



*connecticut market watch*  
THIRD QUARTER 2011



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# INTRODUCTION

Residential real estate in Connecticut continued to slowly improve during 2011 despite significant national and local headwinds. The year began slowly with harsh winter weather which delayed the spring selling season until March. Since then, our local housing picture has gradually improved. Through the end of the third quarter 2011, home sales are generally tracking just slightly below 2010 levels and in some cases are significantly higher. We feel good about these numbers for a variety of reasons. They are in stark contrast to the national housing news. Our markets are functioning without artificial stimulus. And, third-quarter sales activity improved despite significant late-summer challenges, which included the August debt ceiling debate, the re-emerging fear of global financial issues spreading to the United States and the notable decline in consumer confidence. The national challenges were amplified locally in early September by Hurricane Irene's arrival just prior to Labor Day. Irene left in its wake widespread sustained loss of power as well as significant property damage. The recovery from Hurricane Irene slowed September sales activity as potential sellers worked to bring their properties back to peak condition and buyers somewhat lost their taste for house hunting. In spite of these headwinds, and without the benefit of last year's 800-million dollar government stimulus package, our local real estate markets continue to perform at levels indicative of a recovering housing market.

One of the most important developments in the third quarter of this year is the improvement in condominium sales activity. This housing sector has experienced serious challenges for the past several years, but is now beginning to re-invigorate primarily due to the after-effects of a strengthening single-family home market.

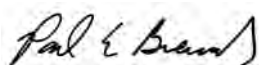
As we emerge from this housing crisis, Fairfield County, the Shoreline communities, and Litchfield County are in far better shape than the majority of the United States. We do not suffer from the same level of over-building and speculation that defined many major markets. Additionally, while our unemployment numbers hover in the 9% range, Fairfield County and Litchfield County in particular benefit from Wall Street and much of the Shoreline has a diverse employment base that shelters it from the violent swings that many real estate markets experience. The signs are all here that housing in our area is strengthening. We have sustained activity in all price ranges. Our markets are functioning without the aid of artificial outside stimulus. The buyer pool is broadening to include trade-up and trade-down buyers rather than only families relocating. Lastly, despite all of the negative news and uncertainty, homes are still selling. These are all critical components in the march towards a healthy real estate market.

As we have been saying for the past eighteen months, consumer confidence is the key to a vibrant real estate market. As we move through the natural phases of economic re-invigoration, our housing recovery will be somewhat erratic. We still expect to end the year on a positive note and, barring unforeseen events, look forward to a very successful 2012.

We always strive to better serve our clients. As part of this effort, we are pleased to announce our new William Pitt Sotheby's International Realty website [williampitt.com](http://williampitt.com). We know how valuable both data and ease of access are. In response to the many suggestions of our clients, we have employed the top website design firm in the United States to make accessing and understanding our markets easier for you, our valued clients. Please take a look. We are sure you will find our new site to be an exciting and comprehensive presentation of homes and real estate information.

I hope you find our Third Quarter 2011 Market Watch helpful as you evaluate your own personal real estate holdings and plans for the remainder of 2011. 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

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# SINGLE-FAMILY HOME SALES PRESENT A DIVIDED PICTURE

A snapshot of Connecticut real estate through the third quarter of 2011 shows a housing market that is essentially flat versus 2010. We believe that a market that is holding its own this year is very encouraging given that the 2010 housing market was supported by \$800 million in government incentives and that in 2011 we have experienced a number of challenges which, if our markets weren't healthy, could have de-railed them. Coming off of the 2009 lows, consumers in 2010 took advantage of the favorable market conditions as well as pent-up demand to re-invigorate our local housing markets. Activity skewed to the first half of the year due to the support of the federal housing stimulus program which expired in June 2010. In 2011, year-to-date home sales have continued at or near 2010 levels, even without the benefits of the stimulus program.

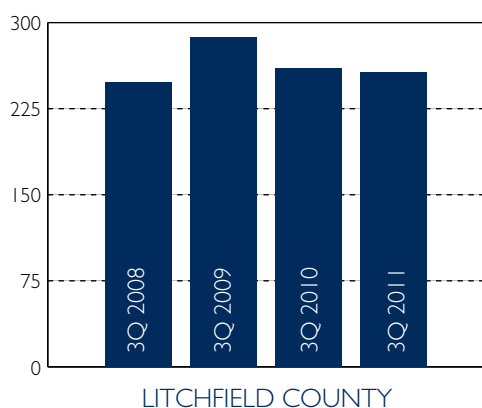
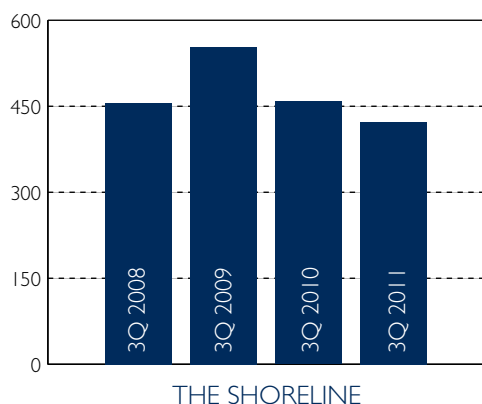
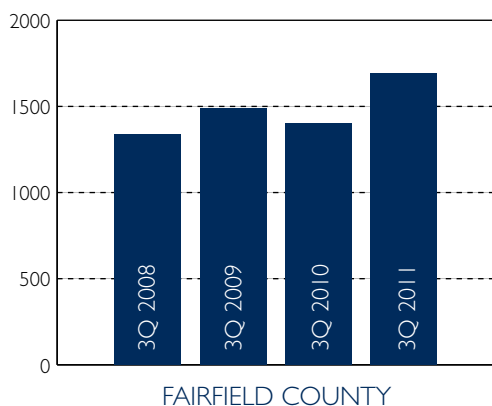
When looking at the third quarter of 2011 specifically, Fairfield County experienced significantly improved market activity versus the third quarter of 2010, while both the Shoreline and Litchfield County experienced slightly slower pending sales than the same period last year. If we broaden our perspective, closed sales year-to-date are between 7 and 11% lower than at this time last

year. But, with each quarter, sales are improving, and we expect to close the year with 2011 sales numbers in line with 2010 and ahead of 2009, which represents the bottom of our local housing market. As reference, Fairfield County ended 2010 with sales 16% higher than 2009, the Shoreline results were 6% higher and Litchfield County results were 4% higher.

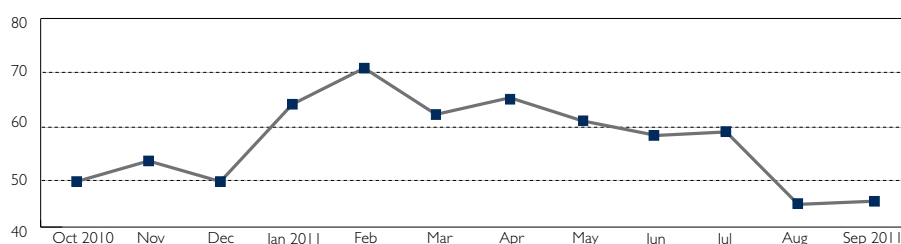
Fairfield County is leading the state out of the housing crisis. Third-quarter pending sales improved 21% from the third quarter of 2010 and are 27% higher than the third quarter of 2009. Interestingly, several of the best-performing markets are the larger cities such as Stamford, Norwalk and Danbury. These are communities that have been slower to come back than the more expensive communities such as Westport, Darien and Greenwich, but are now showing strength of their own. The improving sales picture for the third quarter is even more noteworthy because our nation as a whole experienced a crisis of confidence in the August-September period, and locally, we had Hurricane Irene cross our area with severe damage as a result.

Litchfield County has its own unique dynamic because it has smaller volume and is also a significant second-home market, particularly for Manhattan residents. After a slower than normal winter due to the harsh weather conditions, the market became increasingly active in the spring and summer months, essentially performing at a level consistent with 2010. Year-to-date closed sales are down a slight 5% versus 2010 yet remain above 2009 levels. Litchfield County's second-home sales are clearly being impacted by the weak economic recovery which is affecting second-home purchases as well as by the increased competition from other second-home markets where prices have also become increasingly affordable.

SINGLE-FAMILY HOME PENDING SALES  
2008 - 2011 (In Units)



CONSUMER CONFIDENCE INDEX



Sales activity in the broadly defined Shoreline communities presents a mixed picture. Demand has picked up substantially in markets such as Lyme and Old Saybrook yet sales are softer than expected in other markets. In Lyme/Old Lyme, building on strong spring 2011 pending sales, closed sales through the third-quarter of 2011 increased by 17% versus the same period 2010 and dollar volume pending sales are 36% higher. Old Saybrook closed sales are 22% higher and dollar-volume is 50% higher than one year ago. Conversely, traditionally strong communities such as Madison are weaker than last year for no apparent reason other than 2010 was a particularly good year, especially at the entry level where buyers could take advantage of the homebuyer tax credit to move to a beautiful area, in a location convenient to New Haven, with a strong school district.

Overall, lack of confidence among the buying public is the primary reason sales have not rebounded faster. The Consumer Confidence Index dropped 14 points in August to 49.5 and stayed there through September. These are levels last seen in 2009 during the height of the financial crisis. Uncertainty about the economy and the ability of Washington to solve our nation's problems weighed heavily on consumers and definitely impacted people's willingness to make home purchases. This lack of urgency is an issue that the real estate market is continuing to struggle with.

It is clear that as we move towards normalizing our housing markets, we are experiencing a slow and uneven recovery where soft demand and at times a lack of urgency continue to be the challenges.

#### SINGLE-FAMILY HOME CLOSED & PENDING SALES - FAIRFIELD COUNTY

	Pending Sales			Closed Unit Sales			Closed Unit Sales		Closed Dollar Volume	DOM*
	3Q11	3Q10	3Q11 vs. 3Q10	YTD 11	YTD 10	YTD 09	YTD 11 vs. 10	YTD 11 vs. 09	YTD 11 vs. 10	3Q11
<b>Fairfield County</b>	1,693	1,401	21%	4,109	4,400	3,432	-7%	20%	-5%	112
Bethel	37	32	16%	68	81	88	-16%	-23%	-15%	122
Brookfield	46	45	2%	84	115	89	-27%	-6%	-28%	129
Danbury	125	90	39%	250	231	236	8%	6%	-7%	117
Darien	59	52	14%	187	211	131	-11%	43%	-10%	140
Easton	25	24	4%	42	65	34	-36%	24%	-31%	101
Fairfield	142	151	-6%	425	483	348	-12%	22%	-8%	98
Greenwich	116	120	-3%	442	379	221	17%	100%	8%	104
Monroe	52	43	21%	104	104	116	0%	-10%	-6%	117
New Canaan	53	52	2%	179	171	102	5%	75%	16%	184
New Fairfield	52	34	53%	90	106	67	-15%	34%	-19%	84
Newtown	92	68	35%	179	196	152	-9%	18%	-13%	109
Norwalk	143	128	12%	338	389	297	-13%	14%	-6%	118
Oxford**	30	14	114%	63	55	57	15%	11%	6%	79
Redding	23	12	92%	58	62	48	-6%	21%	-14%	139
Ridgefield	73	73	0%	207	202	158	2%	31%	2%	94
Rowayton	15	14	7%	41	37	29	11%	41%	0%	152
Shelton	76	83	-8%	168	217	144	-23%	17%	-28%	88
Sherman	10	8	25%	16	25	26	-36%	-39%	-56%	108
Southbury**	29	37	-22%	99	117	70	-15%	41%	-22%	95
Stamford	192	125	54%	424	426	333	0%	27%	-6%	99
Stratford	147	86	71%	287	295	292	-3%	-2%	-10%	103
Trumbull	85	69	23%	192	214	205	-10%	-6%	-11%	86
Weston	28	27	4%	83	92	63	-10%	32%	-16%	128
Westport	95	95	0%	289	281	174	3%	66%	1%	99
Wilton	62	36	72%	141	131	102	8%	38%	17%	107

\*DOM: Days on Market \*\*New Haven County

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THIRD QUARTER 2011

SINGLE-FAMILY HOME CLOSED & PENDING SALES - THE SHORELINE

	Pending Sales			Closed Unit Sales			Closed Unit Sales		Closed Dollar Volume	DOM*
	3Q11	3Q10	3Q11 vs. 3Q10	YTD 11	YTD 10	YTD 09	YTD 11 vs. 10	YTD 11 vs. 09	YTD 11 vs. 10	3Q11
<b>The Shoreline</b>	423	458	-8%	1,341	1,502	1,309	-11%	2%	-9%	107
Branford	35	39	-10%	105	114	112	-8%	-6%	12%	77
Chester	13	10	30%	22	20	27	10%	-19%	-7%	59
Clinton	35	38	-8%	86	85	80	1%	8%	-10%	123
Deep River	9	12	-25%	26	30	21	-13%	24%	-13%	63
East Lyme	11	21	-48%	49	59	55	-17%	-11%	-16%	49
Essex**	16	14	14%	55	47	37	17%	49%	20%	122
Groton	17	27	-37%	72	84	62	-14%	16%	-25%	114
Guilford	33	27	22%	131	167	141	-22%	-7%	-19%	107
Killingworth	10	17	-41%	36	36	35	0%	3%	6%	92
Lyme, Old Lyme	29	27	7%	84	72	72	17%	17%	36%	205
Madison	37	49	-25%	143	165	135	-13%	6%	-8%	108
New London	29	22	32%	74	93	113	-20%	-35%	-27%	118
Old Saybrook	33	27	22%	111	91	73	22%	52%	50%	81
Stonington	6	14	-57%	37	47	42	-21%	-12%	-30%	122
Waterford	44	37	19%	89	100	95	-11%	-6%	-19%	94
Westbrook	9	14	-36%	45	50	42	-10%	7%	-24%	114

\*DOM: Days on Market \*\*Includes Essex, Ivoryton, and Centerbrook

SINGLE-FAMILY HOME CLOSED & PENDING SALES - LITCHFIELD COUNTY

	Pending Sales			Closed Unit Sales			Closed Unit Sales		Closed Dollar Volume	DOM*
	3Q11	3Q10	3Q11 vs. 3Q10	YTD 11	YTD 10	YTD 09	YTD 11 vs. 10	YTD 11 vs. 09	YTD 11 vs. 10	3Q11
<b>Litchfield County</b>	257	260	-1%	712	750	668	-5%	7%	-14%	134
Bantam	0	1	N/A	2	2	3	0%	-33%	-54%	N/A
Barkhamsted	4	4	0%	14	13	28	8%	-50%	19%	21
Bethlehem	7	8	-13%	18	17	12	6%	50%	-13%	74
Bridgewater	1	4	-75%	5	5	2	0%	150%	3%	135
Canaan	2	4	-50%	4	10	2	-60%	100%	-68%	126
Colebrook	2	7	-71%	9	13	10	-31%	-10%	-30%	136
Cornwall**	3	4	-25%	8	5	8	60%	0%	229%	80
Falls Village	0	3	N/A	4	6	1	-33%	300%	-49%	N/A
Goshen	16	11	46%	37	27	24	37%	54%	93%	213
Harwinton	9	17	-47%	33	32	20	3%	65%	13%	148
Kent, South Kent	10	2	400%	18	19	14	-5%	29%	-69%	162
Lakeville	4	5	-20%	8	14	12	-43%	-33%	-77%	159
Litchfield, Milton	9	10	-10%	37	39	37	-5%	0%	13%	344
Morris	6	5	20%	13	15	6	-13%	117%	-6%	93
New Milford	24	15	60%	57	55	37	4%	54%	-9%	108
Norfolk	2	2	0%	8	10	8	-20%	0%	-65%	278
Roxbury	4	2	100%	12	18	7	-33%	71%	-20%	254
Salisbury	6	9	-33%	19	14	13	36%	46%	59%	260
Sharon	10	14	-29%	14	25	13	-44%	8%	-57%	266
Warren	1	2	-50%	11	13	6	-15%	83%	3%	15
Washington & New Preston***	8	8	0%	19	20	11	-5%	72%	-3%	59
Woodbury	13	20	-35%	27	53	-49%	46	-41%	-48%	191

\*DOM: Days on Market \*\*Includes Cornwall, West Cornwall, and Cornwall Bridge \*\*\*Includes Washington, Washington Depot, and New Preston

# PRICES REMAIN THE DRIVER IN A SUCCESSFUL SALE

Single-family home prices continue to hover at the newly established lower levels. While results show some modest monthly, and in some cases, yearly pricing improvement, this is purely a reflection of a changing sales mix where there are more higher-priced homes being sold, thereby driving the median selling price higher. If you eliminate those sales, as well as speak to agents in the field, it is clear that we remain in a value-driven market. In Fairfield County through the third quarter of 2011, the twelve-month median selling price of \$458,000 represents a modest 2% improvement versus the prior twelve-month period and a 9% improvement versus the same period in 2009. In Litchfield County, the median selling price improved 3% to \$244,000, while in the Shoreline communities, the median selling price declined slightly this quarter and is on par with 2009 at \$313,000.

Out of all of the factors that contribute to a successful sale, in the current marketplace, price and condition remain the most important. Today's buyer is exceptionally discerning and well-educated. Price sensitivity is the hallmark of our normalizing

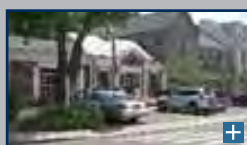
## SINGLE-FAMILY HOME PRICE CHANGE - FAIRFIELD COUNTY 2011 - 2009

	Median Sales Price 3Q 2011*	Median Sales Price 3Q 2010*	Median Sales Price 3Q 2009*	YOY Change 3Q11 vs. 3Q10	YOY Change 3Q11 vs. 3Q09
<b>Fairfield County</b>	<b>\$458,000</b>	<b>\$450,000</b>	<b>\$419,000</b>	<b>2%</b>	<b>9%</b>
Bethel	327,000	317,000	312,000	3%	5%
Brookfield	374,000	395,000	379,000	-5%	-1%
Danbury	260,000	280,000	306,000	-7%	-15%
Darien	1,330,000	1,301,000	1,199,000	2%	11%
Easton	615,000	611,000	580,000	1%	6%
Fairfield	537,000	516,000	563,000	4%	-5%
Greenwich	1,425,000	1,355,000	1,425,000	5%	0%
Monroe	394,000	404,000	391,000	-2%	1%
New Canaan	1,500,000	1,450,000	1,571,500	3%	-5%
New Fairfield	336,000	350,000	329,000	-4%	2%
Newtown	402,000	411,000	433,000	-2%	-7%
Norwalk	424,000	426,000	452,000	0%	-6%
Oxford**	337,000	356,000	365,000	-5%	-8%
Redding	578,000	641,000	523,000	-10%	11%
Ridgefield	684,000	673,000	673,000	2%	2%
Rowayton	1,301,000	1,118,000	955,000	16%	36%
Shelton	308,000	323,000	337,000	-5%	-9%
Sherman	358,000	417,000	536,000	-14%	-33%
Southbury**	369,000	403,000	398,000	-8%	-7%
Stamford	549,000	593,000	573,000	-7%	-4%
Stratford	227,000	246,000	249,000	-8%	-9%
Trumbull	366,000	377,000	381,000	-3%	-4%
Weston	789,000	886,000	822,000	-11%	-4%
Westport	1,122,000	1,106,000	1,171,000	1%	-4%
Wilton	798,000	779,000	744,000	2%	7%

\*Median sales price represents rolling twelve-month data. \*\*New Haven County



Lyme-Old Lyme, CT



Rowayton, CT



Windermere on the Lake



Fairfield, CT



William Pitt

market due to a fear of over-paying. A home must represent real value to sell. Value, however, is not simply defined on a cost-per-square-foot basis. Buyers are taking into account condition, location and the uniqueness of the opportunity. With the historically low interest rates, buyers are selecting mint-condition properties where the improvements are part of the purchase price versus lower-priced homes that need work and will require a post-purchase cash and time commitment. These consumers want to take advantage of the favorable interest rates while also preserving cash. At this point in time, homes that are value-priced in mint condition stand out and generally have the greatest sales potential.

While the improved transaction flow has aided in establishing a clearer picture of market pricing, the relatively small buyer pool continues to give buyers the upper hand in most negotiations. In this slowly normalizing marketplace we are seeing wide discrepancy in pricing pressure. For the lower price points where activity levels are more robust, realistic sellers with a home in good condition can expect to achieve close to their asking price simply because of supply and demand. As we move up the pricing scale, deal flow is reduced and downward pricing pressure is more significant.

As we are in the midst of a market re-calibration it is critical to be aware that every transaction helps in directly defining the value of subsequent sales. This is always a factor in real estate pricing, but more so in a market that is continuing to climb out of a slowdown. To date, it has been advantageous for sellers to price correctly when a home is first introduced to the market.

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SINGLE-FAMILY HOME PRICE CHANGE - THE SHORELINE 2011 - 2009

	Median Sales Price 3Q 2011*	Median Sales Price 3Q 2010*	Median Sales Price 3Q 2009*	YOY Change 3Q11 vs. 3Q10	YOY Change 3Q11 vs. 3Q09
<b>The Shoreline</b>	\$312,000	\$318,000	\$313,000	-2%	0%
Branford	325,000	297,000	332,000	9%	-2%
Chester	268,000	312,000	330,000	-14%	-19%
Clinton	254,000	274,000	268,000	-7%	-5%
Deep River	279,000	269,000	254,000	4%	10%
East Lyme	358,000	327,000	367,000	9%	-2%
Essex**	362,000	401,000	427,000	-10%	-15%
Groton	125,000	157,000	172,000	-20%	-27%
Guilford	394,000	376,000	400,000	5%	-2%
Killingworth	311,000	319,000	360,000	-3%	-14%
Lyme, Old Lyme	386,000	399,000	438,000	-3%	-12%
Madison	428,000	421,000	456,000	2%	-6%
New London	149,000	168,000	153,000	-11%	-3%
Old Saybrook	356,000	311,000	344,000	14%	3%
Stonington	286,000	372,000	451,000	-23%	-37%
Waterford	225,000	248,000	251,000	-9%	-10%
Westbrook	279,000	374,000	333,000	-25%	-16%

\*Median sales price represents rolling twelve-month data. \*\*Includes Essex, Ivoryton, and Centerbrook

SINGLE-FAMILY HOME PRICE CHANGE - LITCHFIELD COUNTY 2011 - 2009

	Median Sales Price 3Q 2011*	Median Sales Price 3Q 2010*	Median Sales Price 3Q 2009*	YOY Change 3Q11 vs. 3Q10	YOY Change 3Q11 vs. 3Q09
<b>Litchfield County</b>	\$244,000	\$237,000	\$232,000	3%	5%
Bantam	288,000	242,000	183,000	19%	57%
Barkhamsted	248,000	267,000	270,000	-7%	-8%
Bethlehem	262,000	297,000	236,000	-12%	11%
Bridgewater	467,000	560,000	484,000	-17%	-4%
Canaan	145,000	172,000	184,000	-16%	-21%
Colebrook	186,000	210,000	284,000	-11%	-35%
Cornwall**	553,000	455,000	308,000	22%	80%
Falls Village	202,000	330,000	591,000	-39%	-66%
Goshen	319,000	301,000	362,000	6%	-12%
Harwinton	216,000	201,000	245,000	7%	-12%
Kent, South Kent	377,000	588,000	602,000	-36%	-37%
Lakeville	526,000	757,000	360,000	-31%	46%
Litchfield, Milton	351,000	258,000	309,000	36%	14%
New Milford	257,000	296,000	251,000	-13%	2%
Morris	282,000	307,000	318,000	-8%	-11%
Norfolk	317,000	751,000	266,000	-58%	19%
Roxbury	769,000	751,000	597,000	2%	29%
Salisbury	504,000	521,000	514,000	-3%	-2%
Sharon	446,000	515,000	370,000	-13%	21%
Warren	536,000	384,000	306,000	40%	75%
Washington Depot & New Preston***	601,000	566,000	405,000	6%	48%
Woodbury	365,000	351,000	423,000	4%	-14%

\*Median sales price represents rolling twelve-month data. \*\*Includes Cornwall, West Cornwall, and Cornwall Bridge \*\*\*Includes Washington, Washington Depot, and New Preston

# SALES ACTIVITY CONTINUES TO BROADEN

A key dimension of our recovering housing market is the sales migration from entry-level homes to encompass a broader range of values. This trend towards improving sales activity in the higher price points began in the first quarter of 2011 and has continued to strengthen. In the first quarter we saw the mid-range begin to re-invigorate, while in the second quarter, after bonus season and with improving confidence levels, the luxury segment enjoyed substantial activity. But, pending sales of high-end properties slipped back somewhat in the third quarter as buyers returned to the sidelines, either because the selection of homes did not satisfy their requirements or because there was enough uncertainty in the news to cause them to pause before making a final decision. The challenge to create urgency is endemic to all price points, but particularly so with the luxury market where the purchase is often purely discretionary.

In Fairfield County, the two strongest price sectors during the third quarter of 2011 were homes valued up to \$799,000 and homes valued between \$2,000,000 and \$2,999,999. Third-quarter pending sales jumped 29% for homes listed up to \$799,000, although on an annualized basis they still lagged 2010 by 9%. The quarterly strength of the \$2,000,000 – 2,999,999 range is reinforced by the year-to-date sales improvement of 17%. Along the Connecticut Shoreline, homes valued between \$750,000 and \$999,999 enjoyed the largest third-quarter sales increases. On an annualized basis, however, the \$1,000,000 to \$1,400,000 range has shown the greatest sales improvement, doubling volume relative to last year. Similar to Fairfield County, Litchfield County volume growth during the third quarter was concentrated in the entry and upper-mid price ranges.

The two highest sales so far this year occurred during the third quarter in Greenwich, and achieved the significant closing sales of \$32,500,000 and \$39,500,000.

## CLOSED SALES BY PRICE POINT

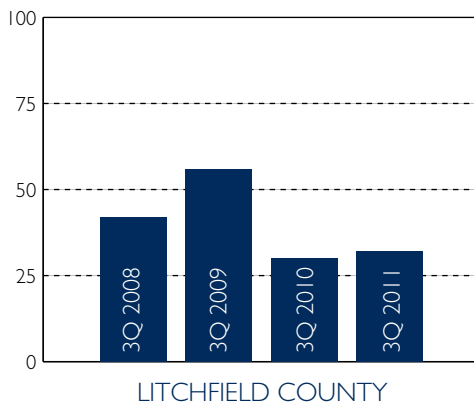
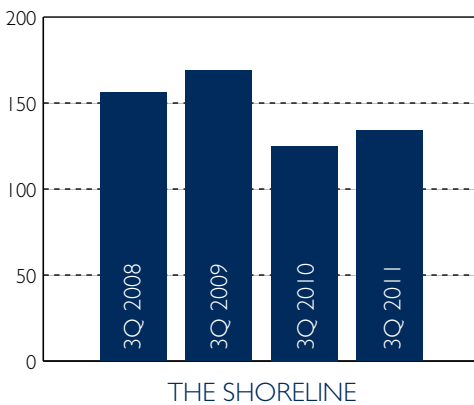
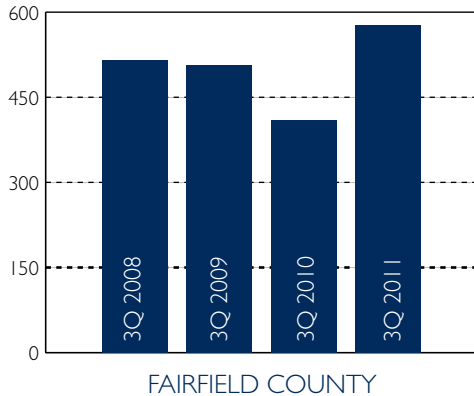
FAIRFIELD COUNTY		Pending Sales 3Q11	Pending Sales 3Q10	YOY Change 3Q11 vs. 3Q10	Closed Sales YTD 11	Closed Sales YTD 10	YOY Change YTD 11 vs. 10	Percent of 2011 Sales
	\$0 - \$799k	1,367	1,059	29%	3,009	3,292	-9%	74%
	\$800k - \$1.49M	213	210	1%	663	701	-5%	16%
	\$1.5M - \$1.9M	46	64	-28%	178	183	-3%	4%
	\$2.0M - \$2.9M	49	33	49%	132	113	17%	3%
	\$3.0M - \$4.9M	16	25	-36%	68	62	10%	2%
	\$5.0M +	2	4	-50%	43	49	-6%	1%
	<b>TOTAL</b>	<b>1,693</b>	<b>1,401</b>	<b>21%</b>	<b>4,109</b>	<b>4,400</b>	<b>-7%</b>	

THE SHORELINE		Pending Sales 3Q11	Pending Sales 3Q10	YOY Change 3Q11 vs. 3Q10	Closed Sales YTD 11	Closed Sales YTD 10	YOY Change YTD 11 vs. 10	Percent of 2011 Sales
	\$0 - \$399k	295	312	-5%	889	998	-11%	66%
	\$400k - \$749k	97	111	-13%	338	398	-15%	25%
	\$750k - \$999k	16	12	33%	59	66	-11%	4%
	\$1.0M - \$1.4M	10	10	-10%	31	15	106%	2%
	\$1.5M +	5	13	-62%	24	25	-4%	2%
	<b>TOTAL</b>	<b>423</b>	<b>458</b>	<b>-8%</b>	<b>1,341</b>	<b>1,502</b>	<b>-11%</b>	

LITCHFIELD COUNTY		Pending Sales 3Q11	Pending Sales 3Q10	YOY Change 3Q11 vs. 3Q10	Closed Sales YTD 11	Closed Sales YTD 10	YOY Change YTD 11 vs. 10	Percent of 2011 Sales
	\$0 - \$499k	224	217	3%	620	634	-2%	87%
	\$500k - \$999k	23	32	-28%	61	75	-19%	9%
	\$1.0M - \$1.4M	3	2	50%	21	22	-5%	3%
	\$1.5M +	7	9	-22%	10	19	-47%	1%
	<b>TOTAL</b>	<b>257</b>	<b>260</b>	<b>-1%</b>	<b>712</b>	<b>750</b>	<b>-5%</b>	

# CONDOMINIUM SALES IMPROVE, BUT ARE UNDER PRICE PRESSURE

CONDOMINIUM PENDING SALES  
2008 - 2011 (In Units)



While condominiums constitute a much smaller portion of the residential housing market than single-family homes, they do represent a very important market segment and one which has experienced several challenging years. The health of the condominium market relies on a number of factors including the liquidity and transaction pace of single-family homes and the ability to finance the purchase.

This market has been very slow to re-invigorate, but the improving single-family home market has now begun to influence the condominium market positively. After a slow start to 2011, condominium activity picked up sharply in the second quarter and has continued into the third quarter.

In Fairfield County, The Shoreline and Litchfield County, positive second-quarter 2011 pending numbers translated to markedly improved third-quarter 2011 closed sales figures. In Fairfield County, closed sales for the quarter improved by 15% versus 2010. In the Shoreline, closed sales improved by a strong 19%, and in Litchfield County, third-quarter 2011 closed condominium sales were up by an impressive 50%. Overall closed sales year-to-date are 2-4% below this time last year due to soft first-quarter pending sales. It is important to note that we are seeing wide variations in condominium activity by market. Most specifically, markets such as New Canaan which had been in the complete doldrums are showing higher levels of improvement than markets which had been previously active. The broadening of the sales activity has positively impacted overall sales trends.

With buyers coming back into the market and minimal new condominium construction, we are continuing to see a gradual decline in inventory levels that will, over time, help to equalize the market.

While sales are picking up, prices are still experiencing downward pressure. As we track back over the past three years, since the beginning of the financial crisis, we can see that the gradual weakening of condominium prices has continued. So despite an uptick in sales levels, we do not yet have a market in equilibrium. During the third quarter of 2011, the twelve-month median selling price declined to \$234,000, a 10% decline from this time last year. The Shoreline experienced a similar 12% price decline to \$153,000, and in Litchfield County, the decline was 11% to \$114,000. Overall, we have seen depreciation of as much as 30-40% in condominiums from the high point.

The trend data in terms of condominium unit sales is positive, and we expect this to continue in tandem with the recovering single-family home market. But until more buyers enter the sector and stimulate demand to more normative levels, we expect prices to be challenged.

## CONDOMINIUM CLOSED SALES AND MEDIAN SALES PRICES

	Closed Sales			Closed Sales			Median Sales Price*			Inventory
	3Q11	3Q10	3Q11 vs. 3Q10	YTD 11	YTD 10	3Q11 vs. 3Q10	3Q11	3Q10	3Q11 vs. 3Q10	Level Change
Fairfield County	466	405	15%	1289	1336	-4%	\$234,000	\$259,000	-10%	-10%
The Shoreline	143	120	19%	401	411	-2%	\$153,000	\$173,000	-12%	-10%
Litchfield County	36	24	50%	107	112	-4%	\$114,000	\$128,000	-11%	-16%

\*Median sales price represents rolling twelve-month data.



FRENCH COUNTRY HOME - CHESTER, CT - MLS: M9128893

## WHERE WE ARE HEADED

The Connecticut housing market continues to function very differently from the national markets. Despite the struggling economy and plethora of negative news in the national press, our local markets have stabilized and are building the foundation for healthy future growth. Demand continues to be softer than we would like to see, but with sales levels well above the 2009 lows for almost two years now, we are comfortable that our markets will continue on a path to more normalized sales levels.

There has been much written recently about financing challenges, and it is true that banks are using more stringent lending guidelines than they did in the early 2000's. But this conservative approach to lending is, in reality, simply a return to traditional lending practices. Therefore, credit-worthy buyers generally have no trouble obtaining financing. There is money there, and banks want to lend it. Banks simply are requiring more documentation on the credit-worthiness of the borrower and the value of the home. Appraisal standards have changed and do remain a challenge, particularly as they relate to the large money center banks which often use appraisers unfamiliar with a specific market. Despite industry guidelines, appraisal numbers can vary widely. For this reason, it is advisable to work with a mortgage broker who has access to multiple banks. Should one bank's appraisal be an issue, the broker can then place the loan with another lender who will use a different appraiser.

Inventory levels, which have been tightening over the past six months, should also begin to improve. We are encouraged by the number of sellers who are engaging in conversations about putting their homes on the market in the coming months. Fresh inventory will also improve buyer activity. Weak consumer confidence driven primarily by global financial concerns and domestic political uncertainty has clearly caused some buyers in recent weeks to take a wait-and-see attitude before contracting for the sale of a property. Yet, we believe there is significant pent-up demand, supported by reports of a strong pick-up in agent showings and weekend open house activity. It is our expectation that buyers will understand that this moment in time represents an exceptional buying opportunity given the slide in home prices and interest rates that are hovering in the 3-4% range. We believe that demand will continue to improve as the political and economic landscape becomes clearer in the coming months.

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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: \*Landscape with Woman and Dog used with permission.