



NYC MARKET REPORT

Q3 2020

FEATURED ON FORBES

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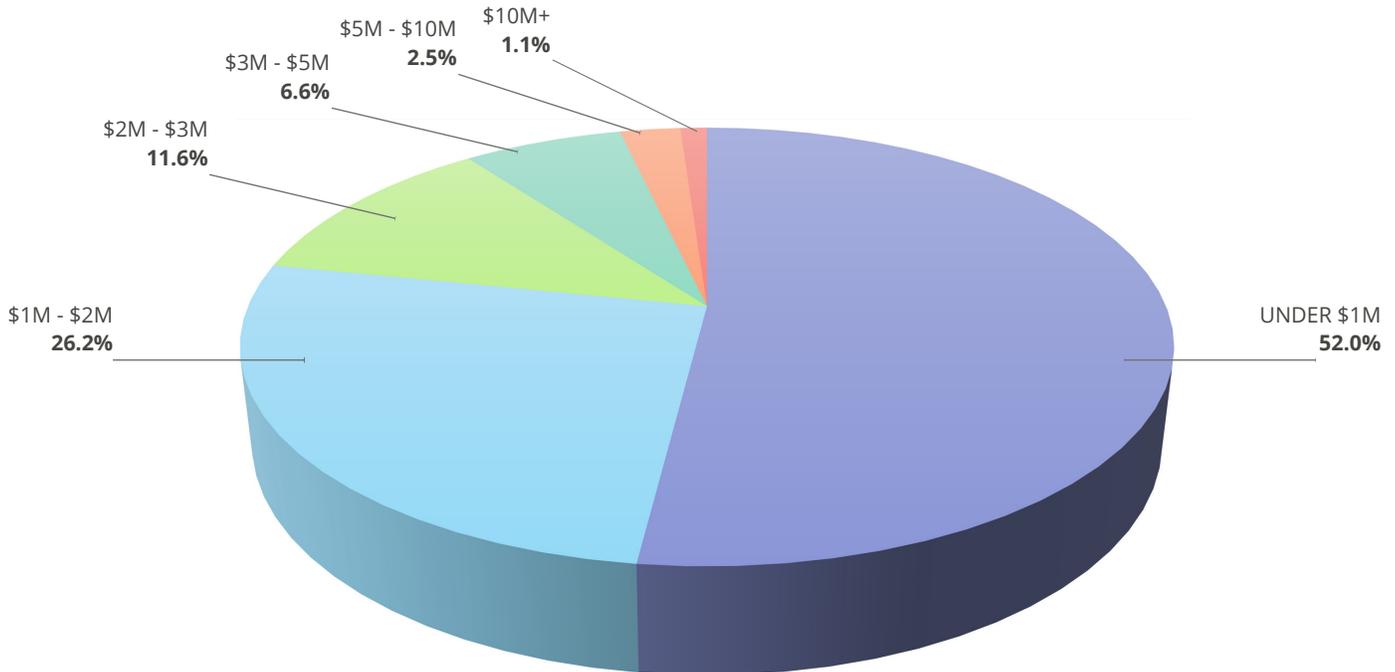
WARBURG REALTY

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CLOSED SALES | CONTRACT SIGNED MARCH 23 OR LATER

ALL MANHATTAN PRICES AND PROPERTY TYPES



Source: UrbanDigs

New York real estate is waking up! The slow beginnings of revival have characterized the third quarter of New York City's 2020 real estate market. The city opened up for showings in late June, and through July, August, and September momentum gradually gathered. COVID-19 shut down our business entirely from mid-March until the last week of June, essentially eradicating the second quarter and the spring market: by order of the Governor, property could not be shown. During those months, our city became the world epicenter for the coronavirus. Then, owing to the extreme measures taken by the state government to keep people at home and properly masked when they ventured out, the infection rate abated, leaving the city with a low virus caseload.

The very things which people love about New York, its vibrancy, its creativity, its crowds of people enjoying Broadway shows and Yankee games and Carnegie Hall events, became the things which made it dangerous. In the virus world, in which proximity is dangerous, the city's assets turned into its drawbacks. Many people left to shelter in less densely populated areas, and movies, concerts, sporting events, and theater all shut down. Even as the tri-state area, and much of the rest of the country, enjoyed a spring/summer surge in real estate transactions, New York slipped into the doldrums.

In addition to the pandemic, Manhattan suffers from multi-million-dollar condo overload, a phenomenon which was already impacting that marketplace before the virus struck. Our third quarter reawakening has seen strong activity particularly in the market for properties costing \$2 million and under; according to [UrbanDigs](#), this price range has represented over 70% of all deals made since March 23.



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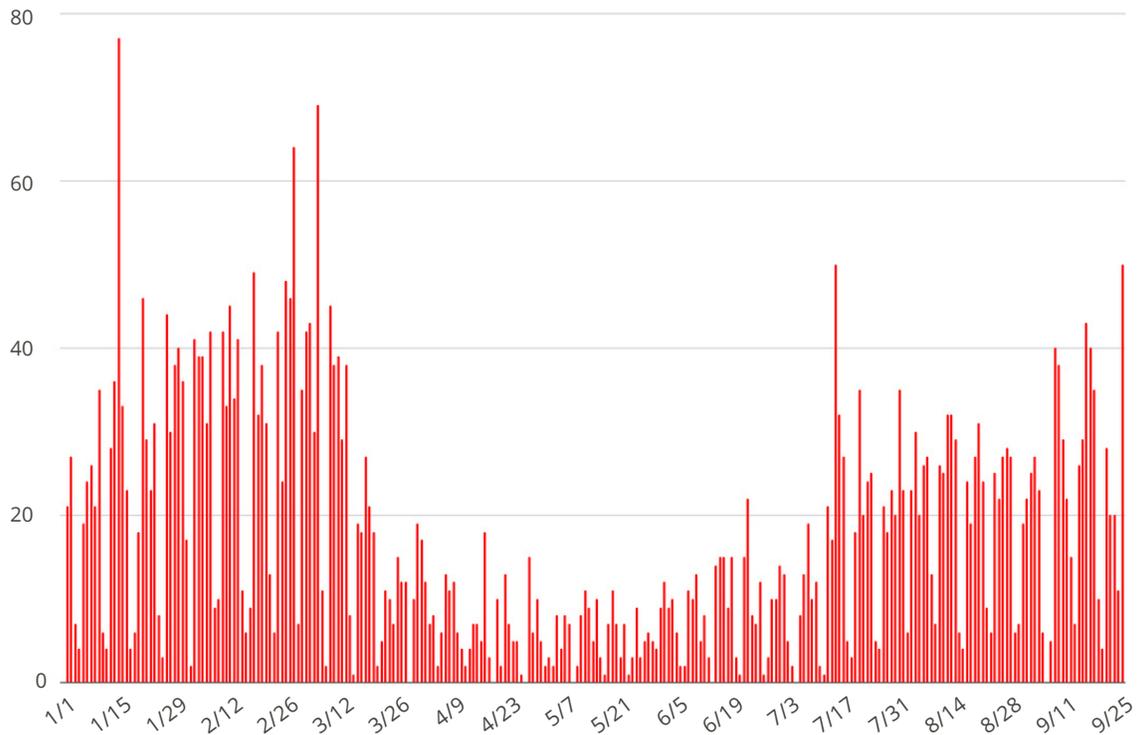
One- and two-bedroom units all over town have even experienced some competitive bidding, as long as their prices reflect the new reality at 10% to 15% below top of the market prices. As one ascends the price ladder, however, the discounts get bigger; the trophy co-ops and condominiums, if they are selling at all, trade at 20% to 25% below their 2016 prices. And no buyers are overpaying.

Signed contracts in Manhattan have hovered around 150 per week since the end of July; in January the number topped 200 almost every week. The top end is steadily improving: of these 150, the [Olshan Realty Report](#) indicates that deals at \$4 million and over have gone from 12 and 14 in the preceding weeks to 21 last week, 16 of them condominiums and only 3 co-ops. This is the largest number of new contracts per week in this price category since 2014!

So a stark picture emerges. There is real energy and absorption in the less costly parts of the market, while substantial price pressure still exists in the more expensive units, especially co-ops, for which buyer and seller expectations remain unaligned. That said, people are shopping, and condo developers increasingly make the best deals they can to move their projects forward. Real estate agents' showing calendars are filled with New Yorkers who hope to benefit from this moment of opportunity.

DAILY CONTRACTS SIGNED 2020 | 2,152 DEALS SINCE MARCH 23

ALL MANHATTAN PRICES AND PROPERTY TYPES



Source: UrbanDigs

The market in Brooklyn, which in relative terms has considerably more inventory priced at \$2.5 million and under, has regained more buoyancy than that in Manhattan. Incidences of competitive bidding are higher and mid-priced properties are trading more briskly. The \$4 million and up market in Brooklyn represents a considerably smaller slice of the total pie; it mostly encompasses luxury townhouses in Brooklyn Heights and Park Slope. They too move slowly in the current environment.

Post-pandemic pricing determines what sells and what lingers. Those sellers who cannot adjust to the altered reality, whether they came onto the market before the shutdown or during the third quarter, receive little attention. At the other end of the spectrum, even properties for \$5 million can move quickly (one went on the Upper East Side last week with three offers in five days) if they hit a sweet spot in the market. In this case, it was walking distance to school – walkability has become a new criterion of considerable importance!

Were New York City able to speak, it would quote Mark Twain: "*The rumors of my death have been greatly exaggerated.*" While both sales volume and sales prices have fallen from pre-pandemic levels, and although sales inventory in Manhattan has soared to over 9,000 units (the norm is somewhere between 7,000 and 7,500) the real estate market shows increasing signs of transactional life each week. The fourth quarter, with both a Presidential election and a possible COVID resurgence, defies prediction, but October sales levels will likely continue to reflect modest increases in transaction volume at all price levels. After that... time will tell.



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