



MARKET PERSPECTIVES

2ND QUARTER 2020

The second quarter of 2020 was like none we have ever witnessed. The New York pause executive order banned in-person property showing. Consequently, few contracts were signed. Activity stopped, and most closings that occurred were for listings that had been seen or had gone into contract prior to the shutdown. As a result, sellers and brokers based asking prices for new listings at pre-COVID levels since there were no statistics to rely on.

Several news articles claimed that prices were dropping and that there was an exodus to the suburbs. These made interesting stories but were largely inaccurate, taken out of context, and perhaps even sensationalist. We experienced strong interest from buyers who were eager to buy, and to view properties in person. There was a widespread assumption that sellers would accept very low offers though in general this was not the case (see survey results below).

At the end of the quarter, when showings began again, pent-up demand resulted in a good number of signed contracts.

In the rental market, where inventory has increased substantially, landlords are offering concessions and reduced rents.

Small buildings, townhouses and units with outdoor space became more valuable, along with those offering views, light and home office spaces. Demand weakened for properties that needed renovation and strengthened for those that were move-in ready. Properties in need of renovation became less appealing due to the possibility of another shutdown, priorities that buildings will place on renovations and the backlog at the buildings department.

Fritz Frigan of Halstead Real Estate conducted a survey (see below) across all firms, from May 8 to June 22. Although the sample size is small, we believe it is indicative of the current market.

In all of New York City:

- Average difference between asking price and offers was 7.67% (60 replies).
- Average ACCEPTED offer was 5.49% below ask (37 replies).
- Average REJECTED offer was 11.18% below ask (23 replies).
- For condos, the average difference between asking price and offers was 6.95% (15 replies).
- For coops, the average difference between asking price and offers was 8% (39 replies).
- For single family houses and townhouses, the average difference between asking price and offers was 7.34% (6 replies).

In Manhattan:

- Average difference between asking price and offers was 9.3% (41 replies).
- Average ACCEPTED offer was 7.09% below ask (26 replies).
- Average REJECTED offer was 10.53% below ask (15 replies).

In Brooklyn:

- Average difference between asking price and offers was 4.48% (10 replies).

In the Bronx:

- Average difference between asking price and offers was 4.11% (7 replies).



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