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*To: Friends and clients
Fr: Gail Coughlin*

2011 REAL PROPERTY REPORT

The Road Ahead

In keeping with our annual year end tradition, we are sharing the “inside” 2011 story on market conditions with friends and clients. Last year at this time we touched on the second dip headlines; the fact is that no matter how right we were in our prognosis, actually living the reality is very different. For that reason, this report will attempt to condense a very complex market into the simplest common denominator: there has been a fundamental change in the economy which is reflected in the way we live, and therefore the way our homes serve our needs.

Some of the trends to recognize are:

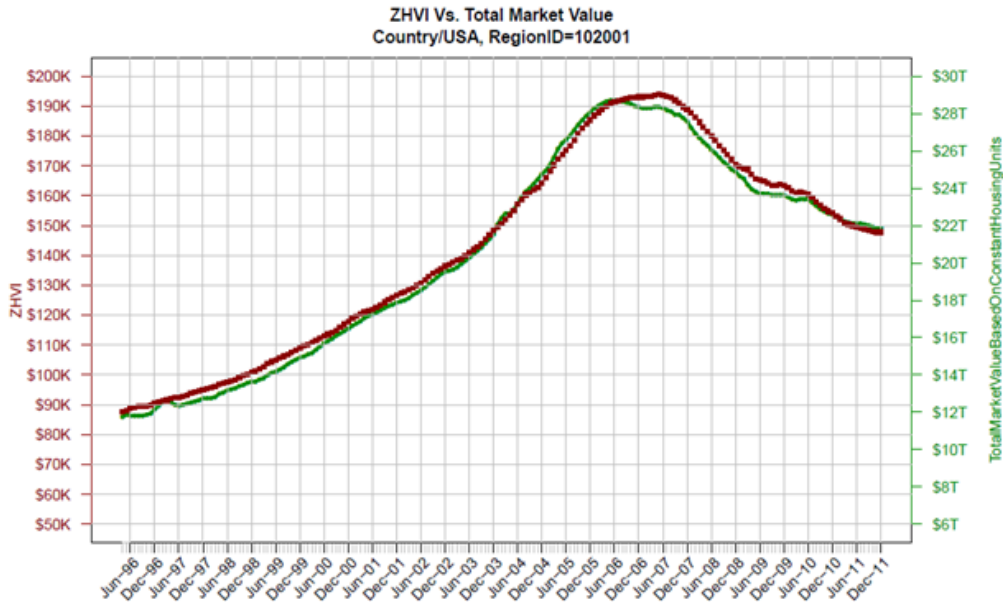
- Banking is burdened excessively with regulation and housing foreclosures. Those, who are able, will pay cash; many will have partnerships; renting will be desirable for a large percentage of the population and across every income level. **The future:** investing in residential multifamily/single family rentals, preferably new construction, even for those who require professional management, be it local or via Investment Trust, is worthy of serious consideration. We are leasing for many.
- Traditional and safe investments are not yielding an acceptable rate of return relative to the cost of living. Those who can afford to take advantage of the exceptional buying power of their assets at the historical discounts offered by the downturn reason that there is no better place for their money than their homestead especially in comparison to other commodities such as gold. **The future:** the best real estate is as always the place to be...as real estate has stabilized there have been once again competing offers for the finest properties.
- Time is precious. People talk all the time about the compression of time...Opinions may differ on what's behind the crushing of time. Some wonder if you can have email or you can have a life. The truth is we will adjust to the pace with personal attention having even more value. As we struggle to contend with this reality, and with the burdens of dual income households, and being even more productive to offset the losses the economy has suffered, our homes must function differently. **The future:** the latest technology, and newer condition will be even more important...builders are benefiting...smaller innovative square footage with larger rooms will live “big”...tax incentive and well managed government will be even more crucial. If luxury is simplicity and time, then minimal maintenance green properties will appeal.



In short we know where we stand, and it will be different. The resourcefulness of the American spirit dictates that we can navigate these challenges and somewhere around 2016 according to the statisticians we will be ready to roll upward again. Considering all real estate as local, my personal sales were up 300% over 2010, while the Columbus, Ohio market in the 2011 data base showed losses slowed from \$6.9 billion to \$3.2 billion for the total Columbus housing market year over year as reported by Zillow.

“While a large pool of housing supply, high negative equity, high unemployment, and low consumer confidence levels will continue to depress home values in 2012, the silver lining remains that homes have lost value at a much slower pace in the backend of 2011. We expect this trend to continue throughout next year as we coast towards an eventual bottom in late 2012 or early 2013.”

National ZHVI vs. National Total Market Value



Year over Year Area Average Price Sales Comparison Indicators

	2011/2010	Sales Units	2009/2008	Sales Units	2006/2005	Sales Units
Hyde Park	\$337,773 / \$386,828	257 / 181	\$329,378/\$371,492	170/183	\$408,247/\$403,112	246/266
Change	(13%)	41%	(23%)	(31.89%)	1.24%	(7.5%)
Indian Hill	\$1,075,545 / \$1,114,962	76 / 74	\$1,088,711/ \$1,192,627	43/72	\$1,285,417/1,300,386	60/91
Change	(.04%)	2.7%	(15.3%)	(28.33%)	.98%	(34%)
Montgomery	\$331,520 / \$387,293	131 / 119	\$406,511/432,838	105/97	\$450,912/367,152	112/178
Change	(.15%)	10%	(9.8%)	(6.2%)	1.22%	(37%)



We are clearing inventory as the Indian Hill Sales Comparison Report for transactions over \$1,000,000 indicates. Please see below:

	2011	2010	2007	2006
Highest Sale	\$4,700,000 (79.7% of list price)	\$3,200,000 (91.5% of original list price)	\$4,550,000 (75.83% of final list price)	\$3,750,000 (82.42% of final list price)
Second Highest Sale	\$3,020,000 (85% of list price)	\$2,500,000 (65% of final list price)		
Lowest Sale	\$1,000,000 (58.8% of list price)	\$1,000,000 (76.98% of final list price)	\$1,400,000 (80% of final list price)	\$1,415,000 (94.39% of final list price)
Median	\$1,549,443	\$1,419,500	\$2,156,000	\$1,965,000
Number of Sales	46	37	23	20

All information is from reliable sources and believed to be accurate but is not warranted.

The net is that the market has stabilized with price erosion for most properties at a 40% discount to the high of 2006. Historically, fortunes are made by those who acquire large holdings at discounts in times like these. J.D. Mac Arthur in Florida's Palm Beach area comes to mind.

While the ranks of the professional may be thinner in the real estate community, the value and knowledge contributed may be exponentially more valuable. Maintaining net worth for our clients over time has been our best reward.

We welcome your thoughts and wish you the very best in 2012!

Warmest personal regards,

Gail S. Coughlin
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