

# Overall Manhattan Market Update: February 2021

## MARKET PULSE



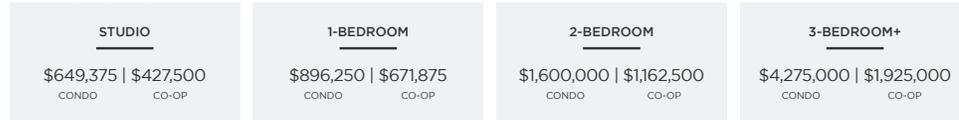
Manhattan real estate continued its recovery in 2021.

Total supply is now only 17% higher than last year.

## PRICING



## MEDIAN SALES PRICE



Data courtesy of ACRIS, MillerSamuel, PropertyShark, and UrbanDigs. Data reflective of Manhattan condo and co-op resale market. Current as of February 2021.

## MANHATTAN MARKET UPDATE

Manhattan real estate continued its recovery in January 2021. More contracts were signed and less inventory came to market compared to January 2020. With the election and inauguration in the rearview mirror, the vaccine rollout underway and warmer weather soon-to-come, the city is recovering. While activity is increasing across price ranges, neighborhoods and apartment sizes, the market saw a marked increase in activity in the \$5-10M and \$10M+ price points. The higher price points were hardest hit by COVID, with decreases in the prospective buyer pool, contract velocity and prices. Over the last month, the \$5M+ segment has seen renewed buyer interest, steep listing discounts and an uptick in contract activity.

**Manhattan Supply** (non-new development) continued to decline in January, and is now only 17% higher than last year, an improvement compared to last month when it was 30% higher than a year ago. Supply is at 6,336 units, a decrease of 1% from last month. Given the contract velocity, buyers are absorbing the supply.

The \$600K-\$1M price range saw the largest percentage decrease in supply, down 3% month-over-month. The \$1-2M, \$2-5M and \$10M+ price ranges also had slight decreases in supply. The only price range to see a month-over-month increase in supply was the \$5-10M range.

The Upper East Side was the only neighborhood with a small increase in inventory month-over-month, as Upper Manhattan, Upper West Side and Downtown all had a decline in inventory. With the exception of Downtown, which had a 7% increase in inventory year-over-year, the other neighborhoods had double digit percentage increases.

Over the last month, Studio, 1-BR and 2-BR inventory declined by 2%, while 3-BR inventory increased by 3%. All apartment sizes had double digit percentage increases in inventory year-over-year, with Studios and 1-BR seeing the largest increase.

## Elegran Research

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### MANHATTAN INVENTORY BY PRICE POINT

	< \$600K	\$600K-1M	\$1-2M	\$2-5M	\$5-10M	> \$10M
# of Listings	1,120	1,488	1,604	1,304	540	280
% Change from last month	0%	-3%	-2%	-1%	+4%	-1%
% Change from last year	+33%	+30%	+22%	+1%	+5%	-4%

**More contracts were signed** this January compared to any of the previous 6 years.

**Buyers are returning to NYC,** understanding that NYC on sale presents a unique buying opportunity.

### MANHATTAN INVENTORY BY NEIGHBORHOOD

	Upper Manhattan	Upper East Side	Upper West Side	Midtown	Downtown
# of Listings	408	1,572	909	2,308	1,123
% Change from last month	-5%	+2%	-2%	0%	-5%
% Change from last year	+24%	+12%	+16%	+23%	+7%

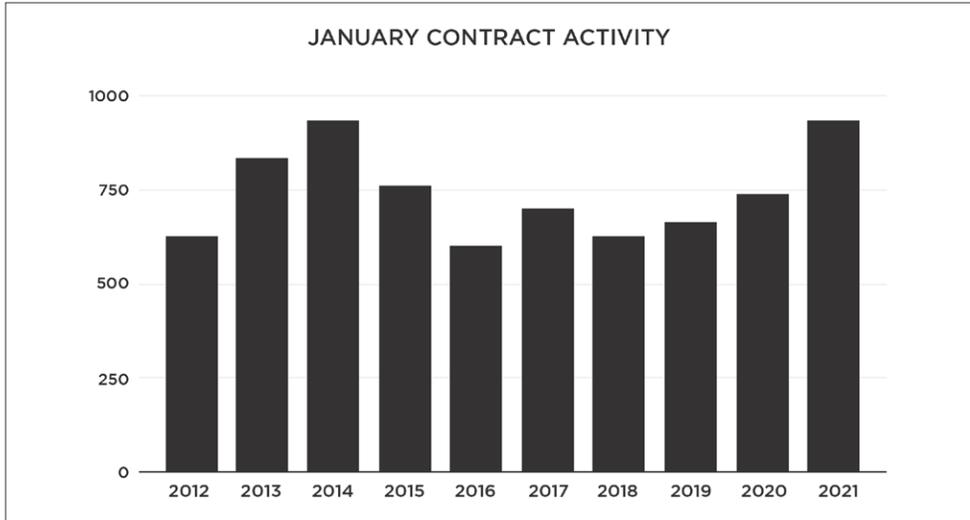
### MANHATTAN INVENTORY BY BEDROOM COUNT

	Studios	1 Bed	2 Bed	3+ Bed
# of Listings	822	1971	1795	1740
% Change from last month	-2%	-2%	-2%	+3%
% Change from last year	+26%	+24%	+15%	+12%

**Buyer Activity** as measured by contract signings, declined 2% from December, but **remains 25% higher than last January** [740 signed in Jan 2020 and 925 signed in Jan 2021].

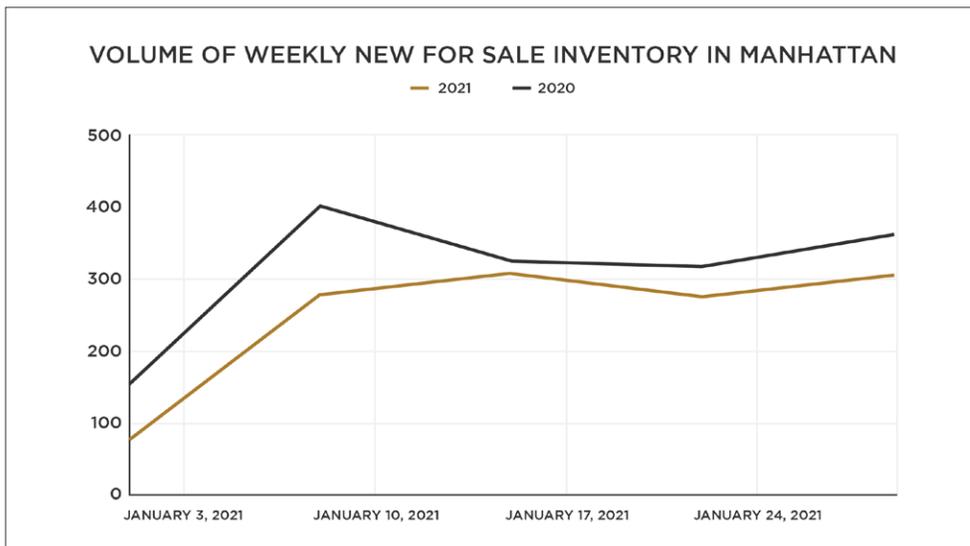
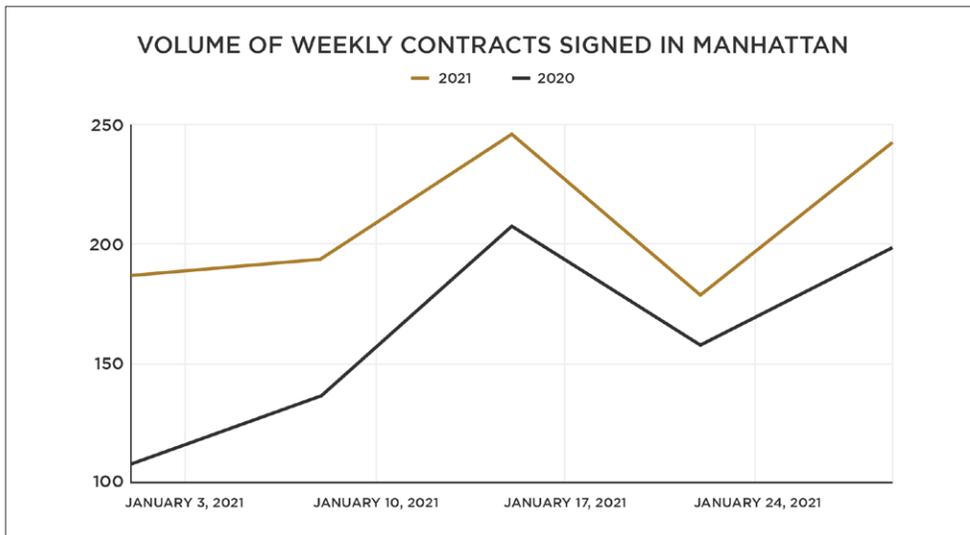
As the typical holiday slowdown didn't occur this year, the Manhattan market entered 2021 with robust buyer activity leading to strong contract activity. **More contracts were signed this January compared to any of the previous 6 years.** Over the last decade, only January 2014 had more contracts signed than January 2021 [933 in January 2014, 925 in January 2021].

Buyers are returning to NYC, understanding that New York on sale isn't a bad thing, and is something that rarely happens. Coupled with record low interest rates, today presents a unique buying opportunity.



**More contracts have** been signed YTD in 2021 compared to 2020.

**Less new inventory has** come to market YTD in 2021 compared to 2020.



**Contract volume increases in the higher price ranges.**

There were more contracts signed this January compared to January 2020 across all price ranges with the exception of the \$10M+ price range which increased 8% in contract volume. All other price ranges had a 20%+ increase in contract volume. The under \$600K and \$1-2M price ranges saw the largest increase with 30% and 29% respectively.

In the last month, the \$1-2M, \$5-10M and the \$10M+ price ranges saw an increase in contract activity, while the other price ranges saw a decrease. The increase in activity at the higher price ranges is echoed when analyzing the contract volume by bedroom count. There were 43% more 2-BR contracts signed and 44% more 3-BR apartments contracts signed this January compared to last. Comparatively, there was only a 14% increase for Studios and 7% increase for 1-BR.

This is a marked shift from during the Summer 2020, when much sales volume was focused in smaller and / or less expensive inventory. The return of the higher-priced buyer is a positive sign for the continued rebound in Manhattan real estate.

In terms of neighborhood, the Upper West Side has been the most active, with 45% more contracts signed year-over-year and 22% month-over-month.

**The Upper West Side**

has been the most active neighborhood.

**Y-O-Y 2 and 3-BR**

apartments have had the largest percentage increase in contract activity.

**MANHATTAN CONTRACT ACTIVITY BY PRICE POINT**

	< \$600K	\$600K-1M	\$1-2M	\$2-5M	\$5-10M	> \$10M
# of Contracts Signed in December 2020	167	253	270	180	41	14
% Change from last month	-2%	-5%	+5%	-8%	+3%	+8%
% Change from last year	+30%	+22%	+29%	+23%	+21%	+8%

**MANHATTAN CONTRACT ACTIVITY BY NEIGHBORHOOD**

	Upper Manhattan	Upper East Side	Upper West Side	Midtown	Downtown
# of Contracts Signed in December 2020	57	106	190	271	208
% Change from last month	-31%	-10%	+22%	-4%	+3%
% Change from last year	+2%	+16%	+45%	+40%	+14%

**MANHATTAN CONTRACT ACTIVITY BY BEDROOM COUNT**

	Studios	1 Bed	2 Bed	3+ Bed
# of Contracts Signed in December 2020	106	311	315	193
% Change from last month	-3%	-5%	+4%	-4%
% Change from last year	+14%	+7%	+43%	+44%

**International buyers start to return to the NYC market.** The local buyer has been primarily responsible for the robust contract activity over the last 6 months. International buyers are beginning to express renewed interest in Manhattan real estate. This is in part due to the following:

- (a) The relaxation of travel restrictions on Middle East countries,
- (b) Friendlier position on immigration and international investment at the federal level
- (c) An understanding that New York is on sale and is an opportunity to buy in during market uncertainty

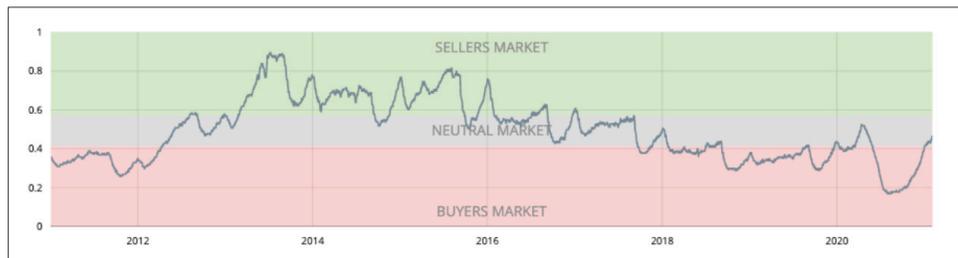
Buyers who have been following new developments, notably those along Billionaires Row are able to secure more favorable discounts and concessions than at any time in the last decade.

Manhattan has entered neutral market territory.

International buyers are expressing renewed interest in NYC.

## NO LONGER A BUYER'S MARKET

The Market Pulse [a ratio between pending sales and supply], an indicator of leverage between buyers and sellers, is now at 0.47, which is an increase of 12% from last month and 20% from last year. Based on the Market Pulse, the market has entered **neutral market territory**, one that doesn't inherently favor the buyer or the seller. This metric indicates that the window of opportunity for buyers to capitalize on the COVID disruption in the Manhattan market may be starting to close.



Charts courtesy of UrbanDigs.

## PRICING & DISCOUNTS

In Manhattan, the median listing discount was fairly consistent across the neighborhoods, with Upper Manhattan, Upper West Side and Upper East side having a 7% median discount, Midtown at 8% and Downtown at a 9% discount. In the last year, Upper Manhattan saw the median discount more than double, and Midtown and Downtown had a 14% and 29% increase in discount. The Upper West Side had no change and the Upper East Side saw a 13% decline in the median discount in the last year.

Among the different ownership types, condo, coop and townhouses, coops had the smallest median listing discount of 7%. Condos had a median listing discount of nearly 10% and townhouse had the largest of 16%. As townhouses tend to be more expensive, this is inline with the higher discounts for more expensive properties compared to less expensive ones.

Both the higher price points and larger apartments saw higher median listing discounts compared to smaller and less expensive apartments. The median discount increased as the listing price rose, with a 5.8% median listing discount for listings under \$600K, a 11% discount for listings \$2-5M and a 27% discount for listings priced above \$10M. Discounts more than doubled year-over-year for apartments priced over \$10M compared to only a 14% increase year-over-year for apartments in the \$2-5M range.

Similarly, the median listing discount for studios was 6% compared to 9% for 1-BR and 10% for 3-BR. While the median listing discount for studios decreased 15% over the last month, it had the largest year-over-year increase of 19%, followed by 2-BRs with a 17% year-over-year increase in discount.

#### MANHATTAN MEDIAN LISTING BY TYPE

	Condo	Coop	Townhouse
% Discount	9.7%	7%	16.3%
% Change from last month	+8%	+8%	+37%
% Change from last year	+21%	+21%	+4%

The more expensive the home, the larger the median listing discount.

Coops have a lower median listing discount than Condos and Townhouses.

#### MANHATTAN MEDIAN LISTING DISCOUNT BY PRICE POINT [CONDOS & COOPS]

	< \$600K	\$600K-1M	\$1-2M	\$2-5M	\$5-10M	> \$10M
% Discount	5.8%	6.4%	9.4%	11.3%	22.4%	27.2%
% Change from last month	+4%	+3%	+12%	-3%	+67%	+35%
% Change from last year	+35%	+19%	+18%	+14%	+71%	+129%

#### MANHATTAN MEDIAN LISTING DISCOUNT BY NEIGHBORHOOD [CONDOS & COOPS]

	Upper Manhattan	Upper East Side	Upper West Side	Midtown	Downtown
% Discount	7.0%	7.0%	7.0%	8.0%	9.0%
% Change from last month	+40%	-13%	+17%	-11%	+13%
% Change from last year	+133%	-13%	0%	+14%	+29%

#### MANHATTAN MEDIAN LISTING DISCOUNT BY BEDROOM COUNT [CONDOS & COOPS]

	Upper Manhattan	Upper East Side	Upper West Side	Midtown	Downtown
% Discount	7.0%	7.0%	7.0%	8.0%	9.0%
% Change from last month	+40%	-13%	+17%	-11%	+13%
% Change from last year	+133%	-13%	0%	+14%	+29%

The Manhattan **Rental Market** appears to be turning a corner. Leasing activity began accelerating in the middle of Q4 2020 and has continued into 2021. This January 65% more leases were signed than last year [2,754 leases signed in January 2021 compared to 1,723 in January 2020]. The rental supply continued to decrease throughout January at an average rate of 2% per week. However, this is reflective of the listed supply. Landlords have been warehousing inventory until the market further recovers this spring. Irrespective, it appears as if the bottom is in terms of rental prices in Manhattan. Rental prices are down about 20% year-over-year. Tenants remain in the driver's seat, as landlord's continue to offer widespread concessions and unprecedented discounts to both retain existing tenants and secure new ones.



The Market Pulse indicates the market is no longer a buyer's market.

The rental market appears to have bottomed.

## WHAT THIS MEANS FOR...

### Buyers / First Time Home Buyers:

- Today presents a unique window of opportunity to buy.
- More contracts were signed and fewer new listings came to market this January compared to last year.
- The Market Pulse indicates the market is no longer a buyer's market.
- More contracts were signed in January 2021 than in any of the previous 6-years.
- Luxury buyers returned to the market with contract volume increasing in the \$5-10M and \$10M+ price points month-over-month.
- Contract activity increased across all price points year-over-year.

### Sellers:

- Buyers are waiting for new inventory to come to market, so sellers can gain an edge by listing early and pricing accurately.
- Expect increased competition on the market, so pricing correctly remains a must for a seller to be relevant to buyers.
- Sellers of \$5M+ units are giving buyers the largest discounts, while sellers of homes under \$1M are giving the smallest discounts.
- Staging is increasingly important to show buyers how to live, work and play in their new home.
- Buyer demand for the luxury segment, which remained soft for the longest, is continuing to return.

### Renters:

- The rental market in terms of pricing appears to have bottomed in Q4 2020.
- 65% more leases were signed this January compared to last year.
- Landlords are warehousing inventory, waiting to relist as conditions improve this summer.
- Landlords continue to offer unprecedented discounts and concessions to both existing and new tenants.

### Investors:

- As activity in both the rental and sales market increases, now may be a good time to purchase property.
- It will likely take another 18-24 months before we see true price appreciation in both the rental and sale markets.
- Interest rates are beginning to tick higher, but are expected to remain at comparatively low levels for the next 12 months.

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