

# R New York Fourth Quarter 2022 Market Report

The Manhattan real estate market showed some signs of a slowdown in the fourth quarter of 2022 – impacted by lower listing inventory that was down 16% Q/Q and tighter financial conditions. Total sales of 2,546 were down 28.5% year over year due to a tough comparison and down 6.5% vs. the decade average. Average sales price was down 0.4% year over year while price per square foot was up 5.3% year over year. Median sales price was \$1.1m, down 5.5% year over year. Listing inventory was up 5.1% year over year while months of supply was 7.7, up 48% year over year due to softening demand but down 7% vs. 2019. 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 compared to 2022 given the exceptional growth in 2022 but should still be somewhat higher than 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 to finish raising rates in the first half of 2023. This could result in a stronger second half of 2023 when financial conditions improve after the Fed finishes its tightening cycle.

## The Manhattan real estate market showed softening trends in 4Q22 due to tough comparisons and a tighter financial market

Manhattan	4Q22	4Q21	% y/y change	3Q22	% q/q change
Average sales price (\$mm)	1.94	1.95	-0.4%	1.96	-0.7%
Avg. price per sq. ft.	1,662	1,579	5.3%	1,618	2.7%
Median sales price (\$mm)	1.10	1.17	-5.6%	1.16	-4.8%
Re-sale Median price	0.99	0.98	1.5%	1.00	-0.5%
Closed sales	2,546	3,559	-28.5%	3,692	-31.0%
Average days on market	76	159	-52.2%	70	8.6%
Listing Inventory	6,523	6,207	5.1%	7,741	-15.7%
Months of supply	7.7	5.2	48.1%	6.3	22.2%

Manhattan Co-ops	4Q22	4Q21	% y/y change	3Q22	% q/q change
Average sales price (\$mm)	1.27	1.27	0.1%	1.31	-3.1%
Avg. price per sq. ft.	1,225	1,143	7.2%	1,193	2.7%
Median sales price (\$mm)	0.78	0.80	-1.9%	0.85	-7.8%
Closed sales	1,392	1,917	-27.4%	2,110	-34.0%
Average days on market	74	168	-56.0%	68	8.8%
Months of supply	6.8	4.8	41.7%	5.5	23.6%

Manhattan Condos	4Q22	4Q21	% y/y change	3Q22	% q/q change
Average sales price (\$mm)	2.75	2.74	0.2%	2.81	-2.3%
Avg. price per sq. ft.	2,074	1,989	4.3%	2,080	-0.3%
Median sales price (\$mm)	1.75	1.75	-0.1%	1.63	7.4%
Closed sales	1,154	1,642	-29.7%	1,582	-27.1%
Average days on market	78	150	-48.0%	72	8.3%
Months of supply	8.7	5.7	52.6%	7.4	17.6%

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 6.4% up 3.3% in the past year. This has resulted in softer demand for housing in New York City.



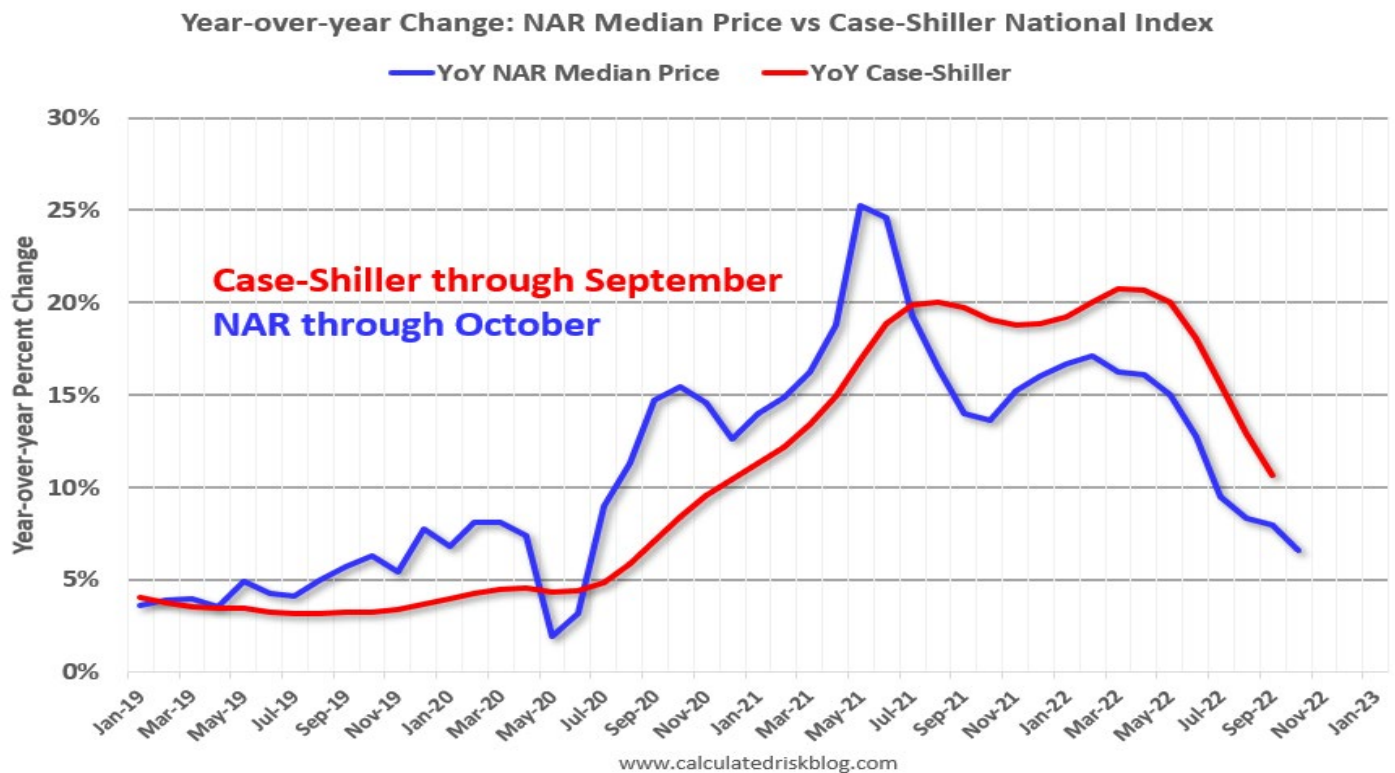
### Primary Mortgage Market Survey®

U.S. weekly average mortgage rates as of 12/29/2022

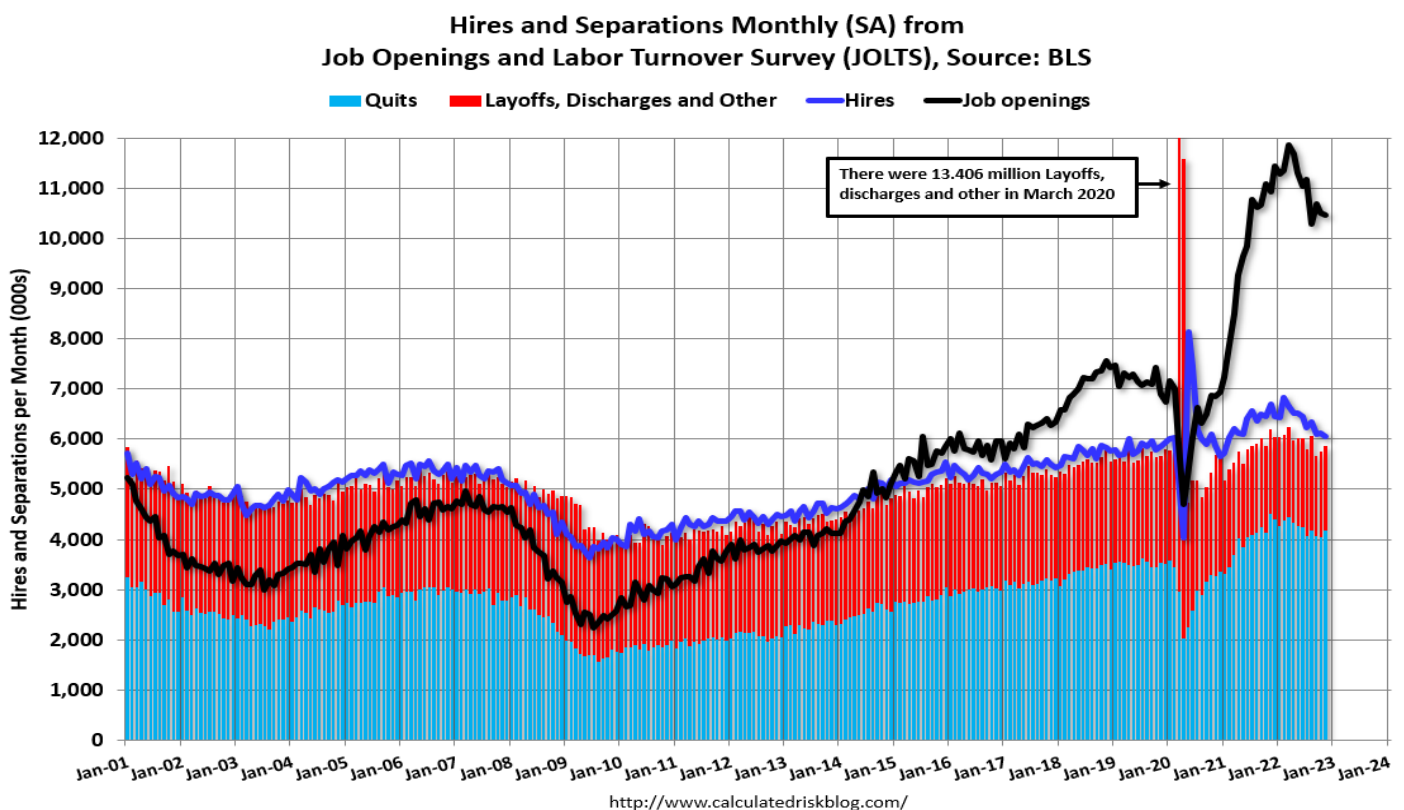


## Economic indicators show that the US economy remains strong despite tighter financial conditions caused by the federal reserve

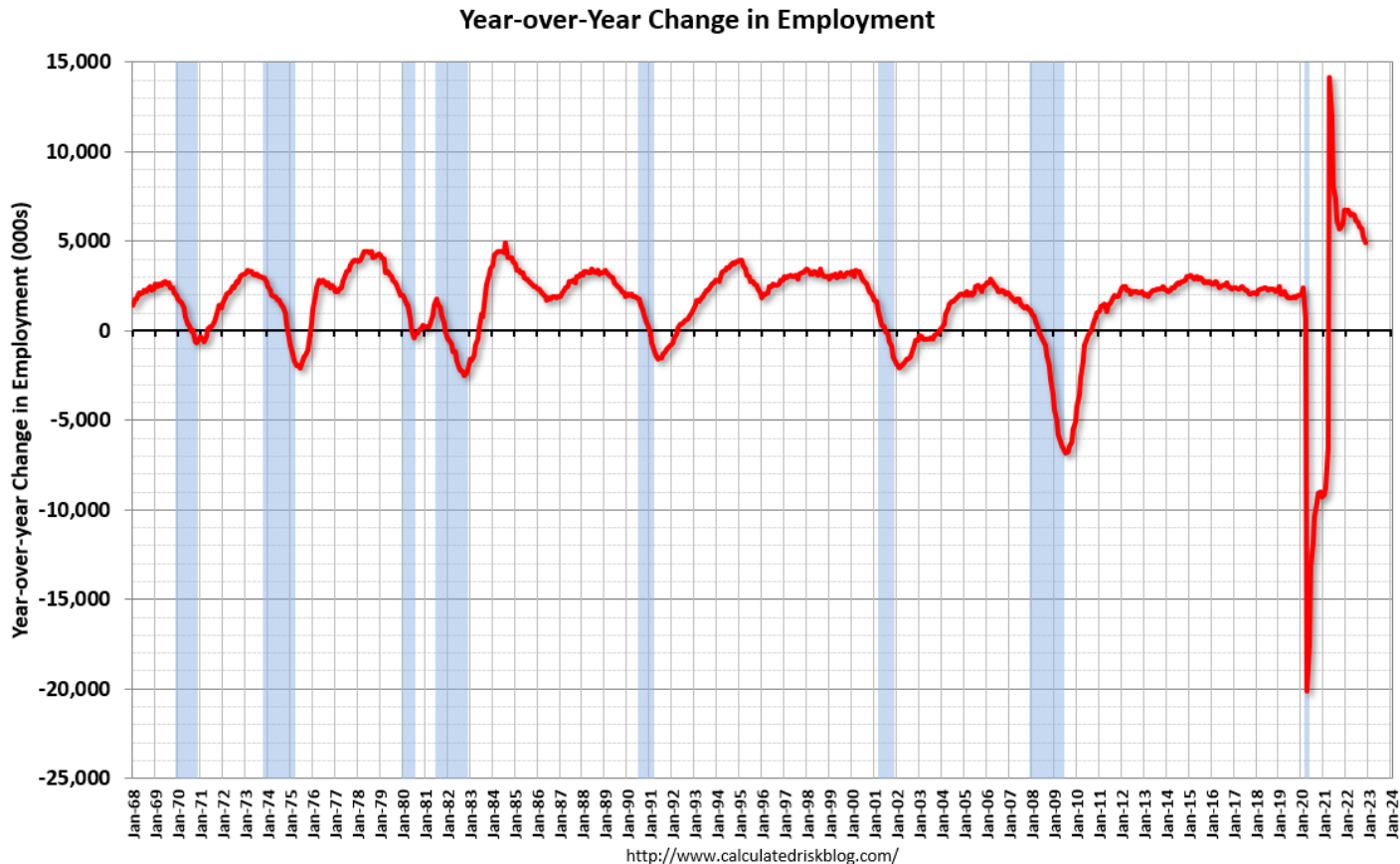
Real estate prices remain strong up 5% y/y across the country but are showing some moderation



## The number of job openings remained strong at over 10m as of November 2022



**In the past year, the US added 4.9 million jobs year over year through November 2022**



**The unemployment rate remained low at 3.7% through November 2022**

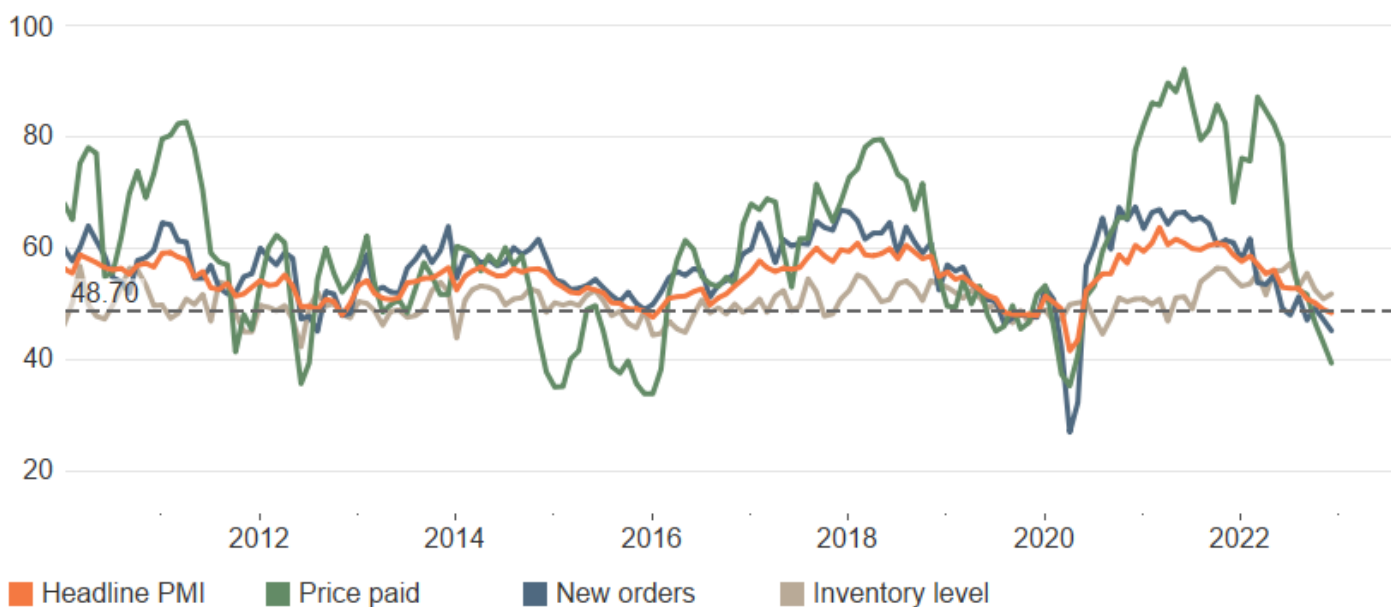


## Slower economic growth going forward could lead to slower sales in 2023 if this trend continues

The Institute for Supply Management's purchasing managers' index for manufacturing activities dipped to 48.4 in December 2022, its lowest level since May 2020, amid an economic slowdown in the United States

### ISM manufacturing index

PMI above 48.7 indicates overall expansion of the economy



Source: ISM, RSM US