

R New York Second Quarter 2021 Market Report

The Manhattan real estate market showed significant improvements as the New York City economy rebounded from the pandemic crisis. With total vaccination rate over 60% for the city, residents have returned to the city and resumed normal home purchasing activity. Total sales jumped 152% year over year and were up 15.6% compared with a more normal 2Q19 market. Average sales price recovered and were up 2.1% year over year while average price per sq. ft. was down 6% % year over year. Listing inventory was up 27% year over year against an extremely easy comparison and were up 4% against the 2Q19 level.

Condo sales were up 162% year over year vs. 2Q20 and up 10% vs. 2Q19. Co-op sales were also strong up 143% year over year and up 21% vs. 2Q19. The market remains attractive for buyers with average price per sq. ft. for condos down 5% year over year while average price per sq. ft. for co-ops are down 7% 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 the strong recovery in the real estate market to continue. The US GDP is expected to grow about 7.4% in 2021 which would be the highest growth rate since 1984. Vaccination trends are strong with over 65% of adult New Yorkers already vaccinated as of June 2021. Given easy comparisons, pent-up demand and a strong economy, we would expect to see triple digit growth in real estate sales for 2021.

The Manhattan real estate market showed a strong rebound in the second quarter as the impact of the COVID-19 pandemic subsides and as the economy bounces back

Manhattan	2Q21	2Q20	% y/y change	1Q21	% q/q change
Average sales price (\$mm)	1.92	1.88	2.1%	1.71	12.3%
Avg. price per sq. ft.	1548	1642	-5.7%	1387	11.6%
Median sales price (\$mm)	1.13	1.00	13.0%	1.08	4.6%
Re-sale Median price	1.00	0.93	7.4%	0.97	3.0%
Closed sales	3417	1357	151.8%	2457	39.1%
Average days on market	169	124	36.3%	138	22.5%
Listing Inventory	7880	6225	26.6%	7224	9.1%
Months of supply	6.9	13.8	-50.0%	8.8	-21.6%

Manhattan Co-ops	2Q21	2Q20	% y/y change	1Q21	% q/q change
Average sales price (\$mm)	1.28	1.21	5.7%	1.15	11.0%
Avg. price per sq. ft.	1139	1222	-6.8%	1054	8.1%
Median sales price (\$mm)	0.82	0.75	9.3%	0.78	5.1%
Closed sales	1801	741	143.0%	1371	31.4%
Average days on market	160	122	31.1%	129	24.0%
Months of supply	6.6	11.9	-44.5%	8.2	-19.5%

Manhattan Condos	2Q21	2Q20	% y/y change	1Q21	% q/q change
Average sales price (\$mm)	2.64	2.69	-2.0%	2.41	9.5%
Avg. price per sq. ft.	1921	2014	-4.6%	1714	12.1%
Median sales price (\$mm)	1.65	1.69	-2.1%	1.55	6.5%
Closed sales	1616	616	162.3%	1086	48.8%
Average days on market	179	129	38.8%	159	12.6%
Months of supply	7.3	16.0	-54.4%	9.6	-24.0%

Source: Samuel Miller

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

Due to a more dovish stance from the Federal Reserve, 30-year mortgage rates have dropped significantly in the 3 years. 30-year rates are about 2.98% currently, down about 75bps vs. 2 years ago and 1.5% vs. 3 years ago. The low rates should help drive higher housing demand going forward and help improve the Manhattan market.



Primary Mortgage Market Survey®

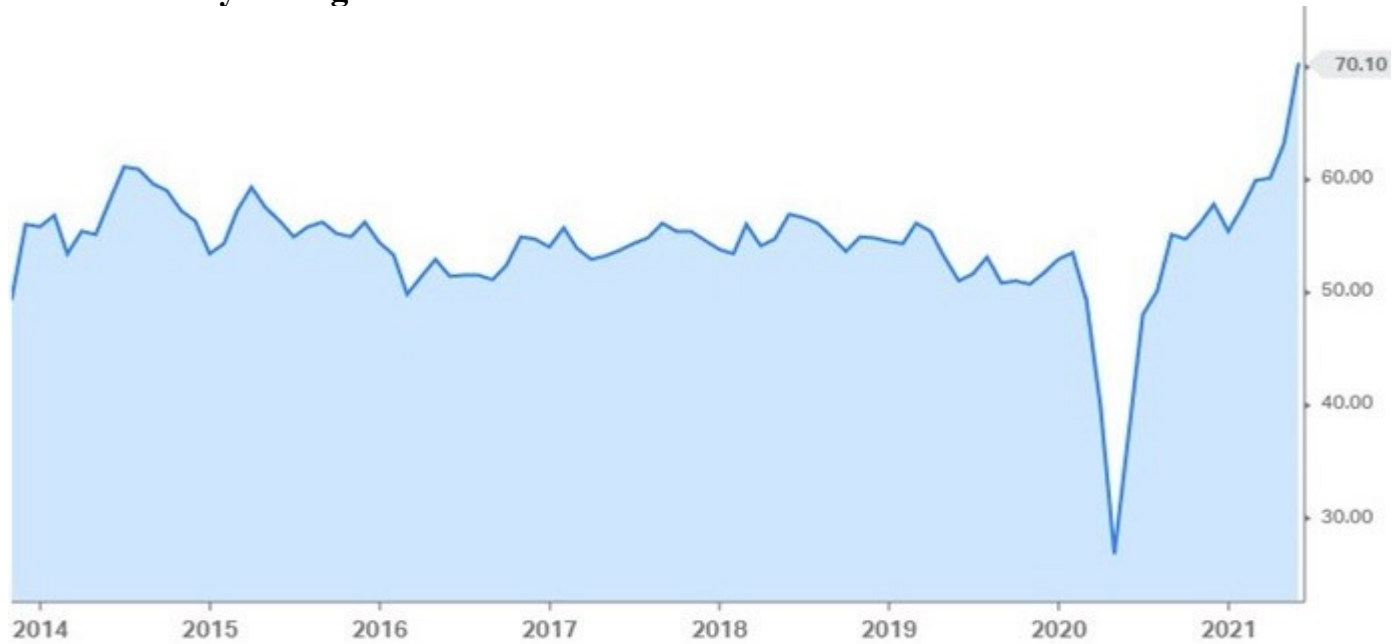
U.S. weekly average mortgage rates as of 07/01/2021



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

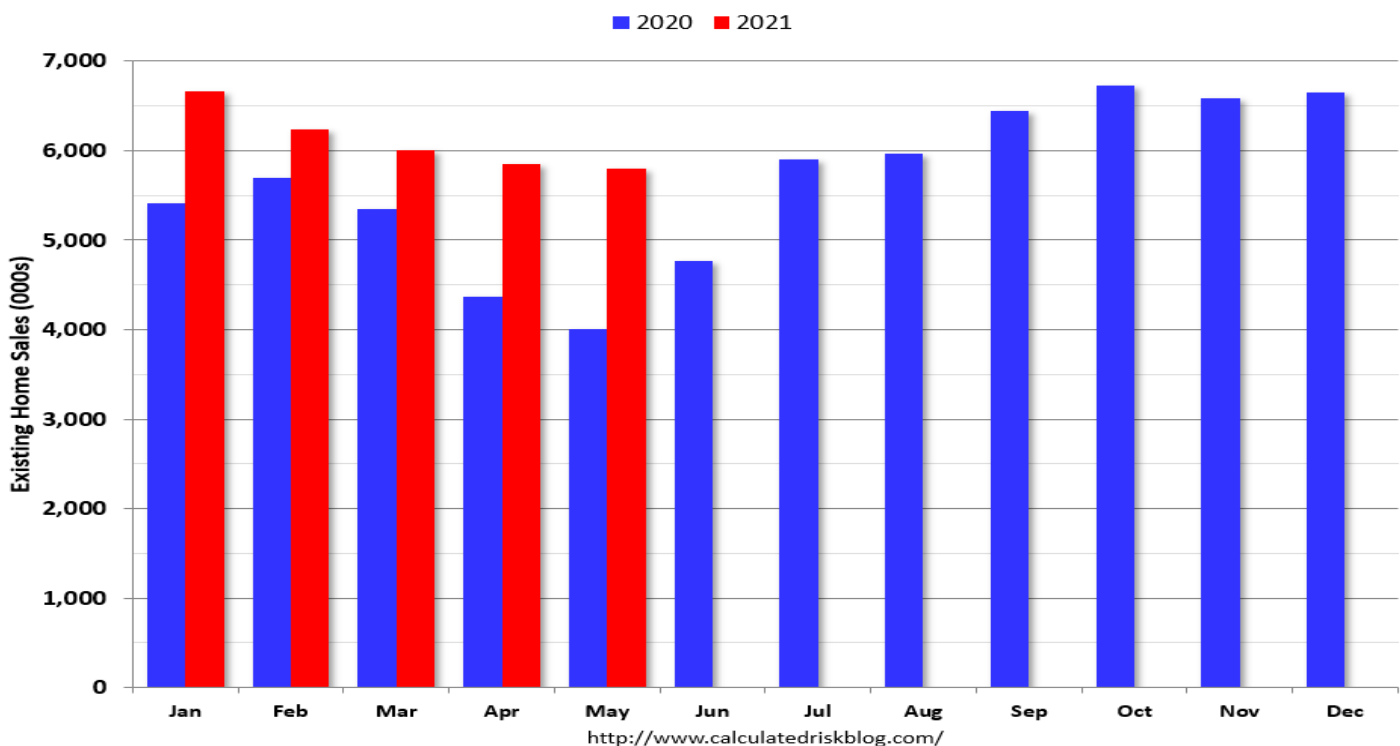
With the country opening back up in 2021, we are seeing a strong recovery in the economy. The services index chart below shows that service activity is expanding at a rapid rate and reached a 10 year high in May of 2021 – an indicator over 50% shows expansion.

Service PMI shows a strong rebound in the US economy in the June Quarter 2021 and has reached a 10 year high



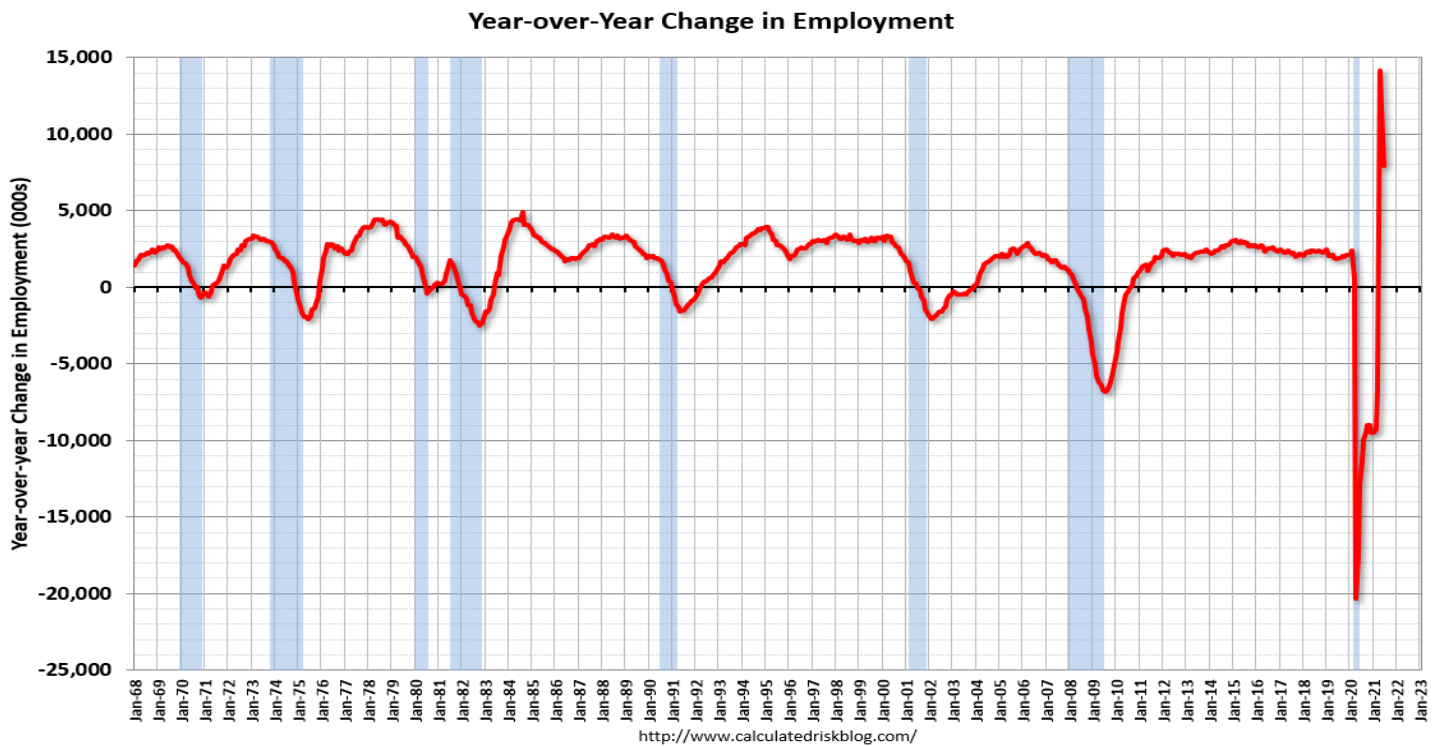
US real estate market is experiencing strong trends given strong pent-up demand, low interest rates and a significant recovery in the US economy

Existing Home Sales, 2020 and 2021, SAAR (000s)

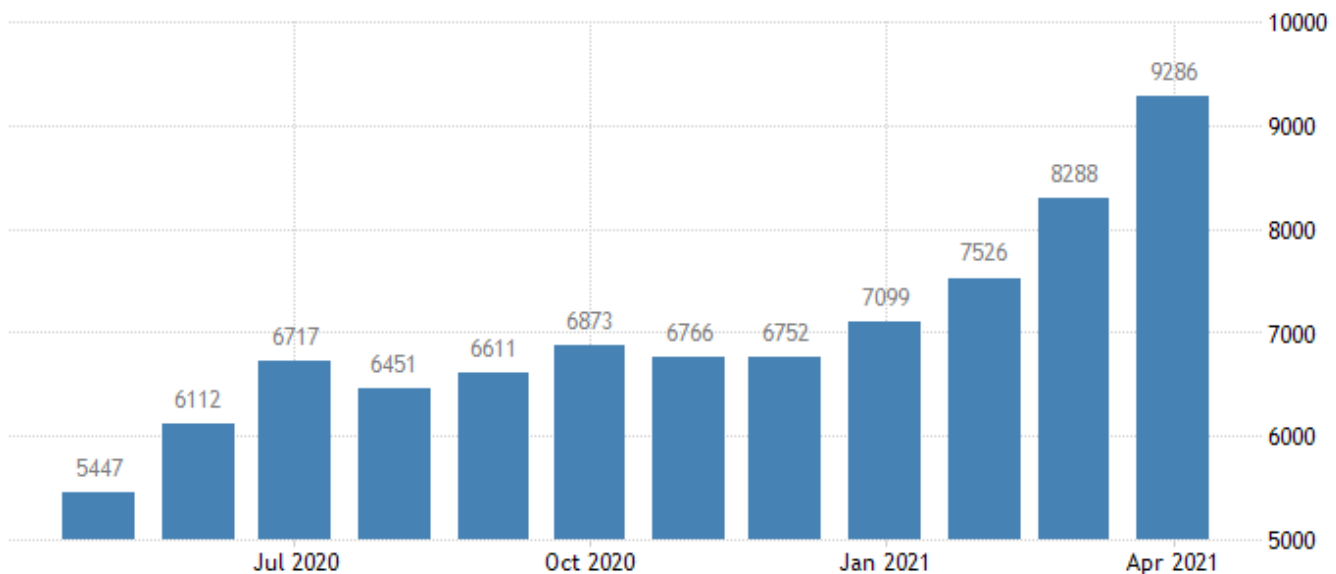


Total US payroll has improved and should continue to rebound, which will support a recovery in the US economy and in the real estate market

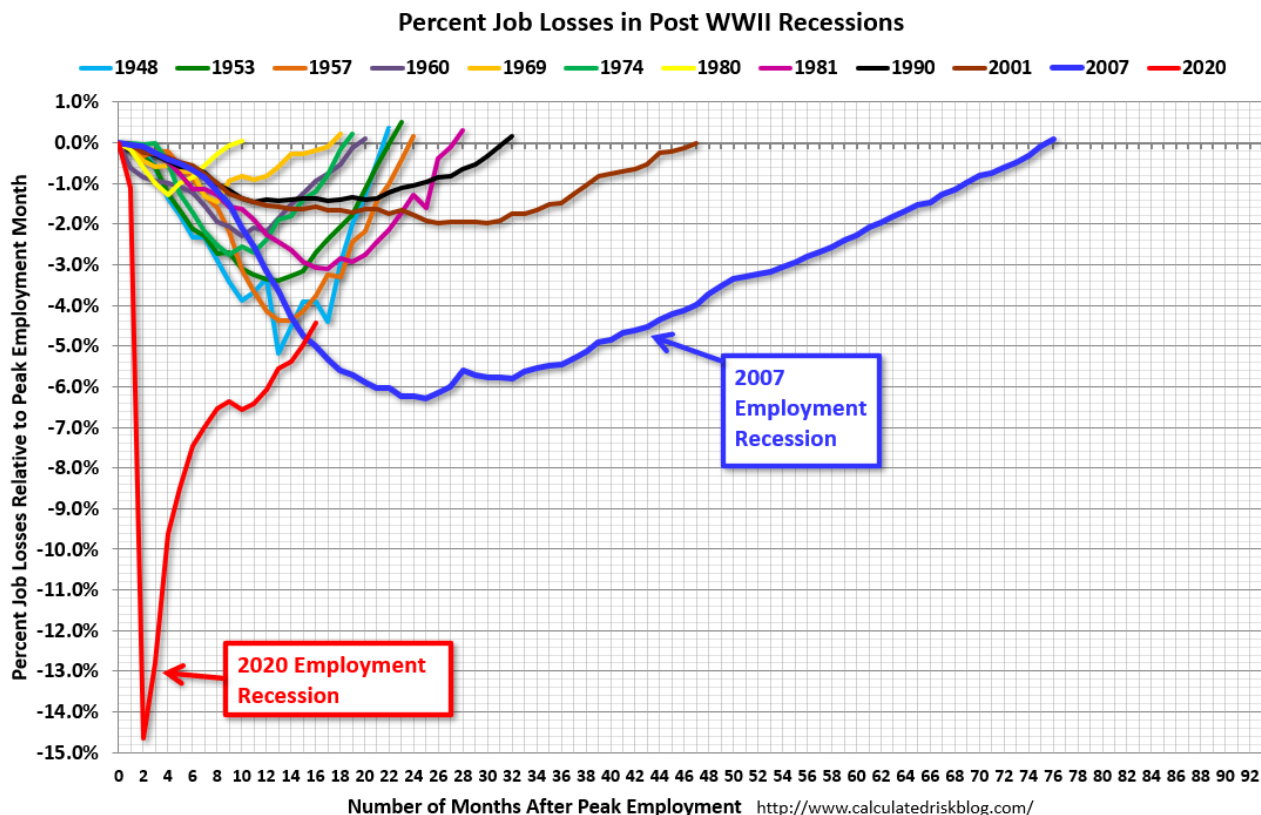
After a sharp decline with millions of people laid off in 2020 due to the shutdown of business activity in the country, we are seeing a strong recovery in the job market. In June 2021, the US economy has added 7.9m jobs year over year. Total payrolls increased by 850 thousand in June. Private payrolls increased by 662 thousand. We expect a continuing strong recovery in the job market and the economy in 2021 and in 2022 as the pandemic subsides and most of the US population gets inoculated.



Job openings are at a ten year high in the US and up 4m year over year



Unemployment rate, while still elevated at 5.9% in June 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 42%. 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 across the country including the New York City market.

S&P 500 one-year performance (up 41.8%)

