

2010 RESIDENTIAL REAL ESTATE MARKET



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Portland, Brunswick, Camden, Kennebunk

National Market Overview

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- **Now:**
 - Existing Home Sales **+44.1% (Nov.)**
 - Price of Existing Homes: **-4.3%**
 - Pending Sales Index: **+31.81 (Largest Annual Increase Ever)**
- **Then (1 yr ago):**
 - Total Home Sales Down **-10.6%**
 - Median Price: **-12.8%**
 - Pending Sales Index: **7 year low**

Source: National Association of Realtors®



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National Market Overview: Case Schiller

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- **Now:**
 - **20 City Composite**
 - 9 consecutive months of improvement
 - All 20 cities reporting improvement in the rate of decline -3.2%
 - **Best Performers**
 - Denver, Dallas, San Diego, San Francisco, Boston, Washington DC
- **Then:**
 - **20 City Composite**
 - Down 18% year over year
 - Down 23% from mid 2006 peak
 - **Worst Performers**
 - Phoenix, Las Vegas, San Francisco, Miami, Los Angeles, San Diego

Source: S+P and Fiserv



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New England Market

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- **Massachusetts:** After a pause, prices will continue to grow but slowly – affordability back to mid-1990's.
- **Connecticut:** Housing market in “Great Recession” Slow to rebound and median prices still falling.
- **New Hampshire:** Housing sales stabilize. Sales down 41% from '04 peak. Prices down 35% from '05 peak.
- **Rhode Island:** Economy in “Serious Trouble” Prices declined 18% in 2009 with expectations for continued declines.
- **Vermont:** Price declines moderating, down 9.8% thru Sept. 09

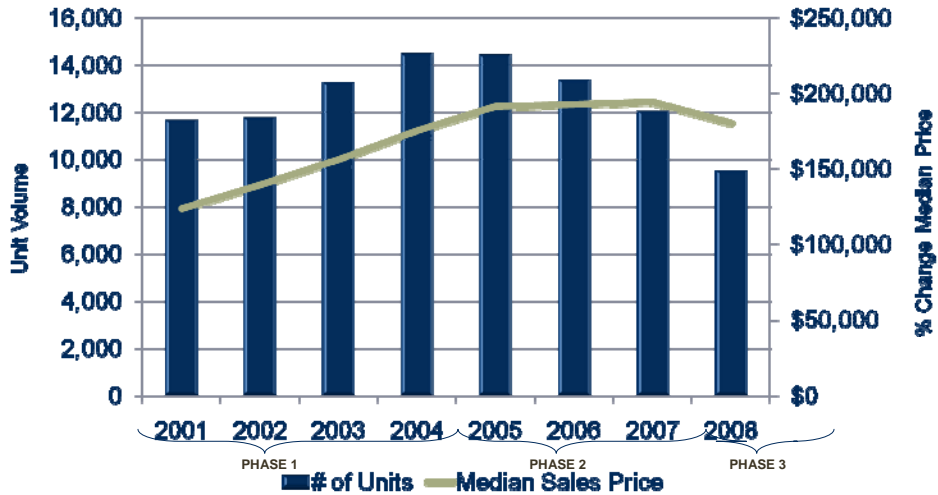
Source: New England Economic Partnership



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Maine Real Estate

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Source: MREIS

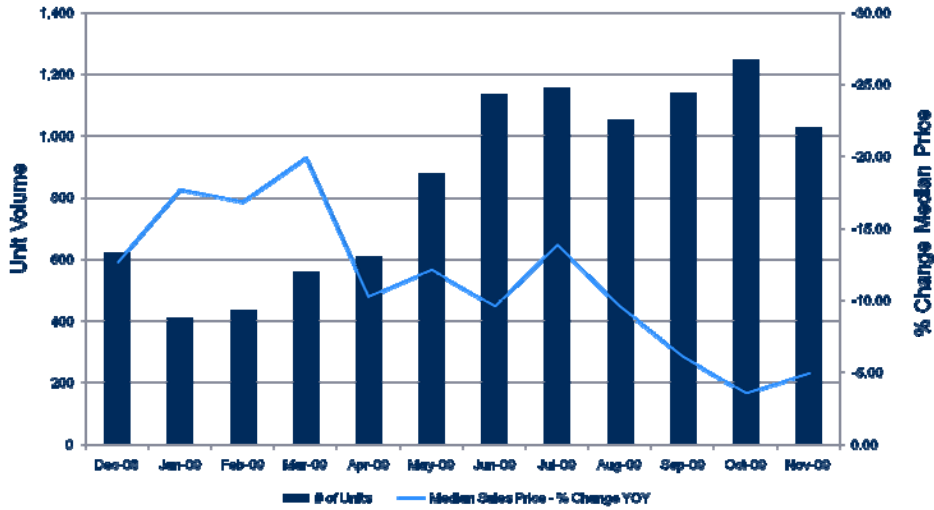
Classic Real Estate Market Cycle

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- Phase 1: Volume and prices increasing 2001 - 2004
- Phase 2: Volume flat to lower and prices still increasing 2005 - 2007
- Phase 3: Volume and prices decline 2008 – February 2009
- Phase 4: Volume increasing and prices declining March 2009 - Present

Maine Real Estate - 2009

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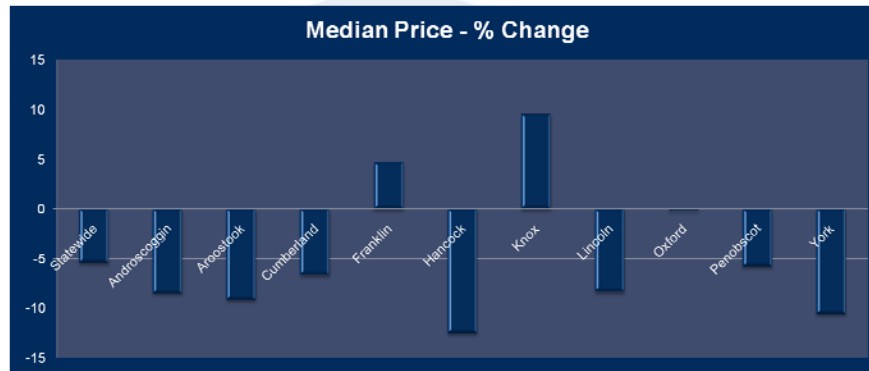


Source: MREIS

County Results

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- Select counties have seen a recovery in prices from the lows, while others show significant weakness



Source: Maine Association of Realtors®, Nov 09 Newsletter – Rolling Quarter, Sept. – Nov. 2009 vs. Sept. – Nov. 2008



Selected Cities - Full Year 2008 vs. 2009

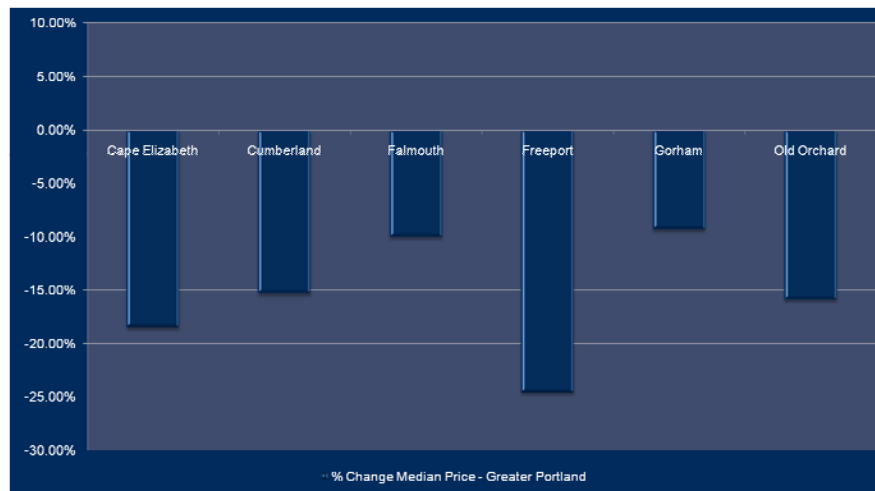
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Source: MREIS: Provided by individual user. MREIS does not guarantee accuracy

Greater Portland - Full Year 2008 vs. 2009

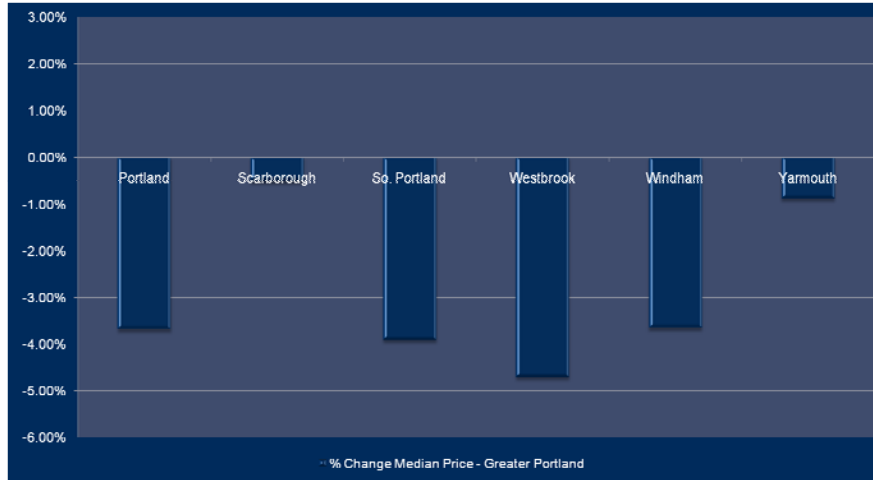
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Source: MREIS: Provided by individual user. MREIS does not guarantee accuracy

Greater Portland - Full Year 2008 vs. 2009

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Source: MREIS: Provided by individual user. MREIS does not guarantee accuracy

Who is buying Homes in Maine...

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- **Maine has a significantly higher percentage of “First Time” home buyers (54%), compared to 47% nationwide. The typical “First Time” homebuyer is 30 years old with a median income \$50,400.**
- **Thirty percent of recent home buyers were single. (19 % women, 11% men)**
- **“Desire to own a home” was the primary reason (41%) for a recent home purchase**
- **And what are they buying...**
 - **New home sales were at the lowest level 8 years nationwide – only 6% of the home sales in Maine were new**
 - **78% were detached single family with 1,550 sq. ft. average.**
 - **77% said commuting cost were an important consideration.**

Source: 2009 profile of Home Buyers & Sellers, National Association of Realtors®



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Condo Market

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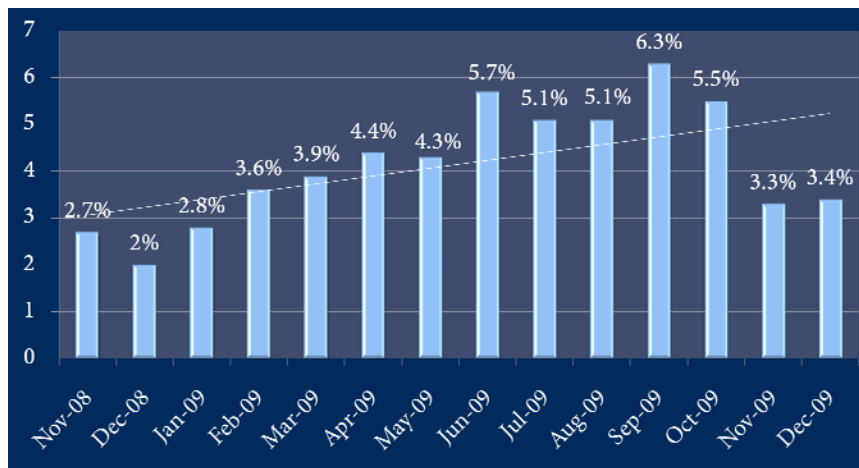
- There are more than 1,800 condo units currently available for sale. More than 60% are in York and Cumberland County.
- Condo's have been closing at a rate between 50 and 100 units per month.
- With the median condo sale price at \$195,000 in December, prices have been in a range plus or minus 10% around \$200,000 for the 2 years.

Source: Terradatum, Maine MLS



Condominiums - Under Contract

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Condo Market – Top 5 Sales

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Date	Address	Town	Sq. Ft.	Price	Price/Sq. Ft.
7/1/09	Badger Marina	Kittery	2,450	\$950,000	\$388
2/13/09	Anchorage Place	South Portland	2,788	\$899,000	\$322
4/20/09	Beachmere At Marginal Way	Ogunquit	1,425	\$862,500	\$605
4/9/09	Winslow Lofts on Congress St.	Portland	1,852	\$850,000	\$459
11/18/09	Chandlers Wharf	Portland	1,568	\$700,000	\$446

Ave price per square foot for a \$200,000 Condo is Approx. \$155/Sq. ft.
Source: MREIS. Provided by individual user. MREIS does not guarantee accuracy



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The Luxury Property Market

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- There were 87 sales over \$1 million dollars in Maine in 2009. This compares to 180 sales in 2007.
- The sell price to list price ratio has moved from 92% to 88% during this time.
- The median home sale price for the luxury sector improved slightly to \$1.5 million from \$1.4 million in 2008.
- There are currently 465 properties for sale with a listing price of \$1 million and above in Maine.

Source: MREIS. Provided by individual user. MREIS does not guarantee accuracy



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Selected Top Sales by County

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Sold Date	Address	Town	County	Original List Date	Original List Price	Sold Price
6/15/09	36 Boat Cove	Cape Elizabeth	Cumberland	8/24/07	\$3,600,000	\$3,000,000
9/10/09	1 Starboard Lane	York	York	7/11/06	\$7,450,000	\$4,800,000
9/14/09	235 Bay View Street	Camden	Knox	5/1/09	\$6,750,000	\$6,000,805
6/8/09	25 Hancock Street	Bar Harbor	Hancock	2/28/05	\$7,500,000	\$3,900,000

Source: MREIS. Provided by individual user. MREIS does not guarantee accuracy



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Auctions, Short Sales and Foreclosures

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- **Although the 6 month trend shows an increase in activity for troubled Real Estate assets, Maine ranked #42 in the US.**
- **York, Kennebec, Cumberland and Penobscot counties have the greatest incidence of foreclosure activity.**
- **The impact of troubled/distressed assets has not had a material adverse effect on the single family home market.**

Source: Realty Trac

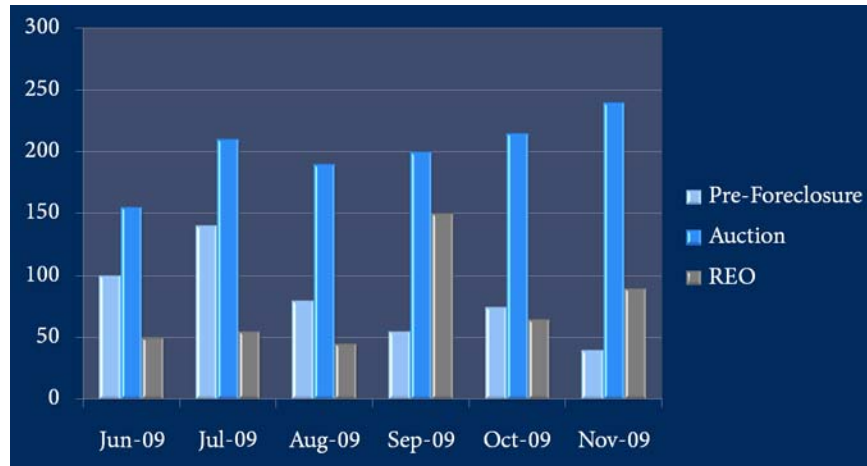


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Foreclosure Activity - Maine

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Source: Realty Trac



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Financing

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- **Interest Rates:**
 - Mortgage rates have been very attractive for qualified buyers with the 10-year Treasury below 4%, the market will continue to react positively to inexpensive financing.
- **Underwriting Policies:**
 - Mortgages are available for strong credits. The process has grown more cumbersome with scrutiny on appraisals, truth in lending rules and good faith estimates.

Source: Bank of America



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2010 Forecast

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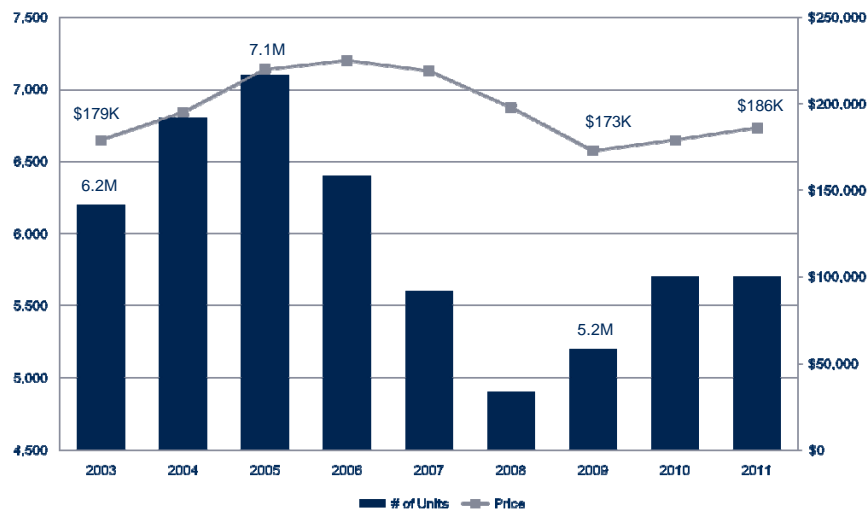
- National foreclosures and weak economic conditions will continue to keep pressure on in Florida, California, Nevada and Arizona.
- There are a number of bright spots on the horizon in the Midwest states such as the Dakotas, Kansas and Nebraska.
- Tax credits for “First Time” and “Repeat” home buyers should keep the buying pace relatively strong for the first half of the year.
- Risks to the continued recovery:
 - Persistent high level of unemployment
 - Government incentive plans for homebuyers too short
 - Government purchase of MBS ends prematurely
 - Historically low interest rates rise too quickly
 - Level of foreclosures exceeds expectations

Source: Moodys/Economy.com



Industry Forecast – Existing Home Sales

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Source: National Association of Realtors®

What is in store for Maine in 2010

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- **THE WORST IS BEHIND US!**
- January/February 2009 was the bottom of this market cycle
- Mortgage rates will continue to be attractive with a 10-yr Treasury Note below 4%
- Mortgage professionals will adapt to increased regulation and friction in the system (Appraisals, Reg x, Reg z)
- Expectations for foreclosure levels appear to be manageable for the overall market to absorb
- “First Time” and “Repeat Home Buyer” programs will stimulate continued sales into mid-year
- Buyers will have to work harder with more competition for the best deals
- Sellers will continue to adapt to current market values in pricing homes for sale



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