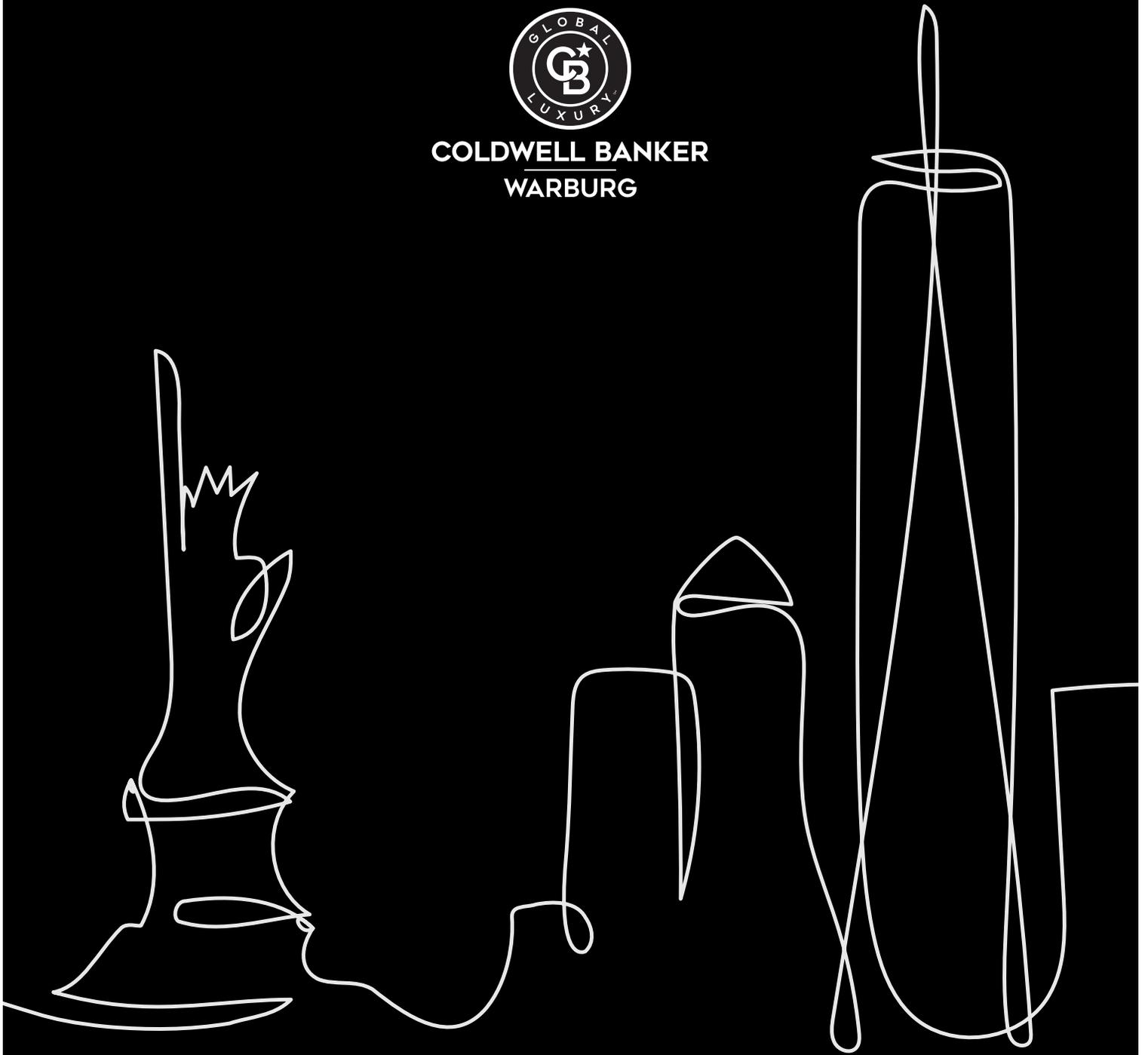




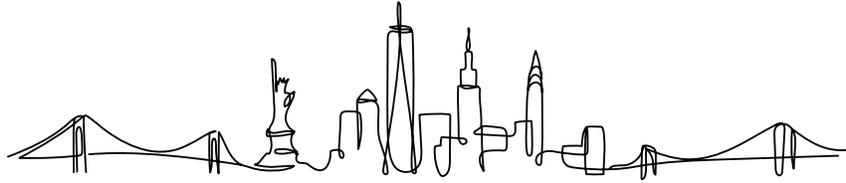
**COLDWELL BANKER  
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**Q4 2022**

**NYC MARKET REPORT**

**FREDERICK WARBURG PETERS**  
PRESIDENT, COLDWELL BANKER WARBURG



# **NEW YORK REAL ESTATE Q4 2022**

## **THE YEAR ENDED NOT WITH A BANG, BUT WITH A WHIMPER**

“This is the way the year ends; not with a bang, but a whimper,” to use a slightly skewed quote from T.S. Eliot. While the New York City real estate market fared better than many others across the country, prices and transaction volume both fell in comparison to 2021. The first four or five months of the year saw transactions on par with the preceding year, but then the market slowed to a whisper as the summer began. Summer doldrums, the pundits said. But it was something more.

Although 2022 came in like gangbusters, it fell victim to a potent brew of inflation, interest rate hikes, war, stock market volatility, and political animosity. Instead of record prices, we experienced record incidences of gun violence. Buyer caution reasserted itself through all price ranges as increasingly anxious sellers went through the five stages of real estate grief:

### **Denial**

“I know my property is worth this price”

### **Marketing Frustration**

“I am certain more print advertising would help sell my property”

### **Bargaining**

“I don’t want to reduce; why won’t they just make an offer”

### **Firing the Original Exclusive Agent**

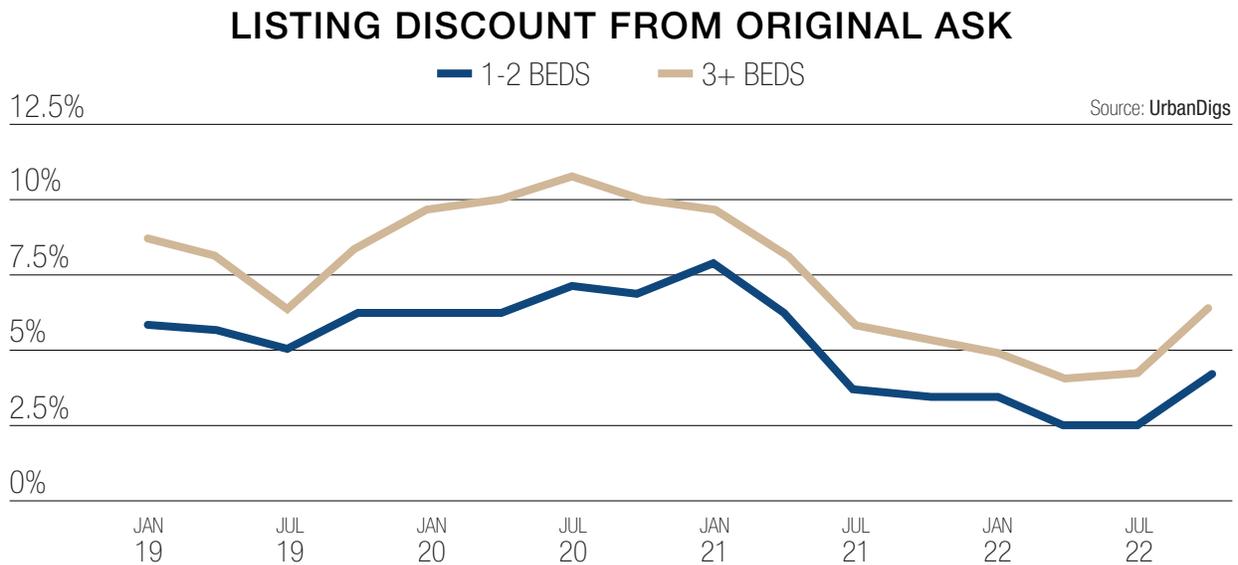
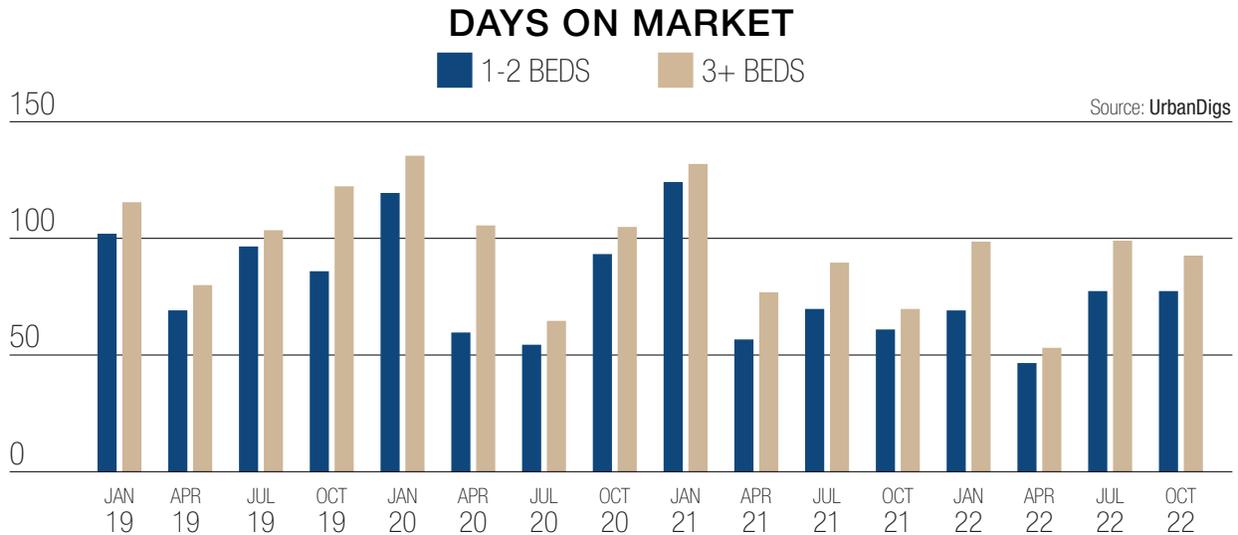
“You’ve had it all this time and not a single credible offer”

### **And Finally, Price Reduction.**

Only with the reluctantly reached final step did the property become saleable, and that only if the reduction was significant enough to redefine the property for the buying public. Most properties during 2022 have required price reductions of at least 10%, and some far more.

# THE MANHATTAN RESALE MARKET

Segmented by Bedroom Count, Quarterly



Buyers during the latter half of 2022 became increasingly price sensitive. Barring the occasional outlier deal in which the property and the purchaser seemed perfectly suited, most buyers have been shopping price as much as location or even condition (although estate condition is still a tough sell!)

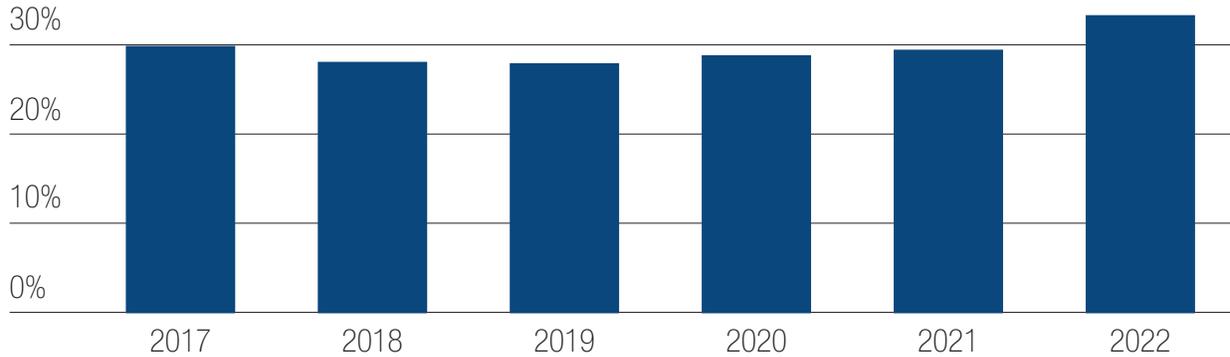
Size remains another significant factor; the market during the third and fourth quarters has been much more favorable to smaller units. In general one and two bedroom apartments trade far more briskly than three and four bedroom properties, and often at a lower percentage discount.

## MANHATTAN CONDO PREMIUM

Yearly, by Sale Date

40%

Source: UrbanDigs



And of course there is the ever growing co-op/condo disparity. With few exceptions, co-ops require renovation, and they all impose the onerous and frequently absurd Board review process on prospective purchasers. Although co-ops have many irreplaceable characteristics, including exquisite detailing and sound attenuating plaster walls, today's buyer seems more drawn to the clean lines, huge windows, and ease of entry the new condominiums provide. Not to mention the thousands of square feet devoted to amenities like gyms, pools, treatment rooms, screening rooms, dining facilities, and on and on. While it is difficult to create apples to apples comparisons, many analysts see top condos as commanding as much as 20 to 25% more on a price per square foot basis than their co-op counterparts.

The post pandemic market, combined with the spate of new buildings which have reached the market during the past 6 to 12 months, underlines another phenomenon: the indifference of Millennials and their younger wealthy counterparts to

status addresses. For Boomers and their parents, the cachet of a Park Avenue, Fifth Avenue, or Central Park West address. Most of today's younger buyers just don't care; many don't want to live in these parts of town anyway. They're buying a big loft downtown or a house in Brooklyn.

As 2022 morphs into 2023, what can buyers and sellers of real estate expect? The Fed has clearly indicated that, though inflationary pressure seems to be lifting, the country won't see interest rate relief during 2023. That said, a difficult first and second quarters for real estate nationally will likely lead to a stabilizing market as we move into summer. Expect price sensitivity on the part of buyers to continue well into the year, as well as diminished volume. But assuming inflation seems tamed by mid-year, mortgage rates may slip a little lower and the stock markets a little higher, leading to higher sales volume. For buyers, the time to act is the first quarter of 2023.

**The smart money will buy the dip!**



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**WARBURG**

Upper East Side | 654 Madison Avenue, NY, NY 10065 | 212.439.4500

TriBeCa | 124 Hudson Street, NY, NY 10013 | 212.380.2400

[www.cbwarburg.com](http://www.cbwarburg.com)

**Press Inquiries: [pr@cbwarburg.com](mailto:pr@cbwarburg.com)**

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