

# HUDSON VALLEY LUXURY MARKET

## Market Overview, Autumn 2010

A Quarterly Survey of Dutchess, Columbia, and Ulster County Luxury Sales

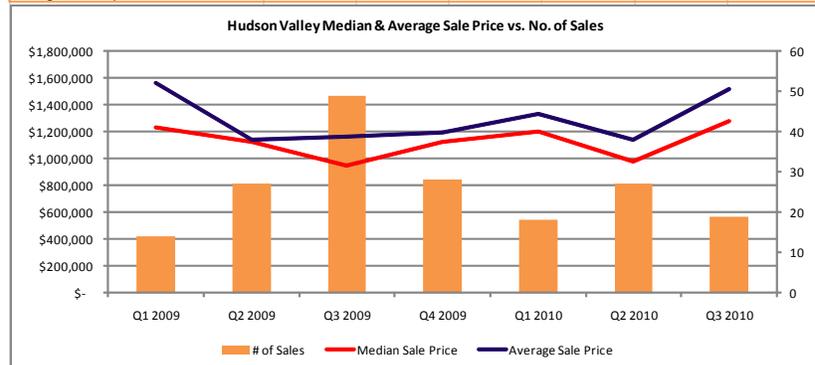
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Appraisal and consulting services covering the Hudson Valley region

Analyzing quarterly trends, a more accurate picture of the market than month-to-month reviews, the Hudson Valley Luxury Market continues to improve after steep declines from the 2008/09 recession. Average and median sales price through Q3 2010 increased both from the previous quarter and Q3 2009. This represents the first notable gain in prices in the market over the past 18-months, though the market continues to be down from its peak in 2007. However, Q3 2010 total sales are down both from the previous quarter and Q3 2009. This disparity is mostly a result of pent-up demand through 2009 due to the economic recession and falling market prices. As prices bottomed out in Q2/Q3 2009, buyers re-entered the market, taken advantage of competitively priced properties and distressed sellers.

Average days on the market (DOM) - how many days it takes a property to sell - is at a 12-month low at 168 days, with listing discounts at -6.07%, indicating that seller and buyer expectations are more in

Hudson Valley Market Matrix	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
Median Sale Price	\$ 1,275,000	\$ 979,600	\$ 1,200,000	\$ 1,125,000	\$ 945,740	\$ 984,443
Average Sale Price	\$ 1,518,199	\$ 1,142,302	\$ 1,329,884	\$ 1,196,066	\$ 1,165,695	\$ 1,237,003
# of Sales	19	27	18	28	49	109
Avg. DOM	168	250	317	209	265	
Avg. List Price	\$ 1,622,722	\$ 1,574,222	\$ 1,488,010	\$ 1,647,845	\$ 1,510,240	
Listing Discount	-6.07%	-14.44%	-14.47%	-14.04%	-9.24%	
Listing Inventory	424	284	304	183	---	



harmony with the current market. Listing inventory across all three counties has substantially increased over the past year with sellers capitalizing on higher demand. As a result of the vastly increasing inventory and moderate decrease in marketing times, absorption time - the amount of months it would take to sell off existing inventory at the current pace of sales - is 55.3 months, up from 27.9 months in Q2 2010. Listing prices continued to increase over the past three quarters as sales volume remains stable, a sign of stronger demand within the market.

With prices increasing, and listing discounts decreasing, there is greater similarity now between buyer and seller expectations than in the previous 18-months. From all indications, the current market has shifted from a stabilizing to strengthening market. Activity through October and November is strong with 13 sales at an average sale price of \$1,570,000, average listing discount of -13%, and average DOM of 265 days. Q4 2010 sales are expected to perform similarly to Q3 2010, with price and volume remaining stable. Looking toward Q1 2011, volume will most likely decline, while prices hold recent gains.

## Dutchess County

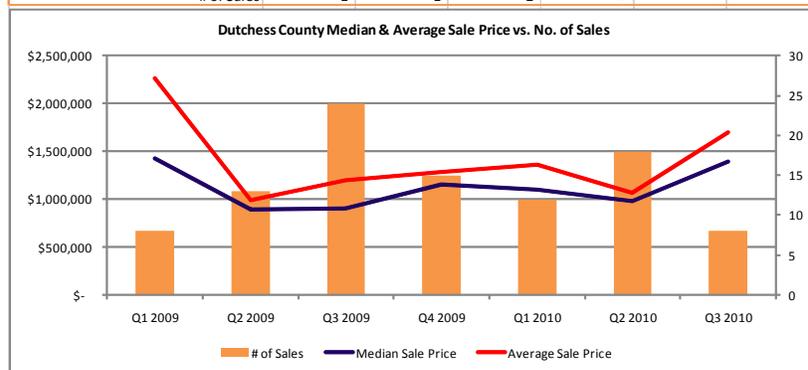
In Autumn 2010, Dutchess County, consisting of the Millbrook area, Quaker Hill, and Hudson River Estates, saw its first increase in median and average sale price in more than 18-months. After bottoming out in Q2 2009, the Dutchess market remained relatively soft for four straight quarters. In Q3 2010, average and median sale price have increased from the previous quarter and from Q3 2009. However, sales volume decreased from the previous quarter and from Q3 2009. Similarly to the regional market, this disparity is mostly a result of pent-up demand from 2008/09. Days on the market (DOM) dropped for the second quarter in a row, down 33% from the previous quarter and 44.4% from Q3 2009. Average list price increased 7.7% and listing discounts is at -5.75%. These declines signal a greater number of competitively priced properties, coupled with negotiable sellers and willing buyers – signs of a strengthening market.

Within the market subsets, the majority of demand continues to be seen at the lower half of the market. Over the past year, median sale price in the \$750,000 - \$1MM range has continued to fluctuate from \$800,000 - \$900,000. In the \$1MM - \$2MM range, median sale price has fluctuated between \$1.2MM - \$1.4MM. At the upper end of the range,

Dutchess County Market Matrix	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
Median Sale Price	\$ 1,397,500	\$ 979,600	\$ 1,099,500	\$ 1,150,000	\$ 900,000	\$ 959,528
Average Sale Price	\$ 1,701,598	\$ 1,069,150	\$ 1,362,263	\$ 1,285,000	\$ 1,198,554	\$ 1,317,892
# of Sales	8	18	12	15	24	60
Avg. DOM	130	194	326	117	234	
Avg. List Price	\$ 2,074,257	\$ 1,925,660	\$ 1,894,014	\$ 2,297,007	\$ 2,383,586	
Listing Discount	-5.75%	-14.20%	-9.78%	-9.87%	-12.01%	
Listing Inventory	190	112	130	71	---	

Median Sale Price by Market Subset	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
<b>\$750,000 - \$999,999</b>						
Median	\$ 792,000	\$ 900,800	\$ 870,000	\$ 935,000	\$ 850,000	\$ 862,500
# of Sales	3	11	6	6	16	35
<b>\$1,000,000 - \$1,999,999</b>						
Median	\$ 1,397,500	\$ 1,167,500	\$ 1,400,000	\$ 1,200,000	\$ 1,376,100	\$ 1,272,500
# of Sales	2	6	4	7	4	16
<b>\$2,000,000 - \$3,999,999</b>						
Median	\$ 2,950,000	\$ 2,000,000	\$ 2,625,078	\$ 2,200,000	\$ 2,314,973	\$ 2,129,945
# of Sales	3	1	2	2	4	7
<b>\$4,000,000 +</b>						
Median	--	--	--	--	--	\$ 6,000,000
# of Sales	0	0	0	0	0	3
<b>20-50 acre Vacant Land</b>						
Median	\$ 387,500	\$ 360,000	\$ 480,000	\$ 332,500	\$ 375,000	\$ 316,250
# of Sales	1	1	2	2	1	6



demand has been very limited as compared to prior years, with six total sales of properties in the \$2MM to \$4MM range since the beginning of 2010. The highest sale price within the County so far is a \$4.5MM estate in October. Compared to 2007, when there were 14 total sales of properties in the \$2MM to \$4MM range, and four total sales of properties above \$4MM, the high end of the market will most likely remain sluggish. Demand for vacant land continues to be limited, though unique properties have seen recent movement within the market.

Existing inventory increased from the prior quarter due to seasonal fluctuation and improving marketing conditions, with a current absorption time of 43 months.

Activity through October and November is strong with six sales at an average sale price of \$2,381,800, average listing discount of -7.0%, and average DOM of 308 days. Increasing prices, low listing discounts, decreasing marketing times, and greater activity at the upper end of the market indicate an improving market. While volume is expected to continue to fluctuate, prices should retain recent increases.

## Columbia County

Columbia County, consisting of Old Chatham and the outer reaches of the Millbrook area and Berkshires, continues to build on increases over the past year after a temporary drop in the market in the previous quarter. Sale prices increased from the previous quarter and from Q3 2009. Unlike Dutchess County, the Columbia market did not see the same price declines through 2008/09, though its sales volume dropped substantially in 2009. Since Q1 2009, the Columbia market has shown continued increases in sale price. Sales volume remains stable, with five total sales, comparable to the historical quarterly precedent.

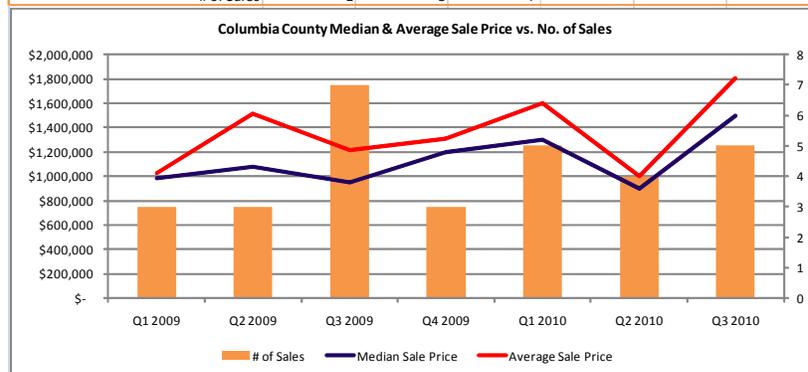
Average list prices have also remained stable over the quarter. Like Dutchess County, days on market has decreased for the second straight quarter and listing discounts dropped to below -5%. These declines signal an adequate number of competitively priced properties, coupled with negotiable sellers and willing buyers – signs of an improving market.

Within the market subsets, the majority of activity occurred in the \$1MM - \$2MM range. Over the last six months, there have been no sales above \$2MM and only 2 sales above \$2MM for the entire year, the highest a \$2.3M sale in February 2010. Demand for

Columbia County Market Matrix	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
Median Sale Price	\$ 1,500,000	\$ 902,500	\$ 1,302,000	\$ 1,200,000	\$ 950,000	\$ 1,030,000
Average Sale Price	\$ 1,805,000	\$ 999,375	\$ 1,600,400	\$ 1,305,000	\$ 1,218,286	\$ 1,254,875
# of Sales	5	4	5	3	7	16
Avg. DOM	200	232	328	265	328	
Avg. List Price	\$ 1,505,203	\$ 1,494,700	\$ 1,462,446	\$ 1,510,240	\$ 1,642,465	
Listing Discount	-4.45%	-10.57%	-17.63%	-9.24%	-5.26%	
Listing Inventory	125	76	70	50	---	

Median Sale Price by Market Subset	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
<b>\$750,000 - \$999,999</b>						
Median	\$ 800,000	\$ 850,000	--	\$ 765,000	\$ 889,000	\$ 846,500
# of Sales	1	3	0	1	4	8
<b>\$1,000,000 - \$1,999,999</b>						
Median	\$ 2,000,000	\$ 1,400,000	\$ 1,200,000	\$ 1,575,000	\$ 1,525,000	\$ 1,250,000
# of Sales	4	1	3	2	2	6
<b>\$2,000,000 - \$3,999,999</b>						
Median	--	--	\$ 2,150,000	--	\$ 2,000,000	\$ 2,325,000
# of Sales	0	0	2	0	1	2
<b>\$4,000,000 +</b>						
Median	--	--	--	--	---	--
# of Sales	0	0	0	0	0	0
<b>20-50 acre Vacant Land</b>						
Median	\$ 175,000	\$ 190,000	\$ 115,000	\$ 332,500	\$ 495,000	\$ 272,250
# of Sales	1	3	4	2	1	8



vacant land was limited for the quarter as compared to the previous six months.

Existing inventory increased from the prior quarter due to seasonal fluctuation and improving marketing conditions, with a current absorption time of 88 months. Through October and November, there have been four sales, three in the \$1MM to \$2MM range, with an average sale price of \$1,133,750, average listing discount of -24.5%, and average DOM of 268 days. Q4 2010 price and volume is expected to perform similarly to Q3 2010. Based on the 12-month trend,

the County market should continue to improve into 2011.

While the prior quarter shows a greater “meeting of the minds” between buyers and sellers, two recent sales illustrate: a 56-acre estate with 4,900 SF dwelling sold for \$2.5MM, at 2% over the list price with a DOM of 59 days and a 39-acre estate with 3,264 SF dwelling sold for \$1.5MM at full list price with a DOM of 39 days. While these results are atypical, both sales demonstrate that properties competitively priced can expect to receive greater activity, with a shorter marketing time as demand has increased within the market.

## Ulster County

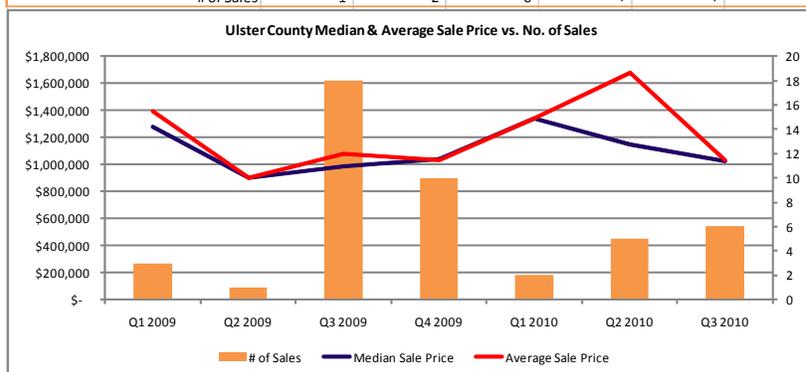
Unlike the regional market, Ulster County, consisting of the Woodstock, New Paltz, and Beaverkill markets, did not see increases in sale price over Q3 2010. Average and median sale price decreased from the previous quarter. However, average sale price is marginally up 0.5% from Q3 2009, while median price is down 1.7% over the same time. This disparity is a result of two sales above \$2MM in Q2 2010, including the highest Ulster County sale of the year at \$3.135M in May 2010, which caused prices to spike in the previous quarter. Total sales continue to be down from Q3 & Q4 2009, but remained stable from the prior quarter.

Average list price decreased 1.0% from the previous quarter. Days on market (DOM) decreased from the previous quarter and listing discounts dropped to -8.0%. As repeated earlier, these declines signal negotiable sellers and willing buyers.

Within the market subsets, activity continues to be below the \$2MM mark. With two sales above \$2MM in Q2 2010, the County is on-par with 2007 and 2008, two and three sales respectively, for sales at the upper tier of the market.

Ulster County Market Matrix	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
Median Sale Price	\$ 1,025,000	\$ 1,150,000	\$ 1,341,875	\$ 1,042,222	\$ 987,222	\$ 1,045,000
Average Sale Price	\$ 1,034,667	\$ 1,676,900	\$ 1,341,875	\$ 1,029,984	\$ 1,080,245	\$ 1,088,414
# of Sales	6	5	2	10	18	32
Avg. DOM	175	324	298	245	155	
Avg. List Price	\$ 1,288,707	\$ 1,302,308	\$ 1,107,570	\$ 1,136,289	---	
Listing Discount	-8.02%	-18.54%	-16.00%	-23.00%	-7.15%	
Listing Inventory	109	96	104	62	---	

Median Sale Price by Market Subset	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	2009
<b>\$750,000 - \$999,999</b>						
Median	\$ 890,000	\$ 974,750	\$ 933,750	\$ 825,000	\$ 852,500	\$ 852,500
# of Sales	3	2	1	5	10	16
<b>\$1,000,000 - \$1,999,999</b>						
Median	\$ 1,150,000	\$ 1,150,000	\$ 1,750,000	\$ 1,175,000	\$ 1,245,000	\$ 1,190,000
# of Sales	3	1	1	5	8	16
<b>\$2,000,000+</b>						
Median	---	\$ 2,642,500	--	--	---	--
# of Sales	0	2	0	0	0	0
<b>20-50 acre Vacant Land</b>						
Median	\$ 240,000	\$ 100,000	--	\$ 60,000	\$ 135,000	\$ 89,872
# of Sales	1	2	0	1	1	4



Demand for vacant land remains limited, similar to the region at large.

Existing inventory has moderately increased from the prior quarter due to seasonal fluctuation and improving market conditions, with a current absorption time of 57 months. Through October and November, there have been three sales, with an average sale price of \$1,183,000, average listing discount of -8%, and an average DOM of 352 days. Based on the 12-month trend, the County market is expected to remain stable with

modest increases in price over the next quarter.

Unlike Dutchess and Columbia Counties, which have displayed a quicker recovery over the past year from the 2008/09 market decline, Ulster County appears to be lagging slightly behind its neighbors. With listing prices and sales volume stabilized, listing discounts and DOM at 12-month lows, and listing inventory modestly increasing, signs point to a strengthening market. However, sales prices have yet to follow in line with these other indicators.

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