



DEANNA KORY NEWSLETTER

Manhattan Real Estate Review

SPRING 2023

MANHATTAN REAL ESTATE REVIEW OF 2022

The 2022 Manhattan real estate market was truly a tale of two markets: an unprecedented year of highs and lows, and one of the most eventful years in residential real estate in recent memory. The First Quarter was the strongest beginning of any year on record which was a continuation of the intense activity of the “post-pandemic boom” and its record-breaking sales volume in 2021. Closed sales volume increased by 36% annually; a record over 15 years and due to the high sales volume, prices were also bolstered. Additionally, signed contracts rose 3% compared to even Q1 2021, reaching nearly 4,000 deals. High confidence, pent-up demand and low interest rates drove the first quarter’s booming sales activity. Real estate agents, buyers, and sellers alike felt we were poised for another year of strong sales.

This positive outlook began to shift as the First Quarter closed, when the Federal Reserve instituted its first interest rate hike which was triggered by inflation concerns. This in turn generated increases in mortgage interest rates and by the end of the year, they had nearly doubled from their historic lows. Higher mortgage rates were the reason many buyers dropped out

of the market in the Second Quarter. Despite this, Second Quarter closed sales increased resulting in the highest dollar volume of closings ever recorded. However, the number of contracts signed, a key indicator of demand, began to decrease indicating a transition from one of the strongest markets ever to a more challenging one. Most industry experts noted this slowdown reflected a more ‘normal’ market, stabilizing it from the record-setting sales volume of 2021 which far exceeded normal levels.

Third Quarter data began to reveal signs of a significant slowdown in the market, as the burden of high interest rates and burgeoning economic concerns exceeded the market’s ability to sustain continued sales volume and price gains. This marked the end of a two-year streak of average and median price gains. Additionally, the strong performance of the previous quarters depleted available inventory below the prior year’s levels at around 6,680 units, the lowest third quarter since 2017.

Many buyers hesitated to buy a home in the second half of the year, contributing to a slight cooling of prices, which frightened would-be sellers causing many to refrain from listing unless they had a compelling reason to sell. Despite the decrease in the number of buyers looking for a home, those actively looking were quite serious, and a higher number than normal were buying in cash. Sales did continue, with certain market segments performing better than others, particularly downtown and in the condominium markets. New development sales suffered last year in comparison to their strong performance in 2021.

In the final quarter of 2022, there was a significant drop in the number

of contracts signed as well as closed sales: 43% decrease compared to the record-setting fourth quarter of 2021. At the same time, inventory of available properties remained low, in part because sellers were hesitant to list their properties during a weak time in the market. Pricing statistics were mixed. In the Fourth Quarter, there was a 24% decrease in closed sales year-



On the Market: 200 West End Avenue, 21BC

\$5,495,000

over-year, the steepest drop since the market pause in 2020. That said, this decrease sounds significant because of 2021’s strong performance, yet the total number of sales, just over 3,000, still exceeded the sales figures for every fourth quarter from 2017 to 2020. Faced with higher mortgage rates and economic uncertainty, many buyers adjusted their budgets downward and sellers had to become more negotiable. Additionally, there were fewer overall sales of larger residences. The Fourth Quarter reflected a market in transition, with sales influenced by buyers waiting on the sidelines. Supply and pricing did not move much which brings us to 2023.

The Real Estate Market in 2023 – What lies Ahead?

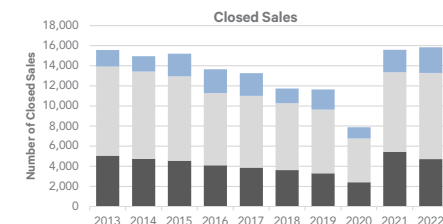
The First Quarter of 2023 could be the best indicator of the direction of the Manhattan real estate market. Uncertainty affects both buyers and sellers

2022 YEAR END REVIEW | MANHATTAN | CONDOS & CO-OPS

Closed Sales

15,852

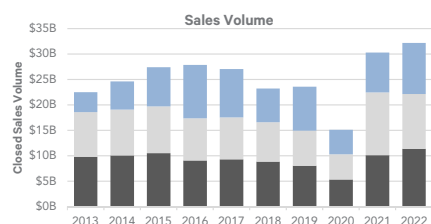
| Product Type | 2022 | 2021 | Y-O-Y |
|-----------------|---------------|---------------|-----------|
| Resale Co-op | 8,557 | 7,907 | 8% |
| Resale Condo | 4,733 | 5,448 | -13% |
| New Development | 2,562 | 2,252 | 14% |
| Total | 15,852 | 15,607 | 2% |



Sales Volume

\$32.20B

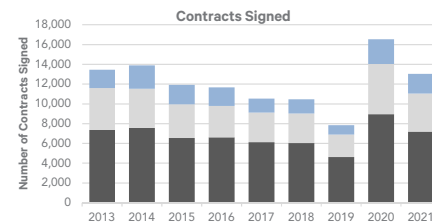
| Product Type | 2022 | 2021 | Y-O-Y |
|-----------------|-----------------|-----------------|-----------|
| Resale Co-op | \$11.38B | \$10.12B | 13% |
| Resale Condo | \$10.78B | \$12.36B | -13% |
| New Development | \$10.03B | \$7.85B | 28% |
| Total | \$32.20B | \$30.32B | 6% |



Contracts Signed

13,058

| Product Type | 2022 | 2021 | Y-O-Y |
|-----------------|---------------|---------------|-------------|
| Resale Co-op | 7,218 | 8,965 | -19% |
| Resale Condo | 3,842 | 5,072 | -24% |
| New Development | 1,998 | 2,510 | -20% |
| Total | 13,058 | 16,547 | -21% |



and buyers are waiting for prices to drop, while sellers are monitoring comparable sales. While it is nearly impossible to time the market, both buyers and sellers should be prepared to act when a reasonable opportunity arises.

Market aspects that will impact the real estate market in 2023:

Available Inventory: With limited desirable apartments available early in 2023, it may be a good time for some sellers to list as there is less competition. Those buyers who are looking at properties, are generally serious and motivated and waiting for new listings. It appears that the lower inventory levels of the recent past may continue but the number of active listings will increase in the spring market, which is traditionally the most active season.

Prices: With the most active season approaching, it is unlikely sellers will lower their prices unless the market becomes more competitive. Historically, the lowest prices are seen when sales volume is low such as is the case currently. That means there are opportunities now for buyers to negotiate prices and find deals, especially before the market becomes more active. That window may be closing however, as the spring market is the most active season of the year and there will inevitably be pent-up buyers looking to purchase in the spring.

Interest Rates: Although interest rates are currently high in the low-to-mid 6% levels, they are down from their peak

of last year at 7.08% for a 30-year fixed loan in late October (the highest rate in 20 years). Banks are eager to attract borrowers, so mortgage rates may decline and/or buyers may be able to find lenders who are willing to offer special rates. Even with high rates, pent-up demand may push buyers to purchase now, especially if they find their 'dream property' or want to take advantage of a more value-based transaction.

Wall Street Bonuses: Rising interest rates and stock market volatility made 2022 a challenging year for Wall Street. In December, speculation about bonuses for this year indicated that they would likely be down 30-50% compared to the previous year. Typically, when bonuses are up, there is an increase in real estate investment and luxury purchases, as buyers have more discretionary income to spend.

Recession Fears: We have been hearing about a potential recession now for many months. While certain industries are hurt and buyers are concerned, historically, the NYC market tends to recover more quickly from a decline than other cities of the country. The consistent demand for property in NYC, combined with pent-up demand from buyers who adopted a wait-and-see attitude last year, is likely to drive activity in a positive direction, even if the fear of a recession persists.

Foreign Buyers: Due to the high value of the dollar, foreign buyers have been virtually absent from the market. This tends to have a significant impact on

the condo and high end of the new development markets. However, since foreign buyers tend to pay all-cash, this may bring some back this year especially when there is a negotiating room on new developments. Rents are also high, so it may be that their return on investment will be a consideration. Economic destabilization around the globe could potentially encourage foreign investment in the city as well.

Advice for Buyers and Sellers

Buyers: It is currently an excellent time to purchase property in Manhattan, as many buyers are waiting in the wings to see what's on the horizon for prices and rates. Unless there is a significant downturn in the economy, it is unlikely prices will decrease near term. Savvy buyers will recognize the opportunity to make offers without a lot of competition in the beginning of the year.

Additionally, while mortgage rates are loosely aligned with Federal interest rates, it is worth checking with different lenders for special deals, as they are in the business of lending money and may offer a competitive interest rate.

The condo market is stronger than the co-op market, but new development sales suffered last year. It might be a good time to purchase new developments as developers may either offer concessions up front or will be willing to offer them during a negotiation.

Sellers: As a seller, it's important to focus on the three Ps in this market: Proper pricing, Patience, and Persistence.

Proper pricing is essential. A seller might wonder how to correctly set a price in this market. This is where advice of an experienced agent is crucial. This market is part scientific, part skill and part luck. Prices should be close to similar sales where a contract was recently signed. However, timing comes into play as the market is not yet consistent. Unrenovated apartments will still be a bit more challenging to sell due to consistently higher costs and supply chain issues. **It's critically important to be patient and persistent:** average days on market are higher showing that it can take a lot longer for a property to sell. A good rule of thumb during an active season is to see what happens in the first month:

- If you're not getting showings, it's a sign that the property is very overpriced. Although there are fewer buyers currently, they tend to be serious ones.
- If you have a handful of showings with no return visits, the price is also likely too high.
- If you're getting showings and return visits with no offers, it also is likely the price.

When the market is somewhat active, deciding to list your property depends

on the level of current competition and your personal timing. When there is low inventory, your property may have less competition, so it may be beneficial to list. When similar properties are selling it is also a good time to list. If there is a lot of competition in your submarket with nothing selling, it may be better to wait and prepare to list when properties start selling. Alternatively, if you need to list at a certain time for personal reasons, consider listing at an attractive price lower than the competition which can generate multiple offers. **Preparing yourself** means working with a real estate agent to establish value and ensure your property is in the best possible condition for showings and listing. This may include decluttering, staging, painting, and other initiatives. Once your property is show-ready, your agent will take photographs and be prepared to list your property at a moment's notice.

We are happy to provide you a confidential evaluation of your home if you are interested to learn its value in the current market.

Please contact me directly at dek@corcoran.com or (212) 937-7011.

Featured Properties



235 West 71st Street, Apartment 3rd Floor
Stunning, Full-Floor 12-Room Luxury Condo
6 – 7 Beds, 5.5 Baths, 4,761 SF
\$8.5M



150 West 56th Street, Apartment 3501
Sun-filled, 3 Bedroom Luxury Condo
3 Beds, 3.5 Baths, 2,050 SF
\$3.395M



THE DEANNA KORY TEAM MARKETING

Our marketing brochure outlines the wealth of tools from which we create a tailored marketing plan for each property highlighting its special features. Our innovative marketing generates exceptional exposure and targets the brokerage community and qualified, potential purchasers in the most effective manner.

In the sophisticated Manhattan real estate market, it is critical as a seller to have an experienced team with an excellent track record in marketing behind you.

If you would like a copy of the marketing brochure, please contact us at info@deannakory.com

Experience. The Deanna Kory Team Advantage.



When you choose the Deanna Kory Team, you are working with a highly skilled powerhouse team with vast experience, an expansive network and resources tailored to meet every aspect of buying and selling real estate in New York.

Our team is not only consistently ranked among the top teams in the city, we are regularly praised by customers and clients as well as by our colleagues as one of the most respected teams in New York City. We are proud of our enormous capacity to work hard and our intelligent approach to deal-making.

Led by Deanna Kory, whose 37 years of experience and exceptional track record evoke admiration throughout the industry. Our team's spirit and cohesiveness enhances our collective skills and resourcefulness, which offers buyers and sellers an enormous advantage in the marketplace.

**Contact Deanna for a confidential, no obligation opinion on the current value
or to discuss the best strategy to sell your home.**

The Deanna Kory Team: 2022 Sales Sampling

| Address | Price | Address | Price | Address | Price |
|-----------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|
| 221 West 82nd Street, 6G | \$3,075,000 | 180 Riverside Drive, 11B | \$4,650,000 | 25 East 83rd Street, 12F | \$2,350,000 |
| 200 East 66th Street, A805* | \$3,950,000 | 610 West End Avenue, 2A | \$4,800,000 | 245 West 99th Street, 30B | \$5,715,000 |
| 1228 Madison Avenue, 14/15 | \$18,000,000 | 1 Fifth Avenue, 10D* | \$3,125,000 | 400 East 51st Street, 6AB | \$3,465,000 |
| 378 West End Avenue, 10C* | \$9,450,000 | 186 Riverside Drive, 11DEF* | \$7,500,000 | 136 East 64th Street, 6E | \$2,950,000 |
| 245 West 99th Street, 16B* | \$4,100,000 | 50 Riverside Boulevard, PH1 | \$19,250,000 | 151 East 78th Street, 4* | \$10,995,000 |
| 390 West End Avenue, 4C | \$4,500,000 | 136 East 30, Townhouse | \$6,250,000 | 1150 Fifth Avenue, PHB* | \$7,600,000 |
| 21 East 61st Street, 16A | \$15,500,000 | 118 Riverside Drive, 5AB* | \$5,950,000 | 248 Central Park West, TH | \$26,000,000 |
| 49 Chambers, 17A* | \$3,189,000 | 15 East 91st Street, 3A | \$3,550,000 | 19 East 88th Street, PHA | \$3,700,000 |

**represented buyer*



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Corcoran Group Real Estate
590 Madison Avenue, New York, NY 10022
DEK@corcoran.com

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