



**2005 THIRD QUARTER
RESIDENTIAL REAL ESTATE SALES REPORT
October 24, 2005**

The Westchester-Putnam residential real estate market performed strongly during the third quarter of 2005, establishing itself among the top three or four quarters by various measures of sales volume, and achieving the number one rank as to prices. At the same time, there were signs that the breakneck local market of the past two years had begun to ease to a more sustainable pace.

The Realtor members of the Westchester-Putnam Multiple Listing Service, Inc. reported 3,278 closings of residential real estate sales in Westchester from July through September. Those third quarter closings largely flowed from listing and marketing activity that took place during the spring and summer months which are typically the highest volume months for sales. The reported sales were just a few dozen short of the prior third quarter records set in 1999 and 2004. In Putnam County, the 411 reported sales ranked the quarter as the fourth highest in volume there.

YEAR TO DATE SALES (Jan - Sep)

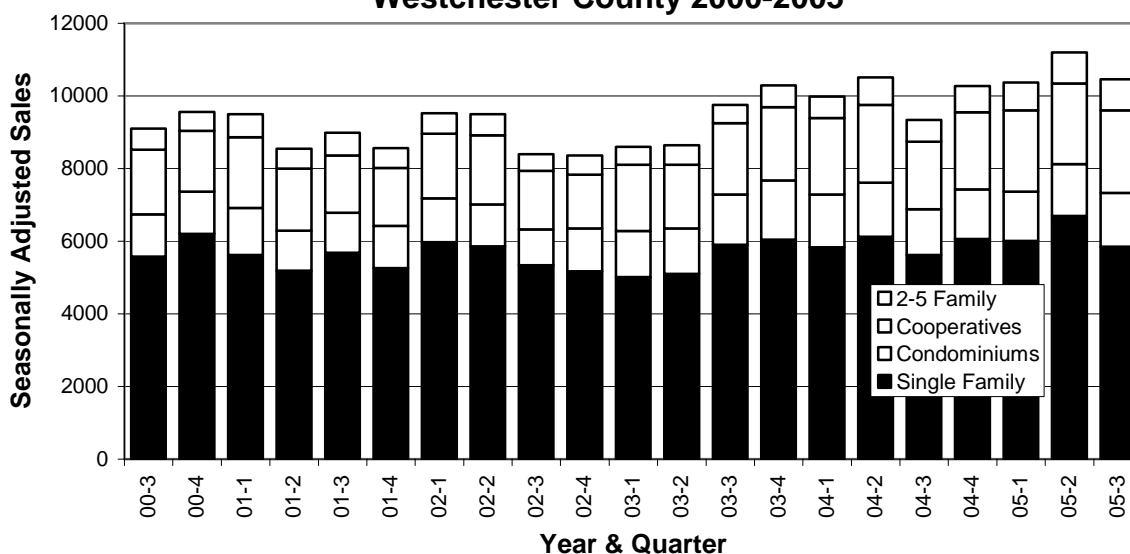
Property Type	2002	2003	2004	2005	Change 04-05	
					Amount	Percent
Westchester County						
Single Family	4,352	4,097	4,727	4,722	(5)	-0.1%
Condominiums	828	970	1,077	1,054	(23)	-2.1%
Cooperatives	1,271	1,384	1,641	1,653	12	0.7%
2-5 Family	<u>394</u>	<u>371</u>	<u>535</u>	<u>619</u>	<u>84</u>	<u>15.7%</u>
Total	6,845	6,822	7,980	8,048	68	0.9%
Putnam County						
Single Family	821	821	836	830	(6)	-0.7%
Condos+Co-ops	<u>120</u>	<u>122</u>	<u>142</u>	<u>147</u>	<u>5</u>	<u>3.5%</u>
Total	941	943	978	977	(1)	-0.1%

At the close of the quarter the Westchester sales volume for the first nine months of 2005 had just nosed ahead of the record volume posted in 2004; in Putnam County the 2005 total was just one sale less than 2004's at this date. On a seasonally adjusted¹ basis, however, the third quarter Westchester sales were equivalent to an annual rate of 10,460 units, a decrease of nearly 7% from the prior quarter and more in line with the annual rates established in the first half of the year. Putnam County's seasonally adjusted rate was down 1.5% from the prior quarter.

The single-family house sector exhibited the largest fall-off. The 2,002 third quarter closings were down 5% from last year, and on a seasonally adjusted basis they represented an almost 13% decline from the second quarter. Still, 2005's third quarter single-family closings ranked fourth among the highest quarterly volumes posted in 1998, 1999 and 2004.

In contrast, the condominium sector posted a year-to-year sales gain of nearly 3% and the seasonally adjusted rate increased by 4%. The condo volume was the third highest after 1998 and 1999. In the cooperative unit sector the 620 sales were the second-highest volume on record after that of last year's third quarter, and the seasonally adjusted rate was up by 2% from the prior quarter.

**Seasonally Adjusted Quarterly Sales
Westchester County 2000-2005**



SEASONALLY ADJUSTED QUARTERLY SALES, 2003 - 2005

Property Type	2003	2003	2004	2004	2004	2004	2005	2005	2005	%Change 2005/2- 2005/3
	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	
Westchester County										
Single Family	5,900	6,040	5,830	6,120	5,620	6,060	6,010	6,700	5,850	-12.7%
Condominiums	1,390	1,630	1,460	1,490	1,260	1,370	1,360	1,420	1,480	4.2%
Cooperatives	1,960	2,020	2,100	2,140	1,860	2,120	2,230	2,220	2,270	2.3%
2-5 Family	500	600	590	760	600	720	770	860	860	0.0%
Total	9,750	10,290	9,980	10,510	9,340	10,270	10,370	11,200	10,460	-6.6%
Putnam County										
Single Family	1,260	1,300	1,080	1,190	1,090	1,120	1,090	1,080	1,190	10.2%
Condos+Co-ops	140	220	180	170	190	200	230	240	150	-37.5%
Total	1,400	1,520	1,260	1,360	1,280	1,320	1,310	1,320	1,340	1.5%

THIRD QUARTER COMPARISONS

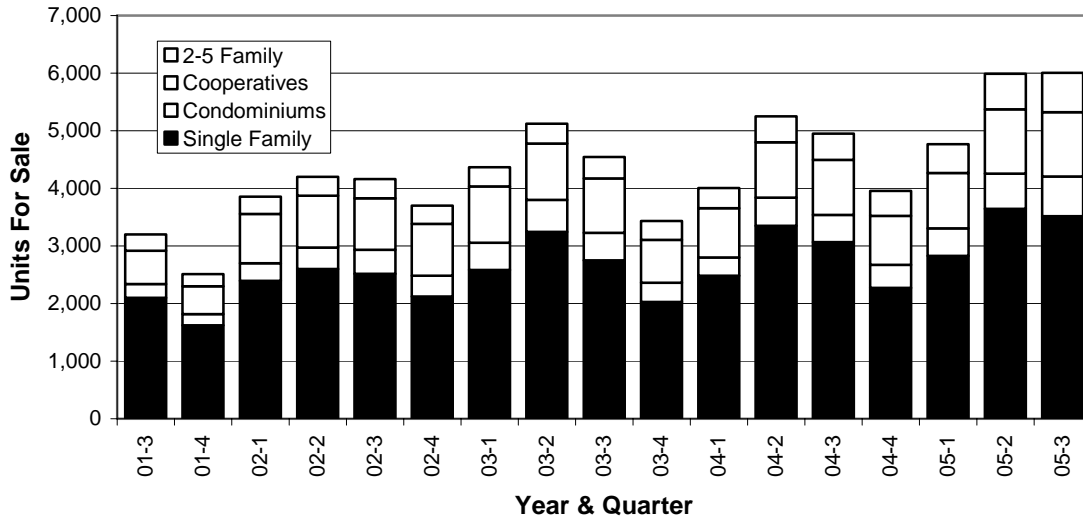
Type Of Property	NUMBER OF SALES				Change 04-05	
	3rd 02	3rd 03	3rd 04	3rd 05	Amount	Percent
Westchester County						
Single Family Houses	1,816	1,990	2,108	2,002	(106)	-5.0%
Condominiums	306	415	414	425	11	2.7%
Cooperatives	451	545	624	620	(4)	-0.6%
2-5 Family Houses	130	136	201	231	30	14.9%
Total	2,703	3,086	3,347	3,278	(69)	-2.1%
Putnam County						
Single Family Houses	299	387	343	362	19	5.5%
Condos & Co-ops	48	49	64	49	(15)	-23.4%
Total	347	436	407	411	4	1.0%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 04-05	
	3rd 02	3rd 03	3rd 04	3rd 05	Amount	Percent
Westchester County						
Single Family Houses	1,342.6	1,544.8	1,863.9	1,840.4	(23.5)	-1.3%
Condominiums	97.0	141.2	155.9	187.2	31.3	20.1%
Cooperatives	62.8	83.5	117.0	131.8	14.8	12.6%
2-5 Family Houses	52.2	59.6	103.8	135.6	31.8	30.6%
Total	1,554.6	1,829.2	2,240.6	2,295.0	54.4	2.4%
Putnam County						
Single Family Houses	105.6	155.7	149.1	172.5	23.4	15.7%
Condos & Co-ops	9.4	10.6	15.6	12.9	(2.7)	-17.3%
Total	115.0	166.3	164.7	185.4	20.7	12.6%

Type Of Property	MEDIAN SALE PRICE				Change 04-05	
	3rd 02	3rd 03	3rd 04	3rd 05	Amount	Percent
Westchester County						
Single Family Houses	570,750	588,250	685,000	711,700	26,700	3.9%
Condominiums	283,500	303,000	348,250	390,000	41,750	12.0%
Cooperatives	110,000	125,000	159,250	185,000	25,750	16.2%
2-5 Family Houses	380,000	424,500	490,000	575,000	85,000	17.3%
Putnam County						
Single Family Houses	315,000	365,000	385,000	425,000	40,000	10.4%
Condos & Co-ops	202,500	228,000	255,000	274,000	19,000	7.5%

Type Of Property	MEAN SALE PRICE				Change 04-05	
	3rd 02	3rd 03	3rd 04	3rd 05	Amount	Percent
Westchester County						
Single Family Houses	739,311	776,299	884,108	919,285	35,177	4.0%
Condominiums	316,984	340,295	376,598	440,436	63,838	17.0%
Cooperatives	139,245	153,145	187,517	212,618	25,101	13.4%
2-5 Family Houses	401,247	438,547	516,328	587,013	70,685	13.7%
Putnam County						
Single Family Houses	353,146	402,441	434,824	476,398	41,574	9.6%
Condos & Co-ops	195,774	215,698	243,314	263,109	19,795	8.1%

End of Quarter Inventory Westchester County 2001-2005



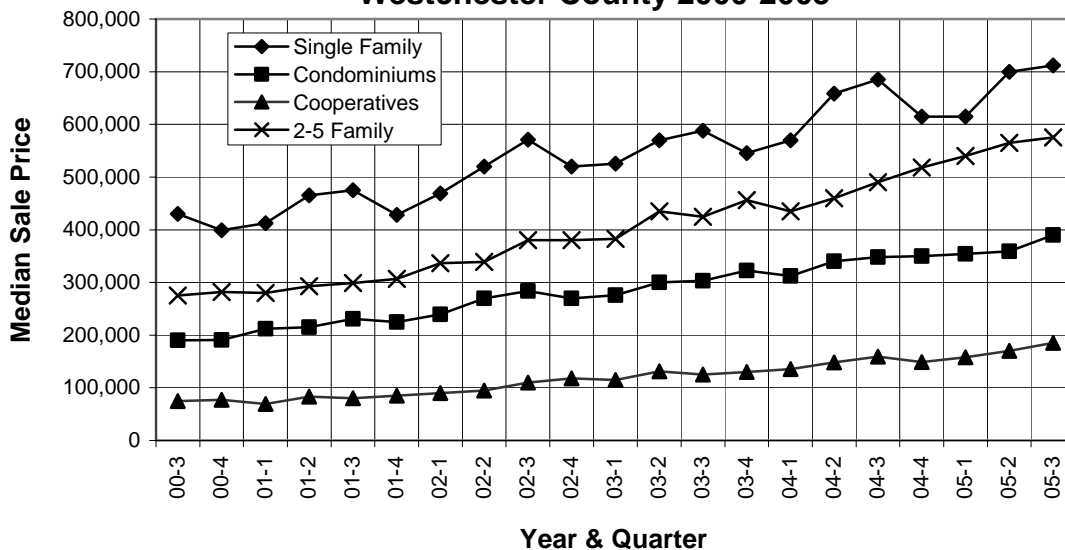
Type Of Property	END OF QUARTER INVENTORY				Change 04-05	
	3rd 02	3rd 03	3rd 04	3rd 05	Amount	Percent
Westchester County						
Single Family Houses	2,518	2,752	3,068	3,519	451	14.7%
Condominiums	416	478	473	688	215	45.5%
Cooperatives	894	940	955	1,118	163	17.1%
2-5 Family Houses	335	376	456	680	224	49.1%
Total	4,163	4,546	4,952	6,005	1,053	21.3%
Putnam County						
Single Family Houses	753	781	822	942	120	14.6%
Condos & Co-ops	49	62	67	78	11	16.4%
Total	802	843	889	1,020	131	14.7%

Inventory

The supply of for-sale units typically declines from the second to the third quarters, reflecting the draw-down from the high sales rates of the spring and summer months. This time the end-of-quarter figure for the third quarter, 6,005 units, inched up from the prior quarter's 5,990 unit supply. Further, on a year to year basis, this third quarter's inventory was 21% higher than last year's. The quarterly year-to-year increases from mid-2004 to the second quarter of 2005 have ranged from 14% to 19%.

Of particular note in the third quarter data was a 45% year-to-year increase in the supply of condominiums, to 688 units from 473 last year. It is too early to tell from one-quarter's experience whether this was a statistical fluke or a consequence of more units coming on-line from new construction, true market retraction, or some other anomaly in that sector of the market. But overall, the 6,000-level of inventory remained lean in relation to Westchester's total housing stock (over 200,000 owner-occupied units) as well as the historic levels of 9-10,000 units that obtained in the 1980s and early 1990s.

Median Sale Price Westchester County 2000-2005



Prices

Notwithstanding the third quarter's slower pace of sales and the slight bulking of inventory, prices increased in all categories. The median sale price² of a single family house in Westchester reached \$711,700 or 4% more than last year's figure. The mean sale price² also increased by 4% to \$919,285. "Million dollar" sales, 502 of which were posted this quarter, constituted 25% of total house sales, not much different than their share in recent quarters. Thus the single-family sector exhibited stability and slow growth in its pricing, with no evidence of price erosion among high-end properties. Putnam County posted a 10% price increase to \$425,000 for a single-family house.

The datum of note in the third quarter single-family pricing structure was the moderate 4% increase. Starting with the third quarter of 2004, the year-to-year price increases have trended downwards: 16%, 13%, 8% and 6%, in that sequence to the recent quarter. The last instance of a small year to year increase was 3% in the third quarter of 2003. Double digit percentage price increases are not characteristic of real estate appreciation over the long term, here or anywhere.

Condominiums and cooperatives both experienced another quarter of double-digit price increases. The median sale price of a Westchester condo reached \$390,000 or 12% more than last year. For cooperatives the increase was 16%, to \$185,000.

A Look Ahead

As noted in the opening paragraph of this report, the third quarter real estate market was a powerful one and ranked among the top four in sales volumes and prices, yet there were signals that the boom market of recent years may have begun to relax.

Westchester's current inventory is very far from any characterization of it as overhang or surplus. In the short run a fuller inventory will be a positive factor for the market to the extent that prospective homebuyers will have more choices in all price ranges. Sales volumes could increase again as a result. Nevertheless, the inventory has steadily increased over the past four years, punctuated by a somewhat larger than average increase in this recent third quarter, and it bears watching as to the pace of continued increases.

Prices in the dominant single-family house sector are in a confirmed trend to single-digit year to year increases. This is not because of higher inventory or negative factors in our economy but simply because the double-digit gains of the past two years have outpaced the financial capacities of many buyers, even those who are relying on substantial equity for trading up. The pool of financially qualified buyers shrinks as prices increase. Household income changes slowly and this fact may exert a braking influence on local area house prices for many quarters to come. However, it is most unlikely that prices will actually decrease on a year to year basis given the well-documented overwhelming imbalance of demand over supply.

These cautionary notes are sounded against a pleasurable economic tune that has played virtually unchanged for the past four years. Mortgage interest rates remain at historic lows in spite of regular bank rate interventions by the Federal Reserve Board. The Westchester-Putnam region continues to enjoy slow but steady job growth and an unemployment rate that is lower than anywhere else in New York. Large-scale downsizings no longer dominate the business news. The stock market is not causing excessive nervousness among investors. These are factors that impart confidence to prospective purchasers or at least fail to discourage them from considering a purchase.

There is no reason to employ the hyperbole of bursting bubbles or crashes in reference to residential real estate in the Westchester-Putnam region. The best reading of the local data is that we are smoothly transitioning from a hot-running market to a calmer – even normal – one.

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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 sales at very low or very high 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.*