

October 11, 2019

Brooklyn home sales stabilize despite slight dip



Bloomberg

Despite a slight dip in sales, the Brooklyn sales market stabilized during the third quarter as contract activity surged, according to the latest market report by brokerage firm CORE. Brooklyn saw a total of 2,517 recorded sales in the third quarter—a slight decrease of 3% from this time last year.

“All things considered, Brooklyn had a healthy third quarter” said Garrett Derderian, managing director of market analysis at CORE in a statement. “There was a surge in contract activity, suggesting the market has stabilized and was not seriously impacted by the changes to the tax laws.”

Tax-law changes, in particular the mansion tax, affected Brooklyn to a much smaller degree compared to Manhattan, according to Derderian. Because the mansion tax that went into effect only applies to properties starting at \$2 million, it impacted 19% of inventory in Brooklyn, and made up 7% of all closings.

Still, home sale prices were down across all property types, while discounts in the third quarter saw an increase.

The median sales price was \$787,500, down 3% year-over-year, while the average sales price was \$961,817, down 9%.

Houses and townhouses had an average discount of 10% for the initial listing price, while condos and co-ops averaged 4% off, according to the report. Home sales above \$3 million averaged a 10% discount.

Northwest Brooklyn, the most expensive submarket in the borough, saw the greatest sale price declines—often drawing the closest parallels to Manhattan in prices changes and new construction.

“Like Manhattan, the growing supply level remains a concern and has put downward pressure on prices, although not as extreme as in Manhattan,” Derderian said. “Although we have yet to see any substantial incentives like those in Manhattan, it remains to be seen if the supply can be absorbed without the added offerings, especially in a soft market.”

In terms of contract activity, the Brooklyn borough saw 1,692 contracts signed—up 16% from one year ago. Condos made up a majority of all contracts at 41%, while contracts signed that were \$2 million or more accounted for 11%.

Inventory was also up with 4,810 active units in the borough—a 2% increase year-over-year. A whopping 51.5% of inventory was priced at \$1 million or more, while 32% of inventory was priced between \$1 and \$2 million.