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1998 YEAR-END RESIDENTIAL REAL ESTATE SALES REPORT Westchester and Putnam Counties, New York

Overview

In a virtual repeat of the 1997 record-breaking experience -- but at an even higher level - the 1998 residential real estate market in Westchester and Putnam Counties shattered all prior records for transaction and dollar volumes. In Westchester, the Realtor firms participating in the Westchester-Putnam Multiple Listing Service, Inc.* reported a total of 9,967 sales having an aggregate value of \$3.3 Billion. These were increases of 17% and 24%, respectively, over the prior records established in 1997. In Putnam County, with 1,292 sales totaling \$257 Million dollars, the percentage increases were 36 and 47, respectively.

Each quarter including the fourth quarter (October-November-December) covered by this report posted record-high transaction and dollar volumes. The fourth quarter figures in Westchester were 2,425 closed sales amounting to \$754.6 Million compared to 2,189 sales totaling \$654.7 Million in the fourth quarter of 1997. The closed sales largely represented properties that were marketed and negotiated in the late summer through late autumn of 1998. Putnam County's fourth quarter activity was 50% higher than 1997's.

The result of the heavy sales volume throughout the year was that inventory (units listed for sale) declined to very low levels. By year end, Westchester's residential inventory of 4,634 residential properties (single family houses, condominiums, cooperatives and 2-5 family houses) was 25% below 1997's level, and 39% below that of 1996. Putnam County's inventory fell by comparable amounts.

For all property categories except condominiums, average prices increased by 7-8% from the prior year. In the largest sales category, single family houses, the median¹ sale price in Westchester in 1998 was \$320,000 - an increase of \$20,000 or 7% over the 1997 median of \$300,000. Some of the increase was due to a shift in purchases toward the more highly priced properties. The mean¹ or arithmetic sale price of a Westchester house was \$418,460, reflecting the influence of those high-end sales. Some of the general price increase also represented true appreciation of approximately 4% and outpaced the average rate of inflation by about two percentage points.

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ANNUAL COMPARISONS, 1996-97-98
Westchester County, New York

NUMBER OF SALES

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	5,211	5,783	6,701	16%
Condominiums	993	1,115	1,387	24%
Cooperatives	929	1,102	1,322	20%
2-5 Family Houses	<u>443</u>	<u>504</u>	<u>557</u>	11%
Total of All Types	7,576	8,504	9,967	17%

DOLLAR VALUE OF SALES (\$Millions)

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$1,954	\$2,257	\$2,804	24%
Condominiums	\$179	\$206	\$258	26%
Cooperatives	\$71	\$84	\$105	26%
2-5 Family Houses	<u>\$91</u>	<u>\$107</u>	<u>\$124</u>	16%
Total of All Types	\$2,295	\$2,653	\$3,292	24%

MEDIAN SALE PRICE

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$285,000	\$300,000	\$320,000	7%
Condominiums	\$158,500	\$162,000	\$162,500	0%
Cooperatives	\$60,000	\$60,000	\$65,000	8%
2-5 Family Houses	\$197,500	\$200,000	\$215,000	8%
All Types	\$235,000	\$240,000	\$250,000	4%

MEAN SALE PRICE

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$374,899	\$390,213	\$418,460	7%
Condominiums	\$180,262	\$184,484	\$187,291	2%
Cooperatives	\$76,534	\$75,953	\$79,698	5%
2-5 Family Houses	\$204,966	\$211,310	\$222,552	5%
All Types	\$301,504	\$311,912	\$330,270	6%

END OF YEAR & QUARTER INVENTORY

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change</u>
				<u>97 to 98</u>
Single Family Houses	4,364	3,683	2,604	-29%
Condominiums	861	666	470	-29%
Cooperatives	1,665	1,323	1,126	-15%
2-5 Family Houses	<u>678</u>	<u>531</u>	<u>434</u>	-18%
Total of All Types	7,568	6,203	4,634	-25%

The same factors that fueled the 1997 market were at work in 1998. One of the principal continuing positive influences on the market was the widespread availability of mortgages at historically low interest rates. 1998 started off with average rates on conventional 30-year mortgages in the range of 7.0 to 7.4%, dropped to as low as 6.7% by the end of September, and remained below 7.0% after that. Low mortgage interest rates contributed significantly to the affordability of housing, particularly in high-cost areas such as Westchester, and thereby enabled more prospective buyers to enter the market.

Also boosting the local real estate market was significant job growth and economic development both in Westchester and New York City which had the effect of maintaining consumers' confidence in their jobs and economic well being. Such confidence provided the impetus for thousands of individual decisions to buy a property - either for the first time or for a trade-up. Although hard data are not available, it is well known and reported among this area's Realtors that buyers from New York City were and are an increasingly important component of the Westchester-Putnam market.

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**The Westchester-Putnam Multiple Listing Service, Inc. (WPMLS) is a subsidiary of the Westchester County Board of Realtors, Inc. and the Putnam County Association of Realtors, Inc. WPMLS serves 480 real estate offices having listings in 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 nor all sales assisted by the participating offices but they are fairly reflective of general market conditions. WPMLS does not at this time provide data on sub-county geographic areas. Persons desiring small-area data are invited to contact participating real estate offices in the desired area. Any text or data from this report may be reprinted with attribution to Westchester County Board of Realtors, Inc. as the source.*

FOURTH QUARTER COMPARISONS, 1996-97-98

Westchester County, New York

NUMBER OF SALES

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	1,241	1,439	1,539	7%
Condominiums	223	313	350	12%
Cooperatives	250	300	384	28%
2-5 Family Houses	<u>134</u>	<u>137</u>	<u>152</u>	11%
Total of All Types	1,848	2,189	2,425	11%

DOLLAR VALUE OF SALES (\$Millions)

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$435.70	\$551.10	\$629.20	14%
Condominiums	\$41.40	\$56.20	\$62.40	11%
Cooperatives	\$19.60	\$20.00	\$28.88	44%
2-5 Family Houses	<u>\$27.50</u>	<u>\$27.40</u>	<u>\$34.09</u>	24%
Total of All Types	\$524.20	\$654.70	\$754.60	15%

MEDIAN SALE PRICE

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$270,000	\$284,000	\$306,500	8%
Condominiums	\$158,500	\$160,000	\$155,000	-3%
Cooperatives	\$60,000	\$56,000	\$62,000	11%
2-5 Family Houses	\$199,000	\$197,000	\$225,000	14%
All Types	\$220,500	\$225,000	\$235,000	4%

MEAN SALE PRICE

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$351,080	\$382,994	\$420,997	10%
Condominiums	\$185,455	\$179,640	\$178,309	-1%
Cooperatives	\$78,255	\$66,586	\$75,721	14%
2-5 Family Houses	\$205,409	\$200,349	\$224,264	12%
All Types	\$283,968	\$299,097	\$311,254	4%

END OF YEAR & QUARTER INVENTORY

<u>Type Of Property</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>% Change 97 to 98</u>
Single Family Houses	4,364	3,683	2,604	-29%
Condominiums	861	666	470	-29%
Cooperatives	1,665	1,323	1,126	-15%
2-5 Family Houses	<u>678</u>	<u>531</u>	<u>434</u>	-18%
Total of All Types	7,568	6,203	4,634	-25%

Fourth Quarter Observations

Although the fourth quarter sales were the most ever recorded by WPMLS, the fourth quarter pace of activity in Westchester did slack off a bit in comparison to the prior quarters of 1998. On a seasonally adjusted² basis, the actual 2,425 fourth quarter sales were equivalent to an annual rate of 9,840 sales -- about a 3% fall-off from the 10,120-unit annual rate of the third quarter. The slight decline, which was mostly concentrated in the single-family house sector, could be attributed to consumer caution in response to reported negative developments in the world economy at the time those properties were on the market.

Price increases from the fourth quarter of 1997 to the fourth quarter of 1998 were of the same order of magnitude as for the years as a whole. The fourth quarter median sale price of a Westchester single family house was \$306,500, an increase of \$22,500 or 8% from the year before. The mean sale price of \$420,997 was 10% higher than last year's. It appears that home purchasing moved more to the higher-end properties as the year progressed.

Property Categories

The single family, cooperative and multi-family house sectors all performed exceptionally strongly for the whole year as well as the fourth quarter. The condominium sector, though strong in transaction volume, was the weakest component with respect to prices. Condominiums sales in Westchester were 24% higher in 1998 than 1997 on a full year basis, and 12% higher on a quarterly comparison basis. However, \$162,500 full-year median sale price of condos was hardly changed - just \$500 more - than it was in 1997. Further, in the fourth quarter of 1998, the median sale price of \$155,000 actually was 3% lower than that of a year ago. There was no obvious explanation for the fall-off in relation to the other categories except possibly that the condo market was squeezed by competition with the vigorous single family house and cooperative sectors.

The co-op sector came fully out of the woods in 1998. The full year sales volume of 1,322 units was 20% higher than in 1997; the fourth quarter sales volume of 384 units was 28% higher. Seasonally adjusted, the fourth quarter sales were equivalent to an annual sales rate of 1,380 units, the highest yet recorded for co-ops. Co-ops appreciated in price as well. The year-end median sale price of \$65,000 was 8% higher than in 1997; the mean sale price of \$75,721 was 14% higher, indicating the presence of more expensive units in the sales mix.

Putnam County

Putnam County's year-to-year and quarter-to-quarter sales rates increased significantly faster than Westchester's from 1997 to 1998, finally gaining advantage from the spillover activity from its neighbor to the south. The 1,107 single family house sales were 35% more than in 1997, and the 185 condo sales were 42% more.

On a full-year basis, Putnam's housing price increases resembled Westchester's. The \$190,000 median sale price of a single family house was 8% higher than in 1997 and the \$126,500 median sale price of a condo was only 2% higher. In the fourth quarter, however, house prices were only 4% higher and condo prices decreased by 1%.

Putnam's vigorous sales activity had the same effect on inventory as occurred in Westchester, a 23% drop in comparison to the prior year.

QUARTERLY SALES HISTORY IV-96 TO IV-98

Westchester County, New York

<u>TYPE</u>	<u>1996</u> <u>4th Qtr</u>	<u>1997</u> <u>1st Qtr</u>	<u>1997</u> <u>2nd Qtr</u>	<u>1997</u> <u>3rd Qtr</u>	<u>1997</u> <u>4th Qtr</u>	<u>1998</u> <u>1st Qtr</u>	<u>1998</u> <u>2nd Qtr</u>	<u>1998</u> <u>3rd Qtr</u>	<u>1998</u> <u>4th Qtr</u>
Single Family	1,241	961	1,465	1,918	1,439	1,179	1,708	2,275	1,539
Condominiums	223	194	291	317	313	231	354	452	350
Cooperatives	250	185	283	334	300	260	313	365	384
2-5 Family	134	108	116	143	137	108	134	163	152
TOTAL	1,848	1,448	2,155	2,712	2,189	1,778	2,509	3,255	2,425

SEASONALLY ADJUSTED SALES RATES, IV-96 TO IV-98

Westchester County, New York

<u>TYPE</u>	<u>1996</u> <u>4th Qtr</u>	<u>1997</u> <u>1st Qtr</u>	<u>1997</u> <u>2nd Qtr</u>	<u>1997</u> <u>3rd Qtr</u>	<u>1997</u> <u>4th Qtr</u>	<u>1998</u> <u>1st Qtr</u>	<u>1998</u> <u>2nd Qtr</u>	<u>1998</u> <u>3rd Qtr</u>	<u>1998</u> <u>4th Qtr</u>
Single Family	5,150	5,360	5,860	5,760	6,040	6,660	6,710	6,840	6,520
Condominiums	860	1,090	1,170	970	1,270	1,310	1,400	1,410	1,400
Cooperatives	930	890	1,180	1,170	1,110	1,370	1,280	1,270	1,380
2-5 Family	500	510	500	520	490	500	580	600	540
TOTAL	7,440	7,850	8,710	8,420	8,910	9,840	9,970	10,120	9,840

FOURTH QUARTER COMPARISONS, 1996-97-98

Putnam County, New York

	<u>IV-1996</u>	<u>IV-1997</u>	<u>IV-1998</u>	<u>%Change</u> <u>97 to 98</u>
NUMBER OF SALES				
Single Family Houses	188	223	373	67%
Condominiums	35	40	59	48%
SEASONALLY ADJUSTED				
Single Family Houses	770	940	1,320	40%
Condominiums	130	160	240	50%
DOLLAR VALUE OF SALES*				
Single Family Houses	\$36.10	\$44.70	\$67.51	51%
Condominiums	\$4.10	\$4.80	\$7.06	47%
MEDIAN SALE PRICE				
Single Family Houses	\$171,500	\$181,500	\$188,000	4%
Condominiums	\$122,000	\$119,000	\$118,000	-1%
MEAN SALE PRICE				
Single Family Houses	\$193,851	\$200,518	\$217,058	8%
Condominiums	\$116,919	\$120,538	\$119,740	-1%

ANNUAL COMPARISONS, 1996-97-98

Putnam County, New York

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>%Change</u> <u>97 to 98</u>
NUMBER OF SALES				
Single Family Houses	639	817	1,107	35%
Condominiums	133	130	185	42%
DOLLAR VALUE OF SALES*				
Single Family Houses	\$121.20	\$159.10	\$234.00	47%
Condominiums	\$15.80	\$15.70	\$23.10	47%
MEDIAN SALE PRICE				
Single Family Houses	\$175,000	\$176,000	\$190,000	8%
Condominiums	\$120,700	\$123,500	\$126,500	2%
MEAN SALE PRICE				
Single Family Houses	\$189,671	\$194,737	\$211,343	9%
Condominiums	\$118,797	\$120,769	\$124,615	3%
END OF YEAR INVENTORY				
Single Family Houses	944	956	734	-23%
Condominiums	106	116	96	-17%

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¹ 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 very low or very high sale prices.

² The seasonally adjusted rate is an estimate of what the full year's sales would be if, based on past experience, the customary sales share of the current quarter were projected to a full twelve months. The adjusted rate permits comparisons of seasonally unequal periods by converting each period to its equivalent annual rate.