



Barbara L. Pearce
President & CEO

National trends say that the uptick in real estate activity ended in about July, which, coincidentally, is what we saw. It was far busier through July than it typically is in the summer. It was slower in August, but that is almost always true. After Labor Day, we usually see a marked increase in activity. That lasts until about Halloween, or maybe Thanksgiving, and then the buyers hibernate like bears until the spring.

We're not quite sure what to make of this latest turn of events. The stimulus program and the \$8000 tax credit for first-time homebuyers were supposed to be making the phones ring. Indeed, it did, but the phones have slowed down. The tax credit deadline is December 1, 2009 and given the time it takes to get a mortgage and close, we think that a safe deadline for purchase would be October 15th, 2009. That means that anyone who wants to take advantage of the tax credit must buy within the couple of weeks.

I can only speculate, and my guess would be that the market will not stay up until unemployment comes down. I also think that the hoopla over national health insurance has people worried about costs. Whatever the reason, it's not good.

One of the earliest CEOs of General Motors famously said that "what's good for General Motors is good for America". I would argue that the same is true of real estate. The government needs to do what it has to do in order to stimulate the real estate market at all levels, not just at the lowest end. The recovery depends upon it.

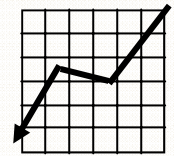
H. Pearce Real Estate

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Unit Sales

2009	3,554
2008	3,758



DOWN 5.4%

\$ Volume Sales

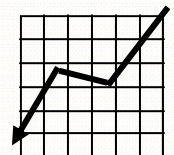
2009	\$1,052,730,638
2008	\$1,288,518,523



DOWN 18.3%

Average Sales Price

2009	\$ 296,210
2008	\$ 342,873



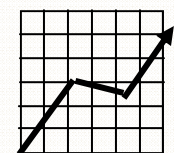
DOWN 13.6%

Average Sold Price/Original Price

2009	94.5%
2008	94.9%

Days on the Market

	Units Sold Within 90 Days	Percent Sold In Less Than 90 Days
2009	2,460	65.5%
2008	2,320	65.3%



Market Speed
Index - Up .3%

Number of Homes Sold

	2009	2008		
\$300,000 +	1307	1761	down	25.7%
\$500,000 +	322	482	down	33.2%
\$800,000 +	90	139	down	35.3%
\$1,000,000 +	39	68	down	42.6%

All statistics are based on residential Sales that closed through the 3rd Quarter 2009, compared to the same period in 2008.