

**STATE OF THE MARKET**  
**Luxury Market Report**  
**Year-End 2008**

The era of excessive leverage came to an end in 2008 when every major asset class (stocks, commodities, real estate) suffered double-digit paper losses. There is a crisis of confidence among consumers and in spite of the government's intervention the real estate market is vulnerable until the economy stabilizes and buyers regain their confidence.

In 2008, there were just 63 (\$1.0 million plus) sales throughout the County vs. 111 during 2007 (-43%). There was a total of \$136,976,000 dollars traded during 2008 vs. \$214,590,000 in 2007 (-36%). These numbers are coincidentally and generally in line with the percentage drop in the value of the major stock market indices during 2008 (S&P -37%, DJIA -34%, QQQQ -41%).

In spite of significantly fewer sales during 2008, the average and median price for a \$1.0 million plus property set an all-time record high. The average sales price increased +12% to \$2,174,222 and the median sales price increased +15% to \$1,825,000. An \$11.0 million sale established in Kent early in the year set a record throughout the County as the most ever paid for a waterfront property. Another \$5.0 million sale established in Washington set a record as the most ever paid for a Lake Waramaug property.

Litchfield County's luxury real estate market is more stable than most other markets because: 1) there is a lack of quality supply and virtually no hangover from newly constructed spec-built homes and 2) there are very few foreclosures.

Looking ahead, sellers need to become realistic. With fewer sales, motivated sellers should respond by dropping their asking prices. This will place downward pressure on prices and lead to lower average/median sales prices in the near term. Fewer buyers are taking longer to make decisions and many are waiting on the sidelines for bargains and value.

For 2008, Klemm has once again achieved the #1 market share in sales throughout Litchfield County. Klemm also continues to dominate the \$1.0 million plus home market with an overwhelming #1 market share (53%), which is almost 4 times the nearest competitor.

Klemm is proud to claim record-breaking sales in 2008 in the Towns of Bethlehem, Cornwall, Morris, New Milford, Norfolk, Roxbury, Sharon, Sherman, Warren, Washington, & Woodbury.