

Q4 2022

Brooklyn Market Report

SERHANT.

Letter From Garrett



GARRETT DERDERIAN
Director of Market
Intelligence

The Brooklyn housing market continued to slow in the fourth quarter as rising rates, financial market volatility, and a decreased supply of move-in ready homes impacted the pace of sales. Market-wide, the average price increased 6.0% to \$1,181,121 and the median price increased 5.6% to \$950,000. The average price-per-square-foot increased 5.3% to \$869. While these metrics were not at record levels, they continue to hover near all-time highs, suggesting the market is nearing a state of balance following the frenzy of sales activity that took place since the start of the pandemic. The luxury threshold, representing the top 10% of transactions, had an entry point of \$2,198,000, up 7.2% from the fourth quarter last year, but down 6.5% from the third quarter. Within the luxury subset, 42% of sales were for condos, 55% for 1-3 family homes, and 3% were for cooperatives. Overall, listings spent an average of 114 days on the market, the same as the third quarter. The average discount from initial list price was 5.3%, up from 1.8% last quarter and up from 4.0% in the fourth quarter of last year. Still, the discounts varied by property type, with condos noting the smallest discounts of just 2.2%. The greatest discounts, averaging 8.6%, were for 1-3 family homes. Notably, many of the townhomes currently trading require substantially more work than those that traded over the last year, explaining their higher discount rates. Still, by market, North and Northwest Brooklyn had the smallest discounts at just 3.0% each. As we move into 2023, we expect buyers and sellers to find common ground on price as mortgage rates continue to give buyers pause. Still, the borough has proven remarkably resilient, continuing to attract well-heeled buyers who view the borough as a first-choice destination.

Market Highlights:

Average Price

\$1,181,121

Year-Over-Year

6.0%

Median Price

\$950,000

Year-Over-Year

5.6%

Average PPSF

\$869

Year-Over-Year

5.3%

52.0%

Share of Inventory
Over \$1M

5.3%

Average
Discount

21.5%

Of Properties Took
Less Than 30 Days
To Enter Contract

43.7%

Share of Closings
Over \$1M

114

Average Days on
Market

16.6%

Of Properties Took
Over 180 Days
To Enter Contract

Closed Sales

There were 2,340 fourth quarter sales in Brooklyn, a decline of 15.2% over this time last year. Condos, which made up 34% of sales, had the smallest discounts at just 2% off the initial list price. Their median price was up 7% to \$995,000 and their average price increased 10% to \$1,282,529. Their average price-per-square-foot jumped the most of any property type, up 11% to \$1,234. 1-3 family homes also noted price increases but had the greatest discount of any property type at 9%. Their median price was up 10% to \$1,120,000 and their average price was up 5% to \$1,365,517. Co-ops, with 20% market share, were the only property type to note price declines. Their median fell 14% to \$422,500 and their average fell 13% to \$574,981. By area, Northwest Brooklyn was the costliest and showed the greatest price appreciation: its median price increased 19% to \$1,369,000 and average price increased 12% to \$1,745,690. The area, along with North Brooklyn, had the smallest discounts of just 3%. In North Brooklyn, the median was up 2% to \$1,275,000 and average was up 12% to \$1,585,047.

By Property Type

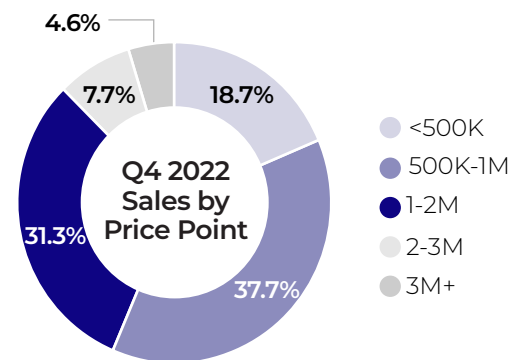
	% Units	Average Discount	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
Condo	34%	2%	\$995,000	7%	\$1,282,529	10%	\$1,234	11%	1,076	-5%
Co-op	20%	5%	\$422,500	-14%	\$574,981	-13%	\$633	-10%	893	-4%
1-3 Family	47%	9%	\$1,120,000	10%	\$1,365,517	5%	\$611	3%	2,507	1%

By Location

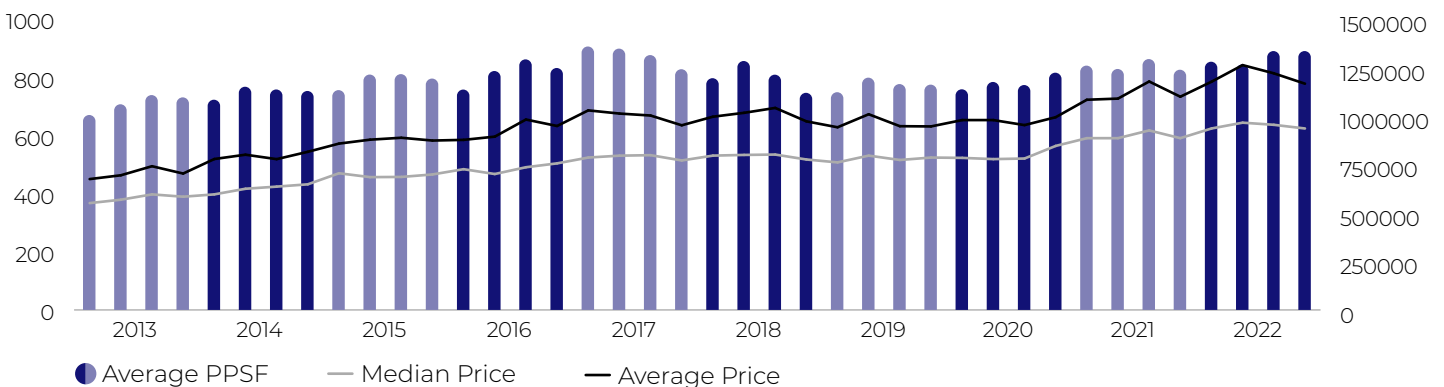
	% Units	Average Discount	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
North Brooklyn	13%	3%	\$1,275,000	2%	\$1,585,047	12%	\$1,284	14%	1,422	-3%
Northwest Brooklyn	25%	3%	\$1,369,000	19%	\$1,745,690	12%	\$1,252	4%	1,561	11%
East Brooklyn	14%	6%	\$900,000	3%	\$1,034,388	4%	\$752	5%	1,714	-5%
South Brooklyn	48%	7%	\$740,853	-1%	\$850,834	3%	\$556	6%	1,635	1%

By Price

The median price in Brooklyn was \$950,000, up 5.6% from this time last year and the average price was \$1,181,121, up 6.0%. The average price-per-foot was \$886, up 5.3% from this time last year and just off the near-record high. The greatest number of sales were priced between \$500,000-1 million, with 37.7%. That was followed by the \$1-2 million tranche, with 31.3%, and sales under \$500,000, with 18.7%. Sales priced \$2 million and above totaled 12.3% of the market. Market-wide, discounts averaged 5.3% off the initial list price. The greatest negotiation was for properties priced under \$500,000, at 6.6%. That was followed by the \$1-2 million range at 6.1%. The smallest discounts were for those priced between \$2-3 million, at 2.5%.



Historical Price Trends



Contracts Signed

There were 1,493 contracts signed in the fourth quarter, a drop of 39.0% from one year ago and the lowest quarterly total since the second quarter of 2020 when the market was closed to in-person showings due to the pandemic. It was the lowest fourth quarter total since 2016 when 1,338 contracts were reported. Condos made up 36% of contracts and saw their median price drop 2% and average fall 1%. However, they were the only property type with a price-per-foot increase, up 2% to \$1,194. Co-ops showed the greatest losses, with their median down 9% and average down 1%. 1-3 family homes saw a median price rise of 1% but average drop of 3%. This was due to more homes trading in the South submarket, which is more affordable. By market, Northwest Brooklyn was the most expensive, where 33% of contracts were reported and the median price was up 2% to \$1,375,000 and average price was up 2% to \$1,870,996. North Brooklyn was the second costliest, with its median dipping 2% to \$1,275,000 and average down 4% to \$1,443,338. The most affordable region was South Brooklyn, where the median slipped 11% to \$689,888 and average fell 7% to \$832,940.

By Property Type

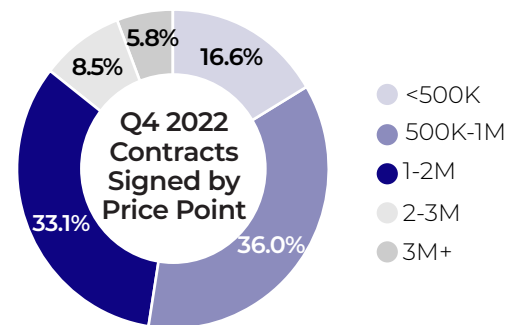
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
Condo	36%	\$1,010,000	-2%	\$1,327,579	-1%	\$1,194	2%	1,106	-1%
Co-op	26%	\$499,000	-9%	\$684,155	-1%	\$634	-6%	921	4%
1-3 Family	38%	\$1,361,500	1%	\$1,697,065	-3%	\$684	-6%	2,491	-1%

By Location

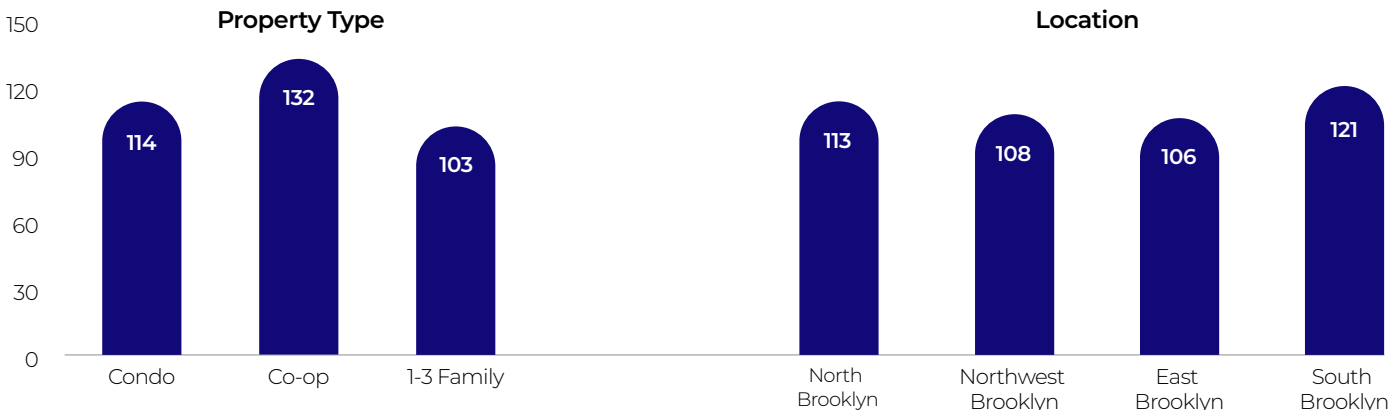
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
North Brooklyn	11%	\$1,275,000	-2%	\$1,443,338	-4%	\$1,201	3%	1,427	-2%
Northwest Brooklyn	33%	\$1,375,000	2%	\$1,870,996	2%	\$1,273	1%	1,641	7%
East Brooklyn	15%	\$977,000	3%	\$1,155,879	-1%	\$770	-2%	1,775	3%
South Brooklyn	42%	\$689,888	-11%	\$832,940	-7%	\$561	-3%	1,555	-6%

By Price

The greatest share of contracts signed, with 36.0%, were priced between \$500,000 - 1 million. These homes spent an average of 101 days on the market. The next greatest share of contracts was for properties priced between \$1-2 million, with 33.1% of deals. They spent an average of 100 days listed, making them the fastest moving properties. By comparison, those priced under \$500,000, with 16.6% share, spent the longest time listed, averaging 158 days. Properties priced between \$2-3 million made up 8.5% of contracts and spent 110 days listed. Those priced \$3 million and higher totaled 5.8% of contracts and spent 144 days on the market.



Average Days on Market



Active Listings

There were 3,592 active listings on the market at the end of the fourth quarter, a 1.4% increase from last year. The greatest share of listings was for 1-3 family homes, totaling 50% of all active properties. Condos followed with 31% and co-ops totaled 19%. Prices were up across all unit types. The median condo price was up 2% and average was up 5%. For co-ops, the median was up 5%, the most of any property type, and average was up 7%. 1-3 family homes showed similar increases, with their median price up 1% and average price up 7%. The greatest price-per-foot increase was for condos, where it grew 5% to \$1,162. By area, South Brooklyn had the most listings, with 53%. However, it was North Brooklyn, with just 9% of listings, that noted the greatest price improvements. There, the median price surged 20% and average price increased 19%. The increases were directly related to a 20% increase in average unit size. In Northwest Brooklyn, which remained the most expensive area, the median price increased 6% and average price increased 1%. East Brooklyn, with 15% of listings, saw its median price rise 10% and average increase 22%. The area had an average size increase of 10%, contributing to the overall rise.

By Property Type

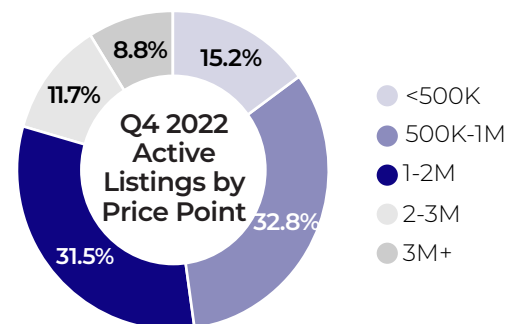
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
Condo	31%	\$944,700	2%	\$1,487,901	5%	\$1,162	5%	1,176	1%
Co-op	19%	\$429,000	5%	\$555,528	7%	\$555	4%	907	0.1%
1-3 Family	50%	\$1,499,000	1%	\$1,970,427	7%	\$746	2%	2,761	3%

By Location

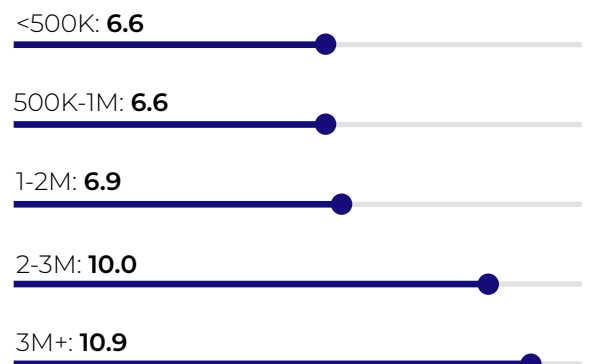
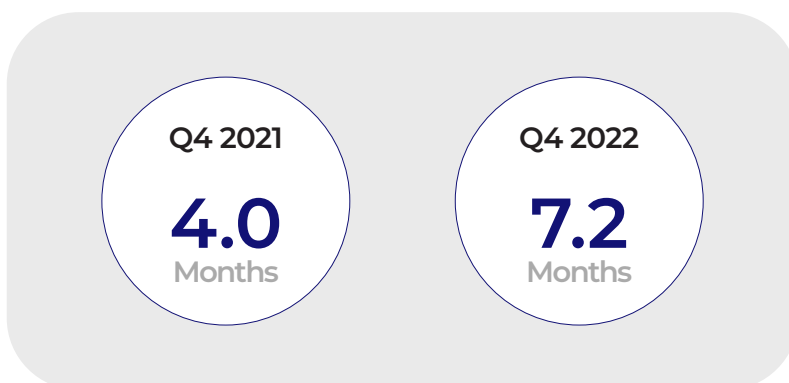
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
North Brooklyn	9%	\$1,495,000	20%	\$1,857,573	19%	\$1,150	9%	2,006	20%
Northwest Brooklyn	23%	\$1,850,000	6%	\$2,335,525	1%	\$1,375	3%	1,856	2%
East Brooklyn	15%	\$1,081,000	10%	\$1,496,800	22%	\$729	-1%	2,083	10%
South Brooklyn	53%	\$825,000	6%	\$1,147,062	6%	\$624	4%	1,842	5%

By Price

The greatest supply level for active listings is those priced between \$500,000 – 1 million, with 32.8% market share. They have the lowest level of supply at 6.6 months, tying those priced under \$500,000 which make up 15.2% of the market. The second greatest share of listings is for those priced between \$1-2 million, with 31.5% of the market. They have 6.9 months' supply, indicating a market that is beginning to slightly favor buyers. The \$2-3 million tranche totaled 11.7% of listings and has 10 months' supply while the \$3 million and above market totaled 8.8% of listings and had 10.9 months' supply, the greatest of any bracket.



Months of Supply



Research

Garrett Derderian

Director of Market Intelligence

garrett@serhant.com

917.291.9159

The information compiled by SERHANT. is produced and analyzed from sources deemed to be reliable. SERHANT. makes no representations or warranties, express or implied, with respect to future market conditions or prices of residential product at the time the subject property or any competitive property is complete and ready for occupancy or with respect to any report, study, finding, recommendation, or other information provided by SERHANT. herein. Moreover, no warranty, express or implied, is made or should be assumed regarding the accuracy, adequacy, completeness, legality, reliability, merchantability, or fitness for a particular purpose of any information, in part or whole, contained herein. All material is presented with the understanding that SERHANT. is not providing any legal, accounting, or other professional services. Nothing in this report shall constitute an offer or solicitation with respect to purchase, sale or rental of any property. Any and all such warranties are hereby expressly disclaimed. © 2023, SERHANT. This report and the information provided in this report are proprietary to SERHANT and may not be sold, used or reprinted, in whole or in part, without the prior written consent in each instance of SERHANT. Equal Housing Opportunity. All Rights Reserved. Methodology: Visit SERHANT website market reports page.