



Midyear Real Estate Report for Upper Manhattan

2023



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Historic Site of James VanDerZee's 1934 Studio

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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 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



Welcome to the 2023 Midyear Real Estate Report!

- In 2022, economic uncertainty and higher interest rates sent the Upper Manhattan real estate market scrambling, with the Townhouse & Condominium markets both impacted.
- The Townhouse market is returning, with qualifiers (see below) while the Condominium market remains in a holding pattern. Both sectors are still a Buyer's market for now.

Townhouses – Signs of Recovery, requires Seller flexibility (pages 4-7, 8-11)

- Seller discounts are serving as a critical catalyst in getting the Townhouse market back on track –almost 50% of current listings have been discounted since launch by an average of approximately 12% of initial price.
- We provide our Seller clients with a review of their property to identify and correct potential issues - **updates and deferred maintenance should be addressed to maximize curb appeal in a competitive environment.**
- We also use staged and flexible launch timing – the cachet of being 'Off Market' and available only to specific market sectors cannot be underestimated. **We have Buyers keen to address that market opportunity.**

Condominiums – Holding following Record Sales in 2022 (pages 8-11, 12-14)

- In 2022, the Condominium Market benefited from record sales and volume, driven by new developments, low entry price points, and high rents. Following these sellouts, the market is now in a holding pattern.
- However, there are 33 new developments approved/underway! If you haven't bought your condo yet don't worry – **the next wave of sellouts is already on the horizon!**

Market Outlook

- The Townhouse Market is returning, with Sellers and Buyers closer than at any time than in the past 18 months. Buyers can still get a great deal, while Sellers should be flexible in the face of competition.
- In the Condo Market, Buyers should make sure their advisor knows the developments coming to market.

Hope to hear from you soon!

Robb Pair

Founder and President, Harlem Lofts Inc. and Harlem Property Management Inc.

2002 to present: Licensed NY Real Estate Broker (31PA1003506)

2013 to present: NY Property Management (10211395374)

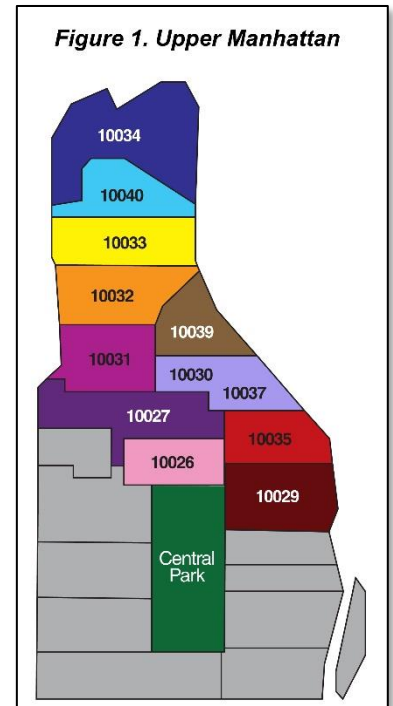
2004 to present: NY General Contractor (611126)

2012 to present: NY Part 36 Administrator as Property Manager and Real Estate Broker

2023 Midyear Townhouse Market Analysis

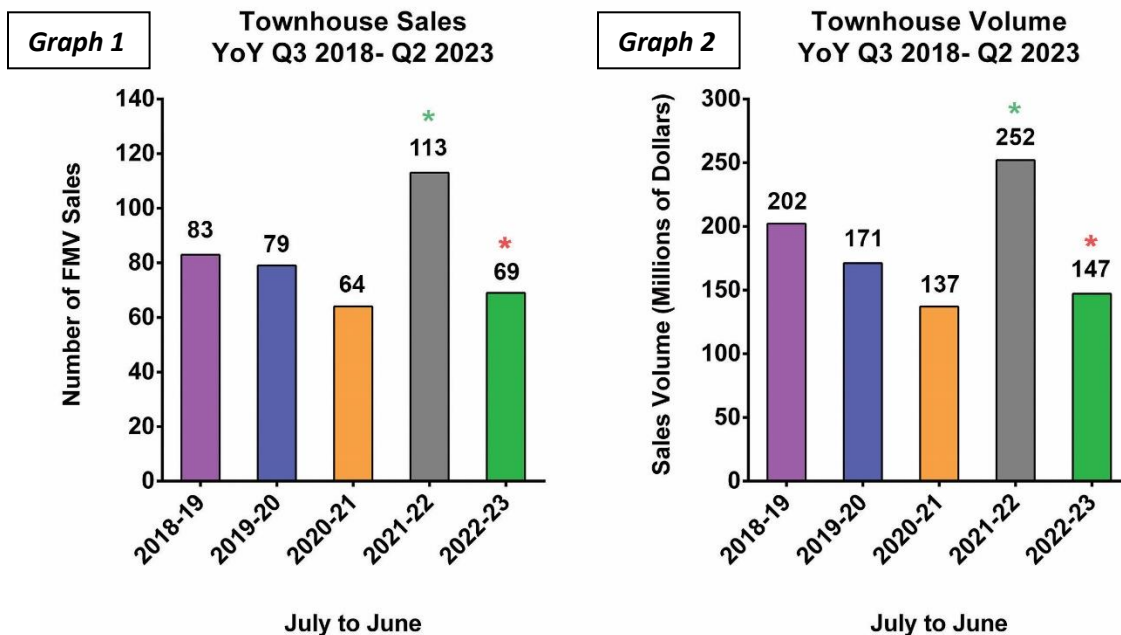
A. Introduction

- This article summarizes townhouse transactions in Upper Manhattan between **July 1st, 2022 and June 30th, 2023** and compares with data from **Q3-Q2 2018-2022**.
- 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**.
- We show Fair Market Value (FMV) sales, excluding those in non-representative areas, for example bordering Central Park, and west of Morningside Park.
- Our data show that the **townhouse market was impacted by increased interest rates in 2022 – 2023** but is now showing signs of recovery.



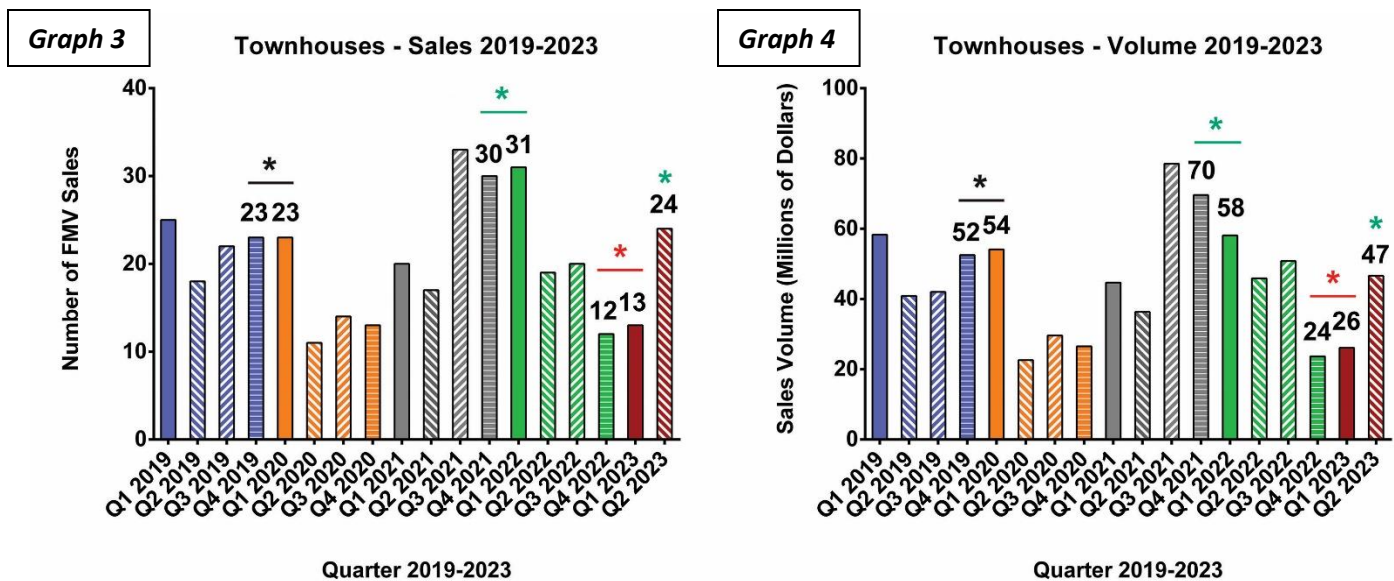
B. Sales (Graphs 1-6)

Graphs 1 and 2. Townhouse Transaction Number and Volume, Q3 2018 through Q2 2022



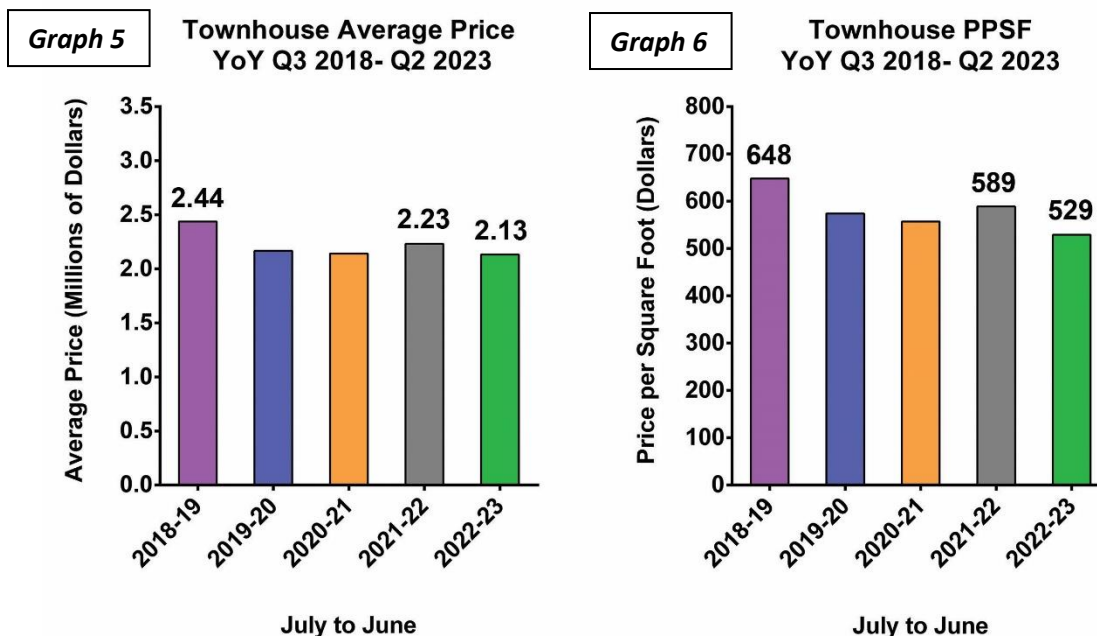
- FMV sales in **Q3 2022 – Q2 2023 (69)** were **39% lower** than **2021-22 (100)** (**Graph 1, green vs. red asterisks**).
- Sales volume in **Q3 2022 – Q2 2023 (\$147 million)** was **42% lower** than **2021-22 (\$252 million)** (**Graph 2**).
- **Sales and volume in 2022-23** were lower than in 2018-19 and 2019-20 but higher than 2020-21 (**Graphs 1,2**).
- The market in 2021-22 rebounded from COVID-19 but was impacted by higher interest rates in 2022-23.

Graphs 3 and 4. Townhouse Transaction Number and Volume by Quarter, 2019 through 2022



- Detailed analysis - sales and volume in **Q4 2021-Q1 2022 (61, \$128M)** were **133% and 121% of pre-COVID activity in 2019-20 (46, \$106M)**, showing a **post-COVID rebound** in sales activity (green vs black asterisks/bars).
- Sales and volume in **Q4 2022 – Q1 2023** were significantly impacted by rising interest rates (red asterisks).
- Sales and volume have recovered to pre-COVID levels in **Q2 2023** (*Graphs 3/4*, right bar, green asterisks).

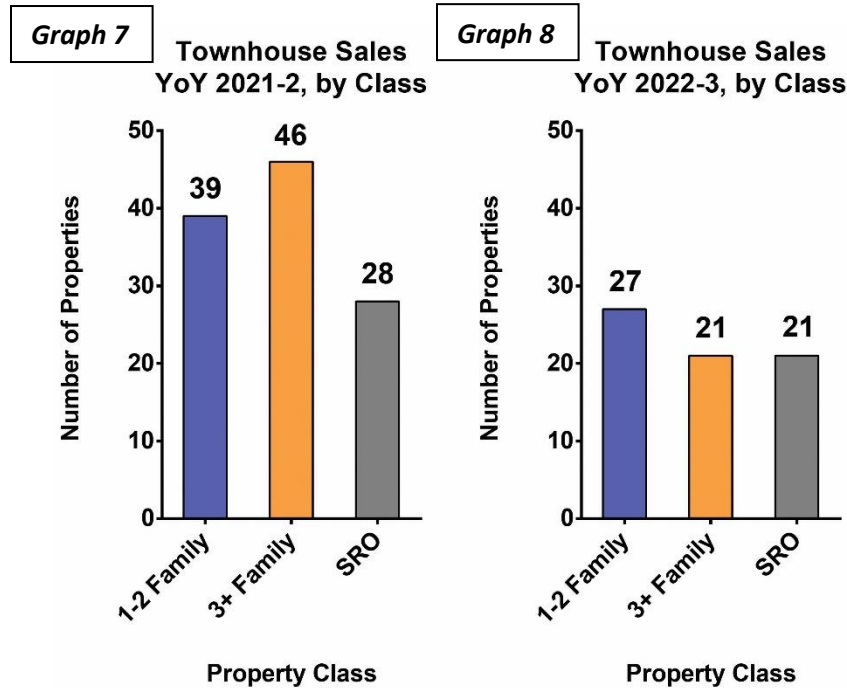
Graphs 5 and 6. Townhouse Average Sale Price and PPSF, Q3 2018 through Q2 2023



- Sale price and price/square foot (PPSF) in **Q3 2022 – Q2 23 (\$2,133M, \$529/SF)** are the lowest in the past 5 years.
- However, they are still only **13% and 18% lower** than in 2018-19, suggesting **underlying health of the market**.

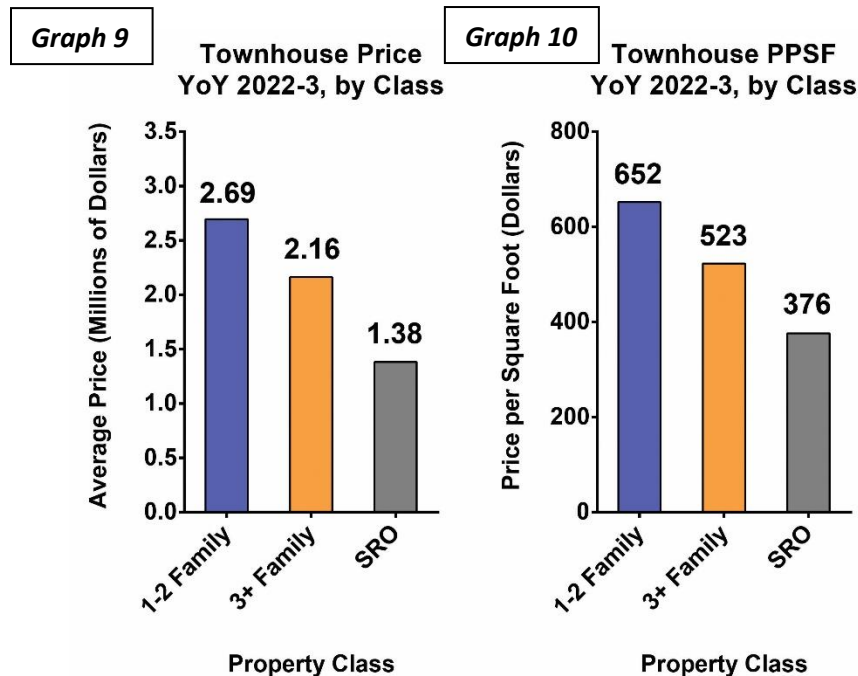
C. Transactions by Property Class (Graphs 7-10)

Graphs 7 and 8. Townhouse Transaction Percentage by Property Class, Q3 2021 – Q2 2022 vs 2022-23



- **Graphs 7 and 8** compare sales of **one/two-family residential** (blue bars), **three or more family rental investment** (orange), and **single room occupancy (SRO)** properties (grey), in Q3 2021 – Q2 2022 vs 2022-23.
- Rising interest rates in 2022 resulted in a **reduction in rental investment market share from 41% to 30% of sales** (**Graphs 7,8, orange bars**). In contrast, residential and SRO properties **increased** their market share.
- This must be placed in context of a **39% drop in overall sales** (see **Graph 1**).

Graphs 9 and 10. Sale Price (Graph 9), and PPSF (Graph 10) by Class, Q3 2022 – Q2 2023

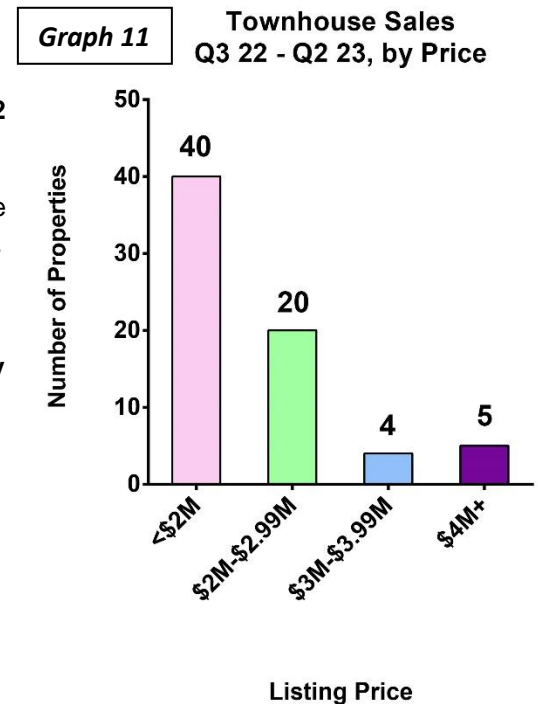


- **Graphs 9 and 10** show sale price (**Graph 9**), and PPSF (**Graph 10**) by Class from **Q3 2022 – Q2 2023**.
- Residential properties sell for a **higher price and PPSF (\$2.69M, \$652/SF)** than rental investment and SRO properties (**\$2.16M, \$523/SF, and \$1.38M, \$376/SF**) – this trend is similar to that seen in previous years.
- However, **PPSF was decreased across the board in 2022-23**, with SROs especially impacted (22% decrease).
- Prices are adjusting in the light of increased inventory and decreased sales (see also **Graphs 5 and 6**).

D. Transactions by Price (**Graph 11**)

Graph 11 – Townhouse Sales by Price, Q3 2022- Q2 2023

- **Graph 11** compares townhouse sales in Upper Manhattan in **Q3 2022 – Q2 2023** by price bracket.
- Sales **under \$2M (40)** accounted for **58% of transactions**, while those **between \$2M and \$3M (20)** made up another **29% of sales**.
- Sales **over \$3M** accounted for just **13% of transactions**.
- In the face of higher interest rates, the market is dominated by lower-value sales.



E. Summary – 2023 Midyear Townhouse Market Analysis

- The market in 2021-22 rebounded from COVID-19, then was impacted by higher interest rates in 2022-23. Please see also our **Market Analysis** article on **pages 13-16**.
- **Sales and volume showed signs of recovery to pre-COVID levels in Q2 2023**
- Sale price and price/square foot (PPSF) in **Q3 2022 – Q2 23 (\$2,133M, \$529/SF)** are the lowest in the past 5 years.
- Rising interest rates in 2022 resulted in a **reduction in rental investment market share**. This must be placed in context of a **39% drop in overall sales**.
- **PPSF was decreased in all market sectors in 2022-23**, with SROs especially impacted (22% decrease).
- In the face of higher interest rates, the market is dominated by lower-value sales (under \$3M).
- For more information, please follow our market analysis videos on our YouTube channel at <https://tinyurl.com/HLIYouTube>

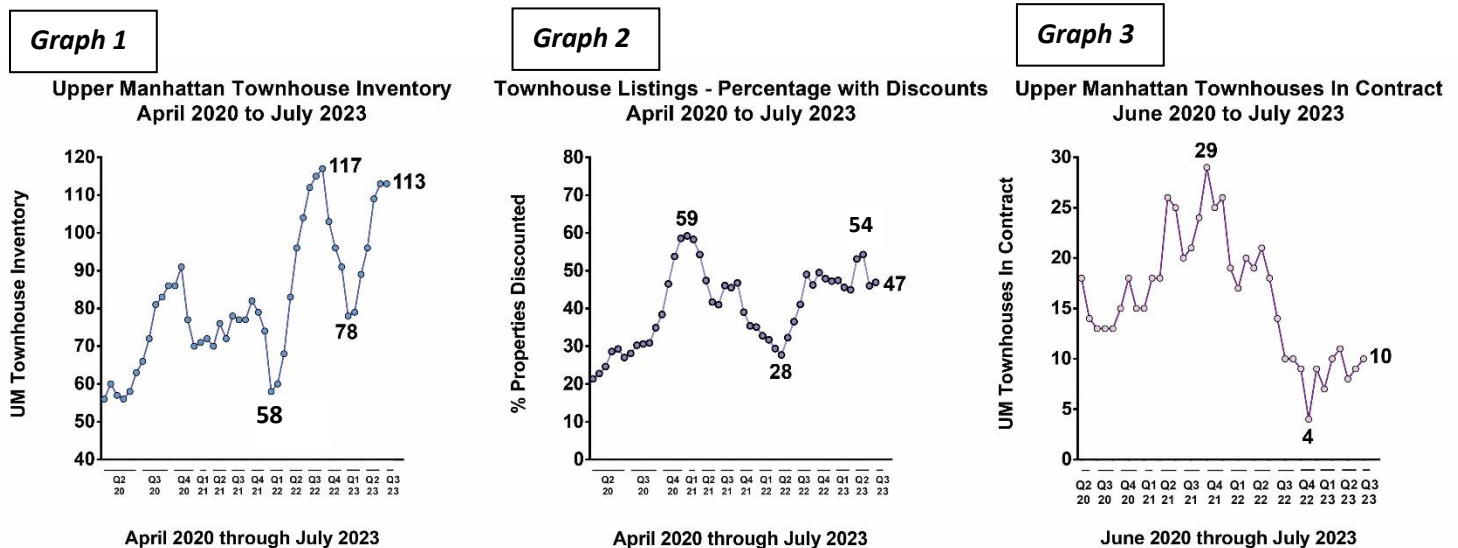
2023 Midyear Upper Manhattan Market Status and Trajectory

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>
- Based on our data, **the townhouse market is starting to recover from the impact of rising interest rates in the second half of 2022.** The condominium market is quiet following the sellout of new developments in Q1-2 2022.
- Any predictions in this article represent a **good faith best estimate** and are subject to market forces.

B. Townhouse Inventory, Discounts and In-Contract Listings (Graphs 1-3)

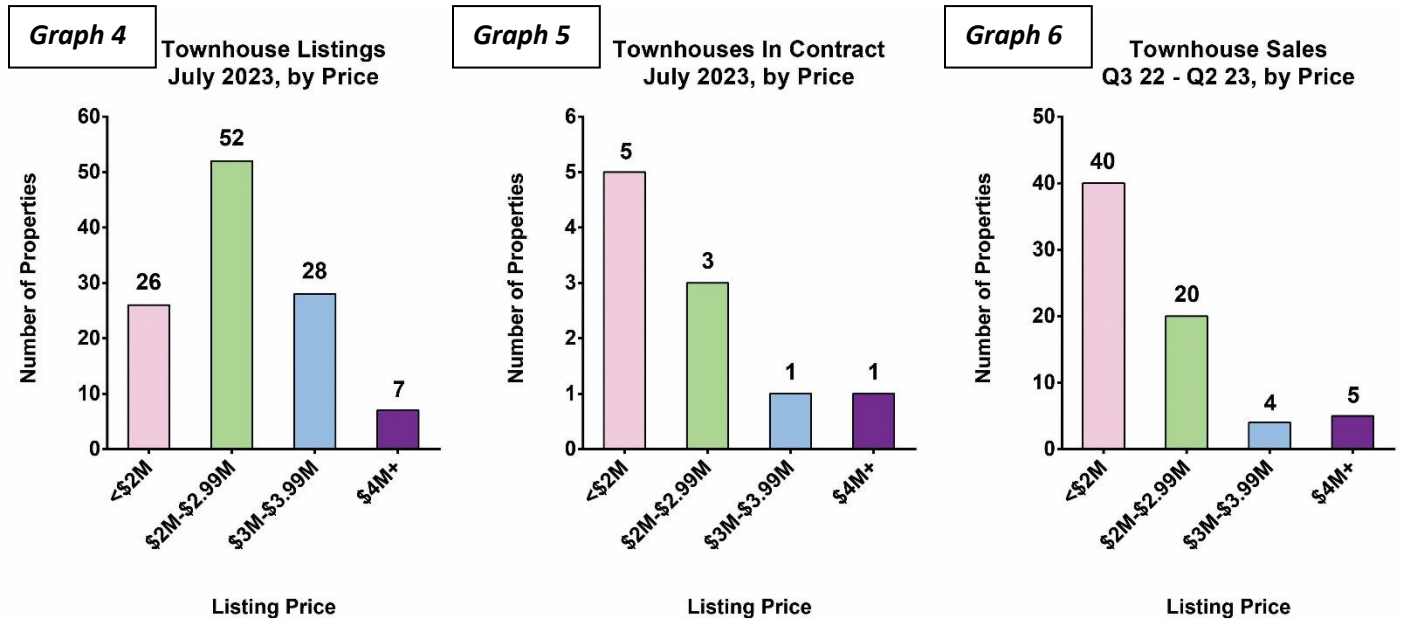
Graphs 1-3. Upper Manhattan Townhouse Inventory, Discounts and In-Contract Listings, 2020 to 2023



- **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 Q2 2023.**
- In the **second half of 2021**, Townhouse inventory and the percentage of listings offering discounts dropped (to 58 and 28%) as market demand and the number of listings going into contract (max of 29) increased (**Graphs 1-3**).
- Considering this trajectory, pent-up Seller demand **flooded the market with inventory** in Q2 2022, to a maximum of 117 properties, just as Buyer demand stalled due to rising interest rates (**Graph 1**).
- In the face of competition, Sellers **delisted or discounted** their properties in **Q3/Q4 2022**, with listings dropping to 78 and percentage of discounted properties rising to 54% (**Graphs 1 and 2**).
- **The stalled market resulted in a low in in-contract listings in Q4 2022 (to 4, Graph 3).** However, in early 2023, discounts have stabilized (at 47% of listings) and in-contract listings are recovering (10) – see also our **Townhouse Sales** article on pages 4-7 of this Report.

C. Townhouse Listings, In-Contract Listings and Sales by Price (Graphs 4-6)

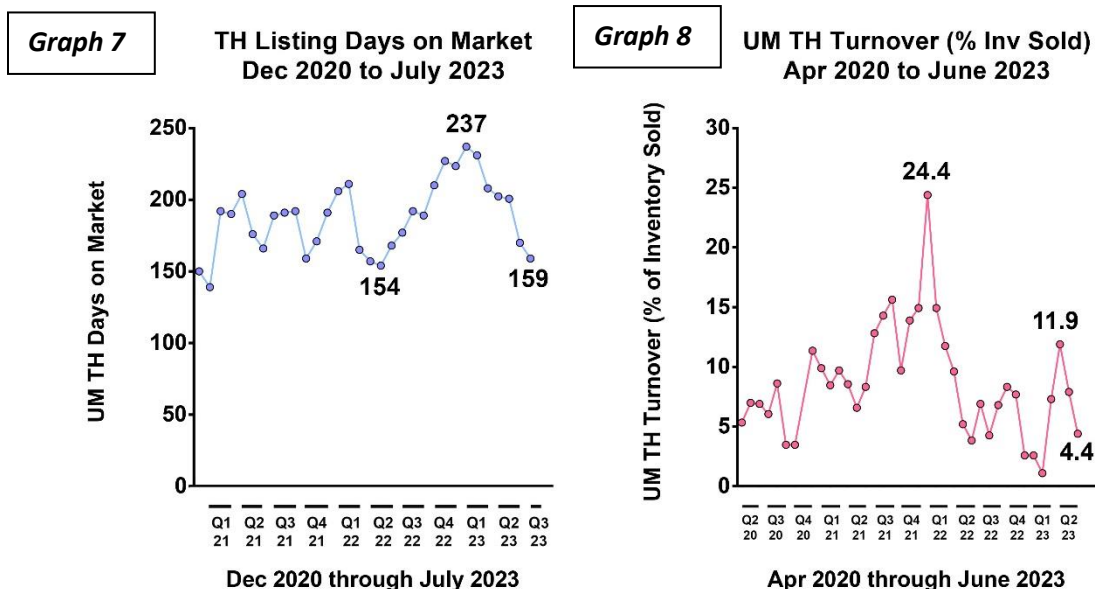
Graphs 4-6. Upper Manhattan Townhouse Inventory, In-Contract Listings and Sales by Price



- **Graphs 4-6** show Townhouse Inventory (left), In-Contract Listings (center) and Sales (right) as of the end of Q2 2022/early Q3 by price bracket - <\$2million (M, pink), \$2-3M (green), \$3-4M (blue) and >\$4M (purple).
- Of the 113 Listings on the market, 78 (69%) are priced under \$3 million (**Graph 4**).
- Of the 10 In-Contract Listings, 7 (70%) are priced below \$3 million (**Graph 5**).
- Of the 69 Sales in 2022-23, 60 (87%) sold below \$3 million (**Graph 6**) - the lower end of the market is dominating.

D. Townhouse Days on Market and Inventory Turnover (Graphs 7 and 8)

Graphs 7 and 8. Townhouse Days on Market and Turnover (Percentage of Inventory Sold), 2020-2023

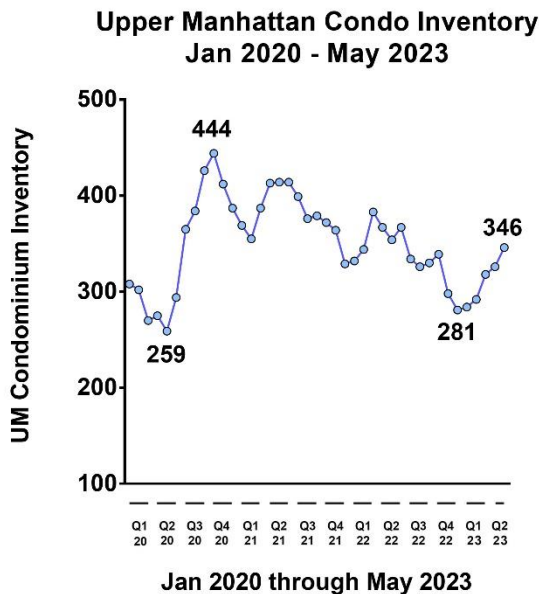


- **Graph 7** shows Average **Days on Market (DOM)** 2020-23. **Graph 8** shows **Inventory Turnover** in the same period.
- High sales in late 21 and early 22 are reflected in **reduced DOM (154)** and **high Turnover (24.4%)** (**Graphs 7,8**).
- Increasing interest rates in **Q2-4 22** stagnated the market, **increasing DOM to 237** and **lowering Turnover**. Both are showing signs of recovering in the middle of 2023, although the rate of recovery is somewhat inconsistent.

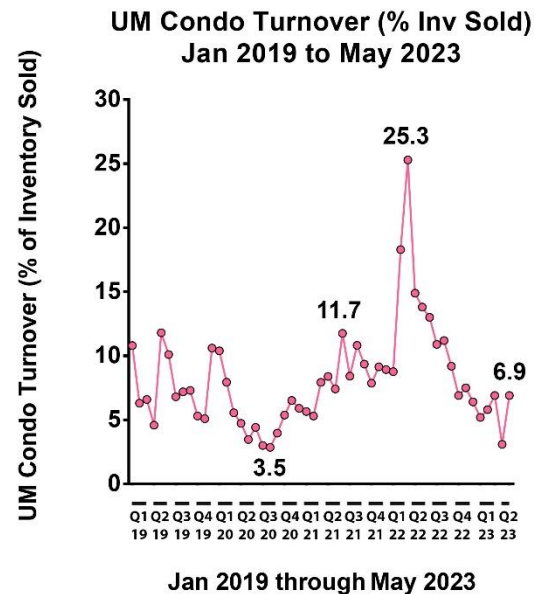
E. Condominium Inventory and Turnover (**Graphs 9 and 10**)

Graphs 9 and 10. Townhouse Days on Market and Turnover (Percentage of Inventory Sold), 2020-2022

Graph 9

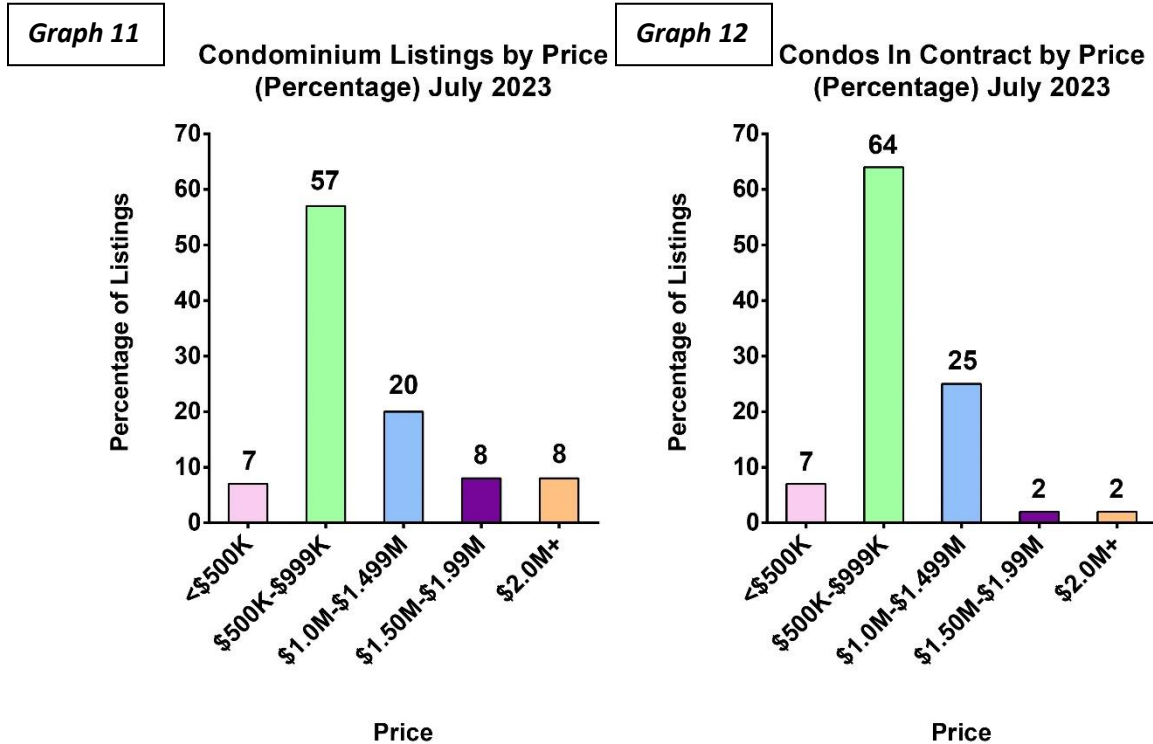


Graph 10



- In contrast, 89% of the 104 In-Contract Listings are priced between \$500,000 and \$1.5 million whereas just 4% are priced above \$1.5 million (*Graph 12*).
- The low- to mid-range end of the market remains the major market sector, and the higher end of the market remains slower by comparison – see also our Condominium Sales Analysis article on pages 12-14.

Graphs 11 and 12. Upper Manhattan Condominium Listings and In-Contract Listings by Price



G. Summary

- In the face of rising interest rates, the Townhouse market **stalled in Q3/4 2022**. However, in early 2023, discounts **stabilized and in-contract listings are recovering** – see our **Townhouse Sales** article on pages 4-7.
- The lower end of the Townhouse market still dominates Listings and Sales – interest rates have maintained pressure on the **the boutique sector of the market (>\$3M)**.
- Entry of new sellouts into the Condominium Market at a time of pent-up demand **increased Sales in Q1-3 2022**.
- Increased interest rates have subsequently **cooled the Condominium Market, which now appears to be waiting on the next round of development sellouts and is ticking over in the interim**.
- The low- to mid-range end of the Condominium Market (**\$0.5M-\$1.5M**) represents the major market sector.
- The Townhouse Market is showing early signs of recovery – we are monitoring the situation closely.
- **We follow these trends via our Market Reports which can be downloaded from our website, and via Monthly Market Analysis video updates on our YouTube channel:**

<https://harlemlofts.com/>

<https://tinyurl.com/HLIYouTube>

2023 Midyear Condominium Market Analysis

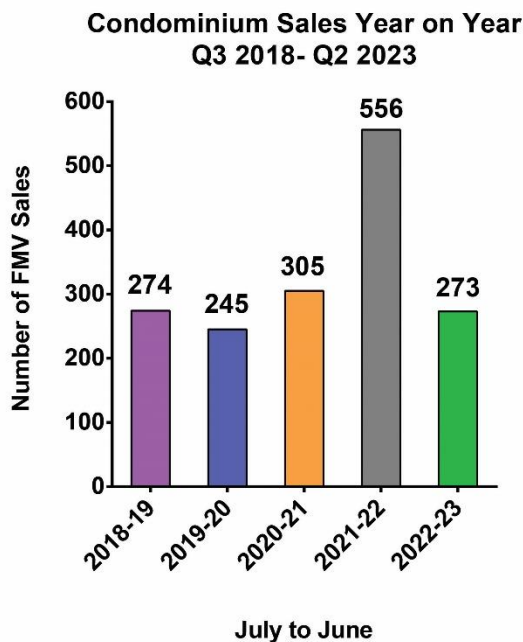
A. Introduction

- This article analyzes Upper Manhattan condominium transactions between **July 1st 2022 and June 30th, 2023** and compares with data from **2018-2021**. 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>**
- Our data show that following entry of new sellouts into the Market (and increased sales) in Q1-2 2022, the Market **has cooled due to increased interest rates and is now waiting on the next round of development sellouts**.

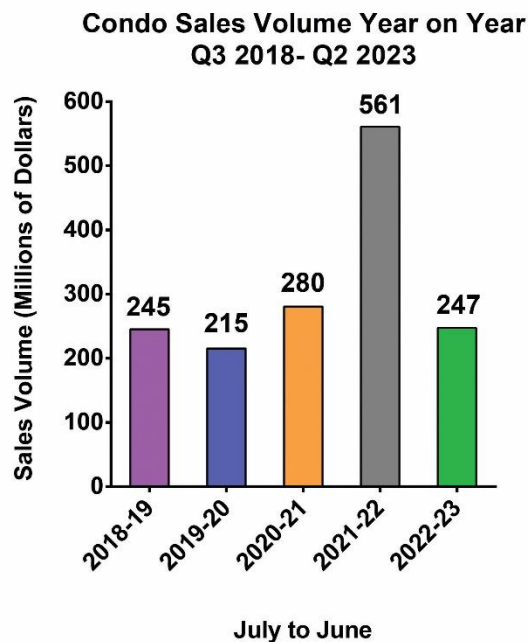
B. Sales by Time (Graphs 1-6)

Graphs 1 and 2. Condominium Transaction Number and Volume, Q3 2018 through Q2 2023

Graph 1

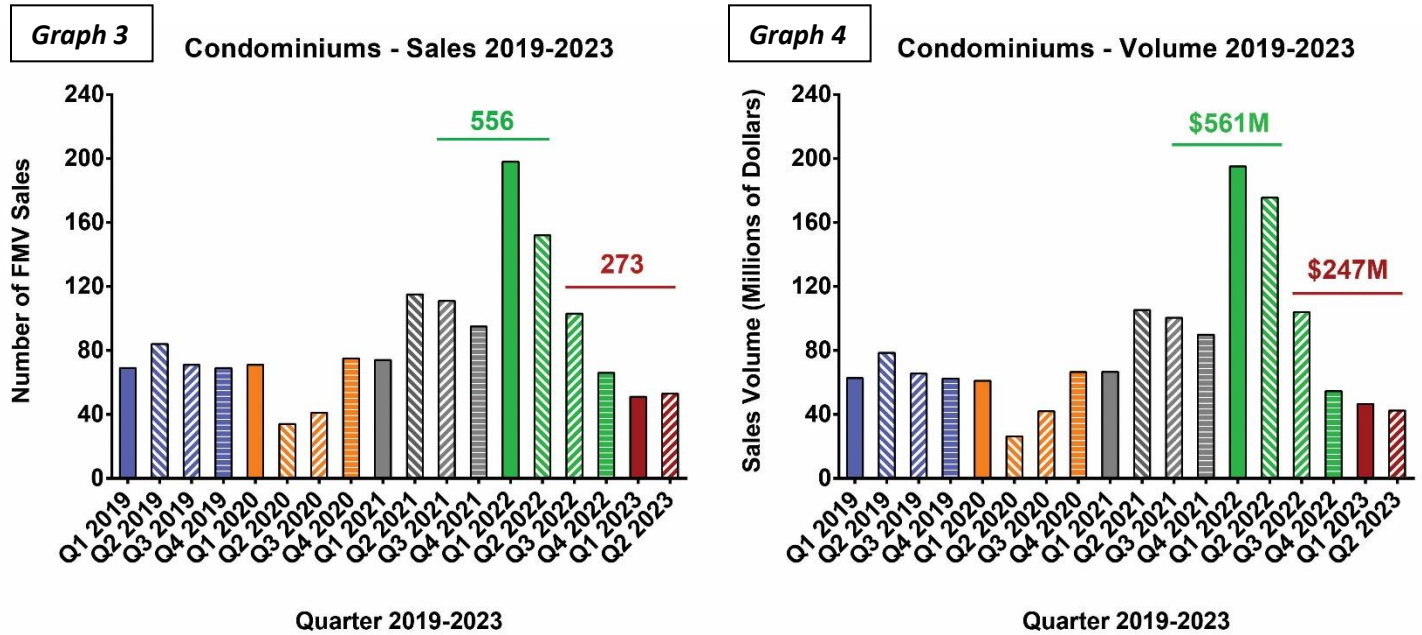


Graph 2



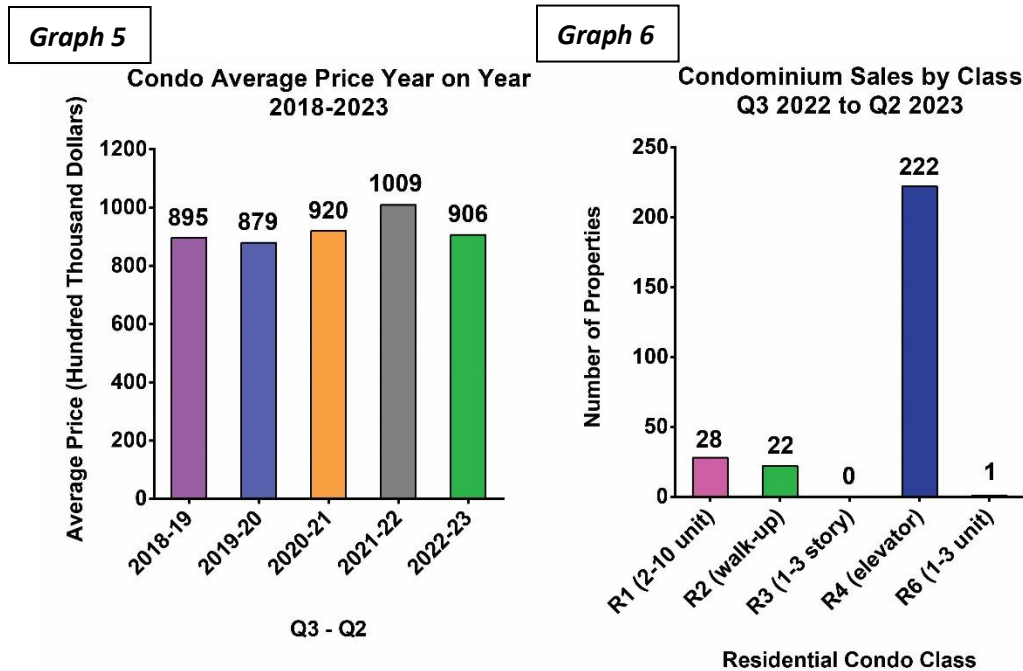
- Year on Year sales in **2021-22 (556)** were **182% of the number seen in 2020-21 (305) (Graph 1)**. Transaction numbers in **2020-21** were already higher than in **2018-19** and **2019-20 (274, 245)**. **2021-22 was a banner year**.
- Sales volume in **2021-22 (\$561 million)** was **double that seen in 2020-21 (\$280 million) (Graph 2)**.
- Sales and volume cooled in **2022-3 (273 sales, \$247 million)** in the face of increasing interest rates and **following development sellouts**. The market is currently slower than normal and may be waiting for the next round of sellouts (see below).

Graphs 3 and 4. Condominium Transaction Number and Volume by Quarter, 2019 through 2022



- More detailed analysis shows sales in 2021-22 were led by **Q1 and Q2 2022 (198 and 152 sales, \$195 million and \$175 million)**, which marked a significant post-COVID market rebound (*Graphs 3, 4*).
- This rebound gradually tailed off in the latter half of 2022. Sales and volume in **Q1 and Q2 2023 (51 and 53 sales, \$46 million and \$42 million)** were lower than normal in the face of increasing interest rates and following development sellouts.

Graphs 5 and 6. Condominium Average Sale Price, Q3 2018 through Q2 2023, and Sales by Class 2022-23



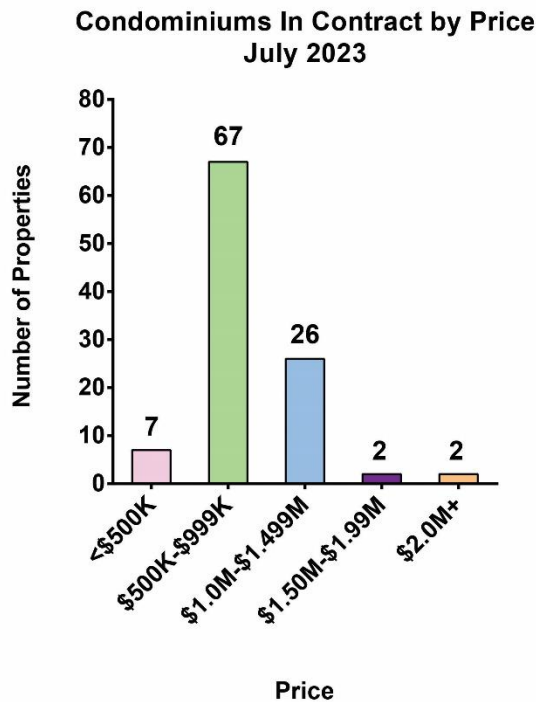
- Average sale price from **2018-21 (\$895K-\$920K)** was stable but **crept up in 2021-22 to \$1.009M** during post-COVID sellouts of boutique developments. Price has since decreased, to **\$906K in 2022-23** (*Graph 5*).

- Sales of units in large elevator buildings (**class R4**) continued to dominate the market (**81% of sales, Graph 6**).

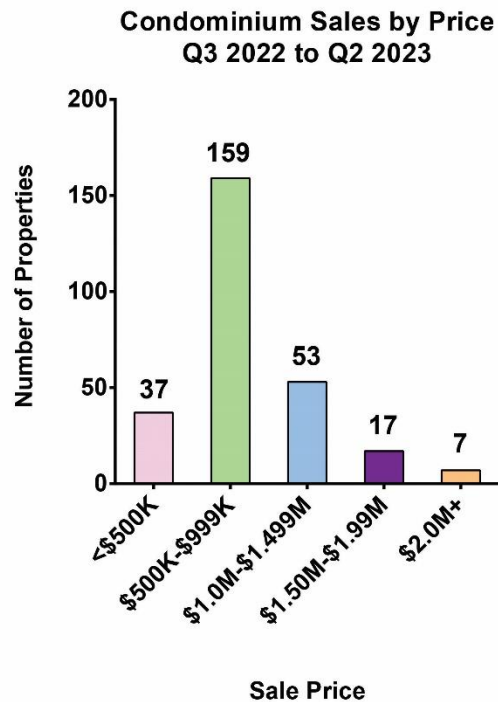
C. Transactions by Price (Graphs 7-8)

Graphs 7 and 8 – Condominium In-Contract Listings and 2022-23 Sales by Price Bracket

Graph 7



Graph 8



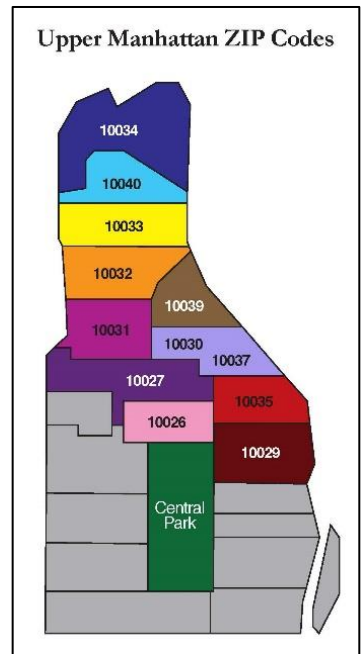
- **Graph 7** (left) shows In-Contract Listings in Upper Manhattan by price bracket, while **Graph 8** (right) shows Q3 2022 - Q2 2023 sales using the same classification. See also our Market Status and Trajectory article (pp13-16).
- In July 2023, 93 of 104 In Contract listings (89%) are priced between \$500K and \$1.5 Million (**Graph 7**).
- Similarly, 78% of transactions Q3 2022 – Q2 23 (212 of 273) sold between \$500K and \$1.5 Million (**Graph 8**).
- In both the Condo and Townhouse markets, low- to mid-range sales continue to represent the major market sector.

E. Summary – 2023 Midyear Condominium Market Analysis

- Condominium sales and volume cooled in **Q3 2022-Q2 23 in the face of increasing interest rates and following development sellouts in 2021-22**. The market is currently slower than normal.
- Average sale price **crept up in 2021-22 during post-COVID sellouts, then decreased to previous levels**.
- Sales of low- to mid-range units, in large elevator buildings (**class R4**) continue to dominate the market.
- 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 2018-2023 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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L O F T S

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