

R New York Fourth Quarter 2019 Market Report

The Manhattan real estate market stabilized in the fourth quarter, helped by lower rates, a strong stock market and a stable US economy. Total sales of 2,404 were modestly down 1.2% year over year. Buyers are benefiting from weaker pricing trends with average price per sq. ft. down 6% year over year. The mansion tax is negatively impacting high end sales with sales down 38% in homes above the \$5m mark. Sales of homes below \$5m were actually up 1.6% year over year. For the full year 2019, total number of sales were down 1.8% year over year, similar to 4Q trends. Median sales prices were flat year over year. Sales are taking longer to close with days on market up 6% year over year to 99 days. Listing inventory was down 10% quarter over quarter and up 9% y/y.

The luxury high end market was the weakest, hurt by the new mansion tax which took effect in 3Q19. NYC buyers already pay a flat 1 percent tax on home purchases of \$1 million or more but now must pay a scale of graduated levies that starts at 1 percent. The rate would increase at \$2 million and continue to rise until it reaches a top of 4.15 percent on any amount over \$25 million. The worst segment is homes in the \$7-20m range which saw sales down about 49% year over year.

We expect the market to stabilize in 2020 given easier comparison, low rates, a stable US economy and resilient stock market. The phase one trade deal that was agreed to in 4q19 was a positive development. The other positive was the 3 rate cuts that the Fed issued in 2019 which dropped the benchmark rate to 1.5-1.75%.

Manhattan	4Q19	4Q18	% y/y change	3Q19	% q/q change
Average sales price (\$mm)	1.82	1.94	-6.4%	1.656	9.6%
Avg. price per sq. ft.	1581	1684	-6.1%	1524	3.7%
Median sales price (\$mm)	1.00	1.00	0.0%	1.025	-2.5%
Re-sale Median price	0.94	0.94	-0.3%	0.915	2.7%
Closed sales	2404	2432	-1.2%	2562	-6.2%
Average days on market	99	93	6.5%	91	8.8%
Listing Inventory	6643	6092	9.0%	7352	-9.6%
Months of supply	8.3	7.5	10.7%	8.6	-3.5%

Source: Samuel Miller

Both the Co-op market and Condo market were stable in the fourth quarter but experienced downward pressure on pricing

With more inventory and a slower sales market, sellers are more willing to negotiate on pricing. As a result, co-ops saw a 6% drop in pricing per square foot while condos saw a 4% drop. The average sales price of co-ops was down 3% year over year while condos saw a 11% drop.

Manhattan Co-ops	4Q19	4Q18	% y/y change	3Q19	% q/q change
Average sales price (\$mm)	1.21	1.24	-2.8%	1.141	5.8%
Avg. price per sq. ft.	1147	1225	-6.4%	1146	0.1%
Median sales price (\$mm)	0.80	0.79	0.6%	0.795	0.0%
Closed sales	1385	1412	-1.9%	1485	-6.7%
Average days on market	94	86	9.3%	88	6.8%
Months of supply	6.7	6.1	9.8%	7.3	-8.2%

Manhattan Condos	4Q19	4Q18	% y/y change	3Q19	% q/q change
Average sales price (\$mm)	2.64	2.96	-10.8%	2.3668	11.6%
Avg. price per sq. ft.	2067	2152	-3.9%	1952	5.9%
Median sales price (\$mm)	1.58	1.48	6.5%	1.491	5.6%
Closed sales	1019	1020	-0.1%	1077	-5.4%
Average days on market	106	106	0.0%	95	11.6%
Months of supply	10.4	9.5	9.5%	10.5	-1.0%

Source: Samuel Miller

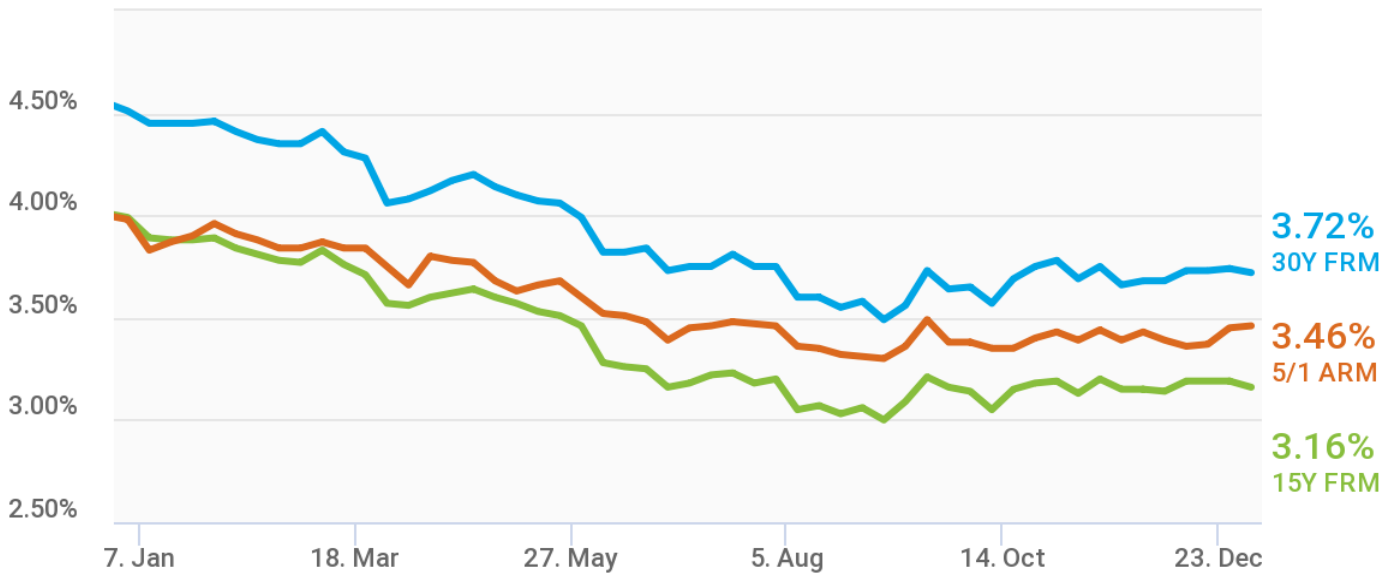
Mortgage rates have dropped and should become a tailwind in 2020

With a moderation in the US economy and a more dovish stance from the Federal Reserve, mortgage rates have dropped significantly in 2019. 30-year rates are about 3.72% down about 75 bps vs. a year ago. This should help drive higher demand going forward and help stabilize the Manhattan market.



Primary Mortgage Market Survey®

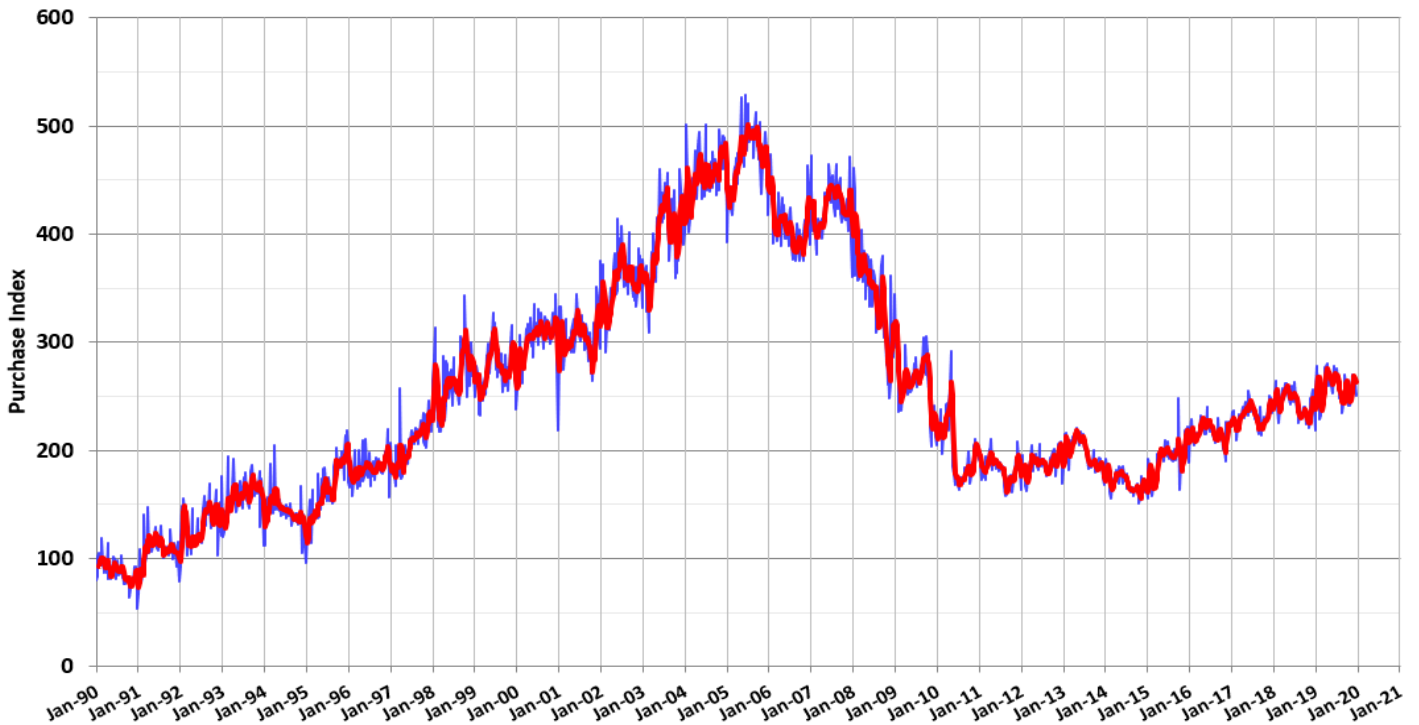
U.S. weekly average mortgage rates as of 01/02/2020



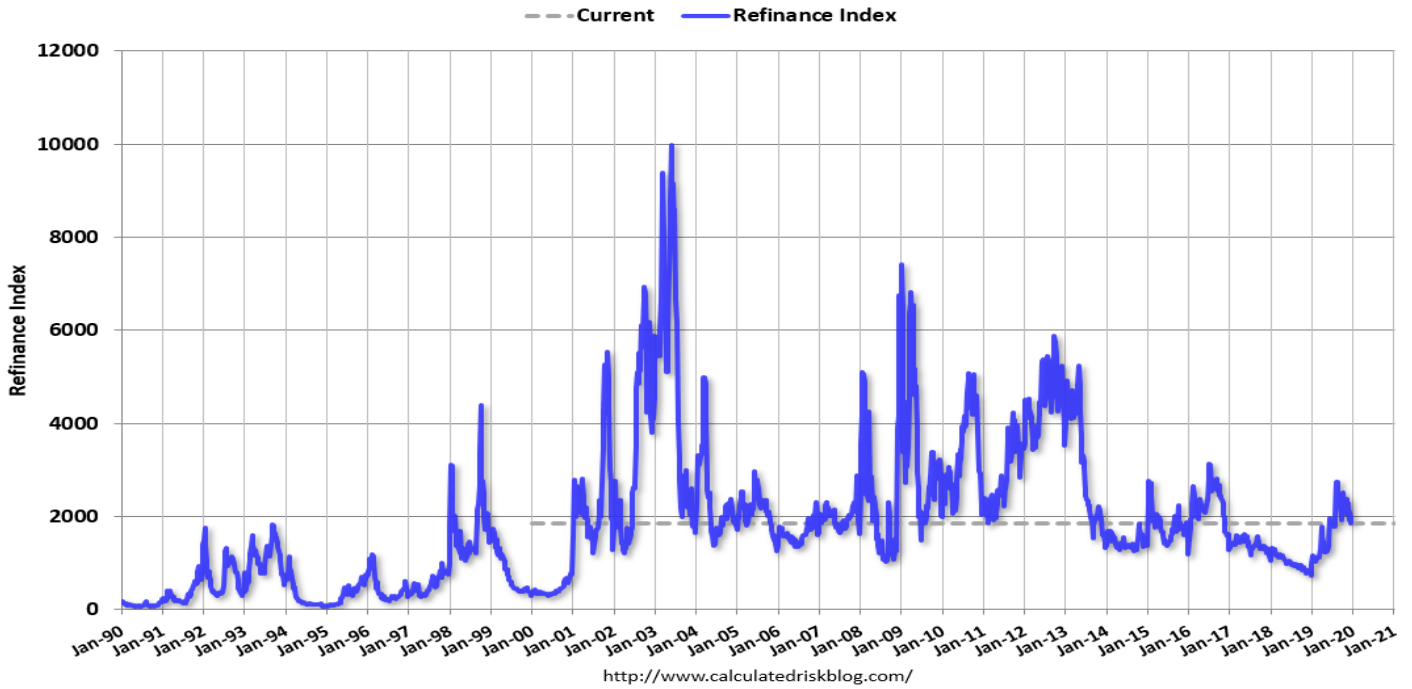
Mortgage purchase and refinance applications have picked up due to lower rates and are up 20% plus year over year (see graphs below).

MBA Purchase Applications Index

— Purchase Index — 4 Week Moving Average



MBA Refinance Applications Index

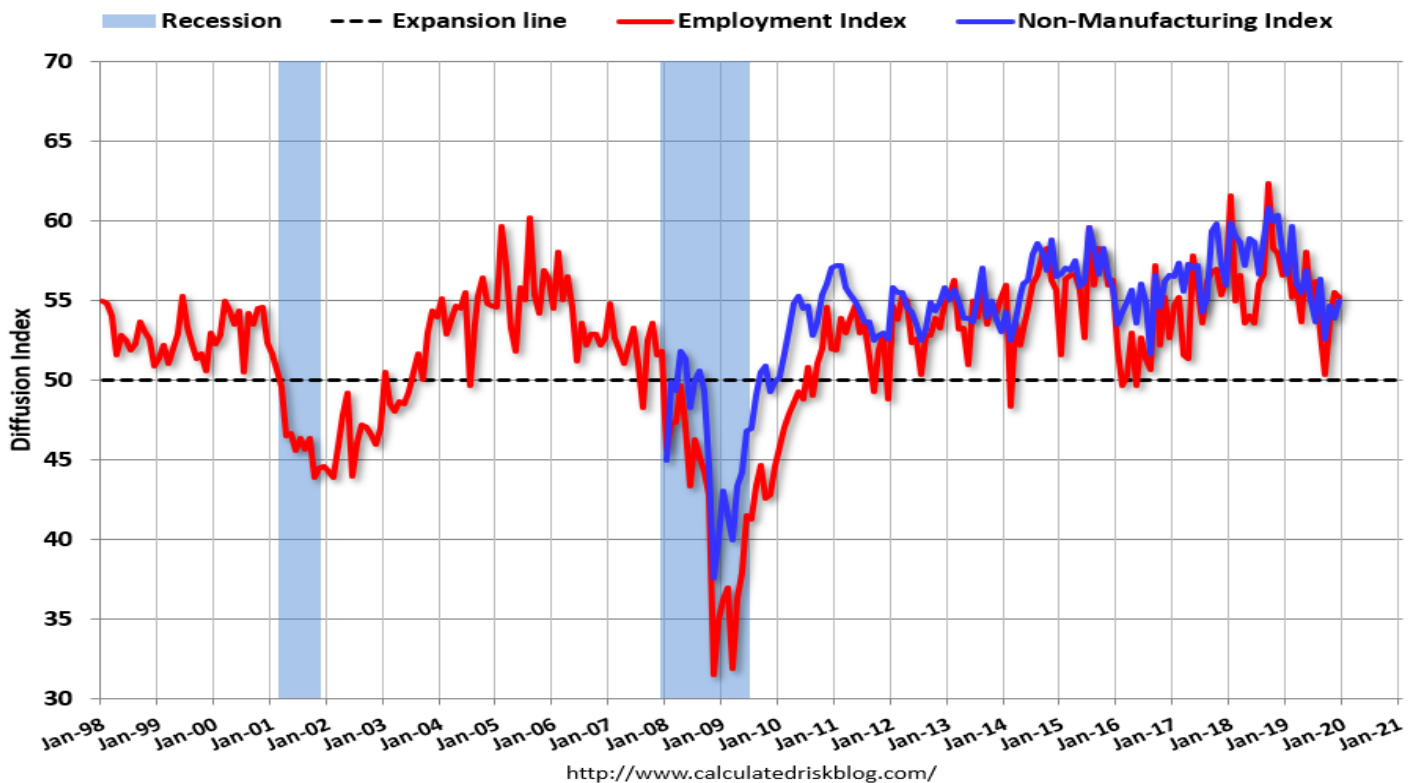


A relatively stable US economy should help the housing market in 2020

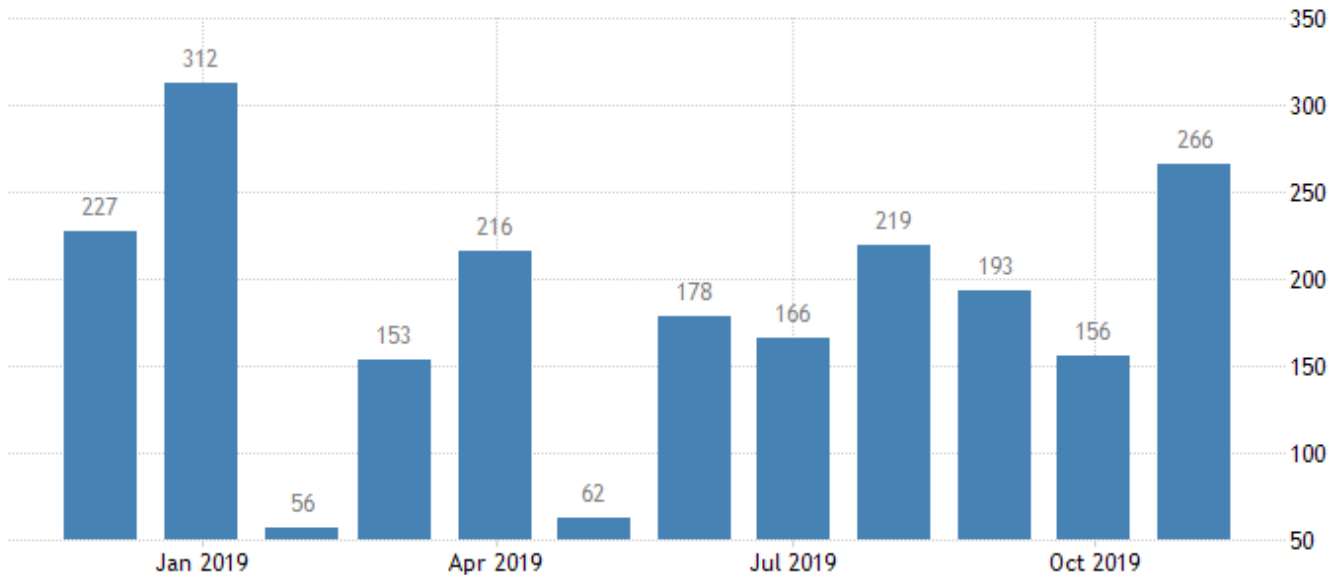
The ISM non-manufacturing index remains strong and show expansion in December for the 107th consecutive month. The December ISM Non-manufacturing index was at 55%, up from 53.9% in November and consistent with recent trends. The employment index decreased in November to 55.2%, from 55.5%.

Note: Above 50 indicates expansion of economic activity.

ISM Non-Manufacturing and Employment Diffusion Indexes



Employment trends remain strong in the US with 266k jobs added in Nov. 2019



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Strong stock market rebound in 2019 also a positive with market up 26% over last 2 years

