

# MANSION GLOBAL

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## **Manhattan Luxury Homes Saw Median Prices Slump 24% at the End of 2019**

*The hardest hit in terms of sales was the \$5-million-plus segment, reports say*



*The sun sets on Central Park Tower and buildings along Billionaires' Row in New York City. Median sales price of luxury homes in Manhattan fell sharply in the last quarter of 2019. Gary Hershorn/Getty*

While the overall Manhattan real estate market is showing signs of leveling off, the luxury segment continues to suffer from oversupply, putting downward pressure on pricing, according to quarterly reports published Friday by leading New York-based brokerages.

During the fourth quarter of last year, 2,404 sales closed in Manhattan, a 1.2% dip year-over-year. The median sales price, meanwhile, remained flat at close to \$1 million, according to a report by Douglas Elliman.

However, the median sales price in the luxury segment, defined as the top 10% of sales, dropped 24% year-over-year to \$4.8 million. The luxury threshold was lowered to \$3.24 million, compared to 2018's figure of \$3.9 million and the average threshold of \$3.5 million over the last decade, according to Jonathan Miller, author of the Douglas Elliman report and chief executive of real estate appraisal firm Miller Samuel.

"There is, clearly, weakness in pricing in the luxury market, largely due to a significant increase in inventory combined with new tax policy and housing laws in New York, including a mansion tax and an increase in transfer tax," he said.

In the last quarter of 2019, there were 1,814 active luxury listings, a 35% increase from the same period in the prior year.

The hardest-hit segment was homes priced at \$5 million and above, which accounted for 4.4% of the overall market. The number of sales in this segment dropped 37%, while the sales volume below this price point increased 1.6% year-over-year, according to Mr. Miller.

New homes accounted for 12.9% of the market share, higher than 2018's 10.9%. The median price of the 310 new development sales was \$2.48 million, a 21.4% increase year-over-year.

The most expensive sale in the quarter was an apartment at 220 Central Park South, which closed for more than \$92.7 million in December, according to Mr. Miller.

#### Share of Affordable-Luxury Homes in New Developments Increases

The average sales price in new developments was \$3.56 million in the last quarter of 2019, down from \$4.6 million in the same period of 2018, according to a report Friday by Brown Harris Stevens.

The decline in average sales price indicates that there were fewer sales in the super-luxury segment compared to last year, Gregory Heym, chief economist at the brokerage, said in the report.

This was also evidenced in a separate report by brokerage CORE. The share of closings below \$3 million in new developments was at its highest percentage in the fourth quarter of 2019, with 64% of sales. The share of closings above \$5 million was 14%, the lowest since 2017, according to CORE.

In terms of average price per square foot, Billionaires' Row, not surprisingly, remained the costliest market, where closed sales had an average price-per-square-foot of \$6,616, according to the report.

The Upper East Side was the next most-expensive market, where closings averaged \$2,176 per square foot, followed by Midtown, where properties averaged \$2,081 per square foot.