



connecticut market watch
2010 YEAR-END REPORT



William
Pitt

Sotheby's
INTERNATIONAL REALTY

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INTRODUCTION

It is an old adage that all housing is local, and we can say with confidence that in 2010 our local Fairfield County, Shoreline and Litchfield County housing markets turned the corner and began the road to recovery. We all know that the Connecticut real estate market was particularly hard hit amid the economic crisis in 2008. Urban centers such as Hartford, which had high rates of sub-prime loans and adjustable rate mortgages, as well as more affluent communities such as Greenwich and Darien were impacted. However, the most dramatic effects were in those communities closest to the New York border, where the ties to Wall Street are the strongest.

Today we can report five consecutive quarters of market acceleration, with both unit and dollar sales gains. In fact, the Northeast as a region demonstrated the strongest sales performance of the United States in 2010. Concurrently, prices are showing improved stability in all but the highest price points. The combination of a recovering jobs picture, government home purchase incentives, historically low mortgage rates and pent-up demand demonstrably affected home sales in both the primary and secondary home sales markets in Connecticut during 2010. The basic laws of supply and demand are working. As we projected two years ago, our housing recovery started at the entry level and has now progressed to the mid-level, where we are seeing a substantial and sustained improvement in sales activity. From the beautiful suburban communities in Fairfield County and the Shoreline to the quiet yet sophisticated towns in Litchfield Hills, buyers of both primary and second homes were active in 2010, taking advantage of the unique buying opportunities this market presents.

As we think about the coming twelve months, with interest rates staying low and the jobs picture improving, the single most important dynamic to affect home sales will be the return to optimism that is beginning to pervade the psyche of our nation. We have been through a very challenging time and all is not yet perfect, but the path is, we believe, firmly in place for a recovery based on a return to fundamental investing. Your house is your home - the place you live and love. It is the spot you come home to every evening to relax and enjoy life. It does not have to be the biggest house or the most expensive house to be your own castle. The enjoyment comes from knowing it is your own. Homes are now being purchased, thanks to the stringent lending practices of banks, with significant downpayments and conservative appraisals. Buyers are once again looking at property as a home that will mature over the years into a wonderful investment, through the combination of capital appreciation and mortgage retirement. As a firm, we are encouraged by this return to the fundamentals of home ownership and believe that buyers and sellers alike will benefit from this thinking.

I hope you find our 2010 Year-End Report helpful as you evaluate your own personal real estate holdings and plans for this coming year. At William Pitt Sotheby's International Realty, we are committed to providing the highest level of service and expertise to buyers and sellers alike in all price categories. If we can be of service, please don't hesitate to call.

With best regards,

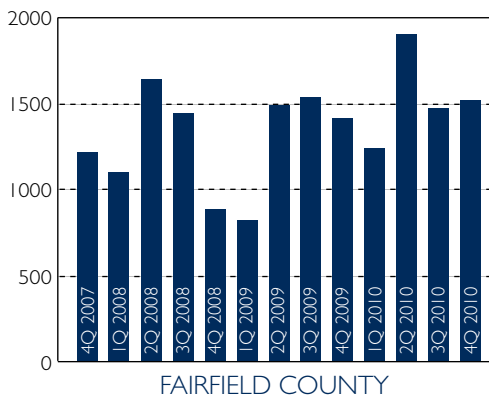


Paul E. Breunich
President and Chief Executive Officer
William Pitt | Litchfield Hills | Julia B. Fee
Sotheby's International Realty
203.644.1470 | pbreunich@williampitt.com

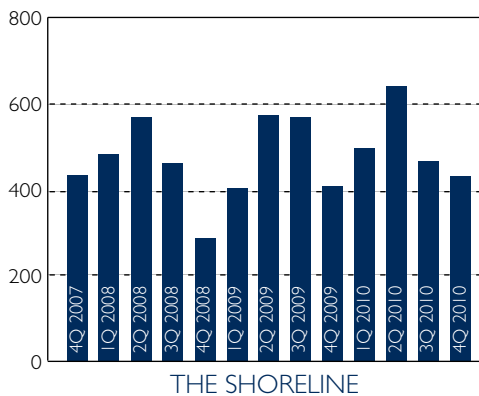
HOME SALES IMPROVE, YET REMAIN WELL-BELOW HISTORIC NORMS

In 2010 consumers took advantage of historic buying opportunities, resulting in a gradual stabilization of single family home sales. Coming off their 2009 lows, sales bounced back in 2010, supported by a number of factors including government incentives, an improving jobs picture, historically low interest rates and pent-up demand. It is clear that the extended \$8,000 first time home buyer tax credit, as well as the expanded \$6,500 tax credit for repeat buyers, provided critical support for the housing market through the 2010 spring season. In addition to providing much needed financial incentives, the media attention that surrounded this program focused potential buyers on the merits of home ownership, and on the exceptional values at this point in time. Importantly, the government stimulus package did skew 2010 market activity to the front half of the year where, during the March through May period, we saw record levels of sales improvement. While closed sales in the second half of 2010 were not as robust as one would traditionally expect, with only a few exceptions Connecticut markets closed the year with annual sales gains versus 2009. In Fairfield County, 2010 unit sales were 16% higher than in 2009, and dollar volume improved by 28% over

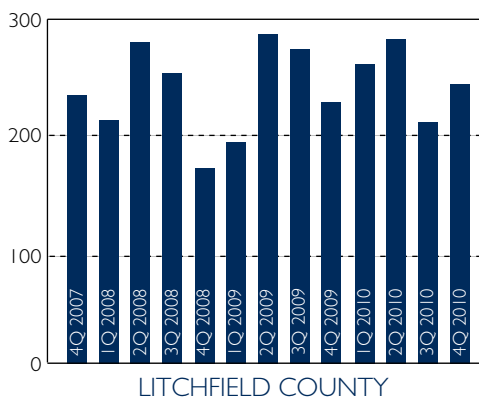
SINGLE FAMILY HOME PENDING SALES
(In Units)



FAIRFIELD COUNTY



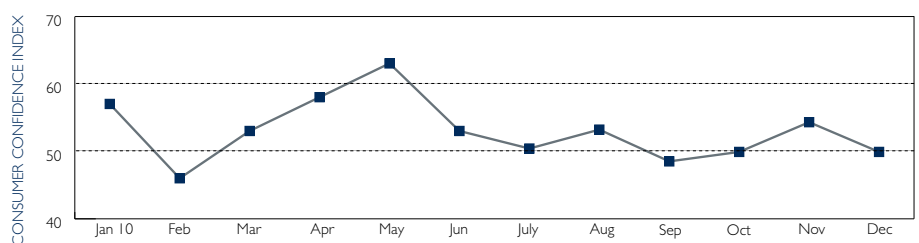
THE SHORELINE



LITCHFIELD COUNTY

the prior year. In Litchfield County, unit sales increased by 4% over the levels posted in 2009, while dollar volume was 21% higher than in the previous twelve month period. In both Fairfield County and Litchfield County we experienced positive sales momentum into the higher price categories, which is the rationale for the significantly higher dollar volume gains. The Shoreline communities posted a 6% unit sales gain over 2009, and a parallel 7% gain in dollar volume over the prior year. The Shoreline sales gains are in contrast to the results posted by New Haven County as a whole. New Haven County unit sales declined 7% versus 2009 and dollar volume declined 5% over the prior twelve month period.

Pending sales, property on which contracts have been signed but have not closed, is the most accurate gauge of real time market activity, as closings generally follow pending sales by sixty to ninety days. After an exceptionally strong winter and spring, where sales were up by as much as 100% in certain markets, pending sales dipped in the late summer and early fall. However, activity bounced back in November and December to end the year on a strong note and provide momentum going into 2011. In Fairfield County, December 2010 pending sales were 88% higher than those of December 2008, and 27% higher than levels posted in December 2009, which was a very good month. The fourth quarter of 2010 demonstrated both excellent month over month and year over year pending sales improvement. The strong fourth quarter of 2010 pending sale activity bodes well for the first quarter of 2011 closed sales figures. These pending sales levels were significantly higher in Fairfield County than other parts of Connecticut, and were consistent with the dynamics of Southern Westchester County. While both Fairfield County and Southern Westchester County were the hardest hit areas when the financial markets tumbled, they are now the direct beneficiaries of an improving New York City economic picture. The stabilization of the financial services sector resulted in an improved jobs outlook which, in turn, resulted in improved home sales in most metropolitan New York suburbs.



In the Connecticut Shoreline communities, after a disappointing third quarter, the fourth quarter of 2010 showed a rebound in pending sales, improving 4% over the prior year's fourth quarter. The year overall concluded with a solid 6% improvement in closed unit sales. Litchfield County posted an annual 4% increase in closed unit sales. Pending sales in the fourth quarter of 2010 were up 6% compared to the same period one year ago on both a unit and dollar volume basis. The month of December was particularly strong in the communities of Litchfield County, with pending sales up 76% versus 2008 and 37% versus 2009.

In its most general terms, consumer confidence numbers reflect how secure people feel in their jobs and with their compensation levels. The monthly consumer confidence numbers have fluctuated in the 50 range throughout 2010. A reading of 90 would indicate a healthy economy, a level not approached since the recession began in 2007. Says Lynn Franco, Director of the Consumer Research Center at The Conference Board, "Consumers' outlook remains cautious. Thus, all signs continue to suggest that the economic expansion will continue well into 2011, but that the pace of growth will remain moderate." Helping to stabilize the single family home market is an improving inventory picture. We are seeing a small but consistent reduction in inventory levels, which is helping to bring equilibrium to the marketplace. There also seem to be a number of potential buyers who have been watching the market for an extended period of time, who are now demonstrating renewed focus on purchasing a home. While a complete recovery to 2005 levels will be slow to come, there is much street talk about how now is the optimal time to buy. A renewed sense of job stability, coupled with both low prices and interest rates, is bringing buyers back into the marketplace and bodes well for 2011.

SINGLE FAMILY HOME CLOSED SALES - FAIRFIELD COUNTY

	Closed Sales 2010	Closed Sales 2009	Closed Sales 2008	YOY Change 2010 vs. 2009	YOY Change 2010 vs. 2008	YOY Change 4Q10 vs. 4Q09
Fairfield County	5637	4863	4957	16%	14%	-13%
Bethel	117	125	116	-6%	0%	-3%
Brookfield	150	125	163	20%	-8%	0%
Danbury	331	329	334	1%	-1%	-11%
Darien	248	182	187	36%	33%	-28%
Easton	79	54	62	46%	27%	-30%
Fairfield	606	467	521	30%	16%	5%
Greenwich	482	333	399	45%	21%	4%
Monroe	129	156	136	-17%	-5%	-35%
New Canaan	216	153	189	41%	14%	8%
New Fairfield	136	109	112	25%	21%	-27%
Newtown	242	212	228	14%	6%	-23%
Norwalk	506	443	417	14%	21%	-20%
Oxford*	70	78	92	-10%	-24%	-29%
Redding	77	70	76	10%	1%	-32%
Ridgefield	272	222	239	23%	14%	9%
Rowayton	53	52	48	2%	10%	-30%
Shelton	276	221	252	25%	10%	-22%
Sherman	37	41	29	-10%	28%	-20%
Southbury*	140	120	129	17%	9%	-54%
Stamford	540	490	465	10%	16%	-27%
Stratford	390	419	404	-7%	-3%	-25%
Trumbull	275	277	285	1%	-4%	-13%
Weston	121	92	116	32%	4%	0%
Westport	355	250	271	42%	31%	-3%
Wilton	166	136	164	22%	1%	3%

*New Haven County

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Connecticut Market Watch
2010 YEAR-END REPORT

SINGLE FAMILY HOME CLOSED SALES - THE SHORELINE

	Closed Sales 2010	Closed Sales 2009	Closed Sales 2008	YOY Change 2010 vs. 2009	YOY Change 2010 vs. 2008	YOY Change 4Q10 vs. 4Q09
The Shoreline	1926	1823	1814	6%	6%	-17%
Branford	147	139	151	6%	-3%	22%
Centerbrook	2	2	3	0%	-33%	No Sales
Chester	28	37	26	-24%	8%	-20%
Clinton	116	116	125	0%	-7%	-14%
Deep River	42	29	33	45%	27%	50%
East Lyme	78	72	61	8%	28%	12%
Essex, Ivoryton	62	59	50	5%	28%	-23%
Groton	103	90	89	14%	16%	-32%
Guilford	206	186	206	11%	0%	-11%
Killingworth	46	46	58	0%	-21%	-9%
Lyme, Old Lyme	99	108	101	-8%	-2%	-25%
Madison	215	181	168	19%	28%	9%
New London	118	154	119	-23%	-1%	-39%
Old Saybrook	122	106	107	15%	14%	-6%
Stonington	62	53	47	17%	32%	36%
Waterford	130	134	135	-3%	-4%	21%
Westbrook	63	60	70	5%	10%	-28%

SINGLE FAMILY HOME CLOSED SALES - LITCHFIELD COUNTY

	Closed Sales 2010	Closed Sales 2009	Closed Sales 2008	YOY Change 2010 vs. 2009	YOY Change 2010 vs. 2008	YOY Change 4Q10 vs. 4Q09
Litchfield County	977	939	934	4%	5%	-15%
Bantam	4	4	2	0%	100%	100%
Barkhamsted	19	35	31	-46%	-39%	-14%
Bethlehem	25	18	22	39%	14%	33%
Bridgewater	5	6	4	-17%	25%	-75%
Canaan	11	3	4	267%	175%	0%
Colebrook	17	14	10	21%	70%	0%
Cornwall*	11	12	13	-8%	-15%	50%
Falls Village	9	2	6	350%	50%	0%
Goshen	37	36	39	3%	-5%	-17%
Harwinton	45	34	31	32%	45%	-7%
Kent, South Kent	22	20	24	10%	-8%	-50%
Lakeville	36	35	39	3%	-8%	-20%
Litchfield, Milton	53	52	51	2%	4%	-7%
Morris	20	9	8	122%	150%	67%
New Milford	70	53	43	32%	63%	-6%
Norfolk	12	10	16	20%	-25%	0%
Roxbury	21	10	21	110%	0%	0%
Sharon	39	17	19	129%	105%	250%
Warren	17	10	5	70%	240%	0%
Washington & New Preston**	28	20	23	40%	21%	-11%
Woodbury	70	63	70	11%	0%	0%
Waterford	23	13	26	77%	-12%	-21%
Westbrook	63	60	70	5%	-10%	-28%

*Includes Cornwall, West Cornwall, and Cornwall Bridge **Includes Washington, Washington Depot, and New Preston

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VALUE-DRIVEN BUYERS CONTROL THE MARKET

Single family home prices showed improved stability by the close of 2010. The combination of greatly increased transaction volume, coupled with more buyers in the market, steadied prices for all but the most expensive properties. With prices down 20% - 25% from their high point, excesses have been removed from most segments of the market. Overall in Fairfield County prices were up by 8% by year-end over the same period in 2009. Certain markets such as Redding, Rowayton, and Darien saw prices improve by as much as 22%. The double-digit increases in median sales prices versus this time last year are largely reflective of the upward migration of sales to include more expensive homes, and masked the on-going pricing pressure being felt in the general market. Litchfield County and the Shoreline communities also experienced increased price stability during 2010. Median sold prices inched up between 1% and 2% by year-end. While these increases are not huge, they are a welcome change from this time last year when we were still reporting depreciating home values. Prices in these areas have not stabilized as quickly as other Connecticut markets, although the pace of depreciation has clearly slowed in these communities. Market dynamics in Litchfield County and the Shoreline are different from those of Fairfield County in particular, because these areas are not directly impacted by what is happening in New York City and, specifically, on Wall Street. These markets did not fall as far during the post-financial crisis downturn, but it has also taken somewhat longer for them to rebound.

The overarching concern for buyers today is value, which often puts buyers and sellers at odds. Buyers are seeking homes that they perceive to be extraordinary value in order to take advantage of current market conditions. The emotional component of the sale remains; however, buyers are unwilling to let their emotional connection to a property transcend its perceived value.

SINGLE FAMILY HOME PRICE CHANGE - FAIRFIELD COUNTY 2010 - 2008

	Median Sales Price 2010	Median Sales Price 2009	Median Sales Price 2008	YOY Change 2010 vs. 2009	YOY Change 2010 vs. 2008
Fairfield County	\$452,000	\$419,000	\$487,000	8%	-7%
Bethel	309,000	308,000	366,000	0%	-16%
Brookfield	400,000	381,000	411,000	5%	-3%
Danbury	274,000	293,000	332,000	-6%	-17%
Darien	1,339,000	1,132,000	1,314,000	18%	2%
Easton	585,000	567,000	776,000	3%	-25%
Fairfield	517,000	546,000	601,000	-5%	-14%
Greenwich	1,742,000	1,690,000	2,000,000	3%	-13%
Monroe	411,000	390,000	434,000	5%	-5%
New Canaan	1,463,000	1,355,000	1,705,000	8%	-14%
New Fairfield	337,000	336,000	388,000	0%	-13%
Newtown	422,000	438,000	437,000	-4%	-3%
Norwalk	430,000	442,000	504,000	-3%	-15%
Oxford*	360,000	359,000	401,000	0%	-10%
Redding	633,000	553,000	631,000	14%	>1%
Ridgefield	698,000	647,000	729,000	8%	-4%
Rowayton	1,163,000	951,000	1,299,000	22%	-10%
Shelton	318,000	370,000	378,000	-14%	-16%
Sherman	395,000	488,000	557,000	-19%	-29%
Southbury*	392,000	399,000	462,000	-2%	-15%
Stamford	585,000	567,000	639,000	3%	-8%
Stratford	242,000	248,000	265,000	-2%	-9%
Trumbull	383,000	377,000	414,000	2%	-7%
Weston	877,000	848,000	966,000	3%	-9%
Westport	1,111,000	1,167,000	1,328,000	-5%	-16%
Wilton	781,000	758,000	872,000	3%	-10%

*New Haven County

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Connecticut Market Watch
2010 YEAR-END REPORT

relative to recent comparable sales. More than ever, pricing has proven to be an increasingly critical variable in the successful sale of a home. In market segments where there have been a number of comparable transactions, market value is more readily discernible for buyers and sellers alike, resulting in a smoother transaction flow. In thinly traded markets, valuation is far more of a challenge, and is holding back buyers from purchasing homes out of fear of overpaying. In almost every market in Connecticut, home values remain depressed versus the highs posted in 2005 and 2006 by 20 – 25%.

While a new lower price norm has been established in the mainstream marketplace, the luxury segment remains fragile, with many sellers competing for few buyers. We are beginning to see some very expensive homes selling for discounts of up to 50% off the original asking price, particularly homes which can be easily replicated in style and location. There have been several recent examples of homes first listed in 2008 in the \$5,000,000 to \$6,000,000 range that have sold at the mid \$3,000,000 price point. As is evidenced by the strong interest in these homes, we know there are luxury buyers sitting on the sidelines waiting for unique opportunities to emerge.

EXTRAORDINARY LIVING - MADISON, CT



SINGLE FAMILY HOME PRICE CHANGE - THE SHORELINE 2010 - 2008

	Median Sales Price 2010	Median Sales Price 2009	Median Sales Price 2008	YOY Change 2010 vs. 2009	YOY Change 2010 vs. 2008
The Shoreline	\$315,000	\$312,000	\$345,000	1%	-9%
Branford	289,000	330,000	336,000	-12%	-14%
Centerbrook	199,000	218,000	508,000	-9%	-61%
Chester	294,000	316,000	350,000	-7%	-16%
Clinton	266,000	284,000	297,000	-6%	-10%
Deep River	276,000	244,000	307,000	13%	-10%
East Lyme	353,000	334,000	470,000	6%	-25%
Essex, Ivoryton	355,000	411,000	501,000	-13%	-30%
Groton	147,000	177,000	193,000	-17%	-24%
Guilford	384,000	388,000	425,000	-1%	-10%
Killingworth	294,000	372,000	413,000	-21%	-29%
Lyme, Old Lyme	386,000	419,000	412,000	-8%	-6%
Madison	427,000	467,000	454,000	-9%	-6%
New London	163,000	158,000	179,000	3%	-9%
Old Saybrook	311,000	328,000	384,000	-5%	-19%
Stonington	373,000	404,000	386,000	-8%	-3%
Waterford	244,000	248,000	269,000	-2%	-9%
Westbrook	345,000	361,000	370,000	-4%	-7%

SINGLE FAMILY HOME PRICE CHANGE - LITCHFIELD COUNTY 2010 - 2008

	Median Sales Price 2010	Median Sales Price 2009	Median Sales Price 2008	YOY Change 2010 vs. 2009	YOY Change 2010 vs. 2008
Litchfield County	\$238,000	\$234,000	\$271,000	2%	-12%
Bantam	309,000	211,000	318,000	46%	-3%
Barkhamsted	274,000	260,000	285,000	5%	-4%
Bethlehem	295,000	296,000	298,000	0%	-1%
Bridgewater	480,000	471,000	367,000	2%	31%
Canaan	189,000	131,000	304,000	44%	-38%
Colebrook	189,000	291,000	252,000	-35%	-25%
Cornwall*	433,000	316,000	503,000	37%	-14%
Falls Village	297,000	254,000	509,000	17%	-42%
Goshen	275,000	393,000	360,000	-30%	-24%
Harwinton	215,000	224,000	240,000	-4%	-10%
Kent, South Kent	605,000	541,000	519,000	12%	17%
Lakeville	585,000	434,000	537,000	35%	9%
Litchfield, Milton	275,000	316,000	322,000	-13%	-15%
New Milford	277,000	259,000	306,000	7%	-9%
Morris	303,000	260,000	514,000	17%	-41%
Norfolk	582,000	405,000	330,000	44%	76%
Roxbury	873,000	608,000	606,000	44%	44%
Sharon	515,000	328,000	532,000	57%	-3%
Warren	403,000	295,000	423,000	37%	-5%
Washington Depot & New Preston**	599,000	443,000	786,000	35%	-24%
Woodbury	359,000	390,000	425,000	-8%	-16%

*Includes Cornwall, West Cornwall, and Cornwall Bridge **Includes Washington, Washington Depot, and New Preston

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A VIBRANT MID LEVEL DRIVES SALES GAINS

Mirroring national trends, entry and mid-level homes drove market activity throughout 2010, as younger home buyers used the government tax incentives as stimulus to make first time or trade-up residential purchases. While the entry level will always account for the lion's share of home sales, the vibrancy of the mid-level home is the news of the year. The year over year unit sales increases of moderately priced homes showed an impressive improvement, ranging between 32% and 75%, depending on the market area. These increases were most notable because they came off a relatively large base of sales and, therefore, equate to a substantial improvement in unit sales. Concurrent with the improving sales picture is a reduction in inventory levels. As the mid-level moves into greater equilibrium, we see prices stabilizing as values are easier to gauge for buyers and sellers alike. In all categories, buyers continue to exhibit changing preferences. They are looking for homes that are in move-in condition with tasteful and updated décor. This does not mean that a homeowner is required to invest large sums of money in an expensive re-do before listing his or her home. It does suggest, though, that simple cosmetic fixes that bring an updated 2010 feeling to a home will greatly enhance its appeal to today's buyers. In particular, we are seeing a preference for white kitchens, as well as bathrooms with simple fittings.

Buyer conservatism continues to hold back the luxury segment. There continues to be enough unease about the market that exceptional value seems to be the prime motivator. And, as mentioned in previous reports, there remains a preference for location, refinement and customization over sheer size and scale. The positive news for luxury is that it is coming off its lows. In 2010 there was a 41% improvement in sales of homes priced between \$3,000,000 and \$5,000,000 in Fairfield County, and a 92% improvement in the sale of homes over \$5,000,000. Including the town of Greenwich, which has the lion's share of the \$5,000,000+ market, more than fifty homes sold in this segment during 2010. Similarly along the Shoreline, where the upper end is likely waterfront, buyers stepped in and improved sales of homes priced above \$1,500,000 by 29%. In Litchfield County, luxury homes valued at \$1,500,000 and above were also 100% higher. It is highly encouraging to see buyers step in to procure these beautiful properties.

CLOSED SALES BY PRICE POINT

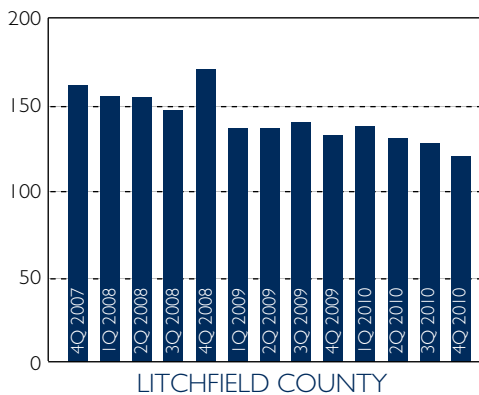
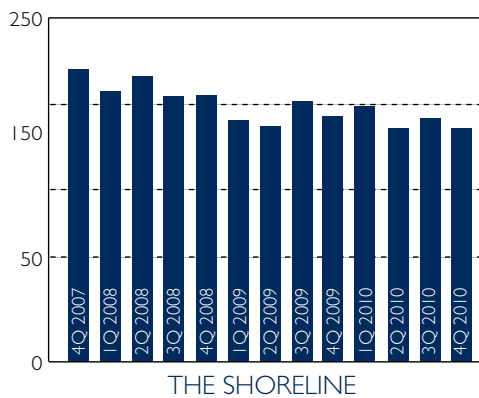
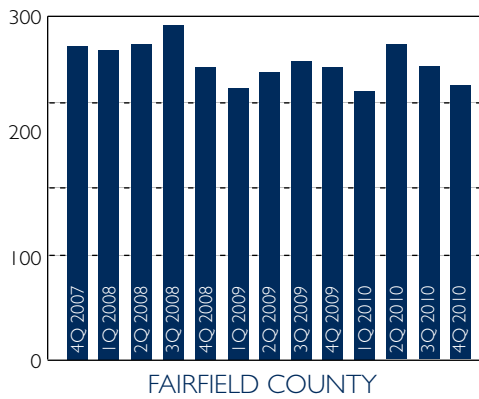
FAIRFIELD COUNTY	Closed Sales 2010			
	Closed Sales 2010	YOY Change 2010 vs. 2009	Percent of 2010 Sales	Percent of 2009 Sales
\$0 - \$799k	4247	7%	75%	80%
\$800k - \$1.49M	879	43%	16%	13%
\$1.5M - \$1.9M	230	67%	4%	3%
\$2.0M - \$2.9M	141	28%	3%	2%
\$3.0M - \$4.9M	76	41%	1%	1%
\$5.0M +	64	92%	1%	>1%
TOTAL	5637	16%		

THE SHORELINE	Closed Sales 2010			
	Closed Sales 2010	YOY Change 2010 vs. 2009	Percent of 2010 Sales	Percent of 2009 Sales
\$0 - \$399k	1294	4%	67%	68%
\$400k - \$749k	490	8%	25%	25%
\$750k - \$999k	78	24%	4%	4%
\$1.0M - \$1.4M	33	-8%	2%	2%
\$1.5M +	31	29%	2%	1%
TOTAL	1926	6%		

LITCHFIELD COUNTY	Closed Sales 2010			
	Closed Sales 2010	YOY Change 2010 vs. 2009	Percent of 2010 Sales	Percent of 2009 Sales
\$0 - \$399k	767	-2%	78%	83%
\$400k - \$749k	135	21%	14%	12%
\$750k - \$999k	23	44%	2%	2%
\$1.0M - \$1.4M	26	30%	3%	2%
\$1.5M +	26	100%	3%	1%
TOTAL	977	4%		

CONDOMINIUMS CONTINUE LACKLUSTER PERFORMANCE

CONDOMINIUM MEDIAN SALES PRICE
2007 - 2010
(\$ In Thousands)



With the tremendous value in condominiums today we expected to see strong performance in the condominium market in 2010. Yet, as 2010 drew to a close, sales volume and prices continued to hover near historic lows.

Mirroring the residential real estate market, condominiums had a re-energized winter and spring market, with sales volume improving up to 56% from the prior year's levels. Paralleling the single family home market, first time and entry level apartment buyers played a key role in the increase in the springtime activity, due to the government home purchase incentives. However, the activity levels retreated in the third quarter, and dropped off sharply in the last three months of the year. In the fourth quarter of 2010, Connecticut condominium sales declined anywhere from 19% to 42% from the comparable period of one year ago. Through the third quarter of 2010, total year sales were running well ahead of those of 2009. However, with the steep drop in fourth quarter volume, closed sales for the year are ending just above the levels of 2009 in most Connecticut markets. In 2009, Fairfield County had a 29% decline in units sold. It is encouraging that unit sales in 2010 increased by 4% off this low point, and that dollar volume increased by 5%. Along the Shoreline, sales increased by 2% and dollar volume by 6%. Litchfield County, which has a small condominium market relative to other areas of Connecticut, activity in 2009 was ahead by 11%, but the market gave back those gains in 2010, posting a 9% decline in unit sales volume and an 11% decline in dollar volume over the prior year.

In concert with this relatively weak sales performance, prices continued to decline from one year ago, albeit at a much smaller rate. The median sold price was down 2% from the third quarter of 2009 in Fairfield County, and remain 12% below the levels of 2007. Along the Shoreline, prices declined 5% from the fourth quarter of 2009, and remain 20% below 2007's levels. In Litchfield County, prices declined by 9% from the fourth quarter of 2009, and are 26% below 2007 levels.

So, what is holding condominiums back? The same dynamics that have been in place for quite some time continue to keep the lid on sales. First is the lack of ready, willing and able buyers. A consequence of the downturn in the single family home market is that older buyers cannot sell their homes to move into condominiums. Younger buyers are skipping over condominiums in favor of small homes, as prices have come more into reach. Third, financing has been hard to obtain on many condominiums, due to the stringent lending guidelines that penalize complexes that have a large number of units on the market, thereby limiting the buyer pool to cash and near cash buyers. For 2011 we project continued challenges for the condominium market, with buyers having the upper hand due to the disequilibrium between buyers and sellers.

CONDOMINIUM CLOSED SALES

	Closed Sales 2010	Closed Sales 2009	YOY Change 2010 vs. 2009	Closed Sales 4Q10	Closed Sales 4Q09	YOY Change 4Q10 vs. 4Q09	Inventory Level Change
Fairfield County	1727	1667	4%	393	554	-29%	-10%
The Shoreline	532	522	2%	123	151	-19%	-6%
Litchfield County	146	160	-9%	34	59	-42%	-5%



BEACHSIDE ESTATE - WESTPORT, CT

WHERE WE ARE HEADED

Our outlook for 2011 is filled with optimism, yet tempered by realism. 2010 was a year of consolidation for Connecticut real estate, and of setting of new buyer and seller expectations with regard to pricing, length of time to sell and changing buyer preferences. In 2011, as the global and local economies gradually improve, we anticipate building on the gains of this past year. In particular, the strengthening of the financial sector and recovery of the New York City economy are expected to positively impact our local Connecticut housing markets.

Residential real estate in 2011 will be most keenly influenced by job stability and income growth. As job stability and income grow, they bolster consumer confidence and bring new buyers into the market. We expect homes to remain exceptionally affordable, with historic low mortgage rates and favorable selling prices. We know there is pent-up demand in the marketplace, with buyers sitting on the sidelines waiting for what they perceive to be the opportune moment to make a move.

Conservative values will continue to drive buyer and seller decision making, resulting in an ongoing strengthening of our middle market as a property segment that can satisfy many buyers' needs. In all price categories, buyers seem to be looking for a signal from sellers that they are serious about selling. This signal is generally communicated through realistic pricing. When this happens, value driven buyers act quickly to secure these properties.

We fully anticipate housing in 2011 to continue on its path to recovery. Consistent with the general economic outlook, we expect the first half of the year to demonstrate a moderate pace of growth, with some more meaningful acceleration toward the latter part of this year. Despite the colder than normal temperatures and lots of snow on the ground we are off to a solid start. As the weather thaws the market should heat up.

Information Sources: Case-Schiller reports, Various MLS services, National Association of Realtors, Connecticut Economic Digest, local mortgage brokers, Realty Trac., CMLS, CT-MLS, NCMLS, DARMLS. While information is believed true, no guaranty is made for accuracy. Cover art: *Border Composition used with permission.