



HUDSON VALLEY LUXURY MARKET

Market Overview, Q2 2010

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

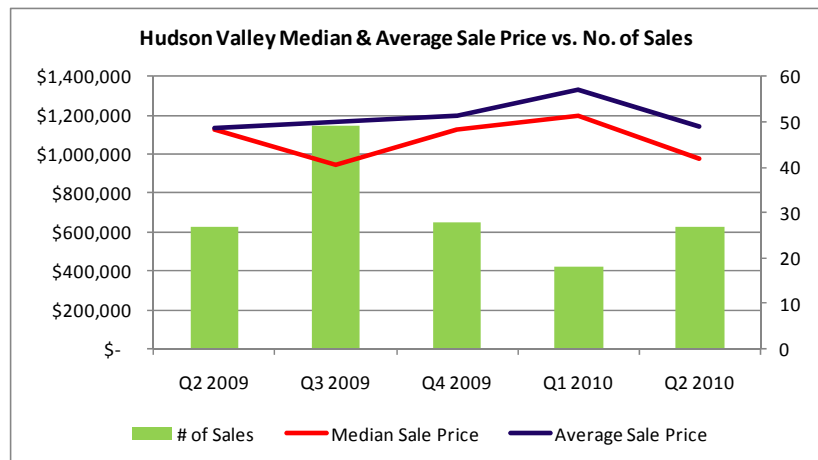
Prepared by RP Hubbell & Co.

Appraisal and consulting services covering New York, Connecticut, and Vermont

Through Q2 2010, the Hudson Valley Luxury Market displayed ongoing indications of an improving market after steep declines due to the 2008/09 recession. Total sales within Dutchess, Columbia, & Ulster Counties increased from the prior quarter, after two quarters of decline. Q2 2010 total sales are up 50% from the previous quarter and equal to the prior year quarter. Since Q2 2009, average sale prices have slowly increased after more than a year of declines from the market's peak in 2007/08. The Q2 2010 average sale price dipped 14.1% from the previous quarter and is up 0.54% from the prior year quarter, as prices have stabilized across the market. After close to 18-months of rapidly declining values, 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

Hudson Valley Market Matrix	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 979,600	\$ 1,200,000	\$ 1,125,000	\$ 984,443	\$ 950,000	\$ 930,000
Average Sale Price	\$ 1,142,302	\$ 1,329,884	\$ 1,196,066	\$ 1,237,003	\$ 1,279,836	\$ 1,256,225
# of Sales	27	18	28	109	165	203
Avg. DOM	250	317	209			
Avg. List Price	\$ 1,574,222	\$ 1,488,010	\$ 1,647,845			
Listing Discount	14.40%	-14.47%	-14.04%			
Listing Inventory	284	304	183			



discounts remaining steady at just under 15%. Listing inventory across all three counties had ballooned in Q1 2010 as sellers anticipated the Spring/Summer market, as a result of higher seasonal demand. Since then, inventory has slightly decreased, mainly due to sales volume. Due to 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 31.6 months, down from 50.7 months in the prior

quarter. Listing prices have increased slightly, as buyers have acted on those properties competitively priced, removing them from existing inventory.

With sales volume increasing, absorption time decreasing, and prices and listing discounts remaining relatively stable, those properties that are well-marketed, competitively priced, and offered by realistic sellers should see increased action as once cautious buyers continue entering the market through the end of 2010.

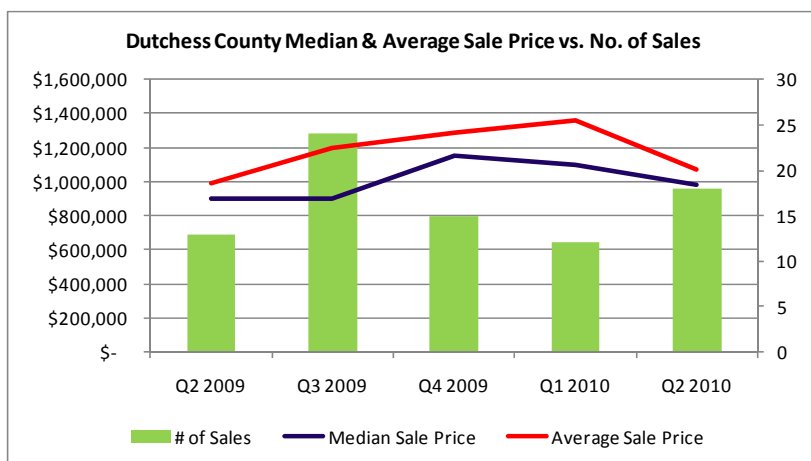
Dutchess County

Dutchess County, consisting of the Millbrook Hunt, Quaker Hill, and Hudson River Estates, is historically the strongest market in the Hudson Valley, and has remained stable over the past year. After 25% - 35% declines from Q1 2008 - Q2 2009, prices have stabilized, with an average sale price of \$1,069,150 and median sale price of \$979,600. Though the Q2 2010 average sale price is down 21.5% from the previous quarter, it is up 9.3% from the bottom of the market in Q2 2009. Total sales increased 50% from the previous quarter, and nearly 40% from the prior year quarter. Days on the market has sharply declined 40%, due to seasonal activity and increasing numbers of buyers entering the market. Average list price increased 1.7% and listing discounts increased to just below 15%.

Within the market subsets, the majority of demand continues to be 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 fluctuated between \$1.2MM - \$1.4M. At the upper end of the range, demand has been very limited as compared to prior years, with three total sales of properties in the \$2M to \$4M range since the beginning of 2010. The highest

Dutchess County Market Matrix	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 979,600	\$ 1,099,500	\$ 1,150,000	\$ 959,528	\$ 900,000	\$ 935,000
Average Sale Price	\$ 1,069,150	\$ 1,362,263	\$ 1,285,000	\$ 1,317,892	\$ 1,232,549	\$ 1,397,154
# of Sales	18	12	15	60	87	101
Avg. DOM	194	326	117			
Avg. List Price	\$ 1,925,660	\$ 1,894,014	\$ 2,297,007			
Listing Discount	-14.20%	-9.78%	-9.87%			
Listing Inventory	112	130	71			

Median Sale Price by Market Subset	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
\$750,000 - \$999,999						
Median	\$ 900,800	\$ 870,000	\$ 935,000	\$ 862,500	\$ 822,257	\$ 847,524
# of Sales	11	6	6	35	58	61
\$1,000,000 - \$1,999,999						
Median	\$ 1,167,500	\$ 1,400,000	\$ 1,200,000	\$ 1,272,500	\$ 1,250,000	\$ 1,220,500
# of Sales	6	4	7	16	21	22
\$2,000,000 - \$3,999,999						
Median	\$ 2,000,000	\$ 2,625,078	\$ 2,200,000	\$ 2,129,945	\$ 2,312,225	\$ 2,525,000
# of Sales	1	2	2	7	6	14
\$4,000,000 +						
Median	--	--	--	\$ 6,000,000	\$ 8,065,000	\$ 5,252,000
# of Sales	0	0	0	3	2	4
20-50 acre Vacant Land						
Median	\$ 360,000	\$ 480,000	\$ 332,500	\$ 316,250	\$ 750,000	\$ 437,500
# of Sales	1	2	2	6	7	12



sale price within the County so far is a \$3.095M estate in March. 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 may remain sluggish as global financial markets continue to fluctuate.

Existing inventory increased in the prior quarter, as sellers anticipated the Spring/Summer seasonal market. Since then, inventory has decreased as those properties competitively priced have sold, with a current

absorption time of 18.7 months.

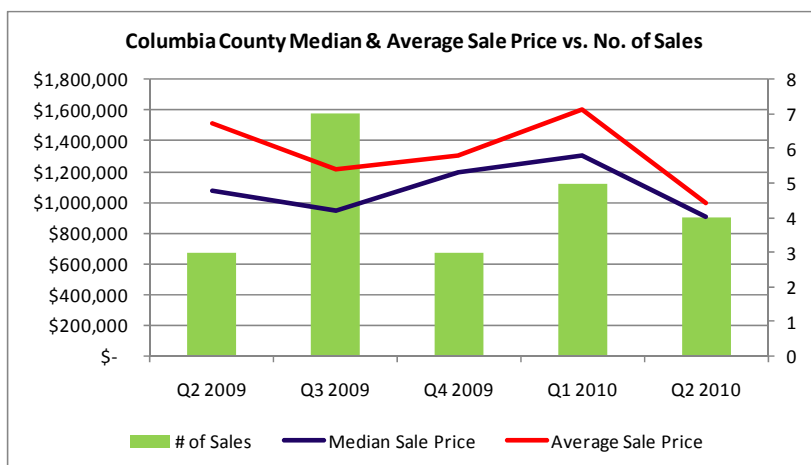
Looking forward, the County luxury market is expected to continue to improve, as greater numbers of formerly wary buyers re-enter the market. Any further price declines within the market are more reflective of seller concessions rather than market conditions. While "deals" will persist due to distressed sellers, stabilizing prices, decreasing absorption time, decreasing inventory, and greater activity at the upper end of the market indicate a modestly increasing market.

Columbia County

Columbia County, consisting of Old Chatham and the outer reaches of the Millbrook Hunt and Berkshires, has performed well compared to Dutchess County, its neighbor to the south. 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. Since then, prices have dropped, most likely due to competitively priced properties having sold and listing prices continuing to remain high as sellers struggle to come to terms with the present market. Average sale price is down 37.6% from the previous quarter, as well as down 34.1% from the prior year second quarter. Up until the present quarter, the County market remained relatively strong, compared to Dutchess, as prices had increased 5.6% from 2008 to Q1 2010, indicating that the County had been less affected by the overall economic downturn. Through 2009 to Q1 2010, the majority of activity was seen at the mid to upper end of the range of the market, as buyers were able to find reasonably priced properties. As buyers removed those properties from inventory, activity beyond the \$1M mark has slowed. With

Columbia County Market Matrix	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 902,500	\$ 1,302,000	\$ 1,200,000	\$ 1,030,000	\$ 1,100,000	\$ 968,200
Average Sale Price	\$ 999,375	\$ 1,600,400	\$ 1,305,000	\$ 1,254,875	\$ 1,515,641	\$ 1,200,055
# of Sales	4	5	3	16	39	45
Avg. DOM	232	328	265			
Avg. List Price	\$ 1,494,700	\$ 1,462,446	\$ 1,510,240			
Listing Discount	-10.57%	-17.63%	-9.24%			
Listing Inventory	76	70	50			

Median Sale Price by Market Subset	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
\$750,000 - \$999,999						
Median	\$ 850,000	--	\$ 765,000	\$ 846,500	\$ 882,000	\$ 820,078
# of Sales	3	0	1	8	18	24
\$1,000,000 - \$1,999,999						
Median	\$ 1,400,000	\$ 1,200,000	\$ 1,575,000	\$ 1,250,000	\$ 1,165,000	\$ 1,477,500
# of Sales	1	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	0	2	0	2	8	2
\$4,000,000 +						
Median	--	--	--	--	\$ 4,175,000	--
# of Sales	0	0	0	0	2	0
20-50 acre Vacant Land						
Median	\$ 190,000	\$ 115,000	\$ 332,500	\$ 272,250	\$ 205,000	\$ 194,500
# of Sales	3	4	2	8	7	16



listing discounts having decreased 40% from the prior quarter, it appears well capitalized sellers may be unwilling to negotiate far below their asking price, thus stagnating activity within the market.

Total sales are down from the previous quarter, but up from the prior year first quarter. Compared to the quarterly average in 2007 and 2008, sales are down over 50%. Average list price increased 2.2% from the previous quarter.

Within the market subsets, the majority of activity occurred in

the under \$1M range. At the upper end of the range, there have been two sales above \$2M in 2010, with the highest sale being \$2.3M in February 2010.

Due to the persistent disconnect between seller's and buyer's expectations, the County luxury market will remain sluggish. Those properties more reasonably priced can expect to receive greater interest, with a shorter marketing time. As an example, a recent sale of a 36-acre estate, which was competitively priced, sold at full asking price with a marketing time of less than 40 days.

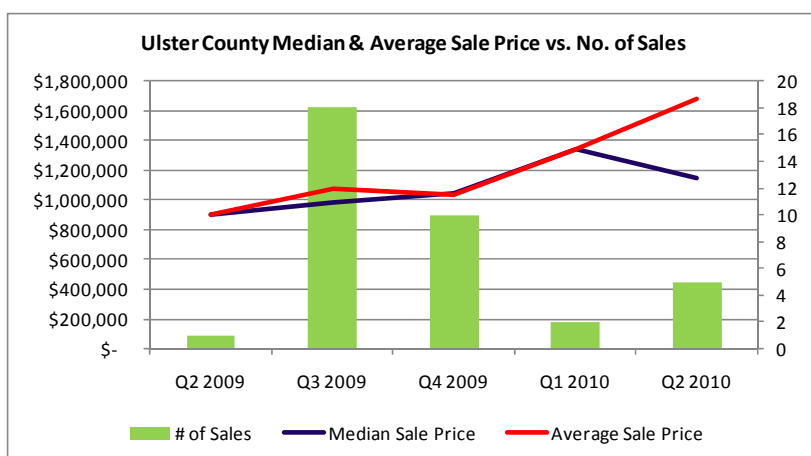
Ulster County

Ulster County, consisting of the Woodstock, New Paltz, and Beaverkill markets, outperformed both Dutchess and Columbia Counties in Q2 2010 regarding activity at the upper end of the market. With two sales above \$2M, including the highest sale of the year for the region at \$3.135M in May 2010, average price has increased 25% from the prior quarter, while median price decreased 14.3%. Like Dutchess, Ulster saw a 25% - 35% decline in its market through 2008/09, but the past 12 months' activity indicates a stabilizing to strengthening market. Average sales price is up 86% from the prior year quarter, and median price is up 27.8% over the same time. Total sales continue to be down markedly from Q3 & Q4 2009, but are slightly superior to sales volume in Q1 & Q2 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 existing inventory, sales volume has dropped.

Average list price has increased 17.6% from the previous

Ulster County Market Matrix	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
Median Sale Price	\$ 1,150,000	\$ 1,341,875	\$ 1,042,222	\$ 1,045,000	\$ 950,000	\$ 909,816
Average Sale Price	\$ 1,676,900	\$ 1,341,875	\$ 1,029,984	\$ 1,088,414	\$ 1,149,517	\$ 1,035,465
# of Sales	5	2	10	32	39	57
Avg. DOM	324	298	245			
Avg. List Price	\$ 1,302,308	\$ 1,107,570	\$ 1,136,289			
Listing Discount	-18.54%	-16.00%	-23.00%			
Listing Inventory	96	104	62			

Median Sale Price by Market Subset	Q2 2010	Q1 2010	Q4 2009	2009	2008	2007
\$750,000 - \$999,999						
Median	\$ 974,750	\$ 933,750	\$ 825,000	\$ 852,500	\$ 850,000	\$ 866,500
# of Sales	2	1	5	16	23	38
\$1,000,000 - \$1,999,999						
Median	\$ 1,150,000	\$ 1,750,000	\$ 1,175,000	\$ 1,190,000	\$ 1,475,000	\$ 1,300,000
# of Sales	1	1	5	16	13	13
\$2,000,000+						
Median	\$ 2,642,500	--	--	--	\$ 2,100,000	\$ 2,500,000
# of Sales	2	0	0	0	3	2
20-50 acre Vacant Land						
Median	\$ 100,000	--	\$ 60,000	\$ 89,872	\$ 145,000	\$ 273,000
# of Sales	2	0	1	4	5	16



quarter and listing discounts remain above 15%, as sellers continue to align their expectations with the current market. Existing inventory has decreased similar to the overall luxury market, as more reasonably priced properties have sold. Days on the market remains high, contrary to Dutchess County, with an absorption time of 57.6 months, down from the previous quarter of 156 months. Future absorption times are expected to continue around 60 months.

Heading into Q3 2010, those properties priced below \$2M are expected to remain the most active segment of the market. Considering that the last \$2+M sale was December 2008, the sudden activity at the upper end of the market is most likely pent-up demand from cautious buyers. With prices stabilizing, the County luxury market will most likely maintain its recovery from earlier declines, while sales volume will remain slow.

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