



NYC MARKET REPORT

Q1 2020

FEATURED ON FORBES

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WARBURG REALTY

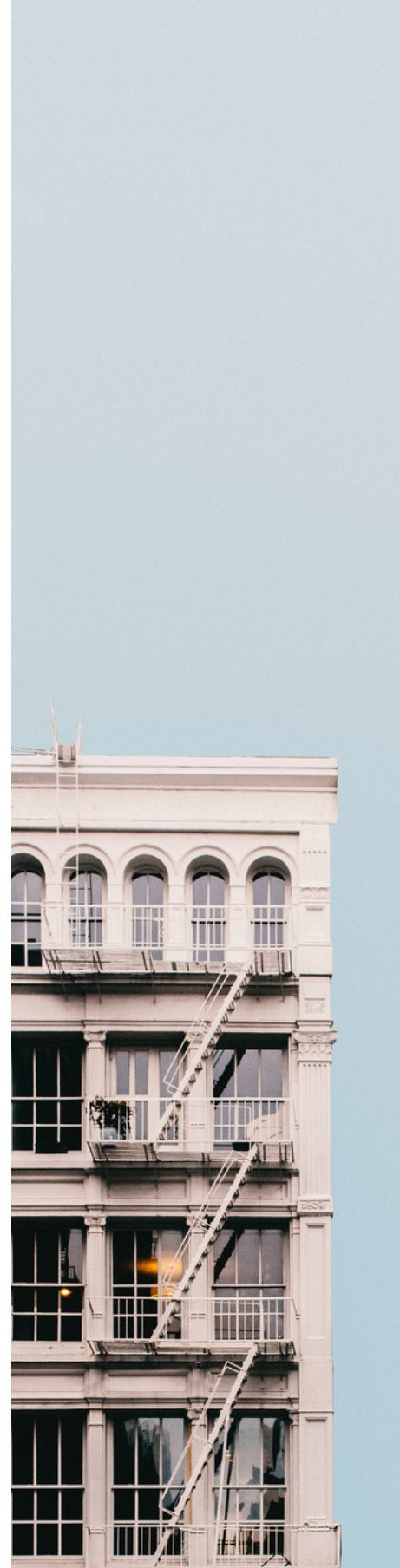
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“ *New real estate deals have ground to a halt. While some contracts are still being signed, no showings take place in the city and by and large buyers, while they enjoy browsing listings on line, will not commit a million dollars or more for a property they have not seen.* ”

In my 20 years of writing quarterly market reports, no quarter has ever resembled this one! The New York real estate market began 2020 with an unusually strong January, with surging buyer interest in a wide number of properties spanning all price ranges. This interest, which extended into February, demonstrated that price reductions, combined with continuing strength in the stock market and the overall economy, had lured buyers back into the marketplace. Throughout January and the first weeks of February, COVID-19 seemed distant, and our market was very active. It was just another animal-originated virus which had jumped to humans in a faraway place.

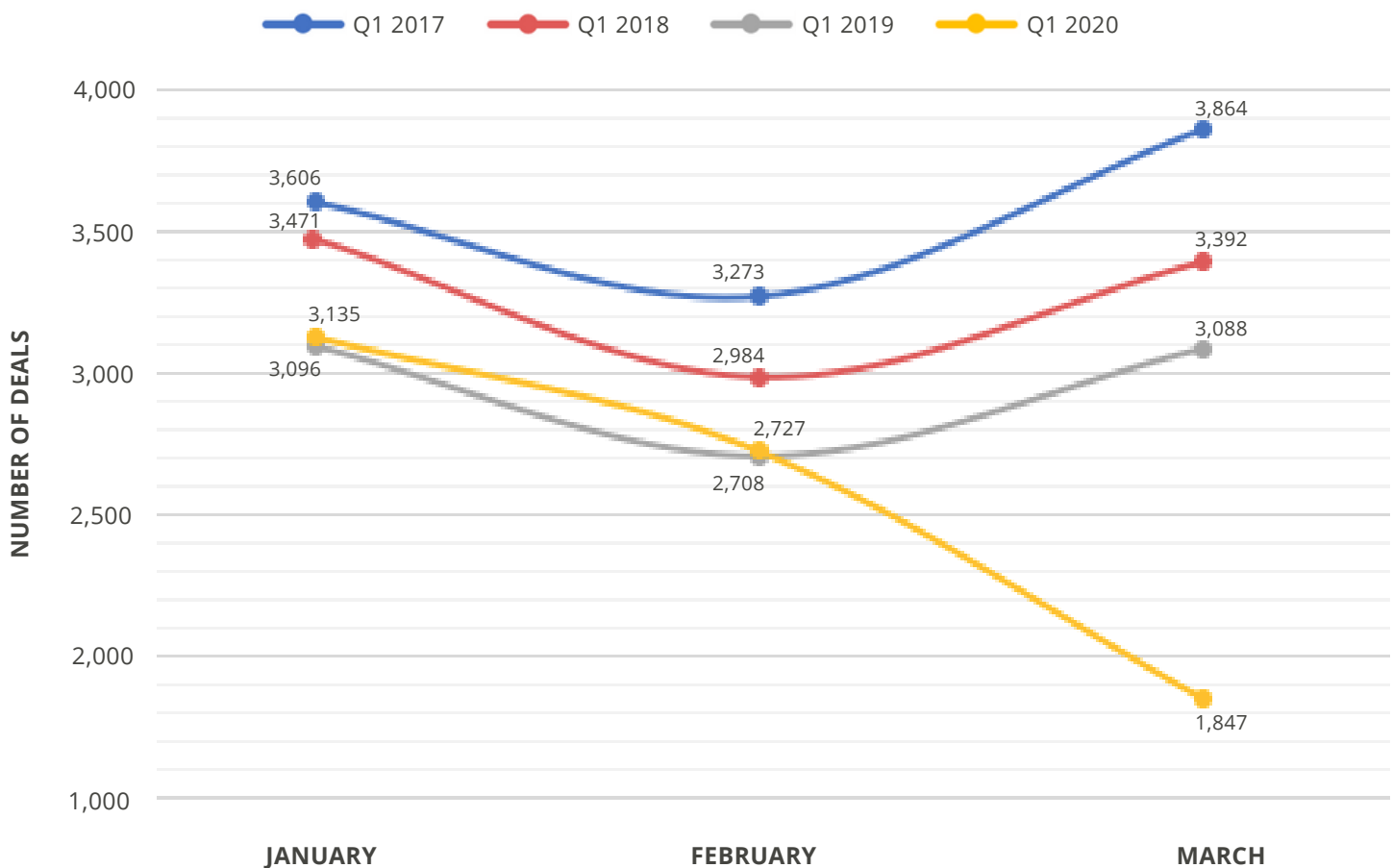
As the second half of February progressed, the disease began to come closer to home. A few cases arrived from cruise ships and Americans returning from China, and seniors began to become ill in Seattle. In the first few days of March, the situation became more serious; even as we continued to frequent restaurants and greet friends, colleagues, and clients with handshakes, pats on the back, and embraces, New Yorkers experienced a growing awareness that danger lurked in these ordinary encounters.



Little by little over the following weeks, many residents of the city began to leave, joining family of friends outside of town, retreating to country homes or seeking increasingly rare and increasingly expensive rentals in surrounding communities. While some showings continued in New York, with gloves, hand sanitizer, and disinfectant wipes increasingly in evidence, the pace decreased each day. Both buyers and sellers became apprehensive about taking the risk of infection; agents increasingly felt the same. By the time the Governor urged New Yorkers to stay at home on March 20, almost all real estate activity in Manhattan, Brooklyn, and Queens had already ceased.

Today's market reflects the anxiety that has seized the city with the rising illness and death toll. Almost everyone knows someone who is sick. Economists of every stripe anticipate a recession, although no-one can predict how severe it will be because no one can predict when non-essential people will be able to return to work. New real estate deals have ground to a halt. While some contracts are still being signed, no showings take place in the city and by and large buyers, while they enjoy browsing listings on line, will not commit a million dollars or more for a property they have not seen.

**Q1 RECORDED ACRIS CLOSINGS 2017-PRESENT AS OF APRIL 1, 2020
ALL RESIDENTIAL PROPERTY TYPES**



Data reflects recorded ACRIS residential sales closings for condos, co-ops, condops and townhouses in Manhattan, Brooklyn and Queens for Q1 2017, Q1 2018, Q1 2019 and Q1 2020 as of April 1, 2020. Source: Warburg Realty/Perchwell.

As to what the future holds, no one knows. The exponential increase in virus cases will likely not peak in the city until mid-April; the Governor has just extended our stay-at-home order for another two weeks, and the President for another month. If past crises are any guide, prices will fall but demand will be strong when the crisis begins to lift and people feel safe going about their lives again.

In the meantime, agents are trying to manage the deals they have in the pipeline. Some buyers are postponing closings to see where things are a month from now. Some are attempting to re-negotiate their contract prices to reflect the general uncertainty and the plummeting value of their stock portfolios. And even buyers and sellers who are prepared to close face challenges: co-op and condo buildings won't give access to appraisers or movers, participants at closings don't want to sit in the same room, the issuance of new deeds and stock certificates requires input from management staffers who are not in the office, recording offices are minimally staffed. Today nothing is easy.

Experiences like this one test our markets, but they also test our mettle. We will emerge from this crisis stronger and better equipped for the future. Certainty will return, and with it a desire to see our lives move on. We will need new clothes, new restaurants, new homes. Life as we know it always returns, different and yet, for most of us, substantially the same.



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