

Heather Croner
Real Estate

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Millbrook, New York 12545 \$11,900,000 web ID:KMDEPJ

Fourth Quarter 2018 Hudson Valley Luxury Real Estate Market Overview

*Written by Randy Myers,
In collaboration with Heather Croner and Pete Hubbell*

Fourth Quarter 2018

HUDSON VALLEY LUXURY REAL ESTATE MARKET OVERVIEW

Dutchess, Columbia, and
Ulster County residential
sales over \$750,000

Hudson Valley's luxury real estate market turned in a strong performance in 2018 as sales soared to an 11-year high.

Two hundred properties changed hands in 2018, up from 181 a year earlier. That marked the second consecutive year of big gains and largely brought the market back to where it was before the 2008 financial crisis. That year, sales fell to 165 from 206 in 2007. Annual sales would dwindle to 89 by 2010 before the market reversed course and embarked on a long road to recovery.

Throughout this market cycle, the prices at which properties sold in the Hudson Valley—at least in the luxury segment—remained relatively stable. This trend continued in 2018, with the average listing price rising a modest 3 percent year-over-year to \$1.3 million, while the median selling price ticked up 4 percent to \$975,000.

More significantly, the average listing discount—the difference between what sellers were asking and what buyers were willing to pay—narrowed to -6.3 percent from -7.4 percent a year earlier, putting that metric at its lowest level in at least 11 years. We attribute this both to buyer confidence and to sellers pricing their properties more realistically.





Copake, New York 12516 \$1,699,000 web ID:9LKED2

In the fourth quarter, for example, we saw two properties sell in the \$3 million-plus range after the sellers relisted them at prices well below what they had been asking just a few years ago. Perhaps not coincidentally, both were horse farms, for which demand seems to have faltered a bit over the past decade.

Last year's strong performance was especially impressive considering some of the headwinds it faced as the year got underway. Late in 2017, Congress passed income tax reforms that, beginning in 2018, would cap deductions for mortgage interest and state and local taxes, including property taxes. This would raise homeownership costs for some buyers, especially at the higher end of the market. In addition, the Federal Reserve raised short-term interest rates four times from

late 2016 through late 2017 and was widely expected to raise them four more times in 2018. It ultimately did, helping to push the average rate on a conventional 30-year mortgage to nearly 5 percent by early November 2018, up from about 4 percent at the start of the year. (That rate would ease to about 4.5 percent by year-end.)

These developments weighed on the broader real estate market, with sales of existing homes in all price ranges falling 3.1 percent nationally. But the Hudson Valley luxury market seemed immune to these developments and finished the year on a high note. Fifty-four properties sold in the fourth quarter, up from 46 a year earlier. The average listing discount narrowed, too, to -5.1 percent from -6.0 percent.



Garrison, New York 10524 \$9,995,000

Dutchess County

Dutchess County accounted for nearly half the valley's luxury home sales, with 95 properties sold, up from 80 in 2017. The biggest sales gains were registered at the extreme ends of the market, in the \$750,000-to-\$999,999 price range and the \$4million-plus range. In fact, activity was so strong at the lower end of the market that it drove the median selling price for the year down slightly, to \$950,000 from \$997,000 a year earlier.

Still, it was the higher end of the market that generated the most fireworks, with seven properties selling for \$4 million or more. That was one more than had sold in that price range in the prior four years combined. Two of those transactions closed in the fourth quarter, including the sale of a stunning property in Red Hook that overlooks the Hudson River and features sweeping views of the Catskill Mountains. It fetched the third-highest price of any residential property ever sold in Dutchess County.

Also notable was the sale of a storied 44-acre estate in Rhinebeck known as the Astor Tea House for \$6,750,000. Perched over Astor Cove and offering impressive views of the Hudson, the property was once part of Ferncliff, the 2,800-acre estate and farm acquired in the 1850s by William Astor, grandson of the wealthy businessman and investor John Jacob Astor. The Tea House was commissioned by Vincent Astor, William's grandson, in the late 1940s. Then a relatively modest brick pavilion, it was a retreat he and his family would use as a diversion from their formal residence. It has been substantially enlarged and renovated since then.

Columbia County

Unlike its neighbors to the south, Columbia County had a relatively quiet year with 40 properties sold, down from 46 a year earlier—a trend that held through the fourth quarter. Nonetheless, the median sale price rose to just over \$1 million for the year, the highest among all three counties, and there were other encouraging signals as the year drew to a close. During the fourth quarter, for example, the average listing discount narrowed to -5.1 percent, down from -7.0 percent a year earlier.

Noteworthy transactions during the fourth quarter included the sale of a modern farmhouse on just over three acres in Hillsdale for \$1.5 million and the sale of a secluded home on 57.4 acres in Craryville, complete with five-acre, spring-fed lake, for \$1.3 million.



Ulster County

Ulster was the only county to show year-over-year improvement in all six of the key market metrics we track. The average listing price for the year rose 6 percent to \$1.2 million. The average sale price rose 7.8 percent to \$1.1 million, while the median sale price rose 11.4 percent to \$975,000. The number of sales rose 18 percent to 65, the average days on market before a property sold fell 19.8 percent to 130 days and the average listing discount narrowed to -4.5 percent from -6.3 percent.

As we reported last quarter, Ulster County has been attracting a new breed of what we are calling craft farmers: young and tech-savvy newcomers attracted to Ulster's fertile land who raise specialty produce for mostly local consumption. With so many property sales last year, though, the county's appeal clearly extends beyond this group. This was evident right through the fourth quarter, when 20 properties changed hands, up from 17 a year earlier. Among the notable transactions was the sale of a hilltop modern on nine acres in Saugerties for \$2 million.



Millbrook, New York 12545 \$1,800,000 web ID:JM8S7V



Outlook

The continued strength of the Hudson Valley luxury real estate market during the fourth quarter of 2018 stood in sharp contrast to what was happening in the financial markets, where concerns about U.S. monetary policy and slowing global economic growth sent the S&P 500 stock index down more than 19 percent by Christmas Eve. While stocks had recovered about half their losses by mid-January, the volatility left investors and consumers less certain about prospects for either the stock market or the economy for the remainder of the year.

It remains to be seen how this will impact Hudson Valley's luxury real estate market. What we do know is that traffic through our office remained strong during the first few weeks of January. Meanwhile, we remain heartened by the way property values have held reasonably steady throughout this cycle in the market, reinforcing our long-held belief that real estate here is almost always a good long-term value. The enduring traits that have attracted so many families to this region decade after decade, highlighted by spectacular displays of nature, never go out of fashion.



Garrison, New York 10524 \$9,995,000

HUDSON VALLEY LUXURY MARKET SALES IN Q4 AND YEAR 2018 BY MARKET SUBSET

Category	Region	4 th Quarter		Year	
		# Sales	Median Price	# Sales	Median Price
\$750,000-\$999,999	All Hudson Valley	34	\$876,125	112	\$860,000
	Columbia County	6	\$853,000	20	\$842,500
	Dutchess County	16	\$872,500	54	\$863,325
	Ulster County	12	\$903,625	38	\$855,000
\$1,000,000-\$1,999,999	All Hudson Valley	14	\$1,500,000	64	\$1,332,500
	Columbia County	2	\$1,400,000	19	\$1,340,000
	Dutchess County	5	\$1,400,000	20	\$1,435,000
	Ulster County	7	\$1,275,000	25	\$1,300,000
\$2,000,000-\$3,999,999	All Hudson Valley	4	\$3,250,000	17	\$2,571,848
	Columbia County	0	n/a	14	\$2,000,000
	Dutchess County	3	\$3,400,000	14	\$2,610,924
	Ulster County	1	\$2,000,000	2	\$2,500,000
\$4,000,000 +	All Hudson Valley	2	\$10,625,000	7	\$5,650,000
	Columbia County	0	n/a	0	n/a
	Dutchess County	2	\$10,625,000	7	\$5,650,000
	Ulster County	0	N/A	0	n/a

ANNUAL

Year	# of Sales	Median Sale Price	Average Sale Price	Avg. Days on Market	Avg. Listing Discount	Listing Inventory
2018	200	\$975,000	\$1,410,551	189	-6.30%	474
2017	181	\$935,000	\$1,196,059	179	-7.40%	435
2016	147	\$1,050,000	\$1,419,212	218	-9.80%	499
2015	148	\$1,037,500	\$1,317,201	152	-9.20%	492

QUARTERLY

Period	# of Sales	Median Sale Price	Average Sale Price	Average Days on Market	Average Listing Discount	Listing Inventory
Q4 2018	54	\$950,000	\$1,543,751	153	-5.1%	408
Q3 2018	44	\$990,000	\$1,388,387	154	-7.2%	567
Q2 2018	57	\$945,000	\$1,324,056	164	-5.9%	538
Q1 2018	45	\$1,010,000	\$1,338,352	237	-7.0%	383
Q4 2017	46	\$905,463	\$1,053,661	143	-6.0%	446



Gardiner, New York 12525 \$2,199,999 web ID:QGE39W

Heather Croner Real Estate
Sotheby's International Realty

346 Fowler Rd Millbrook, NY 12545
845-677-9822

Ackerly & Hubbell Appraisal Corp.

1072 Main Street
Fishkill, NY 12524
845-454-6525
www.rphubb.com

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, R. P. Hubbell and Company, Inc. and Randy Myers 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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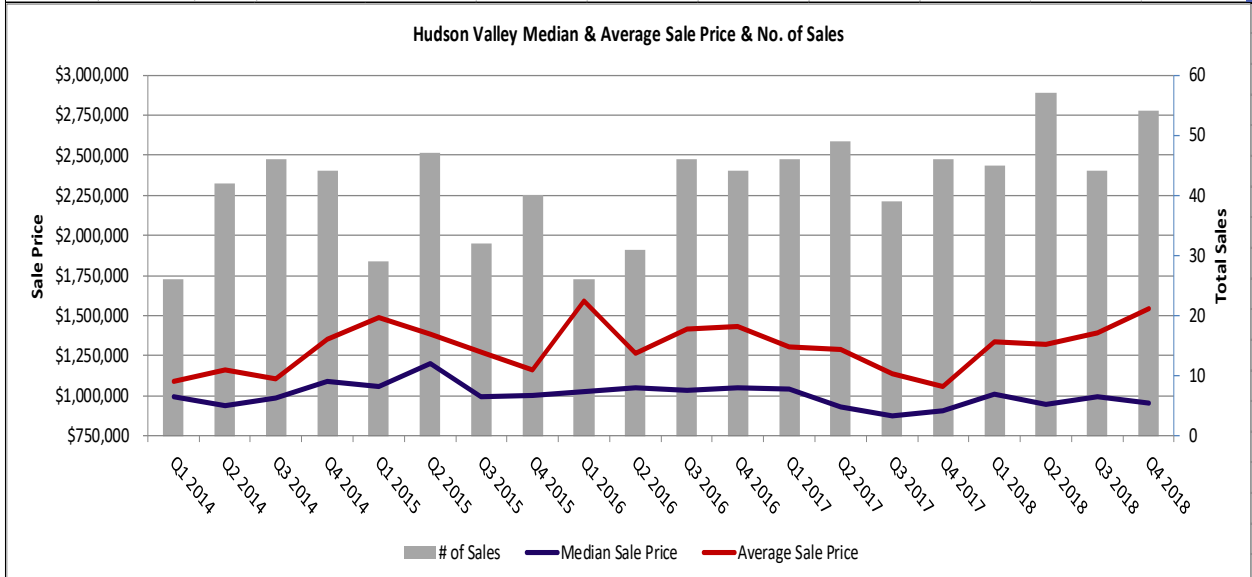
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Hudson Valley Market Matrix, All									
Sales \$750,000 and over	2015	2016	2017	2018	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Median Sale Price	\$ 1,037,500	\$ 1,050,000	\$ 935,000	\$ 975,000	\$ 905,463	\$ 1,010,000	\$ 945,000	\$ 990,000	\$ 950,000
Average Sale Price	\$ 1,317,201	\$ 1,419,212	\$ 1,196,059	\$ 1,410,551	\$ 1,053,661	\$ 1,338,352	\$ 1,324,056	\$ 1,388,387	\$ 1,543,751
# of Sales	148	147	181	200	46	45	57	44	54
Avg. DOM	152	218	179	189	143	237	164	154	153
Avg. List Price	\$ 1,448,072	\$ 1,279,133	\$ 1,267,000	\$ 1,310,105	\$ 1,055,073	\$ 1,373,200	\$ 1,250,300	\$ 1,446,110	\$ 1,319,745
Listing Discount	-9.16%	-9.78%	-7.36%	-6.28%	-5.96%	-6.99%	-5.91%	-7.20%	-5.09%
Listing Inventory	492	499	435	474	446	383	538	567	408

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

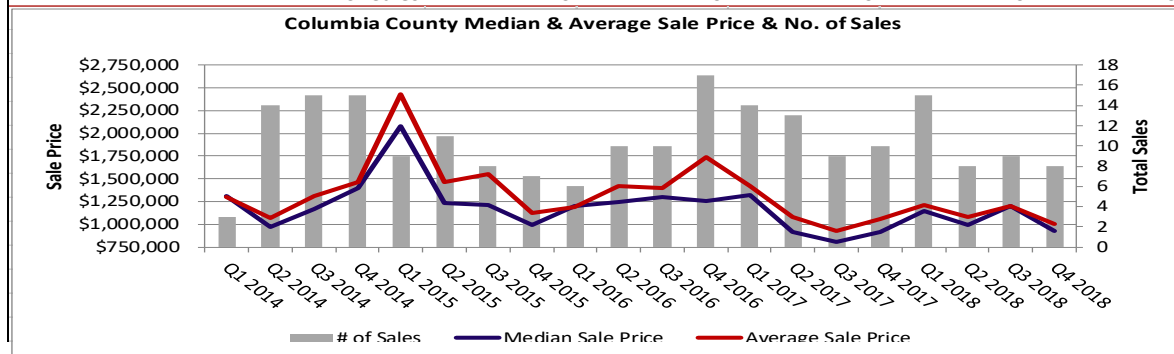
Hudson Valley Median Sale Price									
by Market Subset	2015	2016	2017	2018	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
\$750,000 - \$999,999									
Median	\$ 870,000	\$ 825,000	\$ 847,750	\$ 860,000	\$ 825,000	\$ 821,843	\$ 852,500	\$ 875,000	\$ 876,125
# of Sales	70	71	106	112	29	22	32	24	34
\$1,000,000 - \$1,999,999									
Median	\$ 1,286,500	\$ 1,395,000	\$ 1,325,000	\$ 1,332,500	\$ 1,250,000	\$ 1,362,500	\$ 1,305,000	\$ 1,345,000	\$ 1,500,000
# of Sales	59	55	57	64	15	18	18	14	14
\$2,000,000 - \$3,999,999									
Median	\$ 2,549,000	\$ 2,275,000	\$ 2,500,000	\$ 2,571,848	\$ 2,025,000	\$ 2,825,000	\$ 2,359,400	\$ 2,430,000	\$ 3,250,000
# of Sales	18	16	17	17	2	4	5	4	4
\$4,000,000 +									
Median	\$ 4,682,091	\$ 6,500,000	\$ 6,300,000	\$ 5,650,000	-	\$ 4,850,000	\$ 5,137,500	\$ 5,838,500	\$ 10,625,000
# of Sales	1	5	1	7	0	1	2	2	2

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



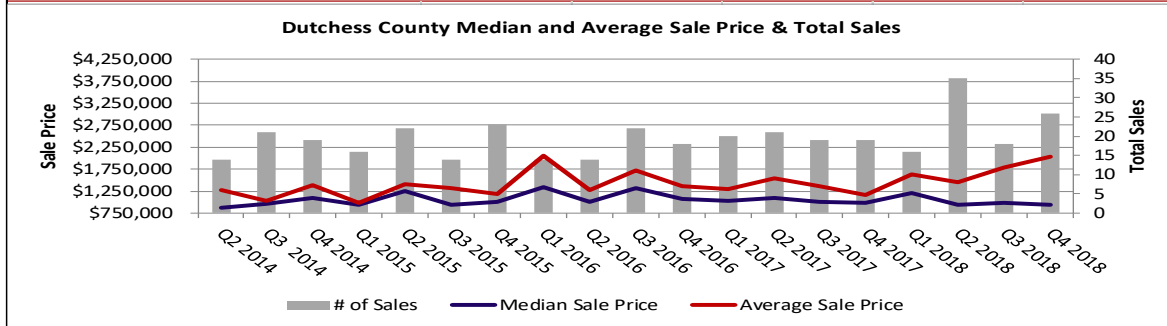
Columbia County Market Matrix		2014	2015	2016	2017	2018
Median Sale Price		\$ 1,090,000	\$ 1,235,000	\$ 1,260,000	\$ 937,250	\$ 1,004,500
Average Sale Price		\$ 1,287,485	\$ 1,662,692	\$ 1,481,739	\$ 1,140,040	\$ 1,143,304
# of Sales		47	35	43	46	40
Avg. DOM		208	124	181	177	208
Avg. List Price		\$ 1,859,264	\$ 1,350,528	\$ 1,700,459	\$ 1,202,193	\$ 1,188,736
Listing Discount		-12.89%	-8.36%	-10.51%	-7.22%	-7.67%
Median Sale Price by Market Subset		2014	2015	2016	2017	2018
<i>\$750,000 - \$999,999</i>						
	Median	\$ 865,000	\$ 861,250	\$ 853,750	\$ 845,000	\$ 842,500
	# of Sales	19	10	16	29	20
<i>\$1,000,000 - \$1,999,999</i>						
	Median	\$ 1,325,000	\$ 1,235,000	\$ 1,409,000	\$ 1,350,000	\$ 1,340,000
	# of Sales	23	15	20	13	19
<i>\$2,000,000 - \$3,999,999</i>						
	Median	\$ 2,075,000	\$ 2,257,500	\$ 2,465,625	\$ 2,500,000	\$ 2,000,000
	# of Sales	5	9	6	4	1
<i>\$4,000,000 +</i>						
	Median	---	\$ 4,682,091	\$ 7,000,000	---	---
	# of Sales	0	1	1	0	0

Columbia County Market Matrix		Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Median Sale Price		\$ 937,250	\$ 1,150,000	\$ 987,500	\$ 1,200,000	\$ 925,000
Average Sale Price		\$ 1,011,450	\$ 1,214,427	\$ 1,081,063	\$ 1,205,444	\$ 1,002,281
# of Sales		10	15	8	9	8
Avg. DOM		170	325	118	168	111
Avg. List Price		\$ 1,009,369	\$ 1,327,643	\$ 1,089,083	\$ 1,280,888	\$ 1,055,625
Listing Discount		-6.95%	-11.68%	-4.68%	-5.89%	-5.06%
Listing Inventory		119	135	175	200	148
Median Sale Price by Market Subset		Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
<i>\$750,000 - \$999,999</i>						
	Median	\$ 890,000	\$ 797,500	\$ 920,500	\$ 837,000	\$ 853,000
	# of Sales	7	6	4	4	6
<i>\$1,000,000 - \$1,999,999</i>						
	Median	\$ 1,325,000	\$ 1,325,000	\$ 1,253,750	\$ 1,345,000	\$ 1,400,000
	# of Sales	3	9	4	4	2
<i>\$2,000,000 - \$3,999,999</i>						
	Median	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -
	# of Sales	0	0	0	1	0
<i>\$4,000,000 +</i>						
	Median	---	---	---	---	---
	# of Sales	0	0	0	0	0



Dutchess County Market Matrix	2014	2015	2016	2017	2018
Median Sale Price	\$ 985,000	\$ 999,999	\$ 1,166,250	\$ 997,000	\$ 950,000
Average Sale Price	\$ 1,203,050	\$ 1,236,350	\$ 1,598,420	\$ 1,338,096	\$ 1,702,874
# of Sales	66	75	68	80	95
Avg. DOM	218	235	226	199	228
Avg. List Price	\$ 2,107,503	\$ 1,607,587	\$ 1,411,920	\$ 1,482,805	\$ 1,554,421
Listing Discount	-15.20%	-8.45%	-9.70%	-8.54%	-6.70%
Median Sale Price by Market Subset					
	2014	2015	2016	2017	2018
\$750,000 - \$999,999					
Median	\$ 869,000	\$ 852,500	\$ 807,500	\$ 870,000	\$ 863,325
# of Sales	38	38	30	41	54
\$1,000,000 - \$1,999,999					
Median	\$ 1,325,000	\$ 1,317,500	\$ 1,400,000	\$ 1,375,000	\$ 1,435,000
# of Sales	23	31	24	27	20
\$2,000,000 - \$3,999,999					
Median	\$ 2,387,500	\$ 2,649,000	\$ 2,339,175	\$ 2,140,000	\$ 2,610,924
# of Sales	4	6	10	11	14
\$4,000,000 +					
Median	\$ 5,000,000	--	\$ 5,750,000	\$ 6,300,000	\$ 5,650,000
# of Sales	1	0	4	1	7
Source: NYSORPS, Mid-Hudson MLS					

Dutchess County Market Matrix	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Median Sale Price	\$ 990,000	\$ 1,210,605	\$ 945,000	\$ 992,500	\$ 930,500
Average Sale Price	\$ 1,158,128	\$ 1,627,496	\$ 1,453,326	\$ 1,779,918	\$ 2,031,853
# of Sales	19	16	35	18	26
Avg. DOM	127	261	233	187	206
Avg. List Price	\$ 1,188,033	\$ 1,661,660	\$ 1,461,125	\$ 1,807,156	\$ 1,702,985
Listing Discount	-4.77%	-8.30%	-6.94%	-8.30%	-5.07%
Listing Inventory	169	153	185	225	163
Median Sale Price by Market Subset					
	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
\$750,000 - \$999,999					
Median	\$ 880,000	\$ 864,900	\$ 860,825	\$ 837,500	\$ 872,500
# of Sales	10	8	20	10	16
\$1,000,000 - \$1,999,999					
Median	\$ 1,250,000	\$ 1,486,000	\$ 1,260,750	\$ 1,300,000	\$ 1,400,000
# of Sales	7	4	8	3	5
\$2,000,000 - \$3,999,999					
Median	\$ 2,025,000	\$ 2,650,000	\$ 2,359,400	\$ 2,510,000	\$ 3,400,000
# of Sales	2	3	5	3	3
\$4,000,000 +					
Median	-	\$ 4,850,000	\$ 5,137,500	\$ 5,838,500	\$ 10,625,000
# of Sales	0	1	2	2	2



Ulster County Market Matrix	2014	2015	2016	2017	2018
Median Sale Price	\$ 946,000	\$ 995,000	\$ 900,000	\$ 875,000	\$ 975,000
Average Sale Price	\$ 1,061,545	\$ 1,133,115	\$ 971,135	\$ 1,036,313	\$ 1,117,591
# of Sales	45	38	36	55	65
Avg. DOM	166	158	222	162	130
Avg. List Price	\$ 1,381,877	\$ 1,074,380	\$ 1,037,555	\$ 1,116,001	\$ 1,187,159
Listing Discount	-8.01%	-6.65%	-6.43%	-6.31%	-4.48%
Median Sale Price by Market Subset					
\$750,000 - \$999,999					
Median	\$ 889,750	\$ 883,500	\$ 845,000	\$ 825,000	\$ 855,000
# of Sales	30	22	25	36	38
\$1,000,000 - \$1,999,999					
Median	\$ 1,292,650	\$ 1,228,000	\$ 1,162,500	\$ 1,140,000	\$ 1,300,000
# of Sales	14	13	11	17	25
\$2,000,000+					
Median	\$ 2,614,700	\$ 2,500,000	0	\$ 2,973,500	\$ 2,500,000
# of Sales	1	3	-	2	2

Ulster County Market Matrix	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Median Sale Price	\$ 810,000	\$ 989,250	\$ 879,950	\$ 985,000	\$ 975,000
Average Sale Price	\$ 961,735	\$ 1,140,677	\$ 1,139,733	\$ 1,070,676	\$ 1,125,807
# of Sales	17	14	14	17	20
Avg. DOM	133	124	141	107	141
Avg. List Price	\$ 967,818	\$ 1,130,299	\$ 1,200,692	\$ 1,160,126	\$ 1,200,626
Listing Discount	-6.15%	-1.00%	-6.10%	-6.13%	-5.15%
Listing Inventory	158	95	178	142	97
Median Sale Price by Market Subset					
\$750,000 - \$999,999					
Median	\$ 790,000	\$ 820,593	\$ 832,500	\$ 910,000	\$ 903,625
# of Sales	12	8	8	10	12
\$1,000,000 - \$1,999,999					
Median	\$ 1,217,500	\$ 1,250,000	\$ 1,490,069	\$ 1,375,000	\$ 1,275,000
# of Sales	5	5	6	7	7
\$2,000,000+					
Median	\$ -	\$ 3,000,000	\$ -	\$ -	\$ 2,000,000
# of Sales	0	1	0	0	1

