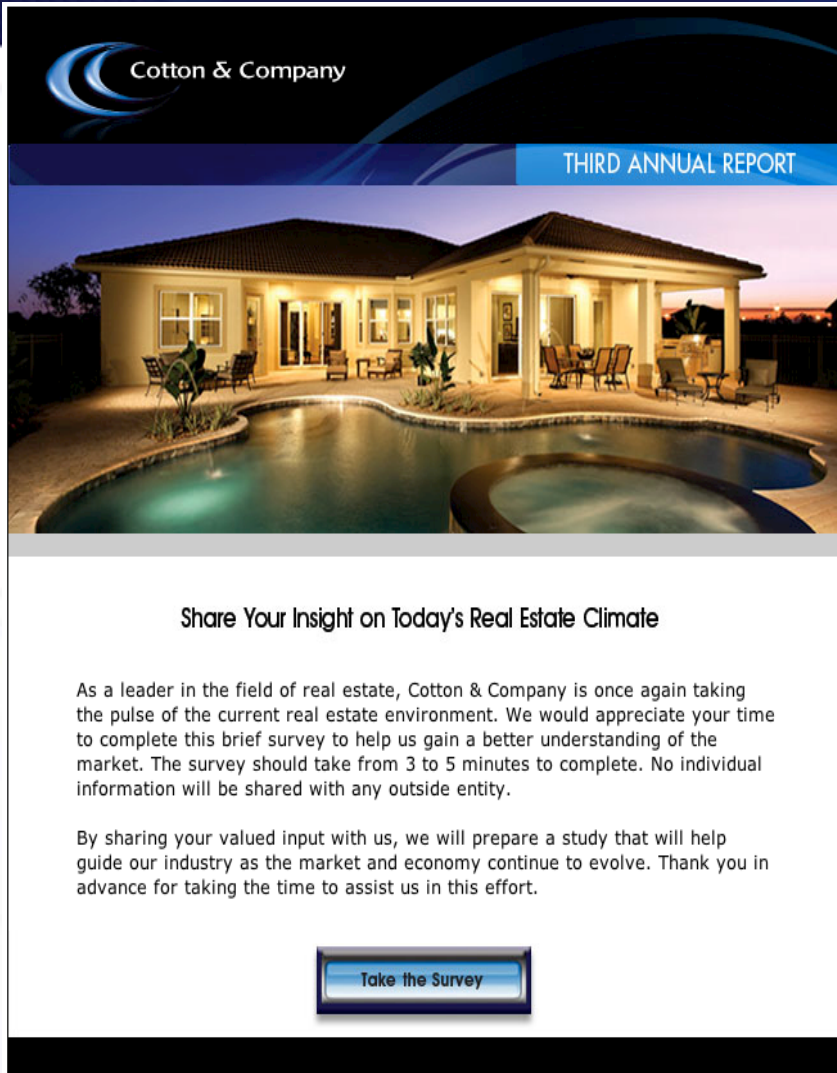


MARCH 2011

THE THIRD ANNUAL COTTON REPORT



THE SURVEY



Cotton & Company

THIRD ANNUAL REPORT

Share Your Insight on Today's Real Estate Climate

As a leader in the field of real estate, Cotton & Company is once again taking the pulse of the current real estate environment. We would appreciate your time to complete this brief survey to help us gain a better understanding of the market. The survey should take from 3 to 5 minutes to complete. No individual information will be shared with any outside entity.

By sharing your valued input with us, we will prepare a study that will help guide our industry as the market and economy continue to evolve. Thank you in advance for taking the time to assist us in this effort.

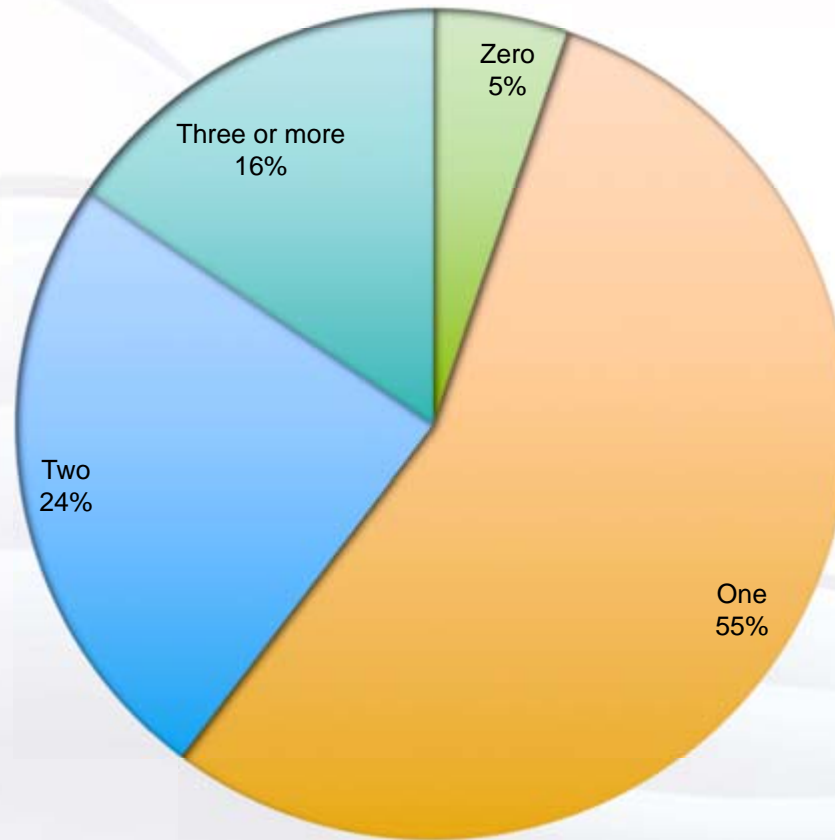
[Take the Survey](#)

Sent to 65,732 registrants on resort and real estate websites.

Total responses to date: 807

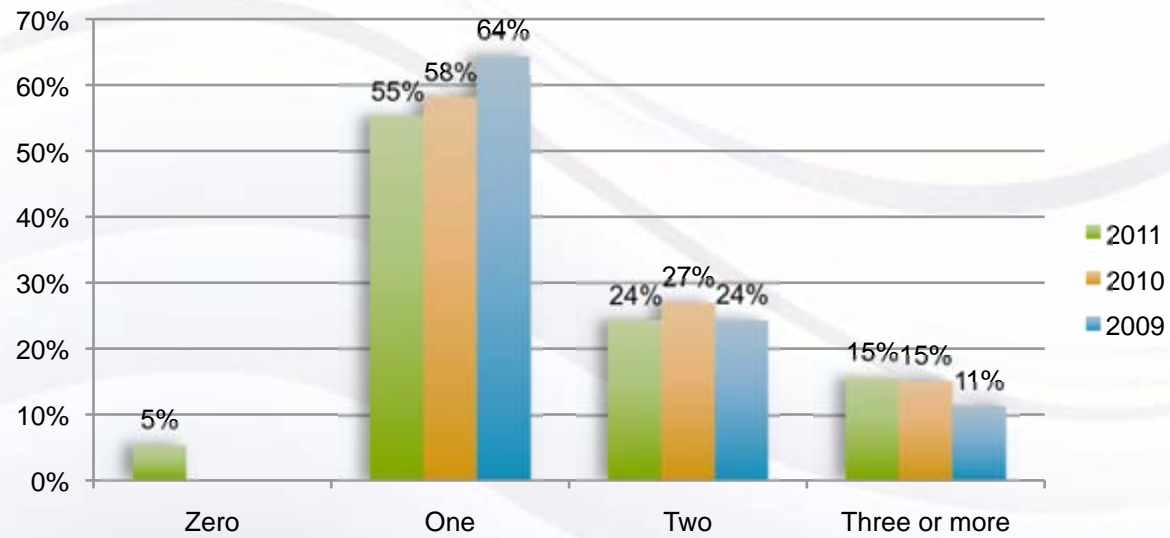
Survey sent: February 25, 2011

HOW MANY RESIDENCES DO YOU OWN?



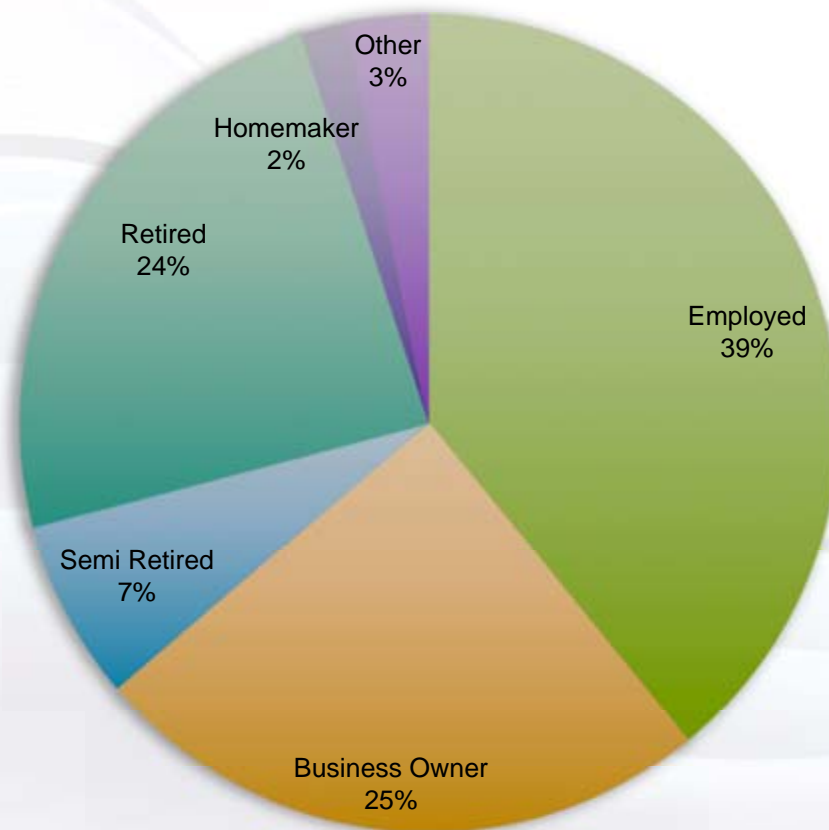
Zero	41
One	430
Two	189
Three+	121

HOW MANY RESIDENCES DO YOU OWN?



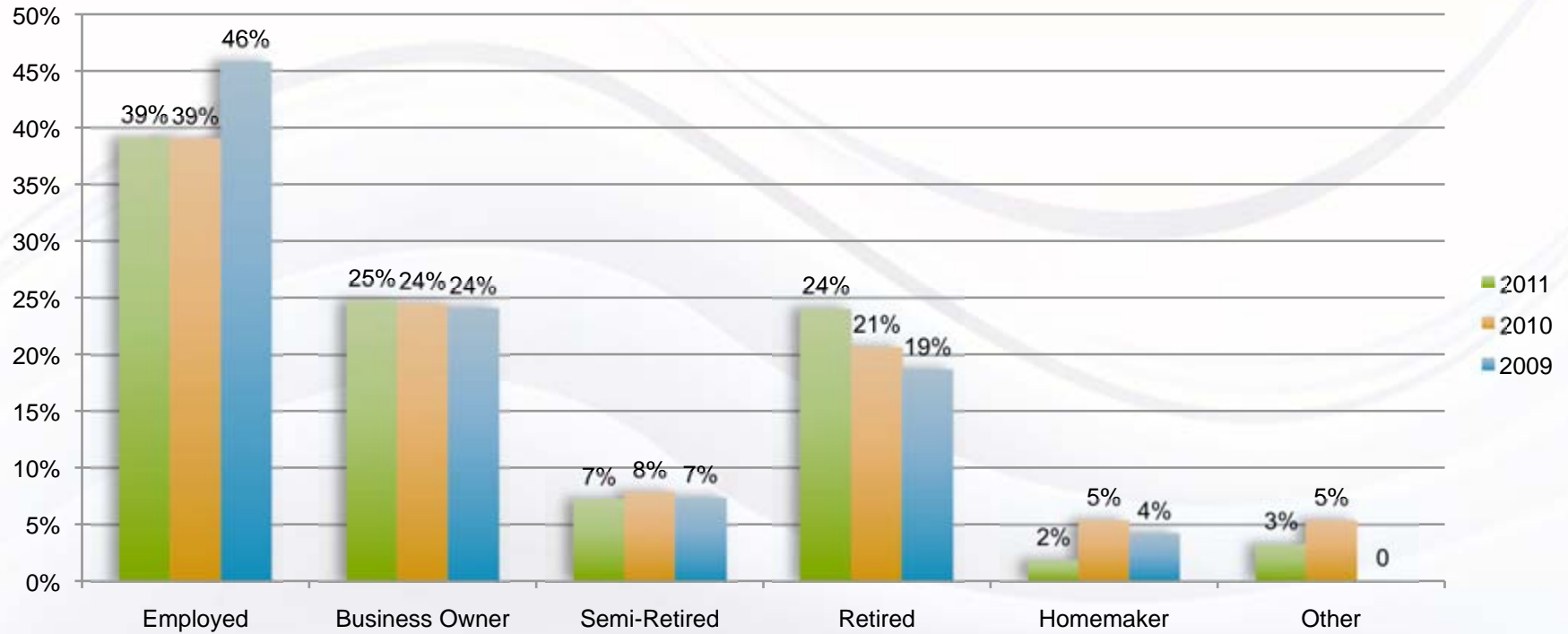
Note: "Zero" was not available as a choice on 2009 or 2010 surveys.

WHAT IS YOUR OCCUPATIONAL STATUS?



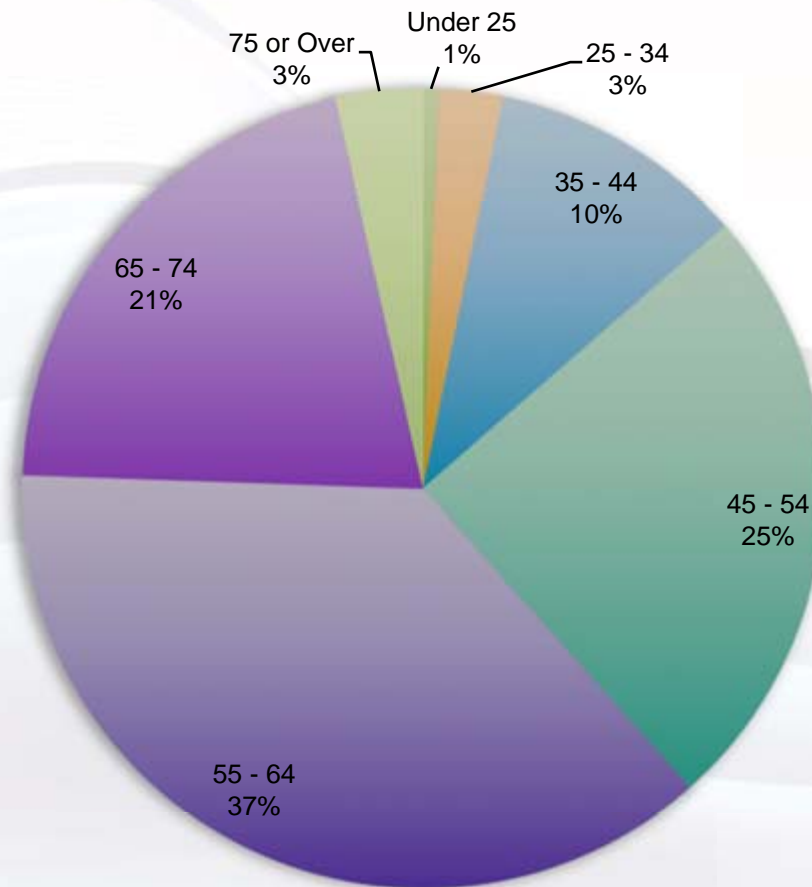
Employed	301
Business Owner	190
Semi-Retired	55
Retired	185
Homemaker	14
Other	25

WHAT IS YOUR OCCUPATIONAL STATUS?



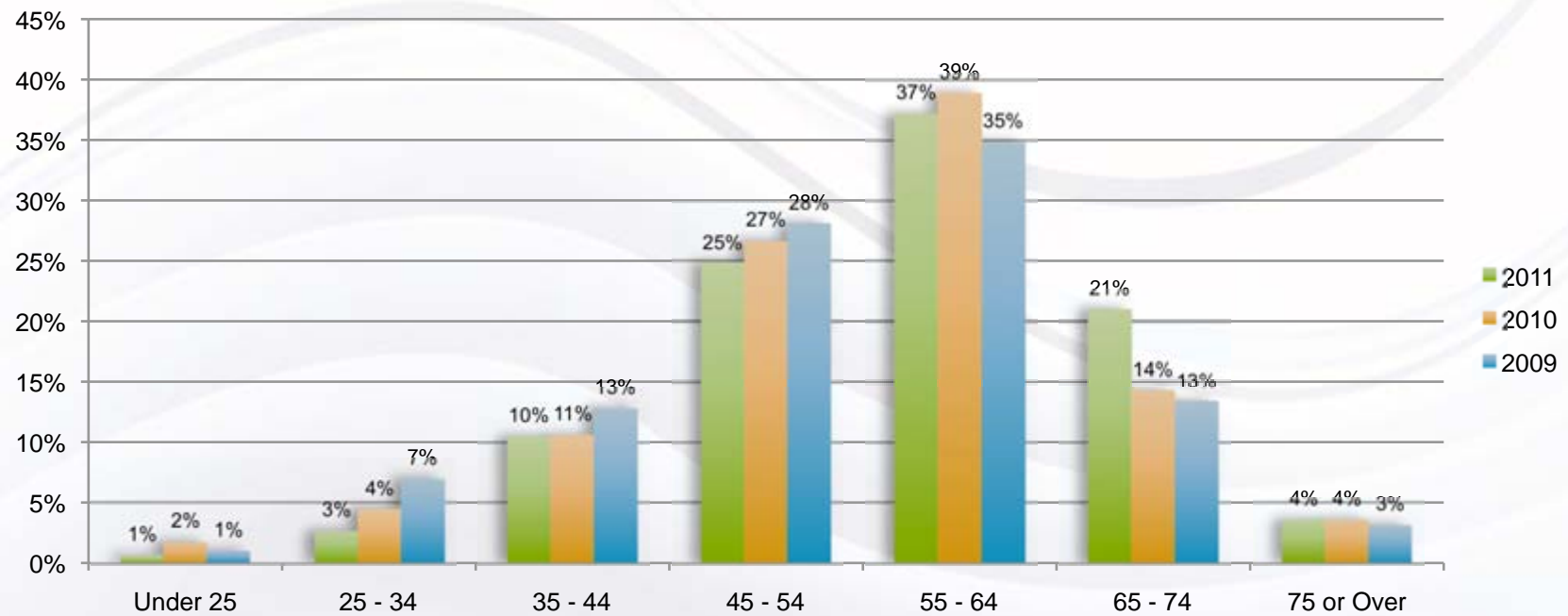
Note: "Other" was not available as a choice on 2009 survey.

WHAT IS THE AGE RANGE FOR THE HEAD OF THE HOUSE?

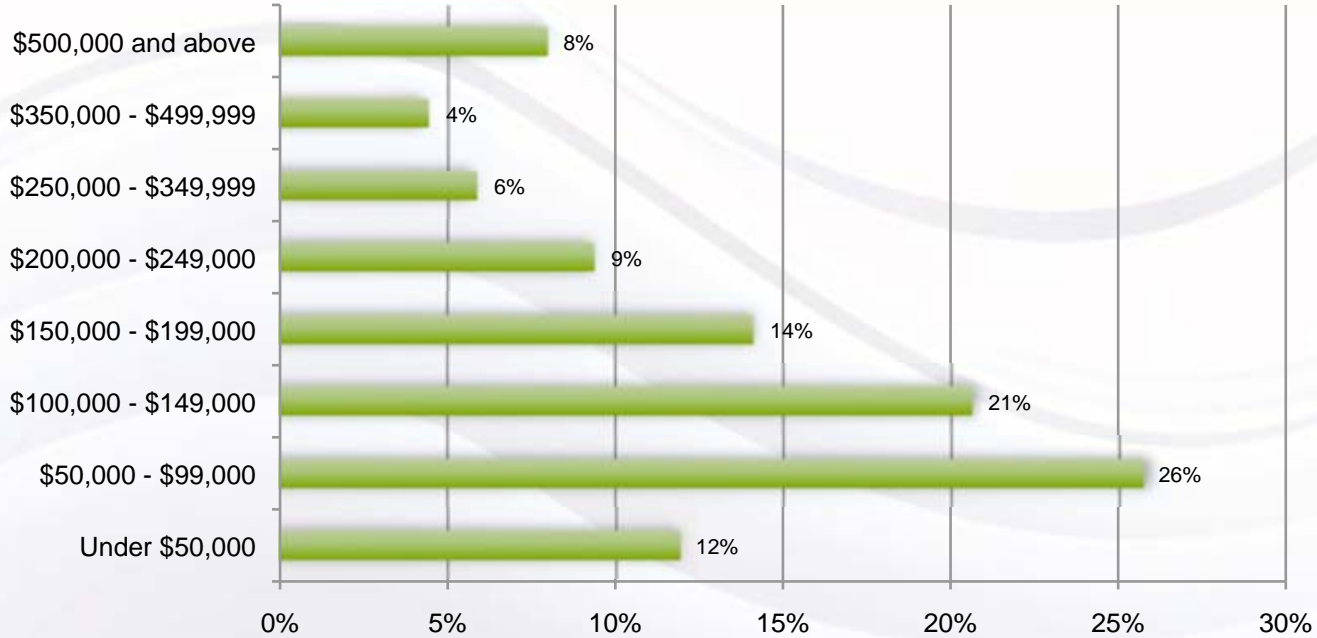


Under 25	4
25 - 34	17
35 - 44	68
45 - 54	162
55 - 64	243
65 - 74	137
Over 75	23

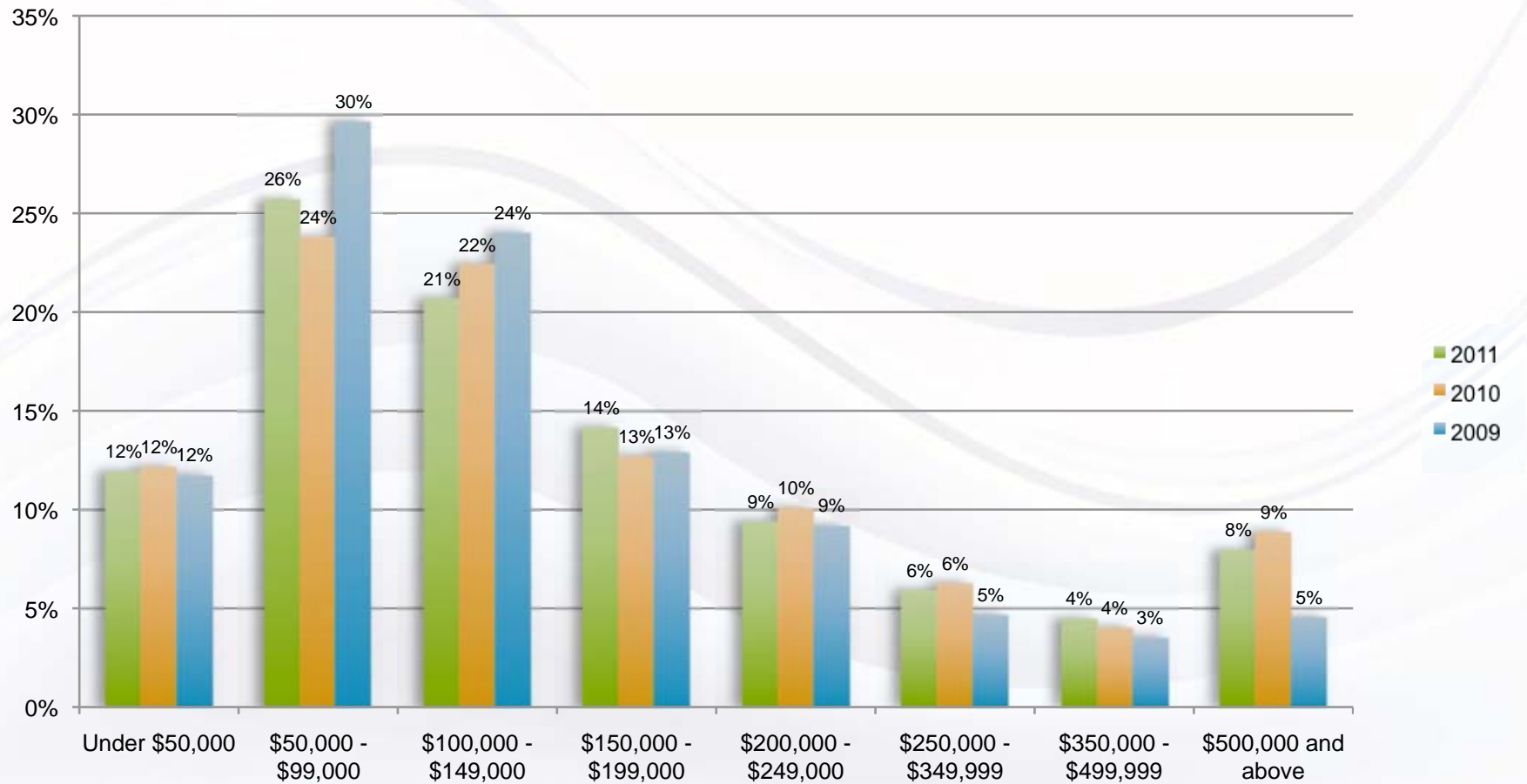
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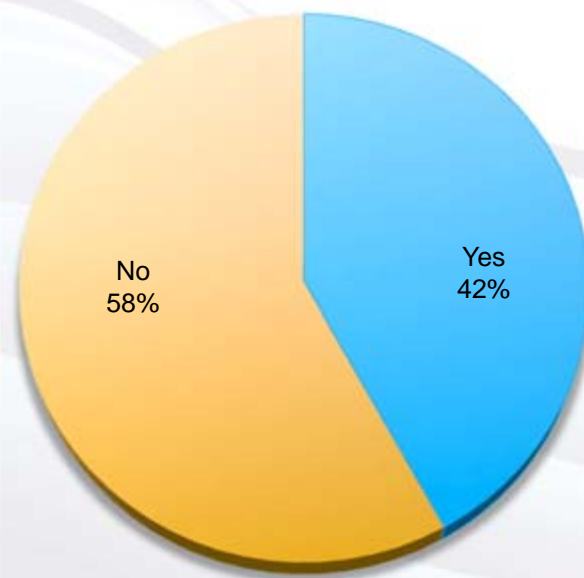
WHAT IS YOUR CURRENT HOUSEHOLD INCOME?



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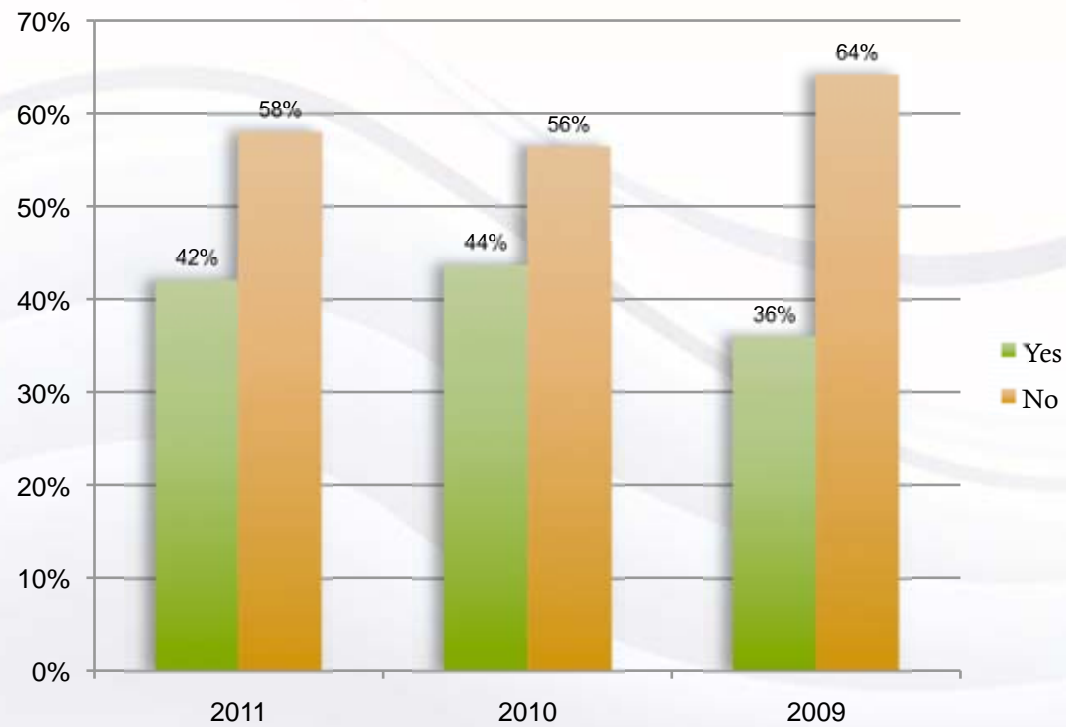
ARE YOU CURRENTLY CONSIDERING A REAL ESTATE PURCHASE?



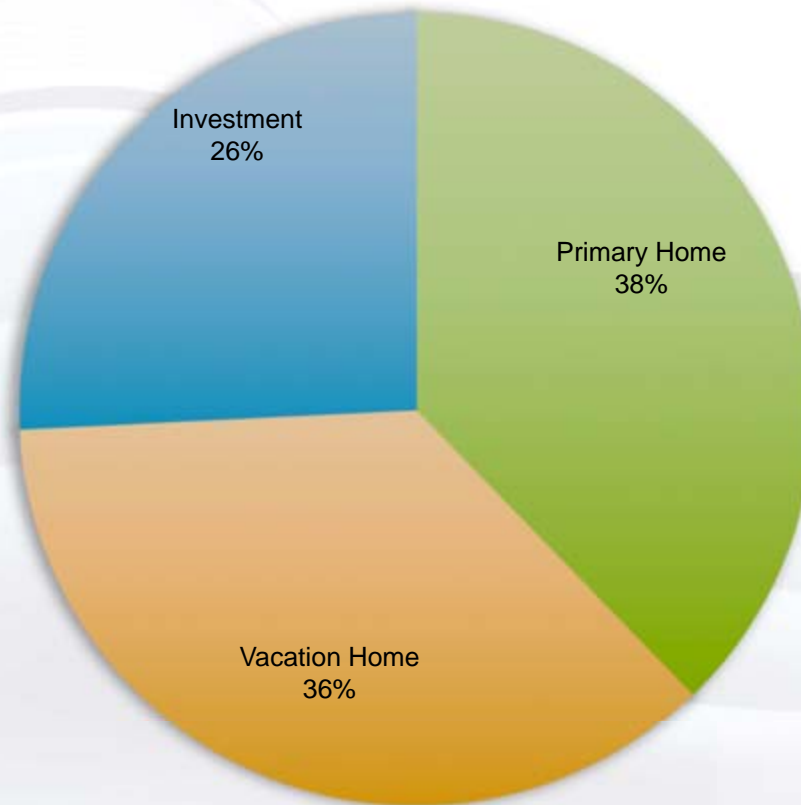
No	442
Yes	320



ARE YOU CURRENTLY CONSIDERING A REAL ESTATE PURCHASE?



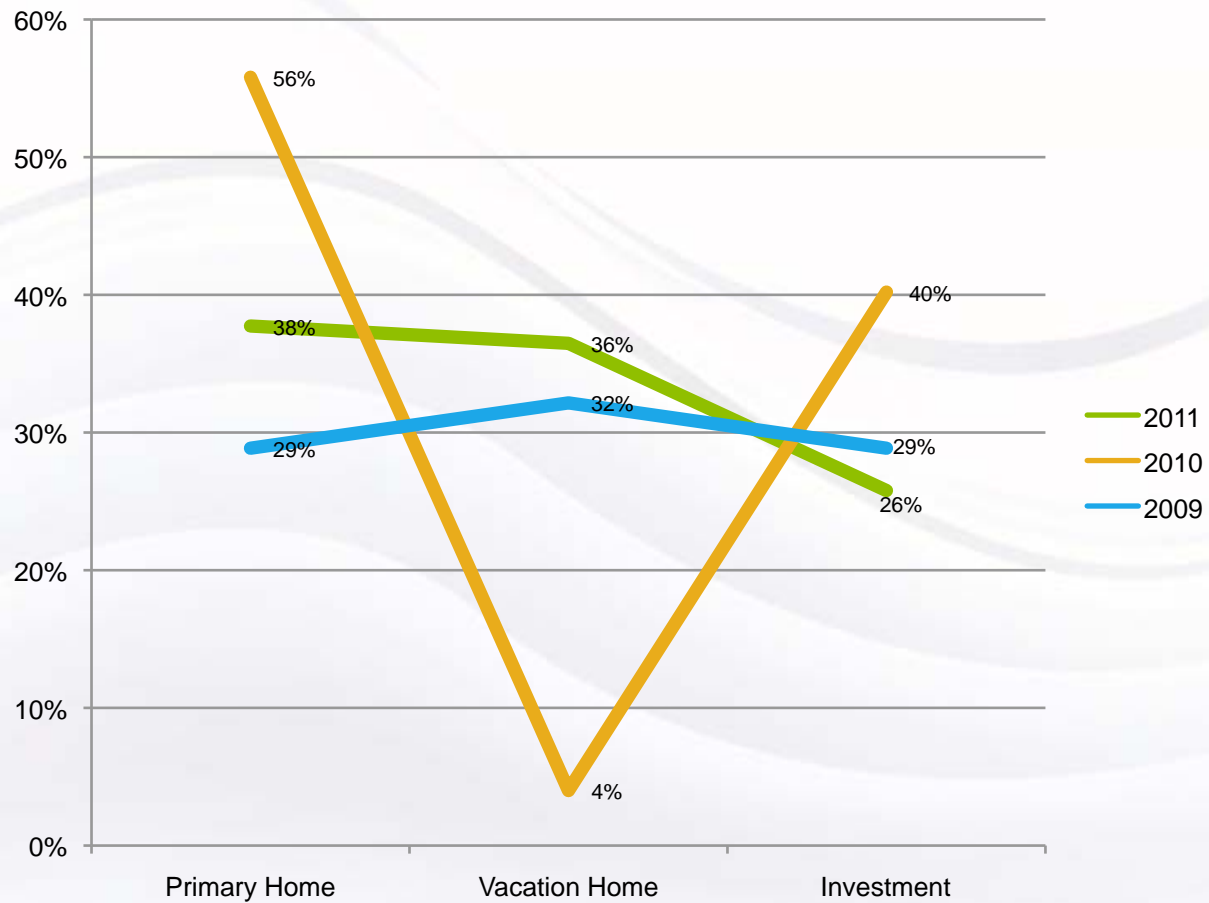
WHAT IS THE PURPOSE OF THIS PURCHASE?



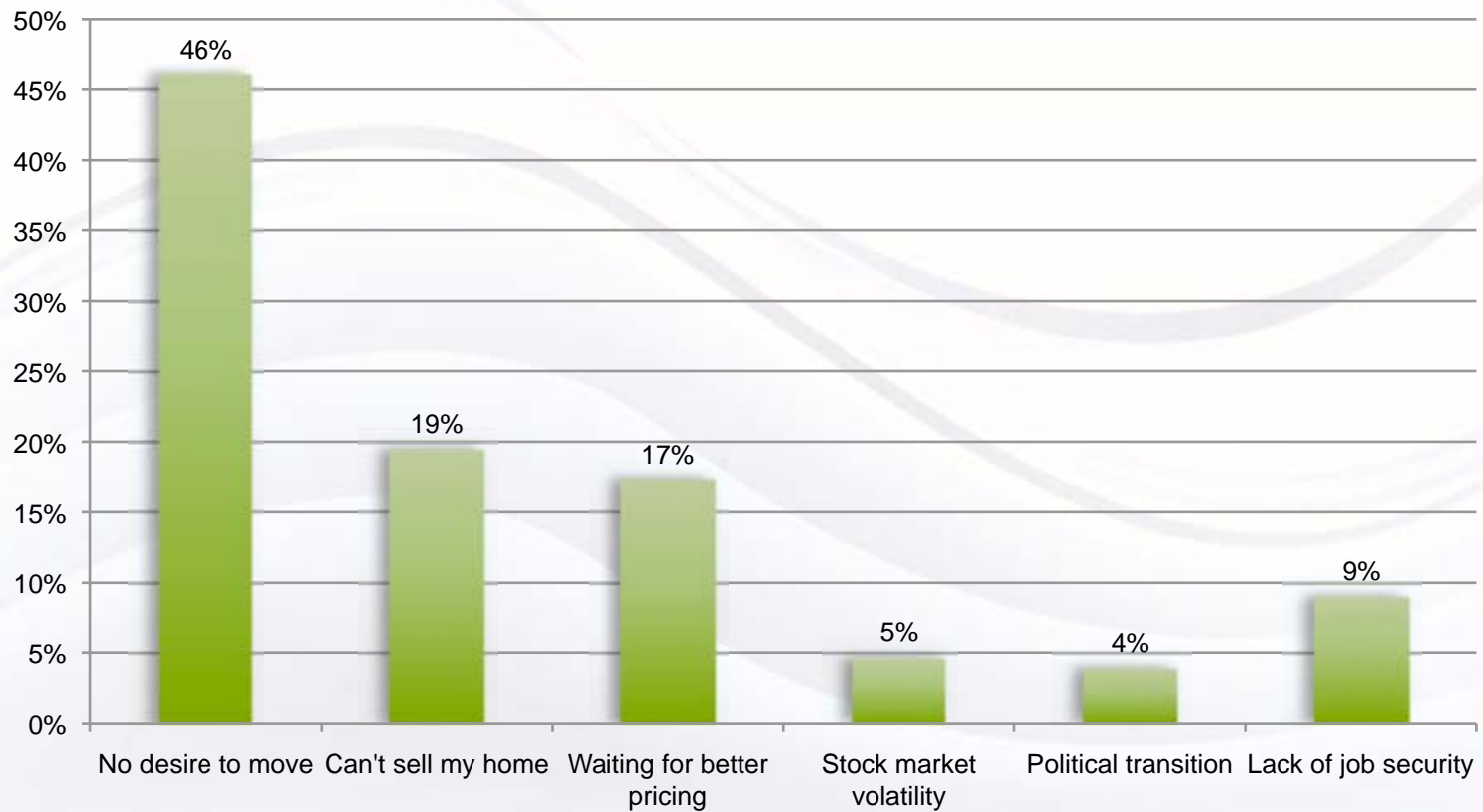
Primary Home	120
Vacation Home	116
Investment	82



WHAT IS THE PURPOSE OF THIS PURCHASE?



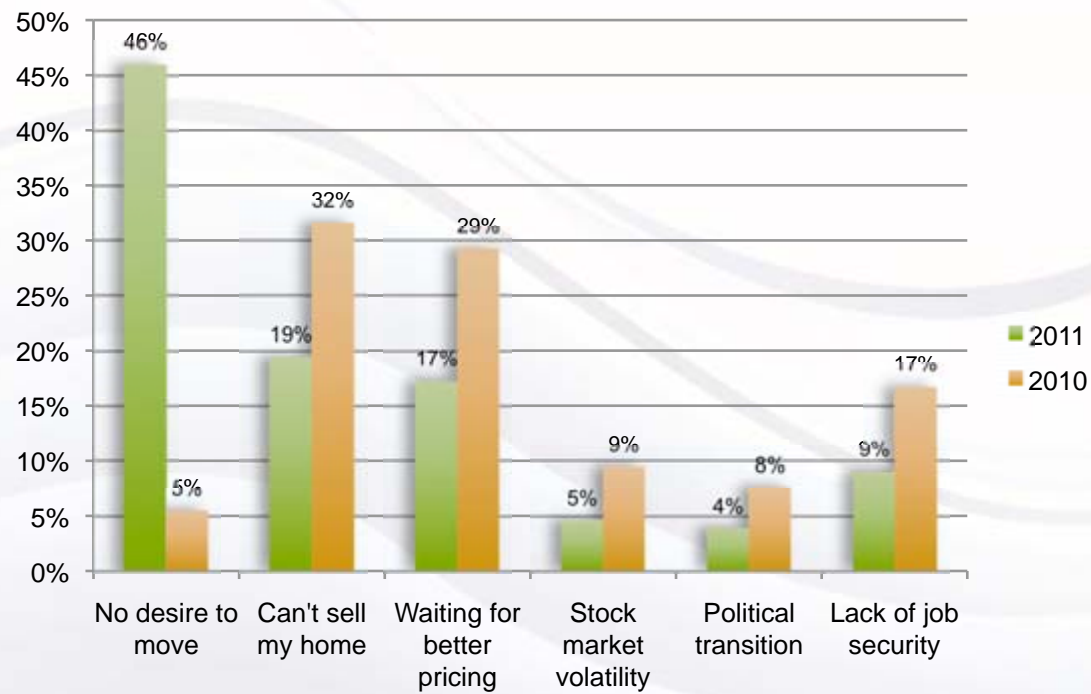
WHAT IS YOUR REASON FOR NOT PURCHASING?



Note: This question was not asked in previous surveys.

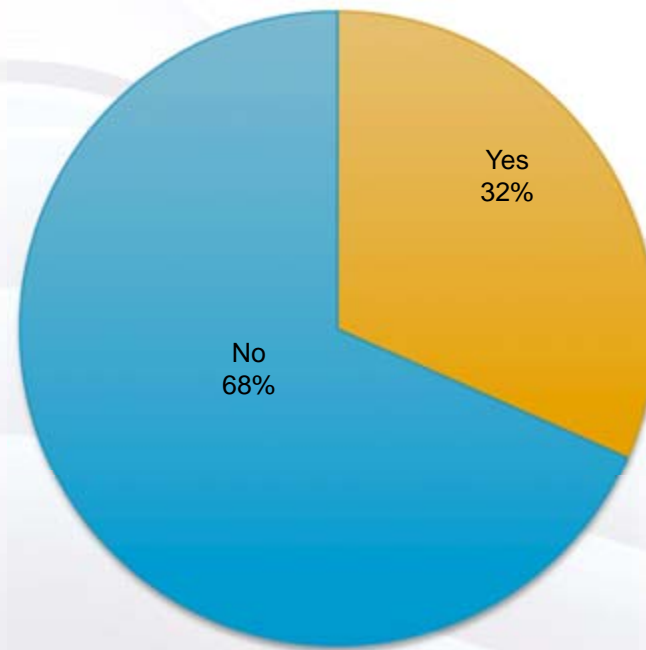


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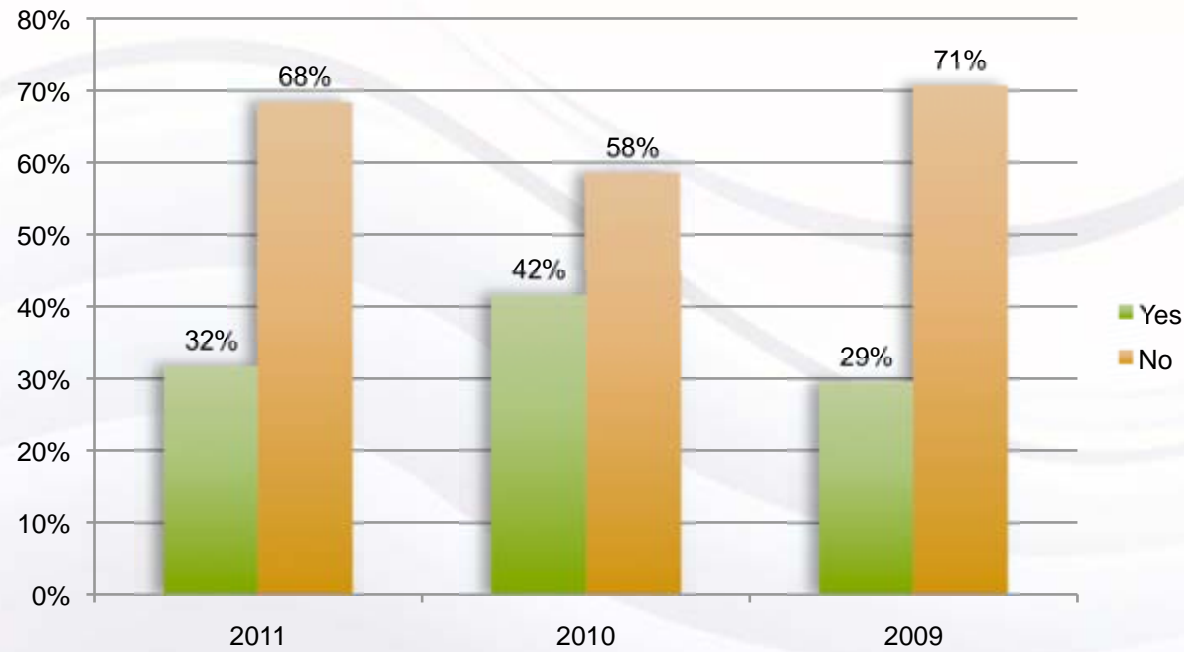
Note: This question was not asked in the 2009 survey.

IS IT NECESSARY TO SELL YOUR CURRENT HOME PRIOR TO PURCHASE?

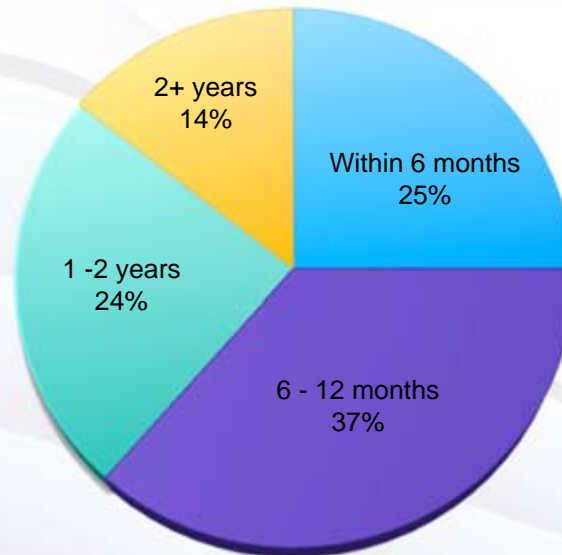


No	216
Yes	100

IS IT NECESSARY TO SELL YOUR CURRENT HOME PRIOR TO PURCHASE?

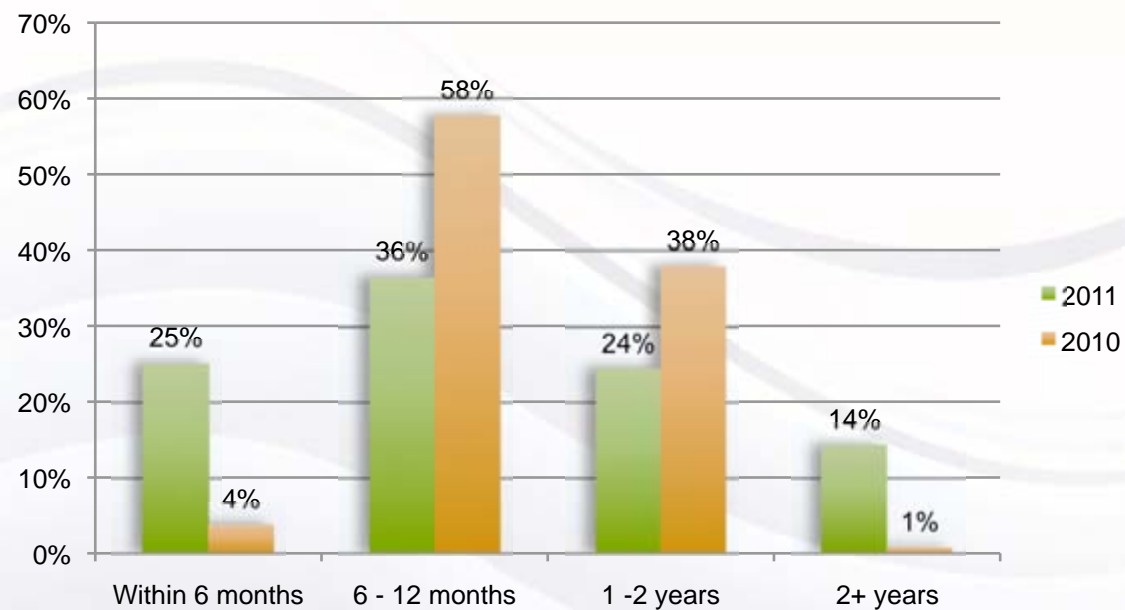


HOW SOON DO YOU ANTICIPATE PURCHASING YOUR NEW HOME?



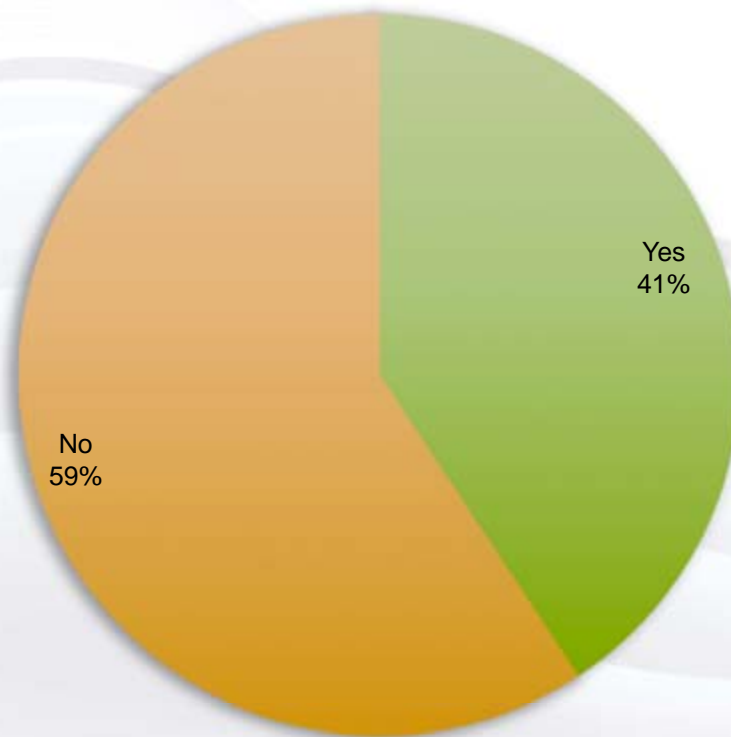
Within 6 months	77
6 – 12 months	112
1 – 2 years	75
2 years +	44

HOW SOON DO YOU ANTICIPATE PURCHASING YOUR NEW HOME?



Note: This question was not asked in the 2009 survey

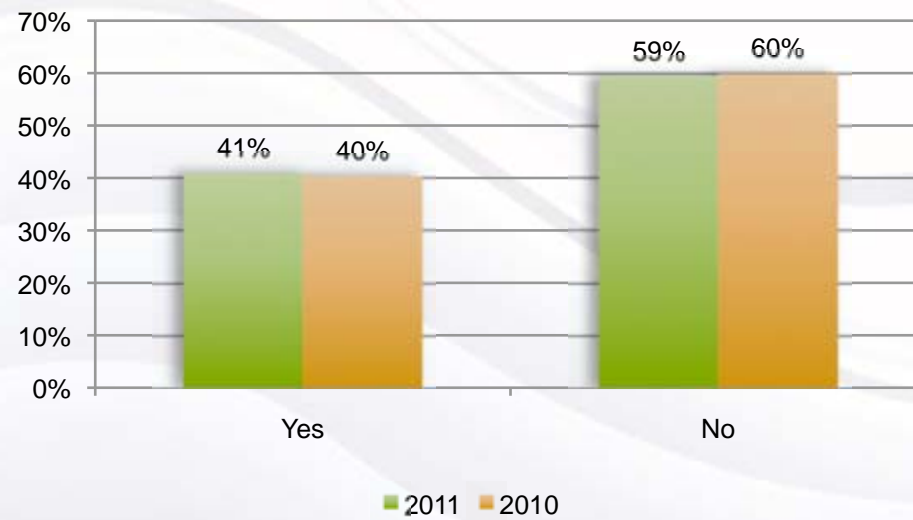
HAVE WE REACHED THE BOTTOM OF THE REAL ESTATE MARKET CYCLE?



No	428
Yes	294

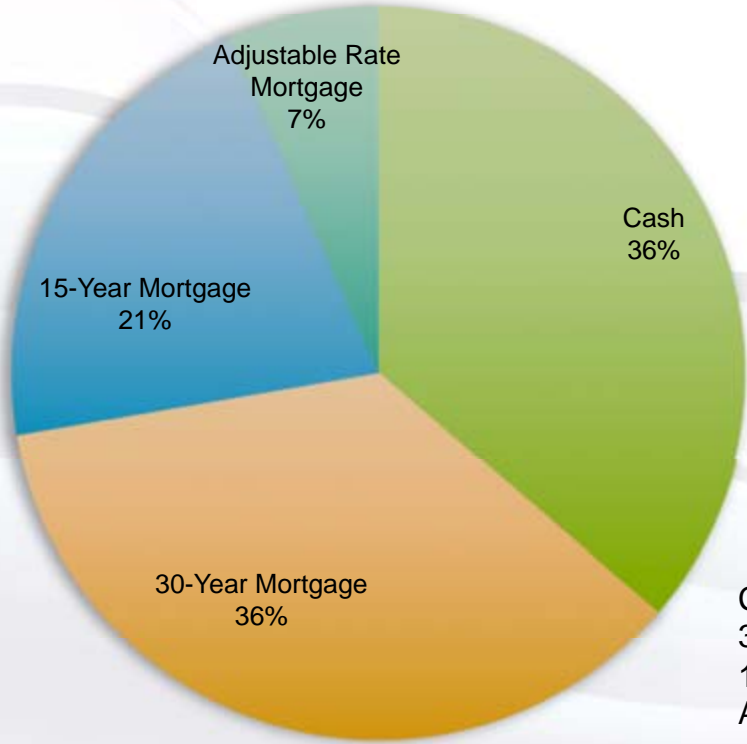


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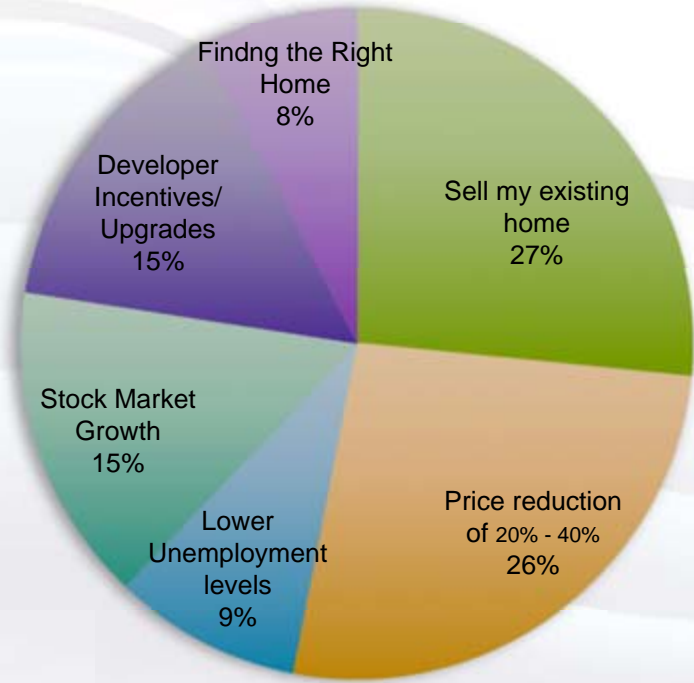
HOW ARE YOU PLANNING TO PAY FOR YOUR REAL ESTATE PURCHASE?



Cash	254
30-Year Mortgage	252
15-Year Mortgage	142
Adjustable Rate Mortgage	47

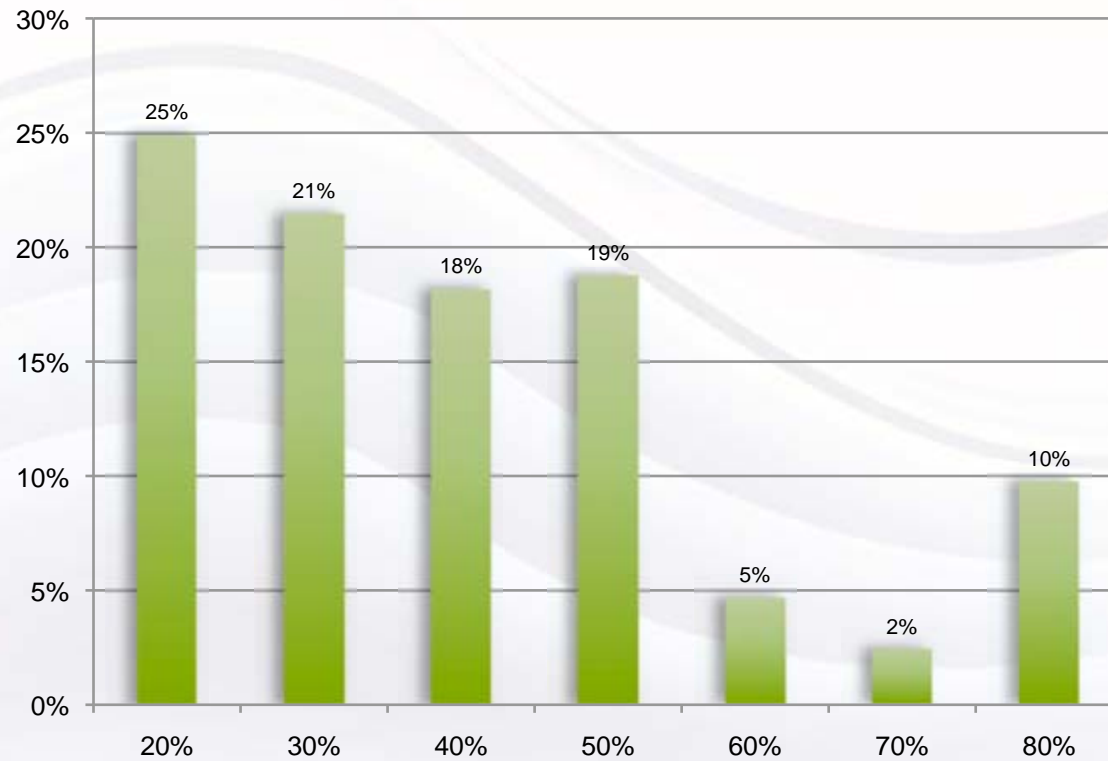
Note: This question was not asked in previous surveys.

IN TODAY'S ECONOMIC CLIMATE, WOULD ANY OF THE FOLLOWING
MOTIVATE YOU TO PURCHASE IMMEDIATELY?

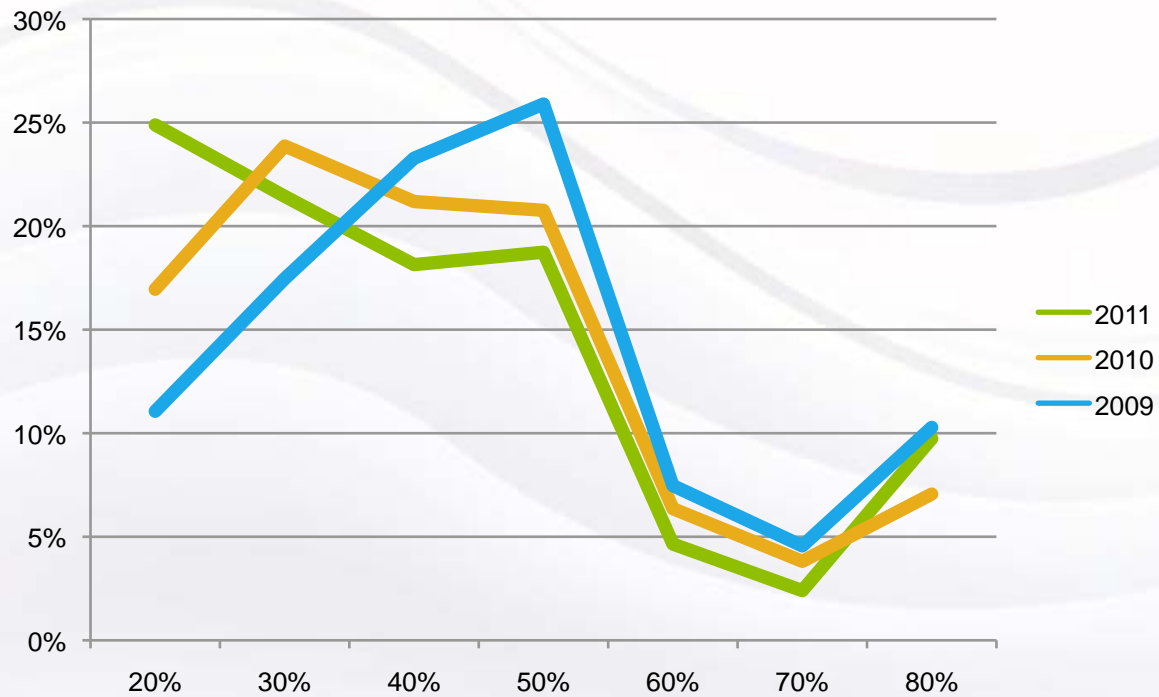


Sell Existing Home	277
Price Reduction	276
Stock Market Growth	160
Developer Incentives	156
Lower Unemployment	94
Find Right Home	79

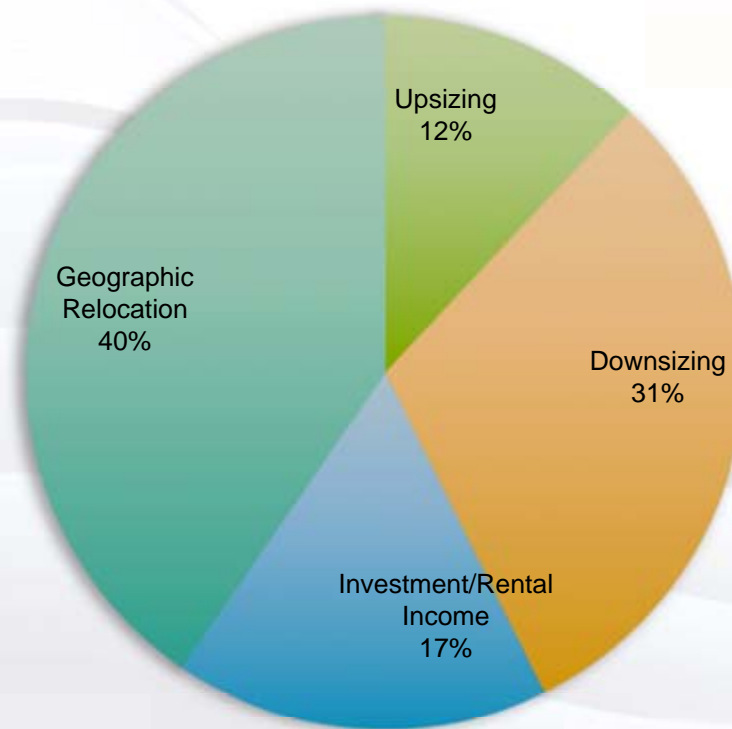
AT WHAT LEVEL OF PRICE REDUCTION
WOULD YOU RE-ENTER THE MARKET,
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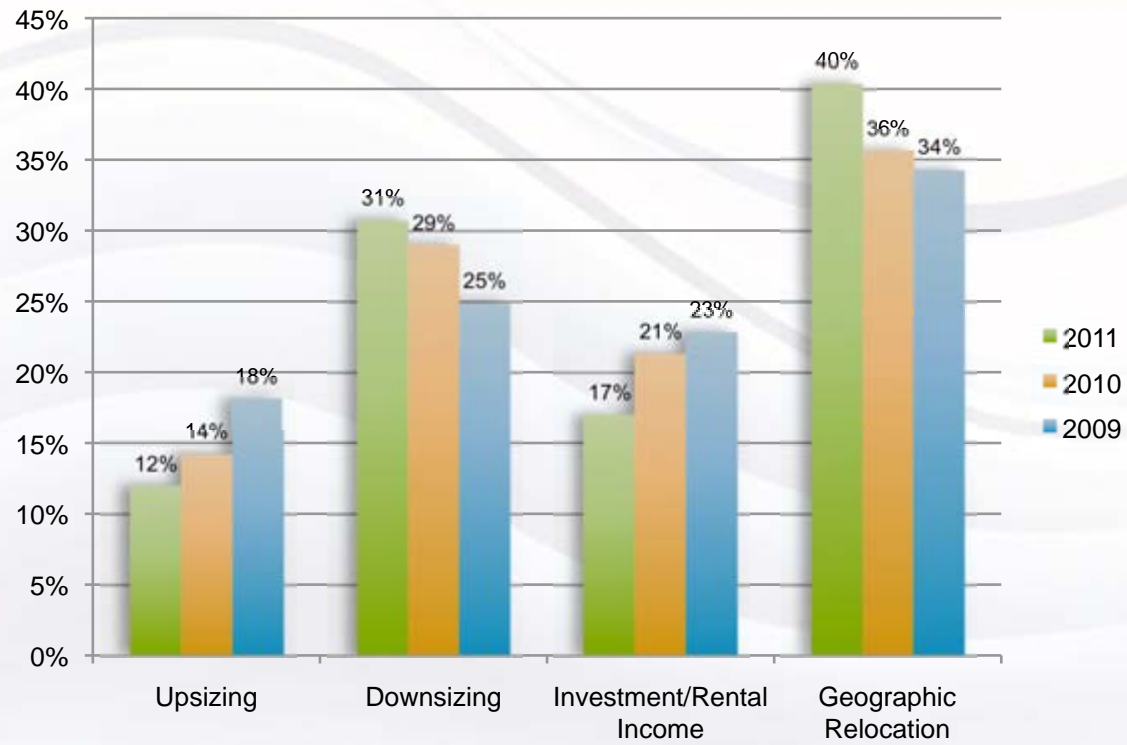


WHAT BEST DESCRIBES YOUR TRANSITION?

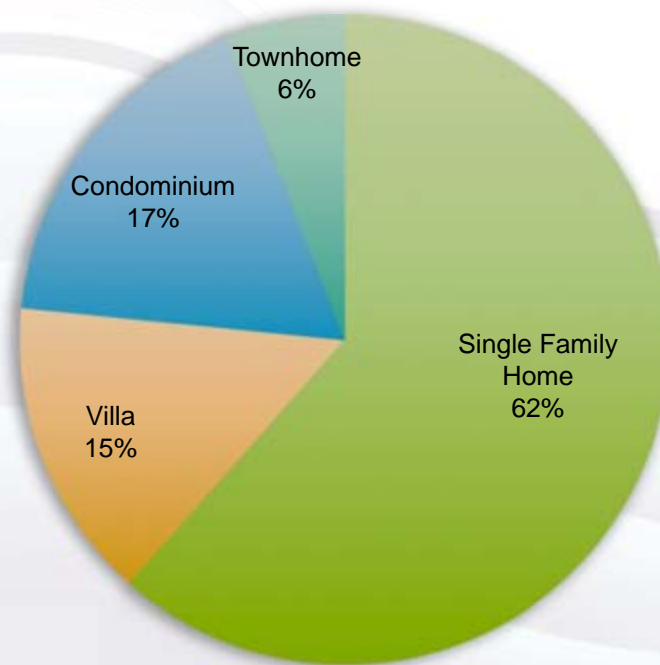


Upsizing	79
Downsizing	203
Investment/Rental Income	112
Geographic Relocation	267

WHAT BEST DESCRIBES YOUR TRANSITION?

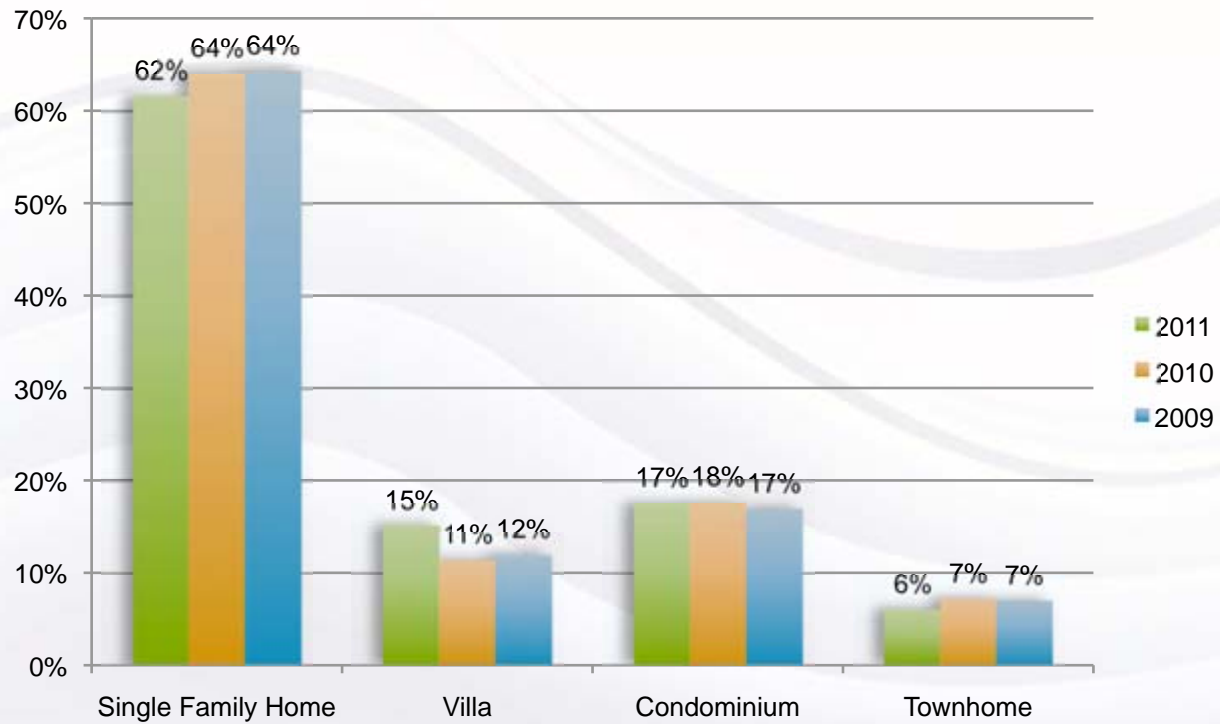


WHAT TYPE OF RESIDENCE ARE YOU MOST INTERESTED IN PURCHASING?

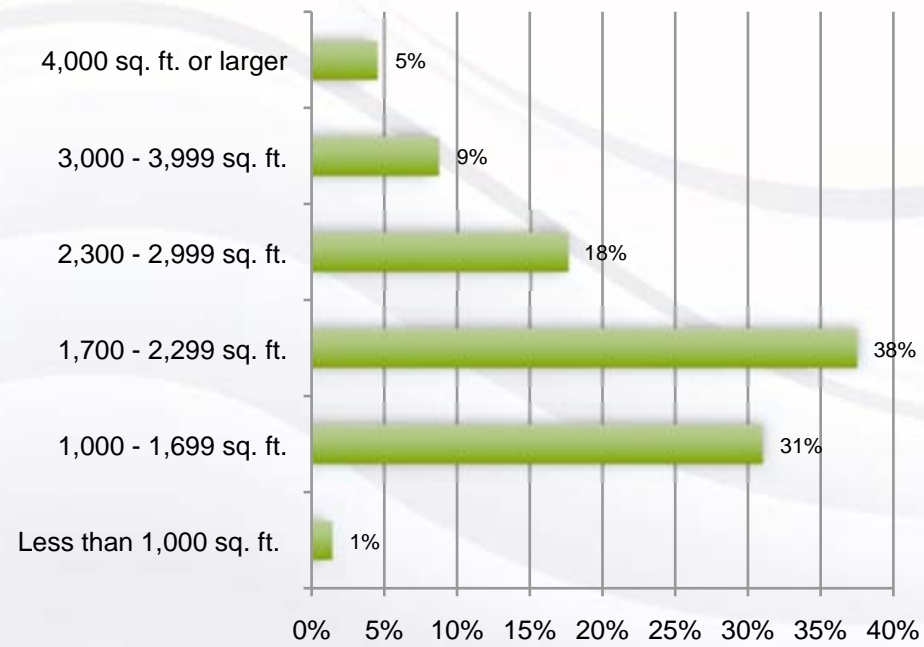


Single Family	176
Villa	43
Condominium	50
Townhome	17

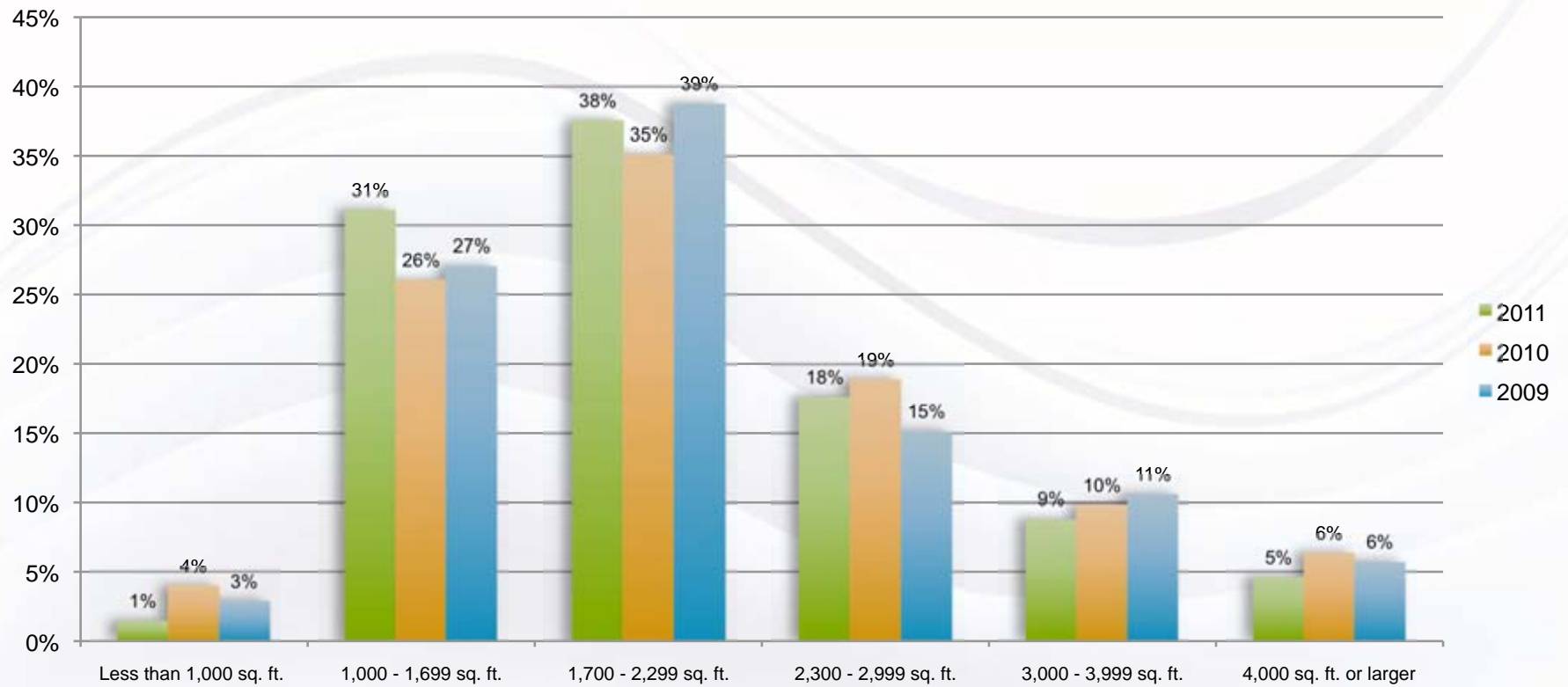
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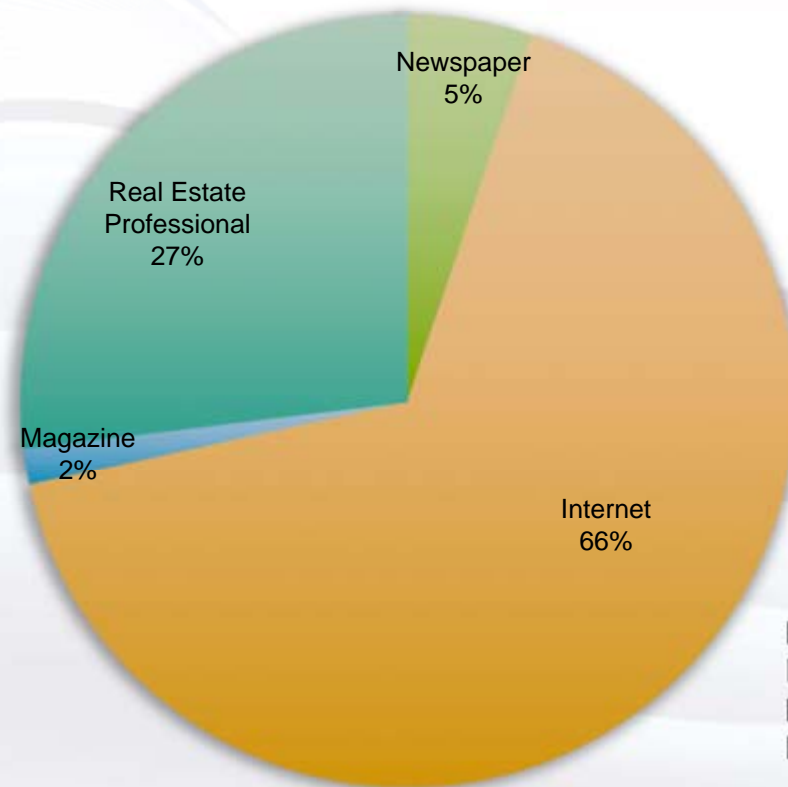
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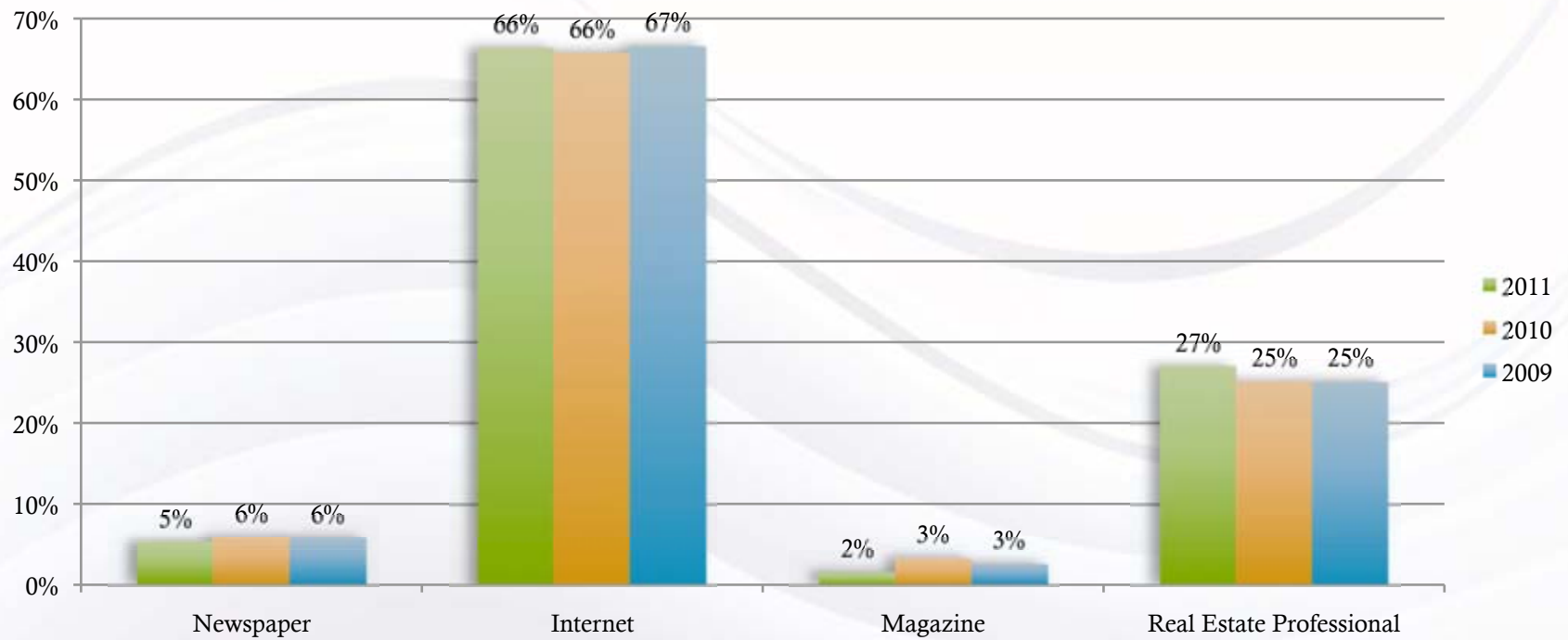


HOW DO YOU BEGIN YOUR SEARCH FOR A NEW HOME?

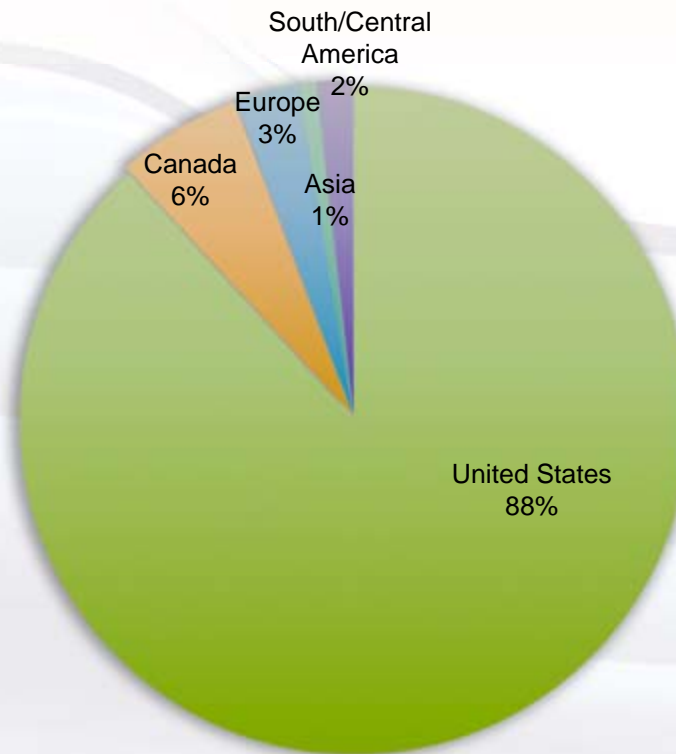


Newspaper	34
Internet	434
Magazine	10
Real Estate Professional	176

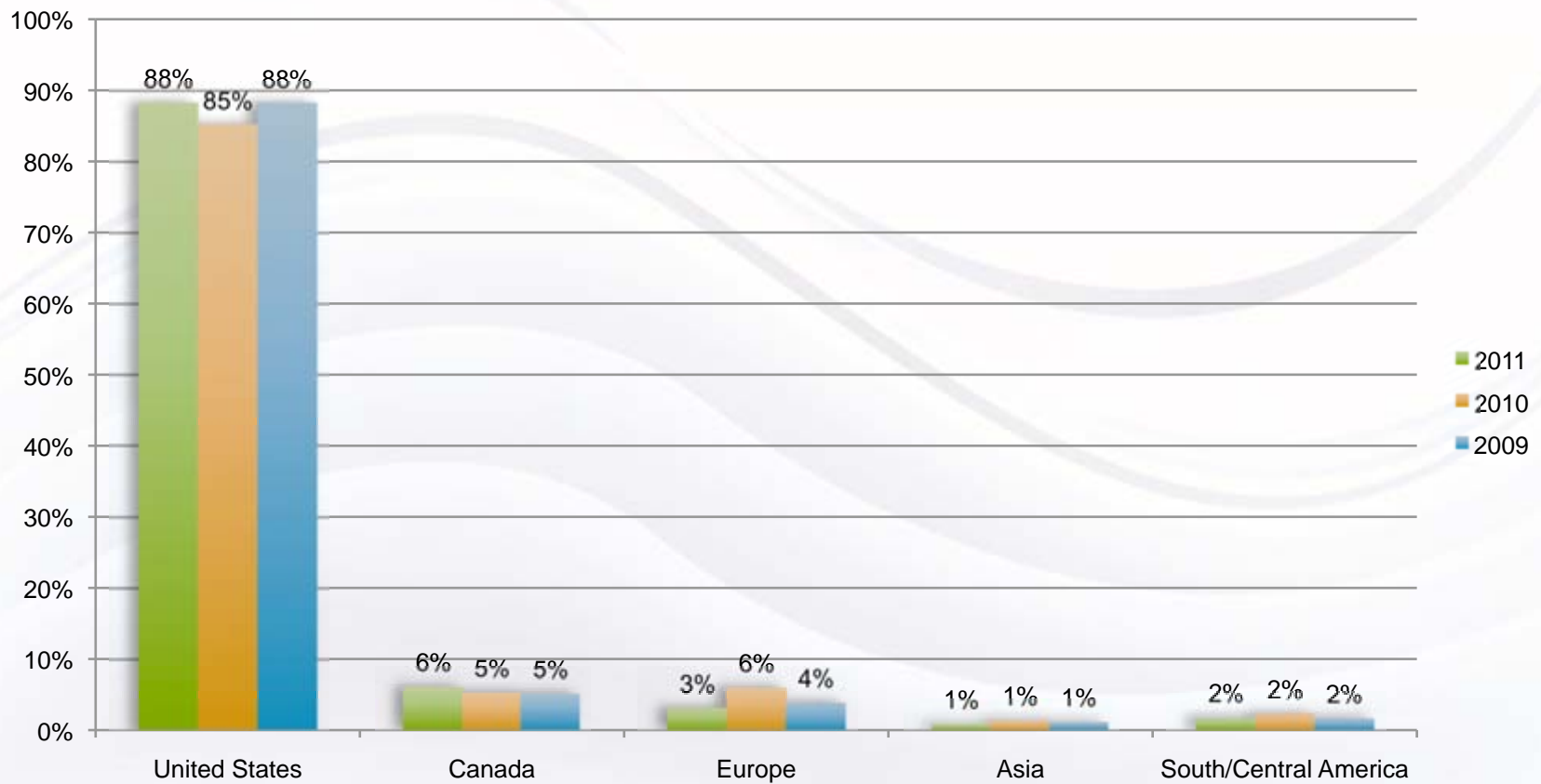
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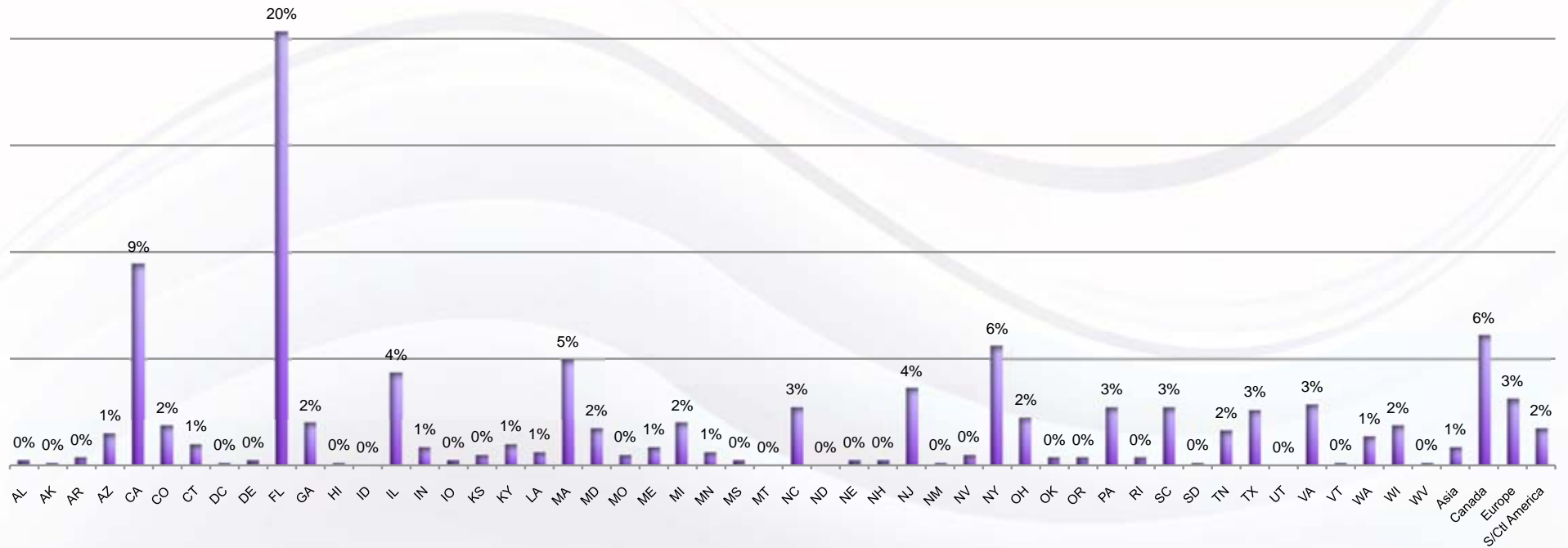
WHERE IS YOUR PRIMARY HOME LOCATED?



WHERE IS YOUR PRIMARY HOME LOCATED?



WHERE DO YOU RESIDE?



- The vacation home market has experienced a rebound in 2011, moving from 4% to 36% interest year-over-year. This is the highest level of interest throughout the 3-year period.
- In 2010, 95% of the respondents who were no longer in the market for real estate cited economic instability as the reason for not purchasing. In 2011, 46% of the respondents cited no desire to move, indicating a 41% drop in the response aligned with economic conditions.
- Buyers who must sell their home prior to purchase dropped 10% year-over-year, reflecting 32% in 2011.
- Buyers who plan to purchase within 6 months saw a 21% increase from 2010. In 2011, 25% of the buyers indicate a timeline to buy within 6 months, however, a 13% increase in the “over 2 years” category was also noted.
- Respondents remained virtually unchanged in their answer to “Have we reached the bottom of the market?” signifying continued concern over pricing stability.
- The level of anticipated price reduction continues to show improvement in 2011, a result of significant price adjustments in the market. In 2009, the median anticipated discount was 50%. In 2010, 30%. In 2011, this level has reduced to just 20%.
- Buyer transition indicates a continued trend toward downsizing and geographic relocation. This trend is also reflected in the increased interest in smaller villa product type.
- 1,700 to 2,300 square feet remains the most popular residence size. However, growth occurred in the smaller home segment with 31% of the market seeking a home between 1,000 and 1,600 square feet of space.

Report Prepared By:



Cotton & Company

Industry leaders the sales and marketing of residential real estate throughout the United States, Latin America and the Caribbean.

Managed more than 1600 properties over the past 28 years.

Provides integrated market research, analytics, marketing, web development, public relations, sales management, and customer database management services.

www.TheCottonSolution.com