

# R New York Third Quarter 2021 Market Report

The Manhattan real estate market showed tremendous growth due to pent-up demand as the New York City economy rebounded from the pandemic crisis. Total sales reached the highest level in last 32 years. Total sales tripled year over year and were up 77% compared with a more normal 3Q19 market. Average sales price was down 14% y/y and were down 2% sequentially due to trend toward smaller sized apartments. Median sales price was \$1.12m up 1% year over year. Average price per sq. ft. was flattish year over year. Listing inventory was down 17% year over year against an abnormal period and were down 2% sequentially.

Condo sales and coop sales were both strong and tripled year over year. While the average sales price for coops improved 9% year over year, the average sales price of condos dropped 25% partly due to an abnormal comparison. The market remains attractive for buyers with average price per sq. ft. for condos down 7% year over year and down 2% sequentially.

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 6% in 2021 which would be the highest growth rate since 1984. Vaccination trends are strong with over 64% of New Yorkers already fully vaccinated and 73% for Manhattan. Given pent-up demand and a strong economy, we would expect to see continued strong growth in real estate sales for 4Q2021.

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

Manhattan	3Q21	3Q20	% y/y change	2Q21	% q/q change
Average sales price (\$mm)	1.88	2.18	-14.0%	1.92	-2.4%
Avg. price per sq. ft.	1523	1532	-0.6%	1548	-1.6%
Median sales price (\$mm)	1.12	1.10	1.4%	1.13	-1.3%
Re-sale Median price	0.97	0.92	5.4%	1.00	-2.9%
Closed sales	4523	1375	228.9%	3417	32.4%
Average days on market	152	143	6.3%	169	-10.1%
Listing Inventory	7694	9319	-17.4%	7880	-2.4%
Months of supply	5.1	20.3	-74.9%	6.9	-26.1%

Manhattan Co-ops	3Q21	3Q20	% y/y change	2Q21	% q/q change
Average sales price (\$mm)	1.31	1.21	8.8%	1.28	2.8%
Avg. price per sq. ft.	1159	1100	5.4%	1139	1.8%
Median sales price (\$mm)	0.82	0.80	2.5%	0.82	0.0%
Closed sales	2432	763	218.7%	1801	35.0%
Average days on market	138	126	9.5%	160	-13.8%
Months of supply	4.8	19.1	-74.9%	6.6	-27.3%

Manhattan Condos	3Q21	3Q20	% y/y change	2Q21	% q/q change
Average sales price (\$mm)	2.53	3.39	-25.5%	2.64	-4.2%
Avg. price per sq. ft.	1881	2016	-6.7%	1921	-2.1%
Median sales price (\$mm)	1.61	1.77	-8.8%	1.65	-2.4%
Closed sales	2091	612	241.7%	1616	29.4%
Average days on market	176	169	4.1%	179	-1.7%
Months of supply	5.5	21.9	-74.9%	7.3	-24.7%

Source: Samuel Miller

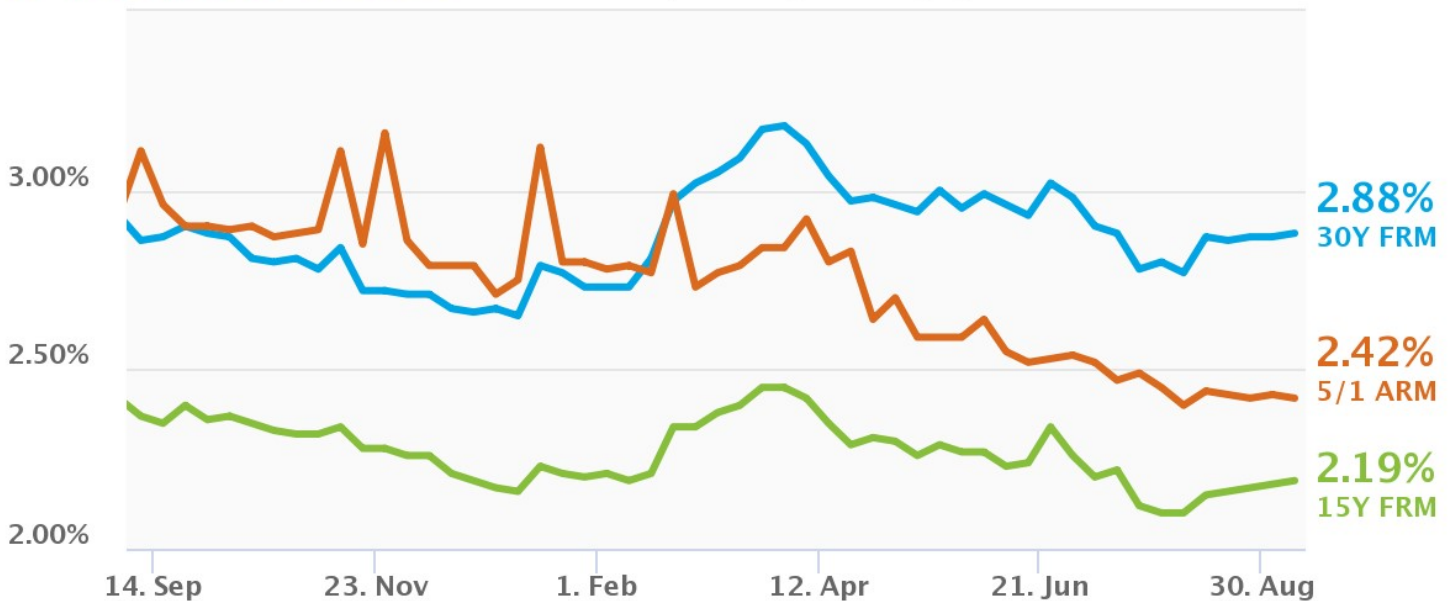
## Mortgage rates have dropped and should be a tailwind for the real estate market

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 2.88% 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 09/09/2021



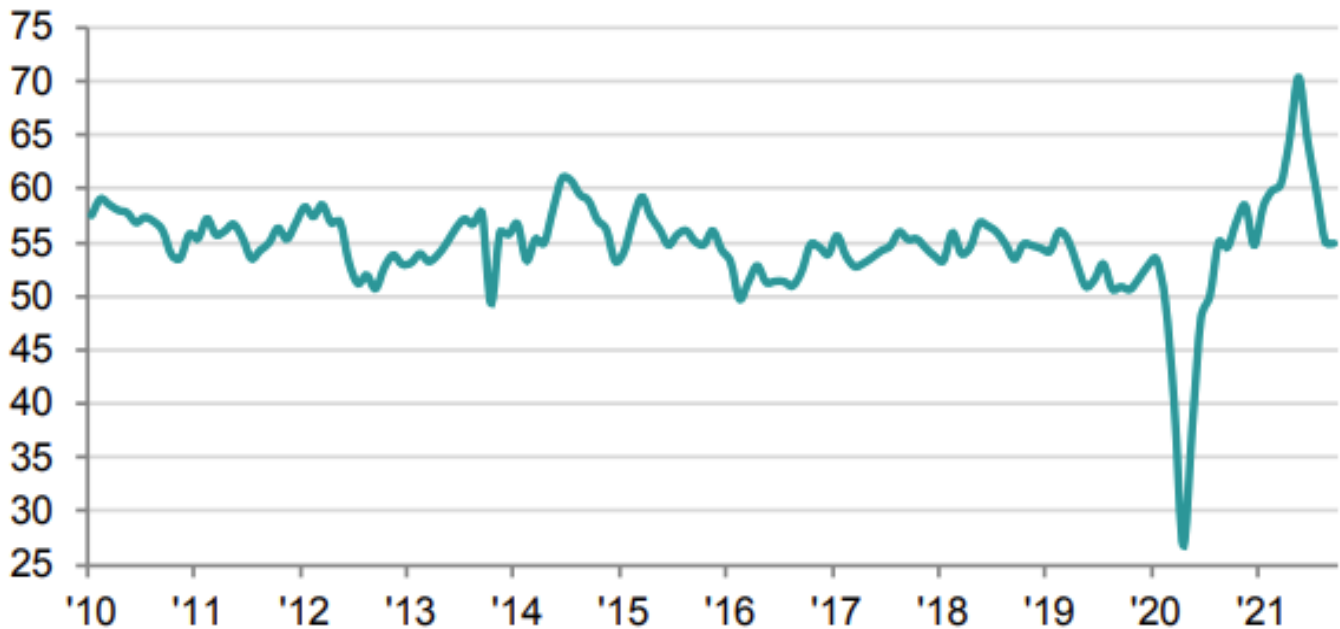
**Economic indicators show that the US economy is experiencing a strong recovery in the third quarter of 2021; this recovery should help stimulate the real estate market**

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 in 3Q2021 – an indicator over 50% shows expansion.

**Service PMI shows a strong rebound in the US economy in the Third Quarter 2021**

**U.S. Services PMI Business Activity Index**

sa, >50 = growth since previous month

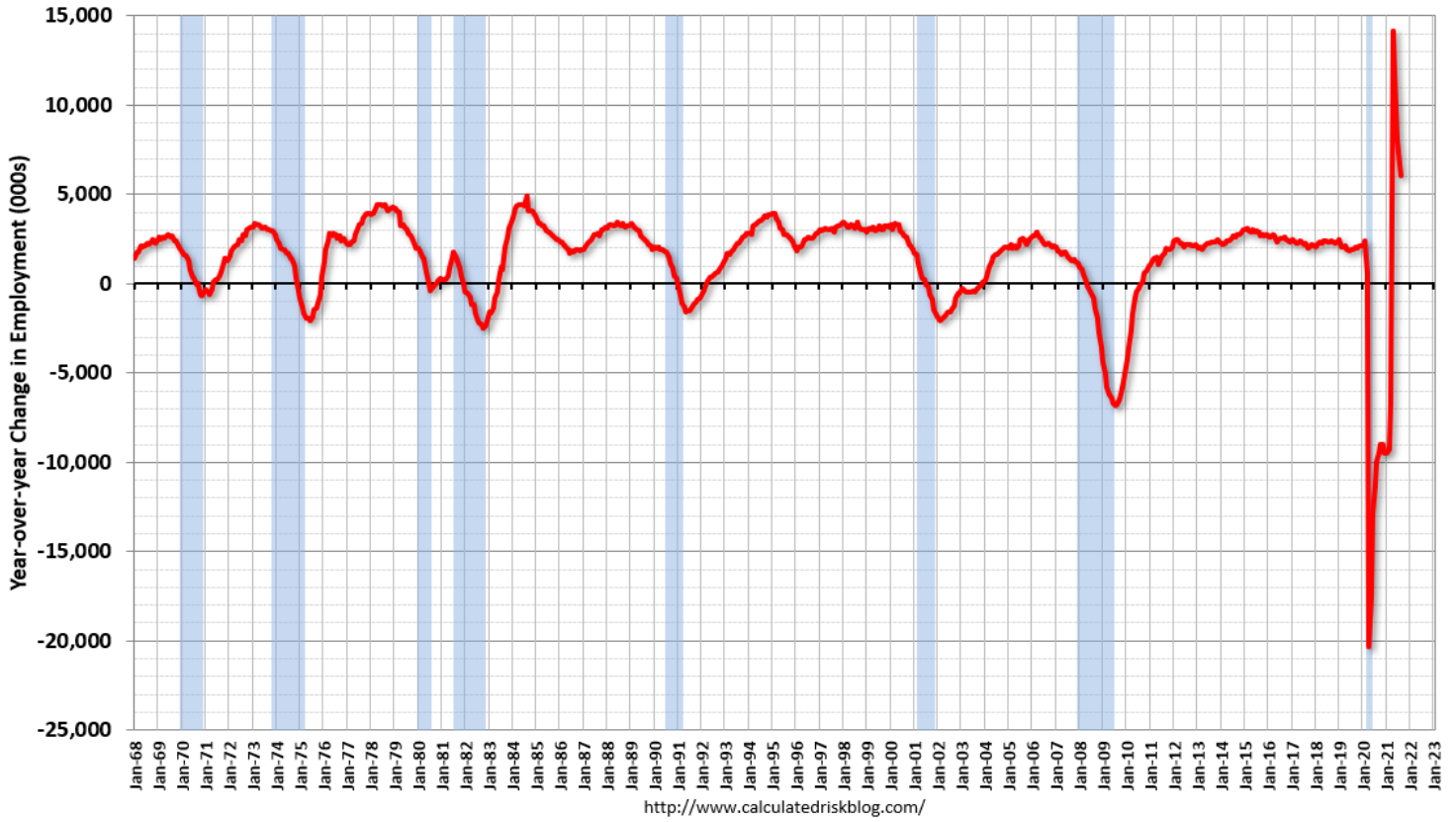


Source: IHS Markit.

**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**

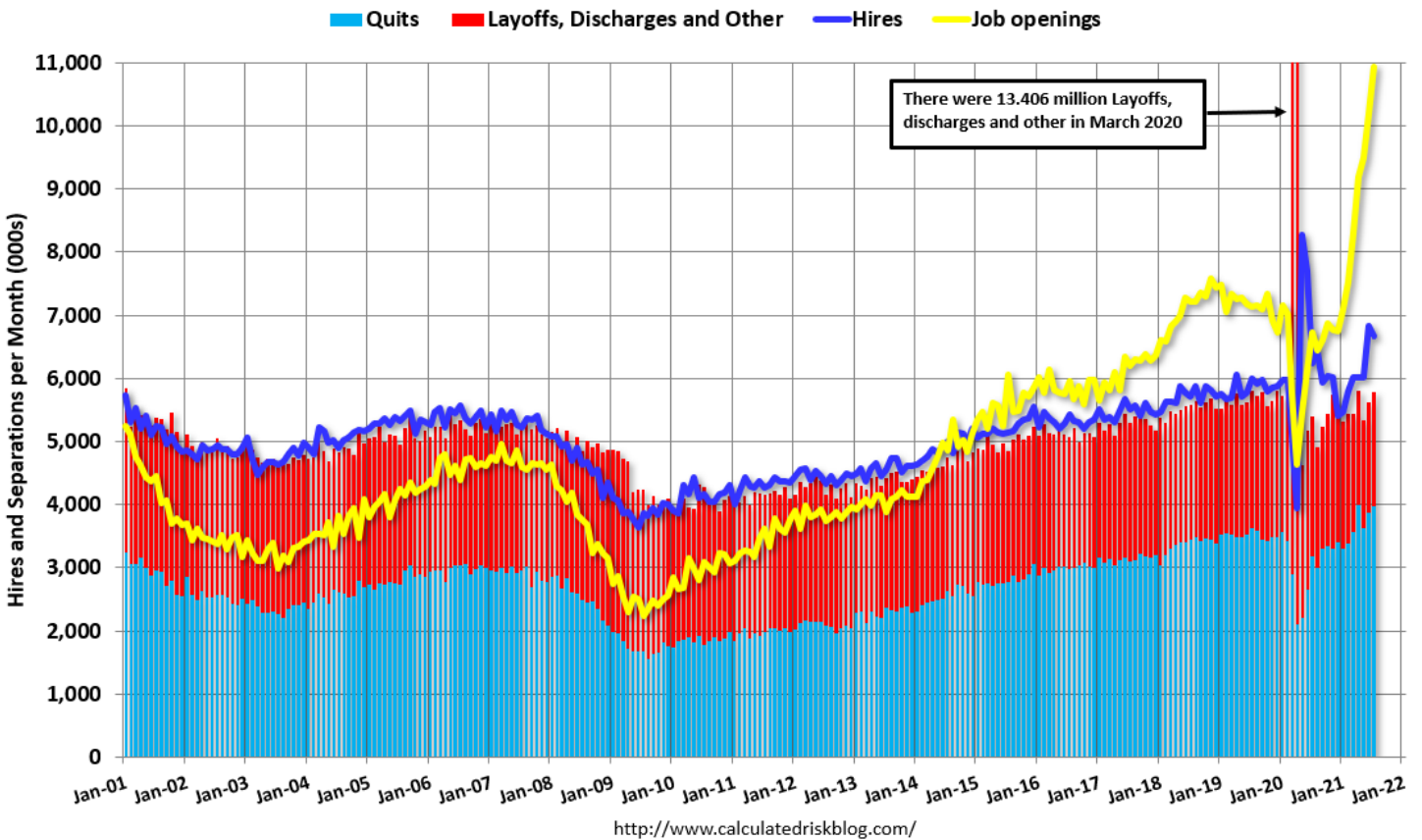
After a sharp decline with millions of people laid off in 2020 due to the shutdown of business activity in the country, we are seeing a strong recovery in the job market. In August 2021, the US economy has added 6 million jobs year over year. We expect a continuing strong recovery in the job market and the economy in 2021 and in 2022 as the pandemic subsides and most of the US population gets inoculated.

### Year-over-Year Change in Employment

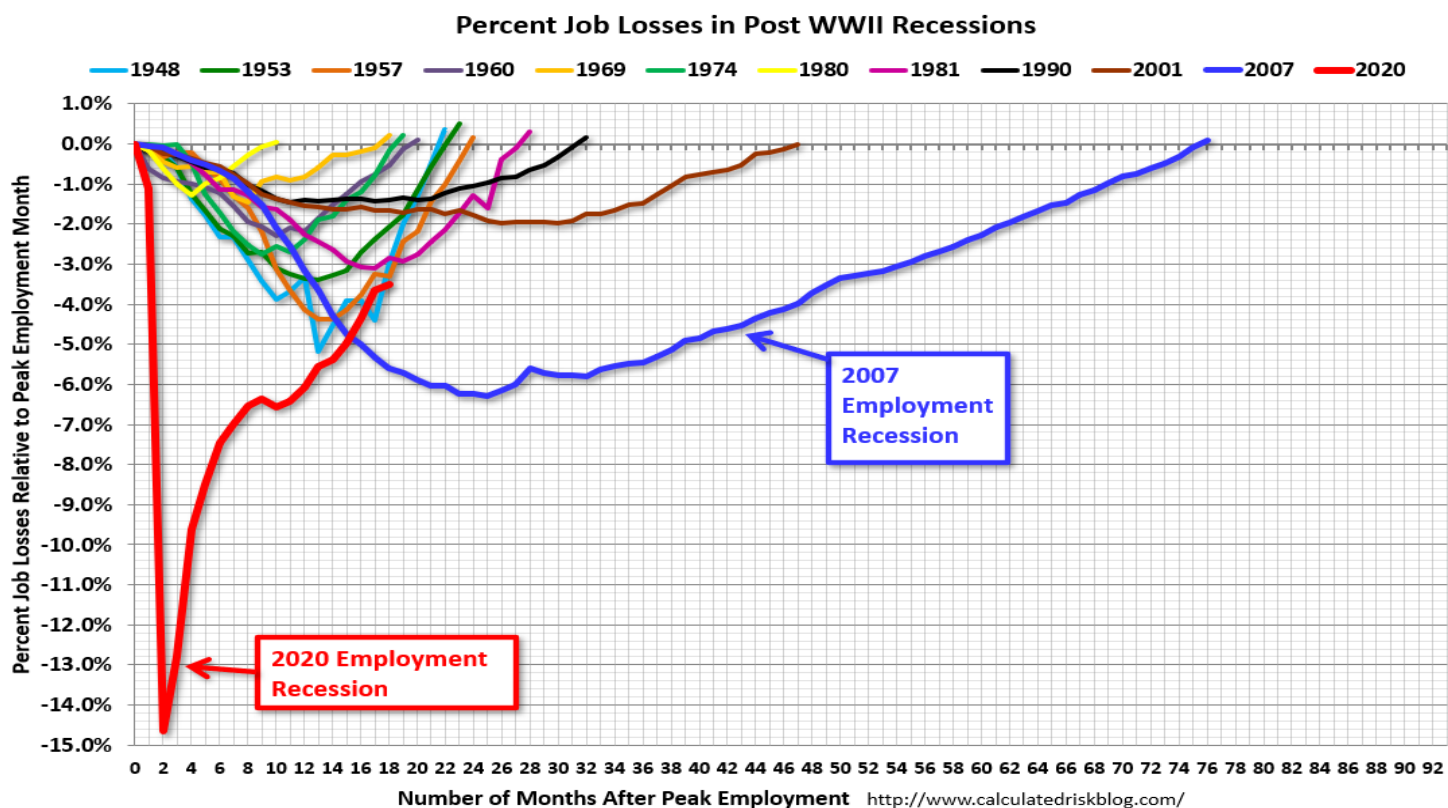


Job openings are at a ten year high in the US and up at 10.9 million as of July 2021

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



Unemployment rate, while still elevated at 5.2% in August 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 36%. 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.

