

The Smith Macdonald Report

Year End 2010

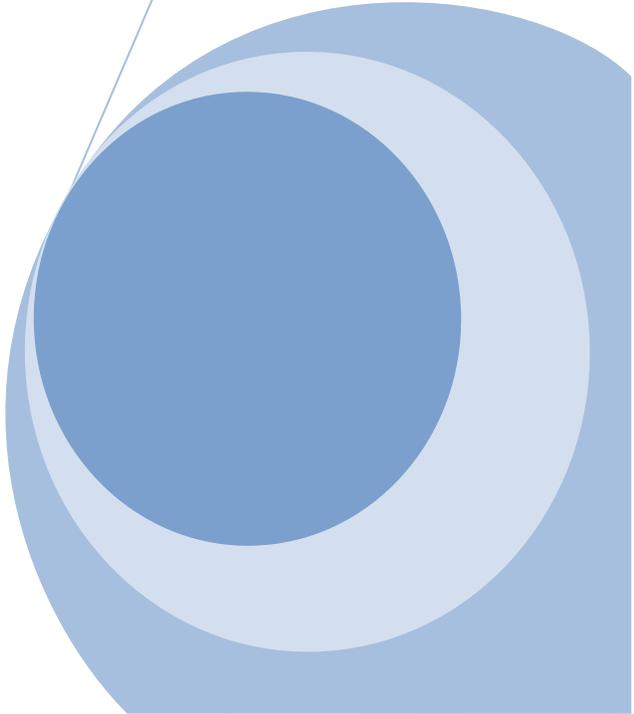
A comprehensive analysis of the residential and land real estate market in Stowe, Lamoille County and Waterbury.

A Comprehensive Real Estate Analysis for:

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Lamoille: p. 7

Waterbury: p. 9



Welcome to the Year End **Smith Macdonald Report**, our annual examination of Stowe, Lamoille County and Waterbury's residential and land real estate market. This report uses market-wide data based on transactions that closed in 2010 (January 1 through December 31) and compared them to closings that took place over the last four years.

2010 has been an encouraging year in Stowe, which experienced a 30% boost in sales transactions compared to 2009. The news carries over to the rest of Lamoille County (excluding Stowe) which experienced a 27% increase in sales compared to 2009. Waterbury was the only local market to see a decrease of 38% in sales in 2010 compared to 2009, mostly due to increased activity the year before.

One major challenge we continue to see, in both the Stowe market and surrounding areas is, proper pricing. As with other emerging markets around the country low to moderately priced homes are leading the recovery. The assessed value continues to be a benchmark for what the homes are worth in Stowe. Homes priced under \$500,000 are selling slightly below their assessed value, while those priced from \$500,000 to \$1.5 million are selling just above their assessed value. The area that has seen a drastic departure from the assessed value is at the very high end, over \$1.5 million. This is indicative of other luxury markets; lower end homes are the engines that lead the recovery and the higher end homes lag behind.

Additionally, mortgage rates remained at very attractive levels in 2010 with the 30-year fixed-rate mortgage hitting a record low in November. This helped to drive the market in a positive and stable direction. It's important for buyers and sellers to recognize that rate moves affect their buying and selling power. A one point rate rise equals approximately a 10% increase in a monthly mortgage payment. Understanding how the rates affect your personal situation can be the difference between a house you're satisfied with and the house of your dreams.

For the most comprehensive analysis of the Stowe, Lamoille and Waterbury residential markets, visit the Market Data page of our website at www.smithmacdonaldrealestategroup.com.

We are encouraged by the direction and activity seen in the second half of 2010. We expect the positive market trend to continue, as long as the economy as a whole moves in that direction. We hope you find the **Smith Macdonald Report** helpful and we welcome any questions you may have.

Sincerely,



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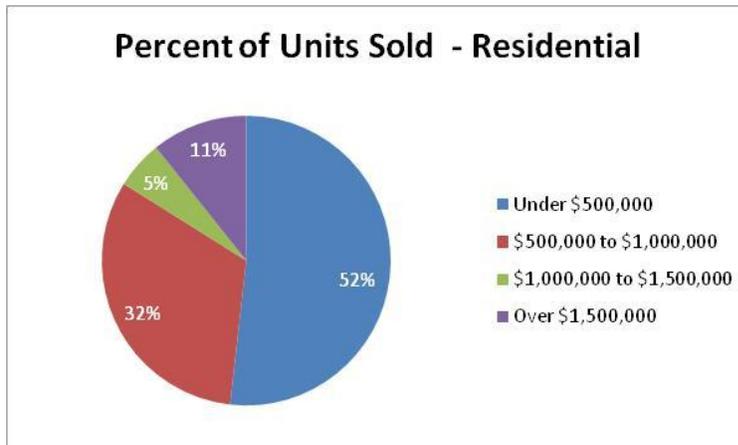


Stowe– Residential

The Stowe residential market continued to see improvement in 2010, with an increase in the number of units sold from 47 in 2009 to 56 in 2010, a 19% increase year over year. This increase of nine sales, showed a move in the correct direction. Buyers are seeing value in the market and sellers are understanding the importance of correct property prices. The median price increased 5% to \$477,500 in 2010 up from \$456,250 in 2009. This also resulted in a 16% increase in average price to \$627,041 in 2010 as compared to \$542,022 in 2009.

Stowe Residential		
	Average Sales Price	Median Sales Price
2010	\$627,041	\$477,500
Change	+16%	+5%
2009	\$542,022	\$456,250

This increase in sales price and median sales price was driven by the increase in units sold under \$500,000. As with other markets across the country, the lower price point is where the majority of transactions have taken place. 52% of the sales happening in the Stowe market happened in this price point. For the first half of 2010 this was due to the government’s \$8,000 First Time Home Buyer tax credit. In the second half of the year we saw the lowest interest rates in the last forty plus years.

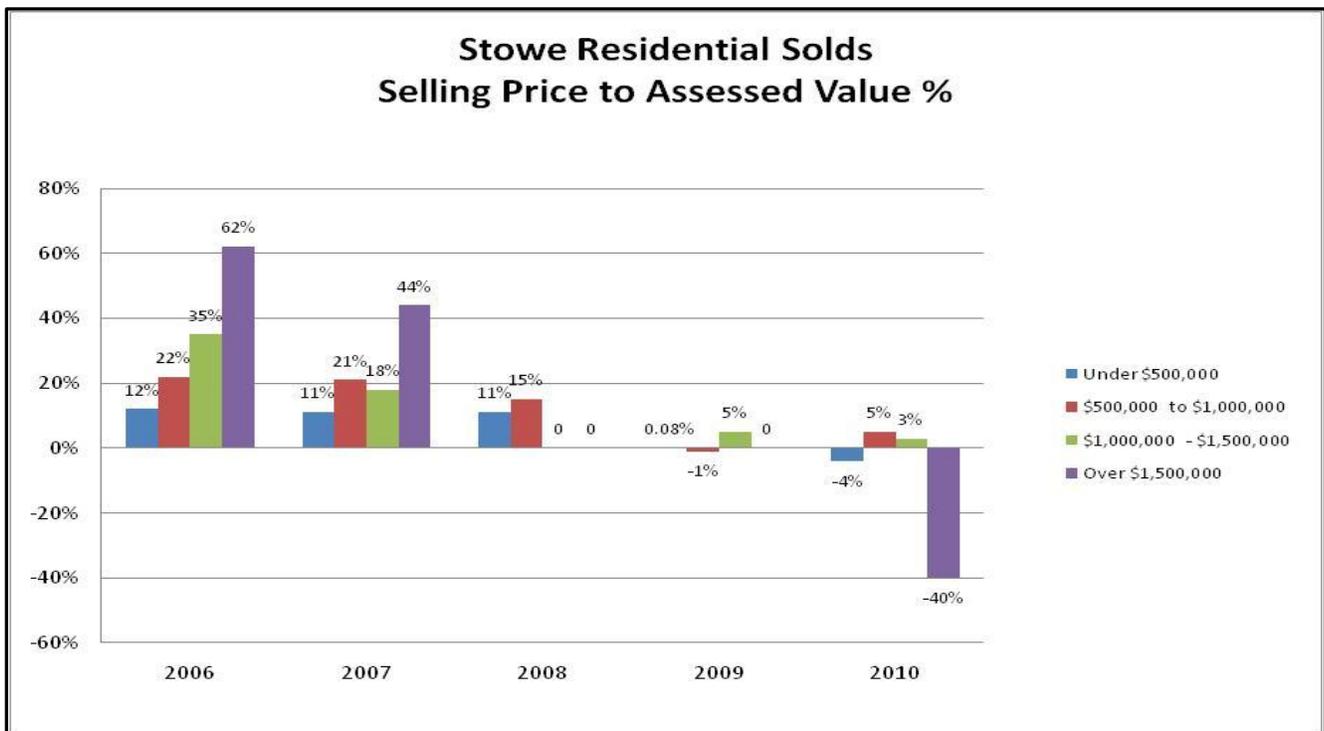


Combined with more realistic asking prices, which kept this section of the market moving. While the low-end market had the largest market share, it was also one of two segments that saw sales prices go below the assessed value. The upside is that these homes sold, on average only 4% below the assessed value. Activity in the fourth quarter helped to improve that percent as it was 9% below the assessed value at the end of the third quarter.

The next largest segment of the market for 2010 was the \$500,000 to \$1 million price point, with a 32% market share. This segment had the largest increase of sales price compared to assessed value, with residences selling for 5% above the assessed value. For the year, this percentage above assessed value dropped between the third and fourth quarter, which is common with seasonality and a more stable market.

The \$1 million to \$1.5 million dollar market had very few sales in 2010, making up only 5% of the residential units sold. This was actually a reduction in sales from four in 2009 compared to three in 2010, as well as a reduction in percent in sold price above assessed value, going from 5% above in 2009 to 3% above in 2010. What is important to note is that both of these mid-range price points have stayed above assessed value for the past two years which points to signs of a more stable market compared to the rest of the country.

Finally, the high end of the market, above \$1.5 million, doubled in sales over last year, but due to two distressed sales the price point as a whole was dramatically below assessed value. Because of these two sales in 2010, the high end of the market was 40% below assessed value. Although four other sales happened just above or close to the assessed value, we have to take into account the two distressed sales because appraisers, lenders, and buyers factor them into their market calculations.



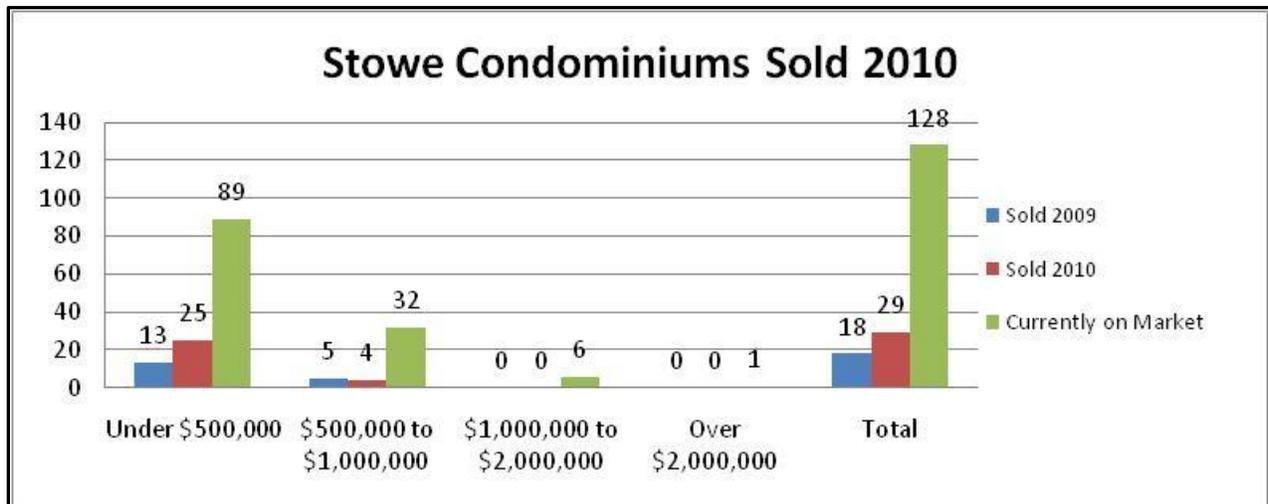
The Stowe residential market saw a 6% increase of inventory 2009 and 2010. This is an increase of eight total properties. While inventory remains higher than past years, the increase in number of units sold, along with proper pricing by sellers, is helping to move properties off the market. Having reached the bottom of the market in 2009, the trend towards more units sold year over year should continue and prices will being to follow as the economy strengthens.

Stowe— Condominiums

The Stowe condominium market saw an increase in units sold in 2010 over 2009, from 18 to 29 units sold, a 61% increase. Although there was an increase in the units sold, the median price decreased 8% from \$309,500 in 2009 to \$285,000 in 2010. The average price also decreased by 16% from \$394,063 in 2009 to \$330,549 in 2010. The decrease was mainly seen because while demand was higher buyers were not willing to meet 2009 prices.

Stowe Condominium		
	Average Sales Price	Median Sales Price
2010	\$330,549	\$285,000
Change	-16%	-8%
2009	\$394,063	\$309,500

As with the residential sales, condominiums saw the most sales happen below \$500,000. The main reason being that the majority of condominium's in Stowe are priced below \$500,000. Twenty-five total condos were sold below \$500,000 in 2010, which is an increase of 12 sales over the 13 sold in 2009. For the higher priced condominiums, those priced between \$500,000 and \$1 million, there were four sales in 2010 compared to five in 2009. While there are condominiums priced at \$1 million and above there were no sales of those units in 2010 or 2009.



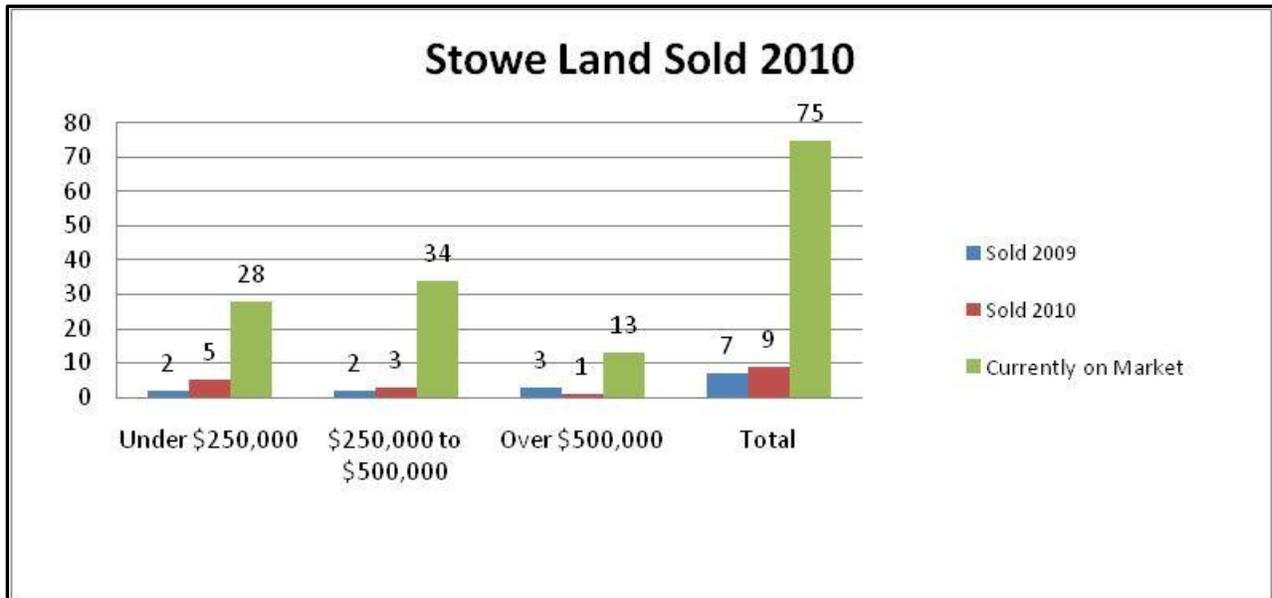
The Stowe condominium market is primarily a market of second homes, and while there was an increase of sales the overall prices were decreased. This is attributed to sellers recognizing this area of the market continues to move slower than the residential sales and therefore requires them to adjust their prices to lower levels to create more activity and sales.

Stowe– Land

The Stowe land market continues to struggle and remains the slowest area of the Stowe market. While there was an increase in the number of sales for 2010, nine over seven sold in 2009 the overall results are major decreases in median and average sales prices. The median price decreased 53% from \$400,000 in 2009 to \$187,000 in 2010. The average price also decreased, but by a smaller percentage. The average price was down 23% from \$413,429 in 2009 to \$320,030 in 2010.

Stowe Land		
	Average Sales Price	Median Sales Price
2010	\$320,030	\$187,000
Change	-23%	-53%
2009	\$413,429	\$400,000

Again the lower price point showed the largest amount of sales for land. Below \$250,000 produced five sales, compared to two in 2009. In the \$250,000 to \$500,000 range we saw three sales in 2010, which is just one more than in 2009. Land priced above \$500,000 saw a decrease in number of parcels sold from three in 2009 to one in 2010.



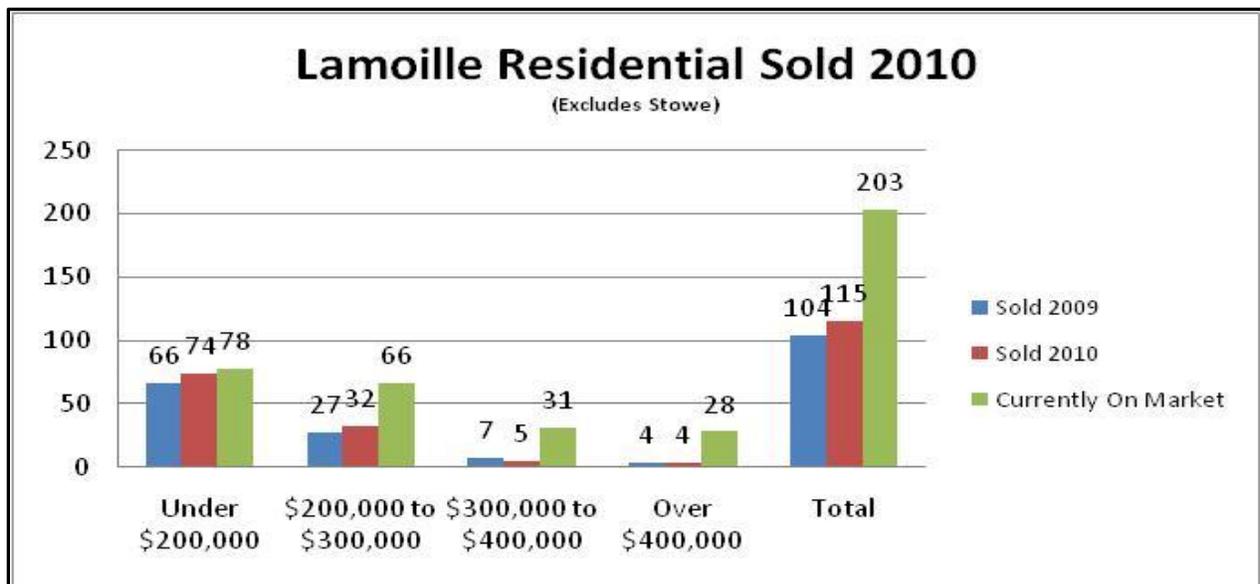
The Stowe land market will take longer to return than the residential and condominium with lending for higher priced land still difficult to obtain. The land market continues to have high inventory, but along with high inventory and difficult lending options comes opportunity. Those in a position to purchase land will find a favorable market with plenty of options and flexibility.

Lamoille– Residential (excludes Stowe)

The Lamoille residential market, which for this report includes all towns except Stowe, had very little change compared to 2009. There was an 11% increase in total units sold, with 115 units sold in 2010 compared to 104 units in 2009. While more total units sold in Lamoille County compared to Stowe, the median and average prices didn't share the same upward move. The median price decreased by one percent, from \$181,250 in 2009 to \$180,000 in 2010, which amounts to no significant movement. The average price also had no movement from \$190,372 in 2009 to \$190,493 in 2010.

Lamoille Residential (excludes Stowe)		
	Average Sales Price	Median Sales Price
2010	\$190,493	\$180,000
Change	0%	-1%
2009	\$190,372	\$181,250

As with the Stowe market, the lower price point continues to have the highest number of sales with 74 sales in 2010 under \$200,000 compared to 66 in 2009. Homes priced between \$200,000 and \$300,000 also saw increased sales in 2010 with 32 total sales over 27 in 2009. At the \$300,000 to \$400,000 price point we saw a decrease in number of sales, by two, from 2009 to 2010; while properties over \$400,000 remained level at four sales for each of the past two years.



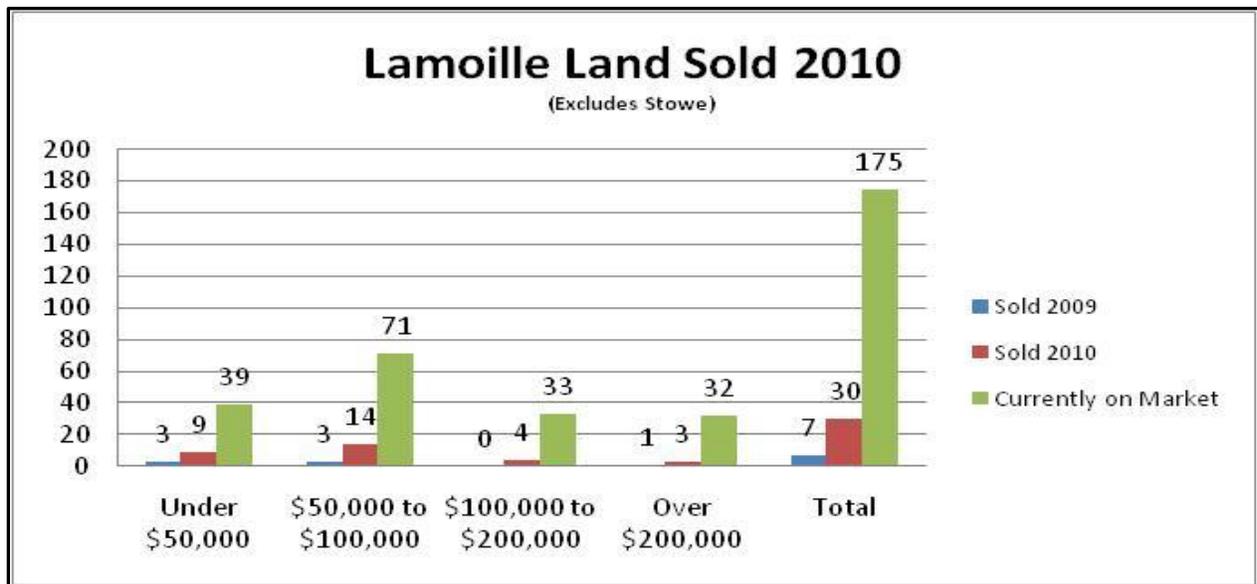
While there was an increase in the number of units sold in Lamoille County for 2010, there was also a 19% increase of units available on the market. Because there was little to no change year over year for residential sales and with the increased inventory, sellers are going to have to reexamine their strategies. Higher interest rates, fewer buyers and seasonality should prompt sellers who have to sell to reduce their prices in order to see their properties move from on the market to off the market.

Lamoille– Land (excludes Stowe)

The Lamoille land market is showing more signs of life than the Stowe land market. This is due to lower asking prices, with the majority of land priced below \$100,000. There were 27 total parcels sold in 2010, which is a 286% increase over the seven sold in 2009. While the median price remained flat, at \$60,000 the average price did increase 23%. The average price increased from \$75,857 to \$93,348.

Lamoille Land (excludes Stowe)		
	Average Sales Price	Median Sales Price
2010	\$93,348	\$60,000
Change	23%	0%
2009	\$75,857	\$60,000

The below \$50,000 price point had nine total sales in 2010, compared to three in 2009. Although land in Lamoille County can be found for less than \$50,000, it was the \$50,000 to \$100,000 price point that saw the largest amount of sales in 2010, with 14 sales in 2010 over three in 2009. \$100,000 to \$200,000 had four sales in 2010, showing much improvement over no sales in 2009. The high-end land market, over \$200,000, had three sales in 2010, two more than the one sale in 2009. Generally in the over \$200,000 price point we see parcels with substantially more acreage than in the lower price points and these can take longer to sell.



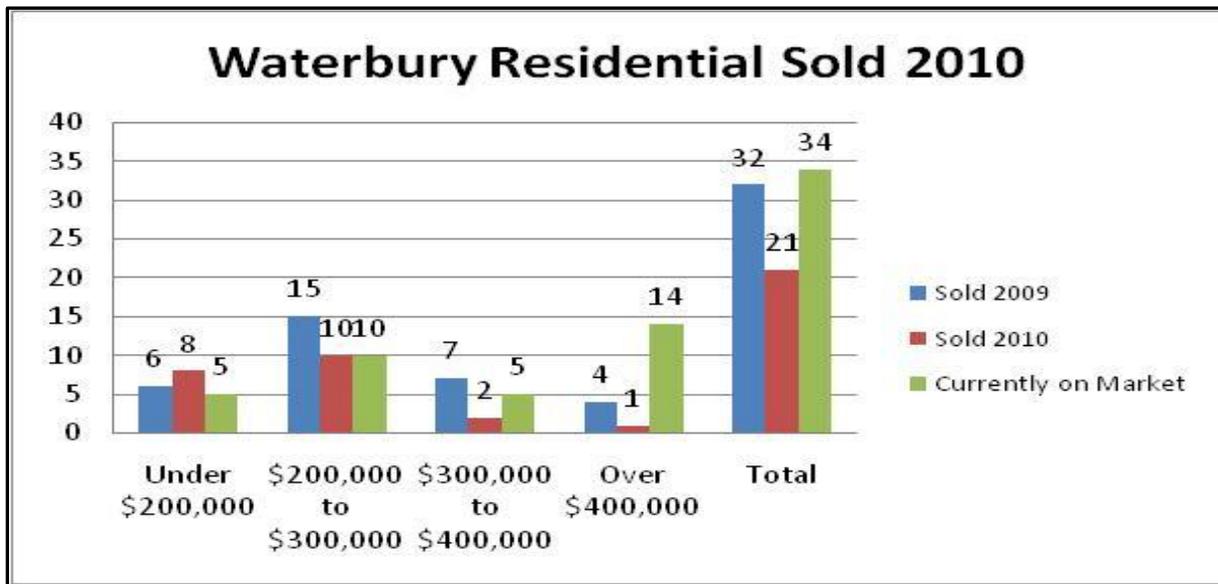
The encouraging news for Lamoille County land is that it is moving as compared to the near standstill in 2009. The number of parcels sold and the average price are moving in the right direction and this is due in large part to the lower prices, local lenders and owners that are willing to lend in the lower price points. As with the Stowe land market, those who are in a position to purchase land will find a favorable market.

Waterbury – Residential

The Waterbury residential market saw a drop in 2010 compared to 2009, with 21 units sold compared to 32 the year before. This resulted in a 34% decrease in sales year over year. Following suit with the decrease in sales the median and average prices also dropped in 2010. The median price went down 8% from \$264,500 in 2009 to \$243,000 in 2010. The average price saw a greater reduction of 21%, from \$303,248 in 2009 to \$238,414 in 2010.

Waterbury Residential		
	Average Sales Price	Median Sales Price
2010	\$238,414	\$243,000
Change	-21%	-8%
2009	\$303,248	\$264,500

The majority of sales in Waterbury happened between \$200,000 and \$300,000, with ten, this is five sales less than in 2009. Below \$200,000 saw eight sales, this is two more than the six sold in 2009. The higher price points of \$300,000 to \$400,000 had two sales, five less than in 2009. There was only one sale above \$400,000 in 2010.



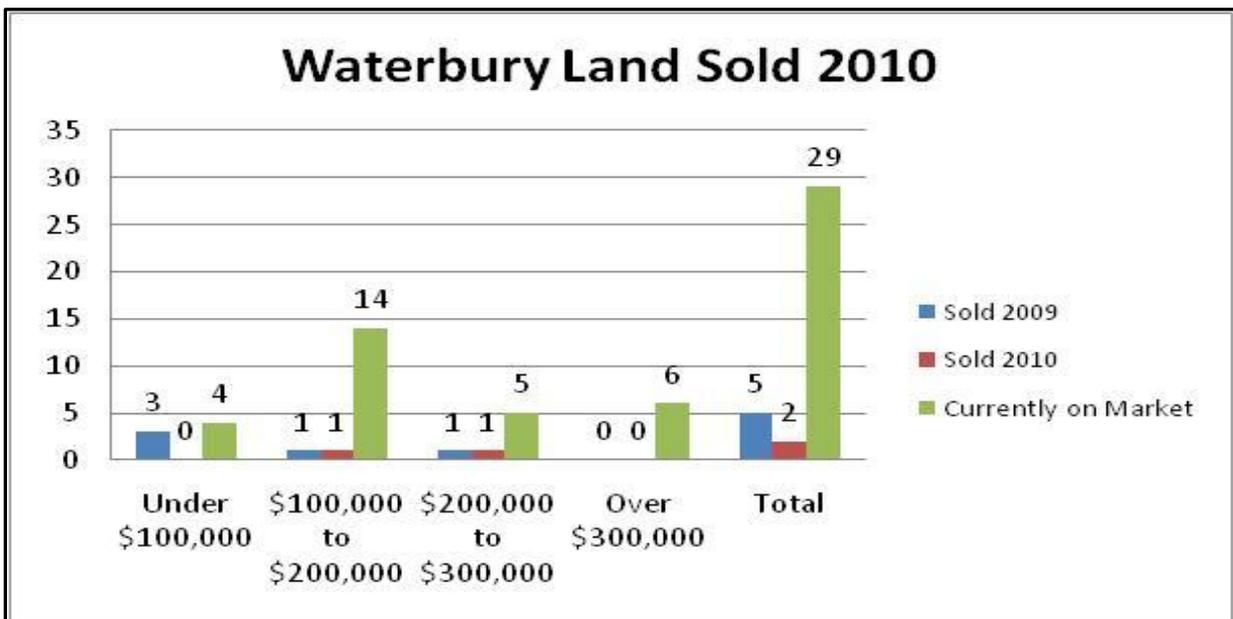
While the Waterbury residential market operates in a different county, the activity seen there gives us a good barometer of the commercial industries that make their headquarters there. The growth that Green Mountain Coffee Roasters saw in 2009 and into 2010 directly relates to the amount of inventory and sales within this town. Although Waterbury’s residential numbers were down for 2010, the market there will follow Green Mountain Coffee Roasters growth, which all indicators at this point, show as positive.

Waterbury – Land

The Waterbury land market was very slow in 2010, with just two transactions, resulting in a 60% drop compared to the five transactions in 2009. Although the number of transactions was down there was a significant increase in median and average price. The median price went from \$89,000 in 2009 to \$207,500 in 2010 and the average price went from \$130,600 in 2009 to \$207,500 in 2010.

Waterbury Land		
	Average Sales Price	Median Sales Price
2010	\$130,600	\$207,500
Change	59%	133%
2009	\$207,500	\$89,000

The number of sales was very small, but it is important to note where those sales took place. One sale happened between \$100,000 and \$200,000 and the other between \$200,000 and \$300,000. This is the same number of transactions that happen in these price points in 2009. The area of the market that saw a decrease in sales was below \$100,000. There are only four parcels on the market under \$100,000, so the inventory is limited in this range. There were no sales above \$300,000 in 2009 or 2010.



Overall inventory for land in Waterbury remains lower than in all of Stowe or Lamoille County, this offers fewer options and thus resulted in fewer transactions. Even though, the sales remained very light for Waterbury, its proximity to the Interstate, Stowe, Montpelier, Burlington and it's strong local industry will continue to keep the area attractive to buyers.