



Market Perspectives for January 2018

4th Quarter 2017 Statistics



The fourth quarter of 2017 was a study in contrasts. Higher priced properties lingered on the market, with many seeing multiple reductions to asking prices. Sales of more affordable properties, especially those that were move-in ready and priced correctly, were more brisk. Anxiety over the proposed tax changes kept many buyers from making offers.

Here are our observations for the quarter:

- Price reductions in the resale market, which we attributed to unrealistic asking prices in the previous quarter, were in many cases insufficient to result in sales.
- There was a strong resistance on the part of buyers to properties needing renovation. Those that were move-in ready or needed only minor improvement often had multiple offers and sold above ask.
- Inventory remained extremely low for resales in the non-luxury market.
- The changes to the tax laws, now passed, will determine for many buyers whether they can spend as much as they could before these changes took effect. A significant number of buyers, those who are self-employed or part of partnerships or S-corporations, will see a substantial drop in their taxes, thereby increasing their spending power, despite limitations on deductions. Salaried employees will see a drop in deductions, which may be offset by the change in brackets and rates. It remains to be seen how this will affect demand, and consequently sale prices.
- The tax law changes most likely to affect the New York City market are the new limits on state and local tax (including property tax) and mortgage interest deductions.
- Interest rates remained low and stable. That, along with a strong stock market and low unemployment, continued to bolster the market as a whole. Wall Street bonuses hit a record 27 billion dollars.
- The outer boroughs continued to experience record high prices.
- As in the previous quarter, the rental market was soft. Rent concessions and reductions were common.
- The new development and ultra-luxury markets saw many concessions being offered, as supply continued to be higher than demand. New development units asking above \$5,000,000 will probably need serious price adjustments in the coming year.

4th Quarter Statistics:

- The average price of a coop resale was \$1,260,000.
- The average price of a condo resale was \$2,020,000.
- The average price of a new development condo was \$3,925,000.
- The average price of the overall luxury market was \$7,425,000.
- The average price per square foot for a coop was \$1,170.00.
- The average price per square foot for a condominium was \$1,760.00.
- The average price per square foot for a new development (all of Manhattan) was \$2,225.00.
- The average price per square foot for the luxury market (top 10%) was \$2,630.00.

