



## How stable is upstate New York's real estate market? A look into 2009

March 20, 2009 - Upstate New York

You have heard it many times over the past year, upstate New York has maintained relatively level real estate values compared to many other areas of the country. As an example, according to the New York State Association of Realtors (NYSAR) the 2008 median sale price of single family homes in Monroe County (Rochester) did not change at \$120,000 compared to 2007. In January of this year, real estate median prices were 9.3% lower than January, 2008. The number of sales decreased 15.3% and 42.4% respectively. According to the Corning-Elmira Board of Realtors, the median sales price increased approximately 3.5% and the number of sales decreased in 2008 by approximately 11%. However, this January, median price was 10% less than January, 2008. The annual median price in Onondaga County (Syracuse) decreased less than 1% in 2008 and the number of sales decreased less than 14% in 2008. This past January's median price increased 6.6% but the number of sales decreased 44.8% from January, 2008.

The median price Oneida County (Utica-Rome) decreased 4.5% with number of sales decreasing almost 11%. This January's estimates decreased 7.7% and 26.6% respectively. The median price in Broome County (Binghamton) increased 1.4% and the number of sales decreased over 14%. This January's estimates decreased 10.7% and 27.9% respectively compared to January, 2008. The median sales price for Erie County (Buffalo) increased 2.4% in 2008 and the number of sales decreased 8.1%. For this January, the decrease was 3.2% and 13.6% compared to January, 2008. The Albany County median sale price increase was 1% and the number of sales decreased 16.2%. This January's median price change and numbers of sales decrease was 1.2% and 27.8% compared to January, 2008. Jefferson County (Watertown) had an increase of median sale prices of 6.4% in 2008 and a decrease in number of sales of 22.7%. In this past January, there was an increase in median sales price of 8.8% but a decrease in the number of sales of 53.4%. The median New York state and nationwide median prices decreased 8.5% and 9.3% respectively in 2008. In the New York state's past January, estimates decreased 12.8%. The number of sales for New York state and nationwide decrease was 16.2% and 13.1% respectively. The New York state number of sales for this past January decreased 30.5% from the year before.

However, there is a possibility there could be heightened migration out of the upstate to such low tax states as Nevada, Carolinas, Florida, etc. In past years the major impediment to more relocation from upstate was high real estate prices in these out of state markets. My former general manager has been in Las Vegas for the last number of years and has been a renter. The recent market has enabled him to buy a home in Las Vegas at a price of \$117,000. That same house two years ago reportedly was purchased new at \$280,000. Heightened out migration could reduce demand for all levels of real estate upstate.

Similar trends have carried over to commercial, industrial, office, apartment and other properties in

upstate. However, the smaller-mid size commercial properties in upstate New York have had a lesser decrease because many community and regional banks have had solid returns from their non residential mortgage portfolios. Thus, there is a relatively large supply of mortgage money available from these lenders in the non residential mortgage market which have resulted in continued relatively stable value levels. The very large properties which in the past were financed primarily by Commercial Mortgage Backed Securities (CMBS) have had much more decreases in both values and sales activity.

The newfound affordability of some of the former growth markets in the Carolinas, Florida, Nevada, etc. may pose some demand problems in upstate in the future. However, this will be offset in part by increased demand in real estate due to the lack of return in alternative investments. Upstate New York real estate should maintain relative stability in 2009.

John Rynne, MAI, SRA, is president and owner of Rynne, Murphy & Associates, Inc., Rochester, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540