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## **Manhattan home prices in 'near free fall' as median dips below \$1M**



*Christopher Sadowski*

The median sale price of a Manhattan home dipped below \$1 million during the past three months amid the imposition of new taxes on high-end properties, according to a market analysis released on Wednesday.

The \$999,950 median price represented a 17% decline compared to the same period last year, CORE Real Estate said.

The number of condo sales also dropped by 8%, to 946, and the largest units — with four or more bedrooms — were the biggest bargains, with both median and average prices down 20%, CORE said.

“The third quarter of 2019 was undoubtedly the most challenging quarter in recent memory, especially for condo sales,” said Garrett Derderian, CORE’s managing director of market analysis.

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

Appraiser Jonathan Miller, who prepared a quarterly market analysis for Douglas Elliman Real Estate, said his data showed the median sales price for a Manhattan townhouse fell a staggering 45.8%, to \$3.5 million.

In addition, just 36 deals closed, down 33.3% from last year's third quarter, Miller said. "The narrative is that prices are down and inventory is up," he said.

On July 1, the 1% "mansion tax" on city homes that sell for \$1 million or more was replaced by a series of rates ranging as high as 4.15% under terms of the 2019-2020 state budget signed by Gov. Andrew Cuomo.

The state transfer tax on residential properties that sell for more than \$3 million also rose from 0.4 to 0.65%.

Those hits came on top of the \$10,000 limit on federal deductions for State and Local Taxes (SALT) that went into effect last year.

"The SALT-tax [cap] was incredibly damaging to the market, and the additional mansion and transfer taxes have also caused people to pause," said Pam Liebman, president and CEO of the Corcoran Group brokerage.

Liebman also said the third-quarter numbers were artificially deflated because "we had so much buying pre-mansion tax in June."

"I don't think anyone has to worry that this is a cataclysmic event," she said.

Leading broker Dolly Lenz agreed, saying: "Everyone who planned on buying already bought."

"But people who are freaking out about the mansion tax should calm down. It will be baked into costs in a few months," she added.