



Westchester-Putnam Multiple Listing Service, Inc.

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**2008 SECOND QUARTER
 RESIDENTIAL REAL ESTATE SALES REPORT**

July 22, 2008

Sales Volume

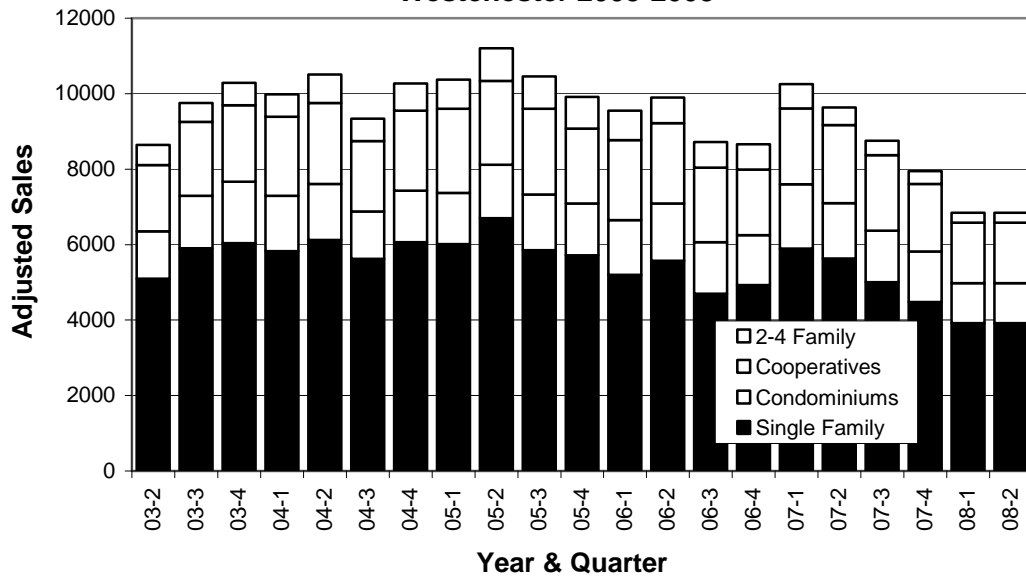
The Westchester-Putnam residential real estate market remained in troubled condition through the second quarter of 2008, although there were some signs of improvement since the first three months of the year.

Westchester's 1,770 second quarter closings reported by Realtor members of the Westchester-Putnam Multiple Listing Service were 24% fewer than in 2007. However, that was a noticeable improvement of seven percentage points from the first quarter performance which was 31% off last year's totals. Putnam County's second quarter closings were down by 32% from last year. The second quarter closings in both counties largely resulted from marketing activity that took place during the first several months of the year.

Overall, on a seasonally adjusted basis¹, Westchester's second quarter sales pace was just 2% faster than the first quarter and was equivalent to an annual total of about 6,970 sales, a level that was last posted in the 1994-1996 period. Putnam County's seasonally adjusted rate dropped 18% from the prior quarter. The best performer in actual unadjusted sales was the condominium sector. It had been down by 35% in the first quarter of the year but partly recovered to just a 15% negative posting in the second quarter.

Type Of Property	NUMBER OF SALES				Change 07-08	
	2nd 05	2nd 06	2nd 07	2nd 08	Amount	Percent
Westchester County						
Single Family Houses	1,580	1,345	1,363	999	(364)	-26.7%
Condominiums	351	375	363	307	(56)	-15.4%
Cooperatives	542	522	508	390	(118)	-23.2%
2-4 Family Houses	200	161	108	74	(34)	-31.5%
Total	2,673	2,403	2,342	1,770	(572)	-24.4%
Putnam County						
Single Family Houses	258	245	216	148	(68)	-31.5%
Condos & Co-ops	59	36	39	25	(14)	-35.9%
Total	317	281	255	173	(82)	-32.2%

**SEASONALLY ADJUSTED QUARTERLY SALES
Westchester 2003-2008**



SEASONALLY ADJUSTED QUARTERLY SALES, 2006 - 2008

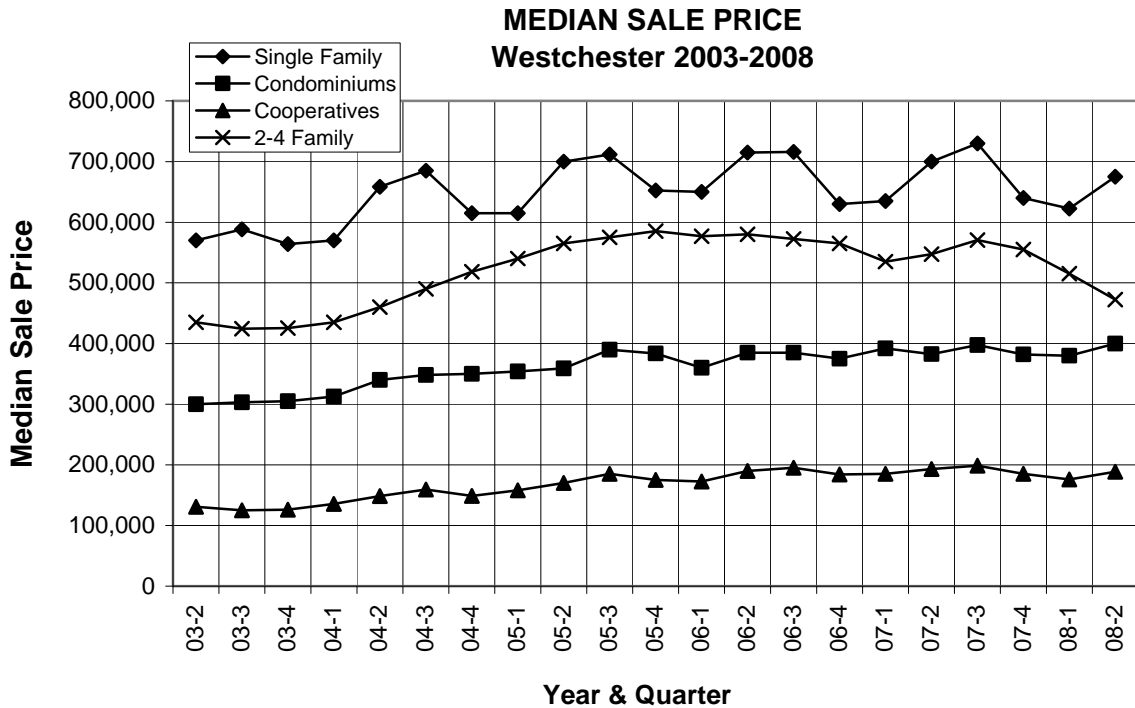
Property Type	2006	2006	2006	2007	2007	2007	2007	2008	2008	%Change 2008/1- 2008/2
	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	
Westchester County										
Single Family	5,570	4,700	4,930	5,890	5,630	5,000	4,480	3,920	3,910	-0.3%
Condominiums	1,520	1,360	1,320	1,710	1,470	1,370	1,340	1,060	1,200	13.2%
Cooperatives	2,130	1,980	1,740	2,010	2,070	2,000	1,790	1,600	1,550	-3.1%
2-4 Family	680	680	670	640	460	380	340	260	310	19.2%
Total	9,900	8,720	8,660	10,250	9,630	8,750	7,960	6,840	6,970	1.9%
Putnam County										
Single Family	990	740	670	780	910	730	690	690	580	-15.9%
Condos+Co-ops	180	130	90	150	140	160	120	130	90	-30.8%
Total	1,170	870	760	930	1,050	890	810	820	670	-18.3%

Prices

Except in the comparatively robust condominium sector, second quarter residential prices decreased for the second year in a row, although not by large amounts. The median² sale price of a Westchester single family house was down by \$25,100 or 4% from a year ago, to \$674,900. The mean² sale price was down by 7% which suggests that price adjustments were more frequent and/or deeper at the higher end of the market. Million-dollar house sales accounted for 24% of total residential sales during the second quarter whereas that ratio was a high 31% during the first quarter of the year.

Putnam County's median house price at \$400,000 was just slightly higher than last year's whereas its mean sale price was down by 7%. Putnam's prices have typically clustered in a narrower range than Westchester's, and this particular combination of data, coupled with the diminished sales volume, suggested that Putnam's market

basket of sold properties contained relatively more of its higher-priced houses, but at the same time there were price reductions at the highest end in that sector.



Westchester’s median co-op price dropped a slight 2% to \$188,500, but this figure still was the fifth highest for any prior quarter recorded by the Multiple Listing Service. Multi-family (2-4 unit) houses, on the other hand, sustained a 14% decline from last year’s median, to \$472,500.

The top performing sector – in prices as in sales volumes – was the condominium sector. Both the median and mean second quarter prices were higher, by 5% and 6% respectively. However, it would be incorrect to conclude that the average condo gained in value. Instead, the best available evidence is that condo prices increased because sales activity was more concentrated in the newer and more highly priced condo developments that were and still are coming on line in many communities in Westchester.

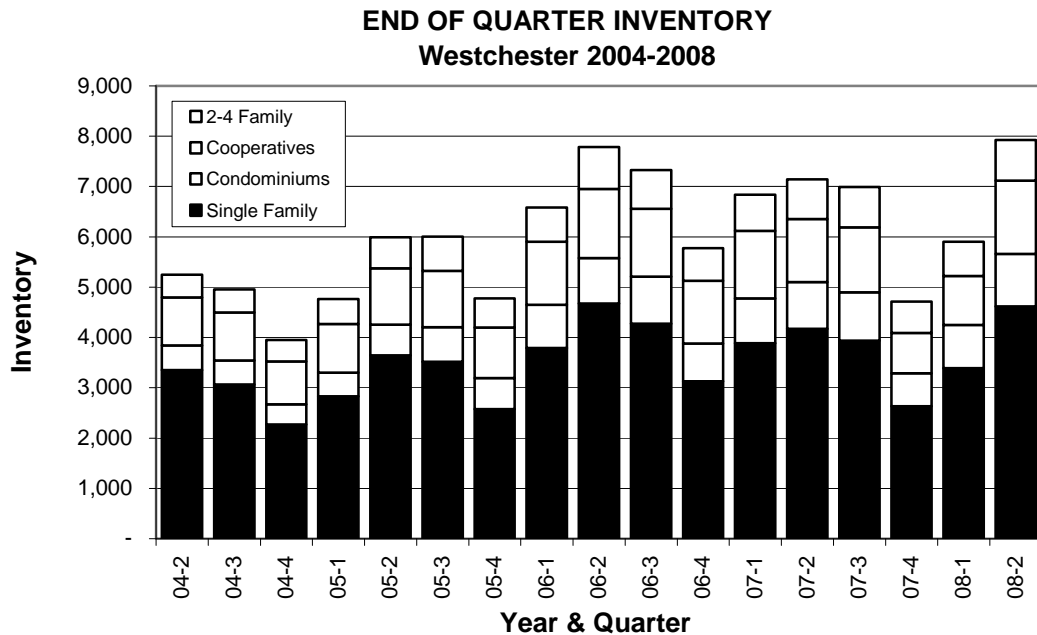
Type Of Property	MEDIAN SALE PRICE				Change 07-08	
	2nd 05	2nd 06	2nd 07	2nd 08	Amount	Percent
Westchester County						
Single Family Houses	700,000	715,000	700,000	674,900	-25,100	-3.6%
Condominiums	359,000	384,900	382,500	400,000	17,500	4.6%
Cooperatives	170,000	189,750	193,000	188,500	-4,500	-2.3%
2-4 Family Houses	565,000	580,000	547,500	472,500	-75,000	-13.7%
Putnam County						
Single Family Houses	386,125	438,500	398,500	400,000	1,500	0.4%
Condos & Co-ops	266,500	274,375	280,000	282,000	2,000	0.7%

Type Of Property	MEAN SALE PRICE				Change 07-08	
	2nd 05	2nd 06	2nd 07	2nd 08	Amount	Percent
Westchester County						
Single Family Houses	915,345	937,959	965,414	894,467	-70,947	-7.3%
Condominiums	408,733	447,248	423,930	449,800	25,870	6.1%
Cooperatives	201,479	206,525	218,496	208,835	-9,661	-4.4%
2-4 Family Houses	567,894	588,971	570,137	497,564	-72,573	-12.7%
Putnam County						
Single Family Houses	439,712	475,638	481,059	448,512	-32,547	-6.8%
Condos & Co-ops	256,132	275,013	281,758	267,856	-13,902	-4.9%

Inventory

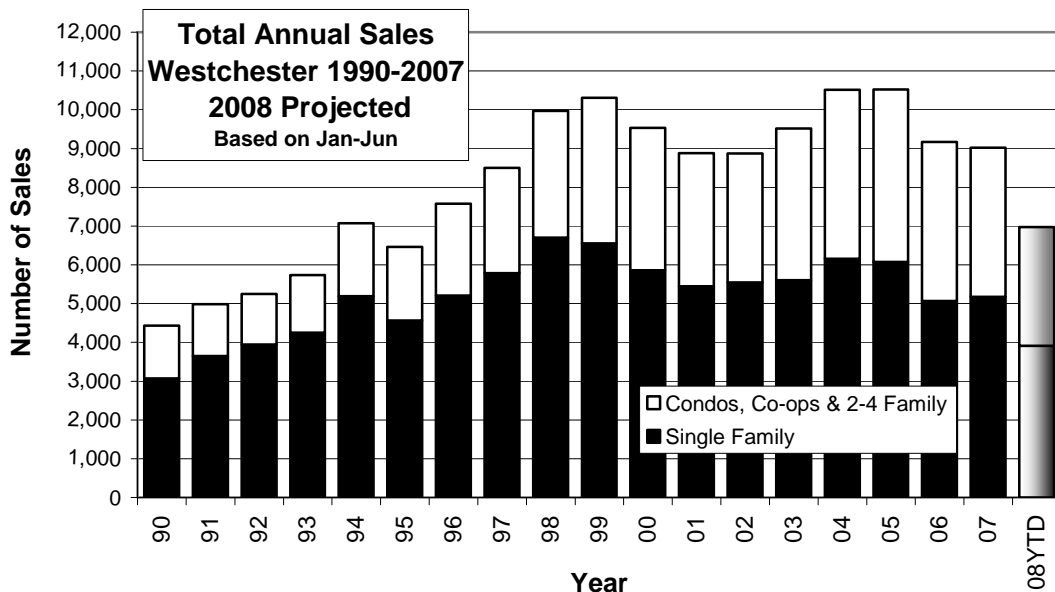
The supply of housing for sale reversed direction from the first to the second quarters of 2008. In the first quarter the inventory had decreased by nearly 14% from the prior year, reflecting in part the intention of some sellers to wait out what they perceived to be negative market conditions.

However, there are also sellers who don't have that kind of discretion, whose family, employment or other circumstances dispose them to enter the market sooner rather than later. Many did so in the second quarter, and that infusion of listings, coupled with slow sales rates throughout the entire period, led to an end-of-quarter Westchester inventory of 7,925 units, an increase of 11% from 2007. That level of inventory was last seen in 1996-97, just before the boom market that drew inventory down to record lows. However, the 2008 second quarter position was still a long way from the true overhangs of 10,000 or more units that obtained in 1995 and earlier.



Type Of Property	END OF QUARTER INVENTORY				Change 07-08	
	2nd 05	2nd 06	2nd 07	2nd 08	Amount	Percent
Westchester County						
Single Family Houses	3,644	4,676	4,173	4,616	443	10.6%
Condominiums	609	901	926	1,042	116	12.5%
Cooperatives	1,119	1,378	1,255	1,460	205	16.3%
2-4 Family Houses	618	829	786	807	21	2.7%
Total	5,990	7,784	7,140	7,925	785	11.0%
Putnam County						
Single Family Houses	944	1,129	1,080	1,082	2	0.2%
Condos & Co-ops	64	112	119	139	20	16.8%
Total	1,008	1,241	1,199	1,221	22	1.8%

Type Of Property	YEAR TO DATE (JAN-JUN) SALES				Change 07-08	
	2005	2006	2007	2008	Amount	Percent
Westchester County						
Single Family Houses	2,671	2,283	2,407	1,725	(682)	-28.3%
Condominiums	613	647	682	516	(166)	-24.3%
Cooperatives	1,012	965	931	733	(198)	-21.3%
2-5 Family Houses	375	331	249	136	(113)	-45.4%
Total	4,671	4,226	4,269	3,110	(1,159)	-27.1%
Putnam County						
Single Family Houses	456	424	357	276	(81)	-22.7%
Condos & Co-ops	97	68	67	51	(16)	-23.9%
Total	553	492	424	327	(97)	-22.9%



Commentary

In the past two years our local real estate market has been buffeted by strong winds from several directions with the result that it is difficult to know where the main body of the storm is located or headed. One factor is that our local market had been overdue for a correction after its nearly ten-year run-up in sales volumes and prices from 1996 to 2005 and 2006. Even without the subprime loan debacle or the current near-recessionary environment, Westchester-Putnam real estate prices, and sales volumes too, would have had to pause eventually to allow the region's household incomes and purchasing power to catch up.

Next, the unveiling of consumer overextension on subprime loans generated a new problem – foreclosures – and a subsequent tightening of credit availability by lenders. Thus far Westchester has weathered the foreclosure problem fairly well. The number of foreclosure judgments averaged about 100 monthly during the second quarter of 2008 versus 80 in the first quarter but were not a large number in relation to the overall Westchester market in either case. Further, the increase was roughly proportional to the normal increase in market activity from the first to second quarters. Many Realtors report having facilitated so-called short sales as successful foreclosure avoidance measures. There is no evidence that either foreclosure sales or short sales have posted below-market prices or exhibited other market-depressing features.

Credit availability for buyers, according to member Realtors, has slowed some transactions but has not often been a deal killer. More vexing, they report, is that lenders are requiring larger down payments, particularly from first-time buyers who do not have established credit histories. This negates in part the ability of first-time buyers to take advantage of the lower average asking prices that are now available in the region.

During the early months of 2008 when marketing activity generated most of the second quarter closed sales, mortgage interest rates increased from about 6.1% to 6.7% on 30-year conventional loans. Jumbo loans, whose availability and expense are important for our region's high priced market, averaged about a half-percentage point higher. Currently, 30-year conventional loans are available at about 7%. This is a favorable rate by historic standards. Nevertheless it is an uncomfortably high baseline should federal government inflation-tamping policies drive interest rates still higher.

Other relevant factors in this area's real estate environment are the health of the investment and brokerage houses, local unemployment rates, and the condition of the Manhattan real estate market. Highly paid brokers and money managers in Manhattan's financial industry are known to be an influential presence in the upper end of the region's real estate market. Consequently the recent layoffs by prominent firms do not bode well for the market, particularly if bonuses are shy of expectations at year end.

The New York City real estate market, especially Manhattan, is an important generator of new buyers for the suburbs, accounting for up to 15% of suburban sales activity. Recent reports by prominent real estate brokerages indicate that the Manhattan market is slowing down as well, which will mean fewer buyers for Westchester properties in the coming months.

Last, the unemployment rate for Westchester, while moderate at 4.5% in May of 2008, was more than one percentage point higher than last year at that date and is reported to be increasing as this sales report is released. The perception that unemployment is increasing often leads to a sense of job insecurity among the employed and becomes a discouraging factor for potential home buyers.

For the long haul, the Westchester-Putnam region has the inherent demographics to generate continued strong demand for housing here. It also has a well-balanced economy, a superior living environment, excellent schools, good transportation, and other attractive assets that ensure the long-term viability of its housing market including intrinsic property values in relation to housing prices. In the near term, however, the economic factors cited in this report – foreclosures, mortgage interest rates, credit availability, unemployment, the Manhattan real estate market – collectively are not radiating wellness even if some of them are not actually sickly at the moment. It is going to take good economic news on several fronts to reenergize this real estate market.

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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 Bronx, 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 annualized 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.*

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.*