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What's happening in NYC real estate April 2023

It's hard to believe another month has already passed as we progress quickly through the second quarter. Do you think this year is going by fast? Some days it feels like 2023 is flying by and other days it feels like we're right on schedule. But there is never a slow moment in NYC!

We're in a very interesting place in the real estate market. Properly priced apartments that are unique and well- marketed still sell very quickly. However, activity remains significantly slower than usual. Pending sales in Manhattan are down 28.9% from last year. What was a low inventory environment seems to be changing as the supply of homes is actually up 2.5% from this time last year. Not a significant increase, but higher nonetheless. When reading the year over year data now we have to keep in mind that the Federal Reserve had already began raising rates at this time last year, which we all know significantly changed everything in real estate.

The LivNY Team has been successfully helping buyers and sellers as we enter the busy season. Our listing in Park Slope was one of the hottest listings in Brooklyn, with over 280 user saves on StreetEasy in only 22 days. The rental market continues to outperform. Now that we are in the busy rental season, we continue to get messages about apartments that aren't even on the market. Inventory is low, and there is seemingly never ending demand. Rental apartments are leased as soon as they hit the market. Also, I've been working on an exciting retail lease on W 86th Street. Hopefully, I can report on the successful deal closing next month!

In the news, ridership on the subway hit a record high since the pandemic. There were 4 million riders last Thursday which is the highest since March 12, 2020. We had another bank failure as First Republic bank falls. Also, there is a lot of talk about commercial real estate these days, and an office building in San Francisco that was valued at $300M is expected to sell for $60M in a huge loss.
The spotlight this month is on the Federal Reserve's 2% interest rate target. On May 3 we will get another interest rate decision and press conference with Jay Powell. That will give us a lot of insight on the remainder of the year.

On the market...

2 Bed @ 38 Delancey

1 Bed @ 232 East 6th Street

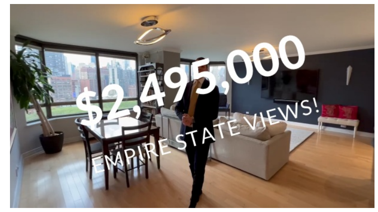
One Bedroom @ 784 Carroll Street

Studio @ 233 East 69th Street

YouTube Apartment Video Tours...

Penthouse Dream Apt

Brooklyn Townhouse

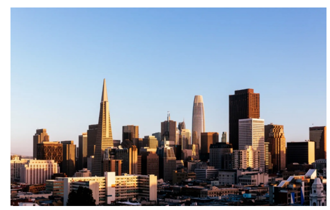


3 Bed Condo in Murray Hill

In the news...

NYC Subway Ridership

Bank Failures



San Fran Office Building

SPOTLIGHT ON:
The Federal Reserve's 2% Inflation Target

It's been over a year now that we have been endured the impact of the Federal Reserve's fight against inflation. Around this time last year, nobody could have anticipated the tumultuous journey ahead.

There is only one way to slow inflation and that is to raise interest rates. Unfortunately, raising interest rates has a significant impact on growth, employment, asset prices, markets, and economies. We have seen historic interest rate hikes over the past year, and now the data is showing that we could be headed towards a recession. There is a fear that the Federal Reserve has gone too far, too fast. Even last September Federal Reserve member Charles Evan's warned of the extreme pace of interest rate hikes . Well, we've raised interest rates more than a full point since this warning.

One of the many signs of the consequences of rising interest rates has been regional bank failures. In just this year alone, we've watched Silicon Valley Bank, Signature Bank, and now First Republic Bank. Not only do these banks contain horrible loans, they also are competing for deposits. It's actually better to buy a treasury bill than to deposit money into one of these banks. The Federal Reserve has created a scenario where it is safer and more lucrative to put your money to work at TreasuryDirect.gov, as opposed to depositing your money into a regional bank.

Also, the commercial real estate market is getting crushed by higher interest rates. Who holds most of the loans for commercial real estate? Regional banks...

Ever since the last financial crisis in 2008, commercial real estate was a very favorable asset riding the low interest rate wave. Many of these real estate assets were purchased with adjustable loans that are repricing to the market rate. With office rents down and the work from home environment, these real estate firms are struggling to repay these loans. Every day there is a new story about a real estate firm taking a huge loss on a building. Just recently the NY Fed warned of the woes of commercial real estate . Investing in commercial real estate right now is not for the faint of heart. However, many contrarians are looking to take advantage of the down market that has always been cyclical.

At this point it is obvious we are experiencing an economic slowdown. These days, everyone is talking about recession fears. Well, last year we redefined the technical definition of a recession to fit the narrative that we weren't in one. In the meantime, the Federal Reserve has been hoping for a "soft landing", however, critics think a severe recession is inevitable. What exactly is going on?

This week we will likely get another interest rate hike. The market is anticipating another .25% raise. The press conference is going to be very interesting. It would be nice if a reporter asked Powell some hard questions and searched for a tiny bit of accountability.

First, the Federal Reserve said inflation was transitory . They also would allow inflation to run high to account for the extremely low inflation in the years preceding the pandemic. Then, they said they were "not thinking about thinking about raising rates until 2024". Now, they are walking back a "soft landing". Most recently, they Federal Reserve didn't see a problem at Silicon Valley Bank, but then there was a bank run overnight.

In my opinion, it is time that we stop raising rates. We've been talking about this for way too long. The economy is screaming at the Federal Reserve to stop. Hopefully, after this week we should have a better idea of the path ahead.

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