

KIRSTEN JORDAN | TEAM

AT DOUGLAS ELLIMAN REAL ESTATE



# Kirsten Jordan Team Quarterly Real Estate Report

Insights and Trends in Global, US, and NYC Real Estate Markets



# Executive Summary

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All signs point to a potential shift in monetary policy as a wave of economic data in Q2 showed significant progress on inflation and slowing in the U.S. labor market.

The probability of a 25 basis point rate cut at the September 2024 FOMC meeting rose to 93.5% according to CME data.

In our view, an easing of monetary conditions should result in an uptick in the number of homes for sale and encourage buyers to come off the sidelines as the cost of borrowing declines.

*Kirsten Jordan*



A modern interior design background featuring a light-colored marble floor, a dark leather armchair, a large potted plant, and a glass railing with gold-colored accents.

## Key Highlights

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- **Global Market:** A strong U.S. Dollar and soaring prices deterred foreign buyers from purchasing U.S homes in Q2. The number of homes purchased by international buyers fell to the lowest level on record.
- **US Market:** Divergence persisted between overall transactions and price in Q2. The national median existing home price set a fresh record high at \$419,300; meanwhile, on an annual basis, existing-home sales declined 2.8%. Rate-incentivized buyers drove the market with cash transactions accounting for 28% of all existing home sales in May.
- **NYC Market:** NYC saw a jump in overall transactions in Q2 with Manhattan scoring its first y/y sales increase in nearly two years, up 12.2%. Brooklyn made history as median sales prices hit a new record high of \$990,000, up 4.2% annually.









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# Global Real Estate Market Analysis

Global Economics Forecast			
	GDP(%)		
	2024	2025	2026
US	1.0	0.8	3.2
UK	0.0	1.5	1.3
Japan	0.0	0.7	1.2
Eurozone	0.5	1.4	1.3
Global	2.5	2.8	3.3

Forecasts are offered as opinion and are not reflective of potential performance.  
Forecasts are not guaranteed, and actual events or results may differ materially.



## Interest Rate Cycle and Market Stabilization

The Federal Reserve became slightly more dovish at the end of Q2 as economic data suggests a slowdown in the labor market.

The U.S. unemployment rate ticked up to 4.1% for the first time since November 2021. April and May's jobs numbers were revised sharply lower with April showing 111,000 fewer jobs added than previously reported. The market is now pricing in up to 75 basis points worth of cuts by year end.

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## Economic Environment and Tenant Strength

Historically, the U.S. economy is still quite robust with near record low unemployment.

Landlords must still prioritize tenants with high incomes and credit scores as well as focus on markets with strong job and population growth for new acquisitions.

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## Real Estate Pricing Trends

Towards the end of Q2, the median price of an existing-home set a record high at \$419,300 with all cash buyers dominating the market, accounting for 28% of all transactions.

The interest rate on a 30-year fixed rate mortgage remained elevated above 7% for much of the quarter—putting pressure on buyers in need of financing.

The South saw the largest decline in existing-home sales towards the end of Q2 with a 5.1% y/y decline in May. Transactions also declined in the Northeast down, 4% y/y.



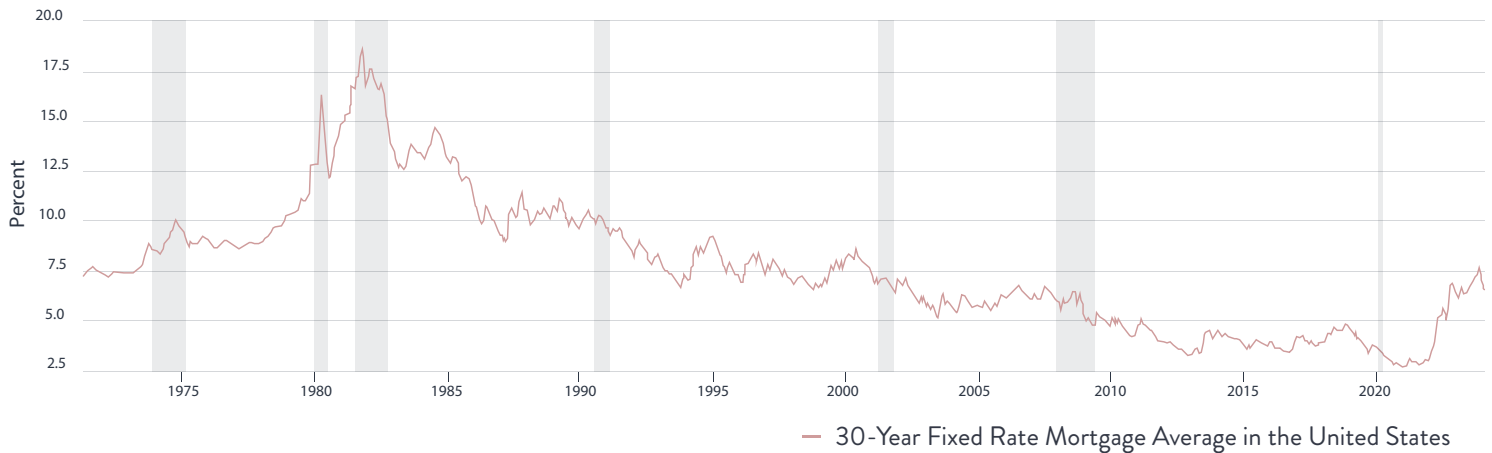
# US Real Estate Market Analysis

## Overview of the US Market



We expect the growing divergence between price and transaction volume.

## Overview of the US Market



The US commercial real estate market in Q2 saw yet again suppressed deal activity due to elevated interest rates. The flight to quality continued with outperformance in Class A properties.

With projections of interest rate cuts in the second half of the year, commercial operators should receive much needed relief.

\$2.2 trillion in commercial debt is set to mature before 2028, and much of that will have to be refinanced at higher rates if the Federal Reserve holds its Fed Funds rate steady at 5.25-5.50%.

According to CME Fed Watch Tool—there is a 93.5% probability of a 25 basis point cut at the next FOMC meeting in September.





# Market Dynamics

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**Cooling Market:** Unemployment hitting 4.1% for the first time since November 2021 and May and April hiring levels being revised sharply lower points to a higher probability of rate cuts.

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**Shifting Price Growth:** Q2 saw prices increasing and transactions declining, a trend that is likely to end in the second half of the year should the Federal Reserve cut interest rates. More deals will get done with lower borrowing costs and growing inventory.

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**Geographic Variations:** We are starting to see a slow down in the South after an uptick in migration to states like Florida – normalization of trend. The Midwest remains resilient being the only region in May where existing homes sales were positive for the year with an increase of 1%.





# NYC Real Estate Market Analysis

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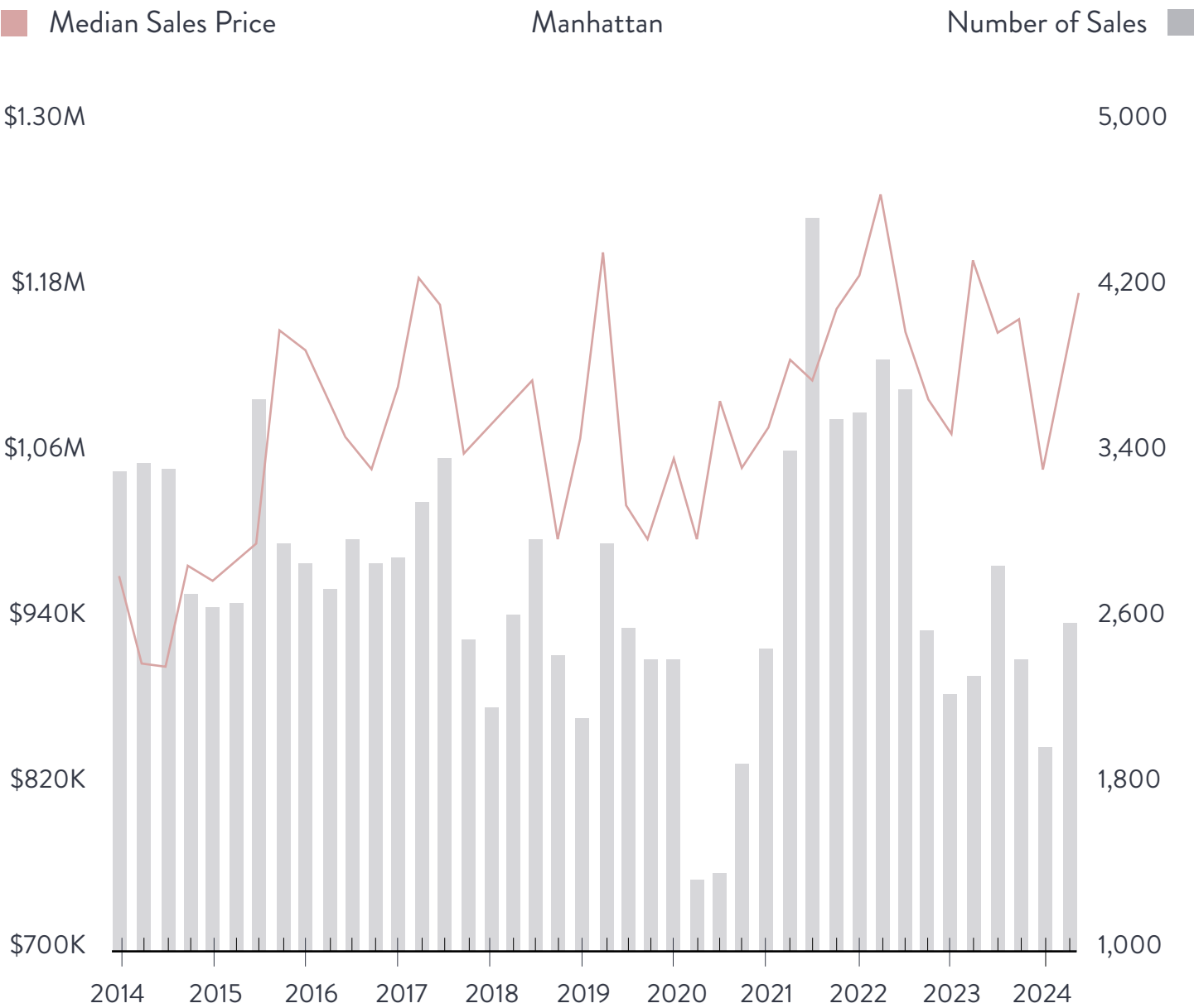
The New York City real estate market in Q2 was met with many headlines. Manhattan saw sales jump by 12.2% after two years of sliding activity. Brooklyn broke records as the median sales price hit a new record high and new lease signings in Queens increased to its second highest level on record.

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# Manhattan

Manhattan saw its median sales price decline 1.5% y/y to \$1,181,679 in Q2 helped by a 4.2% increase in inventory with a total listing count of 8,044. Buyers were able to score better deals in the city as sellers were willing to negotiate their list price to the tune of 5.4%. Co-Op sales also surged with 1,457 transactions closed in the quarter, up 18% from Q2 2023. Manhattan’s Average Price per sqft stands at \$1,647 down 1.6% from the same quarter last year.

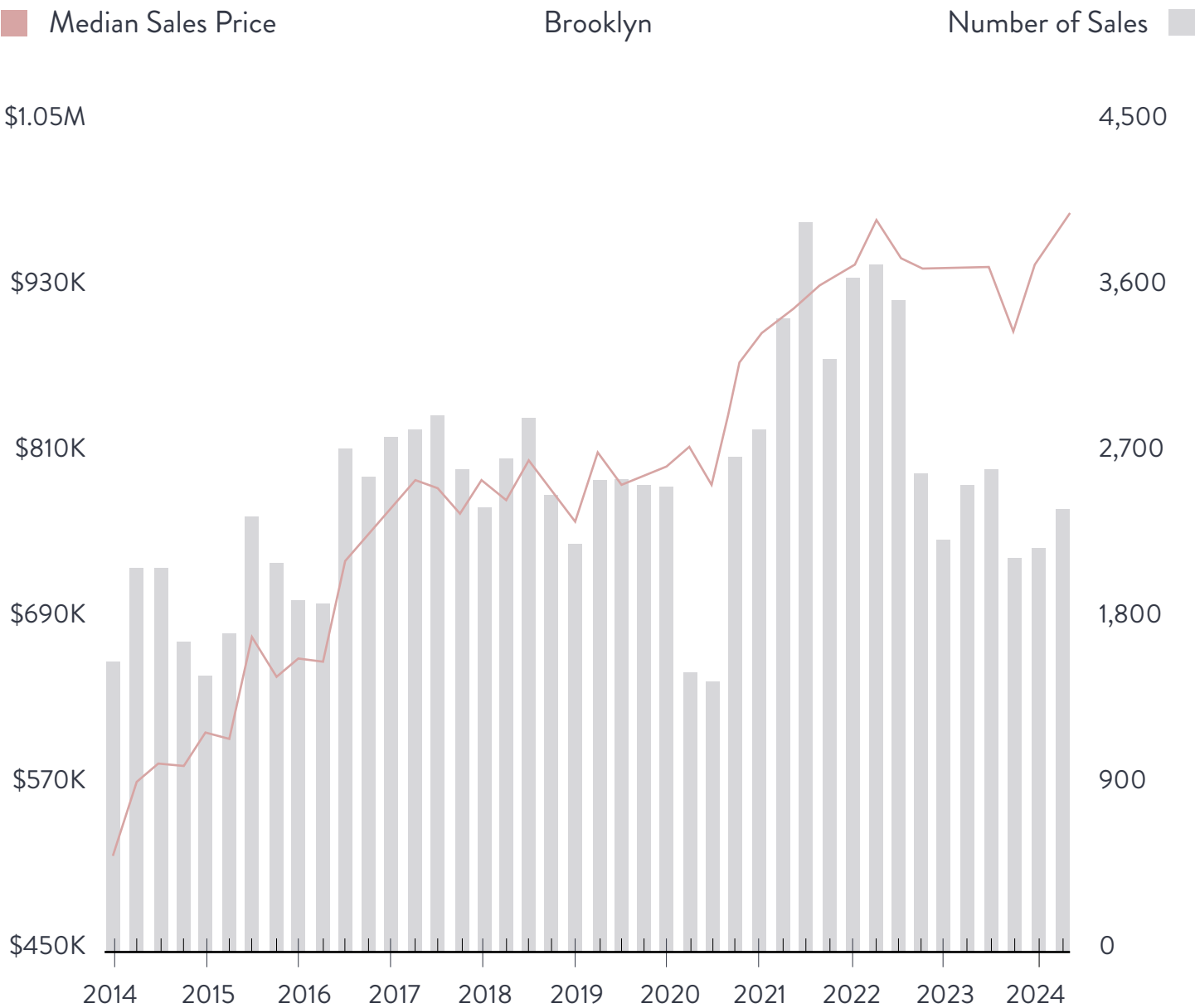


Manhattan Matrix	Q2-2024	%Δ (QTR)	Q1-2024	%Δ (YR)	Q2-2023
Average Sales Price	\$2,001,015	8.4%	\$1,846,391	-3.3%	\$2,069,753
Average Sales Price per Sq Ft	\$1,671	7.7%	\$1,552	-1.8%	\$1,642
Median Sales Price	\$1,181,679	12.6%	\$1,049,399	-1.5%	\$1,200,000
New Development	\$2,1043,627	-2.7%	\$2,100,000	2.2%	\$2,000,000
Re-Sale	\$1,050,000	7.7%	\$975,000	-3.7%	\$1,090,000
Number of Sales (Closed)	2,609	31.2%	1,988	12.2%	2,325
Days on Market (From Last List Date)	88	20.5%	73	7.3%	82
Listing Discount (From Last List Price)	11.3%		6.6%		5.9%
Listing Inventory	8,044	16.8%	6,885	4.2%	7,719
Month of Supply	9.2	-11.5%	10.4	-8.0%	10.0
Year-to-Date	Q2-2024		%Δ (YR)		Q2-2023
Average Sales Price (YTD)	\$1,934,147		-3.8%		\$2,011,128
Average Price per Sq Ft (YTD)	\$1,552		-1.6%		\$1,641
Median Sales Price (YTD)	\$1,049,399		-2.2%		\$1,150,000
Number of Sales (YTD)	1,988		0.7%		4,567



# Brooklyn

Brooklyn set records in Q2 with increasing strength in the condo market. For the first time ever, the median sales price on a condo in Brooklyn exceeded \$1 million. Co-Ops told a different story with the median sales price declining 8% y/y to \$515,000. New Development continues to be a hot commodity in Brooklyn as median sales prices rose for the fourth consecutive time annually. The median sales price for New Development in Brooklyn stood at \$1,200,00 in Q2.



Brooklyn Matrix	Q2-2024	%Δ (QTR)	Q4-2023	%Δ (YR)	Q1-2022
Average Sales Price	\$1,258,799	5.8%	\$1,189,678	1.8%	\$1,237,199
Median Sales Price	\$990,000	4.2%	\$950,000	4.2%	\$950,000
Number of Sales (Closed)	2,415	9.3%	2,209	-4.9%	2,540
Days on Market (From Last List Date)	80	1.3%	79	12.7%	71
Listing Discount (From Last List Price)	2.3%		3.5%		2.3%
Listing Inventory	3,345	38.6%	2,413	14.5%	2,922
Month of Supply	4.2	27.3%	3.3	20.0%	3.5

Year Over Year	Q2-2024	%Δ (YR)	Q2-2023
Average Sales Price (YTD)	\$1225,778	0.6%	\$1,218,611
Median Sales Price (YTD)	\$975,000	2.6%	\$950,000
Number of Sales (YTD)	4,624	-3.2%	4,776





## Conclusion

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As we move through the second half of the year we expect buyers to step back into the market and take advantage of lower interest rates, diversity of choice, and lower prices as inventory increases nationwide. We see a potential turnaround in international buyers as the U.S. dollar weakens and capital continues to rotate out of U.K - China - Brazil. The obvious risk is the uncertainty of the U.S. presidential election in November which could keep some buyers and sellers on the sidelines.

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# Looking Ahead

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**NYC Market:** We expect greater negotiability in Manhattan when compared to Brooklyn – especially in new development product that has been sitting on the market. Developers are eager to get deals done and buyers can take advantage of special incentives that we expect to continue through Q3. Much of Manhattan is officially a buyers market!

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**US Market:** We expect overall transaction volume to increase across the United States, particularly among first time buyers assuming the Federal Reserve moves forward with easing monetary conditions in Q3 & Q4. First time buyers accounted for 31% of all existing-home sales in May, below the 38% average. Lower borrowing costs should help the share of first time buyers revert to the historical average.

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**Global Market:** Easier monetary conditions should be accompanied by a weaker U.S. Dollar moving forward to the benefit of foreign buyers in the U.S. We should see continued capital flight out of the U.K. - China - Brazil. There's a high probability that money finds its way into the U.S. and into Real Estate assets.





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