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Empire Access Multiple Listing Service, Inc.

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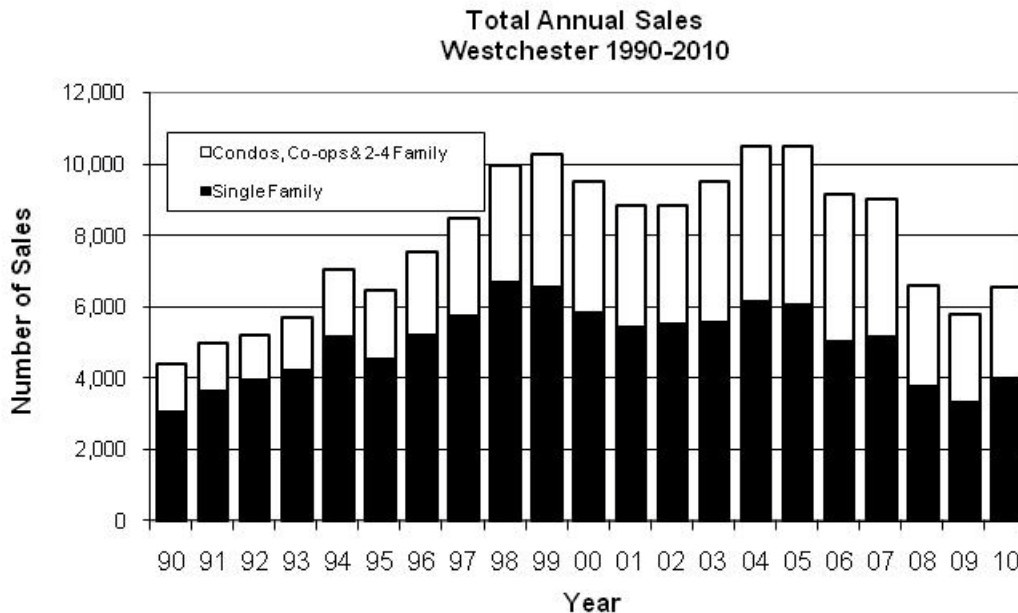
January 18, 2011

2010 FOURTH QUARTER AND FULL YEAR RESIDENTIAL REAL ESTATE REPORT
Westchester and Putnam Counties, New York

Realtor firms participating in the Empire Access Multiple Listing Service, Inc., a wholly owned subsidiary of the Westchester Putnam Association of Realtors, Inc., reported 6,586 closed residential transactions in Westchester County and 646 in Putnam County during 2010. The total dollar volume of sales in both counties was \$4.3 billion in 2010 as against \$3.5 billion in 2009 and \$4.5 billion in 2008.

That level of activity constituted, in Westchester, an encouraging 13% increase in sales over 2009 but there was insufficient momentum – by just under one percent - to outperform 2008 as well, the year in which the so-called Great Recession became palpable in this region’s real estate market. In Putnam County there was a bare one-half of one percent increase in sales over 2009, and a 12% decrease from 2008.

The single family house sector in both counties posted the best results. Westchester’s 4,014 house sales represented a nearly 20% increase over 2009’s sales and 5% over 2008. Putnam County’s 576 house sales increased by nearly 6% over 2009 but fell 8% short of the 623 sales posted in 2008. Condominium sales in Westchester picked up their pace, too, with a 14% increase over 2009. In Putnam County, however, condominium¹ sales were off by 28% from 2009.



Westchester's cooperative apartment sector performed weakly. The 1,266 sales were virtually unchanged (two units) from 2009, and were 18% below 2008 levels. Sales of multi-family properties (counted only for Westchester) remained at very low levels as well.

The 2010 experience was a composite of two very different real estate environments. In the first half of the year, and particularly in the second quarter, sales increased by significant double digit percentages compared to 2009 amounts. The apparent rejuvenation of the market at that time was largely attributable to the first-time homebuyers tax credit that required contracts to be signed by April 30 and closed by June 30 (later extended to September 30). This resulted in a burst of sales of condominiums and cooperatives, the housing types that are most affordable to first-time buyers. The single family house market also benefited, however. The resurgence was so strong that it appeared there would be continued growth even after the tax credit program expired

The reality was different. Third quarter sales came in at 5% below 2009 levels, and fourth quarter sales were down by a major 25% from the prior year. Seasonally adjusted², Westchester's fourth quarter sales were equivalent to an annual volume of 5,870 units, a scant 2% increase over the third quarter rate, and more characteristic of annual volumes posted in the mid-1990s.

Prices

The same kind of split-level patterning that applied to sales volume has complicated the analysis of the region's real estate price trends in 2010 as well. On a quarterly basis, the highest median sale price³ ever posted for Westchester single family houses was \$730,000 during the third quarter of 2007. Thereafter the price trend was downwards until the most recent low point of \$532,000 in the first quarter of 2009. After that, prices increased again through the third quarter of 2010 when surprisingly, in the midst of a recession, a new record median of \$730,250 was established.

The dominant reason for the erratic price track in the single family house sector was not inconsistent appreciation (or depreciation) but rather the ratio of sales of high-end properties (\$1 million and up) to the balance of the market. Generally speaking, higher priced properties have fared better from a sales volume aspect than have lower priced properties, and that fact has tended to elevate the overall average price while masking a lower level of price performance among the more moderately priced properties. Sales of high end properties accounted for 23% of total sales in 2008, then fell to a 17% share in 2009. The high end bounced back again in the first half of 2010 but the infusion of lower priced transactions stimulated by the tax credit program tended to restrain the amount of overall average price increase. When the tax credit program expired, high-end sales once again obtained a larger market share – up to 28%- which circumstance produced the record high \$730,250 median sale price systemwide.

It appears that with the 2010 fourth quarter, the market mix may have started to change again; the high-end share was just 16%, presumably mitigating any increase in the overall median sale price. Yet the \$630,000 median sale price of a Westchester single family house in the fourth quarter of 2010 stood about 9% above the 2009 level.

Probably 4-5 percentage points of that 9% increase constituted true price appreciation rather than mere statistical artifact. That improvement was not shared by the condominium and cooperative sectors, however. The fourth quarter median sale price of a Westchester condo was \$355,000, unchanged from 2009, and Westchester co-op prices slipped by 6% to a fourth quarter median of \$170,000.

Foreclosures and Inventory

Nationally there is a continuing worry about backlogged processing of foreclosed properties as well as yet-to-be-filed foreclosure actions. However, in the Westchester-Putnam real estate market, foreclosure activity to date appears not to have caused serious damage in terms of excess inventory or a depressed price structure. Foreclosure filings recorded by the Westchester County Clerk's office declined by 50% in the fourth quarter of 2010 compared to 2009, and by 42% in Putnam County. Many if not most filings are resolved through so called short sales. Realtors who are active in the short sale submarket report that while short sale transactions obviously yield lower sales prices than those obtained from normal market transactions, that fact does not necessarily result in a loss of value among the unimpaired properties as a class.

The end-of-quarter inventory of Westchester properties listed for sale was 5,703 units, 6% more than at the end of 2009. The single family house inventory in Putnam County was also higher by about 6%. Inventory has steadily – but slowly – increased since 2007, reflecting in part the slower pace of sales systemwide. In recent quarters the cooperative unit sector has contributed the most to inventory accumulation as first time and moderate income buyers remain cautious about entering the market. Overall, however, Westchester and Putnam inventory is not excessive and in fact is at about the same levels as it was in 2005 – 2006 before the recession took hold.

A Look Ahead

Nominally, prospective home buyers should be seeing mostly green lights for the ride back to normalcy. These include:

- Mortgage interest rates probably as low as they'll ever be, currently averaging about 5% (or less) for a 30-year fixed rate loan.
- Foreclosure activity at manageable, non-threatening levels in our area.
- Current inventory offering ample choice to prospective home buyers.
- Price moderation in the range of 8-15% from the top of the market in 2006-2007.
- Local unemployment easing ever so slowly, but nevertheless steadily, by about one-half percentage point from the start to finish of 2010.
- A gain of about 10% in the Dow Jones Industrial Average over the course of 2010, and continuing increases thus far into 2011. The performance of the equity markets is important not just for confidence building among consumers but for maintaining high-

earnings employment – and home buying capability – in our region’s financial industry jobs market.

Yet pervasive uncertainty remains about job security, tax policy, the safety of personal investments, and the national economy in general, among other worries. Prospective first time buyers in particular have been reticent to step onto the first rung of the housing ladder with a starter house or cooperative apartment. Yet their confidence in the future is what is needed to power ascending sales volumes like those posted in the first half of 2010 during the homebuyer tax credit program – this time without the program. Without them, the relatively lackluster performance of the second half of 2010 will constitute the “new normal” for assessing progress in 2011.



The Empire Access Multiple Listing Service, Inc. (EAMLS) is a subsidiary of the Westchester Putnam Association of Realtors, Inc. EAMLS serves more than 925 real estate offices having listings in Bronx, Westchester, Putnam and Dutchess Counties. All data tables refer to Westchester County sales unless expressly noted otherwise. The reported transactions do not include all real estate sales in the area or all sales assisted by the participating offices but they are fairly reflective of general market conditions. EAMLS does not provide data on sub-county geographic areas. Persons desiring sub-county data are invited to contact participating real estate offices in the desired areas. Any text or data from this report may be reprinted with attribution to Empire Access Multiple Listing Service, Inc. as the source. Prior reports dating back to 1981 are available on the Realtor Association’s website, www.wpar.com; click on Market Statistics. A membership directory searchable by municipality is also available on that site.

¹ *There are very few cooperative apartments in Putnam County, hence few sales posted with the MLS. The co-op sales are included with condominium sales and are statistically insignificant.*

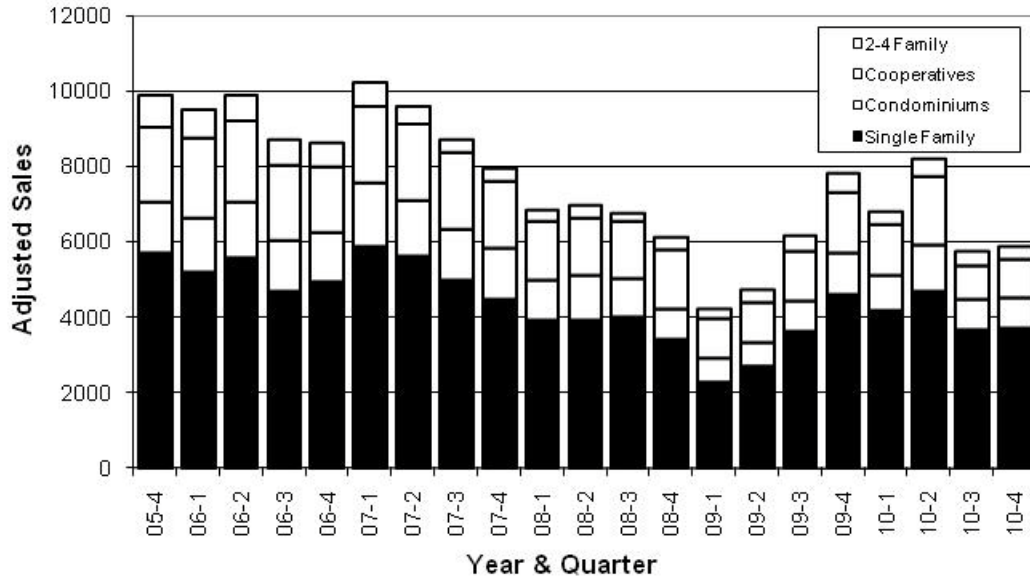
² *The seasonally adjusted rate is an annualized rate for a given quarter. It represents what the total sales volume would be for the whole year based on the quarter’s customary share of total annual sales.*

³ *The median sale price is the mid-point of all reported sales, i.e., half of the sales were for more than the median price and half were for less. The median is not affected by unusually low or high sale prices. The mean sale price is the arithmetic average, i.e., the sum of all sales prices divided by the number of sales. The mean does reflect the influence of sales at unusually low or high prices.*

ANNUAL COMPARISONS, 2007- 2010						
NUMBER OF SALES					<i>Change 09 - 10</i>	
Type Of Property	2007	2008	2009	2010	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	5,171	3,805	3,353	4,014	661	19.7%
Condominiums	1,445	1,005	821	937	116	14.1%
Cooperatives	1,972	1,543	1,268	1,266	(2)	-0.2%
2-4 Family Houses	434	286	382	369	(13)	-3.4%
Total	9,022	6,639	5,824	6,586	762	13.1%
Putnam County						
Single Family Houses	773	623	546	576	30	5.5%
Condos & Co-ops	144	111	97	70	(27)	-27.8%
Total	917	734	643	646	3	0.5%
DOLLAR VOLUME OF SALES (\$Millions)					<i>Change 09 - 10</i>	
Type Of Property	2007	2008	2009	2010	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	4,845.1	3,355.2	2,561.3	3,323.3	761.9	29.7%
Condominiums	625.9	435.5	325.7	374.9	49.2	15.1%
Cooperatives	421.5	317.6	244.7	247.0	2.3	0.9%
2-4 Family Houses	241.3	136.0	139.4	127.0	(12.3)	-8.9%
Total	6,133.8	4,244.3	3,271.1	4,072.2	801.1	24.5%
Putnam County						
Single Family Houses	358.8	273.4	194.0	205.6	11.5	5.9%
Condos & Co-ops	41.4	32.1	23.1	16.8	(6.3)	-27.4%
Total	400.2	305.5	217.1	222.3	5.2	2.4%
MEDIAN SALE PRICE					<i>Change 09 - 10</i>	
Type Of Property	2007	2008	2009	2010	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	685,000	650,000	580,000	630,000	50,000	8.6%
Condominiums	390,000	385,000	355,000	355,000	-	0.0%
Cooperatives	190,000	185,000	175,000	170,000	(5,000)	-2.9%
2-4 Family Houses	546,250	463,750	370,000	348,000	(22,000)	-5.9%
Putnam County						
Single Family Houses	400,000	373,000	334,750	315,000	(19,750)	-5.9%
Condos & Co-ops	280,000	280,000	221,000	229,500	8,500	3.8%
MEAN SALE PRICE					<i>Change 09 - 10</i>	
Type Of Property	2007	2008	2009	2010	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	936,982	881,793	763,893	827,917	64,024	8.4%
Condominiums	433,177	433,295	396,760	400,154	3,394	0.9%
Cooperatives	213,730	205,863	192,964	195,081	2,117	1.1%
2-4 Family Houses	556,102	475,381	364,863	344,270	(20,593)	-5.6%
Putnam County						
Single Family Houses	464,111	438,888	355,393	356,912	1,519	0.4%
Condos & Co-ops	287,793	289,040	238,057	239,401	1,344	0.6%

FOURTH QUARTER COMPARISONS, 2006 - 2010						
NUMBER OF SALES					<i>Change 09 - 10</i>	
Type Of Property	4th 07	4th 08	4th 09	4th 10	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	1,026	750	1,021	837	(184)	-18.0%
Condominiums	345	193	277	204	(73)	-26.4%
Cooperatives	441	367	395	244	(151)	-38.2%
2-4 Family Houses	<u>88</u>	<u>85</u>	<u>130</u>	<u>84</u>	<u>(46)</u>	<u>-35.4%</u>
Total	1,900	1,395	1,823	1,369	(454)	-24.9%
Putnam County						
Single Family Houses	181	146	167	136	(31)	-18.6%
Condos & Co-ops	<u>29</u>	<u>32</u>	<u>32</u>	<u>22</u>	<u>(10)</u>	<u>-31.3%</u>
Total	210	178	199	158	(41)	-20.6%
DOLLAR VOLUME OF SALES (\$Millions)					<i>Change 09 - 10</i>	
Type Of Property	4th 07	4th 08	4th 09	4th 10	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	917.7	558.8	751.5	623.2	(128.2)	-17.1%
Condominiums	154.6	76.0	110.2	86.0	(24.2)	-21.9%
Cooperatives	92.3	74.4	75.6	49.1	(26.5)	-35.1%
2-4 Family Houses	<u>47.7</u>	<u>36.6</u>	<u>44.3</u>	<u>30.2</u>	<u>(14.1)</u>	<u>-31.8%</u>
Total	1,212.3	745.9	981.6	788.5	(193.0)	-19.7%
Putnam County						
Single Family Houses	78.4	58.7	58.4	49.0	(9.3)	-16.0%
Condos & Co-ops	<u>8.4</u>	<u>10.7</u>	<u>7.4</u>	<u>5.2</u>	<u>(2.1)</u>	<u>-28.7%</u>
Total	86.8	69.4	65.7	54.3	(11.5)	-17.4%
MEDIAN SALE PRICE					<i>Change 09 - 10</i>	
Type Of Property	4th 07	4th 08	4th 09	4th 10	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	640,000	570,000	560,000	576,500	16,500	2.9%
Condominiums	382,000	355,000	347,500	359,000	11,500	3.3%
Cooperatives	185,000	180,000	169,500	172,250	2,750	1.6%
2-4 Family Houses	555,000	409,000	337,750	350,200	12,450	3.7%
Putnam County						
Single Family Houses	380,000	350,000	325,000	311,500	(13,500)	-4.2%
Condos & Co-ops	255,000	297,062	217,500	218,500	1,000	0.5%
MEAN SALE PRICE					<i>Change 09 - 10</i>	
Type Of Property	4th 07	4th 08	4th 09	4th 10	<i>Amount</i>	<i>Percent</i>
Westchester County						
Single Family Houses	894,475	745,127	736,034	744,618	8,584	1.2%
Condominiums	448,184	393,560	397,708	421,600	23,892	6.0%
Cooperatives	209,248	202,767	191,334	201,074	9,740	5.1%
2-4 Family Houses	542,605	430,972	341,096	359,796	18,700	5.5%
Putnam County						
Single Family Houses	433,082	402,123	349,446	360,409	10,963	3.1%
Condos & Co-ops	288,362	333,687	229,819	238,258	8,439	3.7%

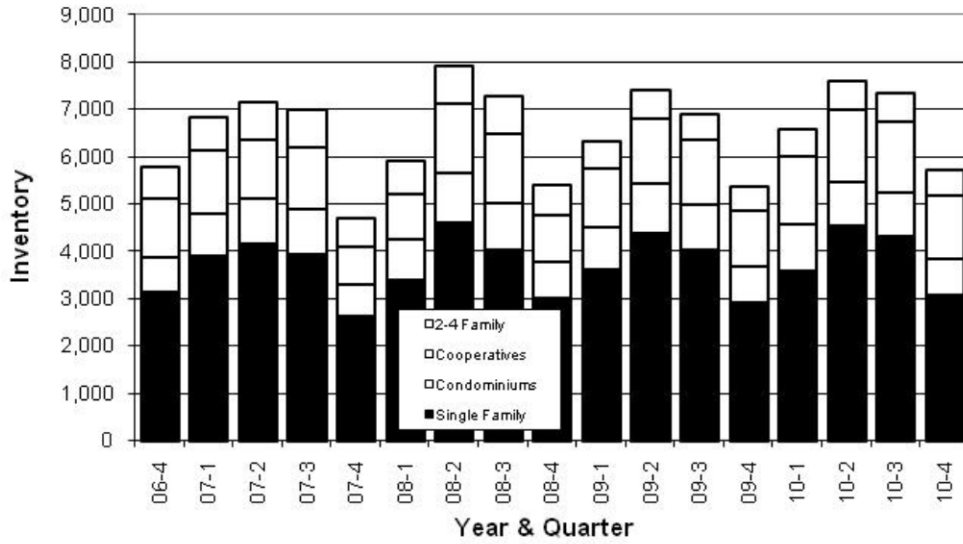
**SEASONALLY ADJUSTED QUARTERLY SALES
Westchester 2005-2010**



SEASONALLY ADJUSTED QUARTERLY SALES, 2008 - 2010										
Property Type	2008 4th	2009 1st	2009 2nd	2009 3rd	2009 4th	2010 1st	2010 2nd	2010 3rd	2010 4th	%Change 2010/3- 2010/4
Westchester County										
Single Family	3,440	2,260	2,690	3,630	4,620	4,200	4,700	3,660	3,720	1.6%
Condominiums	780	650	650	820	1,100	910	1,210	810	820	1.2%
Cooperatives	1,570	1,060	1,050	1,300	1,620	1,380	1,850	900	1,010	12.2%
2-5 Family	<u>350</u>	<u>260</u>	<u>330</u>	<u>420</u>	<u>500</u>	<u>340</u>	<u>440</u>	<u>380</u>	<u>320</u>	-15.8%
Total	6,140	4,230	4,720	6,170	7,840	6,830	8,200	5,750	5,870	2.1%
Putnam County										
Single Family	580	460	510	620	660	650	700	500	550	10.0%
Condos+Co-ops	<u>140</u>	<u>90</u>	<u>70</u>	<u>100</u>	<u>140</u>	<u>60</u>	<u>100</u>	<u>40</u>	<u>90</u>	125.0%
Total	730	550	580	720	800	710	800	540	640	18.5%

Type Of Property	INVENTORY AT DECEMBER 31				Change 09 - 10	
	2007	2008	2009	2010	Amount	Percent
Westchester County						
Single Family Houses	2,635	3,018	2,909	3,062	153	5.3%
Condominiums	656	765	765	789	24	3.1%
Cooperatives	799	983	1,193	1,334	141	11.8%
2-5 Family Houses	<u>621</u>	<u>626</u>	<u>513</u>	<u>518</u>	<u>5</u>	1.0%
Total	4,711	5,392	5,380	5,703	323	6.0%
Putnam County						
Single Family Houses	701	740	731	771	40	5.5%
Condos & Co-ops	<u>105</u>	<u>88</u>	<u>123</u>	<u>89</u>	<u>(34)</u>	-27.6%
Total	806	828	854	860	6	0.7%

END OF QUARTER INVENTORY
Westchester 2006-2010



MEDIAN SALE PRICE
Westchester 2005-2010

