

MARKET PERSPECTIVES

SPRING 2023



The quarterly newsletter of Wohlfarth & Associates, Inc.



In the previous quarter, we reported that we were cautiously optimistic about where the market was going. In December, we saw some signs of a recovery. Since then, it's been mixed. Manhattan sales topped seven billion dollars in the first quarter, making it one of the strongest starts in years. Still, a number of factors have resulted in some challenges.



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Here is what we observed during the first quarter:

- Signed contracts saw an uptick in March as compared to February. There were 3,600 closed sales in the quarter, up 45% from the first quarter of 2022.
- The average price of a Manhattan apartment jumped 20% from the previous year in the same period to \$2,043,000, largely due to strong sales in new construction.
- The biggest price gains were at the upper end of the market with four or more bedrooms.
- Rising interest rates caused some buyers to be sidelined and some sellers to become more realistic about pricing. Wealthy buyers who are back in the market were less concerned about interest rates. About 48% of the transactions in this quarter were all cash.
- The recent bank closures did not have a major effect on financial markets, but many buyers held back, out of either fear or hope, that the real estate market might fall. There were clear indicators though, that some consumers who had been holding back have decided to move on with their lives and focus on the long term.
- Some properties that needed significant work but were priced very low attracted multiple bids above asking prices.
- Only about 36% of New Yorkers have returned to the office, increasing the need for home work spaces.
- We were still experiencing limited inventory growth, which helped support pricing in some categories.
- Foreign buyers have made a strong return to the Manhattan market.
- The rental market remained very tight, with high demand and extremely limited inventory, resulting in many apartments going above the asking price with multiple bids.