

HUDSON VALLEY LUXURY MARKET

Market Overview, Q1 2010

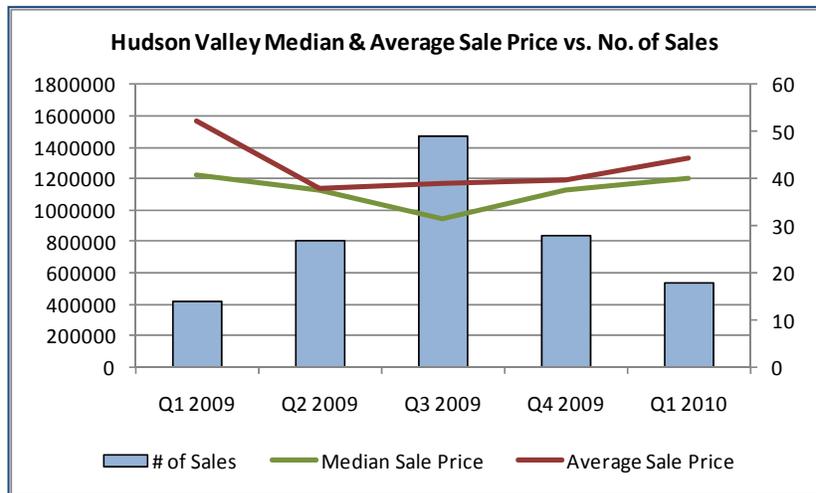
A Quarterly Survey of Dutchess, Columbia, and Ulster County Luxury Sales

Prepared by Hubbell Realty Services, Inc.
Appraisal and consulting services covering the Hudson Valley region

The number of sales within the Hudson Valley Luxury Market continued to drop for the second quarter in a row after peaking in Q3 2009. Total sales for Q1 2010 are down 35.7% from the previous quarter and up 28.6% from the prior year first quarter. Since Q2 2009, average sale prices have begun to slowly increase after more than a year of declines from the market's peak in 2007/08. The Q1 2010 average sale price is up 11.2% from the previous quarter and down 14.9% from the prior year first quarter. After close to 18-months of a rapidly declining market, wary buyers re-entered the luxury market in the second half of 2009, due to gains in the financial markets, higher Wall Street compensation, and improved affordability, all stimulating demand.

Average days on the market continue to fluctuate between 7- to 12-months, with listing discounts remaining steady at just under 15%. Listing inventory across all three counties has ballooned as sellers anticipate the Spring and

Hudson Valley Market Matrix	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 1,200,000	\$ 1,125,000	\$ 984,443	\$ 950,000	\$ 930,000
Average Sale Price	\$ 1,329,884	\$ 1,196,066	\$ 1,237,003	\$ 1,279,836	\$ 1,256,225
# of Sales	18	28	109	165	203
Avg. DOM	317	209			
Avg. List Price	\$ 1,488,010	\$ 1,647,845			
Listing Discount	-14.47%	-14.04%			
Listing Inventory	304	183			



Summer market, where higher demand is typically seen. As a result of the increasing inventory and relatively stable marketing times, absorption time - the amount of months it would take to sell off existing inventory at the current pace of sales - is 50.7 months, up from 19.6 months in the prior quarter.

Listing prices continue to decline as seller expectations have begun to come into line

with the current market conditions. Q1 2010 listing prices are down 9.7% from the previous quarter. With listing discounts continuing to be high at approximately 15%, it is expected that listing prices will continue to lower through 2010 as sellers gradually come to grips with the 25-30% loss in value of Hudson Valley Luxury properties over the past two years.

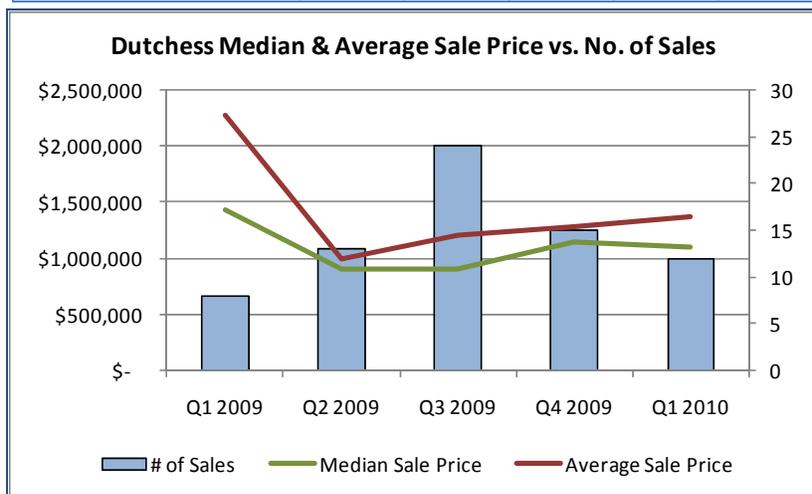
Dutchess County

Dutchess County, consisting of the Millbrook Hunt, Quaker Hill, and Hudson River Estates, has historically been the strongest market in the Hudson Valley, but recently has been comparatively outperformed by its northern neighbor, Columbia County. After 18 months of decline from Q1 2008 – Q2 2009, prices have begun to stabilize, with an average sale price of \$1,362,263 and a median sale price of \$1,099,500. The Q1 2010 average sale price is up 6% from the previous quarter, but down 40% from the prior year first quarter. Total sales are down 20% from the previous quarter, but up 50% from the prior year first quarter. Days on the market has increased from an average of 117 days in Q4 2009 to 326 days in Q1 2010. Average list price has declined 17.5% and listing discounts have remained steady at just under 10%. This represents an adjustment in seller expectations over the past six months, as Q3 2010 listing discounts were approximately 15%.

Within the market subsets, the majority of demand has been seen at the lower half of the market. Over the past year, median sale price in the \$750,000 - \$1M range has continued to fluctuate from \$850,000 - \$900,000. In the \$1M - \$2M range, median sale price has stabilized around \$1.4M. At the upper end of the

Dutchess County Market Matrix	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 1,099,500	\$ 1,150,000	\$ 959,528	\$ 900,000	\$ 935,000
Average Sale Price	\$ 1,362,263	\$ 1,285,000	\$ 1,317,892	\$ 1,232,549	\$ 1,397,154
# of Sales	12	15	60	87	101
Avg. DOM	326	117			
Avg. List Price	\$ 1,894,014	\$ 2,297,007			
Listing Discount	-9.78%	-9.87%			
Listing Inventory	130	71			

Median Sale Price by Market Subset	Q1 2010	Q4 2009	2009	2008	2007
<i>\$750,000 - \$999,999</i>					
Median	\$ 870,000	\$ 935,000	\$ 862,500	\$ 822,257	\$ 847,524
# of Sales	6	6	35	58	61
<i>\$1,000,000 - \$1,999,999</i>					
Median	\$ 1,400,000	\$ 1,200,000	\$ 1,272,500	\$ 1,250,000	\$ 1,220,500
# of Sales	4	7	16	21	22
<i>\$2,000,000 - \$3,999,999</i>					
Median	\$ 2,625,078	\$ 2,200,000	\$ 2,129,945	\$ 2,312,225	\$ 2,525,000
# of Sales	2	2	7	6	14
<i>\$4,000,000 +</i>					
Median	--	--	\$ 6,000,000	\$ 8,065,000	\$ 5,252,000
# of Sales	0	0	3	2	4
<i>20-50 acre Vacant Land</i>					
Median	\$ 480,000	\$ 332,500	\$ 316,250	\$ 750,000	\$ 437,500
# of Sales	2	2	6	7	12



range, demand has been very limited as compared to prior years, with eight total sales of properties in the \$2M to \$4M range since the beginning of 2009, and only two sales of properties above \$4M, both of which occurred in Q1 2009. Compared to 2007, when there were 14 total sales of properties in the \$2M to \$4M range, and four total sales of properties above \$4M, the high end of the market is expected to continue to remain sluggish as global financial markets continue to fluctuate.

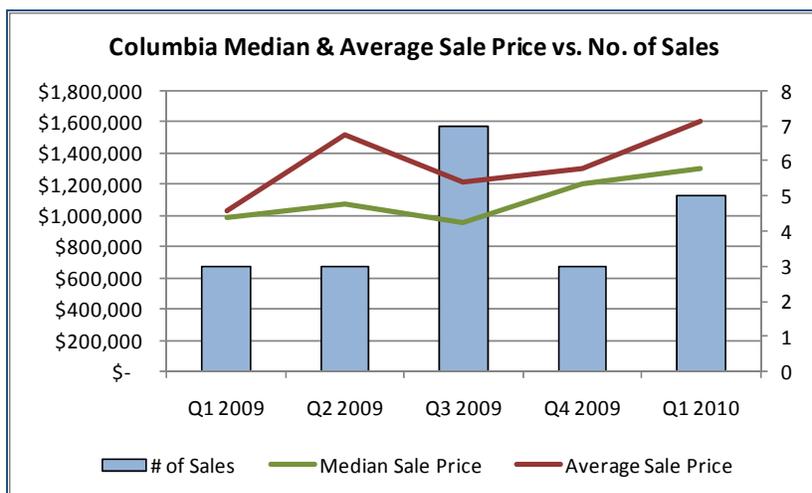
Existing inventory has increased, as sellers anticipate the superior Spring/Summer seasonal market. With increasing supply, prices may remain soft through 2010, particularly as buyers consider the similar benefits and natural amenities found within Columbia County as compared to the greater costs to buy into Dutchess. However, Dutchess will continue to appeal to those buyers who value the superior intangible social benefits of its luxury areas, as compared to the rest of the Hudson Valley.

Columbia County

Columbia County, consisting of Old Chatham and the outer reaches of the Millbrook Hunt and Berkshires, has appeared stronger than Dutchess County, its neighbor to the south, over the past two years. Columbia is typically considered inferior to those neighboring luxury estate locations to the south and east, but has benefited from its proximity to them, with market participants who are often priced out of these superior markets. Historically, Columbia has seen approximately half the sales activity as Dutchess with sales prices that tend to be slightly inferior. While sales activity within Columbia has followed the historical pattern, both median and average sales prices in Q1 2010 exceeded those of Dutchess, contrary to the historical norm. Average sale price is up 22.6% from the previous quarter and is up 55.6% from the prior year first quarter. This also represents a 5.6% increase from the 2008 average sale price, indicating a market that has been less affected by the overall economic downturn, unlike its neighbor to the south. While Dutchess saw large gains in its market through the mid-decade, Columbia's gains were more modest and as a result, values have not declined quite as drastically within the County. Total sales are up from the previous quarter, as well as the prior year first quarter, but are still down over 50% from the 2007 and 2008 quarterly

Columbia County Market Matrix	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 1,302,000	\$ 1,200,000	\$ 1,030,000	\$ 1,100,000	\$ 968,200
Average Sale Price	\$ 1,600,400	\$ 1,305,000	\$ 1,254,875	\$ 1,515,641	\$ 1,200,055
# of Sales	5	3	16	39	45
Avg. DOM	328	265			
Avg. List Price	\$ 1,462,446	\$ 1,510,240			
Listing Discount	-17.63%	-9.24%			
Listing Inventory	70	50			

Median Sale Price by Market Subset	Q1 2010	Q4 2009	2009	2008	2007
\$750,000 - \$999,999					
Median	--	\$ 765,000	\$ 846,500	\$ 882,000	\$ 820,078
# of Sales	0	1	8	18	24
\$1,000,000 - \$1,999,999					
Median	\$ 1,200,000	\$ 1,575,000	\$ 1,250,000	\$ 1,165,000	\$ 1,477,500
# of Sales	3	2	6	11	19
\$2,000,000 - \$3,999,999					
Median	\$ 2,150,000	--	\$ 2,325,000	\$ 2,475,000	\$ 2,833,058
# of Sales	2	0	2	8	2
\$4,000,000 +					
Median	--	--	--	\$ 4,175,000	--
# of Sales	0	0	0	2	0
20-50 acre Vacant Land					
Median	\$ 115,000	\$ 332,500	\$ 272,250	\$ 205,000	\$ 194,500
# of Sales	4	2	8	7	16



average. Average list price has declined 3.2% from the previous quarter and listing discounts have increased to over 17%, as sellers continue to struggle aligning their expectations with the current overall market.

Within the market subsets, the \$1M - \$2M range has outperformed the other market subsets over the past year, though median price for the quarter dropped 22.6% from the previous two quarters.

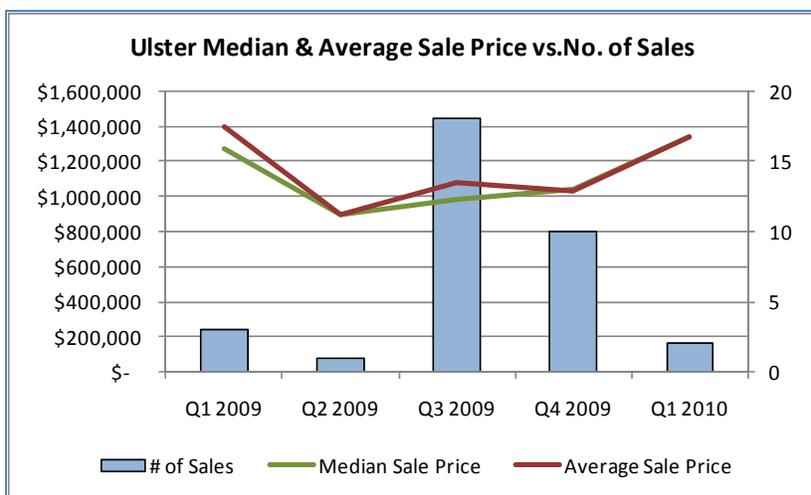
Due to Columbia's greater affordability, it can be expected that the luxury market within the County may comparatively outperform its southern neighbor into 2011. Additionally, the current strength of the Columbia luxury market may place downward pressure on the Dutchess market, as buyers consider the superior costs to buy into Dutchess versus the similar benefits and natural amenities found in both areas.

Ulster County

Ulster County, consisting of the Woodstock, New Paltz, and Beaverkill markets, has performed similar to Columbia County over the past year. Ulster, like Columbia, is considered inferior to the Dutchess luxury market and did not see the same large mid-decade price increases. Ulster did see similar declines to Dutchess in its market through 2008/09, but the prior three quarters indicates a stabilizing to increasing market. Average sales price is up 30.3% from the previous quarter and down 3.8% from the prior year quarter. This also represents a 16.7% increase from the 2008 average sales price. Total sales are down markedly from the prior two quarters and are comparable to sales volume in the first half of 2009. Similarly to the overall luxury market, wary buyers re-entered the market in the second half of 2009, due to gains in the financial sector and improved affordability. As pent-up demand has been settled and those properties competitively priced have been removed from the existing inventory, sales volume has dropped. Average list price has declined 2.5% from the previous quarter and listing discounts have decreased from 23% to 16%, as sellers continue to align their

Ulster County Market Matrix	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 1,341,875	\$ 1,042,222	\$ 1,045,000	\$ 950,000	\$ 909,816
Average Sale Price	\$ 1,341,875	\$ 1,029,984	\$ 1,088,414	\$ 1,149,517	\$ 1,035,465
# of Sales	2	10	32	39	57
Avg. DOM	298	245			
Avg. List Price	\$ 1,107,570	\$ 1,136,289			
Listing Discount	-16.00%	-23.00%			
Listing Inventory	104	62			

Median Sale Price by Market Subset	Q1 2010	Q4 2009	2009	2008	2007
<i>\$750,000 - \$999,999</i>					
Median	\$ 933,750	\$ 825,000	\$ 852,500	\$ 850,000	\$ 866,500
# of Sales	1	5	16	23	38
<i>\$1,000,000 - \$1,999,999</i>					
Median	\$ 1,750,000	\$ 1,175,000	\$ 1,190,000	\$ 1,475,000	\$ 1,300,000
# of Sales	1	5	16	13	13
<i>\$2,000,000 - \$3,999,999</i>					
Median	--	--	--	\$ 2,100,000	\$ 2,500,000
# of Sales	0	0	0	3	2
<i>20-50 acre Vacant Land</i>					
Median	--	\$ 60,000	\$ 89,872	\$ 145,000	\$ 273,000
# of Sales	0	1	4	5	16



expectations with the current overall market. Existing inventory has increased, similar to the overall luxury market, as sellers anticipate the Spring/Summer seasonal market. Days on the market has remained under 300 days, with an absorption time of 156 months, up from the previous quarter of 18.6 months. Future absorption times are expected to be more similar to the previous quarter.

Because of increasing inventory and less demand, prices are expected remain soft through 2010. As the Dutchess markets continue to recover from their recent declines, market participants that were once priced out of Dutchess may shift from Ulster properties to Dutchess properties, which hold superior intangible social benefits as compared to Ulster.

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