



WESTCHESTER COUNTY BOARD OF REALTORS, INC.

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October 26, 1998

1998 THIRD QUARTER RESIDENTIAL REAL ESTATE SALES REPORT Westchester and Putnam Counties, New York

ALL RECORDS SHATTERED

The Westchester-Putnam area's fast paced real estate market reached its highest level ever during the spring and early summer months of 1998 as measured by the volume of sales commitments in that period which later resulted in closings in July, August and September.

Realtor firms participating in the Westchester-Putnam Multiple Listing Service, Inc. (WPMLS) reported a total of 3,255 closings of residential sales during the third quarter of this year. The aggregate dollar volume of those sales was \$1.153 Billion.

That level of sales was the most for any prior quarter measured by WPMLS and exceeded last year's third-quarter sales by 20 percent. On a seasonally adjusted basis¹, the 3,255 closings were equivalent to an annual rate of 10,120 sales per year, improving on the already high seasonally adjusted rates of 9,840 and 9,970 sales for the first and second quarters, respectively.

Consistently low mortgage interest rates and favorable economic conditions powered the local market. Prospective purchasers during the traditionally busy spring market were supported by average mortgage interest rates that were decreasing from about 7.3% to 7.0% on 30-year conventional mortgages. Very often an interest rate decline slows the market a little as purchasers wait for rates to bottom out. During this past spring, however, interest rates were already very low on an historical basis, and the slight additional decrease only served to heat up the market by making mortgage borrowing more affordable.

All four categories of housing tracked by WPMLS - single family houses, condominiums, cooperatives, and 2-5 family houses - posted record high sales. Further, all of them except condominiums experienced price increases that outpaced inflation and the normal seasonal price increases that result from the more highly charged spring market. The median sale price² of all residential sales recorded by WPMLS was \$275,000, an increase of \$21,000 or 8 percent from the third quarter of 1997. The mean sale price² of \$354,239 was also 8% more than last year's.

**Note: The Westchester-Putnam Multiple Listing Service, Inc. 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 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 appropriate areas. Any text or data from this report may be reprinted with attribution to Westchester County Board of Realtors, Inc. as the source.*

The price increases partly reflected competitive pressure from a substantial decline in the inventory of properties for sale. By the end of the quarter (September 30) the inventory of residential properties fell to 5,840 units, a full 25% below last year's third quarter inventory and far below the level of 9,000 or more units that prevailed in 1996 and earlier. The low level of inventory generally prompted higher bids and faster decisions by prospective purchasers.

As noted above, the third quarter closings were of properties that were listed and marketed during the spring and early summer months. During that time there was not the degree of stress in the world economy nor volatility in the stock market that now obtains at the issuance of this report. The effect, if any, of those conditions upon the local residential real estate market will not be apparent until current sales are posted as closings in the fourth quarter of this year and first quarter of 1999.

ACTUAL QUARTERLY SALES, 1996-98, WESTCHESTER

<u>TYPE</u>	<u>1996</u> <u>3rd Qtr</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</u> <u>Qtr</u>	<u>1998</u> <u>2nd</u> <u>Qtr</u>	<u>1998</u> <u>3rd Qtr</u>
Single Family	1,835	1,241	961	1,465	1,918	1,439	1,179	1,708	2,275
Condominiums	361	223	194	291	317	313	231	354	452
Cooperatives	258	250	185	283	334	300	260	313	365
<u>2-5 Family</u>	<u>118</u>	<u>134</u>	<u>108</u>	<u>116</u>	<u>143</u>	<u>137</u>	<u>108</u>	<u>134</u>	<u>163</u>
TOTAL	2,572	1,848	1,448	2,155	2,712	2,189	1,778	2,509	3,255

SEASONALLY ADJUSTED SALES RATES, 1996-98, WESTCHESTER COUNTY

<u>TYPE</u>	<u>1996</u> <u>3rd Qtr</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>
Single Family	7,610	5,150	5,360	5,860	5,760	6,040	6,660	6,710	6,840
Condominiums	1,390	860	1,090	1,170	970	1,270	1,310	1,400	1,410
Cooperatives	960	930	890	1,180	1,170	1,110	1,370	1,280	1,270
<u>2-5 Family</u>	<u>440</u>	<u>500</u>	<u>510</u>	<u>500</u>	<u>520</u>	<u>490</u>	<u>500</u>	<u>580</u>	<u>600</u>
TOTAL	10,400	7,440	7,850	8,710	8,420	8,910	9,840	9,970	10,120

YEAR TO DATE (3rd QTR), 1996-98

<u>TYPE</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>%Change 97 to 98</u>
Single Family	3,988	4,344	5,162	19%
Condominiums	770	802	1,037	29%
Cooperatives	679	802	938	17%
<u>2-5 Family</u>	<u>309</u>	<u>367</u>	<u>405</u>	10%
TOTAL	5,746	6,315	7,542	19%

END OF QUARTER INVENTORY, 1996-98, WESTCHESTER

<u>TYPE</u>	<u>1996 3rd Qtr</u>	<u>1996 4th Qtr</u>	<u>1997 1st Qtr</u>	<u>1997 2nd Qtr</u>	<u>1997 3rd Qtr</u>	<u>1997 4th Qtr</u>	<u>1998 1st Qtr</u>	<u>1998 2nd Qtr</u>	<u>1998 3rd Qtr</u>
Single Family	5,569	4,364	5,171	5,419	4,805	3,683	3,945	3,912	3,467
Condominiums	1,031	861	978	976	846	666	685	717	588
Cooperatives	1,882	1,665	1,790	1,661	1,541	1,323	1,422	1,415	1,250
<u>2-5 Family</u>	<u>776</u>	<u>678</u>	<u>702</u>	<u>716</u>	<u>646</u>	<u>531</u>	<u>546</u>	<u>584</u>	<u>535</u>
TOTAL	9,258	7,568	8,641	8,772	7,838	6,203	6,598	6,628	5,840

3RD QUARTER MEDIAN SALE PRICES

Westchester County, 1996, 97, 98

	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Single Family Houses	\$297,000	\$311,500	\$340,000	9%
Condominiums	\$161,000	\$165,500	\$165,000	0%
Cooperatives	\$60,000	\$63,000	\$69,000	10%
2-5 Family Houses	\$180,000	\$205,000	\$227,000	11%
All Categories	\$247,000	\$254,000	\$275,000	8%

1. The seasonally adjusted rate is an estimate of what the full year's sales would be if, based on past experience, the sales pace of the current quarter were applicable to all four quarters of the year. The adjusted rate permits comparisons of seasonally unequal quarterly activity by converting it to an annual rate.

2. The median sale price is the mid-point price of all reported sales, i.e., half of the sales were for more than the median and half were for less. The median is not affected by unusually high or low price sales. 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 high or low price sales.

Single Family Houses

The 2,275 reported sales were the most for any quarter recorded by WPMLS and were 19% more than last year's third quarter sales. The entire first nine months of the year, with 5,162 sales, was also 19% ahead of last year. Seasonally adjusted, the third quarter sales were equivalent to an annual rate of 6,840 units.

Single family sales prices increased by 9% over last year's third quarter prices. The median sale price of \$340,000 was \$28,500 more than last year's. The mean sale price of \$438,981 was \$37,368 more than last year's.

Part of the price increase, an estimated four percentage points, reflected true price appreciation in excess of the underlying inflation rate of about 2.5%, the first increase of this magnitude since the 1990 recession. Competitive pressure from low inventory levels finally brought this on as prospective purchasers chose to bid higher rather than postpone their acquisitions. There were just 3,467 single family houses listed for sale through WPMLS at the end of the quarter, a full 28% below last year's level of 4,805 units, and 38% below the 1996 third quarter level.

Some of the price increase was also due to another surge in the high-end market -- more sales at higher prices. The median sale price of a four-bedroom house was \$429,000, up by \$16,275 or 4% in just the three months from the prior quarter. The mean sale price of four-bedroom houses was \$541,021 compared to \$520,979 in the prior quarter, reflecting the increasing presence of very highly priced estate homes in the sales mix.

WESTCHESTER COUNTY

<u>SINGLE FAMILY HOUSES</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Number of Sales	1,835	1,918	2,275	19%
Seasonally Adjusted	7,610	5,760	6,840	19%
Dollar Volume (\$millions)	\$697.90	\$769.40	\$998.68	30%
Median Sale Price				
All Units	\$297,000	\$311,500	\$340,000	9%
0 - 2 Bedrooms	na	na	\$191,000	
3 Bedrooms	na	na	\$270,000	
4+ Bedrooms	na	na	\$429,000	
Mean Sale Price				
All Units	\$380,350	\$401,613	\$438,981	9%
0-2 Bedrooms	na	na	\$253,266	
3 Bedrooms	na	na	\$290,235	
4+ Bedrooms	na	na	\$541,021	
Inventory @ end of Qtr	5,569	4,805	3,467	-28%

Condominiums

The condominium sector experienced a huge 43% increase in sales volume: 452 sales compared to 317 in the third quarter of last year. Seasonally adjusted, this was equivalent to an annual rate of 1,410 sales. The fast sales pace affected inventory even more so than in the single family house sector. End-of-quarter condo inventory was down 30% from last year, to 588 units, and down 43% from 1996 inventory.

In sharp contrast to single family houses, condominiums on average experienced little or no price increase since last year. The median sale price of \$165,000 in fact was unchanged since that of last year's third quarter. The mean sale price of \$188,767 was only 2% higher than last year's.

WESTCHESTER COUNTY

<u>CONDOMINIUMS</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Number of Sales	361	317	452	43%
Seasonally Adjusted	1,390	970	1,410	45%
Dollar Volume (\$millions)	\$65.20	\$58.60	\$84.49	44%
Median Sale Price				
All Units	\$161,000	\$165,500	\$165,000	0%
0 - 2 Bedrooms	na	na	\$153,500	
3 Bedrooms	na	na	\$228,799	
4+ Bedrooms	na	na	\$299,500	
Mean Sale Price				
All Units	\$180,489	\$184,702	\$188,767	2%
0-2 Bedrooms	na	na	\$163,788	
3 Bedrooms	na	na	\$271,959	
4+ Bedrooms	na	na	\$308,500	
Inventory @ end of Qtr	1,031	846	588	-30%

Condominiums do not cover as wide a price range as single family houses, hence there's less tendency for average prices to shift due to unusual activity (or inactivity) in the higher price ranges. But even with that limitation, the flat pricing performance in the face of extraordinarily high sales activity was puzzling. One explanation is that prior, higher levels of inventory actually were excessive in relation to demand, and that the third quarter inventory should be considered just right, rather than too low. In any case, buyers clearly did not elect to bid up on condominiums.

Cooperatives

With this third quarter performance the cooperative unit sector may be considered to have finally emerged from a long, seven-year slump characterized by large overhangs of inventory and relative buyer disinterest in this type of housing. The 365 co-op sales were 9% more than last year's third quarter level and 41% more than in 1996. For the first nine months of 1998, co-op sales were 17% ahead of 1997 and 38% ahead of 1996.

The end-of-quarter inventory of 1,250 units was still high in relation to sales volume but was 19% less than that of last year, and 34% less than 1996's third quarter inventory.

The median sale price of \$69,000 was \$6,000 or 10% more than last year's third quarter median, and \$9,000 or 15% more than in 1996. The mean sale price of \$83,290 was \$3,610 or 5% more than last year's. The price increases in the co-op sector were mostly due to larger, more expensive units being added into the sales mix. Three- and four-bedroom units sold for an average of \$167,730 and \$215,000 respectively.

WESTCHESTER COUNTY

<u>COOPERATIVES</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Number of Sales	258	334	365	9%
Seasonally Adjusted	960	1,170	1,270	9%
Dollar Volume (\$millions)	\$21.60	\$26.60	\$30.19	13%
Median Sale Price				
All Units	\$60,000	\$63,000	\$69,000	10%
0 - 2 Bedrooms	na	na	\$65,000	
3 Bedrooms	na	na	\$127,000	
4+ Bedrooms	na	na	\$215,000	
Mean Sale Price				
All Units	\$83,882	\$79,680	\$83,290	5%
0-2 Bedrooms	na	na	\$75,312	
3 Bedrooms	na	na	\$167,730	
4+ Bedrooms	na	na	\$215,000	
Inventory @ end of Qtr	1,882	1,541	1,250	-19%

WESTCHESTER COUNTY

<u>2-5 FAMILY HOUSES</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Number of Sales	118	143	163	14%
Seasonally Adjusted	440	520	600	15%
Dollar Volume (\$millions)	\$22.90	\$31.50	\$38.64	23%
Median Sale Price	\$180,000	\$205,000	\$227,000	11%
Mean Sale Price	\$194,383	\$220,468	\$237,076	8%
Inventory @ end of Qtr	776	646	535	-17%

WESTCHESTER COUNTY

<u>ALL RESIDENTIAL* SALES</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Number of Sales	2,572	2,712	3,255	20%
Seasonally Adjusted	10,400	8,420	10,120	20%
Dollar Volume (\$millions)	\$807.60	\$886.10	\$1,152.00	30%
Median Sale Price				
All Units	\$247,000	\$254,000	\$275,000	8%
0 - 2 Bedrooms	na	na	\$122,000	
3 Bedrooms	na	na	\$265,000	
4+ Bedrooms	na	na	\$428,000	
Mean Sale Price				
All Units	\$313,891	\$327,099	\$354,239	8%
0-2 Bedrooms	na	na	\$139,427	
3 Bedrooms	na	na	\$284,414	
4+ Bedrooms	na	na	\$539,096	
Inventory @ end of Qtr	9,248	7,838	5,840	-25%

*Single family houses, condominiums, cooperatives, 2-5 family houses

PUTNAM COUNTY

<u>SINGLE FAMILY HOUSES</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
-				
Number of Sales	220	267	373	40%
Seasonally Adjusted	910	800	1,120	40%
Dollar Volume (\$millions)	\$41.00	\$50.60	\$76.67	52%
Median Sale Price				
All Units	\$175,500	\$177,800	\$197,500	11%
0 - 2 Bedrooms	na	na	\$112,000	na
3 Bedrooms	na	na	\$188,000	na
4+ Bedrooms	na	na	\$250,000	na
Mean Sale Price				
All Units	\$186,378	\$189,629	\$205,547	8%
0-2 Bedrooms	na	na	\$119,412	na
3 Bedrooms	na	na	\$191,597	na
4+ Bedrooms	na	na	\$273,980	na
Inventory @ end of Qtr	1,186	1,158	939	-19%

PUTNAM COUNTY

<u>CONDOMINIUMS</u>	<u>3rd Qtr 96</u>	<u>3rd Qtr 97</u>	<u>3rd Qtr 98</u>	<u>% Change 97 to 98</u>
Number of Sales	49	41	60	46%
Seasonally Adjusted	190	160	190	19%
Dollar Volume (\$millions)	\$5.80	\$5.20	\$7.91	52%
Median Sale Price				
All Units	\$123,500	\$126,000	\$130,000	3%
0 - 2 Bedrooms	na	na	\$130,000	
3 Bedrooms	na	na	\$128,500	
4+ Bedrooms	na	na	none	
Mean Sale Price				
All Units	\$119,242	\$127,252	\$131,882	4%
0-2 Bedrooms	na	na	\$131,093	
3 Bedrooms	na	na	\$154,750	
4+ Bedrooms	na	na	none	
Inventory @ end of Qtr	129	155	129	-17%

PUTNAM COUNTY

Putnam County's residential real estate market surged along with Westchester's as measured by third quarter closings. The 373 reported single family house closings were 40% more than last year's. The 60 condominium closings were 46% more than last year's.

Paralleling the Westchester experience, Putnam County inventory fell significantly due to the high sales rate of the entire first nine months of the year. The end-of-quarter inventory of 939 single family houses was 19% below last year's, and the 129-unit condominium inventory was 17% lower.

The average sales price of single family houses outpaced inflation as it did in Westchester, again partly due to competition over low inventory and partly due to increased buyer interest in higher-end properties. The median sale price of a single family house was \$197,500, up \$19,700 or 11% from last year. The mean sale price of \$205,547 was 8% above last year's level.

Putnam County's condominium price results were better than Westchester's. The condo median sale price of \$130,000 was \$4,000 or 3% more than last year's. The mean sale price of \$131,882 was 4% more than last year's.

1. The seasonally adjusted rate is an estimate of what the full year's sales would be if, based on past experience, the sales pace of the current quarter were applicable to all four quarters of the year. The adjusted rate permits comparisons of seasonally unequal quarterly activity by converting it to an annual rate.

2. The median sale price is the mid-point price of all reported sales, i.e., half of the sales were for more than the median and half were for less. The median is not affected by unusually high or low price sales. 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 high or low price sales.