

What You Need to Know About the Local Market - Q2 2016

You may be a fan of the TV series "Orange is the New Black". Well, based on what we've seen in the 2nd quarter real estate market in Westchester, we foresee that "Summer is the New Spring", as coined by one of our brokers.

What does this mean if you're a real estate consumer? Essentially, it means that the typical "spring market" started late this year, and we expect that the market will stay in full swing right through summer and hopefully into the fall. So if you're planning to buy or sell, don't put off those plans, thinking that the summer doldrums will be setting in.

The same saga of low inventory of great properties to sell continues. Inventory at the end of this quarter is down significantly! If you've been considering selling but thought you missed the optimal time, not so. Get your home prepped and pristine (because condition still matters!), then get it on the market at the optimal price (because correct pricing matters as much or more!)

Some of our observations in the 2nd Quarter include:

Excellent condition will generate a bidding war! Example: a 1-bedroom co-op, priced at the top of the market but in pristine and appealing condition generated 6 offers in the first 2 days on the market, including over-asking offers.

For the first time in a long time, some sellers are entertaining offers that are contingent on the sale of the buyer's current property. Granted, only in cases where the buyers have fairly secure sales contracts already executed on their existing properties. And after careful examination to determine "how far the dominos may fall", as in, does the buyer's buyer have an iron-clad contract as well, or nothing to sell. In any case, it's been a very long time since sellers even considered these offers.

Co-op Boards are turning down all-cash offers. This isn't entirely new, particularly with some buildings, but it seems to be more of a trend now. Reasons for this may have to do with the Boards preferring to

have a bank or mortgage lender give a buyer the "green light" first, which doesn't happen with cash buyers, or concerns about income and the buyer's reserves after closing.

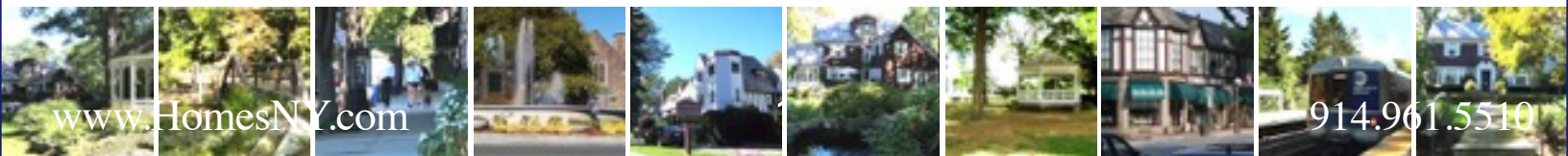
The luxury market is still suffering...or is it? It really depends who you ask, and in what part of the county. The price point that defines the high-end market varies location by location, but even looking at the high-end specific to each area, the facts (# of sales & selling prices) are very different one area to another, and therefore the sentiment from brokers, seller & buyers can be in total opposition.

Consumer confidence is easily rattled...but less so in the real estate market than the stock market. Obvious recent case in point: BREXIT. While the stock market sunk dramatically on the initial news of Britain's vote to exit the EU, potential home buyers were still out there looking at homes, hoping to take advantage of the lowered interest rates. Yes, the drop in stock values did take a toll on investment wealth for some buyers, but also possibly convinced them that investing in real estate feels like a safer bet once again.

Environmental issues are still a concern for many home buyers. Whether it's a slightly elevated radon reading, an in-ground oil tank (even one that's been tested and certified) or the suspicion of a minor amount of mold, buyers are doing their due diligence and seeking remedies.

The market overall is showing enthusiasm, but thankfully not the "unbridled" version seen during the boom of 10 years ago. We feel fairly confident that this will continue for the near future, barring any unforeseen crises or global disaster. Many of the usual market tenets continue and always will....homes that are in excellent condition, priced well and in desirable locations will always sell first.

If you're in the market now or may want to be, contact us to see how all these conditions affect your specific plans to buy, sell or invest.



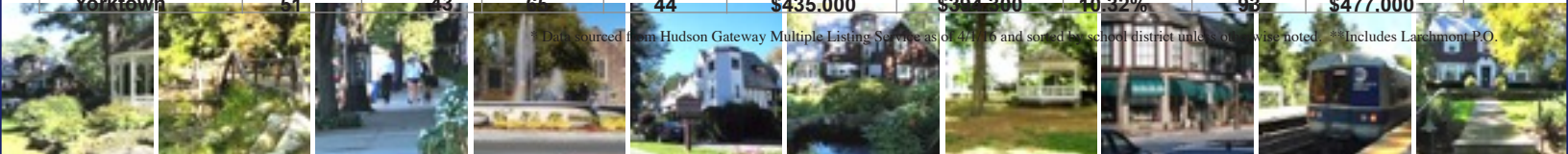
REAL ESTATE MARKET REPORT

2ND QUARTER 2016

WESTCHESTER REAL ESTATE, INC. Single Family Homes Under Contract and Closed Sales

SCHOOL DISTRICT	HOMES UNDER CONTRACT 2nd qtr 2016	HOMES UNDER CONTRACT Previous qtr	HOMES SOLD 2nd qtr 2016	HOMES SOLD 2nd qtr 2015	MEDIAN SALE PRICE 2nd qtr 2016	MEDIAN SALE PRICE 2nd qtr 2015	% CHANGE YEAR-OVER-YEAR	ACTIVE LISTINGS 2nd qtr 2016	MEDIAN PRICE OF ACTIVE LISTINGS 2nd qtr 2016
Ardlev	28	19	24	24	\$670,000	\$749,500	-10.60	53	\$689,000
Bedford	65	45	68	68	\$875,000	\$879,500	-0.51%	265	\$999,900
Blind Brook	28	19	30	19	\$803,500	\$700,000	14.79%	47	\$899,000
Briarcliff Manor	21	17	27	13	\$830,000	\$821,000	1.09%	42	\$835,000
Bronxville	16	14	20	22	\$2,250,000	\$2,165,500	3.90%	44	\$2,419.50
Byram Hills	41	33	38	35	\$1,087,500	\$1,100,000	-1.14%	164	\$1,292.50
Chappaqua	60	46	62	63	\$885,000	\$885,000	0.00%	155	\$905,000
Croton-Harmon	31	19	28	26	\$545,000	\$557,500	-2.24%	56	\$659,000
Dobbs Ferry	15	13	21	27	\$730,000	\$740,000	-1.35%	31	\$849,000
Eastchester	29	15	25	28	\$765,000	\$727,500	5.15%	46	\$799,999
Edgemont	26	11	20	25	\$1,057,500	\$1,050,000	0.71%	63	\$1,299.45
Elmsford	13	12	16	9	\$395,000	\$460,000	-14.13	38	\$425,000
Greenburgh	38	27	39	36	\$520,000	\$478,000	8.78%	64	\$550,000
Hartsdale (P.O.)	32	14	23	27	\$580,000	\$510,000	13.73%	39	\$629,000
Harrison	32	24	44	37	\$1,300,000	\$969,000	34.16%	171	\$1,600.00
Hastings	22	6	17	16	\$726,000	\$717,500	1.18%	23	\$824,000
Hendrick	32	33	41	19	\$372,000	\$540,000	-31.11	94	\$497,500
Irvington	25	13	19	13	\$940,000	\$965,000	-2.59%	51	\$979,000
Katonah-	64	39	65	48	\$615,000	\$573,800	7.18%	202	\$662,500
Lakeland	85	57	76	63	\$360,000	\$340,250	5.80%	136	\$359,900
Mamaroneck**	100	78	89	66	\$1,100,000	\$1,242,500	-11.47	98	\$1,149.50
Mount Pleasant	32	22	29	19	\$510,000	\$660,000	-22.73	53	\$560,000
Mount Vernon	56	43	46	25	\$358,450	\$360,000	-0.43%	114	\$412,000
New Rochelle	88	67	95	70	\$650,000	\$720,000	-9.72%	170	\$699,000
North Salem	17	9	17	7	\$515,000	\$440,000	17.05%	58	\$619,000
Ossining	52	40	61	52	\$385,000	\$379,500	1.45%	110	\$439,000
Peekskill	28	21	37	22	\$265,000	\$260,000	1.92%	52	\$260,000
Pelham	39	39	58	50	\$892,000	\$886,500	0.06%	52	\$895,000
Pleasantville	20	13	24	13	\$632,500	\$600,000	5.42%	44	\$699,000
Pocantico Hills	3	1	2	1	\$1,042,000	\$686,000	51.89%	6	\$949,000
Port Chester	29	24	29	26	\$479,000	\$520,000	-7.88%	41	\$469,000
Purchase (P.O.)	4	4	6	10	\$833,500	\$1,225,000	-31.95	53	\$2,198.00
Rye City	36	31	53	41	\$1,560,000	\$1,625,000	-4.00%	105	\$2,272.00
Rye Neck	20	13	14	14	\$975,000	\$1,012,500	-37.04	44	\$1,099.50
Scarsdale	57	33	51	65	\$1,625,000	\$1,342,500	21.04%	179	\$1,698.00
Somers	41	23	37	30	\$556,400	\$440,250	26.38%	114	\$579,900
Tarrytown	19	14	24	23	\$720,000	\$580,000	24.14%	28	\$830,000
Tuckahoe	10	8	15	12	\$650,000	\$698,488	-6.94%	22	\$995,000
Valhalla	22	18	22	25	\$546,000	\$489,000	11.66%	26	\$559,000
White Plains	47	40	59	52	\$660,000	\$613,750	7.54%	83	\$724,450
Yonkers	128	95	135	87	\$449,000	\$410,000	9.51%	230	\$485,500
Yorktown	51	43	65	44	\$435,000	\$394,200	10.32%	93	\$477,000

* Data sourced from Hudson Gateway Multiple Listing Service as of 4/1/16 and sorted by school district unless otherwise noted. **Includes Larchmont P.O.



WESTCHESTER REAL ESTATE, INC.

Quarterly Home Sales Report - At a Glance.

How was the Westchester Market in the 2nd Quarter of 2016?

Overall Sales Up 19.9%

The total number of sales in all main property types (as shown in detail in this report) rose significantly in the 2nd quarter of 2016 over the same quarter of last year. The increases were led by single-family homes up 23%, followed by condos up 21.2%. Co-ops and multi-family property sales also increased, up 10.7% and 13.8% respectively. As a result, Realtors and buyers alike felt the squeeze of low inventory, with almost every well-priced property hitting the market getting immediate attention and quick offers.



Prices Down 1.6% Year-Over-Year

The median single-family home price was \$650,000 in this 2nd quarter, falling slightly from \$660,500 one year ago, but up noticeably from this year's 1st quarter median of \$569,950, an expected seasonal shift. Similarly, median condo prices dropped 1.4%. Price increases were realized in both the co-op and multi-family segments, with gains of 6.9% and 12.1% respectively. This accentuates the demand for entry-level and/or affordable housing (co-ops) and housing for extended families or investment (multi-family).



Inventory Down 10.8%

Overall inventory continued to drop lower, despite the number of new listings presented in the spring market. Strong demand for homes in all categories resulted in drops of 7.1% for single-family homes, 15.3% for condos, 14.4% for co-ops, and 26.3% for multi-family homes. Prospective buyers found themselves scrambling to see every new listing fitting their criteria as soon as it hit the market. As we roll into summer, inventory continues low and demand has not yet waned.

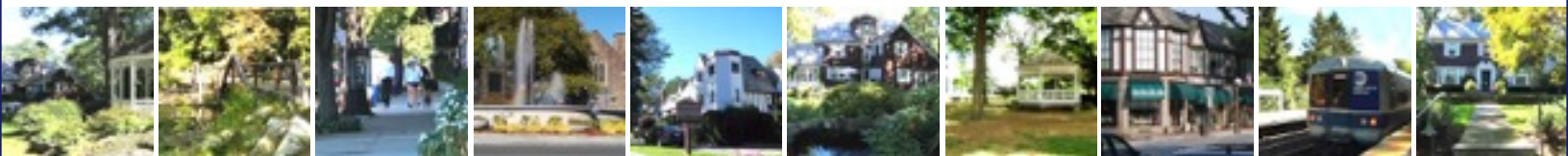


% of List Price Received

Single-family homes sold for 97.8% of list price in the 2nd quarter of 2016, relatively unchanged from the same quarter of 2015, and slightly strengthened over the 1st quarter of this year at 96.9%. The homes that are selling are well-priced and buyers recognize this when it's time to negotiate a fair price. Inappropriately priced homes will continue to sit on the market and not be reflected in sales statistics.



* Per data provided by the Hudson Gateway Association of Realtors



Fast Market Facts, Year Over Year, Q2 2016, Westchester County.

CLOSED SALES



AVERAGE DAYS ON MARKET



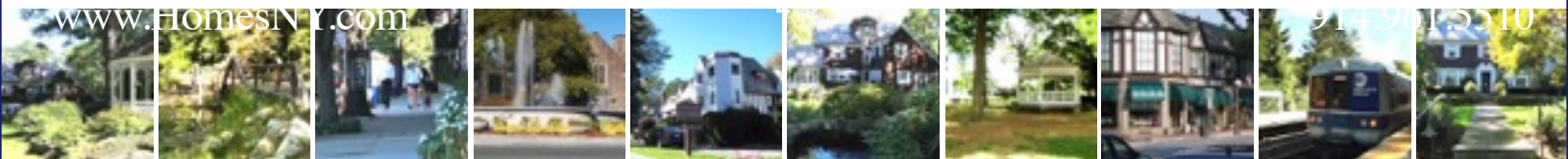
MEDIAN SALE PRICE



INVENTORY OF HOMES FOR SALE**



* Per data reported by the Hudson Gateway Association of Realtors.
 ** Average monthly inventory of homes for sale.



BREXIT and the Future of U.S. Real Estate

As Americans, we sit across the ocean and question how Great Britain's decision to exit the European Union will affect us in the U.S. Here at Westchester Real Estate, we specifically contemplate how it may affect our industry and our clients, those looking to buy or sell homes.

In the short term, most expert economic opinions point to continued low, or possibly even lower, interest rates. Already the Fed has postponed an anticipated summer rate hike as they take time to observe the impact on U.S. and global economies. As this is being written, the 30-year fixed mortgage rate has dropped below 3.5%, certainly near historic lows, and the 10-year Treasury yield is at 1.36%. The most immediate impact will be another mini refinance boom, helping to put more money in the pockets of homeowners. This could in turn help the home improvement industry if those savings are spent on upgrades or deferred home projects. The refi boom will also create a backlog for appraisals, loan commitments, and possibly even closings for both refinance and purchase mortgages.

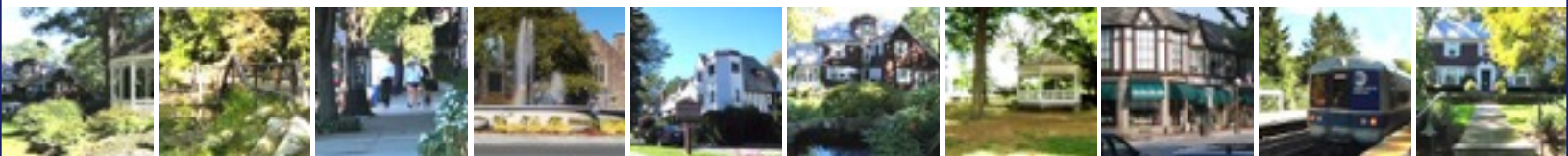
Home buyers who are just going into contract will be eager to lock in these extremely favorable rates, and will be some of the big winners thanks to Brexit. The great rates may also be enough impetus to push some of the fence-sitting potential buyers over to a heightened sense of urgency. Should that happen, it will put yet more pressure on many markets where inventory of homes for sale is already low, such as here in Westchester County. For the past couple of years, we have generally thought that the number of home sales could be even stronger if there were more available inventory. So far, prices have remained relatively stable despite strong demand, demonstrating that buyers are being prudent in what they're willing to pay, even if it means a longer wait in the market. This new pressure could possibly be a tipping point in demand and prices.

On the flip side of low mortgage interest rates are those who have their money invested in the stock market. Initial reaction to the Brexit vote was a huge tumble in the stock markets. Since then, the panic has subsided and much of the losses have been regained. However, in addition to depleting assets that could be invested in real estate, those extreme peaks and valleys generally shake consumer confidence to varying degrees. When confidence wavers, it can reverberate through the housing market, since homeownership is most consumers' largest lifetime purchase. Conversely, market instability can also create a shift towards more stable investments...such as housing, which has made a comeback in perception as a reliable investment. So this could go either way.

Depending on how much instability Brexit causes in the British economy as well as other European countries, it's possible that some real estate investment money, both residential and corporate, may now focus on the U.S. rather than London.

However, there are still many unknowns and lots of uncertainty that will take time to shake out. An exit timeline has yet to be determined and, with the current political turmoil, some question whether the Brexit decision could yet be reversed.

Overall, we do expect low interest rates and a bit of a real estate and refinance rally in the short term, with a leveling off and maybe even an upward tick in mortgage rates toward the end of the year. Unless of course there are other unexpected global events that come into play. And, of course, we do have a big election coming up in November...so stay tuned! Predicting interest rates, market forecasts, and the trajectory of the housing market has become even more difficult than predicting the weather!



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.

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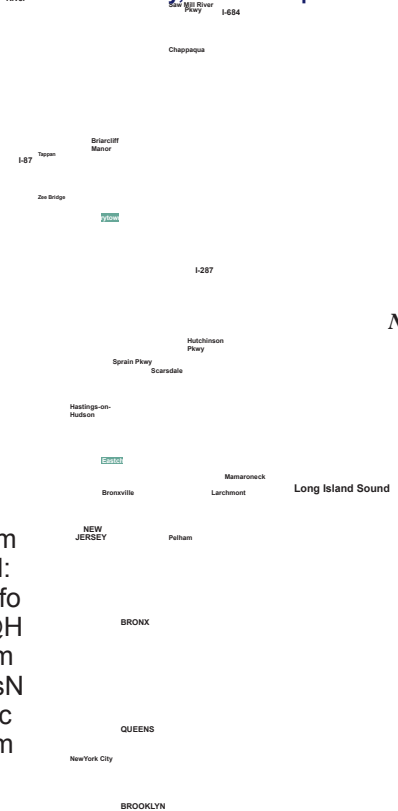
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