



2007 FOURTH QUARTER AND FULL YEAR RESIDENTIAL REAL ESTATE SALES REPORT

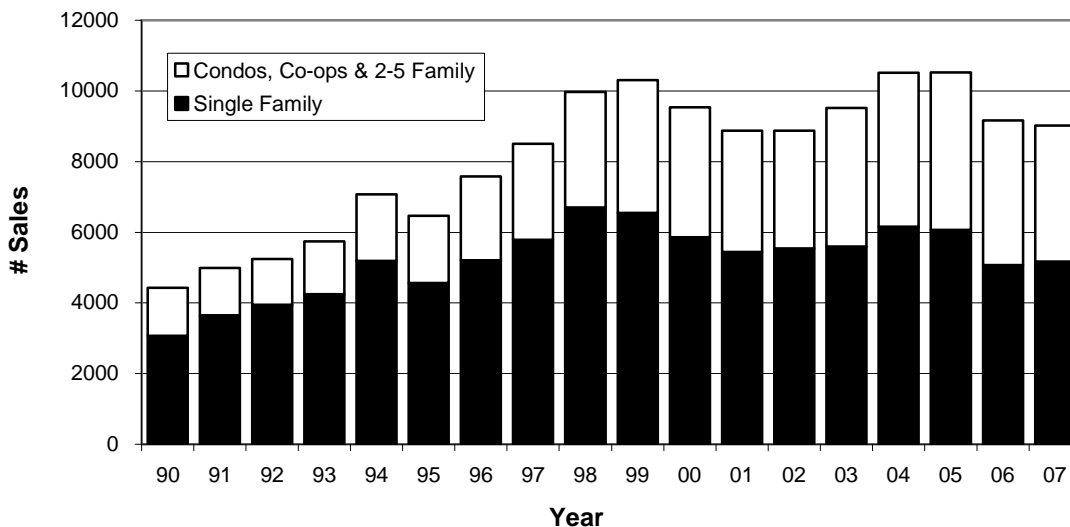
January 30, 2008

Three of the four residential property categories in Westchester that are tracked by the Westchester-Putnam Multiple Listing Service posted small gains or a slight retreat in sales volume from 2006 to 2007. Single-family house and condominium sales volumes increased by about 2%, and co-op sales declined by just 7 units or less than 1%.

However, the fourth category, multi-family houses (2-4 units), posted a substantial 38% decrease in sales. Although this sector is the smallest of the four, its large year-to-year decline of 266 units brought last year's sales volume in Westchester, as reported by Realtor members of the Multiple Listing Service, to a grand total of 9,022 units or 1.6% fewer than the 9,167 sales reported in 2006.

The 2-4 family sector, as noted in prior reports, is particularly investor-driven since multi-family houses are often evaluated by purchasers as income-producing entities. As such, this submarket has been much more affected by the uncertainties of the general economy and the value of real estate as an investment in relation to other investment opportunities.

**ANNUAL SALES
Westchester 1990-2007**



Putnam County's market continued to be much softer than Westchester's as single-family house sales dropped by 11% from 2006, the fourth consecutive year of decreases there. However, a 9% gain in condo and co-op sales somewhat eased the total year-to-year decline to 8.4%.

Although Westchester's 2007 market did not quite match up to the sales volumes posted in 2006, and the Putnam market experienced significant retrenchment, the overall sales decline in our area was far less severe than that of the nation as a whole. The National Association of Realtors has reported a 13% sales decrease in the resale house market from 2006 to 2007.

Prices

Overall, due to slight increases in sales prices, the dollar volume of Westchester sales reached \$6.1 billion or 1% more than in 2006. The dollar volume in Putnam County, however, fell by 9% to \$400 million.

The median sale price¹ of a single-family house in Westchester increased by \$5,000 or just under 1%, to \$685,000 for the year. The mean sale price¹ increased by 2% to \$936,982, illustrating the continuing influence of the high-end of this sector. Sales in excess of \$1 million accounted for 25.4% of single-family house sales in 2007 compared to 24.7% in 2006. That ratio was 20-23% at the height of the market in 2004 and 2005.

Prices increased in the condominium and cooperative sectors as well. The median for a Westchester condominium increased by \$15,000 or 4%, to \$390,000. The cooperative unit median increased by 3% or \$5,000, to \$190,000. Only the troubled multi-family sector posted a decrease: \$23,750 or 4% - down to \$546,250. In Putnam County the median price of a house dropped back by \$10,000 or 2% to \$400,000.

Inventory

Notwithstanding the relative softness of the area's housing market in 2006 and 2007 in comparison to the peak years of 2004 and 2005, the inventory of for-sale properties did not increase and in fact decreased by a significant amount. The 2007 year-end inventory of 4,711 residential properties in Westchester was 18% below that of 2006. In Putnam County the decrease was 15%.

A major reason for the decrease was that prospective sellers in our region who have the discretion to do so, elected to defer entering the market until they perceive that conditions are improving. That pattern is occurring at the national level, too, but against the backdrop of a large excess of stock. In Westchester, in contrast, inventory remains far below the peak levels of 10,000 or more units that were reached in the early 1990s.

Further militating against the buildup of inventory compared to much of the rest of the country is the fact that Westchester has not been exposed to the large-scale foreclosure activity that has afflicted some other major markets. According to records available from the County Clerk's office, foreclosure filings averaged 180 monthly in 2007, and foreclosure judgments averaged fewer than 60 monthly. As distressing as each foreclosure is on a personal basis, from a market standpoint the volume of them is insufficient to significantly affect either inventory accumulation or prices.

ANNUAL COMPARISONS, 2004- 2007

Type Of Property	NUMBER OF SALES				Change 06 - 07	
	2004	2005	2006	2007	Amount	Percent
Westchester County						
Single Family Houses	6,157	6,072	5,069	5,171	102	2.0%
Condominiums	1,438	1,428	1,419	1,445	26	1.8%
Cooperatives	2,203	2,182	1,979	1,972	(7)	-0.4%
<u>2-4 Family Houses</u>	<u>719</u>	<u>842</u>	<u>700</u>	<u>434</u>	<u>(266)</u>	<u>-38.0%</u>
Total	10,517	10,524	9,167	9,022	(145)	-1.6%
Putnam County						
Single Family Houses	1,139	1,116	869	773	(96)	-11.0%
<u>Condos & Co-ops</u>	<u>191</u>	<u>190</u>	<u>132</u>	<u>144</u>	<u>12</u>	<u>9.1%</u>
Total	1,330	1,306	1,001	917	(84)	-8.4%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 06 - 07	
	2004	2005	2006	2007	Amount	Percent
Westchester County						
Single Family Houses	5,103.2	5,355.2	4,643.1	4,845.1	202.0	4.4%
Condominiums	534.4	601.2	601.4	625.9	24.5	4.1%
Cooperatives	376.7	438.1	410.3	421.5	11.2	2.7%
<u>2-4 Family Houses</u>	<u>361.7</u>	<u>484.9</u>	<u>407.5</u>	<u>241.3</u>	<u>(166.2)</u>	<u>-40.8%</u>
Total	6,376.0	6,879.4	6,062.3	6,133.8	71.5	1.2%
Putnam County						
Single Family Houses	481.5	520.2	405.9	358.8	(47.1)	-11.6%
<u>Condos & Co-ops</u>	<u>45.3</u>	<u>49.7</u>	<u>35.5</u>	<u>41.4</u>	<u>5.9</u>	<u>16.6%</u>
Total	526.8	569.9	441.4	400.2	(41.2)	-9.3%

Type Of Property	MEDIAN SALE PRICE				Change 06 - 07	
	2004	2005	2006	2007	Amount	Percent
Westchester County						
Single Family Houses	645,000	675,000	680,000	685,000	5,000	0.7%
Condominiums	339,450	375,000	375,000	390,000	15,000	4.0%
Cooperatives	149,000	172,000	185,000	190,000	5,000	2.7%
2-4 Family Houses	480,000	570,000	570,000	546,250	(23,750)	-4.2%
Putnam County						
Single Family Houses	385,000	410,000	410,000	400,000	(10,000)	-2.4%
Condos & Co-ops	242,500	272,500	275,000	280,000	5,000	1.8%

Type Of Property	MEAN SALE PRICE				Change 06 - 07	
	2004	2005	2006	2007	Amount	Percent
Westchester County						
Single Family Houses	828,852	881,949	915,987	936,982	20,995	2.3%
Condominiums	371,653	421,033	423,791	433,177	9,386	2.2%
Cooperatives	170,993	200,770	207,338	213,730	6,392	3.1%
2-4 Family Houses	503,138	575,919	582,092	556,102	(25,990)	-4.5%
Putnam County						
Single Family Houses	422,818	466,136	467,090	464,111	(2,979)	-0.6%
Condos & Co-ops	237,234	261,348	269,164	287,793	18,629	6.9%

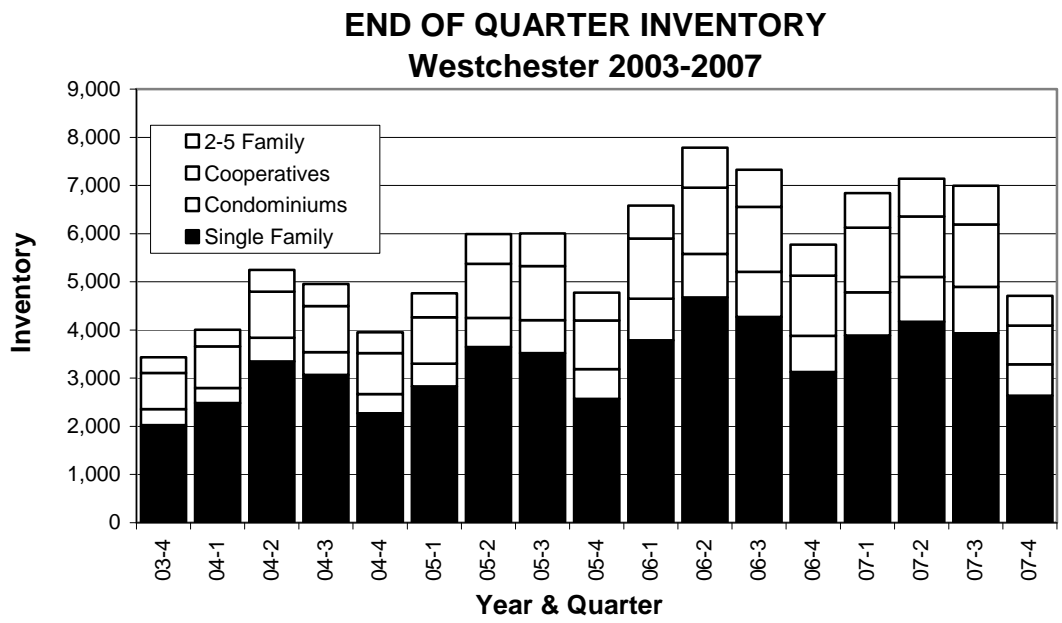
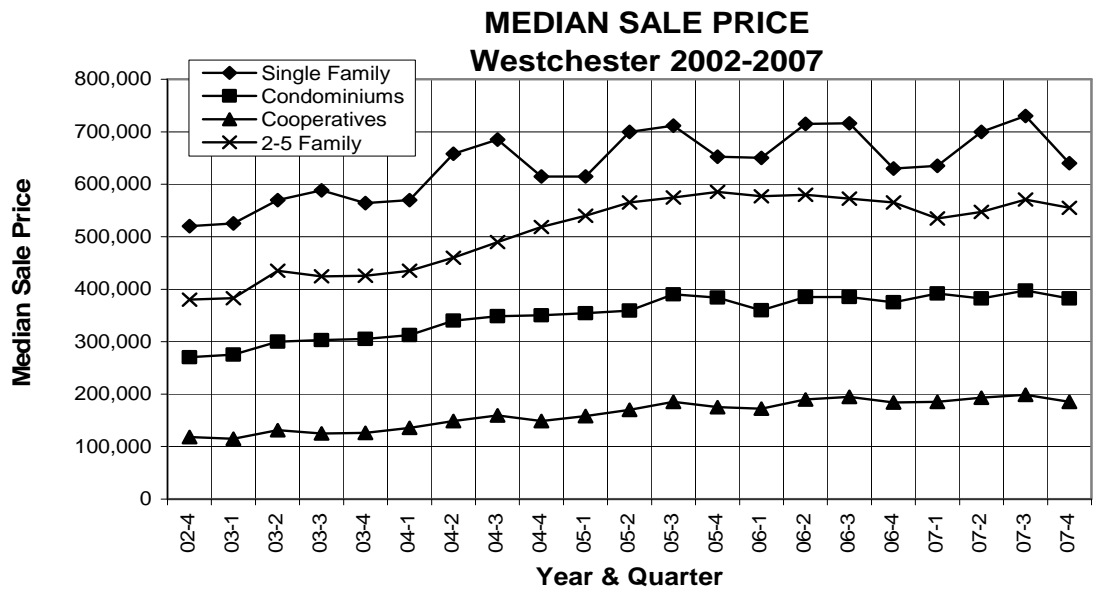
FOURTH QUARTER COMPARISONS, 2004 - 2007

Type Of Property	NUMBER OF SALES				Change 06 - 07	
	4th 04	4th 05	4th 06	4th 07	Amount	Percent
Westchester County						
Single Family Houses	1,430	1,316	1,121	1,026	(95)	-8.5%
Condominiums	361	360	345	345	-	0.0%
Cooperatives	562	513	437	441	4	0.9%
2-4 Family Houses	184	215	174	88	(86)	-49.4%
Total	2,537	2,404	2,077	1,900	(177)	-8.5%
Putnam County						
Single Family Houses	303	282	207	181	(26)	-12.6%
Condos & Co-ops	49	42	25	29	4	16.0%
Total	352	324	232	210	(22)	-9.5%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 06 - 07	
	4th 04	4th 05	4th 06	4th 07	Amount	Percent
Westchester County						
Single Family Houses	1,124.8	1,115.0	987.0	917.7	(69.3)	-7.0%
Condominiums	136.0	157.0	138.2	154.6	16.4	11.9%
Cooperatives	96.5	105.9	90.0	92.3	2.3	2.6%
2-4 Family Houses	100.2	129.2	99.8	47.7	(52.1)	-52.2%
Total	1,457.5	1,507.1	1,315.0	1,212.3	(102.7)	-7.8%
Putnam County						
Single Family Houses	131.2	134.0	95.6	78.4	(17.2)	-18.0%
Condos & Co-ops	12.2	10.8	6.2	8.4	2.2	35.7%
Total	143.4	144.8	101.8	86.8	(15.0)	-14.7%

Type Of Property	MEDIAN SALE PRICE				Change 06 - 07	
	4th 04	4th 05	4th 06	4th 07	Amount	Percent
Westchester County						
Single Family Houses	615,000	652,250	630,000	640,000	10,000	1.6%
Condominiums	350,000	383,750	375,000	382,000	7,000	1.9%
Cooperatives	148,750	175,000	184,000	185,000	1,000	0.5%
2-4 Family Houses	518,250	585,500	565,000	555,000	(10,000)	-1.8%
Putnam County						
Single Family Houses	390,000	413,000	420,000	380,000	(40,000)	-9.5%
Condos & Co-ops	257,500	270,000	260,000	255,000	(5,000)	-1.9%

Type Of Property	MEAN SALE PRICE				Change 06 - 07	
	4th 04	4th 05	4th 06	4th 07	Amount	Percent
Westchester County						
Single Family Houses	786,583	847,242	880,449	894,475	14,026	1.6%
Condominiums	376,639	436,194	400,672	448,184	47,512	11.9%
Cooperatives	171,791	206,515	206,043	209,248	3,205	1.6%
2-4 Family Houses	544,664	600,955	573,771	542,605	(31,166)	-5.4%
Putnam County						
Single Family Houses	433,110	475,044	461,773	433,082	(28,691)	-6.2%
Condos & Co-ops	249,147	258,208	247,663	288,362	40,699	16.4%



Type Of Property	INVENTORY AT DECEMBER 31				Change 06 - 07	
	2004	2005	2006	2007	Amount	Percent
Westchester County						
Single Family Houses	2,273	2,573	3,130	2,635	(495)	-15.8%
Condominiums	397	617	751	656	(95)	-12.6%
Cooperatives	853	1,008	1,244	799	(445)	-35.8%
<u>2-5 Family Houses</u>	430	578	649	621	(28)	-4.3%
Total	3,953	4,776	5,774	4,711	(1,063)	-18.4%
Putnam County						
Single Family Houses	616	750	850	701	(149)	-17.5%
<u>Condos & Co-ops</u>	67	71	93	105	12	12.9%
Total	683	821	943	806	(137)	-14.5%

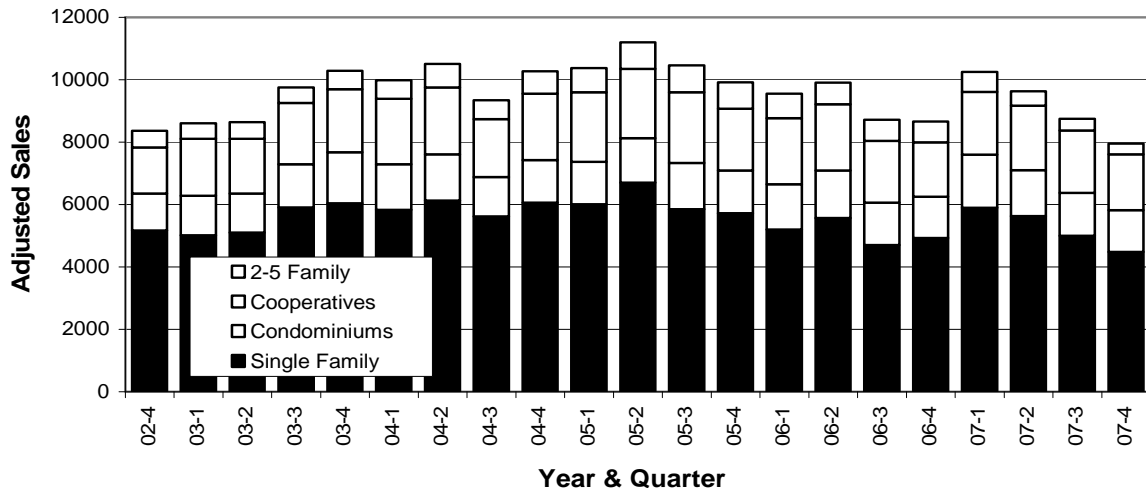
Fourth Quarter Overview

Although 2007 began with strong market indicators that suggested that a full recovery was underway, the energy of that recovery dissipated during each subsequent quarter, with the result that the year closed with a mixed performance compared to 2006. That pattern can be seen in the seasonally adjusted² data contained in this report.

The reported 1,927 Westchester sales in the first quarter- had that pace continued for all of 2007 - were equivalent to a rate of 10,250 sales for the whole year, a result that would have been much more characteristic of the 2004-2005 boom period. However, by the fourth quarter the market had reversed itself and the 1,900 reported sales for that quarter were equivalent to an annual rate of only 7,960 sales. Those 1,900 actual sales were 8.5% fewer than in the fourth quarter of 2006. In Putnam County they were 9.5% fewer.

Clearly Westchester and Putnam were tracking the experience of the entire country as the real estate news worsened each month. Still, our region fared well in comparison to the rest of the U.S.A. The National Association of Realtors reported a seasonally adjusted nationwide sales decline of 22% from 2006 including for the entire Northeast region.

SEASONALLY ADJUSTED QUARTERLY SALES Westchester 2002-2007



SEASONALLY ADJUSTED QUARTERLY SALES, 2005 - 2007

Property Type	2005 4th	2006 1st	2006 2nd	2006 3rd	2006 4th	2007 1st	2007 2nd	2007 3rd	2007 4th	%Change 2007/3rd- 2007/4th
Westchester County										
Single Family	5,720	5,200	5,570	4,700	4,930	5,890	5,630	5,000	4,480	-10.4%
Condominiums	1,370	1,450	1,520	1,360	1,320	1,710	1,470	1,370	1,340	-2.2%
Cooperatives	1,980	2,120	2,130	1,980	1,740	2,010	2,070	2,000	1,790	-10.5%
2-5 Family	840	780	680	680	670	640	460	380	340	-10.5%
Total	9,910	9,550	9,900	8,720	8,660	10,250	9,630	8,750	7,960	-9.0%
Putnam County										
Single Family	1,060	990	990	740	670	780	910	730	690	-5.5%
Condos+Co-ops	160	180	180	130	90	150	140	160	120	-25.0%
Total	1,220	1,170	1,170	870	760	930	1,050	890	810	-9.0%

A Look Ahead

Rarely has it been more difficult to assess the cumulative effect of competing factors on the direction of the residential real estate market.

Mortgage interest rates provided a stable playing surface for the year. The average rate on a 30-year conventional loan remained in the relatively narrow range of 6.4% to 6.8% for most of the year, not much changed from 2006 levels. Low rates like this are important to the Westchester-Putnam market because they mitigate the income requirements for the high carrying costs of our area's expensive housing stock. There are no signs that mortgage rates will increase in 2008; in fact they have decreased at the end of January, 2008. Still, given the general weakness in the real estate market, mortgage rates bear watching because it would not take much of an increase to block a recovery.

Sub-prime loans emerged as a potential problem in the third and fourth quarters, with some analysts fearing a glut of foreclosures that would pump up inventory, depress prices, and generally throw a paralyzing scare into the market. That did happen in parts of the country but not in our two-county region. The main effect, as reported anecdotally by member Realtors, was that lenders tightened their lending criteria somewhat, but not to an extent that potential transactions were scuttled. Another consequence was that the rates for jumbo loans increased, but again, not enough to shrink the pool of qualified applicants; as noted in this report, high end sales activity was strong throughout 2007.

Our region fared well economically in 2007. Unemployment remained below 3.9% for the entire year, and there was slight but positive job growth. The stock market, with its important effect on investor capital as well broker bonuses that are often plowed into real estate, had an exceptional year in all but the last few weeks of 2007.

Given the stable interest rates, the lack of serious damage from the sub-prime debacle, and the generally favorable economic conditions that obtained for most of 2007, it would be not unreasonable to forecast an improving local real estate market in 2008. Unfortunately, as this report is being released in late January, national economic conditions are deteriorating. The talk is of recession - more a question of when than whether - and important indicators are on the downside. The housing market remains in deep trouble in many areas, and the wave of foreclosures may not yet have crested in some of them.

As reported herein, the Westchester-Putnam housing market has significantly outperformed that of the nation as a whole. But we are not so self-contained that we are immune to the national situation. If the prospect is for more turmoil in the housing market in 2008 - with or without a full recession as well - Westchester and Putnam are bound to follow along albeit with less severe impacts. At the moment there is no reason to forecast 2008 sales to exceed 2007 or 2006 levels; if the seasonally adjusted rate for the fourth quarter of 2007 is an indicator, sales volume could noticeably decrease in all four categories of housing. Also, price changes have been small and could go either way in 2008 - which includes down.

Much depends then on consumer confidence in their jobs and the value of property they may own, whether or not there is a recession, and whether or not the government's response to that restores confidence. At this point in time, the direction of our local housing market depends more than ever on national conditions.

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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 annual rate for a given quarter. It represents what the total sales volume would be for the whole year based on the quarter's customary share of total sales. For example, if a quarter customarily accounts for 20% of annual sales, the seasonally adjusted rate would be five times the actual number of sales reported for that quarter. This allows the four quarters to be compared to each other according to their equivalent annual rates.*