

# The State of Real Estate

## Making Sense of The Market

Local experts predict how your home investment will fare in 2004.

If there is one question that every Realtor is used to being asked, be it at a cocktail party, the supermarket or an open house, it is a loud, "What's the market doing?" Whether you're looking to buy, sell or stay right where you are, everybody is interested in the real estate market. And with good reason. In an unpredictable economy, our homes are one of our biggest — not to mention safest — investments.

One thing is for certain: Housing costs in our four towns far exceed the national average of \$170,800. In Westport the approximate average price is \$1.2 million (with a rough range of \$295,000 to \$3.3 million); in Fairfield \$570,410 (\$155,000 to \$5.5 million); in Weston \$982,313 (\$380,000 to \$5.6 million); in Wilton \$752,667 (\$276,000 to \$2.2 million). Property sales in 2003 were slightly down across the board in our four towns, but the market appears to be heating up. According to most brokers, the hottest sellers are houses priced anywhere up to \$1.5 million.

"This year is starting off stronger than last year," says Michelle Genovesi of Michelle & Company at William Raveis Real Estate in Westport. "Houses are coming on the market and moving close to asking price. I think we'll see an appreciation this year. There are a few reasons: The threat of interest rates increasing and the fact that year-end bonuses actually happened. Last year it was a bonus if you had a job."

"I have not seen this many purchases or people looking for homes in five years. It's amazing. Fairfield County is booming," says Michael Daversa, president of Atlantic National Mortgage in Westport. "The spring market usually starts in March or April. This year it started in January."

Ruth Williams of William Pitt Real Estate in Westport agrees: "This is a very robust year compared with last year. A year ago there was a lack of consumer confidence. The Iraq war was hanging over our heads and the stock market was in a questionable place." Times have changed.

"Fortunately prices are going up moderately. They are not skyrocketing like they did ten to fifteen years ago," says Darlene Letersky of Prudential Connecticut Realty in Westport.

According to the Washington-based Homeowners Alliance, thirty-year fixed-rate mortgages will rise to about 6.5 percent, a modest increase from the 2003 average of 5.8 percent. David Lereah, the National Association of Realtor's chief economist, foresees a 4.7 percent increase in median prices for existing homes and a hike of 5.1 percent for new homes nationally.

The biggest problem facing brokers and buyers in these parts seems to be inventory. In other words, people move in, but they don't move out. But sellers — and buyers, for that matter — are being helped by an unlikely source: tax laws. The capital gains tax break used to be a once-in-a-lifetime option, but now sellers can take advantage of the break (\$500,000 for couples, and \$250,000 for singles) every two years, so sales are on the rise, creating more inventory.

"This is the year to sell. It's an election year. All the indicators are as good as they are going to get. It's also the year to buy because of the interest rates — they are the lowest they have been in forty years," says Ruth. Once a house hits the market, it sells — if it actually makes it to the market. "I'm selling a lot of houses before they even go on the board. People are putting their homes on for the right price and they are going," says Darlene.

For those looking to sell, Victoria Fingelly, partner and manager of Nicholas H. Fingelly real estate in Westport and Southport, offers this advice: "Proper pricing is essential. If it's overpriced, it sits. Good properties go quickly. If it's priced right, you should have a deposit in two weeks." She cautions buyers: "Do your homework, and if it makes sense, don't hesitate." Daversa says that in one week, six out of the eight mortgages he brokered were for asking or over asking price.

In the end, the battle cry for real estate is still "location, location, location." According to Daversa, the mortgage rates and real estate taxes of New York continue to drive prospective home buyers north to Connecticut. Our towns also have a tremendous amount to offer. "Good schools, accessibility to the city and being part of a community and near the water — these are all very important to people," says Victoria. It's clear that our little enclave fits that bill perfectly.

— *Cristin Marandino*

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