



Introducing the Compass Q4 2015 Manhattan Market Report

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.

We hope to leave you with distinctive and useful insights on the dynamic Manhattan real estate market.

There were several key trends observed throughout the fourth quarter, and we would like to highlight three of them:

- The median price for a Manhattan property surged to \$1.2M during the fourth quarter.
- Four major submarkets set record median prices: the Upper West Side, Downtown, Midtown East, and Midtown West.
- Properties spent an average of 48 days on the market, while total supply measured 6.8 months.

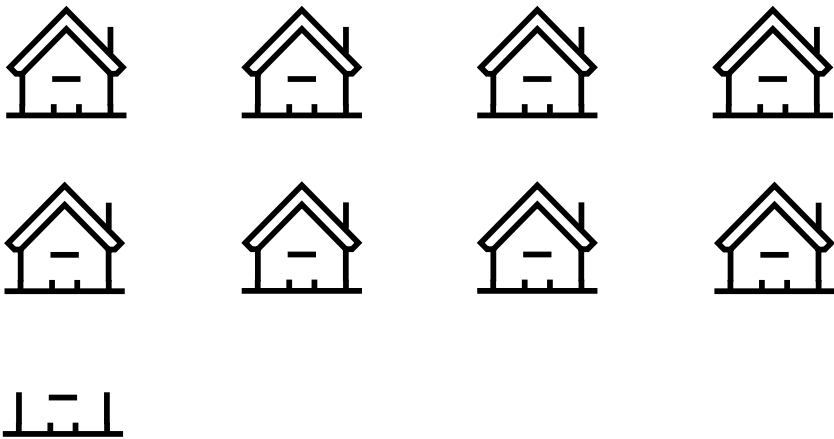
As we enter 2016, we expect prices to continue to climb as many new developments initiate the closing process. Inventory is forecast to remain in short supply. The ultra-luxury sector will continue to be closely watched as the sales pace in this price bracket has slowed. Several new high-end developments currently in construction will add additional supply to what is already a crowded sector of the market.



Market Highlights

Total Available Listings
in Manhattan:

8,740



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New Record - Median Price in Manhattan

\$1,240,000

New Record - Downtown

\$1.7M

New Record - UWS

\$1.3M

New Record - Midtown East

\$923K

New Record - Midtown West

\$1.4M

Share of Inventory Over \$3M

23.9%

Median Days on Market

48

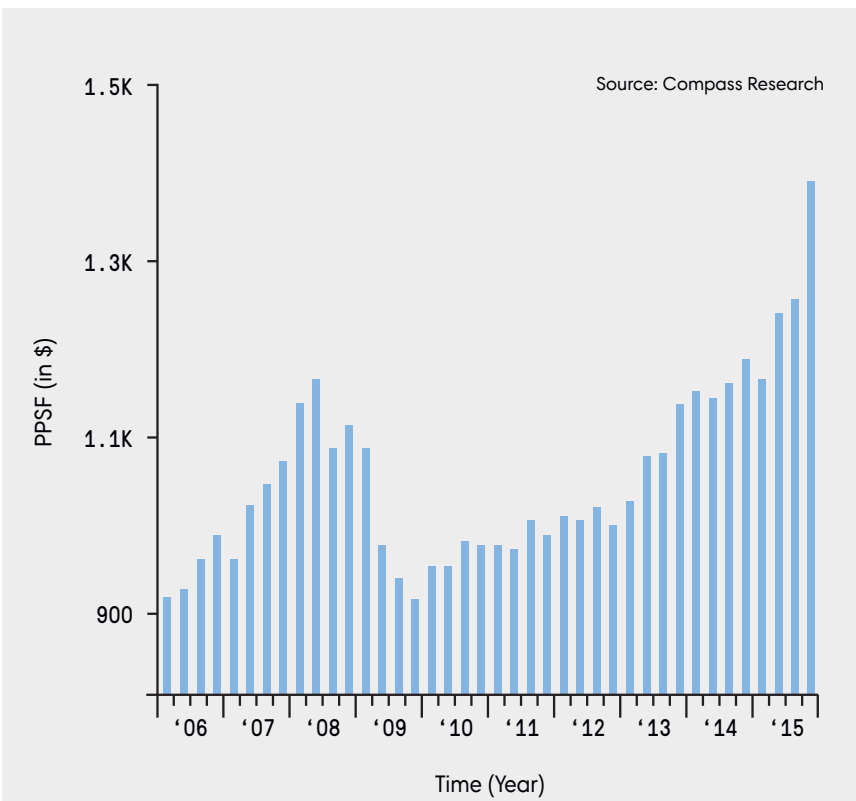
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Prices

As supply decreased, demand strengthened and prices surged. With a multitude of luxury new development closings underway, record prices were set in Manhattan and in four major submarkets: Midtown East, Midtown West, Downtown, and the Upper West Side.

	FIGURE	YoY
MEDIAN PRICE	\$1,240,000	+31.0%
CONDO - RESALE	\$1,700,000	+25.0%
CO-OP - RESALE	\$769,500	+6.0%
NEW DEVELOPMENT	\$2,088,706	+21.0%
CONDO PPSF:	\$1,533	+10.0%
BY LISTING STATUS		
ASKING:	\$1,622,500	+8.0%
IN-CONTRACT:	\$1,266,349	+31.0%



Historic PPSF Trends

The chart depicts the overall median closing PPSF trends from Q1 2006 to Q4 2015 in Manhattan. PPSF measured \$1,385 this quarter.

Median Manhattan Price Tops \$1.2M

The median price in Manhattan continued to climb in the fourth quarter, topping \$1.2M for the first time and reaching an all-time record. This represents a 17% increase over the Q3 median price of \$1M and a 31% jump from the median price of \$970,000 one year ago. Notably, the median price is 59% higher than at the trough of the recession when the reported median was \$800,000 in Q4 2009. The increase was due in large part to the significant number of new development closings, many of which entered into contract over the past two years.

Condo resale prices were up a significant amount in the fourth quarter, jumping 28% from \$1.3M last quarter to \$1.7M. Property demand and appreciation in Manhattan resulted in a 78% climb from the recession-low of \$956,000. Year-over-year, condo prices were up 25% from \$1.4M. Median resale co-op price remained flat this quarter at \$770,000, down 3% from \$795,000 in Q3 2015. Year-over-year, co-op prices were up 6% from \$728,000 and up 24% from the \$620,000 median in Q4 2009.

New development properties have experienced dramatic increases over time, reaching a record \$2M in Q4. This is an 18% increase from Q3 when the median price was \$1.8M and a 21% increase from Q4 2014 when the median price was \$1.7M. Since 2009, new development median prices have risen 83%, the most of any property type. When compared to overall properties, new development commanded a 64% premium, or \$818,000.

Main Points:

- Median Manhattan Price Tops \$1.2M
- New Development Closings Generated Record Prices in Four Major Markets
- Record Prices Set on the Upper West Side and Downtown

New Development Closings Generated Record Prices in Four Major Submarkets

As new development closings commenced across Manhattan, record prices were set in four submarkets. The largest year-over-year increase was on the Upper West Side which reached a record \$1.3M this quarter, up 40% from \$925,000 in Q4 2014. This was also an 8% increase from last quarter, when the median price was \$1.2M. New developments in the market include 50 Riverside Boulevard, which played a significant role in overall closings this quarter, accounting for nearly 22% of total submarket closures.

Downtown observed a significant increase since Q4 2014, up 39% from \$1.2M to \$1.7M. The most expensive submarket in the city continued to attract a diverse clientele to the varying neighborhoods throughout the area. Notable new developments include 212 Warren in TriBeCa, 35 West 15th Street in Flatiron, 150 Charles Street in the West Village, 400 Park Avenue South in NoMad, 505 West 19th Street in West Chelsea, and 36 Bleecker Street in NoHo. These closings fueled 24% median price growth over Q3, when the median was \$1.4M.

Both Midtown neighborhoods also had price increases. Midtown East, once known solely as a business district, now attracts a wide-range of individuals to the varying housing options. The median price was up 20% from Q4 2014 reaching \$923,000. This was a 9% quarter-over-quarter increase from \$850,000. Closings from 50 United Nations Plaza, 305 East 51st Street, and 325 Lexington contributed to the rise.

Midtown West experienced a surge in construction as the Hudson Yards office complex, the largest single-development project in the nation, exhibited visual signs of progress, fueling additional growth in the surrounding area. Prominent conversions include The Sorting House

at 318 West 52nd Street and Fifty Third and Eighth located at 301 West 53rd Street. The median price set a new record in Q4 topping \$1.4M. The measurable jump is up 36% from one year ago when the median was \$1M and up 44% since last quarter.

PPSF Up 17% from One Year Ago

The median PPSF was up 17% year-over-year reaching a record-breaking \$1,385 and topping the pre-recession peak of \$1,129 by 23%. Q4 was up 53% from the recession low of \$902. Quarter-over-quarter, the PPSF increase measured 11%, the highest single-quarter increase reported since 2006.

Median condo resale PPSF was \$1,532, surpassing the \$1,500 mark for the first time. The jump - up 8% from Q3 and 10% year-over-year - continued from the overall upward trend; the current level is up 56% from the recession low of \$982. Resale co-ops recorded a record median PPSF level, peaking at \$977, up 1% from last quarter, 9% year-over-year, and 34% from \$730 during the recession.

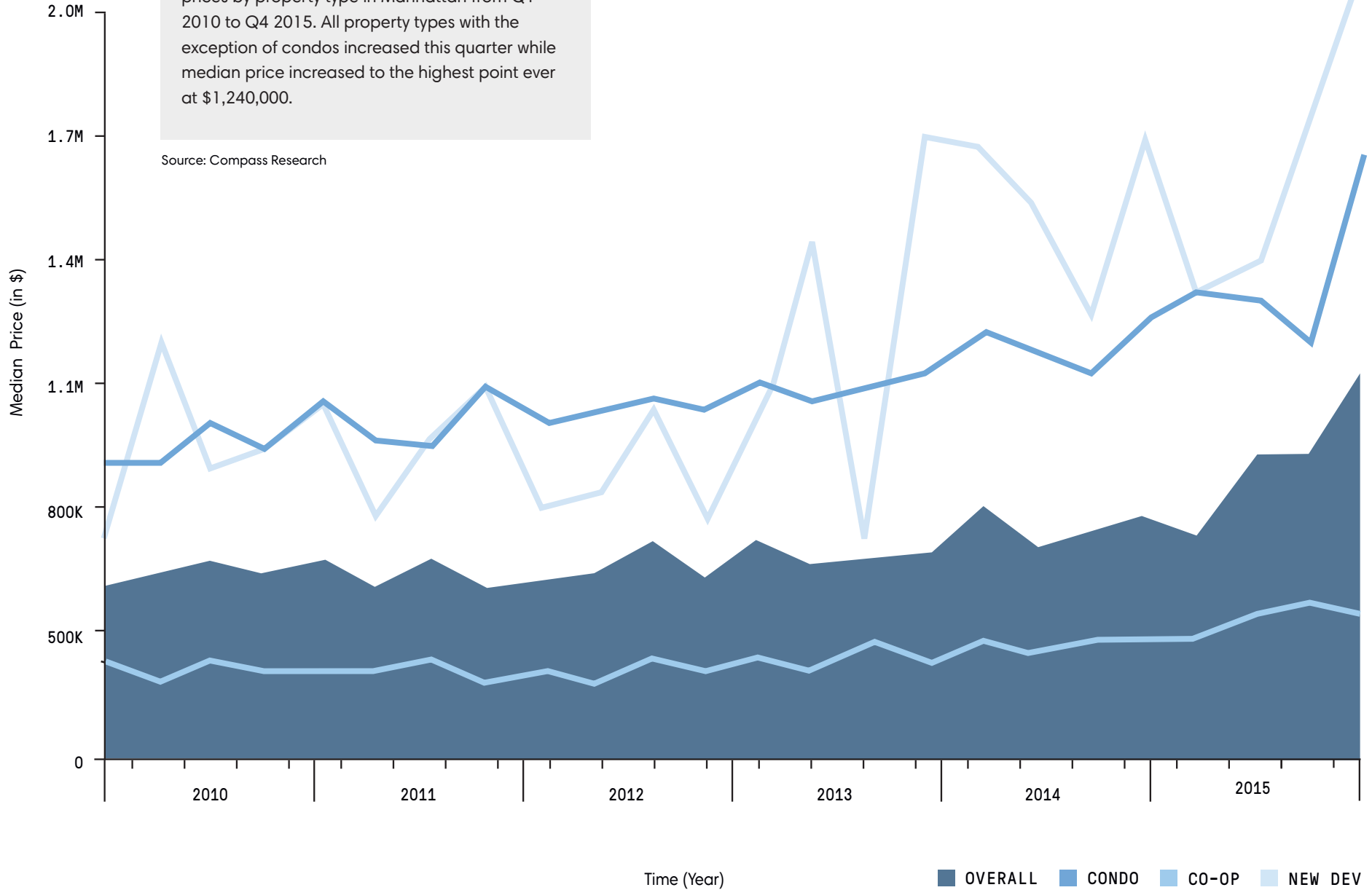
New development median PPSF levels also hit new highs, recording \$1,744 this quarter. This is a 12% jump from last quarter when the median was \$1,554, and a 6% jump from Q4 2014 when the median was \$1,638. Since the recession, new development PPSF has seen a 62% price increase.

Median Price By Property Type

The chart depicts the overall median closing prices by property type in Manhattan from Q1 2010 to Q4 2015. All property types with the exception of condos increased this quarter while median price increased to the highest point ever at \$1,240,000.

Source: Compass Research

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Inventory

Inventory hit the lowest level of the past eight consecutive quarters, with 8,740 available units. As overall availability declined, less expensive properties decreased share while more expensive properties continued to increase market share.

	FIGURE	SHARE	YoY
AVAILABLE:	8,740		-13.0%

PRICE CATEGORY

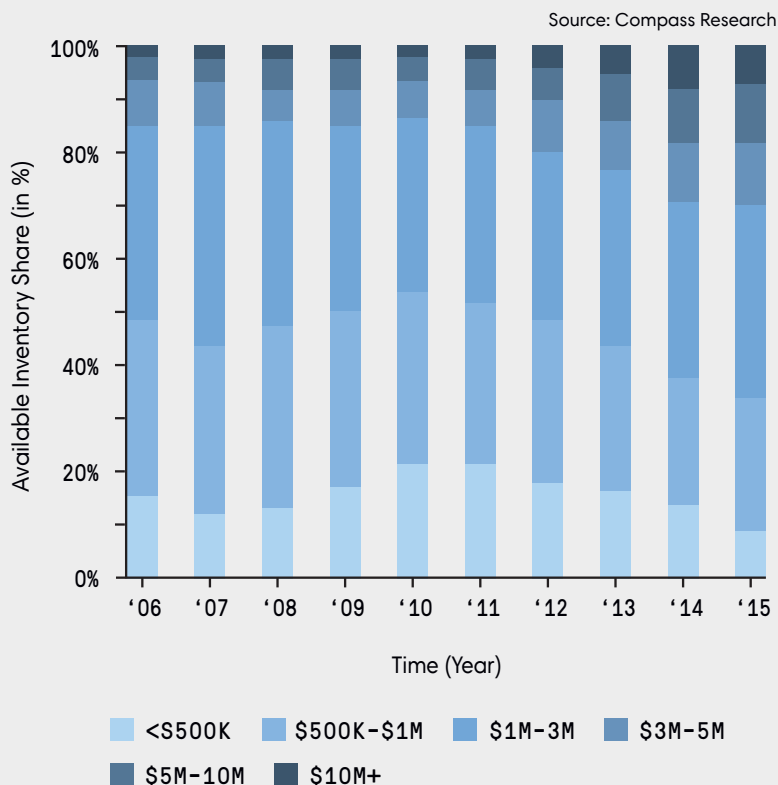
<\$500K:	852	9.9%	-36.2%
\$500K-1M:	2,129	24.9%	-9.1%
\$1M-3M:	3,071	35.9%	-4.8%
\$3-5M:	995	11.6%	+2.6%
\$5-10M:	903	10.5%	-14.2%
\$10M+:	615	7.2%	-5.7%

PROPERTY TYPE

CONDO:	4,168	47.7%	-17.3%
CO-OP:	3,988	45.6%	-11.0%

BEDROOM TYPE

STUDIO:	1,149	13.5%	-18.6%
1BR:	2,696	31.6%	-16.4%
2BR:	2,433	28.5%	-12.0%
3BR:	1,256	14.7%	-16.7%
4BR+:	992	11.6%	-13.7%



Q4 Available Inventory Shares by Price Category

The chart depicts the total available listing percentage (%) shares as they relate to price categories. Q4 2015 witnessed the smallest % shares of available inventory amongst any Q4 with only 34.8% of available inventory falling below the \$1M threshold.

Inventory Shrank While Demand Remained Steady

Overall inventory was compressed throughout the year, with the fourth quarter continuing the downward trend. Available units dipped 11% from last quarter and 13% year-over-year to 8,740, the lowest level recorded in eight quarters. Fourth quarter inventory was also down 5% from the 10-year quarterly average of 9,210 units.

Carryover inventory, defined as available inventory that was listed prior to the fourth quarter, accounted for 50% of total properties. This marked a shift from the previous quarter when 74% of active listings were carried over, suggesting a newly heightened marketplace where properties are being traded at a more rapid rate.

The constrained inventory is due in part to a lack of high-density buildings being constructed throughout Manhattan as developers build fewer, larger apartments, attempting to maximize the premium PPSF for larger bedroom counts. Furthermore, in what has been widely perceived as a bull-market, sellers have delayed listing properties expecting further appreciation in the future.

Main Points:

- Inventory Shrank While Demand Remained Steady
- Less Expensive Properties Reduced Share as Pricey Listings Remained on Market
- Condo and Co-op Inventory Shares Balanced

Less Expensive Properties Reduced Share as Pricey Listings Remained on Market

Listings priced under \$500,000 reduced market share by 4% from Q4 2014 to 9.9%. This is the first time the price bracket entered single-digits in the fourth quarter. The decline in share, down a remarkable 39% from the 10-year quarterly average of 16.4%, signifies the strong demand and limited supply, where properties listed in this price category often sell at a much more rapid rate than those priced at higher levels.

In contrast, listings priced at \$10M+ controlled 7% of market share. This represents a 95% increase over the 10-year quarterly average of 4% and the fifth straight fourth quarter of an increase in total share. The rise is twofold: developers are constructing more ultra-luxury apartments in this price category while these apartments take a significant longer period of time to sell. As more listings are added to this price category, selling at a comparatively slower rate, the market becomes ‘top-heavy’ as total share increases.

For the second straight fourth quarter, the \$3-5M and \$5-10M price brackets controlled double-digit shares of the market. The \$3-5M bracket increased 1% year-over-year to 12% while the \$5-10M segment remained flat at 11%.

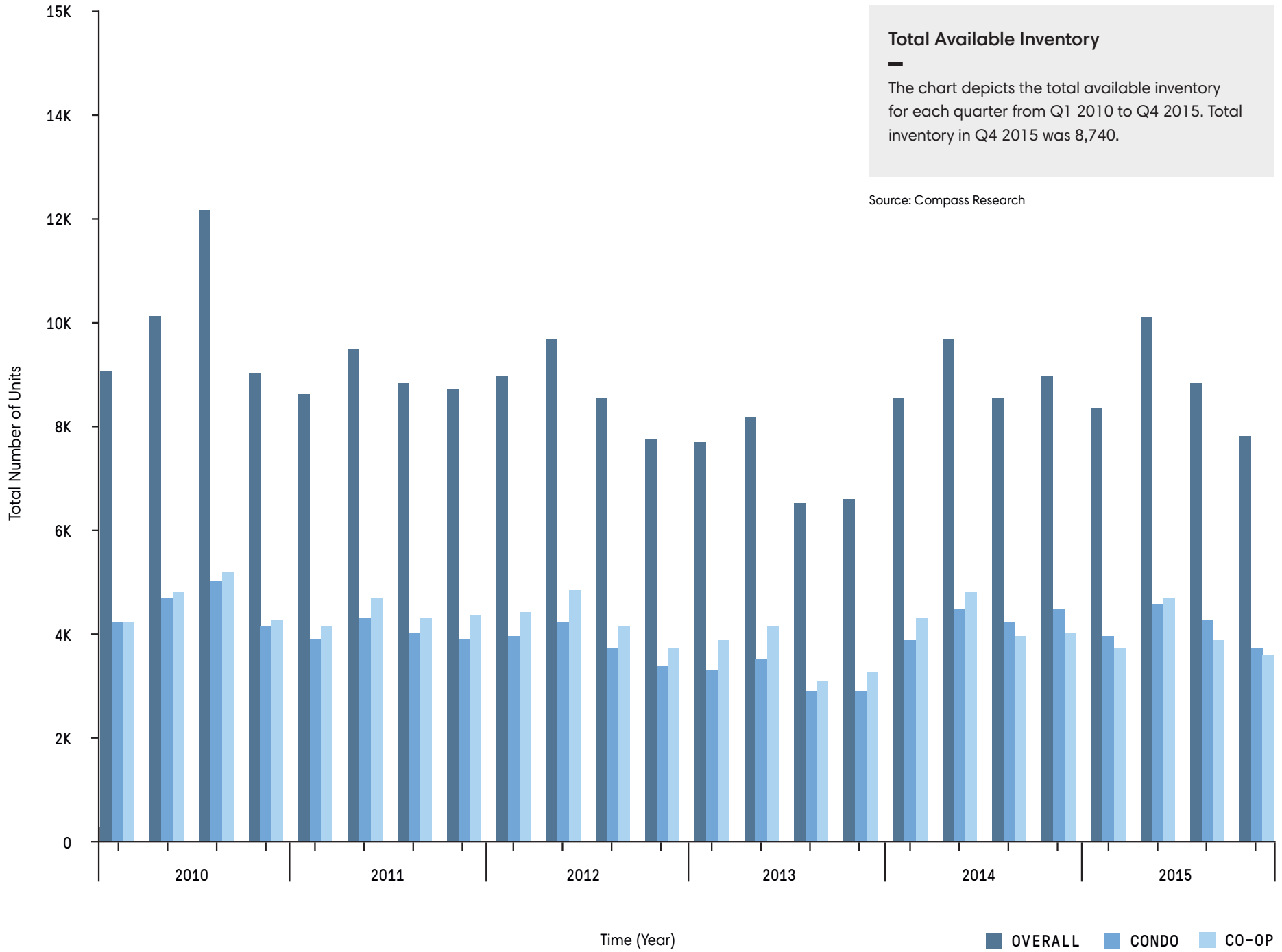
Condo and Co-op Shares Balanced

Condo inventory accounted for 48% of total inventory, consistent with Q3 2015 but down from 50% one year ago. The total share is up from the 10-year average of 47% as well as the post-recession average of 45%. The increase in total condo share signals a growing and expanding market with more new development than the post-recession years.

As the share of condo inventory rose, co-op shares maintained from the previous quarter at 46%. However, this is down from the post-recession average of 48% and down slightly from the 10-year average of 47%. Prior to the recession, condo share was 55% of inventory while co-ops were 38%.

Amongst new inventory, condos and co-ops both accounted for 47% of total share. For condos, this is an increase from the 10-year average of 44% and up from the post-recession average of 43%. However, co-ops lost share from the 10-year average of 50% and the post-recession average of 51%.

INVENTORY

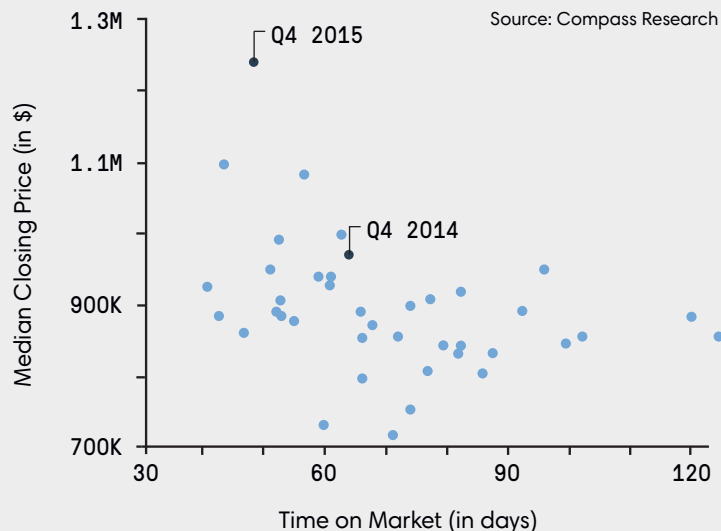




Time on Market

Q4 2015 properties recorded the highest median sold price while spending the least amount of time on the market of any fourth quarter in the past 10 years.

	FIGURE	YoY
TIME ON MARKET (DAYS):	48	-23.9%
PRICE CATEGORY (DAYS)		
<\$500K:	45	-25.0%
\$500K-1M:	40	-23.1%
\$1M-3M:	51	+10.5%
\$3-5M:	70	-30.7%
\$5-10M:	71	+61.0%
\$10M+:	190	+20.3%
PROPERTY TYPE (DAYS)		
CONDO:	55	-34.5%
CO-OP:	44	-15.4%
BEDROOM TYPE (DAYS)		
STUDIO:	48	-21.3%
1BR:	44	-18.5%
2BR:	50	-20.6%
3BR:	67	-32.2%
4BR+:	71	-54.2%



Time on Market

The chart depicts median days on market and median closing prices for all quarters between Q1 2006 and Q4 2015 and details Q4 2015's performance relative to all other quarters during the period of observation. This quarter has outperformed nearly all other quarters with median days on market equating to 48 days while at the same time witnessing median sale price reach a record \$1,240,000.

Prices Climb, Pace Accelerates

The fourth quarter of 2015 experienced an increase in prices, while properties spent less time on the market - the period defined as the time from listing date to signed contract date. The shift towards faster-paced absorption continued from Q3 2015. Overall, 59% of sales occurred within the first 59 days of listing and only 11% were on the market more than 180 days.

Main Points:

- Q4 2015 Properties Spent the Shortest Time on Market of all Previous Q4s since 2006
- Downtown and the Upper West Side had the Greatest Share Sell within the First 30 Days
- High Priced Sales Slowed

Q4 2015 Properties Spent the Shortest Time on the Market of all Previous Q4s since 2006

The fourth quarter of 2015 measured the shortest time a property was listed on the market compared to all previous fourth quarters since 2006. The median time on market was 48 days, down 25% from the 10-year average of 64 days, and down 24% from the 63-day median one year ago. Additionally, total time on market in Q4 2015 was down 61% from the record 122 days set in Q4 2010.

The decrease in time spent on market was due to several drivers. Speculation of an increase in the Federal Interest Rate was a lingering concern throughout the quarter. The potential rise in interest rates encouraged buyers to purchase before an increase since the overall cost of ownership would be lower, especially when securing financing. Moreover, in the past 10 years the average median price increased 1.7% per quarter; the current median price registered \$1.2M.

The Manhattan rental market continued to play a role in affecting potential buyers. The median rental price climbed for the 21st consecutive month, topping \$3,300 and was 4% higher than one year ago. The average rental price maintained a level above \$4,000 per month.

Downtown and the Upper West Side had the Greatest Share Sell within the First 30 Days

The Upper West Side had the greatest share of properties enter into contract within the first 30 days on market, totaling 36%. This is an increase from 33.6% one year ago. Strong demand in the area was accredited to the relatively affordable price-point, where 82% of home sales were below \$3M; 43% were priced between \$1-3M. Only 8.2% of properties spent more than 180 days on the market before entering contract.

Downtown, 35% of listings sold in the first 30 days. This is a measurable increase from Q3 2015 when only 29% sold in the same time period and is a 1.6% increase from 33% one year ago. Only 6% of homes in the area are priced below \$500,000, while 31% are priced above \$3M. Conversions and new construction developments have dominated the Downtown residential arena. The market continued to attract a wide-range of buyers and has increasingly become a first choice destination for living, entertainment, culinary, and shopping, creating a 24/7 community.

Upper Manhattan had the largest year-over-year increase in properties sell within the first 30 days. Presently, 33.9% sell in that time, up an astonishing 70% from one year ago when only 20% sold in the same time period. The spike in sales is due to Upper Manhattan having the highest contingency of properties priced below \$500,000 at 22%. These buyers often compare properties to Brooklyn, another marketplace with growing demand. Overall, 70% of homes were sold and 69% of inventory was priced under \$1M in the fourth quarter.

High Priced Sales Slowed

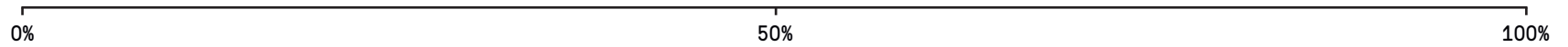
Amid the growing trend of high-end luxury projects constructed throughout Manhattan, buyers have seemingly taken a pause as the competition among new and resale luxury buildings grew in the fourth quarter. Of homes priced above \$10M, 55% sold in more than 180 days. This signifies a substantial increase, which is 89% higher than the 29% reported in Q3 2015 and a 78% jump from 32% one year ago.

Year-over-year, properties that entered contract in the first 59 days priced above \$10M dropped from 49% to 24%. However, contract signings were up 13% from the previous quarter, when only 21% of homes accounted for the same time period.

A further indicator of competition amid slowing sales is the status of ultra-luxury projects located along the Central Park South corridor. CIM and Harry Macklowe, the developers behind Manhattan's current tallest luxury tower 432 Park Avenue, are shrinking full-floor units on some of the top floors that typically command the highest prices.

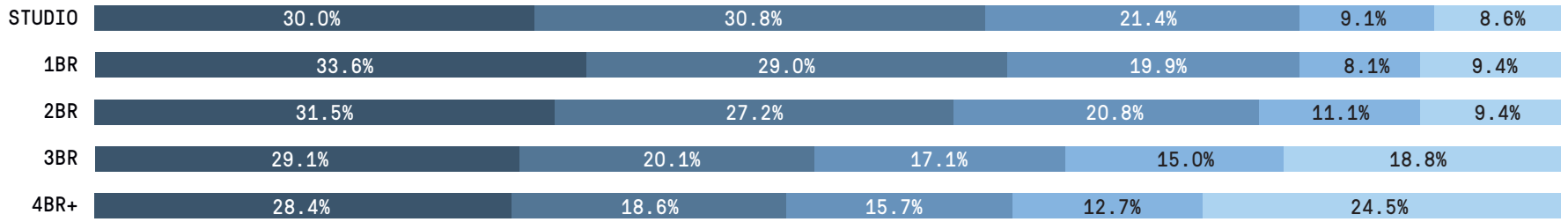
Another concern is the rise of additional ultra-luxury towers yet to be built, including JDS Development Group's 111 West 57 Street and Extell's Central Park Tower located at 225 West 57 Street, which will claim the title of tallest residential building in New York City, topping 1,500 feet.

TIME ON MARKET

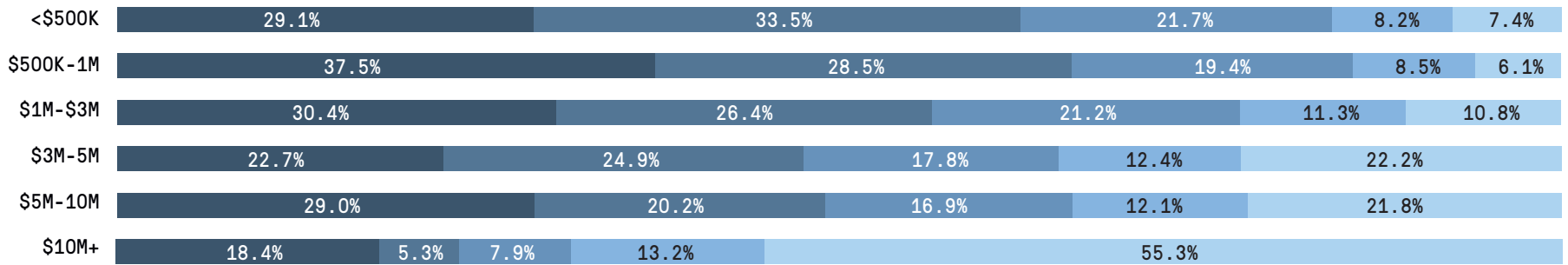


Bedroom Category

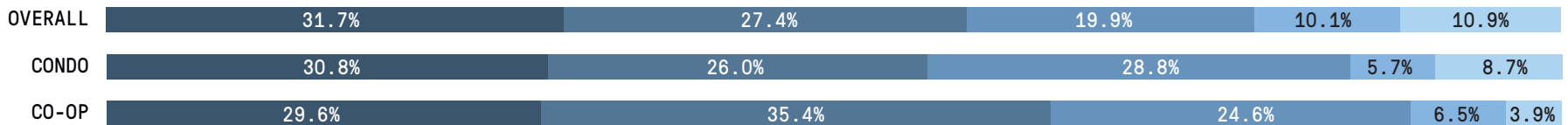
Source: Compass Research



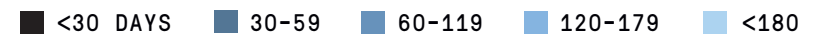
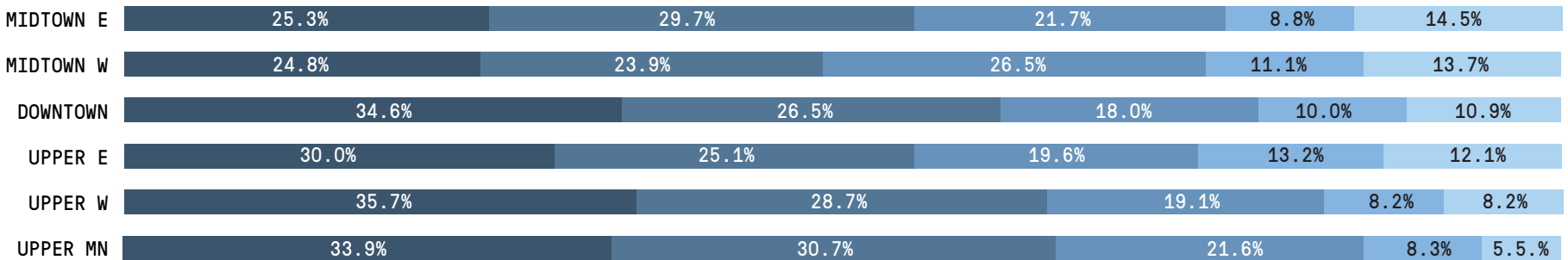
Price Category



Property Types



Major Market

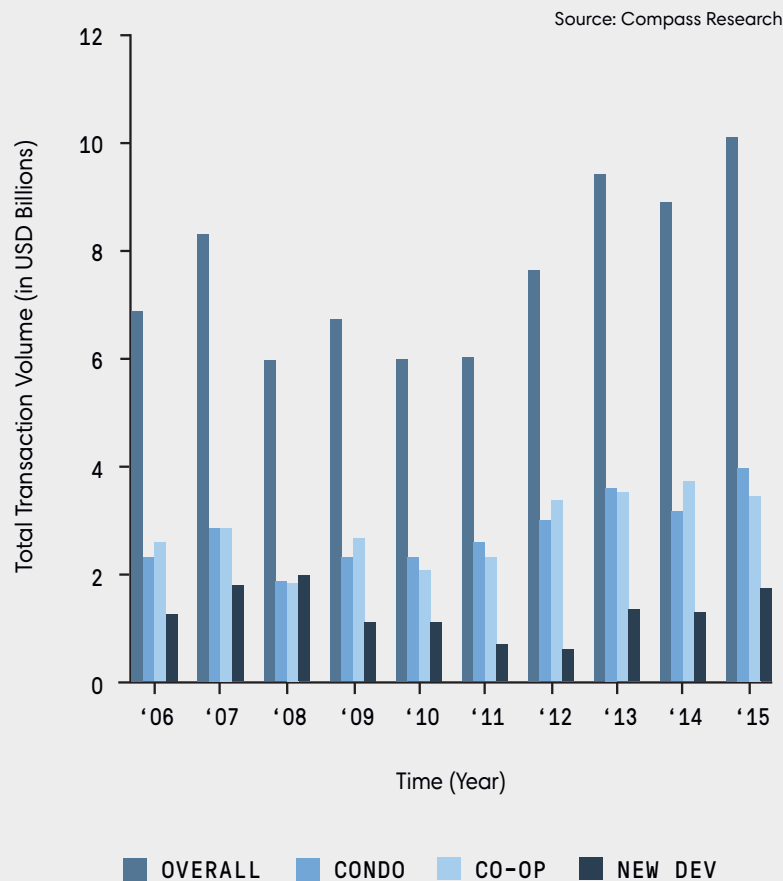




Closings

As total closings increased year-over-year, Q4 transaction volume reached a record high despite a total supply drop from one year ago.

	FIGURE	SHARE	YoY
TOTAL CLOSINGS	3,793		10.0%
CONDO - RESALE	1,208	31.8%	+13.9%
CO-OP - RESALE	1,848	48.7%	-4.0%
NEW DEVELOPMENT	538	14.2%	+63.0%
MONTHS OF SUPPLY:	6.8		-23.1%



Transaction Volume

The chart depicts the total historic Q4 transaction volume in dollars (\$) of closed sales in Manhattan by property type.

Months of Supply Decreased 23% Year-Over-Year

The total months of supply, or time it would take for all current available inventory to sell, dropped 23% year-over-year to 6.8 months. This level is 7% below the 10-year fourth quarter historic average of 7.3 months and 21% below the 9 months of supply measured in Q4 2008. Strong demand before years-end and speculation among a potential rise in interest rates encouraged buyers to purchase properties at a quicker rate.

Condo supply saw the most drastic decrease, dropping 29% to 10 months from the 14 months of supply recorded in Q4 2014. Condo inventory is also down 17% from the 10-year fourth quarter average of 12 months. Co-op shares were down 9% year-over-year, hitting 6 months of total supply. This is down 4% from the 10-year average of 7 months. The drop is attributed to market speculation where properties have been appreciating at a more rapid rate post-recession. In turn, this prompts buyers to enter the market to realize future gains.

Although there has been an average gain of 2% per quarter since 2006, absorption witnessed record quarter-over-quarter decreases in 2015, with an average drop of 5%. The most notable declines were in Q2 and Q3, which both saw quarter-over-quarter reductions of 21%.

Main Points:

- Months of Supply Decreased 23% Year-Over-Year
- Q4 Transaction Volume Hit a Fourth Quarter Record, Topping \$10B
- New Development Number of Closings Reached a Pre-Recession High

Q4 Transaction Volume Hit a Fourth Quarter Record, Topping \$10B

The fourth quarter of 2015 experienced a record-shattering level of transaction volume, delivering over \$10B in sales volume. This amount, up 14% from \$9B in Q4 2014, tops the pre-recession high of \$8B in 2007 by 22%. The increase came despite a reported 3,793 closings in Q4 2015, a 19% drop from 2007 when 4,654 were recorded.

Condo revenue encompassed 39% of the Q4 total with \$4B in volume. This is a 27% increase from \$3B one year ago and a 40% surge from the \$2.8B pre-recession high. Q4 2015 condo revenue reached a 10-year fourth quarter record. Co-ops, which measured 34% of the total, were down 7% year-over-year but up a significant 22% from the previous high of \$2.8B generated prior to the recession.

New development closings made up 17% of total transaction volume with \$1.8B in sales. Although a noteworthy gain of 39% from \$1.3B last year, this is 14% below the pre-recession high of \$2B. New development fourth quarter volume changes have averaged a 10% increase since Q4 2006.

New Development Number of Closings Reached a Pre-Recession High

The new development sector of the market, often one indicator of overall health and future changes, recorded the most closings since the pre-recession high in 2008. A total of 538 closings were recorded in the fourth quarter, totaling 14% of closed deals. This is an increase of 63% from one year ago when 330 new development deals closed, making up 10% of the total, but still a measurable decline of 56% from the 1,219 properties closed in Q4 2008, which made up 34% of closings.

Condo closings increased by 14% from Q4 2014 with 1,208 deals, and increased by 1% in share to 32% of the total. Co-ops, while still capturing the majority of deals at 49% with 1,848, were down from 56% from one year ago when co-ops reached 1,926 deals. Co-ops dipped below the 50% market share-rate for the first fourth quarter since 2008, when they made up 41% and are below the 10-year fourth quarter average of 51%.

