

What You Need to Know About the Local Market - Q3 2017

The 3rd quarter held few surprises and little change overall from Q2...which is good for consumers and good for the market. Sometimes status quo is right where we want to be.

Rather typical of Q3, the latter part of the quarter seemed to be operating at a slightly different tempo than the 2nd quarter. Without the spring market's frenzy and less pressure to close on a house before the start of another school year, there was less sense of urgency in buyers' attitudes. Buyers are still buying, and good properties are still seeing multiple offers quickly, but even in those scenarios buyers are not exuberantly overbidding the asking prices. They are also taking a more laissez faire approach to buying homes; i.e. "if it works out, okay, otherwise we can wait".

Multi-family properties are still in extremely strong demand, reflected in the increased number of sales, stronger prices and quick turnaround time on the market. Entry and mid-level homes can't keep pace with demand, with inventory numbers in almost every market dropping each month throughout the quarter. The luxury sector has seen some slight upticks in sales, but mostly after significant price reductions.

Consumer sentiment polls indicate a more bullish outlook overall. However, a string of natural disasters is taking its toll with higher costs for building materials and a stretch on skilled construction labor as markets such as FL, TX, Puerto Rico and the U.S. Virgin Islands start to rebuild. These same disasters are contributing to the national scarcity of homes for sale.

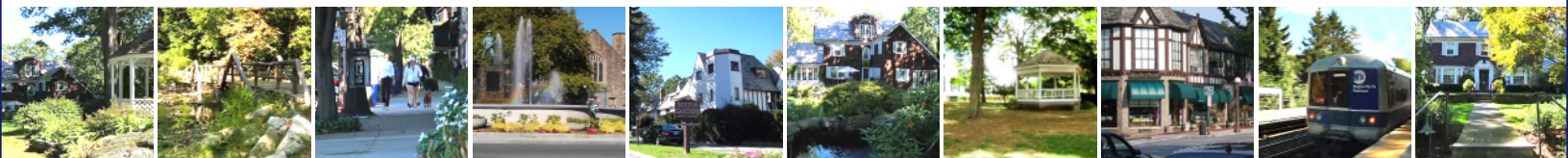
The NYC market seems to be operating on a similar track to Westchester. The number of transactions and median sale prices are similarly up year-over-year in Q3, with inventory steadily decreasing. However, there are fewer closings of large and pricey new construction units. As is true in Westchester, marketing and accurate pricing are essential for seller success, while patience and flexibility are the keywords for buyers. NYC's real estate scene, like Westchester, is also hyper-local, so there

are differences from neighborhood to neighborhood, building to building, as to what's "hot" and will draw bidding wars, versus what will languish on the market.

On the financial front, interest rates did recently jump to a six-week high, though still remaining low from an historical perspective. Renovation loans are becoming more common as buyers settle for less-than-perfect properties that need improvement in this low-inventory environment. Also gaining ground are so-called "piggy back loans" – a first mortgage of up to 80% with a HELOC (Home Equity Line of Credit) for another 10 – 15% of the purchase price. This is often done so the borrower can pay off the second loan when money becomes available, i.e. the year-end bonus comes through or the sale of a previous residence takes place, without penalty. Then the HELOC money can be available again should the borrower need it down the road. This formula can also circumvent the need to pay costly mortgage insurance.

We are experiencing only some minor appraisal challenges, likely due to the fact that home prices have been rising more rapidly this year as inventory deficiencies continue and demand remains strong. It usually takes a while for "sold comps" which reflect past historical sales to catch up with what's currently happening in the market. Fortunately, few of these low appraisals are derailing deals; either buyers are coming up with more cash or price adjustments are being made to compensate.

There are rumblings surrounding the current administration's proposed tax plans that could affect the mortgage interest and property tax deductions. With nothing definite in place at this time, we don't see that having any impact in 2017. We also saw the first report of job losses in over 80 months, reportedly due to the barrage of hurricanes. However, we still think that if more inventory becomes available through the end of the year and nothing in the economy changes dramatically to affect home buying plans, 2017 should finish strong.

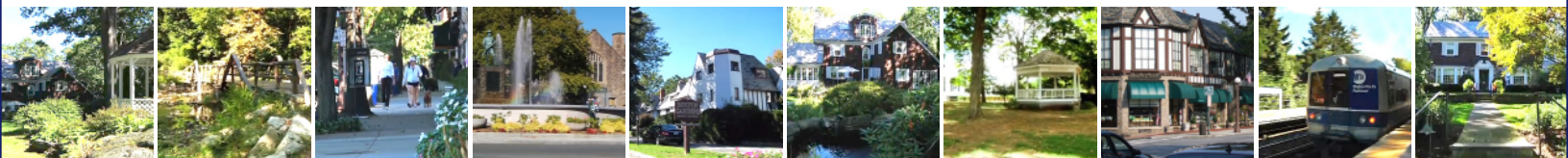




Single Family Homes Under Contract and Closed Sales*

SCHOOL DISTRICT	HOMES UNDER CONTRACT 3rd qtr 2017	HOMES UNDER CONTRACT Previous qtr	HOMES SOLD 3rd qtr 2017	HOMES SOLD 3rd qtr 2016	MEDIAN SALE PRICE 3rd qtr 2017	MEDIAN SALE PRICE 3rd qtr 2016	% CHANGE YEAR-OVER-YEAR	ACTIVE LISTINGS 3rd qtr 2017	MEDIAN PRICE OF ACTIVE LISTINGS 3rd qtr 2017
Ardsley	10	43	52	46	\$725,625	\$717,500	1.13%	48	\$699,000
Bedford	45	48	71	86	\$687,000	\$797,450	-13.85%	210	\$874,500
Blind Brook	9	21	23	40	\$906,000	\$990,000	-8.48%	29	\$944,000
Briarcliff Manor	5	25	33	26	\$775,000	\$841,250	-7.88%	31	\$915,000
Bronxville	7	17	17	23	\$2,667,500	\$2,265,000	17.77%	36	\$1,522,500
Byram Hills	11	45	53	57	\$1,080,000	\$1,099,000	-1.73%	128	\$1,274,000
Chappaqua	14	55	71	83	\$920,000	\$971,000	-5.25%	104	\$850,000
Croton-Harmon	7	27	40	44	\$617,500	\$610,000	1.23%	41	\$694,900
Dobbs Ferry	10	17	21	26	\$925,000	\$795,380	16.30%	27	\$792,000
Eastchester	17	33	41	36	\$750,000	\$752,500	-0.33%	44	\$704,500
Edgemont	4	28	36	35	\$1,082,500	\$1,210,000	-10.54%	39	\$1,185,000
Elmsford	18	24	24	17	\$495,000	\$440,000	12.50%	26	\$542,500
Greenburgh	28	34	51	49	\$530,000	\$499,900	6.02%	56	\$535,000
Hartsdale (P.O.)	12	28	40	39	\$675,000	\$612,000	10.29%	31	\$599,000
Harrison	24	36	45	48	\$1,232,000	\$1,322,500	-6.84%	180	\$1,560,000
Hastings	6	21	30	35	\$825,034	\$802,500	2.81%	26	\$874,000
Hendrick Hudson	33	32	48	45	\$499,750	\$410,000	21.89%	80	\$449,000
Irvington	11	23	24	39	\$938,500	\$930,000	0.91%	40	\$997,000
Katonah-Lewisboro	30	53	76	94	\$653,750	\$654,375	-0.09%	166	\$797,000
Lakeland	57	59	86	107	\$391,500	\$352,000	11.22%	114	\$389,000
Mamaroneck**	30	61	97	129	\$1,040,000	\$1,150,000	-9.57%	83	\$1,150,000
Mount Pleasant	16	23	36	36	\$602,500	\$565,000	6.64%	42	\$682,000
Mount Vernon	47	47	59	58	\$365,000	\$400,000	-8.75%	66	\$419,000
New Rochelle	63	86	111	113	\$715,000	\$680,000	5.15%	156	\$709,000
North Salem	11	13	25	21	\$519,000	\$450,000	15.33%	69	\$795,000
Ossining	34	42	64	74	\$454,500	\$399,950	13.64%	88	\$450,000
Peekskill	23	21	22	27	\$280,000	\$295,000	-5.08%	28	\$335,000
Pelham	15	46	57	53	\$940,000	\$915,000	2.73%	41	\$999,000
Pleasantville	8	25	31	28	\$598,000	\$707,500	-15.48%	33	\$644,250
Pocantico Hills	2	3	3	4	\$738,500	\$830,000	-11.02%	9	\$759,000
Port Chester	19	33	36	39	\$506,000	\$480,000	5.42%	42	\$510,000
Purchase (P.O.)	4	8	5	10	\$1,000,000	\$1,450,000	-31.03%	61	\$1,237,000
Rye City	15	40	58	50	\$1,952,500	\$1,719,500	13.55%	88	\$2,175,000
Rye Neck	10	16	25	25	\$1,100,000	\$1,400,000	-21.43%	30	\$890,000
Scarsdale	33	65	89	85	\$1,635,000	\$1,610,000	1.55%	136	\$1,995,000
Somers	22	35	46	60	\$548,750	\$529,700	3.60%	94	\$599,000
Tarrytown	3	13	22	25	\$729,500	\$710,000	2.75%	19	\$827,000
Tuckahoe	9	10	15	10	\$750,000	\$823,000	-8.87%	32	\$824,000
Valhalla	10	21	28	31	\$577,000	\$565,900	1.96%	21	\$592,450
White Plains	33	62	81	68	\$680,000	\$660,000	3.03%	85	\$679,000
Yonkers	108	146	181	160	\$490,000	\$475,000	3.16%	198	\$515,000
Yorktown	31	44	65	74	\$520,000	\$450,000	15.56%	78	\$474,950

* Data sourced from Hudson Gateway Multiple Listing Service and sorted by school district unless otherwise noted. **Includes Larchmont P.O.





Quarterly Home Sales Report - At a Glance.*

How was the Westchester Market in the 3rd Quarter of 2017?

Total Number of Sales Relatively Flat



While single-family home sales reached their highest number this year in Q3, they are still down 5.4% from a year ago, the result of limited inventory of moderately priced properties available to purchase. Significant gains in multi-family sales, up 22.5%, along with a 10% jump in co-op sales served to offset the drop in the number of single-family transactions, resulting in a relatively flat total, down less than 1%. Demand is still very strong in all segments. With co-op owners selling, this is pushing even more buyers into the marketplace for homes versus apartments. Income-producing properties and multi-generational homes are still a hot commodity.

Prices Up 1.8% Year-Over-Year



The median single-family home price reached \$680,000 in the 3rd quarter of 2017, up from \$668,000 in the 3rd quarter of 2016, and up from \$670,000 in the previous quarter of 2017. Year-over-year gains were seen in all property types analyzed, including gains of 4.4% for condo prices, 3.8% for co-ops, and a significant jump of 12.3% for 2-4 family homes. This is a reflection of the overall strength of the market and desirability of housing in Westchester, with an emphasis on more affordable options such as co-ops, condos, and multi-unit dwellings.

How much negotiating room was there?



Inventory Down 12.2%

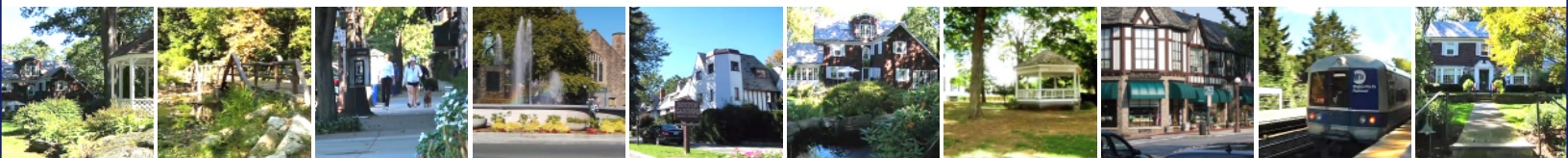
Overall inventory ends the quarter down over 12% versus the same quarter of 2016, continuing the trend of lower and lower numbers of properties for sale that has been plaguing the market for several years. Once again, the multi-family home inventory saw the most dramatic decline at over 24%, but even co-op inventory was down almost 20% and condos down nearly 10%. The lower inventory is pushing prices up but may at some point start to push frustrated and marginal buyers out of the market.



% of List Price Received

Single-family homes sold for 98.7% of list price in the 3rd quarter of 2017, slightly strengthened from the same quarter of 2016 at 98.2%, and up from the second quarter of 2017 at 98.3%. It continues to be a seller's market overall, though only when the property is priced correctly. There is still little room for buyers to haggle on price with sellers whose properties are in the most desirable price and location categories.

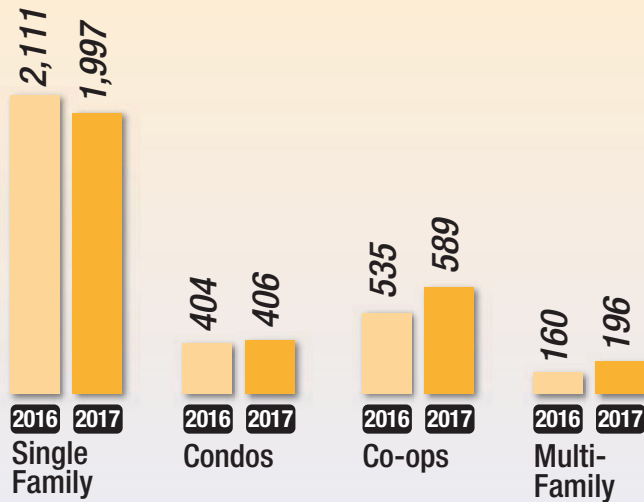
* Per data provided by the Hudson Gateway Association of Realtors



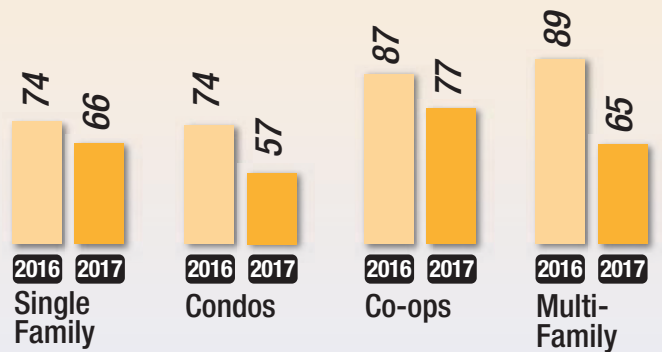


Fast Market Facts, Year Over Year, Q3 2017, Westchester County.*

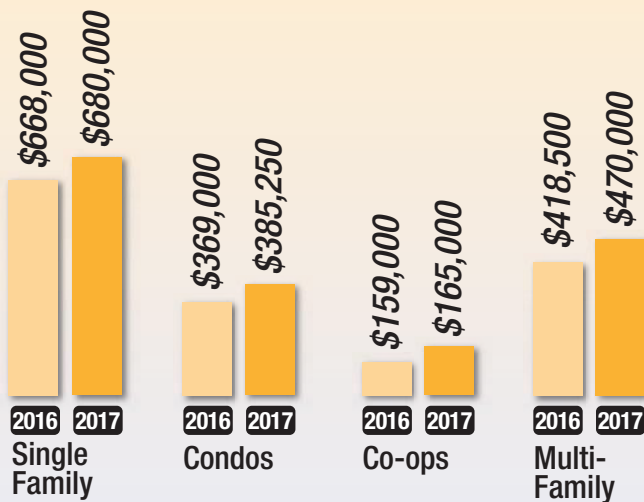
CLOSED SALES



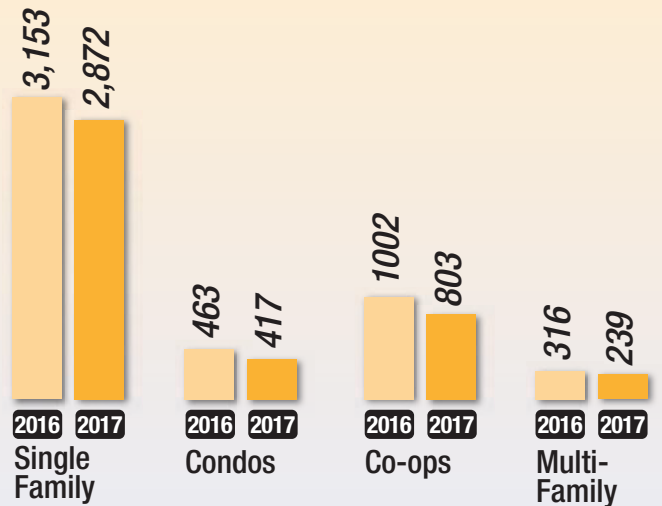
AVERAGE DAYS ON MARKET



MEDIAN SALE PRICE

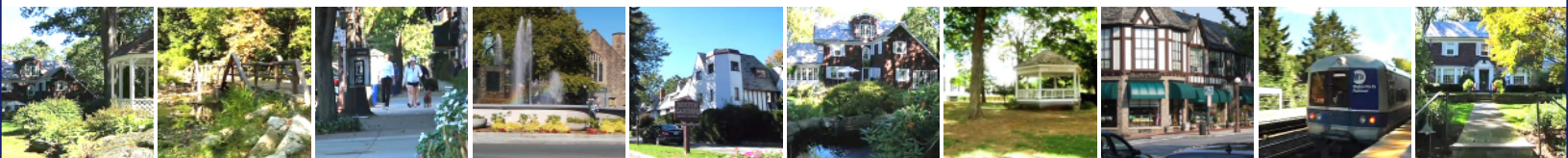


INVENTORY OF HOMES FOR SALE**



* Per data reported by the Hudson Gateway Association of Realtors.

** Average monthly inventory of homes for sale.





Millenials, Why Are You Sitting On The Fence?

You're out there kicking the tires. But rather than go all in, you dip your toes in a bit at a time, demanding perfection. You're sitting pretty in your rental, where your monthly rent hasn't gone up for the past couple of years. But is that really the best that you can do? Let's weigh the options.

The Argument for Rentals

If you've moved recently, at least in NYC, you probably received some sort of incentive, either free rent or the owner-paid broker's commission. Rental properties have been "on sale." And who doesn't like a sale?

On the other hand, the starter home market has been on fire. The better listings have sold within days of hitting the market, often with bidding wars, and at prices well above ask. And this isn't the first year of an overheated market like this.

Wonder why no one's surprised by your lack of motivation? After all, why leave the financial comfort of your rental for the unknowns of home ownership?

The Argument for Buying

Why? Because home ownership is the path to financial security, and those Burning Man and SXSW tickets keep going up each year. (I would have written "path to building wealth," but some millennials would have an allergic reaction.)

... And the Human Nature Caveat

Now it's true; I often hear disappointment about what a dollar buys in an overheated market. No one wants a starter home; people everywhere want "move-in ready" and more condo than they can afford. If the budget is \$600,000, you want a \$700,000 home. For \$600,000, of course. (Spoiler alert: It's the same thing if your budget is \$6,000,000; everyone wants more than they can afford or are willing to pay. It's just human nature.) So instead of buying, you continue renting and saving for the larger down payment required for the larger and more perfect home. Saving, and watching HGTV.

The Real Deal in the Long Run: Start with a Starter Home

Waiting to afford more home doesn't work in a seller's market because the goalposts keep moving back. What you can purchase today will cost significantly more tomorrow. As my wise friend Ruthmarie Hicks wrote, non-buyers are creating their own uphill climb: "As your money buys less, it will take a bigger down payment

to purchase the same thing." Interest rates seem to appear to be slowly rising, further decreasing purchasing power.

The truth about purchasing a starter home is that it will help build the equity needed to buy the desired dream home. Start small and then trade up. The only equity built by renting accrues to the benefit of your landlord. That's a fancy way of saying that you make your landlord richer at your own expense, with absolutely nothing to show at the end of the days, or years or decades. Meh.

Learn from Emily

A perfect example is our client, Emily, a mature, motivated and entrepreneurial 25-year-old. Emily was disgusted with renting and committed to buying her first home. Last summer, we looked at \$425,000 studios. Emily bid on a few but "refused to overpay." She lost out on each because others either bid more, had larger down payments, or had stronger financials. Emily decided to take a break, renew her lease, continue to save, and buy something this year. Well, homes comparable to what Emily looked at last summer are on the market today for \$475,000. Her additional savings will go straight to her increased down payment. Emily failed to get on with her life, putting things on hold because her living situation was unsettled. And Emily lost out on a year of appreciation. Double meh.

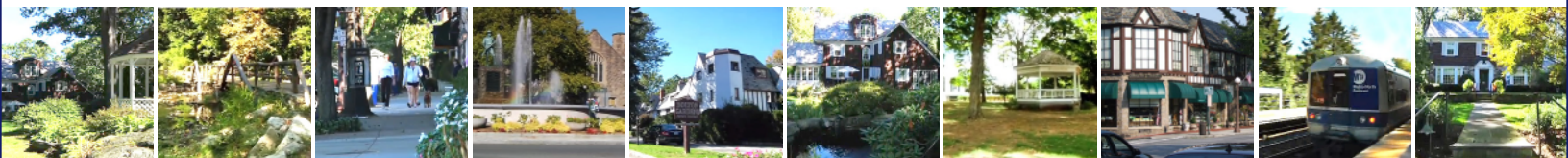


So, What's a Millennial or a First-Time Buyer to Do?

- 1) Above all, avoid getting priced out of the market.
- 2) Compromise if need be. Set priorities, but consider settling for a less prestigious location, a slightly dated kitchen, or a more modest view.
- 3) When you find your home to buy, invest in City Windows if need be, and
- 4) Renovate the bath yourself. (It works for the buyers on HGTV!) As Hicks says, "Increasing home values is only bad news when you decide to continue renting. Once you're a homeowner, it's all good."

In short, take the plunge. Just Do It! C'mon in, my millennial friends. The water's fine!

*Contributed by Michael Shapot, Esq.,
Licensed Real Estate Associate Broker, KWNYC, michaelshapot.com*





Why Us?

It is our sincere belief that we are only as good as how we represent each and every client and community that we serve. Our reputation is made and tested on a daily basis. It is with this keen awareness that we strive for success in the eyes of those we serve.

Westchester Real Estate, Inc. is a truly unique affiliation of premier real estate companies serving the markets of Westchester & Putnam Counties as well as NYC. Our companies have conscientiously and diligently created their stellar reputations and success over years and sometimes decades. Our achievements are evidenced by the 20,000+ buyers, sellers, tenants & landlords who have chosen to work with us over the past decade, and by our consistent ranking among the top five companies in our marketplace.

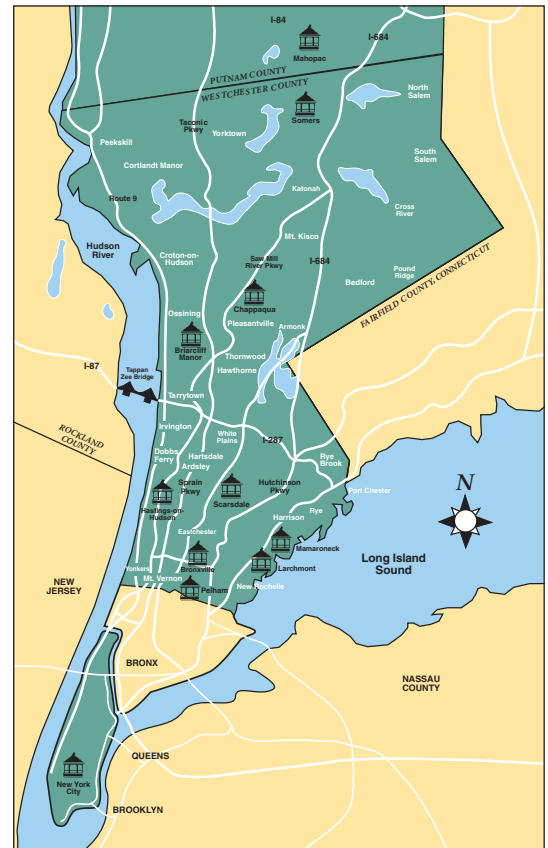
We pride ourselves in being:

- Highly informed about the market
- Entrenched in our various communities
- Students of real estate who are always learning and teaching others
- Staunch protectors of the "American dream" and laws that protect that
- Among the most professional and ethical practitioners in our industry.

What we take pride in are the things that benefit and make a world of difference to our clients.

Our value proposition is different. Our caring and concern are genuine. The delivery and quality of our services are unmistakable. If you haven't already, we hope you will choose to experience all this for yourself so we can show you what we mean. If you are one of our loyal clients, we thank you for your patronage and trust.

Westchester Real Estate, Inc.
Regional Office & Relocation Center
 358 Route 202, Suite 2, Somers, NY 10589
 (914) 961-5510 • www.HomesNY.com
 Email: Info@HomesNY.com



- Gateway Realty Corp. of N.Y.**
 257 Mamaroneck Ave., Ste 209, Mamaroneck, NY 10543 • (914) 341-1203
- J. Philip Real Estate, LLC • www.jphilip.com**
 522 North State Road, Briarcliff Manor, NY 10510 • (914) 762-2500
- J. Philip Real Estate, LLC • www.jphilip.com**
 134A Fifth Avenue, Pelham, NY 10803 • (914) 738-2200
- J. Philip Real Estate & J. Philip Commercial Group • www.jphilip.com**
 593 Route 6, Mahopac, NY 10541 • (845) 621-2200
- Mancini Realty • www.mancinirealestate.com**
 358 Route 202, Somers, NY 10589 • (914) 276-1010
- Park Sterling Realty • www.parksterlingrealty.com**
 17 1/2 Park Place, Bronxville, NY 10708 • (914) 337-1234
- Peter J. Riolo Real Estate • www.peterriolo.com**
 30 Main Street, Hastings-on-Hudson, NY 10706 • (914) 478-1400
- Platinum Drive Realty, Inc. • www.platinumdr.com**
 27 South Greeley Ave., Chappaqua, NY 10514 • (914) 238-0676
- Platinum Drive Realty, Inc. • www.platinumdr.com**
 144 Larchmont Avenue, Larchmont, NY 10538 • (914) 341-1561
- Platinum Drive Realty, Inc. • www.platinumdr.com**
 1082 Wilmot Road, Scarsdale, NY 10583 • (914) 725-7737
- Michael Shapot - KWNyc • www.kwnyc.com/Michael-Shapot**
 1155 Avenue of the Americas, 6th Fl, NY, NY 10036 • (646) 833-4321

