



Third Quarter Real Estate Report for Upper Manhattan

2020



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About Harlem Lofts, Inc.

Harlem Lofts, Inc. is a boutique real estate firm incorporated in 2002 and located at 272 Lenox Avenue in Harlem, New York. We keep a sharp focus on seller representation, with specialization in townhouse and condominium properties, while maintaining an extensive proprietary database of well qualified buyers.

With experienced professionals at its core, the employee-owned firm is divided into two complementary divisions: **Research and Sales**. Our approach begins with outstanding quality Research, which underpins our strategic Sales model. We tailor each sales campaign to leverage our expertise and professional relationships, **to achieve optimal results**. This approach allows our team to provide a consistent, seamless service to our clients for every transaction.



Cultivating long-lasting relationships within the community is essential to the success of our firm and our clients. We are members of the Real Estate Board of New York (REBNY www.rebny.com) and the Hudson Gateway Association of Realtors® (HGAR www.hgar.com). This means (depending on client preference) we can either tailor a listing to a specific well qualified clientele or syndicate our offerings across all major marketing platforms, to reach a very large audience in a very short timeframe.

To start the conversation, send us an email at info@harlemlofts.com, visit our website at www.harlemlofts.com, and/or call us at **212 280 8866**. We also have an active social media presence – join us there or at our regular **webinars/events**:

<https://tinyurl.com/HLIYouTube>

<https://tinyurl.com/HLITwitter>

<https://www.facebook.com/harlemrealestate/>

Or, **to meet us in person**, stop in at our Harlem office at **272 Lenox Avenue**, between 123rd and 124th Streets.

Sincerely,

Robert 'Robb' Pair,

Founder

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From the Desk of Robb Pair

Welcome to the Harlem Lofts 2020 Third Quarter Upper Manhattan Real Estate Report!

Focusing on Recovery

We live in challenging times, but at least for the Upper Manhattan real estate market it appears that the worst may soon be behind us. Classically, following a pandemic or recession, inventory is the first marker of recovery, followed by return of investors to the market, and eventually by return of residential buyers. Our data clearly show that both townhouse and condominium inventory have recovered following the COVID-19 situation, as shown on pages 9-13 of this report. Classically, demand should follow supply, and this bodes well for the next 12 months in the Upper Manhattan market



The Townhouse Market

We are happy to report that the Upper Manhattan townhouse market remains robust from a price standpoint. While sales are reduced over the past 9 months by approximately 25%, I have a very positive outlook on the townhouse market – sales and inventory are recovering and properties that have sold have kept their value – in fact fair market value sales have slightly increased in sale price. We at Harlem Lofts, Inc. also currently have three properties in contract and five more with accepted offers. The prospects for the market appear promising.

The Condominium Market

You will also see in this report that the condominium market in Upper Manhattan is still suffering, although not as much as in the second quarter of this year. There are approximately 60% fewer sales, and inventory is arriving on the market at a faster rate than sales are removing units from the market. Condominium buyers may expect a market conducive to their interests during Q4 2020 and through the Spring season of next year.

Market Trajectory

As mentioned above, and as discussed throughout this report, our data suggest that as in past situations that can be used as comparators, Manhattan real estate is returning at least as rapidly and perhaps more so than other economic indices. Many experts are also predicting that real estate will carry us through this economic recovery. Nonetheless, it is important for all of us to consider our own individual situations. Some families are looking to leave the city, whereas others are looking to take advantage of increased inventory to move into Manhattan or upgrade their current space. The market is more fluid than usual and we look forward to documenting these changes and assisting our clients with their real estate needs.

Final Thoughts

We hope you enjoy this report! Our meticulous research and comprehensive understanding of the market put us in a unique position to help our clients at this moment in time. Please feel free to reach out to us at info@harlemlofts.com with your real estate needs. I also encourage you to [join us on our social media platforms and website](#) (linked on the opposite page and throughout this report), register for our [Market Reports](#), and attend our [regular webinars and events!](#)

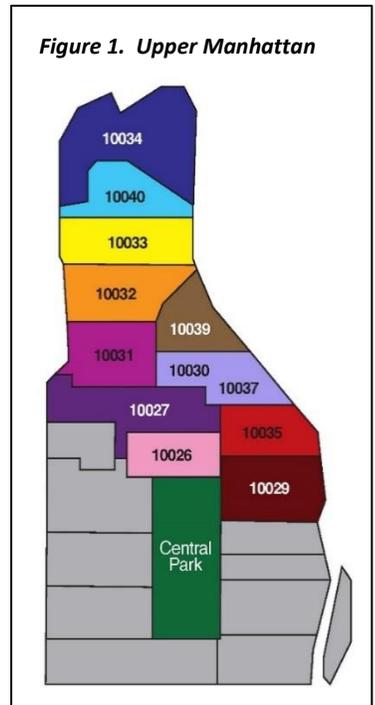
Stay safe and best wishes,

Robb Pair Founder and President, Harlem Lofts Inc.

2020 Third Quarter Townhouse Market Analysis

A. Introduction

- This article summarizes 1-8 family and Single Room Occupancy (SRO) townhouse transactions in Upper Manhattan between **January 1 and September 30, 2020 (Q1/3 2020)** and compares these data with **Q1/3 2019**.
- We also provide weekly market analysis updates on our website and via social media, and through our regular **webinars/events**:
<https://tinyurl.com/HLIYouTube>
<https://tinyurl.com/HLITwitter>
<https://www.facebook.com/harlemrealestate/>
- Upper Manhattan includes 12 zipcodes extending from the northern tip south to East 96th St, Central Park North and W 110th Street. See **Fig 1**.
- This report excludes transactions in non-representative areas, for example bordering Central Park, and west of Morningside Park.



B. Sales Volume (Graphs 1-4)

1. Q1/3 2020

- **47** Fair Market Value (FMV) sales generating **\$105.35 million**.
- Average sale price of **\$2,241,000**, and price per square foot (PPSF) **\$557/SF**

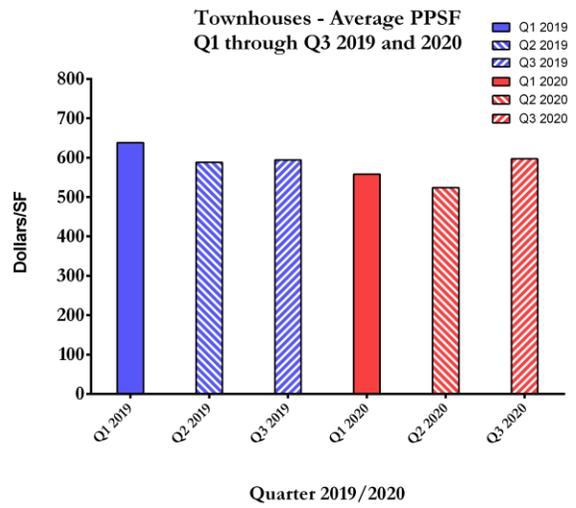
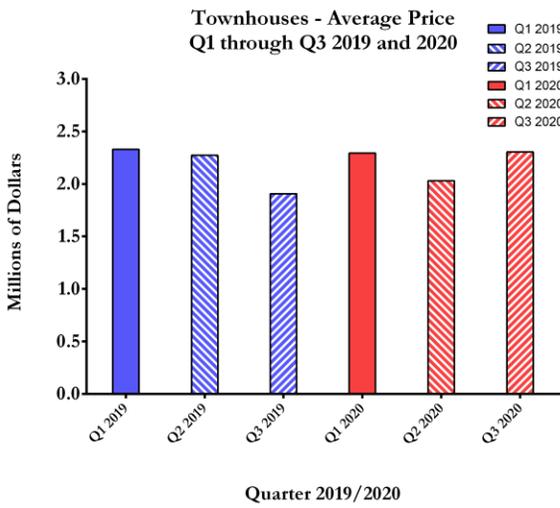
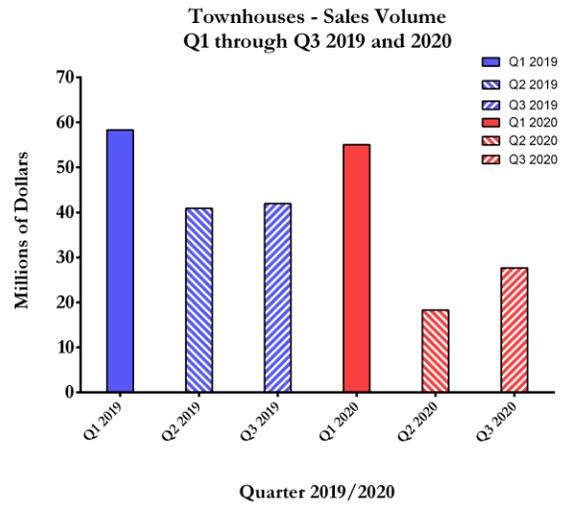
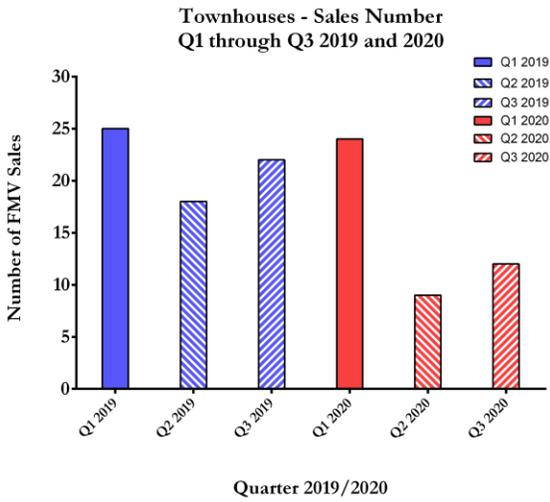
2. Comparison with Q1/3 2019 (see Graphs 1-4)

- Number of FMV transactions in **Q1/3 2020 (47, in red)** was **27.7%** lower than in **Q1-3 2019 (65, in blue)**.
- Sales volume in **Q1-3 2020 (\$105.35 million)** was **25.4%** lower than in **Q1-3 2019 (\$141.16 million)**.

3. Interpretation

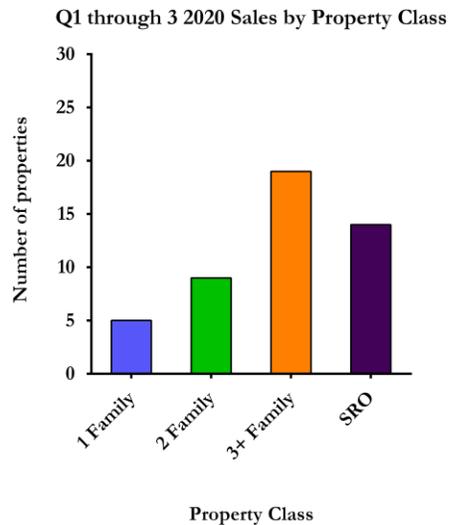
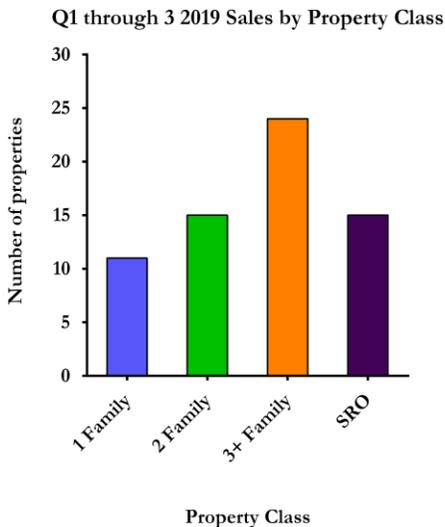
- The market in **Q1 2020 (24 sales, \$55.1 million)** was **similar** to **Q1 2019 (25 sales, \$58.3 million)**.
- However, sales in **Q2-3 2020 (21, \$45.9 million)** were **47.5%** and **44.6%** lower than **Q2-3 2019 (40, \$82.9 million)**.
- This **slump** in sales in **Q2/3 2020** was due to the **COVID-19 pandemic** which curtailed retail activity – see **page 9**.
- Interestingly, average sale price in **2020 (\$2.241 million)** is similar to **2019 (\$2.172 million)**.
- The minimal change in sale price suggests the market believes **this situation is temporary** and will resolve – please see **article on the impact of COVID-19 on page 9**.

Graphs 1-4 – Townhouse transaction number, volume, average price and PPSF in Q1/3 2019 (blue) and 2020 (red)



C. Transactions by Property Class in Q1/3 2020 (Graphs 5-6)

Graphs 5-6 – Townhouse sales in Upper Manhattan by property class in Q1/3 2019 (left) and 2020 (right)



1. Q1/3 2020

- In **Q1/3 2020**, although overall sales were decreased compared with 2019, **three+ family rental investment properties** generated **highest sales (19 transfers)** (*Graphs 5,6*).
- **SRO properties** (investments for renovation) were second (**14 sales**), and sales of SROs were approximately similar to the number of sales seen in 2019, thus their market share was increased.
- **Two-family residential/investment properties** were third (**9 transactions**).

2. Comparison with Q1/3 2019

- The relative market share of SRO renovation investment properties in **Q1/3 2020 (29.8%)** was **higher** than in **Q1/3 2019**, when **SRO properties** comprised **23.1% of sales**. The number of SRO sales was approximately similar in 2020 to what was seen in 2019, in a reduced market.
- The market share of rental investment properties in **Q1/3 2020 (40%)** was **also slightly higher** than in **Q1/3 2019**, when **rental investment properties (3-8 family)** comprised **37% of sales**.

3. Interpretation

- The **increased popularity** of SROs and rental investment townhouses in **Q1/3 2020** may be attributable to the early stages of recovery from the COVID-19 situation. Following a pandemic, the usual pattern of market activity is that inventory returns, followed by rental and renovation investors, and then residential buyers. The sales we are seeing match this pattern.
- In addition, stringent new laws passed in June 2019 impacting rent-controlled and rent-stabilized apartments are likely impacting the popularity of rental investment properties.

D. Conclusions – 2019 Mid-Year Townhouse Market Analysis

- The Upper Manhattan townhouse market was **stable and poised to thrive in Q1 2020** but has been **significantly impacted by the current COVID-19 situation**. Due to COVID-19, sales in Q2/3 2020 (**21, \$45.95 million**) were 47.5% and **44.6%** lower than Q2/3 2019 (**21, \$82.88 million**).
- Interestingly, average sale price in **2020 (\$2.241 million)** is similar to **2019 (\$2.172 million)**.
- The minimal change in sale price suggests the market believes **this situation is temporary** and will resolve – please see article on the **impact of COVID-19 on page 9**.
- **In Q1/3 2020, SRO properties** increased market share compared with **Q1/3 2019**, comprising **29.8%** of sales (**14**).
- The market share of rental investment properties in **Q1/3 2020 (40%)** was **also slightly higher** than in **Q1/3 2019**, when **rental investment properties (3-8 family)** comprised **37% of sales**.
- **Harlem Lofts, Inc. is the acknowledged expert in the Upper Manhattan townhouse market - please feel free to reach out to us at info@harlemlofts.com for a comprehensive evaluation of your townhouse assets.**

2020 Third Quarter Condominium Market Analysis

A. Introduction

This article analyzes Upper Manhattan condominium property transactions between **January 1 and September 30, 2020** (Q1/3 2020) and compares these data with **Q1/3 2019**. This article also complements our townhouse analysis article on **pages 4-6**.

- As mentioned in our townhouse article, we also provide market analysis via **social media and webinars/events**:
<https://tinyurl.com/HLIYouTube>
<https://tinyurl.com/HLITwitter>
<https://www.facebook.com/harlemrealestate/>
- Per our townhouse article, Upper Manhattan includes 12 zipcodes extending from the northern tip south to East 96th St, Central Park North and W 110th Street. Our analysis excludes transactions in non-representative areas, for example bordering Central Park and the Hudson River, and west of Morningside Park.

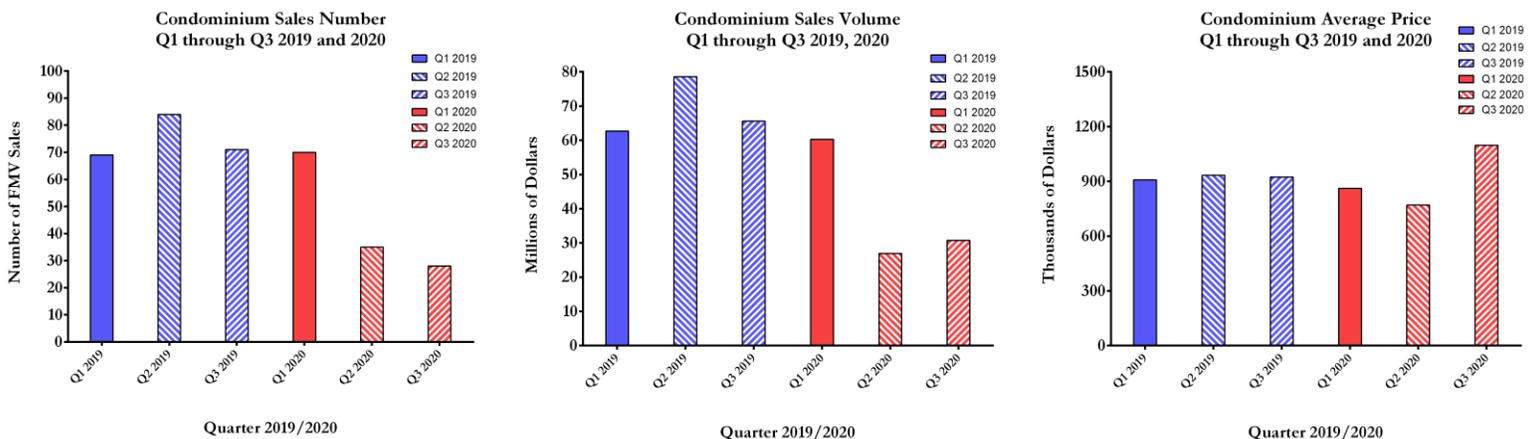
B. Sales Volume (Graphs 1-3)

1. Q1/3 2020

- 133** FMV sales generating **\$118.04** million, a higher dollar volume than the townhouse market.
- Average sale price of **\$887,549**.

2. Comparison with Q1/3 2019 (see Graphs 1-3)

Graphs 1-3 – Condominium transaction number, volume and average price over time in 2019 (left) and 2020 (right)



- Number of FMV transactions in **Q1/3 2020 (Graph 1, 133, red)** was **40.65%** lower than in **Q1/3 2019 (224, in blue)**.
- Sales volume in **Q1/3 2020 (Graph 2, \$118.04 million)** was **42.95%** lower than in **Q1/3 2019 (\$206.9 million)**.
- Interestingly (**Graph 3**), and similar to the townhouse market, **average sale price in Q1/3 2020 (\$887,549)** was reduced by only **3.9%** compared to **Q1/3 2019 (\$923,661)**.

3. Interpretation

- As seen in our townhouse analysis, the market in **Q1 2020 (70 sales, \$60.3 million)** was **similar** to **Q1 2019 (69 sales, \$62.7 million)**.
- However, sales in **Q2/3 2020 (63, \$57.7 million)** were **59.4%** and **60.1%** lower than in **Q2/3 2019 (155, \$144.62 million)**.
- The **slump** in sales in **Q2/3 2020** was due to the **COVID-19 pandemic**, which curtailed retail activity in the condominium market **even more severely** than was the case in the townhouse market.
- However, the minimal change in sale price suggests the market believes this situation may be **temporary** and will resolve.

C. Conclusions – 2019 Mid-Year Condominium Market Analysis

- The Upper Manhattan condominium market has been **more significantly impacted by the current COVID-19 situation than the townhouse market**. Due to COVID-19, sales in **Q2/3 2020 (63, \$57.71 million)** were **59.4%** and **60.1%** lower than in **Q2/3 2019 (155, \$144.62 million)**.
- The impact of COVID-19 on the Upper Manhattan condominium market is a **developing situation** and we will know the full story in a few months. Our 2021 Upper Manhattan Real Estate Report, to be published in January 2021, will have additional details.
- **To find out more about the Upper Manhattan condominium market, contact us at info@harlemlofts.com**
- **Please also join us for market analysis updates on our website, social media, and regular **webinars and events**:**

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Upper Manhattan Real Estate During COVID-19



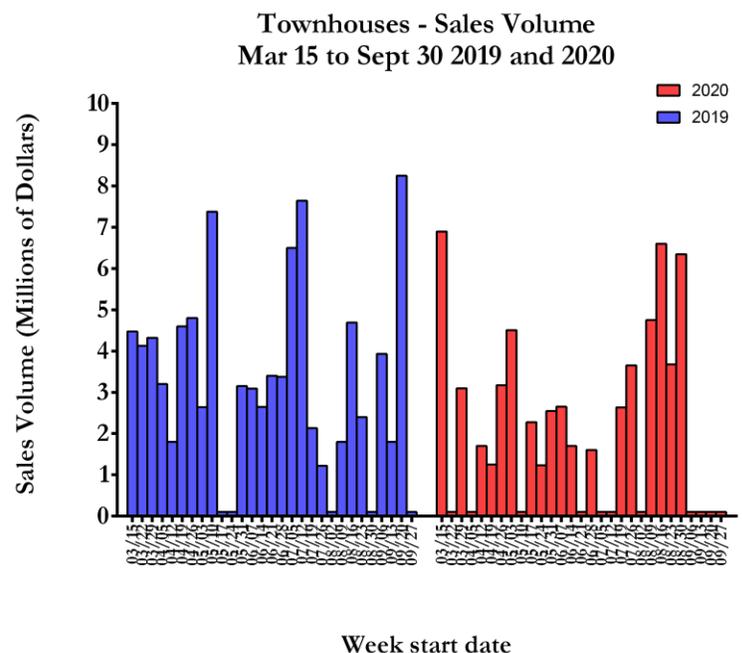
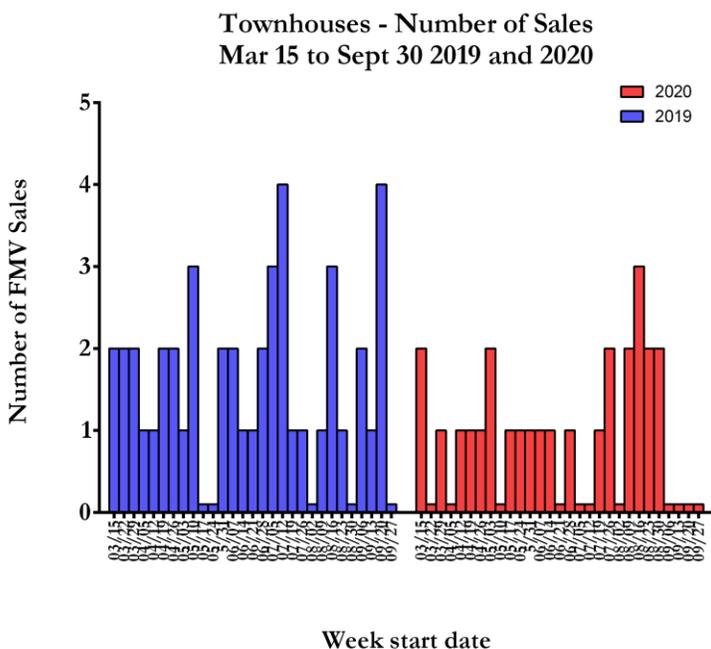
A. Advent of COVID-19

- This article analyzes the **impact of the 2020 coronavirus COVID-19** pandemic on the Upper Manhattan real estate market from its beginning in mid-March 2020, and guidelines during **market recovery**.
- Real estate showings have been deemed **essential** during the pandemic and have resumed following PAUSE. However, the situation and associated anxiety have **impacted the market**, as mentioned in our Townhouse and Condominium Reports
- Our analysis is shown below. We also present **bi-weekly market updates on our YouTube channel**:
<https://tinyurl.com/HLIYouTube>
- Based on previous precedent, we anticipate that the real estate market **is poised to lead** the economic recovery.

B. Impact on Upper Manhattan

- Our analysis includes weekly measures of townhouse sales and listings, and condominium sales:

1. Townhouse Sales (Graphs 1, 2)



a. Q1/3 2020

- **Graphs 1 & 2** compare weekly townhouse sales and volume from **March 15 2020 onward (red)** with **2019 (blue)**.
- During the period **March 15 through September 30 2020** there were **26 sales**, versus **45 in 2019** – a **42% reduction**.
- Sales volume during this period was **\$60.29 million in 2020**, versus **\$93.4 million in 2019** – a **35.4% reduction**.

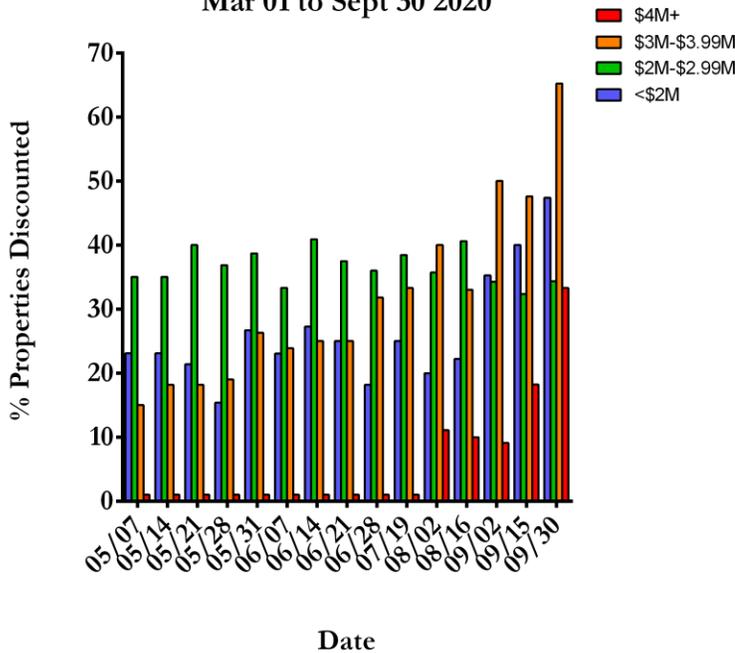
- Interestingly, average sale price during this time in 2020 (**\$2.31 million**) has been **11.6%** higher than in 2019 (**\$2.07 million**) suggesting that **the underlying health of the market is robust**.

b. Interpretation

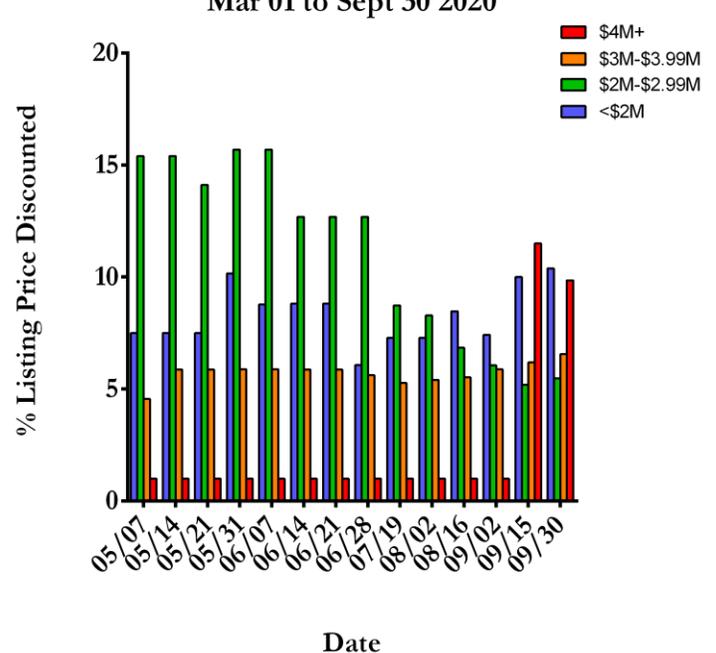
- The COVID-19 pandemic **reduced sales by approximately 40%**, but **sales prices have remained stable**.

2. Townhouse Listings (Graphs 3,4)

Townhouses - Percentage of Properties with Discounts
Mar 01 to Sept 30 2020



Townhouses - Percentage Price Discounted
Mar 01 to Sept 30 2020



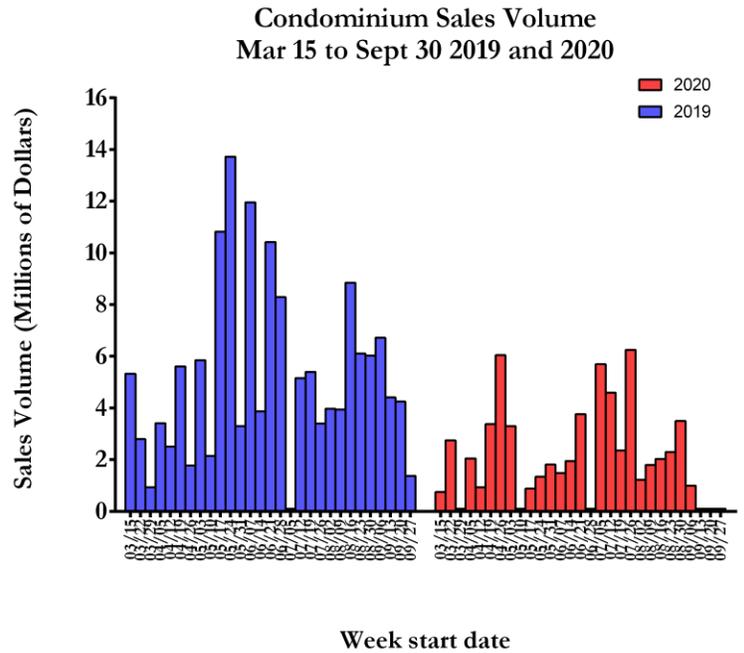
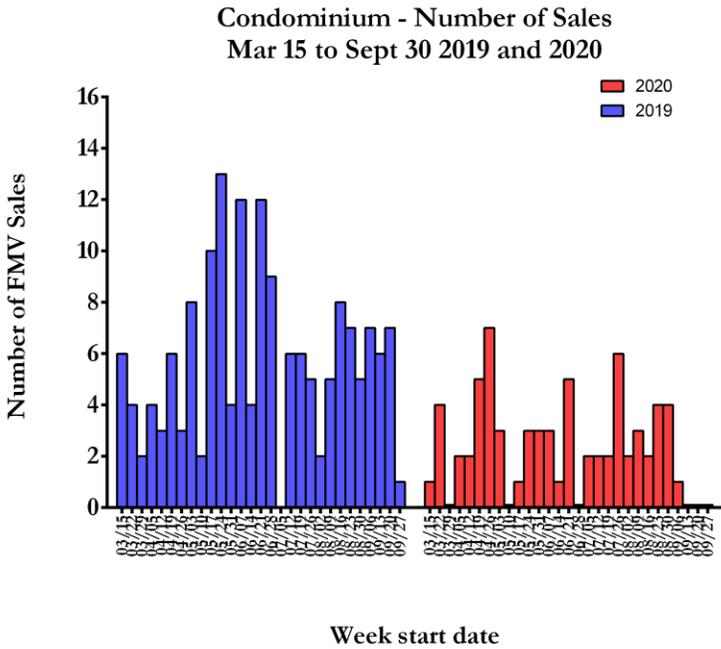
a. Discounts

- It may be expected that owners of listed properties during COVID-19 **may offer discounts** to encourage a sale.
- Graphs 3 and 4** shows the percentage of listings offering discounts **by price bracket, tracked by week** since March 15th.
- Properties worth between **\$3 and \$4 million (orange bars)** have been most likely to offer discounts (as of September 30th, **65% of properties, 6.56% of sale price**). As can be seen from Graph 3, the percentage of properties within this price range willing to offer discounts has been steadily rising over time.
- Properties at the high end of the market (**>\$4 million, red bars**) have recently begun to offer discounts (**33.3% of listings, 9.85% of sale price**) after resisting market forces for several months.
- Of properties listed for **<\$2 million (blue bars), 47.4% offer discounts** as of September 30th, averaging **10.39% of price**. Properties priced between \$2 and \$3 million initially led the market in terms of discounts but are less represented as of September 30th 2020.

b. Interpretation

- The COVID-19 pandemic has affected the **price of listings**, with the mid-range portion of the market being impacted initially but with **discounts** spreading to the upper section of the market over time.
- This suggests that listings **were overpriced** in early 2020 due to the anticipated market recovery following reduced sales in 2018 and 2019. Discounts have produced similar sale values to those seen in 2019.

3. Condominium Sales (Graphs 5,6)



a. Q1/3 2020

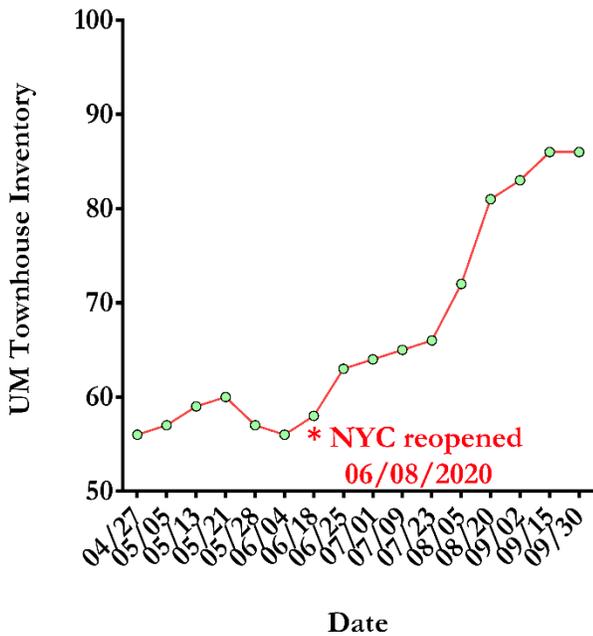
- **Graphs 5 & 6** compare weekly condominium sales and volume from **March 15 2020 (red)** with **2019 (blue)**.
- During the period **March 15 through September 30 2020** there were **68 sales, versus 167 in 2019 – a 59.2% reduction.**
- Sales volume during this period was **\$61.21 million in 2020, versus \$152.3 million in 2019 – a 59.8% reduction.**

b. Interpretation

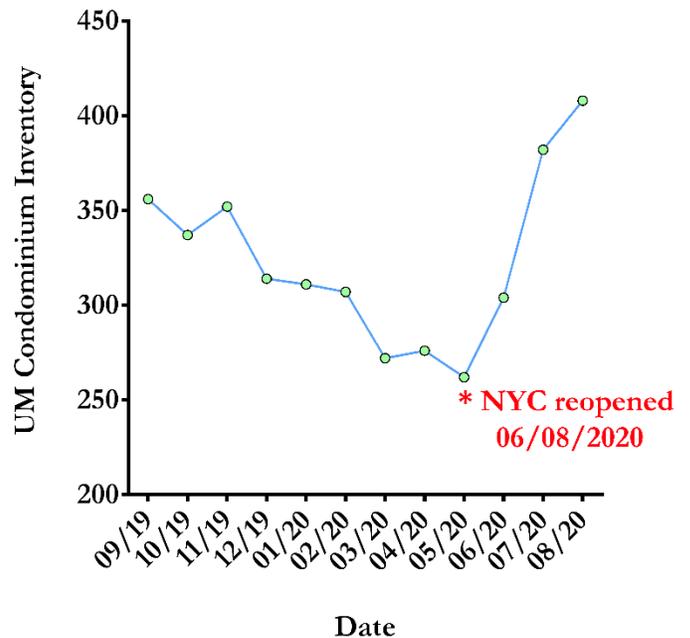
- The COVID-19 pandemic **reduced condominium sales by approximately 60%.**
- The pandemic has **impacted the condominium market more severely than the townhouse market.**

4. Inventory (Graphs 7,8)

Upper Manhattan Townhouse Inventory
COVID-19 - April-September 2020



Upper Manhattan Condo Inventory
COVID-19 - Sept 2019 - August 2020 (SE)



a. Q1/3 2020

- **Graphs 7 & 8** display inventory volume for townhouses (**Graph 7**) and condominium properties (**Graph 8**) during Q2 and Q3 2020. **The date of NYC reopening is marked on both graphs, in red.**
- Classically, following a pandemic or recession, **inventory is the first marker of recovery**, followed by return of investors to the market, followed eventually by return of residential buyers.
- Townhouse inventory has recovered to **84 FMV listings** as of September 30th 2020.
- Condominium listings have also recovered and in fact have reached levels **significantly above the normal** for the market, currently standing at **408 FMV listings**.

b. Interpretation

- It is clear from our calculations that **townhouse inventory** has returned to the market following the COVID-19 crisis, which bodes well for Q4 2020 and Q1/2 2021. Demand follows supply.
- **Condominium inventory** has also returned, to the point where it is **significantly higher than normal**, thus pricing and sales in the Upper Manhattan condominium market is a developing story. We will only know the full details at a later time – our 2021 Upper Manhattan Real Estate Report (to be published in January 2021) will have more details.

C. Recovery from the impact of COVID-19

- As the economy reopens, we are working to help our residential brokerage community and its clients stay safe and healthy, while supporting continuity of business.

- **Measures we have implemented include:**
 - **Social distancing, Health Monitoring**
 - Conducting meetings via **phone or video conference**
 - **Office compliance** with all NY State regulations regarding reopening
 - **Sanitation and Hygiene – cleaning and disinfection, use of masks/gloves**
 - We are offering customers the option to take a **virtual tour** instead of an in-person showing.
 - We are following NY State rules and guidelines for **showings**.
 - We are encouraging the use of **document review, approval and signing software**.
- **Harlem Lofts Inc. is committed to the health, safety and welfare of its employees, clients and customers.**

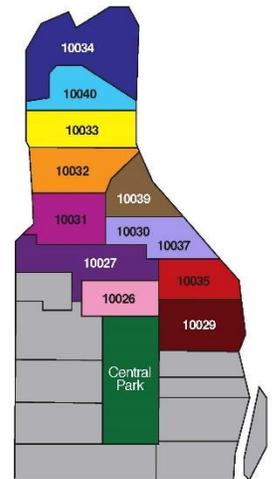
D. Summary

- The COVID-19 pandemic has **reduced Upper Manhattan townhouse sales by approximately 40%**, but **sales prices have remained stable**.
- The pandemic has affected the **price of townhouse listings** across the board, with the upper sector of the market **increasingly involved**.
- The pandemic has **impacted the condominium market more severely than the townhouse market**.
- **Townhouse inventory** has returned to the market following the COVID-19 crisis, which bodes well for Q4 2020 and Q1/2 2021. Demand follows supply.
- **Condominium inventory** has also returned, to the point where it is **significantly higher than normal**, thus pricing and sales in the Upper Manhattan condominium market is a developing story.
- **Harlem Lofts, Inc. is observing all rules and guidelines governing reopening, and is committed to the health, safety, and welfare of its employees, clients and customers.**
- **Please feel free to sign up for our weekly market updates on our YouTube channel:**
<https://tinyurl.com/HLIYouTube>

About This Report

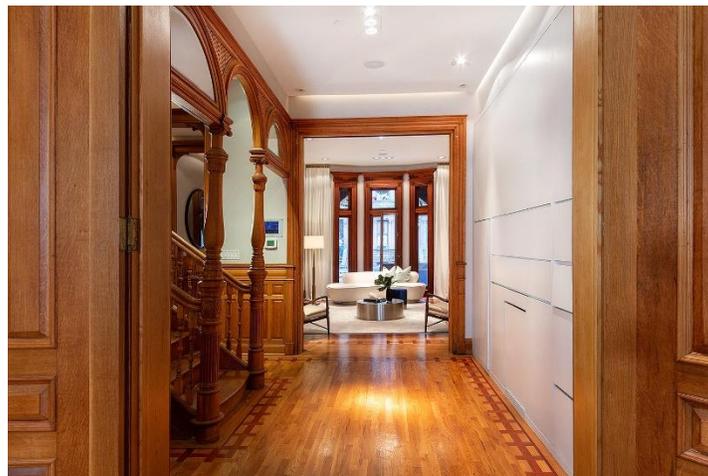
- Our **Upper Manhattan Real Estate Report** is published quarterly and summarizes Upper Manhattan townhouse and condominium real estate sales activity for the prior year.
- **We define Upper Manhattan** as extending as far south as East 96th Street, Central Park North and West 110th Street, and encompassing 12 zipcodes, as shown:
- **This Report** is based on Q1-3 2020 and 2019 data from **multiple independent sources**, including our exclusive sales database, NYC public records, the Manhattan MLS, REBNY, ACRIS and the NYC Department of Buildings, NYC Department of Finance, the NYC Department of Housing Preservation and Development, PropertyShark.com, StreetEasy.com, WebCivl.com and PACER.
- To reflect **actual market value**, we exclude properties bordering Central Park and the Hudson River, properties west of Morningside Park, extremely high/low sales, package or multiple property deals, off-market sales, and income-restricted units.
- **To receive an individual comparable market analysis on your property, or more detailed information on any topic relating to Upper Manhattan real estate, please contact us at info@harlemlofts.com.**

Upper Manhattan ZIP Codes



Our Vision Statement

To represent and advise property owners on how to maximize the value of their real estate assets in conjunction with their financial objectives.



HARLEM

L O F T S

272 LENOX AVE., NEW YORK, NY 10027