



**2005 SECOND QUARTER
RESIDENTIAL REAL ESTATE SALES REPORT**

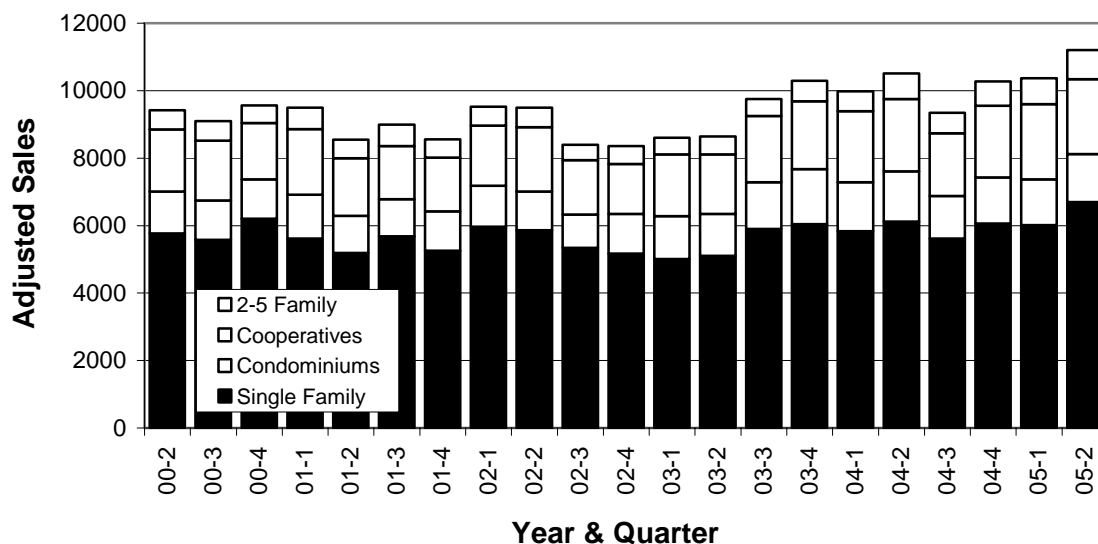
July 27, 2005

Sales volumes and prices of closed residential transactions reached new highs in Westchester during the second quarter of 2005. The 2,673 reported closings were the most for any second quarter and were 6% above last year's second quarter total. The dollar value of the closed transactions exceeded \$1.8 billion.

The closings largely reflected market activity that took place from January through April, which is customarily the busiest period of the year for residential real estate. Seasonally adjusted¹, Westchester's second quarter sales were equivalent to an annual sales rate of 11,200 units, the highest posted rate since 1999. On a year-to-date basis (Jan.-Jun.), Westchester's total sales in 2005 were about 1% ahead of 2004's record-setting total.

Westchester's cooperative and multi-family house sectors both posted record-high second-quarter sales volumes of 542 and 200 units respectively. The single-family house sector also made a strong showing with 1,580 sales, the most for a second quarter since 1998 and 1999. Only the Westchester condominium sector experienced a year-to-year decline - 5% from last year's record second quarter; however, the 351 reported condo sales approximated the very high levels posted in 1998 and 1999.

**SEASONALLY ADJUSTED QUARTERLY SALES
Westchester 2000-2005**



SECOND QUARTER COMPARISONS, 2002 - 2005

Type Of Property	NUMBER OF SALES				Change 04-05	
	2nd 02	2nd 03	2nd 04	2nd 05	Amount	Percent
Westchester County						
Single Family Houses	1,444	1,165	1,458	1,580	122	8.4%
Condominiums	298	309	371	351	(20)	-5.4%
Cooperatives	453	452	527	542	15	2.8%
2-5 Family Houses	134	115	175	200	25	14.3%
Total	2,329	2,041	2,531	2,673	142	5.6%
Putnam County						
Single Family Houses	302	237	283	258	(25)	-8.8%
Condos & Co-ops	44	47	44	59	15	34.1%
Total	346	284	327	317	(10)	-3.1%

Type Of Property	DOLLAR VOLUME OF SALES (\$Millions)				Change 04-05	
	2nd 02	2nd 03	2nd 04	2nd 05	Amount	Percent
Westchester County						
Single Family Houses	985.8	861.4	1,244.5	1,446.2	201.7	16.2%
Condominiums	85.7	98.3	138.9	143.5	4.6	4.7%
Cooperatives	57.8	68.1	87.3	109.2	21.9	32.2%
2-5 Family Houses	47.6	52.3	85.0	113.6	28.6	54.7%
Total	1,176.9	1,080.2	1,555.7	1,812.5	256.8	23.8%
Putnam County						
Single Family Houses	96.0	93.0	120.5	113.4	(7.1)	-7.6%
Condos & Co-ops	8.0	11.1	10.1	15.1	5.0	45.2%
Total	104.0	104.0	130.6	128.5	(2.1)	-2.0%

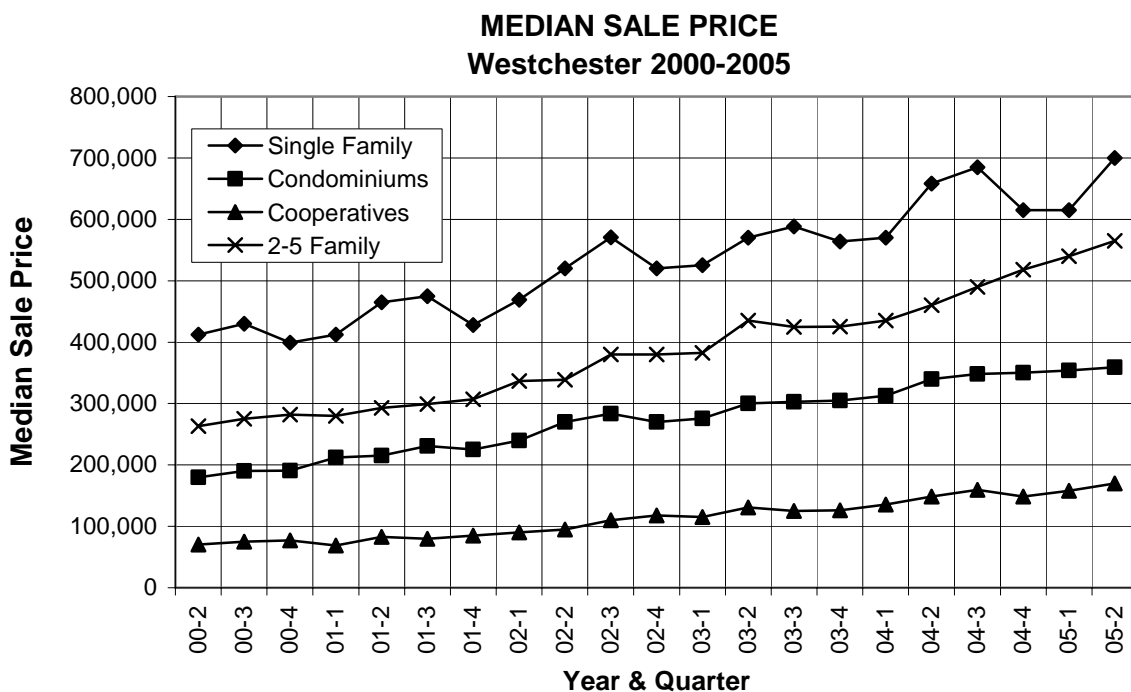
Type Of Property	MEDIAN SALE PRICE				Change 04-05	
	2nd 02	2nd 03	2nd 04	2nd 05	Amount	Percent
Westchester County						
Single Family Houses	520,000	570,000	660,000	700,000	40,000	6.1%
Condominiums	270,000	300,000	340,000	359,000	19,000	5.6%
Cooperatives	95,000	131,000	147,000	170,000	23,000	15.6%
2-5 Family Houses	339,000	435,000	460,000	565,000	105,000	22.8%
Putnam County						
Single Family Houses	283,000	355,000	400,000	386,125	(13,875)	-3.5%
Condos & Co-ops	190,500	242,500	237,750	266,500	28,750	12.1%

Type Of Property	MEAN SALE PRICE				Change 04-05	
	2nd 02	2nd 03	2nd 04	2nd 05	Amount	Percent
Westchester County						
Single Family Houses	682,694	739,399	853,542	915,345	61,803	7.2%
Condominiums	287,592	318,247	374,462	408,733	34,271	9.2%
Cooperatives	127,613	150,660	165,739	201,479	35,740	21.6%
2-5 Family Houses	355,182	454,969	485,638	567,894	82,256	16.9%
Putnam County						
Single Family Houses	317,787	392,213	425,631	439,712	14,081	3.3%
Condos & Co-ops	182,738	235,151	230,550	256,132	25,582	11.1%

Putnam County's residential market experienced a nearly 9% decline in sales of single-family houses on a year-to-year basis. That loss was partly offset by a large increase in condominium sales. The Putnam County market also posted a nearly 4% year-to-year price decrease in the median sale price² of a single-family house, dropping back to \$386,125 from the \$400,000 threshold crossed last year. The mean sale price², however, increased by 3% to \$439,712. The likely explanation is that there were a few very highly priced transactions but that the bulk of the Putnam market was concentrated in the under-\$400,000 range.

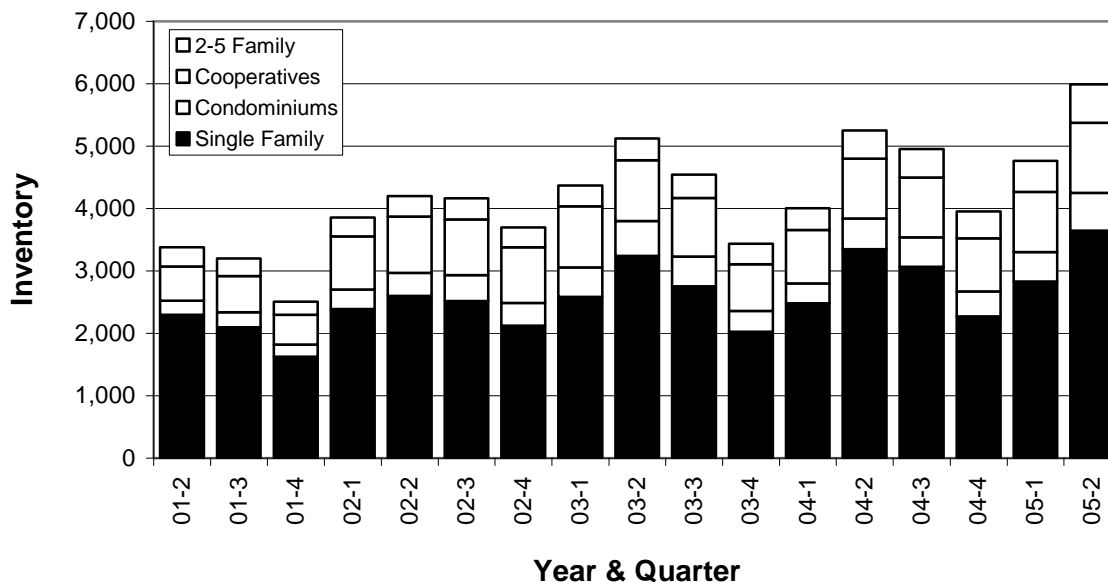
In Westchester County the median sale price of a single-family house reached \$700,000 in the second quarter, a 6.1% or \$40,000 increase from last year. This was the third consecutive quarter for which, on a year-to-year basis, the median sale price increased by less than a double-digit percentage, confirming the trend in that market segment to more sustainable rates of appreciation. 26% of the house sales were for \$1 million or more, compared to 22% in the second quarter of 2004; the increase was consistent with bracket creep from overall price appreciation, and taken together with other measures, indicated that the single-family house sector remained in balance as to price distribution.

The median sale price of a Westchester condominium increased by \$19,000 or 5.6% to \$359,000 - a new high for any quarter. However, the price increase was surprising in light of the slower sales rate posted for this quarter. Possibly some of the luxury condos that have been constructed in Westchester in the past several years are working their way into the resale market. It is also possible that the condominium inventory became so low that it constricted sales by discouraging buyers from acting on the limited choices. It will take another quarter or two to determine whether there is a change developing in the character of the condo market.



The median sale price of a Westchester cooperative increased by \$23,000 or 15.6% to a new record of \$170,000. The mean sale price of a co-op increased by 21.6% to \$201,479 indicating that there were more higher-end units in the sales mix. Notwithstanding the price increases, cooperatives remained the most affordable type of housing in Westchester's residential real estate market.

END OF QUARTER INVENTORY Westchester 2001-2005



Type Of Property	END OF QUARTER INVENTORY				Change 04-05	
	2nd 02	2nd 03	2nd 04	2nd 05	Amount	Percent
Westchester County						
Single Family Houses	2,602	3,243	3,350	3,644	294	8.8%
Condominiums	368	557	489	609	120	24.5%
Cooperatives	901	976	959	1,119	160	16.7%
2-5 Family Houses	327	346	452	618	166	36.7%
Total	4,198	5,122	5,250	5,990	740	14.1%
Putnam County						
Single Family Houses	720	869	857	944	87	10.2%
Condos & Co-ops	58	73	69	64	(5)	-7.2%
Total	778	942	926	1,008	82	8.9%

There was a healthy year-to-year 14% increase in the for-sale inventory at the end of the second quarter, bringing the Westchester total to nearly 6,000 units. In Putnam County the increase was 9%, to just over 1,000 units. These levels were the highest since 1998-99 when extraordinary sales activity drove inventory down to less than half of historical averages. The rebuilding of inventory is, for the moment at least, a positive development in that it will support more sales activity. It will also ease the upward price pressure which is severe even at single-digit percentage levels on account of the high base prices.

A LOOK AHEAD

The National Association of Realtors forecasts that home sales will achieve a fifth consecutive record in 2005, largely on account of lower-than-expected mortgage interest rates. The Westchester-Putnam area may achieve a sales record, too, with the 2004 and 2005 volumes neck and neck at mid-year.

Type Of Property	YEAR TO DATE (JAN-JUN) SALES				Change 04-05	
	2002	2003	2004	2005	Amount	Percent
Westchester County						
Single Family Houses	2,536	2,107	2,619	2,671	52	2.0%
Condominiums	522	555	663	613	(50)	-7.5%
Cooperatives	820	839	1,017	1,012	(5)	-0.5%
2-5 Family Houses	264	235	334	375	41	12.3%
Total	4,142	3,736	4,633	4,671	38	0.8%
Putnam County						
Single Family Houses	522	434	493	456	(37)	-7.5%
Condos & Co-ops	72	73	78	97	19	24.4%
Total	594	507	571	553	(18)	-3.2%

Factors other than mortgage interest rates that supported the local real estate market included low unemployment rates and fairly steady job growth that generated new demand for housing. The fluctuations of the stock market also helped keep the focus on real estate as a more stable long-term investment. Stock values gyrated but not so badly as to undermine confidence in the economy as a whole or to threaten the high-paying jobs that depend on the Exchange.

But mortgage interest rates seem to be the real key to the current booming real estate market. Through most of the marketing and showing period that generated the second quarter closings the average rate on a 30-year conventional mortgage was less than 6%. Adjustable rate and other specialty mortgage products were available at still lower rates. Currently there are no signals of sudden or significant long-term rate increases in spite of the periodic upward adjustments by the Federal Reserve in the overnight bank rate.

Some analysts worry about “froth” in the local market that is whipped up by investment-motivated acquisitions that are supported by novel financing instruments such as interest-only mortgages. Unfortunately there is no hard measure of the amount of investment activity in Westchester’s residential real estate market. Anecdotally, Realtors participating in the Westchester-Putnam Multiple Listing Service have not been reporting any significantly new amount of investment-motivated purchasing, certainly not in the very expensive single family house market. Some Realtors report that occasionally single-family homeowners will acquire a condominium for temporary rental income but in anticipation of relocating to it in their retirement years. Otherwise, there’s no real evidence of investment-driven purchases that might set the stage for plummeting home values or other market problems later on.

The Westchester-Putnam real estate market is based solidly on classic and transparent principles of supply and demand. Absent runaway mortgage interest rate increases in the coming months there is every prospect of high sales volumes and price increases that meet or exceed inflation for the balance of 2005.

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¹*The seasonally adjusted rate is an estimate of what the full year's sales would be if, based on past experience, the customary sales share of the current quarter were projected to a full twelve months. The adjusted rate permits comparisons of seasonally unequal periods by converting each period to its equivalent annual rate.*

²*The median sale price is the mid-point of all reported sales, i.e., half of the sales were for more than the median price and half were for less. The median is not affected by unusually low or high sale prices. The mean sale price is the arithmetic average, i.e., the sum of all sales prices divided by the number of sales. The mean does reflect the influence of sales at very low or very high prices.*