

# Market Watch

SECOND QUARTER 2016



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INTERNATIONAL REALTY

# Second Quarter In Review

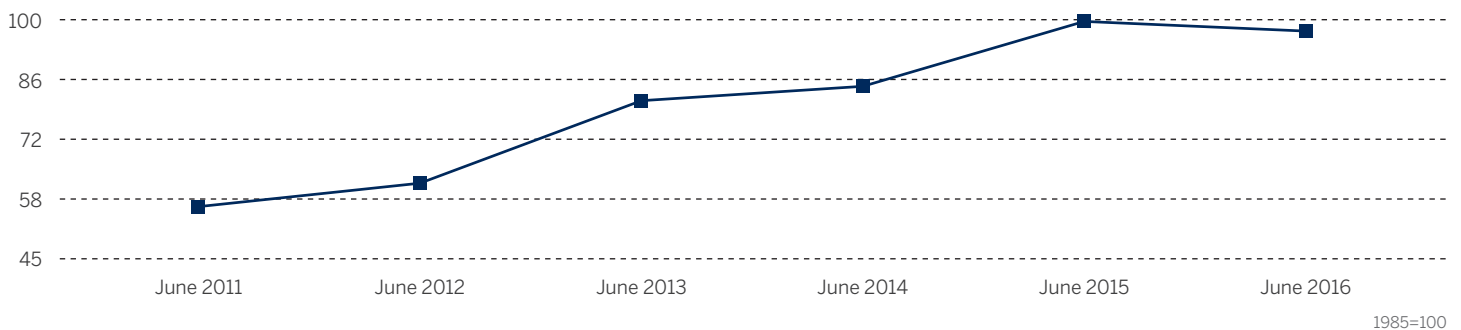


After a very robust first quarter, with unit sales significantly up year over year in the majority of the markets we serve and sales volume higher in most areas as well, the second quarter held steady with continued growth compared to the same period last year. The ongoing movement in the market is certainly welcome news, though it is important to note that as we progress through 2016 a clear picture is emerging on variations between different price categories. This has become a consistent story across all of our markets.

In virtually every area where we do business, including Westchester County, N.Y., Connecticut and the Berkshires, Mass., we have observed the same trend: properties situated at each market's entry price point are snapped up quickly, while properties priced over a certain amount tend to remain on the market for a much longer period. The increases in unit sales we are experiencing are driven by the lower price tiers, though there is activity in the higher segments as well. But in general, the higher the price point, the higher the inventory. With fewer buyers out shopping for these homes, we have begun to see a major correction occurring in certain markets with sellers attempting to find the price at which they can successfully sell their home.

In spite of this, the overall picture as we finish off the first half of the year is one of good health. In Westchester County, units were 16% higher county-wide for the first half of 2016 versus 2015 and volume was 13% higher, with similar

## Consumer Confidence





On the Cover • Knibloe Hill Views • Sharon, CT • MLS: L10073388

growth occurring in both the southern and northern counties: Southern Westchester's unit sales increased by 17% and dollar volume by 10%, while Northern Westchester's units grew by 16% and dollar volume by 9%. Fairfield County demonstrated unit sales growth county-wide of 7% from the first half of 2015 to the same period of 2016, while dollar volume held about even. The Shoreline held steady with an 18% increase in units, but with sales particularly busy in the lower segments volume increased a smaller 4% compared to the same time last year. Litchfield County really started to take off as the quarter drew to a close, with June posting record unit sales and the overall first half of the year seeing a 12% uptick in units and 7% uptick in volume compared to the same time last year. In the Southern Berkshires there were impressive gains of 28% in unit sales and 19% in volume, and notably, the current surge in under-contract properties points to a third quarter that may mirror the explosive first quarter we saw there earlier this year.

There are concerns that we may witness some slowing in sales as the election draws near, a common scenario that tends to play out every election cycle, and we will keep an eye on other potentially mitigating economic factors, such as the impact of Brexit, as well. Yet we feel that the segment of the market where we are seeing the bulk of the activity is less likely to be influenced by these considerations, and the fact is that we have plenty of positive indicators buyers will stay in the market for the rest of the year. Consumer confidence is still high, standing at 98.0 (1985=100) in June, and interest rates remain at historic lows, serving as a strong incentive for buyers to act. We remain bullish that 2016 will prove another strong year in sales in our market areas.

I hope you find this report informative on what's happening in your market, and invite you to contact one of our sales associates if we can help you with any of your own real estate needs.

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# Westchester County

## 1 Unit sales have increased across the county as a whole, driven by sales in the lower price categories.

County-wide, there has been a 16% increase in single family home sales for the first half of 2016 compared to the same time last year with a smaller 13% increase in volume. Broken out, for the first six months Southern Westchester experienced a 17% year-over-year increase in units and 10% in volume, and Northern Westchester a similar 16% rise in units and 9% in volume. The lower end tends to drive these increases. For example, in Rye and Harrison, where unit sales were up 9% and 12% for the year, respectively, homes under \$1.2 million were hot commodities for families moving to Westchester for its schools and easy commute to Manhattan. In Rivertowns like Irvington and Tarrytown, properties below \$1 million are selling quickly after receiving multiple bids, while in Northern Westchester, the same is true for homes under \$500,000.

## 2 The market is less active in the upper price tiers.

The real estate market is generally slower in the higher price brackets. In towns like Rye and Harrison, activity has diminished among properties above \$3 million, while in Scarsdale, there is little movement among homes priced over \$2.5 million, and Northern Westchester is slow over \$700,000. There was some welcome news this quarter, however, in the ultra luxury segment as our Larchmont brokerage handled both sides in the sale of a property last offered at \$22,750,000, setting an all-time Westchester County waterfront record.

## 3 Rising inventory and days on market for higher end properties puts pressure on prices.

Across the market, we are seeing significant year-over-year increases in inventory. As a result, sellers, especially at the high end where there are less buyers, are feeling the pinch of oversupply and competition, according to Rye brokerage manager Pati Holmes. Rye's total inventory across all price points currently stands at a five-year high with 104 homes, and Harrison currently boasts 174 total active listings in all price ranges versus 159 last year. Meanwhile, at the higher end in Scarsdale there are 26% more units on the market above \$2.5 million than there were at this time in 2015. In addition, average days on market (DOM) starts to increase the further up the price ladder we go. Among all Westchester County active listings, the DOM is about 93 for properties between \$500,000 and \$1.25 million, rising to 157 days for \$3 to \$4 million, 206 days for \$5 to \$10 million, and 352 days for properties over \$10 million. We expect we will start seeing more high end sellers reconsider their pricing based on this trend.

## Single Family Homes Closed Sales by Price Point

PRICE POINT	CLOSED SALES		% CHANGE	INVENTORY
	2Q15	2Q16	2Q15 VS 2Q16	2Q AVERAGE
\$0 - \$999,999	1,055	1,295	23%	4,369
\$1,000,000 - \$1,999,999	249	299	20%	1,372
\$2,000,000 - \$2,999,999	49	72	47%	470
\$3,000,000 - \$3,999,999	22	12	-46%	212
\$4,000,000 - \$4,999,999	4	8	100%	89
\$5,000,000 - \$9,999,999	7	3	-57%	122
\$10,000,000+	0	1	N/A	20

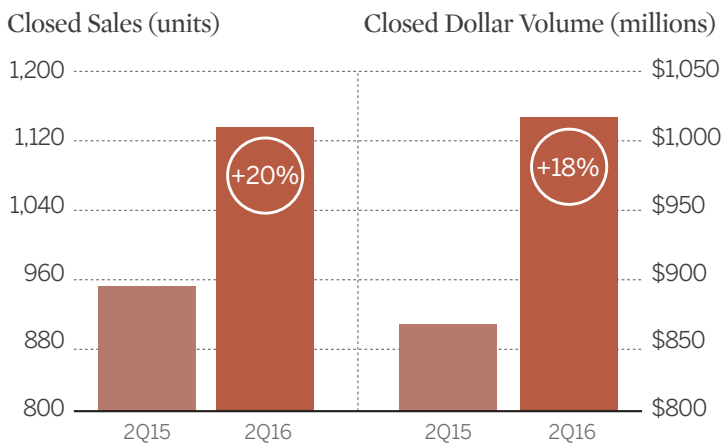
## 4 Condition, location and size are paramount.

Mint condition and turnkey living is seen as the top priority, while location is also important, with buyers preferring homes that are close to town, transportation and schools. Also interesting, however, is that today's consumer wants less house, according to Scarsdale brokerage manager Jason Wilson. They would rather forego the bonus square footage and spend the money that would have gone toward the purchase, maintenance and furnishing of that extra space on other parts of their lives instead—vacations, cars, clothing and so on. Notably, new developers are starting to pick up on this trend toward smaller living.

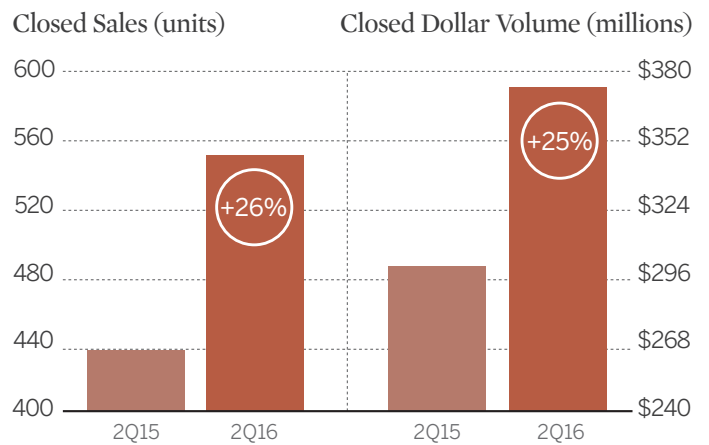
## 5 More home buyers are out and about than usual this summer.

The end of the second quarter has seen a number of buyers entering the market to preview properties for fall 2016 and spring 2017 purchases, according to Holmes. As summer is not a typical time of year to begin a home search, we are excited about the current level of interest and look forward to seeing how it may translate into sales activity in the near future.

### Southern Westchester \*



### Northern Westchester \*



\* Single Family Homes Only



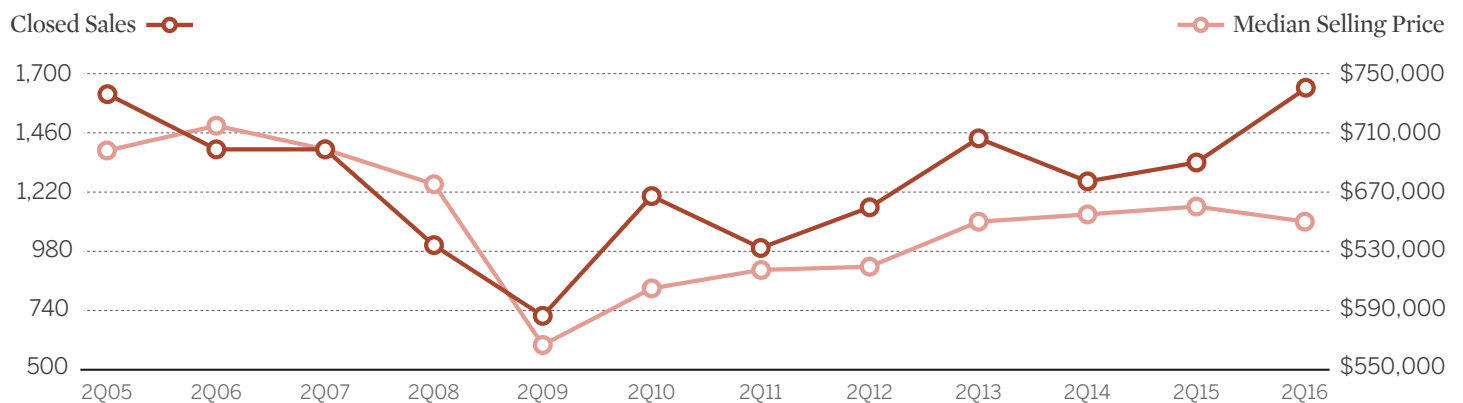
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TOWNS	QUARTERLY UNIT SALES			YTD UNIT SALES			QUARTERLY DOLLAR VOLUME	YTD DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	2Q15	2Q16	2Q15 VS 2Q16	YTD 2015	YTD 2016	YTD 2015 VS YTD 2016	2Q15 VS 2Q16	YTD 2015 VS YTD 2016	2Q15	2Q16	2Q15 VS 2Q16	2Q15	2Q16	2Q15 VS 2Q16
WESTCHESTER COUNTY	1,384	1,687	22%	2,357	2,745	16%	19%	13%	\$660,000	\$650,000	-2%	\$649,000	\$640,750	-1%
Southern Westchester	948	1,136	20%	1,609	1,880	17%	18%	10%	\$710,000	\$700,000	-1%	\$710,000	\$665,000	-6%
Ardsley	24	24	0%	45	43	-4%	-14%	-12%	\$749,000	\$670,000	-11%	\$635,000	\$657,500	4%
Blind Brook	19	30	58%	36	42	17%	83%	29%	\$700,000	\$803,500	15%	\$795,000	\$807,500	2%
Briarcliff Manor	13	27	108%	24	38	58%	139%	91%	\$821,000	\$830,000	1%	\$803,000	\$810,000	1%
Bronxville	22	20	-9%	32	29	-9%	-12%	-8%	\$2,166,000	\$2,250,000	4%	\$1,715,000	\$2,200,000	28%
Dobbs Ferry	27	21	-22%	43	37	-14%	-36%	-24%	\$740,000	\$730,000	-1%	\$755,000	\$707,500	-6%
Eastchester	28	25	-11%	43	48	12%	-10%	9%	\$728,000	\$765,000	5%	\$720,000	\$718,000	0%
Edgemont	25	20	-20%	48	30	-38%	-21%	-42%	\$1,050,000	\$1,057,500	1%	\$1,150,000	\$1,035,000	-10%
Elmsford	9	16	78%	19	30	58%	53%	27%	\$460,000	\$395,000	-14%	\$425,000	\$419,500	-1%
Greenburgh	37	39	5%	65	66	2%	9%	2%	\$478,000	\$520,000	9%	\$460,000	\$490,000	7%
Harrison	37	44	19%	69	77	12%	20%	20%	\$969,000	\$1,300,000	34%	\$1,208,000	\$1,220,000	1%
Hartsdale (P.O.)	27	23	-15%	45	39	-13%	-15%	-12%	\$510,000	\$580,000	14%	\$525,000	\$570,000	9%
Hastings	16	17	6%	24	30	25%	13%	28%	\$718,000	\$726,000	1%	\$750,000	\$799,500	7%
Irvington	13	19	46%	24	30	25%	45%	50%	\$965,000	\$940,000	-3%	\$965,000	\$975,000	1%
Mamaroneck *	66	89	33%	114	140	23%	30%	8%	\$1,243,000	\$1,100,000	-12%	\$1,088,000	\$1,175,000	8%
Mount Pleasant	19	29	53%	34	50	47%	29%	29%	\$660,000	\$510,000	-23%	\$539,000	\$535,000	-1%
Mount Vernon	25	46	84%	47	76	62%	73%	55%	\$360,000	\$358,450	0%	\$379,000	\$365,000	-4%
New Rochelle	70	95	36%	128	162	27%	17%	18%	\$720,000	\$650,000	-10%	\$641,000	\$640,000	0%
Ossining	53	61	15%	83	98	18%	5%	12%	\$380,000	\$385,000	1%	\$390,000	\$385,000	-1%
Pelham	50	58	16%	63	75	19%	19%	24%	\$887,000	\$892,000	1%	\$788,000	\$869,000	10%
Pleasantville	13	24	85%	24	43	79%	88%	87%	\$600,000	\$632,500	5%	\$555,000	\$617,500	11%
Pocantico Hills	1	2	100%	3	2	-33%	204%	-15%	\$686,000	\$1,042,000	52%	\$668,000	\$920,000	38%
Port Chester	25	29	16%	44	49	11%	16%	12%	\$520,000	\$479,000	-8%	\$435,000	\$467,000	7%
Purchase (P.O.)	10	6	-40%	14	11	-21%	-63%	-35%	\$1,225,000	\$833,500	-32%	\$1,481,000	\$1,175,000	-21%
Rye City	41	53	29%	65	71	9%	42%	20%	\$1,625,000	\$1,560,000	-4%	\$1,793,000	\$1,675,000	-7%
Rye Neck	14	14	0%	28	20	-29%	-17%	-28%	\$1,013,000	\$975,000	-4%	\$855,000	\$865,000	1%
Scarsdale	65	51	-22%	96	94	-2%	-11%	3%	\$1,343,000	\$1,625,000	21%	\$1,460,000	\$1,569,500	8%
Tarrytown	23	24	4%	36	41	14%	43%	88%	\$580,000	\$720,000	24%	\$562,000	\$679,000	21%
Tuckahoe	12	15	25%	19	24	26%	1%	25%	\$698,000	\$650,000	-7%	\$680,000	\$725,000	7%
Valhalla	25	22	-12%	35	32	-9%	1%	12%	\$489,000	\$546,000	12%	\$500,000	\$530,000	6%
White Plains	52	59	14%	91	103	13%	11%	2%	\$614,000	\$660,000	7%	\$639,000	\$613,134	-4%
Yonkers	87	135	55%	170	250	47%	71%	62%	\$410,000	\$449,000	10%	\$426,000	\$445,500	5%
CONDOMINIUMS AND COOPERATIVES														
Condominiums	212	258	22%	365	434	19%	14%	16%	\$401,000	\$385,000	-4%	\$375,000	\$375,000	0%
Cooperatives	427	466	9%	728	828	14%	10%	15%	\$150,000	\$160,000	7%	\$152,000	\$155,000	2%

\*Mamaroneck School District includes Larchmont P.O.

TOWNS	QUARTERLY UNIT SALES			YTD UNIT SALES			QUARTERLY DOLLAR VOLUME	YTD DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	2Q15	2Q16	2Q15 VS 2Q16	YTD 2015	YTD 2016	YTD 2015 VS YTD 2016	2Q15 VS 2Q16	YTD 2015 VS YTD 2016	2Q15	2Q16	2Q15 VS 2Q16	2Q15	2Q16	2Q15 VS 2Q16
WESTCHESTER COUNTY	1,384	1,687	22%	2,357	2,745	16%	19%	13%	\$660,000	\$650,000	-2%	\$649,000	\$640,750	-1%
Northern Westchester	436	551	26%	748	865	16%	25%	9%	\$550,000	\$538,000	-2%	\$541,000	\$530,000	-2%
Bedford	68	68	0%	91	109	20%	6%	11%	\$880,000	\$875,000	-1%	\$842,000	\$757,500	-10%
Byram Hills	35	38	9%	63	56	-11%	13%	-16%	\$1,100,000	\$1,087,500	-1%	\$1,025,000	\$999,000	-3%
Chappaqua	63	62	-2%	104	84	-19%	-2%	-20%	\$885,000	\$885,000	0%	\$887,000	\$909,000	2%
Croton-Harmon	26	28	8%	50	38	-24%	15%	-20%	\$558,000	\$545,000	-2%	\$550,000	\$550,000	0%
Hendrick Hudson	19	41	116%	44	71	61%	86%	60%	\$540,000	\$372,000	-31%	\$425,000	\$385,000	-9%
Katonah-Lewisboro	48	65	35%	89	106	19%	58%	25%	\$574,000	\$615,000	7%	\$619,000	\$625,000	1%
Lakeland	72	89	24%	132	148	12%	20%	10%	\$336,000	\$351,000	4%	\$350,000	\$352,750	1%
North Salem	9	20	122%	23	34	48%	215%	81%	\$440,000	\$537,325	22%	\$528,000	\$470,750	-11%
Peekskill	22	37	68%	30	53	77%	72%	73%	\$260,000	\$265,000	2%	\$257,000	\$275,000	7%
Somers	30	37	23%	49	68	39%	59%	50%	\$440,000	\$556,400	26%	\$535,000	\$512,500	-4%
Yorktown	44	65	48%	75	98	31%	54%	42%	\$394,000	\$435,000	10%	\$415,000	\$446,000	7%
CONDOMINIUMS AND COOPERATIVES														
Condominiums	112	134	20%	192	228	19%	27%	18%	\$300,000	\$325,000	8%	\$318,000	\$318,250	0%
Cooperatives	19	31	63%	42	49	17%	66%	28%	\$75,000	\$105,000	40%	\$95,000	\$90,000	-5%

## Single Family Homes 11-Year Second Quarter Sales







# Fairfield County

## 1 Unit sales overall are up year over year, driven by movement in the lower price categories.

Fairfield County has a stable market this year, with unit sales overall standing 7% higher for both the second quarter and the first six months compared to the same periods of 2015, even as dollar volume held about even in comparing the first half of each year with only a 1% change. In the lower county, the unit increases were largely driven by properties priced under approximately \$2.5 million, many of which first entered the market at higher asking prices and then decreased until coming into line with buyer expectations. In Northern Fairfield County, properties offered under \$400,000 sold well and often experienced multiple bids. With continued deposits happening on these homes, there is no reason to expect sales to slow anytime soon.

## 2 Continued price corrections at the high end are yielding exciting buying opportunities.

According to New Canaan brokerage manager William Larkin, the trend we have begun to see with high end properties undergoing major price adjustments has only continued, particularly in towns like New Canaan, Greenwich, Darien, Fairfield, Southport and Westport. Sellers are highly motivated, are very understanding of the reality of the market, and are very willing to price competitively. The result is that we are witnessing significant price adjustments. In some cases, aspirational and often in-town buyers are taking advantage when they perceive the opportunity to purchase a high end property they never dreamed would become available in their price range. According to Northern Fairfield County brokerage manager Adele Unger, the situation in the upper county is not dissimilar. The middle and upper price sectors, including lake properties, are slower with longer days on market, and when high end buyers do appear, they are negotiating well below the asking price.

## 3 Inventory remains high in the upper end.

The economics of supply and demand are on full display in Fairfield County. In the more affordable price categories, where demand is high, supply is limited, while a surplus of inventory is occurring in the upper end, where demand is not strong enough to absorb all of it. The abundance of inventory will continue to put downward pressure on prices through the remainder of the year, with those properties offering a value too great to pass up being the most likely to sell.

## Single Family Homes Closed Sales by Price Point

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	2Q15	2Q16	2Q15 VS 2Q16	2Q AVERAGE
\$0 - \$799,999	1,519	1,696	12%	6,577
\$800,000 - \$1,499,999	375	391	4%	2,150
\$1,500,000 - \$1,999,999	110	101	-8%	7,83
\$2,000,000 - \$2,999,999	117	98	-16%	698
\$3,000,000 - \$4,999,999	74	51	-31%	523
\$5,000,000 - \$9,999,999	17	13	-24%	263
\$10,000,000+	3	1	-67%	64

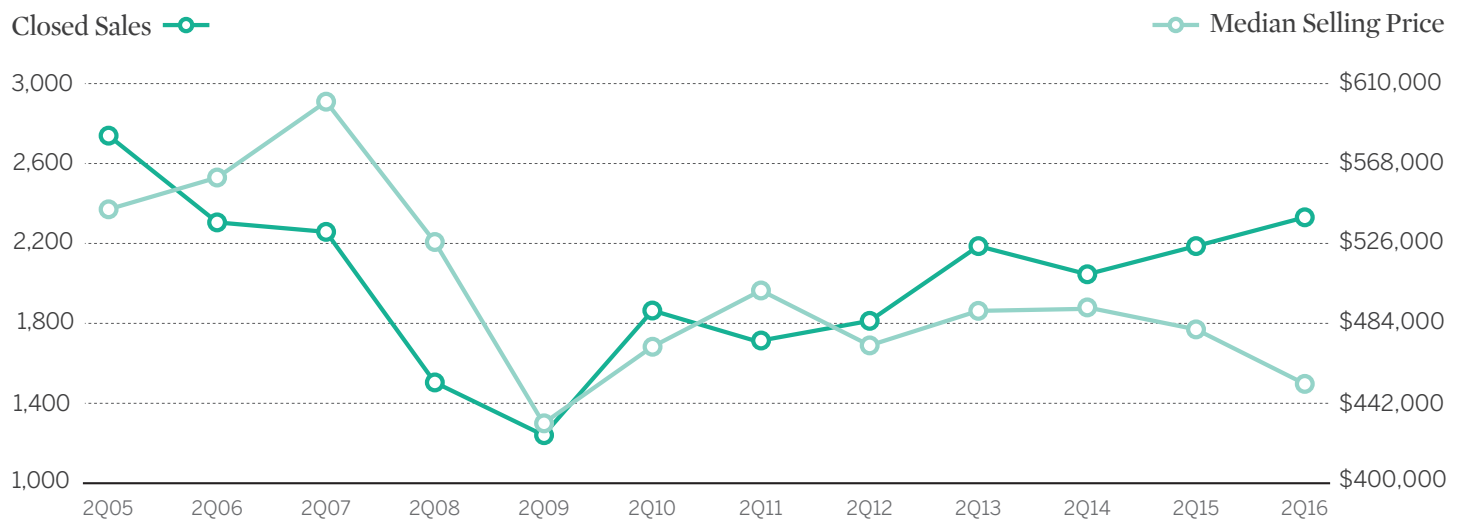
## 4 Factors such as size, condition and proximity to town are strong selling predictors.

The most desirable traits in a home are different from what they once were, according to Larkin. Buyers are less interested in very large homes, preferring the lesser time commitment and less money, maintenance and furnishings required of a smaller residence. Simpler living is the key, according to Unger, with less land to deal with, less work needed and newer mechanicals. Buyers are interested in properties in excellent condition that are close to town and amenities.

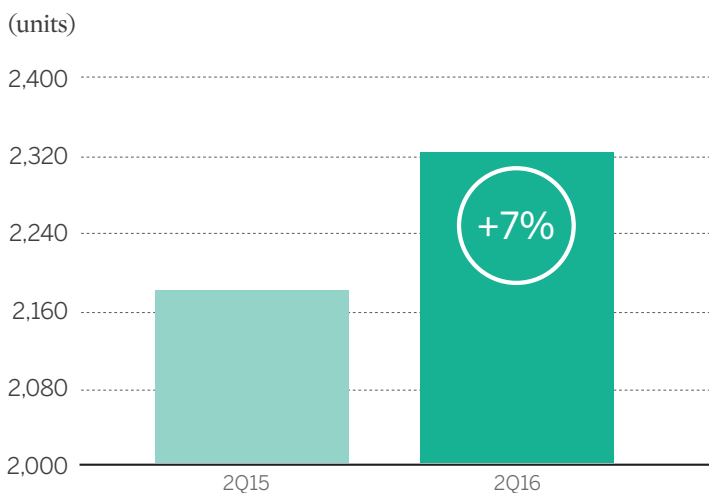
## 5 Today's buyer is seeking an "exit strategy."

Another shift, according to Larkin, is that buyers no longer view a purchase as a way of putting down roots. They don't stay in one job their whole lives, and they won't just live in one town either. With this unwillingness to make the long-term commitment, overspending and resale value are significant concerns among buyers today.

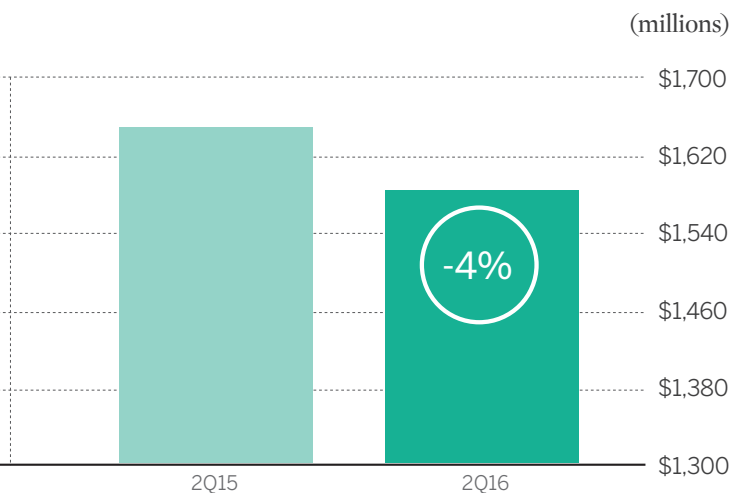
## Single Family Homes 11-Year Second Quarter Sales



## Single Family Homes Closed Sales



## Single Family Homes Closed Dollar Volume



TOWNS	QUARTERLY UNIT SALES			YTD UNIT SALES			QUARTERLY DOLLAR VOLUME	YTD DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	2Q15	2Q16	2Q15 VS 2Q16	YTD 2015	YTD 2016	YTD 2015 VS YTD 2016	2Q15 VS 2Q16	YTD 2015 VS YTD 2016	2Q15	2Q16	2Q15 VS 2Q16	2Q15	2Q16	2Q15 VS 2Q16
<b>SINGLE FAMILY</b>														
FAIRFIELD COUNTY	2,175	2,330	7%	3,462	3,704	7%	-4%	1%	\$480,000	\$450,000	-6%	\$446,000	\$473,000	6%
Bethel	41	53	29%	77	86	12%	36%	15%	\$297,000	\$333,750	12%	\$306,000	\$306,500	0%
Brookfield	45	59	31%	81	91	12%	21%	17%	\$376,000	\$335,000	-11%	\$357,000	\$363,250	2%
Danbury	103	128	24%	184	217	18%	22%	-18%	\$268,000	\$261,000	-3%	\$258,000	\$265,000	3%
Darien	93	82	-12%	125	127	2%	-15%	4%	\$1,500,000	\$1,400,000	-7%	\$1,558,000	\$1,405,000	-10%
Easton	28	28	0%	47	55	17%	14%	37%	\$569,000	\$647,500	14%	\$585,000	\$600,000	3%
Fairfield	253	238	-6%	364	358	-2%	-9%	-6%	\$579,000	\$588,500	2%	\$565,000	\$597,000	6%
Greenwich	207	169	-18%	297	267	-10%	-24%	-15%	\$1,900,000	\$1,757,000	-8%	\$1,853,125	\$1,770,000	-4%
Monroe	55	74	35%	94	101	7%	41%	11%	\$327,000	\$381,875	17%	\$335,000	\$362,750	8%
New Canaan	86	70	-19%	121	104	-14%	-28%	-20%	\$1,718,000	\$1,528,000	-11%	\$1,670,000	\$1,447,500	-13%
New Fairfield	35	49	40%	73	90	23%	70%	43%	\$415,000	\$327,000	-21%	\$337,000	\$325,000	-4%
Newtown	114	123	8%	183	195	7%	12%	11%	\$375,000	\$388,000	3%	\$363,000	\$367,250	1%
Norwalk	175	196	12%	283	309	9%	18%	13%	\$475,000	\$457,650	-4%	\$450,000	\$430,000	-4%
Oxford*	22	34	55%	37	49	32%	39%	20%	\$365,000	\$350,450	-4%	\$344,000	\$340,000	-1%
Redding	36	44	22%	60	67	12%	15%	47%	\$542,500	\$532,500	-2%	\$554,000	\$528,500	-5%
Ridgefield	91	97	7%	140	152	9%	11%	14%	\$625,000	\$690,000	10%	\$639,000	\$660,000	3%
Rowayton	20	27	35%	34	42	24%	72%	48%	\$1,293,000	\$1,400,000	8%	\$1,239,000	\$1,200,000	-3%
Shelton	92	95	3%	153	149	-3%	9%	3%	\$300,000	\$318,900	6%	\$298,000	\$310,000	4%
Sherman	12	16	33%	20	28	40%	60%	49%	\$403,000	\$487,500	21%	\$410,000	\$446,250	9%
Southbury*	39	42	8%	53	68	28%	-11%	17%	\$395,000	\$324,900	-18%	\$343,000	\$375,000	9%
Stamford	199	177	-11%	323	320	-1%	-12%	0%	\$574,000	\$575,000	0%	\$569,000	\$580,000	2%
Stratford	159	176	11%	259	286	10%	14%	10%	\$226,000	\$233,000	3%	\$225,000	\$229,000	2%
Trumbull	112	157	40%	165	230	39%	30%	31%	\$354,000	\$359,950	2%	\$357,000	\$361,000	1%
Weston	51	41	-20%	72	65	-10%	-29%	-17%	\$865,000	\$846,000	-2%	\$820,000	\$812,000	-1%
Westport	98	124	27%	160	186	16%	5%	-1%	\$1,450,000	\$1,262,500	-13%	\$1,319,000	\$1,300,000	-1%
Wilton	70	75	7%	99	102	3%	2%	-1%	\$855,000	\$845,000	-1%	\$844,000	\$815,000	-3%
<b>CONDOMINIUMS</b>														
FAIRFIELD COUNTY	667	700	5%	1,100	1,153	5%	1%	3%	\$267,750	\$260,500	-3%	\$260,000	\$250,000	-4%

\*New Haven County

# The Shoreline



411 Mulberry Point Rd • Guilford, CT • MLS: N10086724

# The Shoreline

## 1 The entry level market remains active and healthy.

In the first quarter, we reported that activity among properties at the lower price points was plentiful, and that has continued through the first half of the year. Across the Connecticut Shoreline there was a strong uptick in unit sales among properties offered below \$400,000 compared to the same time last year, yet with prices remaining flat, sales volume in this category experienced a smaller increase. Overall across all price ranges, in the first half of 2016 unit sales were 18% higher and dollar volume 4% higher versus the same period of 2015.

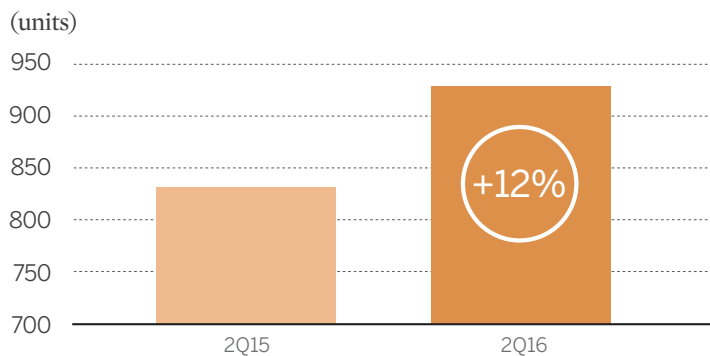
## 2 Sellers at the higher end must carefully consider their asking prices to attract buyers.

Although we did kick off the year with some promising news at the high end, particularly among waterfront properties, it is still soft, especially in the \$700,000 to \$1,000,000 range. While sales in this range are flat year over year, inventory has increased, so the supply is high compared to the demand. According to Guilford and Madison brokerage manager Kathy Mitchell, many sellers in this region, perhaps buoyed by national news stories about overall improvements in real estate, are holding onto pre-2008 offering prices and hesitant to make adjustments. Yet every market is different, and these sellers are contending with buyers who have exhaustively researched our local market conditions: consumers are very knowledgeable, and when they make an offer, they know it's an appropriate one. We hope to see more alignment of buyer and seller expectations soon, and some improvement in this sector as a result. That said, we have continued to see glimmers of activity in high end waterfront since the last quarter. In June our company brought the buyer to a \$5.2 million waterfront sale in Guilford, the highest transaction in the area in many years.

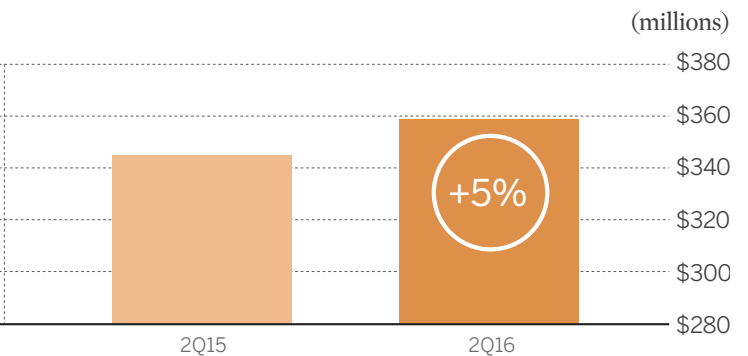
## Single Family Homes Closed Sales by Price Point

PRICE POINT	CLOSED SALES		% CHANGE	INVENTORY
	2Q15	2Q16	2Q15 VS 2Q16	2Q AVERAGE
\$0 - \$399,999	600	707	18%	2,362
\$400,000 - \$749,999	201	191	-5%	1,303
\$750,000 - \$999,999	30	30	0%	334
\$1,000,000 - \$1,499,999	12	18	50%	170
\$1,500,000+	16	12	-4%	205

## Single Family Homes Closed Sales



## Single Family Homes Closed Dollar Volume



### 3 Robust activity should continue through the summer, but some concerns exist surrounding the election.

There are some concerns that the common scenario of an election year slowdown may occur as November draws closer, particularly among higher end buyers concerned about the unpredictable effect the election may have on the market. Yet overall we expect our market area to remain robust through the rest of the summer and into the fall, and with consumer confidence remaining high and interest rates low, we see plenty of reasons for the heightened activity to continue on through the remainder of the year.

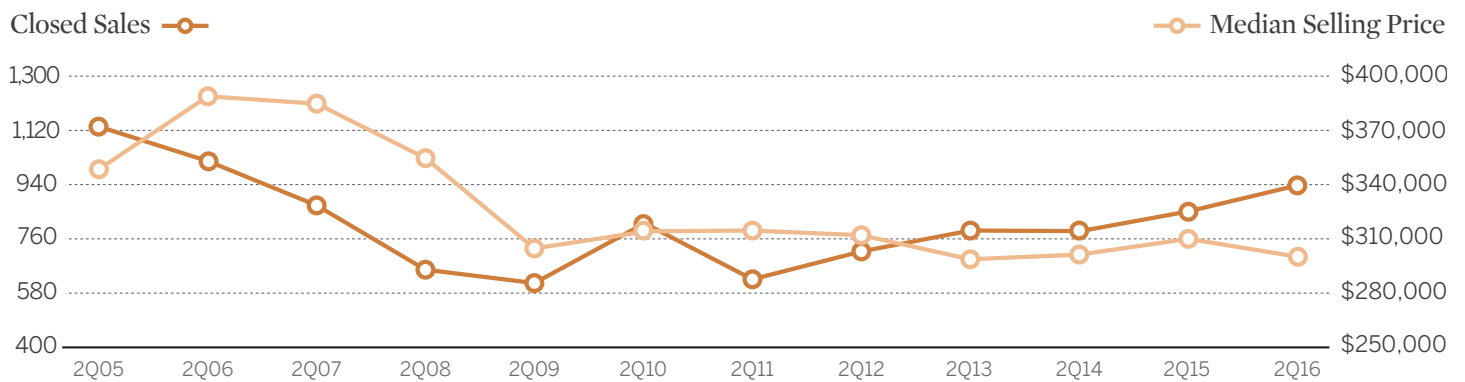
### 4 Inventory doesn't stay on for long in the entry level market, and remains as we move up the price ladder.

Among properties priced under \$400,000, and especially in the \$200,000 to \$300,000 range, properties are moving quickly, so inventory is usually tight. Above that price point, there is a surplus of supply but not as much demand to effectively absorb it, particularly among properties priced between \$700,000 and \$1,000,000.

### 5 Condition and location are key components to determining how quickly a home will sell.

Those properties that stay on the market for the longest amount of time, even in the fast-moving entry level market, are the least desirable properties. Buyers are seeking move-in ready homes that require no work, offer quality finishes and an excellent location, and represent the best value. These homes that deliver the best presentation sell quickly after multiple offers. On the other hand, we have seen some investors purchasing lower end properties that need a lot of work, renovating them and then flipping them.

## Single Family Homes 11-Year Second Quarter Sales



TOWNS	QUARTERLY UNIT SALES			YTD UNIT SALES			QUARTERLY DOLLAR VOLUME	YTD DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	2Q15	2Q16	2Q15 VS 2Q16	YTD 2015	YTD 2016	YTD 2015 VS YTD 2016	2Q15 VS 2Q16	YTD 2015 VS YTD 2016	2Q15	2Q16	2Q15 VS 2Q16	2Q15	2Q16	2Q15 VS 2Q16
<b>SINGLE FAMILY</b>														
THE SHORELINE	830	926	12%	1,333	1,569	18%	5%	4%	\$298,000	\$290,000	-3%	\$295,000	\$295,000	0%
Branford	51	62	22%	97	107	10%	-3%	3%	\$351,000	\$279,000	-21%	\$330,000	\$310,000	-6%
Chester	14	16	14%	23	27	17%	-18%	-5%	\$404,000	\$287,000	-29%	\$313,000	\$275,000	-12%
Clinton	44	53	20%	82	88	7%	22%	12%	\$284,000	\$290,000	2%	\$251,000	\$267,000	6%
Deep River	8	11	38%	16	33	106%	34%	73%	\$255,000	\$345,000	35%	\$250,000	\$231,000	-8%
East Haddam	32	43	34%	52	74	42%	51%	56%	\$207,000	\$248,000	20%	\$215,000	\$228,500	6%
East Lyme	52	59	13%	80	105	31%	19%	24%	\$293,000	\$277,000	-5%	\$284,000	\$287,000	1%
Essex*	21	29	38%	41	48	17%	59%	16%	\$386,000	\$343,000	-11%	\$389,000	\$350,000	-10%
Groton	76	103	36%	123	181	47%	66%	71%	\$238,000	\$220,000	-8%	\$223,000	\$215,300	-3%
Guilford	77	87	13%	122	140	15%	27%	25%	\$360,000	\$363,000	1%	\$369,000	\$352,200	-5%
Haddam	28	41	46%	42	68	62%	24%	44%	\$290,000	\$253,000	-13%	\$285,000	\$245,000	-14%
Killingworth	19	29	53%	31	45	45%	9%	13%	\$350,000	\$330,000	-6%	\$347,000	\$340,045	-2%
Lyme	6	15	150%	10	22	120%	73%	36%	\$513,000	\$440,000	-14%	\$599,000	\$425,000	-29%
Madison	75	81	8%	121	141	17%	-2%	10%	\$425,000	\$415,000	-2%	\$422,000	\$400,000	-5%
New London	49	35	-29%	70	60	-14%	-25%	-20%	\$129,000	\$145,000	12%	\$149,000	\$131,000	-12%
North Stonington	18	26	44%	34	35	3%	63%	12%	\$195,000	\$235,000	21%	\$240,000	\$229,999	-4%
Old Lyme	34	42	24%	54	61	13%	3%	-13%	\$437,000	\$360,000	-18%	\$377,000	\$332,500	-12%
Old Saybrook	55	40	-27%	77	60	-22%	-45%	-35%	\$370,000	\$354,000	-4%	\$351,000	\$350,000	0%
Stonington	72	51	-29%	112	93	-17%	-40%	-25%	\$320,000	\$298,000	-7%	\$276,000	\$300,000	9%
Waterford	69	85	23%	111	143	29%	14%	22%	\$230,000	\$227,000	-1%	\$216,000	\$215,000	0%
Westbrook	30	22	-27%	37	39	5%	-22%	10%	\$290,000	\$313,000	8%	\$289,000	\$330,000	14%
<b>CONDOMINIUMS</b>														
THE SHORELINE	247	232	-6%	305	289	-5%	-6%	-8%	\$159,000	\$156,000	-2%	\$155,000	\$156,625	1%

\*Includes Essex, Ivoryton and Centerbrook



# Litchfield County



Mountain View • Kent, CT • MLS: LI0143443

# Litchfield County

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## 1 As we move into the prime summer and fall selling season, Litchfield County experienced a record month in June.

While unit sales in Litchfield County are up 12% for the year compared to the first half of 2015, June was a particularly impressive month with 44% more recorded sales than the same time last year. With the median sale price slightly lower now in comparing the first half of each year, the percentage increase in total dollar volume is not quite as high as that of units, standing at 7%. The sales are occurring across all price ranges—the over \$1,000,000 segment is holding steady with last year—but the lion's share of the sales are for homes under \$400,000. Towns that are performing especially well include Warren, Norfolk and Cornwall, which saw triple the unit sales from a year ago, and New Milford, which saw a 32% increase.

## 2 Those properties that represent the best value will sell the fastest.

This market is very price driven, and buyers are always on the lookout for a deal. Properties that are priced well and reflect great value are more likely to sell quickly. Yet price isn't the only consideration: purchasers want homes that are ready to move into and don't require any extra work, while offering proximity to Manhattan. If these factors all come together to represent a good value, the buyer will jump on it.

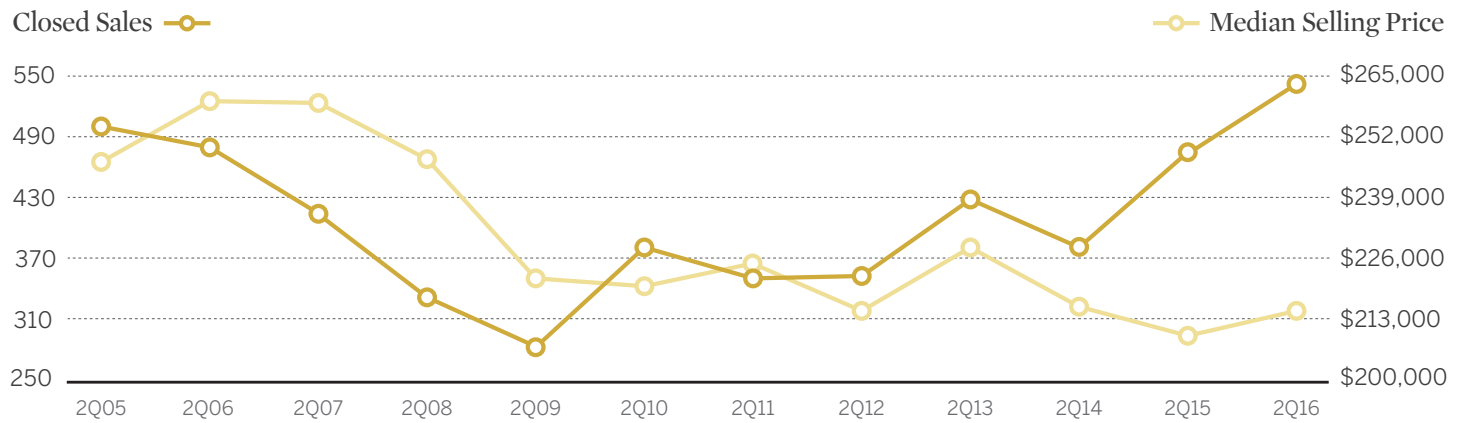
## 3 The market is hitting its peak early in 2016.

With so much sales activity happening right now in the Litchfield Hills, the market is peaking earlier than usual this year, according to Litchfield County brokerage manager Kristine Newell. We expect sales to continue on pace with prices remaining stable through September, but beyond that, some concerns exist we may encounter a slowdown as purchasers wait to see what impact the election may have on the market. Yet there are plenty of reasons to remain bullish considering the high consumer confidence, low interest rates and ongoing activity. Savvy purchasers will discover properties priced to represent great value before the winter months.

## 4 New Yorkers are “escaping to the hills” and buying country homes.

Litchfield County remains a highly sought-after second home destination, with buyers continually drawn to the area for the beautiful countryside, outdoor activities, cultural events and attractions, and more. It is an especially hot market for New Yorkers who are seeking an alternative getaway to the Hamptons and recognize the exceptional value and lifestyle they can find here, less than two hours outside of the city with little or no traffic. To find more buyers for Litchfield County, Newell has launched a lifestyle campaign called “Escape to The Hills” in print, on the internet and via social media, targeting Fairfield County, Westchester and Manhattan buyers.

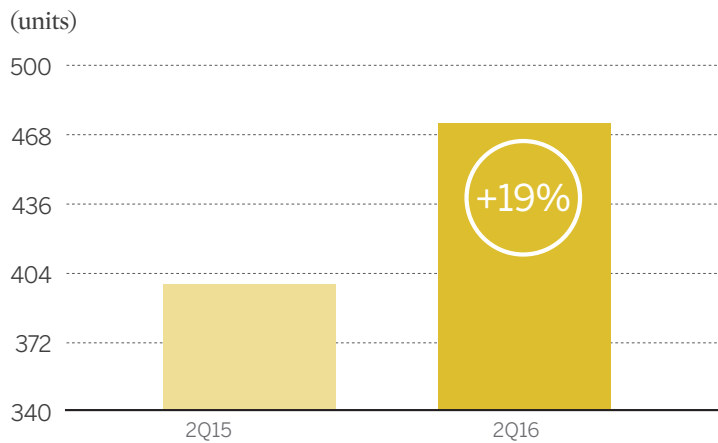
# Single Family Homes 11-Year Second Quarter Sales



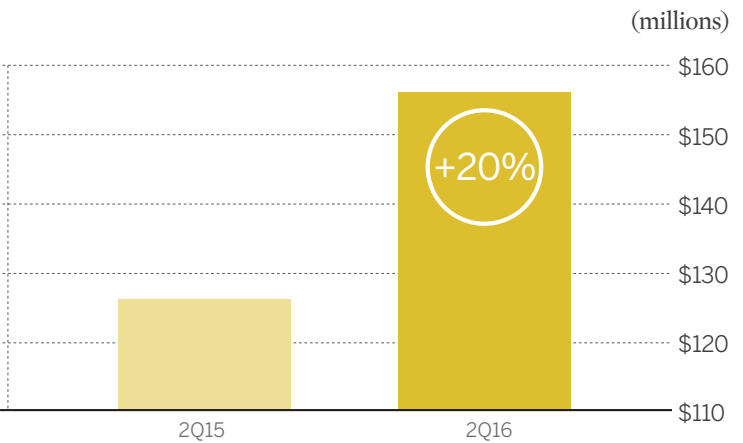
# Single Family Homes Closed Sales by Price Point

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	2Q15	2Q16	2Q15 VS 2Q16	2Q AVERAGE
\$0 - \$399,999	403	462	15%	1,915
\$400,000 - \$749,999	51	54	6%	558
\$750,000 - \$999,999	7	12	71%	161
\$1,000,000 - \$1,999,999	13	16	23%	194
\$2,000,000 - \$4,999,999	4	2	-50%	87
\$5,000,000+	0	1	N/A	18

## Single Family Homes Closed Sales



## Single Family Homes Closed Dollar Volume



TOWNS	QUARTERLY UNIT SALES			YTD UNIT SALES			QUARTERLY DOLLAR VOLUME	YTD DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
			% CHANGE			% CHANGE	% CHANGE	% CHANGE			% CHANGE			% CHANGE
	2Q15	2Q16	2Q15 VS 2Q16	YTD 2015	YTD 2016	YTD 2015 VS YTD 2016	2Q15 VS 2Q16	YTD 2015 VS YTD 2016	2Q15	2Q16	2Q15 VS 2Q16	2Q15	2Q16	2Q15 VS 2Q16
<b>SINGLE FAMILY</b>														
LITCHFIELD COUNTY	477	544	14%	793	891	12%	20%	7%	\$210,000	\$215,000	2%	\$210,000	\$205,000	-2%
Barkhamsted	13	15	15%	21	21	0%	8%	-11%	\$235,000	\$250,000	6%	\$225,700	\$220,000	-3%
Bethlehem	10	8	-20%	18	15	-17%	-23%	-33%	\$251,000	\$215,700	-14%	\$281,500	\$225,000	-20%
Bridgewater	7	7	0%	10	9	-10%	11%	10%	\$470,000	\$460,000	-2%	\$457,500	\$627,000	37%
Canaan	7	8	14%	14	10	-29%	-18%	-55%	\$93,900	\$104,000	11%	\$171,500	\$130,000	-24%
Colebrook	4	5	25%	5	7	40%	127%	96%	\$143,700	\$220,000	53%	\$190,000	\$220,000	16%
Cornwall*	1	7	600%	3	12	300%	1969%	985%	\$150,000	\$425,000	183%	\$342,500	\$299,000	-13%
Goshen	15	12	-20%	26	24	-8%	46%	-8%	\$290,000	\$295,000	2%	\$316,000	\$322,500	2%
Harwinton	12	22	83%	27	39	44%	158%	41%	\$304,900	\$251,200	-18%	\$221,000	\$232,500	5%
Kent, South Kent	9	13	44%	18	24	33%	10%	54%	\$280,000	\$387,500	38%	\$340,000	\$375,000	10%
Litchfield, Milton	25	23	-8%	40	39	-3%	201%	4%	\$330,000	\$312,450	-5%	\$325,000	\$285,000	-12%
Morris	4	6	50%	12	10	-17%	-46%	38%	\$128,000	\$321,250	151%	\$256,500	\$275,000	7%
New Hartford	21	13	-38%	32	22	-31%	-46%	-32%	\$283,000	\$271,500	-4%	\$250,000	\$235,000	-6%
New Milford	35	52	49%	56	75	34%	48%	26%	\$295,000	\$302,000	2%	\$283,700	\$280,000	-1%
Norfolk	2	6	200%	3	13	333%	127%	471%	\$260,000	\$157,450	-39%	\$219,400	\$215,500	-2%
Plymouth	25	30	20%	48	50	4%	10%	-9%	\$161,000	\$170,000	6%	\$162,200	\$153,000	-6%
Roxbury	9	9	0%	15	12	-20%	-23%	-20%	\$350,000	\$395,000	13%	\$602,500	\$538,000	-11%
Salisbury	11	17	55%	20	24	20%	-2%	-30%	\$675,000	\$287,500	-57%	\$380,000	\$423,500	11%
Sharon	22	7	-68%	30	18	-40%	-76%	-63%	\$279,700	\$332,500	19%	\$315,000	\$297,500	-6%
Thomaston	18	20	11%	34	29	-15%	0%	-14%	\$165,000	\$172,500	5%	\$171,700	\$185,000	8%
Torrington	81	111	37%	133	182	37%	54%	48%	\$122,000	\$128,500	5%	\$130,100	\$126,289	-3%
Warren	1	6	500%	3	14	367%	1787%	1227%	\$245,000	\$590,000	141%	\$490,000	\$291,750	-40%
Washington**	14	17	21%	20	22	10%	122%	12%	\$426,000	\$440,000	3%	\$592,500	\$440,000	-26%
Watertown	73	67	-8%	115	107	-7%	-2%	-6%	\$180,000	\$190,000	6%	\$190,000	\$191,300	1%
Winchester	26	26	0%	41	52	27%	11%	28%	\$127,000	\$158,750	25%	\$123,500	\$142,500	15%
Woodbury	27	33	22%	42	54	29%	38%	33%	\$305,000	\$347,500	14%	\$300,000	\$316,250	5%
<b>CONDOMINIUMS</b>														
LITCHFIELD COUNTY	49	76	55%	100	122	22%	52%	21%	\$96,500	\$88,500	-8%	\$105,000	\$100,000	-5%

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

# Southern Berkshire County



Historic Restored Farmhouse On 40 Acres • Mt Washington, MA • MLS: 215737

# Southern Berkshire County

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## 1 After an outstanding first quarter, sales during the second quarter held steady.

With the Southern Berkshires kicking off 2016 with almost unprecedented year over year sales increases, the second quarter finds us holding steady with the same time last year. Unit sales and volume are still well ahead of 2015 in comparing the first half of each year, standing 28% and 19% higher, respectively. The number of properties under contract now suggests that we may see even more dramatic growth on par with the first quarter as we move forward through the rest of the year. The vast majority of properties that are selling are priced under \$400,000.

## 2 Fresh inventory is coming on the market.

In our market report for the we anticipated a rise in inventory during the Berkshires' prime late spring and early summer listing season, yet even we could not have guessed we'd finish the first half of the year with new inventory standing an astounding 42% higher than the second quarter of 2015. The new listings, entering the market across all price categories, will provide our steady buyer pool with plenty of fresh options to consider in their property searches this summer.

## 3 It's a buyer's market in the Berkshires.

The Southern Berkshires remains a competitive and price driven marketplace, with properties typically achieving 90% of their asking price. The high volume of inventory now for sale is making it all the easier for buyers to find exactly what they are looking for at a great price: turnkey homes in exceptional condition that don't require any renovations.



Stunning 11.7 Acre Country Estate With Indoor Pool And Tennis Court • Williamstown, MA • MLS: 215736

## 4 Inventory in the \$750,000-plus category is up.

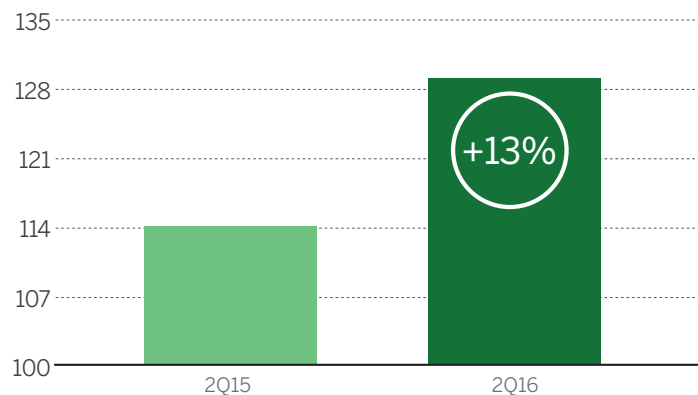
As in the lower price ranges, inventory is up among properties over \$750,000, partly because the baby boomers who own many of these homes are looking to downsize, according to Great Barrington assistant manager Timothy Donnelly. Yet the pool of buyers is smaller for these properties, so days on market is greater than it is for lower priced homes.

## 5 More city dwellers are relocating full time to the Berkshires.

A unique trend we began to explore last quarter is the phenomenon of more young buyers from Brooklyn and Boston moving to the Berkshires to live here full time. While the Berkshires has traditionally served as a popular second home destination, a transition is occurring where more and more people are purchasing primary homes here to settle down. Part of what makes this migration possible is that modern technology now allows for many professionals to work remotely in their jobs, and according to Donnelly, the home office space has become high priority among the features buyers seek out in their home search.

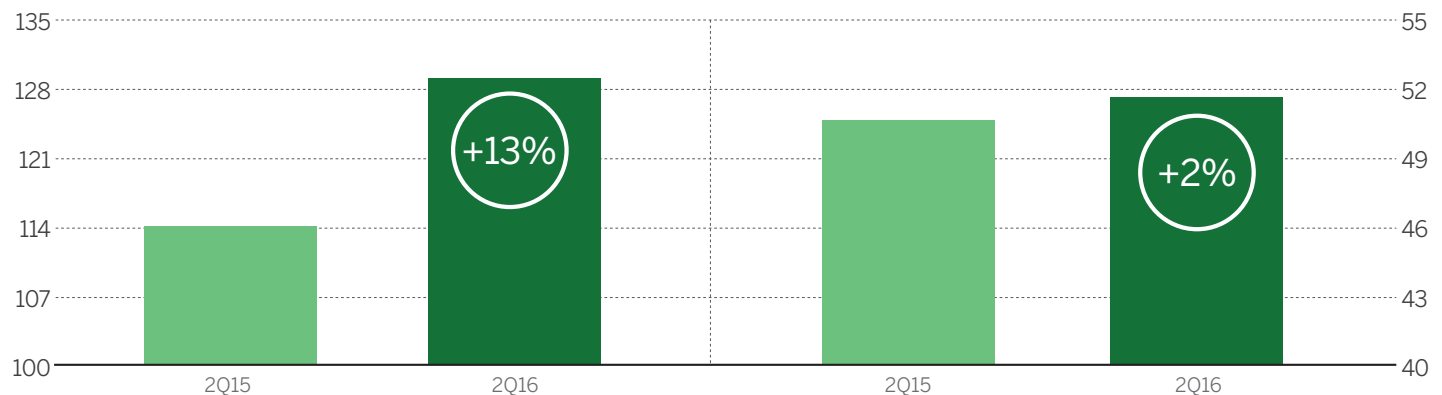
### Single Family Homes Closed Sales

(units)



### Single Family Homes Closed Dollar Volume

(millions)

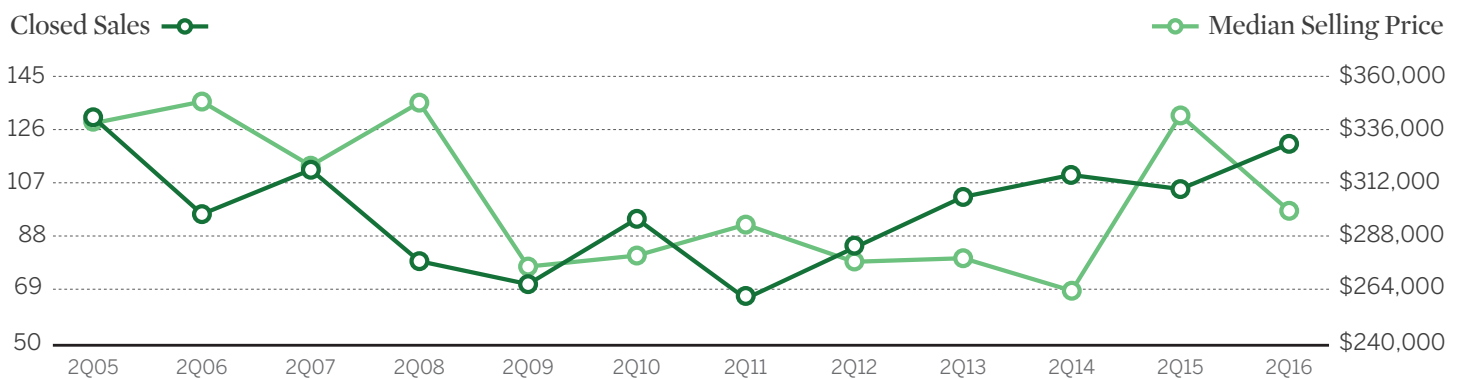


### Single Family Homes Closed Sales by Price Point

PRICE POINT	CLOSED SALES	CLOSED SALES	% CHANGE	INVENTORY
	2Q15	2Q16	2Q15 VS 2Q16	2Q AVERAGE
\$0 - \$399,999	74	96	30%	486
\$400,000 - \$749,999	29	18	-38%	266
\$750,000 - \$999,999	5	6	20%	87
\$1,000,000 - \$1,499,999	5	6	20%	45
\$1,500,000+	4	5	25%	64

TOWNS	QUARTERLY UNIT SALES			YTD UNIT SALES			QUARTERLY DOLLAR VOLUME	YTD DOLLAR VOLUME	QUARTERLY MEDIAN SELLING PRICE			TWELVE MONTH MEDIAN SELLING PRICE		
	2Q15	2Q16	% CHANGE	YTD 2015	YTD 2016	YTD 2015 VS YTD 2016	% CHANGE	% CHANGE	2Q15	2Q16	% CHANGE	2Q15	2Q16	% CHANGE
			2Q15 VS 2Q16			2Q15 VS 2Q16	2Q15 VS 2Q16	2Q15 VS 2Q16						
<b>SINGLE FAMILY</b>														
<b>SOUTHERN BERKSHIRE COUNTY</b>	114	129	13%	168	215	28%	2%	20%	\$343,000	\$290,000	-15%	\$285,000	\$294,200	3%
Alford	3	2	-33%	5	4	-20%	-76%	-61%	\$1,522,500	\$661,000	-57%	\$1,086,200	\$550,000	-49%
Becket	11	12	9%	16	25	56%	12%	85%	\$215,000	\$255,050	19%	\$215,000	\$223,000	4%
Egremont	9	11	22%	11	15	36%	-8%	2%	\$435,000	\$420,000	-3%	\$331,000	\$359,000	8%
Gt. Barrington	17	22	29%	28	39	39%	-1%	20%	\$290,000	\$301,500	4%	\$271,250	\$305,000	12%
Lee	9	12	33%	13	18	38%	33%	36%	\$201,000	\$210,000	4%	\$212,200	\$225,250	6%
Lenox	15	15	0%	22	17	-23%	9%	-11%	\$373,000	\$337,000	-10%	\$325,000	\$376,300	16%
Monterey	4	6	50%	5	10	100%	162%	116%	\$343,500	\$338,750	-1%	\$368,700	\$400,250	9%
Mt. Washington	0	1	N/A	1	2	100%	N/A	520%	NO SALES	\$800,000	N/A	\$232,500	\$212,000	-9%
New Marlborough	6	5	-17%	12	12	0%	-46%	-8%	\$362,000	\$325,000	-10%	\$325,000	\$335,000	3%
Otis	6	8	33%	8	9	13%	25%	17%	\$351,200	\$242,500	-31%	\$265,000	\$245,000	-8%
Richmond	9	7	-22%	9	12	33%	-15%	37%	\$360,000	\$265,000	-26%	\$296,000	\$273,000	-8%
Sandisfield	6	5	-17%	7	9	29%	-4%	66%	\$339,200	\$274,000	-19%	\$280,000	\$245,000	-13%
Sheffield	6	9	50%	11	17	55%	49%	9%	\$352,500	\$335,000	-5%	\$270,000	\$247,000	-9%
Stockbridge	9	11	22%	14	18	29%	49%	78%	\$400,000	\$378,000	-6%	\$389,600	\$386,500	-1%
Tyringham	1	0	N/A	1	2	100%	N/A	4%	\$523,000	\$0	N/A	\$427,900	\$387,500	-9%
West Stockbridge	3	3	0%	5	6	20%	-33%	13%	\$315,000	\$303,000	-4%	\$375,000	\$314,000	-16%
<b>CONDOMINIUMS</b>														
<b>SOUTHERN BERKSHIRE COUNTY</b>	16	12	-25%	21	16	-24%	-2%	-5%	\$169,500	\$189,500	12%	\$183,450	\$220,000	20%

## Single Family Homes 11-Year Second Quarter Sales





# Where We Are Headed



The Brown House • New Canaan, CT • MLS: 99142327

Although the election this fall may cause a temporary pause in marketplace activity in some areas and price segments, we believe that any mitigating effects will occur in the higher end of the market rather than the entry point, where the vast majority of our sales are closing. We are already seeing early pre-shoppers out now with the intention of purchasing in either the fall or early 2017, and the continuation of so many properties going under contract points to a solid remainder of the year. We have every reason to feel optimistic that we will conclude 2016 on a strong note.

Though we may see fluctuations in the marketplace, there is one important aspect that will never change: our markets are primary and second home destinations for people who work or live in New York City, the heartbeat of the region, and as a result, our communities will always rank among the most sought-after in the world. The rare lifestyle our towns present—the combination of a beautiful country atmosphere, high-quality suburban amenities, exceptional public schools and convenient city access—will never not be in demand.

The flip side is that buyers want to make sure they are getting a good value before committing to a purchase. Today's consumer is highly self educated on local market conditions and very sensitive to the idea of overpaying on a home, and will only make an offer with a price they believe to be appropriate. The properties that are selling are those that are priced well, presented in pristine move-in-ready condition and ideally located near town and local amenities. With more and more sellers in the higher price brackets finally become attuned to buyer expectations, and equally aware of the high level of inventory against which they are competing, we are witnessing a correction that is creating some truly rare and wonderful buying opportunities. We will continue to keep an eye on this trend and how the luxury market may be affected.

We at William Pitt and Julia B. Fee Sotheby's International Realty hope you find the insights provided in this report to be of value. We welcome the opportunity to serve you.

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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.