



HUDSON VALLEY REGIONAL HOUSING MARKET REPORT



Q1 2021

In partnership with



HUDSON VALLEY **PATTERN** *for* **PROGRESS**

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT



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Pattern for Progress has been researching, analyzing, and reporting on the real estate market every quarter for years. This first quarterly report for 2021 marks a full year of analysis of a real estate market greatly influenced by a pandemic.

The Hudson Valley region was facing a housing crisis as we entered 2020 and the pandemic has only exacerbated the challenges. Over the past 14 months, the region has witnessed skyrocketing home prices, a decimated inventory, the continuation of historically low interest rates, and an apparent demographic shift from the NYC Metro area. The demand for housing seems to be endless.

As we look further into 2021 and beyond, we must acknowledge there is no single solution to these housing challenges. There are slightly new challenges that enter the calculus of increasing the supply of housing. These include the impact to market demands due to remote work, rapidly rising prices of raw land, site development, building supplies and material, and a skilled labor shortage. Further complicating these challenges are barriers to housing include the lack of a streamlined approval process and the lack of infrastructure including water, sewer, and broadband. There are also a number of communities that simply do not want any new housing constructed.

Every community is slightly different and there is no one-size fits all solution to these challenges. Solutions are based on research and analysis of both qualitative and quantitative data. A sound foundation must be established in order to approach the problem from a holistic standpoint. The solutions must be established through the lens of equitable development that provides a pathway to homeownership for our ever-increasing diverse region.

We continue to report on the housing market. Here is a look at our first quarter report for 2021. Be sure to tune into our monthly housing webinars, The Housing Update, and join us for our annual Housing Forum in October.

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT

The Center for Housing Solutions and Community Initiatives, a unit of Hudson Valley Pattern for Progress, is pleased to present the Q1 2021 edition of the Regional Housing Market Report.

MARKET SNAPSHOT

1ST QUARTER DATA

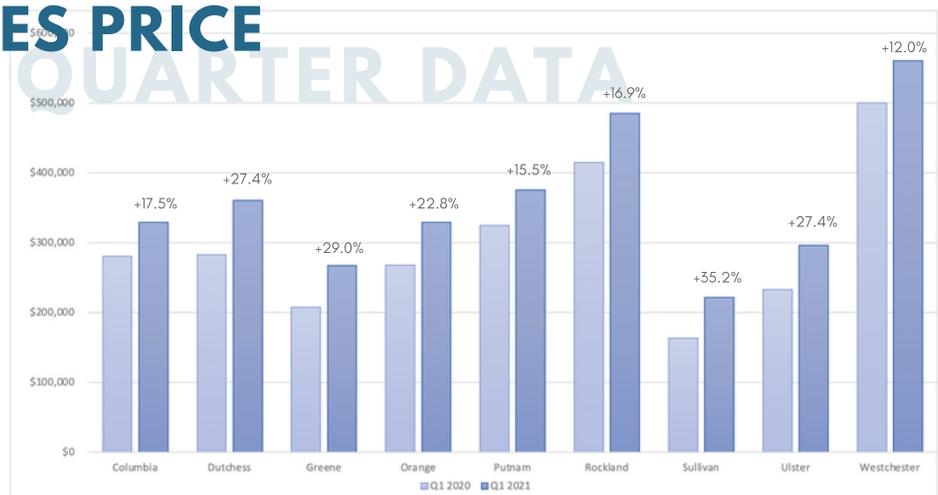
	New Listings			Closed Sales			Homes for Sale			Months of Inventory (Supply)		
	Q1 2020	Q1 2021	% Change	Q1 2020	Q1 2021	% Change	Q1 2020	Q1 2021	% Change	Q1 2020	Q1 2021	% Change
Columbia	300	228	-24.0%	131	189	44.3%	632	354	-44.0%	10.7	3.9	-63.6%
Dutchess	1,043	893	-14.4%	608	875	43.9%	1,513	820	-45.8%	5.7	2.4	-57.9%
Greene	287	272	-5.2%	141	196	39.0%	611	338	-44.7%	9.0	3.7	-58.9%
Orange	1,375	1,156	-15.9%	852	1,314	54.2%	1,883	822	-56.3%	5.4	1.8	-66.7%
Putnam	450	326	-27.6%	260	426	63.8%	578	251	-56.6%	5.5	1.8	-67.3%
Rockland	944	822	-12.9%	582	791	35.9%	1,165	535	-54.1%	5.2	1.8	-65.4%
Sullivan	323	279	-13.6%	223	351	57.4%	1,222	813	-33.5%	14.0	6.3	-55.0%
Ulster	566	540	-4.6%	468	603	28.8%	1,060	550	-48.1%	5.7	2.4	-57.9%
Westchester	3,242	3,370	3.9%	1,669	2,322	39.1%	3,446	2,603	-24.5%	4.6	2.8	-39.1%
HV Region	8,530	7,886	-7.5%	4,934	7,067	43.2%	12,110	7,086	-41.5%			

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q1 2021

MEDIAN SALES PRICE

1ST QUARTER DATA

	Q1 2020	Q1 2021	% Change
Columbia	\$280,000	\$329,000	17.5%
Dutchess	\$282,500	\$360,000	27.4%
Greene	\$207,000	\$267,000	29.0%
Orange	\$267,800	\$328,785	22.8%
Putnam	\$324,700	\$375,000	15.5%
Rockland	\$415,000	\$485,000	16.9%
Sullivan	\$163,500	\$221,000	35.2%
Ulster	\$232,250	\$296,000	27.4%
Westchester	\$500,000	\$560,000	12.0%



Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q1 2021

MARKET SNAPSHOT

Q1 2021

NEW LISTINGS

New Listings in the Hudson Valley were down 7.5% compared to first quarter 2020. Every county saw fewer homes listed for sale, with the exception of Westchester County, which had a 3.9% increase. The largest decreases in New Listings were in Putnam (-27.6%) and Columbia (-24.0%) Counties as compared to first quarter 2020, with Orange (-15.9%), Dutchess (-14.4%), Sullivan (-13.6%), and Rockland (-12.9%) also showing significant declines compared to same time last year.

Q1 2021

CLOSED SALES

Closed Sales showed notable gains throughout the Hudson Valley, up 43.2% for the region from first quarter 2020. Every county closed more sales as compared to the same time last year, with the most significant increases in sales volume in Putnam (+63.8%), Sullivan (+57.4%), Orange (+54.2%), Columbia (+44.3%), and Dutchess (+43.9%) Counties, as transactions from pent up demand completed the sales process.

Q1 2021

HOMES FOR SALE

The number of Homes for Sale continues its downward trend in the first quarter of 2021, with 41.5% fewer homes for sale in the region as compared to the same time last year. Every county saw double-digit declines in the number of Homes for Sale at the end of the quarter, with the most significant decreases in Putnam (-56.6%), Orange (-56.3%), and Rockland (-54.1%) Counties, each with less than half of the number of homes for sale as the compared to the same time last year.

Q1 2021

MONTHS OF INVENTORY

Months of Inventory (Supply) was down significantly across the region as compared to first quarter 2020. Every county in the region is now in a severe Seller's Market, showing less than 3 months of inventory available for Buyers, with the exception of Sullivan County, which is considered a Balance Market at 6.3 months of inventory available. Orange, Putnam, and Rockland have just 1.8 months of inventory available for Buyers, which will make for intense competition for Buyers.

Q1 2021

MEDIAN SALES PRICE

Constricted housing inventory and pent up Buyer demand, once again forced the median sales price up in every county of the Hudson Valley region. Every county in the region showed an increase of \$49,000 or more compared to the same time last year. With New Listings down and the Inventory further constricted in first quarter 2021, Buyers remain in a highly competitive real estate market in the Hudson Valley, creating significant upward pricing pressure.

The Median Sales Price rose for every county in the region this quarter, most significantly in Sullivan County with a 35.2% gain in value compared to the same time last year. Dutchess County (+\$77,500) showed the largest gain in Median Sales Price over first quarter 2020, while Rockland (+\$70,000), Ulster (+\$63,750), Orange (+\$60,985), Greene (+\$60,000), and Westchester (+\$60,000) Counties also showed significant increases in Median Sales Price as compared to same time last year.

The continued shift and ability to work remotely coupled with historically low interest rates and the movement away from the dense urban core of NYC has continued to push median prices well past the peak of the mid 2000's housing market, with the exception of Putnam and Westchester County, with Rockland near its prior peak. Without a substantial increase of housing inventory, the median prices will continue to increase through 2021.

INVENTORY OF HOMES

INVENTORY OF HOMES

Single Family, Condos, Townhomes | Q1 2017 - Q1 2021

	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2021	# change 2020 - 2021	% change 2020 - 2021	# change 2017 - 2021	% change 2017 - 2021
Columbia	712	726	666	632	354	(278)	-44.0%	(358)	-50.3%
Dutchess	1,584	1,490	1,437	1,513	820	(693)	-45.8%	(764)	-48.2%
Greene	811	786	635	611	338	(273)	-44.7%	(473)	-58.3%
Orange	1,826	1,808	1,808	1,883	822	(1,061)	-56.3%	(1,004)	-55.0%
Putnam	472	463	576	578	251	(327)	-56.6%	(221)	-46.8%
Rockland	952	982	1,130	1,165	535	(630)	-54.1%	(417)	-43.8%
Sullivan	1,136	1,290	1,287	1,222	813	(409)	-33.5%	(323)	-28.4%
Ulster	1,352	1,222	1,223	1,060	550	(510)	-48.1%	(802)	-59.3%
Westchester	2,784	2,861	3,015	3,446	2,603	(843)	-24.5%	(181)	-6.5%
HV Region	11,629	11,628	11,777	12,110	7,086	(5,024)	-41.5%	(4,543)	-39.1%

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q1 2021

TOTAL INVENTORY OF HOMES

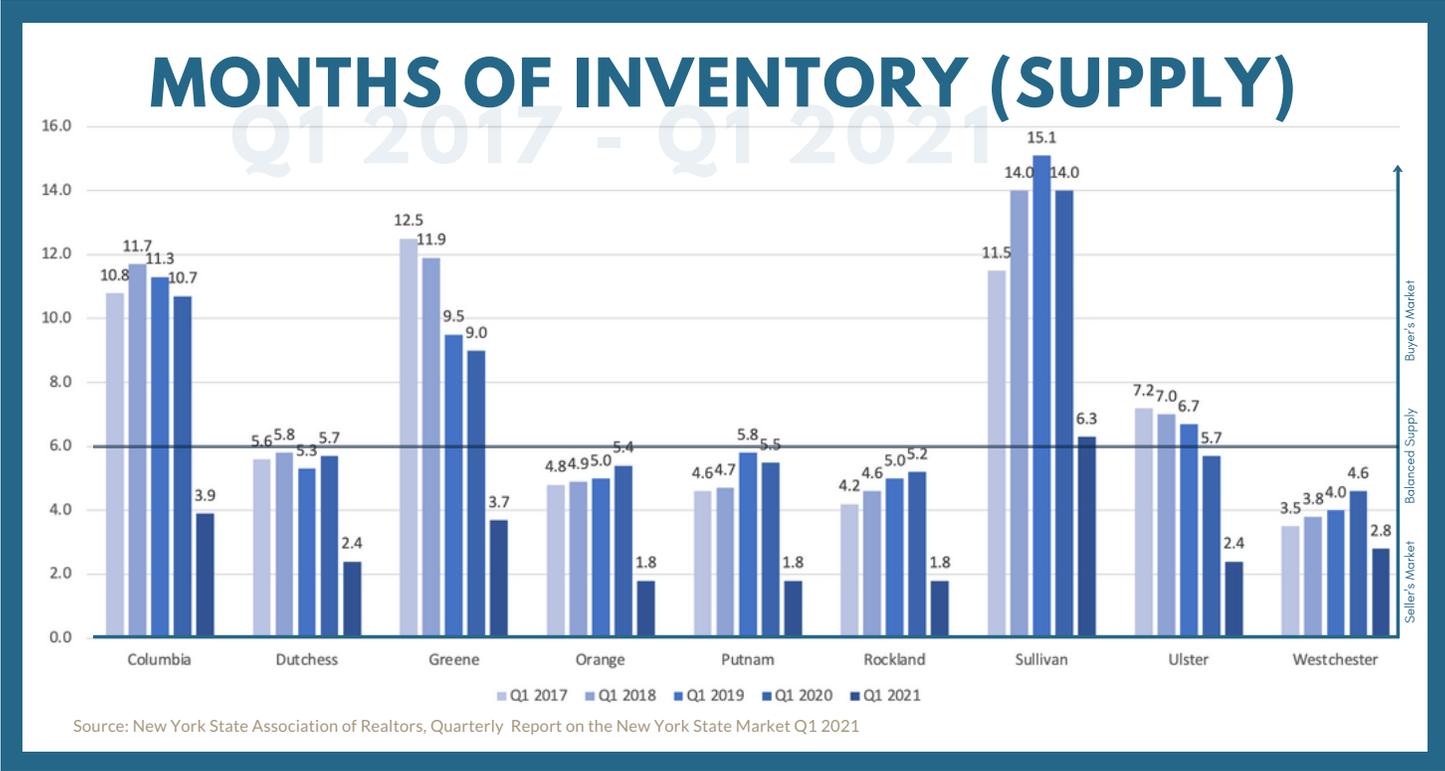
Q1 2017 - Q1 2021

Every county in the Hudson Valley region showed further declines in homes for sale as compared to first quarter 2020. The region as a whole had 4,305 fewer homes available for sale, down 41.5% from first quarter 2020, with the most notable decreases in inventory in Orange (-56.3%), Putnam (-56.6%), and Rockland (-54.1%) Counties.

The region was down 39.1% in housing inventory in first quarter 2021 compared to first quarter 2017, with Ulster (-59.3%), Greene (-58.3%), Orange (-55.0%), Columbia (-50.3%), Dutchess (-48.2%), and Putnam (-46.8%) Counties had the largest declines compared to inventory levels in first quarter 2017.

Most of the region has experienced declining inventory levels over the last few years with increasing competition amongst buyers creating upward pricing pressure. The constricted inventory has been further intensified in the Hudson Valley.

There are two ways to increase the number of homes for sale, more owners put their home on the market, or there is an increase in the number of new homes built. The housing development is a very complicated endeavor. Homebuilders must forge through the local approval process, which is very long and expensive. Coupled with the rising cost of land, materials, a lack of a skilled labor force, and supply chain issues, the inventory of new homes is not likely to significantly increase for the balance of 2021. Therefore, the lack of inventory creates a vicious cycle; the existing homeowners who want to remain in the Hudson Valley are looking to downsize to a smaller home or become a renter, or they may want to upgrade and purchase a larger or more modern home. But they can't - there is no inventory.



MONTHS OF INVENTORY (SUPPLY)

Q1 2017 - Q1 2021

Inventory, which can also be described as the "lifeblood" of the market, is a critical indicator for the housing market. The real estate industry considers 6 months of inventory a "Balanced Supply." Fewer than 6 months is considered a "Seller's Market" and more than 6 months of available inventory is considered a "Buyer's Market". In a Seller's Market, lower inventory levels and strong buyer demand create strong upward pricing pressure resulting in increased home values.

All counties showed decreases in Supply during the first quarter of 2021, with the sharpest declines in the Hudson Valley region's most rural counties of Sullivan (14.0 in Q1 2020 to 6.3 in Q1 2021), Columbia (10.7 to 3.9), and Greene (9.0 to 3.7) Counties, further illustrating the movement of people from denser urban areas and likely working remotely from a home office.

Months of Inventory is severely constricted across the Hudson Valley region, most notably in Orange, Putnam, and Rockland Counties, with just 1.8 months of supply available for Buyers. Dutchess (2.4), Ulster (2.4), Westchester (2.8), Greene (3.7), and Columbia (3.9) Counties are also in a very tight Seller's Markets, which, again, is driving prices higher as there is fierce competition for the very limited supply of homes.

TWO- TO FOUR-FAMILY

MARKET DATA 2018 - 2020

LOWER HUDSON VALLEY | TWO- TO FOUR-FAMILY HOMES

MEDIAN SALE PRICE

	Q1 2018	Q1 2019	Q1 2020	Q1 2021	\$ change 2020 - 2021	% change 2020 - 2021	\$ change 2018 - 2021	% change 2018 - 2021
Orange	\$150,000	\$195,500	\$220,000	\$267,500	\$47,500	21.6%	\$117,500	78.3%
Putnam	\$327,689	\$316,250	\$300,550	\$477,500	\$176,950	58.9%	\$149,811	45.7%
Rockland	\$395,000	\$354,500	\$497,500	\$470,000	(\$27,500)	-5.5%	\$75,000	19.0%
Sullivan	\$70,000	\$80,000	\$130,000	\$130,000	\$0	0.0%	\$60,000	85.7%
Westchester	\$470,000	\$535,000	\$561,250	\$625,000	\$63,750	11.4%	\$155,000	33.0%

TOTAL CLOSED SALES

	Q1 2018	Q1 2019	Q1 2020	Q1 2021	\$ change 2020 - 2021	% change 2020 - 2021	\$ change 2018 - 2021	% change 2018 - 2021
Orange	53	64	67	80	13	19.4%	27	50.9%
Putnam	10	6	4	6	2	50.0%	(4)	-40.0%
Rockland	23	20	22	33	11	50.0%	10	43.5%
Sullivan	13	8	11	18	7	63.6%	5	38.5%
Westchester	149	151	146	150	4	2.7%	1	0.7%

END OF QUARTER INVENTORY

	Q1 2018	Q1 2019	Q1 2020	Q1 2021	\$ change 2020 - 2021	% change 2020 - 2021	\$ change 2018 - 2021	% change 2018 - 2021
Orange	110	110	101	79	(22)	-21.8%	(31)	-28.2%
Putnam	16	10	12	4	(8)	-66.7%	(12)	-75.0%
Rockland	47	45	24	26	2	8.3%	(21)	-44.7%
Sullivan	N/A	41	30	26	(4)	-13.3%	N/A	N/A
Westchester	151	190	150	134	(16)	-10.7%	(17)	-11.3%

Source: Hudson Gateway Association of Realtors, 2021 1st Quarter Residential Real Estate Sales Report

Analyzing the real estate market data for two- to four-family homes grants a broader perspective of the real estate market. Small multi-family properties may be owner occupied with a tenant or tenants providing additional income to offset the homeowner's housing expenses, or they may be purely for investment. Rental housing is in high demand as single-family home values have increased, which has led to increased value for multi-family units, as well.

The impacts of the COVID-19 eviction stays and subsequent extensions may be affecting multi-family properties as Landlords are seeing the loss of rental revenues and extended eviction terms that could impair their ability to maintain the property and pay debt service, putting them in danger of default. The State has allocated funding in the form of a loan to small building owners to assist during this time of lost rental income. Although the funds are in the form of a loan, these dollars can help bridge the gap of lost revenue until the tenants are able to pay back rent. Simultaneously, the State and some municipalities have also established a Rent Relief Fund for eligible renters.

Putnam County showed the largest percentage increase in multi-family home values in first quarter, up 58.9% from first quarter 2020, gaining \$176,950 in Median Sale Price. Rockland showed a decline in home values for first quarter, down 5.5% compared to last year. Sullivan was flat compared to first quarter 2020, but showed the largest percentage increase compared to first quarter 2018, up 85.7%, while Orange County also showed significant gains compared to first quarter 2018, with a 78.3% increase in multi-family home values.

Closed Sales were up in every county, with Sullivan (+63.6%), Rockland (+50.0%), and Putnam (+50.0%) Counties showing the most closings compared to same time last year. Only Putnam County showed a decline in Closed Sales since 2018, down 40.0%, compared to first quarter 2018, while Orange County (+50.9%) showed the largest increase in closed transactions compared to first quarter 2018.

Inventory was down in every county compared to first quarter last year, except Rockland County (+8.3%), with Putnam (-66.7%) and Orange (-21.8%) Counties showing the greatest decreases. Compared to first quarter 2018, Putnam saw a 75.0% decrease in available inventory ending first quarter 2021. Rockland (-44.7%), Orange (-28.2%), and Westchester (-11.3%) were also down compared to 2018.

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT

STATE OF THE MARKET

Q1 2021



Joseph Rand,

COO, Howard Hanna Rand Realty
Executive Director, Broker Public Portal

The regional housing market capped a tumultuous 12 months with an emphatic flourish, showing sharp increases in closed sales, pending sales, and prices. Listings were down, and inventory is way down, so this strong market demand will continue to push prices up through the spring and into the summer.

The market has seen wild swings all year. The pandemic hit in late March 2020, and had a devastating impact on the market starting in the second quarter, as concerns about COVID-19 in the attendant "Essential Services Order" restrictions drove sales, listings, and pending contracts way down.

But the market started to surge back starting in June, when some of the public health concerns eased a bit, many of the restrictions on real estate professionals lifted, and all the suppressed demand that had built up in the second quarter came flooding into the market like a tidal wave, with dramatic increases in sales and listings throughout the third and fourth quarters of 2020.

Now, in the first quarter of 2021, we see no signs that this tidal wave has yet crested. The market surged again, with dramatic increases in closings and prices. At some point, this surge will slow down, but it hasn't happened yet.

Of course, the big story coming out of the market over the past "Year of the Pandemic" is the dramatic surge in prices. Even at the depths of the shutdown in the second quarter of last year, prices still managed to rise. And, since the tidal wave of demand flooded the market last summer, prices have spiked dramatically.

Now, we should caution you that this rate of annual appreciation is a little misleading. Some of the appreciation is legitimate, the normal organic result of high demand and low inventory. Indeed, we have been due for some serious appreciation in this market, where prices were flat for much of the past decade after coming up from the bottom following the financial crisis of 2008-2009. However, some of that appreciation is a little "artificial," spurred by the pandemic's anomalous (and temporary) impact in changing the mix of properties being sold compared to last year in two ways. First, the pandemic drove a sharp increase in buyers emigrating from Manhattan and Brooklyn accelerating their decision to move out of the city because of the COVID restrictions. Those "migratory" purchasers tended to be higher-income individuals buying at the higher price points in each market. Second, the pandemic had more of a negative impact at the entry-level price points, because the buyers for those types of homes were more likely to endure economic setbacks. As a result, we're seeing more demand at the middle-to-upper ends of each market, which is changing the mix of properties sold compared to last year, and thus driving some unsustainable price appreciation.

As the Pandemic's impact eases, we're going to see a slowdown of urban exiles and increased strength in the lower end of the market, which is going to restore the market to more of a balance between high-end and low-end. That will likely moderate price appreciation through the spring and summer.

We still expect appreciation, because demand remains strong, rates are still low (even after some small recent increases), and, most importantly, supply continues to be tight. New Listings have not come back at the same level as closings, which means that buyers are quickly gobbling up whatever inventory is out there. We're at historically low levels of available homes right now, and that will continue to drive prices up for the rest of the year, or at least until homeowners see these impressive levels of appreciation and get tempted to put their homes on the market.

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This report represents a snapshot in time and is based upon available information and the analysis of existing markets, demographics, data and statistics. The report is not meant to be used as a financial forecasting model or for any financial decisions for investment purposes now or in the future.