

R New York 2nd Quarter 2020 Market Report

The Manhattan real estate market showed a dramatic 54% decline in the second quarter of 2020 due to the COVID-19 pandemic and the 3-month shutdown of the New York City economy. Total sales were only 1,357 - about half of what typical sales levels are for the second quarter historically. Average sales price was down 10% while average price per sq. ft. dropped 7% year over year. In the second quarter, listing inventory also dropped 18% year over year because of the shutdown and average days on the market increased by 9% to 124.

The market was initially off to a solid start this year given easier comparison, low rates, a stable US economy and resilient stock market. However, with the emergence of the global COVID-19 pandemic in March of 2020 and the shutdown of the US/New York economy starting in March, the US and New York have experienced a dramatic slowdown that negatively impacted the real estate market in the second quarter. New York City was hit especially hard with the most cases of any metropolitan area in the United States.

With New York City getting back to normalcy and businesses returning to work in June/July, we would expect some improvement in sales trends in the third quarter vs. the second quarter as New York returns to normalcy and real estate activity picks up. The third quarter sales figure will likely be down double digits year over year but should show an improvement vs. the second quarter. Assuming there is no second wave of COVID-19 in the fall, the fourth quarter will likely be the strongest sales season of the year as the economy and the city recovers from the sharp slowdown in 2Q and 3Q of 2020. When a vaccine becomes available in 2021, we would expect to see a stronger pickup in the US economy and in the Manhattan real estate market.

The Manhattan real estate market showed a dramatic slowdown due to the impact of the COVID-19 pandemic

Manhattan	2Q20	2Q19	% y/y change	1Q20	% q/q change
Average sales price (\$mm)	1.88	2.09	-10.0%	1.89	-0.4%
Avg. price per sq. ft.	1642	1762	-6.8%	1540	6.6%
Median sales price (\$mm)	1.00	1.22	-18.0%	1.06	-5.7%
Re-sale Median price	0.93	1	-7.0%	0.97	-3.6%
Closed sales	1357	2957	-54.1%	2407	-43.6%
Average days on market	124	114	8.8%	115	7.8%
Listing Inventory	6225	7558	-17.6%	6113	1.8%
Months of supply	13.8	7.7	79.2%	7.6	81.6%

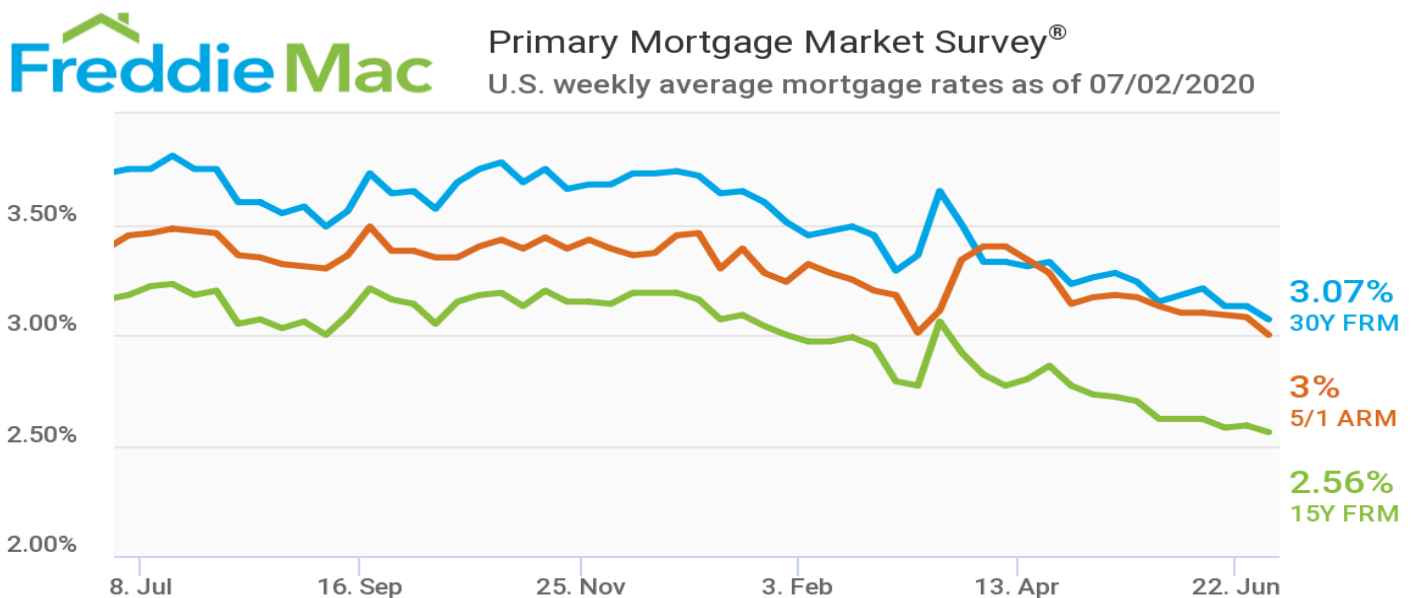
Manhattan Co-ops	2Q20	2Q19	% y/y change	1Q20	% q/q change
Average sales price (\$mm)	1.21	1.36	-11.2%	1.37	-12.0%
Avg. price per sq. ft.	1222	1339	-8.7%	1206	1.3%
Median sales price (\$mm)	0.75	0.84	-10.7%	0.81	-7.5%
Closed sales	741	1482	-50.0%	1387	-46.6%
Average days on market	122	100	22.0%	105	16.2%
Months of supply	11.9	7.4	60.8%	6.2	91.9%

Manhattan Condos	2Q20	2Q19	% y/y change	1Q20	% q/q change
Average sales price (\$mm)	2.69	2.84	-5.2%	2.59	4.0%
Avg. price per sq. ft.	2014	2077	-3.0%	1923	4.7%
Median sales price (\$mm)	1.69	1.7	-0.8%	1.63	3.7%
Closed sales	616	1475	-58.2%	1020	-39.6%
Average days on market	129	132	-2.3%	131	-1.5%
Months of supply	16.0	8	100.0%	9.5	68.4%

Source: Samuel Miller

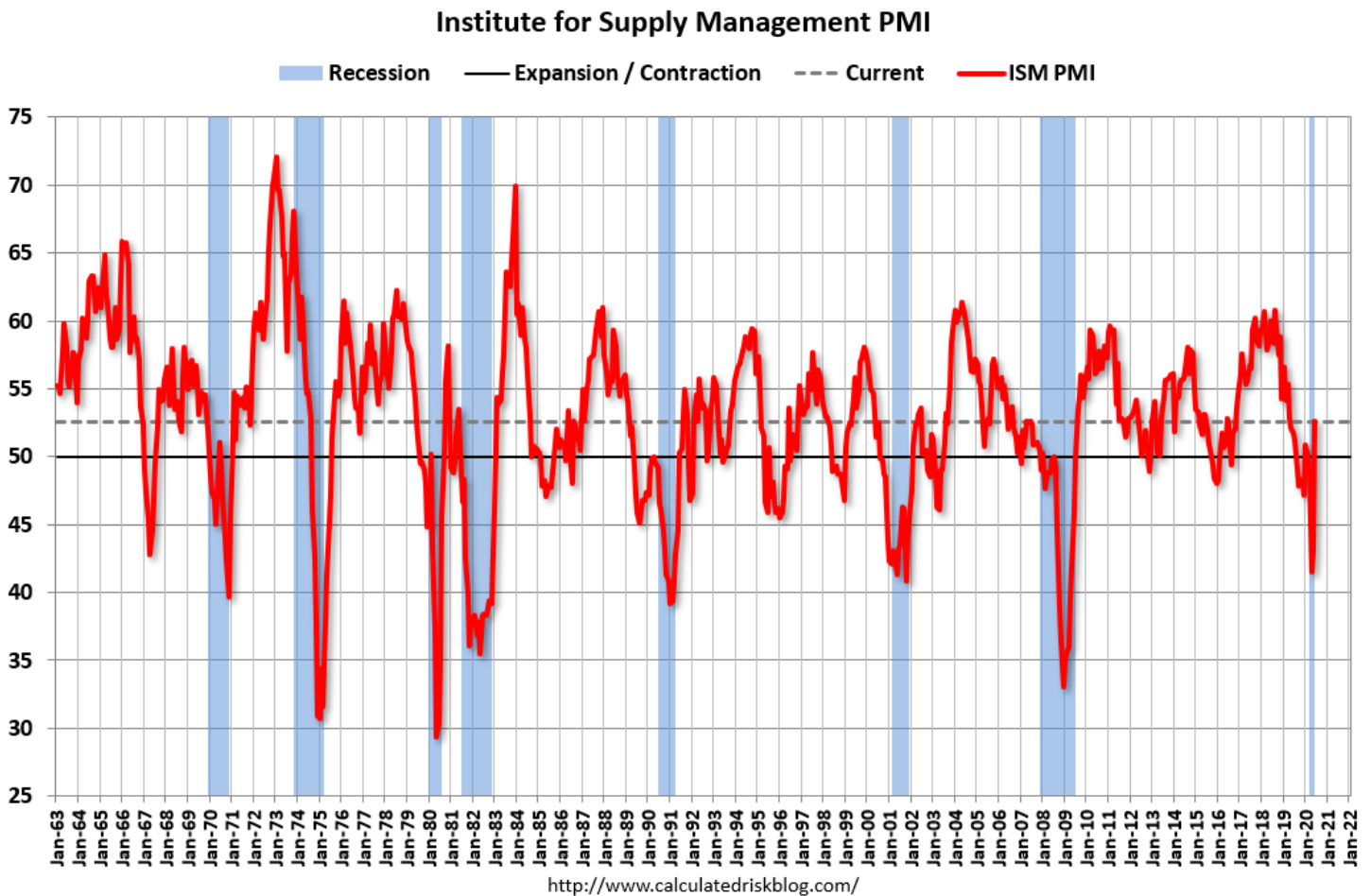
Mortgage rates have dropped and should become a tailwind after the US economy reopens from the pandemic shutdown

Due to a sharp drop in the US economy and a more dovish stance from the Federal Reserve, 30-year mortgage rates have dropped significantly and just hit an all-time low. 30-year rates are about 3.07% currently, down about 70 bps vs. a year ago. The low rates should help drive higher housing demand going forward and help stabilize the Manhattan market.



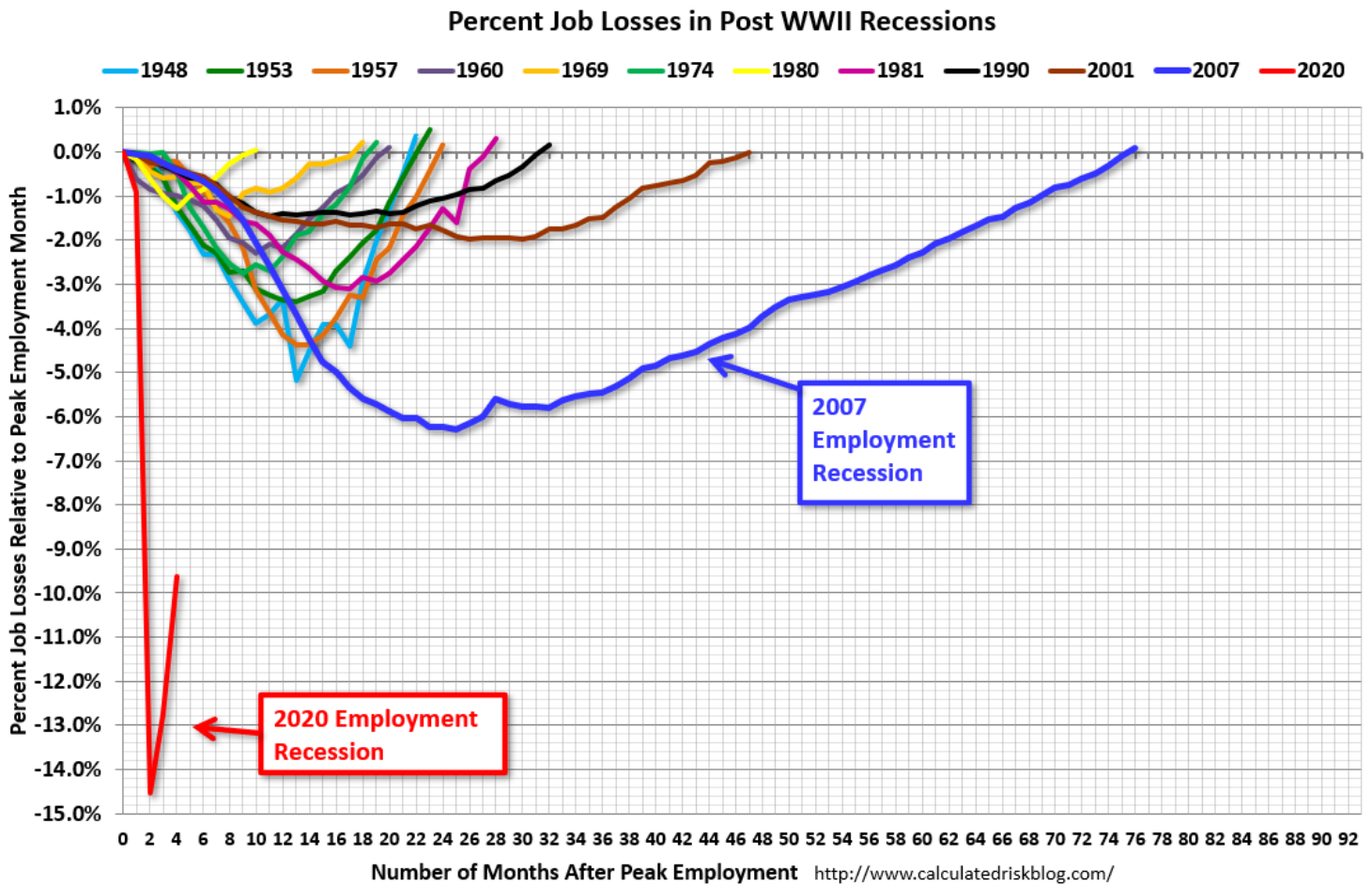
Economic indicators show that the US economy is bouncing back from a deep recession starting in the second quarter of 2020; this recovery should help stabilize the real estate market

Because over 2/3rd of the country was shutdown with most people forced to stay at home, we have seen a significant negative impact to the US economy and to the real estate market. With the country opening up in the last 2 months, we are seeing some recovery in the economy and housing market. The ISM chart below shows that industry activity is finally expanding in June after a sharp drop in April and May. Most experts expect that the US economy should start to recover in the third quarter of 2020 as the country opens back up.



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 April and May of this year due to the shutdown of business activity in the country, we are seeing a strong recovery in the job market. Total nonfarm payroll rose by 4.8m in June 2020. We still have a long way to go in the recovery as the change in jobs year over year is still -13 million. We expect a significant recovery in the job market and the economy in the second half of 2020 when the COVID-19 pandemic is likely to subside in the US and in New York.



Unemployment rate, while still elevated at 11% in June, has dropped significantly from the 15% level at the end of April 2020

