

REAL ESTATE

## Luxury real estate contracts signed up 17pc in Manhattan: Compass

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*Outperforming expectations, luxury real estate in Manhattan has seen a 17.4 percent increase in contracts signed from the second quarter of last year. Image courtesy of The Langham New York*

By ZACH JAMES

While the overall market on New York City's central island has seen a steep financial decline in recent months, U.S. real estate brokerage Compass' latest report shows that the luxury sector remained strong in the second quarter of 2023.

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Outperforming all expectations, high-end housing in Manhattan has seen a 17.4 percent increase in contracts signed from 2022's second quarter. On the sales front, findings show that residential real estate figures have fallen by nearly 33 percent year-over-year, spotlighting luxury's resilience under fluctuating conditions.

"We saw an increase due to perceived value, more cash purchases for a tangible commodity, and the continued want for more space the pandemic might be over, but the need for more space in a home still remains," said Elizabeth Ann Stribling-Kivlan, senior managing director at [Compass](#), New York.

The Manhattan Market Report Q2 2023 compiles public recorded sales and listings, creating data sets with the information gathered between April 1 and June 30, 2023. Luxury properties are designated as townhomes, condos, and co-ops priced between \$5 and \$10 million.

### Luxury lift

Alongside all real estate in the borough, luxury was expected to fall as well but somehow managed to stay alive despite multiple financial woes.

"The quarter started with the ramifications of the collapse of 2 banks and a third looming," Ms. Stribling-Kivlan said.

"These banks were known for catering to a luxury sector coupled with higher rates and unemployment news in the tech sector," she said. "These appeared to be factors that would hinder this sector, pointing to something expected to be flat or slightly down with the financial sector news.

"There is also a lack of mint inventory which is ongoing; thus, it appears that this sector will continue to be in demand."

Demand to live in New York City is rising, according to the firm, with the United States only becoming more in vogue with HNWI's (see story). With that rising demand comes increased prices, which can be observed across the luxury sector.

Compass notes that the number of total listings is down due to homeowners waiting out any potential periods of recession before selling, leading to far more demand than supply.



While overall sales are down compared to previous years, the median price is rebounding. Image courtesy of Compass

Luxury sales were responsible for 6.2 percent of all transactions, which may seem small but is the highest seen in the last decade, boasting the most quarter-over-quarter growth.

The sector was also the only one to see an increase in overall activity at 17.4 percent, with a 7.2 percent higher median price.

These numbers align with the current surge of affluent individuals maintaining multiple properties (see story). While many are leaving the cities, New York remains a top choice for those who stay.

"The importance of home and the actual space is paramount," Ms. Stribling-Kivlan said.

"We are going out and traveling, but a house isn't simply where you go to sleep at night," she said. "It continues to be a multi-functional space, and the necessities are key."

"Also, NYC has re-emerged with vibrancy and culture, and the desire to be here is exceptionally high, and the location is again quite high in this arena."

### Segment shuffle

For the report, Compass breaks the borough down into seven segments: Upper Manhattan, Upper East and West Sides, Midtown West and East, Downtown and the Financial District/Battery Park.

Within these neighborhoods, only four or more bedroom condos and co-ops reached a median price that would place them in the conversation for luxury real estate.

Upper Manhattan was the sole region absent from the list, making it the most affordable place to reside by default.

# Manhattan Market Report

Neighborhood Map



*Compass breaks the borough down into seven segments. Image courtesy of Compass*

Downtown was the star of the show to luxury buyers, seeing the biggest leaps in purchasing. Double-digit increases in average and median price highlighted this fact, with respective jumps of 15.6 percent and 15.1 percent year-over-year.

Median costs reached \$8.8 million, up from \$6.8 million the year prior. Fittingly, it was the most expensive place to reside in Manhattan, leading it to take up over 28 percent of the total sales share.

Post-pandemic, mortgage interest rates have also risen back to pre-pandemic norms, shifting homebuyer behavior, according to Compass. Because of this, all-cash transactions among luxury purchasers became the preferred method of getting around the issue.

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