

R New York Fourth Quarter 2023 Market Report

The Manhattan real estate market displayed signs of stabilization in the fourth quarter of 2023, despite facing challenges from elevated mortgage rates and tighter financial conditions. With a total of 2,406 sales, there was a modest 5.5% year-over-year decrease, contrasting with the sharper 28% decline witnessed throughout the entire year of 2023. Co-op sales experienced a 2% increase, while condo sales saw a 14% year-over-year decline. The average sales price demonstrated a 3.8% uptick compared to the previous year, although the price per square foot experienced a marginal 0.9% decrease. The median sales price reached \$1.2 million, marking a 5% year-over-year increase. Despite a 2% year-over-year decrease in listing inventory, there was a 4% rise in months of supply, indicating ongoing challenges in the market. Homeowners remained cautious about entering the market to avoid losing their current low mortgage rates.

Looking ahead to 2024, our base case projection anticipates an improvement in sales compared to 2023. This optimism is based on more favorable comparisons, expectations of lower mortgage rates, and improved financial conditions. The Manhattan real estate market is expected to show signs of recovery in 2024 due to robust demand for homes and a cautiously positive economic outlook for New York City and the broader nation. The healthy job market is anticipated to lend support to the real estate sector. Market expectations indicate that the Federal Reserve might cut rates by at least 1 percent in 2024, further contributing to a positive market sentiment. We project mid-single digits growth for 2024, with the latter half of the year experiencing higher growth rates as mortgage rates decline.

The Manhattan real estate market showed stabilizing trends in 4Q23 due to easier comparison

Manhattan	4Q23	4Q22	% y/y change	3Q23	% q/q change
Average sales price (\$mm)	2.01	1.94	3.8%	1.96	3.0%
Avg. price per sq. ft.	1,647	1,662	-0.9%	1,592	3.5%
Median sales price (\$mm)	1.16	1.10	5.1%	1.15	0.5%
Re-sale Median price	1.05	0.99	6.1%	1.00	5.0%
Closed sales	2,406	2,546	-5.5%	2,854	-15.7%
Average days on market	79	76	3.9%	78	1.3%
Listing Inventory	6,412	6,523	-1.7%	7,265	-11.7%
Months of supply	8.0	7.7	3.9%	7.6	5.3%

Manhattan Co-ops	4Q23	4Q22	% y/y change	3Q23	% q/q change
Average sales price (\$mm)	1.38	1.27	8.2%	1.36	1.0%
Avg. price per sq. ft.	1,222	1,225	-0.2%	1,218	0.3%
Median sales price (\$mm)	0.86	0.78	9.6%	0.88	-1.7%
Closed sales	1,417	1,392	1.8%	1,581	-10.4%
Average days on market	78	74	5.4%	76	2.6%
Months of supply	6.6	6.8	-2.9%	6.7	-1.5%

Manhattan Condos	4Q23	4Q22	% y/y change	3Q23	% q/q change
Average sales price (\$mm)	2.93	2.75	6.6%	2.69	8.7%
Avg. price per sq. ft.	2,150	2,074	3.7%	1,971	9.1%
Median sales price (\$mm)	1.66	1.75	-5.2%	1.61	2.9%
Closed sales	989	1,154	-14.3%	1,273	-22.3%
Average days on market	82	78	5.1%	80	2.5%
Months of supply	10.0	8.7	14.9%	8.8	13.6%

Source: Samuel Miller

Mortgage rates have weakened the housing market due to the recent rapid increase.

30-year mortgage rates are currently at 6.6% up 0.2% in the past year and up 4% since 2022. This has resulted in softer demand for housing in New York City. Rates have likely peaked as they have reached a 15 year high in 2023 and the Fed is signaling they are done hiking rates. In Dec, the Fed forecasted that they will likely reduce rates by about 75bps in 2024. Some economists think there could be up to 2% of rate cuts in 2024.

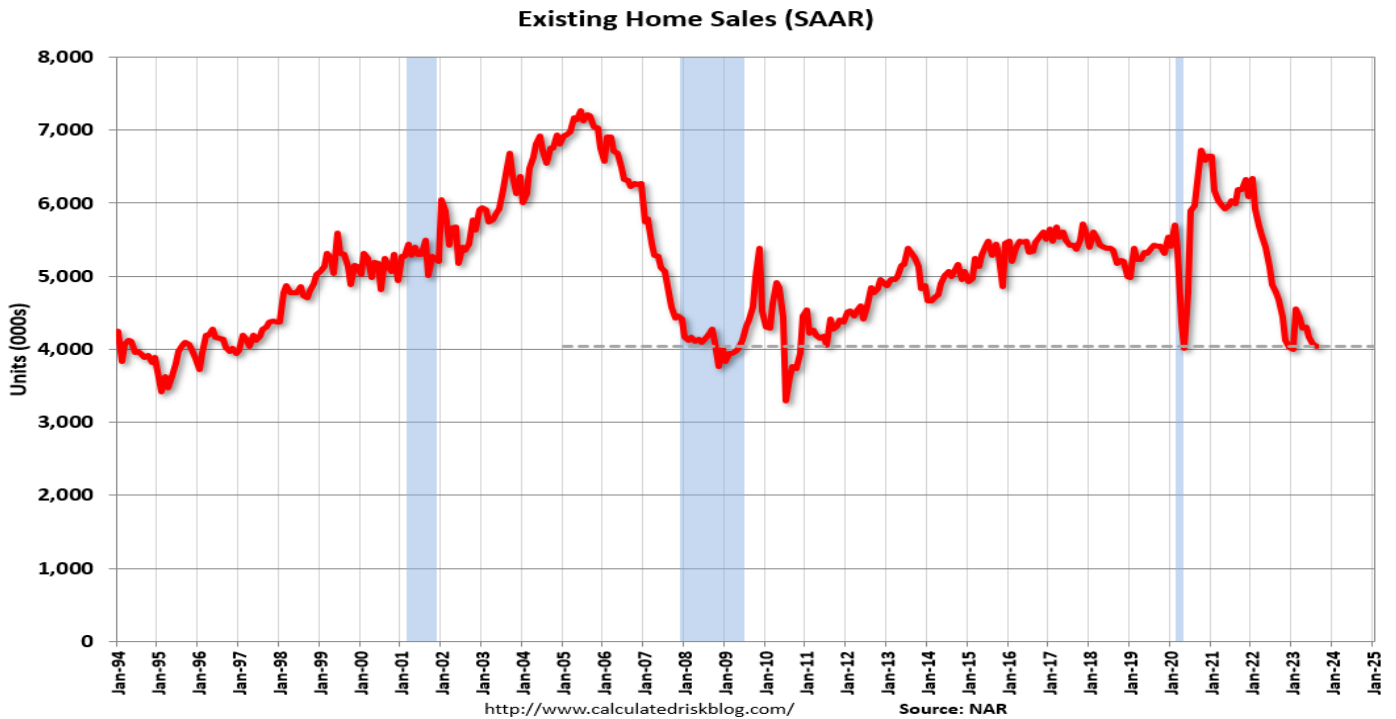


Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 01/04/2024

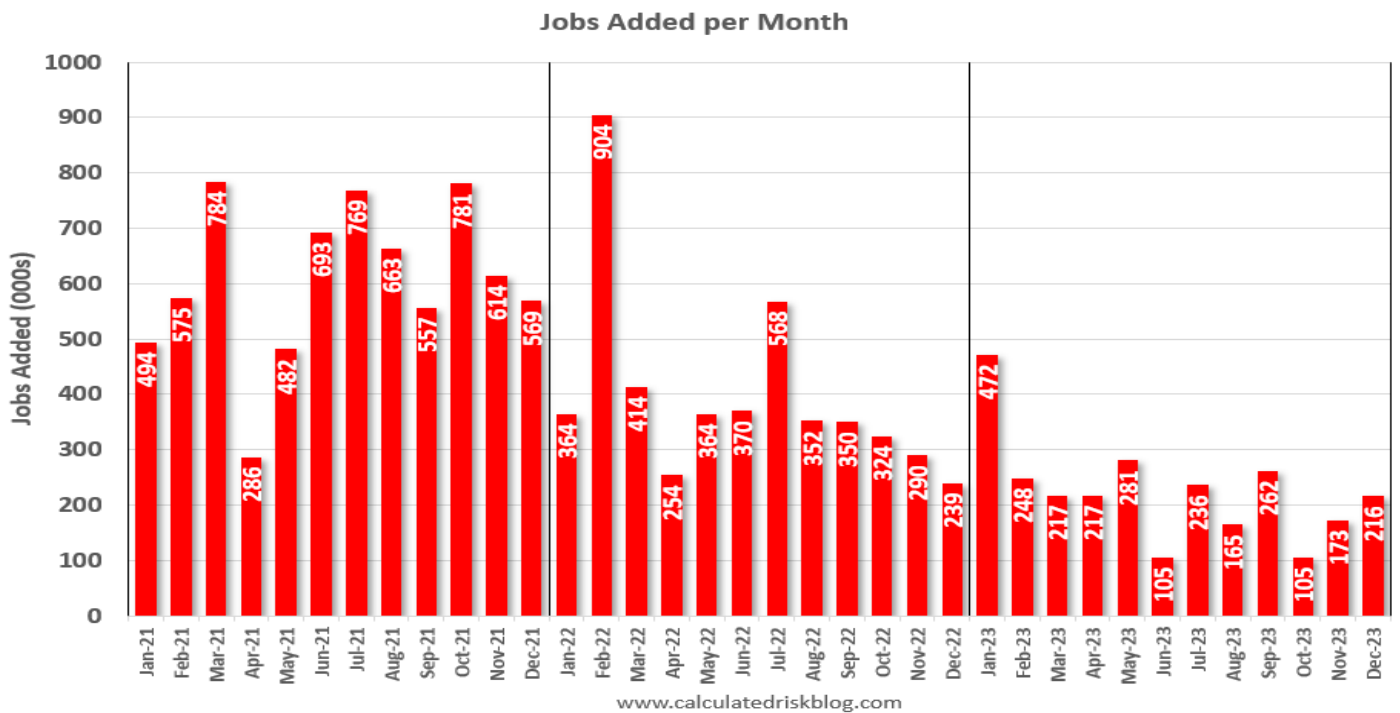


US existing home sales were down 15% year over year at a 4 million annualized rate in Aug. 2023



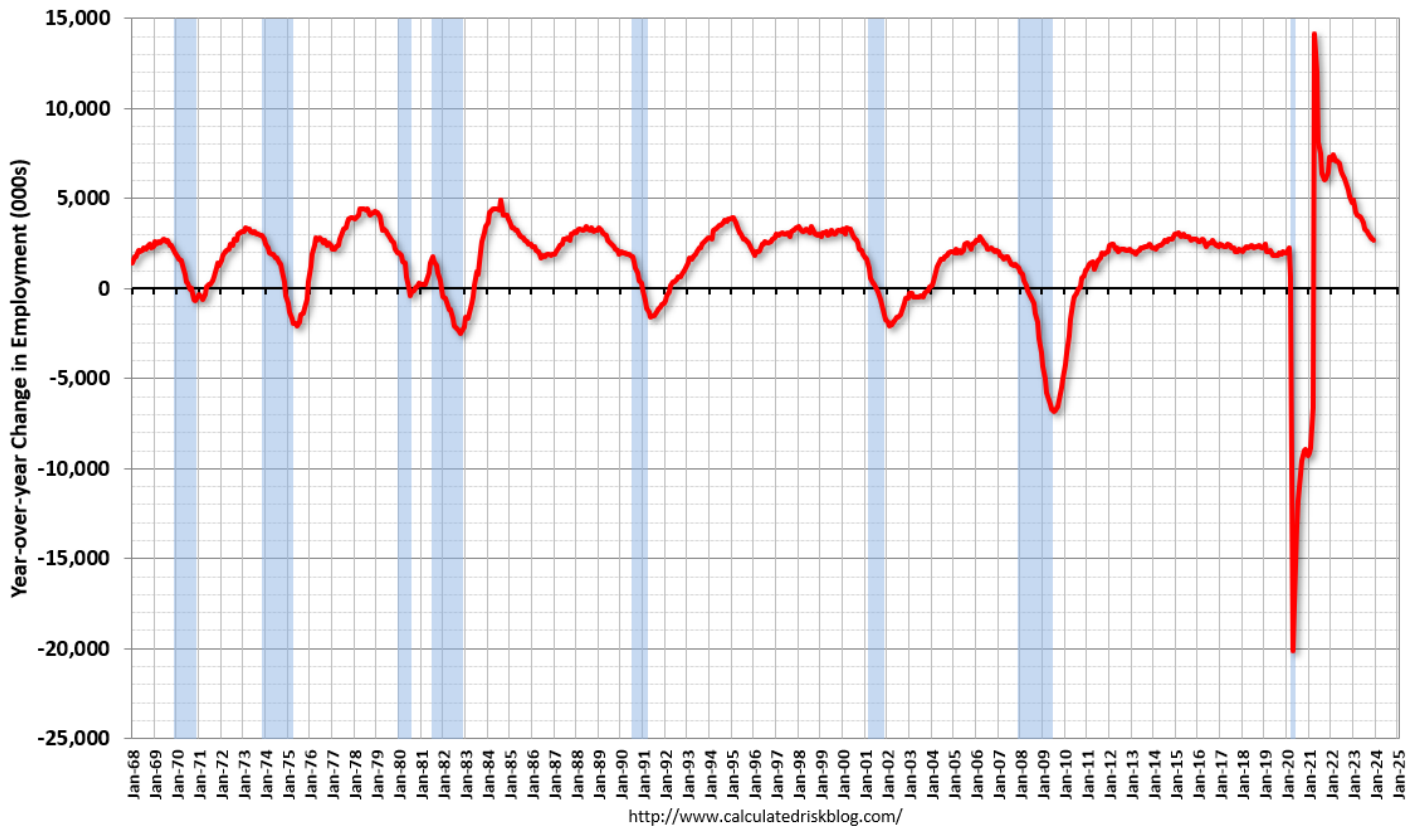
Economic indicators show that the US economy remains strong despite tighter financial conditions caused by the federal reserve.

The number of jobs added per month has remained strong with 216k added in December 2023.



In the past year, the US added 2.7m million jobs

Year-over-Year Change in Employment



The unemployment rate remained low at 3.7% through December 2023

Unemployment Rate



The Fed is likely cut rates because inflation has dropped significantly.

Core CPI ex. shelter is only up 2.1% y/y through Nov. 2023. Services less rent of shelter inflation has dropped significantly in the past year to 3.5% YoY as of November 2023



Durables inflation is actually now negative at -1.6% y/y.

