

- New tax law likely to benefit Greenwich’s \$3 million and under segment compared to Westchester County
- 4<sup>th</sup> Quarter dollar volume ▲ 46% YoY as Buyers stepped up for the pricier homes in 2017
- Price discount in \$10M-plus segment averaged 21% versus 7% for \$2M and under market
- Strength in the equity markets has been big plus for buyer confidence

**Tax Reform Potential Big Plus For Greenwich**

As I mentioned in my December 10th *dirt+dine+wine* blog, the tax plan (which is now law) could provide a big tailwind to the Greenwich real estate market in 2018. The loss in deductibility of property taxes (SALT) over \$10,000 should make Greenwich much more attractive to Buyers particularly when compared to Westchester. We expect the \$2-3 million market will be the biggest beneficiary since these homeowners are typically more financially sensitive to the tax consequences. This segment (detailed later) has been relatively flat this past year.

To give you an idea of how significant the tax implication can be, we ran a comparison of listing in the \$2.0-\$2.75 million range in both Greenwich and the Westchester markets of Rye and Scarsdale.

- According to the Hudson Gateway Association of Realtors, there are approximately 19 current active listings from in Scarsdale and Rye (we took out new builds as there was no reported tax basis.) The average tax bill for these 19 listings was \$46,000/year with square footage averaging 4,855.
- According to the Greenwich MLS, based on Central & Eastern Middle districts, there are 44 active listings averaging 4,200+/- square feet and a tax bill of \$17,000 per year.
- In the Western Middle district (which tends to include more back-country, larger lots) the average is \$18,000+/- in taxes per year with square footage averaging 4,700+/-.
- Tax savings of \$28,000-29,000 per year translates into about \$500,000 in buying power at current mortgage rates.
- The \$5 million-plus buyers in Greenwich may take a more of a wait-and-see attitude. The [New York Times](#) reported that the top end of NYC’s luxury market could see a 10% decline as a result of the new tax law.

**4Q2017 Total Closing Value Up 46% YoY...**

Real estate activity in the fourth quarter of 2017 ended on a very strong note. The number of single family homes and condo/co-op transactions in Greenwich increased 13% during 4Q2017 to 176 closings, while total valued traded year-over-year surged 46% to \$423 million. The average transaction size jumped 29% to \$2.4 million in the quarter. Part of the strength this quarter we believe is related to easier comparison

	Closing Activity—Single Family & Condo/Co-op					
	Fourth-Quarter 2017			Full Year		
	2017	2016	% Chg	2017	2016	% Chg
# Closed	176	156	▲ 13%	772	754	▲ 2%
Total Value (\$M)	\$423.0	\$289.6	▲ 46%	\$1,659.6	\$1,435.4	▲ 16%
Avg Price (\$M)	\$2.404	\$1.857	▲ 29%	\$2.150	\$1.904	▲ 13%

Source: 4Q17 closed sales from 10/1/2017 to 12/31/17 as reported to GMLS.

from 4Q16 when activity slowed down due to political uncertainty. However, as mentioned in our 3Q17 Snapshot, there has been increased activity in the \$5+ million segment this year. During 4Q17 alone, there were 15 closings in the \$5+ million segment (total value \$151 million) compared to 4 closings (\$33 million) in 4Q16.

**...While Full Year 2017 Rose 16%.** For the year, the number of transactions increased a mild 2% with the total value traded up 16% while the average price per transaction was up 13%. We attribute the pricing strength to the improvement at the upper end of the as more sellers became realistic on pricing along with the support of a strong stock market.

## Top End Of Market More Active When *The Price Is Right*

As we stated in our previous Snapshot, some fairly dramatic shifts are taking place in the market.

- The \$2.0-3.0 million segment was the only segment to post a decline in activity for both the quarter and year. In 4Q17, the number of transactions dropped 17% to 24 closings and for the year, transactions dropped 12% to 104 closings.
- The \$2 million and under segment was up 9% for the quarter and basically flat for the year in terms of number of closings.
- These two segment represents 80% of all transactions and 49% of the total value traded, so it's a big chunk and still an active market just not as robust as last year. We attribute the softness to millennial sentiment, some frothiness in pricing, strict mortgage underwriting requirements and the well-publicized fiscal issues with the state.

At the opposite end, the top of the market is seeing more life...but *only* when *the Price is Right*.

- The standout was the \$5-\$7.99 million segment with 47 closings in 2017 versus 24 the prior year, or \$291 million in value versus \$147 million in 2016, a 2x increase. This price point also had a good quarter as well, with 10 closings versus 3 the year before.
- The \$10-plus million segment is no shrinking violet either, with 4 reported closings in 4Q17 (for a total of \$79 million) and 8 closings (\$147 million) for full-year 2017.

We believe Buyers in this segment are now seeing more realistic pricing and are values are appropriate.

Activity By Price Point (\$ in millions)			
2017 Closings	#	Total Value	Avg Price
Up to \$2.0 M	511	\$ 551	\$1.08
\$2+ to \$3.0 M	104	254.8	2.45
\$3+ to \$5.0M	98	374.4	3.82
\$5+\$7.99M	47	291.5	6.20
\$8.0 to \$9.99M	5	45.0	8.99
\$10.0+ M	8	146.8	18.36
<b>Total</b>	<b>773</b>	<b>\$1,663.5</b>	<b>\$2.152</b>

2016 Closings			
2016 Closings	#	Total Value	Avg Price
Up to \$2.0 M	513	550.4	\$1.07
\$2+ to \$3.0 M	118	291.1	2.47
\$3+ to \$5.0M	90	345.0	3.83
\$5+\$7.99M	24	146.7	6.11
\$8.0 to \$9.99M	4	35.6	8.90
\$10.0+ M	5	66.7	13.34
	<b>754</b>	<b>\$1,435.4</b>	<b>\$1.904</b>

Source: GMLS

stepping up when the

## A Little Dirt on Pricing

The days on market (DOM) and original pricing/sold price data can be skewed by changing agents, being temporarily off market, expired, etc – but it's worth taking a look at. Not terribly surprising, but interesting particularly if you are entering the market as a buyer or seller in the next year:

- The lowest original price/sold price is found in the \$2 million and under segment, with an average discount of 7% and DOM of 130.
- The highest discount to original price/sold price is reported in the \$10-plus segment with an average price discount of 22% and average DOM of 223. (We eliminated 460 North for pricing due to some inconsistencies)
- The \$2-\$9.9 million segment shows an average 12% discount pricing and approximate 255 DOM.

**Listing Price Is Key If You Are A Seller.** Buyers are very educated and are unlikely to even dip their toe into making an offer if the listing price is too far from where they believe the market is. The common story from agents, a once reluctant seller unwilling to reduce the price, finally decides to get more realistic, reduces the price to where is actually should trade and then have a couple of bids. The sellers who step up first are likely to get the most looks.

## Some Dirt on The Condo/Coop Market

The condo/co-op market remains healthy, with a total of 205 transactions closed in 2017, versus 179 in 2016. Total value traded was up 16% to \$194 million compared to \$168 million for 2016. Average transaction size remained relatively stable at \$948,000. Interestingly, the number of condo/co-op that sold for \$2 million plus was 15, compared to 19 in 2016 and 18 in 2015.

**Absorption By Price Point**

	Closed Sales*	Actives	Avg Sales/ Per Month	Est Mo Supply
Up to \$2.0 M	511	224	43	5
\$2+ to \$3.0 M	104	107	9	12
\$3+ to \$5.0M	98	108	8	13
\$5+\$7.99M	47	58	4	15
\$8.0 to \$9.99M	5	12	<1	29
\$10.0+ M	8	32	1	48
<b>Total</b>	<b>773</b>	<b>541</b>	<b>64</b>	<b>8</b>

\*Trailing 12-month closings including SFH and Condo/Co-op.

The \$8 million-plus markets continues to have a backlog, however, the monthly supply of 29 and 48 is down from 42 and 63 months at the end of 3Q17.

**The Spring Market**

As we stated in the past, the Greenwich real estate market cannot be painted with a broad brush. The market consists of multiple sub-markets which are influenced and behave differently. Currently, Greenwich has about an 8-month supply which is considered tight. Equilibrium is considered around 12-months. However, we would point out that this is the seasonally lowest point for listings. Last January, the actives numbered 550.

By comparison, at the end of 3Q17, there were 741 active listings. As we enter the spring selling season, we expect a significant increase in new listing activity.

**The Chart Toppers**

**Greenwich Closings In 2017**

	Original PR\$	Sold PR\$	Address	Sold/Orig PR\$	DOM	SQFT	Yr Built	Acres	BD	FB/ HB
1	\$31,500,000	\$ 25,000,000	9 Sabine Farm Rd	79%	238	12,238	1910	19.5	8	9 4
2	20,000,000	22,000,000	460 North St	110%	379	15,500	1906	3.8	7	8 3
3	45,000,000	21,000,000	25 Lower Cross Rd	47%	790	8,038	1904	80.0	7	7 3
4	25,000,000	20,377,000	116 Oneida Dr	82%	147	9,781	1923	3.8	9	8 3
5	21,900,000	19,250,000	60/62 Oneida Dr	88%	29	9,173	1928	5.7	9	8 2
6	17,500,000	13,500,000	200 Guards Rd	77%	112	16,019	2004	31.0	7	8 5
7	16,500,000	13,065,000	6 Meadowcroft Ln	79%	65	10,533	1928	8.1	6	8 1
8	12,995,000	12,650,000	50 Byram Dr	97%	22	6,621	2000	1.0	5	5 2
9	10,900,000	9,800,000	21 Grove Ln	90%	372	13,038	1905	3.1	8	7 1
10	12,500,000	9,650,000	218 Clapboard Ridge Rd	77%	346	12,386	1929	5.1	8	8 3

Source: GMLS.



9 Sabine Farm Road  
Sold \$25,000,000 11/20/17



460 North Street  
Sold \$22,000,000 9/20/17



25 Lower Cross Road  
Sold \$21,000,000 11/21/17

**For additional information, please contact:**

Jeff Jackson | 917.846.5599 | jeff@centricpg.com | www.centricpg.com

**Centric Property Group • Licensed Real Estate Broker**

1075 E. Putnam Avenue 2nd Fl  
Riverside CT 06878  
203.625.9500 office