

HUDSON VALLEY REAL ESTATE REPORT

Hudson Valley Second Quarter Residential Sales Soar to Five-Year High

Staff Report

Editor's Note: The following is the full text version of the 2016 Second Quarter Residential Real Estate Sales Report for Westchester, Putnam, Rockland and Orange Counties, New York released recently by the Hudson Gateway Multiple Listing Service.

WHITE PLAINS—Prospective homebuyers who were out in force during the first several months of 2016 came to the closing table during the second quarter to post a five-year high of transactions.

Realtors in the four-county area comprising the Hudson Gateway Multiple Listing Service, a subsidiary of the Hudson Gateway Association of Realtors, reported 4,526 closings of single-family houses, condominiums, cooperatives and 2-4 family houses, an increase of 23% over the 3,669 closings reported in the second quarter of last year. The powerful second quarter results continued the strong recovery in this region that commenced in 2011.

The increases were largely concentrated in the single-family house sectors of the four counties. Overall, Putnam County had the largest increase in sales—32%—followed closely by Orange County at 30%. There were no decreases by county or by property type but for a few statistical artifacts in low-volume cooperative and multifamily sectors in Orange County.

For the past two or three years member Realtors have reported a gradual tightening of the availability of properties for sale in the region, reflecting that high sales volumes have been outpacing new listings. Up to now, this has not been too much of a problem; the main consequence being to slow the decision-making process of prospective purchasers as they take more time to find suitable properties. That may

be changing, however, as the second quarter closed with significant year-over-year double-digit decreases in inventory.

At the close of the second quarter of 2015 there were 12,400 for-sale properties recorded with the multiple listing service in its four-county service area and among the four property types. At June 30, 2016 there were 9,972 properties, a decrease of 20%. On a percentage basis, Putnam County inventory dropped the most—22%. On a volume basis, Westchester being the largest county, end-of-quarter inventory fell by 945 properties or 16% from last year at this date.

That sort of imbalance may have consequences: either price increases and/or diminished sales volumes. Putnam, Rockland and Orange counties all



year. Orange County followed at 6.0% and Rockland County at 4.9%.

Westchester on the other hand post-

price of cooperatives on the other hand was an increase of 6.9% from last year. The price graph (above) shows a lot of seasonality in prices, but it also shows that since 2013 the seasonal bumps themselves are trending flat.

Analysis

Each county is different as to its size, dominant property type, and price range, so it will take a few more months to discern the likely path of the region as a whole. Certainly the foundation forces affecting the real estate market are favorable for all. Mortgage interest rates are as low as they have ever been, and in this region at least, employment and job security are supportive of prospective purchasers. As always there are the wild cards that can affect real estate markets everywhere, current examples including "Brexit," Puerto Rico's insolvency issues, Federal Reserve rates, and not the least consequential, the upcoming elections. But, so far we are having an excellent run in our market.



posted second quarter price increases for the median sale price of single-family houses. Putnam County posted the largest percentage increase—8.5%—from \$289,500 last year to \$314,000 this

ed a 1.6% decrease in the median sale price of a single-family house, from \$660,500 to \$650,000. Its condominium median, \$356,438, also was down by 1.5%. The \$155,000 median

Legoland Building Case for Incentives for \$500M Resort

By John Jordan

GOSHEN—Will the Mid-Hudson Valley region in the next few years be home to not only a \$1-billion casino resort in Sullivan County, but a \$500-million LEGOLAND New York theme park and resort in Orange County? The approval process that will play itself out over the next six months or so will determine whether the Town of Goshen will be a future tourist destination for Lego enthusiasts young and old.

Officials with Merlin Entertainments plc spoke before the Orange County Industrial Development Agency and to more than 3,000 residents of Goshen and surrounding communities at an Open House earlier this month to lay out their plans for a \$500-million theme park and resort to be built here.

Representatives of Merlin appeared before the Orange County Industrial Development Agency on July 6th to apply for county sales tax incentives in connection with the project. The next day, Merlin staged an Open House for its LEGOLAND New York theme park and resort at the Palacio Catering & Conference Center in the Town of Goshen.

The project was well received by the scores of adults and children who packed the conference center during

the Open House program. Merlin's John Ussher, senior divisional director, Legoland Development, and John Jakobsen, chief new openings officer, made multiple presentations to inform attendees of the specific details of the project and how Merlin was to mitigate some of the concerns the Town of Goshen and its residents might have concerning the development.

The third Legoland park in North America in Goshen would mirror the successful concept of the six operating resorts in Florida, California, the United Kingdom, Germany, Malaysia and Denmark. The proposal for the LEGOLAND New York Resort includes a theme park with more than 50 rides, shows and attractions and a 250-room LEGOLAND Hotel. The theme park will be geared toward families with children ages 2 to 12.

Merlin Entertainments, the developer and operator of the proposed park, filed plans with the Town of Goshen last month and is hopeful that it can secure all necessary approvals by January 2017 and open the theme park in early 2019. Merlin will seek a zone change from the Town of Goshen on 153 acres of 523 acres it controls on a parcel that abuts Route 17 along Harriman Road



More than 3,000 people attended LEGOLAND New York's Open House event.

between exits 124 and 125. Merlin had considered sites all along the East Coast for the project. Merlin was also mulling properties in New Jersey and Virginia before deciding on pursuing the property off Harriman Road.

The developer will initially invest \$350 million in the development of the park and a total of more than \$500 million over the first five years of the theme park and resort. Ussher told *Real Estate In-Depth* that Merlin would be looking to secure a total of \$10 million in incentives from the State of New York. A spokes-

person for Empire State Development said that \$4.1 million in state funding has been committed thus far to the Legoland project, none of which has been disbursed to the company because ESD funds are performance-based. It is believed that Legoland has applied for additional state funding this year through the state's Consolidated Funding Application (CFA) process.

In addition, Ussher said that Merlin has met with officials with the New York State Department of Transportation

WESTCHESTER COUNTY

WESTCHESTER - Second Quarters 2013-2016					% Change
Property Type	2013 Q2	2014 Q2	2015 Q2	2016 Q2	2015-2016
NUMBER OF SALES, 2ND QUARTER					
Single Family Houses	1,425	1,232	1,336	1,643	23.0%
Condominiums	296	266	311	376	20.9%
Cooperatives	391	388	420	466	11.0%
2-4 Family	113	73	116	132	13.8%
Total	2,225	1,959	2,183	2,617	19.9%
NUMBER OF SALES - YEAR TO DATE (6/30)					
Single Family Houses	2,202	2,157	2,253	2,663	18.2%
Condominiums	508	444	553	656	18.6%
Cooperatives	674	728	762	868	13.9%
2-4 Family	191	156	235	277	17.9%
Total	3,575	3,485	3,803	4,464	17.4%
MEDIAN SALE PRICE					
Single Family Houses	650,000	651,250	660,500	650,000	-1.6%
Condominiums	344,750	363,750	362,000	356,438	-1.5%
Cooperatives	154,000	149,950	145,000	155,000	6.9%
2-4 Family	350,000	421,000	377,500	423,000	12.1%
MEAN SALE PRICE					
Single Family Houses	859,861	874,026	866,707	841,824	-2.9%
Condominiums	424,403	433,874	449,215	434,512	-3.3%
Cooperatives	190,612	177,028	182,389	182,621	0.1%
2-4 Family	354,491	419,947	381,369	406,052	6.5%
END OF QUARTER INVENTORY					
Single Family Houses	3,702	3,913	3,870	3,387	-12.5%
Condominiums	549	582	607	465	-23.4%
Cooperatives	1,485	1,384	1,126	950	-15.6%
2-4 Family	420	463	447	303	-32.2%
Total	6,156	6,342	6,050	5,105	-15.6%

ORANGE COUNTY

ORANGE - Second Quarters 2013-2016					% Change
Property Type	2013 Q2	2014 Q2	2015 Q2	2016 Q2	2015-2016
NUMBER OF SALES					
Single Family Houses	552	485	610	837	37.2%
Condominiums ¹	69	52	88	91	3.4%
Cooperatives ¹	-	1	2	1	-50.0%
2-4 Family	27	31	42	36	-14.3%
Total	648	569	742	965	30.1%
NUMBER OF SALES - YEAR TO DATE (6/30)					
Single Family Houses	928	897	1,123	1,518	35.2%
Condominiums ¹	140	112	146	174	19.2%
Cooperatives ¹	-	4	5	4	-20.0%
2-4 Family	59	55	86	91	5.8%
Total	1,127	1,068	1,360	1,787	31.4%
MEDIAN SALE PRICE					
Single Family Houses	239,750	232,500	209,950	222,500	6.0%
Condominiums ¹	170,000	164,750	151,625	135,000	-11.0%
Cooperatives ¹	na	38,500	41,250	36,000	-12.7%
2-4 Family	80,000	125,000	129,000	87,500	-32.2%
MEAN SALE PRICE					
Single Family Houses	257,328	259,375	237,740	230,490	-3.0%
Condominiums ¹	183,095	171,003	161,828	154,705	-4.4%
Cooperatives ¹	na	38,500	41,250	36,000	-12.7%
2-4 Family	104,343	118,868	154,102	116,939	-24.1%
END OF QUARTER INVENTORY					
Single Family Houses	2,552	3,023	2,941	2,375	-19.2%
Condominiums ¹	300	273	240	222	-7.5%
Cooperatives ¹	na	na	11	8	-27.3%
2-4 Family ²	na	na	220	201	-8.6%
Total	2,852	3,296	3,412	2,806	-17.8%

¹ Condos & Cooperatives were counted together prior to 2014. The number of co-op sales was and is very slight and does not significantly affect totals or percentages.

² 2-4 Family House end of quarter inventory in Orange was not compiled prior to 2014.

PUTNAM COUNTY

PUTNAM - Second Quarters 2013-2016					% Change
Property Type	2013 Q2	2014 Q2	2015 Q2	2016 Q2	2015-2016
NUMBER OF SALES, 2ND QUARTER					
Single Family Houses	182	170	190	254	33.7%
Condominiums ¹	27	26	33	38	15.2%
Cooperatives ¹	0	2	3	1	0.0%
2-4 Family ²	1	6	3	9	200.0%
Total	210	204	229	302	31.9%
NUMBER OF SALES - YEAR TO DATE (6/30)					
Single Family Houses	297	298	352	467	32.7%
Condominiums ¹	46	45	61	72	18.0%
Cooperatives ¹	-	2	4	3	-25.0%
2-4 Family ²	2	10	8	15	87.5%
Total	345	355	425	557	31.1%
MEDIAN SALE PRICE					
Single Family Houses	310,500	285,000	289,500	314,000	8.5%
Condominiums ¹	203,000	226,500	240,000	217,000	-9.6%
Cooperatives ¹	0	53,950	42,000	30,000	0.0%
2-4 Family ²	160,000	176,000	175,000	265,000	51.4%
MEAN SALE PRICE					
Single Family Houses	345,591	341,255	356,100	369,731	3.8%
Condominiums ¹	220,179	264,216	280,328	278,798	-0.5%
Cooperatives ¹	0	53,950	38,167	30,000	0.0%
2-4 Family ²	160,000	164,333	175,000	316,472	80.8%
END OF QUARTER (6/30) INVENTORY					
Single Family Houses	894	956	955	748	-21.7%
Condominiums ¹	78	77	105	73	-30.5%
Cooperatives ¹	8	18	9	4	-55.6%
2-4 Family ²	38	30	33	31	-6.1%
Total	1,018	1,081	1,102	856	-22.3%

¹ Condominiums & Cooperatives were counted together prior to 2014. The number of co-op sales was and is very slight and does not significantly affect totals or percentages.

² 2-4 Family House end of quarter inventory in Putnam was not compiled prior to 2013.

ROCKLAND COUNTY

ROCKLAND - Second Quarters 2013-2016					% Change
Property Type	2013 Q2	2014 Q2	2015 Q2	2016 Q2	2015-2016
NUMBER OF SALES					
Single Family Houses	333	347	386	495	28.2%
Condominiums ¹	69	81	100	110	10.0%
Cooperatives ¹	24	23	19	23	21.1%
2-4 Family	10	12	10	14	40.0%
Total	436	463	515	642	24.7%
NUMBER OF SALES - YEAR TO DATE (6/30)					
Single Family Houses	587	609	694	854	23.1%
Condominiums ¹	156	155	179	196	9.5%
Cooperatives ¹	24	44	39	30	-23.1%
2-4 Family	18	31	30	29	-3.3%
Total	785	839	942	1,109	17.7%
MEDIAN SALE PRICE					
Single Family Houses	390,000	408,750	410,000	430,000	4.9%
Condominiums ¹	215,000	222,500	218,150	210,000	-3.7%
Cooperatives ¹	103,250	72,000	65,000	73,000	12.3%
2-4 Family	261,500	325,000	325,000	286,500	-11.8%
MEAN SALE PRICE					
Single Family Houses	402,398	432,894	423,171	465,795	10.1%
Condominiums ¹	253,917	246,894	248,874	248,397	-0.2%
Cooperatives ¹	118,510	89,404	82,000	91,239	11.3%
2-4 Family	281,720	290,167	349,000	292,536	-16.2%
END OF QUARTER INVENTORY					
Single Family Houses	1,034	1,027	1,379	1,204	-12.7%
Condominiums ¹	348	264	315	295	-6.3%
Cooperatives ¹	na	76	58	65	12.1%
2-4 Family ²	na	67	84	72	-14.3%
Total	1,382	1,434	1,836	1,636	-10.9%

¹ Condominiums & Cooperatives were counted together prior to 2014. The number of co-op sales was and is very slight and does not significantly affect totals or percentages.

² 2-4 Family House end of quarter inventory in Rockland was not compiled prior to 2014.

Legoland Building Case for Incentives for \$500M Resort in Orange County

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to discuss how best to make improvements to Exits 124 and 125 off of Route 17 to direct traffic most efficiently to the project site. He added that Merlin

County (approximately \$168,000). Over the duration of the 30-year PILOT, the payments would increase by 1.5% per year.



Merlin Entertainments' John Ussher and Orange County Executive Steve Neuhaus

Villasuso said that while the proposed PILOT is different than most agreements the IDA has entered into in the past, Merlin is proposing a significant increase in taxes from the onset. The current property taxes paid by the various owners of the Legoland parcels total \$91,185.05, according to Merlin's IDA application.

She added that Merlin officials also discussed with the IDA a proposed Host community agreement between Merlin and the Town of Goshen whereby the town would receive each year 65 cents per visitor to Legoland up to 2 million visitors and 20 cents per visitor after

expects the New York State DOT to fund the necessary road and bridge upgrades adjacent to its property.

Merlin representatives filed an application on June 29th that calls for \$13.5 million in incentives from the Orange County IDA. Merlin has requested \$10 million in sales tax exemptions for the construction of the project and another \$3.5 million in sales tax exemptions for fixtures and equipment in connection with the project. Merlin is also requesting a 30-year Payment in Lieu of Taxes (PILOT) agreement. Laurie Villasuso, chief operating officer of the Orange County IDA, stressed that the Merlin ap-

the 2-million visitor threshold was hit, with no cap.

Merlin officials estimate the project will generate a total of \$3 million in local taxes and fees each year: \$1 million to the Goshen School district, \$1.5 million to the Town of Goshen and \$500,000 to the county, including other local service fees.

Including annual increases, the taxes and fees will generate approximately \$108 million over 30 years of which \$38.4 million will go to the Goshen Central School District. Over the course of 30 years, LEGOLAND New York will pay \$52.6 million in PILOT payments alone,

jobs. In a presentation in June before Goshen Town Board members and Orange County officials, Merlin officials stated that the theme park and resort would be built as a prevailing wage project under a Project Labor Agreement with the local building trades. During peak season, the park when operational will create 500 full-time jobs and 300 part-time jobs. The total project would involve approximately 750,000 square feet of construction and will take two years to construct.

Merlin officials have stated that they plan to donate well water on the project to the adjoining Acadia Hills development and plan to purchase water from Goshen.

Ussher said Merlin has been pleased with the local community response to the project thus far, although there has been some opposition mobilized on mainly social media.

"LEGOLAND is committed to being a responsible and respectful member of the community and that is the purpose of this open house," Ussher said. "I think



Merlin's Ussher explains the fine points of the \$500-million project.



The LEGOLAND New York project will require considerable local and state financial incentives to move forward.



Merlin staged the Open House for its LEGOLAND New York theme park and resort at the Palacio Catering & Conference Center in the Town of Goshen.

plication includes preliminary estimates of incentives as well as ticket revenues and tax benefits from the development.

The proposed PILOT would begin upon the first year of operation of the theme park and resort and would total approximately \$1.4 million in payments from Merlin, that would be split between the Town of Goshen (approximately \$210,000), Goshen School District (approximately \$1 million) and Orange

of which \$38.4 million will go to the Goshen Central School District. LEGOLAND New York would also pay Orange County's hotel tax, generating approximately an additional \$850,000 annually to the county. Sales tax receipts at LEGOLAND New York would generate approximately an additional \$6 million annually, Merlin officials noted.

The Goshen project is expected to create approximately 800 construction

yesterday was a success as we got to know the people in this great community and they got to know us. I think everyone who came out to ask questions and understand the project now knows that Merlin will be responsible and respectful in Goshen and Orange County and bring many benefits to these communities"

Michael Sussman, an attorney representing opponents to the LEGOLAND New York project, wrote in an op-ed piece published in the *Middletown Times-Herald Record* that the project would create significant burdens to the area's infrastructure. He also criticized financial incentives the developer might receive while "county residents will have to expend millions to provide adequate infrastructure for Legoland."

He concluded his remarks by stating, "Legoland is radically out of scale with our area's infrastructure. When combined with the new casino in Monticello, building it would make traveling

much less convenient while spurring air pollution and profound strains on our infrastructure and increased tax burdens."

Local opposition killed an earlier plan to build the Legoland project in Rockland County. Merlin had proposed to build the Legoland park that would include an amusement park, a water park and a hotel at the 175-acre Letchworth Village site in Haverstraw and Stony Point in Rockland County. However, after the project, which had not been officially presented to the village, drew some local criticism, the Town Board and Town Supervisor Howard Phillips released a statement last October that the village would no longer consider the project. Shortly thereafter, Orange County Executive Steve Neuhaus and the Orange County Partnership, along with officials from Empire State Development, began talks with Merlin Entertainment to develop the theme park in Orange County.