



Update from Kathy Korte, President & CEO

Now that we are in 2009 and eager to move forward, it's a good time to take a last glance back at 2008. I know I don't need to tell you that it was a very challenging year for the global residential real estate market, and that our business was not insulated from the general downturn. That said, we did see some bright spots last year.

Our total transaction sides declined 34% from 2007, which is not surprising, especially given that 2007 was a very strong year for us. What you may not expect to hear is that at the same time, our average sales price increased 7% and reached an all-time high of \$1.8 million for full year 2008. Our Hamptons, Jackson Hole, London, Manhattan and Palm Beach markets actually saw double-digit increases over their 2007 average sales price.

Overall, our company sales volume declined nearly 30% in 2008. However some of our markets posted even stronger results than they did in 2007. London, Manhattan, and the San Francisco/Sonoma market all saw their sales volume go up in 2008.

Despite an almost daily barrage of projections and opinions in the media, no one knows for sure how our markets will perform in 2009. What you can be sure of is our ongoing commitment to proactively identify and deliver the best services and resources possible to support your success, regardless of market conditions. As part of that, I will continue to use this newsletter to keep you informed about our business and our efforts throughout the year ahead.

In this edition I am delighted to share with you the top 25 performing Sotheby's International Realty agents for 2008, listed below. Each of these agents closed well over \$40 million in sales volume last year, and about half of them (12 of 25) increased their sales volume more than 50% over 2007!

Top 25 Agents in Sales Volume 2008 (listed alphabetically)

BK Bates, Greenwich
Serena Boardman, East Side Manhattan
Barbara Boyle, Pacific Palisades
Fred Bradley, Montecito, Upper Village
Mike Canning, Carmel Rancho
Cris Condon, Palm Beach
Roger Erickson, East Side Manhattan
Nikki Field, East Side Manhattan
Russell Filice, Sunset Strip

Ken Gangwer, Jackson Hole
Roberta Golubock, East Side Manhattan
Harald Grant, Southampton
Steve Hancock, Jackson Hole
Karen Heyman, Downtown Manhattan
Mon Ling Landegger, East Side Manhattan
Catherine Marcus, San Francisco
Eva Mohr, East Side Manhattan
Beate Moore, Bridgehampton

Frank Newbold, East Hampton
Suzanne Perkins, Montecito, Coast Village Road
Ed Petrie, East Hampton
Janet Schindler, San Francisco
Meredith Smith, East Side Manhattan
David Spackman, Jackson Hole
Deborah Svoboda, San Francisco

We surveyed these top producers to determine what factors they felt were most responsible for their success in a difficult market. While there were minor regional variations in the response (real estate is local), the overall message was consistent. Their answers revealed that an unwavering focus on fundamental skills, regardless of market conditions, was key to their success. We found no magic bullets — just a clarification that an agent's own reputation for service and professionalism coupled with a strong brand that represents and reinforces integrity and expertise is most powerful. Fifteen of the 25 agents have been with our firm for more than 5 years and the group's average tenure is almost 10 years.

These factors received the highest ratings:

1. Strong negotiating skills (extremely important)
2. Brand association (extremely important)
3. Broadening your personal sphere of influence (very important)
4. Pricing new listings realistically (important)

In their comments, agents referenced the amount of repeat business and personal referrals they worked on, thanks to their honesty, integrity, flexibility and strong work ethic (many have cancelled vacations), which they have consistently demonstrated throughout their careers. Other observations included the advantage of experience and a longer view of market cycles, and the importance of being resilient. It was noted that our managers also play an important role in applying their own experience and leadership skills to support you when needed. Clearly, the unique entrepreneurial spirit of our local operations and managers provides an even stronger advantage in difficult times. Congratulations and thanks to all!



News from the Network

In the fourth quarter of 2008, five new firms joined the Sotheby's International Realty® network in the following markets: Highlands, NC; Miami and Broward County, FL; Ocean City, NJ; Riverdale, NY; and Jupiter, FL. Legendary golfer Jack Nicklaus is part owner of the firm in Jupiter, The Bear's Club Sotheby's International Realty, which services The Bear's Club private golf club and surrounding communities. The Miami affiliate, ONE Sotheby's International Realty, replaced former affiliate SOL Sotheby's International Realty. Additionally, Prominent Properties, a long-time affiliate based in Alpine, NJ, expanded through acquisition and now has ten offices covering Northern New Jersey. Internationally, the Vietnam affiliate opened its first office in Ho Chi Minh City in December.

Today the network is comprised of more than 500 offices and 10,750 agents in 39 countries and territories.

Also worth noting: In 2008, referral business generated \$1.3 billion in sales volume. Referrals from the network, including the auction house, had an average sale price of \$2.1 million and comprised over \$400 million of the total volume. Don't forget that a Sotheby's International Realty Global Networking Event is coming up May 4-7, 2009 in San Diego.

Visit our intranet (<https://intranet.sotheyshomes.com>) for details on the event and a global directory of affiliate locations.

Conservation International Update

Recent news items show that the impact and importance of CI's work continues to grow.

On January 25, The Washington Post reported that the rapid climate change observed by federal agencies has prompted them to develop policies to help plan for eventualities like extended droughts and other impacts they foresee. There is even a call for a service to provide climate change projections, with one federal administrator saying, "The need for a national climate service is as strong now as the need for a National Weather Bureau was 120 years ago."

On February 2, CI made international news for the discovery of what are believed to be ten new species of amphibians in the mountains of Colombia. The Director of CI in Colombia called the area "a true Noah's Ark." The discovery is expected to help bring about the declaration of a new protected area in the region.

I am very pleased to announce that thanks to your support our Conservation International initiative got off to a very strong start last year, with over 90% of our offices actively joining our efforts to support this valuable organization. In just over two months, donations from our agents and staff coupled with holiday card purchases reached \$15,680 and protected over 1,000 acres. When combined with our up-front corporate matching donation and event sponsorship last year, we collectively protected over 5,700 acres of tropical forest land! That's nearly 9 square miles, and equal to the size of Jekyll Island, Georgia (pictured).



Early this week a group of world government, development, business and conservation leaders including CI Chairman and CEO Peter Seligman, Sens. John Kerry (D-MA) and Richard Lugar (R-IN) came together and issued a unified call for the U.S to take a global leadership role in protecting tropical forests as a crucial climate change strategy.

I look forward to our ongoing efforts in 2009, and thank and congratulate our "Top 5" donators for 2008:

TOP 5 DONATING AGENTS:

1. Emily Garcia – Santa Fe Main Downtown
2. Cormac O'Herlihy – Malibu
3. Nadine Danz – Pasadena
4. Francine Ehrlich – Greenwich
5. (tie) Eve Neuman – Larchmont, Wailani O'Herlihy – Malibu

TOP 5 OFFICES BY % AGENTS DONATING:

1. Driggs, ID
2. Montecito, CA
3. Osterville, MA
4. Soho, NY
5. Malibu, CA

Remember that the Top 5 Donating Agents from launch through March 31 will be invited to join me at CI's annual New York dinner in May as my guests.

Fourth Quarter 2008 Statistics

FOURTH QTR 2008

TOP 5 MARKETS IN AVERAGE SALES PRICE

Hamptons:	\$6.4m
London:	\$4.5m
Manhattan:	\$3.6m
Jackson Hole:	\$2.6m
Santa Barbara:	\$2.0m
Consolidated:	\$1.6M

FOURTH QTR 2008

BEST PERFORMING MARKETS VS. PRIOR YEAR

Transaction Sides
Ventura
London
Santa Barbara
Carmel
San Francisco/Sonoma