



CONNECTICUT AND THE BERKSHIRES

— SECOND QUARTER 2013 MARKET WATCH —



William
Pitt

Sotheby's
INTERNATIONAL REALTY

williampitt.com

INTRODUCTION

After the worst housing downturn since the 1930's, one that lasted almost eight years, buyers are back in the housing market in full force, creating a sense of excitement for buyers and sellers alike. Real estate sales in Connecticut and the Southern Berkshires are rapidly improving. The seeds of the recovery started in the third quarter of 2012 and have gained significant strength during the intervening months. In fact the second quarter of 2013 has been the best we have seen in five years. This resurgence is a result of a number of converging factors: the political picture has cleared, the economy is improving, interest rates are at rock bottom and expected to inch up over the coming year and prices are 20-30% lower than the height of the 2005 market. There is considerable pent-up demand among buyers, and sales results for this year indicate strong motivation on the sides of both parties. It is clear that buyers sense that this is an optimal time to buy and sellers are comfortable engaging in this market. Fairfield County, with its proximity to New York City, has enjoyed the highest upward sales trajectory. While the upward bend is not as pronounced in the Shoreline, Litchfield Hills and the Southern Berkshires, these areas are also enjoying significantly improved market conditions and growing sales momentum.

The buyer activity is broad-based. While still concentrated in the lower price points, sales activity has moved up the price ladder, and we are experiencing meaningful activity in all price points. Compared to the past five years a broader base of buyers is participating in today's market, as they are aware that the advantageous buying conditions will not last forever. Specifically, the local buyer who has been sitting on the sidelines waiting for conditions to improve is coming back into the market. The importance of the local buyer, whether upsizing or downsizing, cannot be understated. The level of activity we are seeing from this demographic is reflective of the overall renewed buyer enthusiasm and confidence.

Median selling prices continue to improve – the result of stabilized pricing coupled with an increase in higher priced homes being sold. We are experiencing multiple bid situations more frequently than in recent memory. Educated buyers remain exceptionally cautious about overpaying and continue to seek value opportunities. In addition to appropriate pricing, they want the air-conditioning, heating and plumbing systems as well as the roof to be in excellent condition as they are fearful of unforeseen costs. Sellers who embrace this new buyer attitude and ensure that their homes are in turnkey condition benefit in terms of shorter days on market and higher selling prices.

No discussion of the first half of 2013 would be complete without acknowledging the role of reduced inventory on the market. With fewer homes available compared to recent norms, ready, willing and able buyers are waiting for new product that is properly positioned to enter the market. When new homes do become available, they sell quickly.

It is important to remember that we remain in a recovering market versus a recovered market. Yet we also believe that our housing recovery is real and is sustainable. The results of the first two quarters of 2013 support this belief. In the majority of our markets we have experienced month over month sales improvements, declining inventories, shorter days on market and an improving median selling price. All indicators point to improved buying and selling conditions.

I hope you find our Second Quarter 2013 Connecticut and the Berkshires Market Watch helpful as you evaluate your own personal real estate holdings and plans for this coming year. At William Pitt Sotheby's International Realty, we are committed to excellence in everything that we do, and we dedicate ourselves to providing the highest level of service and expertise to buyers and sellers alike in all price categories. If we can be of service, please don't hesitate to call.

With best regards,



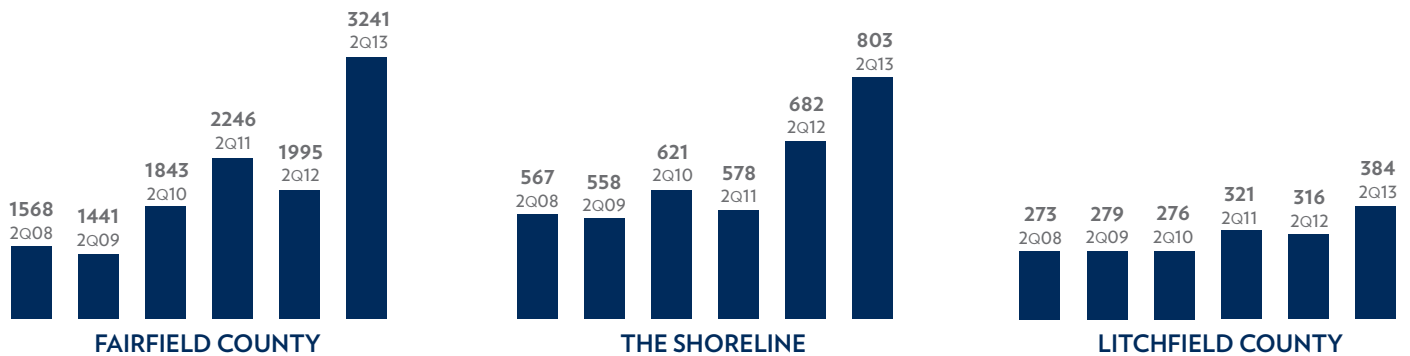
Paul E. Breunich
President and Chief Executive Officer
William Pitt | Litchfield Hills | Julia B. Fee
Sotheby's International Realty
+1 203.644.1470 | pbreunich@williampitt.com

SINGLE FAMILY HOME SALES SURGE

With each passing month single family home sales are improving, creating significant momentum in the housing market. We are seeing unprecedented monthly and quarterly growth in the majority of communities. Buyer interest is exceptionally strong due to a number of converging factors including a strengthening economy, rising consumer confidence, historically low home prices and low mortgage interest rates. The recent slight ticking up of interest rates is an added incentive to buyers who have been waiting on the sidelines for advantageous buying conditions. With its close proximity to New York City, Fairfield County is leading the way with second quarter 2013 dollar volume up by 29% versus a year ago and unit closed sales up by 26%. Along the Shoreline dollar volume this quarter was flat, while unit sales increased by 5% versus a year ago. In the Litchfield Hills area dollar volume improved by 14% and unit sales by 16%.

The general sense of well-being that many consumers feel is reflected in the rapidly rising measures of consumer confidence. In fact, the Conference Board Consumer Confidence Index has increased in each of the past three months to the highest level in several years, rising 20 points in total this quarter. The index now stands at 81.4 (1985=100), up from 74.3 in May. The Present Situation Index increased to 69.2 from 64.8, and the Expectations Index improved to 89.5 from 80.6 last month. Says Lynn Franco, Director of Economic Indicators at The Conference Board: "Consumer confidence increased for the third consecutive month and is now at its highest level since January 2008 (Index 87.3). Consumers are considerably more positive about current business and labor market conditions than they were at the beginning of the year. Expectations have also improved considerably over the past several months, suggesting that the pace of growth is unlikely to slow in the short-term, and may even moderately pick up."

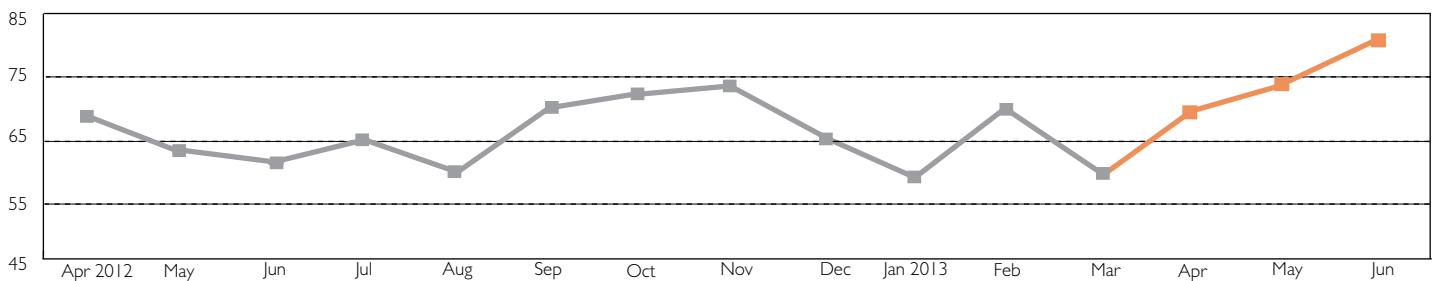
SINGLE-FAMILY HOME UNDER CONTRACT SALES 2008 - 2013 (In Units)



In Fairfield County pending sales for the second quarter of 2013 jumped by an exceptional 63% versus the same period last year, while closed unit sales were 26% higher than 2012 levels. Single family home sales activity has been clearly gaining momentum as we progress through this year. With first quarter unit sales that were 16% higher than Q1 2012, the market had considerable momentum as we moved into the traditional spring selling season. At the close of the second quarter, year-to-date dollar volume was 47% higher than the same time of 2012 and unit volume was 46% higher. In tandem with the strong closed sales figures, the 63% improvement in pending sales is the best forward indicator that third quarter closed sales will also be robust.

Year-to-date, single family home sales along the Connecticut Shoreline are tracking similarly to 2012 on both a unit and dollar volume basis. While the overall market is relatively flat, there are pockets of activity in towns like Madison and Branford, where

CONSUMER CONFIDENCE INDEX



year-to-date unit sales are up by 15% and 29% respectively versus the second quarter of 2012. Notably the days on market for almost every town is substantially lower than prior periods. While the lion's share of the sales volume is occurring in the under \$400,000 range, there are clearly more sales in the higher price points up to about \$800,000. When people have the ability to sell their homes they can trade up, which in turn helps sales in the higher price points. As Kathy Mitchell, Manager of our Guilford and Madison brokerages, puts it, "For the first time in a very long time we are seeing consistent listing and selling volume. Buyers are in the market buying. Sellers are in the market selling. And transactions are happening."

Single family home sales have improved substantially in Litchfield County versus the same period of 2012, with second quarter 2013 closed sales improving by 16%. The sales growth is creating strong momentum for Litchfield County as it enters the peak summer-fall selling season. Sales activity during the first four months of the year was dominated by entry and mid-range properties as year-round buyers sought to capitalize on optimal buying conditions. The upper end, defined as homes valued at \$2,000,000 and higher, did not click into gear until quite late this spring due to the exceptionally long winter as well as the lack of fresh inventory. In May, once the weather broke and new properties came on the market, the second home buyer re-entered the picture, and the higher priced properties began to experience a significant level of activity. Market activity is currently stronger than it has been in a long time in the upper end with a number of properties, including a \$6,700,000 home on Lake Waramaug, in play. As Carolyn Fugere, Manager of our Litchfield Hills and Berkshire brokerages, says, "Upper end housing is our local housing barometer. When it is active the rest of the market follows. While the second home buyer was late in coming to Litchfield County this year, the months of May and June were game-changers. We have seen unprecedented levels of activity in all price points."

SINGLE-FAMILY HOME UNDER CONTRACT & CLOSED SALES

FAIRFIELD COUNTY

	UNDER CONTRACT SALES			CLOSED SALES						CLOSED DOLLAR VOLUME	DOM*
	2Q13	2Q12	2Q13 vs. 2Q12	2Q13	2Q12	2Q11	2Q10	2Q09	2Q13 vs. 2Q12	2Q13 vs. 2Q12	2Q13
FAIRFIELD COUNTY	3,241	1,995	63%	2,163	1,711	1,633	1,770	1,162	26%	29%	100
Bethel	59	35	69%	44	28	22	36	20	57%	44%	113
Brookfield	92	44	109%	55	42	35	48	34	31%	33%	101
Danbury	185	102	81%	113	83	78	90	93	36%	28%	103
Darien	143	116	23%	89	102	89	85	48	-13%	0%	115
Easton	36	29	24%	31	27	9	24	14	15%	20%	105
Fairfield	335	228	47%	205	195	188	205	115	5%	7%	89
Greenwich	340	268	27%	201	161	212	145	71	25%	9%	148
Monroe	95	42	126%	62	45	38	44	35	38%	38%	103
New Canaan	103	73	41%	95	67	74	61	40	41%	53%	172
New Fairfield	67	40	68%	41	39	31	41	21	5%	-4%	104
Newtown	128	88	46%	83	81	79	73	49	3%	-5%	116
Norwalk	278	180	54%	191	157	142	155	101	22%	20%	102
Oxford**	41	23	78%	31	27	20	21	20	15%	13%	97
Redding	55	34	62%	36	26	23	34	17	39%	59%	129
Ridgefield	164	91	80%	118	84	84	84	38	38%	20%	103
Rowayton	29	25	16%	24	22	23	19	7	9%	-2%	106
Shelton	126	86	47%	73	77	59	84	51	-5%	1%	87
Sherman	27	15	80%	21	13	7	11	16	62%	55%	108
Southbury**	56	49	14%	31	28	38	57	30	11%	23%	91
Stamford	297	194	53%	206	179	159	185	111	15%	16%	88
Stratford	180	120	50%	136	104	123	123	88	31%	37%	96
Trumbull	177	96	84%	102	92	85	99	80	11%	4%	73
Weston	92	35	163%	59	31	34	35	21	90%	123%	110
Westport	183	129	42%	132	107	129	99	62	23%	34%	90
Wilton	122	86	42%	86	69	53	65	41	25%	34%	108

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

SINGLE-FAMILY HOME UNDER CONTRACT & CLOSED SALES

THE SHORELINE

	UNDER CONTRACT SALES			CLOSED SALES						CLOSED DOLLAR VOLUME	DOM*
	2Q13	2Q12	2Q13 vs. 2Q12	2Q13	2Q12	2Q11	2Q10	2Q09	2Q13 vs. 2Q12	2Q13 vs. 2Q12	2Q13
THE SHORELINE	803	682	18%	639	611	523	666	504	5%	0%	91
Branford	67	54	24%	55	48	40	43	40	15%	16%	100
Chester	15	13	-13%	13	12	6	12	11	-8%	-13%	107
Clinton	48	42	14%	45	28	23	34	33	61%	59%	108
Deep River	10	11	-9%	6	11	10	10	11	-46%	-52%	83
East Lyme	36	33	9%	27	18	17	18	19	50%	75%	84
Essex**	21	22	-5%	18	27	27	20	14	-33%	-57%	121
Groton	38	27	41%	28	24	29	31	21	17%	1%	83
Guilford	102	79	29%	78	78	48	80	55	0%	-9%	62
Killingworth	16	18	-11%	19	15	18	15	17	27%	3%	92
Lyme, Old Lyme	45	47	-4%	39	38	33	29	36	3%	18%	107
Madison	91	76	20%	66	67	69	70	45	-2%	18%	118
New London	40	21	91%	37	30	28	52	39	23%	16%	94
Old Saybrook	47	48	-2%	39	54	45	40	27	-28%	-24%	65
Stonington	23	20	15%	20	25	15	22	12	-20%	-51%	123
Waterford	57	60	-5%	40	47	30	48	34	-15%	-16%	56
Westbrook	20	25	-20%	26	23	19	22	15	13%	-9%	91

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

SINGLE-FAMILY HOME UNDER CONTRACT & CLOSED SALES

LITCHFIELD COUNTY

	UNDER CONTRACT SALES			CLOSED SALES						CLOSED DOLLAR VOLUME	DOM*
	2Q13	2Q12	2Q13 vs. 2Q12	2Q13	2Q12	2Q11	2Q10	2Q09	2Q13 vs. 2Q12	2Q13 vs. 2Q12	2Q13
LITCHFIELD COUNTY	384	316	22%	322	277	277	312	233	16%	14%	119
Bantam	3	3	0%	2	2	2	1	0	0%	40%	65
Barkhamsted	8	4	100%	3	6	6	4	9	-50%	-61%	137
Bethlehem	10	5	100%	8	6	4	8	3	33%	29%	123
Bridgewater	1	8	-88%	0	6	3	3	0	-100%	N/A	N/A
Canaan	1	0	N/A	1	2	1	3	1	-50%	-49%	35
Colebrook	2	5	-60%	5	4	4	4	4	25%	-12%	30
Cornwall**	5	6	-17%	5	5	3	1	4	0%	78%	122
Falls Village	3	3	0%	3	3	3	2	1	0%	39%	111
Goshen	20	7	186%	10	5	15	10	12	100%	52%	173
Harwinton	23	18	28%	14	13	14	11	8	8%	1%	133
Kent, South Kent	5	8	-38%	5	5	5	9	4	0%	-13%	321
Lakeville, Salisbury	17	8	113%	20	10	12	13	6	100%	132%	199
Litchfield, Milton	20	10	100%	17	7	15	18	9	143%	174%	146
Morris	7	4	75%	4	3	3	6	2	33%	-38%	202
New Milford	29	34	-15%	24	18	21	28	13	33%	34%	93
Norfolk	5	3	67%	6	6	4	3	4	0%	109%	116
Roxbury	7	7	0%	9	4	4	9	2	125%	-35%	133
Sharon	8	8	0%	5	8	7	9	2	-38%	-48%	90
Warren	5	3	67%	2	5	4	7	2	-60%	-47%	110
Washington***	11	10	10%	7	4	6	7	3	75%	38%	283
Woodbury	20	20	0%	15	21	11	20	21	-29%	-40%	111

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

MEDIAN SELLING PRICES RISE IN MOST MARKETS

The median selling price for single family homes in our markets has risen by 1-3% during the past quarter, and the year-over-year improvement continues to accelerate nicely as most communities enjoy higher numbers of more expensive properties being traded. While median selling prices remain well off their 2005 highs, the higher figures are a very positive reflection of all that we are seeing in the current market conditions including stabilizing prices, a broadening sales base and a general strengthening of the core parts of our housing market.

Pricing remains the key factor in a successful sale as we remain in a price-sensitive market. Multiple offers have been reported on mint condition properties that have been “priced to sell,” resulting in quick closing times and excellent list to sales price ratios. Buyer enthusiasm for these properties is indicative of pent-up demand as well as a knowledgeable and motivated buyer base.

Turnkey properties, which include nicely decorated homes with up-to-date systems and structures, are the most highly desirable properties, commanding the highest prices in their range. With favorable financing combined with a lack of time or interest in investing in improvements, buyers are seeking homes that are “done” rather than homes that have “potential.” The importance of properly preparing a home for sale cannot be understated as buyers have become increasingly discriminating. After the extended period of market softness, cautious buyers are keeping a close eye on valuations.

SINGLE-FAMILY HOME MEDIAN SALES PRICE CHANGE: 2013 - 2010

FAIRFIELD COUNTY

	MEDIAN SALES PRICE				YOY CHANGE		
	2Q13	2Q12	2Q11	2Q10	2Q13 vs. 2Q12	2Q13 vs. 2Q11	2Q13 vs. 2Q10
FAIRFIELD COUNTY	\$485,000	\$480,000	\$500,000	\$464,000	1%	-3%	5%
Bethel	\$319,000	\$375,000	\$279,000	\$283,000	-15%	14%	13%
Brookfield	\$346,000	\$321,000	\$375,000	\$410,000	8%	-8%	-16%
Danbury	\$257,000	\$265,000	\$273,000	\$286,000	-3%	-6%	-10%
Darien	\$1,478,000	\$1,179,000	\$1,450,000	\$1,395,000	25%	2%	6%
Easton	\$635,000	\$625,000	\$599,000	\$673,000	2%	6%	-6%
Fairfield	\$530,000	\$555,000	\$601,000	\$520,000	-5%	-12%	2%
Greenwich	\$1,585,000	\$1,600,000	\$1,720,000	\$1,800,000	-1%	-8%	-12%
Monroe	\$351,000	\$399,000	\$338,000	\$360,000	-12%	4%	-3%
New Canaan	\$1,525,000	\$1,300,000	\$1,484,000	\$1,405,000	17%	3%	9%
New Fairfield	\$340,000	\$360,000	\$375,000	\$380,000	-6%	-9%	-11%
Newtown	\$375,000	\$395,000	\$398,000	\$420,000	-5%	-6%	-11%
Norwalk	\$440,000	\$415,000	\$440,000	\$455,000	6%	0%	-3%
Oxford*	\$347,000	\$335,000	\$393,000	\$374,000	3%	-12%	-7%
Redding	\$492,000	\$511,000	\$625,000	\$638,000	-4%	-21%	-23%
Ridgefield	\$618,000	\$655,000	\$710,000	\$675,000	-6%	-13%	-9%
Rowayton	\$875,000	\$1,009,000	\$1,325,000	\$1,275,000	-13%	-34%	-31%
Shelton	\$300,000	\$280,000	\$320,000	\$320,000	7%	-6%	6%
Sherman	\$425,000	\$445,000	\$435,000	\$420,000	-5%	-2%	1%
Southbury*	\$337,000	\$326,000	\$370,000	\$405,000	4%	-9%	-17%
Stamford	\$560,000	\$538,000	\$535,000	\$618,000	4%	5%	-9%
Stratford	\$223,000	\$219,000	\$218,000	\$250,000	2%	2%	-11%
Trumbull	\$365,000	\$373,000	\$360,000	\$390,000	-2%	1%	-6%
Weston	\$800,000	\$725,000	\$750,000	\$835,000	10%	7%	-4%
Westport	\$1,269,000	\$1,315,000	\$1,175,000	\$1,100,000	-4%	8%	15%
Wilton	\$795,000	\$786,000	\$845,000	\$756,000	1%	-6%	5%

*New Haven County

Amenities have also become a huge filter for buyers when searching for the right home. The library or home office is included in the top criteria for the many who have two income families or for the many who choose to spend a couple of workdays at home. In-law suites are sought after as many people who upscale or downscale look to include space for their extended families. Weather-related amenities such as generators and sump pumps are now expected, and it has become common for buyers to ask about these features before inquiring about a home theatre or wine cellar.

The mortgage market is also playing a role in pricing as the laissez-faire days of unsubstantiated valuations are gone, having been replaced by a more conservative, real market value approach. While bank appraisals are not the issue they were last year, banks are demanding substantiation for the selling price of a home.

In Fairfield County, the median selling price for a single-family home for the second quarter of 2013 was \$485,000, a 1% increase versus the same time of 2012. The towns of New Canaan and Darien were the exceptions, seeing median selling prices increase between 17% and 25%, which can be attributed primarily to the higher percentage of expensive properties being traded. In the Shoreline the median selling price for a single family home is \$317,000, while in Litchfield County the median selling price for a single family home is currently \$229,000. We expect prices to begin to modestly rise later this year for the entry segment, where demand continues to outpace supply. At the opposite end of the spectrum are those segments that continue to be lightly traded or are seeing a substantial surplus of inventory. Property segments in which supply far outpaces demand will require further adjustment to attract buyers.

ELEGANT COUNTRY COMPOUND

WILTON, CT - MLS: 99027662



SINGLE-FAMILY HOME MEDIAN SALES PRICE CHANGE

THE SHORELINE

	MEDIAN SALES PRICE				YOY CHANGE		
	2Q13	2Q12	2Q11	2Q10	2Q13 vs. 2Q12	2Q13 vs. 2Q11	2Q13 vs. 2Q10
THE SHORELINE	\$317,000	\$315,000	\$329,000	\$326,000	1%	-4%	-3%
Branford	\$275,000	\$293,000	\$297,000	\$283,000	-6%	-7%	-3%
Chester	\$289,000	\$305,000	\$304,000	\$403,000	-5%	-5%	-28%
Clinton	\$294,000	\$291,000	\$263,000	\$272,000	1%	12%	8%
Deep River	\$325,000	\$320,000	\$325,000	\$305,000	2%	0%	7%
East Lyme	\$400,000	\$360,000	\$350,000	\$358,000	11%	14%	12%
Essex*	\$322,000	\$385,000	\$400,000	\$349,000	-16%	-20%	-8%
Groton	\$129,000	\$178,000	\$125,000	\$141,000	-23%	3%	-9%
Guilford	\$388,000	\$405,000	\$409,000	\$439,000	-4%	-5%	-12%
Killingworth	\$322,000	\$380,000	\$369,000	\$380,000	-15%	-13%	-15%
Lyme, Old Lyme	\$345,000	\$323,000	\$339,000	\$390,000	7%	2%	-12%
Madison	\$555,000	\$407,000	\$447,000	\$405,000	36%	24%	37%
New London	\$119,000	\$137,000	\$143,000	\$173,000	-13%	-17%	-31%
Old Saybrook	\$375,000	\$354,000	\$395,000	\$308,000	6%	-5%	22%
Stonington	\$338,000	\$375,000	\$255,000	\$272,000	-10%	32%	24%
Waterford	\$231,000	\$208,000	\$226,000	\$254,000	11%	2%	-9%
Westbrook	\$278,000	\$335,000	\$280,000	\$313,000	-17%	-1%	-11%

*Includes Essex, Ivoryton and Centerbrook

SINGLE-FAMILY HOME MEDIAN SALES PRICE CHANGE

LITCHFIELD COUNTY

	MEDIAN SALES PRICE				YOY CHANGE		
	2Q13	2Q12	2Q11	2Q10	2Q13 vs. 2Q12	2Q13 vs. 2Q11	2Q13 vs. 2Q10
LITCHFIELD COUNTY	\$229,000	\$223,000	\$240,000	\$236,000	3%	-5%	-3%
Bantam	\$279,000	\$200,000	\$105,000	\$230,000	39%	167%	21%
Barkhamsted	\$194,000	\$264,000	\$243,000	\$249,000	-26%	-20%	-22%
Bethlehem	\$240,000	\$220,000	\$265,000	\$323,000	9%	-10%	-26%
Bridgewater	NO SALES	\$583,000	\$720,000	\$542,000	N/A	N/A	N/A
Canaan	\$165,000	\$163,000	\$85,000	\$225,000	2%	94%	-27%
Colebrook	\$250,000	\$248,000	\$158,000	\$207,000	1%	58%	21%
Cornwall*	\$450,000	\$345,000	\$335,000	\$515,000	30%	34%	-13%
Falls Village	\$180,000	\$215,000	\$270,000	\$411,000	-16%	-33%	-56%
Goshen	\$311,000	\$443,000	\$407,000	\$257,000	-30%	-24%	21%
Harwinton	\$220,000	\$268,000	\$205,000	\$206,000	-18%	7%	7%
Kent, South Kent	\$378,000	\$315,000	\$396,000	\$323,000	20%	-5%	17%
Lakeville, Salisbury	\$476,000	\$381,000	\$688,000	\$400,000	25%	-31%	19%
Litchfield, Milton	\$250,000	\$225,000	\$250,000	\$243,000	11%	0%	3%
Morris	\$160,000	\$313,000	\$265,000	\$402,000	-49%	-40%	-60%
New Milford	\$318,000	\$285,000	\$288,000	\$335,000	11%	10%	-5%
Norfolk	\$345,000	\$161,000	\$254,000	\$1,565,000	114%	36%	-78%
Roxbury	\$375,000	\$1,625,000	\$680,000	\$876,000	-77%	-45%	-57%
Sharon	\$423,000	\$295,000	\$348,000	\$543,000	-30%	-15%	-46%
Warren	\$361,000	\$225,000	\$503,000	\$355,000	60%	-28%	2%
Washington**	\$498,000	\$250,000	\$483,000	\$310,000	-50%	-48%	-19%
Woodbury	\$280,000	\$383,000	\$410,000	\$363,000	-27%	-32%	-23%

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

CONDOMINIUMS SHARE IN MARKET GAINS

Condominiums are enjoying the same sales improvements as the single family home market as homebuyer confidence returns. Building off strong first quarter sales gains, condominium sales continued to improve in the second quarter of 2013. In Fairfield County closed sales for the second quarter were 32% higher than the same period a year ago, while pending sales accelerated to a 68% increase in transactions. Both the Shoreline and Litchfield Hills are also seeing similar levels of sales improvement. Along the Shoreline condominium sales are 35% higher than they were the same period last year. In Litchfield County they surged by 44%. The widespread publicity regarding the renewed vibrancy of the single family home market has certainly helped encourage condominium buyers to enter the market. Further, lower inventory levels are prompting consumers to act on units they like when they see them for fear of a similar unit not being available for some time.

The buyer profile remains consistent with that of previous periods – although the improved selling conditions for single family homes are allowing more downsizers to participate in the market.

Prices for condominiums are either remaining steady or slightly rising, giving buyers further confidence that we are at the bottom of this market cycle. The median selling price for a condominium in Fairfield County is \$248,000, which represents a 7% increase versus a year ago, while along the Shoreline the median selling price is \$145,000, and in Litchfield Hills it is \$113,000. We fully anticipate that the condominium market will strengthen further in tandem with the single family home market as overall economic conditions improve and buyer confidence in the sector grows.

CONDOMINIUM CLOSED SALES AND MEDIAN SALES PRICE CHANGE

	CLOSED SALES					MEDIAN SALES PRICE				INVENTORY LEVEL CHANGE	DAYS ON MARKET
	2Q13	2Q12	2Q11	2Q10	2Q13 vs. 2Q12	2Q13	2Q12	2Q11	2Q13 vs. 2Q12	2Q13 vs. 2Q12	2Q13
Fairfield County	661	500	506	597	32%	\$248,000	\$233,000	\$225,000	7%	-13%	101
The Shoreline	181	134	158	191	35%	\$145,000	\$139,000	\$145,000	5%	-2%	123
Litchfield County	46	32	46	62	44%	\$113,000	\$92,000	\$123,000	23%	-3%	111

MONTHLY SUPPLY OF INVENTORY MOVING CLOSER TO NORMAL

Similarly to what is occurring on a national level, our local inventory levels in the popular price categories are running 15-20% below the past three-year average despite the influx of new homes on the market. The pick-up in demand coupled with the lower supply is resulting in the Month's Supply of Inventory (MSI) falling considerably. The MSI ranges from a low of 6 months in Fairfield County to 9 months along the Shoreline and 11 months in Litchfield County.

The falling inventory levels are creating a housing shortage in some market segments, most notably the entry level. This popular price point, which attracts first-time homebuyers as well as downsizers and people relocating from other areas, is the sweet spot in the market, and it has been widely reported that there is a lack of quality inventory. An important observation though is that buyers are not willing to settle for suboptimal properties even with the low inventory levels. Properties that are in good condition and priced right are selling quickly, while others are being passed over.

SOUTHERN BERKSHIRE REGION POSITIONED FOR STRONG SUMMER

Building off a strong first quarter of 2013, where closed sales were 10% higher than during the same period of 2012, second quarter 2013 single family home sales rose by 7%. For the year to date, both dollar and unit volume in the Southern Berkshires have improved by 8% versus 2012, a solid performance for a recovering market and one that positions this region nicely for the traditionally strong summer-fall selling season.

As has been the case for some time, single family home sales in the Southern Berkshire region are being held back by a lack of quality inventory. Homeowners have been patiently waiting for market conditions to improve before listing their homes for sale. With demand increasing, but inventory levels 16% lower than the second quarter of last year and new listings only 4% higher, now is an excellent time to list a property for sale.

The median selling price remained stable during the second quarter at \$275,000, a further sign of the improving stability of this region's housing market. Sales were concentrated in the lower price points, although we do anticipate improved sales for upper end properties this summer based on the large number of second home buyers who are currently actively looking for homes. Homes valued at \$1,000,000 and above, the definition of the luxury segment for the Southern Berkshire region, demonstrated renewed vigor with three homes sold in this price point during the second quarter of this year and four properties going under contract. Year-to-date eight homes have closed, which represents a solid start to the year. Luxury property sellers, recognizing the improving market conditions, are beginning to offer more homes for sale, although inventory for this segment remains 20% lower than this time last year. Buyers, many of whom have been earnestly seeking properties for some time, are quick to evaluate any new market offering to determine if it meets their requirements.

All signs point to a strong summer selling season in the Southern Berkshires. Prices are stable, and there are more serious buyers in the market than last year.

18TH CENTURY HOMESTEAD

SHEFFIELD, MA - MLS: 202907



SINGLE-FAMILY HOME UNDER CONTRACT & CLOSED SALES

BERKSHIRE COUNTY

	UNDER CONTRACT SALES			CLOSED SALES					CLOSED DOLLAR VOLUME	DAYS ON MARKET*
	2Q13	2Q12	2Q13 vs. 2Q12	2Q13	2Q12	2Q11	2Q10	2Q13 vs. 2Q12	2Q13 vs. 2Q12	2Q13
BERKSHIRE COUNTY	333	279	19%	280	240	205	265	17%	24%	125
S. BERKSHIRE COUNTY	102	115	-11%	94	86	69	97	9%	18%	190
Alford	2	2	0%	2	1	0	0	100%	204%	239
Becket	10	8	25%	12	9	8	5	33%	28%	173
Egremont	2	3	-33%	7	5	3	3	40%	61%	136
Gt. Barrington	23	15	53%	17	14	17	15	21%	24%	166
Lee	9	13	-31%	10	9	7	16	11%	51%	122
Lenox	14	16	-13%	8	10	10	14	-20%	-7%	155
Monterey	1	3	-67%	0	1	2	4	-100%	N/A	630
Mt. Washington	0	2	N/A	0	0	0	1	N/A	N/A	N/A
New Marlborough	11	7	-36%	6	6	1	3	0%	226%	140
Otis	4	13	-69%	6	9	4	6	-33%	-68%	477
Richmond	5	2	150%	5	1	2	2	400%	2025%	112
Sandisfield	4	7	-43%	3	4	1	2	-25%	-13%	113
Sheffield	10	7	43%	6	4	7	11	50%	153%	266
Stockbridge	10	8	25%	13	7	2	7	86%	208%	140
Tyringham	2	2	0%	1	2	1	2	-50%	-29%	106
West Stockbridge	6	4	50%	4	4	4	6	0%	-55%	322

*Median Days on Market

SINGLE-FAMILY HOME MEDIAN SALES PRICE CHANGE

BERKSHIRE COUNTY

	MEDIAN SALES PRICE				YOY CHANGE		
	2Q13	2Q12	2Q11	2Q10	2Q13 vs. 2Q12	2Q13 vs. 2Q11	2Q13 vs. 2Q10
BERKSHIRE COUNTY	\$175,000	\$180,000	\$190,000	\$195,000	-3%	-8%	-10%
S. BERKSHIRE COUNTY	\$277,000	\$273,000	\$294,000	\$280,000	1%	-6%	-1%
Alford	\$531,000	\$350,000	No SALES	No SALES	52%	No SALES	No SALES
Becket	\$112,000	\$100,000	\$178,000	\$150,000	12%	-37%	-25%
Egremont	\$293,000	\$278,000	\$475,000	\$195,000	5%	-38%	50%
Gt. Barrington	\$307,000	\$340,000	\$320,000	\$354,000	-10%	-4%	-13%
Lee	\$246,000	\$218,000	\$188,000	\$215,000	13%	31%	14%
Lenox	\$354,000	\$250,000	\$440,000	\$342,000	42%	-20%	4%
Monterey	No SALES	\$300,000	\$493,000	\$355,000	N/A	N/A	N/A
Mt. Washington	No SALES	No SALES	No SALES	\$325,000	N/A	N/A	N/A
New Marlborough	\$738,000	\$291,000	\$217,000	\$200,000	153%	240%	269%
Otis	\$272,000	\$505,000	\$165,000	\$345,000	-46%	65%	-21%
Richmond	\$480,000	\$100,000	\$278,000	\$250,000	380%	73%	92%
Sandisfield	\$213,000	\$161,000	\$237,000	\$341,000	32%	-10%	-38%
Sheffield	\$303,000	\$239,000	\$240,000	\$225,000	27%	26%	34%
Stockbridge	\$300,000	\$230,000	\$473,000	\$360,000	30%	-37%	-17%
Tyringham	\$425,000	\$300,000	\$1,150,000	\$358,000	42%	-63%	19%
West Stockbridge	\$203,000	\$485,000	\$298,000	\$184,000	-58%	-32%	10%



THE WINDMILL

ESSEX, CT - MLS: M9141363

WHERE WE ARE HEADED

Housing in Connecticut as well as the Southern Berkshire region continues to strengthen in measurable increments. We believe we have turned the corner and reached a sustainable growth mode as the critical indicators that define an improving market are all in place – including month over month and year over year sales gains, declining inventory levels, reduced days on market and increasing median selling prices. There is considerable pent-up demand on the part of buyers, which is helping to fuel this recovery.

Despite the notable improvements in our housing market, National Association of Realtors® President Gary Thomas reminds us that market conditions today are vastly different than they were during the housing boom: “The boom period was marked by easy credit and overbuilding, but today we have tight mortgage credit and widespread shortages of homes for sale.” In Connecticut and the Southern Berkshires we are not experiencing a housing shortage, but the available inventory is approximately 10% lower than normative levels for this time of year and in some areas, particularly the lower price points, is restricting sales volume.

It is likely that the median selling price will continue to move off its multi-year lows as higher priced homes begin to trade. In addition, in the entry category, where markets are generally acknowledged to be in equilibrium and we are seeing some multiple bid situations, we could begin to experience some small price appreciation. We think it is critical to remind our clients that the market remains highly discriminating. Buyers continue to seek value and turnkey properties. Sellers must be cognizant of the fact that they are competing for buyers who are exceptionally knowledgeable. The most critical shift in buying patterns is that consumers are evaluating the current home rather than the home’s “potential.” Today’s buyers typically do not have the time, money, energy or vision to create a new space from an existing one that needs work. Rather, they would prefer to have the property turnkey.

We at William Pitt Sotheby’s International Realty firmly believe that we are in the midst of a sustainable, modulated housing recovery, and that buyers and sellers alike, when guided by professional Realtors, will make decisions that will benefit their families for years to come.

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