

R New York Second Quarter 2019 Market Report

The Manhattan real estate market finally showed some strength in the second quarter of 2019 and grew for the first time after 6 consecutive down quarters. Closed sales transactions were up 12.5% at 2,957. Median sales price was up 10% in 2Q19 y/y vs. the flat trends in 1Q, while resale median price increased 2% y/y. New development closings (10% of all sales) showed a big improvement and saw a 57% increase y/y. While listing inventory continued to increase and was up 8% y/y, months of supply finally showed a drop of 4% after 6 quarters of increases.

The luxury high-end market also saw a modest recovery. While the average sales price dropped 8% y/y to \$8.6m, the number of sales increased 13% to 297. Days on Market (DOM) dropped by 17% y/y to 153.

The real estate market in the second quarter was helped by a strong stock market recovery and lower financing costs with mortgage rates dropping about 75bps vs. a year ago. We expect the back half of 2019 to continue to show improvement given the easy comps, steady US economy, stock market recovery and lower mortgage rates.

Manhattan	2Q19	2Q18	% y/y change	1Q19	% q/q change
Average sales price (\$mm)	2.09	2.09	-0.2%	2.12	-1.6%
Avg. price per sq. ft.	1762	1733	1.7%	1769	-0.4%
Medium sales price (\$mm)	1.22	1.10	10.5%	1.08	13.0%
Re-sale medium price	1.00	0.98	1.5%	1.00	-0.3%
Closed sales	2957	2629	12.5%	2121	39.4%
Average days on market	114	103	10.7%	99	15.2%
Listing Inventory	7558	6985	8.2%	6673	13.3%
Months of supply	7.7	8.0	-3.8%	9.4	-18.1%

Source: Samuel Miller

Co-op market fared better than the Condo market as buyers look for more value

The condo market saw a stronger recovery with closed sales up 26% y/y helped by easy comps and strong new development sales. Pricing remains muted with average price per square foot down 2% y/y. The Co-op market saw some modest improvements with sales up 2% year over year and avg. price per square foot up 1.5% year over year.

Manhattan Co-ops	2Q19	2Q18	% y/y change	1Q19	% q/q change
Average sales price (\$mm)	1.36	1.38	-1.6%	1.29	5.6%
Avg. price per sq. ft.	1339	1319	1.5%	1243	7.7%
Medium sales price (\$mm)	0.84	0.81	3.1%	0.83	0.6%
Closed sales	1482	1455	1.9%	1265	17.2%
Average days on market	100	90	11.1%	90	11.1%
Months of supply	7.4	6.7	10.4%	7.5	-1.3%

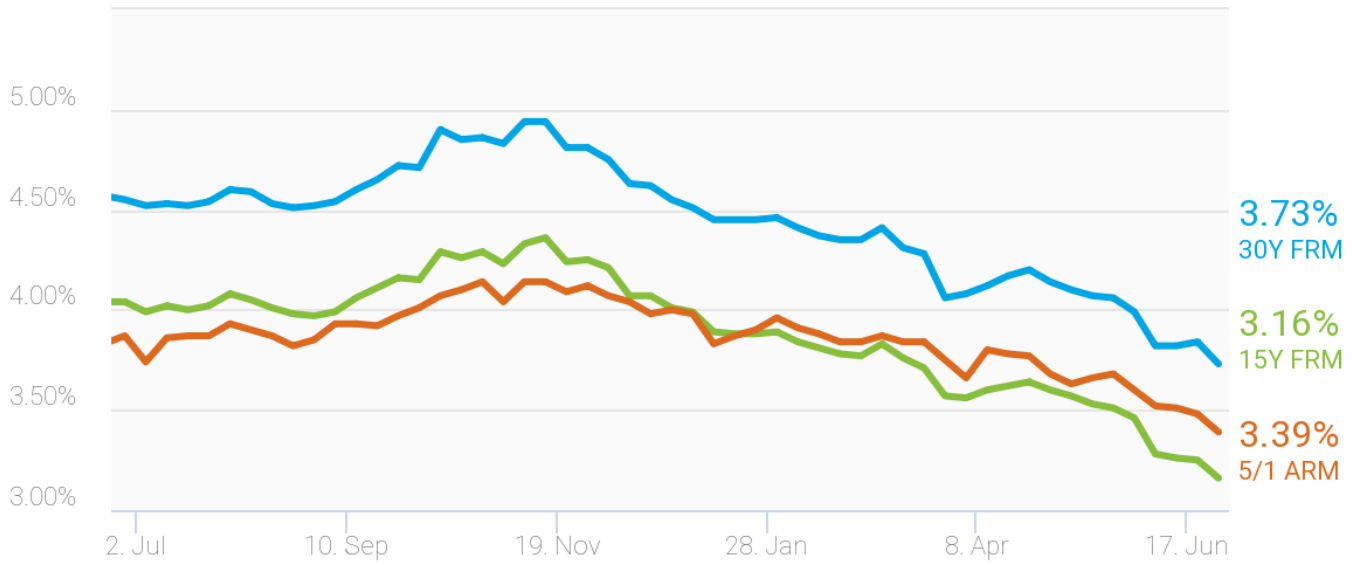
Manhattan Condos	2Q19	2Q18	% y/y change	1Q19	% q/q change
Average sales price (\$mm)	2.84	2.97	-4.5%	3.35	-15.3%
Avg. price per sq. ft.	2077	2115	-1.8%	2331	-10.9%
Medium sales price (\$mm)	1.70	1.65	3.0%	1.59	6.8%
Closed sales	1475	1174	25.6%	856	72.3%
Average days on market	132	121	9.1%	116	13.8%
Months of supply	8.0	9.5	-15.8%	8.2	-2.4%

Mortgage rates which has been a headwind for the real estate market in 2018 is now a strong tailwind in 2019 with rates down about 75bps year over year

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 3.73% down about 75 bps vs. a year ago. This should help drive higher demand in 2019 and help stabilize the Manhattan market. Mortgage applications have picked up recently due to lower rates and is up 10% y/y (see second graph)

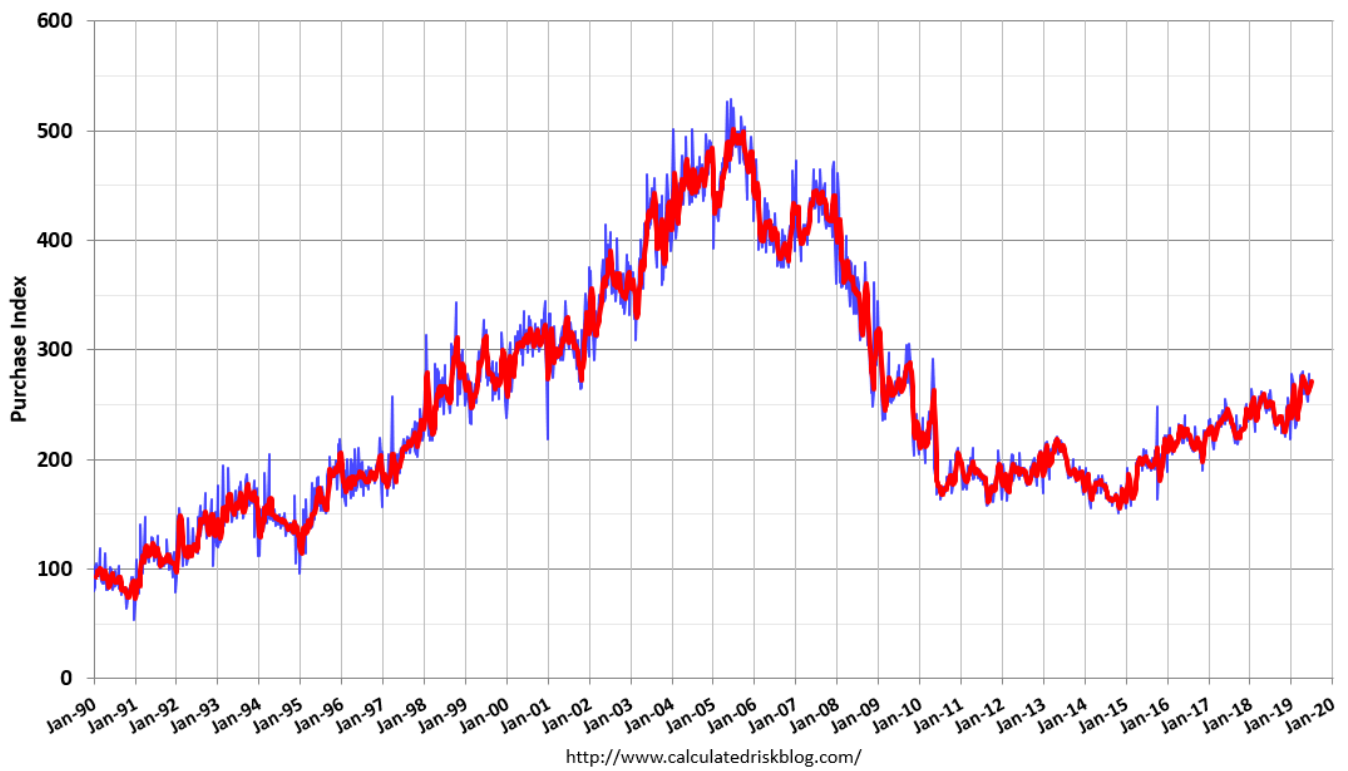


Primary Mortgage Market Survey®
U.S. weekly average mortgage rates as of 06/27/2019



MBA Purchase Applications Index

Purchase Index 4 Week Moving Average



The recovery in the stock market in 2019 is also bullish for the real estate market and should help stabilize the Manhattan real estate market

The US stock market (S&P 500) has rebounded 19% in 2019 thru July 2nd and is now at an all-time high. Due to concerns about the global economy and rate hikes by the Fed, the S&P 500 dropped 14% in 4Q18. With a China trade deal likely imminent and an accommodating Federal reserve, the global stock market has staged a strong rebound in 2019. The US market (S&P 500) is now up about 10% in the past year.

S&P 500 one-year performance (up 10%)

