



HOULIHAN LAWRENCE

SINCE 1888

Ten Years From The Financial Crisis: A Shifting Definition Of Value

A Decade of Change in Real Estate North of NYC

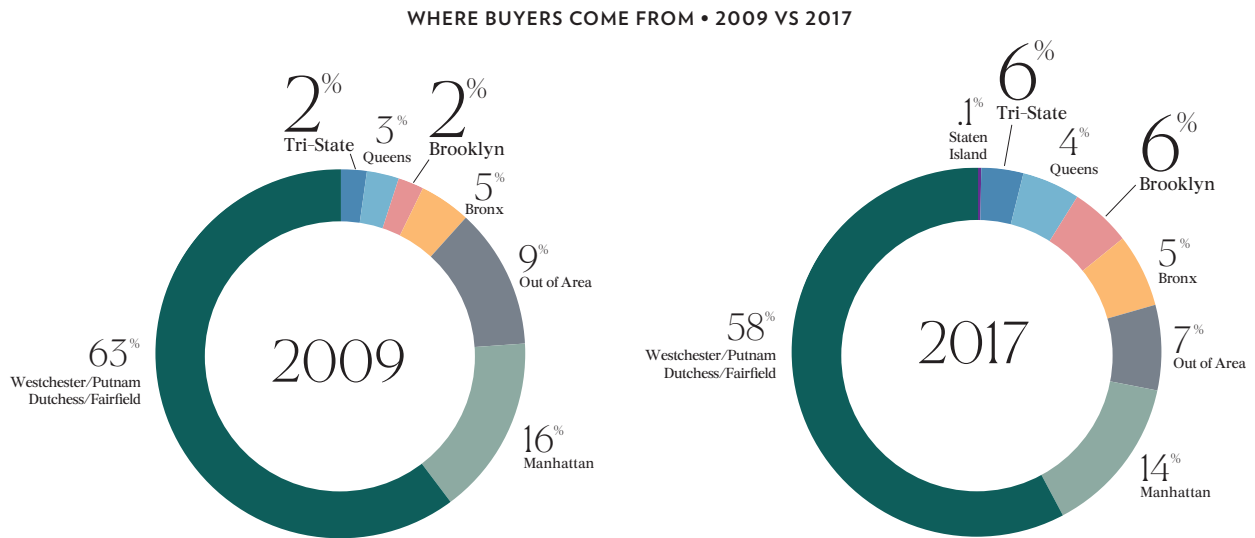
A decade since the most severe economic downturn since the Great Depression, we've seen a significant shift in buyer behavior. The post-crisis ripple, coupled with changing technologies and a demographic shift entering the housing market en masse, catalyzed a unique and perhaps once-in-a-lifetime confluence of events, redefining real estate as we know it.

Today's homebuyer is more informed than ever before, approaching the real estate transaction with a new perception of value. To commemorate ten years since the recession began, we performed a critical analysis of this changed landscape.

A MORE CAUTIOUS AND INFORMED GENERATION OF HOMEBUYERS HAS EMERGED.

Today's buyer feels a need for security in their home purchasing decisions. Millennials who came of age through the tumult entered professional life in times of tepid job growth and student loan debt. Many witnessed their parents endure significant financial loss, and as a generation overall they're earning less. As a result, their mindset as home buyers is informed by caution, analysis and pragmatism. They're underspending vs. overspending. Buyers from New York City are tolerating urban life and confined space longer. Marriage and kids are happening later when they feel stability and find firm financial footing.

Despite these headwinds, in the past decade the numbers of both buyers and units available have increased. Yet the demographics of where buyers are coming from have basically stayed the same. About 60% of homebuyers are staying within their community, 25-30% are coming out from NYC and 5-10% are coming from out of state or abroad. Interestingly, the numbers from Brooklyn have tripled from 2% in 2009 to 6% in 2017.



Source: 2009 & 2017, Houlihan Lawrence transactions database. Includes all Houlihan Lawrence buyers and buyers of Houlihan Lawrence listings. Tri-State includes NJ, NY (excluding Westchester, Putnam & Dutchess counties) and CT (excluding Fairfield). Out of Area is all other US States and International.

Today, some communities are lacking inventory in entry-level price points and demand for those homes remains very strong. In fact, bidding wars still exist in the entry price points. However, above that buyers are more likely to begin bidding below asking price, exercising a careful approach. The ultra-luxury market has seen a rebound this year, in particular homes with listing prices over \$5,000,000. In the absence of rapid price appreciation, the move-up buyer segment has declined from pre-recession numbers.

BUYERS ARE ARMED WITH MORE TECHNOLOGY AND INFORMATION THAN EVER BEFORE.

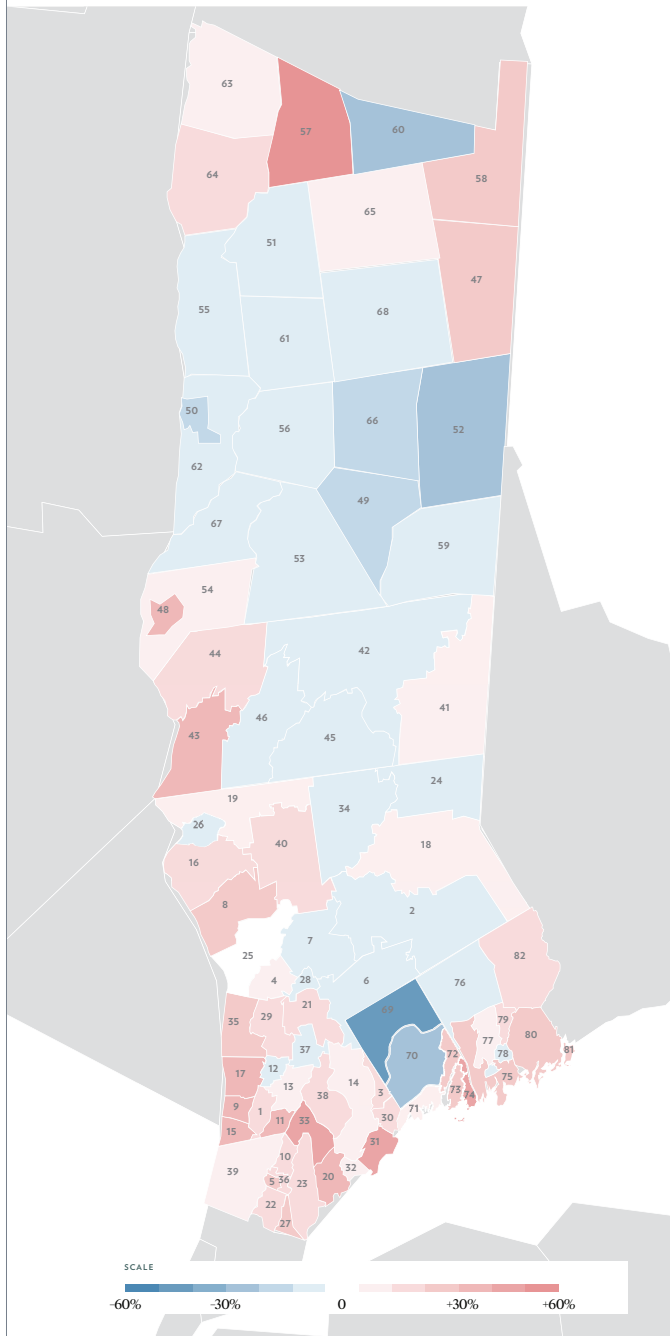
By the time today's buyer reaches an agent, they feel they already have most of the answers. Today's consumers have access to an incredible amount of technology and information online. The rapid audience growth of Zillow, Trulia and other real estate websites has made them increasingly influential in the industry. From looking up tax records to scrutinizing Zestimates, buyers and sellers are more data-driven than ever.

In the past decade, the mobile device phenomenon (the first iPhone was released just a year before the crisis began) has streamlined the real estate industry in terms of speed and mobility.

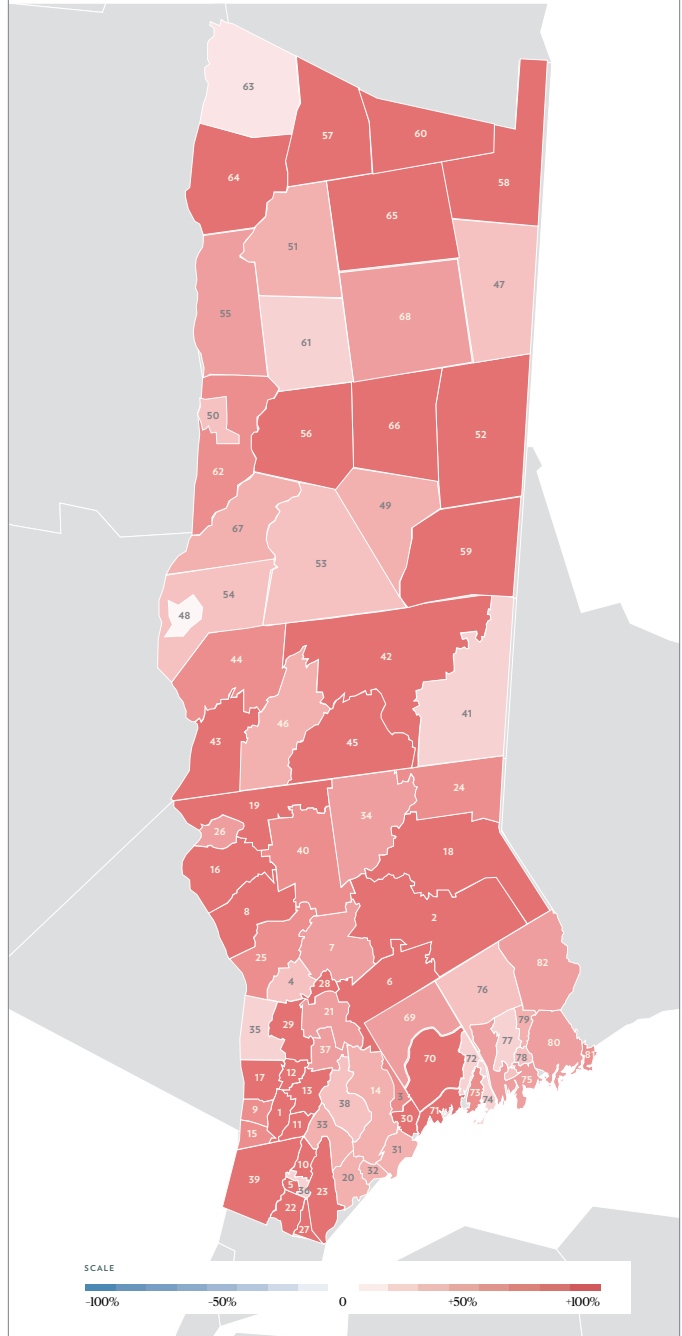
Social media, once optional for most industries, has become a mandatory and powerful tool for ours. Agents today rely on all forms of digital media to promote their listings and for consumers to absorb photography, videos, floor plans and additional information with just a click of a button—or tap of their finger. Factor in the ubiquity of mobile technology and access everywhere, at any time, and consumers research, shop, buy and sell 24x7x365.

While acquiring data has become easier, validating its accuracy has proven to be more difficult. The role of the agent and the client/agent relationship evolved as the agents were no longer the keeper of the data, but became a key resource in helping to explain and make sense of it.

**PERCENT CHANGE IN MEDIAN SALE PRICE
2017 VS 2009**



**PERCENT CHANGE IN NUMBER OF SINGLE FAMILY HOMES SOLD
2017 VS 2009**



WESTCHESTER COUNTY

- 1. Ardsley
- 2. Bedford
- 3. Blind Brook
- 4. Briarcliff Manor
- 5. Bronxville
- 6. Byram Hills
- 7. Chappaqua
- 8. Croton-Harmon
- 9. Dobbs Ferry
- 10. Eastchester
- 11. Edgemont
- 12. Elmsford
- 13. Greenburgh

- 14. Harrison
- 15. Hastings
- 16. Hendrick Hudson
- 17. Irvington
- 18. Katonah-Lewisboro
- 19. Lakeland
- 20. Mamaroneck
- 21. Mount Pleasant
- 22. Mount Vernon
- 23. New Rochelle
- 24. North Salem
- 25. Ossining
- 26. Peekskill

- 27. Pelham
- 28. Pleasantville
- 29. Pocantico Hills
- 30. Port Chester
- 31. Rye City
- 32. Rye Neck
- 33. Scarsdale
- 34. Somers
- 35. Tarrytown
- 36. Tuckahoe
- 37. Valhalla
- 38. White Plains
- 39. Yonkers
- 40. Yorktown

PUTNAM COUNTY

- 41. Brewster
- 42. Carmel
- 43. Garrison
- 44. Haldane
- 45. Mahopac
- 46. Putnam Valley

DUTCHESS COUNTY

- 47. Amenia
- 48. Beacon
- 49. Beekman

- 50. City of Poughkeepsie
- 51. Clinton
- 52. Dover
- 53. East Fishkill
- 54. Fishkill
- 55. Hyde Park
- 56. LaGrange
- 57. Milan
- 58. North East
- 59. Pawling
- 60. Pine Plains
- 61. Pleasant Valley
- 62. Poughkeepsie

- 63. Red Hook
- 64. Rhinebeck
- 65. Stanford
- 66. Union Vale
- 67. Wappinger
- 68. Washington

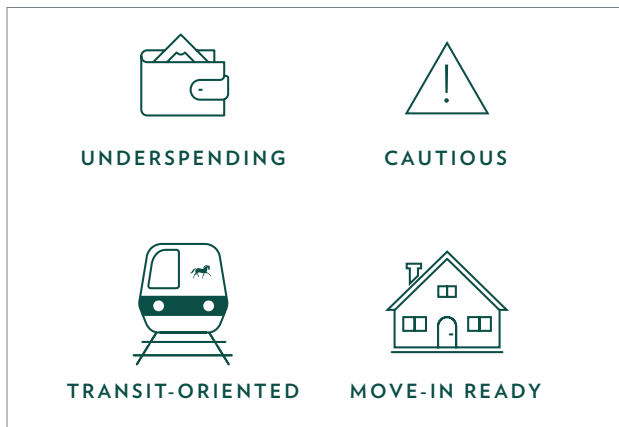
SOUTHERN FAIRFIELD COUNTY

- 69. Greenwich - North Parkway
- 70. Greenwich - South Parkway

- 71. Greenwich - South Post Rd
- 72. Cos Cob
- 73. Riverside
- 74. Old Greenwich
- 75. Stamford 06902
- 76. Stamford 06903
- 77. Stamford 06905
- 78. Stamford 06906
- 79. Stamford 06907
- 80. Darien
- 81. Rowayton
- 82. New Canaan

Source: HGMLS, MHMLS, GMLS, DMLS, NCMLS & SMRTMLS, 2009 & 2017, median sale price and number of single family homes sold in Westchester/Putnam counties by school district; Dutchess county, Darien, Rowayton and New Canaan by City/Town; Greater Greenwich by Area; and Stamford by zip code.

THE NEW GENERATION VALUES REAL ESTATE DIFFERENTLY THAN THEIR PREDECESSORS.



Today's buyer has re-prioritized and shown preference for a new set of needs. At a high level, they overwhelmingly favor a balance of convenience and community like never before. Many are willing to forgo amenities and large acreage for a property with less maintenance requirements that allows them to lead more experiential focused lifestyles.

While the origin of buyers to our markets hasn't materially changed, we are seeing a destination shift to transit-oriented locations and higher-density town centers less dependent on automobiles. Our data shows that homes in 2017 within half a mile of a train station sold 9% faster than those located further than a half mile away. Rental buildings are rising in Yonkers, White Plains and New Rochelle town centers. High-level trends show strong desire for condos, including 55-and-over product.

The places winning most are those coupling urban conveniences with the benefits of suburban living. High demand and constrained inventory in these communities have created a dynamic that also compels buyers to consider properties outside their initially-desired location. A buyer's search is often a journey that leads them from one community to another as they reevaluate their priorities and options.



BRIAN S. MURRAY

Associate Real Estate Broker

Bedford/Pound Ridge Brokerage

M 914.417.1510 O 914.234.2099

bmurray@HoulihanLawrence.com

brianmurray.houlihanlawrence.com

CONCLUSION

Today's homeowners approach their home's value much like their equity portfolio, monitoring its fluctuation monthly or yearly, though some argue real estate wasn't meant to be that way. The lasting effects of the

“Buyers overwhelmingly favor a balance of convenience and community like never before.”

recession have made buyers more aware that, like a stock, appreciation of real estate is not a guarantee. The price they ultimately pay has to reflect a value they feel can be sustained should they have the need to sell due to job loss, job relocation or simply the security of liquidity.

Our data shows us that today's buyers, though seemingly self-sufficient, ultimately rely on the experience of a local real estate agent to provide them the feet on the street knowledge and insight they can't find online.

We see the definition of value of a home shifting from simply dollars and cents to a generation of buyers that appreciates the merits of experiencing the lifestyle their home and community offers. As we look ahead to the next decade, we believe that Westchester, the Hudson Valley and Fairfield communities will continue to remain the gold standard. We anticipate a stable market with steady growth potential as a new generation discovers the benefits of living in our area.

