

R New York First Quarter 2021 Market Report

The Manhattan real estate market showed improving trends as the New York City economy rebounded from the pandemic crisis and residents return back to the city. The first quarter of 2021 was the first time sales increased year over year after 3 quarters of substantial declines. Total sales jumped 29% quarter over quarter to 2,457 and were up 2% year over year. Average sales price remained weak and were down 9% year over year while average price per sq. ft. was also down 9.9% year over year. Listing inventory was up 18% year over year but dropped 12.7% quarter over quarter as the market conditions improved.

Condo sales were up 6.5% year over year while co-op sales were down 1.2% year over year. The market remains attractive for buyers with average price per sq. ft. for condos down 11% year over year while average price per sq. ft. for co-ops are down 13% year over year.

With New York City getting back to normalcy and businesses improving in 2021 helped by strong vaccination trends and government stimulus bills, we would expect to see a strong recovery in the real estate market. The US GDP is expected to grow about 6.5% in 2021 which would be the highest growth rate since 1984. Vaccination trends are strong with over 55% of adult New Yorkers already vaccinated as of May 2021. Given easy comparisons and a strong economy, we would expect to see double digit growth in real estate sales for 2021.

The Manhattan real estate market showed a strong rebound in the first quarter sequentially as the impact of the COVID-19 pandemic subsided

| Manhattan | 1Q21 | 1Q20 | % y/y change | 4Q20 | % q/q change |
|----------------------------|------|------|--------------|------|--------------|
| Average sales price (\$mm) | 1.71 | 1.89 | -9.4% | 1.87 | -8.5% |
| Avg. price per sq. ft. | 1387 | 1540 | -9.9% | 1536 | -9.7% |
| Median sales price (\$mm) | 1.08 | 1.06 | 1.4% | 1.05 | 2.4% |
| Re-sale Median price | 0.97 | 0.97 | 0.3% | 0.93 | 4.6% |
| Closed sales | 2457 | 2407 | 2.1% | 1909 | 28.7% |
| Average days on market | 138 | 115 | 20.0% | 122 | 13.1% |

| | | | | | |
|-------------------|------|------|-------|------|--------|
| Listing Inventory | 7224 | 6113 | 18.2% | 8277 | -12.7% |
| Months of supply | 8.8 | 7.6 | 15.8% | 13.0 | -32.3% |

| Manhattan Co-ops | 1Q21 | 1Q20 | % y/y change | 4Q20 | % q/q change |
|----------------------------|-------------|-------------|---------------------|-------------|---------------------|
| Average sales price (\$mm) | 1.15 | 1.37 | -16.0% | 1.13 | 2.4% |
| Avg. price per sq. ft. | 1054 | 1206 | -12.6% | 1090 | -3.3% |
| Median sales price (\$mm) | 0.78 | 0.81 | -3.8% | 0.75 | 3.7% |
| Closed sales | 1371 | 1387 | -1.2% | 1007 | 36.1% |
| Average days on market | 129 | 105 | 22.9% | 113 | 14.2% |
| Months of supply | 8.2 | 6.2 | 32.3% | 12.6 | -34.9% |

| Manhattan Condos | 1Q21 | 1Q20 | % y/y change | 4Q20 | % q/q change |
|----------------------------|-------------|-------------|---------------------|-------------|---------------------|
| Average sales price (\$mm) | 2.41 | 2.59 | -6.7% | 2.70 | -10.5% |
| Avg. price per sq. ft. | 1714 | 1923 | -10.9% | 1898 | -9.7% |
| Median sales price (\$mm) | 1.55 | 1.63 | -4.7% | 1.68 | -7.5% |
| Closed sales | 1086 | 1020 | 6.5% | 902 | 20.4% |
| Average days on market | 159 | 131 | 21.4% | 133 | 19.5% |
| Months of supply | 9.6 | 9.5 | 1.1% | 13.5 | -28.9% |

Source: Samuel Miller

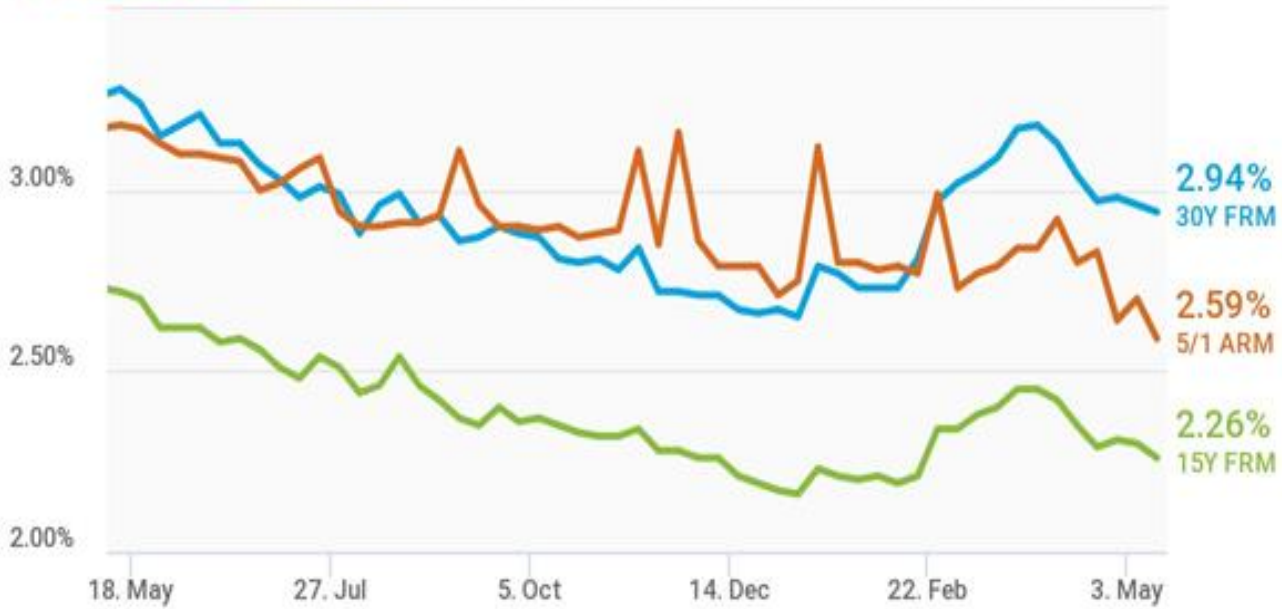
Mortgage rates have dropped and should be a tailwind for the real estate market

Due to a sharp drop in the US economy and a more dovish stance from the Federal Reserve, 30-year mortgage rates have dropped significantly in the past year. 30-year rates are about 2.9% currently, down about 0.6 vs. a year ago. The low rates should help drive higher housing demand going forward and help stabilize the Manhattan market.



Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 05/13/2021



Economic indicators show that the US economy is experiencing a strong recovery in the March quarter of 2021; this recovery should help stimulate the real estate market

With the country opening up since June, we are seeing a strong recovery in the economy. The ISM chart below shows that industry activity is expanding at a rapid rate and reached 64.7% in March 2021 – an indicator over 50% shows expansion.

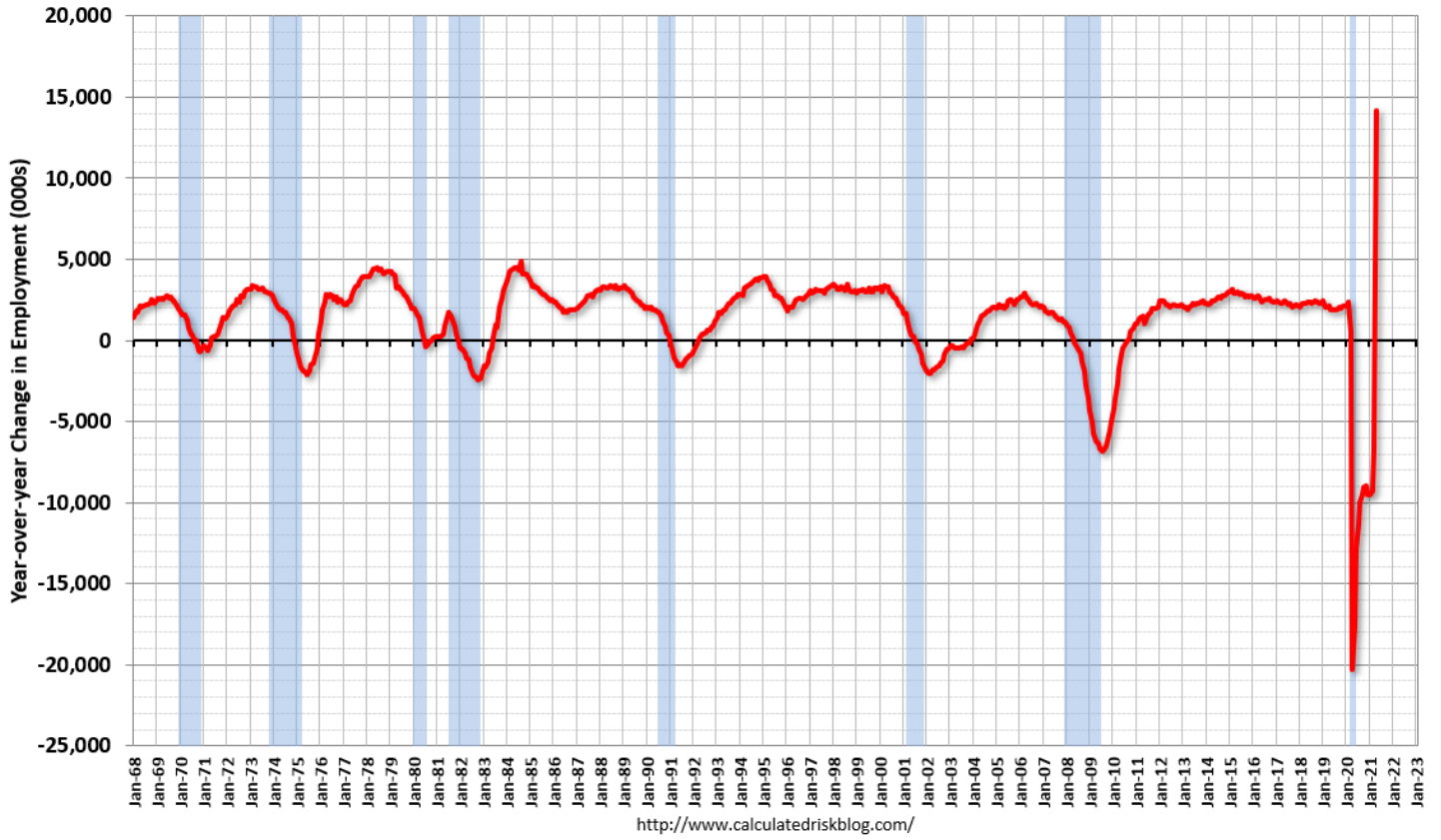
ISM PMI shows a strong rebound in the US economy in the March Quarter 2021



Total US payroll has improved and should continue to rebound, which will support a recovery in the US economy and in the real estate market

After a sharp decline with millions of people laid off in 2020 due to the shutdown of business activity in the country, we are seeing a strong recovery in the job market. In March 2021, the US economy has added 14.1m jobs. We expect a significant recovery in the job market and the economy in 2021 as the pandemic subsides and most of the US population gets inoculated.

Year-over-Year Change in Employment



Unemployment rate, while still elevated at 6.1% in April 2021 has dropped significantly from the 15% level at the end of April 2020



The strong recovery in the stock market in the past year is also bullish for the real estate market and should help strengthen the Manhattan real estate market

The US stock market (S&P 500) driven by strong stimulus government spending and low interest rates have had an incredible recovery in the past year with the market up 45%. Over \$10 trillion dollars in gains have been created in the S&P 500 in the past year. This massive wealth creation will help drive the real estate market all across the country including the New York City market.

S&P 500 one-year performance (up 44.9%)

