



MARKET PERSPECTIVES 1ST QUARTER 2020



I hope this real estate market update finds you and yours safe and well.

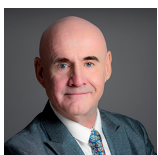
In the previous quarter, we saw signs that the market was rebounding, and expected to see continued improvement in the first quarter of 2020. While the market started out strong in January and remained so through February, the devastating effects of the Covid-19 pandemic became clear in March.

Normally, the real estate market is data driven. Pricing is based on recently closed sales and rentals. However, as the market abruptly came to a halt it has become increasingly difficult to gauge the effect as data flow has nearly stopped. Sales data, under normal conditions, becomes available once a property closes and information is duly recorded. Time from contract signing to closing could be three months or more. Therefore, we can't expect to begin seeing the effect of the shutdown until three to six months after sales and rentals resume. As a result, we are refraining from publishing statistics (medians, averages etc.) at this time.

Here are some observations from the first quarter:

- The pandemic effectively froze the real estate market, with a few exceptions where negotiations were already in progress and contracts out.
- Buyers who are moving ahead with deals are benefitting from record low interest rates.
- Days on the market counters have been halted and will restart once showings resume.
- New York State and the Real Estate Board of New York have prohibited open houses and in-person showings by agents.
- We have not witnessed many price reductions; time and overall economic conditions will dictate prices once social distancing is eased.
- Most buildings barred moves in or out; some deals that closed involved the purchaser renting the property back to the seller until moving is once again permitted.
- Rentals saw a reduction of inventory due to bans on showings. As a result, asking rents increased on a number of offerings, in buildings where moving is allowed.
- The luxury market, which had already experienced price corrections, will likely be further affected.

Though we are currently sheltering in place and don't quite know when this will end, we do know that it will, and that real estate sales and rentals will resume.



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