



Westchester-Putnam Multiple Listing Service, Inc.

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2006 FOURTH QUARTER AND FULL YEAR RESIDENTIAL REAL ESTATE SALES REPORT

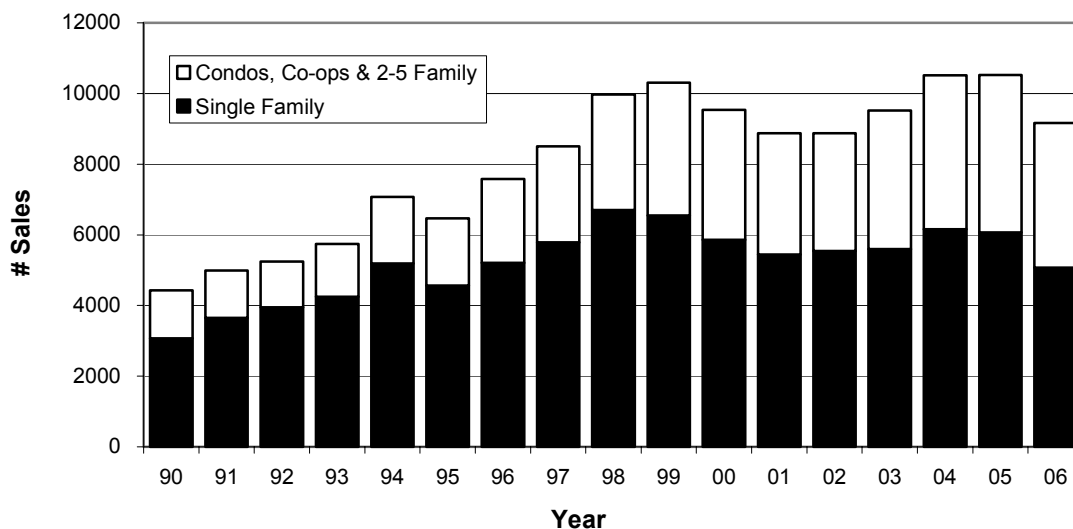
January 29, 2007

Westchester's multi-year run-up to record-high residential real estate sales and prices in 2005 abruptly halted in 2006. Realtors participating in the Westchester-Putnam Multiple Listing Service reported 9,167 closed sales in Westchester in 2006, a decrease of 13% from 2005. In Putnam County, the 1,001 sales for the year constituted a 23% decrease from 2005.

The signals of possible contraction in the local real estate market were evidenced in the seasonally adjusted data from as early as the third quarter of 2005. Nevertheless, the speed and depth of the contraction as it actually occurred early in the first quarter of 2006 caught the market by surprise, and the downturn persisted through the year.

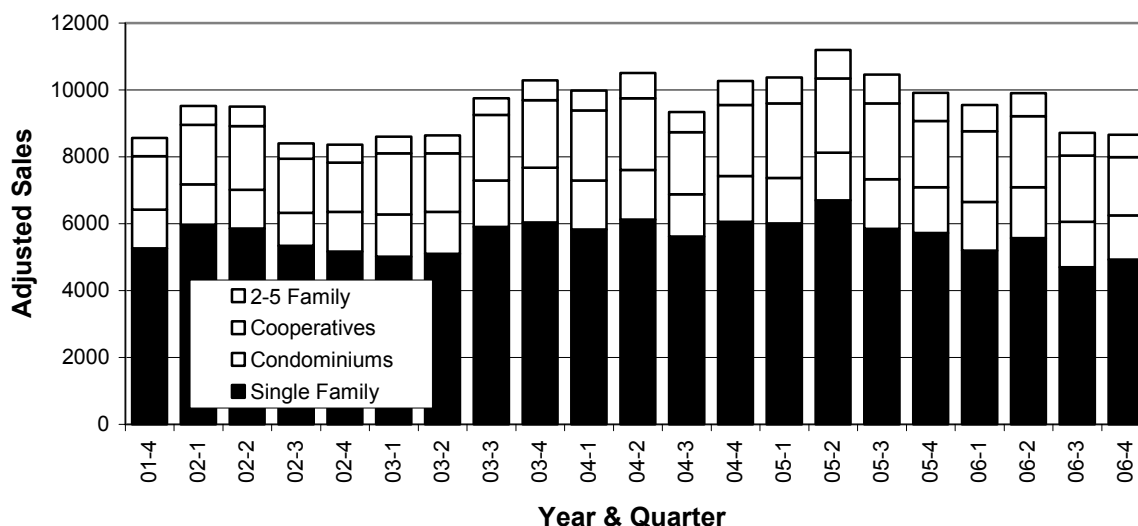
The 2006 sales volume reset the market to levels last experienced in 2002 and 2003. Those were actually good years for real estate on an historical basis. However, Westchester's overall backsliding of 13% in sales volume would have been greater were it not for the relatively moderate slowdown in the condominium and cooperative sectors in comparison to single family houses. Whereas house sales dropped nearly 17% from 2005 to 2006, condo sales decreased by less than 1%, and co-ops by only 9%.

ANNUAL SALES
Westchester 1991-2006



On a quarter by quarter basis in Westchester in 2006, the slowest pace for single family house sales occurred in the third quarter with a seasonally adjusted sales rate¹ then of just 4,700 units, a very low rate that was last experienced in 1996. That rate improved by 5% to 4,930 sales in the fourth quarter of the year. Condominium and cooperative adjusted sales rates, in contrast, declined steadily from the second through fourth quarters. Actual unadjusted fourth quarter sales of all residential housing in Westchester were down 14% from the fourth quarter of 2005, and down 28% in Putnam County.

SEASONALLY ADJUSTED QUARTERLY SALES Westchester 2001-2006



SEASONALLY ADJUSTED QUARTERLY SALES, 2004 - 2006

Property Type	2004	2005	2005	2005	2005	2006	2006	2006	2006	%Change 2006/3- 2006/34
	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
Westchester County										
Single Family	6,060	6,010	6,700	5,850	5,720	5,200	5,570	4,700	4,930	4.9%
Condominiums	1,370	1,360	1,420	1,480	1,370	1,450	1,520	1,360	1,320	-2.9%
Cooperatives	2,120	2,230	2,220	2,270	1,980	2,120	2,130	1,980	1,740	-12.1%
2-5 Family	720	770	860	860	840	780	680	680	670	-1.5%
Total	10,270	10,370	11,200	10,460	9,910	9,550	9,900	8,720	8,660	-0.7%
Putnam County										
Single Family	1,120	1,090	1,080	1,190	1,060	990	990	740	670	-9.5%
Condos+Co-ops	200	230	240	150	160	180	180	130	90	-30.8%
Total	1,320	1,310	1,320	1,340	1,220	1,170	1,170	870	760	-12.6%

ANNUAL COMPARISONS, 2003- 2006

Type Of Property	NUMBER OF SALES				Change 05 - 06	
	2003	2004	2005	2006	Amount	Percent
Westchester County						
Single Family Houses	5,601	6,157	6,072	5,069	(1,003)	-16.5%
Condominiums	1,404	1,438	1,428	1,419	(9)	-0.6%
Cooperatives	1,975	2,203	2,182	1,979	(203)	-9.3%
<u>2-5 Family Houses</u>	<u>539</u>	<u>719</u>	<u>842</u>	<u>700</u>	<u>(142)</u>	<u>-16.9%</u>
Total	9,519	10,517	10,524	9,167	(1,357)	-12.9%
Putnam County						
Single Family Houses	1,172	1,139	1,116	869	(247)	-22.1%
<u>Condos & Co-ops</u>	<u>173</u>	<u>191</u>	<u>190</u>	<u>132</u>	<u>(58)</u>	<u>-30.5%</u>
Total	1,345	1,330	1,306	1,001	(305)	-23.4%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 05 - 06	
	2003	2004	2005	2006	Amount	Percent
Westchester County						
Single Family Houses	4,128.2	5,103.2	5,355.2	4,643.1	(712.1)	-13.3%
Condominiums	469.9	534.4	601.2	601.4	0.2	0.0%
Cooperatives	294.6	376.7	438.1	410.3	(27.8)	-6.3%
<u>2-5 Family Houses</u>	<u>237.3</u>	<u>361.7</u>	<u>484.9</u>	<u>407.5</u>	<u>(77.4)</u>	<u>-16.0%</u>
Total	5,130.0	6,376.0	6,879.4	6,062.3	(817.1)	-11.9%
Putnam County						
Single Family Houses	458.2	481.5	520.2	405.9	(114.3)	-22.0%
<u>Condos & Co-ops</u>	<u>38.4</u>	<u>45.3</u>	<u>49.7</u>	<u>35.5</u>	<u>(14.2)</u>	<u>-28.6%</u>
Total	496.6	526.8	569.9	441.4	(128.5)	-22.5%

Type Of Property	MEDIAN SALE PRICE				Change 05 - 06	
	2003	2004	2005	2006	Amount	Percent
Westchester County						
Single Family Houses	564,000	645,000	675,000	680,000	5,000	0.7%
Condominiums	305,000	339,450	375,000	375,000	0	0.0%
Cooperatives	126,250	149,000	172,000	185,000	13,000	7.6%
2-5 Family Houses	425,500	480,000	570,000	570,000	0	0.0%
Putnam County						
Single Family Houses	351,000	385,000	410,000	410,000	0	0.0%
Condos & Co-ops	230,000	242,500	272,500	275,000	2,500	0.9%

Type Of Property	MEAN SALE PRICE				Change 05 - 06	
	2003	2004	2005	2006	Amount	Percent
Westchester County						
Single Family Houses	737,038	828,852	881,949	915,987	34,038	3.9%
Condominiums	334,696	371,653	421,033	423,791	2,758	0.7%
Cooperatives	149,151	170,993	200,770	207,338	6,568	3.3%
2-5 Family Houses	440,243	503,138	575,919	582,092	6,173	1.1%
Putnam County						
Single Family Houses	390,925	422,818	466,136	467,090	954	0.2%
Condos & Co-ops	221,961	237,234	261,348	269,164	7,816	3.0%

FOURTH QUARTER COMPARISONS, 2003 - 2006

Type Of Property	NUMBER OF SALES				Change 05 - 06	
	4th 03	4th 04	4th 05	4th 06	Amount	Percent
Westchester County						
Single Family Houses	1,374	1,430	1,316	1,121	(195)	-14.8%
Condominiums	402	361	360	345	(15)	-4.2%
Cooperatives	537	562	513	437	(76)	-14.8%
2-5 Family Houses	150	184	215	174	(41)	-19.1%
Total	2,463	2,537	2,404	2,077	(327)	-13.6%
Putnam County						
Single Family Houses	330	303	282	207	(75)	-26.6%
Condos & Co-ops	50	49	42	25	(17)	-40.5%
Total	380	352	324	232	(92)	-28.4%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 05 - 06	
	4th 03	4th 04	4th 05	4th 06	Amount	Percent
Westchester County						
Single Family Houses	971.3	1,124.8	1,115.0	987.0	(128.0)	-11.5%
Condominiums	141.9	136.0	157.0	138.2	(18.8)	-12.0%
Cooperatives	82.7	96.5	105.9	90.0	(15.9)	-15.0%
2-5 Family Houses	69.2	100.2	129.2	99.8	(29.4)	-22.8%
Total	1,265.0	1,457.5	1,507.1	1,315.0	(192.1)	-12.7%
Putnam County						
Single Family Houses	126.9	131.2	134.0	95.6	(38.4)	-28.7%
Condos & Co-ops	11.4	12.2	10.8	6.2	(4.6)	-42.7%
Total	138.2	143.4	144.8	101.8	(43.0)	-29.7%

Type Of Property	MEDIAN SALE PRICE				Change 05 - 06	
	4th 03	4th 04	4th 05	4th 06	Amount	Percent
Westchester County						
Single Family Houses	545,500	615,000	652,250	630,000	(22,250)	-3.4%
Condominiums	322,500	350,000	383,750	375,000	(8,750)	-2.3%
Cooperatives	130,000	148,750	175,000	184,000	9,000	5.1%
2-5 Family Houses	456,250	518,250	585,500	565,000	(20,500)	-3.5%
Putnam County						
Single Family Houses	349,450	390,000	413,000	420,000	7,000	1.7%
Condos & Co-ops	232,000	257,500	270,000	260,000	(10,000)	-3.7%

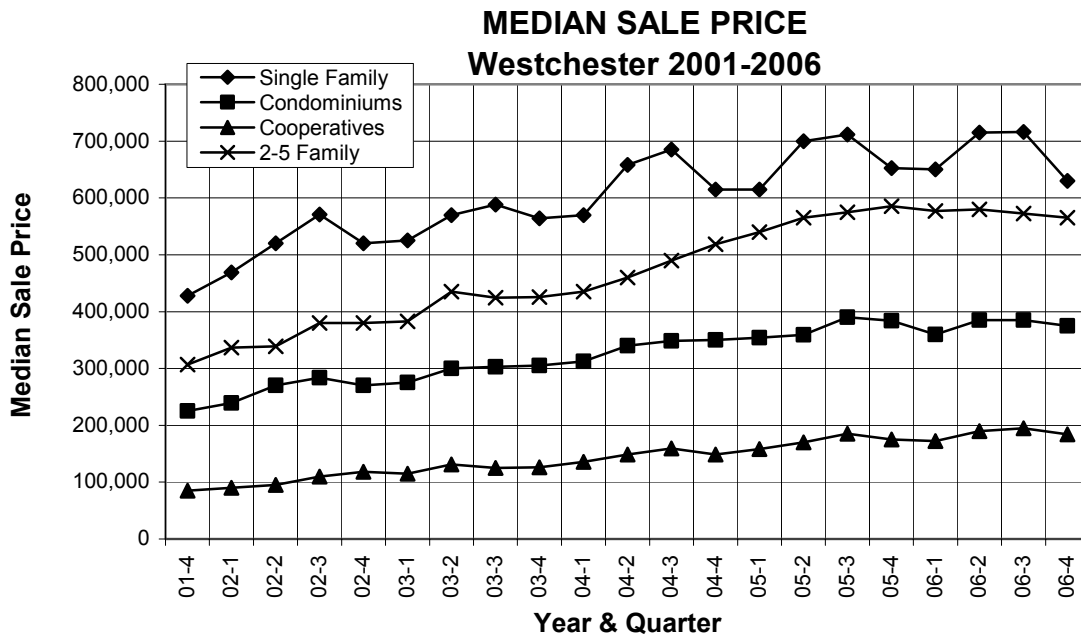
Type Of Property	MEAN SALE PRICE				Change 05 - 06	
	4th 03	4th 04	4th 05	4th 06	Amount	Percent
Westchester County						
Single Family Houses	706,893	786,583	847,242	880,449	33,207	3.9%
Condominiums	352,927	376,639	436,194	400,672	(35,522)	-8.1%
Cooperatives	153,936	171,791	206,515	206,043	(472)	-0.2%
2-5 Family Houses	461,335	544,664	600,955	573,771	(27,184)	-4.5%
Putnam County						
Single Family Houses	384,437	433,110	475,044	461,773	(13,271)	-2.8%
Condos & Co-ops	227,350	249,147	258,208	247,663	(10,545)	-4.1%

Prices

On a full year basis, the median sale price² of a single family house in Westchester increased by less than one percent, from \$675,000 in 2005 to \$680,000 in 2006, thus barely avoiding an actual year-to-year rollback as was last experienced in the early 1990s. When viewed on a quarter-by-quarter basis, however, the Westchester median house price slipped by \$22,250 or 3% from \$652,250 in the fourth quarter of 2005 to \$630,000 in the fourth quarter of 2006. The last time such a quarterly decrease occurred was in 1994.

In contrast, the mean sale price² of Westchester houses increased by nearly 4% on both a full-year and quarter-to-quarter basis. This was due to high-end sales (\$1 million and up) maintaining their position in the market basket. They accounted for nearly 25% of all house sales in 2006, and 21% even in the more sluggish fourth quarter market.

Putnam County closed the year with no change from 2005 to 2006 in its overall single family median sale price of \$410,000. The fourth quarter median reached \$420,000, about 2% higher than that of the fourth quarter of 2005. Other categories that posted no year-to-year change were Westchester condominiums, with a median sale price of \$375,000, and Westchester multi-family units, with a median of \$570,000.



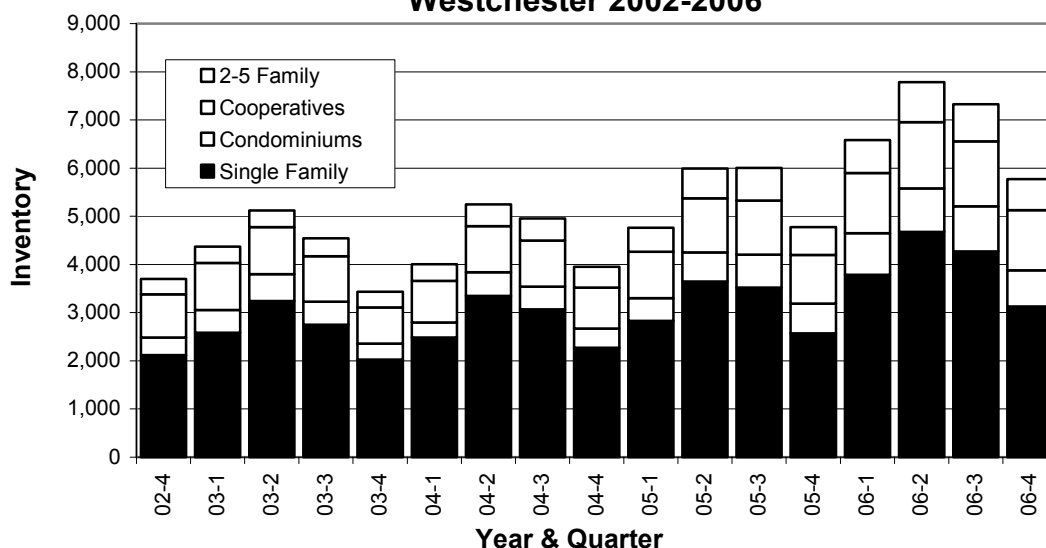
Westchester co-ops were the only sub-market in 2006 in which price growth exceeded inflation. The 2006 median sale price of \$185,000 was \$13,000 or nearly 8% higher than in 2005. In the fourth quarter, the median sale price of \$184,000 was 5% higher.

Inventory

Westchester's year-end inventory of 5,774 units in all categories was 21% higher than at the end of 2005, and that percentage applied fairly uniformly among the major property types. In Putnam County there were 943 units available at the end of the year, a 15% increase from 2005.

On a percentage basis, those levels constituted a marked reduction from the start of the year when inventory was 38% higher than in 2005. The accumulation of inventory steadily eased as the year progressed. Even at bulked-up levels that were 21% to 38% higher than in 2005, in 2006 the Westchester-Putnam inventory did not begin to approach the former levels of 10,000 or more units that resulted from the recession of the early 1990s. The current levels of inventory are roughly comparable to those of the mid-1990s which supported high-performing markets at the time.

**END OF QUARTER INVENTORY
Westchester 2002-2006**



Type Of Property	INVENTORY AT DECEMBER 31				Change 05 - 06	
	2003	2004	2005	2006	Amount	Percent
Westchester County						
Single Family Houses	2,026	2,273	2,573	3,130	557	21.6%
Condominiums	334	397	617	751	134	21.7%
Cooperatives	748	853	1,008	1,244	236	23.4%
<u>2-5 Family Houses</u>	<u>328</u>	<u>430</u>	<u>578</u>	<u>649</u>	<u>71</u>	<u>12.3%</u>
Total	3,436	3,953	4,776	5,774	998	20.9%
Putnam County						
Single Family Houses	562	616	750	850	100	13.3%
<u>Condos & Co-ops</u>	<u>41</u>	<u>67</u>	<u>71</u>	<u>93</u>	<u>22</u>	<u>31.0%</u>
Total	603	683	821	943	122	14.9%

A Look Ahead

In the second half of 2005 and the beginning of 2006 there was much debate over whether the nation's real estate market was in a bubble-about-to-burst mode. In some states such as California, Nevada and Florida, there were regions that were already very clearly in trouble due to overbuilding and disproportionate participation by investors who created artificial, temporary demand that was not supported by the underlying demographics of those regions. When those local markets collapsed, that had a negative effect on other markets, even quite healthy ones such as our own.

To be sure, the Westchester region does not suffer from overbuilding of new housing units. Even the vigorous spate of new condominium and rental unit construction of the last several years has not stanchd the constant demand for relocation to our area, particularly from New York City residents, nor has it satisfied the home-grown demand from newly forming households. Neither is there any evidence that the Westchester-Putnam housing market is propped up to any significant degree by investors who want to flip properties for profit.

Rather, our area's true vulnerability has been and continues to be our high pricing structure. Average sale prices have doubled in the mere seven-year period since 1999. The proportion of single-family sales in the price range of \$1 million or more has increased from 10% in 1999 to 25% at the start of 2006. Those increases have far outpaced both general inflation and household income growth in the region, and they are one reason why the more affordable condo and co-op sectors have been accounting for an ever-larger share of total sales. But as demand shifts to condos and co-ops, those sectors, too, have experienced extraordinary price appreciation.

2006 saw the start of a correction of Westchester-Putnam prices based on buyer resistance to ever escalating prices, with the consequence that there were fewer sales overall. While the overall twelve-month direction was clear -- prices headed downward -- the trend was not so smooth either on a quarter to quarter basis or among the different property types as to permit a confident forecast for 2007. The future of price reductions in our area is further clouded by the uncertain direction of mortgage interest rates. Although rates are still at historically low levels, they are creeping up again and have the potential to injure current and potential purchasers who need to be highly leveraged to cope with our area's prices.

Area Realtors report that there remain many sellers who are overvaluing their properties, not appreciating that circumstances have changed since 2005, and at the same time, many buyers who have unrealistic expectations of fire-sale transactions. As each side waits for the other to yield, fewer sales occur. But in the end, there are sellers who for various reasons must sell, and buyers who must buy, and their transactions will set the market prices for the coming months.

If rising mortgage interest rates do not create their own separate problem for the market, it is a reasonable though not certain bet that prices will fall some more in the first several months of 2007, then stabilize for the balance of the year. Should that occur, sales volumes will increase and 2007 could outperform 2006 and be a fairly strong sales year overall. Inventory would increase, too, in a beneficial way, reflecting new confidence by prospective sellers that they will receive a fair price in the marketplace. This correction process could last for two or three years while average household purchasing power slowly catches up to the moderated but still high prices in our region. A housing market operating at some less-than-feverish pace and price point would not be a bad scenario for our region.

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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 1,000 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 sub-county data are invited to contact participating real estate offices in the desired areas. Any text or data from this report may be reprinted, but not altered, 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 sales at very low or very high prices.*