



Third Quarter Real Estate Report for Upper Manhattan

2021



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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 that depending on client preference we can tailor a listing to a specific well-qualified clientele, and/or or syndicate our offerings across all major marketing platforms to reach an exceptionally large audience in a truly short timeframe.

To start the conversation, send us an email at info@harlemlofts.com, visit our website at <https://harlemlofts.com/>, and/or call us at **212 280 8866**. We also have an active **social media presence** – join us there, or on our **YouTube channel** for our regular **market analysis videos**:

<https://tinyurl.com/HLIYouTube>

<https://tinyurl.com/HLITwitter>

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



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From the Desk of Robb Pair

Q3 2021 – We Have Lift-Off

Welcome to the Harlem Lofts 2021 Q3 Upper Manhattan Real Estate Report!

As you will see in the pages of this Report, our Research here at Harlem Lofts is showing us that **all sectors of the Upper Manhattan Real Estate Market are firmly in recovery or are fully recovered following the COVID-19-driven economic downturn**. I predict that **the market will continue to strengthen** and will shortly exceed the Q1 2020 (pre COVID) Market performance if it has not already done so.



Importantly, as we have been predicting, **sales of One- and Two-Family homes, the residential market, are now outpacing sales of investment properties**. As you will see on page 6 of this Report in our Townhouse Market Analysis article, the residential market was hit harder than the investment market by COVID-19 in 2020 but is now fully recovered and in excellent health.

In my opinion, **higher prices should follow as residential end-users return** – especially since Residential Buyers purchase based on emotion rather than Capitalization Rate and Return on Investment (ROI). The rental market surprised everyone and completely returned from the COVID-19-driven downturn months ago with higher prices than prior to COVID, so **prices of investment properties will also start to rise** as a direct measurement of Investors' ROI.

Notably, **inventories for both Townhouses and Condominium properties are on the higher end this Fall**. As that inventory starts to dry up, **expect higher average prices across the board**.

Our prediction of Urban Dwellers coming back from their 18 month "escape to the suburbs" is gaining traction as well. **This should create even more demand for Harlem Properties**.

There is also one significant market shift that is different from what we have seen during other economic recoveries, when Central Manhattan's real estate market return has always outpaced the fringe markets like Harlem and Brooklyn. This time, **more people coming back to the city are considering areas they didn't consider before as they go looking for bigger homes with private outside space**. Upper Manhattan fits that bill better than any other market I can think of. As such, our Harlem "Fringe Manhattan Market" is perfectly positioned to benefit from this trend, and will likely take the lead in the return to buyers desiring Urban living now and in the future.

Final Thoughts

If you have stayed in touch with us personally or through our **YouTube Monthly Updates** and **Quarterly Market Reports** over the last 18 months, you likely noticed a few distinct areas in which, although being surprised, I was excited to see:

- A **strong underlying real estate market in Upper Manhattan** throughout COVID.
- Glamorization of Urban flight, which is now reversing and becoming a **rebirth of Urban living**.

My prediction is that **the tables have started to turn ever so slightly** as we see the results of Spring and Summer market activity. **The market will continue to strengthen, and will gradually begin to favor Sellers**.

We hope you enjoy this report! 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 Events!**

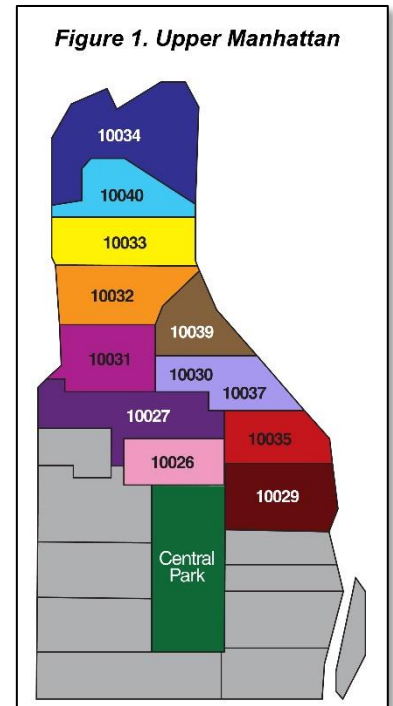
Hope to hear from you soon!

Robb Pair, Founder and President, Harlem Lofts Inc.

2021 Q3 Townhouse Market Analysis

A. Introduction

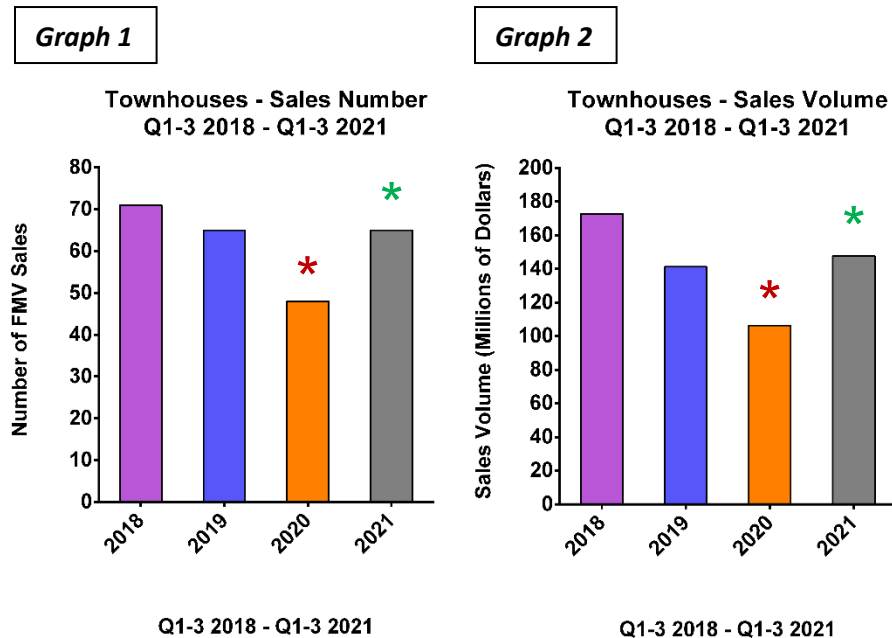
- This article summarizes 1-8 family and Single Room Occupancy (SRO) townhouse transactions in Upper Manhattan between **Jan 1st and Sept 30th, 2021 (Q1-3 2021)** and compares these data with **prior years (2018-2020)**.
- We also provide **market reports** on our website at <https://harlemlofts.com/> and **market analysis videos** on our **YouTube channel**: <https://tinyurl.com/HLIYouTube>
- Upper Manhattan includes **12 zipcodes** extending north from East 96th St, Central Park North and W 110th Street, to the northern tip of the island. See [Figure 1](#).
- This report excludes transactions in non-representative areas, for example bordering Central Park, and west of Morningside Park.
- Based on our data, the townhouse market **has recovered** following the COVID-19 situation. We are tracking market trajectory.



B. Sales by Time (Graphs 1-5)

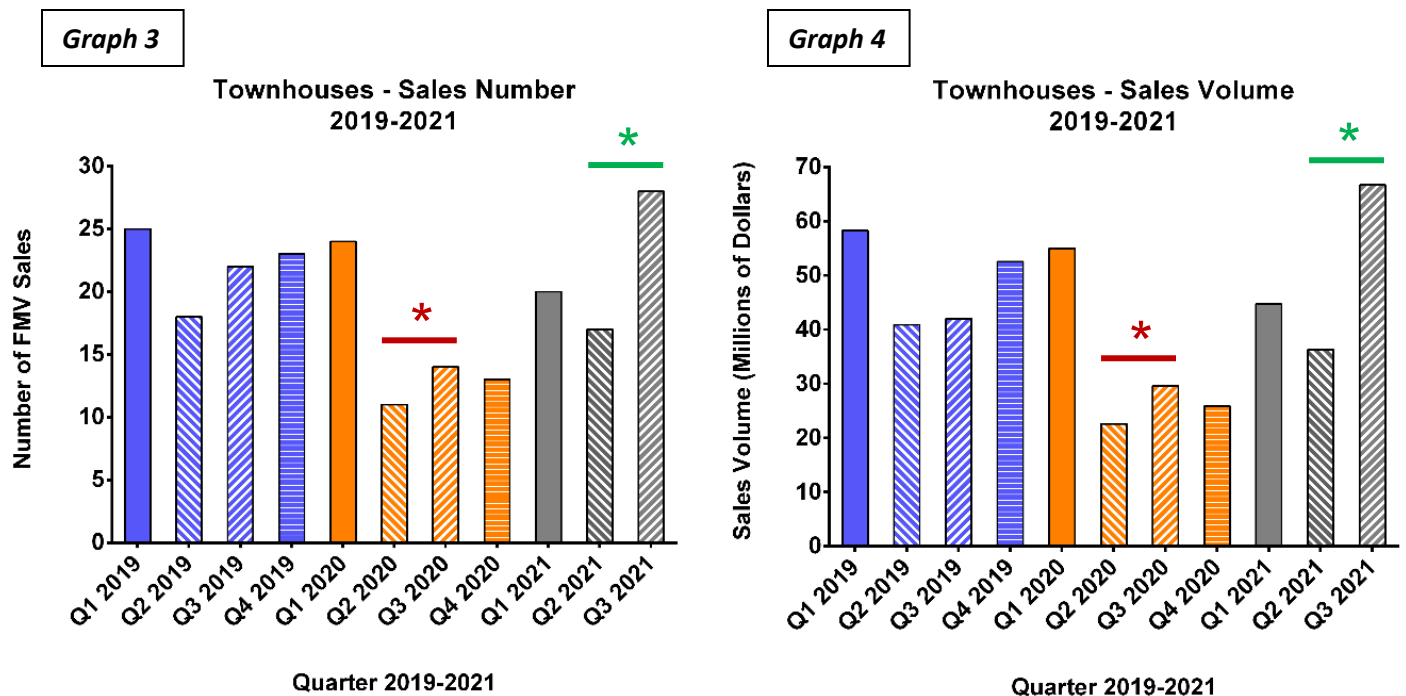
Q1-3 2021, Comparison with Q1-3 2018-2020 (Graphs 1-5)

Graphs 1 and 2. Townhouse Transaction Number and Volume, Q1-3 2018 through 2021



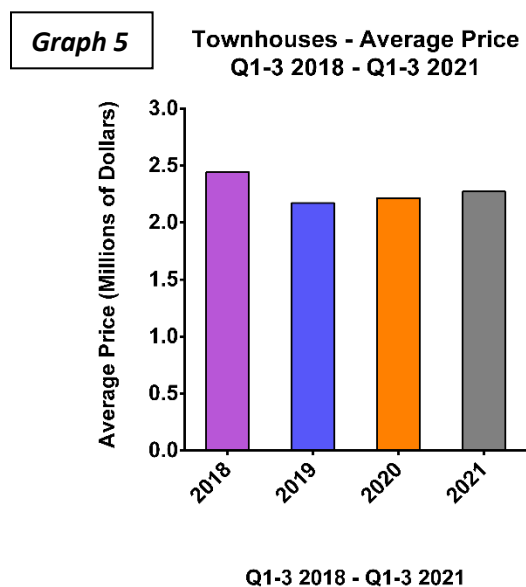
- Numbers of FMV sales in **Q1-3 2021 (65)** were **35.4% higher** than **2020 (48)** (*Graph 1, green vs. red asterisks*).
- Sales volume in **Q1-3 2021 (\$147.7 million)** was **38.8% higher** than **2020 (\$106.4 million)** (*Graph 2*).
- Number of sales and volume in Q1-3 2021 **are similar to 2019** (*Graphs 1,2, compare blue and grey bars*).

Graphs 3 and 4. Townhouse Transaction Number and Volume, Q1 2019 through Q3 2021



- More detailed analysis shows sales in Q2-3 2021 (45) were 80% higher than in 2020 (25), showing market recovery (Graph 3, green and red asterisks). Q3 2021 (right grey bar) has been especially active (28 sales).
- Sales volume in Q2-3 2021 (\$103 million) was also 93.7% higher than in 2020 (\$52.2 million), (Graph 4), and was also 24.2% higher than in 2019 (\$82.9 million), suggesting increasing activity beyond pre-COVID levels.

Graph 5. Townhouse Q1-3 Average Sale Price, 2018 through 2021

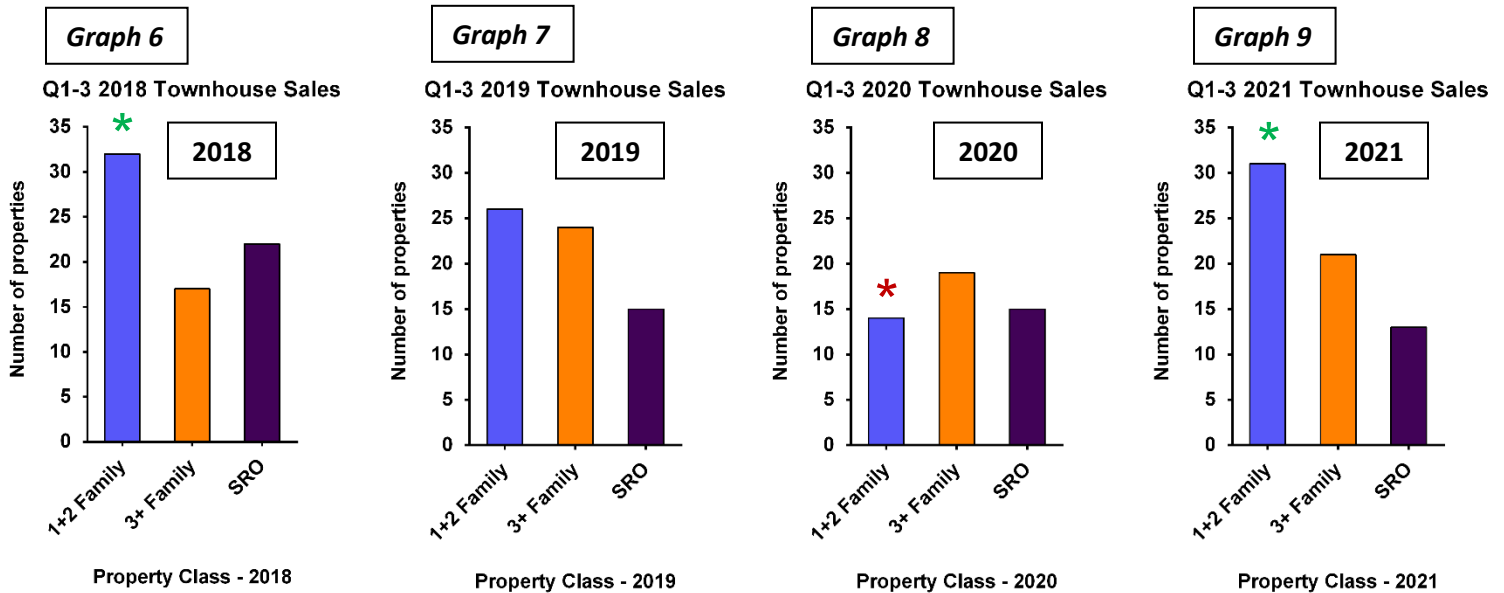


- The average price and PPSF in Q1-3 2021 (\$2,272,795, \$599/SF) were similar to 2020 (\$2,217,070, \$556/SF). These metrics have been stable since 2018, suggesting underlying health of the market (Graph 5).

C. Sales by Property Class (Graphs 6-9)

Q1-3 2021, Comparison with Q1-3 2018-2020 (Graphs 6-9)

Graphs 6-9. Townhouse Q1-3 Transaction Number by Property Class, 2019 through 2021



- **Graphs 6-9** compare sales of **one/two-family residential properties** (blue bars) with **three or more family rental investment** (orange) and **single room occupancy properties** (purple), from Q1-3 2018 through Q1-3 2021.
- In Q1-3 2018 (**Graph 6**), residential properties generated **highest sales (32, green asterisk)**. In Q1-3 2020 sales **dropped severely (14, red asterisk)** but **recovered fully** in Q1-3 2021 (**Graph 9, 31 sales, green asterisk**).
- In contrast, **sales of rental investment properties** (orange bars) remained stable from Q1-3 2018 – Q1-3 2021.

Interpretation

- The **COVID-19** situation in 2020 **severely impacted residential sales**, but **they have recovered in 2021**.
- **Stringent new laws** passed in June 2019 by New York City impacting large rental buildings increased the attractiveness of smaller investment properties (townhouses) to investors. This **underlaid their stability in 2020**.

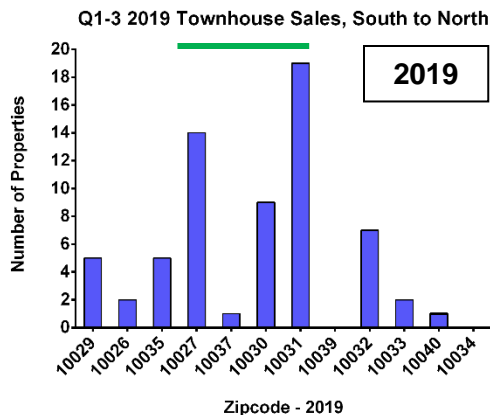
D. Transactions by Zipcode (Graphs 10-12)

Q1-3 2021, Comparison with Q1-3 2019 and Q1-3 2020 (Graphs 10-12)

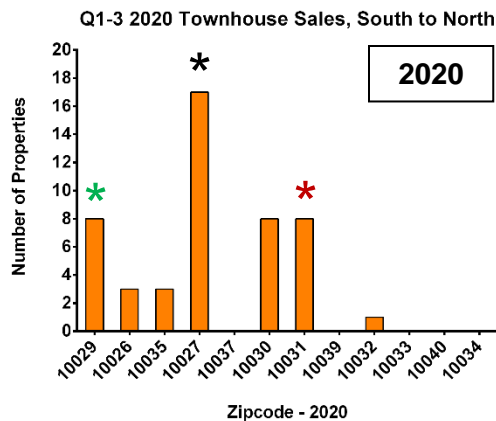
- **Graphs 10-12** compare number of Q1-3 townhouse sales in Upper Manhattan in 2019 (**Graph 10**), 2020 (**Graph 11**) and 2021 (**Graph 12**), by zipcode south to north (**left to right on each graph and see Figure 1**).
- Sales are usually focused in Central Harlem (**10027**) and the St. Nicholas (**10030**) and Hamilton Heights Historic Districts (**10031**) (**Graph 10, green bar**). In Q1-3 2019 these three zipcodes accounted for **42** of a total of **65** sales.

Graphs 10-12 – Townhouse Q1-3 Transaction Number by Zipcode, 2019 through 2021

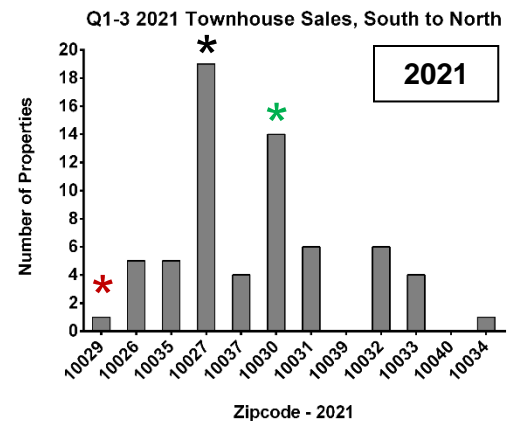
Graph 10



Graph 11



Graph 12



- In **2020 (Graph 11)**, Central Harlem (**10027**) remained stable (**black asterisk**) but the more northerly **10031** became less popular (**red**), whereas the more southerly **10029** (East Harlem) was more popular (**green asterisk**).
- In **2021 (Graph 12)**, the north to south trend was reversed. **10029** has become less popular (**red asterisk**), whereas the more northerly **10030** has become more popular (**green**). **10027** is stable once again (**black asterisk**).

Interpretation

- In times of economic stress, the **real estate market becomes risk averse**, such that in Upper Manhattan properties in more southern zipcodes become more attractive. This **underlaid the popularity of 10029** in Q1-3 2020.
- The market has returned to the norm in 2021, as the market has recovered from the COVID situation.

E. Summary – 2021 Midyear Townhouse Market Analysis

- The townhouse market **has recovered** following the 2020 COVID situation and shows signs of **increasing activity, potentially beyond pre-COVID levels**. Please see also our **Market Analysis** article on **pages 8-11**.
- The **COVID-19** situation in 2020 **severely impacted residential sales**, but **they have recovered in 2021**. In contrast, **sales of rental investment properties have remained stable** throughout.
- Average prices **have remained stable** from 2018 through 2021, indicating **underlying health of the market**.
- Q1-3 2020** saw a slight shift towards sales in southerly zipcodes, but this trend has reversed in 2021.
- For more information, please follow our market analysis reports at <https://harlemlofts.com/>, and analysis videos on our YouTube channel at <https://tinyurl.com/HLIYouTube>
- 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.

2021 Q3 Upper Manhattan Market Status and Trajectory

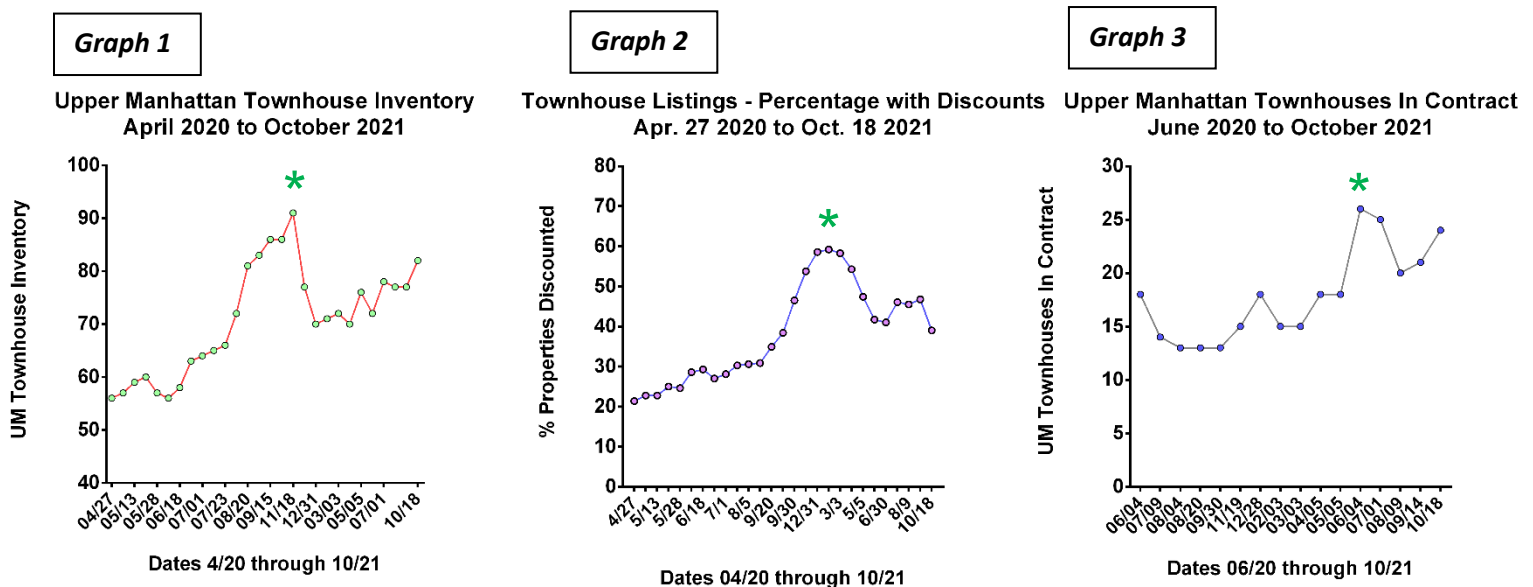
A. Introduction

- This article summarizes the **current status** of the Upper Manhattan townhouse and condominium markets and **suggests their future trajectory**.
- We also present **monthly market updates** on our YouTube channel: <https://tinyurl.com/HLIYouTube>
- Our analysis includes **monthly measures of townhouse and condominium inventory and pricing**.
- Based on our data, the townhouse and condominium markets **have recovered**, and current activity **may exceed pre-COVID levels**. Any predictions represent a **good faith best estimate** and are subject to market forces.

B. Townhouse Inventory, Discounts and In-Contract Listings (Graphs 1-6)

1. Townhouse Inventory, Discounts and In-Contract Listings over Time, Q2 2020 to Q3 2021

Graphs 1-3. Upper Manhattan Townhouse Inventory, Discounts and In-Contract Listings, Q2 2020 to Q3 2021



- **Graphs 1-3** show **Upper Manhattan Townhouse Inventory** (*Graph 1, left*), **Discounts** (*Graph 2, center*) and **In-Contract Listings** (*Graph 3, right*) from Q2 2020 through the end of Q3 2021.
- Classically, following a market downturn, **Inventory is the first marker of recovery, followed by Sales**.
- Following COVID-19, **Townhouse Inventory peaked at 91 FMV listings** as of Nov. 2020 (*Graph 1, left, green asterisk*), then decreased (currently at **82 listings** as of 10/18/2021).
- **Seeing competition, Sellers offered discounts** (*Graph 2, center*). By Feb. 2021, **59% of listings were discounted** (*green asterisk*).

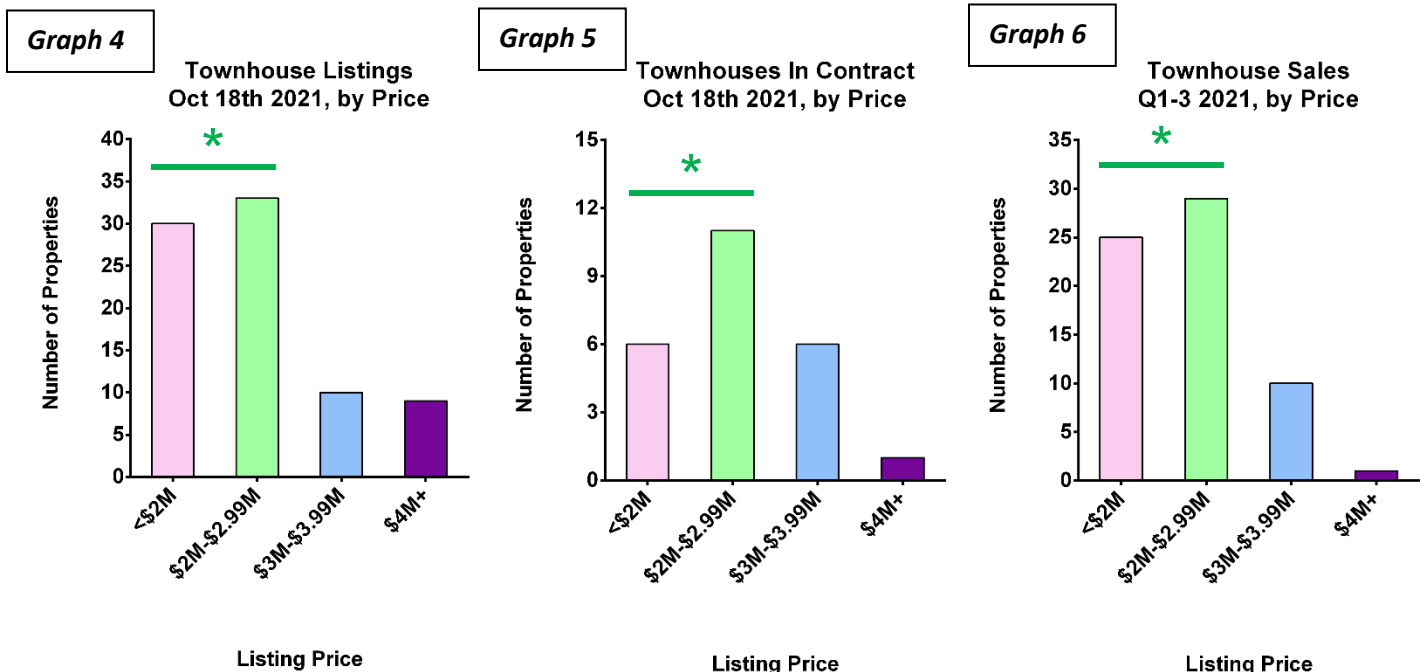
- In-Contract Listings followed, **peaking at 26** in June 2021 (*Graph 3, right, green asterisk*, currently 24) – **demand followed supply**.
- This sequence predicted the surge of closings in Q3 2021 (**28 sales**) – see our Market Analysis on page 5.

2. Analysis of Townhouse Inventory Turnover

- Analysis of Upper Manhattan townhouse inventory turnover shows **continuing strong market activity**.
- Between Dec. 2020 and Sept. 2021, townhouse inventory was **stable at 70-78 properties**, with 14%-18% of listings turning over every month (entering or leaving the market).
- However, in **October 2021**, **listings rose to 82** – the highest since Nov. 2020. **21 left the market** (12 went into contract, 9 delisted), while **26 joined the market** (20 new, 6 re-listed). **This represents 28% turnover in a month**.
- There are currently **24 In-Contract Listings** and rising. This number has been **consistently high in 2021**.
- Our analysis shows continuing strong activity with potential movement towards a Sellers' Market.
- We follow inventory and pricing closely, and communicate these data with our clients via **regular market updates on our YouTube channel**: <https://tinyurl.com/HLIYouTube>

3. Analysis of Townhouse Inventory, In-Contract Listings and Sales by Price (Graphs 4-6)

Graphs 4-6. Upper Manhattan Townhouse Inventory, In-Contract Listings and Sales by Price, Q3 2021



- **Graphs 4-6** show Townhouse Inventory (left), In-Contract Listings (center) and Sales (right) as of the end of Q3 2021 by price bracket - <\$2million (M, pink), \$2-3M (green), \$3-4M (blue) and >\$4M (purple).
- Of the **82 Listings** on the market, **63 (76.8%) are priced at \$2-\$2.99 million** (*Graph 4, left, green asterisk/bar*).

- Of the 24 In-Contract Listings, 17 (70.8%) are priced at \$2-\$2.99 million (Graph 5, center, green asterisk/bar).
- Of the 65 Sales in Q1-3 2021, 54 (83.1%) sold below \$3 million (Graph 6, right, green asterisk and bar).

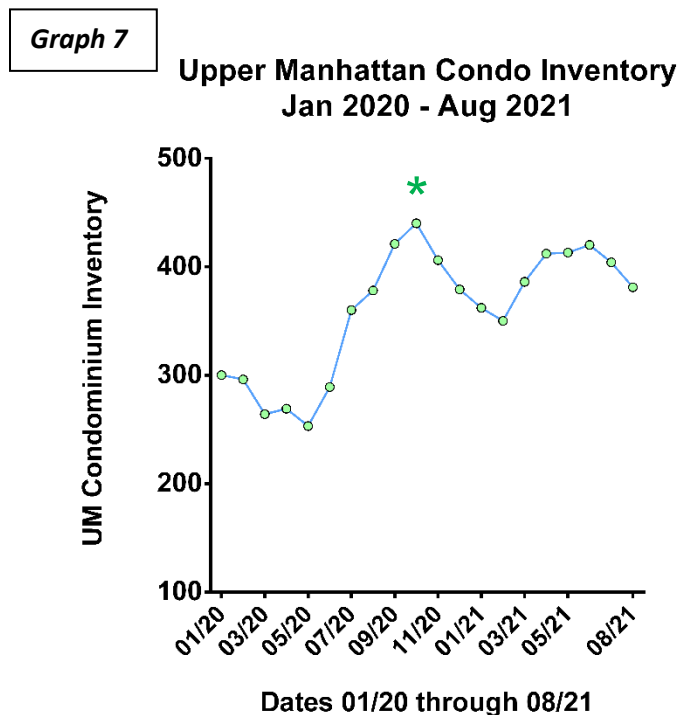
Interpretation

- The lower end of the Townhouse Market is dominating Listings, In-Contract Listings, and Sales (please note that Graphs 4,5 are snapshots in time whereas Graph 6 is aggregate data from Q1-3 2021).
- Given continuing strong market activity, there is potential for increased activity at the upper end (>\$3M).
- We will be following these trends via market updates on our YouTube channel: <https://tinyurl.com/HLIYouTube>

C. Condominium Inventory (Graph 7)

1. Condominium Inventory over Time, Q1 2020 through Q3 2021

Graph 7. Upper Manhattan Condominium Inventory, Q1 2020 through Q3 2021



- **Graph 7** shows **Condominium Inventory** from **Q1 2020** through **August 2021** (most recent available data).
- As mentioned above, following a market downturn **inventory is the first marker of recovery**.
- Following COVID-19, **Condominium Inventory** recovered and overshot, peaking at **440 listings** in Oct. 2020 (**Graph 7, green asterisk**).
- Inventory **decreased to 350** in **Feb. 2021** but was **back up to 420** by June (381 in August, most recent data).

Interpretation

- The increase in both **Inventory** (shown here) and **Sales** (see our **Market Analysis**, page 12) **suggests both pent-up supply and demand in the market**, which are **combining to drive the current strong market activity**.

D. Summary

- **Sequential increases in Inventory, Discounted Listings and In-Contract Listings predicted the current strong post-COVID activity in the Townhouse Sector.**
- **In the Townhouse Market, 28% of listings turned over in October, showing continuing strong market activity.**
- **In Q1-3 2021 the lower end of the Townhouse Market is dominating Listings, In-Contract Listings, and Sales. Given strong current market activity, there is also potential for increased activity at the upper end (>\$3M).**
- **Similar to the Townhouse Sector, increasing Condominium Inventory post-COVID predicted the current strong Sales figures (see our Market Analysis, p.12). Our data suggest a continuing strong condominium market.**
- **The Townhouse and Condominium markets have recovered and have potential to exceed pre-COVID levels.**
- **We follow these trends via our market reports which can be downloaded from our website, and via monthly video market updates on our YouTube channel:**

<https://harlemlofts.com/>

<https://tinyurl.com/HLIYouTube>



2021 Q3 Condominium Market Analysis

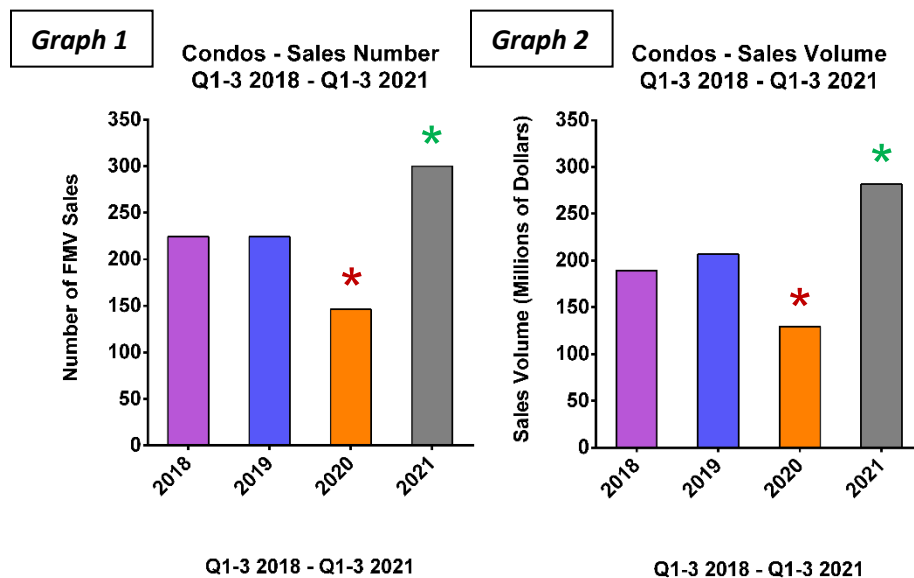
A. Introduction

- This article analyzes Upper Manhattan condominium transactions between **Jan 1st and September 30th, 2021** and compares these data with prior years. This work complements our Townhouse Analysis article on **pages 4-7**.
- As mentioned in our townhouse article, we also provide **market reports accessible on our website at <https://harlemlofts.com/>** and **market analysis videos on our YouTube channel: <https://tinyurl.com/HLIYouTube>**
- Per our townhouse article, Upper Manhattan includes **12 zipcodes** extending north from East 96th St, Central Park North and W 110th Street, to the northern tip of the island (**Figure 1, p4**). Our analysis excludes transactions in non-representative areas, for example bordering Central Park and the Hudson River, and west of Morningside Park.
- Our data suggest that **the Condominium Market has recovered, and activity now exceeds pre-COVID levels**.

B. Sales by Time (Graphs 1-5)

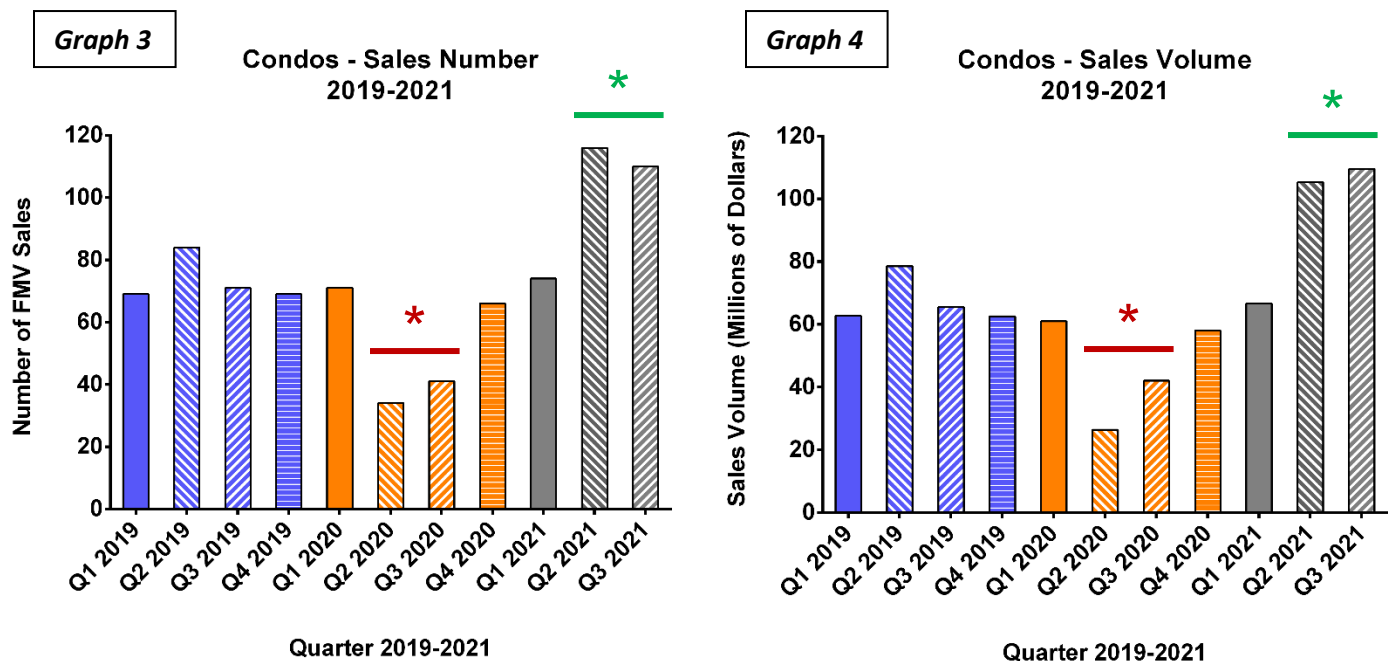
Q1-3 2021, Comparison with Q1-3 2018-2020 (Graphs 1-5)

Graphs 1 and 2. Condominium Q1-3 Transaction Number and Volume, 2018 through 2021



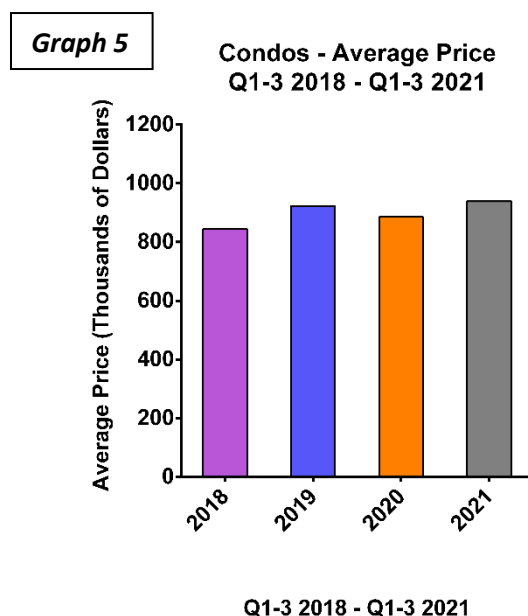
- Number of FMV transactions in **Q1-3 2021 (300)** was **105.5% higher than Q1-3 2020 (146)** (Graph 1, **green vs. red asterisks**). Transaction number in **Q1-3 2021** was also **33.9% higher than 2019 (224)** and **2018 (224)**.
- Sales volume in **Q1-3 2021 (\$281.6 million)** was **118.0% higher than 2020 (\$129.2 million)** (Graph 2, **green vs. red asterisks**). Transaction number in **Q1-3 2021** was also **higher than 2019 (\$206.8M)** and **2018 (\$189.3M)**.
- The **COVID-19 situation in 2020 severely impacted sales**. Sales in **Q1-3 2020** were **34.8% below Q1-3 2019 (224)**. However, **sales have fully recovered in Q1-3 2021 (300)** and are **currently surpassing pre-COVID levels**.

Graphs 3 and 4. Condominium Transaction Number and Volume, Q1 2019 through Q3 2021



- More detailed analysis shows sales in **Q2-3 2021 (226)** were **201.3% higher** than in **2020 (75)** (*Graph 3, green vs. red asterisks*), and **45.8% higher** than in **2019 (155)**, showing **market activity beyond pre-COVID levels**.
- Sales volume in **Q2-3 2021 (\$214.9 million)** was also **214.2% higher** than in **2020 (\$68.4 million)**, (*Graph 4, green vs. red asterisks*), and was also **49.1% higher** than in **2019 (\$144.1 million)**.

Graph 5. Condominium Q1-3 Average Sale Price, 2018 through 2021

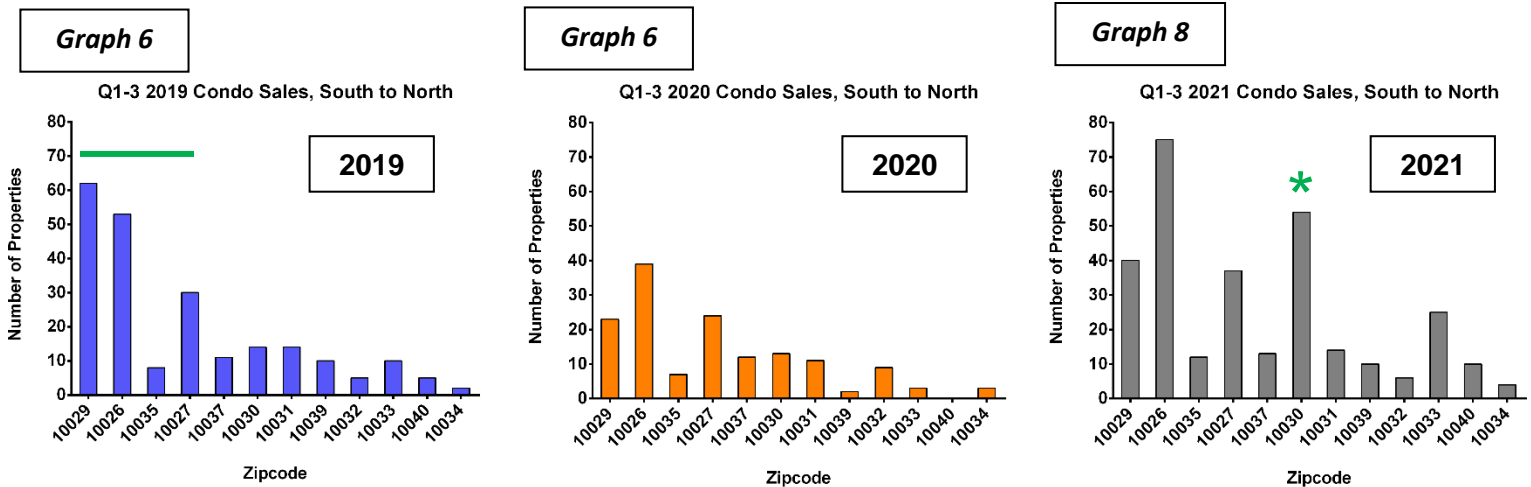


- Interestingly (*Graph 5*), and similar to the townhouse market, **average sale price in Q1-3 2021 (\$938,741)** was **similar** to **Q1-3 2020 (\$885,475)**, **2019 (\$923,411)** and **2018 (\$845,334)**, indicating underlying health of the market.

C. Transactions by Zipcode (Graphs 6-8)

Q1-3 2021, Comparison with Q1-3 2019 and Q1-3 2020 (Graphs 6-8)

Graphs 6-8 – Condominium Q1-3 transaction number by zipcode, 2019 through 2021



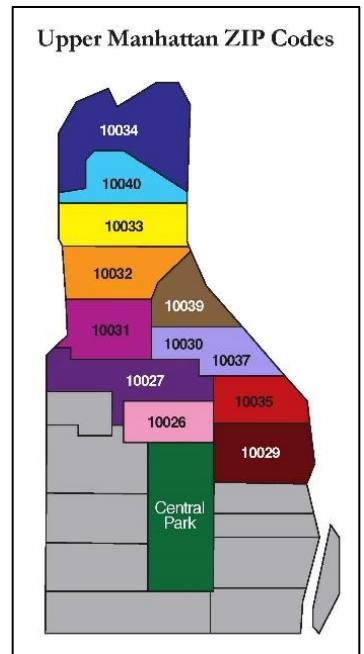
- **Graphs 6-8** compare number of Q1-3 condominium sales in Upper Manhattan in **2019 (Graph 6, left)**, **2020 (Graph 7)** and **2021 (Graph 8, right)**, by zipcode south to north (**left to right on each graph and see Figure 1**).
- Unlike the townhouse market, condominium sales in Upper Manhattan have usually been concentrated in southern zipcodes, from **10029 (East Harlem)** through **10027 (Central Harlem)** (**Graph 6, green bar**).
- The pattern of sales may be impacted by new condominium developments. Interestingly, Q1-3 2021 has seen an increase in sales in 10030 (St. Nicholas and Dorrance Brooks Square) (**Graph 8, green asterisk**). We are following this closely to determine if there is a new trend towards new developments in this neighborhood.

D. Summary – 2021 Q3 Condominium Market Analysis

- The **COVID-19 situation in 2020 severely impacted sales**. Sales in Q1-3 2020 were **34.8% below** Q1-3 2019 (**224**). However, **sales have fully recovered in Q1-3 2021 (300)** and are **currently surpassing pre-COVID levels**.
- Average sale price has been stable from Q1-3 2018 through Q1-3 2021, indicating **underlying health of the market**.
- Condominium sales continue to be focused largely in the **southern part of Upper Manhattan**, but may be migrating north as new condominium developments are completed and launched.
- For more information, please contact us at info@harlemlofts.com, follow our market analysis reports at <https://harlemlofts.com/>, and analysis videos on our YouTube channel at <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.
- **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 2018-2021 data from 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, and the NYC Department of Housing Preservation and Development.
- 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**



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.

Townhouse Experts Since 1998

Licensed & insured contractor offering the following services for homeowners, sellers, or buyers:

Pre-Sale Inspection and Consultation

An à la carte menu with pricing of items needed to improve a home in preparation for sale

Home Services Yearly Contract

Roof to cellar inspection and quarterly service for townhomes



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