

REAL ESTATE

Manhattan prime real estate maintains solid momentum: report

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Super-prime condo sales continue to perform well in Manhattan. Image credit: Serhant

By NORA HOWE

New York's Manhattan housing market saw strong performance during the first quarter of 2022, driven by a growing demand for properties \$5 million and higher.

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According to a recent report from U.S. property brokerage Serhant, Manhattan recorded 3,089 closed sales, an increase of 31.4 percent year-over-year. Perhaps due to growing inflation rates, the median home sale price increased 9.8 percent compared to 2021 to \$1.18 million, the average increased 19.3 percent to \$2.06 million and the average price-per-square-foot jumped 18 percent to \$1,674.

"While it is no secret people decamped from dense city centers during the pandemic to seek out more socially distant spaces, but if the pandemic taught us anything it is just how important interconnectivity is and the value of city life," said Garrett Derderian, director of market intelligence at [Serhant](#), New York.

"As soon as viable vaccines were announced in late 2020, the market began to see an uptick of interest that fueled the record-breaking sales market in 2021," he said. "That trend has continued through the first quarter of this year at the luxury level."

Looking at the market

Observing the \$5 million and above market, specifically, the number of contracts signed increased 9.6 percent y-o-y.

"What was most surprising about the first quarter was just how quickly prime and super-prime properties sold," Mr. Derderian said. "Market-wide, homes priced \$20 million and above sold in an average of just 112 days, well below the 150-day average.

"The same was true in the new development market for homes costing \$10 million or more, which sold in just 92 days, less than half the 208-day average," he said. "The average discount in the market is just 5.4 percent, and for new developments, the average discount was just 2.1 percent."

As pandemic-related restrictions have started to lift and people start returning to their offices, buyers do not seem as

concerned about space. The number of studio contracts signed was up 11.6 percent.



A Serhant Signature listing at 230 Central Park South in Midtown Manhattan. Image credit: Serhant

One-bedrooms took up the largest share of closed sales at 34 percent, followed by two-bedrooms at 34 percent which also saw the greatest price increases the median increased 27 percent and the average increased 34 percent.

More than a third of total transactions, 36.9 percent, were priced between \$1-3 million. These homes had an average discount of only 5 percent, down from 11 percent in 2021. Sales for homes priced \$20 million and above totaled a mere 0.2 percent of the market.

Sales priced between \$10-20 million totaled 2.2 percent of the market with a discount rate averaging 8 percent.

A third of sales were located in Downtown Manhattan, while the Upper West Side recorded the largest price increases across all metrics.

By the end of Q1 2022, there were 6,722 active listings a decline of 21 percent from Q1 2021. For condos, the largest share of inventory (33 percent) was for two-bedroom homes, followed by one-bedrooms (29 percent).

"As we look toward the spring and summer, rising mortgage rates do remain one of the biggest headwinds," Mr. Derderian said. "This week, mortgage rates surpassed 5 percent for the first time since 2011.

"While the rate itself is still lower than it was through the mid-2000s, it does reflect a monumental shift away from the easy money policy stance introduced in 2020 to combat the economic impact of the pandemic," he said. "Still, while this will not have an immediate impact on most prime and super-prime buyers, it will cause uncertainty and hesitation at lower price points, which could have lasting impacts as we move into the second half of the year."

New development

For the first time in years, the Manhattan new development market has balanced out. Demand for larger homes and more affordable units in 2021 lowered the supply level of homes priced up to \$10 million to less than 6 months a period in which the market favors neither buyers nor sellers.

The supply of homes priced above \$10 million currently sits at 14.8 months, down from 19.4 months in Q3 2021 a market high.



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

According to Serhant, there were 310 new development closings in Q1 an increase of 111 percent y-o-y. The median price increased 15.7 percent to \$2.4 million, the average price increased 25.9 percent to \$3.66 million and the

average price-per-square-foot jumped 33.9 percent to \$2,591.

Surprisingly, new development contract activity surged 91 percent year-over-year, with 528 contracts reported, despite flat contract activity one year ago.

In November 2021, 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 started to narrow, meanwhile, in Manhattan, recent buyer enthusiasm has shifted toward the higher-priced luxury sectors ([see story](#)).

For new development in Q1, buyers primarily favored Downtown Manhattan, where 34 percent of deals were made, followed by Midtown, with 19 percent, and the Upper West Side with 18 percent.

The discount rate remained at just 2.1 percent, down from 11.6 percent in Q1 2021.

According to a January report from Serhant, there was a total of 600 transactions priced at \$10 million and above in New York, as it reached record levels of sales ([see story](#)).

"COVID-19 certainly left its mark, as the value of homes with private outdoor spaces and rooms that can serve multiple purposes command the highest premiums," Mr. Derderian said.

"Similarly, larger new development condos, which once languished on the market, had a serious uptick in demand as buyers sought out move-in ready spaces that needed little work given the supply-chain issues that are still impacting the market."

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