



2009 Economic Review from Howard Hall, Cottage Advisors, LLC

Lessons from 2009

Now that the 3rd quarter results are in, it is time to look to next year, and review what we learned from 2009:

- We learned that we have substantial speculation tendencies that we need to curb because risk-taking can be too risky
- We learned again that the U.S. has a strong economy – the strongest in the world. At the moment we are not rolling ahead - but we *are* bouncing ahead.
- We learned that it will be 2 to 3 years before the whole economy comes back to real positive growth, and real job growth is sustainable. We have seen consumer debt decline over \$300 billion. We have seen business inventory shrink by hundreds of billions of dollars. We will see a bouncy growth --up a bit, up a bit, down a bit --sort of reminds you of the old child's game of "Simon Says"

New England Economy

The best news is that we live in good old New England.

- Most of our community banks - and most others - are still lending. Our two troubled banks, of any consequence, are Sovereign, which was saved by a Spanish bank, and Citizens Bank, which was saved by the British government.
- Our real estate market had problems, and there are still a few soft spots, caused mostly by foreclosures, but on the whole, real estate still has a better return than the stock market. Remember, the stock market is at 10,000--we were over 14,000 — so we're 35% down. The psychology is amazing. You buy stock with 100% down. When it goes from over 14,000 down to 6,600 – even though your statement looks bad, it's only paper. It will come back. You buy a house with only 20% down and the market value goes down by 25% and you're suddenly under water and in a state of panic. It's the same situation as the stock - but you *feel* it differently

Summer Village

At Summer Village, we continue to appreciate the response of our current owners and their referrals. And we tip our hat to the nearly 40 new buyers who had the foresight to invest in Summer Village this year, for recognizing the deal of a decade, and making a purchase at the right time, and the right place. Future pricing at Summer Village will prove them right. They have made a good, sound investment.

I hope you all have a great holiday season.

Howard Hall
President