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

Q4 2024

Executive Summary

The fourth quarter of 2024 marked a turning point for the New York City real estate market, as the city's famed resilience came back into focus following a turbulent election season. With uncertainty surrounding the election easing, buyer confidence roared back—Manhattan contract signings surged an impressive 28%, totaling over half a billion dollars in the week following the election. This resurgence underscored the enduring allure of NYC real estate.

Two standout weeks for luxury sales exemplified the market's renewed vigor: the week after the U.S. Presidential Election saw a stunning 39 deals, followed by 34 contracts for properties priced at $4 million or more inked in the second week of December. These figures not only highlight a comeback but also signal the return of a discerning, affluent buyer class eager to invest in Manhattan's premier properties.

Despite Federal Reserve rate cuts bringing the Fed Funds Rate to 4.25%-4.50%, mortgage rates remained stubbornly above 6.5%, reshaping market dynamics and placing cash buyers firmly in the driver's seat. Optimism about the economy, bolstered by election results, appeared to keep rates steady.

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Key Highlights

Global Market: The U.S. dollar's strength remained a double-edged sword in Q4. While it highlighted the resilience of the American economy, it also dampened foreign buyer activity in NYC. Foreign purchasers accounted for a mere 2% of out-of-state transactions—a far cry from the 10% seen a decade ago. The weakening foreign presence underscores the need for strategic incentives to attract international investors back to the market.

US Market: On the national stage, the narrative shifted to cautious optimism. Existing home sales jumped 4.8% in November and a robust 6.1% year-over-year—the largest gain since June 2021. Median home prices climbed for the 17th consecutive month to reach $406,100, underscoring the enduring demand for homeownership. Over the past four years, homeowners across the country have witnessed an astounding $15 trillion increase in equity, a testament to the strength of the real estate market as a wealth-building tool.

NYC Market: In Manhattan, cash buyers reigned supreme in Q4, accounting for 62.3% of all transactions. Properties priced above $5 million saw an annual sales volume increase of 12.5%, signaling that high-net-worth individuals are once again placing their bets on NYC's luxury market. Deals in the ultra-luxury segment ($20 million+) skyrocketed by a staggering 58.3% compared to Q4 2023, underscoring the city's magnetic appeal for those seeking trophy assets.


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Global Real Estate Market Analysis

Global Economics Forecast

	GDP (%)		
	2024	2025	2026
US	2.7	2.3	1.7
UK	1.1	1.5	1.3
Japan	0.9	1.2	1.2
Eurozone	0.8	0.8	1
Global	3.2	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.

Market Drivers

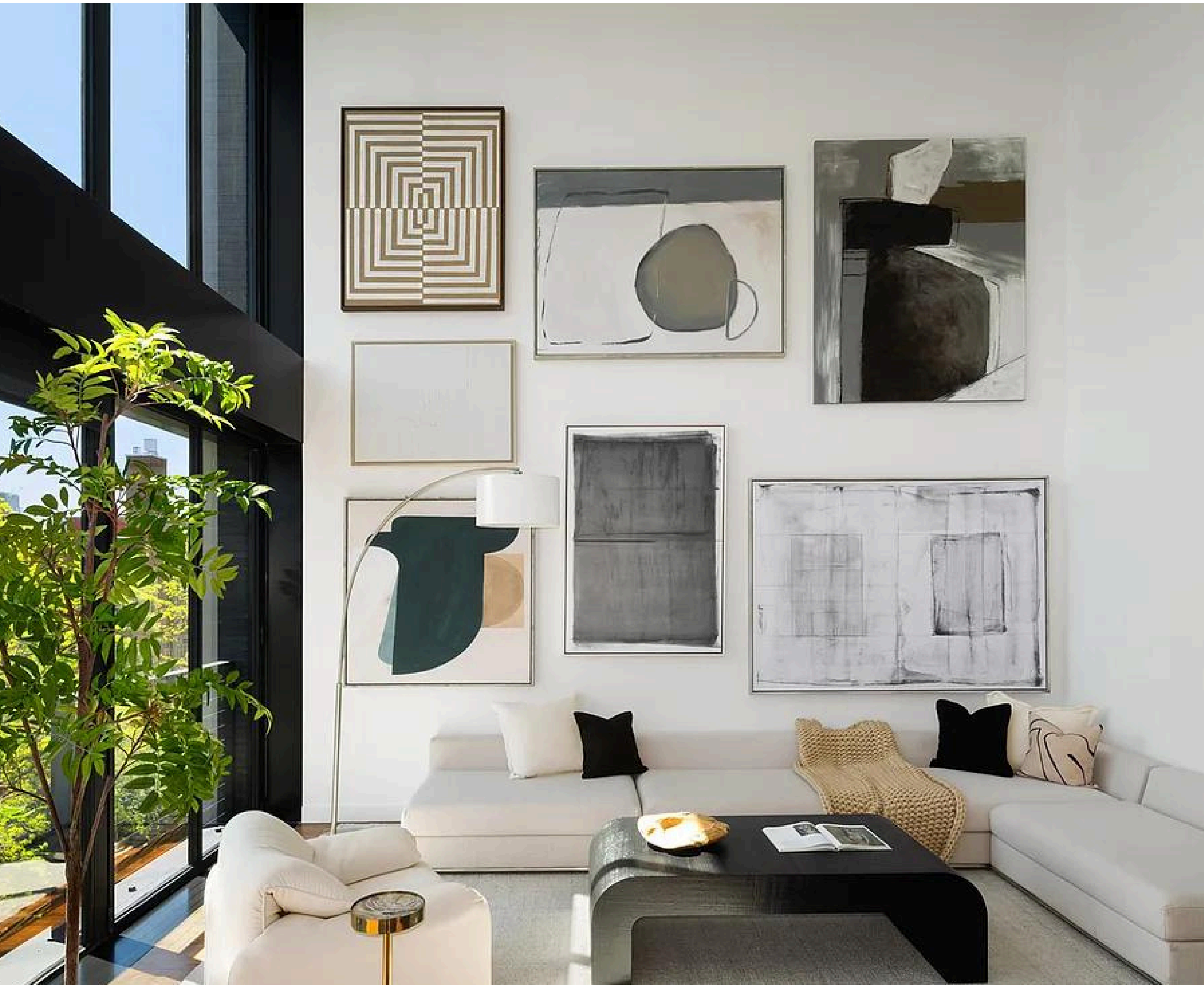
Interest Rates and Market Stability: While the Federal Reserve's easing cycle trimmed rates, mortgage rates remained sticky, hovering above 7%. This was fueled by a bond market sell-off that pushed 10-year yields above 4.5%. This rate environment tilted the playing field toward cash buyers, who seized the opportunity to capitalize on reduced competition. Stability is expected to return post-inauguration as markets gain clarity on the new administration's fiscal policies.

Economic Environment: The U.S. economy showed remarkable resilience, with unemployment steady at 4.2%, near historic lows. Equity markets added to the optimism, with the S&P 500 closing the year up 23%, marking 57 record highs. This wealth effect bolstered buyer confidence, particularly among high-net-worth individuals seeking safe, appreciating assets in NYC.

Pricing Trends: Luxury inventory remained constrained, driving up prices for the most desirable properties. Manhattan's average luxury property price surged 12.5% last month to $9,398,232, as discerning buyers competed for the limited supply of high-quality homes in prime neighborhoods.

New York City Commerical Real Estate

NYC's premier office towers continued to outperform expectations. Trophy Class A buildings, such as Hudson Yards and One Vanderbilt, reported sub-10% vacancy rates while commanding record rents. The shift away from remote work, driven by major employers like JP Morgan ending telework for nearly 300,000 employees, further fueled demand and this trend is expected to spill over into residential markets as more professionals seek homes closer to their workplaces and young professionals are drawn to New York City.



Market Dynamics

U.S. Economy: The national economy maintained its strength, with Q4 GDP growth estimated at 2.1%. Robust corporate earnings and low unemployment levels reinforced consumer confidence. High stock market returns, particularly in tech-heavy indices, provided additional liquidity, further supporting real estate valuations.

Shifting Price Growth: Geographical disparities emerged, with NYC and Miami outperforming markets like Austin and Nashville, which have seen some price normalization after pandemic-driven surges. This shift highlights the importance of local economic drivers, such as return-to-office policies, in sustaining real estate demand.

Geographic Variations: Distressed assets and fixer-uppers present unique opportunities for savvy investors. With a disciplined approach, these properties can yield significant returns, especially in a market hungry for quality inventory, notably in rentals.

NYC Real Estate Market Analysis

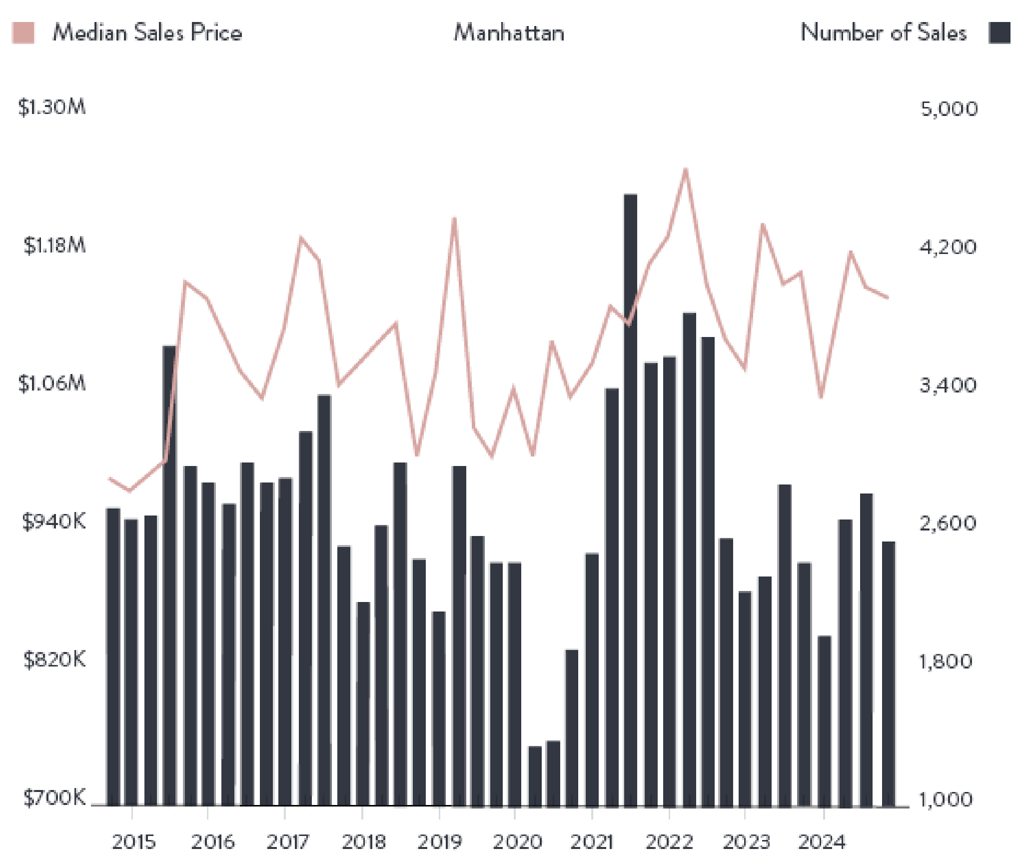
The momentum from Q4 reflected a broader recovery in NYC's real estate landscape. Buyers, fatigued by rate hikes, acted decisively, with cash deals taking precedence. Manhattan's inventory declined for the sixth time in seven quarters, intensifying competition for high-quality properties.

New Developments continued to attract attention, with turnkey offerings and promotional incentives capturing the imagination of both domestic and international buyers. Our team has continuously outperformed in finding deals for our clients in top developments across the city.

Manhattan Spotlight

Manhattan's Q4 performance was nothing short of remarkable:

- **Transactions:** The borough recorded 2,496 closed sales, up 3.7% year-over-year, signaling renewed confidence in the city's future.
- **Average Sale Price:** The average transaction price climbed to $2,087,958, reflecting a 3.7% year-over-year increase.
- **Luxury Market:** Condominiums led the charge, capturing 42.5% of the luxury sales market with a median price of $13,226,826. Co-ops accounted for 54.8% of sales, boasting a median price of $4,000,000.
- **New Development:** This segment saw a 20.5% year-over-year jump in transactions, totaling 358 closings. The average price surged to $4,281,763—a dramatic 60.9% increase year-over-year. New developments represented 14.3% of the overall sales market, underscoring their continued appeal to buyers seeking turnkey homes that have never been occupied.



Manhattan Real Estate Trends

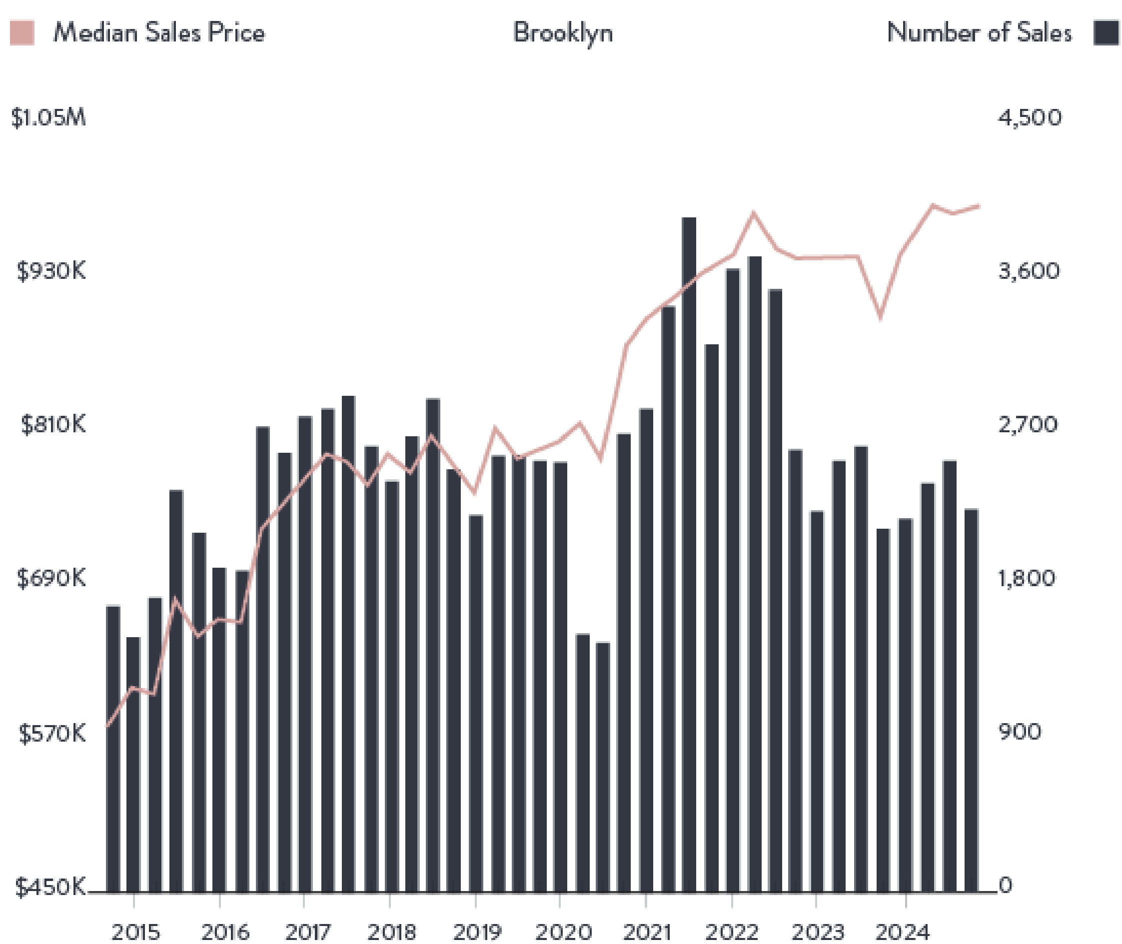
Manhattan Matrix	Q4-2024	%Δ (QTR)	Q3-2024	%Δ (YR)	Q4-2023
Average Sales Price	$2,087,958	5.8%	$1,973,404	3.7%	$2,013,963
Average Sales Price per Sq Ft	$1,697	6.3%	$1,597	3.0%	$1,647
Median Sales Price	$1,100,000	-1.3%	$1,115,000	-4.9%	$1,156,391
New Development	$2,427,500	13.2%	$2,144,163	19.9%	$2,025,000
Re-Sale	$965,285	-3.4%	$999,250	-8.1%	$1,049,999
Number of Sales (Closed)	2,496	-10.3%	2,784	3.7%	2,406
Days on Market (From Last List Date)	78	-2.5%	80	-1.3%	79
Listing Discount (From Last List Price)	9.2%	-	5.8%	-	7.2%
Listing Inventory	6,161	-14.7%	7,224	-3.9%	6,412
Month of Supply	7.4	-5.1%	7.8	-7.5%	8.0

Year-to-Date	Q4-2024	%Δ (QTR)	Q3-2024	%Δ (YR)	Q4-2023
Average Sales Price (YTD)	$1,984,269	-	-	-0.6%	$1,996,093
Average Sales Price per Sq Ft (YTD)	$1,631	-	-	-2.6%	$1,674
Median Sales Price (YTD)	$1,110,500	-	-	-3.4%	$1,150,000
Number of Sales (YTD)	9,876	-	-	0.5%	9,828

Brooklyn Resurgence

Brooklyn's story in Q4 was one of resurgence and rapid growth:

- **Cash Dominance:** Cash buyers accounted for 44.3% of sales, the third highest on record, reflecting a 9.8% annual increase.
- **Luxury Sales:** Transactions above $1 million soared 20.4% annually, while the luxury segment (starting at $2,299,000) reached a median price of $2,995,000, the third highest ever recorded.
- **Brownstone Boom:** Brownstones enjoyed a resurgence, with 100 closed transactions at an average price of $3,325,132—a significant leap from 69 transactions at $2,945,825 in Q4 2023.
- **Market Speed:** The Brooklyn market operated at twice the pace of Manhattan, with just three months of supply compared to Manhattan's 7.4 months.



Brooklyn Real Estate Trends

Brooklyn Matrix	Q4-2024	%Δ (QTR)	Q3-2024	%Δ (YR)	Q4-2023
Average Sales Price	$1,258,231	1.1%	$1,244,397	7.2%	$1,173,517
Median Sales Price	$989,000	-1.4%	$975,000	9.9%	$900,000
Number of Sales (Closed)	2,281	-9.7%	2,525	6.8%	2,135
Days on Market (From Last List Date)	72	10.8%	65	-4.0%	75
Listing Discount (From Last List Price)	2.5%	-	2.2%	-	3.2%
Listing Inventory	2,307	-21.5%	2,939	4.6%	2,206
Month of Supply	3.0	-14.3%	3.5	-3.2%	3.1

Year-to-Date	Q4-2024	%Δ (QTR)	Q3-2024	%Δ (YR)	Q4-2023
Average Sales Price (YTD)	$1,238,614	-	-	2.4%	$1,209,630
Median Sales Price (YTD)	$980,000	-	-	3.8%	$944,000
Number of Sales (YTD)	9,430	-	-	-1.2%	9,543

Conclusion and Forecast

New York City is once again proving why it's a global real estate powerhouse. With political uncertainty fading and economic fundamentals strengthening, the outlook for 2025 is one of cautious optimism. The return-to-office trend, coupled with limited inventory and sustained interest in luxury properties, is likely to keep demand robust.

Foreign investment is poised to rebound, fueled by a softer dollar and pro-business policies. Meanwhile, domestic buyers are expected to continue snapping up new developments, particularly in Brooklyn and Manhattan, where turnkey offerings align with modern preferences.

Savvy investors should keep an eye on distressed properties and renovation projects, which offer opportunities to add value in a competitive market. With the right strategies, 2025 could be a year of significant growth and opportunity for those willing to navigate the complexities of NYC real estate. New York City's real estate market stands as a testament to its resilience, enduring appeal, and multiple streams of demand. For buyers, sellers, and investors alike, the coming year promises to be an exciting chapter in the city's storied real estate narrative.

Looking Ahead

Global Market: The anticipated weakening of the U.S. dollar under the new administration is likely to rekindle foreign interest in NYC real estate. Pro-business policies should spur investment, with NYC and Miami positioned as top beneficiaries.

US Market: Markets that thrived during the remote work era, such as Austin and Nashville, are experiencing a reversion to historical trends. Meanwhile, NYC and Miami —bolstered by return-to-office momentum— are expected to maintain their upward trajectory.

NYC Market: Buyer urgency from Q4 is likely to carry into 2025, despite signals of higher rates for longer. Opportunities for savvy investors abound in distressed assets and fixer-uppers, where strong cash offers can secure significant discounts. New developments, with their turnkey appeal and promotional incentives, will continue to attract buyers.