



REAL ESTATE REALITY

June 2011

IN AN EVER CHANGING MARKET A Reality check ... reality perspective is important. Sellers must have realistic expectations on length of time to sell and fair market sales value. Buyers must understand the long term positive outlook and the opportunities of property purchase



FOR THREE GENERATIONS, THE PHILOSOPHY OF THE NORTON AGENCY IS TO TELL THE CLIENT WHAT THEY NEED TO HEAR NOT WHAT THEY WANT TO HEAR

CURRENT CONDITIONS 6.1.2011



- ◇ Value is still the driver for all property purchases. How do I buy the most for my money, for my payment?
- ◇ Buyers perceive the market to be worse than reality. They want to feel that if they do buy .. They've got to get a killer deal . Homes that are selling are tightly priced to compete with the outstanding foreclosure inventory and stressed sales in the neighborhood.
- The key for seller in this market is to price their properties correctly from day one or they will lose out on their best prospective purchasers.
- ◇ The inventory has stabilized, new homes are down 90% from the peak, there are only 3500 standing new homes in metro Atlanta today, new re-sales coming on the market have slowed. Foreclosures and short sales will dominate the new inventory for the next 4 quarters having a profound effect toward full market recovery.
- ◇ By year end 2011 we project stable and rising home values for homes under 220,000 in almost all North Georgia markets.
- ◇ Today, the core of the available housing market is made up of highly motivated sellers and concerned sellers... there is an over-riding reason to risk a sale in this market... relocation, family growth/contraction, financial, health... in other words , motivated sellers dominate the market. In most micro markets , motivated sales are occurring at 2002/2003 price level.
- ◇ As primary new and foreclosed home inventory tightens, deals will evaporate. Tightening.... shortages in some price ranges , in certain school zones are already occurring... second home and Lake Lanier buys should last through mid-2011
- ◇ 6 month or older valuations are no longer relevant. It's what's selling today... last week, last month that are the only real comparables.

WHAT'S SELLING RIGHT NOW....

6.1.11

RESIDENTIAL



- ◇ While the market bounced along bottom for most of 2009 and 2010, year to year contracted sales and showings point to a return of buyer interest in all parts of the North Georgia market. **Norton's 2011 residential sales ARE 17% ahead of 2010 largely as a result of the homebuyer tax credit and interest rate.**
- ◇ The best properties, those that are price competitive, and aggressively priced continue to move briskly and in some cases receiving multiple offers.
- ◇ Well-positioned homes in all price ranges.. The best home on the street for sale, (price & condition) regardless of the inventory ... **sells fastest.**
- ◇ Interest rates remain at historic lows and inventory is shrinking. **Money is available for home loans to those with good credit and money for down payment**, but the process to close a loan has lengthened considerably. Buyers and sellers must have patience with this process.
- ◇ Larger property sellers are seeing the return of owner or partial owner financing to support pricing and facilitate sales.
- ◇ Primary homes \$230,000 & under in all markets, second homes/cabins under \$200,000, Lake Lanier homes under \$500,000. **Average people with average jobs, and average credit are buying homes.**

COMMERCIAL / ACREAGE

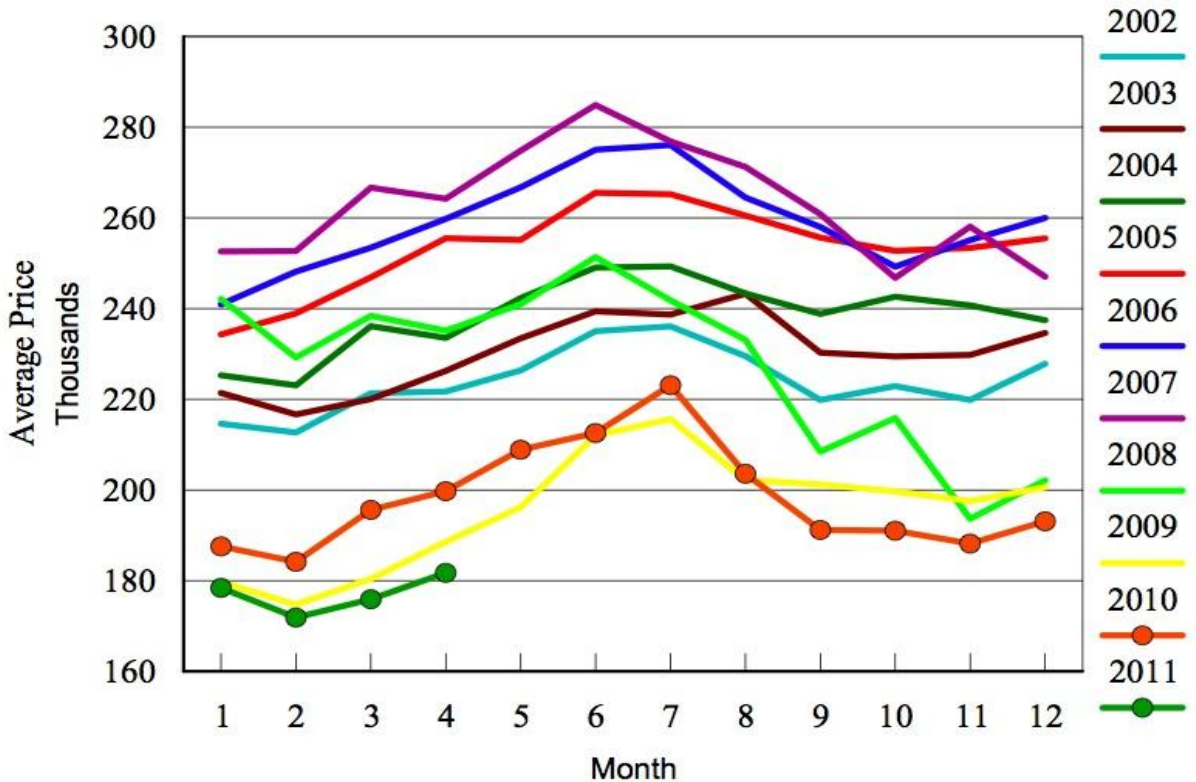
- ◇ **Vulture buys of any product type**
- ◇ Small user industrial and distribution.
- ◇ Small rental income properties ... homes, commercial, the rental market is strengthening and properties being picked up at great prices.
- ◇ Land suitable for gentleman farms, private estates, compounds are in strong demand.
- ◇ Commercial sales remain strong ... strong businesses continue to expand speculative land players remain sidelined.

Listings Closed - Residential Detached



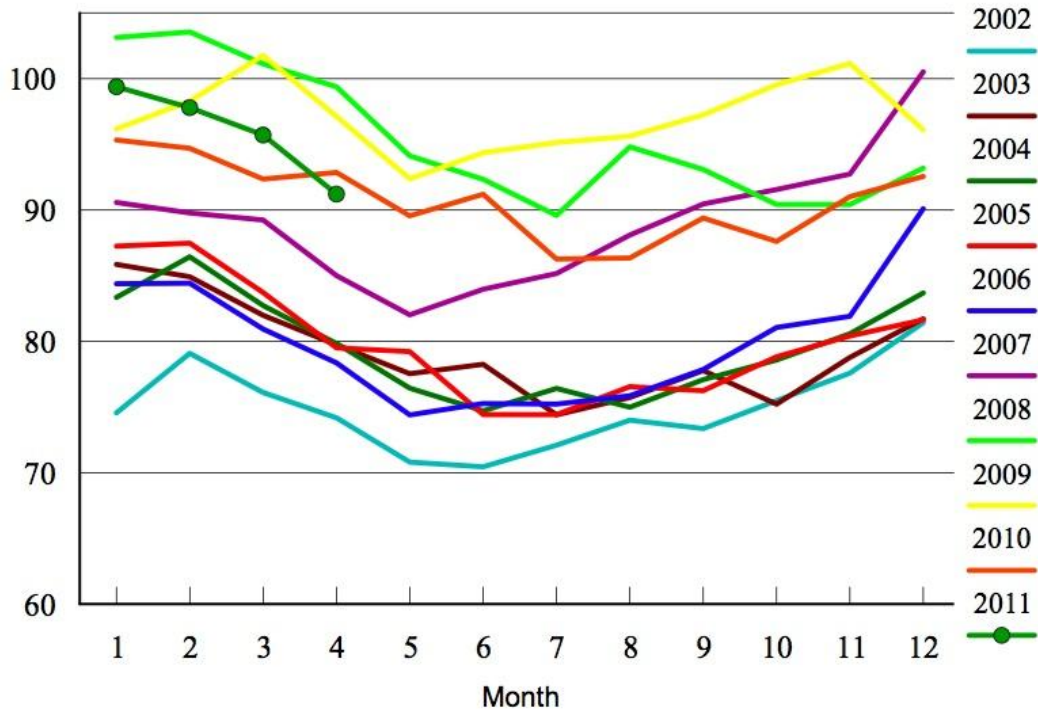
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Average Sale Price - Residential Detached



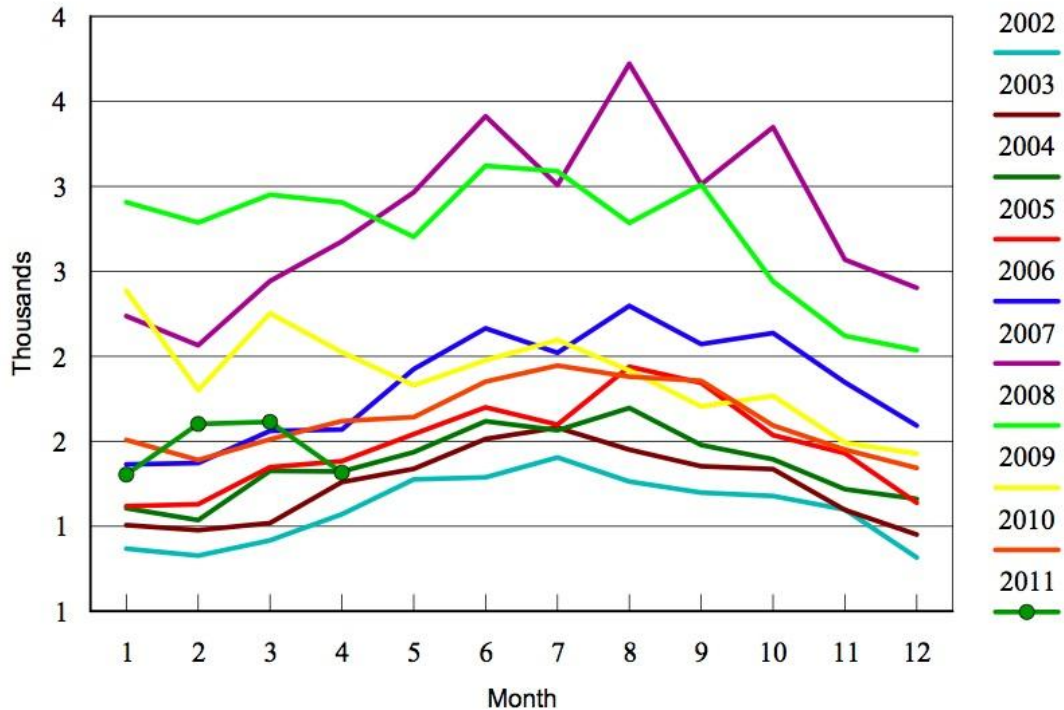
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Days On Market - All Residential



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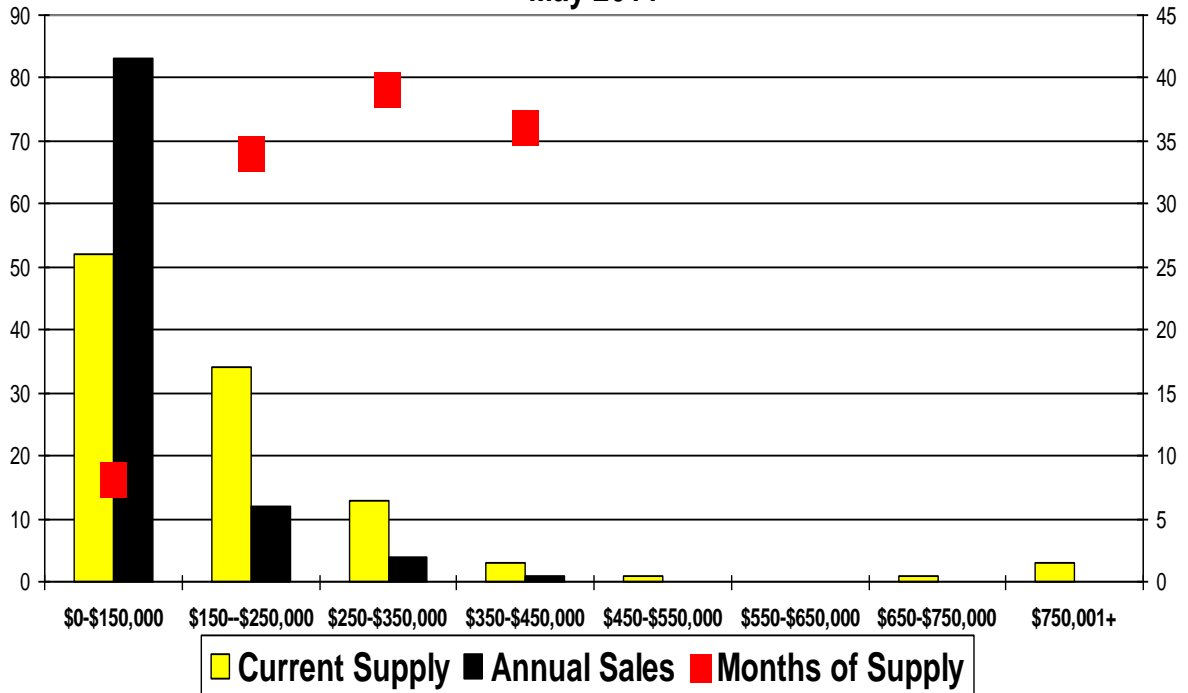
Listings Withdrawn - All Residential



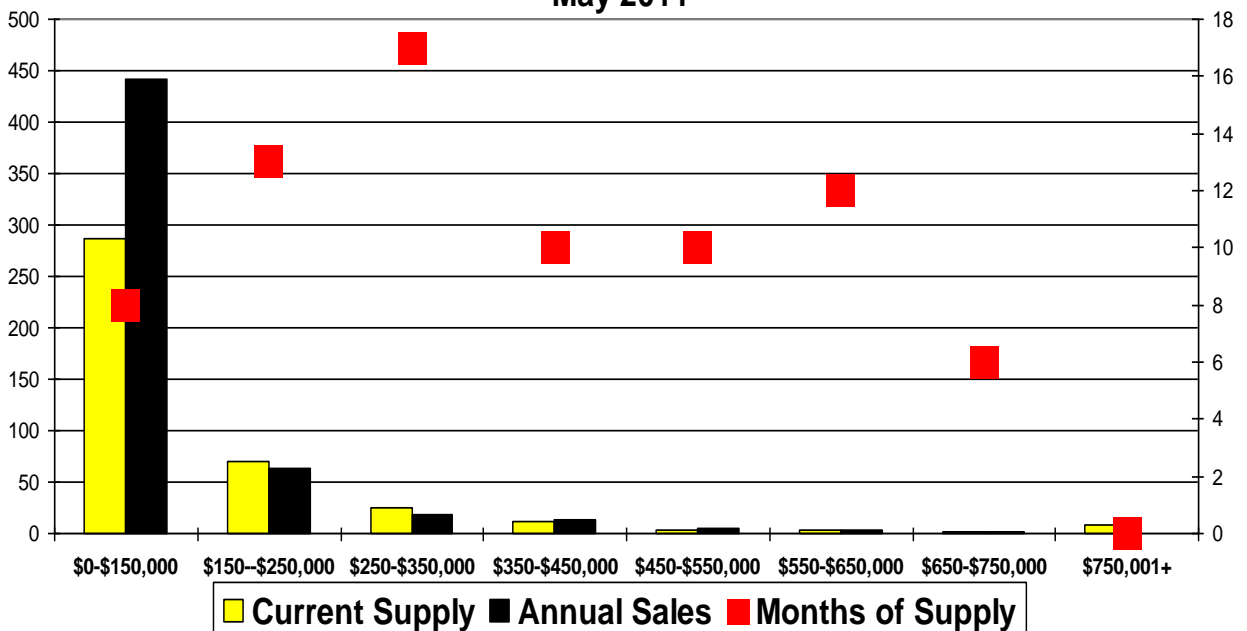
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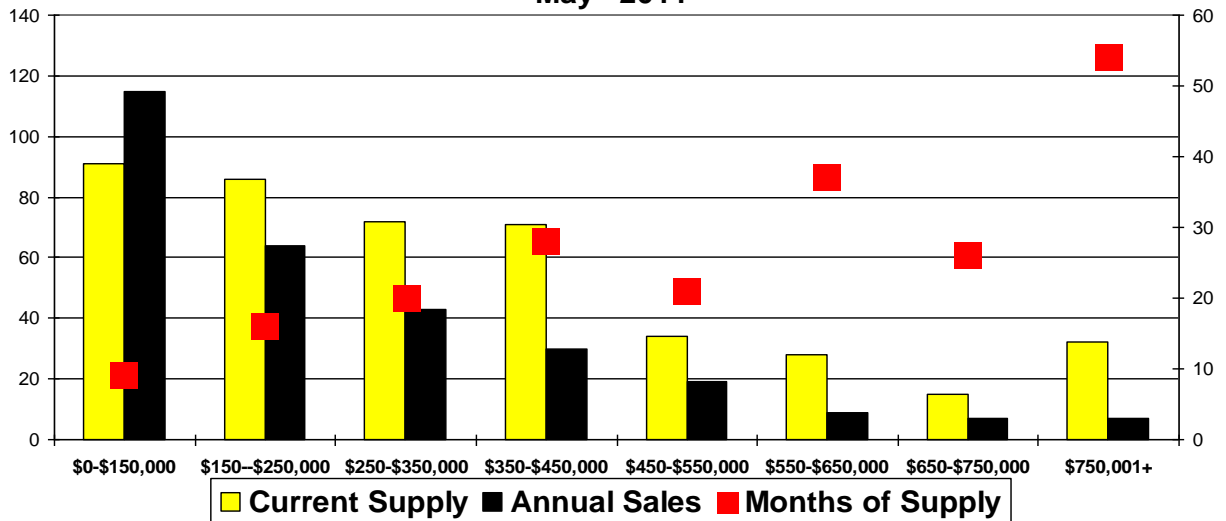


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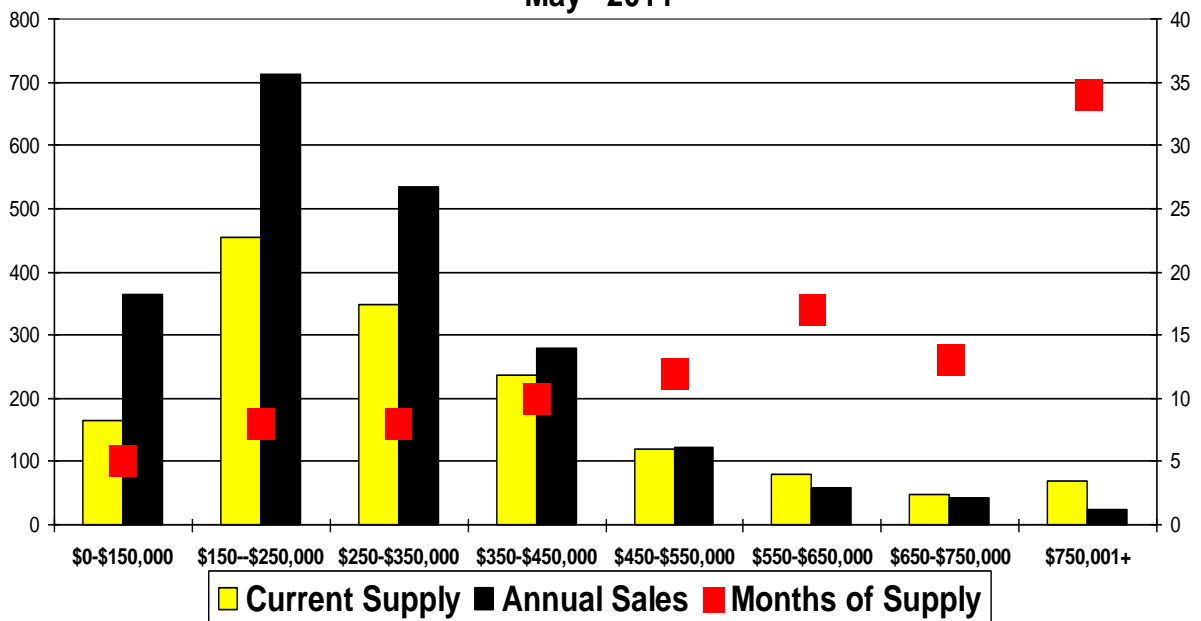




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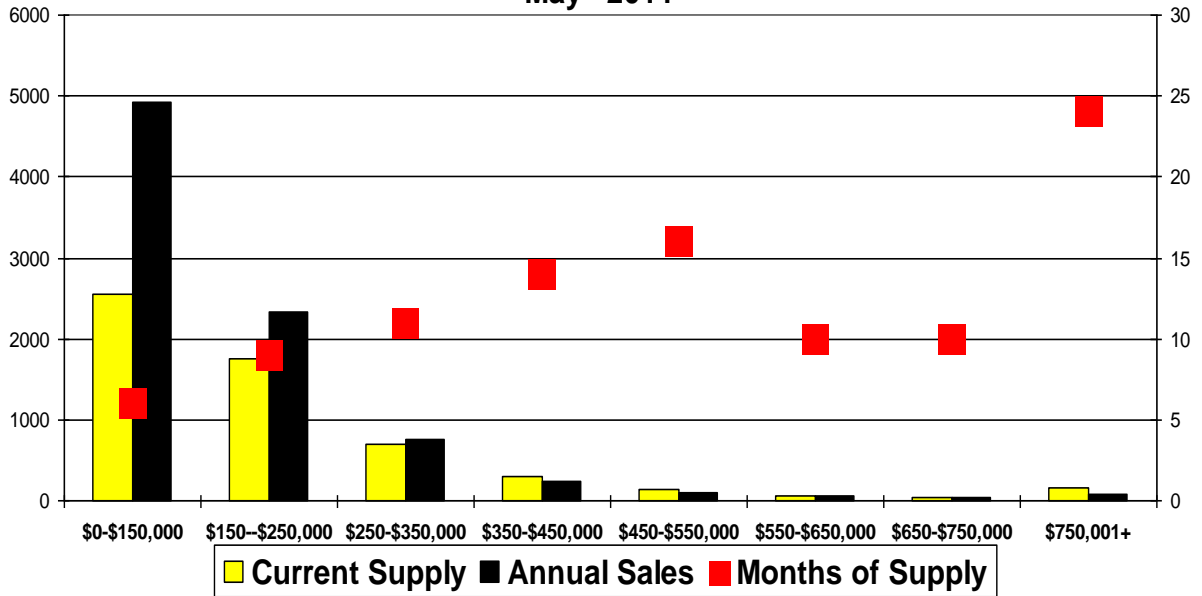


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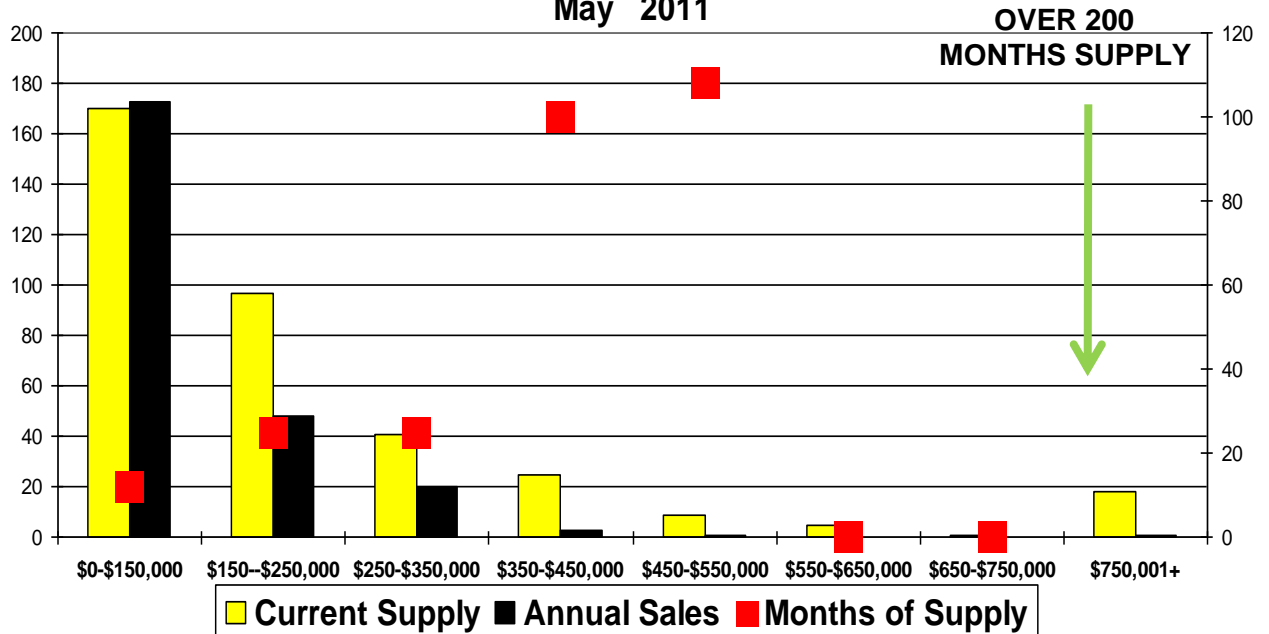




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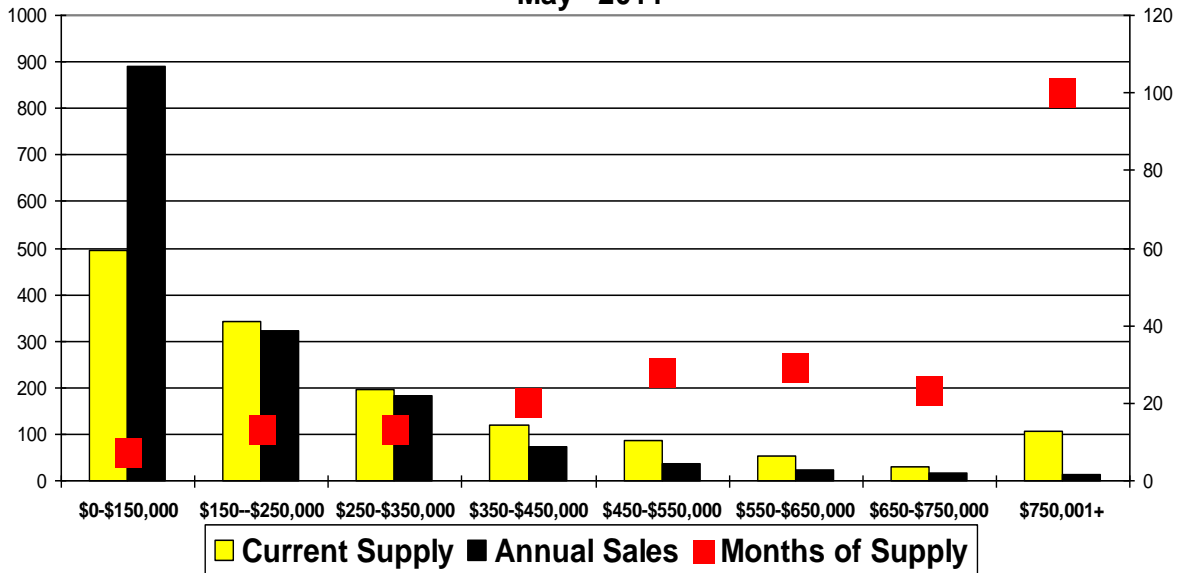


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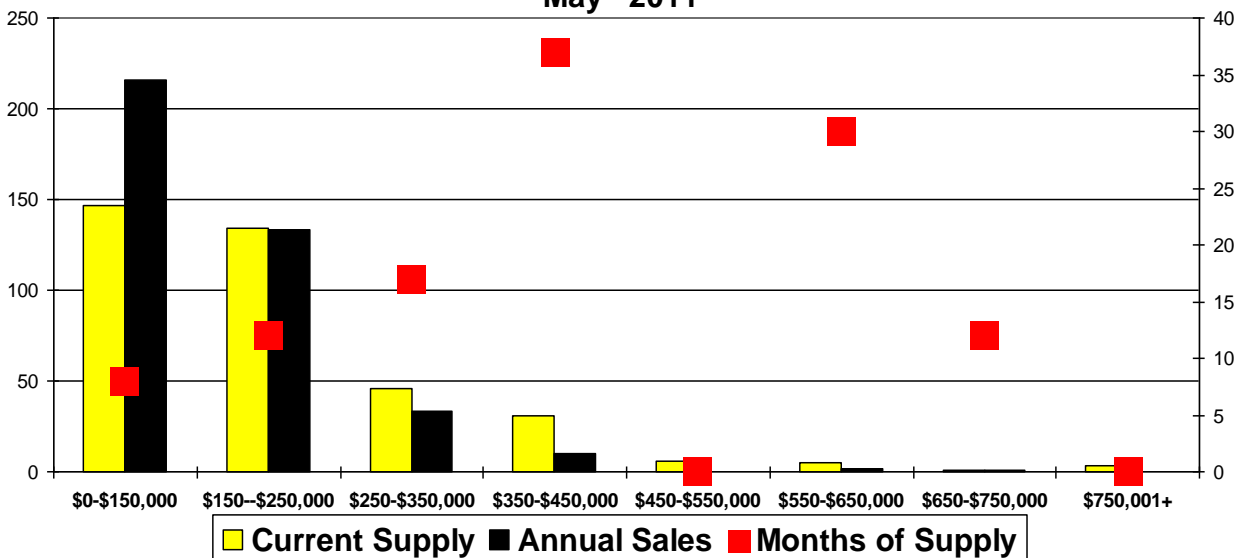




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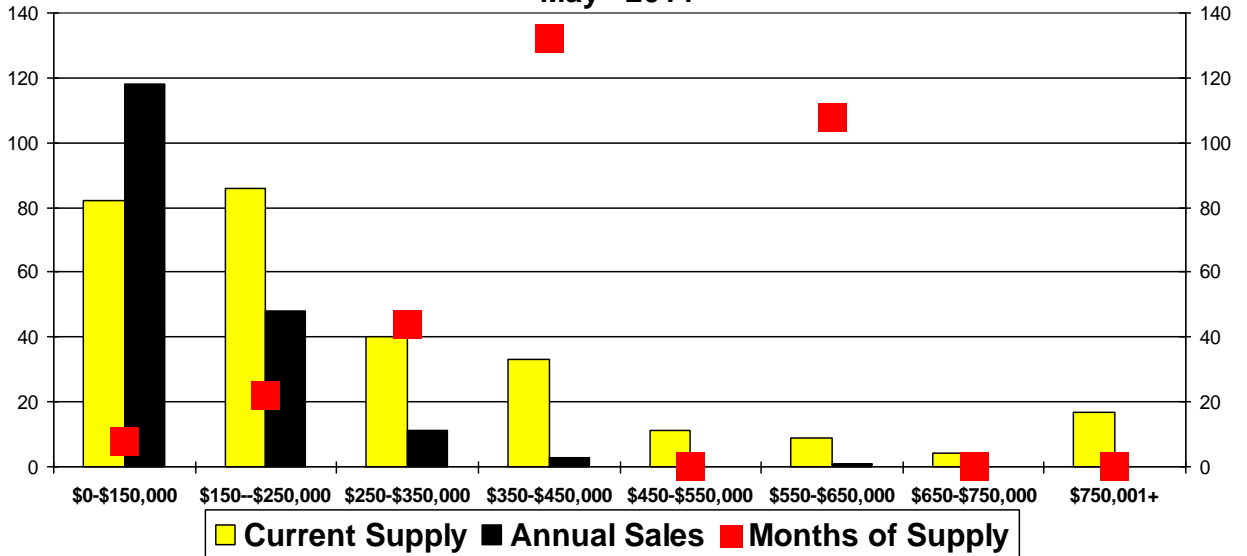


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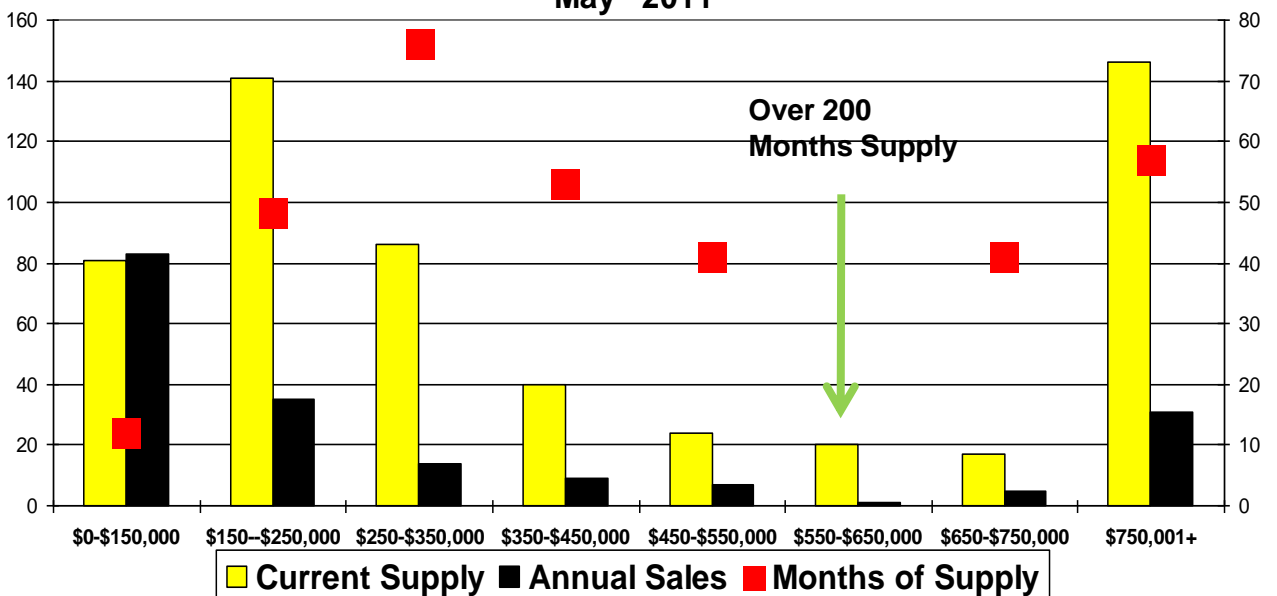




LUMPKIN COUNTY RESIDENTIAL May 2011



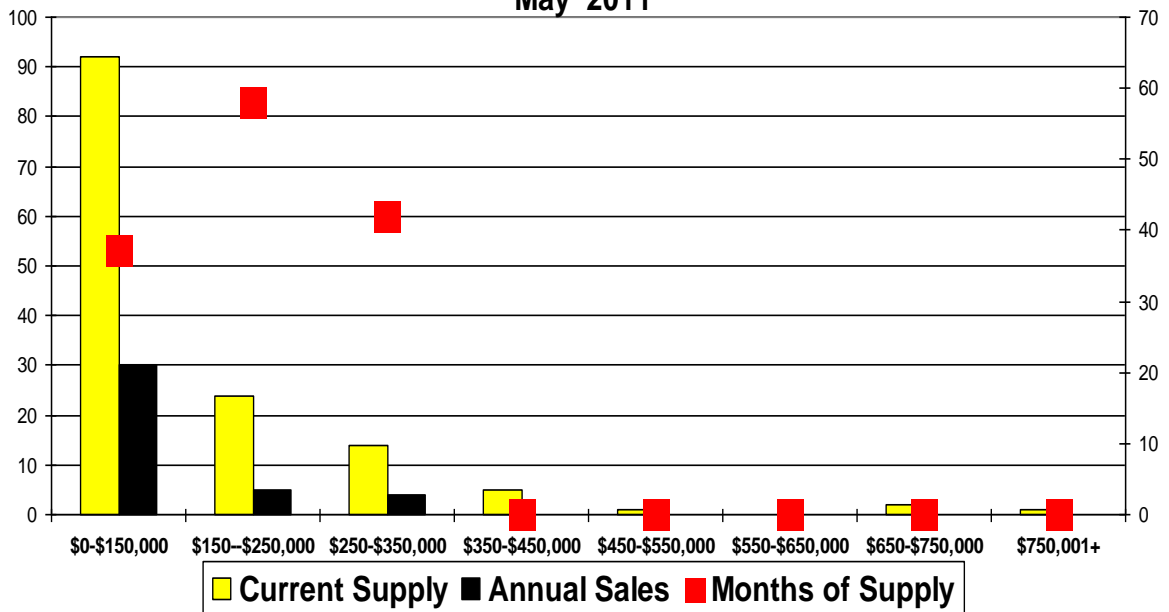
RABUN COUNTY RESIDENTIAL May 2011





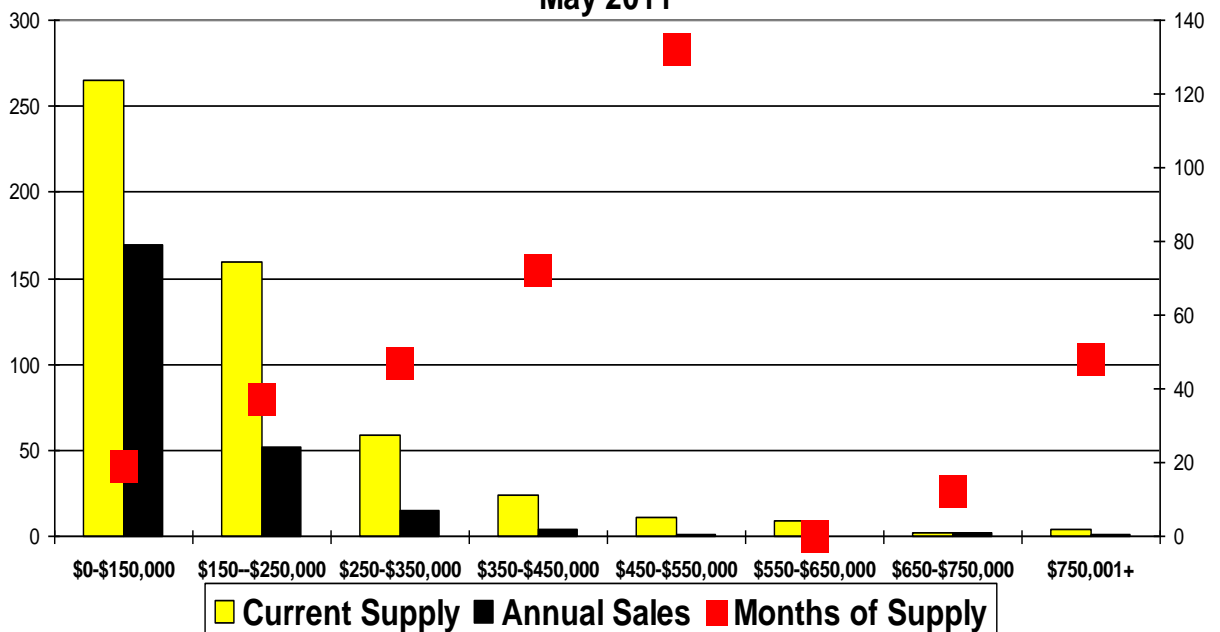
STEPHENS COUNTY RESIDENTIAL

May 2011



WHITE COUNTY RESIDENTIAL

May 2011





NATIONAL CONDITIONS

- ◇ All real estate is local and local North Georgia conditions are stronger than other areas of the nation and the Atlanta area.
- ◇ Builders and their bankers have cut new construction starts 70-80% which will help temper inventories and is allowing the market to move back to some sense of normalization. **The industry will move toward a presale model home and plan book selection mentality.**
- ◇ After the big sell off of stressed inventory, prices of new homes, at a median of \$200,000, are expected to remain level.
- ◇ 2/3 of the mortgage industry has disappeared with bank-supported lending like *Norton Guaranteed Mortgage*, the strongest source of home credit.
- ◇ We expect the feds to help keep interest rates low through 2010 with long term 30 year mortgage rates at historic lows through 2011
- ◇ Expect more lending programs developed by the feds to stimulate the market and national economy reduced rate jumbo money should appear the second half of 2011.
- ◇ Demographic growth in prime buying group 24-34 will continue to increase for the next two decades fueling housing expansion and isolated pent-up demand.