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Mid-Hudson Valley Real Estate Market Report

◀◀◀ Third Quarter 2009

The Glass Has Water!

By Steven Domber, President, Prudential Serls Prime Properties

Although it is anyone's guess whether the glass is half full or half empty, the third quarter Mid-Hudson Valley housing statistics indicate that the glass does contain water.

The downward economic spiral which triggered the *Great Recession of 2009* started last September with the failure of Lehman Brothers. The good news is that the freefall stabilized by late Spring 2009, but the bad news is that a real recovery has not yet begun. The best that we can expect in the near future is to live through a "feeble recovery."

Supply and demand are the two major components that drive our free market capitalist system. Until these two forces attain equilibrium, the national housing markets will remain in an extremely fragile state.

Although inventory levels have declined slightly from their peak, we still have an oversupply of homes with a large shadow inventory of foreclosed properties on the horizon. Additionally, many potential sellers are remaining on the sidelines until prices bounce back from "capitulation" levels. Combined with eager homebuilders who are anxious to start construction again, it is safe to assume that supply will remain in overabundance for at least the next 24 months.

Most of the demand is in the lower end of the price scale, primarily fueled by first-time homebuyers. Historically, low interest rates, a large selection of properties, government stimulus and great prices have energized the entry-level market. The depths of this demand will be tested over the next 12 months as unemployment is expected to remain high.

It will take a longer period for the higher price ranges to recover. Since the "food chain" needs to reestablish itself, there must be some appreciation for first-time homebuyers to build equity and move up to larger homes.

We should all be happy that the economy is showing signs of life but resist from breaking out the party hats. Homes had become a primary source of family savings, and a tremendous amount of wealth was erased during the recent economic downturn. There will be no short-term fix to our problems. The debt binge must be repaid. Time and sound economic behavior will lead to a slow recovery of our housing markets. In the meantime, we must recognize that today's environment of fragile uncertainty will be the "new normal" for the year(s) ahead.

Steven Domber is the principal broker for Dutchess County's leading real estate firm, Prudential Serls Prime Properties, with offices in Brewster, East Fishkill, Fishkill, LaGrange, Pawling and Rhinebeck.

September 2009 Sales Statistics for Dutchess County

Source: Mid-Hudson Multiple Listing Service

Single-Family Detached	Sep '08	Aug '09	Sep '09	Yr Chg
Current Closed Sales	101	165	136	34.7
Y-T-D Closed Sales	1,064	896	1,032	-3.0
Current Average Selling Price	340,758	336,638	303,491	-10.9
Y-T-D Sales Dollar Volume	386,608,992	285,303,371	326,577,147	-15.5
Y-T-D Average Days on Market	130	129	129	-0.7
Available Listings 1st of Month	2,275	2,003	2,074	-8.8
Purchase Offers 1st of Month	117	156	148	26.5

3rd Quarter 2009 Sales Statistics for Westchester & Putnam Counties

Source: Westchester Putnam Multiple Listing Service

Number of Sales

Change 08-09

Type of Property	3rd '08	3rd '09	Amount	Percent
<i>Westchester County</i>				
Single-Family Houses	3,050	2,322	(728)	-23.9%
<i>Putnam County</i>				
Single-Family Houses	477	378	(99)	-20.8%

Median Sale Price

Change 08-09

Type of Property	3rd '08	3rd '09	Amount	Percent
<i>Westchester County</i>				
Single-Family Houses	710,000	630,000	(80,000)	-11.3%
<i>Putnam County</i>				
Single-Family Houses	375,000	330,000	(45,000)	-12.0%

3rd Quarter 2009 Sales Statistics for Orange County

Source: Greater Hudson Valley Multiple Listing Service

Single-Family Detached	3rd '08	3rd '09	Yr Chg
Y-T-D Closed Sales	1,497	1,377	-8.0
Y-T-D Sales Dollar Volume	485M	381M	-21.3
Y-T-D Average Sales Price	323,986	277,162	-14.5
Y-T-D Total Listings	4,627	4,208	-9.1