

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT



Q2 2022

In partnership with



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

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Regional data from the second quarter indicate that the Hudson Valley housing market is likely moving through a transition. The coronavirus pandemic gave oxygen to an already hot market, but that fire appears to be burning itself out as the supply of homes for sale continues to shrink and higher interest rates cool the demand.

How do we know?

Three of the key housing metrics continue to trend downward across almost every part of the Hudson Valley. Fewer sales were closed in the second quarter, fewer new listings were added to the market, and the total number of homes for sale also took a dive. The supply continues to be low.

At the same time, the median price of homes that sold in the second quarter was about 12 percent higher across the region than compared to last year. Families who could find a home amid the shrinking supply were still willing to pay relatively high prices for them.

But that's no surprise. Our Center for Housing Solutions predicted that last quarter when we issued this report.

History (and economists) tell us that housing markets do not cool quickly when interest rates begin to rise. In fact, they get even hotter for a short period of time as potential home buyers rush to purchase homes before interest rates move higher and higher. The concept is pretty simple - rush to buy a house after the first interest bump, or risk the prospect of a larger mortgage after interest hikes two, three or four. The Federal Reserve has already raised interest twice, both by 0.75 percent. Economists believe additional rate increases will happen in the near term.

As we move through this transition, a few other factors should be watched closely.

First, what happens to rental prices? Many news outlets have been reporting on the rental housing crisis across the United States. Communities from coast to coast, including many in the Hudson Valley, are struggling to find solutions.

Skyrocketing rents are gobbling up a greater percentage of household incomes at a time when renters are already stressed by the rising costs of food, utilities and other essentials.

Second, are we able to build more housing to bolster the supply? Building more housing for renters and owners would typically help solve some of the supply and demand challenges that exist now. But the high cost of building materials, supply chain disruptions, and other disruptions make it difficult to build enough new housing to have an effect on the market now.

Lastly, our region has long known that the housing market ballooned because of the migration of thousands of people who moved into the Hudson Valley during the pandemic.

But now we have the numbers to show it.

Pattern for Progress released a new report that examined the migration of people into and out of the Hudson Valley during the first year of the pandemic. The data, culled from IRS tax returns that track the movement of people across the United States, showed that our region experience a net increase in population from migration for the first time in more than a decade. The Hudson Valley saw a net inflow of 33,394 people from New York City during 2020. More than 3,000 moved to our communities from Long Island. And we gained 570 new neighbors who moved here from Los Angeles. This affects housing and so much more. Find our new report by clicking here, and stay tuned for additional housing programs and analyses from Pattern in the coming months.

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 Q2 2022 edition of the Regional Housing Market Report.

MARKET SNAPSHOT

2ND QUARTER DATA

	New Listings				Closed Sales				Homes for Sale				Months of Inventory (Supply)			
	Q2 2020	Q2 2021	Q2 2022	% Change 2021-2022	Q2 2020	Q2 2021	Q2 2022	% Change 2021-2022	Q2 2020	Q2 2021	Q2 2022	% Change 2021-2022	Q2 2020	Q2 2021	Q2 2022	% Change 2021-2022
Columbia	369	389	305	-21.6%	188	193	170	-11.9%	605	487	311	-36.1%	9.3	5.9	4.8	-18.6%
Dutchess	1,289	1,440	1,320	-8.3%	561	881	713	-19.1%	1,583	1,175	867	-26.2%	6.3	3.3	3.1	-6.1%
Greene	324	393	354	-9.9%	147	217	223	2.8%	562	496	363	-26.8%	8.7	5.7	4.9	-14.0%
Orange	1,498	1,866	1,715	-8.1%	718	1,102	978	-11.3%	1,849	1,319	1,122	-14.9%	5.5	2.8	2.9	3.6%
Putnam	446	571	527	-7.7%	265	350	281	-19.7%	593	384	297	-22.7%	5.9	2.6	2.5	-3.8%
Rockland	953	1,259	1,126	-10.6%	479	819	623	-23.9%	1,149	775	574	-25.9%	5.4	2.5	2.2	-12.0%
Sullivan	431	606	496	-18.2%	199	347	281	-19.0%	1,193	1,022	888	-13.1%	13.1	7.9	8.7	10.1%
Ulster	789	878	851	-3.1%	387	582	451	-22.5%	1,014	731	652	-10.8%	5.5	3.2	3.9	21.9%
Westchester	3,268	4,591	3,967	-13.6%	1,730	2,777	2,611	-6.0%	3,764	3,244	2,376	-26.8%	5.5	3.2	2.7	-15.6%
HV Region	9,367	11,993	10,661	-11%	4,674	7,268	6,331	-12.9%	12,312	9,633	7,450	-22.7%				

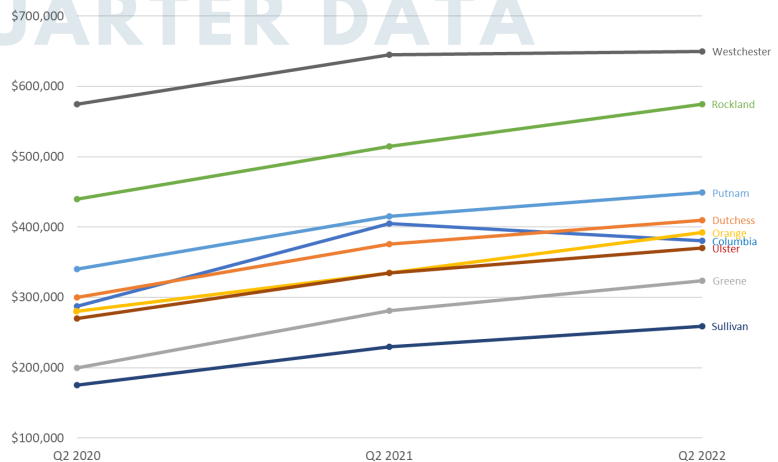
Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q2 2022

MEDIAN SALES PRICE

2ND QUARTER DATA

	Q2 2020	Q2 2021	Q2 2022	Change 2021-2022	
				%	\$
Columbia	\$287,500	\$405,000	\$380,250	-6.1%	-\$24,750
Dutchess	\$300,000	\$376,000	\$410,000	9.0%	\$34,000
Greene	\$200,000	\$281,000	\$323,500	15.1%	\$42,500
Orange	\$280,000	\$335,000	\$392,000	17.0%	\$57,000
Putnam	\$340,000	\$415,000	\$449,000	8.2%	\$34,000
Rockland	\$439,500	\$515,000	\$575,000	11.7%	\$60,000
Sullivan	\$175,000	\$229,900	\$259,000	12.7%	\$29,100
Ulster	\$270,000	\$334,950	\$370,000	10.5%	\$35,050
Westchester	\$575,000	\$645,000	\$650,000	0.8%	\$5,000

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q2 2022



MARKET SNAPSHOT

Q2 2022 NEW LISTINGS

New listings in the Hudson Valley were down 11% compared to second quarter 2021. Every county saw fewer homes listed for sale. The largest decreases in new listings were in Columbia (-21.6%) and Sullivan (-18.2%) counties as compared to second quarter 2021. While these values indicate an overall decrease in listings across the Mid-Hudson Region, new listings in Ulster County this quarter were comparable to second quarter 2021.

Q2 2022 CLOSED SALES

While closed sales showed notable gains throughout the Hudson Valley in the second quarter of 2021, most counties had a decrease in closed sales this quarter, with a regional decrease of 12.9%. The only exception was Greene County with a modest (2.8%) increase. The most significant decreases in sales volume were in Rockland (-23.9%), Ulster (-22.5%), and Putnam (-19.7%) Counties.

Q2 2022 HOMES FOR SALE

The number of homes for sale continues to trend downward this quarter, with 22.7% fewer homes for sale in the region as compared to the same time last year. Every county saw declines in the number of homes for sale at the end of the quarter, with the most significant decreases in Columbia (-36.1%), Westchester (-26.8%), and Greene (-26.8%) counties. In Westchester, this decrease equates to nearly 1000 fewer homes for sale than second quarter of last year.

Q2 2022 MONTHS OF INVENTORY

While months of inventory (supply) showed modest increases in Sullivan, Ulster, and Orange counties compared to second quarter 2021, nearly half of the region is still in a severe seller's market with less than 3 months of inventory. Sullivan County remains the only county with over 6 months of inventory, which is the common indicator of a balanced market. Overall, the availability of housing in the region is becoming increasingly scarce from year to year.

Q2 2022 MEDIAN SALES PRICE

Constricted housing inventory and persistently strong buyer demand once again forced the median sales price up in every county of the Hudson Valley region, except Columbia County, which showed a decrease of \$24,750. While Westchester County only had a modest increase of \$5,000, every other county in the region showed an increase of \$25,000 or more compared to the same time last year. With new listings down and the Inventory further constricted in second quarter 2022, sellers continue to have the upper hand in the real estate market in the Hudson Valley, creating significant upward pricing pressure.

The median sales price rose in eight out of nine counties. The most significant monetary increase was in Rockland County with a \$60,000 gain in value, and the most significant relative increase was in Orange County at 17% . Putnam County saw the largest gain in value at nearly \$75,000 compared to the first quarter of 2021. The majority of our counties reached historic peaks for median sales price in second quarter of 2021, and have only increased since.

Without a significant increase in the supply of homes on the market, continued demand will likely push prices higher.

INVENTORY OF HOMES

Single Family, Condos, Townhomes | Q2 2018 - Q2 2022

	Q2 2018	Q2 2019	Q2 2020	Q2 2021	Q2 2022	# change 2021 - 2022	% change 2021 - 2022	# change 2018 - 2022	% change 2018 - 2022
Columbia	885	874	605	487	311	(176)	-36.1%	(574)	-64.9%
Dutchess	1,943	1,961	1,583	1,175	867	(308)	-26.2%	(1,076)	-55.4%
Greene	927	818	562	496	363	(133)	-26.8%	(564)	-60.8%
Orange	2,226	2,221	1,849	1,319	1,122	(197)	-14.9%	(1,104)	-49.6%
Putnam	637	709	593	384	297	(87)	-22.7%	(340)	-53.4%
Rockland	1,319	1,424	1,149	775	574	201	-25.9%	745	-56.5%
Sullivan	1,272	1,531	1,193	1,022	888	(134)	-13.1%	(384)	-30.2%
Ulster	1,541	1,559	1,014	731	652	(79)	-10.8%	(889)	-57.7%
Westchester	4,358	4,418	3,764	3,244	2,376	(868)	-26.8%	(1,982)	-45.5%
HV Region	15,108	15,515	12,312	9,633	7,450	(2,183)	-22.7%	(7,658)	-50.7%

Source: New York State Association of Realtors, Quarterly Report on the New York State Market Q2 2022

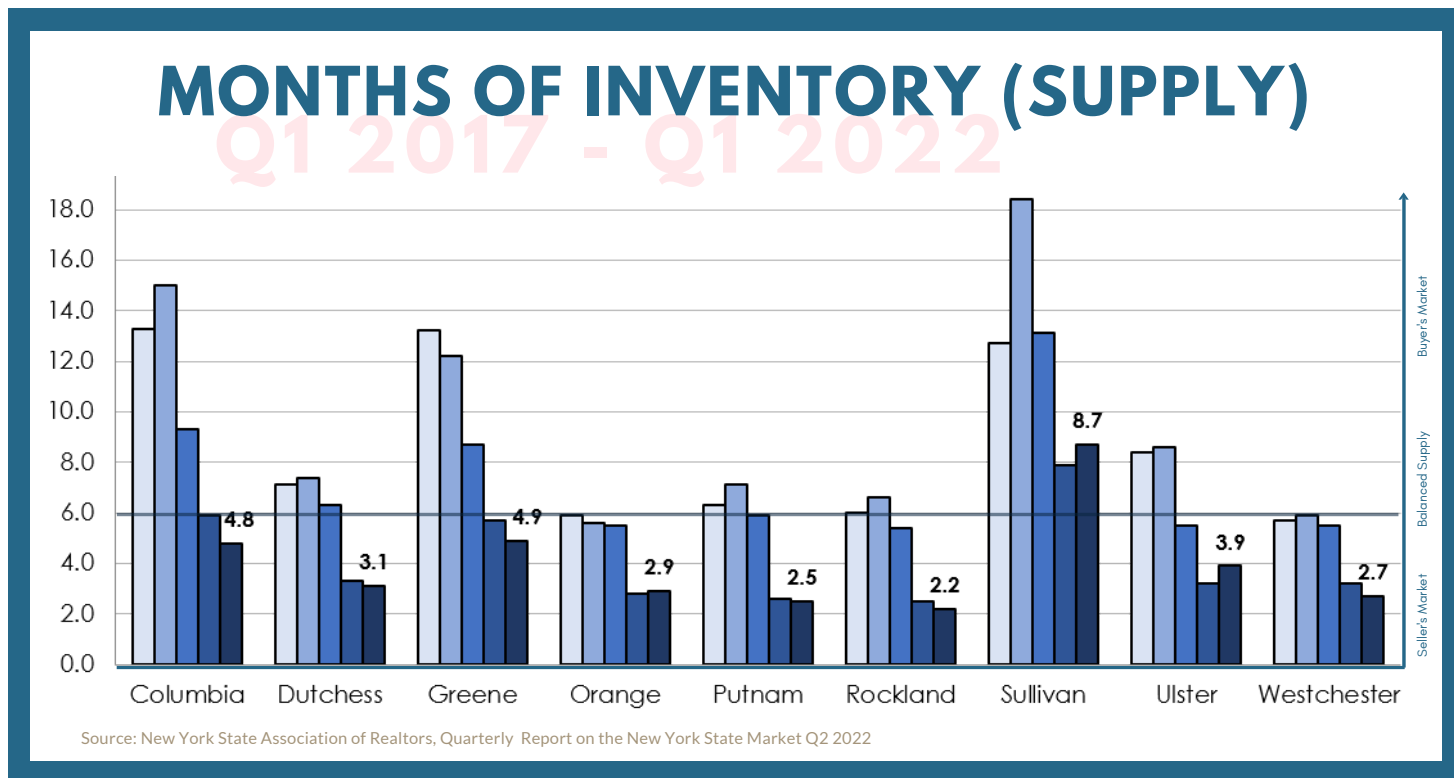
TOTAL INVENTORY OF HOMES

Q2 2018 - Q2 2022

The number of homes for sale continued to decline in every county across the Hudson Valley. This year, we can see a full two-year trend from the onset of the pandemic.

We began to see a decrease in supply even in the very beginning of the Covid-19 pandemic, in second quarter of 2020, when inventory took its first plunge of over 3000 homes across the region. Over the past five years, the inventory of homes has decreased by over 50%. A greater level of competition for fewer homes results in higher sales prices, including a large percentage of sales that are over the initial asking price. As long as housing is navigated as a supply-and-demand market issue, rather than a basic human right, this trend of decreased affordability is anticipated to continue.

There are two ways to increase the number of homes for sale: More owners put their homes on the market, or there is an increase in the number of new homes built. Home development is especially complicated now because of inflation, supply chain disruptions, and labor shortages, all of which push the cost of construction higher. Homebuilders must also forge through the local approval process, which is long and expensive. Considering, it is unlikely that the region will see the necessary increase in development in 2022. The lack of inventory creates a vicious cycle: those migrating to the Hudson Valley are willing to pay more to settle here, but existing residents who want to get into a home for the first time are priced out of bidding and often forced into rentals.



MONTHS OF INVENTORY (SUPPLY)

Q2 2018 - Q2 2022

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 upward pricing pressure, resulting in increased home values.

Seven of the nine counties in the Hudson Valley showed decreases in supply during the second quarter of 2022, a trend that established last year and continued. Only Sullivan County and Ulster County saw a small uptick in their supply of houses available on the market. Sullivan's 8.7 months of inventory was also the only balanced supply in the region.

It is also instructive to look at the trends that started at the onset of the pandemic. Over the past 24 months, the steepest declines in inventory have come in the region's most rural areas - Columbia, Greene, and Sullivan and Ulster. This underscores that many who purchased homes in our region were seeking to escape densely populated areas and settle in more rural areas with open space.

MARKET DATA 2019 - 2022

LOWER HUDSON VALLEY | TWO- TO FOUR-FAMILY HOMES

MEDIAN SALE PRICE

	Q2 2019	Q2 2020	Q2 2021	Q2 2022	# change 2021 - 2022	% change 2021 - 2022	# change 2019 - 2022	% change 2019 - 2022
Orange	\$215,000	\$250,000	\$285,000	\$303,750	\$18,750	6.6%	\$88,750	41.3%
Putnam	\$367,500	No Sales	\$525,000	\$505,000	-\$20,000	-3.8%	\$137,500	37.4%
Rockland	\$436,000	\$410,000	\$462,450	\$545,000	\$82,550	17.9%	\$109,000	25.0%
Sullivan	\$125,000	\$125,000	\$194,500	\$212,000	\$17,500	9.0%	\$87,000	69.6%
Westchester	\$550,000	\$590,000	\$666,500	\$710,000	\$43,500	6.5%	\$160,000	29.1%

TOTAL CLOSED SALES

	Q2 2019	Q2 2020	Q2 2021	Q2 2022	# change 2021 - 2022	% change 2021 - 2022	# change 2019 - 2022	% change 2019 - 2022
Orange	59	34	81	64	-17	-21.0%	5	8.5%
Putnam	4	No Sales	5	10	5	100.0%	6	150.0%
Rockland	26	7	24	25	1	4.2%	-1	-3.8%
Sullivan	6	1	16	17	1	6.3%	11	183.3%
Westchester	152	77	149	160	11	7.4%	8	5.3%

END OF QUARTER INVENTORY

	Q2 2019	Q2 2020	Q2 2021	Q2 2022	# change 2021 - 2022	% change 2021 - 2022	# change 2019 - 2022	% change 2019 - 2022
Orange	139	109	116	100	-16	-13.8%	-39	-28.1%
Putnam	20	10	8	8	0	0.0%	-12	-60.0%
Rockland	48	33	44	34	-10	-22.7%	-14	-29.2%
Sullivan	47	37	44	29	-15	-34.1%	-18	-38.3%
Westchester	222	208	180	207	27	15.0%	-15	-6.8%

Source: Hudson Gateway Association of Realtors, 2022 2nd Quarter Residential Real Estate Sales Report

Analyzing the real estate market data for two- to four-family homes provides a broader perspective of the real estate market. Small multi-family properties might be owner occupied with a tenant or tenants providing additional income to offset the homeowner's housing expenses, or they might 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.

Rockland County showed the largest percentage increase in multi-family home values in the second quarter, up 17.9% from 2021, gaining \$82,550 in median sale price. Putnam was the only county compared to second quarter of 2021 with a modest 3.8% decrease in value, \$20,000 lower than previous year median sales price. Interestingly, the rate of increase in median sales price for 2-4 family homes is noticeably lower than single-family homes; for example, in Orange County, median sales price values overall increased by 17%, while 2-4 family home values increased by only 6.6%.

As per closed sales, Putnam County had a noticeable doubling of sales this quarter compared to second quarter of last year. Westchester County had an increase of 11 sales (+7.4%) , while Orange was the only county with a decrease of 17 sales (21%). Across the board, the market for 2-4 family homes has made a rebound over the past two years, since a significant lull in second quarter of 2020. This is indicative of a regionwide preference for less density during the first few months of the pandemic, but a return of demand for investment opportunities since that time.

Across the region, inventory of multifamily homes has decreased along with inventory of all types. That said, few multifamily homes are for sale compared to single family homes. More than anything, this could indicate that relatively low development of multifamily homes in recent decades, although they offer greater affordability for both renters and owners.

HUDSON VALLEY REGIONAL HOUSING MARKET REPORT

STATE OF THE MARKET Q2 2022



Joseph Rand,
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Executive Director, Broker Public Portal

So is the party over? After two years of relentlessly surging sales and prices, has the seller's market in the New York northern suburbs of Westchester, Fairfield, and the Hudson Valley finally fizzled out? Should we start preparing for a buyer's market, with falling sales, prices, and a shift of power to purchasers?

The answer is "no, not quite yet." Yes, we're seeing clear signs that the historically strong seller's market that emerged after the pandemic lockdown in the middle of 2020 has cooled off. Second-quarter home sales were down from last year, falling 15% across the entire northern suburbs and down almost 8% in Westchester, 13% in the Hudson Valley, and 23% in Fairfield. (We saw an increase only in the Bronx, an urban market that did not have the same torrid activity over the past two years.)

Moreover, pending business, which consists of the number of deals that were put into contract during the quarter, similarly fell about 12% regionally from last year. Those numbers tell a clear story of a seller's market cooling, chilled by a surge in interest rates and increasingly skeptical buyers scared off by what two years of double-digit appreciation have done to pricing in the region.

But as we've said before, "cooling" does not mean "cold." The seller's market might be fading, but that doesn't mean we're going to see an immediate shift to a buyer's market. Indeed, we see several signs that the market might just be returning to a more normal, balanced state following an abnormally large two-year tidal wave of activity following the end of the lockdown restrictions, a surge in pandemic-driven urban-to-suburban migration, and the desire to lock in what were at the time historically-low interest rates.

Accordingly, we expect a softer transition to a more "normal and balanced" market rather than a severe correction to a buyer's market. For one thing, we believe it's a little misleading to compare this year's market to the high-water mark of last year, which was the strongest seller's market in the history of the region. Yes, the market is down from last year, but we could not have expected last year's torrid pace to continue.



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