

Market Watch

2015 YEAR IN REVIEW



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INTERNATIONAL REALTY



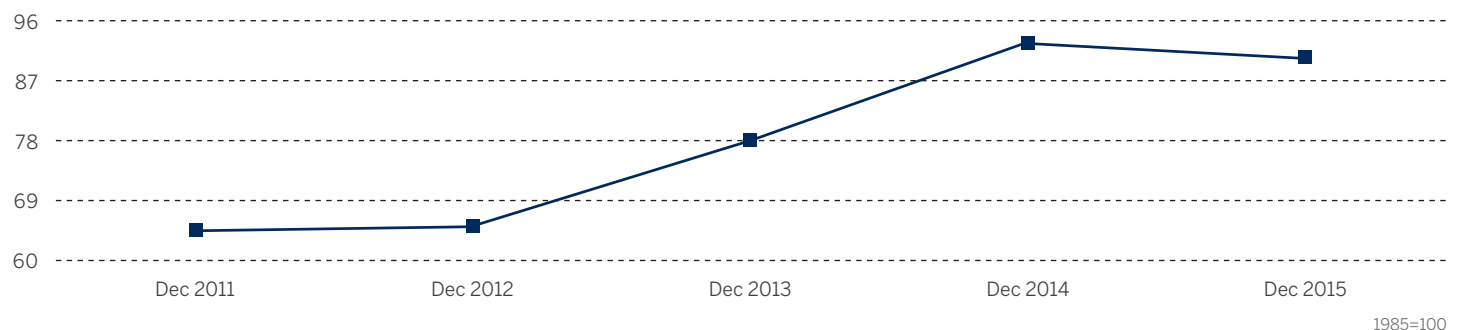
In December of 2015 our United States economy reached the point where the Federal Reserve had the confidence to raise interest rates for the first time in nine years. The quarter point rise was a strong signal that our economy is growing and that the fundamentals are in place for continued moderate expansion.

For some historical context, during the years of the recession our housing markets, while battered, experienced remarkable resilience, and began to take small steps towards recovery in the years immediately after 2009. But since 2013, as the macro economy has improved, local real estate sales have also improved substantially, establishing new buyer and seller expectations in terms of value and annual sales levels. Now, as we close 2015, both single family home and condominium/co-op sales have, for the second straight year, achieved their highest levels since 2007 in the majority of our communities.

Very important for our housing market, the rise in interest rates was well-received, and we believe it will in fact propel strong growth in 2016. Historical patterns show that a rise in interest rates after a prolonged period of interest rate stability fuels activity in the housing market because the rise signals a strong economy while also spurring buyers to take advantage of the low rates before they rise further. In 2016, with the wealth of inventory we have in most market segments translating to the dual buyer advantages of great selection and low prices, we expect strong sales throughout the year. This is supported by consumer confidence levels that have consistently achieved their highest post-recession levels through this past year.

A rapid rise in inventory in the second half of 2015 in certain key areas impacted the balance between buyer and seller.

Consumer Confidence





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As the housing market demonstrated continued improvement, sellers across all price points sought to capitalize on these favorable conditions, resulting in a substantial increase in inventory. This phenomenon most notably occurred in the mid to upper price ranges. The resulting disequilibrium between supply and demand put increased emphasis on the value proposition, and homes that met buyer expectations successfully changed hands. The year ended on a high note for the vast majority of markets with homebuyer activity that exceeded 2014 sales levels on both a quarterly and annual basis. In Fairfield County, single family home sales for the calendar year 2015 were 10% higher than 2014, Westchester County sales were 6% higher, Shoreline sales were 9% higher, Litchfield County sales were 16% higher and the Southern Berkshires were flat.

Median selling prices have been stable for quite some time now, although prices remain 15-20% lower than the 2005 peak. We continue to see an analytical approach to the home buying process, with wary homebuyers needing to see value before making a move.

Buyer preferences continue to shift towards convenience and low maintenance. There is ongoing resistance among buyers to doing any work on a home, so preparing a home properly for sale remains a hot topic.

There are some ongoing vulnerabilities in the housing market, specifically at the upper end where the buyer pool remains small and buyer preferences for smaller, more manageable properties are not always in sync with product offerings. Yet, despite the challenges and contrary to expectations, we have experienced meaningful growth in luxury this year including some unanticipated late season buying activity. This sector should be the beneficiary of the growth we expect to see across the broad home buying spectrum throughout 2016.

We are confident that the combination of a strong labor market, emerging millennial buyers, and the heightened sense of urgency to capitalize on the magic combination of low interest rates and strong inventory levels will contribute to a strong 2016 selling year.

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Westchester County

1 Westchester County concludes the year on a high note.

After a slow start to the year, sales continued to outperform year-ago levels with the fourth quarter achieving the highest growth rate of the year. As the warm, sunny weather continued through late December, homebuyers remained engaged, resulting in unit sales that were 13% higher than the fourth quarter of 2014 and annual sales that were 6% higher than the calendar year of 2014. Both the southern and northern parts of Westchester County saw strong fourth quarter and annual growth rates.

2 Sales represented a bell curve of values in 2015.

County-wide growth was concentrated in the lower and upper ends of the value spectrum this year, with sales of mid-range properties similar to or slightly lower than 2014 levels. Homes valued under \$1,000,000 grew by 14% for the fourth quarter and 6% for the year. The easing of credit, improving local employment picture and high rents all contributed to continued strength in this sector. At the opposite end of the spectrum, as confidence in housing continued to grow the sale of homes valued at \$5,000,000 or more increased by a robust 47%, with 25 properties changing hands versus 17 in 2014. Waterfront and new construction attracted the most buyers.

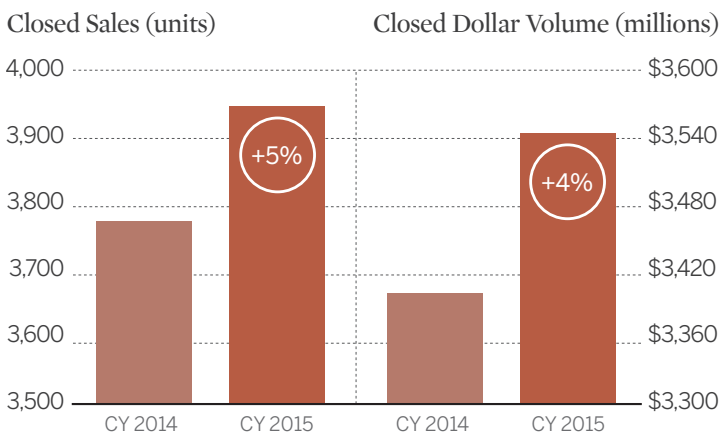
3 The luxury sector had a surplus of inventory.

Despite the significant improvement in high end sales in 2014, a surplus of high end inventory remains. As the sales profile has brightened, more luxury homes have been introduced to the market than can be efficiently absorbed, resulting in continued downward price pressure, particularly in Northern Westchester County.

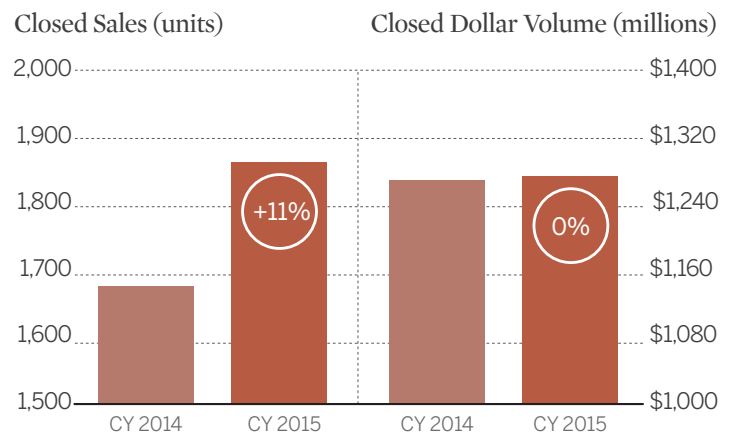
4 Buyers continue to cherry-pick the most desirable properties.

With an emphasis on price point or school district, homebuyers are focused on value, which is defined as renovated, new-construction-like condition at a fair market price. This continues to put pressure on sellers to clean up their homes, renovate and/or stage as necessary prior to hitting the marketplace. Turnkey homes properly positioned are selling quickly. There are often multiple bids for properties priced below \$1,000,000.

Southern Westchester*



Northern Westchester*



* Single Family Homes Only

5 The river towns enjoyed vibrant growth in 2015.

Irvington, Tarrytown and their sister communities are experiencing an inventory shortage as buyers flock to these areas, which offer a traditional small town feel with waterfront access and an easy commute to Manhattan. Particularly popular with homebuyers from Brooklyn, where prices continue to skyrocket, the lower Hudson river towns offer an artsy community-based lifestyle with mom and pop shops, great restaurants, water views, diversity and a laid-back atmosphere. Homes under \$1,000,000, if in good condition, typically receive multiple bids with the house going over the asking price.

6 Condominium and cooperative sales remain vibrant, filling a much-needed gap for young and old alike.

Condominium sales grew by 19% and cooperatives by 5% in 2015, filling a multitude of needs for a variety of buyers. Large co-ops regained popularity for young families who chose this option as comparably priced single family home inventory in the close-to-Manhattan suburbs like Bronxville was very tight. Younger and older buyers alike gravitated to smaller units as first homes or down-size options. The ongoing desire for a lower maintenance lifestyle aided this resurgence.

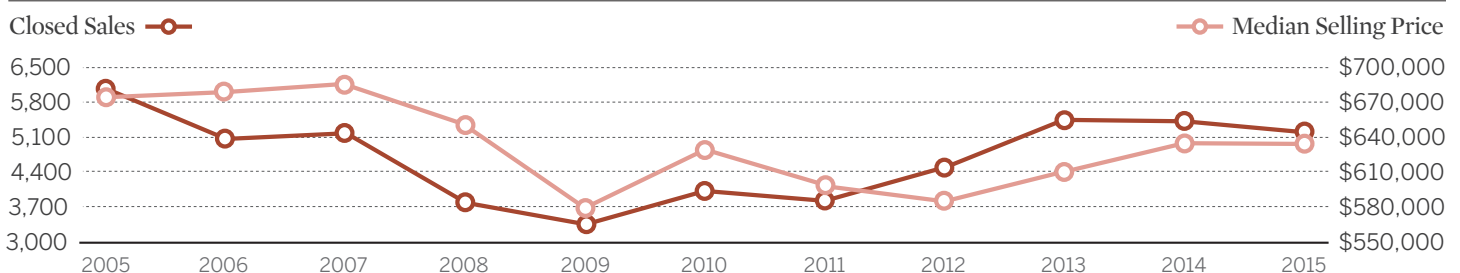
7 Multi-family homes, which had been very quiet for several years, experienced a comeback in 2015.

With favorable prices, multi-family housing regained favor among investors seeking rental cash flow and long-term appreciation as well as buyers seeking the merits of multi-family or family compound living. The sale of multi-family units increased by 30% relative to 2014.

8 Median selling prices remain stable as cautious buyers demand value.

Despite the strong sales this year and the resulting downward trend in inventory, buyers are not yet ready to accept higher prices. In fact, in certain segments such as luxury and older homes in original condition, downward price pressure remains significant.

10 Year Annual Sales *



Closed Sales by Price Point *

PRICE POINT	CLOSED SALES		% CHANGE	INVENTORY
	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q15 AVERAGE
\$0 - \$999,999	4,107	4,455	8%	3,477
\$1,000,000 - \$1,999,999	939	934	-1%	900
\$2,000,000 - \$2,999,999	231	218	-6%	304
\$3,000,000 - \$3,999,999	57	65	14%	142
\$4,000,000 - \$4,999,999	20	16	-20%	78
\$5,000,000 - \$9,999,999	23	27	17%	96
\$10,000,000+	3	0	N/A	20

* Single Family Homes Only

SCHOOL DISTRICTS	QUARTERLY UNIT SALES			CY UNIT SALES			QUARTERLY DOLLAR VOLUME	CY DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q14 VS 4Q15	CY 2014 VS CY 2015	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015
WESTCHESTER COUNTY	1,252	1,410	13%	5,414	5,757	6%	7%	3%	\$568,000	\$565,000	0%	\$635,000	\$628,000	-1%
Southern Westchester	834	937	12%	3,775	3,947	5%	5%	4%	\$597,000	\$590,000	-1%	\$667,000	\$661,000	-1%
Ardsley	16	29	81%	110	108	-2%	101%	-7%	\$524,000	\$655,000	25%	\$628,000	\$653,000	4%
Blind Brook	23	19	-17%	95	96	1%	-21%	-3%	\$654,000	\$760,000	16%	\$815,000	\$797,000	-2%
Briarcliff Manor	15	10	-33%	61	65	7%	-36%	-1%	\$805,000	\$773,000	-4%	\$800,000	\$795,000	-1%
Bronxville	6	9	50%	80	62	-23%	96%	-6%	\$1,930,000	\$2,300,000	19%	\$1,800,000	\$2,175,000	21%
Dobbs Ferry	13	17	31%	66	95	44%	4%	39%	\$685,000	\$677,000	-2%	\$749,000	\$722,000	-4%
Eastchester	34	29	-15%	135	117	-13%	-13%	-12%	\$670,000	\$670,000	0%	\$690,000	\$719,000	4%
Edgemont	23	19	-17%	104	109	5%	-5%	5%	\$1,101,000	\$1,000,000	-9%	\$1,165,000	\$1,065,000	-9%
Elmsford	16	17	6%	63	57	-10%	19%	17%	\$401,000	\$473,000	18%	\$365,000	\$470,000	29%
Greenburgh	37	40	8%	128	148	16%	10%	14%	\$459,000	\$445,000	-3%	\$478,000	\$475,000	-1%
Harrison	33	22	-33%	144	145	1%	-46%	-7%	\$1,300,000	\$948,000	-28%	\$1,300,000	\$1,040,000	-20%
Hartsdale (P.O.)	24	26	8%	101	103	2%	-12%	-5%	\$525,000	\$545,000	4%	\$553,000	\$540,000	-2%
Hastings	16	18	13%	67	83	24%	18%	41%	\$793,000	\$805,000	2%	\$725,000	\$785,000	8%
Irvington	18	14	-22%	82	71	-13%	-27%	-7%	\$1,138,000	\$948,000	-17%	\$992,000	\$925,000	-7%
Mamaroneck *	50	50	0%	288	267	-7%	-7%	2%	\$925,000	\$1,073,000	16%	\$1,030,000	\$1,250,000	21%
Mount Pleasant	20	31	55%	95	103	8%	61%	14%	\$526,000	\$508,000	-3%	\$527,000	\$555,000	5%
Mount Vernon	27	41	52%	124	133	7%	26%	-6%	\$433,000	\$380,000	-12%	\$390,000	\$365,000	-6%
New Rochelle	81	102	26%	327	371	13%	31%	13%	\$622,000	\$647,000	4%	\$640,000	\$650,000	2%
Ossining	40	63	58%	158	207	31%	40%	29%	\$399,000	\$382,000	-4%	\$390,000	\$385,000	-1%
Pelham	24	16	-33%	122	145	19%	-47%	26%	\$735,000	\$587,000	-20%	\$811,000	\$860,000	6%
Pleasantville	20	24	20%	77	65	-16%	43%	-13%	\$495,000	\$590,000	19%	\$570,000	\$615,000	8%
Pocantico Hills	3	4	33%	11	12	9%	147%	56%	\$580,000	\$434,000	61%	\$595,000	\$794,000	33%
Port Chester	22	28	27%	93	97	4%	31%	13%	\$439,000	\$471,000	7%	\$433,000	\$465,000	7%
Purchase (P.O.)	7	3	-57%	39	30	-23%	-61%	-14%	\$1,488,000	\$925,000	-38%	\$1,300,000	\$1,295,000	0%
Rye City	21	22	5%	140	147	5%	39%	14%	\$1,250,000	\$1,593,000	27%	\$1,835,000	\$1,675,000	-9%
Rye Neck	20	22	10%	67	74	10%	22%	27%	\$714,000	\$800,000	12%	\$930,000	\$853,000	-8%
Scarsdale	42	35	-17%	253	231	-9%	-24%	-12%	\$1,513,000	\$1,410,000	-7%	\$1,497,000	\$1,450,000	-3%
Tarrytown	13	20	54%	74	88	19%	25%	13%	\$590,000	\$641,000	9%	\$583,000	\$607,000	4%
Tuckahoe	11	7	-36%	51	44	-14%	-27%	-10%	\$550,000	\$725,000	32%	\$680,000	\$698,000	3%
Valhalla	19	16	-16%	65	83	28%	9%	42%	\$465,000	\$541,000	16%	\$495,000	\$515,000	4%
White Plains	46	61	33%	215	236	10%	14%	12%	\$705,000	\$565,000	-20%	\$618,000	\$614,000	-1%
Yonkers	125	154	23%	471	481	2%	25%	3%	\$435,000	\$434,000	0%	\$435,000	\$430,000	-1%

*Mamaroneck School District includes Larchmont P.O.

SCHOOL DISTRICTS	QUARTERLY UNIT SALES			CY UNIT SALES			QUARTERLY DOLLAR VOLUME	CY DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q14 VS 4Q15	CY 2014 VS CY 2015	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015
SINGLE FAMILY														
WESTCHESTER COUNTY	1,252	1,410	13%	5,414	5,757	6%	7%	3%	\$568,000	\$565,000	0%	\$635,000	\$628,000	-1%
Northern Westchester	431	485	13%	1,677	1,864	11%	11%	0%	\$496,000	\$510,000	3%	\$535,000	\$542,000	1%
Bedford	45	66	47%	240	225	-6%	21%	-14%	\$949,000	\$740,000	-22%	\$831,000	\$820,000	-1%
Byram Hills	17	45	165%	133	151	14%	83%	-20%	\$1,240,000	\$870,000	-30%	\$1,056,000	\$999,000	-5%
Chappaqua	36	29	-19%	176	219	24%	-9%	22%	\$778,000	\$925,000	19%	\$893,000	\$909,000	2%
Croton-Harmon	13	27	108%	70	118	69%	107%	64%	\$587,000	\$557,000	-5%	\$550,000	\$554,000	1%
Hendrick Hudson	41	37	-10%	124	122	-2%	-15%	-4%	\$419,000	\$360,000	-14%	\$420,000	\$413,000	-2%
Katonah-Lewisboro	48	45	-6%	196	219	12%	-1%	7%	\$604,000	\$560,000	-7%	\$624,000	\$598,000	-4%
Lakeland	79	91	15%	259	322	24%	22%	27%	\$338,000	\$360,000	7%	\$340,000	\$351,000	3%
North Salem	21	19	-10%	74	68	-8%	-41%	-26%	\$564,000	\$405,000	-28%	\$528,000	\$436,000	-17%
Peekskill	24	32	33%	78	85	9%	65%	21%	\$221,000	\$294,000	33%	\$255,000	\$288,000	13%
Somers	43	45	5%	138	149	8%	11%	5%	\$505,000	\$540,000	7%	\$535,000	\$525,000	-2%
Yorktown	63	48	-24%	185	183	-1%	-25%	-4%	\$420,000	\$439,000	5%	\$420,000	\$435,000	4%
WESTCHESTER COUNTY CONDOMINIUMS AND COOPERATIVES														
Cooperatives	482	499	4%	1,713	1,815	6%	-1%	6%	\$146,000	\$147,000	1%	\$148,000	\$150,000	1%
Condominiums	307	356	16%	1,098	1,315	20%	10%	22%	\$335,000	\$325,000	-3%	\$350,000	\$350,000	0%



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Fairfield County



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Fairfield County

1 Fourth quarter single family home sales improved county-wide, but activity varied significantly by community.

Strong growth continued during the fourth quarter of 2015 despite an impending rise in interest rates. Yet, as a reminder that all real estate is local, market conditions varied widely by community. Those areas nearest Manhattan, which are highly sensitive to the financial and global markets, experienced a sharp decline in fourth quarter sales, while communities further removed continued to enjoy vibrant activity. Pending sales, the best forward indicator of market activity, increased by 28% versus the fourth quarter of 2014, which bodes well for closed sales in the first quarter of 2016. The pending sales activity was concentrated in the lower price points.

2 Annual Fairfield County sales grew by 10%, reaching a ten-year high.

Driven by an improving economy and three quarters of sales growth county-wide, 2015 unit sales were 10% higher than a year ago while dollar volume improved by 7%. Despite the meaningful improvement in sales levels, volume has not yet recovered to pre-recession levels, where 20% more homes were sold per year. This general level of sales activity appears to be the new norm and the basis for evaluating future performance.

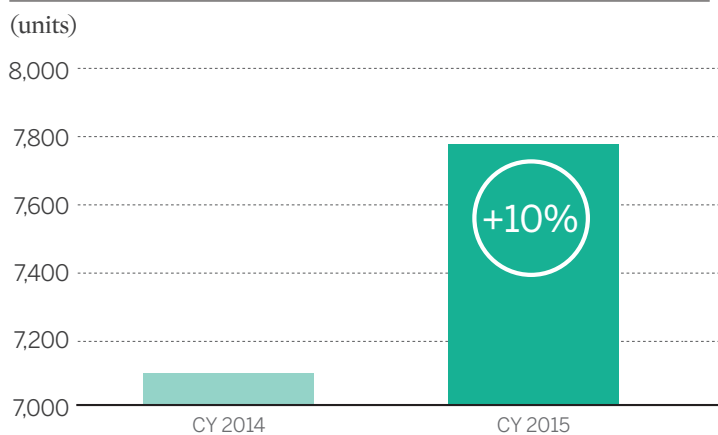
3 The town of Riverside was hot in 2015.

While metro Greenwich unit sales slid 18% for the fourth quarter and 2% for the year, Riverside defied the market with a 19% annual unit sales increase and a 35% dollar volume increase. The charming community of Riverside is experiencing rapid new home starts, which together with its popular downtown, high walkability score and waterfront, is fueling the heightened interest in this part of the city.

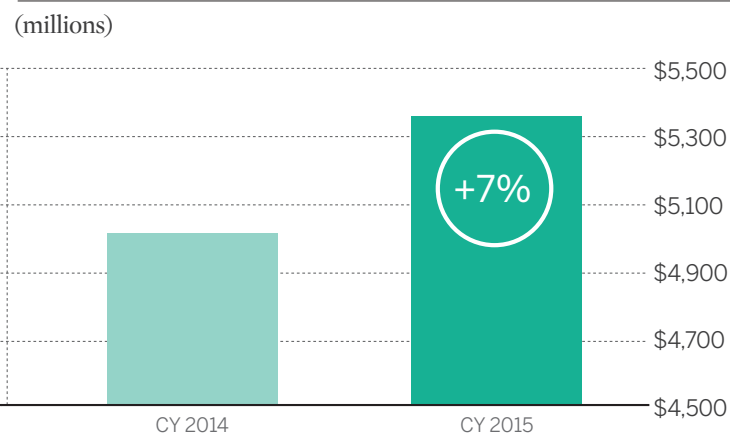
4 The strongest growth continues to be for homes under \$1,000,000.

With younger buyers entering the market due to a loosening of credit, and empty nesters looking to downsize, this popular price point is red hot. Yet buyers remain highly discriminating and value-driven, limiting any potential price appreciation at this time.

Closed Sales *



Closed Dollar Volume *



* Single Family Homes Only

5 The \$3,000,000 to \$4,000,000 price category experienced a resurgence in 2015.

Sales in this range were 17% higher for the quarter and 11% higher for the year. The growth in this sector reflects the fact that many of these homes were re-priced and buyers could see the outstanding value.

6 Inventory remains 12% above the past three-year average.

Sellers, hoping to capitalize on an improving market, offered their homes for sale at a higher than normal rate. The growth in inventory coupled with the stable buyer pool created highly competitive market conditions.

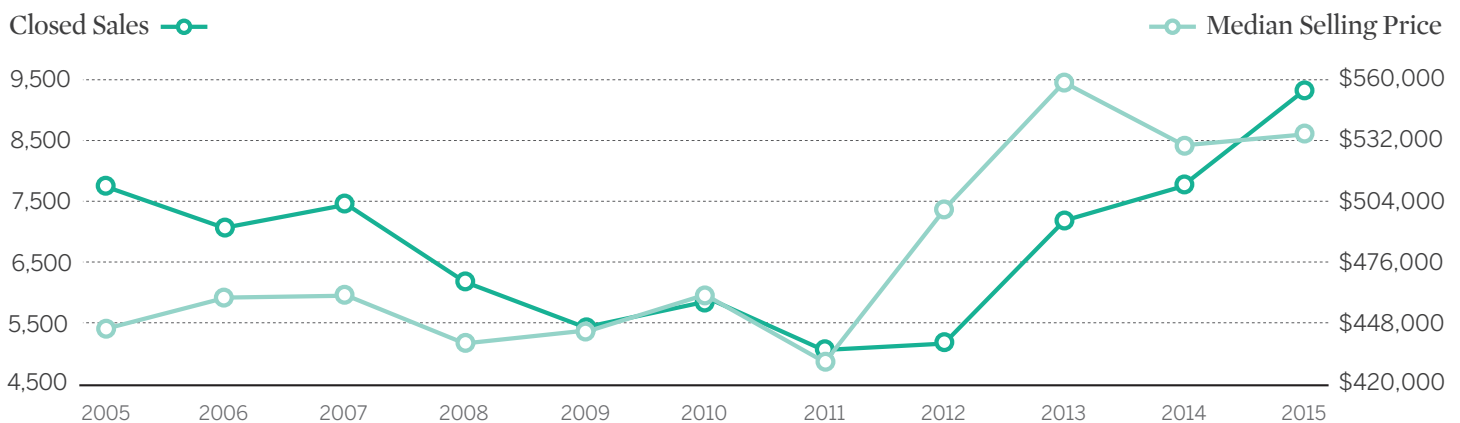
7 Buyers continue to gravitate to new or like-new homes.

The ongoing buyer preference for properties in mint condition remains a key 2015 trend that sellers need to recognize and address as best they can. For the buyer, unique values exist for homes in need of updating.

8 Condominium sales declined in the fourth quarter, resulting in flat sales for the year.

Sales were erratic for condominiums during 2015, with bursts of activity followed by generalized softness. The flat annual sales can be attributed to a number of factors including improved affordability of entry level single family homes and continued challenges for downsizers selling their homes. The fourth quarter sales decline coupled with fourth quarter pending sales that were 8% below year-ago levels suggests that condominium sales in the first quarter of 2016 may be somewhat anemic.

10 Year Annual Sales *



Closed Sales by Price Point *

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q15 AVERAGE
\$0 - \$999,999	5,756	6,395	11%	6,722
\$1,000,000 - \$1,999,999	909	932	3%	1,543
\$2,000,000 - \$2,999,999	252	264	5%	501
\$3,000,000 - \$3,999,999	80	89	11%	242
\$4,000,000 - \$4,999,999	56	53	-5%	137
\$5,000,000 - \$9,999,999	60	59	-2%	209
\$10,000,000+	16	11	-31%	79

* Single Family Homes Only

TOWNS	QUARTERLY UNIT SALES			CY UNIT SALES			QUARTERLY DOLLAR VOLUME	CY DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
	4Q14	4Q15	% CHANGE	CY 2014	CY 2015	% CHANGE	% CHANGE	% CHANGE	4Q14	4Q15	% CHANGE	CY 2014	CY 2015	% CHANGE
			4Q14 VS 4Q15			CY 2014 VS CY 2015	4Q14 VS 4Q15	CY 2014 VS CY 2015			4Q14 VS 4Q15			CY 2014 VS CY 2015
SINGLE FAMILY														
FAIRFIELD COUNTY	1,694	1,824	8%	7,094	7,774	10%	0%	7%	\$440,000	\$420,000	-5%	\$459,000	\$445,000	-3%
Bethel	39	46	18%	146	191	31%	28%	29%	\$310,000	\$298,000	-4%	\$307,000	\$296,000	-4%
Brookfield	37	40	8%	171	179	5%	26%	8%	\$375,000	\$375,000	9%	\$365,000	\$368,000	1%
Danbury	103	123	19%	402	434	8%	27%	10%	\$255,000	\$280,000	10%	\$261,000	\$269,000	3%
Darien	54	50	-7%	277	288	4%	-7%	10%	\$1,575,000	\$1,497,000	-5%	\$1,443,000	\$1,527,000	6%
Easton	25	24	-4%	113	102	-10%	-7%	-13%	\$550,000	\$535,000	-3%	\$592,000	\$590,000	0%
Fairfield	121	179	48%	644	787	-18%	38%	24%	\$550,000	\$548,000	0%	\$570,000	\$579,000	2%
Greenwich	148	121	-18%	614	601	-2%	-29%	-11%	\$1,828,000	\$1,675,000	-8%	\$1,856,000	\$1,794,000	-3%
Monroe	30	55	83%	161	208	29%	89%	31%	\$338,000	\$330,000	-2%	\$340,000	\$344,000	1%
New Canaan	54	46	-15%	243	243	0%	-19%	-7%	\$1,585,000	\$1,491,000	-6%	\$1,675,000	\$1,563,000	-7%
New Fairfield	51	44	-14%	175	169	-8%	-2%	-6%	\$335,000	\$322,000	-4%	\$333,000	\$328,000	-2%
Newtown	78	61	-22%	364	356	-2%	-20%	-3%	\$355,000	\$355,000	0%	\$360,000	\$366,000	2%
Norwalk	150	151	1%	597	650	9%	-12%	6%	\$440,000	\$419,000	-5%	\$430,000	\$440,000	2%
Oxford*	27	35	30%	115	126	10%	28%	24%	\$306,000	\$310,000	1%	\$317,000	\$340,000	7%
Redding	21	33	57%	87	123	41%	67%	38%	\$547,000	\$530,000	-3%	\$587,000	\$527,000	-10%
Ridgefield	61	79	30%	331	321	-3%	54%	-4%	\$585,000	\$610,000	4%	\$662,000	\$655,000	-1%
Rowayton	18	18	0%	76	74	-3%	-28%	-11%	\$1,650,000	\$1,188,000	-28%	\$980,000	\$1,188,000	21%
Shelton	92	90	-2%	301	352	17%	-15%	9%	\$342,000	\$311,000	-9%	\$314,000	\$300,000	-4%
Sherman	12	14	17%	50	54	8%	5%	2%	\$525,000	\$451,000	-14%	\$437,000	\$403,000	-8%
Southbury*	38	39	3%	141	178	26%	14%	40%	\$333,000	\$355,000	7%	\$358,000	\$375,000	5%
Stamford	180	179	-1%	642	740	15%	-6%	11%	\$576,000	\$584,000	1%	\$610,000	\$575,000	-6%
Stratford	107	153	43%	446	559	25%	41%	24%	\$220,000	\$225,000	2%	\$228,000	\$226,000	-1%
Trumbull	86	93	-8%	386	395	2%	-2%	5%	\$330,000	\$358,000	9%	\$365,000	\$360,000	-1%
Weston	32	32	0%	154	156	1%	-1%	6%	\$851,000	\$863,000	2%	\$810,000	\$851,000	5%
Westport	96	87	-9%	386	383	-1%	-9%	5%	\$1,233,000	\$1,332,000	8%	\$1,323,000	\$1,300,000	-2%
Wilton	48	41	-15%	229	208	-9%	-27%	-13%	\$812,000	\$632,000	-22%	\$815,000	\$813,000	0%
CONDOMINIUMS														
FAIRFIELD COUNTY	636	574	-10%	2,471	2,508	2%	-6%	2%	\$240,000	\$235,000	-2%	\$250,000	\$245,000	-2%

*New Haven County

The Shoreline



Waterfront Paradise • Old Saybrook, CT • MLS: N10022242

The Shoreline

1 After three quarters of rising sales, home sales were flat in the fourth quarter.

The moderate pending sales in the third quarter translated to fourth quarter sales that were on par with year-ago levels. Despite the fourth quarter easing, the strong growth in the first part of the year resulted in annual sales results that were 9% higher than year-ago levels. 2015 sales were the highest since 2007, yet remain 19% below the 2005 peak sales period. A 9% decline in fourth quarter pending sales indicates that the first quarter of 2016 will likely have a flat sales profile. The mix of homes sold was relatively consistent with a year ago as evidenced by the annual dollar volume mirroring unit sales volume.

2 Market conditions are strong with the exception of luxury, which is recovering more slowly.

The housing market is functioning at a new normative level with modest unit sales increases each year, inventory levels that are able to be effectively absorbed in a reasonable amount of time and flat median selling prices. Building off a low in 2011 of 1,775 sales, each year the Shoreline has consistently improved its metrics.

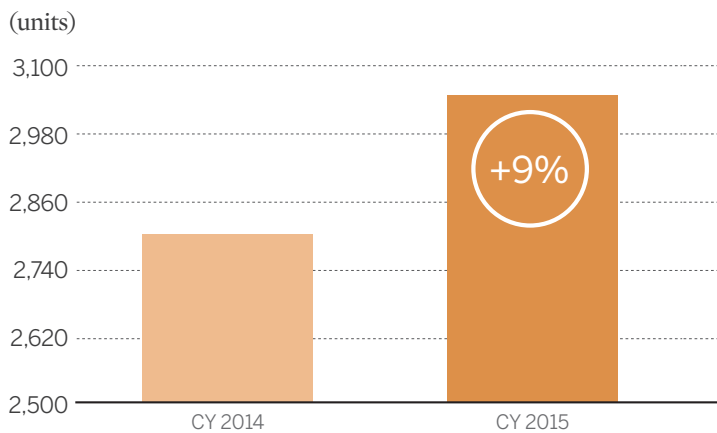
3 For the year, the \$400,000 to \$1,000,000 tier continues to drive volume.

Homes valued in this range continue to enjoy above-market growth rates as they address the needs of a broad swath of the area's population. Closed sales increased by a robust 16% for the quarter versus the fourth quarter of 2014. Interestingly, even this desirable segment had lower fourth quarter pending sales levels than a year ago, another indicator of some market softness in the last quarter of the year.

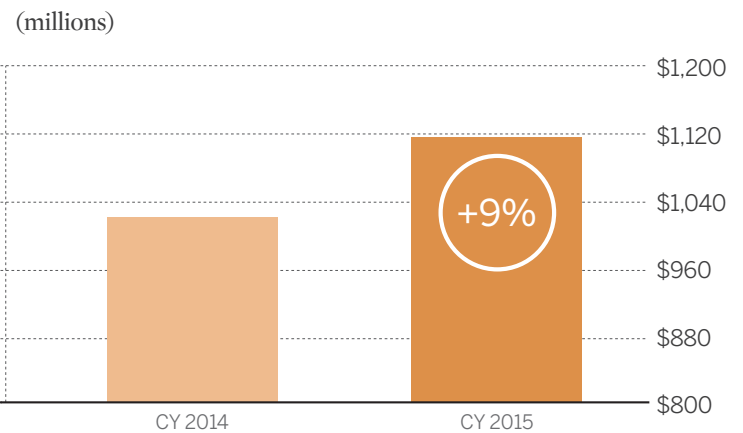
4 The median sales price remains consistent at \$290,000.

The median selling price has remained relatively consistent in the \$300,000 range since the 2009 housing crash, which supports the stability of this region. Relative to the 2005 high watermark in terms of pricing, values are approximately 20% below the peak. However, this does vary significantly by price point, community and property type.

Closed Sales *



Closed Dollar Volume *



* Single Family Homes Only

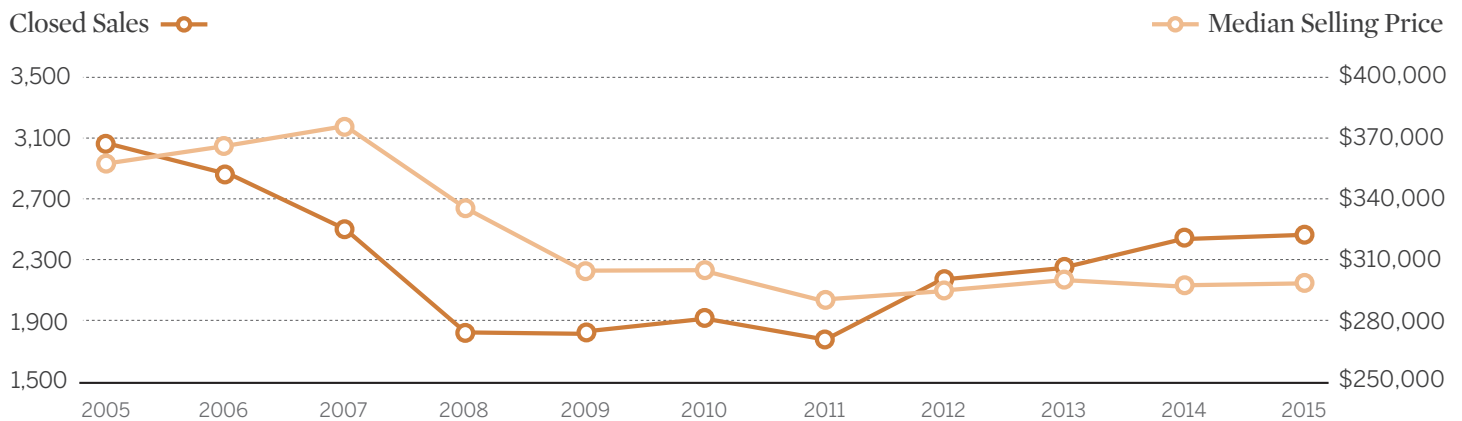
5 Luxury home sales mirror those of a year ago.

13 homes valued at \$1,500,000 and higher traded hands in the fourth quarter of 2015, the same number as a year ago. For the year as a whole, activity in this sector was essentially flat at 41 units. It should be noted that performance for the past two years has been significantly better than the 2008-2013 period, where sales hovered in the 30 units per year range, indicating that buyers are slowly coming back to this sector. The high watermark was 84 units in 2007. Consumers continue to express some reticence about the top of the market as well as waterfront properties. The Sandy hangover still exists although it is slowly diminishing. Buyers have clearly gotten comfortable with the new FEMA regulations in Fairfield and Westchester counties. We expect that as waterfront properties in those areas become scarce, homebuyers will once again focus on the beauty and value associated with the Eastern Connecticut Shoreline. The highest sale of the year was a venerable 1800s, direct waterfront summer cottage in Old Saybrook that sold for \$4,200,000. The sale is similar in value to the highest of 2014.

6 Fourth quarter new listing activity increased but was effectively absorbed.

Properties came to the market at a higher than normal rate in the fourth quarter as sellers reacted to the positive sales results in the first three quarters of 2015. The largest increase was in the vibrant \$750,000 to \$1,000,000 price category, where 66% more homes were introduced in the fourth quarter. The increase in new listings was coupled with a 35% increase in sales for this sector, effectively keeping inventory at normative levels.

10 Year Annual Sales *



Closed Sales by Price Point *

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q15 AVERAGE
\$0 - \$399,999	1,991	2,139	7%	2,091
\$400,000 - \$749,999	616	698	13%	1,069
\$750,000 - \$999,999	96	115	20%	270
\$1,000,000 - \$1,499,999	53	53	0%	135
\$1,500,000+	42	41	-2%	188

* Single Family Homes Only

TOWNS	QUARTERLY UNIT SALES			CY UNIT SALES			QUARTERLY DOLLAR VOLUME	CY DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE		% CHANGE			% CHANGE			% CHANGE
	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q14 VS 4Q15	CY 2014 VS CY 2015	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015
SINGLE FAMILY														
THE SHORELINE	753	750	0%	2,800	3,048	9%	2%	9%	\$286,000	\$300,000	5%	\$299,000	\$299,000	0%
Branford	61	54	-12%	201	224	11%	4%	18%	\$306,000	\$318,000	4%	\$313,000	\$329,000	5%
Chester	9	10	11%	49	43	-12%	-6%	-1%	\$235,000	\$259,000	10%	\$276,000	\$311,000	13%
Clinton	40	45	13%	141	182	29%	57%	52%	\$242,000	\$283,000	17%	\$240,000	\$255,000	6%
Deep River	13	13	0%	46	45	-2%	32%	17%	\$245,000	\$249,000	2%	\$238,000	\$229,000	-4%
East Haddam	30	31	3%	115	123	7%	14%	3%	\$203,000	\$245,000	21%	\$245,000	\$215,000	-12%
East Lyme	67	56	-16%	234	200	-15%	-5%	-2%	\$272,000	\$299,000	10%	\$216,000	\$215,000	0%
Essex*	32	27	-16%	104	97	-7%	-15%	-15%	\$378,000	\$365,000	-3%	\$393,000	\$382,000	-3%
Groton	82	72	-12%	296	285	4%	-27%	-17%	\$223,000	\$219,000	-2%	\$215,000	\$225,000	5%
Guilford	45	75	67%	241	293	22%	31%	11%	\$390,000	\$367,000	-6%	\$380,000	\$360,000	-5%
Haddam	19	25	32%	83	94	13%	24%	4%	\$289,000	\$257,000	-11%	\$275,000	\$256,000	-7%
Killingworth	23	15	-35%	83	69	-17%	-49%	-15%	\$350,000	\$300,000	-14%	\$351,000	\$350,000	0%
Lyme	6	11	83%	24	30	25%	20%	23%	\$430,000	\$365,000	-15%	\$657,000	\$485,000	-26%
Madison	51	57	12%	234	275	18%	-11%	6%	\$400,000	\$385,000	-4%	\$438,000	\$403,000	-8%
New London	30	38	27%	111	154	39%	5%	20%	\$149,000	\$133,000	-11%	\$150,000	\$134,000	-11%
North Stonington	6	19	217%	42	81	93%	133%	104%	\$285,000	\$230,000	-19%	\$217,000	\$233,000	7%
Old Lyme	37	33	-11%	133	120	-10%	47%	12%	\$320,000	\$370,000	16%	\$216,000	\$215,000	0%
Old Saybrook	41	48	17%	162	188	16%	4%	25%	\$327,000	\$327,000	0%	\$338,000	\$355,000	5%
Stonington	65	51	-22%	200	236	18%	-22%	15%	\$285,000	\$310,000	9%	\$275,000	\$308,000	12%
Waterford	72	59	-18%	255	257	1%	-14%	-5%	\$192,000	\$205,000	7%	\$220,000	\$215,000	-2%
Westbrook	25	29	16%	75	95	27%	35%	39%	\$332,000	\$340,000	2%	\$327,000	\$311,000	-5%
CONDOMINIUMS														
THE SHORELINE	202	196	-3%	742	828	12%	1%	17%	\$148,000	\$142,000	-4%	\$152,000	\$154,000	1%

*Includes Essex, Ivoryton and Centerbrook



Litchfield County

1 2015 Litchfield Hills single family home sales exceeded each of the past ten years.

The improving economy, broad selection of inventory and preferential pricing relative to other near-to-New York second home markets ignited local sales this past year. Unit sales are well ahead of 2014 levels and reached their highest point in ten years. While sales are dominated by second home buyers from metro New York as well as Fairfield County, local buyers also participated in this year's market, taking advantage of the improved market conditions to buy and sell.

2 The market remains price-driven.

County-wide, unit sales are up by a substantial 16% for the year, yet dollar volume growth did not match these levels, rising only 5%. In our core markets sales volume improved as well, but by a more modest 4%. Buyers are exceptionally knowledgeable and focused, snatching up those properties that represent exceptional value while leaving the others behind. Homebuyers are typically not compromising or emotional in their purchases the way they might have been in the past. The business component of the decision appears to be uppermost in their minds once they have identified a house or houses that meet their needs. Towns doing particularly well are Morris, up 62%, Kent, up 45%, and Norfolk, up 35%.

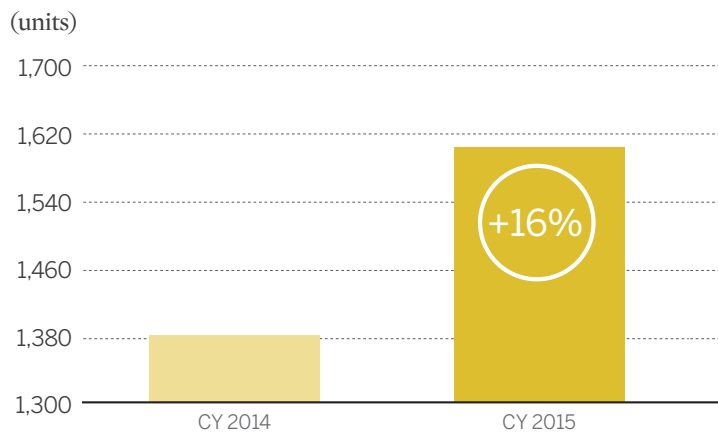
3 Buyers hold the upper hand.

The elevated inventory for homes valued above \$1,000,000 and long on-market times for many sellers have coalesced to create a buyer's market. With buyers holding the upper hand, we are experiencing challenging negotiations and some continued downward price pressure.

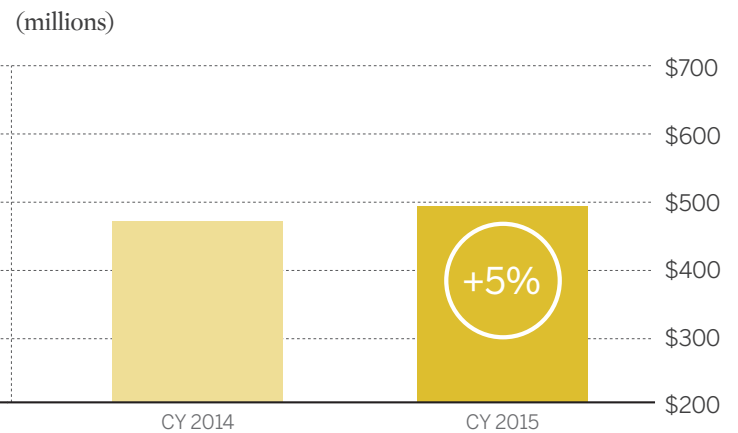
4 Sales were concentrated in the under \$1,000,000 sector, traditionally the strongest in Litchfield Hills housing.

Mirroring overall market performance, sales grew by 16% in 2015 for homes valued under \$1,000,000, while inventory levels remained relatively stable. The strong pending sales activity in the fourth quarter points to positive first quarter 2016 closed sales results for this category.

Closed Sales *



Closed Dollar Volume *



* Single Family Homes Only

5 There are deals to be had for properties priced between \$1,000,000 and \$2,000,000.

This sector, which typically has broad appeal, was challenged throughout the year with the exception of the second quarter, which experienced a bump in year over year sales. After an annual drop of 20% in unit sales and a 43% rise in inventory during the fourth quarter, this is an optimal time for homebuyers to take a look at this category of homes.

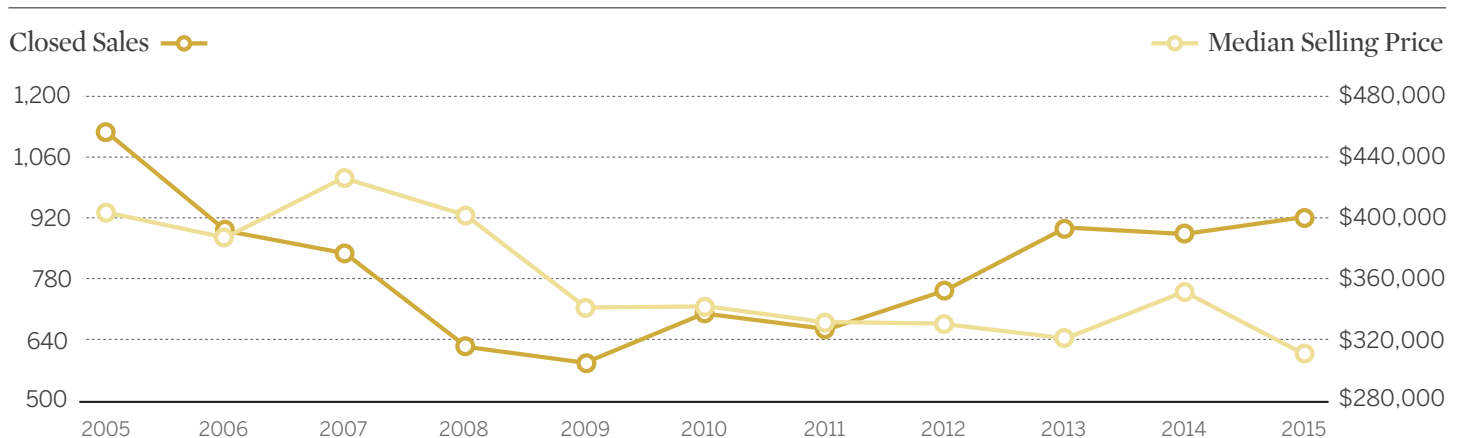
6 Activity was vibrant in the \$2,000,000+ range.

This year saw a lot of serious prospecting by potential buyers in the \$2,000,000+ price sector, resulting in 50% more sales versus 2014. Product offerings are generous, and competition among sellers has been stiff to capture the buyers. The luxury category was buoyed by three \$4,000,000 sales in the latter half of the year, which provided great confidence to the market. Despite the overall strength of this sector in 2015, activity did take a breather in the fourth quarter. Here, quarterly sales declined relative to a year ago as buyers in the upper end, mostly second home buyers, adopted a “wait and see” attitude.

7 Condominiums, a small part of the market, demonstrated vitality.

As buyers focused on the benefits of living in Litchfield County, condominiums enjoyed the same sales growth as the single family home market with transactions jumping by double digits for both the quarter and the year.

10 Year Annual Sales *



Closed Sales by Price Point *

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q15 AVERAGE
\$0 - \$399,999	1,107	1,322	19%	353
\$400,000 - \$749,999	163	186	14%	499
\$750,000 - \$999,999	40	33	-18%	151
\$1,000,000 - \$1,999,999	54	43	-20%	165
\$2,000,000 - \$4,999,999	14	21	50%	84
\$5,000,000+	2	2	0%	18

* Single Family Homes Only

TOWNS	QUARTERLY UNIT SALES			CY UNIT SALES			QUARTERLY DOLLAR VOLUME	CY DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q14 VS 4Q15	CY 2014 VS CY 2015	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015
SINGLE FAMILY														
LITCHFIELD COUNTY	391	433	11%	1,380	1,603	16%	-16%	5%	\$220,000	\$210,000	-5%	\$216,000	\$212,000	-2%
Bethlehem	8	3	-63%	27	32	19%	-53%	-15%	\$277,000	\$315,000	14%	\$283,000	\$254,000	-10%
Bridgewater	8	8	0%	29	29	0%	15%	17%	\$820,000	\$884,000	8%	\$445,000	\$560,000	26%
Canaan	5	8	60%	43	39	-9%	11%	19%	\$245,000	\$190,000	-23%	\$160,000	\$140,000	-13%
Colebrook	3	7	133%	12	17	42%	266%	43%	\$159,000	\$244,000	53%	\$222,000	\$216,000	-3%
Cornwall*	4	5	25%	21	17	-19%	-10%	13%	\$343,000	\$220,000	-36%	\$180,000	\$160,000	-11%
Goshen	17	14	-18%	45	60	33%	-36%	-11%	\$353,000	\$333,000	-6%	\$325,000	\$324,000	0%
Harwinton	18	13	-28%	60	64	7%	-11%	16%	\$192,000	\$261,000	36%	\$221,000	\$222,000	1%
Kent, South Kent	11	10	-9%	29	42	45%	-9%	-25%	\$373,000	\$383,000	3%	\$373,000	\$318,000	-15%
Litchfield	21	16	-24%	80	83	4%	-52%	-28%	\$420,000	\$283,000	-33%	\$335,000	\$298,000	-11%
Morris	2	14	600%	26	42	62%	794%	-23%	\$217,000	\$288,000	33%	\$285,000	\$257,000	-10%
New Hartford	17	28	65%	68	88	30%	45%	20%	\$255,000	\$216,000	-15%	\$278,000	\$239,000	-14%
New Milford	61	67	10%	252	282	12%	23%	10%	\$261,000	\$305,000	17%	\$267,000	\$280,000	5%
Norfolk	4	8	100%	17	23	35%	93%	-16%	\$232,000	\$265,000	14%	\$250,000	\$233,000	-7%
Plymouth	38	29	-24%	131	112	-15%	-41%	-18%	\$152,000	\$129,000	-15%	\$163,000	\$159,000	-3%
Roxbury	9	14	56%	34	43	26%	15%	12%	\$800,000	\$555,000	-31%	\$628,000	\$585,000	-7%
Salisbury	15	13	-13%	42	43	2%	39%	57%	\$375,000	\$424,000	13%	\$375,000	\$550,000	47%
Sharon	13	13	0%	47	50	6%	-40%	-25%	\$280,000	\$290,000	4%	\$372,000	\$284,000	-24%
Sherman	12	14	17%	50	54	8%	5%	-6%	\$525,000	\$451,000	-14%	\$437,000	\$403,000	-8%
Thomaston	15	25	67%	57	76	33%	70%	30%	\$171,000	\$188,000	10%	\$186,000	\$166,000	-11%
Torrington	73	88	21%	289	334	16%	19%	3%	\$136,000	\$135,000	-1%	\$140,000	\$123,000	-12%
Warren	8	6	-25%	19	17	-11%	-77%	-70%	\$688,000	\$300,000	-56%	\$547,000	\$275,000	-50%
Washington**	20	16	-20%	53	52	-2%	-76%	-13%	\$740,000	\$363,000	-51%	\$540,000	\$459,000	-15%
Winchester	29	23	-21%	99	104	5%	-6%	9%	\$130,000	\$140,000	8%	\$125,000	\$132,000	6%
Woodbury	22	29	32%	75	100	33%	19%	23%	\$311,000	\$315,000	1%	\$325,000	\$306,000	-6%
CONDOMINIUMS														
LITCHFIELD COUNTY	56	69	23%	242	208	16%	38%	0%	\$88,000	\$100,000	14%	\$108,000	\$98,000	-9%

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

Southern Berkshire County



Alford Contemporary • Alford, MA • MLS: 213431

Southern Berkshire County

1 The second home market was vibrant in 2015.

The home buyers came out of the woodwork in the latter half of 2015 to purchase second homes in the Southern Berkshires due to its vibrant cultural life, stunning scenery and small town America charm. The second home buyer, who concentrates on the \$1,000,000+ category, remained in the market post-summer resulting in sales of homes priced between \$1,000,000 and \$2,000,000 increasing by 40% for the year. 21 properties changed hands in 2015 versus 15 the year before.

2 Overall, sales were flat for 2015 with growth concentrated in the second and third quarters.

The first and fourth quarters of 2015 had negative growth relative to the same periods of 2014. Notably the first quarter was exceptionally weak as the arctic cold conditions made house hunting difficult and what activity actually existed was concentrated in the lower price categories. The second quarter bounced back strongly, quickly making up for lost time, and this continued into the third quarter. The strength of the mid-part of the year resulted in annual sales that were even with 2014 levels, which were the highest since 2005. As reference, the high watermark in terms of sales activity was 2004, where 521 single family homes changed hands, 24% more homes than today's norm.

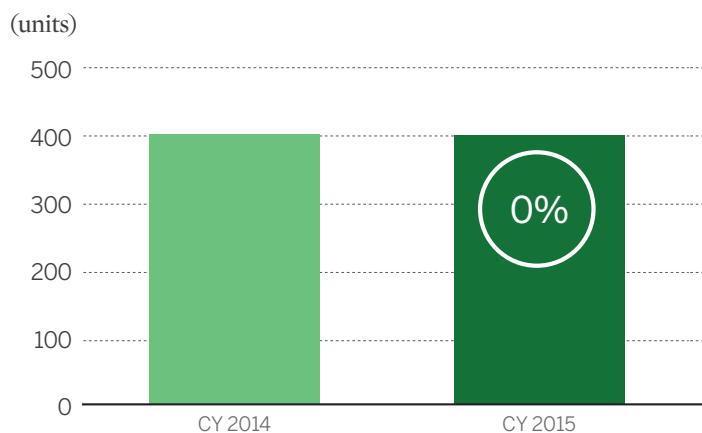
3 Fourth quarter pending sales activity highlights continued interest in homes above \$1,000,000.

Pending sales were 14% higher in units than 2014 with a commensurate 35% increase in dollar volume, indicating that buyer focus was on the higher-priced properties. This should translate positively into first quarter 2016 closed sales.

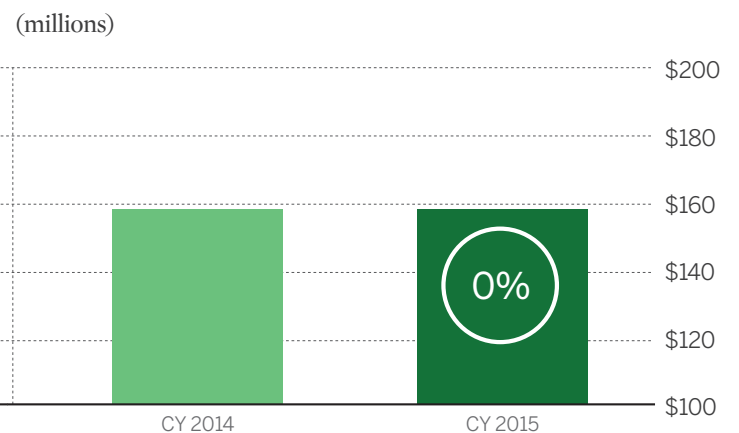
4 Value dominated market interest.

Homebuyers were well-educated about the market and moved aggressively to secure beautiful, properly priced properties. The population in this area has recently been re-energized with young, cosmopolitan buyers with a desire to put down roots in a vibrant, year-round second home market.

Closed Sales *



Closed Dollar Volume *



* Single Family Homes Only

5 Tight inventory inhibited some sales activity.

This is a market where many homes are second homes, and we have seen very little of a “have to sell” attitude among sellers. With inventory running on average 7% below year-ago levels, Southern Berkshires homebuyers, who are highly discriminating and typically know the area well, are willing to wait for the right product to come to the market. Despite the decline in homes for sale, the months supply of inventory remains elevated as buyer activity has simply not returned to pre-recession levels and a number of the homes available are not meeting today’s buyer requirements in terms of condition or price.

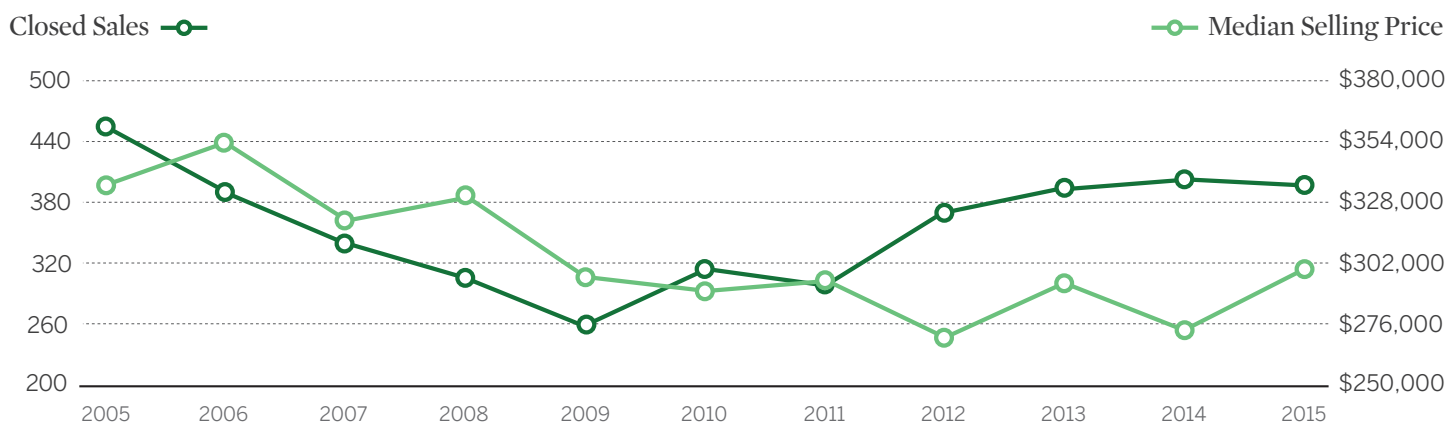
6 Buyers continue to gravitate to move-in condition.

Despite buyer preference for the traditional Berkshires summer cottage, akin to most areas in the Northeast, homebuyers are gravitating to properties that have been updated. As buyers have little time or interest in making significant improvements to a home, at least in the short term, properties that are in move-in condition continue to represent the sweet spot in the market and garner the best results both in terms of price and sales.

7 Accessibility remains a “must have” feature.

While desiring a bucolic country setting, homebuyers are also demanding accessibility to shopping, sports and cultural centers. Properties that offer the magic combination of convenience and a beautiful setting are highly sought after.

10 Year Annual Sales *



Closed Sales by Price Point *

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q15 AVERAGE
\$0 - \$399,999	274	267	-3%	458
\$400,000 - \$749,999	81	90	11%	253
\$750,000 - \$999,999	24	18	-25%	83
\$1,000,000 - \$1,499,999	11	13	18%	41
\$1,500,000+	11	12	9%	72

* Single Family Homes Only

TOWNS	QUARTERLY UNIT SALES			CY UNIT SALES			QUARTERLY DOLLAR VOLUME	CY DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	4Q14	4Q15	4Q14 VS 4Q15	CY 2014	CY 2015	CY 2014 VS CY 2015	4Q14 VS 4Q15	CY 2014 VS CY 2015	4Q14	4Q15	4Q14 VS 4Q15	4Q14	4Q15	CY 2014 VS CY 2015
SINGLE FAMILY														
SOUTHERN BERKSHIRE COUNTY	115	105	-9%	401	400	0%	8%	0%	\$278,000	\$300,000	8%	\$273,000	\$299,000	10%
Alford	1	3	200%	8	10	25%	497%	6%	\$299,000	\$710,000	138%	\$407,000	\$584,000	43%
Becket	16	18	13%	52	53	2%	34%	-6%	\$197,000	\$223,000	14%	\$198,000	\$170,000	-14%
Egremont	8	6	-25%	24	21	-13%	-39%	-19%	\$440,000	\$325,000	-26%	\$520,000	\$348,000	-33%
Gt. Barrington	18	10	-44%	60	59	-2%	-19%	30%	\$255,000	\$352,000	38%	\$294,000	\$294,000	0%
Lee	13	8	-39%	47	39	-17%	-43%	-28%	\$285,000	\$276,000	-3%	\$230,000	\$212,000	-8%
Lenox	12	11	-8%	44	44	0%	30%	4%	\$304,000	\$420,000	38%	\$304,000	\$375,000	23%
Monterey	6	7	17%	19	17	-11%	143%	12%	\$286,000	\$448,000	56%	\$399,000	\$370,000	-7%
Mt. Washington	0	1	N/A	1	4	300%	N/A	250%	NO SALES	\$612,000	N/A	\$325,000	\$193,000	-41%
New Marlborough	3	4	33%	16	25	56%	61%	40%	\$567,000	\$430,000	-27%	\$408,000	\$335,000	-18%
Otis	11	12	9%	32	31	-3%	22%	14%	\$250,000	\$249,000	0%	\$255,000	\$299,000	17%
Richmond	6	8	33%	19	22	16%	76%	11%	\$290,000	\$298,000	3%	\$340,000	\$330,000	-3%
Sandisfield	6	5	-17%	15	17	13%	-53%	-39%	\$311,000	\$196,000	-37%	\$280,000	\$245,000	-13%
Sheffield	7	7	0%	27	34	26%	-27%	17%	\$350,000	\$247,000	-29%	\$255,000	\$276,000	8%
Stockbridge	9	7	-22%	38	28	-26%	28%	-21%	\$260,000	\$400,000	54%	\$322,000	\$400,000	24%
Tyringham	1	1	0%	1	5	400%	-5%	604%	\$333,000	\$315,000	-5%	\$333,000	\$460,000	38%
West Stockbridge	4	5	25%	16	13	-19%	-43%	-48%	\$438,000	\$186,000	-58%	\$481,000	\$302,000	-37%
CONDOMINIUMS														
SOUTHERN BERKSHIRE COUNTY	12	21	75%	46	74	61%	111%	62%	\$230,000	\$335,000	46%	\$212,000	\$237,000	12%



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Where We Are Headed



Stunning Sasco Hill Waterfront • Fairfield, CT • MLS: 99093013

The housing outlook for 2016 is for a continually strengthening housing market, where stable home prices, plentiful inventory, a strong labor market and the impetus of rising interest rates will converge to motivate buyers to act. The December rise in interest rates was long anticipated, and we believe that it will encourage some homebuyers who have been sitting on the sidelines to enter the market. A broader buyer pool should also have a positive impact on 2016 sales. First-time homebuyers are expected to represent a significant percentage of consumers as rising interest rates and rents converge to stimulate home buying. In addition, financially recovering Gen X-ers are now able to trade up while baby boomers who are approaching retirement seek to downsize and lock in a lower cost of living.

We expect more homes to hit the market this year as sellers seize the opportunities associated with an active housing environment to sell their homes. The increases are likely to be concentrated in the mid to upper price ranges where sellers are looking to both trade-up as well as downsize. The increase in supply in these price categories is likely to keep modest pressure on prices. While inventory is expected to remain relatively high in certain segments, we also expect buyers to remain somewhat frustrated with a lack of choice in the lower price ranges where demand continues to outpace supply. Some owners in these lower categories remain hesitant to put their homes on the market because they worry that they won't be able to easily find another place.

The ongoing buyer preference for mint condition properties remains an important trend that sellers need to recognize and address as best they can. For the buyer, unique values exist in homes that need updating.

New construction has not yet fully recovered despite its popularity with buyers. Inventory remains very high for this sector, and the high price point of much of the available new construction locks out a significant percentage of buyers. We expect builders to continue to evolve towards more affordable price points in the coming year to appeal to the broadest buyer group.

We at William Pitt and Julia B. Fee Sotheby's International Realty hope you find our insights to be of value, and we welcome the opportunity to serve you.

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.