

# **Residential Real Estate: Owning a Home is a Great Investment**

By Barry Rosa  
Vice President, Prudential Connecticut Realty  
[brosa@prudentialct.com](mailto:brosa@prudentialct.com)

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We've entered uncertain times in the real estate market and the economy. News headlines are filled with stories that talk about falling property values, a weak economy, falling numbers of sales and on and on. In particular, one recent article was talking about our current circumstances (specifically with home prices) being the worst since the Great Depression (it uses this term no less than 4 times!) This type of unwarranted alarmist terminology is misleading and frankly can serve to make matters much worse.

## **What is reality?**

Reality check one: We are in difficult times in the real estate market. Despite the fact that Connecticut's numbers are pretty good, we are getting lumped together with areas of the nation that are not doing so well. You would not know this from reading the headlines.

Reality check two: Most folks that purchase a home or a condo as a place to live are really making that choice as a place to live. Home owners are one type of purchaser while investors are an entirely different category, with different motivations entirely.

Reality check three: Home values increase significantly with time, but sure as heck normally do not go up 10% in a typical year. This should never be an expectation.

Reality check four: We do not have a large inventory overhand in Connecticut. A quick look at the relatively low levels of new residential permits here shows that clearly.

We also ran our current inventory levels of residential properties (single-family homes and condominium units) compared to the rate of sales and deposits in 2008 and it shows about a 5 month supply on market. This is not a problem statistic.

We assembled median (middle of the price range) sales price data for single-family homes in a number of communities around Connecticut. These communities were chosen randomly: We did not know what result the data would show.

**Here's what we found (see following page):**

**Median Sales Price  
Change  
Single-Family Homes  
Select CT Communities**

**1995-2007**

Community	Median Single-Family Sales Price <b>Sales Price 1995</b>	Median Single-Family Sales Price <b>Sales Price 2007</b>	<b>% Price Change</b>
Avon	\$242,000	\$496,000	<b>205%</b>
Fairfield	\$250,000	\$618,000	<b>247%</b>
Farmington	\$190,000	\$378,000	<b>199%</b>
Glastonbury	\$181,000	\$380,000	<b>210%</b>
Greenwich	\$550,000	\$2,000,000	<b>364%</b>
Guilford	\$183,000	\$425,000	<b>232%</b>
Hartford	\$77,000	\$168,000	<b>218%</b>
Madison	\$220,000	\$540,000	<b>246%</b>
Milford	\$145,000	\$344,000	<b>237%</b>
Norwalk	\$194,000	\$528,000	<b>272%</b>
Norwich	\$89,000	\$210,000	<b>236%</b>
Simsbury	\$190,000	\$353,000	<b>186%</b>
Stamford	\$263,000	\$695,000	<b>264%</b>
Stonington	\$130,000	\$362,000	<b>279%</b>
Trumbull	\$205,000	\$460,000	<b>224%</b>
Waterford	\$122,000	\$270,000	<b>221%</b>
Windsor	\$125,000	\$235,000	<b>188%</b>
Woodstock	\$117,000	\$240,000	<b>205%</b>

Now, before anyone says it: This does not mean that every home in each of these communities went up by the same amount: Some would be more, some less.

But, clearly, the numbers show reality real well. Owning a home has been a good investment. Most importantly, it is a place to call home.