

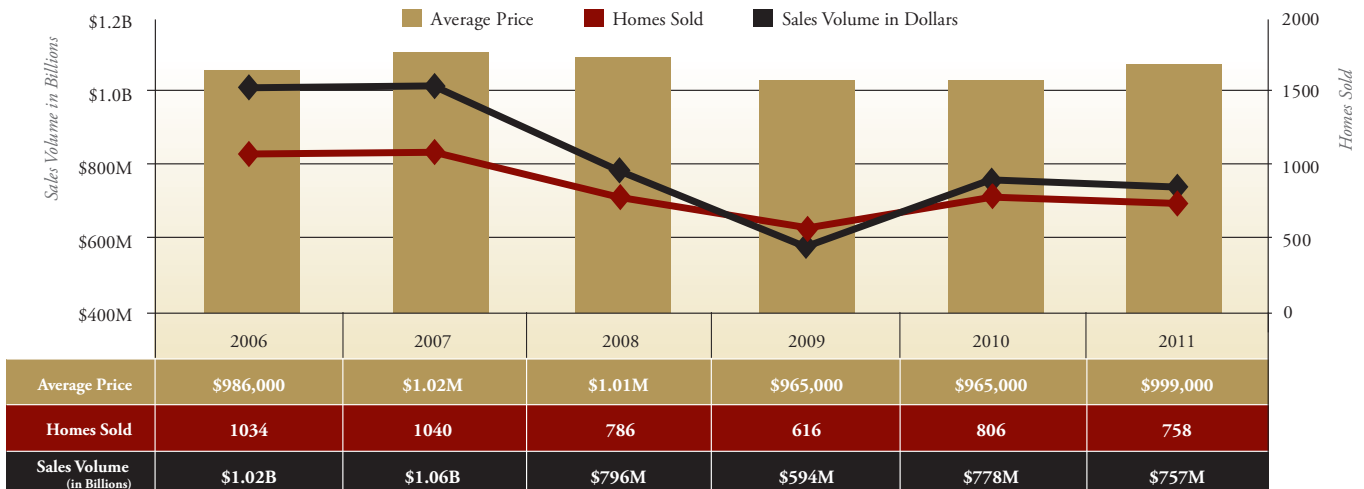


ROBERT PAUL PROPERTIES MARKET REPORT

2011 CAPE COD END OF THE YEAR HIGH END SALES REPORT

	HOMES SOLD						HOMES UNDER AGREEMENT	HOMES LISTED	
PRICE BANDS	2006 YTD	2007 YTD	2008 YTD	2009 YTD	2010 YTD	2011 YTD	AS OF 12/31/2011	CURRENT INVENTORY AS OF 12/31/2011	INVENTORY BY MONTH
\$500K - \$749K	576	543	416	339	421	393	63	474	14.5 Months
\$750K - \$999K	206	205	155	119	169	151	21	294	27.7 Months
\$1M - \$1.9M	174	204	146	117	161	164	25	285	22.6 Months
\$2M - \$2.9M	50	55	48	24	33	29	8	88	36.4 Months
\$3M - \$3.9M	17	16	10	10	17	10	2	44	52.8 Months
\$4M - \$4.9M	4	9	3	4	2	4	1	16	54.1 Months
\$5M +	7	8	8	3	3	7	1	32	54.9 Months
TOTAL	1034	1040	786	616	806	758	121	1233	19.5 Months
HIGHEST SALE	\$12.5M	\$9.2M	\$10.3M	\$6.8M	\$5.8M	\$11.6M	<i>Source: Cape Cod & Islands MLS, Inc Type: Single Family Residential Only</i>		
OVERALL MARKET TOTALS	Total Units Sold	4136	4023	3745	3594	3961	3820		
	Total Sales in \$	\$2.11B	\$2.08B	\$1.72B	\$1.47B	\$1.72B	\$1.65B		

CAPE COD HIGH END SALES GRAPH





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The housing market at the end of 2011 closed on several positive notes, and a number of recently released reports suggest we could be seeing the market stabilizing and even gaining some momentum as we begin the New Year. Nationally, while prices continued to decline another 7.9%, the number of transactions has gained momentum by 3.7%. Further, new construction spending is up and interest rates are now at an all-time low.

Across Cape Cod, 2011 had very mixed results, and yet by Q4 of 2011, we saw some positive trends emerging. The overall market declined 4% in volume of sales and the 2010 median price of \$317K softened to a 2011 median price of \$310K. However, we need to remember that while comparing 2011 against 2010, the 2010 housing statistics were artificially supported by the homebuyer tax credit in the general market. All key statistics were up from the anemic year of 2009. Most importantly, pending home sales going into 2012 surged 15% over the same period of 2011, and fears of a double-dip were never realized, so the general market seems to be stabilizing.

In the high-end, key trends were also mixed. Overall, sales of homes from \$500K and up decreased 6% over sales in 2010. And yet, median prices inched up from 2010. The middle market, \$500K to \$999K was hardest hit with a decrease in sales of 8.5%. This market segment was particularly affected by the issue of tight credit for both year-round homeowners and second-home buyers who could take advantage of the new affordability in the water-oriented marketplace.

In 2011, the \$1M+ market saw little improvement over 2010. The sweet spot of second-home sales remains in the \$1M - \$2M range, which continues to successfully grow. From boom to trough, the high-end lost 30% - 35% in value. In the new market, sale prices have come into alignment with assessed value, after many years where assessed value was not a guiding metric.

After weak demand since 2008, there was real growth in 2011 at the top of the luxury marketplace. \$4M + sales rebounded by 120% over 2010. As another sign of revival, a sale over \$10M was achieved. Luxury buyers are dialed into the market. They understand market cycles, they know that the new affordability will not last forever, and they are educated and able to make a move when the right house at the right price comes to market. While this is only a sliver of the market, it does highlight a market trend which may lift the overall ship.

We anticipate that 2012 will become a growth year in the number of homes sold, while some prices may continue to softly decline to meet buyer expectations. Excessive inventory and tight credit are the key factors driving these soft prices.

Political and economic turmoil may cause 2012 to remain flat, or, the new affordability and desirability of owning a second home may cut through all the market doubt and fuel a moderate growth trend in 2012. Current activity in the market, especially in the \$1M+, growth in pending sales and improved consumer confidence suggest that in fact we will see improvement in home sales and more people being able to move on and fulfill their life objectives.



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