



Westchester-Putnam Multiple Listing Service, Inc.

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2008 THIRD QUARTER RESIDENTIAL REAL ESTATE SALES REPORT Westchester and Putnam Counties, New York

October 27, 2008

The third quarter residential closing activity in Westchester and Putnam Counties continued the prevailing pattern of reduced sales volumes, moderately impacted prices and slight gains in inventory that has characterized the local real estate market for the past eighteen months. Realtors participating in the Westchester-Putnam Multiple Listing Service, Inc. reported 2,102 closings in Westchester during the third quarter of the year, 23% less than last year's level. The 277 closings in Putnam County were 16% fewer than during last year's third quarter.

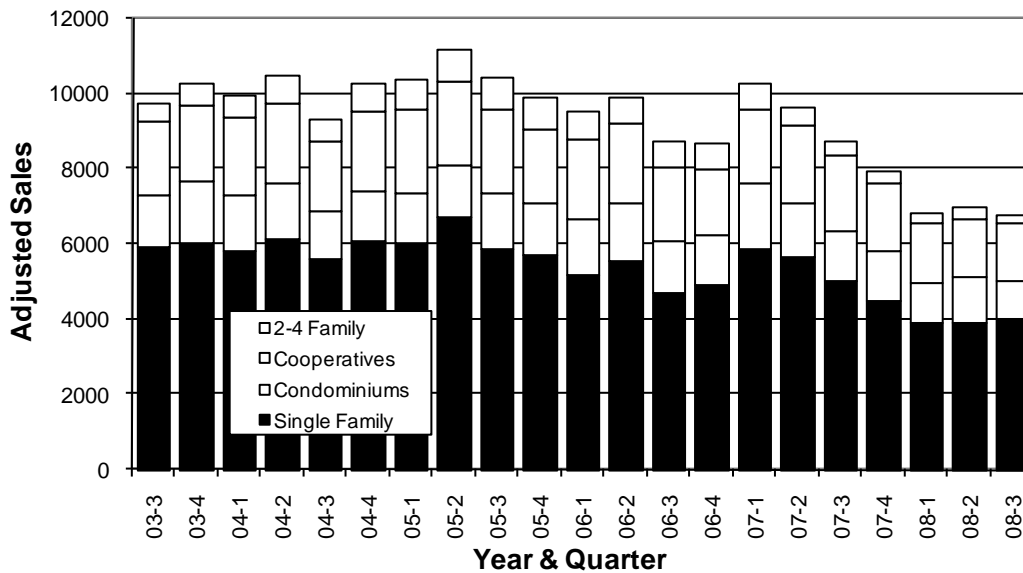
The third quarter closings largely followed upon sales and marketing activity that took place during the spring months, thus these latest data do not in any way reflect the calamity in the financial markets that has occurred in recent weeks. However, key economic conditions affecting real estate during the spring months of 2008 were trending to the negative. Mortgage interest rates climbed about one-half percentage point during the period, from a January low of just 6.0% on average for a conventional 30-year loan, to about 6.5% by the end of June. Credit standards were becoming tighter although qualified buyers had few problems obtaining mortgages. At the same time, however, Fannie Mae and Freddie Mac were visibly exhibiting the weaknesses in their mortgage portfolios that would lead to drastic government intervention several months later.

Type Of Property	NUMBER OF SALES				Change 07-08	
	3rd 05	3rd 06	3rd07	3rd08	Amount	Percent
Westchester County						
Single Family Houses	2,002	1,592	1,679	1,315	(364)	-21.7%
Condominiums	425	395	397	293	(104)	-26.2%
Cooperatives	620	551	562	430	(132)	-23.5%
2-4 Family Houses	<u>231</u>	<u>180</u>	<u>102</u>	64	(38)	-37.3%
Total	3,278	2,718	2,740	2,102	(638)	-23.3%
Putnam County						
Single Family Houses	362	228	224	199	(25)	-11.2%
Condos & Co-ops	<u>49</u>	<u>38</u>	<u>47</u>	28	(19)	-40.4%
Total	411	266	271	227	(44)	-16.2%

YEAR TO DATE SALES (Jan - Sep)

Property Type	2005	2006	2007	2008	Change 07-08	
					Amount	Percent
Westchester County						
Single Family Houses	4,722	3,933	4,086	3,050	(1,036)	-25.4%
Condominiums	1,054	1,064	1,079	811	(268)	-24.8%
Cooperatives	1,653	1,535	1,493	1,173	(320)	-21.4%
2-5 Family	<u>619</u>	<u>521</u>	<u>351</u>	201	(150)	-42.7%
Total	8,048	7,053	7,009	5,235	(1,774)	-25.3%
Putnam County						
Single Family Houses	830	661	581	477	(104)	-17.9%
Condos+Co-ops	<u>147</u>	<u>107</u>	<u>114</u>	79	(35)	-30.7%
Total	977	768	695	556	(139)	-20.0%

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



SEASONALLY ADJUSTED QUARTERLY SALES, 2006 - 2008

Property Type	2006 3rd	2006 4th	2007 1st	2007 2nd	2007 3rd	2007 4th	2008 1st	2008 2nd	2008 3rd	%Change 2008/2-2008/3
Westchester County										
Single Family	4,700	4,930	5,890	5,630	5,000	4,480	3,920	3,910	4,000	2.3%
Condominiums	1,360	1,320	1,710	1,470	1,370	1,340	1,060	1,200	1,030	-14.2%
Cooperatives	1,980	1,740	2,010	2,070	2,000	1,790	1,600	1,550	1,520	-1.9%
2-5 Family	<u>680</u>	<u>670</u>	<u>640</u>	<u>460</u>	<u>380</u>	<u>340</u>	<u>260</u>	<u>310</u>	<u>240</u>	-22.6%
Total	8,720	8,660	10,250	9,630	8,750	7,960	6,840	6,970	6,790	-2.6%
Putnam County										
Single Family	740	670	780	910	730	690	690	580	670	15.5%
Condos+Co-ops	<u>130</u>	<u>90</u>	<u>150</u>	<u>140</u>	<u>160</u>	<u>120</u>	<u>130</u>	<u>90</u>	<u>90</u>	0.0%
Total	870	760	930	1,050	890	810	820	670	760	13.4%

Also troubling was a steady increase in Westchester's unemployment rate from one-half to one percentage point over 2007 levels. By the end of June the unadjusted unemployment rate was 4.7% - lower than that of New York City or the State, but nevertheless a sharp departure from rates as low as 3.4% over the past several years. Also in this period, the volatility in the financial markets began to evidence itself in a significant way, with indicators such as the Dow Jones Industrial Average sliding by more than 2,000 points between January and June.

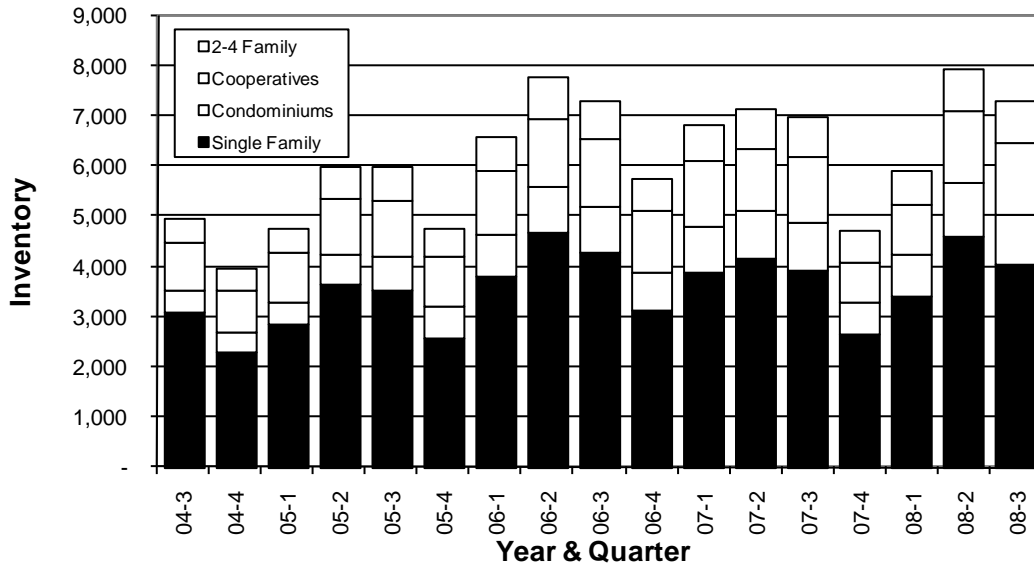
The Westchester – Putnam real estate market fared well considering the negative forces. Sales volume has suffered all year long but so far prices and inventory have not been severely impacted. On a year to date basis through the end of the third quarter, 2008 sales were down by 25% from last year's. This was an improvement over the first quarter when volume was down by 30%. Seasonally adjusted¹, the third quarter sales rate for all categories of housing was a weak 3% slower than the second quarter pace. However, single family house sales outperformed the other housing categories with a small 2% gain over the second quarter rate.

Notwithstanding the persistently low sales activity over the past year, Westchester and Putnam Counties have not experienced a significant accumulation of inventory. At the end of the third quarter, total residential units for sale in Westchester numbered 7,294, just 4% more than at the same date in 2007. The 2008 level actually was lower than that of 2006. As has been repeatedly observed in these reports, Westchester appears to have a larger than average population of homeowners who have the financial means and the lifestyle flexibility to chose whether and when to place their properties for sale. For the near term at least, it appears that many of them are electing to stay out of the market until conditions improve.

The result of relatively stable inventory is that there has been less downward pressure on prices here than elsewhere. The third quarter median² sale price of a single family house in Westchester was \$710,000, a decrease of only \$20,000 or 3% from last year's record-setting third quarter median of \$730,000. The mean² sale price was down by 5%, to \$918,737, still a high number by any accounting. Properties selling for over one million dollars in the third quarter accounted for 25.3% of all Westchester single family house sales, just a fraction of a percent more than last year.

Type Of Property	END OF QUARTER INVENTORY				Change 07-08	
	3rd 05	3rd 06	3rd 07	3rd 08	Amount	Percent
Westchester County						
Single Family Houses	3,519	4,273	3,934	4,046	112	2.8%
Condominiums	688	936	964	985	21	2.2%
Cooperatives	1,118	1,346	1,291	1,444	153	11.9%
2-5 Family Houses	680	771	803	819	16	2.0%
Total	6,005	7,326	6,992	7,294	302	4.3%
Putnam County						
Single Family Houses	942	1,095	1,053	988	(65)	-6.2%
Condos & Co-ops	78	109	116	132	16	13.8%
Total	1,020	1,204	1,169	1,120	(49)	-4.2%

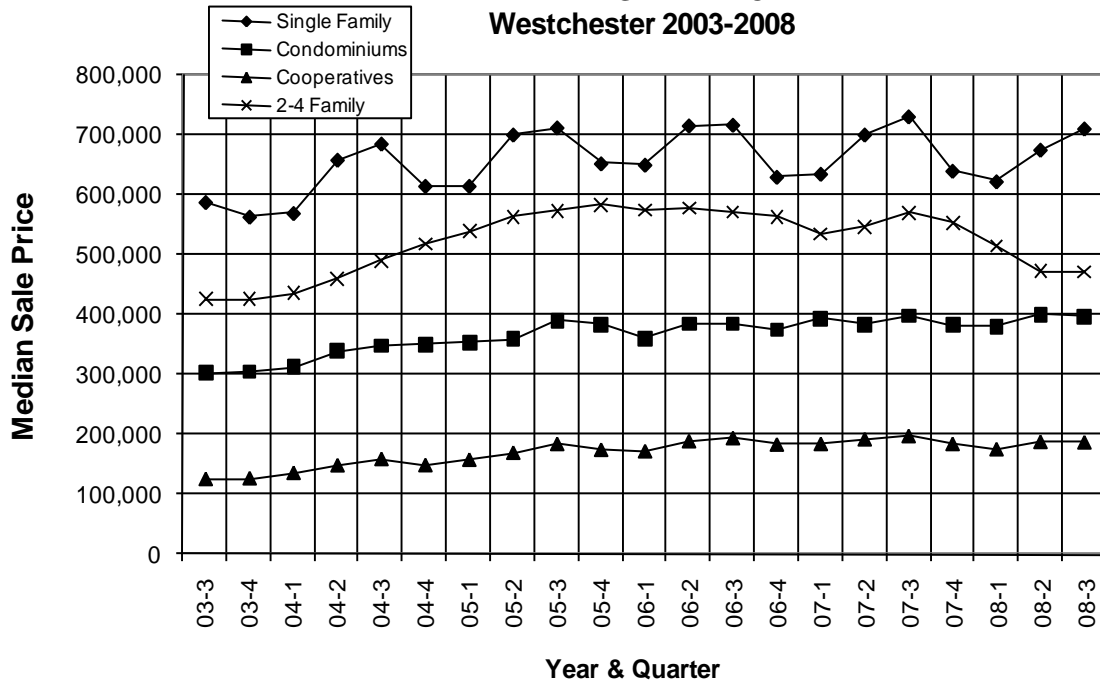
**END OF QUARTER INVENTORY
Westchester 2004-2008**



Type Of Property	MEDIAN SALE PRICE				Change 07-08	
	3rd 05	3rd 06	3rd07	3rd08	Amount	Percent
Westchester County						
Single Family Houses	711,700	716,125	730,000	710,000	(20,000)	-2.7%
Condominiums	390,000	385,000	397,500	395,900	(1,600)	-0.4%
Cooperatives	185,000	195,000	198,500	187,750	(10,750)	-5.4%
2-4 Family Houses	575,000	572,450	570,750	471,250	(99,500)	-17.4%
Putnam County						
Single Family Houses	425,000	405,000	432,500	375,000	(57,500)	-13.3%
Condos & Co-ops	274,000	287,250	285,000	282,500	(2,500)	-0.9%

Type Of Property	MEAN SALE PRICE				Change 07-08	
	3rd 05	3rd 06	3rd07	3rd08	Amount	Percent
Westchester County						
Single Family Houses	919,285	950,005	966,987	918,737	(48,250)	-5.0%
Condominiums	440,436	431,184	435,308	449,235	13,927	3.2%
Cooperatives	212,618	219,154	218,553	213,309	(5,244)	-2.4%
2-4 Family Houses	587,013	606,663	578,819	472,734	(106,085)	-18.3%
Putnam County						
Single Family Houses	476,398	464,547	469,849	430,721	(39,128)	-8.3%
Condos & Co-ops	263,109	273,135	297,292	260,261	(37,031)	-12.5%

MEDIAN SALE PRICE Westchester 2003-2008



Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 07-08	
	3rd 05	3rd 06	3rd07	3rd08	Amount	Percent
Westchester County						
Single Family Houses	1,840.4	1,512.4	1,623.6	1,208.1	(415.5)	-25.6%
Condominiums	187.2	170.3	172.8	131.6	(41.2)	-23.8%
Cooperatives	131.8	120.8	122.8	91.7	(31.1)	-25.3%
2-4 Family Houses	135.6	109.2	59.0	30.3	(28.7)	-48.7%
Total	2,295.0	1,912.7	1,978.2	1,461.7	(516.5)	-26.1%
Putnam County						
Single Family Houses	172.5	105.9	105.2	85.7	(19.5)	-18.5%
Condos & Co-ops	12.9	10.4	14.0	7.3	(6.7)	-48.0%
Total	185.4	116.3	119.2	93.0	(26.2)	-22.0%

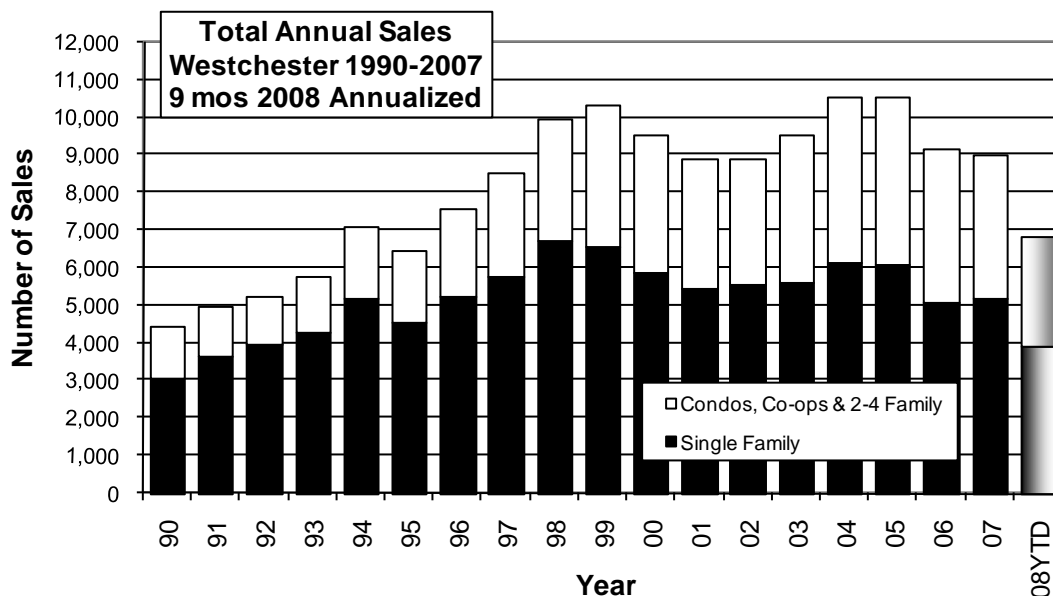
A particularly difficult factor to assess is the impact of foreclosures on the local sales market. The County Clerk's office reports monthly levels of more than 200 foreclosure filings in recent months whereas that number was in the range of 80 to 90 per month in 2005 and even 2006. Actual foreclosure judgments have also increased, from 20 or 30 monthly in 2005 to more than 100 in recent months. Clearly, a great many of the filings were resolved by short sales, refinancing, or other work-arounds before they became lender-owned properties. We must conclude from the overall stable inventory and pricing data that there were not enough troubled properties languishing on the market so as to bloat the inventory, nor were they being sold at fire-sale prices – at least not up through the third quarter of 2008.

The hardest hit sector of the local real estate market has been two- to four-family houses. The seasonally adjusted rate of sales in the third quarter was barely one third of the rates achieved at the top of the market in 2005 and 2006, and median sale prices have dropped by about 18% over the same period of time.

The best performing sector of the local market from a price aspect was the condominium sector. The third quarter median sale price of \$395,900 was barely changed from 2007 and was higher than in 2005 and 2006. The mean sale price of \$449,235 was 3% above last year's level. Sales volume, though, lagged last year's by 26%.

A Look Ahead

If the local real estate market were to close out 2008 at the same rate as experienced in the past three quarters, total sales volume would be around 7,000 units for the year for the four housing categories tracked by this multiple listing service. That low count was last posted in 1994 (although at the time, 1994 volume was record-setting and was perceived as a powerful recovery from the 1990 recession - everything is relative!). But to return to today's reality, after the government takeover of Fannie Mae and Freddie Mac in September, the near collapse of both domestic and international credit markets, the introduction of emergency measures such as the economic stimulus package and the \$750 billion "rescue plan", the failure of several large investment houses and banks, and the wild plunges of the stock market, all bets are off with respect to how the Westchester-Putnam real estate market is going to fare by year end!



We can only observe with some level of comfort that up to now, in the face of adverse economic conditions, our local real estate market has functioned at a reduced but nevertheless respectable level of sales, that we are not afflicted by huge excess inventory, and that average prices are easing back but not collapsing.

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 nearly 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 unusually low or high prices.*