

An aerial photograph of New York City, showing the dense urban landscape of Manhattan on the left and the lush greenery of Central Park on the right. A large, semi-transparent white box is overlaid on the center of the image, containing the text 'NYC Market Q4 2018' in a white serif font.

NYC Market Q4 2018

UP, DOWN, EVEN: Market Metrics

With contracts up and number of new listings down (relative to both Q3 and Q4 2017), Q4 in Manhattan seemed to signal a normalizing market after a lagging Q2 and Q3 where we saw an adjustment in prices and lower transaction volume. Lower prices (median sale price down more than 2% YoY and median PPSF down more than 4%) finally spurred buyers into action starting around November which combined with lower levels of new inventory, has led to greater absorption at the end of the year. We expect further normalizing in the market in 2019 especially with interest rates having dipped to levels not seen in the past year.

Brooklyn remained stable through 2018 as limited resale inventory continues to keep pricing strong. While median sale prices decreased slightly across all of the sub-\$2M strata of the market, Brooklyn's overall median sale price was down just 1% year-over-year. Brooklyn resale inventory was also extremely low in all four quarters of 2017, hitting a 5-year record low in Q4 2017. This resulted in an uncommonly high percentage of bidding wars and over-ask sale prices. As inventory levels normalized over the course of 2018, buyer urgency has decreased, and the seemingly meteoric rise in prices the borough has seen over the past few years has been curbed by the 2018 market. However, another factor in the slight downward shift in prices came from a continuing trend of increased market activity in lower priced areas, as buyers seek value in neighborhoods that traditionally held far less market share than "prime" northern and western Brooklyn.

Take a look below at a breakdown of the Manhattan and Brooklyn markets in Q4 by both segment and price.



Manhattan Q4 2018

Manhattan Marketwide

Inventory

6,597 Active Listings
3,716 New Listings

DOWN from Q3, UP Y-o-Y
DOWN from Q3, DOWN Y-o-Y

Our Analysis: Total number of active listings in Manhattan have been dramatically higher, Y-o-Y, during all 4 quarters of 2018. Q4 wasn't any different — active listings in Manhattan saw a 33% Y-o-Y increase. The increase is primarily attributable to condo resale listings and new development projects, but also slower than normal absorption rates in all price tiers. However, while active listings were up Y-o-Y, Q4 also saw a decrease in the number of new listings in the <\$4M market. Coupled with an increase in contracts signed, it appears that inventory levels in the sub-\$4M market have finally begun to stabilize.

Pricing

Median Asking Price: \$1.6M
Median Sale Price: \$1.03M
Median Negotiability: -5%

UP from Q3, DOWN Y-o-Y
DOWN from Q3, DOWN Y-o-Y
UP from Q3, UP Y-o-Y

Our Analysis: Accumulating active inventory throughout 2018 led to a year-long downward trend in sale prices. Ever-decreasing absorption rates due to hesitant buyers caused sellers to resort to lower asking prices and greater negotiability (up Y-o-Y from -3% to -5% this quarter). The sub \$1M market had the lowest discount rate, closing at ~4% below-ask on average, while listings in the +\$10M market sold at an average of 11% below their last listed asking price.

Q4 also saw an almost 11% Y-o-Y decline in Manhattan's median asking price, down to \$1.6M. Median asking price for condos dropped 7% Y-o-Y to \$2.3M, while co-ops dropped a dramatic 15% Y-o-Y to \$975K — the lowest co-op median asking price since Q2 2015. Manhattan's median sale price also decreased in Q4, down 4% Y-o-Y to \$1.03M, largely due to an almost double digit (9%) Y-o-Y decline in median condo sale price; down to \$1.48M this quarter, and lower than we've seen since Q4 2015.

Contracts

Total Contracts Signed: 2,490
Total Co-op Contracts Signed: 1,271
Total Condo Contracts Signed: 817

DOWN from Q3, DOWN Y-o-Y
UP from Q3, UP Y-o-Y
DOWN from Q3, DOWN 19% Y-o-Y

Our Analysis: The overall number of contracts signed was down from prior quarters as well as below 2017 levels. This decline in contracts signed was predominantly due to lagging condo contracts, as Q4 saw healthy growth for number of co-op contracts signed (between 7% to 13% Y-o-Y) in all price points below \$5M.

Closings

Total Number of Closings: 2,115

DOWN from Q3, DOWN Y-o-Y

Our Analysis: Q4 2018 showed a steep 18% decline in number of closings — 2,115 compared to 2,579 in Q4 2017, predominantly due to extremely low contract activity in Q3 of 2018. This decline in number of closings was consistent across all pricing tiers except the \$10M+ market, which saw a 13% Y-o-Y increase compared to Q4 2017, likely due to a handful of specific ultra-high end new developments that began closings during Q4 2018.

Manhattan By Segment

Under \$1M

Vs. Q4 2017 - New Listings DOWN, Pricing DOWN

Median PPSF: \$994/sf
1,454 New Listings
1,112 Contracts Signed
1,378 Closings

DOWN from Q3, DOWN Y-o-Y
DOWN from Q3, DOWN Y-o-Y
UP from Q3, EVEN Y-o-Y
DOWN from Q3, DOWN Y-o-Y

Our Analysis: With new listings down and contracts up relative to prior quarters, Q4 showed signs of absorption in this segment, which has been uncharacteristically sluggish throughout 2018.

\$1-2M

Vs. Q4 2017 - New Listings DOWN, Pricing DOWN

Median PPSF: \$1,350/sf
967 New Listings
729 Contracts Signed
814 Closings

DOWN/EVEN from Q3, DOWN Y-o-Y
DOWN from Q3, DOWN Y-o-Y
UP from Q3, EVEN Y-o-Y
DOWN from Q3, DOWN Y-o-Y

Our Analysis: While sale prices have continued to trend downwards in the \$1-2M Market, number of contracts signed increased both compared to Q3 and Y-o-Y. New listing inventory was also down, both compared to Q3 and Y-o-Y, which promises to give the current surplus of inventory on the market a chance of absorption and correction in 2019.

\$2-4M

Vs. Q4 2017 - New Listings DOWN, Pricing DOWN

Median PPSF: \$1,628 /sf
823 New Listings
471 Contracts Signed
499 Closings

DOWN from Q3, DOWN Y-o-Y
DOWN from Q3, DOWN Y-o-Y
UP from Q3, EVEN Y-o-Y
EVEN from Q3, DOWN Y-o-Y

Our Analysis: The \$2-4M price-point has seen a more dramatic reduction in PPSF and sale prices than the <\$2M market YoY, but has only fallen slightly from Q3, and has also seen an uptick in contract signing and decrease in new inventory, both compared to Q3 and Y-o-Y.

\$4-10M

Vs. Q4 2017 - New Listings EVEN, Pricing DOWN

Median PPSF: \$1,907 /sf
472 New Listings
212 Contracts Signed
370 Closings

DOWN from Q3, DOWN Y-o-Y
DOWN from Q3, EVEN Y-o-Y
UP from Q3, EVEN Y-o-Y
EVEN from Q3, EVEN Y-o-Y

Our Analysis: The “ultra luxury” market saw the only Y-o-Y double digit drop in median PPSF this quarter, which spurred an increase in contracts signed from Q3. Developers have become increasingly negotiable with often extensive concessions beyond price to re-engage buyers.

An aerial photograph of a busy Brooklyn street during the golden hour of sunset. The street is filled with cars and lined with multi-story brick buildings. In the background, the Manhattan skyline is visible under a sky with scattered, illuminated clouds. A semi-transparent dark grey rectangular box is centered over the middle of the image, containing the text "Brooklyn Q4 2018" in a white serif font.

Brooklyn Q4 2018

Brooklyn Marketwide

Inventory

1,319 Active Listings
3,018 New Listings

DOWN from Q3, UP Y-o-Y
DOWN from Q3, UP Y-o-Y

Our Analysis: Normalizing after hitting a five-year low point in Q4 of 2017, inventory in Brooklyn expanded by 6% Y-o-Y during Q4 of 2018. Co-op listings (all resales) were up by a whopping 25% Y-o-Y, with condos up 6% Y-o-Y. These numbers were offset by a decrease in townhome inventory, which was down 25% Y-o-Y in all price segments. Downtown Brooklyn, Brooklyn Heights, Bushwick, Bedford-Stuyvesant, and Crown Heights saw the largest Y-o-Y increases in the number of active units at the end of Q4 2018, predominantly due to an increase in new development inventory in these areas.

Pricing

Median Asking Price: \$900K
Median Sale Price: \$850K
Median Negotiability: -2%

DOWN from Q3, DOWN Y-o-Y
DOWN from Q3, DOWN 1% Y-o-Y
EVEN from Q3, EVEN Y-o-Y

Our Analysis: Brooklyn's median asking price decreased 7% Y-o-Y largely due to a shift in sales activity in historically lower-priced areas (e.g. Kensington, Sunset Park, Ditmas & Flatbush) where prices increased appreciably and significant numbers of new development inventory hit the market.

Mirroring asking prices, Brooklyn's median sale price also decreased in Q4 of 2018 compared to the Q4 2017, which had seen a 4% increase from the end of 2016. Since 2018 median condo and co-op sale prices in hit the highest fourth quarter numbers we've seen in the last 10 years, the overall decrease is attributable to a dramatic decrease in townhouse transactions in 4Q as well as an increase in transactions at the low end of the market, with total number of closings this quarter up Y-o-Y in the <\$1M sub-market. Brooklyn's -2% median negotiability this quarter (compared to Manhattan's -5%) is a clear indicator that, as whole, BK has proven far more resilient during 2018's market-wide slowdown than its neighbor across the river.

Contracts

872 Total Contracts Signed

UP from Q3, DOWN Y-o-Y

Our Analysis: Number of contracts signed in Q4 was up from Q3, but down Y-o-Y across all price segments except for the \$1M-\$2M range, which increased a modest 2% from last year. This downward trend is likely the result of numerous overall market factors, including buyers' concern about rising interest rates, softening in the entire NYC market throughout 2018, and an decrease in buyer urgency in response to the normalization of inventory levels in Brooklyn during 2018, which were incredibly limited throughout 2017.

Closings

973 Total Closings

DOWN from Q3, DOWN Y-o-Y

Our Analysis: Total number of closings in Q4 2018 was down significantly from last year, due to a dramatic decrease in condo closings (down 28% Y-o-Y). 4Q 2017 was unique in that there was an onslaught of new development closings. Brooklyn buyers have transacted at a slower pace in 2018 than 2017, consistent with overall market conditions. Total closings dipped 6% year-over-year to just over 1,400 closings, and almost all tiers of the market saw fewer transactions. Only the sub-\$1M and +\$4M market saw an increase in number of closings in Q4 2018 compared to the year before.

Brooklyn By Segment

Under \$1M

Vs. Q4 2017 - New Listing Volume UP, Pricing DOWN

Median Price: \$660,000
1,414 New Listings
883 Contracts Signed
855 Closings

DOWN from Q3, DOWN Y-o-Y
DOWN from Q3, UP Y-o-Y
UP from Q3, DOWN Y-o-Y
DOWN from Q3, UP Y-o-Y

Our Analysis: This quarter's slight decrease in median sale price is predominantly due a shift toward lower absolute prices, as a growing number of BK buyers have shifted their search away from the "prime" neighborhoods in North/West Brooklyn in favor of greater value available in areas like Prospect Park South, Ditmas, Kensington, Greenwood, Bed-Stuy, Bushwick & Sunset Park. Overall, new listings in Q4 were down compared to Q3 (expected for time of year) but up from 2017, when under \$2M resale inventory was extremely limited, hitting a 5-year low before stabilizing over the course of 2018.

\$1-2M

Vs. Q4 2017 - New Listing Volume UP, Pricing UP

Median Price: \$1,389,500
1,213 New Listings
462 Contracts Signed
418 Closings

DOWN from Q3, UP Y-o-Y
DOWN from Q3, UP Y-o-Y
UP from Q3, UP Y-o-Y
DOWN from Q3, DOWN Y-o-Y

Our Analysis: Similar trend to the sub-\$1M market with a minor decrease in median sale price and an increase in YoY inventory. Increased inventory compared to 2017 has made bidding wars less common, which has led to an overall stabilization of prices across the sub-\$2M market.

\$2-4M

Vs. Q4 2017 - New Listing Volume DOWN, Pricing UP

Median Price: \$2,562,500
321 New Listings
160 Contracts Signed
132 Closings

UP from Q3, UP Y-o-Y
DOWN from Q3, DOWN Y-o-Y
EVEN from Q3, DOWN Y-o-Y
DOWN from Q3, DOWN Y-o-Y

Our Analysis: The decrease in both new listings and closings can largely be attributed to a decrease in high-end new development listings in North and West Brooklyn, as relatively few resale co-ops or condos transact over +\$2M.

\$4-10M

Vs. Q4 2017 - New Listing Volume EVEN, Pricing DOWN

Median Price: \$4,900,000
70 New Listings
16 Contracts Signed
22 Closings

UP from Q3, DOWN Y-o-Y
DOWN from Q3, EVEN Y-o-Y
DOWN from Q3, DOWN Y-o-Y
DOWN from Q3, UP Y-o-Y

Our Analysis: The +\$4M market in Brooklyn is small, so the data may not be indicative of a broader trend. Q4 2018 saw an increase in condo closings (mostly in \$4-6M range) and far fewer townhouse closings than in previous years (which tends to trade at the upper +\$6M levels of this range). This resulted in a lower median sale price, despite that fact condos in the price point transacted near all-time highs for the borough.

About Isil Yildiz



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Dedicated to helping her clients realize their individual goals, Isil provides an exceptional real estate experience whether buying, selling, or renting in Manhattan, Brooklyn, and beyond. Isil's thorough understanding of the intricate residential sales and rental process and in-depth market knowledge makes her a trusted advisor for her clients ranging from first-time home owners to experienced investors.

Since 2014, Isil has closed more than 60 sales transactions across countless neighborhoods in Manhattan and Brooklyn and has extensive experience in co-ops, condos, single-family homes, and multi-family properties for both end-users and investors.

Isil's goal is to make a daunting process transparent and easy by educating her clients on the overall process at the onset and explaining all intricacies throughout. She regularly presents home-buying seminars at various companies, lenders, and financial advisory firms.

Originally from Turkey, Isil moved to Texas at age 10. She holds a BA in Political Science from Yale University and a law degree from The University of Texas, Austin. Currently, Isil lives with her husband Bill in Gramercy, returning to Manhattan after six years in Cobble Hill.

Our Clients Say it Best



"Having a team on your side that are experts in their field while also being friendly and comfortable to work with is a must when buying a home in NYC's fast-paced market. We got all that and more when working with Isil, and truly feel blessed in our new home!"

— Neha & Jack, buyers of a two-bed condo in Crown Heights



"Isil and her team are smart, hard-working, and a pleasure to work with. Isil provided us with a great market analysis to help us decide whether to rent or sell our Brooklyn loft. After we decided to sell, she and Isabel worked tirelessly to get our apartment ready for listing and find the right buyer. We can't wait to work with Isil and her team again!"

— Sellers of a Brooklyn loft



"Isil was the first realtor we spoke to—and we spoke to a lot—who clearly knew what she was talking about. She is savvy and has razor-sharp instincts that are essential in the zoo that is NYC real estate. As first-time home buyers, we felt incredibly supported in this life-changing process."

— Brendan & Jan, buyers of a co-op on the UWS



"Isil and Isabel are incredibly dedicated, smart, and have a total command of the NYC market. We trusted their judgment and knew they could handle all of the minutiae of each transaction, which made selling and buying much less stressful. We love where we live now and are so grateful to them for making it possible!"

— Danielle & Sean, sellers of a condo in Boerum Hill