



MARKET PERSPECTIVES

1ST QUARTER 2021



Significant changes to the market occurred in the first quarter. Inventory fell while signed contracts reached record highs. In certain property categories and neighborhoods, we even saw price increases and multiple offers.

Here are the trends we observed during the quarter:

- Market activity strengthened to a level not seen in the past five years. The under \$2 million price segment was the most active but beginning in February the high-end condo market (above \$4 million) exceeded 30 contract signings per week and has continued since.
- Neighborhoods with the most activity included the Upper West Side, Riverdale and areas of Brooklyn in close proximity to parks, with multiple offers and higher sale prices. In other areas, the strong buyer interest and low inventory did not necessarily result in significantly higher offers.
- The rebound has mainly been due to New Yorkers who recognized the intrinsic value of the city. Due to travel restrictions, several buyer segments are still missing, particularly foreign investors and businesses, along with pied-a-terre purchasers.
- Increased availability of vaccines and the prospect of reopening of restaurants, entertainment and cultural activities led to growing enthusiasm. The resulting activity indicated the beginning of a shift to a seller's market.
- Mortgage rates increased slightly but were still low enough to fuel buyer interest. This in addition to record highs in the stock market, resulted in fewer all-cash offers.
- Few sellers who took their listings off the market were ready to re-list them, resulting in reduced inventory. Likewise, the number of new listings has not kept pace with demand.
- There was an inherent difference between the new development market and the resale market. Concessions and price reductions were apparent in the new development sector due to an inventory glut, which has been growing over the last several years.
- In the past three months, in Manhattan alone 3,578 new listings were posted, 3,461 contracts were signed, and 1,836 sellers took their apartments off the market. This clearly shows a high level of activity and improved absorption rate.
- The rental market showed signs of recovery, with less inventory and higher demand. There were fewer concessions and rent reductions than in the fourth quarter of 2020 though overall rents were still lower than early 2020.



Rick Wohlfarth
Licensed RE Broker
Wohlfarth & Associates, Inc.
Cell: (917) 882-0815
Email: rick@wohlfarth.com