The second quarter data shows the continuing trends of a strong Seller’s Market. New listings are increasing but the inventory is being sold faster than new listings appear on the market.

Our research and analysis provides a strong argument for the increased construction of new single-family homes at all price points. As the median prices continue to rise, interest rates remain at historic lows, but wages are not showing signs of substantial improvement. The demand for homes priced under $275,000 is sorely needed in the Hudson Valley.

We must look beyond the basic economic factors of housing supply, demand, interest rates, and wages. Three other critical factors influencing the real estate market are:

**THE COST OF RAW LAND**
The price of land, especially land that has water and sewer has skyrocketed over the last few years. Local planning and zoning boards have been inundated with newly proposed developments for single-family homes and multifamily housing complexes. The approval process is long, complicated, and costly – all of which adds to the cost of development.

**SITE DEVELOPMENT AND CONSTRUCTION MATERIALS**
According to the National Association of Home Builders (NAHB), lumber products adds nearly $30,000 to the price of a new home. The NAHB reports the cost of framing lumber has significantly declined since their peak a few months ago; however, not all lumber products used in general home construction have declined. There has also been a dramatic rise in home improvements over the last 15 months, whether by DIYer’s or contractors, this has also had an impact on the availability of building materials. Finally, the cost of appliances has drastically risen and the disruption in the supply chain has caused major delays for builders to complete the homes. This extends their construction loan and ultimately adds to the price of the home.

**LACK OF A SKILLED LABOR FORCE**
The shortage of skilled labor in the construction trades has been a challenge in both the pre- and post-Pandemic economy. There are several factors contributing to the labor shortage:
- loss of skilled construction labor to other industry sectors during the recession,
- insufficient number of Millennial and Gen Z going into the construction trades with the required skills and training,
- a language barrier that continues to be a challenge.

The lack of a skilled labor force causes construction delays, which again, increases the home prices. It is critical for the region to rebuild the trades and attract the next generation of skilled tradespeople. The region must look to enhance and expand training programs in the building trades and diversify the labor force.

To build the next generation of tradespeople, there must be focused attention and outreach to high school students and older teens to highlight the construction trades as a career. There must also be a concentrated effort to attract and train more people of color, women, and veterans into the construction trades. The construction industry must also invest in innovative technology, software, apps, and incorporate on- and off-site 3D printing.

In closing, many factors influence home prices and the region needs to address these challenges. While some of these challenges and related costs associated with development are beyond local control, which may include options to mitigate some costs by streamlining the approval processes, look beyond traditional sub-division design to maximize the available land, improve and expand the labor force, and use new technologies in construction.

We can make an impact to support our community’s housing needs.
The Center for Housing Solutions and Community Initiatives, a unit of Hudson Valley Pattern for Progress, is pleased to present the Q2 2021 edition of the Regional Housing Market Report.

### Market Snapshot

<table>
<thead>
<tr>
<th>Region</th>
<th>New Listings Q2 2020</th>
<th>New Listings Q2 2021</th>
<th>% Change</th>
<th>Closed Sales Q2 2020</th>
<th>Closed Sales Q2 2021</th>
<th>% Change</th>
<th>Homes for Sale Q2 2020</th>
<th>Homes for Sale Q2 2021</th>
<th>% Change</th>
<th>Months of Inventory Q2 2020</th>
<th>Months of Inventory Q2 2021</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia</td>
<td>369</td>
<td>390</td>
<td>5.7%</td>
<td>188</td>
<td>193</td>
<td>2.7%</td>
<td>605</td>
<td>398</td>
<td>34.2%</td>
<td>9.3</td>
<td>4.5</td>
<td>-51.6%</td>
</tr>
<tr>
<td>Dutchess</td>
<td>1,289</td>
<td>1,442</td>
<td>11.9%</td>
<td>561</td>
<td>878</td>
<td>56.5%</td>
<td>1,583</td>
<td>952</td>
<td>39.9%</td>
<td>6.3</td>
<td>2.6</td>
<td>-58.7%</td>
</tr>
<tr>
<td>Greene</td>
<td>324</td>
<td>392</td>
<td>21.0%</td>
<td>147</td>
<td>210</td>
<td>42.9%</td>
<td>562</td>
<td>369</td>
<td>34.3%</td>
<td>8.7</td>
<td>3.9</td>
<td>-55.2%</td>
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<tr>
<td>Orange</td>
<td>1,498</td>
<td>1,872</td>
<td>25.0%</td>
<td>718</td>
<td>1,102</td>
<td>53.3%</td>
<td>1,849</td>
<td>1,102</td>
<td>-40.4%</td>
<td>5.5</td>
<td>2.3</td>
<td>-58.2%</td>
</tr>
<tr>
<td>Putnam</td>
<td>446</td>
<td>572</td>
<td>28.3%</td>
<td>265</td>
<td>350</td>
<td>32.1%</td>
<td>593</td>
<td>359</td>
<td>-39.5%</td>
<td>5.9</td>
<td>2.4</td>
<td>-59.3%</td>
</tr>
<tr>
<td>Rockland</td>
<td>953</td>
<td>1,238</td>
<td>32.0%</td>
<td>479</td>
<td>822</td>
<td>71.6%</td>
<td>1,149</td>
<td>657</td>
<td>-42.8%</td>
<td>5.4</td>
<td>2.0</td>
<td>-63.0%</td>
</tr>
<tr>
<td>Sullivan</td>
<td>431</td>
<td>609</td>
<td>41.3%</td>
<td>199</td>
<td>347</td>
<td>74.4%</td>
<td>1,193</td>
<td>982</td>
<td>-17.7%</td>
<td>13.1</td>
<td>7.4</td>
<td>-43.5%</td>
</tr>
<tr>
<td>Ulster</td>
<td>789</td>
<td>882</td>
<td>11.8%</td>
<td>387</td>
<td>580</td>
<td>49.9%</td>
<td>1,014</td>
<td>658</td>
<td>-35.1%</td>
<td>5.5</td>
<td>2.8</td>
<td>-49.1%</td>
</tr>
<tr>
<td>Westchester</td>
<td>3,268</td>
<td>4,594</td>
<td>40.6%</td>
<td>1,730</td>
<td>2,771</td>
<td>60.2%</td>
<td>3,764</td>
<td>3,006</td>
<td>-20.1%</td>
<td>5.5</td>
<td>2.9</td>
<td>-47.3%</td>
</tr>
<tr>
<td>HV Region</td>
<td>9,367</td>
<td>12,011</td>
<td>28.2%</td>
<td>4,674</td>
<td>7,253</td>
<td>55.2%</td>
<td>12,312</td>
<td>8,483</td>
<td>-31.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q2 2021

### Median Sales Price

<table>
<thead>
<tr>
<th>Region</th>
<th>Q2 2020</th>
<th>Q2 2021</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columbia</td>
<td>$267,500</td>
<td>$405,000</td>
<td>40.9%</td>
</tr>
<tr>
<td>Dutchess</td>
<td>$300,000</td>
<td>$375,750</td>
<td>25.3%</td>
</tr>
<tr>
<td>Greene</td>
<td>$200,000</td>
<td>$285,000</td>
<td>42.5%</td>
</tr>
<tr>
<td>Orange</td>
<td>$260,000</td>
<td>$335,000</td>
<td>26.6%</td>
</tr>
<tr>
<td>Putnam</td>
<td>$340,000</td>
<td>$415,000</td>
<td>22.1%</td>
</tr>
<tr>
<td>Rockland</td>
<td>$439,300</td>
<td>$511,000</td>
<td>16.3%</td>
</tr>
<tr>
<td>Sullivan</td>
<td>$175,000</td>
<td>$230,000</td>
<td>31.4%</td>
</tr>
<tr>
<td>Ulster</td>
<td>$270,000</td>
<td>$337,000</td>
<td>24.8%</td>
</tr>
<tr>
<td>Westchester</td>
<td>$575,000</td>
<td>$645,000</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q2 2021
Q2 2021 NEW LISTINGS

New Listings in the Hudson Valley were up 28.2% in Q2 2021 compared to the "pandemic influenced" Q2 2020, with more than 2,600 homes added to the regional housing market. Every county showed an increase in homes listed for sale, with the largest gains in Sullivan (+41.3%), Westchester (+40.6%), Rockland (+32%), Putnam (+28.3%), Orange (+25%), and Greene (+21%) Counties.

Q2 2021 CLOSED SALES

Closed Sales witnessed a dramatic increase of 55.2% in the Hudson Valley in Q2 2021 compared to same time last year, when Pandemic Lockdown restrictions heavily impacted closings. While Sullivan (+74.4%) and Rockland (+71.1%) Counties showed the most significant increases in closings, every county increased the percentage of closed sales by more than 32%, with the exception of Columbia County, where just closings increased just 2.7%.

Q2 2021 HOMES FOR SALE

The number of Homes for Sale continues its downward trend in Q2 2021, down 31.1% compared to Q2 2020. 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 Rockland (-42.8%), Orange (-40.4%), Dutchess (-39.9%), Putnam (-39.5%), and Ulster (35.1%) Counties. As a whole, the Hudson Valley ended Q2 2021 with 3,829 fewer Homes for Sale than same time last year.

Q2 2021 MONTHS OF INVENTORY

Months of Inventory (Supply) was down significantly across the region as compared to Q2 2020. Every county showed declines in supply of more than 43% compared to same time last year. The largest declines were in Rockland (-63%), Putnam (-59.3%), Dutchess (-58.7%), and Orange (-58.2%). Rockland (2.0), Orange (2.3), Putnam (2.4), Dutchess (2.6), Ulster (2.8), and Westchester (2.9), which all have less than 3 months of inventory available, making for intense competition amongst Buyers.

Q2 2021 MEDIAN SALES PRICE

While New Listings and Closed Sales have both shown some signs of rebounding in Q2 2021 compared to Q2 2020, constricted housing inventory and pent up buyer demand continue to force the Median Sales Price up across the region, with every county showing an increase of $55,000 or more in values as compared to the same time last year.

The most significant price increases were in the rural counties of Greene (+42.5%), Columbia (+40.9%), and Sullivan (+31.4%). Columbia County showed an incredible gain during second quarter 2021, adding $117,500 to Median Sales Price year over year. Greene County (+$85,000), Dutchess (+$75,750), Putnam (+$75,000), Rockland (+$71,600), and Westchester (+$70,000) Counties also showed remarkable increases in Median Sales Price as compared Q2 2020.
The COVID-19 Pandemic heavily impacted the regional housing market. Lockdown restrictions in the second quarter of 2020 prevented showings, inhibited Sellers from adding new listings, and drastically slowed closings. As we analyze data in the Market Snapshot, we must take into consideration how the pandemic influenced 2020’s housing market, specifically in the second quarter.

Looking back over a five-year trend, it is evident that 2020 is an outlier. There were 4,239 fewer New Listings added to the housing market in the Hudson Valley region in second quarter of 2020 than there were in second quarter 2019. Reviewing second quarter 2021, New Listings have increased compared to same time last year, but have not quite returned to pre-Pandemic levels. Every county in the region had fewer new listings in Q2 2021 than in Q2 2019, which continues to contribute to the constricted inventory creating upwards pricing pressure to raise Median Sales Prices across the region.

Closed Sales are a measure of how many sales transactions are closed during the quarter. The transaction time in the Hudson Valley typically runs about 45-90 days, so Closed Sales are really a reflection of transactions that were put together several months prior, as well as in the beginning of that quarter. Q2 2020 had 1,442 fewer closings than Q2 2019, but showed a rebound in Q2 2021 with 2,579 more closings than the same time last year, and the most closings of any year since 2017. This indicates the winter and early spring housing market of 2021 was much stronger than in previous years.

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More homeowners put their homes on the market, or there is an increase in the number of new homes built.

As previously reported, the challenges associated with the construction of new homes continues throughout the region. The local approval process is lengthy, there is reluctance to accept new development by existing residents, the labor shortage continues, and finding a suitable home to either trade up or downsize into by homeowners has continued to exacerbate these challenges.
MONTHS OF INVENTORY (SUPPLY)
Q2 2017 - Q2 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 second quarter of 2021, with sharp declines in the Hudson Valley region’s most rural counties of Sullivan (13.1 in Q2 2020 to 7.4 in Q2 2021), Columbia (9.3 to 4.5), and Greene (8.7 to 3.9) 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 Rockland (2.0), Orange (2.3), Putnam (2.4), Dutchess (2.6), Ulster (2.8), and Westchester (2.9) all have less that 3 months of inventory available for Buyers, which will make for intense competition for Buyers, which is driving prices higher as there is fierce competition for the very limited supply of homes.
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.

Sullivan County saw the largest percentage increase in multi-family home values in second quarter, up 55.6% from second quarter 2020, and up an incredible 253.6% over second quarter 2018. Compared to Q2 2018, multi-family home values show significant appreciation in Putnam (+$195,000), Westchester (+$184,250), Sullivan (+$139,500), Orange (+$137,000), and Rockland (+$91,500) Counties in Q2 2021.

Closed Sales were up in every county compared to the "pandemic influenced" second quarter of 2020. Sullivan County showed a 1500% increase over Q2 2020, while Rockland (+242.9%), Orange (+138.2%), and Westchester (+92.2%) also had more Closed Sales. Looking back to Q2 2018, Sullivan (+77.8%), Rockland (+33.3%), Orange (+24.6%) Counties had more closed transactions in second quarter 2021, while Putnam County was flat and Westchester was down 6.3%.

Inventory was up in Rockland (+33.3%), Sullivan (+18.9%), and Orange (+6.4%) Counties in second quarter 2021 compared to last year, while Putnam (-20%) and Westchester (-8.3%) Counties showed a decline in end of quarter inventory. Putnam (-46.7%), Sullivan (-41.3%), Westchester (-25.7%), Rockland (-20%), and Orange (-14.7%) Counties had less inventory available in Q2 2021 compared to Q2 2018.
The regional housing market continued to surge through the second quarter 2021, with prices and sales reaching all-time highs, fueled by rising optimism, improving economic conditions, and persistently low interest rates. Listings rose slightly, and the inventory shortage eased a bit, but we expect that strong demand will continue to push prices up through at least the end of the year.

The Pandemic-Era housing market has surged over the past year, starting with the lifting of the Lockdown restrictions last summer, which generated a tidal wave of pent-up buyer demand that flooded the market through the end of the year. In 2021, we’ve started to see a slight ebbing of this wave, as that post-lockdown surge of demand has largely worked its way through the market. We know it doesn’t look that way when compared to second quarter numbers of 2020, but that’s because they’re measured against the artificially-suppressed Lockdown results of last year’s second quarter. If you compare 2021 Q2 numbers to the 2019 results, you can see we’re still in a strong market, but not quite as frenzied as the fall numbers.

That said, even without the post-Lockdown surge of demand, we are still experiencing one of the strongest regional housing markets in history. What we have now is a robust but more normalized seller’s market driven mostly by fundamentals like good economic conditions, low interest rates, and limited supply, all of which continue to drive prices up.

We expect strong appreciation through at least the end of the year, because demand remains strong – rates are still low, and most importantly, supply continues to be tight. We’re at historically low levels of available homes right now, which will continue until enough homeowners see these impressive levels of appreciation and get tempted to put their homes on the market.

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.

Going forward, basic economics gives us reason to believe that more listings will start to come onto the market. If inventory, (i.e. "supply") is low, and demand is high, we can expect prices to increase due to too many buyers chasing too few homes. But when prices go up, more homeowners attracted by those higher prices will be tempted to put their home on the market. Accordingly, as prices go up, which we expect to happen, we should see more listings hit the market.

Key Takeaways from 2021 Q2:
- Sales continue to reach all-time highs.
- Prices are now at all-time highs.
- Pending sales continue to surge.
- Listings were up slightly, and inventory eased a little, but it’s still a seller’s market.
- Even with prices rising, low rates are keeping monthly payments near historic lows.
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Tune in monthly to the Housing Update!

The Housing Update teams up with housing experts, advocates, and professionals to explore housing challenges and solutions in the Hudson Valley. From the local real estate market trends to the impacts of COVID-19 and the affordability crisis, we’re analyzing statistics and exploring trends to help communities, developers, builders and non-profit agencies plan and construct housing that is affordable in the Hudson Valley region.

Visit: Pattern-for-Progress.org/housing-update