

Market Watch

2013 YEAR IN REVIEW



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Pitt

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Julia B
Fee

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2013 Year In Review

In 2013 the pace of the metro New York housing recovery accelerated sharply, particularly in those markets closest to Manhattan. Westchester and Fairfield Counties each posted unit and dollar sales increases in excess of 20% versus 2012. As we move further north into the Connecticut Shoreline, Litchfield County and the Southern Berkshire regions, home sales also improved nicely, albeit at a more moderate pace. Despite conflicting economic indicators during the first half of the year, many of those questions were settled by mid-year and the pace of home sales picked up in tandem. 2013 ended with the Dow Jones Industrial Average recording its 50th record-high close of the year and our local unemployment rates hovering at 7.4%, the lowest level in five years. It was the unique combination of an improving economy, rising consumer confidence, exceptional home affordability and pent-up demand that drove our local markets. Buyers in all price categories participated in meaningful numbers, greatly improving the transaction flow and providing much needed assurance to buyers and sellers alike that market conditions were indeed normalized. The slight uptick in mortgage rates from 3.5% to 4.5% was also a wake-up call to some buyers that the outstanding home affordability that we have experienced in the past several years will not continue forever, adding a sense of urgency to the buying decision. The luxury segment was particularly active compared to recent years, with the rate of recovery outpacing other price tiers in 2013.

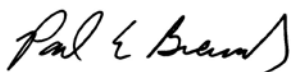
Condominium and cooperative sales also broke out in 2013 with sales gain percentages outpacing those of single family homes in many markets. The vibrant growth rates in this sector are influenced not only by the macro economic factors positively affecting the overall housing market, but also by low inventory levels in the entry segment of the single family home market, which is causing some buyers to purchase condominiums and co-ops as an alternative.

The median selling prices have stabilized for all but the thinly traded categories. In fact, we are starting to experience upward price pressure in the entry segments of the single family home market, where demand is strong and quality inventory very low.

We believe the housing market will continue to thrive in 2014 with the greatest growth likely occurring in the luxury segment, which has, heretofore, been slow to recover. With home sales levels approaching pre-recession levels in many communities, the overall pace of growth may become more moderate in 2014 compared to the double-digit annualized growth we have seen these past two years. However, the improving economy and jobs outlook coupled with pent-up demand, continuing home affordability and most importantly, rising confidence are expected to converge to support a healthy market in all sectors.

I hope you find our 2013 Year-End Market Watch helpful as you evaluate your own personal real estate holdings and plans for 2014. At William Pitt and Julia B. Fee 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 • Julia B. Fee Sotheby's International Realty
+1 203 644 1470 | pbreunich@williampitt.com

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Extraordinary Waterfront Residence

Mamaroneck, New York • Web ID: 3329992

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Key Observations



PENDING SALES



CLOSED SALES



MEDIAN SELLING PRICES



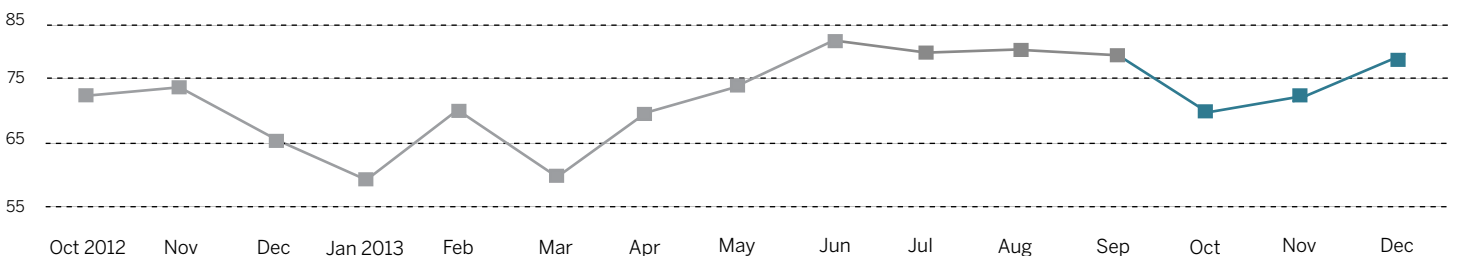
INVENTORY LEVELS



DAYS ON MARKET

The pace of the housing recovery picked up speed in 2013, and by year's end activity spread to encompass previously quiet segments of the market including the luxury, new construction and even raw land segments. Condominiums and co-ops experienced particularly strong volume growth, breaking the trend of previous years and satisfying pent-up demand. The housing market appears to be stronger and more sustainable than it has for five years, and we believe that it will only continue to improve in 2014.

Consumer Confidence





Spectacular Custom Home

Market At A Glance

Building off a strong 2012, every sector of our local housing market enjoyed unit and dollar volume growth in 2013. Single family homes, condominiums and cooperatives, residential land and new construction all posted vibrant sales growth for 2013, pointing to a genuine well-entrenched housing recovery. Sales were driven by a continuing improvement in consumer confidence as well as a sense of urgency among buyers to take advantage of still affordable home prices and historically low mortgage rates. In 2013 as the market moved into greater equilibrium, we began to transition from a pure buyers' market to one where the balance of power was more equalized.

The 2013 housing market proved to be exceptionally resilient despite numerous potential challenges from Washington including the government shutdown and the fiscal cliff, which could have derailed the housing recovery. However, even transitory drops in consumer confidence associated with those challenges failed to stop the sales growth. As Lynn Franco of the Conference Board puts it, "Despite the many challenges throughout 2013, consumers are in better spirits today than when the year began." With consumer confidence playing a critical role in the housing resurgence, it is important to note that confidence levels now stand at a five-year high. In December 2008, consumer confidence was 38.0; it now stands at 78.1, reflecting significantly improved optimism in the economy and job availability.

A bargain-hunting mentality affected the housing market, where, despite low inventory levels, consumers continue to cherry pick the most desirable properties and leave the rest behind. We have had numerous instances during 2013 where homes that are perceived to represent exceptional value are sold within days. Buyers continue to be willing to hold out for their dream home and are seeking the trifecta of excellent property condition, good location and value pricing.

The adherence to true market value is further abetted by the banks, which are maintaining strict lending practices including conservative appraisals. For the foreseeable future we believe this heightened level of buyer discrimination will prevail. Therefore, we continue to advise clients to thoughtfully prepare their home for sale and price aggressively with a clear understanding of local market conditions and buyer preferences. Bidding wars came back in 2013 for highly desirable properties situated in each individual community's sweet spot, benefitting sellers both in terms of price achieved and speed of sale.

New construction staged a rebound, growing at above market rates in 2013 as buyers translated their demand for renovated homes in the resale market to new construction. The dynamics of new construction have changed fairly



significantly from pre-recession times, with builders today focusing on reduced size, superior quality and prime locations while containing prices. As new construction has improved, so has the sale of raw residential land, a segment that, while still soft, is performing better than it has for some time.

On an overall basis single family home inventory levels are relatively stable versus the same period last year. Yet the inventory picture is uneven and varies by price point as well as market area. The entry segment is most challenged, with demand outpacing supply. On the other end of the spectrum, the luxury segment remains over-inventoried with sales only now starting to improve.

Ultra-luxury home sales, defined as those in the top 5% in any given market, significantly outpaced other segments in 2013. After a protracted period of relative inactivity, this market made a resurgence in 2013 with a 50%-75% improvement in sales levels. The renewed growth was driven by optimism among upper end buyers who appreciate the selection of one-of-a-kind homes coupled with the extraordinary values currently available. The favorable market conditions are supported by an attitudinal shift amongst high end buyers who, as the overall economy continues to improve, are more comfortable in purchasing showcase properties. Despite the positive improvements for luxury homes, the segment remains over-inventoried and, as a result, subject to some downward pricing pressure.

The median selling price rose modestly in the past year, reflecting a combination of stabilized prices and more transactions occurring in the middle and upper home-price tiers. In the entry price segments we are beginning to experience some upward price pressure as demand is consistently outpacing supply.

Condominium and cooperative sales in 2013 grew even more quickly than those of single family homes as this market staged a recovery. One factor impacting the improved sales performance is the challenging inventory situation for lower priced homes, which has encouraged some first-time homebuyers to purchase condominium and cooperative properties. Historically condominiums and co-ops have been an important segment of the market for first-time homebuyers, but during the recession when single family home prices were so low and inventory was plentiful, many consumers elected to skip over this segment. As the market is normalizing it is serving as a positive impetus for condominiums and co-op sales.

Westchester County



Timeless Elegance

Scarsdale, New York • Web ID: 21477889

Westchester County

2013 was a breakout year for Westchester County real estate, with every segment of the market achieving strong year-over-year growth. After slower but healthy sales activity in the first quarter of 2013, the market came roaring back in the second quarter with buyers coming out in force, anxious to take advantage of the optimal market conditions. With the national press adding positive commentary to fuel the pent-up demand that was already in place, we experienced an annual 21% unit and 23% dollar volume increase versus 2012 in Westchester County. Northern Westchester led the way with a 24% unit gain in single family home sales, while Southern Westchester followed closely behind with a 19% gain versus 2012. Northern Westchester County was the beneficiary of low inventory levels in certain Southern Westchester communities and market segments, which drove some buyers further north in search of their ideal home. In Southern Westchester County inventory levels were typically 5-6% below 2012 levels and at the end of 2013, the months' supply of inventory stood at 4.7 months for the single family home market as a whole. On an individual market basis there were

SINGLE FAMILY HOME UNDER CONTRACT AND CLOSED SALES

SOUTHERN WESTCHESTER COUNTY

	UNDER CONTRACT SALES			CLOSED SALES			CLOSED DOLLAR VOLUME			DOM*	
	4Q13	4Q12	4Q13 VS 4Q12	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013 VS 2012	2013
SO. WESTCHESTER	847	628	35%	839	724	16%	3,876	3,181	19%	22%	162
Ardley	16	23	-30%	25	20	32%	107	84	27%	68%	168
Blind Brook	19	12	58%	21	12	75%	100	61	64%	68%	180
Briarcliff Manor	6	10	-40%	13	12	8%	81	55	47%	40%	157
Bronxville	13	12	8%	12	10	20%	83	81	2%	1%	150
Dobbs Ferry	14	11	27%	11	10	10%	61	59	3%	6%	175
Eastchester	28	10	180%	32	16	100%	120	79	52%	47%	156
Edgemont	19	15	27%	18	16	13%	92	98	-6%	1%	185
Elmsford	19	13	46%	10	14	-29%	46	37	24%	22%	185
Greenburgh	27	18	50%	29	27	7%	134	100	34%	33%	162
Hartsdale (P.O.)	18	12	50%	22	14	57%	98	71	38%	31%	146
Harrison	32	28	14%	38	33	15%	152	131	16%	34%	187
Hastings	17	16	6%	13	18	-28%	86	59	46%	57%	144
Irvington	18	7	157%	12	12	0%	75	77	-3%	18%	156
Mamaroneck**	67	37	81%	55	45	22%	271	223	22%	28%	134
Mount Pleasant	18	11	64%	19	20	-5%	82	86	-5%	-5%	162
Mount Vernon	34	18	89%	27	21	29%	100	96	4%	18%	223
New Rochelle	76	63	21%	79	66	20%	340	262	30%	29%	166
Ossining	47	27	74%	41	48	-15%	157	145	8%	7%	166
Pelham	32	17	88%	35	13	169%	144	115	25%	28%	167
Pleasantville	11	13	-15%	16	17	-6%	74	71	4%	16%	160
Pocantico Hills	2	2	0%	1	2	-50%	8	8	0%	-4%	213
Port Chester	23	16	44%	25	19	32%	104	79	32%	16%	177
Purchase (P.O.)	11	7	57%	6	12	-50%	39	30	30%	16%	181
Rye City	30	32	-6%	22	34	-35%	174	153	14%	18%	146
Rye Neck	15	11	36%	17	13	31%	63	49	29%	58%	180
Scarsdale	46	36	28%	32	48	-33%	237	226	5%	2%	149
Tarrytown	20	9	122%	17	10	70%	65	52	25%	39%	152
Tuckahoe	11	11	0%	10	9	11%	43	36	19%	36%	174
Valhalla	15	16	-6%	22	14	57%	89	44	102%	117%	171
White Plains	56	49	14%	52	43	21%	227	177	28%	24%	150
Yonkers	116	84	38%	135	103	31%	464	404	15%	20%	159

*DOM: Twelve-Month Median Days on Market **Mamaroneck School District includes Larchmont P.O.

some very impressive sales gains versus 2012. Closed sales doubled in Valhalla, while Blind Brook had a 64% increase in transactions and Chappaqua a 66% increase.

According to our local managers, buyers spanned the gamut from the traditional Manhattan buyer, searching for excellent schools and quality of life while maintaining easy access to New York City, to international buyers who appreciate our multi-cultural communities to local buyers trading up and down. Confidence was a great motivator, and the uncertainty that had been hanging over our markets for some time seemed to disappear this year, allowing buyers to confidently approach the buying process. As the year progressed, entry-level home sales were hampered by a lack of available quality inventory, which also manifested itself in commonplace bidding contests for homes in this price range. On the other end of the spectrum, ultra-luxury properties, defined for Westchester County as homes valued at \$5,000,000 and above, enjoyed a significant 71% uptick in sales versus 2012. Buyers seemed to see real value in this category, purchasing 29 homes in comparison to 17 homes last year. The most expensive property sold in Westchester County was an exquisite North Salem horse farm that traded at \$14,900,000, 82% of the original list price. However, 23 of the 29 properties transacted were located in Southern Westchester County. The most expensive home to change hands in Southern Westchester County was a magnificent new construction Rye waterfront property, featuring its own dock and expansive panoramic views of Long Island Sound that stretch as far as the Manhattan skyline. Our Rye brokerage proudly represented both the buyer and seller in this transaction, which was completed in June 2013 for 90% of the asking price at \$11,900,000. Consistent with 2012, the average days on market for homes sold above the \$5,000,000 mark hovered at 303 days, while the ratio of selling price to original listing price averaged 82%.

Median selling prices grew in the 4% range, which is primarily attributable to the larger number of high-priced homes being sold. Stabilized prices were also a contributing factor and provide a strong base to build on for 2014. Yet it must be noted that we are also beginning to see some small upward pricing migration for homes in the lowest price categories in prime locations. On a county-wide basis, inventory levels were at multi-year lows mid-year and began to bounce back in the fourth quarter as the pace of new listing activity increased.

As the New York City job market continues to be revitalized, we expect sales activity in Westchester County to improve on the 2013 results. However, given the blistering pace of volume gains these past two years, with a 39% increase in single family home sales from 2011 to 2013 in Southern Westchester County and a 41% increase in Northern Westchester County, we fully expect the market percentage gains to become more moderate in the coming year. As Pati Holmes, sales manager of our Rye Brokerage, so aptly expresses it, "2013 was the year when confidence returned to our local housing market and buyers who had been tip-toeing around it for some time actively participated. All the metrics point to an excellent 2014 where homes sales are normalized."

SINGLE FAMILY HOME UNDER CONTRACT AND CLOSED SALES

NORTHERN WESTCHESTER COUNTY

	UNDER CONTRACT SALES			CLOSED SALES				CLOSED DOLLAR VOLUME			DOM*
	4Q13	4Q12	4Q13 VS 4Q12	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013 VS 2012	2013
NO. WESTCHESTER	346	291	19%	390	322	21%	1,689	1,364	24%	24%	175
Bedford	55	41	34%	49	45	9%	213	205	4%	-6%	178
Byram Hills	28	27	4%	27	35	-23%	153	128	20%	16%	191
Chappaqua	25	24	4%	35	22	59%	218	131	66%	69%	154
Croton-Harmon	11	17	-35%	12	19	-37%	75	59	27%	-2%	131
Hendrick Hudson	23	19	21%	22	18	22%	89	80	11%	25%	178
Katonah-Lewis	39	31	26%	39	34	15%	190	181	5%	16%	183
Lakeland	72	43	67%	85	50	70%	236	194	22%	24%	165
North Salem	13	14	-7%	15	14	7%	70	67	4%	63%	195
Peekskill	20	18	11%	21	21	0%	75	60	25%	25%	202
Somers	30	20	50%	36	27	33%	146	114	28%	36%	180
Yorktown	29	37	-22%	49	37	32%	219	139	58%	68%	173

*DOM: Twelve-Month Median Days on Market



The Ultimate Waterfront Property

Rye, New York • Web ID: 21319902

SINGLE FAMILY HOME MEDIAN SALES PRICE

SOUTHERN WESTCHESTER COUNTY

	QUARTERLY MEDIAN SALES PRICE					TWELVE-MONTH MEDIAN SALES PRICE		
	4Q13	4Q12	4Q11	4Q10	4Q13 VS 4Q12	2013	2012	2013 VS 2012
SO. WESTCHESTER	\$580,000	\$562,000	\$542,000	\$600,000	3%	\$620,000	\$598,000	4%
Ardsey	655,000	510,000	481,000	815,000	26%	612,000	524,000	17%
Blind Brook	766,000	754,000	745,000	772,000	2%	762,000	768,000	-1%
Briarcliff Manor	725,000	826,000	733,000	700,000	-12%	765,000	800,000	-4%
Bronxville	1,888,000	2,335,000	460,000	1,499,000	-19%	1,655,000	1,600,000	3%
Dobbs Ferry	540,000	545,000	709,000	705,000	-1%	650,000	629,000	3%
Eastchester	606,000	530,000	600,000	643,000	15%	588,000	555,000	6%
Edgemont	1,085,000	748,000	972,000	850,000	45%	969,000	908,000	7%
Elmsford	439,000	338,000	390,000	353,000	30%	409,000	405,000	1%
Greenburgh	425,000	380,000	425,000	516,000	12%	433,000	427,000	1%
Hartsdale (P.O.)	539,000	558,000	485,000	575,000	-3%	515,000	539,000	-4%
Harrison	1,470,000	1,062,000	1,040,000	945,000	39%	1,188,000	949,000	25%
Hastings	775,000	623,000	655,000	725,000	25%	660,000	625,000	6%
Irvington	733,000	725,000	515,000	790,000	1%	949,000	740,000	28%
Mamaroneck*	985,000	901,000	828,000	1,000,000	9%	995,000	998,000	0%
Mount Pleasant	530,000	521,000	532,000	540,000	2%	514,000	490,000	5%
Mount Vernon	400,000	270,000	333,000	282,000	48%	370,000	317,000	17%
New Rochelle	610,000	520,000	510,000	593,000	17%	648,000	568,000	14%
Ossining	359,000	328,000	380,000	440,000	10%	375,000	355,000	6%
Pelham	675,000	685,000	624,000	723,000	-2%	750,000	685,000	9%
Pleasantville	558,000	560,000	525,000	535,000	0%	573,000	528,000	9%
Pocantico Hills	510,000	783,000	675,000	469,000	-35%	636,000	791,000	-20%
Port Chester	395,000	512,000	392,000	390,000	-23%	400,000	406,000	-1%
Purchase (P.O.)	2,030,000	1,415,000	1,483,000	No SALES	43%	1,225,000	1,415,000	-13%
Rye City	1,450,000	1,725,000	2,025,000	888,000	-16%	1,487,000	1,570,000	-5%
Rye Neck	758,000	615,000	755,000	855,000	23%	833,000	640,000	30%
Scarsdale	1,107,000	1,315,000	924,000	1,100,000	-16%	1,298,000	1,325,000	-2%
Tarrytown	555,000	538,000	640,000	592,000	3%	564,000	550,000	3%
Tuckahoe	593,000	700,000	598,000	545,000	-15%	695,000	660,000	5%
Valhalla	540,000	472,000	380,000	538,000	14%	528,000	453,000	17%
White Plains	617,000	605,000	575,000	570,000	2%	565,000	592,000	-5%
Yonkers	401,000	373,000	425,000	440,000	8%	420,000	390,000	8%

*Mamaroneck School District includes Larchmont P.O.



Spectacular English Country Home

Bronxville, New York • Web ID: 20438725

SINGLE FAMILY HOME MEDIAN SALES PRICE

NORTHERN WESTCHESTER COUNTY

	QUARTERLY MEDIAN SALES PRICE					TWELVE-MONTH MEDIAN SALES PRICE		
	4Q13	4Q12	4Q11	4Q10	4Q13 VS 4Q12	2013	2012	2013 VS 2012
NO. WESTCHESTER	\$495,000	\$488,000	\$478,000	\$511,000	2%	\$523,000	\$497,000	5%
Bedford	700,000	990,000	808,000	780,000	-29%	788,000	808,000	-2%
Byram Hills	999,000	805,000	848,000	995,000	24%	998,000	858,000	16%
Chappaqua	850,000	758,000	803,000	823,000	12%	897,000	798,000	12%
Croton-Harmon	560,000	410,000	385,000	444,000	37%	476,000	482,000	-1%
Hendrick Hudson	305,000	303,000	300,000	531,000	1%	374,000	349,000	7%
Katonah-Lewis	695,000	625,000	543,000	625,000	11%	644,000	633,000	2%
Lakeland	318,000	331,000	320,000	385,000	-4%	319,000	318,000	0%
North Salem	623,000	454,000	428,000	629,000	37%	511,000	453,000	13%
Peekskill	230,000	240,000	180,000	215,000	-4%	233,000	253,000	-8%
Somers	492,000	357,000	545,000	495,000	38%	503,000	449,000	12%
Yorktown	415,000	400,000	396,000	393,000	4%	411,000	391,000	5%

Fairfield County



Perfection — Inside and Out

New Canaan, Connecticut • Web ID: 20726553

Fairfield County

Building off a 15% single family home growth rate in 2012, Fairfield County experienced 20+% unit sales increases in each of the four quarters of 2013, ending the year with 22% higher closed sales and 28% higher dollar volume versus the prior year. The strength of the housing recovery in this area is demonstrated by not only the double digit sales growth, but also by the fact that sales levels remained solid in the face of periods of fiscal uncertainty as well as rising interest rates. A number of factors have encouraged this positive growth. The job expansion on Wall Street and larger bonuses have greatly improved consumers' sense of well-being. Secondly, as home sales have improved in all parts of the country, people are able to sell their homes when they relocate, and rising confidence encourages them to purchase rather than rent. Together these dynamics have strengthened our core housing market and fueled positive sales performance. We are confident that the underpinnings of the market are strong and will provide the necessary base for further growth in 2014.

Single family home sales improved in all areas of the county as well as all price points. While almost all parts of Fairfield County experienced double digit growth rates in 2013, it was the mid-county communities such as Ridgefield, Redding, Weston, Sherman and Brookfield that had the highest growth rates as buyers continued to see the exceptional value in terms of cost of living and lifestyle that these communities offer. In 2013, we also saw a consolidation of the recovery as towns such as Westport and New Canaan, which suffered serious sales declines during the post-financial crisis period, are now becoming the beneficiaries of pent-up demand.

SINGLE FAMILY HOME UNDER CONTRACT AND CLOSED SALES

FAIRFIELD COUNTY

	UNDER CONTRACT SALES			CLOSED SALES			CLOSED DOLLAR VOLUME			DOM*	
	4Q13	4Q12	4Q13 VS 4Q12	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013 VS 2012	2013
FAIRFIELD COUNTY	2,009	1,471	37%	1,719	1,528	13%	7,474	6,111	22%	28%	110
Bethel	47	33	42%	37	35	6%	142	126	13%	12%	121
Brookfield	51	30	70%	49	34	44%	196	144	36%	41%	111
Danbury	127	73	74%	110	83	33%	416	334	25%	32%	105
Darien	62	59	5%	51	59	-14%	284	287	-1%	6%	131
Easton	29	21	38%	27	17	59%	94	78	21%	20%	142
Fairfield	184	115	60%	158	143	11%	724	622	16%	29%	99
Greenwich	155	138	12%	139	143	-3%	641	579	11%	5%	158
Monroe	46	42	10%	38	47	-19%	194	159	22%	17%	124
New Canaan	50	51	-1%	54	51	5%	278	223	25%	26%	172
New Fairfield	51	33	55%	44	41	7%	162	133	22%	29%	122
Newtown	101	61	66%	74	56	32%	296	272	9%	3%	127
Norwalk	177	126	41%	140	129	9%	622	511	22%	26%	112
Oxford**	31	22	41%	22	29	-24%	115	91	26%	32%	91
Redding	25	24	4%	22	25	-12%	114	87	31%	5%	142
Ridgefield	88	67	31%	75	58	29%	389	269	45%	50%	112
Rowayton	18	16	13%	14	13	8%	69	62	11%	1%	99
Shelton	76	70	9%	78	76	3%	317	285	11%	20%	95
Sherman	14	9	56%	17	11	55%	60	42	43%	56%	142
Southbury**	29	29	0%	41	34	21%	151	123	23%	34%	102
Stamford	190	136	40%	163	136	20%	704	597	18%	23%	97
Stratford	134	110	22%	105	105	0%	458	392	17%	26%	97
Trumbull	112	85	32%	109	87	25%	420	361	16%	16%	91
Weston	47	31	52%	37	40	-8%	175	135	30%	35%	126
Westport	101	86	17%	103	84	23%	465	363	28%	40%	107
Wilton	65	50	30%	52	53	-2%	260	222	17%	36%	133

*DOM: Twelve-Month Median Days on Market **New Haven County

Homes valued up to \$750,000 continue to be quite strong, with demand outpacing supply. Sales increased by 18% in 2013 versus the prior year in this category, and at present there is only a five-month supply of inventory. Six months is considered an equilibrium level. As we move up the value chain we see solid growth in all price categories. However, perhaps the most notable market segment in 2013 is the ultra-luxury segment, defined as homes priced at \$5,000,000 and higher, where a broader base of buyers began to re-engage in meaningful numbers. Overall, there were 71 homes sold, the same number as in 2012. However, if Greenwich is excluded, ultra-luxury sales are an incredible 163% higher with communities such as Westport, Darien and New Canaan selling at much better rates than the previous couple of years. Specifically in 2012 there were only eight homes outside of Greenwich that traded higher than \$5,000,000. In 2013 the number was 22. Transactions in the luxury sector were somewhat more difficult than for the market as a whole as inventory levels remain elevated, and therefore buyers can afford to be highly discriminating in terms of location, condition and price. As a result, sellers often had to make a meaningful price adjustment to conclude a sale. However, unlike prior periods where this situation would derail a transaction, in 2013 the improving sales figures are the clear validation that both parties generally had a real desire to make the deal happen.

According to Bill Larkin, sales manager of our New Canaan Brokerage, "2013 was the year when buyers and sellers alike were realistic in their expectations. We were particularly encouraged to see the high end buyer begin to emerge. With the continuation of favorable market conditions projected for 2014, we believe it will be another strong year for Fairfield County real estate, and one where some of our over-inventoried segments will see more meaningful levels of activity."

SINGLE FAMILY HOME MEDIAN SALES PRICE

FAIRFIELD COUNTY

	QUARTERLY MEDIAN SALES PRICE					TWELVE-MONTH MEDIAN SALES PRICE		
	4Q13	4Q12	4Q11	4Q10	4Q13 VS 4Q12	2013	2012	2013 VS 2012
FAIRFIELD COUNTY	\$425,000	\$420,000	\$360,000	\$430,000	1%	\$450,000	\$433,000	4%
Bethel	287,000	317,000	243,000	290,000	-10%	297,000	317,000	-6%
Brookfield	340,000	341,000	281,000	402,000	0%	372,000	319,000	17%
Danbury	238,000	255,000	226,000	244,000	-7%	252,000	247,000	2%
Darien	1,365,000	1,400,000	1,435,000	1,300,000	-3%	1,313,000	1,236,000	6%
Easton	550,000	500,000	580,000	510,000	10%	537,000	550,000	-2%
Fairfield	559,000	526,000	443,000	485,000	6%	556,000	525,000	6%
Greenwich	1,840,000	1,700,000	1,620,000	1,123,000	8%	1,719,000	1,605,000	7%
Monroe	295,000	326,000	355,000	441,000	-10%	344,000	365,000	-6%
New Canaan	1,528,000	1,210,000	1,500,000	1,400,000	26%	1,420,000	1,385,000	3%
New Fairfield	341,000	325,000	243,000	334,000	5%	314,000	316,000	-1%
Newtown	348,000	396,000	305,000	400,000	-12%	355,000	389,000	-9%
Norwalk	418,000	390,000	395,000	425,000	7%	431,000	400,000	8%
Oxford*	353,000	320,000	300,000	366,000	10%	345,000	316,000	9%
Redding	626,000	445,000	538,000	580,000	41%	518,000	511,000	1%
Ridgefield	680,000	615,000	544,000	717,000	11%	643,000	628,000	2%
Rowayton	824,000	935,000	610,000	1,280,000	-12%	900,000	1,030,000	-13%
Shelton	312,000	295,000	275,000	295,000	6%	314,000	297,000	6%
Sherman	315,000	360,000	382,000	439,000	-12%	352,000	396,000	-11%
Southbury*	400,000	363,000	345,000	360,000	10%	367,000	333,000	10%
Stamford	600,000	535,000	479,000	539,000	12%	561,000	544,000	3%
Stratford	230,000	210,000	215,000	237,000	10%	224,000	207,000	8%
Trumbull	355,000	317,000	340,000	395,000	12%	353,000	351,000	1%
Weston	620,000	758,000	633,000	816,000	-18%	726,000	734,000	-1%
Westport	1,200,000	1,181,000	1,040,000	1,179,000	2%	1,244,000	1,213,000	3%
Wilton	748,000	665,000	834,000	770,000	12%	774,000	718,000	8%

*New Haven County

The Shoreline



The Shoreline

The Shoreline of Connecticut continued to be a solid performer this past year. After a very strong 2012 where the Connecticut Shoreline as a region experienced the strongest year-over-year sales gains of any area in Connecticut, market activity in 2013 shifted to a more moderate and sustainable growth profile. While 2012 closed unit sales were cumulatively 23% higher than 2011, these gains were consolidated in 2013, and total single family home units sold increased by 5% over 2012 with an associated 3% increase in dollar volume. Overall sales activity was quite steady in each of the four quarters of 2013 and was driven by the low to mid-price ranges. The sale of homes priced up to \$400,000 increased between 10% and 11% during the second and third quarters of 2013 but fell off in the fourth quarter as quality inventory was depleted. For the year, the improvement in entry-level single family home sales was consistent with overall Shoreline market gains. On the other hand, mid-tier properties, homes valued between \$401,000 and \$800,000, were the market driver with a phenomenal 33% increase in sales in the fourth quarter and an 11% unit sales gain for the year. Buyers primarily focused their spending in the communities of East Lyme, Madison and Branford, where the combination of charming towns, walkable city centers, excellent schools and good value proved to be a winning combination. These towns all experienced above-market unit sales gains ranging from 14%-40%. On the other hand a few towns such as Old Lyme and Old Saybrook saw weaker than anticipated demand this past year, experiencing sales declines versus 2012. However, both of these communities had positive market activity in the fourth quarter with pending sales gains of 8% and 108%, respectively. We anticipate this late season vitality will translate to positive closed sales figures for these towns in the first quarter of 2014.

Waterfront properties, traditionally a vibrant sales niche as well as typically representing the most expensive homes in the area, remained sluggish as buyers have continued to be wary following Hurricane Sandy. We anticipate that this "Sandy effect" will begin to diminish in 2014 as more time has passed since the storm. Waterfront properties continue to demand a premium in this market area as they remain rare and highly sought after for those desiring this lifestyle.

Consistent with Fairfield County, new construction along the Connecticut Shoreline is beginning to become revitalized as the local economy improves and buyers are taking advantage of the opportunity to purchase new homes with exceptional affordability.

SINGLE FAMILY HOME UNDER CONTRACT AND CLOSED SALES

THE SHORELINE

	UNDER CONTRACT SALES			CLOSED SALES			CLOSED DOLLAR VOLUME		DOM*		
	4Q13	4Q12	4Q13 VS 4Q12	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013 VS 2012	2013
THE SHORELINE	455	446	2%	519	499	4%	2,247	2,147	5%	3%	104
Branford	38	42	-10%	41	48	-15%	191	161	19%	13%	105
Chester	11	9	22%	7	10	-30%	36	39	-8%	-2%	96
Clinton	23	29	-21%	28	40	-30%	123	147	-16%	-27%	103
Deep River	7	6	17%	12	10	20%	36	28	29%	29%	65
East Lyme	24	17	41%	30	15	100%	105	75	40%	42%	90
Essex**	21	13	62%	24	8	200%	72	65	11%	1%	164
Groton	27	17	59%	25	18	39%	95	84	13%	0%	87
Guilford	41	48	-15%	54	51	6%	250	230	9%	7%	93
Killingworth	11	16	-31%	10	15	-33%	59	65	-9%	-10%	110
Lyme	6	9	-33%	6	7	-14%	25	28	-11%	28%	181
Madison	39	50	-22%	48	49	-2%	250	219	14%	9%	123
New London	26	28	-7%	30	29	3%	119	107	11%	9%	93
Old Lyme	27	25	8%	28	28	0%	101	125	-19%	-5%	107
Old Saybrook	25	12	108%	29	28	4%	135	158	-15%	-17%	87
Stonington	15	22	-32%	19	22	-14%	83	74	12%	-19%	97
Waterford	35	33	6%	39	42	-7%	163	191	-15%	-16%	84
Westbrook	18	10	80%	16	16	0%	71	75	-5%	2%	100

*DOM: Twelve-Month Median Days on Market **Includes Essex, Ivoryton and Centerbrook

Inventory levels remained on par with year-ago levels despite a 12% increase in new listings hitting the market. Sellers, understanding that the Shoreline marketplace has generally settled into a normalized growth pattern and that median selling prices are approaching pre-recession levels, are re-entering the market with enthusiasm. Overall, the months' supply of inventory remains elevated at 12.5 months.

The strength of the Connecticut Shoreline housing market has always been that it is a primary home market supporting the city of New Haven and its multi-faceted economic base. This region was fortunate to weather the housing downturn in better shape than the Manhattan-focused areas and, as a result, is now growing at a slower and steadier rate than other areas where we participate. We are optimistic for the region in 2014, and believe the sales activity of the previous quarters will continue well into this year.



SINGLE FAMILY HOME MEDIAN SALES PRICE

THE SHORELINE

	QUARTERLY MEDIAN SALES PRICE					TWELVE-MONTH MEDIAN SALES PRICE		
	4Q13	4Q12	4Q11	4Q10	4Q13 VS 4Q12	2013	2012	2013 VS 2012
THE SHORELINE	\$312,000	\$293,000	\$290,000	\$300,000	7%	\$306,000	\$300,000	2%
Branford	350,000	298,000	320,000	270,000	18%	300,000	291,000	3%
Chester	383,000	358,000	259,000	233,000	7%	332,000	276,000	20%
Clinton	268,000	263,000	250,000	278,000	2%	254,000	269,000	-6%
Deep River	269,000	244,000	223,000	262,000	10%	270,000	336,000	-20%
East Lyme	340,000	313,000	353,000	379,000	9%	341,000	378,000	-10%
Essex*	493,000	485,000	357,000	320,000	2%	438,000	394,000	11%
Groton	170,000	174,000	158,000	143,000	-2%	140,000	158,000	-11%
Guilford	349,000	375,000	417,000	380,000	-7%	376,000	376,000	0%
Killingworth	288,000	271,000	349,000	245,000	6%	334,000	336,000	-1%
Lyme	508,000	365,000	450,000	638,000	39%	631,000	352,000	79%
Madison	483,000	420,000	393,000	439,000	15%	452,000	420,000	8%
New London	127,000	125,000	147,000	170,000	1%	132,000	143,000	-8%
Old Lyme	373,000	288,000	350,000	318,000	30%	381,000	321,000	19%
Old Saybrook	285,000	357,000	349,000	310,000	-20%	340,000	358,000	-5%
Stonington	219,000	470,000	263,000	347,000	-53%	290,000	390,000	-26%
Waterford	270,000	204,000	224,000	231,000	33%	228,000	217,000	5%
Westbrook	388,000	271,000	320,000	305,000	43%	323,000	306,000	6%

*Includes Essex, Ivoryton and Centerbrook

Litchfield County



Hidden Valley Estate

Cornwall, Connecticut • Web ID: 21014371

Litchfield County

Litchfield County experienced sustained double-digit growth in both unit and dollar sales in each of the four quarters of 2013, closing the year with annualized unit sales levels that were 14% higher than 2012 and dollar sales that were 17% higher. Litchfield/Milton had the highest unit sales increase for the year with 22 more homes sold than in the prior year. The pace of activity continued in the fourth quarter with an additional six homes going under contract. A number of other markets including Warren, Washington and Lakeville/Salisbury experienced unit growth of 7+ units, which equates to percentage gains of 35+% for the year.

Transactions during the first four months of the year were dominated by entry and mid-level properties, as primary homebuyers capitalized on ideal market conditions. Once the winter weather broke and fresh inventory was introduced, the second home luxury buyer returned in force, resulting in vibrant annual sales levels for higher-priced homes. There were 63 sales over \$1 million versus 54 in 2012, representing a 16% increase in units. The \$78,000,000 in incremental dollar growth during 2013 reflects some of Litchfield County's most unique and expensive properties changing hands. In fact, Litchfield County had 11 record-breaking sales during 2013 where properties closed at \$3,000,000 and higher. Several trophy properties sold during the year—properties such as Cobble Brook Farm, a chic, reconstructed barn on 41 acres abutting 65 acres of land trust and offering a three-story silo as its entrance plus an observatory for viewing the serene Litchfield night sky. At the opposite end of the spectrum was a stunning South Kent modern home with a chic, crisp interior offering total privacy, spectacular views, a 50' x 50' pool and guest quarters. Litchfield County is primarily a second home market, and activity at the upper end is the leading indicator of local market health. Sales of luxury homes gave confidence to the market overall and provided additional stimulus to other price points. For example, sales of homes priced up to \$700,000 experienced a 14% improvement in sales levels versus 2012.

SINGLE FAMILY HOME UNDER CONTRACT AND CLOSED SALES

LITCHFIELD COUNTY

	UNDER CONTRACT SALES			CLOSED SALES					CLOSED DOLLAR VOLUME		DOM*
	4Q13	4Q12	4Q13 VS 4Q12	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013 VS 2012	2013
LITCHFIELD COUNTY	286	243	18%	312	274	14%	1,229	1,079	14%	17%	137
Bantam	0	0	0%	2	0	N/A	7	6	17%	-18%	97
Barkhamsted	4	8	-50%	6	9	-33%	24	27	-11%	-10%	99
Bethlehem	8	5	60%	10	8	25%	27	23	17%	12%	145
Bridgewater	5	1	400%	4	3	33%	11	15	-27%	-57%	180
Canaan	1	2	-50%	2	1	100%	5	3	67%	-4%	179
Colebrook	2	4	-50%	5	5	0%	18	14	29%	23%	107
Cornwall**	4	4	0%	4	4	0%	14	19	-26%	4%	200
Falls Village	0	1	N/A	3	1	200%	14	5	180%	183%	125
Goshen	12	11	9%	16	10	60%	55	31	77%	92%	170
Harwinton	15	9	67%	13	13	0%	59	50	18%	8%	123
Kent, South Kent	6	5	20%	7	5	40%	24	21	14%	57%	193
Lakeville, Salisbury	11	8	38%	9	9	0%	50	43	16%	35%	244
Litchfield, Milton	14	8	75%	22	14	57%	74	52	42%	45%	204
Morris	0	4	N/A	4	6	-33%	17	20	-15%	26%	217
New Milford	26	22	18%	24	20	20%	92	91	1%	-5%	91
Norfolk	3	1	200%	2	3	-33%	13	13	0%	-17%	311
Roxbury	12	4	200%	10	5	100%	24	16	50%	-3%	198
Sharon	10	6	67%	9	5	80%	34	31	10%	23%	131
Thomaston, Plymouth	31	26	19%	26	43	-40%	138	127	9%	5%	87
Torrington, Winsted	72	69	4%	80	76	5%	324	288	13%	13%	116
Warren	3	4	-25%	5	2	150%	18	10	80%	334%	219
Washington***	7	3	133%	12	5	140%	35	26	35%	31%	186
Woodbury	15	18	-17%	17	13	31%	62	67	-7%	-19%	147

*DOM: Twelve-Month Median Days on Market **Includes Cornwall, West Cornwall and Cornwall Bridge ***Includes Washington, Washington Depot and New Preston

The median selling price for single family homes rose a modest 5% year over year. This increase is consistent with the median selling price growth in other parts of Connecticut and is reflective of stabilized prices coupled with more higher-priced homes being sold. There is still very good value in the market, which will help drive demand in 2014. Other market indicators including inventory levels and days on market are moving into more positive territory, supporting a healthy recovery for this market.

Carolyn Fugere, sales manager of our Litchfield Hills' brokerages, sums up the year by saying that "2013 was a highly positive year for single family home sales in our region for buyers and sellers alike as we transitioned to more normalized market conditions. We ended the year with an 18% increase in pending sales and were extremely busy right through December 31. We believe the sustained activity during the late fall will translate to continued positive sales activity in the first quarter of 2014."

SINGLE FAMILY HOME MEDIAN SALES PRICE

LITCHFIELD COUNTY

	QUARTERLY MEDIAN SALES PRICE					TWELVE-MONTH MEDIAN SALES PRICE		
	4Q13	4Q12	4Q11	4Q10	4Q13 VS 4Q12	2013	2012	2013 VS 2012
LITCHFIELD COUNTY	\$229,000	\$210,000	\$225,000	\$254,000	9%	\$229,000	\$218,000	5%
Bantam	175,000	NO SALES	NO SALES	471,000	N/A	214,000	239,000	-10%
Barkhamsted	180,000	190,000	213,000	266,000	-5%	209,000	228,000	-8%
Bethlehem	258,000	268,000	249,000	315,000	-4%	236,000	269,000	-12%
Bridgewater	324,000	825,000	575,000	255,000	-61%	236,000	572,000	-59%
Canaan	118,000	493,000	610,000	145,000	-76%	166,000	328,000	-49%
Colebrook	265,000	215,000	NO SALES	168,000	23%	243,000	210,000	16%
Cornwall*	580,000	222,000	352,000	402,000	162%	421,000	286,000	47%
Falls Village	204,000	310,000	NO SALES	234,000	-34%	214,000	228,000	-6%
Goshen	267,000	296,000	320,000	268,000	-10%	299,000	316,000	-5%
Harwinton	195,000	250,000	230,000	250,000	-22%	210,000	234,000	-10%
Kent, South Kent	435,000	425,000	252,000	435,000	2%	351,000	326,000	8%
Lakeville, Salisbury	425,000	343,000	287,000	520,000	24%	481,000	377,000	28%
Litchfield, Milton	296,000	263,000	278,000	340,000	13%	312,000	269,000	16%
Morris	245,000	255,000	202,000	273,000	-4%	314,000	251,000	25%
New Milford	261,000	268,000	249,000	195,000	-3%	264,000	250,000	6%
Norfolk	459,000	160,000	155,000	99,000	187%	382,000	650,000	-41%
Roxbury	745,000	760,000	400,000	860,000	-2%	581,000	1,107,000	-48%
Sharon	303,000	325,000	241,000	435,000	-7%	368,000	358,000	3%
Thomaston, Plymouth	162,000	177,000	158,000	220,000	-8%	162,000	173,000	-6%
Torrington, Winsted	135,000	140,000	146,000	150,000	-3%	139,000	133,000	5%
Warren	365,000	338,000	328,000	398,000	8%	310,000	380,000	-18%
Washington**	350,000	335,000	395,000	607,000	5%	331,000	449,000	-26%
Woodbury	435,000	285,000	356,000	365,000	53%	324,000	346,000	-6%

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

Berkshire County



Contemporary Berkshire Retreat

Egremont, Massachusetts • Web ID: 4421402

Berkshire County

The Southern Berkshire region is a mecca for people from metro New York and Boston who are seeking a vibrant cultural life and myriad year-round activities amidst beautiful countryside. These buyers came back to the region in strength in 2012, helping sales of single family homes to surge by 26% to a multi-year high. As part of the natural maturation of the market, 2013 is best defined as a year when the housing gains from the prior year were solidified and sales posted a modest 3% increase in units sold and a 4% increase in dollar volume versus 2012. The year was something of a roller coaster in terms of market activity. The first half of 2013 was relatively strong versus 2012, with single family home sales increasing by 11% in terms of both units sold and dollar volume. However, in the second half of the year, traditionally the most vibrant because of the beautiful weather and heightened visitor activity, unit sales declined by 3% versus the back half of 2012. The lack of consistent sales performance reflected both low levels of quality inventory as well as somewhat weaker than anticipated demand. According to local agents, there are definitely committed buyers seeking properties in the region, but they are highly discriminating and many are simply waiting for the right opportunity to present itself. Because the Southern Berkshires is a very stable region and was not subject to the highs of the housing bubble, its market dynamics are more modulated. Owners are characteristically very solid and under no pressure to sell. They are cautious and want to be sure the timing is right. Buyers, typically looking for a long-term investment, are equally discriminating.

Single family home sales in 2013 were driven by the mid-price tier, defined as homes valued between \$200,000 and \$500,000, where buyers took advantage of ideal market conditions. Sales for this tier of property were 10% higher than those of 2012. The 12-month median selling price was \$294,000, which is a 7% improvement over the prior year. Part of this gain is attributable to several showcase properties that transacted during the year including a \$4,600,000 family compound in South Egremont, complete with a four-bedroom guest house and gym, as well as a masterfully crafted country home in New Marlborough, sited on 32 private acres with 360-degree views of pastures and the Berkshires beyond. This very special property traded at \$2,550,000 after 100 days on the market.

After a red-hot 2012 the more normalized market conditions of 2013 represent a natural evolution in the home selling cycle. Since activity in the Southern Berkshires typically follows Litchfield County, we expect to see the pent-up demand invigorate the market and well-positioned inventory to enter the market to meet the 2014 demand.

SINGLE FAMILY HOME UNDER CONTRACT AND CLOSED SALES

SOUTHERN BERKSHIRE COUNTY

	UNDER CONTRACT SALES			CLOSED SALES			CLOSED DOLLAR VOLUME		DOM*		
	4Q13	4Q12	4Q13 VS 4Q12	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013 VS 2012	2013
BERKSHIRE COUNTY	241	227	6%	278	301	-8%	1,078	1,020	6%	6%	139
SO. BERKSHIRES	98	86	14%	112	106	6%	394	383	3%	4%	181
Alford	5	5	0%	2	3	-33%	11	6	83%	101%	203
Becket	5	8	-38%	7	14	-50%	36	46	-22%	-22%	153
Egremont	7	4	75%	6	8	-25%	18	17	6%	70%	136
Gt. Barrington	22	21	5%	24	17	41%	73	59	24%	4%	208
Lee	8	8	0%	10	12	-17%	39	37	5%	25%	114
Lenox	9	8	13%	14	10	40%	47	41	15%	3%	144
Monterey	5	4	25%	4	2	100%	16	9	78%	167%	177
Mt. Washington	0	1	N/A	1	1	0%	1	4	-75%	-94%	329
New Marlborough	4	8	-50%	4	7	-43%	17	25	-32%	-17%	225
Otis	6	5	20%	6	5	20%	21	31	-32%	-62%	260
Richmond	4	5	-20%	6	3	100%	19	16	19%	-23%	253
Sandisfield	1	2	-50%	2	6	-67%	14	15	-7%	-21%	258
Sheffield	11	4	175%	14	4	250%	36	30	20%	-13%	151
Stockbridge	11	8	38%	10	9	11%	43	32	34%	84%	231
Tyringham	2	0	N/A	2	1	100%	3	3	0%	-11%	330
West Stockbridge	2	1	100%	4	5	-20%	17	13	31%	78%	227

*DOM: Twelve-Month Median Days on Market



Updated 1920s Estate Home with Continental Panache

Williamstown, Massachusetts • Web ID: 21178290

SINGLE FAMILY HOME MEDIAN SALES PRICE

SOUTHERN BERKSHIRE COUNTY

	QUARTERLY MEDIAN SALES PRICE					TWELVE-MONTH MEDIAN SALES PRICE		
	4Q13	4Q12	4Q11	4Q10	4Q13 VS 4Q12	2013	2012	2013 VS 2012
BERKSHIRE COUNTY	\$180,000	\$190,000	\$166,000	\$196,000	-5%	\$182,000	\$180,000	1%
SO. BERKSHIRES	325,000	265,000	273,000	320,000	23%	294,000	274,000	7%
Alford	513,000	660,000	493,000	1,300,000	-22%	749,000	733,000	2%
Becket	235,000	184,000	229,000	243,000	28%	181,000	143,000	27%
Egremont	378,000	405,000	420,000	289,000	-7%	488,000	325,000	50%
Gt. Barrington	288,000	375,000	215,000	322,000	-23%	336,000	287,000	17%
Lee	275,000	207,000	208,000	187,000	33%	226,000	184,000	23%
Lenox	377,000	261,000	387,000	918,000	45%	299,000	259,000	15%
Monterey	413,000	613,000	625,000	1,033,000	-33%	424,000	404,000	5%
Mt. Washington	98,000	190,000	No SALES	750,000	-48%	98,000	387,000	-75%
New Marlborough	220,000	265,000	335,000	150,000	-17%	347,000	436,000	-20%
Otis	199,000	318,000	190,000	266,000	-37%	289,000	379,000	-24%
Richmond	327,000	800,000	252,000	1,030,000	-59%	378,000	382,000	-1%
Sandisfield	354,000	293,000	325,000	233,000	21%	212,000	265,000	-20%
Sheffield	296,000	560,000	239,000	210,000	-47%	264,000	337,000	-22%
Stockbridge	635,000	430,000	450,000	363,000	48%	424,000	355,000	19%
Tyringham	628,000	1,295,000	550,000	625,000	-52%	526,000	798,000	-34%
West Stockbridge	449,000	275,000	266,000	365,000	63%	387,000	326,000	19%

Condominiums and Cooperatives



Tranquil Setting Near New Canaan Village

New Canaan, Connecticut • Web ID: 21251841

Condominiums and Cooperatives

Breaking trend with the lackluster sales of previous years, the condominium and co-op market broke out in 2013, posting exceptional sales gains in each of the four quarters. In Fairfield County closed unit sales for the year were 29% higher than 2012, while dollar volume was 32% higher. Southern Westchester County followed in close pursuit with both condominiums and co-ops posting a 23% annual unit sales improvement versus 2012 and a commensurate 29% improvement in dollar volume. The high dollar volume increase indicates that a larger number of more expensive properties transacted in 2013, a very healthy sign for the market.

Condominium sales improvements far outpaced the single family home market along the Connecticut Shoreline with a 22% annual sales improvement versus year-ago levels. The same held true for the Southern Berkshires, where condominium sales were a substantial 61% higher than 2012. In Litchfield County the increase in sales levels paralleled the single family home market. It should be noted that for both the Berkshires and Litchfield County condominiums represent a small segment of the housing inventory.

Pending sales, those sales where contracts have been signed but have not yet closed, remained vibrant in the fourth quarter for most areas, a clear signal that the first quarter of 2014 should be another solid quarter in closed sales for the condominium and co-op markets. Buyers remained active in the market, recognizing that the fourth quarter is often the time of year when the best pricing can be negotiated as sellers often do not want to have to hold their properties during the winter months when sales levels are generally slower than other times of year.

Inventory levels declined from 2012 and, coupled with increased demand, resulted in the months' supply of inventory (MSI) reaching post-recession lows in many markets. However, the MSI remains elevated in Litchfield County and the Southern Berkshires, where, despite the sales improvement, volume remains well off normal levels. Days on market, another key indicator of market health, continues to decline.

So what is driving the sale of condominiums and co-ops? It is a combination of factors including some buyers being priced out of the single family home market, first-time buyers looking to get in while affordability remains high and down-sizers having sold their family homes. In addition, many of the financing issues that had plagued HOA's have been sorted out so lenders are again lending to this segment. In some communities such as Bronxville, where co-ops have always represented an important part of the housing stock, the lack of single family home inventory has driven a meaningful number of buyers to co-ops.

The median selling prices, while ticking up mid-year, settled back into essentially a parity position with 2012 in most markets with the exception of Northern Westchester County and Litchfield County, where the sale of several higher-priced condominiums drove the median selling price between 16% and 25%. As the single family home market heats up, we anticipate that the condominium and co-op market will benefit and experience solid growth levels in all price categories.

CONDOMINIUM AND COOPERATIVE CLOSED SALES AND MEDIAN SALES PRICE

	CLOSED SALES						TWELVE-MONTH MEDIAN SALES PRICE			INVENTORY	DOM*
	4Q13	4Q12	4Q13 VS 4Q12	2013	2012	2013 VS 2012	2013	2012	2013 VS 2012	2013 VS 2012	2013
So. Westchester	549	496	11%	2,235	1,814	23%	\$212,000	\$206,000	3%	-7%	188
No. Westchester	106	140	-24%	455	452	1%	\$270,000	\$246,000	10%	10%	156
Fairfield County	607	471	29%	2380	1840	29%	\$240,000	\$226,000	6%	3%	110
The Shoreline	165	127	30%	644	530	22%	\$145,000	\$143,000	1%	0%	117
Litchfield County	50	52	-4%	191	167	14%	\$119,000	\$95,000	25%	-3%	156
So. Berkshires	17	15	13%	58	36	61%	\$224,000	\$227,000	-1%	-5%	239

*DOM: Twelve-Month Median Days on Market



Compo Cove

Westport, Connecticut • Web ID: 4388999

Where We Are Headed

2014 will be the third year of our local housing recovery. With a vibrant New York City as the heartbeat of our region, all of our market areas are anticipated to benefit in terms of increased home sales. Exceptional home affordability coupled with pent-up demand from buyers and sellers who have been on the sidelines waiting for better economic and market conditions will support this growth. Further, a stronger job market for young people is anticipated to translate to increased demand for property, particularly in the lower price ranges.

High-end housing should continue to recover in tandem with the economic recovery. However, the segment remains over-inventoried, so we expect keen competition among sellers to attract discriminating buyers. At the opposite end of the spectrum, we expect the entry-level buyer pool to experience a degree of frustration as demand outpaces supply. This imbalance between supply and demand will likely result in bidding contests as well as some upward pricing pressure for prime properties.

Buyer demand for homes in excellent condition will continue to dominate due to a number of factors including buyers not having the time to renovate, the inconvenience associated with renovation, discomfort with the construction process and low interest rates, which makes it more palatable to pay a little more for a house that has been updated. As these factors continue to guide the buying process, it is critical that sellers prepare their homes for sale in recognition of the discriminating buyer.

We believe that we are in a housing market that is stronger and more sustainable than it has been for five years, and one that will continue to improve in 2014 as the increase in employment eliminates uncertainty and raises confidence in the real estate market. As Lawrence Yun, chief economist at the National Association of Realtors, says, "For the general consumer, the market will be good in 2014." For the markets we serve, this translates to home sales that will continue to grow at more normalized levels as well as property values that will rise in the coming year for the high-demand segments.

Information Sources: Case-Schiller reports, Various MLS services, National Association of Realtors, Connecticut Economic Digest, local mortgage brokers, Realty Trac., HGMLS, CMLS, CT-MLS, NCMLS, DARMLS, Greenwich MLS, BCBOR. While information is believed true, no guarantee is made for accuracy.