



MARKET PERSPECTIVES

3RD QUARTER 2020



The third quarter of 2020 saw further changes to the market after restrictions were eased late in the second quarter. In July, the pent-up demand continued to result in offers, keeping prices fairly steady, though by early August we began to see a decrease in the number of accepted offers. Offers that were accepted tended to be lower than they were in July, and asking prices began to drop, falling below sold prices of late 2019 through Spring of 2020.

Here are some specific observations from the third quarter:

- Properties priced at pre-COVID levels were less likely to receive offers than those that were adjusted for the current market. By the end of the quarter, buyers definitely had the upper hand.
- Buyers increasingly hesitated to enter the market due to the upcoming election as well as the pandemic, anticipating a further drop in the market.
- An increased number of listings were removed as sellers saw prices coming down. Some sellers decided to wait to list their property in the hope that the market would improve.
- In Manhattan, 2,000 listings went off the market, while 5,500 were added, for a net increase in inventory of 3,500 and total inventory of 10,000. In Brooklyn, the figures were 1,200 and 3,300 for a net increase of 1,300. The result is that buyers have more to choose from than they have in a long time.
- The number of new signed contracts trailed the same period last year, but rose from second quarter levels.
- Open space is at the top of buyers' minds, and properties with private outdoor spaces or close proximity to large parks bucked the trend to lower prices. Market conditions varied by neighborhood, with the Upper East and Upper West Sides suffering less than those farther downtown. Similarly, in Brooklyn, areas around Prospect Park attracted many buyers from Manhattan, while more congested areas such as downtown Brooklyn lost appeal and hence value.
- Though neighborhoods showed varied trends, the under \$2,000,000 sector was clearly more active than the luxury sectors.
- The rental market has plummeted as the vacancy rate reached five percent.



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