



Westchester-Putnam Multiple Listing Service

59 South Broadway
White Plains, N.Y. 10601
(914) 681-0833 Fax: (914) 681-6044

2002 THIRD QUARTER RESIDENTIAL REAL ESTATE SALES REPORT WESTCHESTER AND PUTNAM COUNTIES, NEW YORK

Issued October 31, 2002

The third quarter postings of the Westchester-Putnam Multiple Listing Service, Inc. indicate that the area's real estate market slowed down from the fast pace of the first half of the year. The seasonally adjusted¹ third quarter sales rate in Westchester was at a level of 8,400 units per year, down 12% from the first two quarters of the year. In Putnam County the seasonally adjusted rate was down 29% from the prior quarter. Westchester's single-family house sector was the least affected – a 9% decrease – on a seasonally adjusted basis. The other sectors were all down by double-digit percentages.

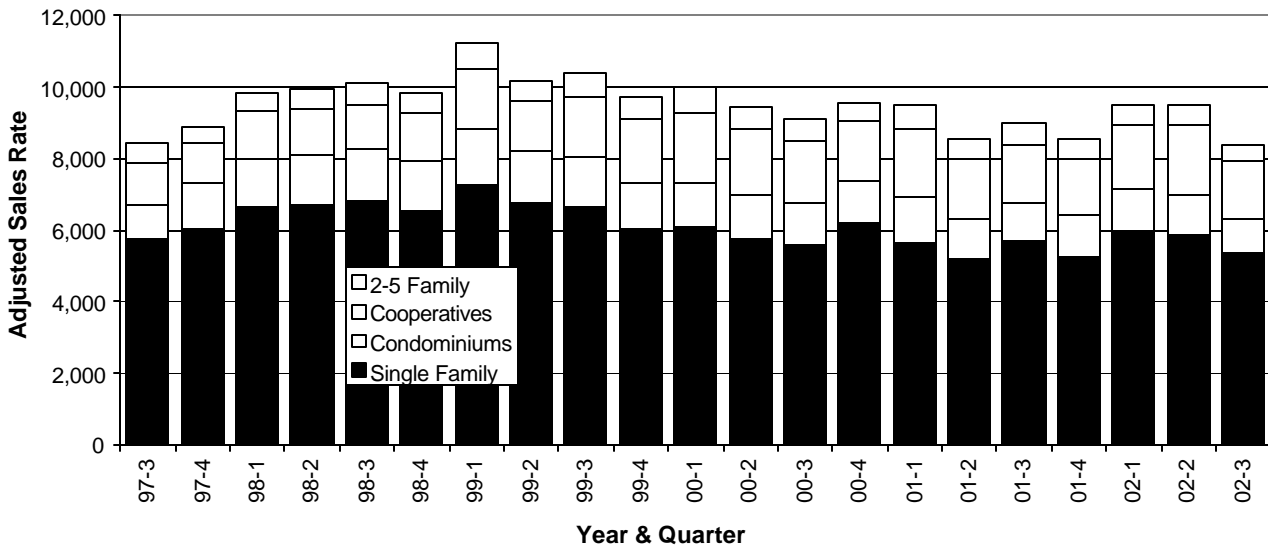
The 2,703 reported closings in Westchester from July through September were 6% percent fewer than last year's third quarter closings. In Putnam County the total was down 13%. The closing activity largely reflected listings that were marketed and negotiated to contract in the late spring and summer months.

QUARTERLY SALES, 2000 3rd QTR - 2002 3rd QTR

	00-3	00-4	01-1	01-2	01-3	01-4	02-1	02-2	02-3	% 01/3-02/3
Westchester County										
Single Family Houses	1,907	1,444	1,004	1,296	1,908	1,239	1,092	1,444	1,816	-5%
Condominiums	370	289	232	287	340	293	224	298	306	-10%
Cooperatives	513	469	378	409	455	447	367	453	451	-1%
2-5 Family Houses	160	141	144	130	176	141	130	134	130	-26%
<i>All Residential</i>	2,950	2,343	1,758	2,122	2,879	2,120	1,814	2,329	2,703	-6%
Putnam County										
Single Family Houses	332	311	189	240	330	280	220	302	299	-9%
Condos & Co-ops	61	43	30	37	69	39	28	44	48	-30%
<i>All Residential</i>	393	354	219	277	399	319	248	346	347	-13%

Inventory remained in short supply by historical standards – just 4,163 units in Westchester by the end of the third quarter – although even that level was much improved over the rock-bottom lows reached during 2000 and 2001. In general, limited supply has the effect of decreasing the sales rate by reducing locational, style and pricing choices for many buyers, discouraging them from entering the market altogether or from staying in the market for long.

**SEASONALLY ADJUSTED QUARTERLY SALES
Westchester County**



SEASONALLY ADJUSTED QUARTERLY RATES, 2000-2002 3rd QTR

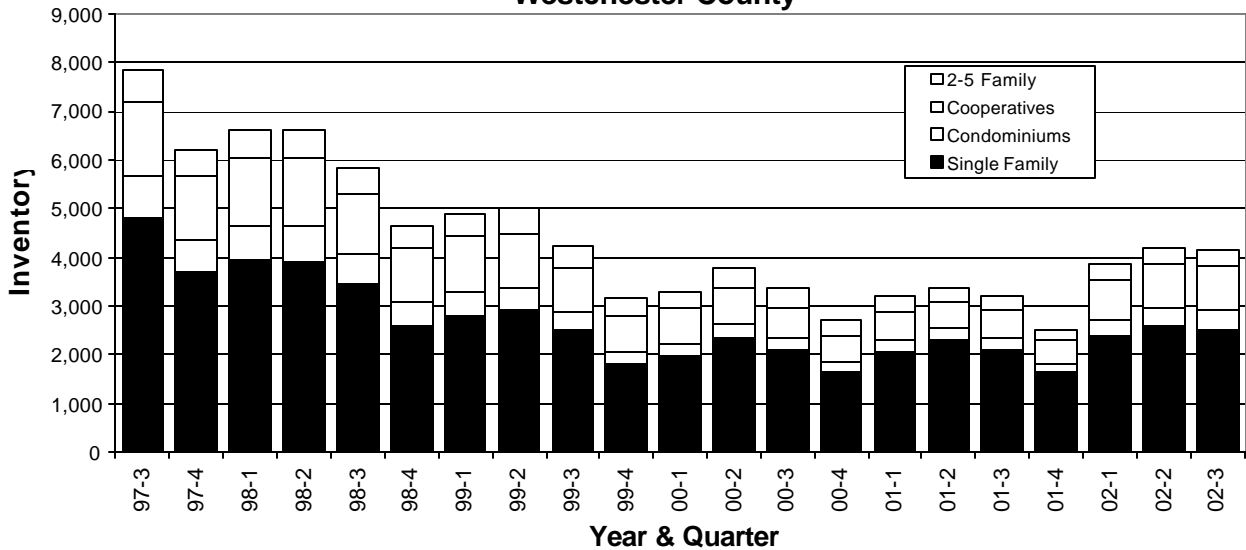
	00-3	00-4	01-1	01-2	01-3	01-4	02-1	02-2	02-3	% 02/2-02/3
Westchester County										
Single Family Houses	5,580	6,200	5,620	5,190	5,680	5,260	5,970	5,860	5,340	-9%
Condominiums	1,160	1,170	1,300	1,100	1,100	1,160	1,210	1,150	990	-14%
Cooperatives	1,780	1,670	1,940	1,710	1,580	1,600	1,780	1,910	1,610	-16%
2-5 Family Houses	<u>580</u>	<u>520</u>	<u>640</u>	<u>550</u>	<u>630</u>	<u>540</u>	<u>560</u>	580	460	-21%
<i>All Residential</i>	9,100	9,560	9,500	8,550	8,990	8,560	9,520	9,500	8,400	-12%
Putnam County										
Single Family Houses	970	1,330	1,050	1,040	1,020	1,010	1,210	1,300	920	-29%
Condos & Co-ops	<u>190</u>	<u>170</u>	<u>160</u>	<u>170</u>	<u>210</u>	<u>150</u>	<u>140</u>	200	140	-30%
<i>All Residential</i>	1,160	1,500	1,210	1,210	1,230	1,160	1,350	1,500	1,060	-29%

At the same time, this particular end-of-quarter inventory was of note in that it did not change much from the prior quarter whereas there is usually a noticeable seasonal decrease. The departure from the normal cycle may have been an early signal of a further-declining market that may allow additional inventory to accumulate.

Notwithstanding the maintenance of inventory, albeit at low levels, and the overall reduced sales rate, prices went up by more than the usual seasonal increase from the second to third quarters, and were substantially higher than those of a year ago. The median sale price² of a Westchester single-family house, \$570,750, was \$95,750 or 20% higher than that of a year ago. In Putnam County the price increase was \$55,100 or 21%, to a new record of \$315,000.

The median sale price of a Westchester condominium was \$283,500, up 23% from a year ago. Also, for the first time since 1990 the median sale price of a Westchester cooperative apartment exceeded \$100,000. It was \$110,000, a large increase of 38% from last year.

**END OF QUARTER INVENTORY
Westchester County**



END-OF-QUARTER INVENTORY, 2000-2002 3rd QTRS

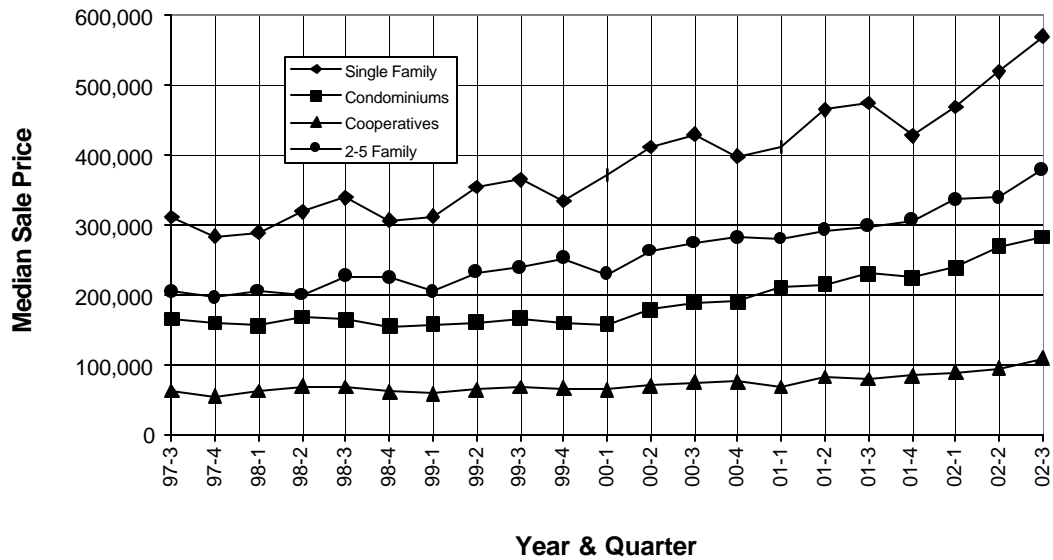
	00-3	00-4	01-1	01-2	01-3	01-4	02-1	02-2	02-3	% 01/3-02/3
Westchester County										
Single Family Houses	2,107	1,655	2,036	2,296	2,099	1,625	2,392	2,602	2,518	20%
Condominiums	224	206	259	229	239	193	309	368	416	74%
Cooperatives	637	523	586	545	568	481	852	901	894	57%
2-5 Family Houses	381	340	303	308	284	211	303	327	335	18%
<i>All Residential</i>	3,349	2,724	3,184	3,378	3,190	2,510	3,856	4,198	4,163	31%
Putnam County										
Single Family Houses	639	505	522	553	639	508	630	720	753	18%
Condos & Co-ops	49	27	32	56	32	40	61	58	49	53%
<i>All Residential</i>	688	532	554	609	671	548	691	778	802	20%

The total third-quarter dollar volume of all residential transactions in Westchester reported through the multiple listing service was a hefty \$1.56 Billion, a 13% increase from last year. Dollar volume in Putnam was \$115 Million, up 8%.

Mortgage interest rates continued to support home buying activity during the period that generated the third quarter closings. Average rates on a 30-year conventional mortgage trended downwards from over 7.5% in April to as low as 6.3% by July and August.

Employment conditions also generally supported real estate sales, although just marginally. The Westchester unemployment rate was around 4.1% at the beginning of the year and did not change very much thereafter. Local payroll employment inched up from May to August.

MEDIAN SALE PRICES Westchester County



DOLLAR VALUE OF SALES (\$Millions), 3RD QUARTER

	2000-3rd	2001-3rd	2002-3rd	Change 2001-2002	
				Amount	Percent
Westchester County					
Single Family Houses	\$ 1,096.00	\$ 1,185.96	\$ 1,342.59	\$ 156.63	13%
Condominiums	\$ 83.23	\$ 91.69	\$ 97.00	\$ 5.31	6%
Cooperatives	\$ 46.22	\$ 45.34	\$ 62.80	\$ 17.46	39%
2-5 Family	\$ 44.69	\$ 55.76	\$ 52.16	\$ (3.60)	-6%
<i>All Residential</i>	\$ 1,270.81	\$ 1,378.76	\$ 1,554.55	\$ 175.79	13%
Putnam County					
Single Family Houses	\$ 87.32	\$ 95.14	\$ 105.59	\$ 10.45	11%
Condos & Co-ops	\$ 9.14	\$ 11.57	\$ 9.40	\$ (2.17)	-19%
<i>All Residential</i>	\$ 96.46	\$ 106.71	\$ 114.99	\$ 8.28	8%

A Look Ahead

There is much interest in finding out whether the current market situation constitutes a “bubble” that is about to burst, as occurred in our region in 1990 in response to the recession that was associated with the 1987 stock market crash. To be sure, there is plenty of anecdotal evidence on or about the release date of this report that there is a sales slowdown and significant easing of prices in the very high end of the market.

MEDIAN SALE PRICES, 3RD QUARTERS

	2000-3rd	2001-3rd	2002-3rd	Change 2001-2002	
				Amount	Percent
Westchester County					
Single Family Houses	\$ 430,000	\$ 475,000	\$ 570,750	\$ 95,750	20%
Condominiums	\$ 190,000	\$ 231,000	\$ 283,500	\$ 52,500	23%
Cooperatives	\$ 75,000	\$ 80,000	\$ 110,000	\$ 30,000	38%
2-5 Family	\$ 275,000	\$ 299,000	\$ 380,000	\$ 81,000	27%
Putnam County					
Single Family Houses	\$ 242,500	\$ 259,900	\$ 315,000	\$ 55,100	21%
Condos & Co-ops	\$ 145,000	\$ 167,500	\$ 202,500	\$ 35,000	21%

MEAN SALE PRICES, 3RD QUARTERS

	2000-3rd	2001-3rd	2002-3rd	Change 2001-2002	
				Amount	Percent
Westchester County					
Single Family Houses	\$ 575,075	\$ 621,572	\$ 739,311	\$ 117,739	19%
Condominiums	\$ 224,957	\$ 269,691	\$ 316,984	\$ 47,293	18%
Cooperatives	\$ 90,096	\$ 99,658	\$ 139,245	\$ 39,587	40%
2-5 Family	\$ 279,318	\$ 316,834	\$ 401,247	\$ 84,413	27%
Putnam County					
Single Family Houses	\$ 263,017	\$ 288,296	\$ 353,146	\$ 64,850	22%
Condos & Co-ops	\$ 149,774	\$ 167,682	\$ 195,774	\$ 28,092	17%

However, this report deals with past activity that did not at the time support a forecast of price reductions in excess of normal seasonal variations, even in the high-end market. For example, unpublished data indicate that sales of houses in excess of \$750,000 constituted 32% of all house sales in the third quarter of 2002, 28% in the second quarter, and 24% a year ago. Even adjusting for 'bracket creep' it is plain that high-end sales held market share to and through the recent reporting period. Further, the increases in mean sales prices² closely tracked those of median sales prices, suggesting that price appreciation occurred fairly uniformly in all price categories of housing.

If economic conditions including the performance of the stock market do not improve, the anecdotal evidence of price reductions in the high end market may well become a statistical fact by the time of the fourth quarter report. However, there is much less evidence for price and sales reductions beyond those of normal seasonality in what is now the middle market range for houses, around \$500,000. Here, the investment positions of potential purchasers may be less of a factor in their home buying decisions, and their assessments of job growth and unemployment may be more important. Unless there is a marked negative change in those factors, demand for housing likely will continue to outweigh the local supply, resulting in continued high prices.

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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 more than 580 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 or all sales assisted by the participating offices but they are fairly reflective of general market conditions. WPMLS does not 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-Putnam Multiple Listing Service, Inc. as the source.

¹ *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.*

² *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.*