



Market Perspectives for October 2015

3rd Quarter 2015 Statistics

In the 3rd quarter of 2015, we noticed a slowing of activity from previous quarters, and a further drop in the number of serious buyers, possibly due to the fact that Summer is normally a slower time than the rest of the year. Prices remained stable, and inventory continued to be extremely low. Here is what we observed during the quarter:

- Open houses were well attended, and there were plenty of requests for showings, but buyers were often new to the market and just exploring the possibilities, or had unrealistic expectations.
- Employment in the city rose almost 3% with the largest gains in health care, education, and business services. Despite global instability, consumer spending remains key to economic growth. Continued job growth, reductions in personal debt, and rising household wealth have raised consumer confidence. We expect these trends to continue as interest rates and energy costs remain low.
- The above notwithstanding, turmoil in the stock market is beginning to erode buyer and seller confidence. Volatility causes fear, and some buyers may pause or adjust their bids lower. We are entering the typical Fall pick up which will be very telling about where the market is going. Prices will probably remain stable at or near current levels in the weeks ahead.
- The absorption rate (number of months to sell an active listing) was at four months, indicating a shortage of available units and a seller's market.
- A recent report in The Real Deal titled "The Chinese are about to FLOOD the US real estate market" indicated that this drop in their economy only made them MORE determined to diversify OUT of China". The chaos of the past few weeks is likely to lead to an acceleration in the rate of purchases by wealthy and not so wealthy Chinese in the US and elsewhere.
- We have seen a slowdown in sales of super luxury condos due to too much product in certain neighborhoods. The Russian presence is greatly diminished, while Asians have been the big buyers in 2015 and there are hints that Europeans will follow.
- We think most activity will be in the \$10 million and under category. Units costing \$15-20 million are likely to sell slowly, with developers offering incentives.

3rd Quarter Statistics:

- The average price of a coop resale was \$1,255,000.
- The average price of a condo resale was \$1,895,000.
- The average price of a new development condo was \$3,220,000.
- The average price of the overall luxury market was \$6,735,000.
- The average price per square foot for a coop was \$1,211.00.
- The average price per square foot for a condominium was \$1,690.00.
- The average price per square foot for a new development (all of Manhattan) was \$2,070.00.
- The average price per square foot for the luxury market was \$2,435.00.
- The average price for the loft market was \$2.715M or \$1,746.00 per square foot.
- The average price per square foot for the luxury market (top 10%) was \$2,455.00.





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