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National Summary

Shifting demographic profiles and homebuyer needs over the past 24 months have had a profound impact on the New England luxury real estate market. While such changes have led some areas to experience little or stagnant growth in single-family luxury homes sold, data from the last and previous 12 months—including median home sale prices and days spent on market—suggest that, by and large, the New England luxury real estate is continuing to attract prospective buyers at a rapid rate.

One of the primary factors driving growth across the New England luxury real estate market is the evolving profile of the luxury home buyer. Decades ago, Baby Boomers sought large mansions that offered privacy and unobstructed coastline views. In contrast, today's luxury buyers- mainly older Millennials and young Gen Xers- are motivated by unostentatious yet modern homes that are of equal distance to uninhibited seacoast and downtown amenities; in short, access is displacing opulence when it comes to defining a luxury listing in New England. This desire to be close to conveniences like restaurants and shops has led to large percentage increases in singlefamily homes sold year-over-year in areas such as Portsmouth, New Hampshire; Dennis, Massachusetts; and South Boston, Massachusetts. Though diverse in geography and landscape, each of these areas offer the ease of accessibility that today's luxury home buyers expect.

While Millennial and Gen X buyers are playing an ever-increasing role in the luxury real estate market, retirees and right-sizers still remain key clientele. This is particularly evident in markets like Hingham, Massachusetts, and Meredith, New Hampshire, where older-skewing demographics continue to attract cash buyers looking to purchase second and/or vacation homes and condos.

Looking ahead to the coming months, both data findings and broker feedback suggests that increased confidence in the economy– combined with expected increases in inventory through newly-constructed properties, particularly in more metropolitan areas like Boston– will continue to facilitate strong growth within the New England luxury real estate market.

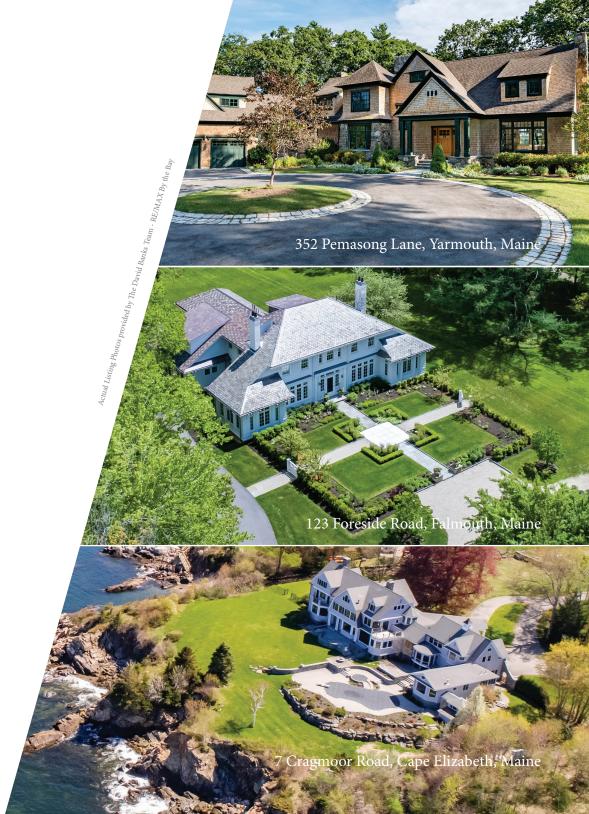


#### Coastal Maine

Over the past several years, Millennial and Gen X luxury buyers have increasingly flocked to coastal Maine– and, in the process, have shifted how the luxury market is defined in the region. While big homes and access to seaside views once epitomized luxury homeownership for the area, young luxury buyers have shown a preference for more modest (yet modern) homes that have equal access to both natural landscapes and amenities like shops, restaurants and schools.

Towns like York cater to younger, wealthier families with kids, and have become popular destinations for prospective Millennial and Gen X single-family luxury home buyers; in the last 12 months, luxury home sales in York increased 62 percent year-over-year. Despite a rise in interest from younger buyers, other parts of coastal Maine have remained stagnant, or experienced decreases in the number of luxury homes sold. This is likely the result of upscale retirees who have chosen to remain in homes they may have purchased years ago, creating scarcity of inventory.

This trend is evident in towns like Ogunquit where the number of single-family luxury homes sold in the last 12 months was just six, a 14 percent decline from the seven homes sold in the previous 12 months. Though comparatively low home inventory has been (and will likely remain) an obstacle for the region, burgeoning markets like York and Falmouth, which experienced 18.75 percent growth in volume of luxury homes sold in the last 12 months, show promise as strong markets.







Mew Hampshire Seacoast

The luxury client trends for northern New England– Millennial and Gen X buyers with a propensity for modern furnishings and downtown access– are also evident in the New Hampshire seacoast region. Like coastal Maine, the New Hampshire seacoast has begun to increasingly attract younger buyers, though older households looking to purchase second homes still continue to make up a sizable portion of the market.

Unlike coastal Maine, however, all of the major cities contained within the New Hampshire seacoast, including Portsmouth, Rye, New Castle, and North Hampton, have experienced increases in the number of luxury homes sold when comparing sales between the last and previous 12 months, with Portsmouth and Rye having the greatest percent jumps in luxury homes sold.

Over the last 12 months, Portsmouth experienced a 123 percent increase in single-family luxury homes sold. This rise in sales may be attributed to the area's ease of accessibility to urban centers and high walkability score—all of which play key factors in driving desirability. Comparatively, Rye experienced the second-largest increase in the number of luxury single-family homes sold at 48 percent. Rye has also seen a slight increase in the average days on market and a median home price increase of four percent, indicating the town may soon emerge as the more desireable location along the New Hampshire seacoast.



#### South Shore

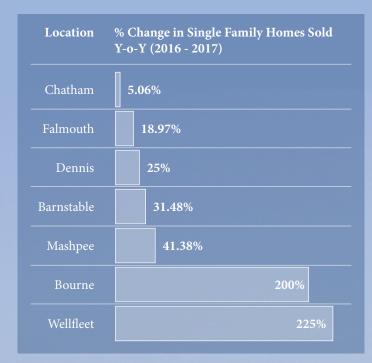
Nearly every buyer type, from first-time to move-up buyers to right-sizers, is coming to the South Shore in pursuit of homes that afford them equal access to ocean views, amenities like shops and public transportation, and towns that fit their lifestyle needs. With a reputation for catering to wealthier, young-to-middle age couples and families, Duxbury continues to be a highly-desired locale for those looking to purchase their first homes or move up to a more luxurious home.

Over the last 12 months, sales of luxury single-family homes increased 64 percent, though median homes prices jumped only slightly– \$1.19M over the last 12 months. Despite a slight increase in average days on market (roughly 14 percent), Duxbury remains a high-growth market for luxury single-family home buyers and sellers, with an inventory that appears to be sustaining demand.

In contrast, Hingham, an older and wealthier town on the South Shore, has seen a decrease in luxury homes sold yet an increase in condo sales, indicating desirability among those looking to right-size or retire. Over the last 12 months, the volume of luxury single-family homes sold in Hingham fell 18 percent. At the same time, 12 luxury condos were sold over the last 12 months, with the average condo spending just 68 days on the market; an additional 11 condos were sold during the previous 12 months, positioning Hingham as having the greatest number of luxury condo sales on the South Shore in the past 24 months. These figures suggest that the Hingham market is not necessarily in a period of sales decline, but rather reacting to shifting demographics and lifestyle needs— a trend that is likely to play out in the diverse South Shore region throughout the near future.









# Cape Cod

Despite epically low levels of home inventory driving prices up to historic figures, Cape Cod's natural beauty continues to attract cash-buying retirees and second home buyers, as well as older Millennials looking for long-term investment properties. Though desirability remains high across all cities and towns, Wellfleet and Bourne have experienced unprecedented levels of home sale growth when comparing the last and previous 12 months.

While both cater to luxury buyers, these areas—in relation to other locations within the Cape Cod region—can be viewed as "up-and-coming," with comparatively lower annual incomes on average. With both towns resting on the surface of the luxury bubble, Wellfleet and Bourne are attractive choices for increasingly-affluent Millennials who are willing to bet on increased regional prestige. To that end, over the last 12 months Wellfleet experienced a 225 percent jump in single-family homes sold, while Bourne experienced a 200 percent jump in single-family homes sold over the same period.

In spite of these impressive figures from up-and-coming towns, Dennis, more so than any other city or town on Cape Cod, appears to come out on top when gauging overall desirability. Not only did the number of luxury single-family homes sold in the area increase 20 percent, but average days on market decreased by 39 days year-over-year. Perhaps most telling, Dennis saw the greatest increase in median home prices when comparing the last and prior 12 months—\$1.105M to \$1.5M, a 36 percent increase. While what exactly is driving luxury single-family home purchases in Dennis can't be stated for certain, it is likely the result of its central location, coupled with upscale, mature population demographics, that makes it best suited for older buyers looking for a quiet oceanfront escape.

#### Cape Cod

Town	Date	Count of Sold	Average Days on Market	M	edian Price	
	2017	71	224	\$1,287,000.00	-26.77%	
Barnstable	2016	54	238	\$1,757,500.00	13.39%	
	2015	87	200	\$1,550,000.00		<b>_</b>
	2017	15	204	\$1,200,000.00	-12.79%	
Bourne	2016	5	140	\$1,376,000.00	28.00%	
	2015	10	149	\$1,075,000.00		
	2017	83	257	\$1,479,000.00	5.64%	
Chatham	2016	79	269	\$1,400,000.00	5.07%	
	2015	84	269	\$1,332,500.00		
	2017	20	186	\$1,500,000.00	35.75%	1
Dennis	2016	16	225	\$1,105,000.00	-33.03%	
	2015	21	171	\$1,650,000.00	THE WALL	ALC: Y
	2017	69	189	\$1,295,000.00	-0.38%	
Falmouth	2016	58	214	\$1,300,000.00	-7.14%	
	2015	104	208	\$1,400,000.00	-	
Mashpee _	2017	41	159	\$1,235,000.00	-16.27%	
	2016	29	196	\$1,475,000.00	16.83%	
	2015	42	300	\$1,262,500.00		
	2017	31	209	\$1,407,500.00	6.23%	
Orleans	2016	32	182	\$1,325,000.00	-3.64%	
-	2015	30	181	\$1,375,000.00	STATE OF	
1-0	2017	43	248	\$1,275,000.00	7.37%	
rovincetown _	2016	29	246	\$1,187,500.00	-3.34%	
	2015	25	268	\$1,228,500.00		
	2017	7	201	\$1,150,000.00	0.00%	N/C
Sandwich _	2016	9	175	\$1,150,000.00	0.00%	
	2015	13	148	\$1,150,000.00		
Truro _	2017	22	238	\$1,212,500.00	-10.19%	
	2016	17	192	\$1,350,000.00	17.39%	
	2015	13	167	\$1,150,000.00		
Wellfleet _	2017	13	226	\$1,300,000.00	-15.86%	
	2016	4	133	\$1,545,000.00	23.60%	
	2015	11	173	\$1,250,000.00		

Data for single-family luxury homes

#### Morth Share

While the cities and towns within the North Shore experienced little change in the number of single-family homes sold when comparing the last and prior 12 months, luxury homes within this region are increasingly spending fewer days on the market, suggesting that seemingly stagnant home sales are actually the result of sparse inventory rather than low interest.

It follows that, with the exception of Beverly, median home prices increased over the last 12 months across all North Shore cities and towns when compared to the prior 12 months, with Rockport and Gloucester both experiencing an 11 percent increase. Without coincidence, Rockport and Gloucester are also the two cities within this market that are closest to the ocean, supporting the importance of proximity to nature and the coastline as the ultimate determinant when defining luxury for North Shore real estate.

While access to amenities like restaurants and shops has been shown to play a key role in affecting desirability within other New England markets, North Shore luxury buyers appear to place the highest premium on more rustic and water-accessible locales. In fact, there seems to be a near-perfect correlation between distance to Boston and home desirability— the farther away from the city and urban life, the more sought after the location. This preference toward more removed oceanfront properties is reflective of average North Shore luxury buyers: young-to-middle age families with kids, looking for second homes to use on weekends and summers for boating as an escape from corporate life in Boston.

Location	% Change in Single Family Homes Sold Y-o-Y ('16 - '17)	Distance to Boston (miles)	
Beverly	-28.57	24.4	
Marblehead	-21.82	19.7	
Rockport	-11.11	39.9	
Newburyport	5	43.1	
Gloucester	9	40.3	





# Mewport E Marragansett

In the last 12 months, buyer interest in Newport, Narragansett and South County Rhode Island luxury single-family homes has created scarcity in the market while driving increases in price. East Bay cities like Barrington and Bristol experienced 3 percent increases in home prices, and South County cities showed a 4 percent increase in home prices.

With a more positive economic outlook as compared to other markets in New England, the region has been a focus for move-up and second-home buyers looking for properties with the

ocean access, views and amenities conducive to a coastal lifestyle— all the while maintaining central proximity to major metropolitan areas like Boston and New York. Differing generational needs are driving buyers to specific cities within the region based on accessibility to amenities. Gen X and Baby Boomers seeking second homes prioritize luxury guest accommodations and access to beaches, boating and country clubs, while older Millennials and younger Gen X families with small children are drawn to cities that offer access to rich cultural experiences and activities.

An underlying characteristic of buyers in this region, despite their lifestyle differences, is the need to make a value-driven purchase. Less concerned by the lavish lifestyle associated with owning a vacation home on the shore, buyers are knowledgeable and carefully consider whether properties will make good investments.

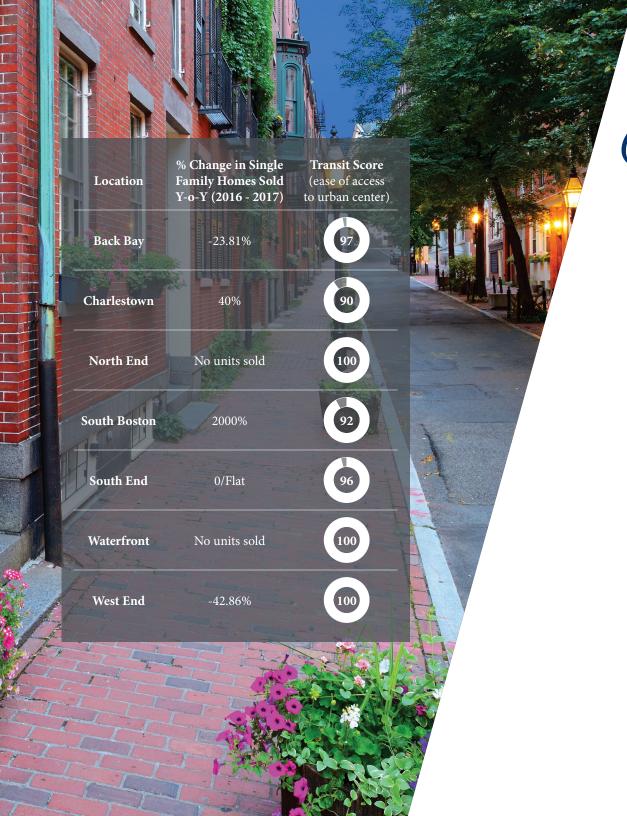


# Mewport & Marragansett

Town	Date	Count of Sold	Average Days on Market	Median Price		
Barrington &	2017	19	172	\$1,623,021.00	3.62%	
Bristol	2016	26	103	\$1,566,326.00	-	
	2017	28	113	\$1,442,150.00	-9.49%	
Narragansett —	2016	24	107	\$1,593,424.00		<b>Y</b>
Newport —	2017	29	118	\$2,226,225.00	-21.95%	
	2016	24	178	\$2,852,223.00	-	
South County —	2017	131	162	\$1,529,619.00	4.38%	A
	2016	104	168	\$1,465,391.00	-	
Westerly & Watch Hill	2017	26	119	\$1,886,211.00	-5.63%	
	2016	19	212	\$1,998,710.00		<u> </u>

Data for single-family luxury homes.

Data not available for median home price; average price reflected in data above. All 2015 data not available.



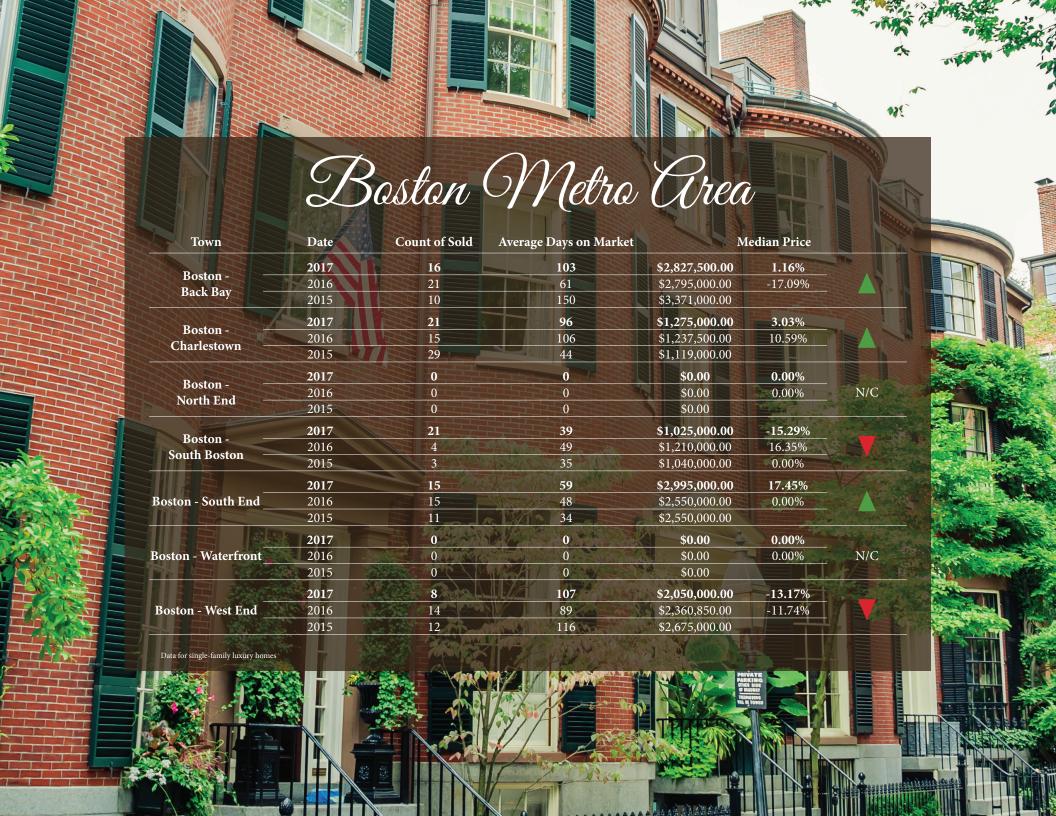
#### Boston Metro Area

The Boston metro area continues to draw smart, sophisticated buyers. Trends in single-family home and condos sales coupled with low average days on market reveal neighborhoods where the recent development boom is rooted, and all the amenities of a refined urban lifestyle, such as dog parks, coffee shops, fitness studios, and fine dining, have taken hold.

Though buyers in the market have discerning tastes for luxury features, community amenities that facilitate a desired lifestyle nonetheless remain a priority. These households are athletic,

digitally connected and value neighborhood amenities that augment and facilitate a faster-paced lifestyle. As middleage families look to move-up in luxury homes, remaining in proximity to Boston's urban center is a priority. This is evident when looking at volume of home sales and demographic data from communities like South Boston and Charlestown, where single-family home sales are up 2000 percent and 40 percent, respectively.

Conversely, flat or slightly declining median home prices in these communities indicate this group of savvy buyers will move into newly-developed neighborhoods when luxury properties are priced competitively. Trends in metropolitan areas just outside of Boston proper reveal right-sizing luxury buyers still deeply value access to urban amenities and proximity to the city while looking to separate from the bustle of urban life. Though these buyers look to move just outside city limits, they still deeply value attention to detail and expect high-quality features in luxury homes.



# Eastern Connecticut Shoreline

Typically associated with an older, upscale and wealthy home buyer, recent shifts in community demographics and preferences in home and neighborhood amenities, is increasing in popularity among older Millennial and Gen X families looking to make move-up single-family home purchases. These young, successful households maintain a busy lifestyle and are looking for move-in ready homes in safe neighborhoods with great school systems.

Compared to their older predecessors, as younger families look to purchase shoreline property, they are more likely to move further east along the coast gravitating to areas like Mystic, Stonington and Niantic. This desire to move further east is supported by recent demographic shifts in New London County and the six percent increase in volume of homes sold there in the last 12 months.

Other key community amenities attracting families to eastern shorelines include direct access to the ocean and quaint New England charm present in older, well-established towns along the Connecticut coastline. Eased mortgage requirements, better interest rates and home buyers' positive economic outlook have also all had a significant impact in driving inventory down and creating burgeoning shift toward a seller's market.







# Lake Winnipesaukee

With a legacy as a summer and winter resort destination, the Lake Winnipesaukee region continues to draw luxury home buyers interested in lake-front views, winter skiing and highend features for their second home. Economic stability felt by older Gen X households, combined with the desire for water-frontage and immediate lake access, has increased both median home prices and properties sold for cities located directly on the lake.

Laconia and Moultonborough experienced the most dramatic increases in volume of homes sold, jumping 300 percent and 36 percent over the last 12 months, respectively. Scarcity of inventory and active cash buyers have pushed significant decreases in the average days on market, revealing cities like Moultonborough (down 18 percent), Alton (down 44 percent) and Laconia (down 38 percent) as the more desirable locations with lakefront properties.

As an outlier among cities located north of Lake Winnipesaukee, scarce inventory combined with interest from older, more affluent homebuyers is driving up home prices in Meredith. The town saw median homes prices increase by 26 percent in the last 12 months, while average days on market and volume of homes sold remained relatively flat.





