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3Q2018 SNAPSHOT | Greenwich

- Transactions and volume up in 3Q18, pricing off 12%.
- Year to date, Greenwich is holding its own.
- Buyers are patiently seeking value.
- Price it right, buyers will come.

“Greenwich Home Sales Jump as Buyers See Tax Break, Better Prices...”

...So states [Bloomberg](#) in an October 18th article. The article goes on to report that single-family sales surged 26% in Greenwich—the best third-quarter results in 6 years—all good news. While we like the news and will take it, one has to peel the onion a bit more. For instance, it is worth noting that 3Q17 sales per the Bloomberg chart declined over 20%, so the quarterly comparison was fairly easy.

Closing Activity—Single Family & Condo/Co-op

	Third Quarter 2018			Year To Date		
	2018	2017	% Chg	2018	2017	% Chg
# Closed	267	214	↑ 25%	588	596	— -1%
Total Value (\$M)	\$490.6	\$448.0	↑ 10%	\$1,233.0	\$1,236.5	— 0%
Avg Price (\$M)	\$ 1,837.4	\$ 2,093.5	↓ -12%	\$2.097	\$2.075	— 1%

Source: GMLS.

According to our analysis which includes both single-family homes and condos/co-ops data, the number of closed transactions increased 25% during the third quarter in Greenwich, while the total value traded increased 10% with average price per transaction declining 12%.

So what that suggests to us is that the demand is there, but at the right price, which is lower than a year ago. We agree with the article's sentiment that sellers are scaling back expectations on pricing and that Greenwich's more favorable tax environment is helping us relative to neighboring Westchester and New York City markets.

So where is the market to date? Basically flat in terms of number of trades, average price and total dollar traded—i.e., buyers are out there. Considering the rise in mortgage rates and new tax laws—this is as good as it gets.

Recently had the opportunity to be on a panel with two top New York City agents at a Merrill Lynch event. Both agents also indicated that pricing in New York City was off by 10-15%. The lower sales volume and significant new supply coming online is the greatest concern over the next 12-24 months.

Buyers Are Extremely Price Sensitive, Sellers Are Adjusting

Activity by price point varies significantly.

- The spread between original listing price to sold price averaged 10%. The \$2 million and under segment averaged an 8% price discount while \$5-7.99 million segment averaged 13%. Days on market increased with each price point.
- The market \$2 million and under is busy segment in dollars and number of transactions—375 trades to date, representing \$408 million dollars. This segment is off slightly, about 4% in volume and number, but average price is up 4%.
- The \$2-\$3 million market is up 16% in trades and volume with average price point flat.
- The price segment that has experienced the biggest slowdown is the \$5-7.99 million market. To date, there have been 28 transactions 28 versus 37 in 2017.

Activity By Price Point

(\$ in millions)

3Q YTD 2018	#	Total Value	\$/Transaction
Up to \$2.0 M	375	\$408	\$1.089
\$2+ to \$3.0 M	96	\$239	2.490
\$3+ to \$5.0M	78	\$294	3.771
\$5+\$7.99M	28	\$166	5.932
\$8.0 to \$9.99M	3	\$27	8.842
\$10.0+ M	8	\$99	12.378
Total	588	\$1,233	\$2.097

3Q YTD 2017

Up to \$2.0 M	395	423.2	1.071
\$2+ to \$3.0 M	83	203.9	2.457
\$3+ to \$5.0M	73	276.9	3.793
\$5+\$7.99M	37	229.4	6.199
\$8.0 to \$9.99M	4	35.3	8.825
\$10.0+ M	4	67.8	16.954
Total	596	\$1,236.5	\$2.075

Source: GMLS

- The \$10 million-plus market is seeing a bump in activity with 8 closed sales totaling \$99 million versus 4 trades for \$68 million in 2017. Buyers are seeing many properties below replacement cost and are stepping up.

As we discussed, overall buyers are educated and patient. Any flaw in a property is being magnified in today's market.

The Outlook

At the end of the third quarter, absorption rates were up slightly, to 16 months versus 13 at the end of the second-quarter. The biggest shift being in \$5-\$7.9 million segment, with absorption up to 37 months from 25 months from 2Q2108.

At the end of the second quarter, there were 788 active listings in Greenwich, compared to 820 at the end of the second quarter and 741 at the end 3Q2017, so supply is up a bit from year ago levels. As of 10/25/18, there are 757 active listings.

- Buyers.** The recent market pullback is providing the best buying opportunity since 2009 especially for trade-up and first-time buyers.
- Sellers.** Greenwich's competitive financial position and favorable tax structure continues to bring traffic to the market. However, there has been a recalibration in pricing of 10-15% since the peak of 2012/2013 so if the product is not priced at the readjusted levels, it will sit.

Absorption By Price Point As of 3Q18

	Closed Sales*	Actives	Avg Sales/Per Month	Est Mo Supply
Up to \$2.0 M	375	317	31	10
\$2+ to \$3.0 M	96	154	8	19
\$3+ to \$5.0M	78	175	7	27
\$5+\$7.99M	28	87	2	37
\$8.0 to \$9.99M	3	20	0	80
\$10.0+ M	8	35	1	53
Total	588	788	49	16

* Trailing 12-month closings including SFH and Condo/Co-op as of 9/30/18.

The Chart Toppers

Date	Address	Original PR\$	Sold PR\$	Price		Sqft	Acres	Yr Built	Bed	FB/	HB
				Discout	DOM						
3/8/2018	16 Walsh Lane	9,525,000	9,525,000	0%	-	6,287	1.14	2013	6	6	3
7/18/2018	65 Upper Cross Rd	10,500,000	10,500,000	0%	-	21,344	21.90	1997	9	8	3
1/18/2018	11 Skyridge Rd	13,500,000	11,100,000	-18%	130	11,229	4.99	2000	7	8	3
5/15/2018	2 Deerpark Meadow Rc	12,900,000	11,100,000	-14%	43	11,115	2.02	2008	8	10	3
6/1/2018	10 Plot Rock Lane	13,750,000	11,250,000	-18%	680	7,247	1.00	2008	5	5	3
6/26/2018	17 Woodside Rd	11,500,000	11,500,000	0%	-	10,533	2.40	1928	8	10	3
1/3/2018	11 French Rd*	13,145,000	12,075,000	-8%	406	10,500	2.00	2017	7	6	3
2/7/2018	51 Glen Avon Dr	15,900,000	14,500,000	-9%	188	8,916	1.52	2009	5	8	1
5/30/2018	207 Byram Shore Rd	32,000,000	17,000,000	-47%	1,728	12,788	3.28	1916	6	6	2

For additional information or complimentary Market Valuation on your property, please contact:

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