

Hudson Valley Luxury Market

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

Third Quarter 2012

- After a very slow start to the year, two quarters of reasonably healthy sales rates
- Buyers, though, still have the upper hand
- Financing extremely easy, to judge by the level of interest rates, but underwriting standards still high for second homes

Written in collaboration with RP Hubbell & Company and Walter Cadette

Sales of luxury properties in the Hudson Valley (defined for the purpose of this newsletter as those selling in excess of \$750,000) clipped along at a reasonably good rate this past quarter (table on this page). And the previous quarter's sales rate is significantly higher than first reported now that nine non-MLS sales are included in the count. Anecdotal evidence, too, is for a healthy volume of closings in November and December.

All in all, the market has turned in a better showing than seemed reasonable to expect just six months ago

after an exceedingly disappointing start to the year. The unusually low first-quarter-2012 sales rate has turned out to be more anomalous than prophetic.

Much of the upward revision to the second-quarter sales rate reflected a livelier Dutchess County market. But, significantly, third-quarter figures point to an improved sales rates in both Columbia and Ulster counties (tables and charts on page 3). Whether these quarter-to-quarter regional differences reflect the "law of small numbers" rather than underlying market trends

remains to be seen. Still, the fact that all three counties have done reasonably well of late bodes well for the market in coming quarters.

Also among positive signs for the market: The median sales price this past quarter was on the high side of the recent pattern, and listing discounts were on the low side. The inventory of unsold properties is in line with the previous pattern (although slightly lower than it was a year ago). And the average number of days on the market is in line with year-ago levels (although in this case slightly higher).

Hudson Valley Market Matrix, All Sales \$750,000 and over										
	2008	2009	2010	2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	
Median Sale Price	\$ 990,000	\$ 966,500	\$ 1,150,000	\$ 1,075,000	\$ 1,080,000	\$ 1,046,250	\$ 940,000	\$ 965,000	\$ 1,156,250	
Average Sale Price	\$ 1,255,000	\$ 1,186,700	\$ 1,567,031	\$ 1,654,521	\$ 1,115,469	\$ 1,356,351	\$ 1,070,776	\$ 1,291,391	\$ 1,212,769	
# of Sales	165	108	90	129	27	36	17	29	26	
Avg. DOM	217	256	222	255	195	304	250	210	254	
Avg. List Price	\$ 1,420,515	\$ 1,323,325	\$ 1,601,360	\$ 1,759,335	\$ 1,718,870	\$ 1,901,329	\$ 1,883,901	\$ 1,821,023	\$ 1,791,068	
Listing Discount	-11.65%	-10.32%	-11.38%	-13.17%	-10.01%	-14.55%	-13.21%	-9.30%	-10.83%	
Listing Inventory	---	---	---	474	507	423	403	436	455	

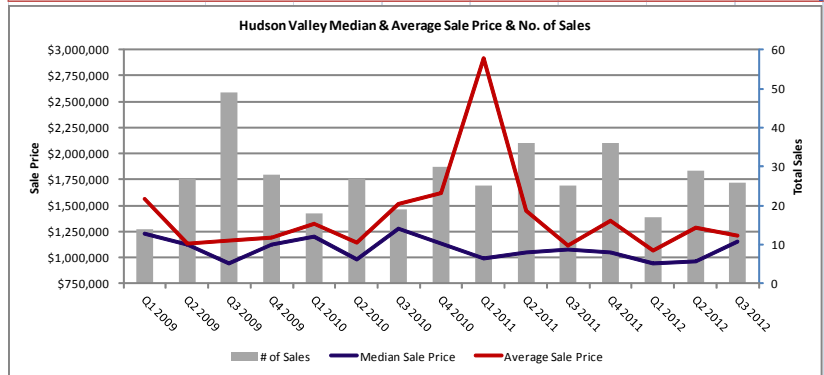
Source, all tables & graphs: NYSORPS, Mid-Hudson MLS, Ulster MLS, Columbia-Northern Dutchess MLS

The overall picture remains one of a market that has revived after the bust years of 2009-2010, but is still far off the pace of the bubble years that preceded them. Buyers continue to drive a hard bargain. And sellers, although increasingly realistic about pricing, still have hopes for selling prices rooted all too deeply in the experience of the bubble years.

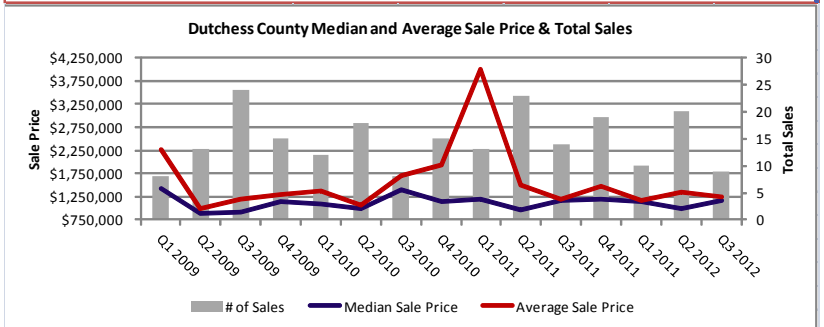
Even at interest rates at previously unheard-of lows (which the Federal Reserve apparently is committed to trying to keep in place for several more years to come), buyers still seem to have the upper hand. And that is especially the case for cash buyers or for those prepared to finance the purchase of a luxury property with outsized down payments and relatively small mortgages.

Underwriting standards, especially for second homes, remain unusually high, offsetting in large part the easy financing conditions embodied in rock-bottom interest rates. Banks and other lenders can be quick to refuse financing when appraisals come in on the low side. Required loan-to-value ratios (LTV) for second homes are closer to the 50% to 60%

Hudson Valley Median Sale Price by Market Subset	2008	2009	2010	2011	Q1 2012	Q2 2012	Q3 2012
\$750,000 - \$999,999							
Median	\$ 850,000	\$ 850,000	\$ 885,829	\$ 835,258	\$ 860,000	\$ 897,500	\$ 870,000
# of Sales	99	59	39	62	10	18	7
\$1,000,000 - \$1,999,999							
Median	\$ 1,295,000	\$ 1,237,500	\$ 1,295,625	\$ 1,325,000	\$ 1,200,000	\$ 1,437,500	\$ 1,268,750
# of Sales	45	38	38	47	6	8	18
\$2,000,000 - \$3,999,999							
Median	\$ 2,295,000	\$ 2,225,000	\$ 2,731,013	\$ 2,498,729	\$ 2,000,000	\$ 3,275,000	\$ 2,000,000
# of Sales	17	9	11	14	1	3	1
\$4,000,000 +							
Median	\$ 6,120,000	\$ 6,000,000	\$ 4,350,000	\$ 7,022,830	---	---	---
# of Sales	4	3	2	6	0	0	0



Dutchess County Market Matrix	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Median Sale Price	\$ 1,175,000	\$ 1,200,000	\$ 1,137,500	\$ 987,475	\$ 1,175,000
Average Sale Price	\$ 1,198,029	\$ 1,474,033	\$ 1,170,319	\$ 1,351,092	\$ 1,233,582
# of Sales	12	19	10	20	9
Avg. DOM	110	259	227	232	297
Avg. List Price	\$ 2,253,429	\$ 2,600,308	\$ 2,388,344	\$ 2,279,645	\$ 2,239,934
Listing Discount	-5.72%	-14.41%	-15.53%	-7.43%	-13.46%
Listing Inventory	222	182	201	199	194
Median Sale Price by Market Subset	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
\$750,000 - \$999,999					
Median	\$ 835,000	\$ 858,305	\$ 812,500	\$ 855,166	\$ 792,370
# of Sales	3	8	4	11	2
\$1,000,000 - \$1,999,999					
Median	\$ 1,220,000	\$ 1,313,353	\$ 1,200,000	\$ 1,475,000	\$ 1,250,000
# of Sales	9	8	5	7	7
\$2,000,000 - \$3,999,999					
Median	---	\$ 2,239,729	\$ 2,000,000	\$ 3,275,000	---
# of Sales	0	2	1	2	0
\$4,000,000 +					
Median	---	\$ 5,448,940	---	---	---
# of Sales	0	1	0	0	0

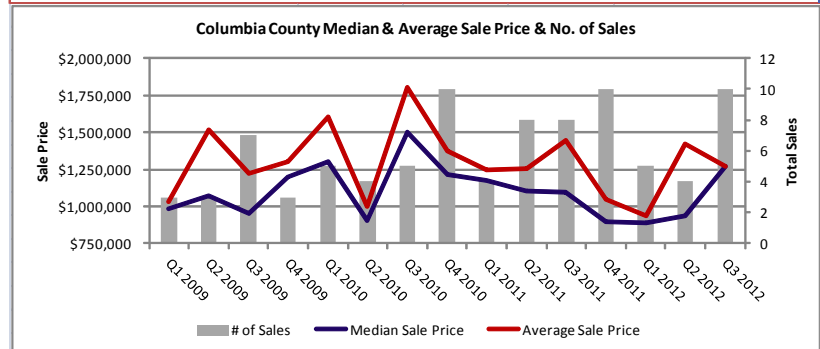


range rather than the typical 80% to 90% range seen for primary residences. Even more remarkable, second-home LTVs are lower than the 60% to 75% range common for commercial properties.

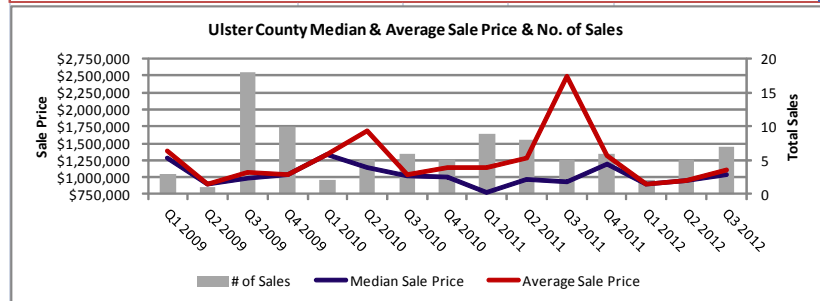
Most important of all, even very wealthy people looking for a weekend house cannot have forgotten the extraordinary uncertainty brought on by the collapse of the economy and financial markets at the end of 2008. The subsequent slide in the luxury property market, in the Hudson Valley just as elsewhere, underscored just how challenging it can be to sell these types of properties.

Even now, with the market in a reasonably good recovery, it takes the better part of a year to sell a luxury residential property in the Hudson Valley – a caution to any potential buyer but an especially important one in light of the financial turmoil of 2008. That may be increasingly out of sight, but it is still too recent to be out of mind.

Columbia County Market Matrix	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Median Sale Price	\$ 1,097,500	\$ 900,000	\$ 885,000	\$ 937,500	\$ 1,269,500
Average Sale Price	\$ 1,443,531	\$ 1,050,636	\$ 938,000	\$ 1,418,750	\$ 1,269,400
# of Sales	8	11	5	4	10
Avg. DOM	351	432	139	278	183
Avg. List Price	\$ 1,684,696	\$ 1,795,078	\$ 1,862,711	\$ 1,910,999	\$ 1,901,687
Listing Discount	-11.92%	-12.00%	-13.62%	-13.18%	-7.20%
Listing Inventory	165	129	111	150	165
Median Sale Price by Market Subset	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
\$750,000 - \$999,999					
Median	\$ 892,500	\$ 866,500	\$ 852,500	\$ 895,000	\$ 827,500
# of Sales	4	8	4	3	2
\$1,000,000 - \$1,999,999					
Median	\$ 1,200,000	\$ 1,250,000	\$ 1,200,000	---	\$ 1,289,000
# of Sales	3	2	1	0	7
\$2,000,000 - \$3,999,999					
Median	\$ 3,900,000	\$ 2,100,000	---	\$ 3,000,000	\$ 2,000,000
# of Sales	1	1	0	1	1
\$4,000,000 +					
Median	--	--	--	--	--
# of Sales	0	0	0	0	0



Ulster County Market Matrix	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Median Sale Price	\$ 938,500	\$ 1,200,000	\$ 905,000	\$ 947,500	\$ 1,036,750
Average Sale Price	\$ 2,494,044	\$ 1,623,571	\$ 905,000	\$ 950,700	\$ 1,105,107
# of Sales	5	7	2	5	7
Avg. DOM	125	220	385	120	282
Avg. List Price	\$ 1,218,486	\$ 1,308,601	\$ 1,400,649	\$ 1,272,426	\$ 1,231,584
Listing Discount	-12.66%	-17.24%	-10.48%	-7.30%	-11.83%
Listing Inventory	120	112	91	87	96
Median Sale Price by Market Subset	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
\$750,000 - \$999,999					
Median	\$ 840,000	\$ 965,000	\$ 905,000	\$ 923,750	\$ 900,000
# of Sales	3	1	2	4	3
\$1,000,000 - \$1,999,999					
Median	\$ 1,290,000	\$ 1,200,000	---	\$ 1,181,000	\$ 1,210,000
# of Sales	1	4	0	1	4
\$2,000,000+					
Median	\$ 8,569,720	\$ 2,800,000	---	---	---
# of Sales	1	2	0	0	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.