

## Hudson Valley Luxury Market

Dutchess, Columbia, and Ulster County Residential Sales over \$750,000

### 2011 Year in Review

- Seemingly stable and sustainable market and distinctly healthier than it was in 2008 or 2009
- Continued demand for open spaces at premium prices
- Still strong bid under the most valuable properties within the region

Written in collaboration with RP Hubbell & Company and Walter Cadette

Recent sales data reflect continued stability in the Hudson Valley luxury residential real estate market. The fourth-quarter volume of sales of properties in excess of \$750,000 is in line with the pattern set earlier in the year. And so is the median price, which because it gives less weight to sales at the top end of the price range is more representative of the market as a whole than is the average price.

Some cautions, however: The latest reading on the listing discount is on the high side of the trend, as is the length of time it takes to sell a property (the average DOM or days on market in the table below).

Even with those caveats, incoming data point to a market that is distinctly healthier than it was in 2008 or 2009. Significantly, it evinces little, if any, of the froth left over from the preceding boom years. Many buyers have come to recognize the inherent value that has come to the fore in a market that stumbled badly after the bubble burst, just as many sellers have come to recognize that the price heights of the past are nowhere on the horizon – and probably not beyond it either.

Adaptation by both sides of the market to the new reality has been slow in coming; even so, it now seems well under way.

Some mispricing may well still be in the picture – witness the relatively large listing discount and the relatively high DOM last quarter. For the most part, though, expectations of both buyers and sellers as to what the market will bear are a lot more realistic than they were even a year or two ago.

The emergence of a seemingly stable and sustainable market has been the overarching theme of this letter for the past year. And, again with a caveat or two, the latest data point to more of the same ahead. The two subsidiary themes seem to hold as well:

Hudson Valley Market Matrix, All Sales \$750,000 and over	2007	2008	2009	2010	2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Median Sale Price	\$ 950,000	\$ 990,000	\$ 966,500	\$ 1,150,000	\$ 1,050,000	\$ 993,378	\$ 1,050,000	\$ 1,080,000	\$ 1,000,000
Average Sale Price	\$ 1,257,000	\$ 1,255,000	\$ 1,186,700	\$ 1,567,031	\$ 1,657,957	\$ 2,912,322	\$ 1,452,368	\$ 1,115,469	\$ 1,314,074
# of Sales	206	165	108	90	115	25	36	25	29
Avg. DOM	229	217	256	222	255	227	292	195	304
Avg. List Price	\$ 1,363,914	\$ 1,420,515	\$ 1,323,325	\$ 1,601,360	\$ 1,759,335	\$ 1,729,456	\$ 1,687,684	\$ 1,718,870	\$ 1,901,329
Listing Discount	-7.84%	-11.65%	-10.32%	-11.38%	-13.17%	-16.06%	-12.07%	-10.01%	-14.55%
Listing Inventory	---	---	---	---	474	444	521	507	423

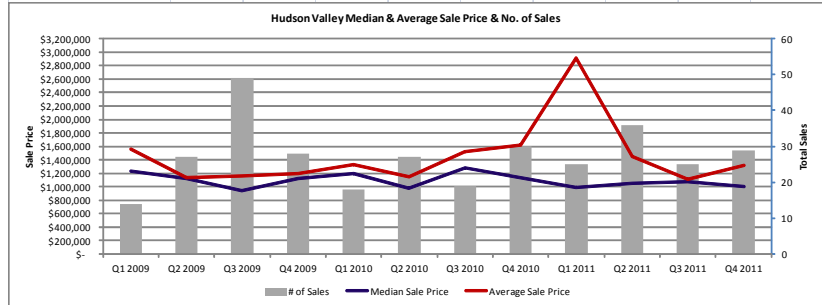
Source, all tables & graphs: NYSORPS, Mid-Hudson MLS, Ulster MLS, Columbia-Northern Dutchess MLS

- Two huge land sales in the last half of last year point up renewed interest in the purchase of raw land – one in Dutchess County near the Village of Amenia for \$5½ million (roughly \$14,000 per acre); the other in Ulster County near Mohonk for \$8½ million (roughly \$10,000 per acre).

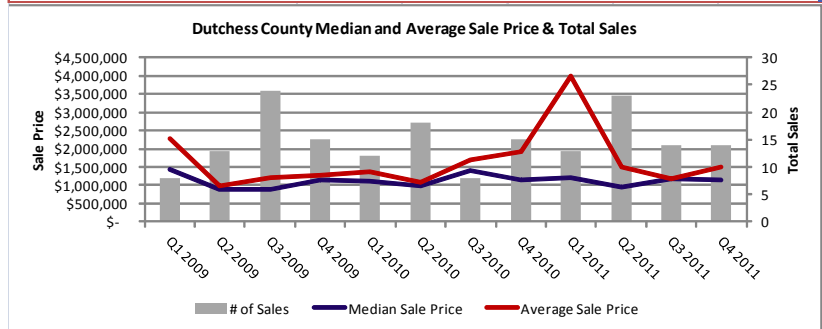
- There has been quite a revival in the market for especially high - end properties (defined here as those selling in excess of \$2 million). Eighteen such properties were sold last year, as compared with only 12 in 2009 and 13 in 2010.

To be sure, the “law of small numbers” may be at work here. Our take, rather, is that there is a strong bid under the most valuable properties in the region. Hudson River-front properties are a good example of the kinds of properties that unusually well-heeled buyers are unwilling to lose out on when they come onto the market. While very special, riverfront properties are not alone in that regard. Price in such cases is a much less important consideration than it is for the luxury market as whole.

Hudson Valley Median Sale Price by Market Subset	2007	2008	2009	2010	2011	Q1 2011	Q2 2011	Q3 2011	Q4 2011
<b>\$750,000 - \$999,999</b>									
Median	\$ 845,000	\$ 850,000	\$ 850,000	\$ 885,829	\$ 835,000	\$ 837,515	\$ 810,000	\$ 855,000	\$ 887,500
# of Sales	127	99	59	39	57	14	19	10	14
<b>\$1,000,000 - \$1,999,999</b>									
Median	\$ 1,330,000	\$ 1,295,000	\$ 1,237,500	\$ 1,295,625	\$ 1,334,125	\$ 1,611,500	\$ 1,360,000	\$ 1,240,000	\$ 1,200,000
# of Sales	57	45	38	38	40	7	9	13	11
<b>\$2,000,000 - \$3,999,999</b>									
Median	\$ 2,620,000	\$ 2,295,000	\$ 2,225,000	\$ 2,731,013	\$ 2,475,000	---	\$ 2,700,000	\$ 3,900,000	\$ 2,100,000
# of Sales	18	17	9	11	12	0	8	1	3
<b>\$4,000,000 +</b>									
Median	\$ 5,252,000	\$ 6,120,000	\$ 6,000,000	\$ 4,350,000	\$ 7,022,830	\$ 9,911,600	---	\$ 8,569,720	\$ 5,448,940
# of Sales	4	4	3	2	6	4	0	1	1



Dutchess County Market Matrix	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Median Sale Price	\$ 1,140,000	\$ 1,094,189	\$ 931,437	\$ 1,175,000	\$ 1,146,250
Average Sale Price	\$ 1,933,626	\$ 4,192,064	\$ 1,519,335	\$ 1,198,029	\$ 1,490,153
# of Sales	15	12	20	12	14
Avg. DOM	273	104	225	110	259
Avg. List Price	\$ 2,022,773	\$ 2,371,856	\$ 2,205,238	\$ 2,253,429	\$ 2,600,308
Listing Discount	-12.47%	-25.98%	-10.10%	-5.72%	-14.41%
Listing Inventory	203	204	227	222	182
<b>Median Sale Price by Market Subset</b>	<b>Q4 2010</b>	<b>Q1 2011</b>	<b>Q2 2011</b>	<b>Q3 2011</b>	<b>Q4 2011</b>
<b>\$750,000 - \$999,999</b>					
Median	\$ 850,835	\$ 850,046	\$ 806,800	\$ 835,000	\$ 887,500
# of Sales	7	6	11	3	6
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,150,000	\$ 1,272,500	\$ 1,525,000	\$ 1,220,000	\$ 1,312,500
# of Sales	3	2	3	9	6
<b>\$2,000,000 - \$3,999,999</b>					
Median	\$ 3,703,025	---	\$ 2,700,000	---	\$ 2,082,000
# of Sales	3	0	6	0	1
<b>\$4,000,000 +</b>					
Median	\$ 4,350,000	\$ 9,911,600	---	---	\$ 5,448,940
# of Sales	2	4	0	0	1



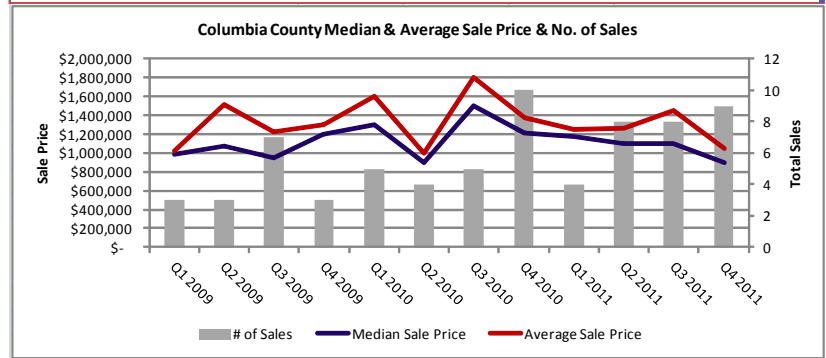
Finally, our view now, as it has been for the past year or so, is that today's market reflects a great deal of long-term value. Many luxury properties are hard to replicate at today's construction costs, especially if the object is to incorporate yesteryear's fine touches. Many others are sitting on land that cannot be replicated at any price. Indeed, considerable speculation – and for cash – seems to be occurring in relatively small houses throughout the Hudson Valley for precisely those reasons.

Financing costs, moreover, are unlikely to be as low again as they are now for a long time to come. Indeed, the quickening in economic activity at the end of last year may well lead to at least some reappraisal as to how long interest rates can stay rock-bottom. The backdrop economic uncertainty remains in the picture – not least for those who work in finance in New York City, an important source of demand for Hudson Valley real estate. But that does not seem to be a more important factor than it was a year or two ago. Despite it, the market looks to have chugged along for much of that time. The numbers are hardly a barnburner, but they are distinctly more promising than they had been over the past few years.

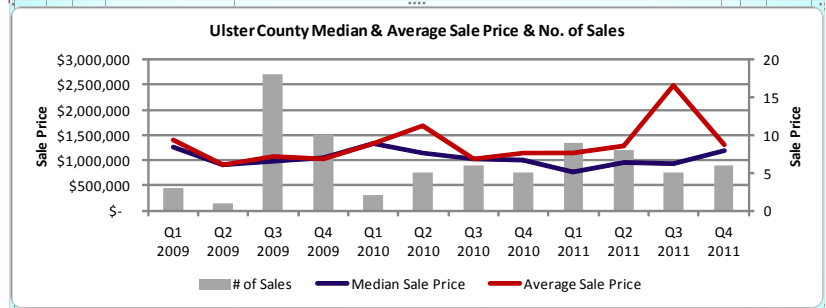
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Columbia County Market Matrix	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Median Sale Price	\$ 1,212,500	\$ 1,175,000	\$ 1,099,999	\$ 1,097,500	\$ 900,000
Average Sale Price	\$ 1,372,300	\$ 1,248,500	\$ 1,255,950	\$ 1,443,531	\$ 1,042,333
# of Sales	10	4	8	8	9
Avg. DOM	180	361	376	351	432
Avg. List Price	\$ 1,753,778	\$ 1,448,701	\$ 1,561,736	\$ 1,684,696	\$ 1,795,078
Listing Discount	-19.39%	-11.30%	-14.86%	-11.92%	-12.00%
Listing Inventory	148	141	176	165	129
<b>Median Sale Price by Market Subset</b>	<b>Q4 2010</b>	<b>Q1 2011</b>	<b>Q2 2011</b>	<b>Q3 2011</b>	<b>Q4 2011</b>
<b>\$750,000 - \$999,999</b>					
Median	\$ 965,000	\$ 885,000	\$ 855,500	\$ 892,500	\$ 857,000
# of Sales	3	2	4	4	7
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,662,500	\$ 1,612,000	\$ 1,325,000	\$ 1,200,000	\$ 1,200,000
# of Sales	6	2	3	3	1
<b>\$2,000,000 - \$3,999,999</b>					
Median	\$ 2,500,000	---	\$ 2,175,000	\$ 3,900,000	\$ 2,100,000
# of Sales	1	0	1	1	1
<b>\$4,000,000 +</b>					
Median	--	--	--	--	--
# of Sales	0	0	0	0	0



Ulster County Market Matrix	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Median Sale Price	\$ 1,000,000	\$ 780,000	\$ 962,000	\$ 938,500	\$ 1,200,000
Average Sale Price	\$ 1,149,800	\$ 1,134,683	\$ 1,277,625	\$ 2,494,044	\$ 1,310,833
# of Sales	5	9	8	5	6
Avg. DOM	264	292	274	125	220
Avg. List Price	\$ 1,287,800	\$ 1,367,811	\$ 1,296,079	\$ 1,218,486	\$ 1,308,601
Listing Discount	-10.72%	-10.90%	-11.24%	-12.66%	-17.24%
Listing Inventory	106	99	118	120	112
<b>Median Sale Price by Market Subset</b>	<b>Q4 2010</b>	<b>Q1 2011</b>	<b>Q2 2011</b>	<b>Q3 2011</b>	<b>Q4 2011</b>
<b>\$750,000 - \$999,999</b>					
Median	\$ 874,500	\$ 777,500	\$ 773,500	\$ 840,000	\$ 965,000
# of Sales	2	6	4	3	1
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,200,000	\$ 1,950,000	\$ 1,230,000	\$ 1,290,000	\$ 1,200,000
# of Sales	3	3	3	1	4
<b>\$2,000,000+</b>					
Median	---	---	\$ 3,250,000	\$ 8,569,720	\$ 2,100,000
# of Sales	0	0	1	1	1



This information contained in this Market Overview has been compiled from NYS ORPS, Mid-Hudson MLS, Columbia Northern Dutchess MLS, and Ulster MLS. We believe this information to be true and accurate. Heather Croner Real Estate, RP Hubbell & Co. and Walter Cadette assume no responsibility for the accuracy and reliability of this information and disclaim any liability for damages real or imagined caused by any error or omission on the researching or recording of these records and data.

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