when there are more sales taking place at the low price end of the market, the median must fall lower since more sales occur in those lower price ranges

The 51.9% of sales which occurred in 4Q 2013 at prices <\$200K was a -9.8 percentage point drop from the same period last year, causing a higher median sales price

An encouraging sign for sellers in this market is that the median sales price for Non-Distressed properties has increased since 4Q 2011

A new high median sales price for the last 4 years occurred in 2Q 2013, with small, likely seasonal, declines following in 3Q and 4Q

Median Sales Price: Distressed vs. Non-Distressed Properties

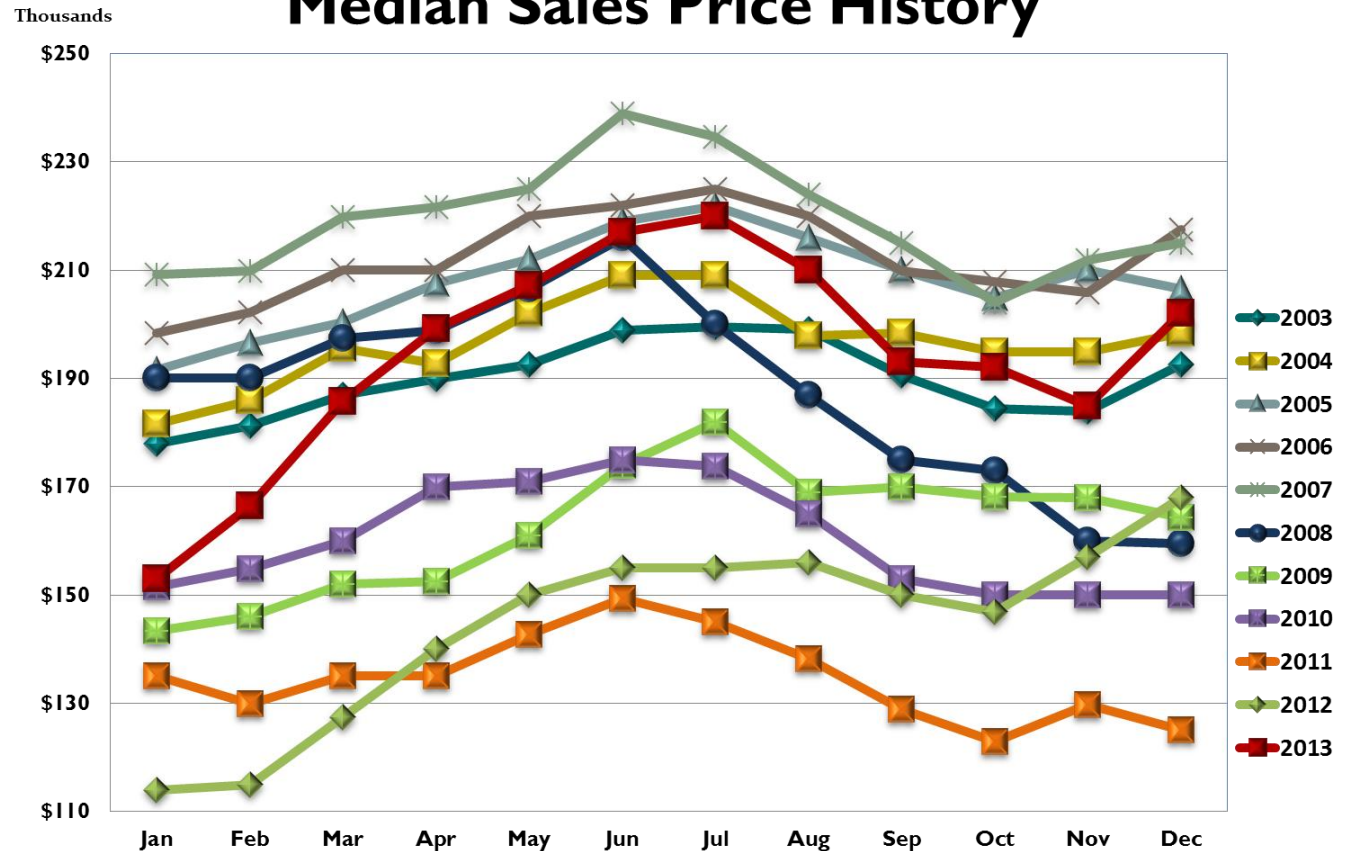


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Median Sales Prices shown monthly, by year, illustrates the degree to which prices are changing now compared to other recent years

The median sales price in December, 2013 was higher than in the same month in any year other than 2004, 2005 and 2006

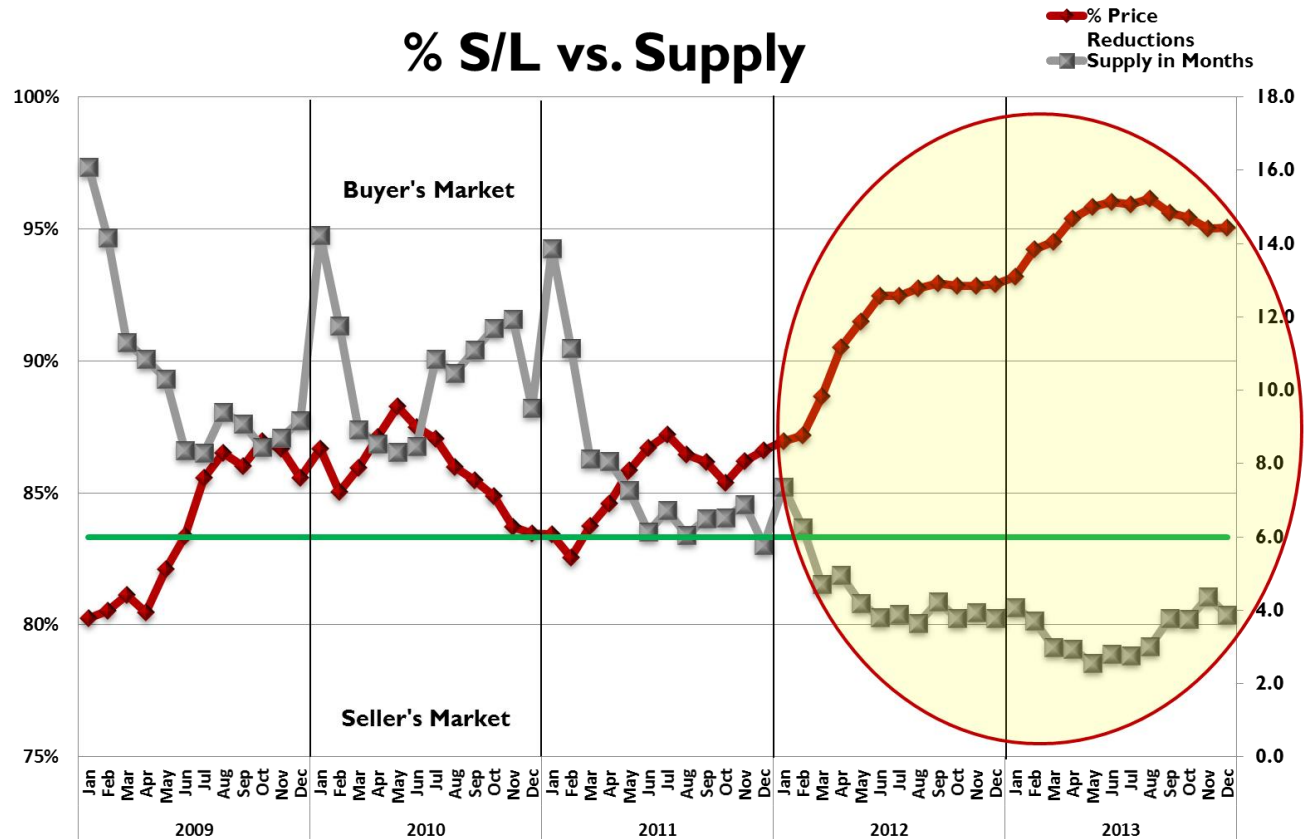
Median Sales Price History



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When supply falls below six months, the psychological advantage favors the seller and a "Seller's Market" results

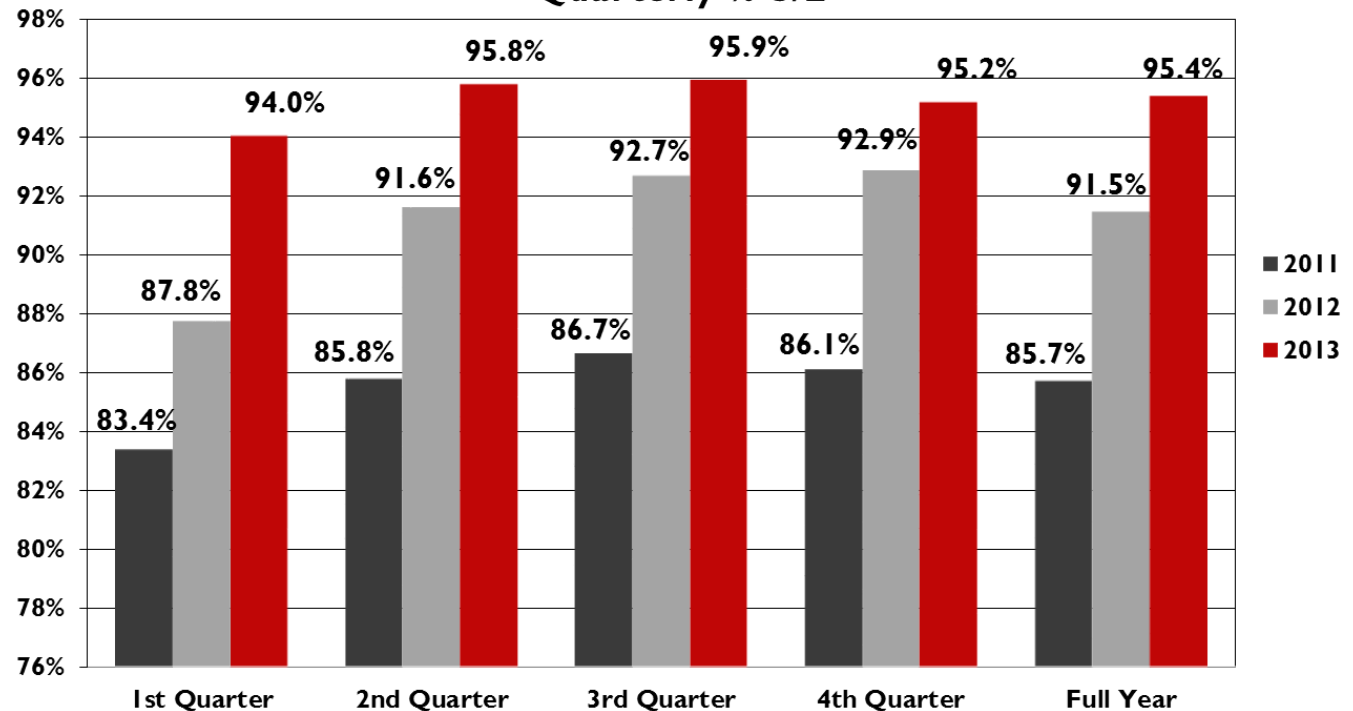
When supply of properties fell below 6 months in 2012, Sellers were able to negotiate selling prices that were closer to the Original Listing Price than were possible in the "Buyer's Market" conditions prior to this year



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Median Sales Price as a Percentage of Original List Price

Quarterly % S/L



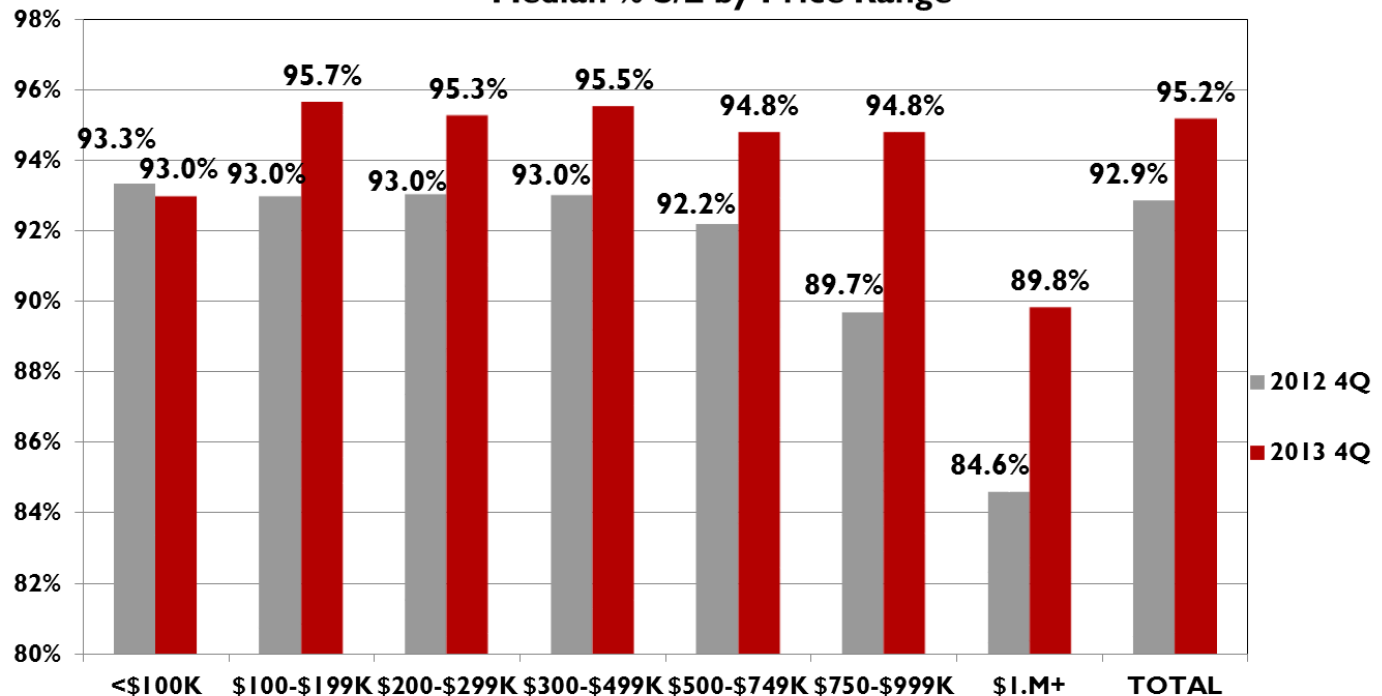
Another seller benefit of declining supply has been increasing S/L ratios during the last 6 quarters rising to a higher rate of 95.2% in 4Q 2013, +2.3 percentage points above that of 4Q 2012

S/L price ratios provide an indication of buyer price resistance and seller willingness to negotiate, with higher ratios showing a stronger seller position

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Sales Price Percent of Original List Price

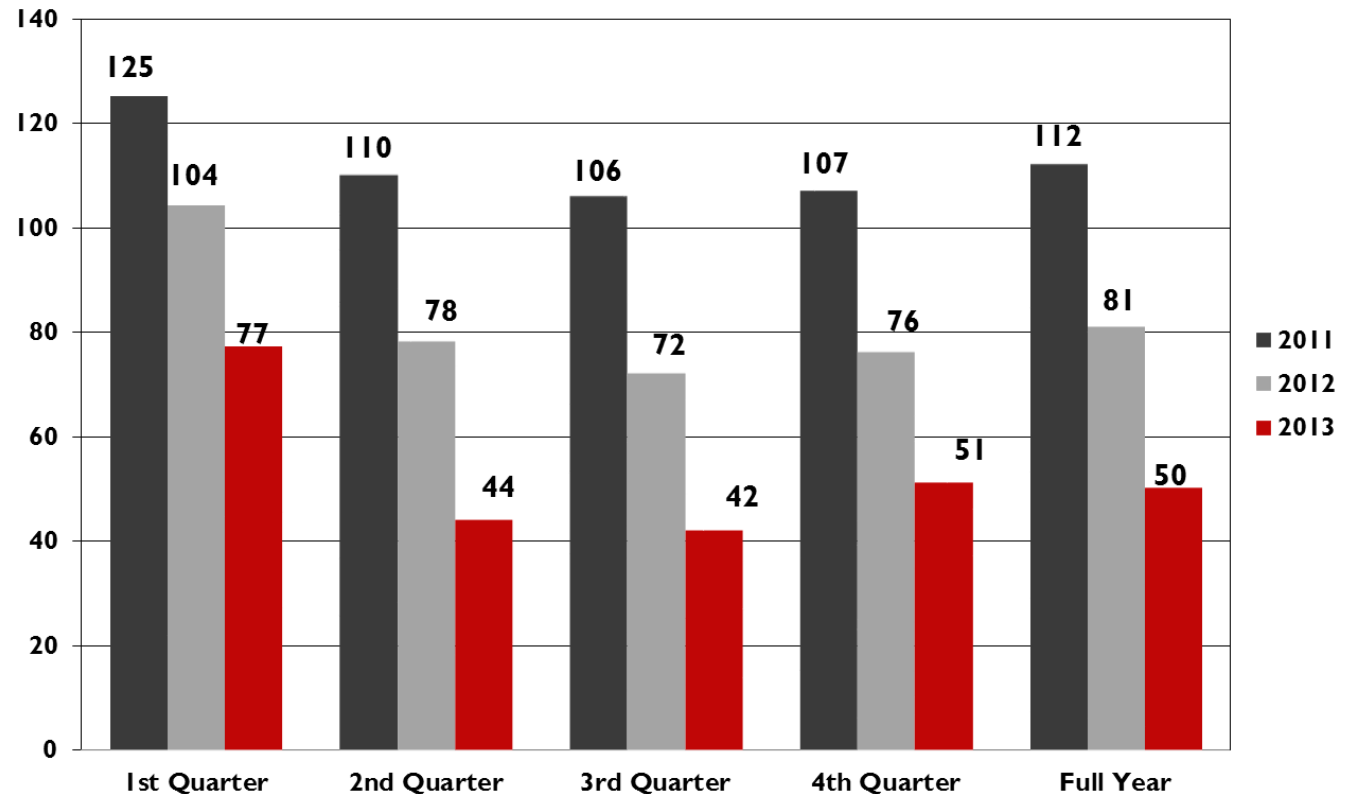
Median % S/L by Price Range



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4Q 2013 S/L percentages by price range show that not only was the overall ratio higher compared to last year, but also all price ranges except the <\$100K range participated in the higher percentages

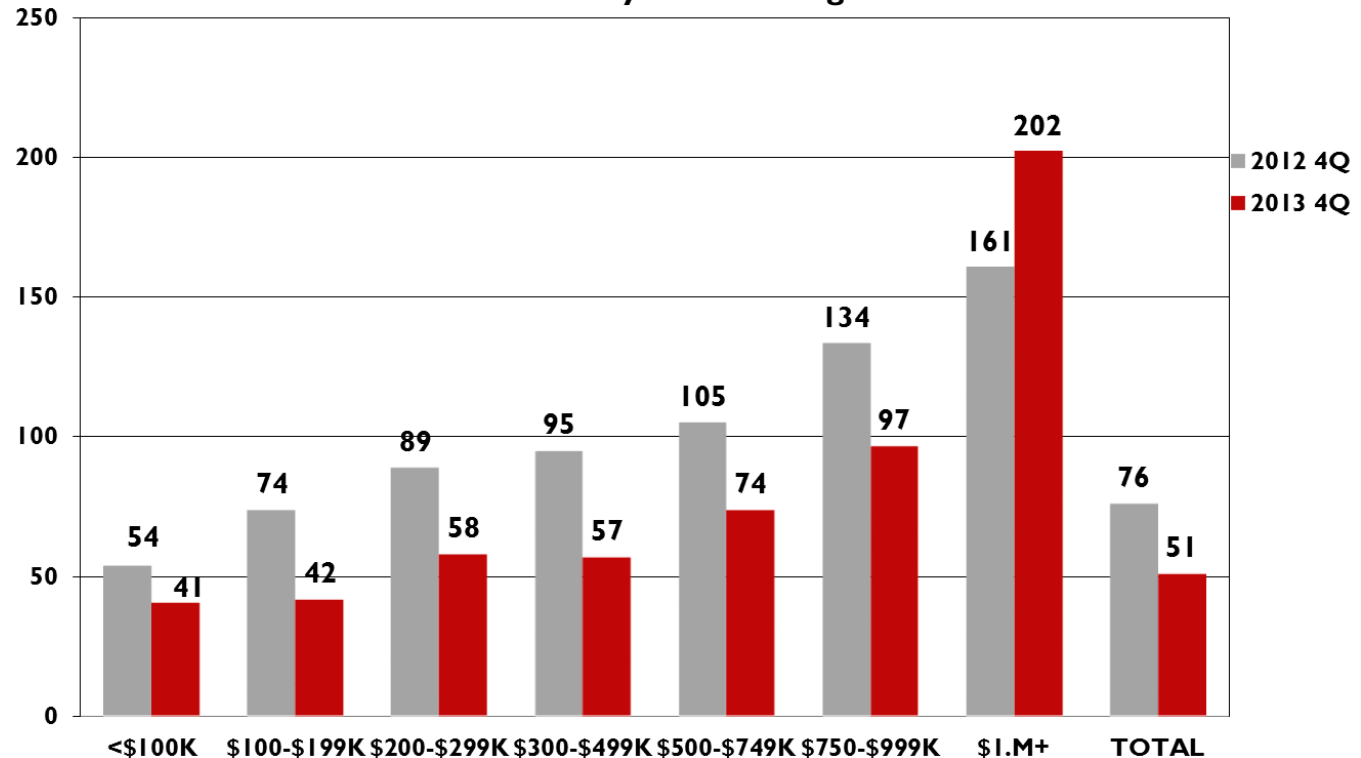
Median Days on Market Quarterly DOM



Continued low supply in 4Q 2013 lowered the median of Days-On-Market (DOM) by -32.9% compared to the same period of the previous year, to 51 days

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Days on Market Median DOM by Price Range



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All but one of these 7 price segments had a median DOM lower in 4Q 2013 than in 4Q 2012

Where decreases occurred, they were substantial in all price ranges

Only the \$1.0M+ price range saw increased median DOM during this period

4Q 2013 Median Days on Market

The 4Q 2013 median of DOM segmented by Sales Price and New vs. Resale, shows a -33% overall decrease in time-on-market, with most segments selling faster compared to 4Q 2012

	<\$100K	\$100- \$199K	\$200- \$299K	\$300- 499K	\$500- \$749K	\$750- \$999K	\$1.0M+	Total
NEW	58 Days -72%	51 Days -48%	69 Days -32%	97 Days +1%	86 Days -16%	103 Days -14%	140 Days -19%	77 Days -24%
RESALE	41 Days -24%	41 Days -42%	56 Days -33%	52 Days -44%	70 Days -33%	97 Days -32%	234 Days +45%	48 Days -34%
TOTAL	41 Days -24%	42 Days -43%	58 Days -35%	57 Days -40%	74 Days -30%	97 Days -28%	202 Days +26%	51 Days -33%

Comparison to 4Q 2013:



Better



Same

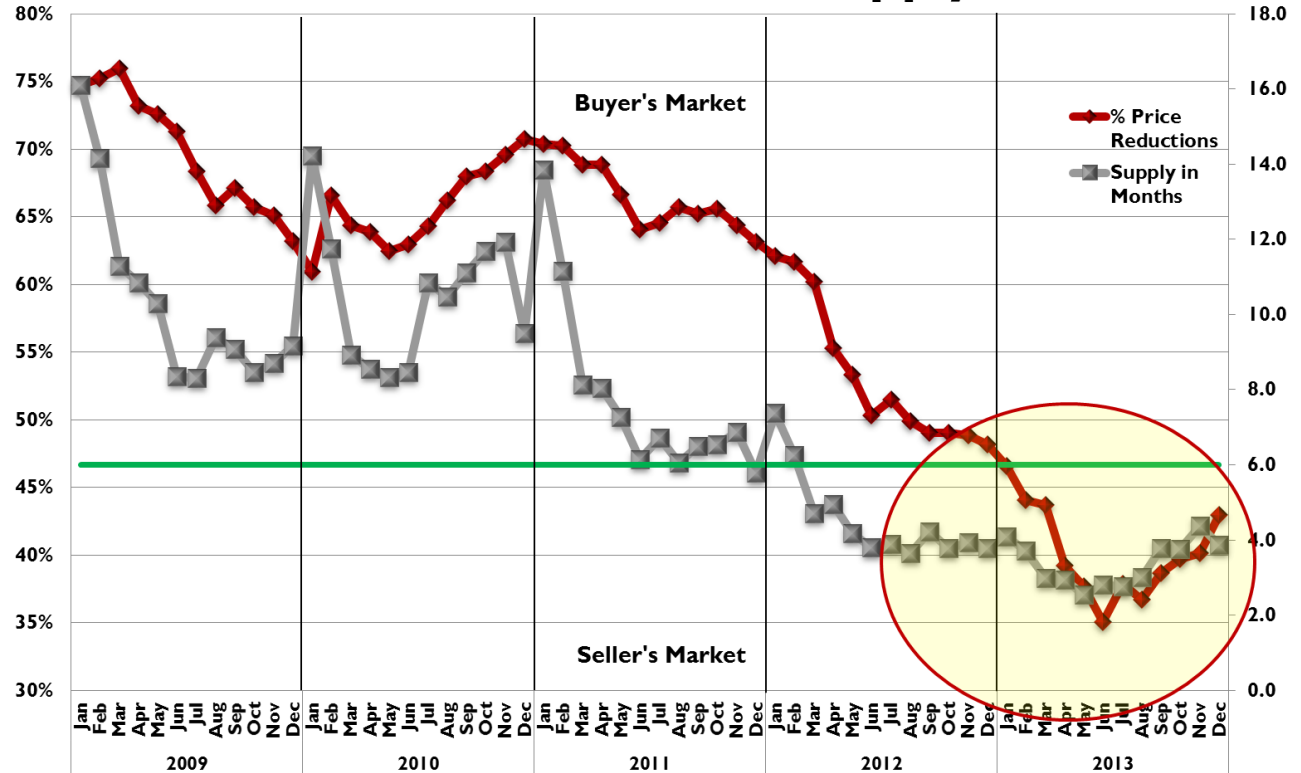


Worse

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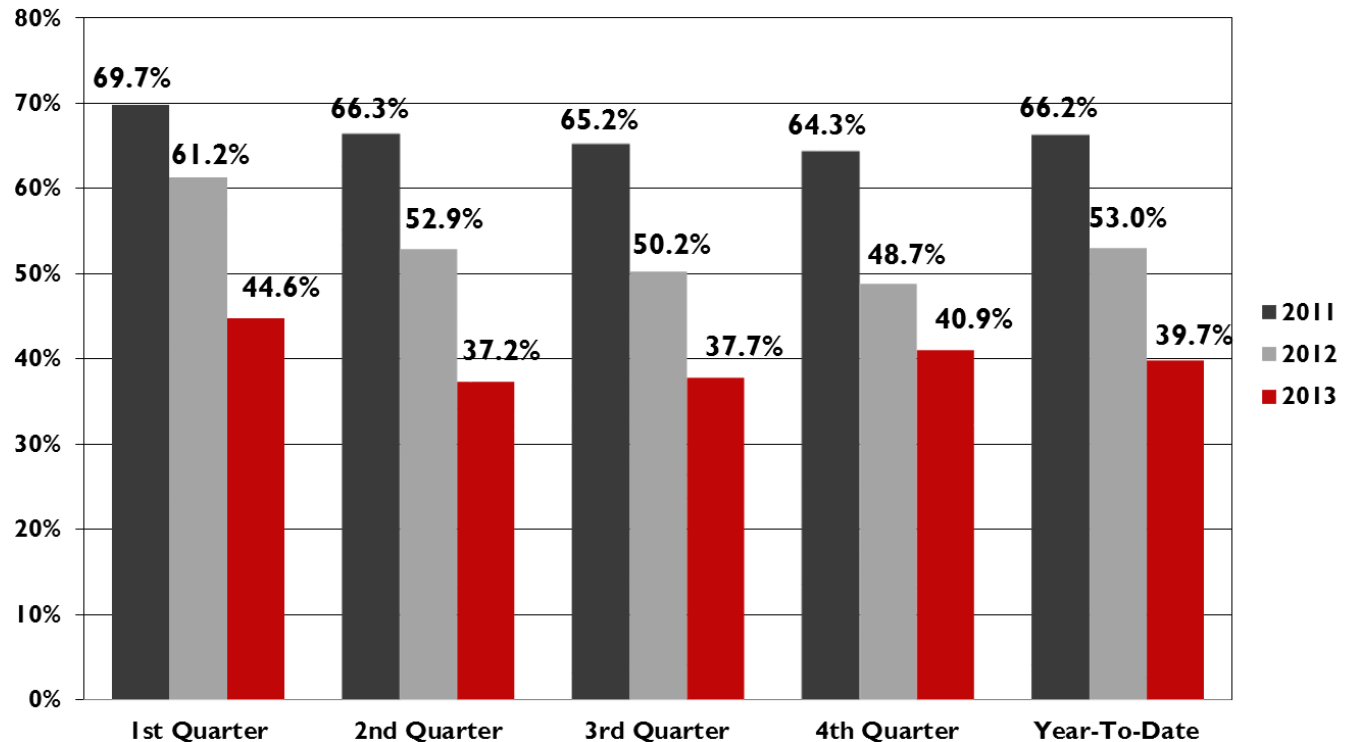
As shown here, when supply finally fell consistently below 6 months during 2012, the incidence of price reductions also fell to 40.9% of 4Q 2013 transactions

% Price Reductions vs. Supply



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Incidence of Price Reductions Percent of Transactions Quarterly



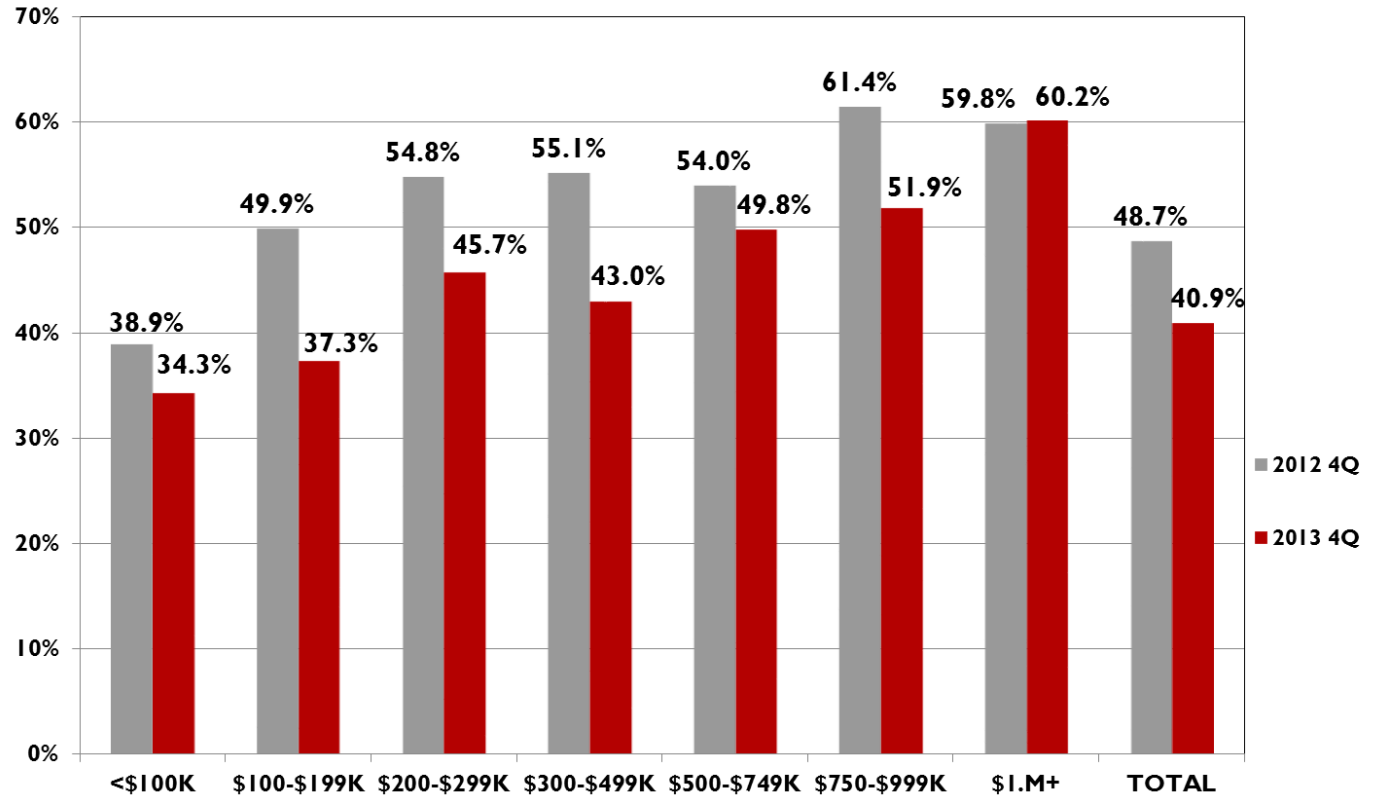
The percentage of sales in which the Seller was required to reduce the listing price in order to attract a Buyer, remained well above 60% through 1Q 2012, reaching a high near 70% of transactions during 1Q 2011

During 2012 the incidence fell in each period extending into 2013 and reaching a low of 37.2% of closings in 2Q 2013

The incidence has remained lower at 40.9% of 4Q 2013 transactions, down by -7.8 percentage points from 4Q 2012

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Incidence of Price Reductions by Price Range

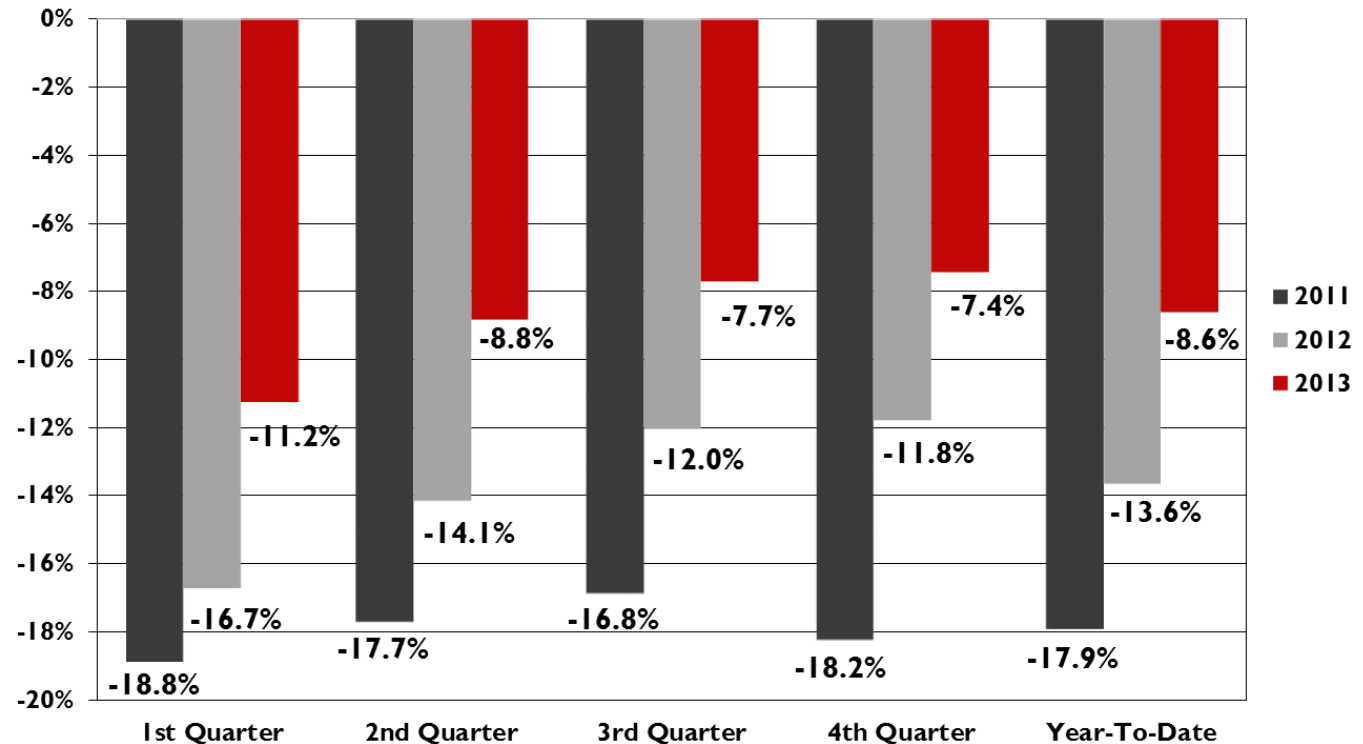


Nearly all price ranges had fewer price reductions during 4Q 2013 compared to 4Q 2012

% Price Reduction Taken Quarterly Median

The median of price reduction percentages taken by sellers in order to sell during 4Q 2013 was -7.4% off the Original Listing Price (OLP), which was -4.4 percentage points less than taken in 4Q 2012

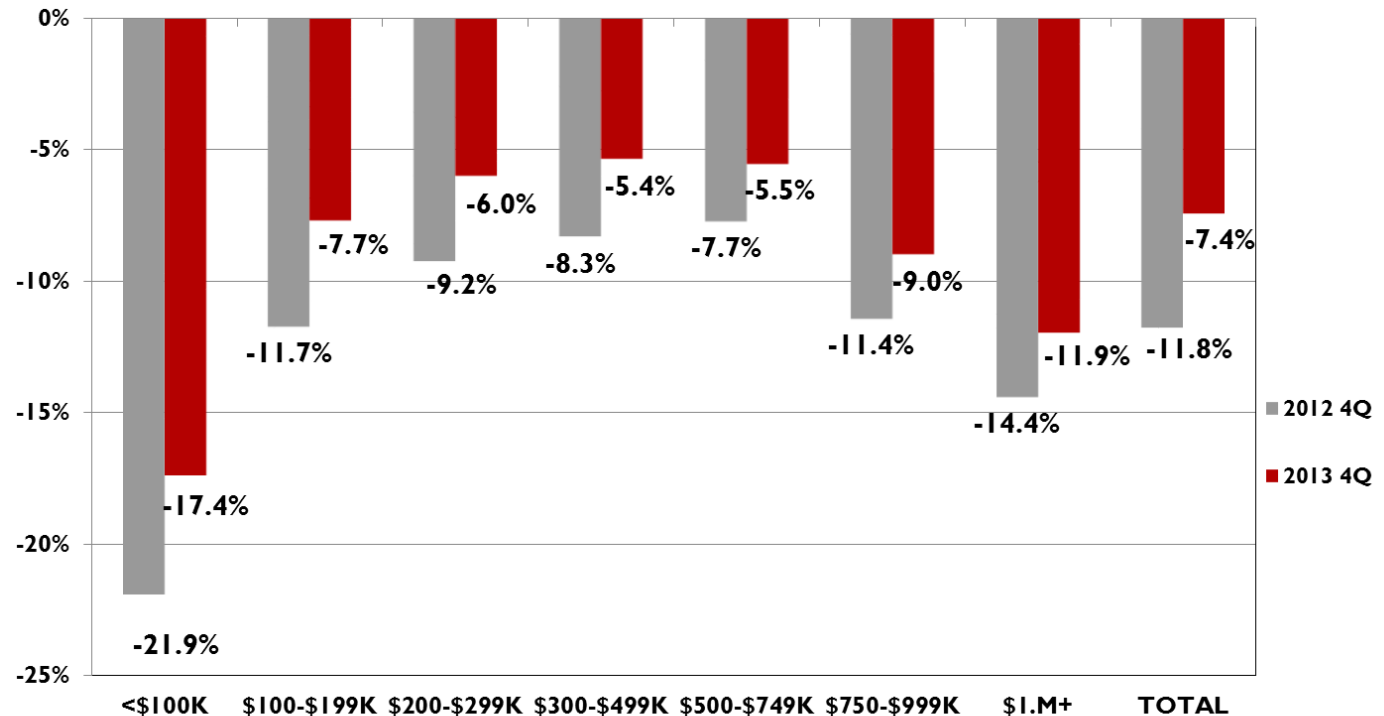
The percentage reduction needed from OLP has been declining in each quarterly period since 1Q 2012, likely due to increased competition among buyers as we moved to a Seller's Market



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Price Reduction % Taken

Median % Price Reduction



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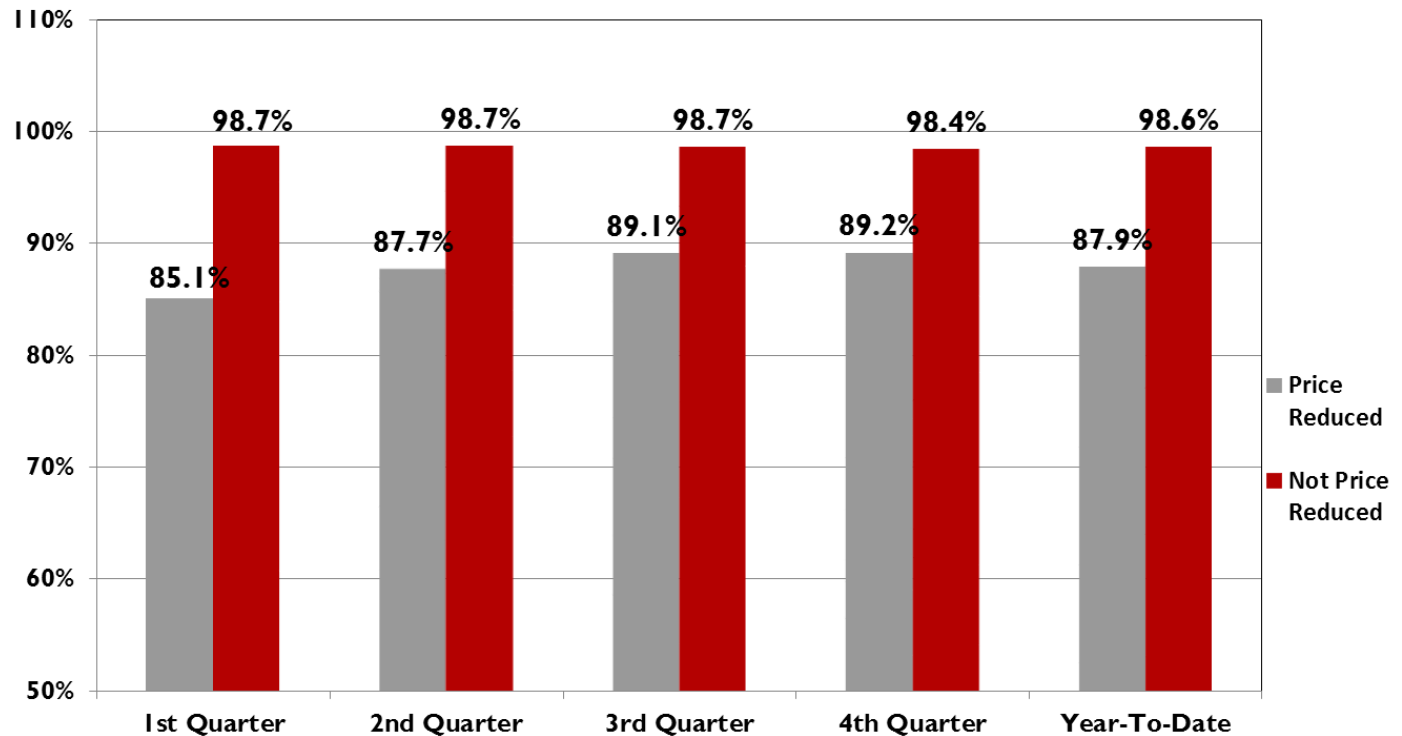
The degree to which prices had to be reduced in order to sell vary by different price ranges

Price reductions taken by sellers to reach current market prices were lower in all price ranges during 4Q 2013 compared to the same period in 2012

2013 Price Reduction Effect: Sales Price Percentage of Original List Price Quarterly Median % S/L

Price reductions severely reduce the portion of the Original Listing Price that a Seller realizes in a sale

The 4Q 2013 percentage point difference of -9.2 would amount to a reduction of -\$18,500 from the original list price at the \$192,000 median sales price, compared to a Seller without a price reduction

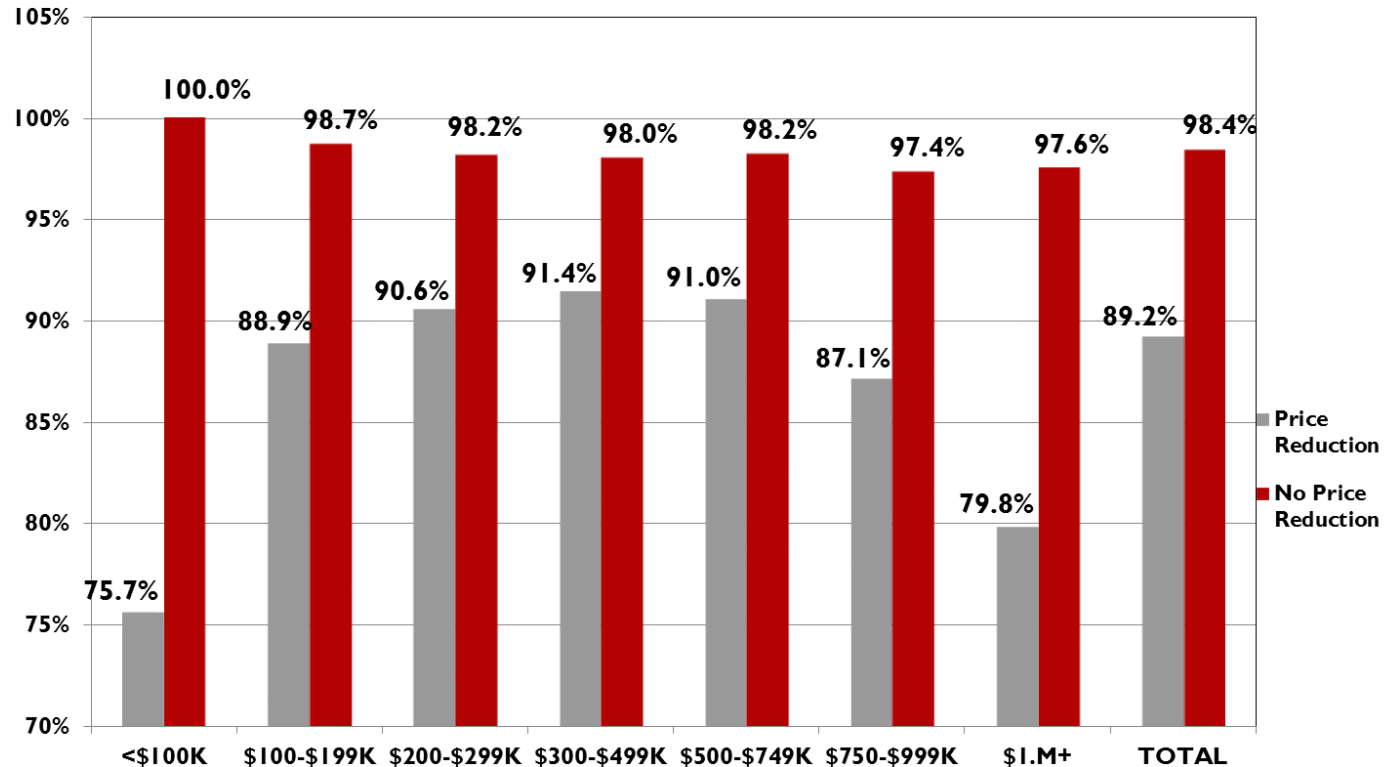


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4Q 2013 Price Reduction Effect: Sales Price Percentage of Original List Price Median % S/L by Price Range

When a price reduction was required, substantially lower S/L ratios occurred in all price ranges in 4Q 2013, but there were large differences in degree among the various price ranges

For example, the ratio for a price-reduced property dropped a whopping -24.3 percentage points, below that of a non-price reduced property, in the <\$100K range, where in the \$300K-\$499K range the difference was -6.6 percentage points

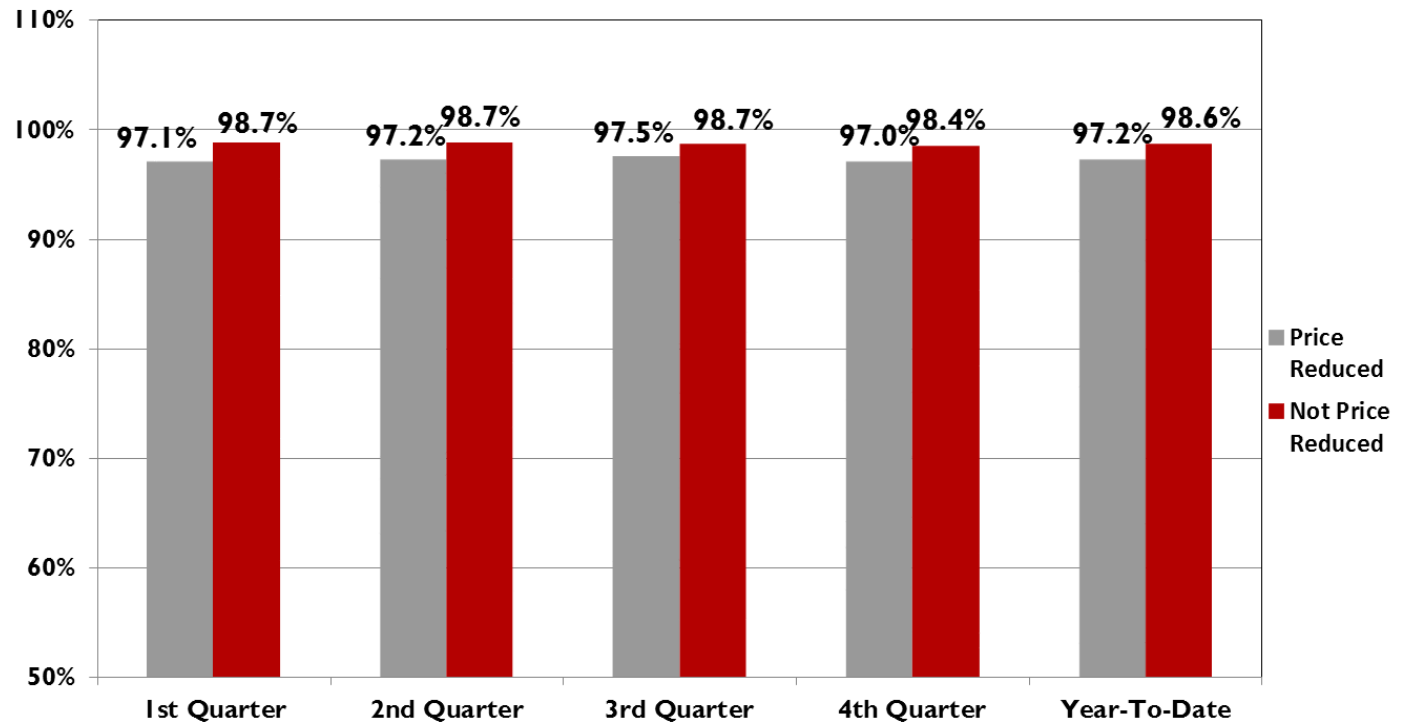


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2013 Price Reduction Effect: Sales Price Percentage of New List Price Quarterly Median % S/L

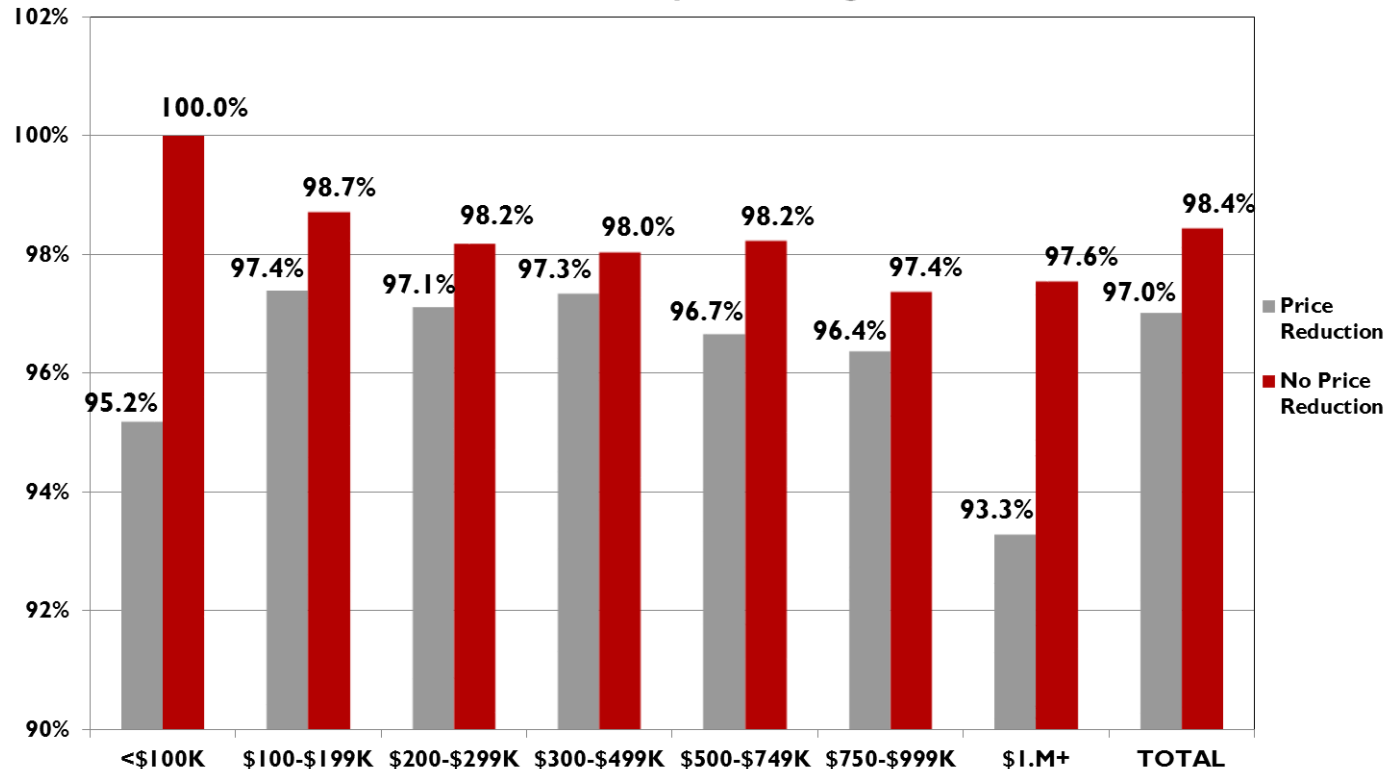
Even after taking a price reduction, Sellers realized a lesser portion of their **new** list price than those Sellers who were not required to reduce their price

Had these price-reduced properties been correctly priced originally, they could likely have sold in much less time at a higher price



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4Q 2013 Price Reduction Effect: Sales Price Percentage of NEW List Price Median % S/L by Price Range

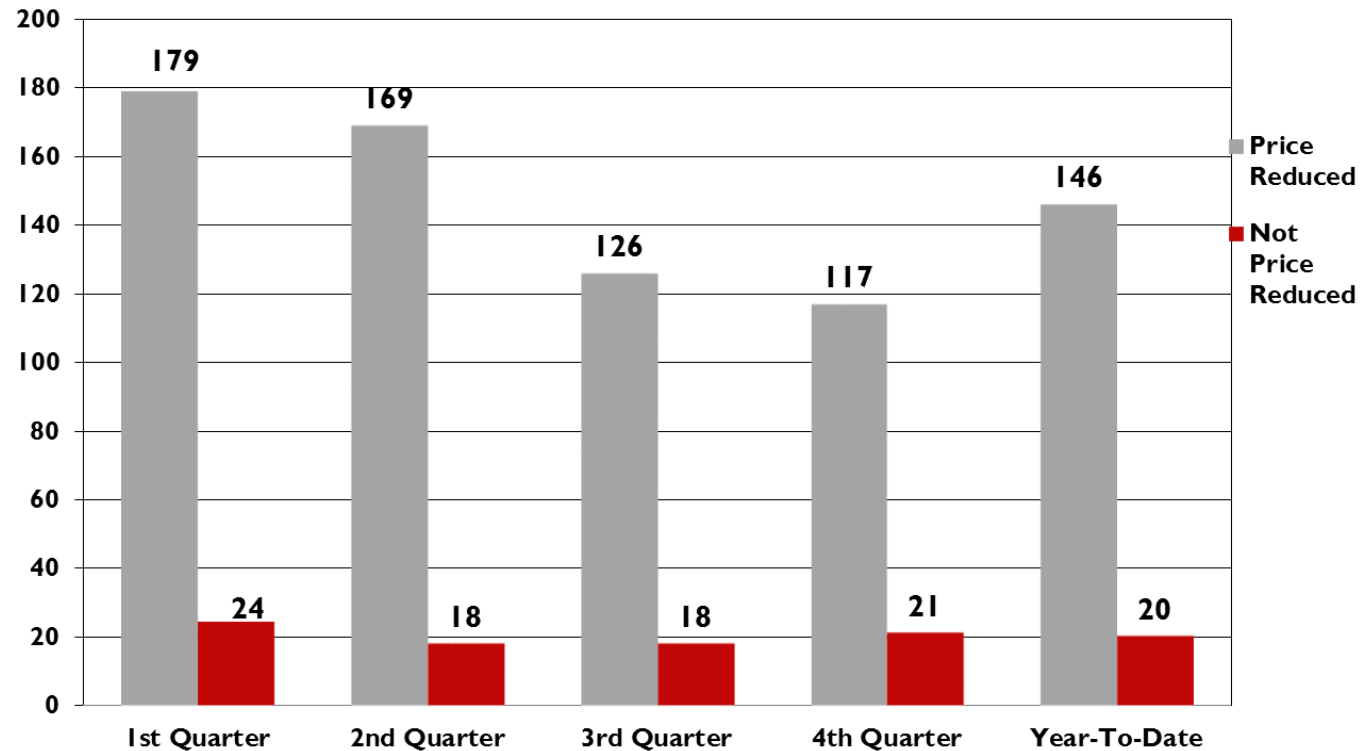


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Even after taking a price reduction, Sellers usually realized an equal, or lesser, portion of their **new, reduced** list price than those Sellers not required to reduce their price

Pricing correctly with the current market results in a better net selling price, in less time on market

2013 Price Reduction Effect: Median Days on Market Quarterly Median DOM



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When a price reduction is required, more marketing time is needed to attract a buyer

A Seller required to take a price reduction in 4Q 2013 needed a median of 117 days to sell, compared to only 21 days for a Seller who priced correctly with the market – a difference of +3.2 months, or +5.6 times, longer to sell

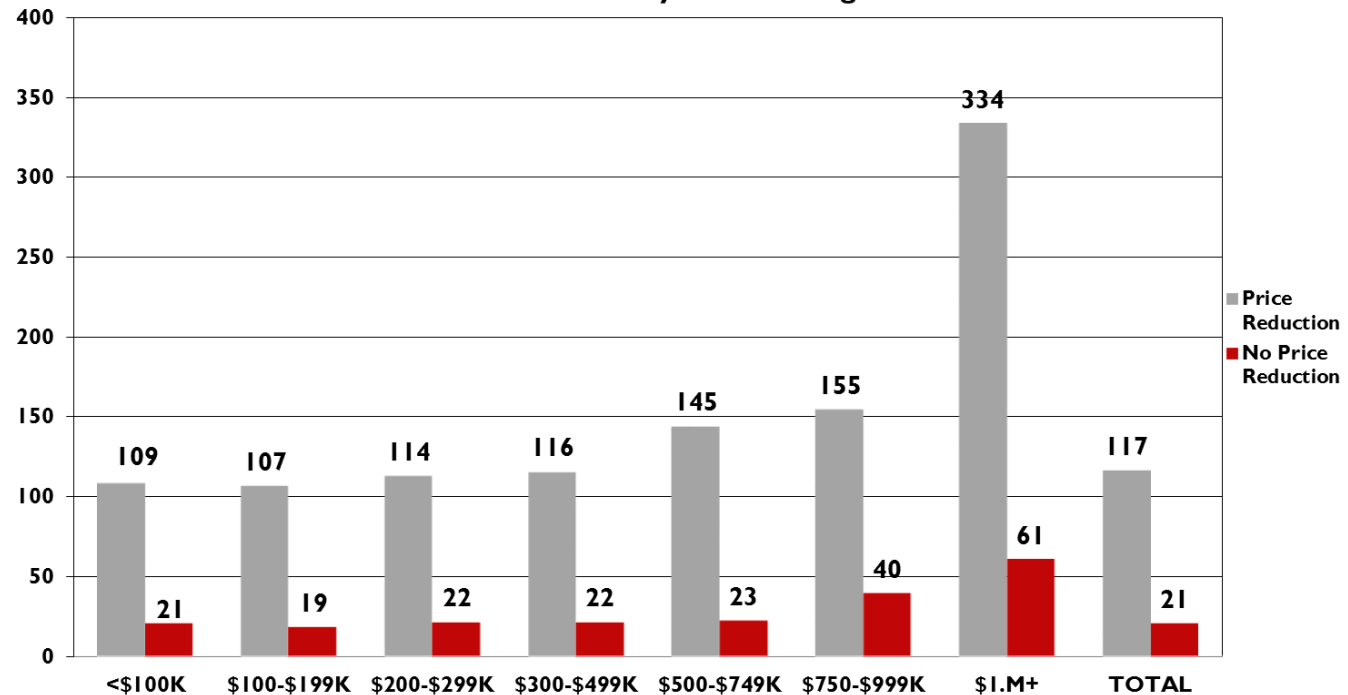
The results are higher carrying costs, greater inconvenience due to keeping the house in showing condition and delays in finding and moving to a new home

4Q 2013 Price Reduction Effect: Days on Market Median DOM by Price Range

Higher-priced properties normally take longer to sell, but when a price reduction was necessary in 4Q 2013, the differences were much greater in all price ranges

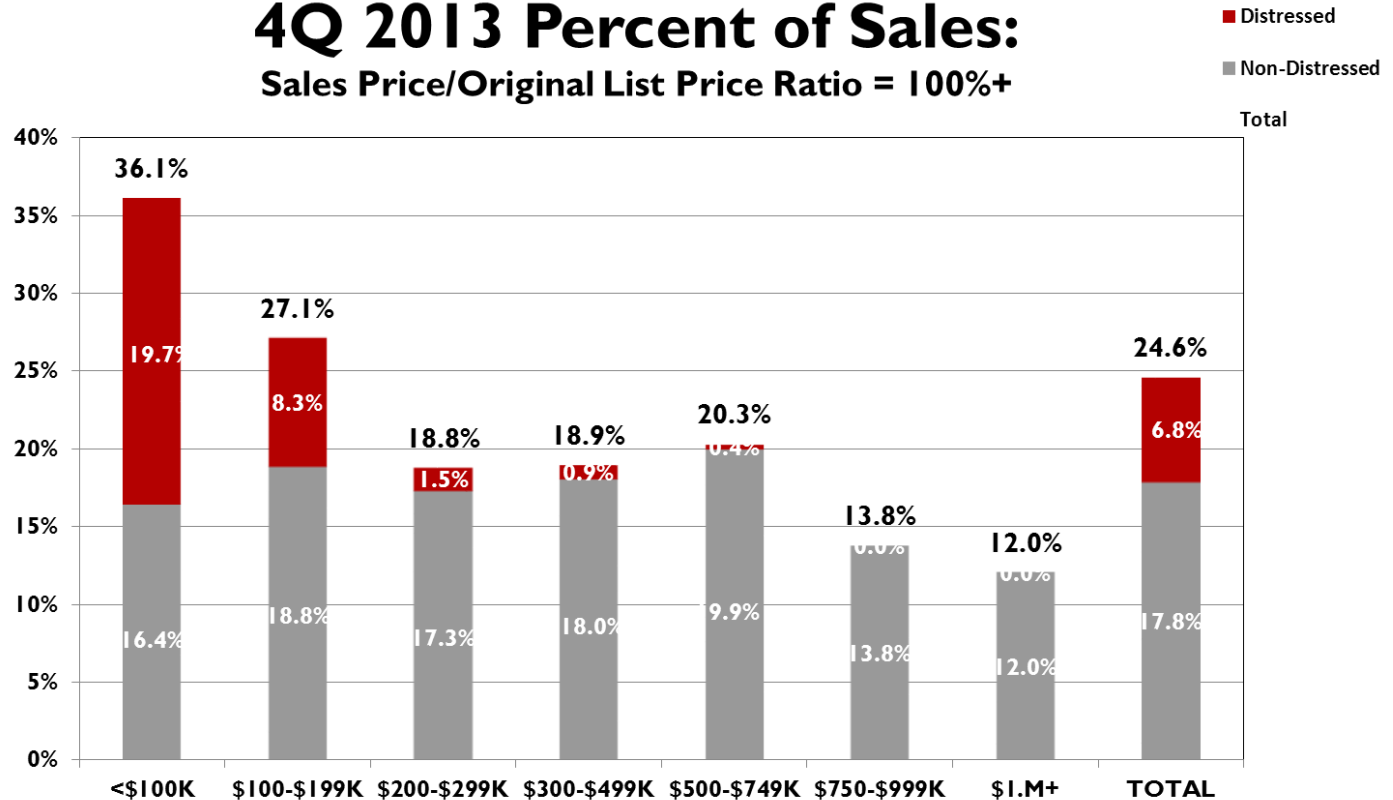
Sellers across these price ranges needed +5.6 times longer to sell when a price reduction was required

Conversely, Sellers pricing their property correctly for the current market, were able to sell in a very short time period – a median of 21 days across all price ranges



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4Q 2013 Percent of Sales: Sales Price/Original List Price Ratio = 100%+



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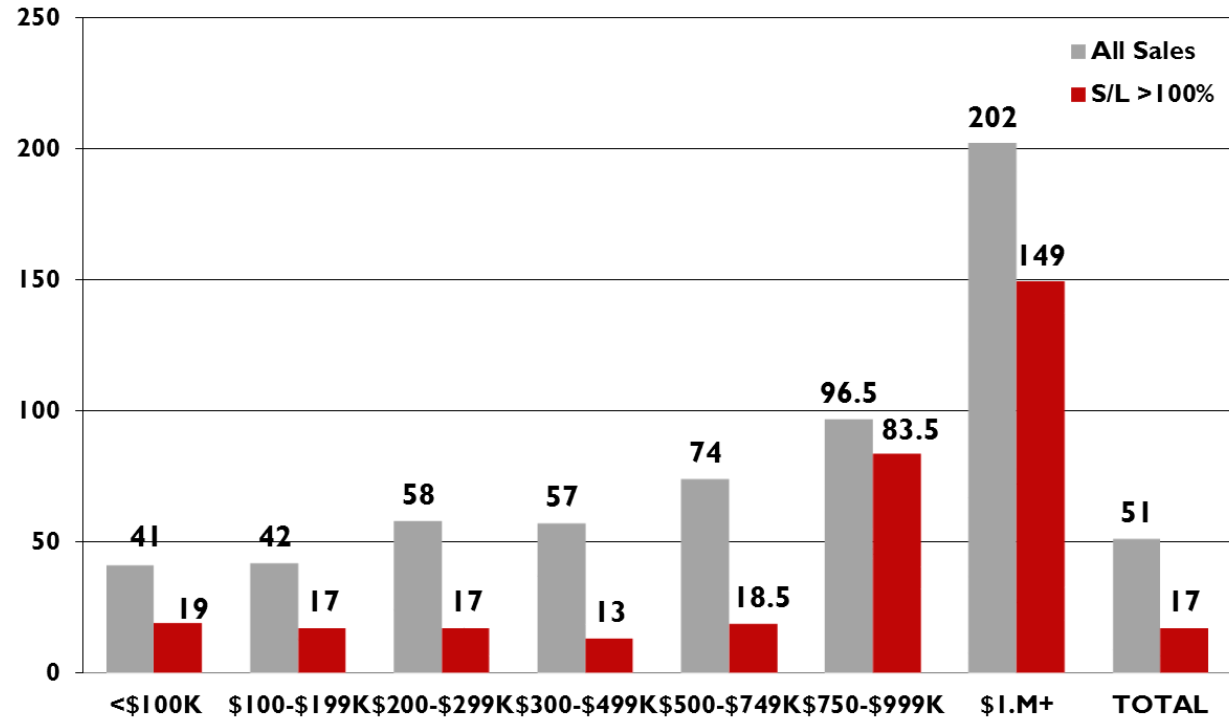
Correctly pricing with the current market can result in multiple offers and sales prices at or above the Original Listing Price

In 4Q 2013, more than 1 out of every 4 (24.6%) sales transactions resulted in selling prices that were equal to or higher than the original listing price

2,280 properties sold at 100%, or more, of their Original Listing price during 4Q 2013

4Q 2013 Median DOM: Sales Price/Original List Price Ratio = 100%+

Sellers pricing correctly for the market not only receive a high portion of their Original Listing Price, they also sell at greatly reduced time on market resulting in substantial savings through lower carrying costs

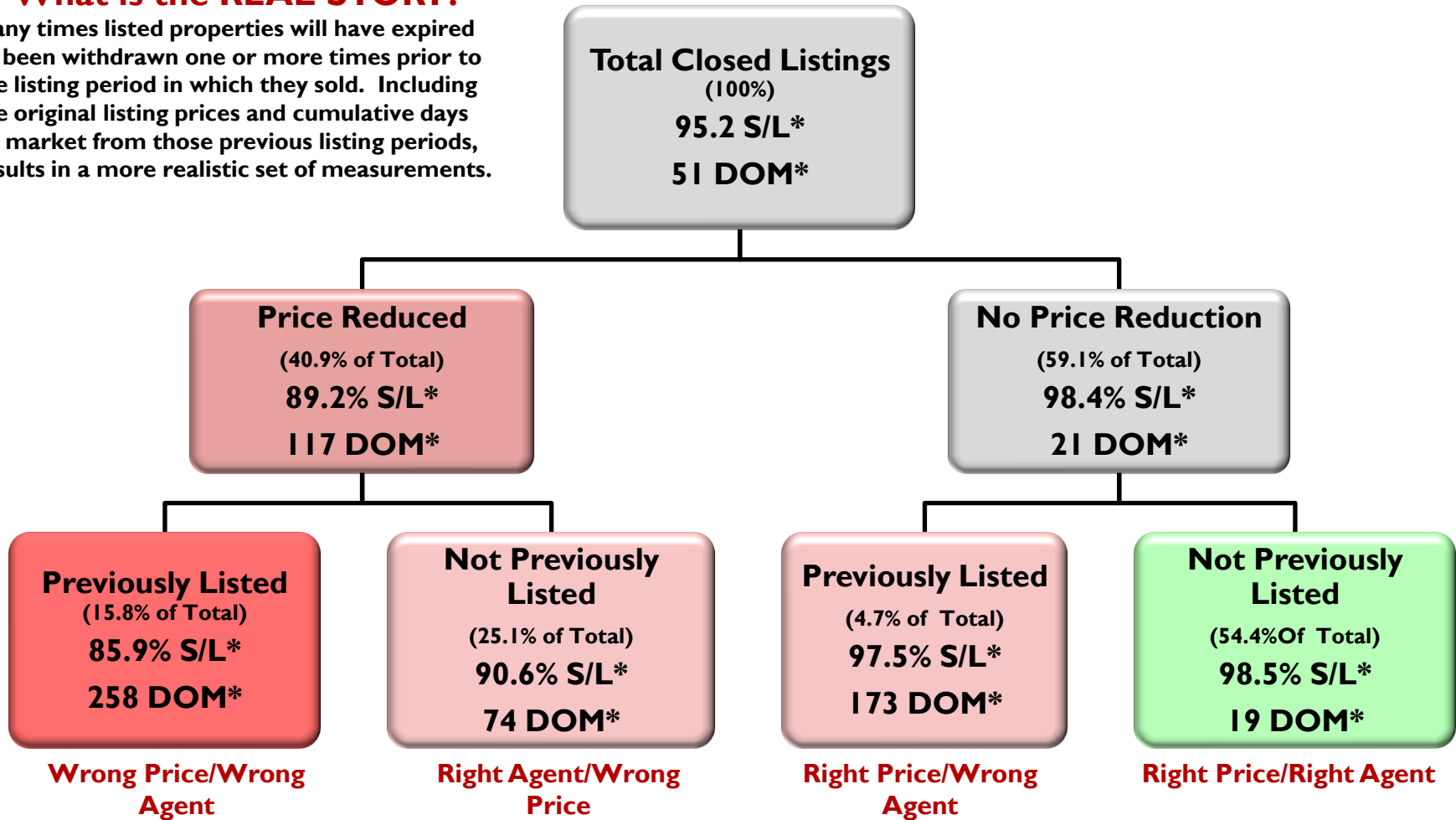


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What is the REAL STORY?

Many times listed properties will have expired or been withdrawn one or more times prior to the listing period in which they sold. Including the original listing prices and cumulative days on market from those previous listing periods, results in a more realistic set of measurements.

The Real Story



* Medians: Half are above and half are below

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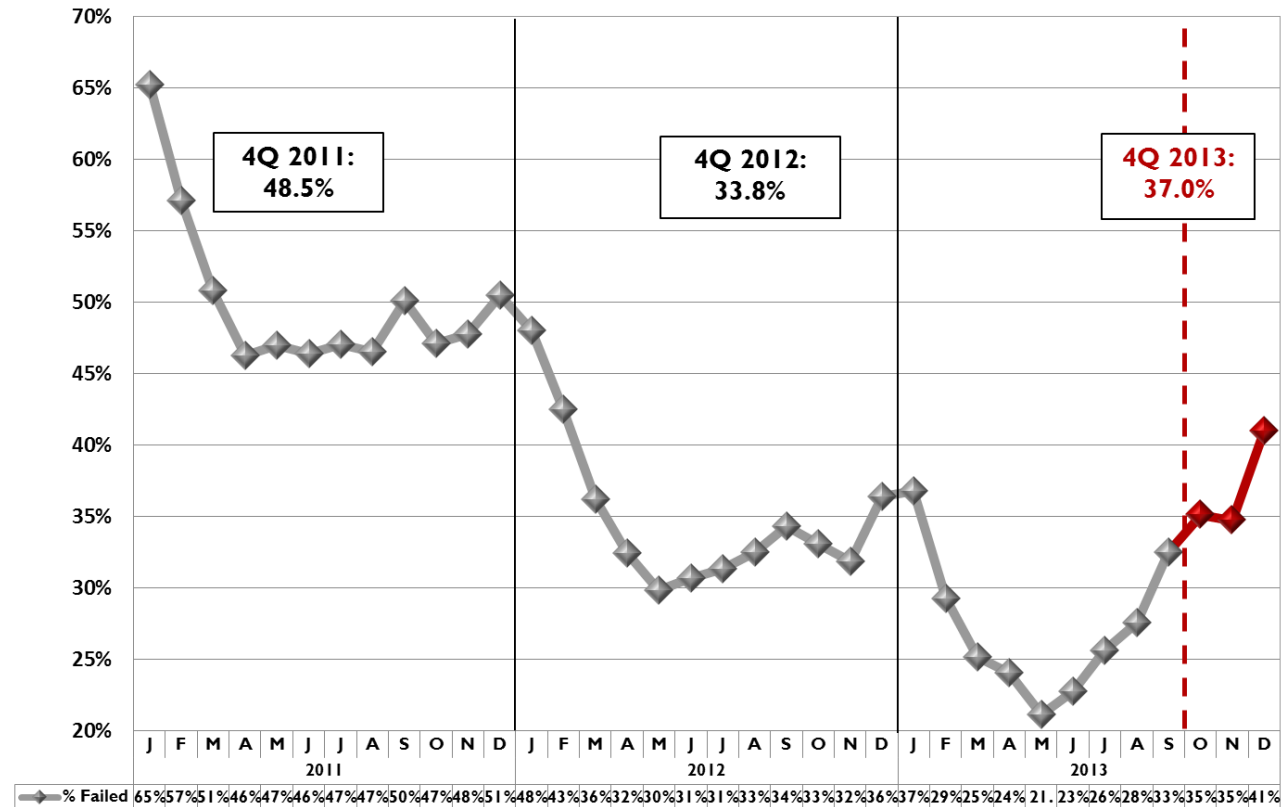
Failed Listings Percent of Finalized Listings

Failed listings (Expired+Withdrawn) are shown here as a percentage of total "finalized" (Expired+Withdrawn+Closed) listings

The failure rate of listings reached a recent peak in January, 2011 at 65% of finalized listings, offering firm evidence of the strong Buyer price resistance that was present in the market, since listings usually fail to sell due to overpricing

After reaching a low point of 21.1% in May, 2013, failed listings rose to 41% in December, possibly due to sellers trying to push for higher prices than the market will currently bear

4Q 2013 failed listings were 37.0% of finalized listings, up by +3.2 percentage points from the same period last year



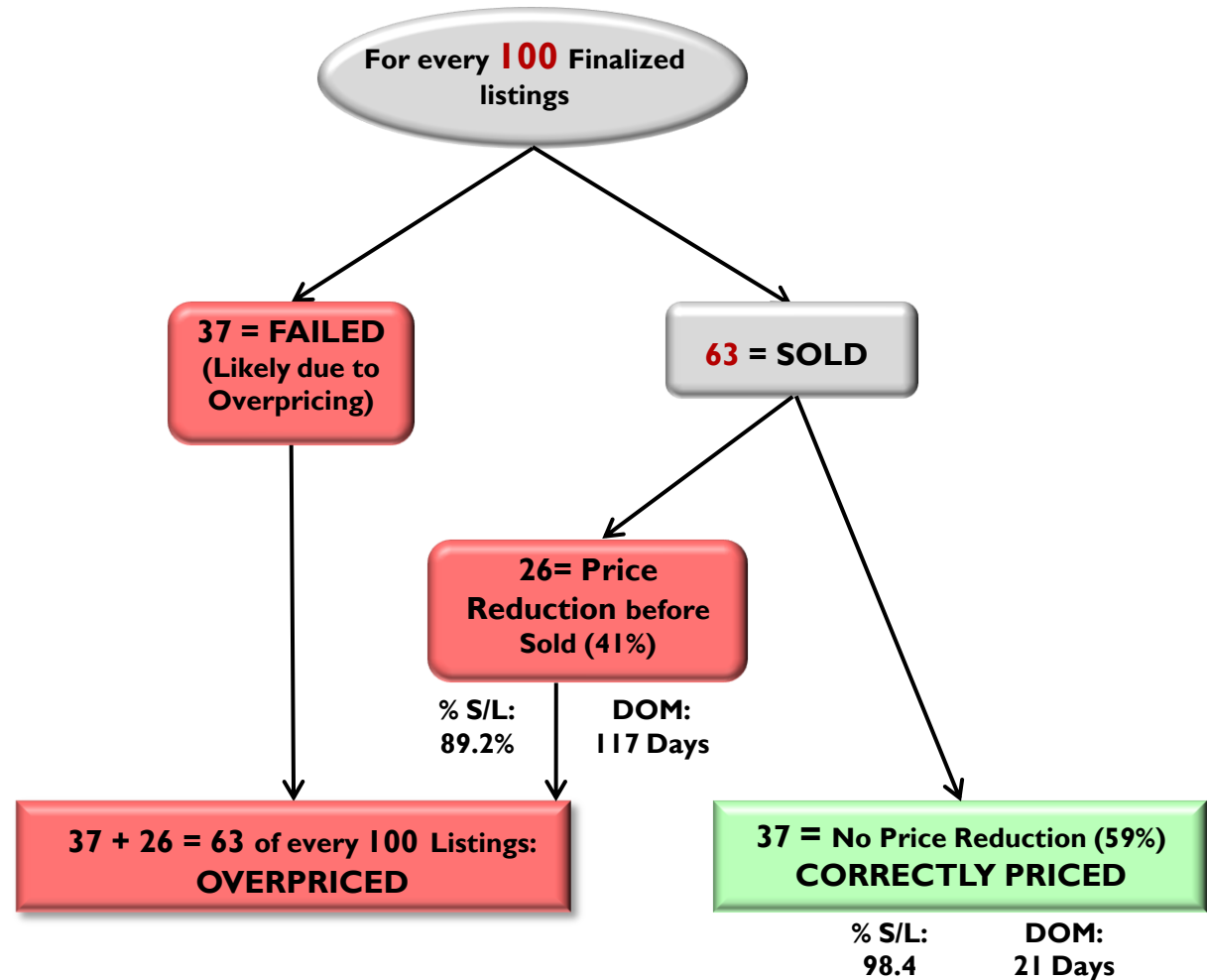
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Putting It All Together

We have seen that out of every 100 finalized listings in 4Q 2013, 37 failed to sell and 63 sold

Of the 63 listings which sold, 26 (41%) required a price reduction when including original listing prices for previous listing periods, in order to sell

Therefore, if 37 failed to sell due to overpricing and another 26 required a price reduction in order to sell, 63 out of every 100 finalized listings were at least initially overpriced in 4Q 2013, resulting in either no sale, or a sale at a much-reduced price after a much-longer listing period



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December, 2013 Months' Supply of Listings (Using 3-mos moving average of sales)

The number of months of supply vary widely among market segments defined by price range and New vs. Resale properties

Overall the supply was +17% higher in December, 2013 than in the same month in 2012 resulting from a larger inventory of properties in price ranges below \$200K

Inventory in the <\$200K range is extremely low causing percentage change comparisons to last year to look unusually large

	<\$100K	\$100- \$199K	\$200K- \$299K	\$300K- 499K	\$500K- \$749K	\$750K- \$999K	\$1.0M+	Total
NEW	0.0 Months -100%	3.0 Months +10%	4.7 Months +14%	5.6 Months +5%	5.8 Months -31%	6.7 Months -52%	11.5 Months -35%	4.9 Months +6%
RESALE	2.6 Months +73%	2.7 Months +11%	4.0 Months -4%	4.2 Months -7%	6.4 Months -15%	8.5 Months 0%	14.9 Months +8%	3.6 Months +18%
TOTAL	2.6 Months +72%	2.7 Months +11%	4.1 Months -1%	4.4 Months -5%	6.3 Months -18%	8.1 Months -12%	14.2 Months +1%	3.7 Months +17%

Comparison to December, 2012:



Better



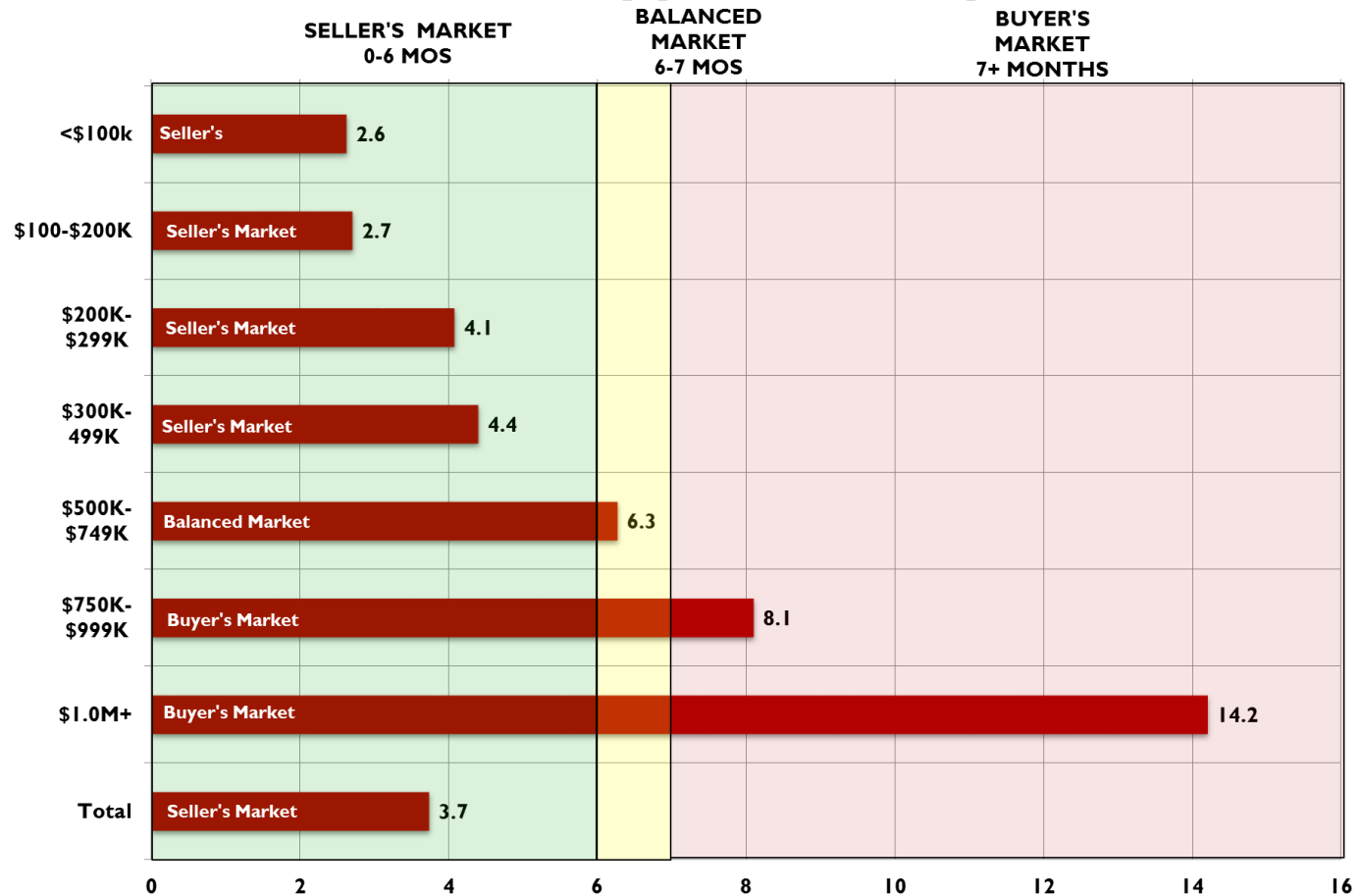
Same



Worse

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Months of Supply: All Properties



Viewing overall supply against the industry benchmark of 6-7 months for a “balanced” market shows that current levels in the \$500-\$749 price ranges is now in a “Balanced Market” condition, leaving properties priced above \$750K in a Buyer’s Market condition, while those in the <\$500K ranges remain in a Seller’s Market condition

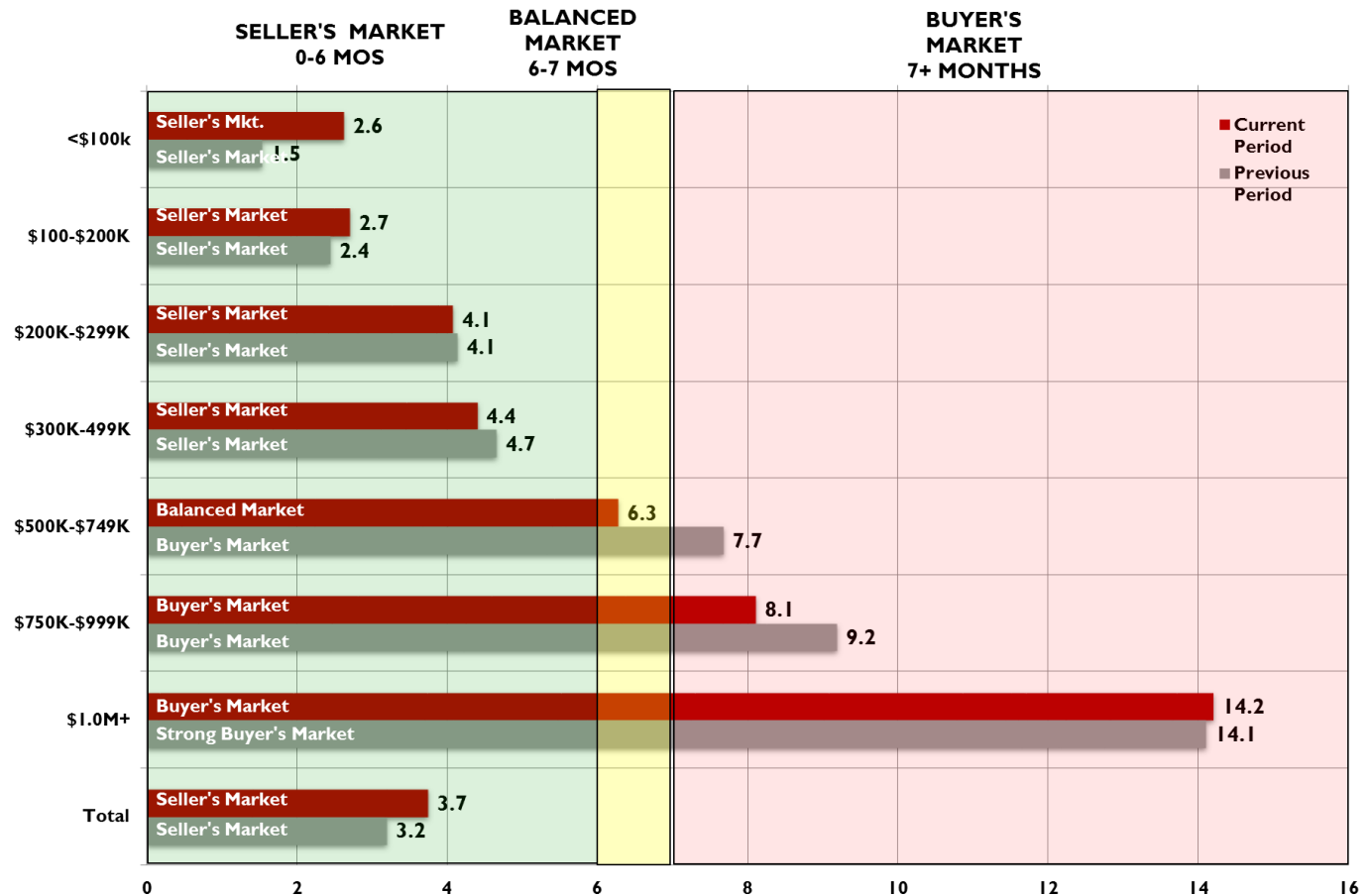
Very low supply in the high volume price ranges below \$200K resulted in a very low overall supply of 3.7 months in December, 2013

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Supply: Comparison to Last Year

A comparison of supply by price range between December, 2013 and December, 2012 shows the extent to which the Supply/Demand environment has changed

Reductions occurred in 3 price ranges above \$300K, while the <\$200K and the \$1.0M+ ranges increased, raising the overall supply by 17% to 3.7 months, well within a Seller's Market condition

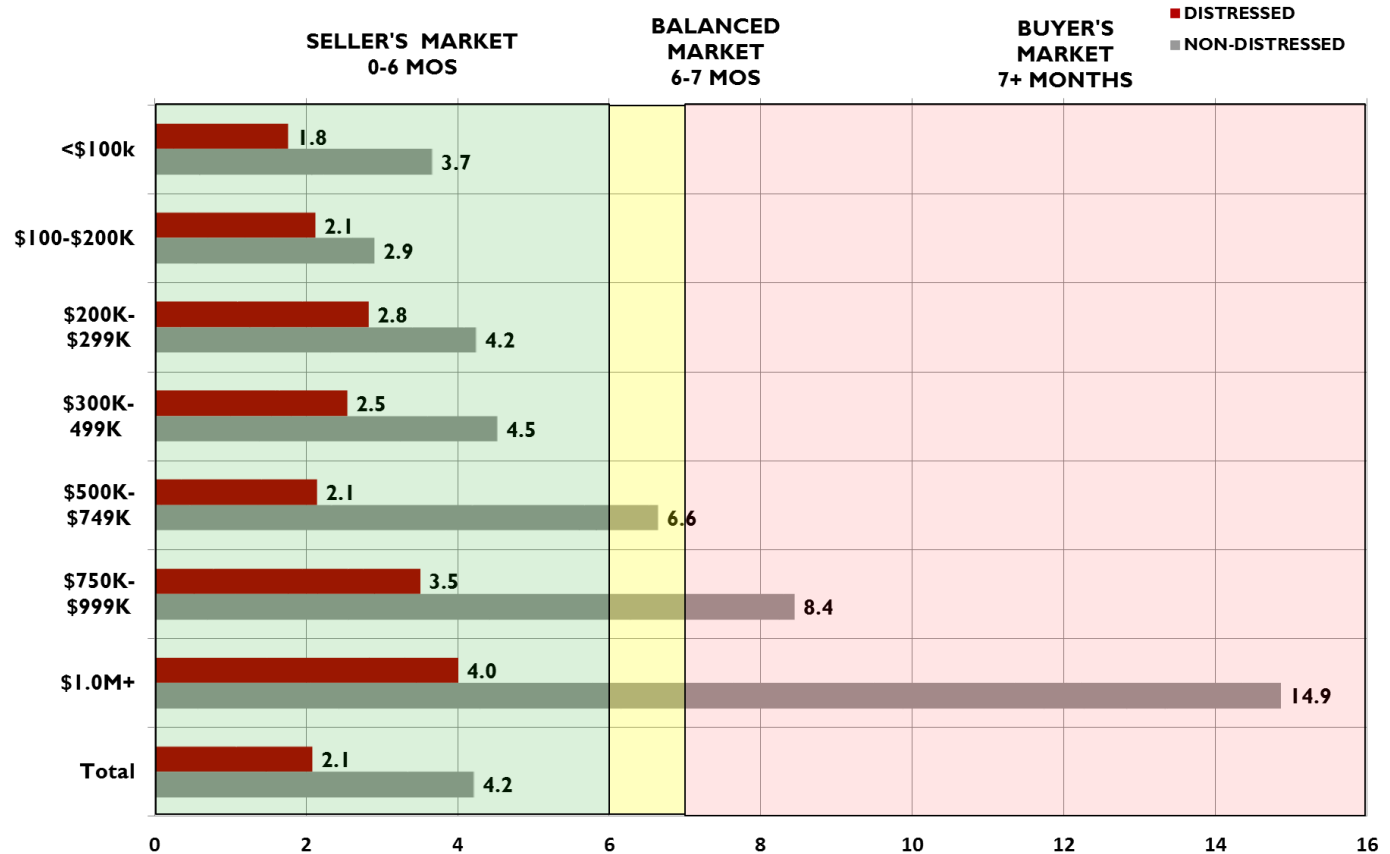


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Months of Supply: Distressed Vs. Non-Distressed Properties

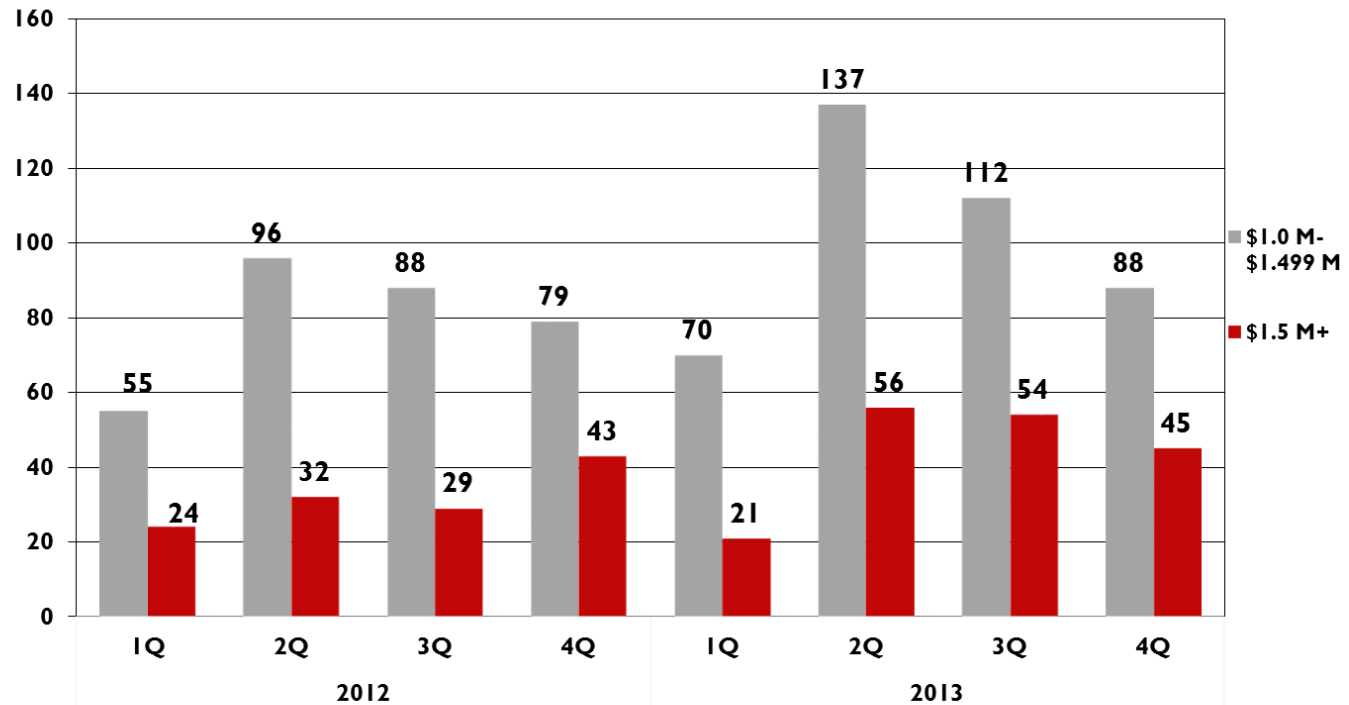
Although the overall supply of properties in December, 2013 was at 3.7 months, when Distressed properties are separated out, the picture changes somewhat for non-distressed properties, rising to a 4.2 month level overall, higher, but still well within the “Seller’s Market” condition

On the other hand, distressed properties are in a Seller’s market condition at all price ranges, with overall supply at 2.1 months and at less than 6 months in all price ranges, while Non-Distressed properties remain either in a “Balanced” or a “Buyer’s Market” condition in price ranges above \$500K



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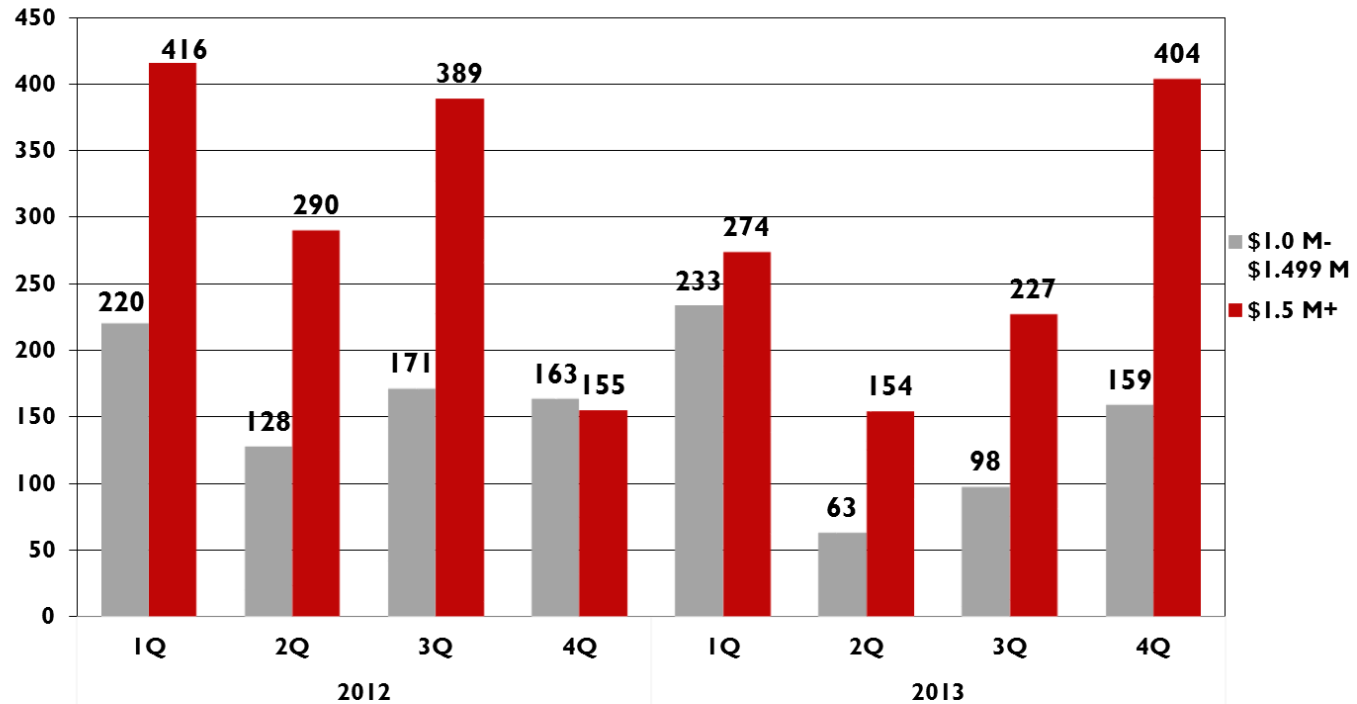
Luxury Home Purchases: Quarterly Sales



4Q 2013 sales of luxury homes priced above \$1.0M were +9.0% higher than that of 4Q 2012 with a combined 133 sales

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Luxury Home Purchases: Days on Market (DOM)



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4Q 2013 Median DOM for sales in the \$1.0M-\$1.49M price range was -2.5% lower than the number in 4Q 2012, while the median for the \$1.5M+ range was 2.6 times higher than in 4Q last year

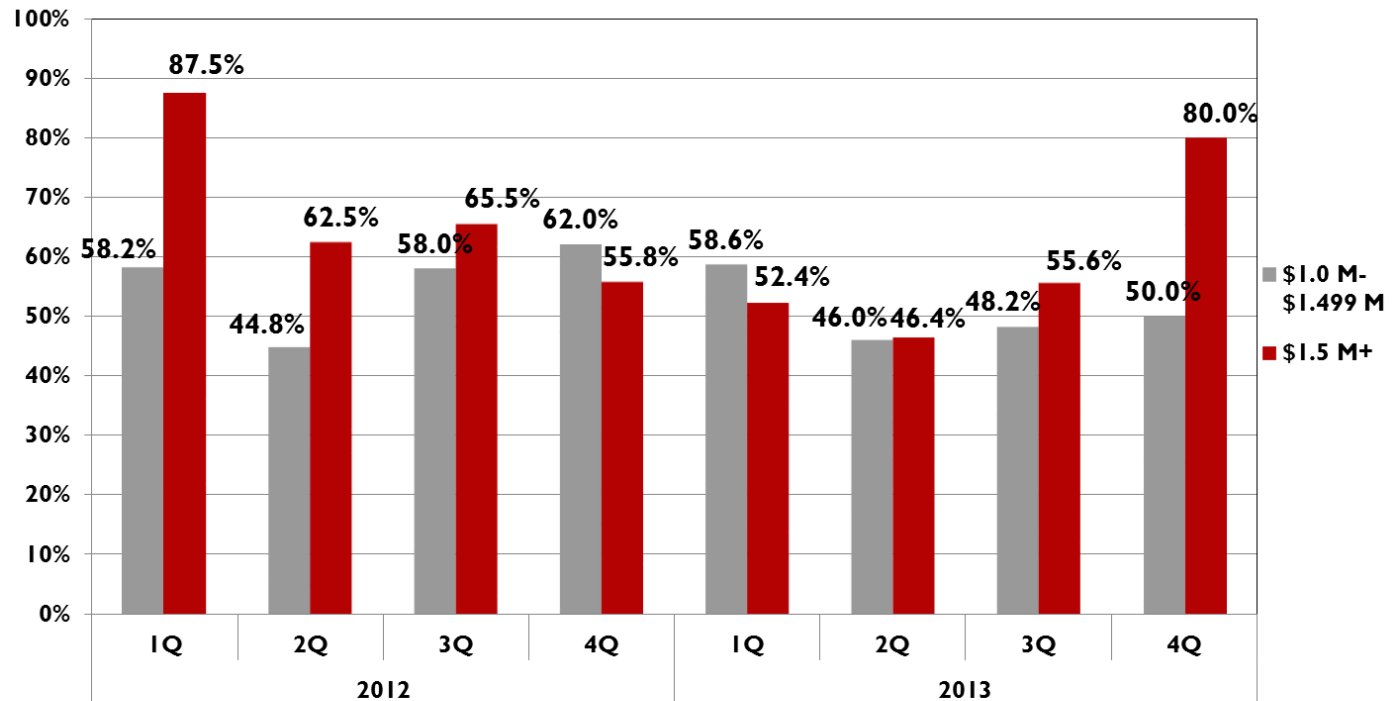
The small number of sales in these price ranges makes percentage changes more volatile

Price reductions also tend to be more common as property prices increase

In 4Q 2013, the incidence of price reductions was -12.0 points lower in the \$1.0-\$1.49M range, while the \$1.5M+ range rose by +24.2 percentage points from the level in 4Q 2012

The percentage of price reductions for sales across all price ranges in 4Q 2013 was 40.9%

Luxury Home Purchases: Incidence of Price Reductions



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Summary

Full Year 2013 Sales: **Flat (-1.3%)** compared to 2012

Monthly sales lower in 8 of 12 months this year compared to the same period last year

Distressed sales were lower at 21.6% of 4Q 2013 sales , but were 52.2% of sales in the <\$100K price range

Sales Prices: Median higher by **+22.3%** in 4Q 2013 compared to 4Q 2012, at \$192K

Percent S/L price: Median **95.2%, +2.3 percentage points higher** compared to 4Q 2012

Days on Market: **51 Days, down by -32.9%** in 4Q 2013 compared to 4Q 2012

Price Reductions: Much Lower – at **40.9%** of 4Q 2013 transactions, -7.8 percentage points lower than in 4Q 2012

A large drop in % S/L ratio occurred when a price reduction was taken (-9.2 percentage points in 4Q 2013)

<\$100K price range impact of price reductions on S/L ratio was greater (-24.3 percentage points) than for other price ranges

DOM effect – +3.2 months longer (+5.6 times) needed to sell after a price reduction in 4Q 2013

Failed Listings: **37.0%** of listings in 4Q 2013, up by -3.2 percentage points from 4Q 2012

Overpriced Listings: **63%** of listings **overpriced** in 4Q 2013

Supply: **Increased by +17%** to **3.7 months** of supply in December, 2013, compared to December, 2012

Non-distressed Properties priced below \$500K are in a “Seller’s Market” condition

Distressed properties across all price ranges are below 6.0 months of inventory

The Case for Getting it Right The First Time

Seller Desired List Price

(Click and Enter Prices in Each Box)

X

Likely % Sale/List Price

=

Likely Sales Price

Likely Days on Market

Suggested Market Price

X

Likely % Sale/List Price

=

Likely Sales Price

Likely Days on Market

Even though List Price is Difference

Likely Sales Price Difference:

Likely Time on Market:

Months of Difference:

Benefits Summary

Lower

Net Sales Price Difference

Fewer Days

Months

Carrying Costs:

Utilities

Insurance, Taxes, Maintenance

Mortgage

Total Monthly Carrying Costs

Carrying Cost Savings

Total Savings

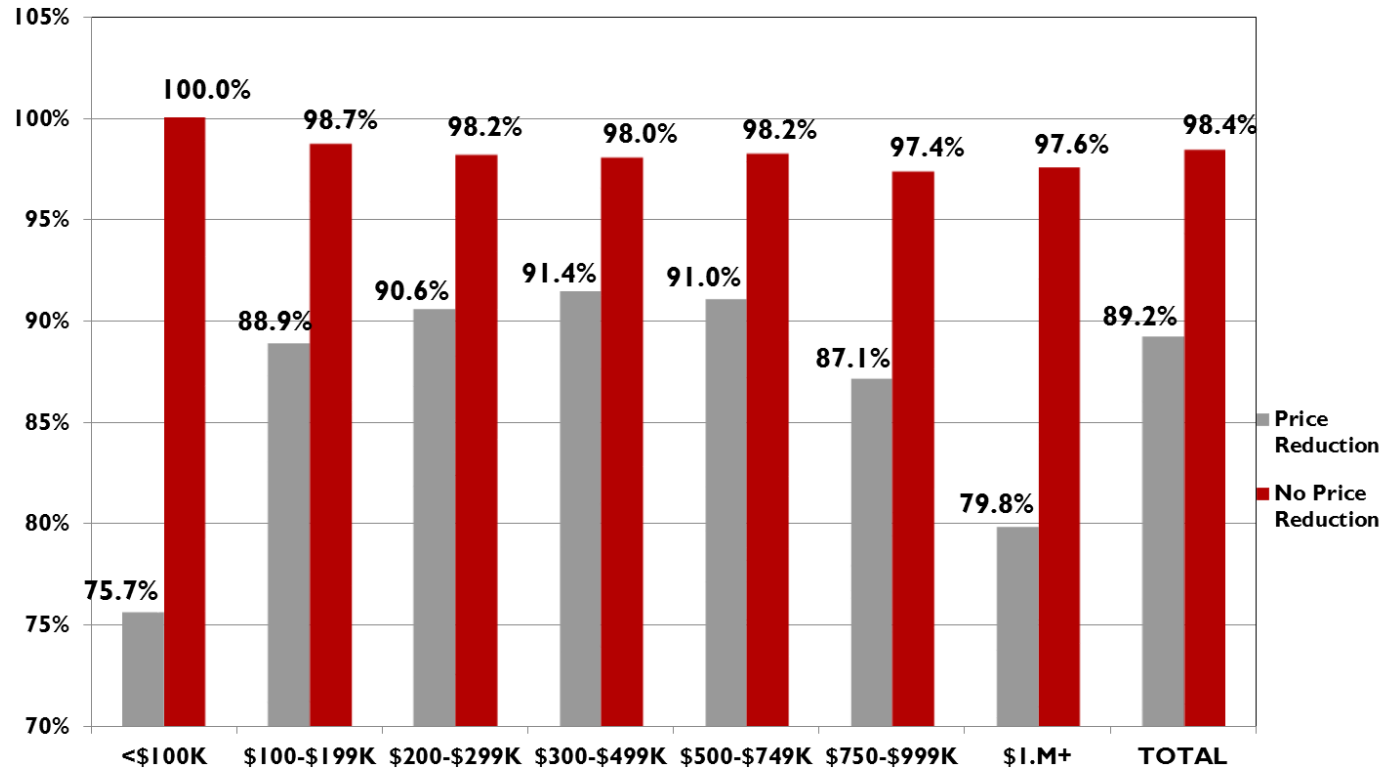
LIKELY TOTAL BENEFIT

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4Q 2013 Price Reduction Effect: Sales Price Percentage of Original List Price Median % S/L by Price Range

When a price reduction was required, substantially lower S/L ratios occurred in all price ranges in 4Q 2013, but there were large differences in degree among the various price ranges

For example, the ratio for a price-reduced property dropped a whopping -24.3 percentage points, below that of a non-price reduced property, in the <\$100K range, where in the \$300K-\$499K range the difference was -6.6 percentage points



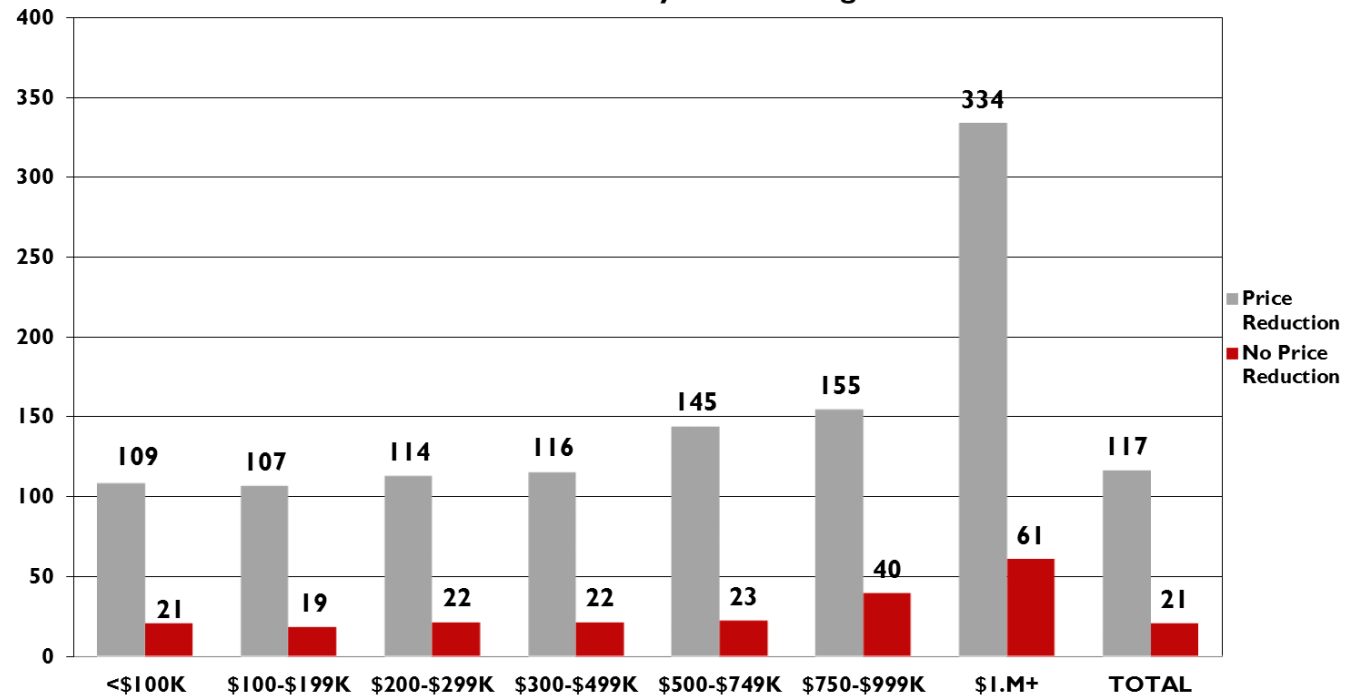
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4Q 2013 Price Reduction Effect: Days on Market Median DOM by Price Range

Higher-priced properties normally take longer to sell, but when a price reduction was necessary in 4Q 2013, the differences were much greater in all price ranges

Sellers across these price ranges needed +5.6 times longer to sell when a price reduction was required

Conversely, Sellers pricing their property correctly for the current market, were able to sell in a very short time period – a median of 21 days across all price ranges



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The Case for Getting it Right The First Time

Seller Desired List Price

\$320,000 (Click and Enter Prices in Yellow Boxes)

X

91.4% Likely % Sale/List Price

=

\$292,480 Likely Sales Price

116 Likely Days on Market

Suggested Market Price

\$300,000

X

98.0% Likely % Sale/List Price

=

\$294,000 Likely Sales Price

22 Likely Days on Market

Even though List Price is Difference

Likely Sales Price Difference:

Likely Time on Market:

Months of Difference:

Benefits Summary

-\$20,000 Lower

\$1,520 Net Sales Price Difference

-94 Fewer Days

-3.1 Months

Utilities

Insurance, Taxes, Maintenance

Mortgage

Other (Housekeeping, yard, pool, etc.)

Total Monthly Carrying Costs

Carrying Cost Savings

Total Savings

Monthly Carrying Costs:

\$200

\$200

\$2,400

\$200

\$3,000

\$9,400

\$10,920 LIKELY TOTAL BENEFIT

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Supplemental Analysis

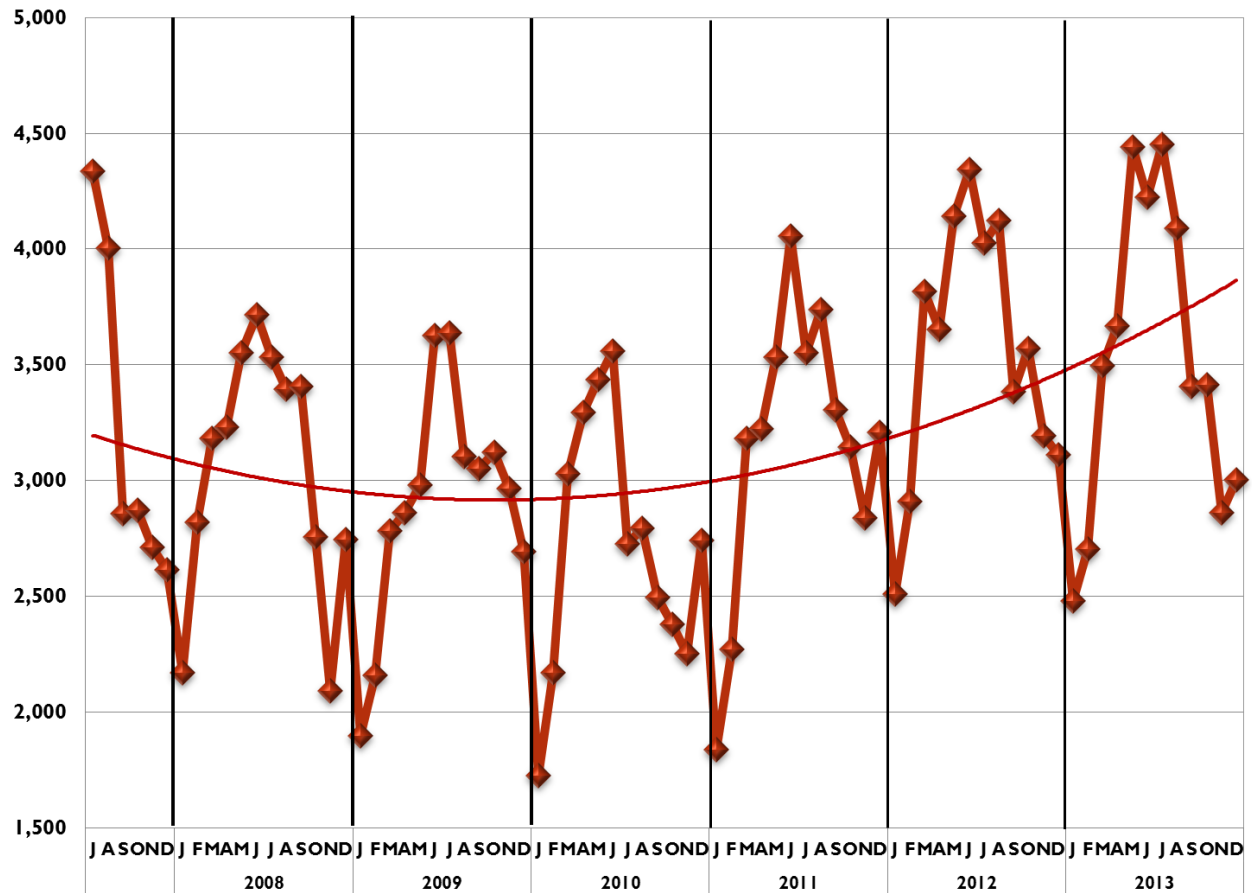
Single Family Detached Residences

Monthly Sales History

Monthly sales history shows the pattern of sales downturn from 2007 illustrating a bottom occurring in January of 2010

Since then the usual seasonal low points in January were higher in both 2011 and 2012 and an upward trend developed

Flat sales through 2013 will be monitored to see if momentum has slowed enough to cause a plateau in the recovery



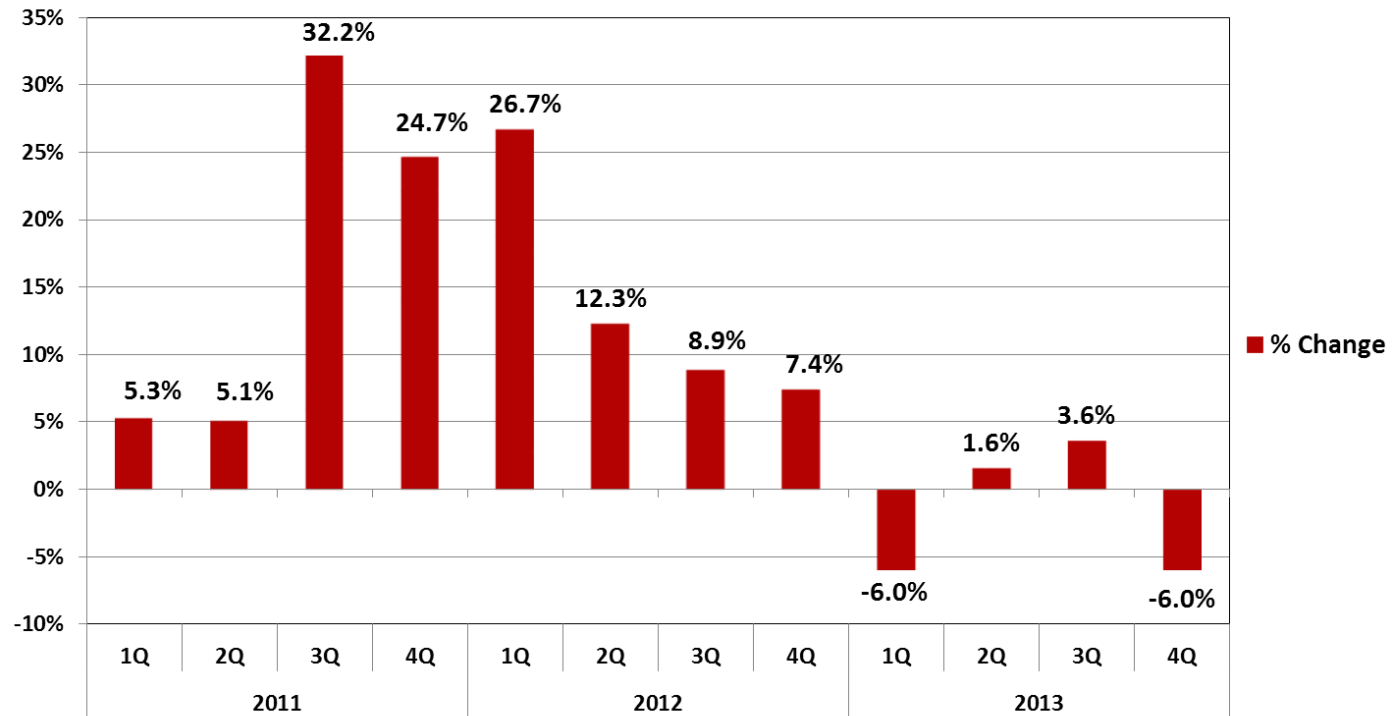
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4Q 2013 sales were down by 6% compared to the same period last year, but may yet increase somewhat after lagged sales are processed

Sales gains in 3Q and 4Q 2011 were exaggerated due to comparison with the same periods in 2010 which were unusually low after government purchase incentives expiration

Quarterly increases were lower in each consecutive quarter during 2012, briefly turning negative in 1Q 2013 and then again in 4Q 2013, contributing to a flat year in 2013

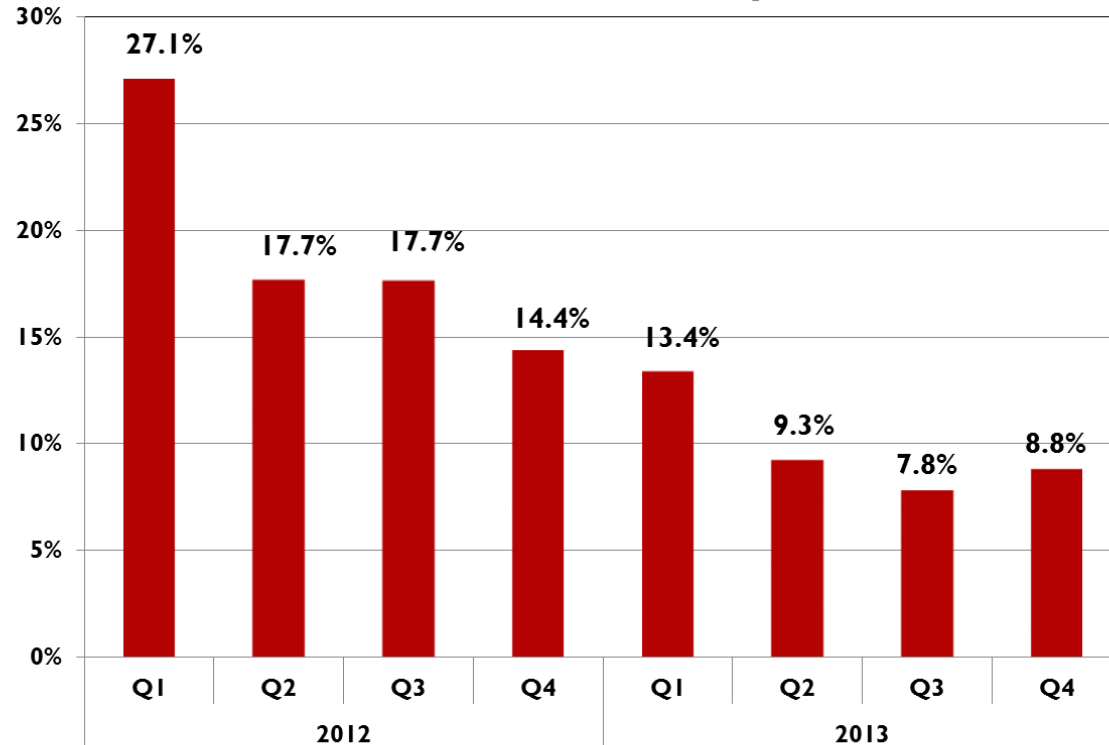
Change in Number Sold Compared to Same Quarter of Previous Year



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Foreclosure Sales: % of Total Sales, by Quarter

■ Foreclosures % Total



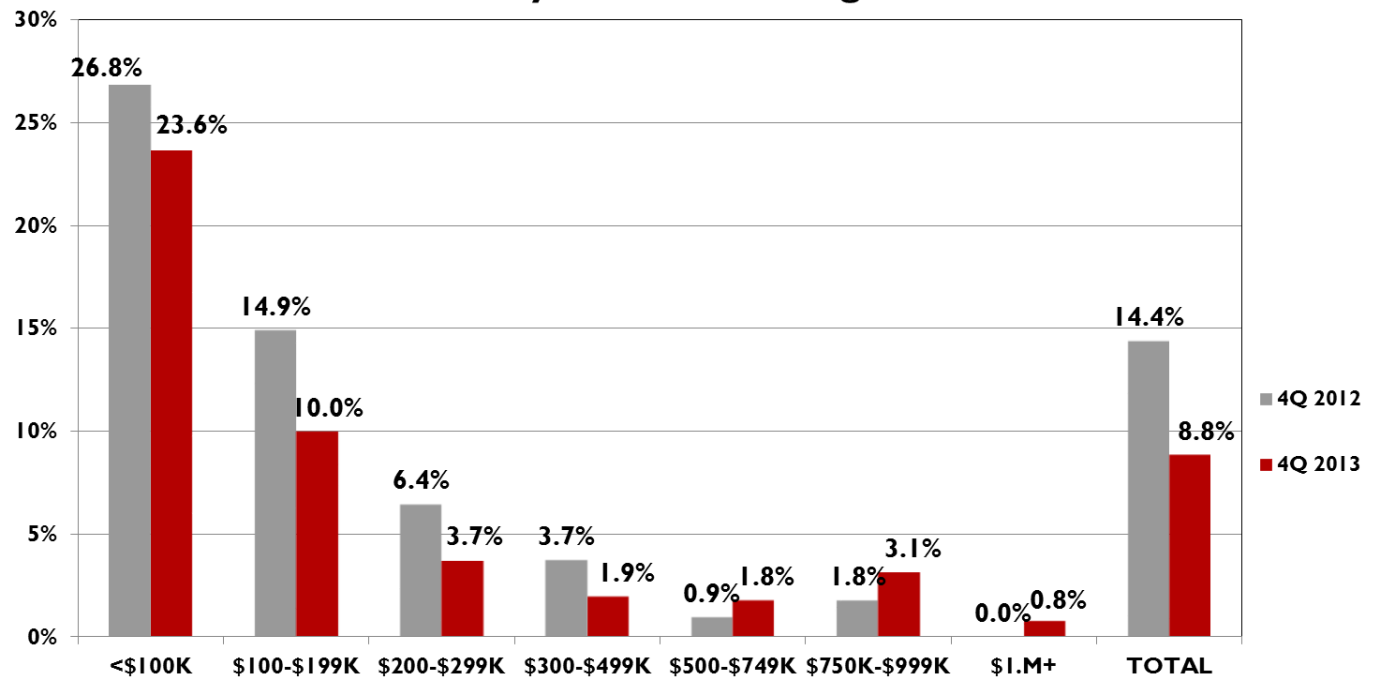
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Foreclosure sales as a percent of total sales declined again in 4Q 2013 compared to 4Q 2012, to 8.8% of closings, down by -5.6 percentage points compared to 4Q 2012

Foreclosures percent of closings did rise by 1 percentage point compared to 3Q 2013, however, the first such increase during these periods

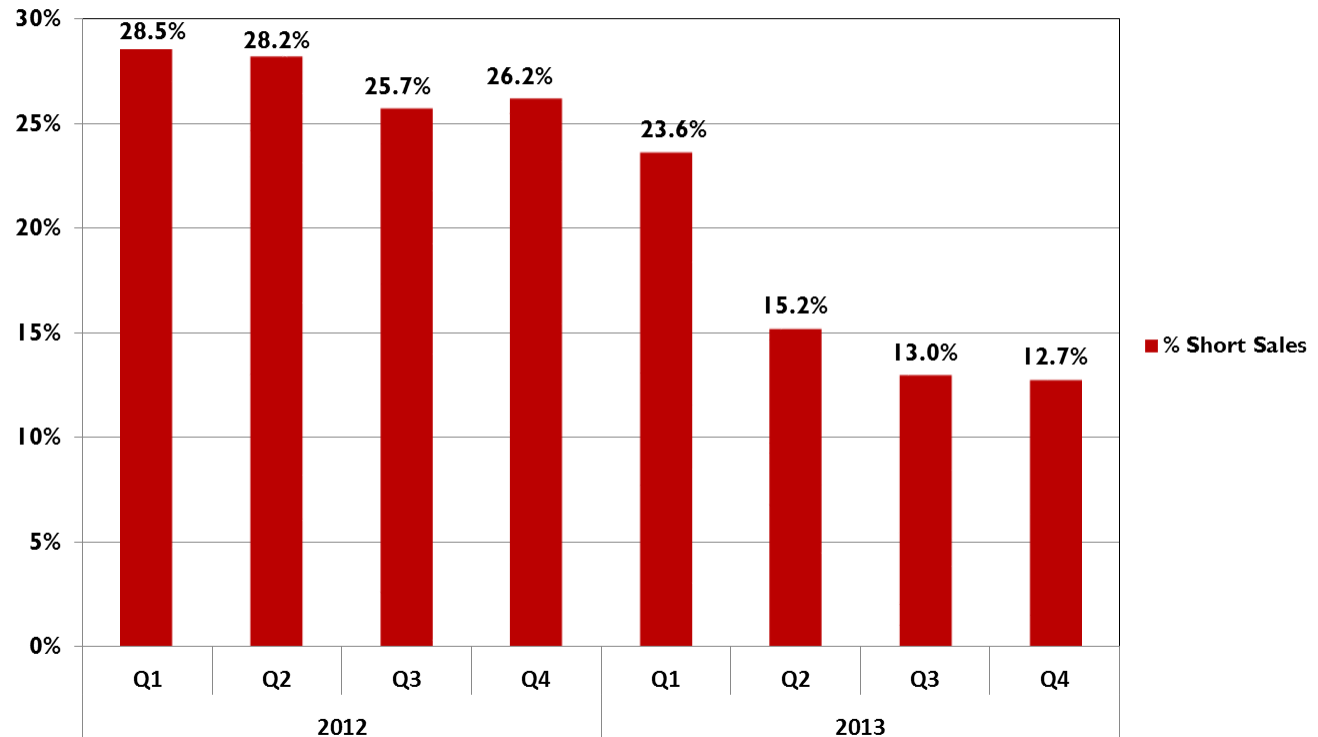
4Q 2013 Foreclosure Sales: % by Sales Price Range

The overall percentage of foreclosures was -5.6 percentage points lower in 4Q 2013 compared to the same period in 2012, declining in nearly all price ranges, while remaining at more than 1 in 5 transactions in the <\$100K price range



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Short Sales: % of Total Sales, by Quarter

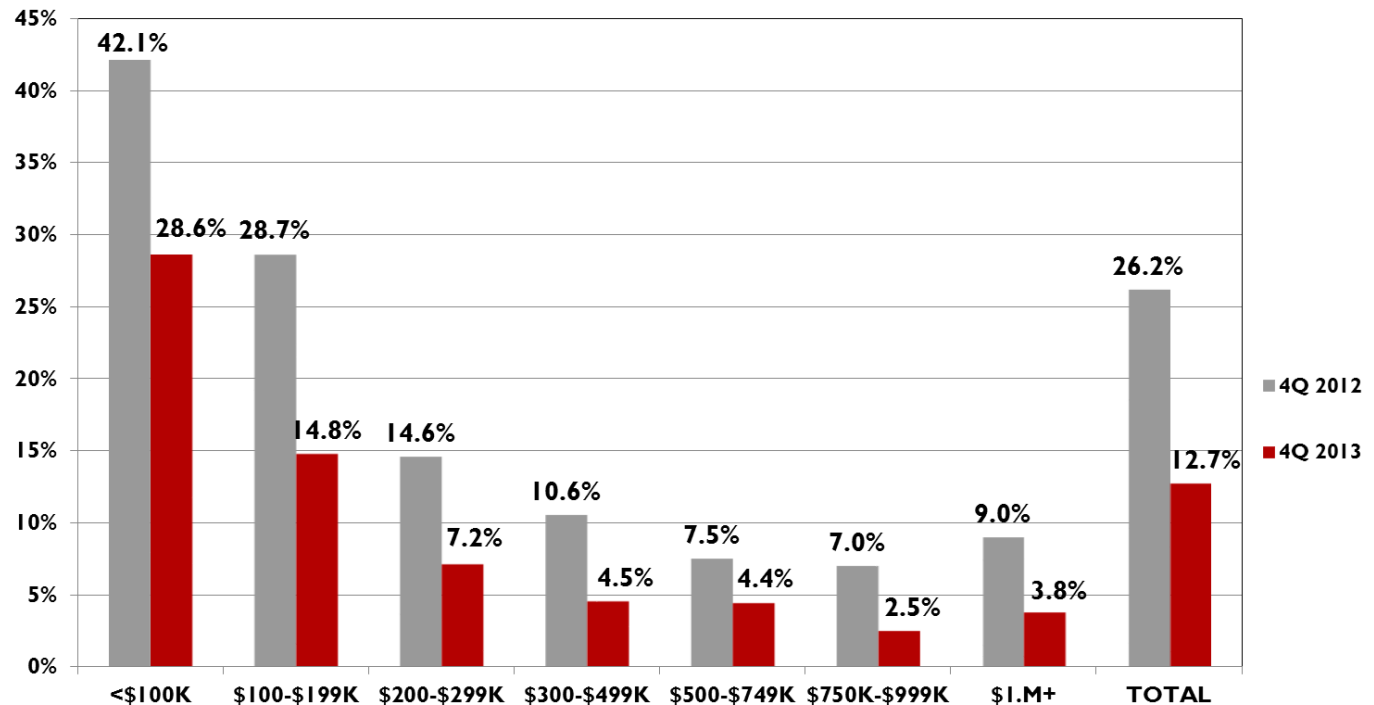


The 4Q 2013 short sale percentage of closings at 12.7% was -13.5 percentage points lower than in 4Q 2012, continuing the downtrend in these types of transactions

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4Q 2013 Short Sales: % by Sales Price Range

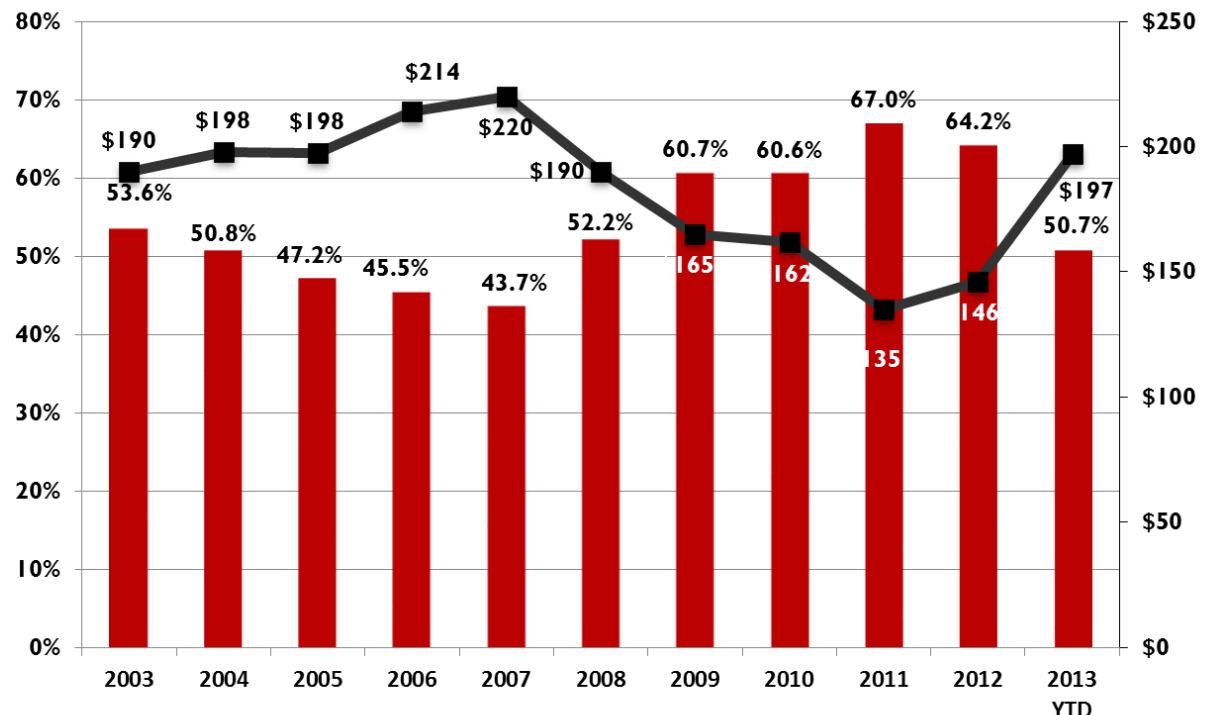
Short Sale transactions as a percentage of total sales decreased again substantially in all price ranges during 4Q 2013, remaining at more than 1 in 4 transactions in the <\$100K price range during 4Q 2013



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Percent Sold <\$200K vs. Median Sales Price

■ % <\$200K



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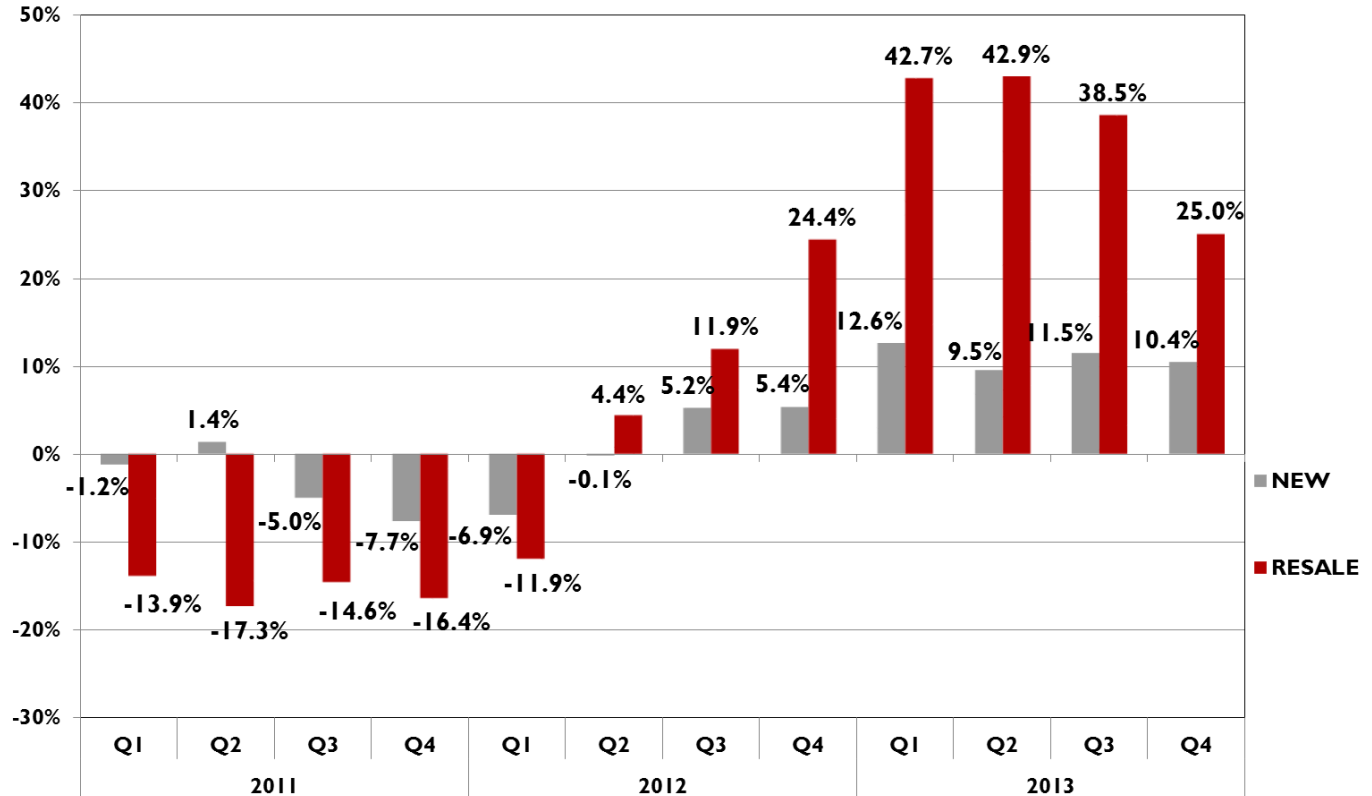
Historically, as sales shifted more toward lower price ranges after 2007, the median sales prices were forced down

The median sales price is the price at which half of sales are at higher prices and half are at lower prices

As larger portions of annual sales took place at lower prices (<\$200K), the median sales price dropped accordingly, now with those percentages declining, the median sales price is again rising

New Vs. Resale: Median Sales Price

% Change From Same Quarter of Previous Year



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New Construction properties posted their 6th consecutive quarterly median sales price increase, up by +10.4% vs. last year, while resale properties also increased by +25.0%

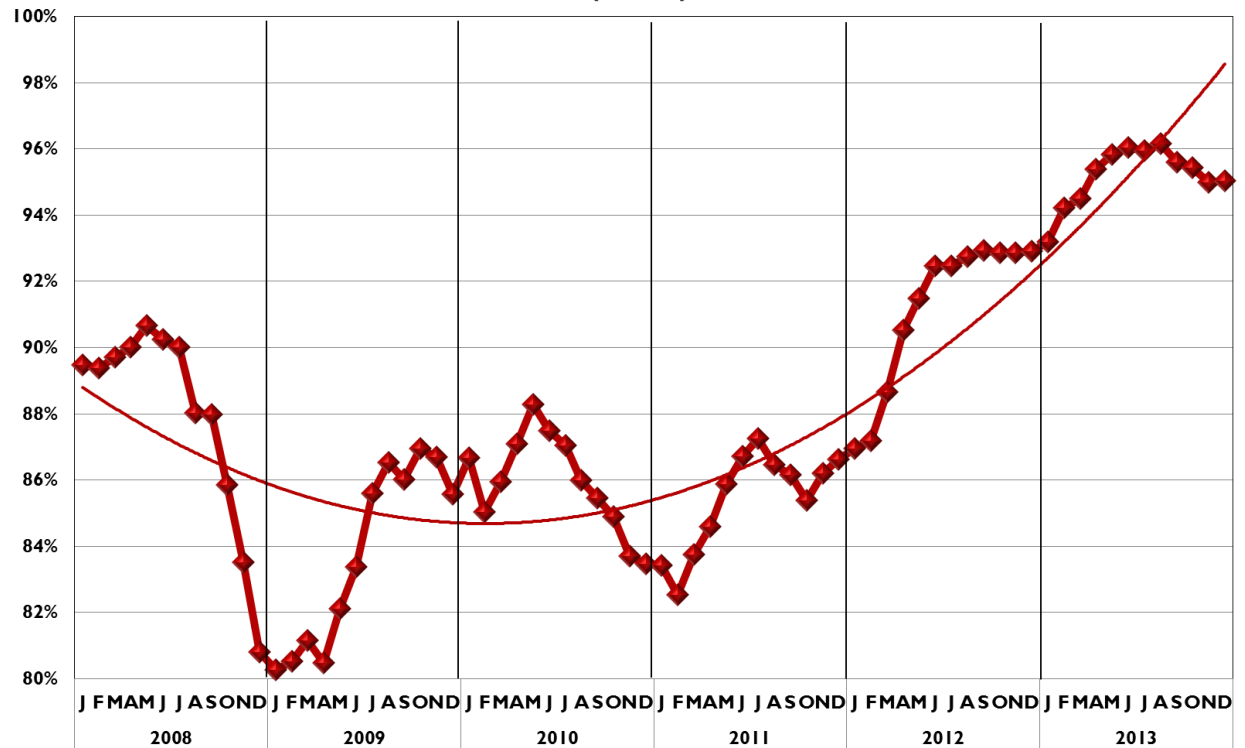
The median sales price for Resale properties has now increased for 7 consecutive quarters

Percentage price increases should get smaller in future comparisons as each current year median is compared to higher previous year prices

Sales Price Percent of Original List Price (% S/L)

Median S/L ratios shown monthly since January, 2008 reveals that the bottom for this measure came during early 2009, with an overall uptrend in process since then

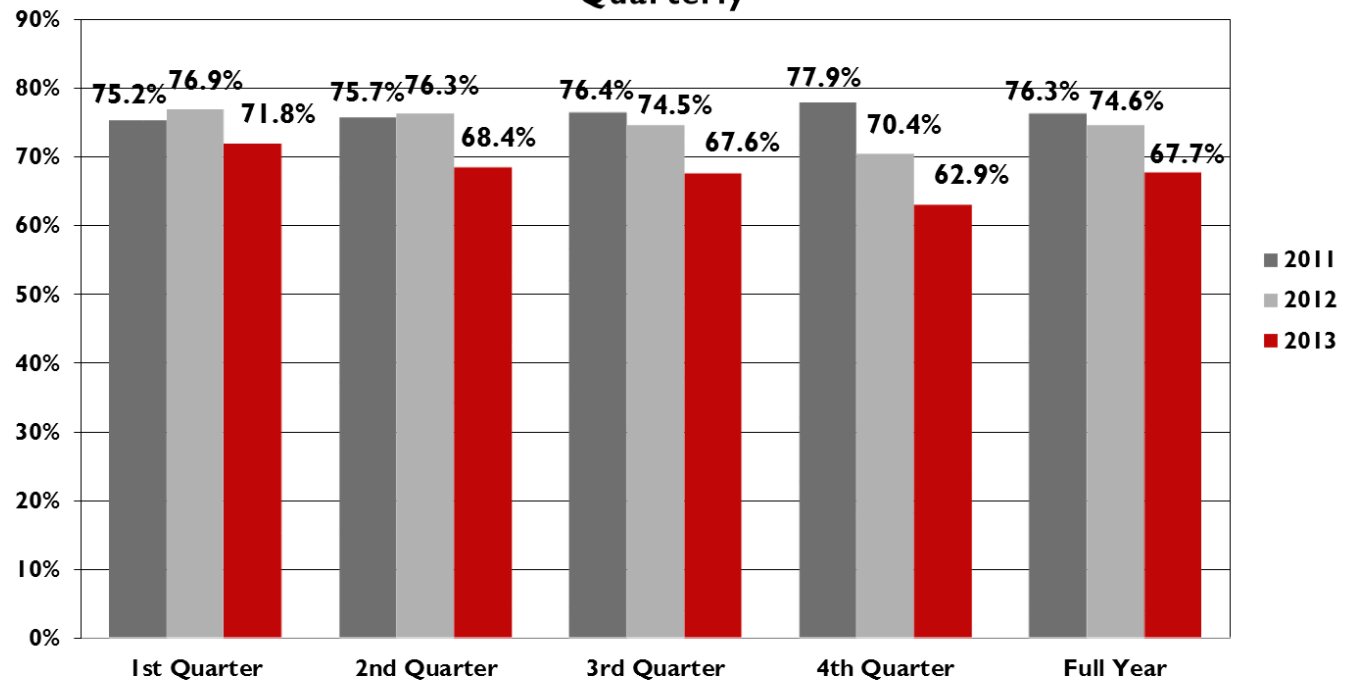
The % S/L uptrend has moderated in 2013, possibly returning to a more normal seasonal pattern, still at significantly higher percentages



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Percentage of Sales with Seller-Paid Costs

Quarterly



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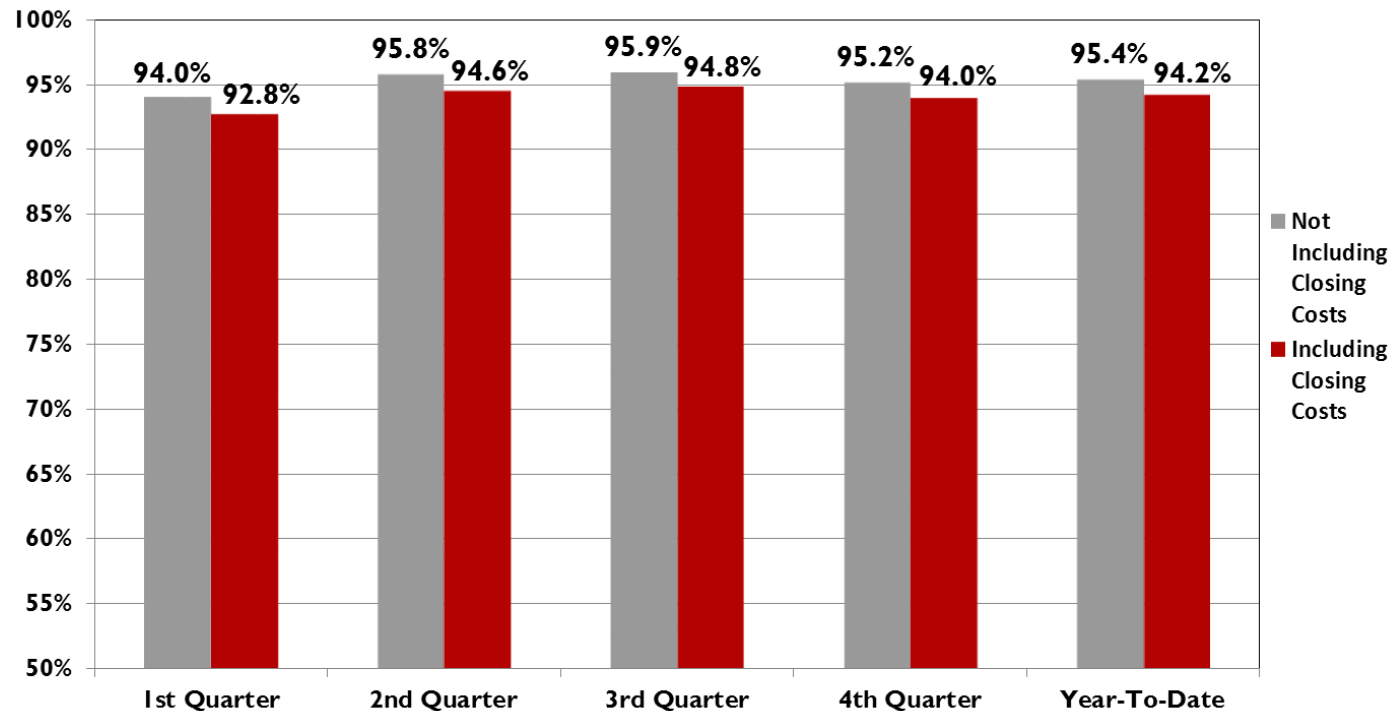
Sellers contributed to buyers' closing costs in nearly 3 of every 4 transactions during the 2011 and 2012, with declining percentages occurring more recently in 2013

As a Seller's Market developed, the incidence of seller-paid closing costs has declined somewhat as shown by the decreasing percentages after 3Q 2012

Sellers should anticipate this buyer request when estimating net proceeds of sale

Seller Paid Closing Costs Effect on S/L Ratio

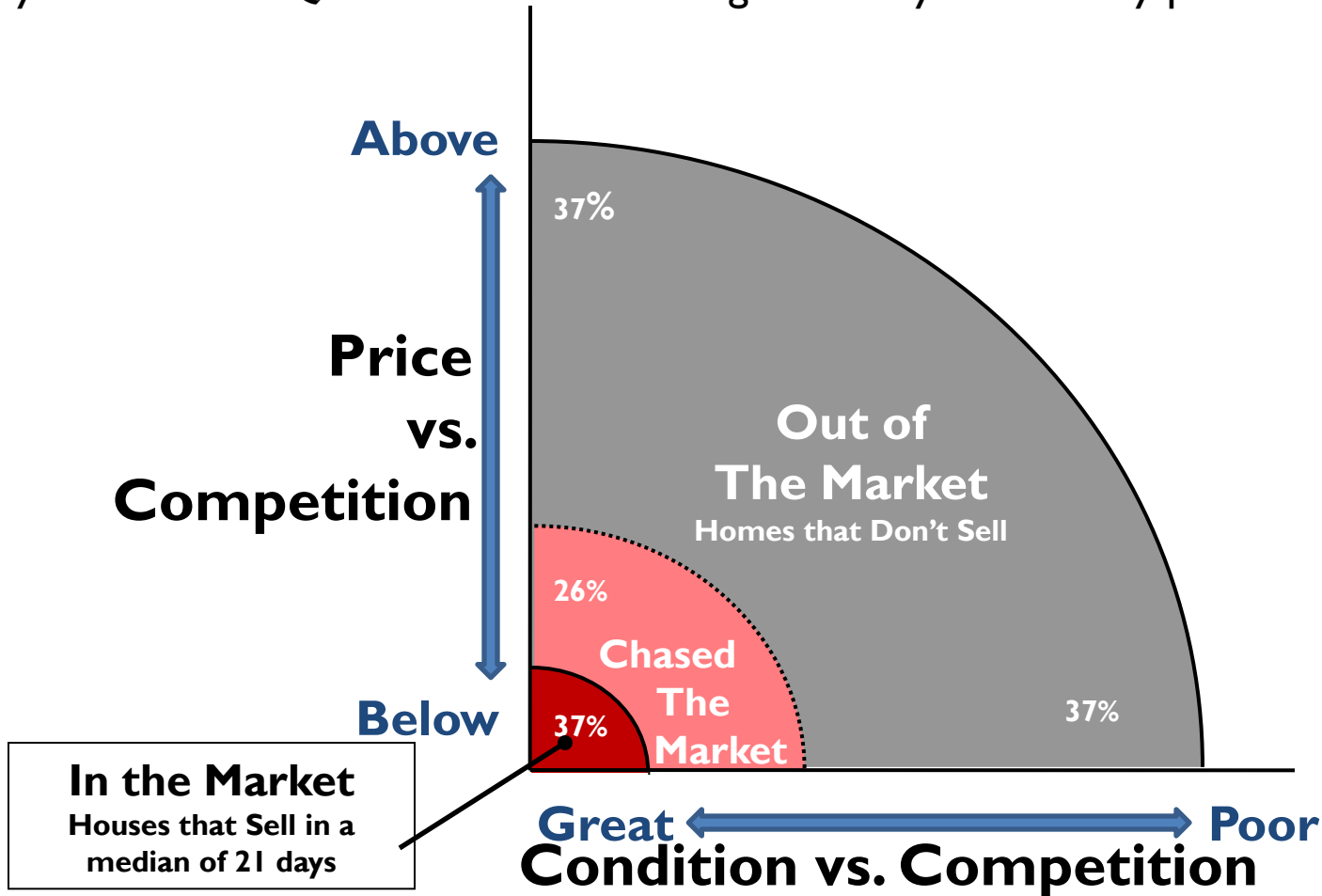
Total vs. Net Median % S/L



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When sellers contributions to buyer closing costs are included, the true median S/L ratio dropped by -1.2 percentage points during 4Q 2013 to an overall 94.0% of Original List Price compared to the 95.2% usually shown

Only **37%** of the 4Q 2013 **Atlanta** housing inventory was initially priced “in the market”



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Summary

During 4Q 2013 we saw continued positive results of the change to a “Seller’s Market” environment. Most of our measurements show positive changes compared to the same period last year. However some measurements were a bit less positive than in the previous quarterly period.

Although still positive overall compared to the same period last year, comparing 4Q 2013 measurements to 3Q 2013, the median sales price was -8.6% lower, median S/OLP percentage -.7 percentage points lower, median DOM +21.4% higher, incidence of price reductions +3.2 percentage points higher and percentage of failed listings +4.7 percentage points. The risk of successive quarter comparisons is that seasonality may again be more of a factor in our measurements as the market works off the negative affects of distressed properties, excessive supply and economic recession which have plagued it for several years. Still, it is well to also consider these recent changes and their possible impact on prices when buying or selling property in the current environment.

Also, comparing to the same quarter in 2012, the number of properties sold in 4Q 2013 was lower (-6.0%) due mostly to very low supply and sales in the <\$100K segment, the percentage of distressed property sales remained significant (17.2%), and the percentage of overpriced listings increased +7 percentage points compared to last quarter. These conditions should also be considered by sellers when setting listing prices and by buyers in evaluating properties. Although shrinking as a percentage of sales and inventory, a continued presence of distressed properties in all price ranges maintains a dampening effect on seller flexibility due to their use as comparables in property price evaluations as well as alternatives for buyers.

As we enter the spring market, any sharp increase in the number of Active listings or distressed property inventory, or a continued lack of sales growth, could expose the fragile nature of this recovery. But for now at least, Sellers should find less pressure during contract negotiations and Buyers will see a more competitive market with fewer sellers willing to accept low-price offers.

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The Story of the Detached Residence Market – 4Q 2013

Overall Market Observations

Positive momentum continued during 4Q 2013. Improvements occurred in most metrics during the period maintaining higher levels of median sales price, DOM, and S/L % reached in 3Q 2013.

While measurements improved in most categories, sales were slightly lower compared to those of last year. Whether the reason was low overall supply of active listings, the low level of distressed property inventory deterring investor participation, or just the sluggish pace of the economic recovery, will take more time to determine

The low (2.1 months) inventory of distressed properties has increased competition among buyers, forcing prices higher, S/L ratios higher, DOM lower, with fewer listings failing to sell. Investors may have depleted the more desirable distressed property inventory reducing sales of properties priced below \$100K causing overall sales to decline.

These conditions, as well as under-water property valuations may prevent too many sellers from coming into the market, keeping our inventory lower and the market more competitive until sales prices recover sufficiently.

The Story of the Detached Residence Market – 4Q 2013

Importance to Non- Distressed Property Sellers

- Potential sellers who have been reluctant to list due to the slow market may now try to take advantage of the current supply/demand shift to list their property while they have an advantage.
- The downward pressure from Distressed properties on selling prices for all properties has been substantially offset by the overall lower inventory, so this could be a better time to sell than in recent periods.
- The reduced inventory of distressed properties has increased buyer competition for those properties making it even more important for sellers to consider their effect in properly pricing non-distressed properties.
- Despite the temptation for sellers to price higher in light of an improving market, setting realistic initial listing prices that are in line with buyer expectations (“in the market”) can result in sales at or above the original listing price in very few days on market, as lender appraisal prices lag behind market reality

Importance to Buyers

- The supply/demand relationship is still to the seller’s advantage. As long as it continues, fast action and realistic offers will be necessary for buyers to capitalize on still-low prices for many available properties.
- For buyers who are interested mainly in distressed properties, the supply has dropped to a point where competition among buyers for that supply has jumped, making realistic offers is a must for desirable houses
- Quick action and serious offers are required when high-value properties are found (54% of 4Q 2013 sales), since low median DOM and high S/L ratios usually result, often with multiple offer situations.
- The good news is that prices are still historically low and interest rates are too, so the if the right property is found, this is still a very good time to be in the market

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The Story of the Detached Residence Market – 4Q 2013

Success Strategies for Sellers

- Do not ignore the impact of distressed properties competing for buyers in seller's price range and location, when setting initial listing price, since they still affect comps
- Maximize selling price and minimize market time by choosing an initial listing price that represents a high value compared to competing listings
- Re-evaluate market trends continuously to re-assess pricing choice – avoid chasing the market or missing any turns that may develop

Consequences of Wrong Seller Choices

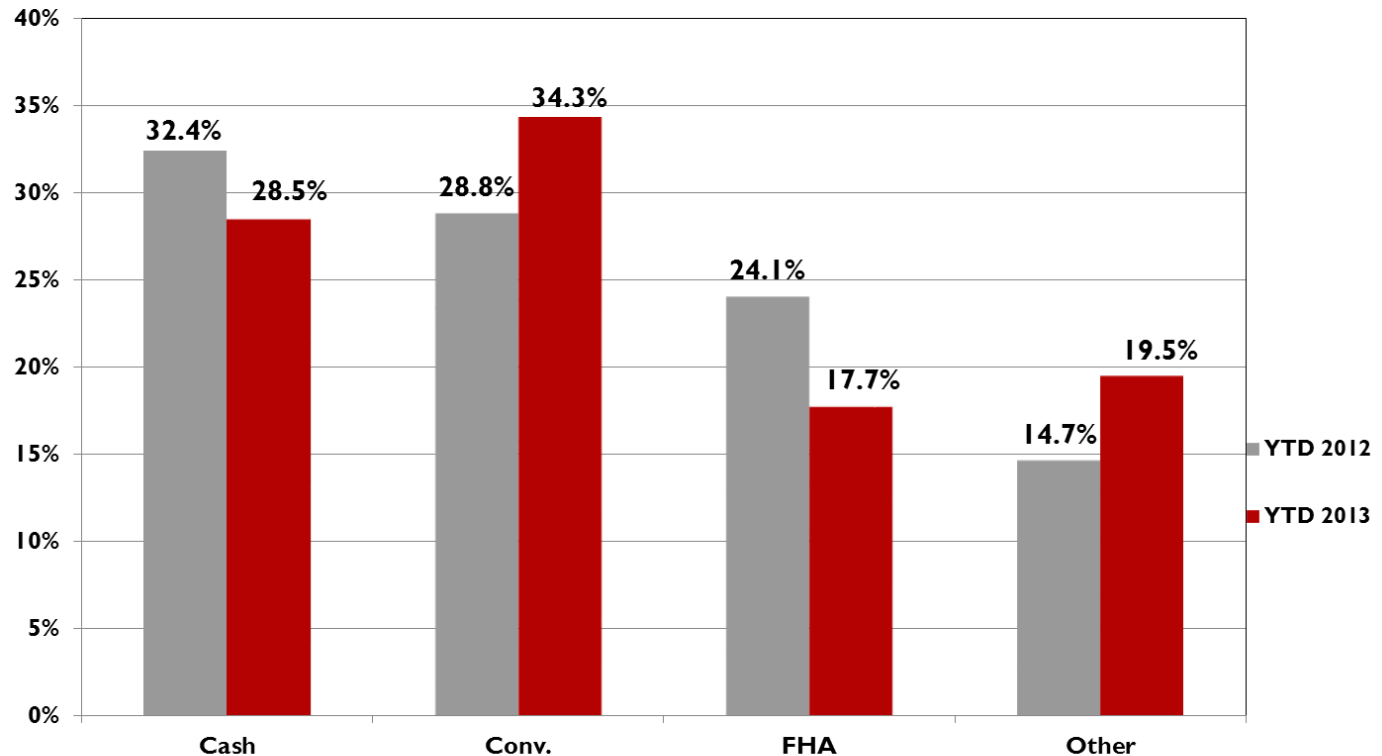
- Likely sell only after a much longer time on market - Median DOM at least +5.6 times longer in 4Q 2013.
- Likely sell at a much lower portion of original listing price – median of at least -9.2 percentage points lower.
- Failure to sell – 37.0% of listings failed to sell in 4Q 2013.
- Multiple listing periods – 20.5% of sellers required multiple listing periods, most selling at a median of -12.6 percentage points lower after a median of +13.6 times longer (+8.0 months).

Risks for Buyers

- Low-ball offers on high-value properties will likely result in missing out on a great opportunity.
- Making offers too high on properties listed multiple times could result in paying too much.
- Low inventory condition reduces buyer's advantage in contract negotiations.

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YTD Purchases by Financing Method



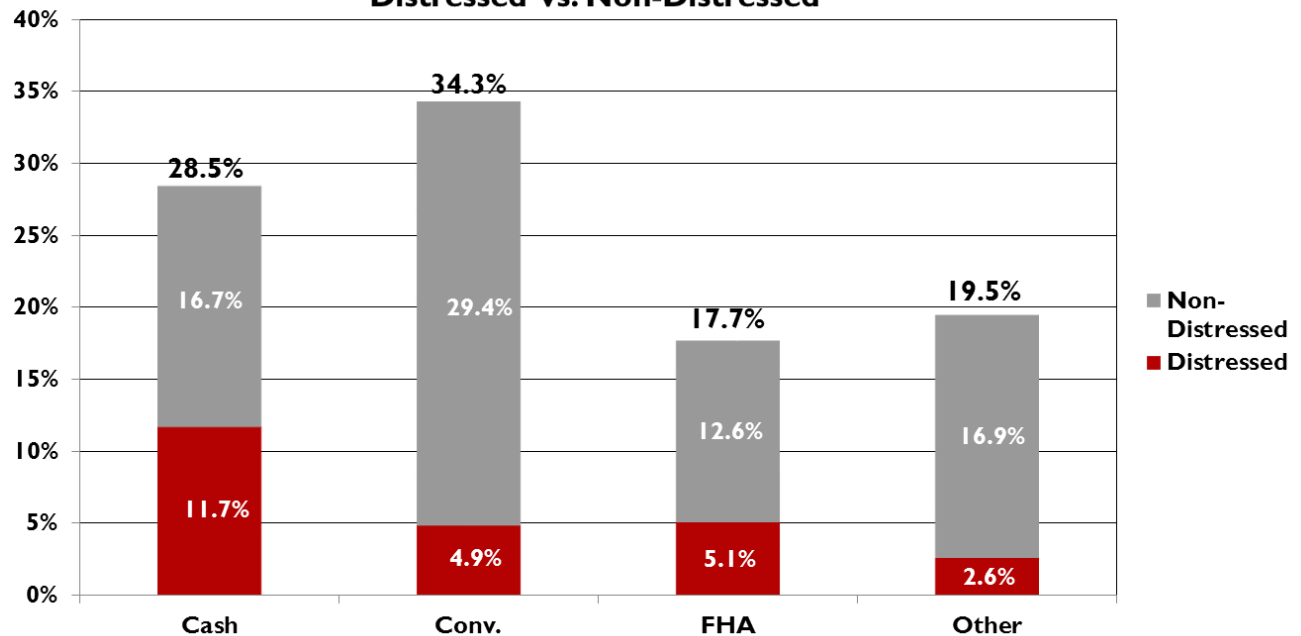
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Conventional Uninsured and Cash purchases combined to represent 62.8% of all purchases through December, 2013, with conventional uninsured being the most-often used method of financing at 34.3% of transactions

More than 1 in 4 transactions involved cash purchases during this period, down by 3.9 percentage points from last year

2013 YTD Percentage of Total Purchases by Financing Method

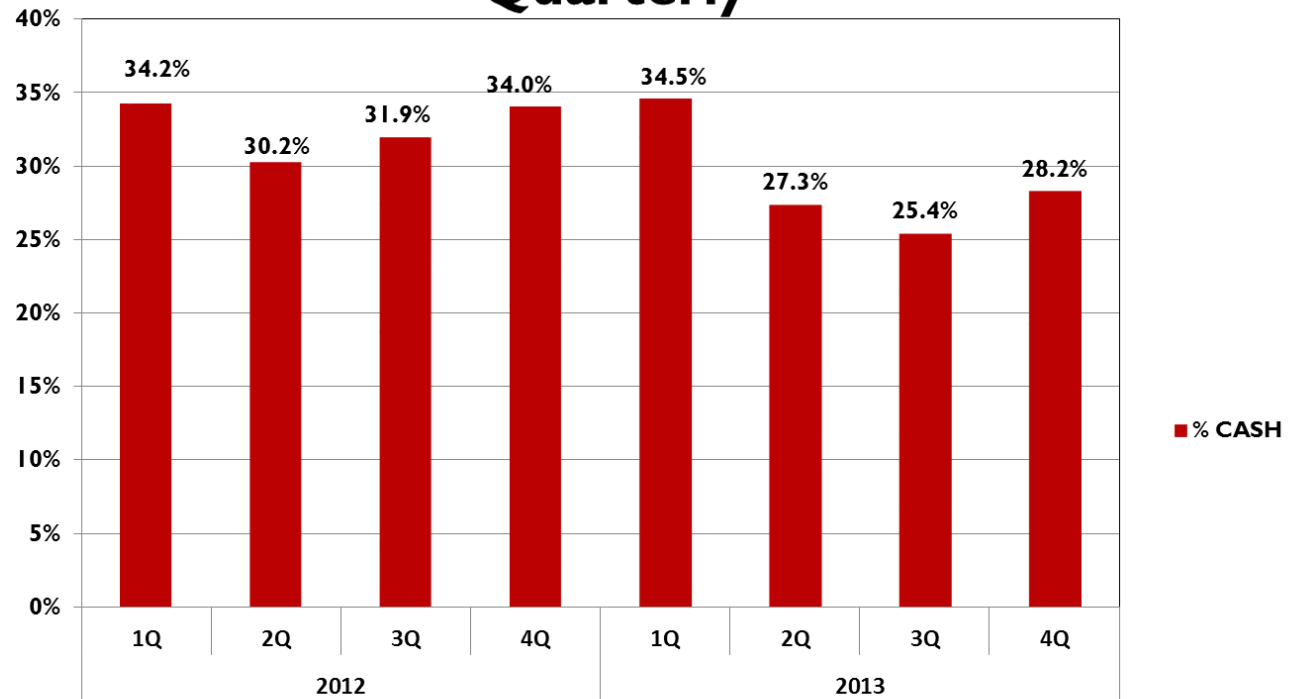
Distressed vs. Non-Distressed



More than one of every Two cash purchases were of non-distressed properties in 2013

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Cash Percentage of Total Purchases Quarterly

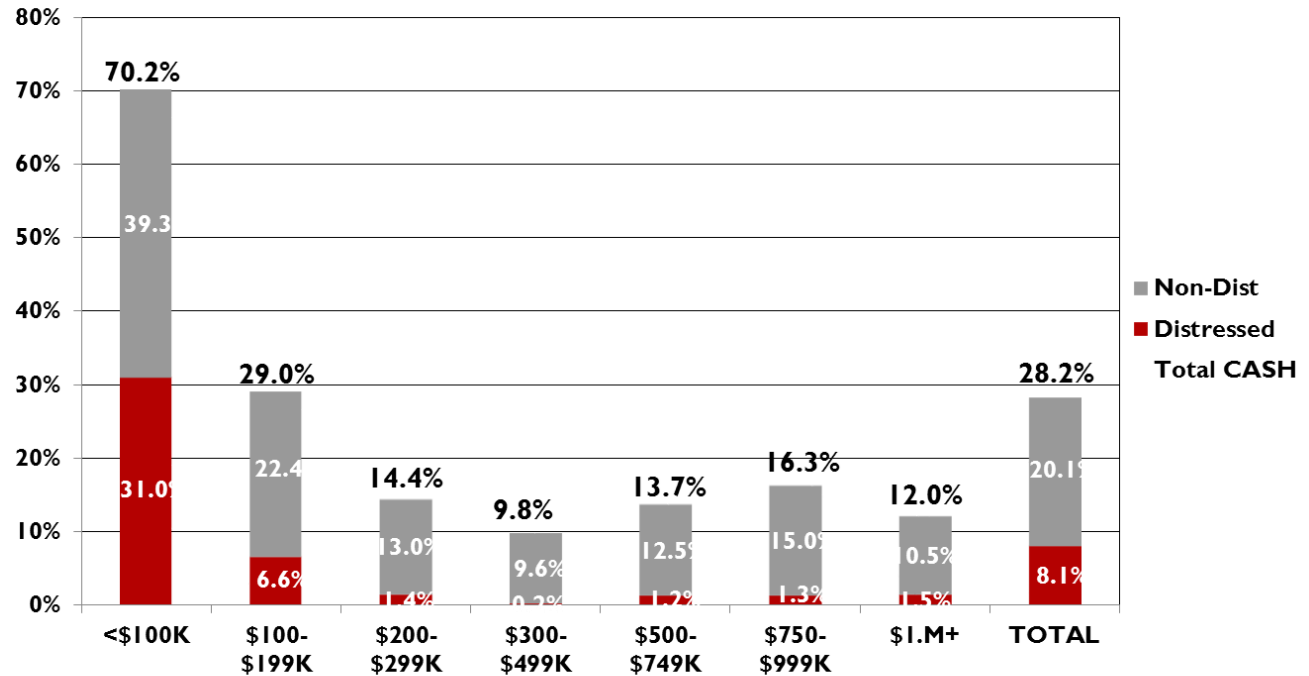


Even after a small 4Q 2013 uptick, smaller percentages of transactions involved cash purchases during most of 2013 compared the previous 5 periods, possibly due to slowing of investor presence as the number of distressed properties declines

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Nearly 3 of every 4 properties that sold for less than \$100K were cash purchases and 44% of those cash purchases were distressed properties, likely purchased by investors

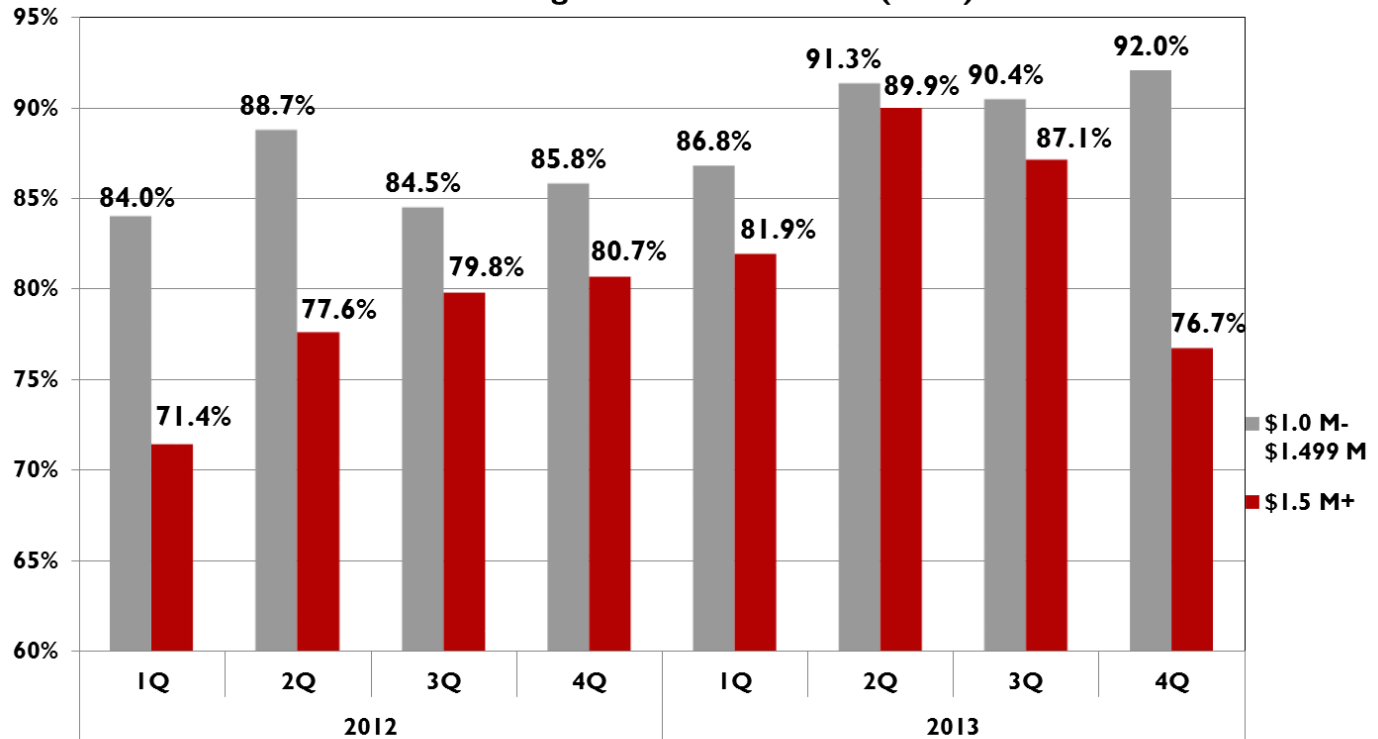
Cash Purchases Percentage of Total 4Q 2013 Purchases Distressed vs. Non-Distressed, by Price Range



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The Median 4Q 2013 S/L price ratio for the \$1.0-\$1.49M price range was +6.2 percentage points higher than in 4Q 2012 at 92.0% and those in the \$1.5M+ range were lower by -4.0 points

Luxury Home Purchases: Sales Price/Original List Price Ratio (%S/L)

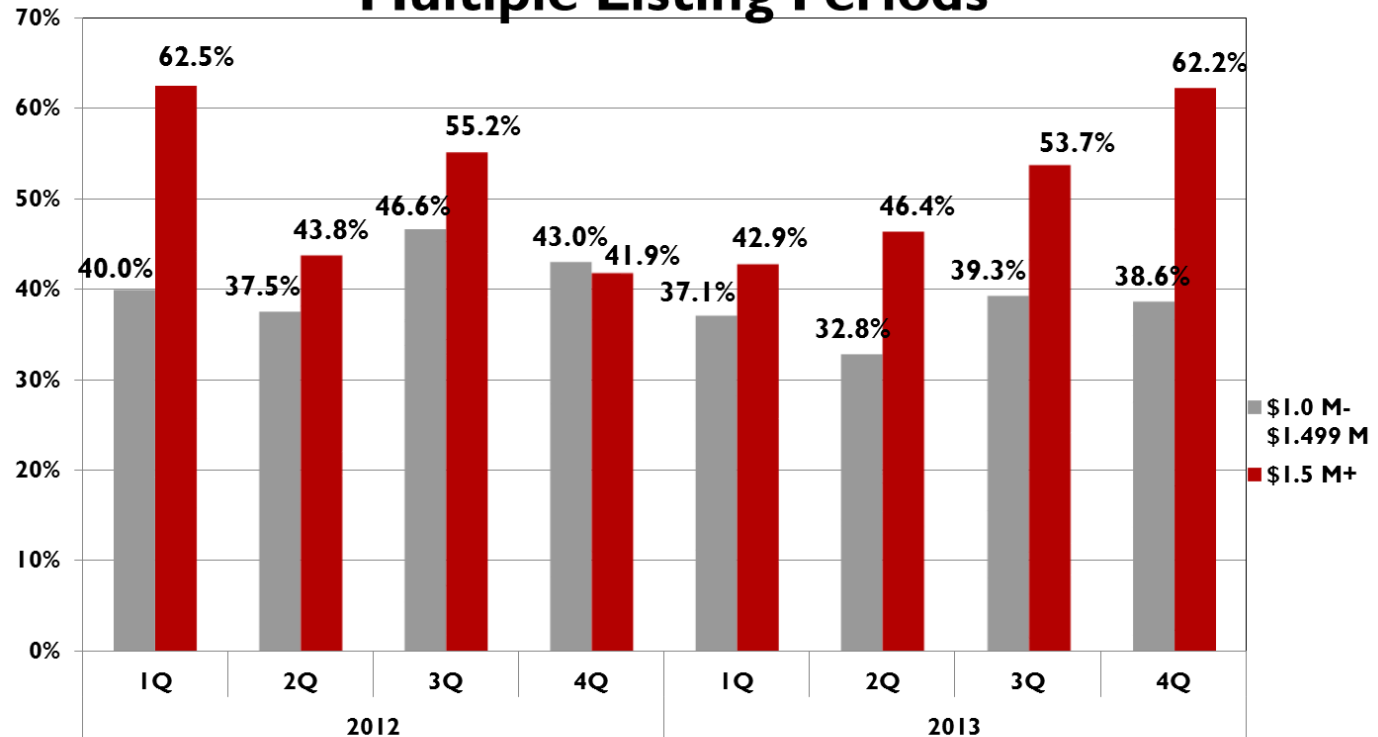


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The difficulty of selling luxury homes priced above \$1.0M is underscored by the percentage of sales that required more than one listing period, compared to the sales percentage for all price ranges of 20.5% that were listed multiple times during 4Q 2013, roughly half the rate in these price ranges

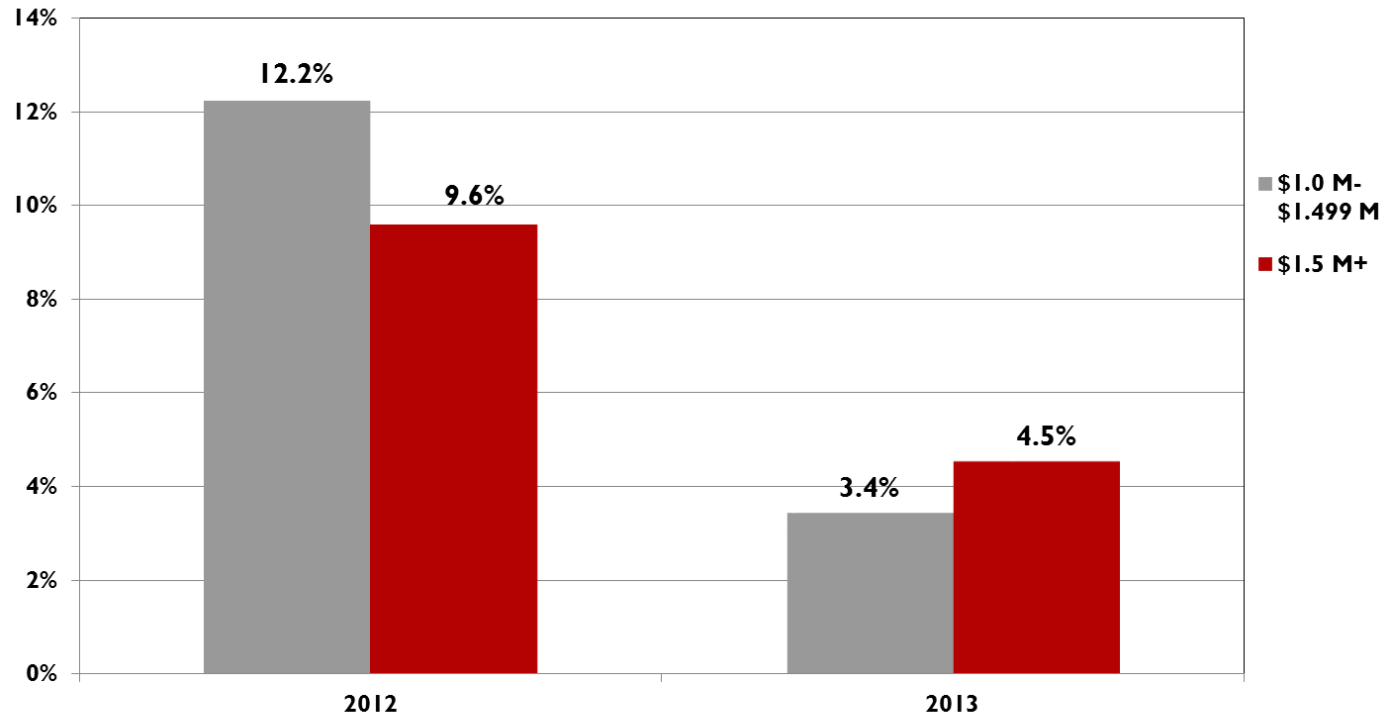
The results of initial overpricing are usually longer DOM, lower S/L %, more Price reductions and multiple listing periods, resulting in much lower selling prices

Luxury Home Purchases: Multiple Listing Periods



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YTD Luxury Home Purchases: Distressed Sales Percent of Total



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Although to a much lesser degree in both of these price ranges, Distressed property sales are present in all price ranges in this market and their affect on prices should be considered when pricing non-distressed properties since buyers' agents, lenders and appraisers will use them as comps