

## Hudson Valley Luxury Market

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

### First Quarter 2012

- Steep decline in sales volume as compared to pattern of past two years
- Other indicators remain very much in line with that pattern
- Anecdotal evidence of many potential buyers, but only for those properties that are well-priced to today's market

Written in collaboration with RP Hubbell & Company and Walter Cadette

Three months ago, “steady as she goes” was an apt description of the luxury residential market in the Hudson Valley. The theme in these pages was “continued stability.” Today, that description seems much less apt, to judge by the steep decline in sales volume in the first quarter of the year. At 12, the number of sales in the region as a whole was only roughly half that of the year-earlier level. And thus it is hard to invoke winter seasonality as a reason for the low number (table below). The market was especially lifeless in Ulster County (table at the bottom of page 3).

It would be premature, however, to view the recent

sales rate as signaling significant longer-term deterioration in the market.

First, all of the other indicators (also shown in the table below) – days on market, average list price, the listing discount, and the listing inventory – remain very much in line with the earlier pattern. They continue to point to a market that has recovered nicely from the slump of 2008-2009. It was not only sales volumes that deteriorated then. Unlike now, it was all of the associated indicators.

Second, sales volumes in the last two weeks of December were on the high side of the trend; some of those sales could just as well have closed in the

first quarter. The arbitrary timing of closings at the start and at the end of a quarter can easily distort the quarterly sales totals.

Third, anecdotal evidence of a large cadre of “lookers” out there, if not serious potential buyers, points to a healthier market than the sales data themselves. This also stands in contrast to overall conditions during the worst of the previous slump, when prospective buyers simply did not exist. Respectable sales volumes at the relatively low end of the market are also very much in evidence.

Finally, the first-quarter data includes only multiple listing

Hudson Valley Market Matrix, All Sales \$750,000 and over					Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
	2008	2009	2010	2011					
Median Sale Price	\$ 990,000	\$ 966,500	\$ 1,150,000	\$ 1,075,000	\$ 993,378	\$ 1,050,000	\$ 1,080,000	\$ 1,046,250	\$ 1,045,000
Average Sale Price	\$ 1,255,000	\$ 1,186,700	\$ 1,567,031	\$ 1,654,521	\$ 2,912,322	\$ 1,452,368	\$ 1,115,469	\$ 1,356,351	\$ 1,137,083
# of Sales	165	108	90	129	27	39	27	36	12
Avg. DOM	217	256	222	255	227	292	195	304	250
Avg. List Price	\$ 1,420,515	\$ 1,323,325	\$ 1,601,360	\$ 1,759,335	\$ 1,729,456	\$ 1,687,684	\$ 1,718,870	\$ 1,901,329	\$ 1,883,901
Listing Discount	-11.65%	-10.32%	-11.38%	-13.17%	-16.06%	-12.07%	-10.01%	-14.55%	-13.21%
Listing Inventory	---	---	---	474	444	521	507	423	403

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

service (MLS) sales, whereas earlier-quarter data have been revised to include non-MLS sales, which are available only long after a quarter has closed.

Still, unless the spring selling season shows a material improvement, the conclusion has to be that something is amiss here. One reasonable hypothesis: The offering prices of luxury residential properties are still too high to clear the market. Cadres of potential buyers notwithstanding, luxury properties haven't moved lately because buyers still seem to hold the upper hand.

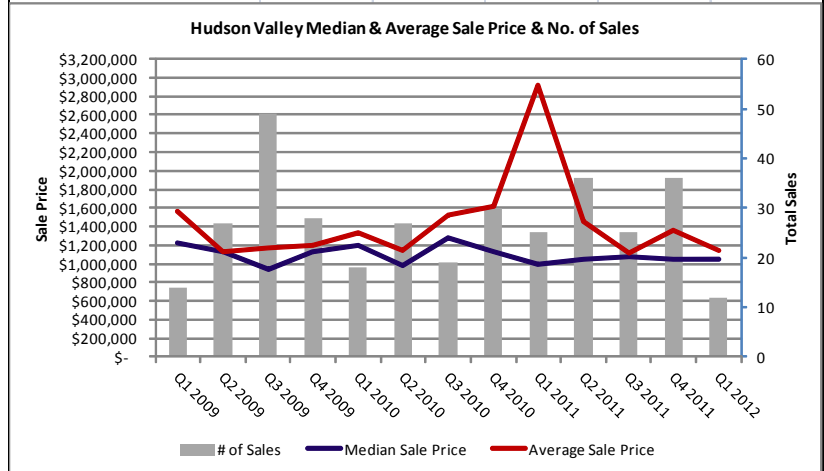
Luxury properties that are well-priced to today's – not yesterday's – market move well. This is especially the case if they are in move-in or near move-in condition. More and more buyers, the experience at Heather Croner Real Estate is, are reluctant to go through the hassle (let alone the cost) of major renovation.

Some, particularly young well-heeled New Yorkers in search of a weekend house, are lock-stock-and-barrel buyers. They want to move in with not much more than toothbrush and pajamas. Many choose to rent: The rental market for luxury properties has been unusually active of late, even with aggressive pricing.

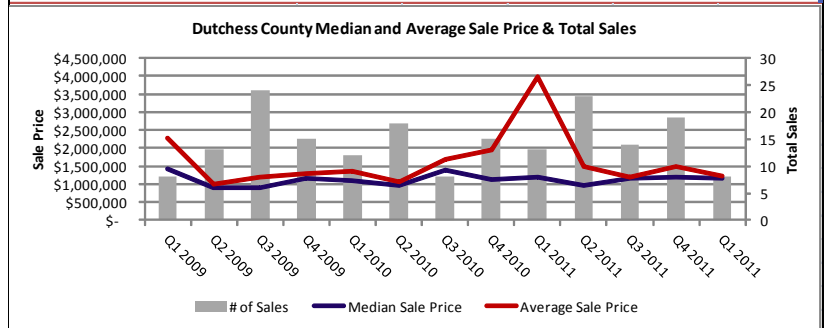
Properties not realistically priced for timely sale tend to sit not for months, but for years,

Hudson Valley Median Sale Price by Market Subset					
	2008	2009	2010	2011	Q1 2012
<b>\$750,000 - \$999,999</b>					
Median	\$ 850,000	\$ 850,000	\$ 885,829	\$ 835,258	\$ 860,000
# of Sales	99	59	39	62	6
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,295,000	\$ 1,237,500	\$ 1,295,625	\$ 1,325,000	\$ 1,200,000
# of Sales	45	38	38	47	5
<b>\$2,000,000 - \$3,999,999</b>					
Median	\$ 2,295,000	\$ 2,225,000	\$ 2,731,013	\$ 2,498,729	\$ 2,000,000
# of Sales	17	9	11	14	1
<b>\$4,000,000 +</b>					
Median	\$ 6,120,000	\$ 6,000,000	\$ 4,350,000	\$ 7,022,830	---
# of Sales	4	3	2	6	0

Source: NYSORPS, Mid-Hudson MLS, Ulster MLS, Columbia-Northern Dutchess MLS



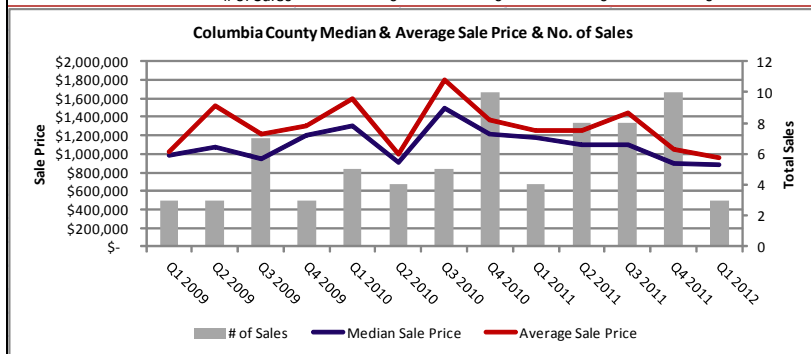
Dutchess County Market Matrix					
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Median Sale Price	\$ 1,094,189	\$ 931,437	\$ 1,175,000	\$ 1,200,000	\$ 1,175,000
Average Sale Price	\$ 4,192,064	\$ 1,519,335	\$ 1,198,029	\$ 1,474,033	\$ 1,227,500
# of Sales	12	20	12	19	8
Avg. DOM	104	225	110	259	227
Avg. List Price	\$ 2,371,856	\$ 2,205,238	\$ 2,253,429	\$ 2,600,308	\$ 2,388,344
Listing Discount	-25.98%	-10.10%	-5.72%	-14.41%	-15.53%
Listing Inventory	204	227	222	182	201
<b>Median Sale Price by Market Subset</b>					
<b>\$750,000 - \$999,999</b>					
Median	\$ 850,046	\$ 806,800	\$ 835,000	\$ 858,305	\$ 850,000
# of Sales	6	11	3	8	3
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,272,500	\$ 1,525,000	\$ 1,220,000	\$ 1,313,353	\$ 1,212,500
# of Sales	2	3	9	8	4
<b>\$2,000,000 - \$3,999,999</b>					
Median	---	\$ 2,700,000	---	\$ 2,239,729	\$ 2,000,000
# of Sales	0	6	0	2	1
<b>\$4,000,000 +</b>					
Median	\$ 9,911,600	---	---	\$ 5,448,940	---
# of Sales	4	0	0	1	0



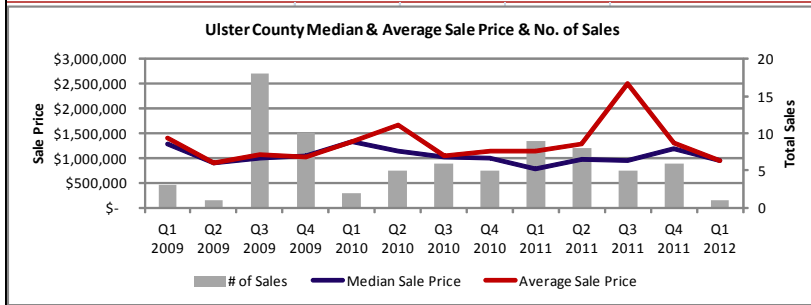
unsold. Sellers become distressed with the real-estate brokers they first hire; they move on to a second broker, who is able to talk them into less unrealistic offering prices, only to have to go yet another round with yet another broker. Most often, the property is sold eventually, but only after unnecessary fuss and feathers. The market can clear only when sellers are willing and able to recognize reality.

A strong bid remains under raw land, the product in large part of the buying by land conservation organizations when they have the opportunity. Scenic Hudson and other such organizations apparently have ample cash; they set their sights on the long-term preservation mission; and unlike their commercial competitors they are not given to dickering. When such organizations are uninterested in an offering, however, it is more difficult to find other willing buyers because of the effect that these organizations are having on raw-land prices.

Columbia County Market Matrix	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Median Sale Price	\$ 1,175,000	\$ 1,099,999	\$ 1,097,500	\$ 900,000	\$ 885,000
Average Sale Price	\$ 1,248,500	\$ 1,255,950	\$ 1,443,531	\$ 1,050,636	\$ 961,667
# of Sales	4	8	8	11	3
Avg. DOM	361	376	351	432	139
Avg. List Price	\$ 1,448,701	\$ 1,561,736	\$ 1,684,696	\$ 1,795,078	\$ 1,862,711
Listing Discount	-11.30%	-14.86%	-11.92%	-12.00%	-13.62%
Listing Inventory	141	176	165	129	111
Median Sale Price by Market Subset	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
<b>\$750,000 - \$999,999</b>					
Median	\$ 885,000	\$ 855,500	\$ 892,500	\$ 866,500	\$ 842,500
# of Sales	2	4	4	8	2
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,612,000	\$ 1,325,000	\$ 1,200,000	\$ 1,250,000	\$ 1,200,000
# of Sales	2	3	3	2	1
<b>\$2,000,000 - \$3,999,999</b>					
Median	---	\$ 2,175,000	\$ 3,900,000	\$ 2,100,000	---
# of Sales	0	1	1	1	0
<b>\$4,000,000 +</b>					
Median	--	--	--	--	--
# of Sales	0	0	0	0	0



Ulster County Market Matrix	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Median Sale Price	\$ 780,000	\$ 962,000	\$ 938,500	\$ 1,200,000	\$ 940,000
Average Sale Price	\$ 1,134,683	\$ 1,277,625	\$ 2,494,044	\$ 1,623,571	\$ 940,000
# of Sales	9	8	5	7	1
Avg. DOM	292	274	125	220	385
Avg. List Price	\$ 1,367,811	\$ 1,296,079	\$ 1,218,486	\$ 1,308,601	\$ 1,400,649
Listing Discount	-10.90%	-11.24%	-12.66%	-17.24%	-10.48%
Listing Inventory	99	118	120	112	91
Median Sale Price by Market Subset	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012
<b>\$750,000 - \$999,999</b>					
Median	\$ 777,500	\$ 773,500	\$ 840,000	\$ 965,000	\$ 940,000
# of Sales	6	4	3	1	1
<b>\$1,000,000 - \$1,999,999</b>					
Median	\$ 1,950,000	\$ 1,230,000	\$ 1,290,000	\$ 1,200,000	---
# of Sales	3	3	1	4	0
<b>\$2,000,000+</b>					
Median	---	\$ 3,250,000	\$ 8,569,720	\$ 2,800,000	---
# of Sales	0	1	1	2	0



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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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