

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT



Q4 + ANNUAL
2021

In partnership with



HUDSON VALLEY REGIONAL HOUSING MARKET REPORT

The real estate market in 2021 continued the trend of dramatic price appreciation.

The data in this report provide a snapshot of 2021 as compared to prior years. The trends continue to show a dwindling inventory, rising median prices, and an increase in the percentage of list price received.

When comparing the median price of a home in 2020 to 2021, the data show the average increase is almost \$50,000 in the Hudson Valley. All the counties in the region show median prices that are well above the peak real estate years of the housing boom in the mid-2000s, with two exceptions: the median price in Putnam for 2021 is the same as what it was in 2006 and Westchester's median in 2021 of \$620,000 is still well below the median in 2007 of \$685,000.

In January 2021, the mortgage interest rate for a 30-year loan, according to Freddie Mac, was 2.65 and in December of 2021, it was 3.11, an increase of 46 basis points. Since that time, the rate has sharply increased another 45 basis points landing at 3.56, as of January 20, 2022. In the last 12 months the rate has jumped by almost 1%, which is significant. The question remains, will it temper the continued increase in the median price of a home in the Hudson Valley?

While the interest rate is an important part of the calculus in the market, inventory is still the major concern. From 2020 to 2021 the region has witnessed a continued decline in the number of homes for sale - from 8,003 to 5,657 a 29% drop, which is 2,346 less homes for sale on the market. And, when comparing the inventory of 2021 to 2019, the region saw an overall decline of 52%, or 6,120 homes.

The number of new listings has also declined throughout the region. There were 39,678 new listings in 2020 and 36,049 in 2021 - a drop of 3,629, or 9.1%. The new listings data for 2017 through 2020 was essentially flat, ranging from 39,678 to a high of 40,320.

There are many factors that affect the housing market. Some of those key factors are inflation and the interruptions in the supply chain. As the price of food, gas, and other household goods climbs, consumers have less money available to spend on housing. The construction industry is still having challenges getting building materials and also dealing with the lack of a workforce, which slows development of both single-family and multifamily homes.

There are dozens of opinions by economists, professional market analysts, and trade associations. What we do know is that the pandemic is still affecting the housing market, as is the future of remote work, demographic shifts from large metro centers to smaller cities, and other factors like student debt.

The general feeling among leading economists is that the 2022 housing prices will continue to climb, but at a much slower rate. The National Association of Realtors Chief Economist, Lawrence Yun said, "All markets are seeing strong conditions and home sales are the best they have been in 15 years. The housing sector's success will continue, but I don't expect next year's performance to exceed this year's."

Data from the Hudson Valley show that Yun is likely correct. The Center for Housing Solutions will track the trends carefully in 2022 to see which direction our regional and local housing markets are headed.

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 Q4 + Annual 2021 edition of the Regional Housing Market Report.

MARKET SNAPSHOT

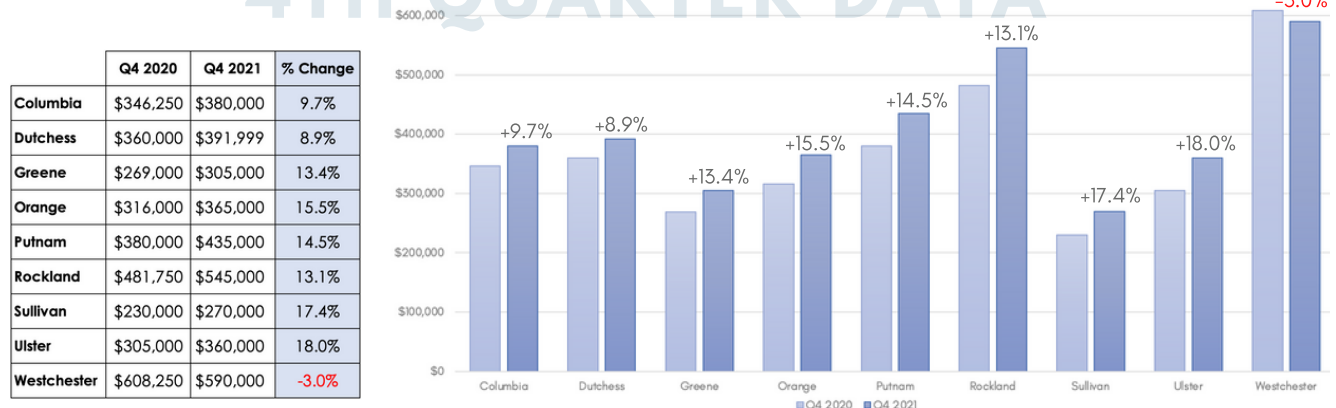
4TH QUARTER DATA

	New Listings			Closed Sales			Homes for Sale			Months of Inventory (Supply)		
	Q4 2020	Q4 2021	% Change	Q4 2020	Q4 2021	% Change	Q4 2020	Q4 2021	% Change	Q4 2020	Q4 2021	% Change
Columbia	291	210	-27.8%	323	221	-31.6%	553	295	-46.7%	6.8	4.1	-39.7%
Dutchess	1,063	786	-26.1%	1,261	937	-25.7%	1,212	631	-47.9%	3.9	2.1	-46.2%
Greene	310	240	-22.6%	353	239	-32.3%	546	309	-43.4%	6.8	3.9	-42.6%
Orange	1,272	1,041	-18.2%	1,607	1,313	-18.3%	1,228	744	-39.4%	2.9	1.8	-37.9%
Putnam	417	295	-29.3%	517	390	-24.6%	383	224	-41.5%	2.8	1.8	-35.7%
Rockland	844	669	-20.7%	1,082	954	-11.8%	732	330	-54.9%	2.7	1.2	-55.6%
Sullivan	349	303	-13.2%	448	357	-20.3%	1,000	867	-13.3%	8.4	7.8	-7.1%
Ulster	657	502	-23.6%	829	611	-26.3%	868	528	-39.2%	3.9	2.8	-28.2%
Westchester	2,720	2,242	-17.6%	3,212	2,697	-16.0%	2,727	1,729	-36.6%	3.2	1.9	-40.6%
HV Region	7,923	6,288	-20.6%	9,632	7,719	-19.9%	9,249	5,657	-38.8%			

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q4 2021

MEDIAN SALES PRICE

4TH QUARTER DATA



Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q4 2021

MARKET SNAPSHOT

Q4 2021

NEW LISTINGS

New listings in the Hudson Valley were down 20.6% compared to fourth quarter 2020, with 1,635 fewer homes added to the market during the last quarter. Every county in the region showed more than a 13% decline in homes listed for sale during the final quarter of 2021, with the largest decreases in Putnam (-29.3%), Columbia (-27.8%), and Dutchess (-26.1%) counties as compared to the same time last year.

Q4 2021

CLOSED SALES

There were 7,719 closed sales in the Hudson Valley during fourth quarter 2021, down 19.9% from the same time period in 2020, with 1,913 fewer closings in the region. Every county had fewer closings during the last quarter of 2021, with the greatest reductions in Greene (-32.2%), Columbia (-31.6%), Ulster (-26.3%), Dutchess (-25.7%), and Putnam (-24.6%) counties.

Q4 2021

HOMES FOR SALE

The number of homes for sale continues its downward trend in fourth quarter of 2021, with 38.8% fewer homes for sale in the region as compared to the same time last year. Every county saw steep declines in the number of homes for sale at the end of the quarter, with several counties showing nearly half as many listings available, the most significant decreases were in Rockland (-54.9%), Dutchess (-47.9%), Columbia (-46.7%), Greene (-43.4%), and Putnam (-41.5%) counties.

Q4 2021

MONTHS OF INVENTORY

Months of inventory (supply) was down in every county of the region in the fourth quarter of 2021, with Rockland (-55.6%), Dutchess (-46.2%), Greene (-42.6%), and Westchester (-40.6%) counties showing the largest changes in available supply. Several counties are now in a severe seller's market, showing less than 2 months of inventory available for buyers including Westchester (1.9), Orange (1.8), Orange (1.8) and Rockland (1.2).

Q4 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. Buyers continue to compete in a highly competitive real estate market here in the Hudson Valley, creating significant upward pricing pressure.

The median sales price rose for every county in the region in the last quarter of 2021, with the exception of Westchester, which saw prices decrease by 3% from the same time period in 2020. Every other county in the Hudson Valley saw gains of \$30,000 or more during the fourth quarter of 2021, with Rockland county seeing the largest median sales price increase of \$63,250, up 13.1% from 2020. Ulster county showed the largest percentage gain in sales price, up 18% over fourth quarter 2020. Sullivan (+17.4%), Orange (+15.5%), and Putnam (+14.5%) counties also showed notable gains in median sales price during this time.

INVENTORY OF HOMES

INVENTORY OF HOMES

Single Family, Condos, Townhomes | Q4 2017 - Q4 2021

	Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021	# change 2020 - 2021	% change 2020 - 2021	# change 2017 - 2021	% change 2017 - 2021
Columbia	712	726	666	553	295	(258)	-46.7%	(417)	-58.6%
Dutchess	1,584	1,490	1,437	1,212	631	(581)	-47.9%	(953)	-60.2%
Greene	811	786	635	546	309	(237)	-43.4%	(502)	-61.9%
Orange	1,826	1,808	1,808	1,228	744	(484)	-39.4%	(1,082)	-59.3%
Putnam	472	463	576	383	224	(159)	-41.5%	(248)	-52.5%
Rockland	952	982	1,130	732	330	(402)	-54.9%	(622)	-65.3%
Sullivan	1,136	1,290	1,287	1,000	867	(133)	-13.3%	(269)	-23.7%
Ulster	1,352	1,222	1,223	868	528	(340)	-39.2%	(824)	-60.9%
Westchester	2,784	2,861	3,015	2,727	1,729	(998)	-36.6%	(1,055)	-37.9%
HV Region	11,629	11,628	11,777	9,249	5,657	(3,592)	-38.8%	(5,972)	-51.4%

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q4 2021

TOTAL INVENTORY OF HOMES

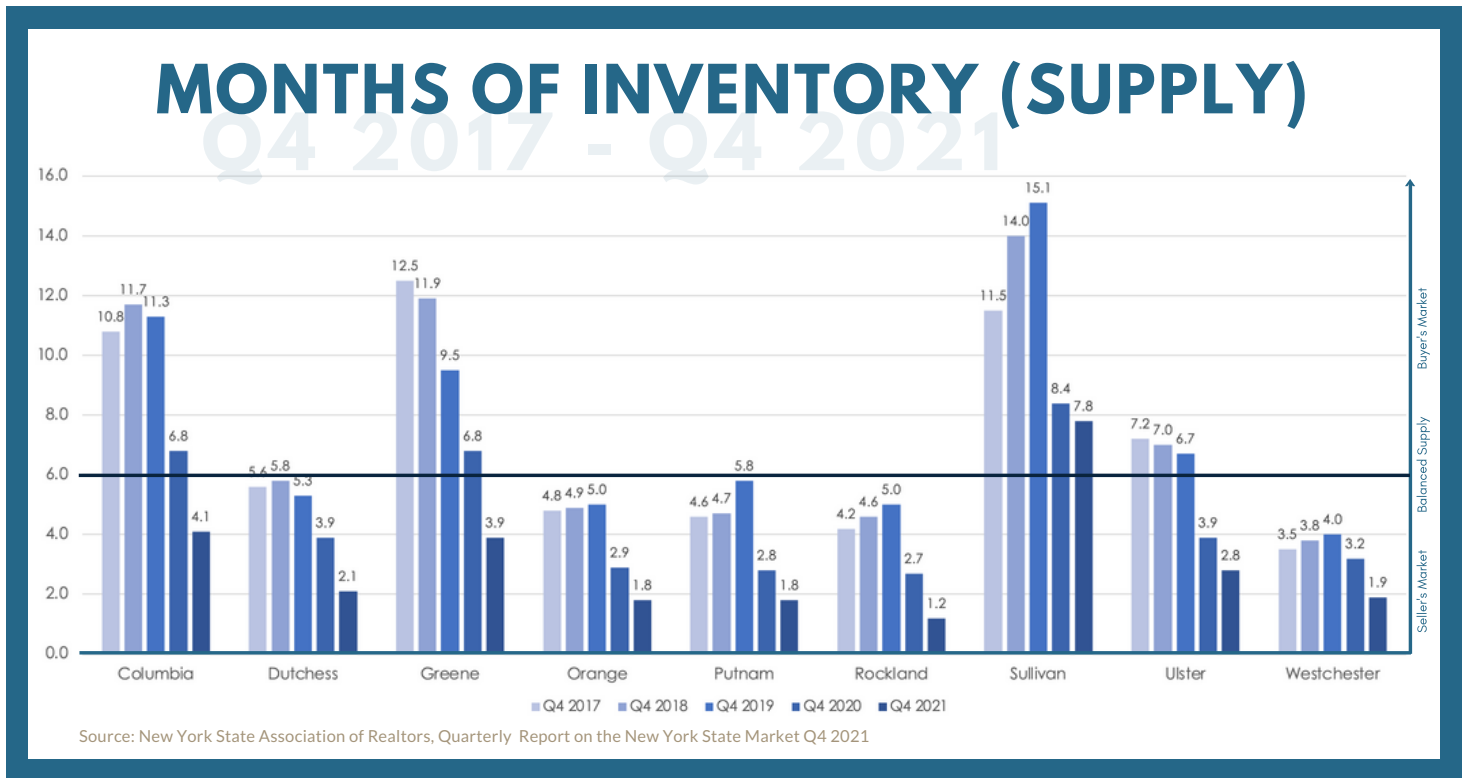
Q4 2017 - Q4 2021

At the end of fourth quarter 2021, every county in the Hudson Valley region showed further declines in inventory as compared to the fourth quarter of 2020. The region as a whole had 3,592 fewer homes available for sale by year end, down 38.8% from the end of 2020. The most notable decreases in inventory were in Rockland (-54.9%), Dutchess (-47.9%), Columbia (-46.7%), and Greene counties (-43.4%) compared to fourth quarter 2020.

The region had less than half of the amount of housing inventory available for sale compared to year end 2017, down 51.4% in fourth quarter 2021. The largest declines were in Rockland (-65.3%), Greene (-61.9%), Ulster (-60.9%), and Dutchess (-60.2%) compared to inventory levels in fourth quarter 2017.

Most of the region has experienced declining inventory levels with increasing competition among buyers, creating intense upward pricing pressure. The constricted inventory has further intensified in the Hudson Valley through 2021, leaving most counties in severe Seller's Markets.

MONTHS OF INVENTORY



MONTHS OF INVENTORY (SUPPLY)

Q4 2017 - Q4 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 six months of inventory a "balanced supply." Fewer than six months is considered a "seller's market" and more than six 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 declines in supply during the fourth quarter of 2021, pushing six counties to fewer than three months of inventory available for potential buyers: Rockland (1.2), Orange (1.8), Putnam (1.8), Westchester (1.9), Dutchess (2.1), and Ulster (2.8), clearly indicating a very strong Seller's Market.

With fewer homes listed for sale in the last quarter of 2021, housing inventory remains constricted, creating fierce competition for the limited supply of homes. This drives median sales prices upward.

TWO- TO FOUR-FAMILY

MARKET DATA 2017 - 2021

LOWER HUDSON VALLEY | TWO- TO FOUR-FAMILY HOMES

MEDIAN SALE PRICE

	Q4 2018	Q4 2019	Q4 2020	Q4 2021	\$ change 2020 - 2021	% change 2020 - 2021	\$ change 2018 - 2021	% change 2018 - 2021
Orange	\$202,500	\$240,500	\$261,000	\$311,500	\$50,500	19.3%	\$109,000	53.8%
Putnam	\$375,000	\$320,375	\$432,500	\$585,750	\$153,250	35.4%	\$210,750	56.2%
Rockland	\$366,250	\$421,549	\$414,000	\$560,000	\$146,000	35.3%	\$193,750	52.9%
Sullivan	\$77,500	\$101,250	\$140,000	\$150,000	\$10,000	7.1%	\$72,500	93.5%
Westchester	\$500,000	\$589,000	\$645,000	\$712,000	\$67,000	10.4%	\$212,000	42.4%

TOTAL CLOSED SALES

	Q4 2018	Q4 2019	Q4 2020	Q4 2021	\$ change 2020 - 2021	% change 2020 - 2021	\$ change 2018 - 2021	% change 2018 - 2021
Orange	60	66	60	102	42	70.0%	42	70.0%
Putnam	3	6	6	10	4	66.7%	7	233.3%
Rockland	30	20	18	37	19	105.6%	7	23.3%
Sullivan	14	4	9	16	7	77.8%	2	14.3%
Westchester	177	173	160	173	13	8.1%	(4)	-2.3%

END OF QUARTER INVENTORY

	Q4 2018	Q4 2019	Q4 2020	Q4 2021	\$ change 2020 - 2021	% change 2020 - 2021	\$ change 2018 - 2021	% change 2018 - 2021
Orange	138	92	94	63	(31)	-33.0%	(75)	-54.3%
Putnam	16	11	6	2	(4)	-66.7%	(14)	-87.5%
Rockland	41	28	33	16	(17)	-51.5%	(25)	-61.0%
Sullivan	39	36	31	36	5	16.1%	(3)	-7.7%
Westchester	181	147	140	128	(12)	-8.6%	(53)	-29.3%

Source: Hudson Gateway Association of Realtors, 2021 4th Quarter Residential Real Estate Sales Report

Analyzing the real estate market data for two- to four-family homes provides a broader view 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. As single family home values have increased, rental housing is in higher demand pushing the general cost of rent and property values of multi-family units higher, as well.

The impacts of the COVID-19 eviction moratoriums 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 (+35.4%) and Rockland (+35.3%) counties showed the largest percentage increase in multi-family home values in fourth quarter, with Putnam gaining \$153,250 in Median Sale Price over same quarter 2020. Sullivan showed the largest percentage gain since 2018, up 93.5%, while Westchester County gained \$212,000 and Putnam County gained \$210,750 in values compared to fourth quarter 2018.

Closed sales were up in Rockland (+105.6%), Sullivan (+77.8%), Orange (+70.0%), and Putnam (+66.7%) counties in fourth quarter 2021 compared to the same time last year. Looking back to fourth quarter 2018, Putnam (+233.3%), Orange (+70%), Rockland (+23.2%), and Sullivan (+14.3%) counties all saw more closed sales of 2-4 family homes in the fourth quarter of 2021, only Westchester County was the exception down 2.3% in closed sales compared to the end of 2018.

Inventory was down in Putnam (-66.7%), Rockland (-51.5%), Orange (-33.0%), and Westchester (-8.6%), but up in Sullivan (+16.1%) compared to fourth quarter 2020. Compared to fourth quarter 2018, all counties saw decreases in the available inventory of 2-4 family homes.

ANNUAL HOUSING INVENTORY

ANNUAL DATA 2017-2021

NEW LISTINGS

	2017	2018	2019	2020	2021	# change 2020 - 2021	% change 2020 - 2021	# change 2017 - 2021	% change 2017 - 2021
Columbia	1,569	1,529	1,464	1,476	1,131	(345)	-23.4%	(438)	-27.9%
Dutchess	5,430	5,032	5,291	5,207	4,337	(870)	-16.7%	(1,093)	-20.1%
Greene	1,687	1,703	1,534	1,472	1,284	(188)	-12.8%	(403)	-23.9%
Orange	6,285	6,318	6,258	6,256	5,793	(463)	-7.4%	(492)	-7.8%
Putnam	1,859	1,865	2,068	2,009	1,704	(305)	-15.2%	(155)	-8.3%
Rockland	4,026	4,074	4,257	4,125	3,777	(348)	-8.4%	(249)	-6.2%
Sullivan	2,050	2,038	1,867	1,831	1,730	(101)	-5.5%	(320)	-15.6%
Ulster	3,702	3,408	3,707	3,357	2,741	(616)	-18.3%	(961)	-26.0%
Westchester	13,712	13,875	13,686	13,945	13,552	(393)	-2.8%	(160)	-1.2%
HV Region	40,320	39,842	40,132	39,678	36,049	(3,629)	-9.1%	(3,793)	-9.5%

Source: New York State Association of Realtors, Annual Reports on the New York State Market 2018, 2019, 2020, 2021

New listings show how many homes have been added to the market during the year. The region was down 9.1% in new listings compared to 2020, with every county showing a decrease in the number of homes added to the market. Dutchess county had 870 fewer new listings added during 2021, down 16.7% from 2020. The five-year trend for the region also reflected lower rates of new listings, down 9.5%, with significant decreases in the rural counties of Columbia (-27.9%), Ulster (-26.0%), and Greene (-23.9%) compared to 2017.

TOTAL CLOSED SALES

	2017	2018	2019	2020	2021	# change 2020 - 2021	% change 2020 - 2021	# change 2017 - 2021	% change 2017 - 2021
Columbia	776	748	692	924	827	(97)	-10.5%	51	6.6%
Dutchess	3,368	3,169	3,286	3,431	3,746	315	9.2%	378	11.2%
Greene	772	786	793	903	893	(10)	-1.1%	121	15.7%
Orange	4,467	4,515	4,346	4,535	5,113	578	12.7%	646	14.5%
Putnam	1,194	1,218	1,198	1,447	1,596	149	10.3%	402	33.7%
Rockland	2,813	2,562	2,659	2,983	3,505	522	17.5%	692	24.6%
Sullivan	1,058	1,095	1,028	1,266	1,367	101	8.0%	309	29.2%
Ulster	2,231	2,142	2,247	2,369	2,374	5	0.2%	143	6.4%
Westchester	9,529	9,179	9,032	9,472	11,249	1,777	18.8%	1,720	18.1%
Hudson Valley	26,208	25,414	25,281	27,330	30,670				

Source: New York State Association of Realtors, Annual Reports on the New York State Market 2018, 2019, 2020, 2021

There were more closed sales during 2021, with 3,340 more closings than in 2020. Most notably, Westchester had 1,777 more closed sales in 2021, an 18.8% increase over 2020. Only Columbia (-10.5%) and Greene (-1.1%) counties saw fewer closed sales year over year. Looking back to 2017, every county had more closings in 2021, with Putnam (+33.7%), Sullivan (+29.2%), and Rockland (24.6%) showing the largest gains in the five-year trend.

ENDING INVENTORY

	2017	2018	2019	2020	2021	# change 2020 - 2021	% change 2020 - 2021	# change 2017 - 2021	% change 2017 - 2021
Columbia	712	726	666	434	295	(139)	-32.0%	(417)	-58.6%
Dutchess	1,584	1,490	1,437	1,018	631	(387)	-38.0%	(953)	-60.2%
Greene	811	786	635	411	309	(102)	-24.8%	(502)	-61.9%
Orange	1,826	1,808	1,808	1,021	744	(277)	-27.1%	(1,082)	-59.3%
Putnam	472	463	576	353	224	(129)	-36.5%	(248)	-52.5%
Rockland	952	982	1,130	655	330	(325)	-49.6%	(622)	-65.3%
Sullivan	1,136	1,290	1,287	945	867	(78)	-8.3%	(269)	-23.7%
Ulster	1,352	1,222	1,223	752	528	(224)	-29.8%	(824)	-60.9%
Westchester	2,784	2,861	3,015	2,414	1,729	(685)	-28.4%	(1,055)	-37.9%
HV Region	11,629	11,628	11,777	8,003	5,657	(2,346)	-29.3%	(5,971)	-51.4%

Source: New York State Association of Realtors, Annual Reports on the New York State Market 2018, 2019, 2020, 2021

With fewer new listings coming to market and increases in closed sales in 2021, the housing inventory has grown even tighter. The region ended 2021 with 2,346 fewer homes for sale, down 29.3% from 2020. Every county ended the year with less housing inventory, most notably declining in Rockland (-49.6%), Dutchess (-38.0%), Putnam (-36.5%), and Columbia (-32.0%). Looking back five years, the region had less than half of what was available at year end in 2017. The constricted inventory continues to drive buyer competition pushing prices upward.

ANNUAL MEDIAN SALES PRICE

ANNUAL DATA 2017-2021

	2017	2018	2019	2020	2021	# change 2020 - 2021	% change 2020 - 2021	# change 2017 - 2021	% change 2017 - 2021
Columbia	\$245,000	\$239,000	\$258,000	\$321,750	\$379,000	\$57,250	17.8%	\$134,000	54.7%
Dutchess	\$255,000	\$280,000	\$290,000	\$331,000	\$380,000	\$49,000	14.8%	\$125,000	49.0%
Greene	\$170,000	\$179,900	\$195,000	\$240,500	\$287,325	\$46,825	19.5%	\$117,325	69.0%
Orange	\$230,000	\$244,463	\$257,500	\$300,000	\$350,000	\$50,000	16.7%	\$120,000	52.2%
Putnam	\$315,000	\$335,000	\$340,450	\$360,000	\$410,000	\$50,000	13.9%	\$95,000	30.2%
Rockland	\$400,000	\$414,500	\$417,500	\$458,000	\$520,000	\$62,000	13.5%	\$120,000	30.0%
Sullivan	\$120,000	\$127,000	\$142,500	\$195,000	\$245,000	\$50,000	25.6%	\$125,000	104.2%
Ulster	\$215,000	\$229,900	\$248,000	\$282,500	\$338,500	\$56,000	19.8%	\$123,500	57.4%
Westchester	\$490,000	\$500,000	\$520,000	\$603,000	\$620,000	\$17,000	2.8%	\$130,000	26.5%

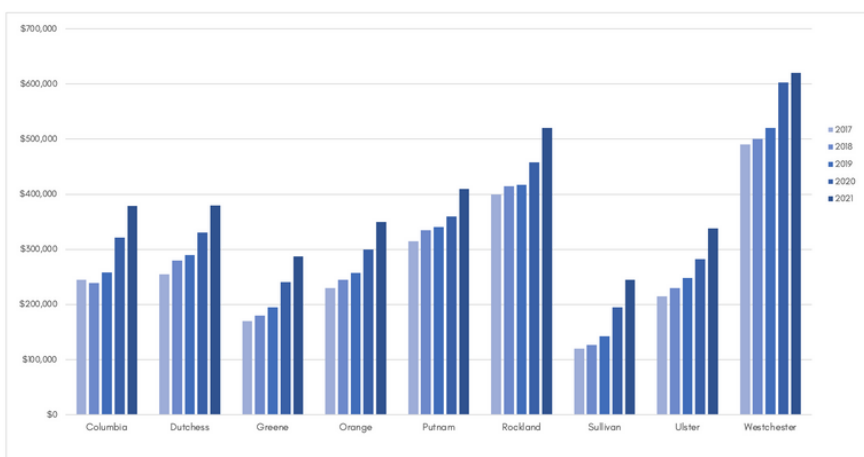
Source: New York State Association of Realtors, Annual Report on the New York State Market 2021

The median sales price was up in every county in 2021, with the most significant year-over-year gains in the region's most rural counties of Sullivan (+25.6%), Ulster (+19.8%), Greene (+19.5%), and Columbia (+17.8%). Rockland saw an increase of \$62,000 in median sales price over 2020, while every other county showed increases of \$49,000 or more, with the exception of Westchester, which was up \$17,000, just a 2.8% increase compared to 2020.

The rural counties also saw the largest gains over the last five years, with Sullivan up 104.2%, Greene up 69.0%, Ulster up 57.4% and Columbia up 54.7% compared to 2017. Every county in the Hudson Valley region showed price increases of \$95,000 or more over the last five years.

The percentage of list price is a measure of the final sale price of a home compared to the price it was originally listed for sale. The increases year-over-year, reflects sellers' increased negotiating power. Rockland, Orange, Dutchess, Putnam, Ulster, and Westchester all demonstrated sales at full asking price or higher during 2021.

The percentage of list price also showed growth over five years, with the largest increases in the rural counties of Sullivan (+5.1%) and Greene (+4.6%). The closer the list price is to 100% demonstrates Realtors having a strong sense of how to price the limited supply of homes on the market. However, there are a number of transactions that show sales prices that exceed 100% of list price, as bidding wars have become commonplace in this tight housing market, indicating that buyers are competing heavily for the homes available and driving sales prices above asking.



PERCENTAGE OF LIST PRICE

ANNUAL DATA 2017-2021

	2017	2018	2019	2020	2021	% change 2020 - 2021	% change 2017 - 2021
Columbia	94.9%	95.6%	95.3%	97.0%	98.7%	1.7%	3.8%
Dutchess	97.0%	97.4%	97.2%	98.5%	100.4%	1.9%	3.4%
Greene	94.0%	94.4%	95.1%	96.7%	98.6%	1.9%	4.6%
Orange	97.1%	97.4%	97.7%	98.4%	100.6%	2.2%	3.5%
Putnam	97.2%	97.8%	97.7%	98.3%	100.4%	2.1%	3.2%
Rockland	97.2%	97.5%	97.2%	98.0%	100.6%	2.6%	3.4%
Sullivan	92.1%	92.3%	92.6%	95.4%	97.2%	1.8%	5.1%
Ulster	96.5%	96.5%	96.6%	98.7%	100.2%	1.5%	3.7%
Westchester	98.0%	98.0%	97.8%	98.5%	100.0%	1.5%	2.0%

Source: New York State Association of Realtors, Annual Reports on the New York State Market 2018, 2019, 2020, 2021

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT

FIVE TAKEAWAYS FROM THE 2021 HOUSING MARKET



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

The fourth quarter of 2021 caps a two-year period that we've characterized as the "Pandemic Market." We started 2020 in a relatively normal market that felt like a rising seller's market, with slow but steady increases in sales and prices. Then, once the pandemic hit in March 2020, the lockdown restrictions and general public health concerns drove the market down dramatically, stifling buyer activity and dissuading most sellers from listing their homes. But that all changed in June, when the easing of concerns and the lifting of the lockdowns unleashed a veritable tidal wave of pent-up buyer demand that drove both sales and prices to dramatic highs through the rest of the year.

We entered 2021 cautiously but optimistically, with the market no longer hammered by the lock down but also no longer benefiting from the tidal wave of pent up demand. And through all of 2021, buyer demand was just relentless, continuing to push prices and sales up to unprecedented levels.

Now, we believe that the fourth quarter of 2021 is the last quarter of the "Pandemic Market" that began almost two years ago. We are still living with COVID-19, of course, particularly as the Omicron variant created another wave of infections across the region. And we will likely be dealing with COVID-19 for years, as our pandemic becomes endemic to society. But we believe that this is the last quarter in which we'll have to account for the effects of the pandemic in analyzing the housing market.

Specifically, as we examine the housing market in the fourth quarter of 2021, we need to constantly remind ourselves that any comparison to the fourth quarter of 2020 is going to be distorted by the impact of that tidal wave of demand that overwhelmed the market last year. The fourth quarter of 2020 was an anomaly, an aberration, so it's a misleading baseline to use for any comparisons to the current market.

The five takeaways from the 2021 Housing Market:

1) Sales reached record highs for the year.

If we look at the market from a longer-term perspective, sales were way up. Every county in the region shared in the prosperity, with significant sales increases for single-family homes, and most counties hitting calendar year sales records.

2) Prices surged through 2021, reaching all-time highs. Strong buyer demand, low rates, and limited supply all combined to push home prices to their highest level in the history of the regional market.

3) Listings are still down, making inventory tighter than ever. We need more homes to sell. The market is on fire right now, but we need more logs to keep the flames going. Listings were down sharply for the quarter compared to last year's fourth quarter.

4) Sellers have all the negotiating leverage in this strong seller's market. The seller's market continued to give negotiating leverage to sellers over buyers with ubiquitous bidding wars driving faster home sales at prices that are often higher than asking price.

5) The residential investment market remains tight. The residential investment market was strong throughout 2021, with the prices of both rentals and multifamily sales up sharply over the last five years.

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