

MARKET PERSPECTIVES

FALL 2023

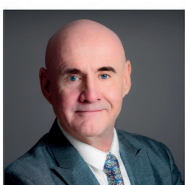


The quarterly newsletter of Wohlfarth & Associates, Inc.

The third quarter of 2023 was a roller coaster of sorts. In June, the market continued to be very sluggish, but by mid-July there was a surge of offers and signed contracts. By mid-August, we again saw a slowing which then continued through September. Despite record low inventory, we remain in a buyers' market.

These are our observations from the third quarter:

- The number of closed sales fell approximately 20%, and signed contracts 15%, from the same quarter last year. Signed contracts fell 27% from the previous quarter.
- We found that the activity in the real estate market was closely aligned with the performance of the stock market. The strong market in July is an example of how buyer confidence rises when the stock market rises.
- Home loan rates inched up above 7% to the highest number in decades. Many buyers cannot afford the incremental cost. Many would-be sellers stayed put because they have 3% mortgages and are not willing to trade now.
- In most cases, sellers were unwilling to reduce prices to compensate for the rise in interest rates. The disconnect between buyers and sellers caused many properties to sit on the market.
- The deals that were made during the summer correlated strongly with price reductions and correctly priced listings entering the market. Some well-priced units even received multiple bids. It was clear that aspirational pricing did not work.
- There was some significant pent-up demand, where many buyers held off, waiting for new properties to come on the market, especially in the 3-bedroom and larger market.
- The rental market remained tight with limited availability.
- Coops in need of work represented good value, despite issues with board approval process, managing agent difficulties, contractor availability, construction approval, and supply chain problems.
- Recovering international travel following the end of the pandemic brought an increase in foreign buyers.
- After performing well for the last year, the luxury market (\$4 million and up) was impacted by the general economic climate.



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