

REAL ESTATE

## New luxury developments boost asking prices in New York

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*The new residential development at 200 East 83rd Street conveys the traditions of the neighborhood through a modern lens. Image credit: Naftalia Group*

By NORA HOWE

There has been a significant increase in the overall dollar volume of signed residential real estate contracts in Manhattan and Brooklyn, but while certain segments are improving, others are decelerating.

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A joint report by [Marketproof](#) and [UrbanDigs](#) found that the median asking price in Manhattan jumped 71 percent, while there was a 56 percent increase in Brooklyn new development contracts. Interest in Brooklyn affordable coops is beginning to narrow, meanwhile, in Manhattan, recent buyer enthusiasm has shifted toward the higher-priced luxury sectors.

"Recent trends in luxury real estate in Manhattan and Brooklyn are redefining the idea of luxury itself," said John Walkup, cofounder of real estate data analytics company UrbanDigs, New York. "While price remains the major demarcation, amenities and location are contributing factors as well.

"For example, building features such as cold storage for grocery delivery, private sport facilities and pet spas are becoming increasingly standard while demand for luxury condos in downtown Manhattan and Brooklyn is soaring."

The report takes into account transactions through the end of October 2021.

### New developments

According to Marketproof, October was a strong month for Manhattan and Brooklyn's new development markets. In particular, the luxury market performed well across both boroughs.

Manhattan's new development deals rose 122 percent to 224 contracts from last year's 101, while month-over-month deals increased 28 percent.

Median asking prices jumped to \$3.6 million, an increase of 71 percent from a year ago and 52 percent from asking prices in September.

This increase is due in part to the Robert A.M. Stern-designed luxury development by Naftali Group and Rockefeller Group on the Upper East Side, which reported 35 contracts ranging from \$3.6 million to \$11.5 million.

Across price ranges, Manhattan saw a slight dip in units under \$2 million from September, although still an improvement year-over-year. October marked the highest number of luxury deals reported in the past five years.



*Amenities at 200 E. 82rd Street include a state-of-the-art fitness center, yoga studio, 70-foot pool with double-height vaulted ceilings and limestone walls, a luxurious spa complete with a steam room, sauna and custom-designed treatment rooms. Image credit: Naftalia Group*

Similarly, Brooklyn's new development contracts rose 119 percent to 184 contracts from 84 contracts a year ago and increased 56 percent from September's 118 contracts. Median asking prices increased by 33 percent from October last year and rose 17 percent from September.

Across price ranges, Brooklyn saw an uptick in each category from last year and last month. In October, more than 70 percent of the deals reported in Brooklyn were under \$2 million.

The number of new development contracts signed across New York in October represents the fourth-highest monthly total of deals reported since 2015.

Unlike the initial post-pandemic recovery period when lower-priced units saw the most activity, buyers are showing a desire for luxury units.

#### Resale market

Manhattan resale deals increased during October, rising 59 percent to 400 contracts, with condos showing significant overall gains from last year.

Median asking prices for resale units in Manhattan rose across the board, with condo owners seeking 7 percent more than a year prior and coop owners asking 12 percent more.

While all price ranges saw improvement on a year-over-year basis, the over-\$4 million luxury sector more than doubled the number of signed deals compared to last year. Interest in these homes notably increased during the summer months.



*510 Driggs Avenue is a newly developed luxury condominium in Brooklyn's Williamsburg neighborhood. Image credit: 510 Driggs*

In August, Knight Frank reported that 785 residential properties sold for at least \$10 million across seven global cities, with New York accounting for 202 of those super-prime sales ([see story](#)).

In Brooklyn, there was a significant rise in resale condo deals from last year, but coops showed some signs of cooling off.

Overall, Brooklyn's resale contract activity rose 26 percent from last year, driven in large part by a 49 percent increase in condo volume. Declining coop activity pushed the volume of contracts in that sector down 5 percent.

Median asking prices in Brooklyn rose 5 percent per square foot.

Luxury units priced \$2 million and above more than doubled their number of signed contracts, while activity in the under \$1 million category fell 8 percent.

An increase in sales of high-value homes may also suggest a rise in individual net worth. From 2019 to 2020, the volume of wealth grew by more than 21 percent, and from January 2021 to August 2021, this rose by 79 percent compared to the first eight months in 2019, according to Coldwell Banker.

Globally, the population of consumers with a net worth of at least \$5 million increased 14 percent since 2019, including population growth in the \$5 million to \$10 million wealth tier and \$10 million to \$30 million wealth tier ([see story](#)).

On the whole, the resale environment in both boroughs appears relatively healthy as it nears the end of 2021.

However, looking ahead, Marketproof and UrbanDigs warn the combination of a larger inventory pool in both boroughs, rising asking prices and uncertain demand in key areas could bring confusing price signals for both buyers and sellers.

"There may be some slowing in segments that jump-started the recovery last year, such as \$1-2 million Manhattan condos and Brooklyn coops under \$1 million," Mr. Walkup said. "While the luxury markets are showing green, possible slowdowns in core sectors hint that overall momentum may be slowing."