

R New York Fourth Quarter 2020 Market Report

The Manhattan real estate market showed a strong rebound in the fourth quarter of 2020 as the New York City economy rebounded from the pandemic crisis. The fourth quarter was the strongest sales season of the year as the economy and the city recovers from the sharp slowdown in 2Q and 3Q of 2020. Total sales jumped 39% quarter over quarter to 1,909. Average sales price, while down 14% sequentially, increased 2.9% year over year while average price per sq. ft. was flat sequentially and dropped 2.8% year over year. In the fourth quarter, listing inventory dropped 11% quarter over quarter and average days on the market dropped by 15% as the market conditions improved.

Condo sales were up 47% quarter over quarter while co-op sales were up 32% quarter over quarter. The market is attractive for buyers with average price per sq. ft. for condos down 8.2% year over year while average price per sq. ft. for co-ops are down 5% year over year. The new development market also showed strength as sales were up 36% quarter over quarter and down just 6% year over year. The average sales price of \$3.8m was down 11% year over year while the average price per sq. ft. was down 23.6% to \$2,346.

With New York City getting back to normalcy and businesses returning to in 2021, we would expect to see a strong recovery in the real estate market. We believe that the second half of 2021 will see the strongest trends as the pandemic subsides with the help of the vaccine rollout. Activity should pick up dramatically as residents move back to the city in 2021 as the pandemic subsides. A rebounding US economy and low interest rates will also help the real estate market recover in 2021.

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

Manhattan	4Q20	4Q19	% y/y change	3Q20	% q/q change
Average sales price (\$mm)	1.87	1.82	2.9%	2.18	-14.3%
Avg. price per sq. ft.	1536	1581	-2.8%	1532	0.3%
Median sales price (\$mm)	1.05	1.00	5.1%	1.10	-4.5%
Re-sale Median price	0.93	0.94	-1.5%	0.92	0.5%
Closed sales	1909	2404	-20.6%	1375	38.8%
Average days on market	122	99	23.2%	143	-14.7%
Listing Inventory	8277	6643	24.6%	9319	-11.2%
Months of supply	13.0	8.3	56.6%	20.3	-36.0%

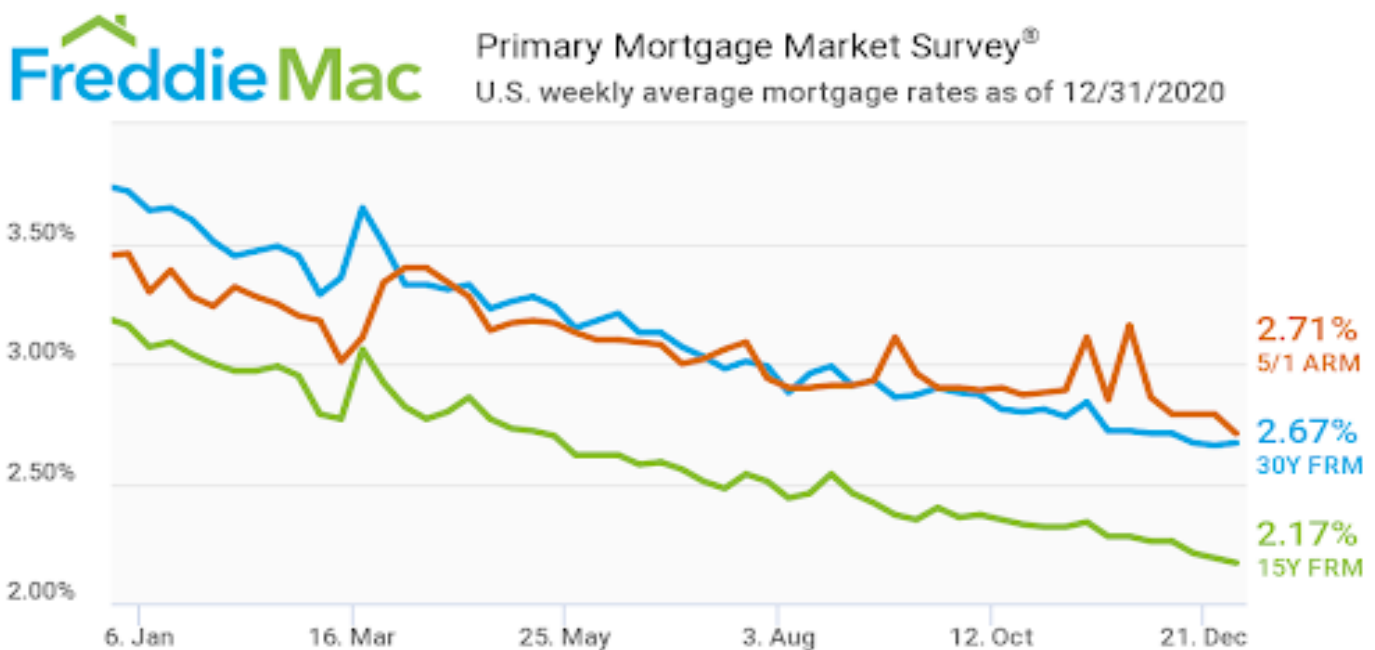
Manhattan Co-ops	4Q20	4Q19	% y/y change	3Q20	% q/q change
Average sales price (\$mm)	1.13	1.21	-6.7%	1.21	-6.7%
Avg. price per sq. ft.	1090	1147	-5.0%	1100	-0.9%
Median sales price (\$mm)	0.75	0.80	-5.4%	0.80	-6.0%
Closed sales	1007	1385	-27.3%	763	32.0%
Average days on market	113	94	20.2%	126	-10.3%
Months of supply	12.6	6.7	88.1%	19.1	-34.0%

Manhattan Condos	4Q20	4Q19	% y/y change	3Q20	% q/q change
Average sales price (\$mm)	2.70	2.64	2.1%	3.39	-20.5%
Avg. price per sq. ft.	1898	2067	-8.2%	2016	-5.9%
Median sales price (\$mm)	1.68	1.58	6.3%	1.77	-5.1%
Closed sales	902	1019	-11.5%	612	47.4%
Average days on market	133	106	25.5%	169	-21.3%
Months of supply	13.5	10.4	29.8%	21.9	-38.4%

Source: Samuel Miller

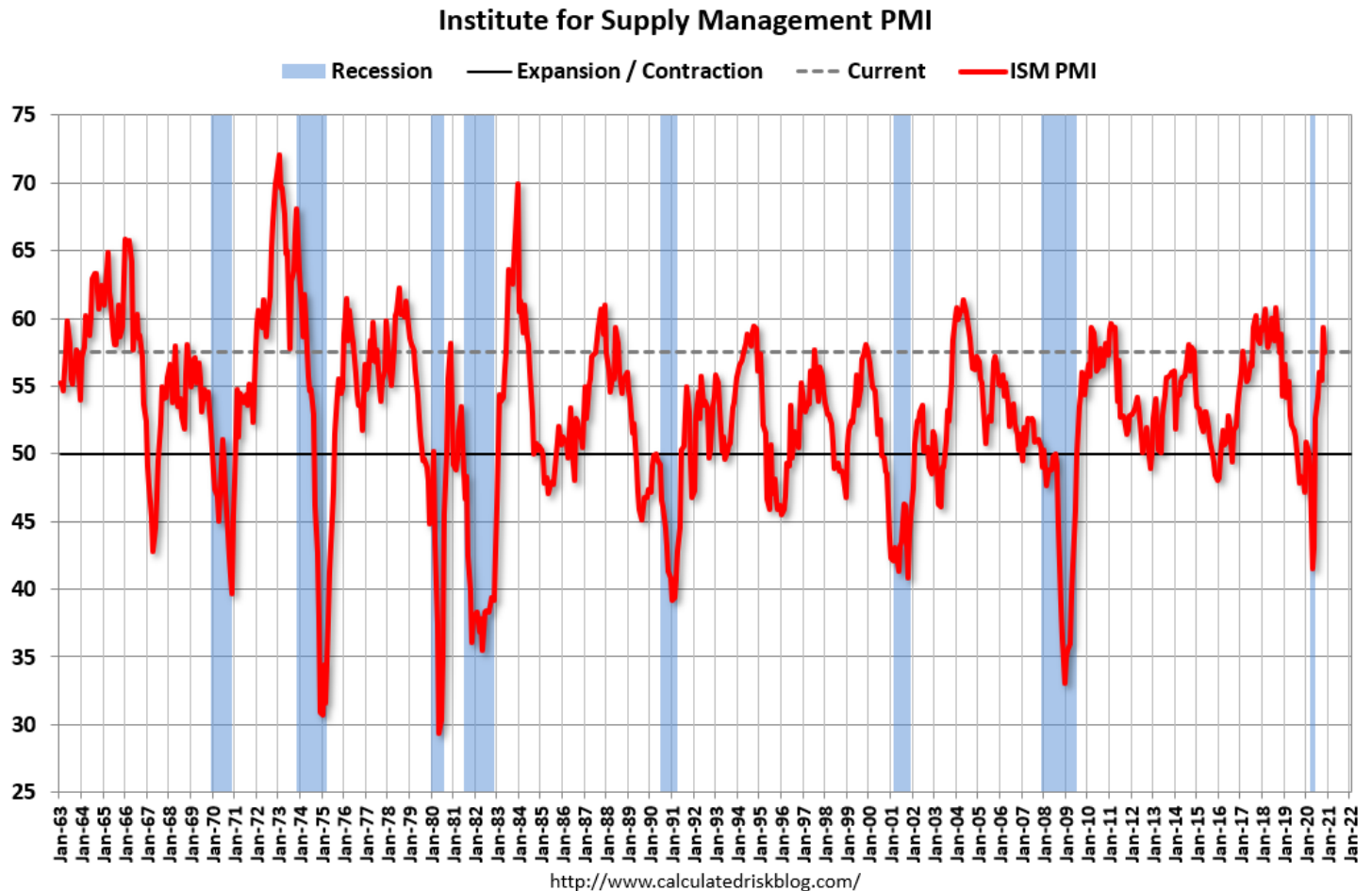
Mortgage rates have dropped and should be a tailwind for the real estate market

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 and just hit an all-time low. 30-year rates are about 2.7% currently, down about 1% vs. a year ago. The low rates should help drive higher housing demand going forward and help stabilize the Manhattan market.



Economic indicators show that the US economy is bouncing back from a deep recession starting in the third quarter of 2020; this recovery should help stabilize the real estate market

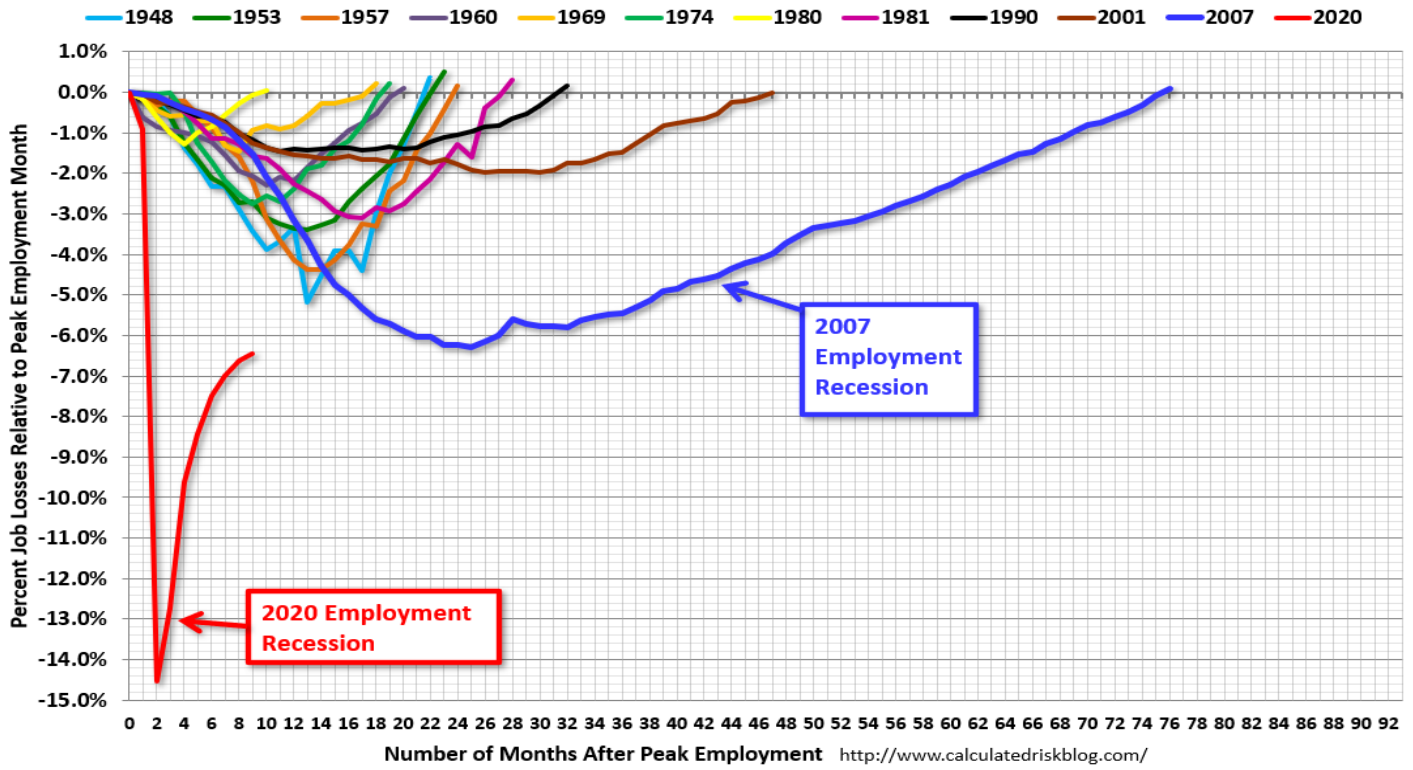
With the country opening up since June, we are seeing a strong recovery in the economy. The ISM chart below shows that industry activity is expanding at a rapid rate and reached 60.7% in Dec – an indicator over 50% shows expansion. The US Federal Reserve is expecting the US economy to grow 4.2% in 2021 vs. -2.4% in 2020. The FED is expecting the unemployment rate to drop to 5% in 2021 vs. 6.6% at end of 2020.



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 April and May of this year due to the shutdown of business activity in the country, we are seeing a strong recovery in the job market since June. November payroll increased by 245,000 vs. 610,000 in Oct. and unemployment rate dropped to 6.7%. We still have a long way to go in the recovery as the change in jobs year over year is still -5 million. 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.

Percent Job Losses in Post WWII Recessions



Unemployment rate, while still elevated at 6.7% in November has dropped significantly from the 15% level at the end of April 2020



The recovery in the stock market in 2020 is also bullish for the real estate market and should help strengthen the Manhattan real estate market

The US stock market (S&P 500) finished the year strong with a 16.3% gain (18% including dividends). The S&P 500 surged by 67% since its March low. The Nasdaq composite, driven by high-flying Big Tech stocks that benefited from a post COVID world, soared 43.6%.

S&P 500 one-year performance (up 16.3%)

