

REAL ESTATE

## New York real estate market may be shifting

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*Buyer demand is seeing a dip. Image credit: Coldwell Banker Warburg*

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By SARAH RAMIREZ

Real estate inventory is climbing, but the market remains unpredictable.

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According to real estate analytics platform [UrbanDigs](#), supply in Manhattan is up 33 percent year-to-date. With inventory moving in a positive direction, prospective buyers in the market have more options than they have since activity picked up during the COVID-19 pandemic.

"The pace of the market, throughout all price ranges, has slowed significantly in the second quarter, which, along with the usual influx of spring listings, has created a broader spectrum of homes for sale than at any time in the past year and a half," said Frederick Warburg Peters, president of Coldwell Banker Warburg, New York.

"So buyers have more to look at, and with the larger inventory of options, there are more opportunities to negotiate."

Market correction?

Manhattan has seen net positive inventory for March, April and May the first consecutive months of inventory growth since the period of June to October 2020.

During the COVID-19 pandemic, seasonal trends temporarily became obscured but that has started changing again as a new normalcy sets in. Brokers and agents, however, remain unsure about what to expect this summer in New York a time when the market usually experiences a slowdown.

## Actively Listed Supply



*Real estate inventory may be bouncing back. Image credit: UrbanDigs*

"I believe the summer will be a very busy one this year," said Parisa M. Afkhani, agent at Coldwell Banker Warburg. "We have a confluence of factors pointing to an increase in summer activity, including buyers wanting to lock in an interest rate as they are rising, uncertainty making people want to create the stability of a home, a rapidly rising rental market that is pricing out some buyers and increased sales activity which is pushing some people to buy or rent.

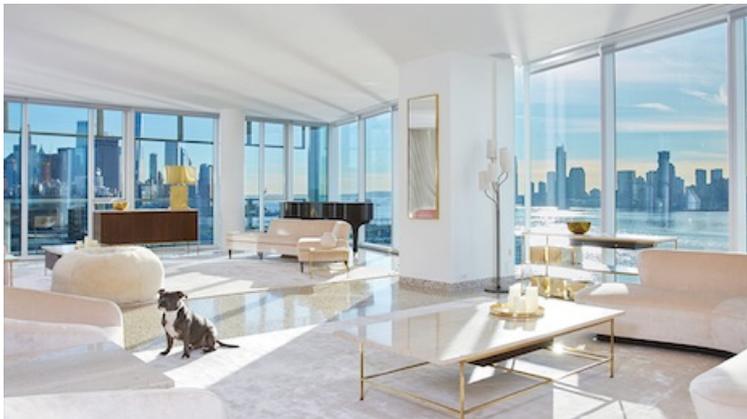
"The ideal time to list is in June or July, and then again in September for fall," she said. "There will be more inventory this summer compared to the last two, which in my opinion will spur more activity."

Fellow Coldwell Banker Warburg agent Jeremy A. Kamm also sees a shift in buyer demand.

"At a time that is traditionally very busy, we are still busy, but we may potentially see a less active spring-summer market than we are accustomed to or certainly the kind of market we have experienced over the last 16 months," Mr. Kamm said. "For sellers, the ideal time to list is the sooner, the better.

"The market after the July 4th holiday can slow down depending on how people choose to spend their summers whether that's traveling or otherwise," he said. "That is the seasonal scenario we are accustomed to.

"The market never sleeps, but some prospective buyers prioritize rest, relaxation, and travel during the summer in lieu of entering into a real estate transaction, which can at times be stressful."



*Sellers may need to negotiate more than they had expected. Image credit: Brown Harris Stevens*

After peaking in April 2021, the volume of contracts signed in Manhattan has fluctuated but has declined in both March and April 2022.

"Brokers are getting few or no calls on properties that would have flown out the door just two months ago," said Rachel Lustbader, broker at Coldwell Banker Warburg. "Buyers are taking more time to deliberate before making an offer."

### Inflation impact

Supply levels are not the only factor impacting luxury real estate, with industry professionals also pointing to other trends.

As Ms. Afkhani alluded, inflation is on the minds of buyers.

April's consumer price index, a measurement of prices for goods and services, soared to 8.3 percent, past the 8.1

percent expected and approaching the highest level in more than 40 years. Although inflation technically slowed last month, U.S. consumers remain apprehensive, and continued supply chain issues, global tension and other factors are making it difficult to find a light at the end of the tunnel.

Additionally, Russia's invasion of neighboring Ukraine continues to impact global markets. The housing market, which has seen strong price growth and demand throughout the pandemic, is also experiencing ramifications from inflation and in some situations, may be contributing to it ([see story](#)).

"It is indisputable that we are still experiencing a very active marketplace nationwide, but agents are also absolutely reporting a change in buyer demand," Mr. Kamm said. "Battling inflation has resulted in rising interest rates coupled with a downward trending stock market.

"Diminishing portfolios and mortgage interest rates are affecting buying power, and as a result, the pool of buyers is changing."

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