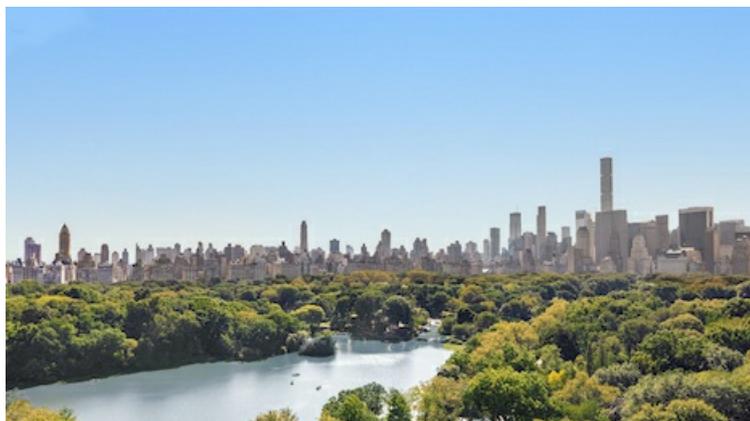


REAL ESTATE

## What is next for New York real estate?

April 29, 2021



*Are New Yorkers ready to return to the city? Image credit: Warburg Realty*

By SARAH RAMIREZ

The pandemic-era boom in luxury real estate has had a unique impact on New York, and there are more changes ahead for the world's leading business capital as the city begins to reopen and welcome back residents.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

New York's luxury real estate market had been losing steam prior to the COVID-19 pandemic, and during the worst of the crisis many affluents left the city. Residential property sales have since begun recovering, and the market will likely become more competitive as schools and offices reopen amid improving vaccination rates and falling COVID-19 cases.

"The combination of demand, and removal of supply from the market, has been higher than the new listing inventory trend for multiple quarters now," said John Walkup, cofounder of real estate analytics platform [UrbanDigs](#), New York. "All the current data suggest this trend will continue as we play out the active season into summer.

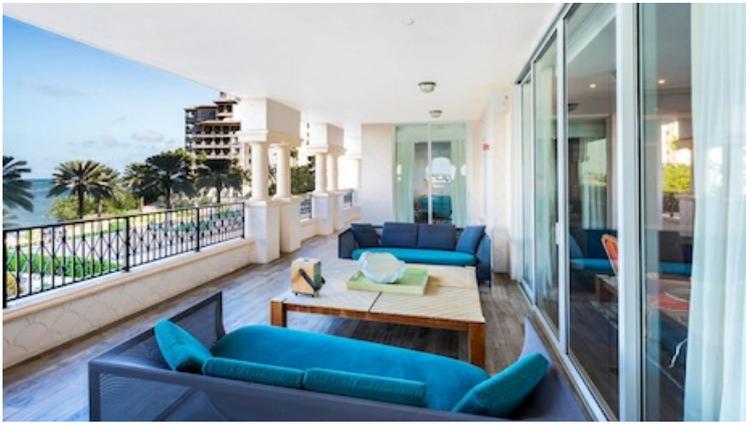
"We like to think that the New York markets are currently operating at less than full capacity, which means the current recovery is driven by price factors and local demand's resurgence," he said. "As the city sees potential buyers filter back in, we expect the recovery in the local real estate market to have already priced those buyers in, and thus, will be looking forward to other changing conditions to drive future performance.

"A herd-like mentality, and fear of missing out, propels buyers to go after the next great fit'. We believe this is currently happening right now in the New York City markets and, as such, think that pandemic discounts,' which peaked last spring and summer, are close to being gone."

Welcome (back) to New York

When offices and schools shifted to remote models, professionals and families with means were able to relocate from the locked down city to more spacious spaces.

This migration pushed up prices along the East Coast, including Fairfield County, Connecticut; the Hamptons; the Hudson Valley; northern New Jersey and Palm Beach ([see story](#)). Purchases of second homes, particularly in vacation or resort destinations, also climbed across the U.S. in 2020.



*Affluents are actively seeking second homes in Florida and New York. Image credit: Fortune International Realty*

As the pandemic wore on, others used the buyer's market as an opportunity to upgrade their own New York dwellings. Multiple real estate brokerages reported that Manhattan ended the fourth quarter of 2020 with year-over-year increases in inventory and marketing time, but average and median sales prices also trended up ([see story](#)).

Now months into 2021, the real estate equation has changed again.

Highly-motivated luxury buyers in New York, and elsewhere, are armed with low interest rates and large budgets padded by a strong stock market and decreased experiential spending. However, they are also facing low inventory and more competition.

"There is a lot of pent-up demand," said Elizabeth O'Neil, broker at [Warburg Realty](#), New York. "Well-priced properties are moving, and it only takes one or two outings to cover all available inventory at many tiers.

"The question remains as to how much new inventory we'll see this spring," she said. "I believe that we will see the number of new listings rise in coming months, but perhaps not enough to satisfy the level of demand."

Supply issues are likely to continue to worsen for buyers, as more New Yorkers return to the city after riding out the pandemic in second homes or rentals.

"There are several independent variables in the return to the city' equation, including vaccination rates, offices, schools and retail," UrbanDigs' Mr. Walkup said. "The vaccination rate will set the pace for the others, but offices, schools and stores will begin to reopen once a solid vaccination base is established.

"Many of these timelines converge in September, October, and November, suggesting a fall restart," he said.

New York City Mayor Bill de Blasio has announced public schools will be reopening in the fall, further encouraging families to return to their urban home bases. Brokers are already bracing for the fallout.



*Manhattan co-op with a terrace and view of Central Park. Image credit: Serhant*

"As people's long-term rentals expire, and owners take back their summer homes, we are seeing people coming back," said Michael J. Franco, broker at [Compass](#), New York. "In addition, there are people anticipating a sense of normalcy' in the fall, so they're gearing up for that now.

"But there is limited supply for sale," he said. "We are in the midst of the busy spring market, and we have an inventory shortage so, my hunch is that we'll continue to see shortages throughout the year.

"It'll be similar to what we're seeing in other large markets around the country."

#### Real estate impact

As New York begins to more closely reflect the national luxury real estate market, the demand for apartments with outdoor space is greatly outpacing the broader market. According to a recent report from real estate brokerage Serhant, almost a quarter of New York homes under contract have a private outdoor space ([see story](#)).

Beyond real estate, shifting migration patterns also impact the retail, cultural and financial scenes in New York City. Research from Knight Frank also shows that urban centers will continue to play important economic roles, continuing to attract tourists as well as homeowners and second homeowners ([see story](#)).

However, as employees continue to opt out of the in-office work model, daily routines will shift and ultimately impact brands and retailers that rely on the physical business from commuter employees ([see story](#)). At the same time, as the physical retail recovery begins, direct-to-consumer brands that originated online are flocking to bricks-and-mortar to offer experiences that cannot be replicated as effectively online ([see story](#)).

Ultimately, post-pandemic expectations and trends may appear contradictory but real estate experts are optimistic.

"A year from now, I think that the real estate market will be better than it ever has been before," said Andrea E. Wernick, agent at Warburg Realty, New York. "Plus, people will be working in their offices, out having dinner, shopping and being happy, all without wearing masks."

---

© 2021 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.