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Manhattan Condo Prices Reach Record High in Final Quarter of 2014; Price Increases Expected to Slow in 2015

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Key facts:

- Manhattan condo prices rose 8.4 percent in 2014 to a record high, ending 2014 with 24 consecutive months of price growth.
- However, decelerating condo price growth indicates a slowdown heading into 2015.
- Total Manhattan inventory in the fourth quarter fell 11.7 percent from 2013 and is down 39 percent from the Manhattan's inventory peak set in 2009.
- Condo inventory grew 4.7 percent compared to last year, while co-op listings declined 6.5 percent over the same period.

The final quarter of 2014 rounded out a banner year for price growth in the Manhattan real estate market. Manhattan condo prices rose 8.4 percent year-over-year to hit a record high in December, marking a 24-month rally in price growth fueled by low inventory. However, stabilizing days on market, slowing price growth, and a slight increase in discounted inventory indicates a cool-down in 2015, according to the Q4 2014 StreetEasy® Manhattan Real Estate Market Report[i].

Condo prices hit record high but price growth will slow in 2015

Though condo prices hit a new record high and remain 12.5 percent above their previous record set in 2007, the fourth quarter marked the slowest rate of quarterly appreciation since the first quarter of 2013, according to the StreetEasy Condo Price Index [ii]. The median sale price for all property types jumped nearly 11 percent year-over-year to \$942,000.

"For sidelined buyers wondering how much longer the market will continue to be constrained, relief may be on the horizon," said StreetEasy data scientist Alan Lightfeldt. "Manhattan's robust price growth amid anemic inventory is finally starting to come back down to Earth. The market will slow down for a much-needed breather in 2015 after last year's Olympic sprint."

Looking ahead into 2015, condo prices are expected to grow a modest 0.4 percent in January, continuing the price appreciation streak, according to the StreetEasy Condo Price Forecast[iii]. Over the course of 2015, condo price growth is predicted to slow to 4.9 percent, significantly less than the 8.4 percent growth rate experienced during 2014.

Decline in co-op listings drive overall drop in Manhattan for-sale inventory

In the fourth quarter, 10,129 housing units of all types were available across Manhattan, a decline of 11.7 percent from the third quarter and 0.9 percent from one year ago, primarily due to a decline in co-op inventory. Additionally, inventory at the end of 2014 was 39 percent below Manhattan's inventory peak set in the second quarter of 2009.

The driver of declining inventory was a drop in co-op listings, which fell 13.3 percent from the third quarter and were down 6.5 percent year-over-year. Condo listings increased 4.7 percent year-over-year.

Housing units that went under contract in the fourth quarter spent a median time of 54 days on the market, unchanged from the third quarter and two days longer than the fourth quarter of 2013. The number of homes that experienced a price reduction increased slightly in the fourth quarter, with 22.2 percent of all available units experiencing a price reduction, up from 21.3 percent from the same time last year.

The full report, including a neighborhood breakdown of StreetEasy Manhattan Real Estate Market Report data and additional analysis, can be viewed at streeteasy.com/market/reports.

About StreetEasy:

StreetEasy is New York City's leading real estate marketplace on mobile and the Web, providing accurate and comprehensive for-sale and for-rent listings from hundreds of real estate brokerages throughout New York City and the major NYC metropolitan area. StreetEasy adds layers of deep, proprietary data and useful search tools that help consumers and real estate professionals navigate the complex real estate markets within the five boroughs of New York City, as well as Northern New Jersey and the Hamptons. The company launched in 2006 and was acquired by Zillow, Inc. in August 2013.

StreetEasy is a registered trademark of Zillow, Inc.

ⁱThe StreetEasy Manhattan Real Estate Market Report is a quarterly overview of the Manhattan real estate market including analysis on condos, co-ops and townhomes/single-family residences. The report data is aggregated from public sources by a number of data providers and real estate brokerages for all five major submarkets within Manhattan, with most metrics dating back to 1995. The reports are compiled by the StreetEasy Research team. For more information, visit streeteasy.com/nyc/market/reports. StreetEasy also tracks data for the five boroughs within New York City.

ⁱⁱThe StreetEasy Condo Price Index (SECPI), previously named the StreetEasy Condo Market Index, provides a measurement for how prices are moving in the Manhattan condo real estate market. It is based on a repeat-sales method, which compares the sale prices of the same properties over time. The SECPI is indexed to the year 2000 with a value of 100. A value of 200, for example, would indicate that Manhattan condos are trading at twice their 2000 price. Since the repeat-sales methodology tracks price changes over time in the same unit, the SECPI is a much more reliable measure for sale prices as it controls for biases and errors created by variables such as location, size, age, and condition.

ⁱⁱⁱThe StreetEasy Condo Price Forecast (SECPF) predicts the change in Manhattan condo sale prices one month out from the current reported period. By incorporating the StreetEasy Condo Price Index, StreetEasy's comprehensive database of listing prices and days on market - two leading indicators to future condo prices - we are able to accurately forecast next month's condo prices before the release of publicly recorded sales data.

To view the original version on PR Newswire, visit:<http://www.prnewswire.com/news-releases/manhattan-condo-prices-reach-record-high-in-final-quarter-of-2014-price-increases-expected-to-slow-in-2015-300028341.html>

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