

R New York First Quarter 2023 Market Report

The Manhattan real estate market showed some signs of a slowdown in the first quarter of 2023 – impacted by a slowing US economy, higher mortgage rates and tighter financial conditions. Total sales of 2,242 were down 37.5% year over year due to a tough comparison and down 12% vs. the decade average. Average sales price was down 4.5% year over year while price per square foot was up 1.4% year over year. Median sales price was \$1.1m, down 10% year over year. Listing inventory was stable and up 1.3% year over year while months of supply was up 62% year over year due to softening demand. Quarterly inventory of listings is about 14% above pre-pandemic levels. The market seems to be normalizing after the unusually strong market in the past 2 years due to pent-up post pandemic demand.

Despite tighter financial conditions, we would expect to see a relatively normal real estate market in 2023. Our base case projection is that 2023 sales will be down significantly compared to 2022 given the exceptional growth in 2022 but should be similar to 2018/2019 levels given the strong demand for Manhattan homes and a slower but still positive economic outlook for New York City and the rest of the country. The job market remains healthy and should support the real estate market. The growth trends will moderate due to tighter financial conditions and higher interest rates across the country. The Federal Reserve is expected by the market to finish raising rates in the first half of 2023. This could result in a stronger second half of 2023 for the real estate market when financial conditions improve after the Fed finishes its tightening cycle.

The Manhattan real estate market showed softening trends in 1Q23 due to tough comparisons and a tighter financial market

Manhattan	1Q23	1Q22	% y/y change	4Q22	% q/q change
Average sales price (\$mm)	1.95	2.04	-4.5%	1.94	0.5%
Avg. price per sq. ft.	1,639	1616	1.4%	1,662	-1.4%
Median sales price (\$mm)	1.08	1.19	-9.7%	1.10	-2.3%
Re-sale Median price	1.00	0.99	0.5%	0.99	0.5%
Closed sales	2,242	3585	-37.5%	2,546	-11.9%
Average days on market	75	137	-45.3%	76	-1.3%
Listing Inventory	6,996	6906	1.3%	6,523	7.3%
Months of supply	9.4	5.8	62.1%	7.7	22.1%

Manhattan Co-ops	1Q23	1Q22	% y/y change	4Q22	% q/q change
Average sales price (\$mm)	1.22	1.35	-9.7%	1.27	-3.9%
Avg. price per sq. ft.	1,158	1208	-4.1%	1,225	-5.5%
Median sales price (\$mm)	0.80	0.83	-3.2%	0.78	1.8%
Closed sales	1,263	1938	-34.8%	1,392	-9.3%
Average days on market	73	139	-47.5%	74	-1.4%
Months of supply	8.1	5.4	50.0%	6.8	19.1%

Manhattan Condos	1Q23	1Q22	% y/y change	4Q22	% q/q change
Average sales price (\$mm)	2.89	2.85	1.3%	2.75	5.2%
Avg. price per sq. ft.	2,119	1992	6.4%	2,074	2.2%
Median sales price (\$mm)	1.64	1.78	-7.6%	1.75	-5.9%
Closed sales	979	1647	-40.6%	1,154	-15.2%
Average days on market	78	135	-42.2%	78	0.0%
Months of supply	11.0	6.2	77.4%	8.7	26.4%

Source: Samuel Miller

Mortgage rates pose some risks to the housing market due to the recent rapid increase

30-year mortgage rates are currently at 6.3% up 2% in the past year. This has resulted in softer demand for housing in New York City.



Primary Mortgage Market Survey®

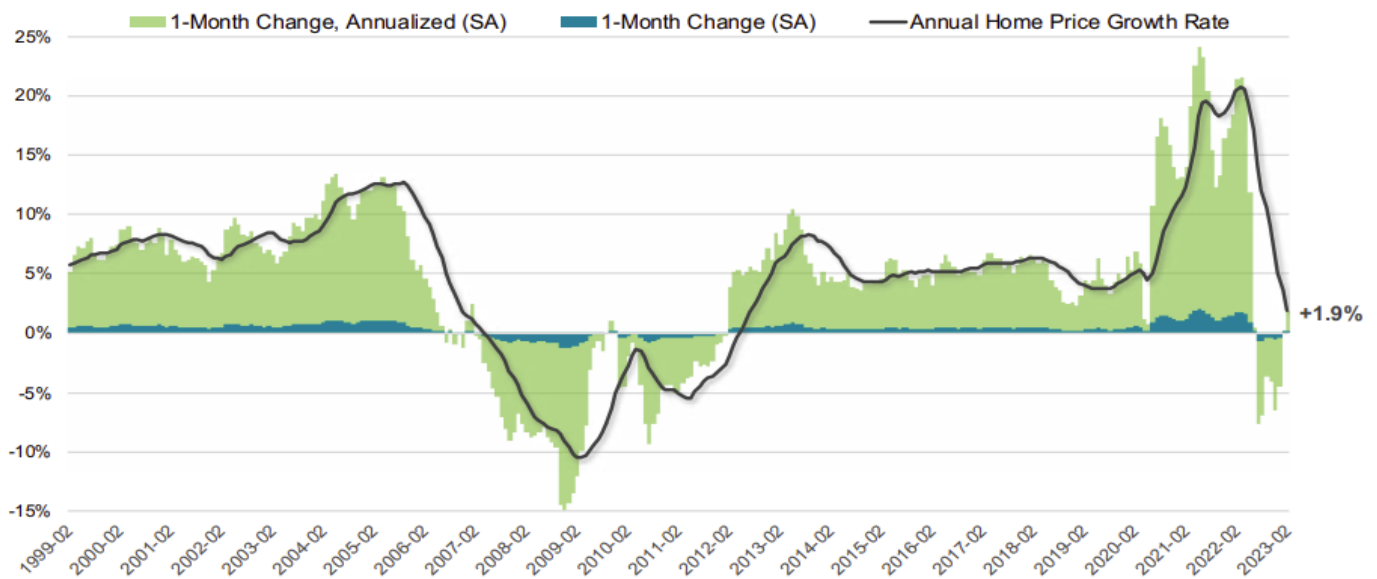
U.S. weekly average mortgage rates as of 03/30/2023



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

Real estate prices remain positive up 2% y/y across the country but have moderated in the past year from very strong post pandemic growth

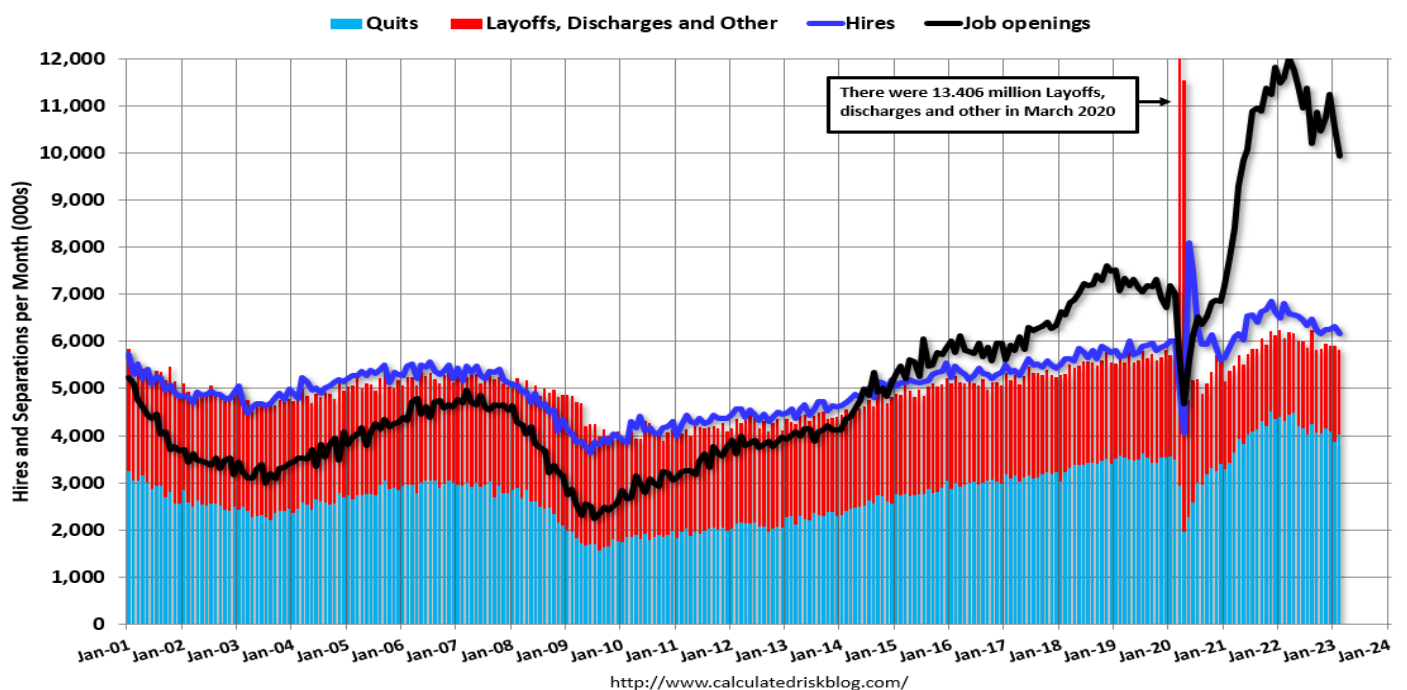
BLACK KNIGHT HOME PRICE INDEX



Source: Black Knight Home Price Index (HPI)

The number of job openings remained strong at about 10m as of Feb 2023

Hires and Separations Monthly (SA) from Job Openings and Labor Turnover Survey (JOLTS), Source: BLS



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In the past year, the US added 4.3 million jobs year over year through Feb. 2023

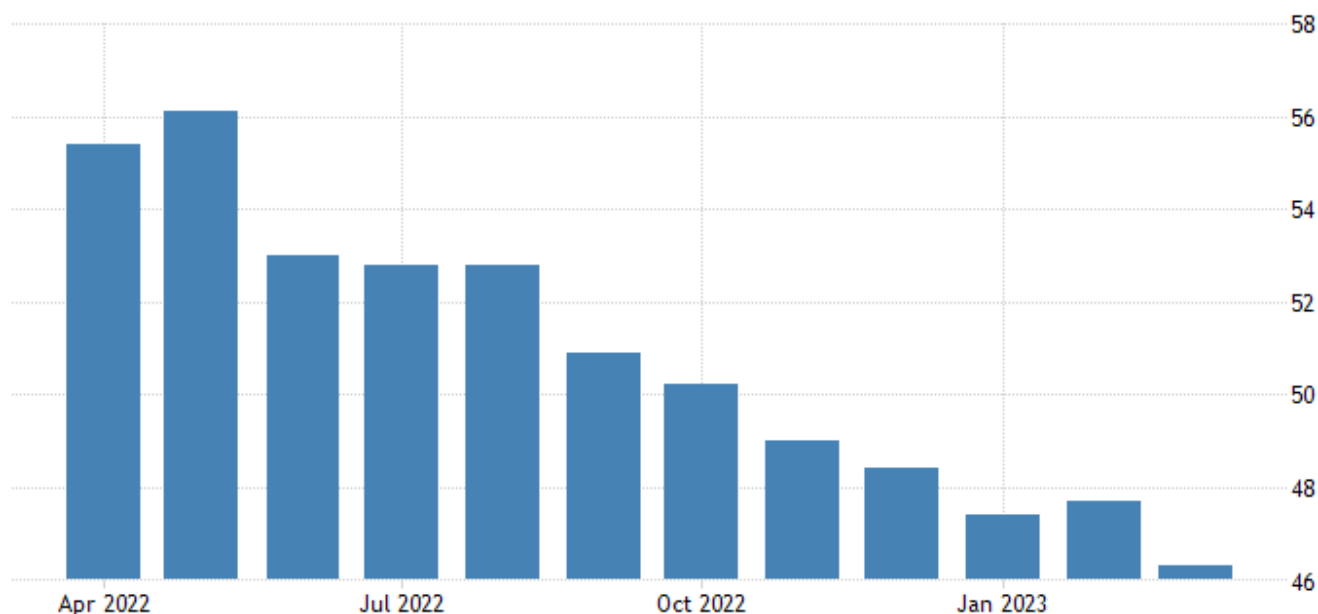


The unemployment rate remained low at 3.6% through Feb. 2023



However, slower economic growth going forward could lead to slower sales in 2023 if this trend continues

The ISM Manufacturing PMI decreased to 46.3 in March of 2023, the lowest since May of 2020, and compared to 47.7 in February. This indicator shows that rising interest rates and growing recession fears are starting to slow down the economy.



The Institute for Supply Management's purchasing managers' index for non-manufacturing activities has slowed down to 51.2 in March of 2023, amid an economic slowdown in the United States. The index shows that the US services market is still in expansion since it is above the 50 level.

