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M A N H A T T A N
M A R K E T
R E P O R T

This report highlights the prevailing trends shaping the marketplace from this past quarter, and provides a glimpse into the research and data analytics in which Compass prides itself.

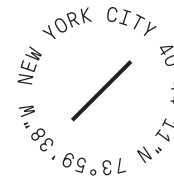
Introducing the Compass Q2 2016 Manhattan Market Report

Page 2 **Inventory**

Page 4 **Contracts Signed**

Page 7 **Closings & Pricing**

Page 9 **Time on Market**



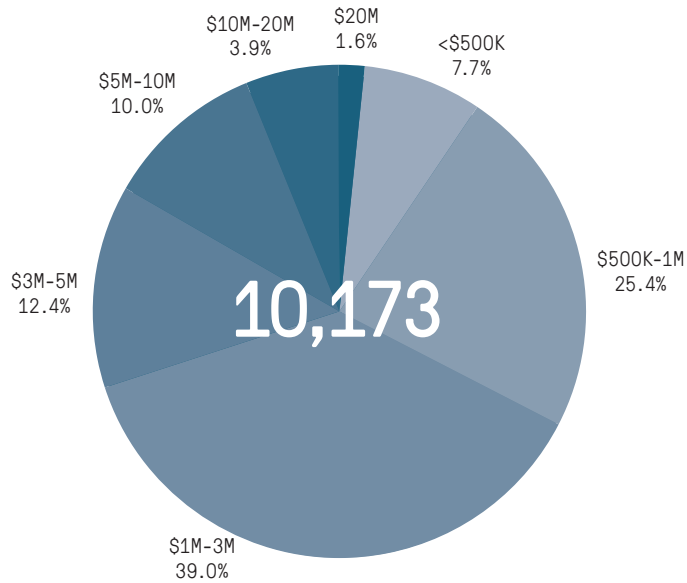
Compass believes in the importance of real-time information and have built Compass Markets, a mobile application that analyzes real estate markets in real time. Highlighted in this report are several key trends observed throughout the second quarter.

- The 2Q16 median closing price was the highest on record for the market overall (\$1,195,000), co-op (\$790,000), and the highest second quarter on record for condos (\$1,650,000).
- Absorption is brisk in the Downtown market, where median time on market (68 days) nearly matched that of Manhattan overall (63 days) despite a median closing price that was 41% higher than Manhattan's.
- Months of supply is on the rise, as inventory posts slight gains and pace of contract signings slows.

Despite domestic and global uncertainty around interest rates, the U.S. Presidential Election, and the long-term results of the United Kingdom's decision to leave the European Union, we expect to continue to see record-breaking median closing prices in the coming quarters due to the volume of existing in-contract inventory. Because all reports reflect data on closed sales (with a lag time between contract-signing and closing), pricing right now appears to be on the rise. However, based on our insights on negotiability and the drop in signed contract activity for the quarter and the first half of 2016, there is a possibility of downward pressure on pricing in the future.

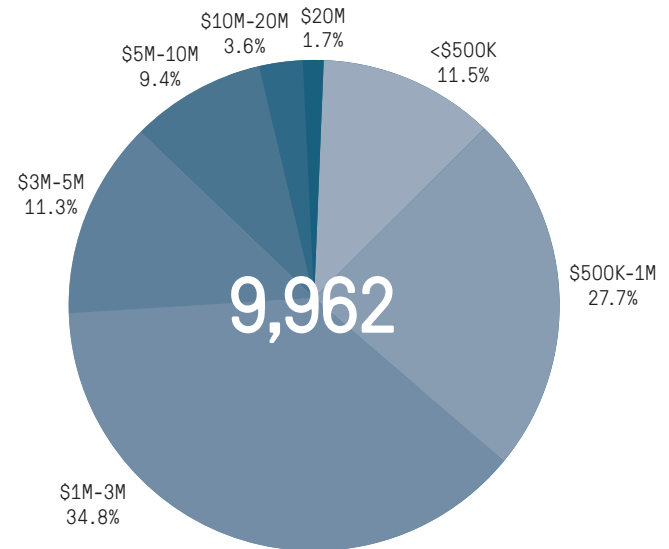
Inventory

Overall inventory increased 2% compared to the second quarter of last year, as the number of available units increased to 10,173. A substantial decrease in listings priced below \$1M was offset by the increase of units priced between \$1M and \$3M. Total available listing volume increased by \$2B while the percent share of each price category remained relatively consistent compared to a year ago.



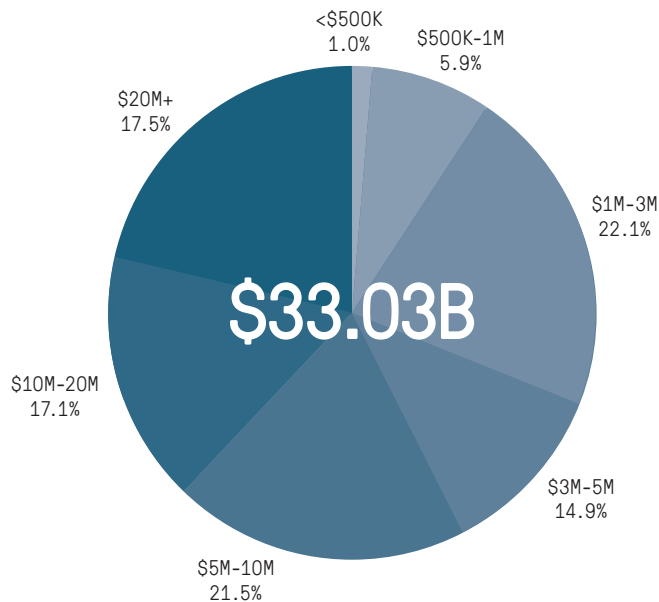
Q2 2016

NUMBER OF UNITS

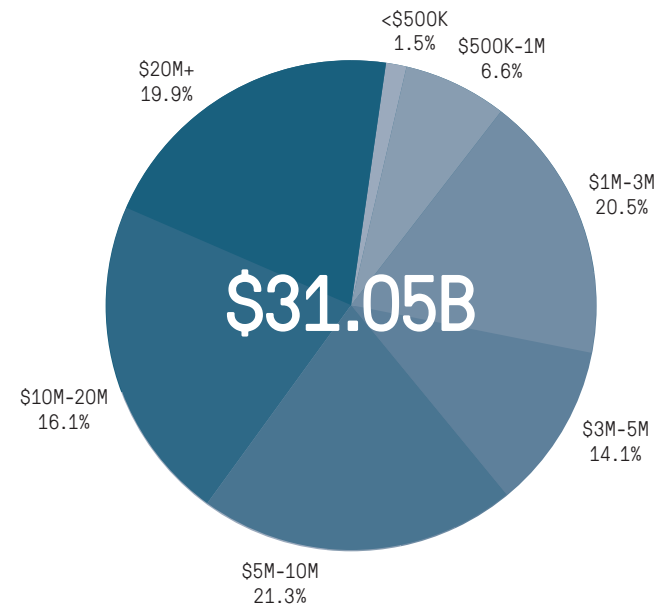


Q2 2015

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SALES VOLUME



Inventory

The 2% increase in overall inventory was driven by a 9% increase in condo inventory, which compensated for a 5% decrease in co-op inventory. The number of available units priced \$20M or above fell 6% for condos and 10% for co-ops, while inventory increased for every other price category above \$1M. Condominium inventory increased between 14% and 24% for units with two bedrooms or more, while inventory of both three and four-plus bedroom co-ops decreased 18%. The median price of active inventory increased in all Major Markets except the Financial District and Battery Park City, which was unchanged.

CONDO

	FIGURE	SHARE	YoY
AVAILABLE:	5,477		9.0%

PRICE CATEGORY

<\$500K:	69	1.3%	-46.1%
\$500K-1M:	958	17.5%	-9.9%
\$1M-3M:	2,402	43.9%	20.3%
\$3M-5M:	869	15.9%	15.7%
\$5M-10M:	747	13.6%	9.5%
\$10M+:	305	5.6%	13.0%
\$20M+:	127	2.3%	-5.9%

BEDROOM TYPE

STUDIO:	282	5.1%	-28.1%
1BR:	1,515	27.7%	-5.8%
2BR:	1,836	33.5%	24.0%
3BR:	1,125	20.5%	22.8%
4BR+:	719	13.1%	14.3%

CO-OP

	FIGURE	SHARE	YoY
AVAILABLE:	4,696		-4.9%

PRICE CATEGORY

<\$500K:	751	15.2%	-30.0%
\$500K-1M:	1,629	34.7%	-3.9%
\$1M-3M:	1,562	33.3%	6.3%
\$3M-5M:	393	8.4%	5.6%
\$5M-10M:	266	5.7%	4.7%
\$10M+:	96	2.0%	11.6%
\$20M+:	35	0.7%	-10.3%

BEDROOM TYPE

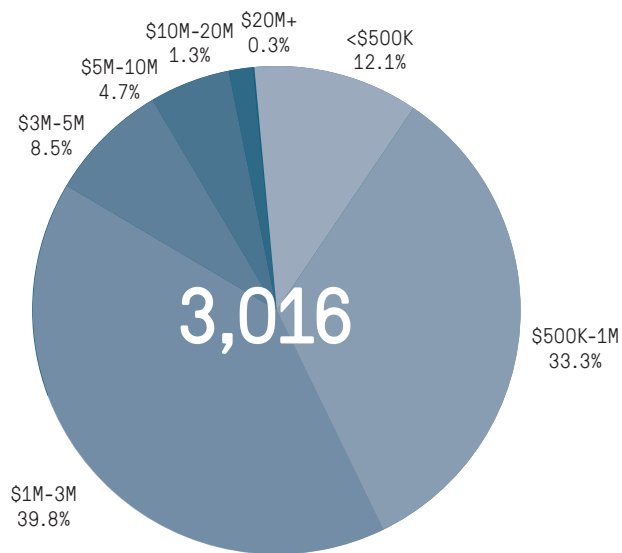
STUDIO:	803	17.1%	-5.1%
1BR:	1,798	38.3%	1.3%
2BR:	1,280	27.3%	-3.3%
3BR:	553	11.8%	-17.7%
4BR+:	262	5.6%	-18.1%

MAJOR MARKETS

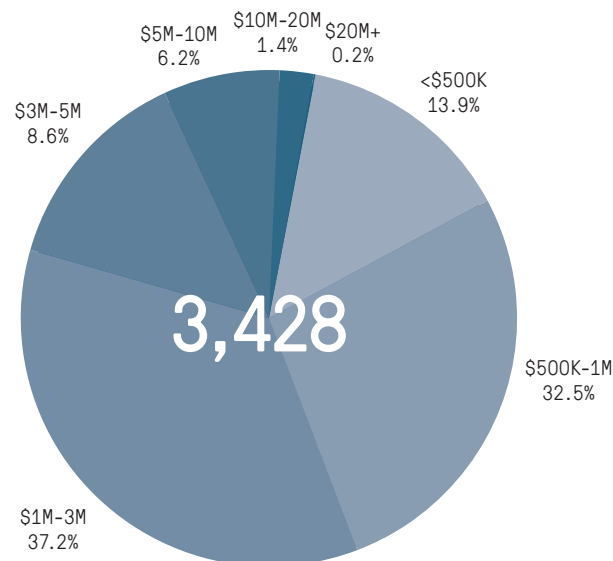
	MANHATTAN	UPPER EAST	UPPER WEST	MIDTOWN	DOWNTOWN	FIDI & BPC	UPPER MANHATTAN
FIGURE	10,173	2,179	1,404	2,499	2,732	587	772
YoY	2.1%	-6.0%	-4.0%	1.6%	13.7%	-11.2%	17.7%
MEDIAN PRICE	\$1,640,000	\$1,795,000	\$1,699,500	\$1,399,000	\$2,299,000	\$1,555,000	\$674,750
YoY	15.1%	11.1%	21.4%	16.6%	4.7%	0.3%	4.6%

Contracts signed

There were 3,016 contracts signed this quarter, 12% fewer than in 2Q15. Contracts signed fell in all price categories except \$20M+, which represents only 0.3% of the number of sales but 6.4% of sales volume. The total volume of contracts signed experienced a similar decline, 13% lower from a year ago to yield \$5.93B for the quarter. Please note that median prices of contracts signed represent last asking prices.



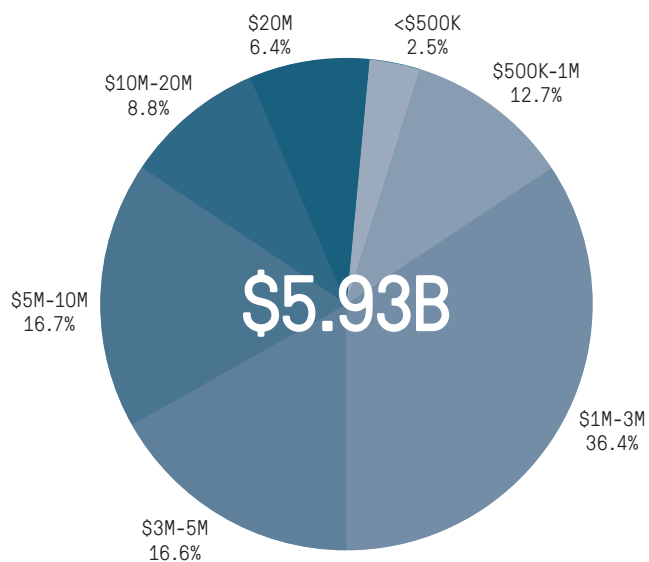
NUMBER OF UNITS



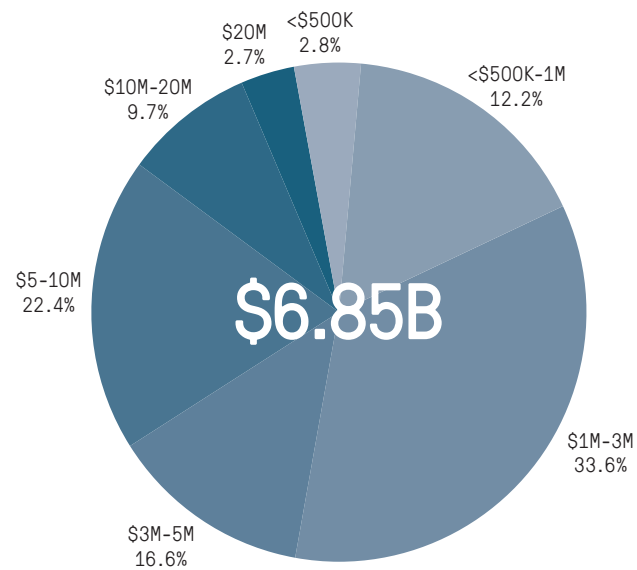
Q2 2016

Q2 2015

COMPASS



SALES VOLUME



Contracts signed

Both condos and co-ops declined 12% compared to a year ago, as there were year-over-year declines in almost all price categories and bedroom types. Co-ops represented 56% of contract signings this quarter, which is consistent with 2Q15. The number of contracts signed decreased in every Major Market except Upper Manhattan, while the median prices of those contracts increased in Midtown, Downtown, and Upper Manhattan. *Please note that median prices of contracts signed represent last asking prices.*

CONDO

	FIGURE	SHARE	YoY
AVAILABLE:	1,315		-12.4%

PRICE CATEGORY

<\$500K:	18	1.4%	-60.9%
\$500K-1M:	325	24.7%	-11.4%
\$1M-3M:	659	50.1%	-4.1%
\$3M-5M:	167	12.7%	-16.5%
\$5M-10M:	105	8.0%	-33.5%
\$10M+:	33	2.5%	-15.4%
\$20M+	8	0.6%	100.0%

BEDROOM TYPE

STUDIO:	118	9.0%	-9.2%
1BR:	487	37.0%	-6.7%
2BR:	449	34.1%	-12.3%
3BR:	190	14.4%	-14.0%
4BR+:	71	5.4%	-38.8%

CO-OP

	FIGURE	SHARE	YoY
AVAILABLE:	1,701		-11.7%

PRICE CATEGORY

<\$500K:	347	20.4%	-19.5%
\$500K-1M:	679	39.9%	-9.1%
\$1M-3M:	540	31.7%	-8.0%
\$3M-5M:	89	5.2%	-5.3%
\$5M-10M:	38	2.2%	-32.1%
\$10M+:	6	0.4%	-40.0%
\$20M+:	2	0.1%	0.0%

BEDROOM TYPE

STUDIO:	313	18.4%	-9.0%
1BR:	668	39.3%	-12.2%
2BR:	483	28.4%	-11.0%
3BR:	181	10.6%	-18.8%
4BR+:	56	3.3%	0.0%

MAJOR MARKETS

	MANHATTAN	UPPER EAST	UPPER WEST	MIDTOWN	DOWNTOWN	FIDI & BPC	UPPER MANHATTAN
FIGURE	3,016	609	506	650	813	145	293
YoY	-12.00%	-16.3%	-19.2%	-13.2%	-5.1%	-35.8%	21.1%
MEDIAN PRICE	\$1,150,000	\$1,175,000	\$1,299,500	\$939,500	\$1,695,000	\$1,250,000	\$649,000
YoY	-19.30%	-2.1%	0.0%	4.4%	13.4%	-21.9%	9.5%

Contracts signed

Months of supply

Average number of contracts signed
(June 30th 2015 - June 30th 2016)

921/month

Active inventory

10,173

Q2 2016 MOS

11.0

Average number of contract signings
(June 30th 2014 - June 30th 2015)

1,028/month

Active inventory

9,962

Q2 2015 MOS

9.7

Months of supply represents the number of months it would take to absorb all active inventory based on the trailing 12 month average of contract activity. Typically 6 to 9 months of supply indicates market equilibrium. There are currently 11 months of supply on the market, a 1.3 month increase over the 9.7 months of supply at the end of the 2Q15. Inventory has increased only slightly in the last year, but absorption has slowed to a monthly average of 921 contracts signed over the past twelve months, compared to an average of 1,028 contracts signed between June 30th 2014 and June 30th 2015. *Please note this analysis does not include 'shadow inventory' of unsold, unlisted new development inventory.*

Closings & Pricing

There were 3,238 closings during the second quarter, a 6% decrease from a year ago. Condo closings increased by 10% while co-op closings decreased by more than 18%, led by a 22% decline in closings under \$1M, the property type's largest price segment. Condominium sales in both the \$3M-\$5M and \$5M-\$10M categories increased by over 35% compared to last year, largely due to a surge of closings in a number of new developments, most notably The Greenwich Lane, 10 Madison Square West, and 56 Leonard.

CONDO

	FIGURE	SHARE	YoY
AVAILABLE:	1,676		10.3%

PRICE CATEGORY

<\$500K:	51	3.0%	-31.1%
\$500K-1M:	429	25.6%	-3.4%
\$1M-3M:	754	45.0%	10.2%
\$3M-5M:	223	13.3%	38.5%
\$5M-10M:	168	10.0%	36.6%
\$10M+:	41	2.4%	78.3%
\$20M+	10	0.6%	-9.1%

BEDROOM TYPE

STUDIO:	260	15.5%	72.2%
1BR:	532	31.7%	-0.9%
2BR:	530	31.6%	2.7%
3BR:	243	14.5%	8.5%
4BR+:	111	6.6%	20.7%

CO-OP

	FIGURE	SHARE	YoY
AVAILABLE:	1,562		-18.4%

PRICE CATEGORY

<\$500K:	360	23.0%	-21.2%
\$500K-1M:	598	38.3%	-22.3%
\$1M-3M:	449	28.7%	-16.7%
\$3M-5M:	87	5.6%	-2.2%
\$5M-10M:	56	3.6%	30.2%
\$10M+:	8	0.5%	-27.3%
\$20M+:	4	0.3%	-20.0%

BEDROOM TYPE

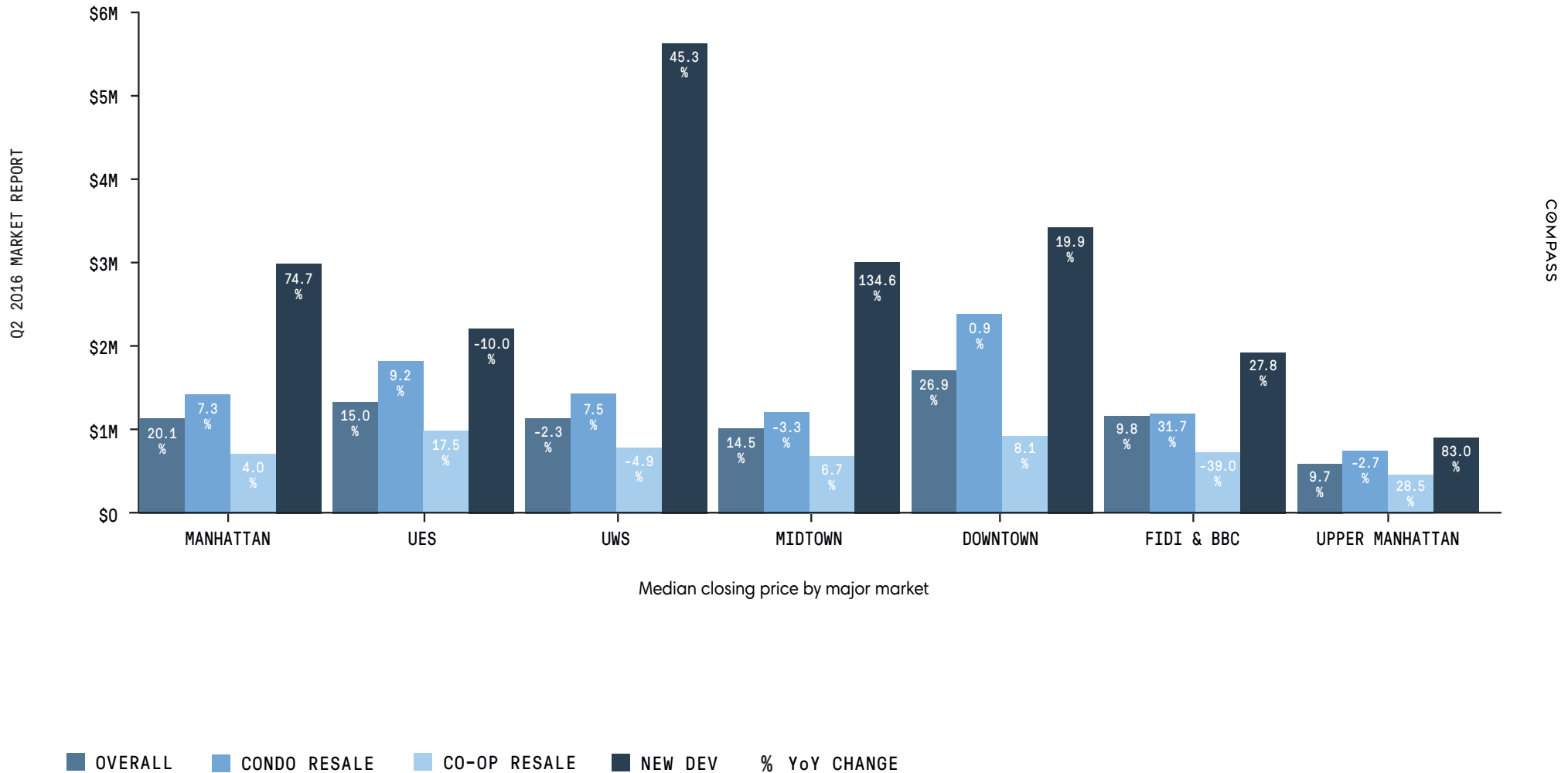
STUDIO:	305	19.5%	-9.8%
1BR:	566	36.2%	-33.6%
2BR:	438	28.0%	-8.8%
3BR:	191	12.2%	5.5%
4BR+:	62	4.0%	0.0%

MAJOR MARKETS

	MANHATTAN	UPPER EAST	UPPER WEST	MIDTOWN	DOWNTOWN	FIDI & BPC	UPPER MANHATTAN
FIGURE	3,238	668	476	693	965	146	290
YoY	-5.7%	-8.7%	-18.2%	-10.1%	6.6%	-9.3%	2.5%
MEDIAN PRICE	\$1,195,000	\$1,332,500	\$1,157,500	\$995,000	\$1,682,000	\$1,180,000	\$574,105
YoY	-20.1%	15.0%	-2.3%	14.5%	26.9%	9.8%	9.7%

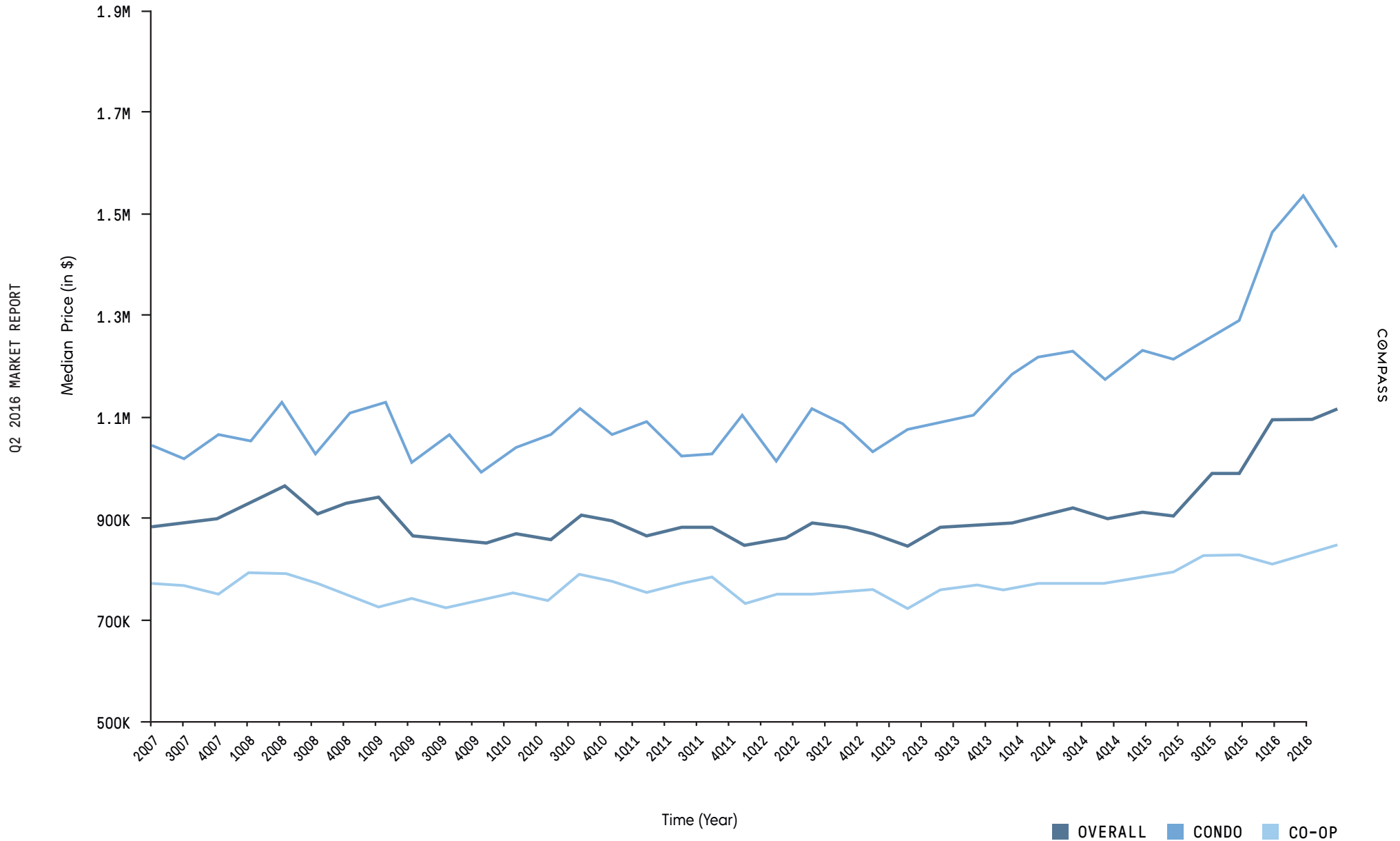
Closings & Pricing

Manhattan's overall median closing price of \$1.2M represents a 20% increase compared to a year ago. This increase was partly fueled by significant increases in the Downtown, Midtown, and Upper West Side markets. Downtown overall median price increased 27% from a year ago to \$1.7M and Downtown new development increased 20% from a year ago to \$3.3M. In Midtown, median new development price jumped 135% to \$3M, mainly driven by closings at 432 Park Avenue, 135 West 52nd, and Halcyon. The Upper West Side median new development price, at an astonishing \$5.7M, is skewed due to a low number of closings concentrated in two historic pre-war conversions.



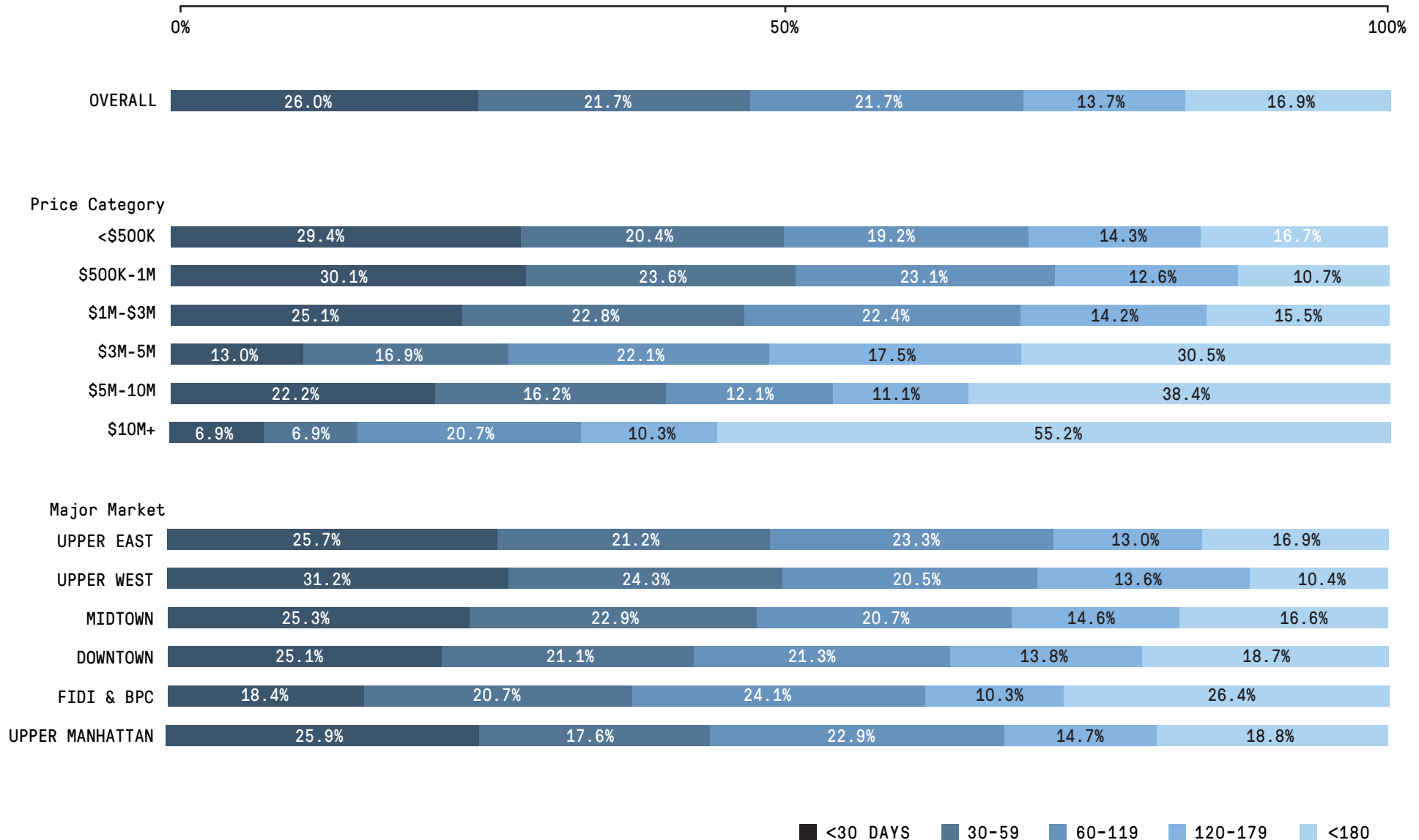
Closings & Pricing

This chart depicts median closing prices by property type in Manhattan from 2Q07 to 2Q16. From 1Q15 to 2Q16, Manhattan's overall median price increased 35%, in stark contrast to the 4% appreciation between 2Q07 and 1Q15. This acceleration is due to a multitude of factors including but not limited to: 1) pent-up demand from historically low inventory levels due to limited construction post-recession, 2) historically low interest rates, 3) generally more expensive and higher quality new development product, and 4) the increasing share of condominiums in the overall Manhattan for-sale market.



Time on market

The overall median time on market was 63 days in 2Q16. Units priced below \$1M continue to sell quickly, as 30% of listings in that price category went into contract within the first 30 days. The percent of listings with more than 180 days on market is twice as high for sales priced \$3M - \$5M (30%) than for sales priced \$1M - \$3M (15%). More than half of all sales priced above \$10M spent more than 180 days on market before selling.



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