



THE REAL ESTATE REPORT

November 2008

Current Real Estate Market Trends

This Report is an update on real estate market trends through August, 2008 (latest available figures) in New York State, especially the Hudson Valley. The following figures are for sales numbers and median sale prices of existing single-family houses. It does not reflect the trends in new home sales, commercial, multi-family or other classes of real estate. The data is publicly available online from the National Association of Realtors (NAR) at <http://www.realtor.org> and from the New York State Association of Realtors at <http://www.nysar.com>.

Highlights

National real estate sales figures, what you mostly hear about in the media, are generally misleading because local (state and county) markets differ so widely. Even counties adjacent to each other can be experiencing significantly different trends. So from the point of view of the consumer it is more informative to look at regional and local trends.

As you will see below, the number of single-family existing home sales in the Hudson Valley region is down considerably from a year ago, even two years ago. In the last 12 months through August most counties in the Valley are down 20-30%. However median prices of sold homes (half above and half below this figure) do not correlate with sales numbers.

In the last year some counties have even had increasing median prices. Columbia County, up +18.9%, has been strongest; others are also positive, if less so, while some are negative. (Rockland County is down the most at -13.1%.) Generally the counties on the east side of the river are up, those on the west side are down.

The lesson for sellers? Fewer buyers and longer periods of time to get a sale, although if you are patient, you will likely get near the same price as a year ago. Even in these difficult financial times there are quite a number of buyers, if not as many as before.

For buyers? If you have been anticipating that the market would go down, or at least down further, and you could get a bargain, such a "bargain" is not likely. Indeed, in some counties you may pay more than a year ago. Also, if you have been thinking there is no mortgage money available, you are wrong again. For qualified buyers there is funding available at historically low rates.

Sales statistics

National

The number of sales during the last year to the end of August was off nationally -10.7%. The median price of existing single-family homes was off -9.5% (although this figure conceals the weakest section of the country, the West, which was off -23.9%).

A monthly column on the real estate market and related issues in the upper Hudson River Valley by Roderic H. Blackburn, principal of R. H. Blackburn & Associates, Inc.—Real Estate of Hudson and Kinderhook, NY. It also appears in *Berkshire HomeStyle* and *Capital District HomeStyle* magazines. If received in error notify blackburn@berk.com. Questions welcome.



The Northeast

Northeast sales numbers were off -15.0% in the last 12 months, but median prices were off just -3.8%.

New York State trends

One year through August, 2006: 11,210 houses sold; August, 2007: 10,571 (-5.7%); and August, 2008: 8,456 (-20.0%). Median prices were at August, 2006: \$260,000; August, 2007: \$249,900 (-3.9%); and August, 2008: \$225,000 (-10.0%).

Hudson Valley trends

In the last year to the end of August Columbia County sales numbers were down -33.9% (although down -20.4% over two years). On the other hand the median price has advanced +18.9% in the last year and +23.5% over two years. Although that may sound like the law of supply and demand has been repealed, more likely it reflects the fact that higher priced properties have sold more readily (mostly to weekenders) than lower priced houses (mostly to locals).

In Dutchess County the number of sales was down -20.4% in the last 12 months, and down -33.1% over two years. Median prices were down -7.1% in the last 12 months, and off -6.6% over two years. Dutchess County's median price is now \$325,000; Columbia County's is now \$273,500.

Compare the above trends with median price changes over the last year in other Hudson Valley counties: Westchester (-1.4%), Putnam County (+2.6%), Rensselaer County (+7.0%), Ulster County (-7.6%), Orange County (-11.0%) Rockland County (-13.1%), Greene County (-8.3%), Albany County (-7.1%). Note that prices have held up well on the east side of the Hudson River, not so well on the west side. The strongest price trend is in Columbia County.

Comment

In our region we have experienced at least three real estate market cycles of about ten years each in which prices have advanced (usually doubling) for about five years and then stayed the same or decreased a little in the next five years, this cycle then repeating itself. Early in the present real estate cycle, median prices doubled (2000-2005) - as they had in the prior two cycles - while in the latter half of this cycle prices have stayed quite steady.

As prices advanced in each cycle, so did the number of sales; when prices subsequently stayed level for five years, the number of sales dropped about 30%. If the pattern of the present cycle continues to follow that of the prior two cycles, 2009 should be the end of the present cycle before a new cycle of increasing prices and sales begins.