

Hudson Valley Luxury Market

Dutchess, Columbia, and Ulster County Luxury Residential Sales

First Quarter 2011

- Strengthening in market for high-end properties; overall market continues to struggle
- Worst of slump may be over, with days on market remaining down from 2009 highs
- Inventory still high, as average listing price increases

Written in collaboration with R.P. Hubbell & Co and Walter Cadette

Hudson Valley Market Matrix, All Sales \$750,000 and over					2007	2008	2009	2010	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011					
Median Sale Price	\$	950,000	\$	990,000	\$	966,500	\$	1,150,000	\$	1,200,000	\$	979,600	\$	1,275,000	\$	1,132,500	\$	920,000
Average Sale Price	\$	1,257,000	\$	1,255,000	\$	1,186,700	\$	1,401,562	\$	1,329,884	\$	1,142,302	\$	1,518,199	\$	1,615,863	\$	2,831,130
# of Sales		206		165		108		94		18		27		19		30		19
Avg. DOM		229		217		256		222		232		250		168		239		227
Avg. List Price	\$	1,363,914	\$	1,420,515	\$	1,323,325	\$	1,601,360	\$	1,520,380	\$	1,574,222	\$	1,622,722	\$	1,688,117	\$	1,729,456
Listing Discount		-7.84%		-11.65%		-10.32%		-11.38%		-10.57%		-14.44%		-6.07%		-14.42%		-16.06%
Listing Inventory		---		---		---		---		130		284		424		457		444

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

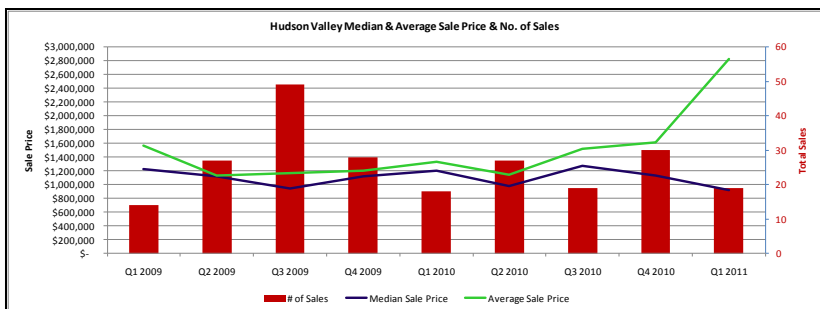
Hudson Valley Luxury Market sales data (defined for the purpose of this newsletter as residential properties sold at or higher than \$750,000) have been skewed by the sale of two multi-million dollar properties during the first quarter of this year. Both, having sold for \$15 million and \$18 million-plus, are in Dutchess County, and represent the highest-priced residential sales to date within the region. The simple mean or average sales price of almost \$3 million shown in the table and in the green line in the chart on page 1 reflects those two sales, and thus exaggerates the underlying strength of the market. As always the median sales price, which was under \$1 million for the quarter and down significantly from the previous four-quarter average, is more indicative of the overall state of the market.

Other data for the quarter -- in particular, the average listing discount -- are also off the norm because of the number of sales at the very top end of the market where listing discounts are quite

high. As a result, the listing discount jumped for the quarter. Without including the two especially high-value properties, the listing discount would be an estimated 11%, rather than the

Hudson Valley Median Sale Price by Market Subset					
	2007	2008	2009	2010	Q1 2011
\$750,000 - \$999,999					
Median	\$ 845,000	\$ 850,000	\$ 850,000	\$ 885,829	\$ 880,000
# of Sales	127	99	59	39	12
\$1,000,000 - \$1,999,999					
Median	\$ 1,330,000	\$ 1,295,000	\$ 1,237,500	\$ 1,295,625	\$ 1,500,000
# of Sales	57	45	38	38	4
\$2,000,000 - \$3,999,999					
Median	\$ 2,620,000	\$ 2,295,000	\$ 2,225,000	\$ 2,731,013	---
# of Sales	18	17	9	11	0
\$4,000,000 +					
Median	\$ 5,252,000	\$ 6,120,000	\$ 6,000,000	\$ 4,350,000	\$ 15,000,000
# of Sales	4	4	3	2	3

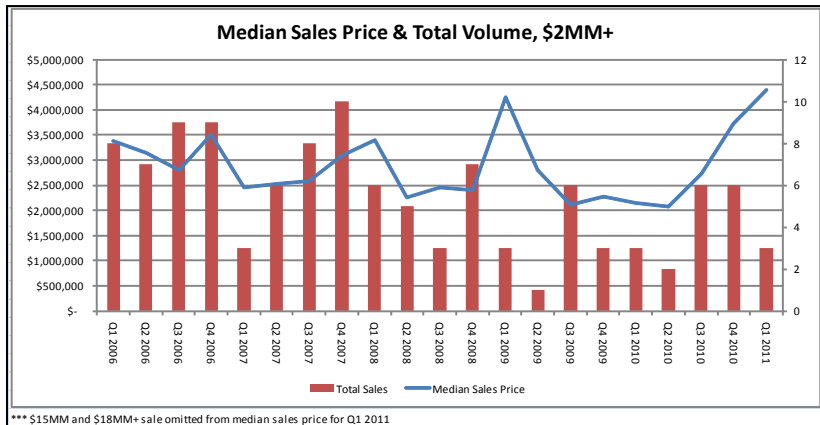
Source: NYSORPS, Mid-Hudson MLS, Ulster MLS, Columbia-Northern Dutchess MLS



actual 16% shown in the table on page 1. This adjusted discount is more upbeat than the raw numbers indicate, because it shows the listing discount holding at the same level as last year. This is in contrast to the misleadingly positive picture of the market conveyed by the average sales price.

However difficult the data for the quarter are to read, there does seem to be a distinct quickening in the market for high-end properties -- defined for the present purpose, as those that have sold in excess of \$2 million. There have been eight such sales in the past two quarters, at a median price of \$4.5 million. (That figure, it should be noted, includes the two especially high-value properties mentioned earlier. But because it is a median it does not give undue weight to them, as a simple mean or average would.)

Annualized, the sales rate for properties that have sold in the past two quarters in excess of \$2 million is reminiscent more of the boom years of 2006/07 than of the slump years of 2008/09 (chart and table on this page). Listing prices, moreover, have strengthened of late, another sign perhaps that the high end of the luxury market is coming out of the doldrums. Tentative signs of recovery had emerged during the last half of 2010, and price, volume, and other residential real estate markers for the first quarter of this year have

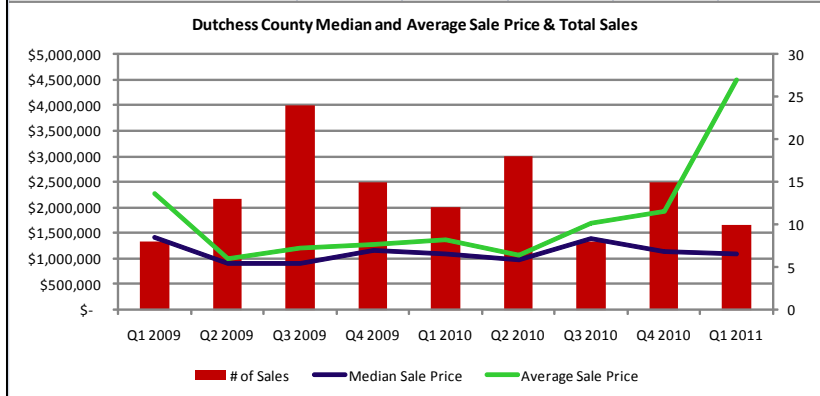


tended to confirm the improvement.

The same, however, cannot be said of the low end of the luxury market -- defined again here as those properties that have sold below \$2 million. These properties continue to struggle. Data for

Columbia and Ulster counties concerning volume and price continue to be lackluster (charts and tables on page 3). Indeed, neither market area has shown any real gains in the past year and a half. The pattern in the data has been up and down from quarter to quarter without any visible

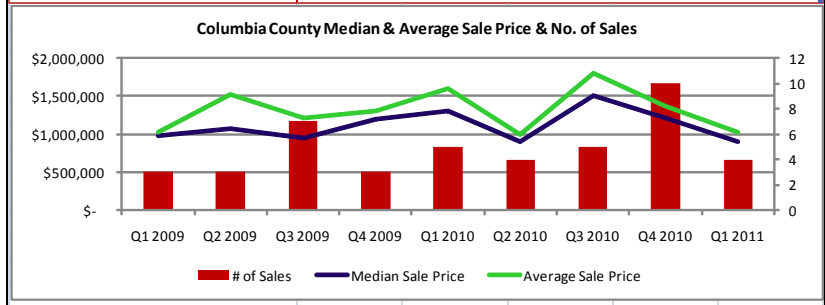
Dutchess County Market Matrix	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Median Sale Price	\$ 1,099,500	\$ 979,600	\$ 1,397,500	\$ 1,140,000	\$ 1,094,189
Average Sale Price	\$ 1,362,263	\$ 1,069,150	\$ 1,701,598	\$ 1,933,626	\$ 4,489,648
# of Sales	12	18	8	15	10
Avg. DOM	326	194	130	273	104
Avg. List Price	\$ 1,894,014	\$ 1,925,660	\$ 2,074,257	\$ 2,022,773	\$ 2,371,856
Listing Discount	-9.78%	-14.20%	-5.75%	-12.47%	-25.98%
Listing Inventory	130	112	190	203	204
Median Sale Price by Market Subset	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
\$750,000 - \$999,999					
Median	\$ 870,000	\$ 900,800	\$ 792,000	\$ 850,835	\$ 890,000
# of Sales	6	11	3	7	5
\$1,000,000 - \$1,999,999					
Median	\$ 1,400,000	\$ 1,167,500	\$ 1,397,500	\$ 1,150,000	\$ 1,385,000
# of Sales	4	6	2	3	2
\$2,000,000 - \$3,999,999					
Median	\$ 2,625,078	\$ 2,000,000	\$ 2,950,000	\$ 3,703,025	---
# of Sales	2	1	3	3	0
\$4,000,000 +					
Median	--	--	--	\$ 4,350,000	\$ 15,000,000
# of Sales	0	0	0	2	3



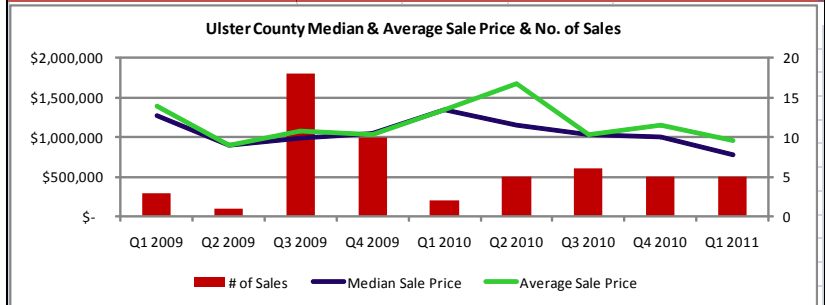
uptrend. Much the same is true of the low end of the luxury market in Dutchess County (chart and table on page 2). Throughout the region, in fact, the low end of the luxury market continues to reflect the weakness of the housing market at large.

All in all, incoming data point to a bifurcated market. How long that will last is anyone's guess. But sellers who view their properties as worth more than \$2 million might take some encouragement from the improving sales rate at the high end. Their real estate agents, who guide list-price decisions, certainly are mindful of it. And all market participants presumably are aware of the publicity that has been given to the return of outsized compensation packages at financial firms, whose fortunes have thrived recently even as the economy at large has continued to struggle to emerge from recession. The dollar's weakness on foreign exchange markets -- always a stimulant to the New York City apartment market -- may well also help the high-end sellers some 90 miles north of the city. At the very least, the apparent quickening in the high end of the luxury market ought to make some buyers rethink the temporizing that may well have seemed to be a reasonable negotiating strategy six months ago but no longer seems to be so now.

Columbia County Market Matrix	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Median Sale Price	\$ 1,302,000	\$ 902,500	\$ 1,500,000	\$ 1,212,500	\$ 900,000
Average Sale Price	\$ 1,600,400	\$ 999,375	\$ 1,805,000	\$ 1,372,300	\$ 1,030,000
# of Sales	5	4	5	10	4
Avg. DOM	328	232	200	180	361
Avg. List Price	\$ 1,462,446	\$ 1,494,700	\$ 1,505,203	\$ 1,753,778	\$ 1,448,701
Listing Discount	-17.63%	-10.57%	-4.45%	-19.39%	-11.30%
Listing Inventory	70	76	125	148	141
Median Sale Price by Market Subset	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
\$750,000 - \$999,999					
Median	--	\$ 850,000	\$ 800,000	\$ 965,000	\$ 900,000
# of Sales	0	3	1	3	3
\$1,000,000 - \$1,999,999					
Median	\$ 1,200,000	\$ 1,400,000	\$ 1,387,500	\$ 1,662,500	\$ 1,450,000
# of Sales	3	1	2	6	1
\$2,000,000 - \$3,999,999					
Median	\$ 2,150,000	--	\$ 2,725,000	\$ 2,500,000	---
# of Sales	2	0	2	1	0
\$4,000,000 +					
Median	--	--	--	--	--
# of Sales	0	0	0	0	0



Ulster County Market Matrix	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Median Sale Price	\$ 1,341,875	\$ 1,150,000	\$ 1,025,000	\$ 1,000,000	\$ 780,000
Average Sale Price	\$ 1,341,875	\$ 1,676,900	\$ 1,034,667	\$ 1,149,800	\$ 955,000
# of Sales	2	5	6	5	5
Avg. DOM	298	324	175	264	292
Avg. List Price	\$ 1,107,570	\$ 1,302,308	\$ 1,288,707	\$ 1,287,800	\$ 1,367,811
Listing Discount	-16.00%	-18.54%	-8.02%	-10.72%	-10.90%
Listing Inventory	104	96	109	106	99
Median Sale Price by Market Subset	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
\$750,000 - \$999,999					
Median	\$ 933,750	\$ 974,750	\$ 890,000	\$ 874,500	\$ 777,500
# of Sales	1	2	3	2	4
\$1,000,000 - \$1,999,999					
Median	\$ 1,750,000	\$ 1,150,000	\$ 1,150,000	\$ 1,200,000	\$ 1,550,000
# of Sales	1	1	3	3	1
\$2,000,000+					
Median	--	\$ 2,642,500	---	---	---
# of Sales	0	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.