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Manhattan real estate prices are in 'near free fall' after two property tax increases - a plunge the market hasn't witnessed since the 2008 recession

Manhattan real estate prices took a serious dive in the third quarter, as buyers held back on purchasing properties after two steep tax increases, and taking a plunge the market hasn't seen since the 2008 recession.

The median price for a Manhattan property sale dropped 17 per cent to \$999,950 from the same period a year ago, according to data released by New York real estate brokerage CORE on Tuesday.

Average sales also declined, dropping 12 percent to \$1.64 million, CORE reported in its quarterly analysis.



New York real estate prices declined significantly in the third quarter from a year ago, as fewer buyers purchased properties in Manhattan (above) after two recent tax increases

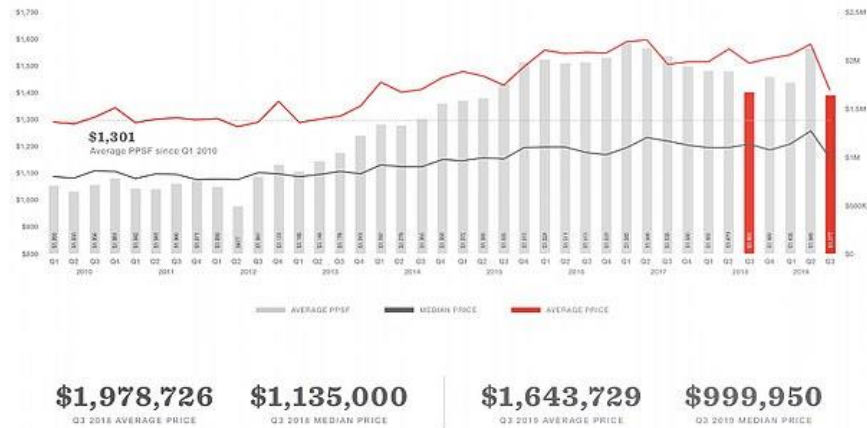
MARKET HIGHLIGHTS



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The median price for a Manhattan property sale was \$999,950 in the third quarter, according to data (above) released by New York real estate brokerage CORE on Tuesday

HISTORICAL PRICE TRENDS



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The third quarter median price of an apartment sale in Manhattan was 17 percent lower from the same period a year ago, as the chart prepared by brokerage CORE above shows

The sales of condominium units dropped 8 per cent to 946 transactions. Only cooperative, or coop apartments saw a small increase of 2 percent from a year ago.

'The third quarter of 2019 was undoubtedly the most challenging quarter in recent memory, especially for condo sales,' Garrett Derderian, managing director of market analysis at CORE, said in a statement, reports Fox.

'Market prices have gone from what was once described as the kindest, gentlest correction to a near free fall,' Derderian added. 'The last time conditions were described in such a way was in the height of the recession.'

The declines, which could be a signal a new recession is on the way, were reported after buyers rushed into the market to snatch up properties before New York enacted increases to its 'mansion' and transfer taxes.



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The mansion tax, which applies to home sales above \$1 million, jumped to 1.25 per cent for \$2 million transactions, and 3.9 per cent for sales of \$25 million. By comparison, the mansion tax had been a flat 1 per cent, reported Fox.

The city also bumped its transfer tax, a one-time charge on properties valued at more than \$2 million – known as the transfer tax. The fee, most often paid by the seller, varies from .4 percent for sales under \$3 million, and .65 percent for anything above.

CORE reports that 9.7 per cent of property sales in the past year were above \$3 million, which is down 14.8 per cent. The last time sales above \$3 million were that low was in 2012.