



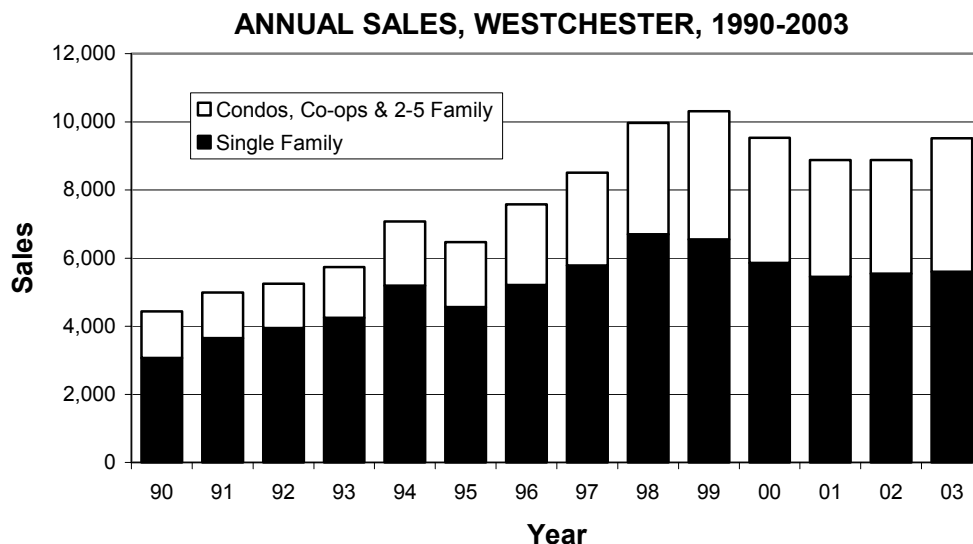
2003 FOURTH QUARTER AND FULL YEAR RESIDENTIAL REAL ESTATE SALES REPORT

February 2, 2004

2003 was the third highest volume year for residential real estate sales in Westchester County after 1999 and 1998; in Putnam County it was the second highest volume year since 1999. Realtor firms participating in the Westchester-Putnam Multiple Listing Service reported 9,519 sales in Westchester and 1,345 sales in Putnam in 2003. The prior record-setting volumes in 1999 were 10,308 and 1,476 sales, respectively. These data include single-family houses, cooperatives, condominiums, and 2-5 family houses.

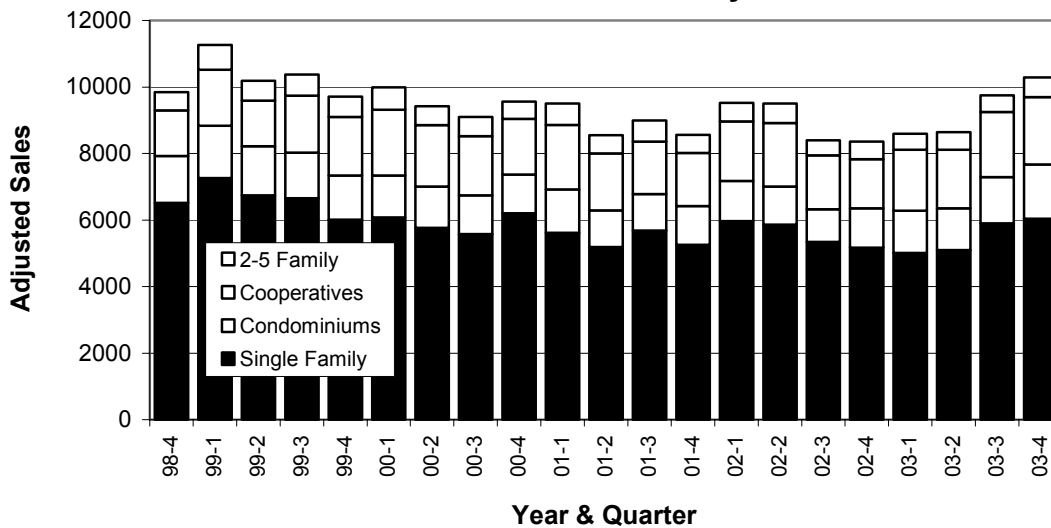
The year started with healthy but unexceptional sales rates during the first two quarters. However, closed sales picked up significantly during the third and fourth quarters, reflecting a powerful selling market running from the spring through the autumn months. Seasonally adjusted¹, the third and fourth quarter Westchester sales rates were equivalent to annual rates of 9,750 and 10,290 sales respectively – levels that were last experienced in 1999. The actual number of fourth quarter sales – 2,463 in Westchester – was 21% higher than 2002's fourth quarter tally. In Putnam County the year to year increase was 23%.

The largest sales gains were achieved in the cooperative and condominium sectors. The 1,975 co-op sales in Westchester in 2003 surpassed by 10% the previous record of 1,797 sales set in 2000. The 1,404 condominium sales in 2003 very nearly matched the record of 1,423 sales in 1999. Each of these categories of housing in recent years has steadily increased its share of total sales, reflecting strong demand for more affordable alternatives to single family houses.



Westchester's single family house sector, though losing market share to condominiums and cooperatives, nevertheless posted its fifth highest volume year in 2003 with 5,601 sales, an increase of 1% from last year. In Putnam County, house sales and condominiums and cooperatives all increased by more than 7% from last year.

SEASONALLY ADJUSTED QUARTERLY SALES Westchester County



SEASONALLY ADJUSTED QUARTERLY SALES

Property Type	2001 4th	2002 1st	2002 2nd	2002 3rd	2002 4th	2003 1st	2003 2nd	2003 3rd	2003 4th	%Change 2003/3- 2003/4
Westchester County										
Single Family	5,260	5,970	5,860	5,340	5,170	5,010	5,100	5,900	6,040	2.3%
Condominiums	1,160	1,210	1,150	990	1,180	1,270	1,250	1,390	1,630	14.7%
Cooperatives	1,600	1,780	1,910	1,610	1,480	1,830	1,760	1,960	2,020	3.0%
2-5 Family	540	560	580	460	530	490	530	500	600	16.7%
Total	8,560	9,520	9,500	8,400	8,360	8,600	8,640	9,750	10,290	5.2%
Putnam County										
Single Family	1,010	1,210	1,300	920	970	1,030	1,010	1,260	1,300	3.1%
Condos+Co-ops	150	140	200	140	170	130	200	140	220	36.4%
Total	1,160	1,350	1,500	1,060	1,140	1,160	1,210	1,400	1,520	7.9%

Inventory

The surge of sales reversed the trend of slow but steady accumulation of inventory since 2001. Westchester's 2003 year-end inventory of 3,436 residential units (all types) was 7% below 2002's year-end level. Co-ops experienced the greatest drain on supply with a 17% year-to-year decrease. Putnam County's inventory fell by like percentages.

ANNUAL COMPARISONS, 2000- 2003

Type Of Property	NUMBER OF SALES				Change, 02-03	
	2000	2001	2002	2003	Amount	Percent
Westchester County						
Single Family Houses	5,857	5,447	5,546	5,601	55	1.0%
Condominiums	1,198	1,152	1,118	1,404	286	25.6%
Cooperatives	1,797	1,689	1,680	1,975	295	17.6%
<u>2-5 Family Houses</u>	<u>581</u>	<u>591</u>	<u>529</u>	<u>539</u>	<u>10</u>	<u>1.9%</u>
Total	9,433	8,879	8,873	9,519	646	7.3%
Putnam County						
Single Family Houses	1,124	1,039	1,089	1,172	83	7.6%
<u>Condos & Co-ops</u>	<u>200</u>	<u>175</u>	<u>161</u>	<u>173</u>	<u>12</u>	<u>7.5%</u>
Total	1,324	1,214	1,250	1,345	95	7.6%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change, 02-03	
	2000	2001	2002	2003	Amount	Percent
Westchester County						
Single Family Houses	3,234.0	3,207.5	3,808.4	4,128.2	319.8	8.4%
Condominiums	254.0	291.1	332.9	469.9	137.0	41.2%
Cooperatives	162.0	172.2	216.4	294.6	78.2	36.1%
<u>2-5 Family Houses</u>	<u>159.0</u>	<u>182.7</u>	<u>198.5</u>	<u>237.3</u>	<u>38.8</u>	<u>19.5%</u>
Total	3,809.0	3,853.6	4,556.2	5,130.0	573.8	12.6%
Putnam County						
Single Family Houses	287.5	290.6	372.1	458.2	86.1	23.1%
<u>Condos & Co-ops</u>	<u>28.6</u>	<u>27.8</u>	<u>30.6</u>	<u>38.4</u>	<u>7.8</u>	<u>25.5%</u>
Total	316.1	318.4	402.7	496.6	93.9	23.3%

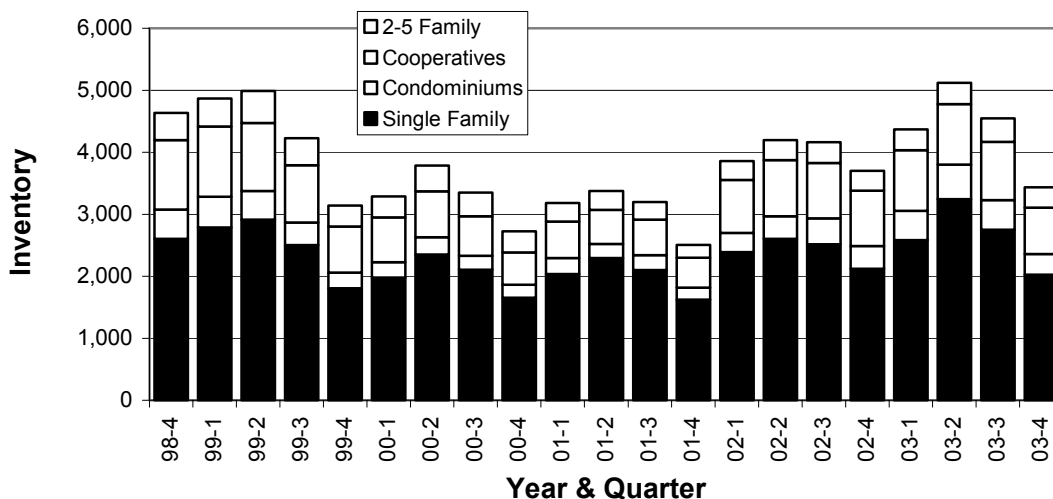
Type Of Property	MEDIAN SALE PRICE				Change, 02-03	
	2000	2001	2002	2003	Amount	Percent
Westchester County						
Single Family Houses	407,000	449,900	525,000	564,000	39,000	7.4%
Condominiums	183,000	220,500	266,000	305,000	39,000	14.7%
Cooperatives	72,500	80,000	100,000	126,250	26,250	26.3%
2-5 Family Houses	265,000	295,000	355,000	425,500	70,500	19.9%
Putnam County						
Single Family Houses	237,000	251,750	305,000	351,000	46,000	15.1%
Condos & Co-ops	145,745	161,000	193,000	230,000	37,000	19.2%

Type Of Property	MEAN SALE PRICE				Change, 02-03	
	2000	2001	2002	2003	Amount	Percent
Westchester County						
Single Family Houses	552,300	588,860	687,443	737,038	49,595	7.2%
Condominiums	212,732	253,218	297,308	334,696	37,388	12.6%
Cooperatives	90,070	101,969	128,104	149,151	21,047	16.4%
2-5 Family Houses	273,922	309,201	374,119	440,243	66,124	17.7%
Putnam County						
Single Family Houses	255,753	281,776	342,585	390,925	48,340	14.1%
Condos & Co-ops	143,639	158,738	189,081	221,961	32,880	17.4%

Our region's inventory situation must be assessed in a long-term context to appreciate the full significance of the current numbers. Up to the early 1990s, the level of inventory recorded with the multiple listing service customarily was about 9,000 or more units. Our local real estate market experienced a recession in 1990 but the recovery was strong and swift, and by 1993 the trend to higher sales volumes and ever-decreasing inventory was well established. The peak sales years of 1998 and 1999 drove inventory down to record lows of fewer than 3,000 units, and we are barely rebuilding since that time. Today's inventory is just half that considered to be suitable for meeting demand during the early 1990s.

The result of low inventory is unrelenting upward pressure on prices. Even when demand slackens on account of national or local economic circumstances, the demand and supply equation is so out of balance in Westchester that there is only moderate downward pressure on prices, if any at all. In fact there were practically no market-dampening circumstances in 2003, at least not locally, and prices increased dramatically as a result.

END OF QUARTER INVENTORY Westchester, 1998-2003



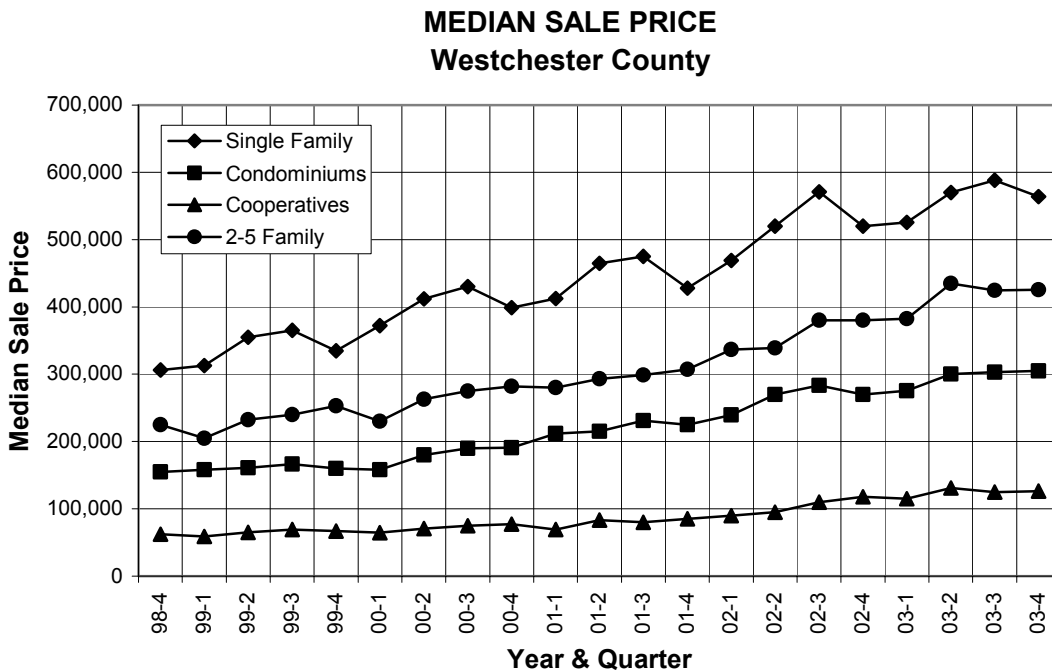
Type Of Property	INVENTORY AT DECEMBER 31				Change, 02-03	
	2000	2001	2002	2003	Amount	Percent
Westchester County						
Single Family Houses	1,655	1,625	2,121	2,026	(95)	-4.5%
Condominiums	206	193	364	334	(30)	-8.2%
Cooperatives	523	481	897	748	(149)	-16.6%
<u>2-5 Family Houses</u>	340	211	318	328	10	3.1%
Total	2,724	2,510	3,700	3,436	(264)	-7.1%
Putnam County						
Single Family Houses	505	508	673	562	(111)	-16.5%
<u>Condos & Co-ops</u>	27	40	53	41	(12)	-22.6%
Total	532	548	726	603	(123)	-16.9%

Prices

All the major categories of housing posted record high prices in 2003. The median sale price² of a single family house in Westchester was \$564,000, up \$39,000 or 7% from 2002. The \$305,000 median sale price of a condominium also increased by \$39,000 – but that represented a much larger 15% increase against the smaller price base. The co-op median of \$126,250 was 26% higher than last year’s median. Prices also soared by double-digit percentages in Putnam County, and the median for a single family house there reached a record \$351,000.

Mean sales prices² increased by roughly comparable percentages, suggesting that price increases were fairly evenly spread among all the price ranges rather than concentrated in one or another range (e.g., high-end). There continues to be no sign of a price bubble in any category or price range of our local market.

A year-to-year comparison of the prices posted in the fourth quarter of 2003 also shows large percentage increases, although at lower levels than for the year as a whole. The fourth quarter median price of a single family house in Westchester was \$545,500, up 5% from the prior year.



Market Factors

Extraordinarily low mortgage interest rates drove the national housing market to record volumes in 2003 and benefited the Westchester-Putnam area as well. The average rate for a 30-year conventional mortgage was at a 40-year low of around 6% or less for much of the year. Some types of adjustable rate mortgages could be obtained at rates as low as 3%.

FOURTH QUARTER COMPARISONS, 2002 - 2003

Type Of Property	NUMBER OF SALES				Change, 02-03	
	4th 00	4th 01	4th 02	4th 03	Amount	Percent
Westchester County						
Single Family Houses	1,444	1,239	1,194	1,374	180	15.1%
Condominiums	289	293	290	402	112	38.6%
Cooperatives	469	447	409	537	128	31.3%
2-5 Family Houses	141	141	135	150	15	11.1%
Total	2,343	2,120	2,028	2,463	435	21.4%
Putnam County						
Single Family Houses	311	280	268	330	62	23.1%
Condos & Co-ops	43	39	41	50	9	22.0%
Total	354	319	309	380	71	23.0%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change, 02-03	
	4th 00	4th 01	4th 02	4th 03	Amount	Percent
Westchester County						
Single Family Houses	758.6	666.4	801.5	971.3	169.8	21.2%
Condominiums	63.1	74.9	86.9	141.9	55.0	63.3%
Cooperatives	47.3	49.6	54.0	82.7	28.7	53.1%
2-5 Family Houses	41.0	47.1	52.8	69.2	16.4	31.1%
Total	910.6	839.7	995.2	1,265.0	269.8	27.1%
Putnam County						
Single Family Houses	83.2	85.2	99.9	126.9	27.0	27.0%
Condos & Co-ops	6.4	5.6	8.2	11.4	3.2	38.6%
Total	89.6	90.8	108.1	138.2	30.1	27.9%

Type Of Property	MEDIAN SALE PRICE				Change, 02-03	
	4th 00	4th 01	4th 02	4th 03	Amount	Percent
Westchester County						
Single Family Houses	399,000	428,000	520,000	545,500	25,500	4.9%
Condominiums	191,000	225,000	270,000	322,500	52,500	19.4%
Cooperatives	77,000	85,000	118,000	130,000	12,000	10.2%
2-5 Family Houses	281,950	307,000	380,000	456,250	76,250	20.1%
Putnam County						
Single Family Houses	239,900	263,000	330,000	349,450	19,450	5.9%
Condos & Co-ops	149,900	145,000	205,000	232,000	27,000	13.2%

Type Of Property	MEAN SALE PRICE				Change, 02-03	
	4th 00	4th 01	4th 02	4th 03	Amount	Percent
Westchester County						
Single Family Houses	525,696	539,270	671,303	706,893	35,590	5.3%
Condominiums	218,391	255,591	299,744	352,927	53,183	17.7%
Cooperatives	100,939	110,845	131,910	153,936	22,026	16.7%
2-5 Family Houses	290,902	333,904	391,322	461,335	70,013	17.9%
Putnam County						
Single Family Houses	267,481	304,147	372,775	384,437	11,662	3.1%
Condos & Co-ops	153,021	144,176	199,217	227,350	28,133	14.1%

High housing prices in Westchester militate against the benefit of low mortgage rates to some extent, in comparison to other areas, in the sense that down payments and closing costs pose proportionately greater barriers to access to housing here, especially for low to moderate income purchasers. Still, the low rates do enable more buyers to qualify for a given level of monthly housing expense, and thus they contribute to maintenance of high levels of demand to buy real estate.

The local housing market also was bolstered by a stable work and labor force environment. Westchester achieved a barely detectable 0.5% job growth during 2003, but at least it was not a net job loss for the period. The unemployment rate hovered around a low 4% all year long. There were no confidence-shaking announcements of major downsizings or company out-migrations during the year. Further, the war with Iraq resolved itself without apparent negative effect on the economy, and the volatility of the stock market subsided as well. In short, there was very little to cause prospective purchasers to reconsider their intentions, particularly in the latter half of the year.

A Look Ahead

Among the several factors cited above that affected the 2003 housing market, the mortgage interest rate component could be the most susceptible to change in 2004. Most but not all analysts believe that rates will increase in response to inflationary pressures as the country's economy improves, if in fact it does. If mortgage rates increase, there would actually be a very short term burst in sales activity as purchasers attempted to lock in the lowest prevailing rates, followed by a lull. However, few are forecasting a large increase in mortgage rates. We could expect the effect on sales activity of a small rate climb to be slight.

The prospect then is that Westchester and Putnam will continue to experience high demand for housing in 2004 both from within and around our region, and that the demand will confront the continuing deficit of inventory. Price pressure will not ease, therefore. However, since there has been a long spell of price increases that have outpaced inflation and household incomes, future increases should be more moderate than those experienced in 2003. Finally, overall sales volume likely will decrease in 2004 - again in response to insufficient inventory to sustain higher sales rates.

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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 sales at very low or very high prices.*