

Q3 2022

Brooklyn Market Report

SERHANT.

Letter From Garrett



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The Brooklyn housing market began to slow in the third quarter as rising rates and a reduced number of listings impacted the market. There were 2,940 sales in Q3, 10.9% less than Q3 last year. Borough-wide, the Q3 median price was \$969,004 and the average price was \$1,234,687, up 3.1% and 3.5%, respectively. Both figures are the second highest on record, falling just short of the numbers in the second quarter. Most notably, discounts in the borough are at all-time lows, averaging just 1.8% off the initial list price. By property type, condos average a 1% discount and 1-3 family homes averaged 3%. By area, Northwest Brooklyn offered no discounts, a submarket first, while North Brooklyn averaged just 1%. The greatest discounts were in South Brooklyn where they averaged 4% off. Homes that entered contract found buyers in an average of 114 days, down from 174 days last year. The severely restricted supply of 1-3 family homes resulted in those homes selling in an average of 103 days. As we look ahead, activity will likely slow in the fourth quarter as limited supply, rising mortgage rates, and fluctuating financial markets have rippling effects through the market. Still, since the pandemic, Brooklyn has fared considerably better than Manhattan as buyers have sought out neighborhood enclaves that offer a greater sense of community and green space. While we expect the desirability of Brooklyn to only grow that growth will skew towards the higher end of the market, which could price entry level buyers and those with smaller budgets out of the market entirely.

Market Highlights:

Average Price

\$1,234,687

Year-Over-Year

3.5%

Median Price

\$969,004

Year-Over-Year

3.1%

Average PPSF

\$892

Year-Over-Year

3.4%

52.7%

Share of Inventory
Over \$1m

1.8%

Average
Discount

23.2%

Of Properties Took
Less Than 30 Days
To Enter Contract

45.3%

Share Of Closings
Over \$1m

114

Average Days On
Market

25.3%

Of Properties Took
Over 180 Days
To Enter Contract

Closed Sales

There were 2,940 Q3 sales in Brooklyn, a decline of 10.9% over this time last year. Prices were mixed across unit types. Condos saw moderate growth, with both their median and average prices up 3%. Their price-per-foot was up 6%, although their average size dropped 7%. 1-3 family homes also noted growth with their median price up 9% and average price up 7%. They had the highest price-per-foot increase, jumping 8%. By market, Northwest Brooklyn performed the best and prices continued to climb. There, the median price was up 11%, the most of any submarket, and the average price was up 9%. In nearby North Brooklyn, price growth was slightly more muted. The median grew 2%, but average fell 3%. However, an 11% drop in unit size, fueled by more buyers seeking out efficient units, resulted in the drop rather than a loss in real value. East and South Brooklyn also showed healthy improvement with their median prices up 3% and 4%, and average prices up 6% and 4%, respectively.

By Property Type

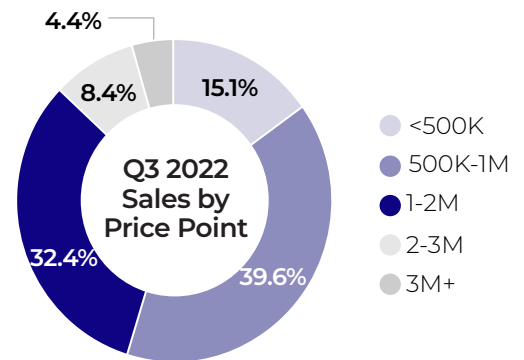
	% Units	Average Discount	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
Condo	35%	1%	\$975,000	3%	\$1,180,237	3%	\$1,159	6%	1,049	-7%
Co-op	21%	0.3%	\$525,000	-13%	\$728,519	-5%	\$759	-4%	906	-6%
1-3 Family	44%	3%	\$1,200,000	9%	\$1,515,327	7%	\$683	8%	2,525	3%

By Location

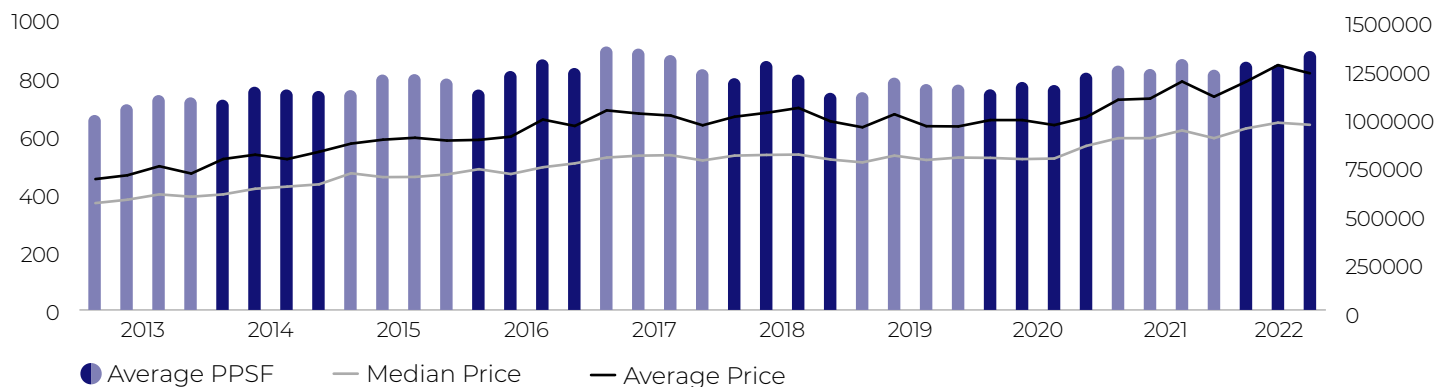
	% Units	Average Discount	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
North Brooklyn	12%	1%	\$1,137,500	2%	\$1,288,287	-3%	\$1,165	7%	1,305	-11%
Northwest Brooklyn	29%	0%	\$1,400,000	11%	\$1,815,109	9%	\$1,266	6%	1,521	1%
East Brooklyn	16%	2%	\$929,000	3%	\$1,139,931	6%	\$810	7%	1,830	4%
South Brooklyn	44%	4%	\$780,000	4%	\$915,005	4%	\$577	5%	1,640	-1%

By Price

The median price in Brooklyn was \$969,004, up 3.1% from this time last year and the average price was \$1,234,687, up 3.5%. The average price-per-foot was \$892, the highest level since the second quarter of 2017, the last market peak. The greatest number of sales were priced between \$500,000-1 million, with 39.6%. That was followed by the \$1-2 million tranche, with 32.4%, and sales under \$500,000, with 15.1%. Sales priced \$2 million and above totaled 12.8% of the market, up from 11.9% last year. Market-wide, discounts in the market were almost nonexistent, averaging a mere 1.8%. The greatest negotiation was for properties priced under \$500,000, at 4.3%. However, the \$2-3 million range saw no discounts, and home sales for properties costing \$3 million or more sold on average 0.7% above ask.



Historical Price Trends



Contracts Signed

There were 1,759 contracts signed in the third quarter, a drop of 25.7% from one year ago. Contract prices were largely down, due to fewer new development deals as a large portion of that inventory has already been sold. Condos made up 38% of contracts and saw their median price drop 10% and average all 4%. The price declines can be almost entirely attributed to smaller units trading, with the average size down 10%. Co-ops showed the greatest losses, with their median down 16% and average down 12%. 1-3 family homes saw a median price dip of 2% and average drop of 12%. This was due to more homes trading in the East and South submarkets, which are more affordable. By market, South Brooklyn was the most active, with 45% of contracts. There, the median increased 10% and average was up 8%. The costliest was Northwest Brooklyn, where the median was flat year-over-year and the average price dropped 5%.

By Property Type

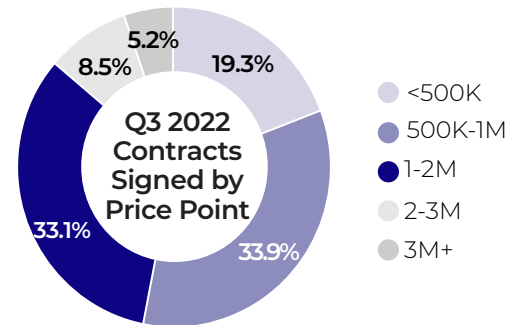
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
Condo	38%	\$995,000	-10%	\$1,251,618	-4%	\$1,192	4%	1,022	-10%
Co-op	24%	\$450,000	-16%	\$592,117	-12%	\$611	-10%	867	-6%
1-3 Family	38%	\$1,346,500	-2%	\$1,662,743	-12%	\$687	-13%	2,443	0%

By Location

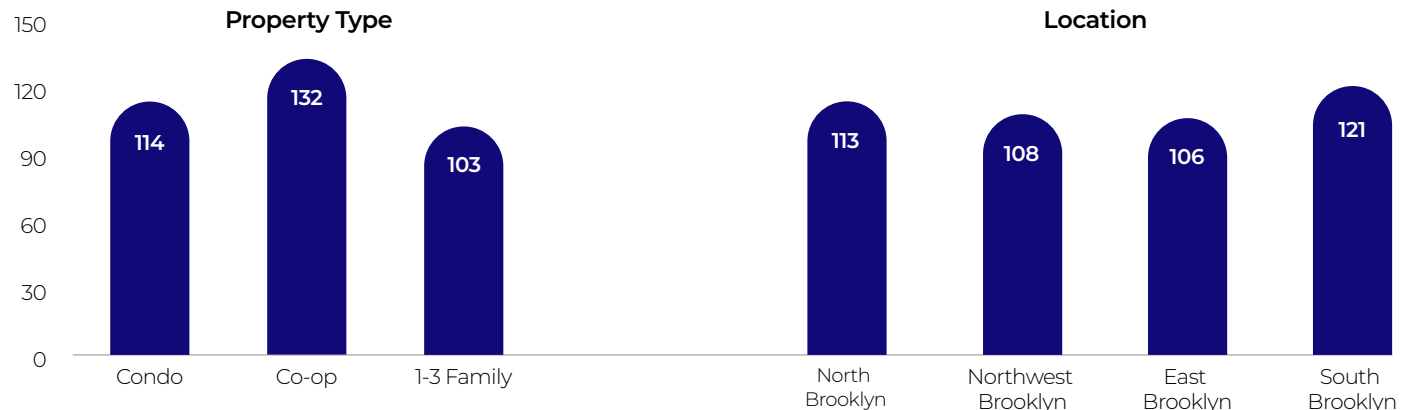
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
North Brooklyn	10%	\$1,295,000	4%	\$1,433,036	2%	\$1,176	-0.4%	1,507	12%
Northwest Brooklyn	31%	\$1,450,000	0%	\$1,811,144	-5%	\$1,298	1%	1,527	-0.1%
East Brooklyn	14%	\$922,000	-7%	\$1,075,664	-5%	\$806	4%	1,566	-6%
South Brooklyn	45%	\$745,000	10%	\$862,298	8%	\$594	5%	1,551	4%

By Price

The greatest share of contracts signed, with 33.9%, were priced between \$500,000 - 1 million. These homes spent an average of 101 days on the market, matching contracts priced between \$1-2 million, which totaled 33.1% of transactions. Notably, properties priced \$3 million and higher spent just 100 days listed, making them the fastest moving price tranche. They totaled 5.2% of the market. Contracts for properties priced between \$2-3 million made up 8.5% of sales and averaged 133 days listed. The slowest moving properties, averaging 154 days listed, were those priced under \$500,000. This segment of the market was the initial and most impacted subset by rising mortgage rates.



Average Days on Market



Active Listings

There were 4,162 active listings on the market at the end of Q3, a 10.3% less than last year, which followed a 31.0% yearly decline in Q3 2021. The greatest share of listings was for 1-3 family homes, totaling 47% of all active properties. Condos followed with 32% and co-ops had 21%. Like sales and contracts, price results were mixed based on property type. The greatest increases were for condos, where the median jumped 5% and average increased 14%. 1-3 family homes saw their median tick up 0.1% and average climb 2%. Conversely, co-ops saw their median price fall 8% and average drop 6%. While these are the most affordable property type in the borough, they are also the most negatively impacted by rising rates. However, when evaluated by market, prices were up across the board. Northwest Brooklyn, the most expensive area, saw the greatest median price increase, up 19%. East Brooklyn followed with its median up 15% and North Brooklyn saw its median rise 14%. South Brooklyn was the most affordable, with its median up just 1% from last year.

By Property Type

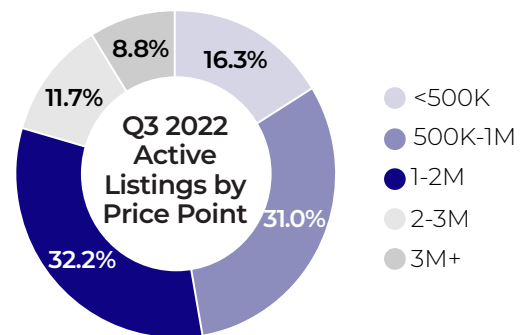
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
Condo	32%	\$999,999	5%	\$1,494,908	14%	\$1,188	8%	1,175	2%
Co-op	21%	\$429,000	-8%	\$586,676	-6%	\$570	-5%	992	7%
1-3 Family	47%	\$1,500,000	0.1%	\$1,934,462	2%	\$736	-4%	2,791	5%

By Location

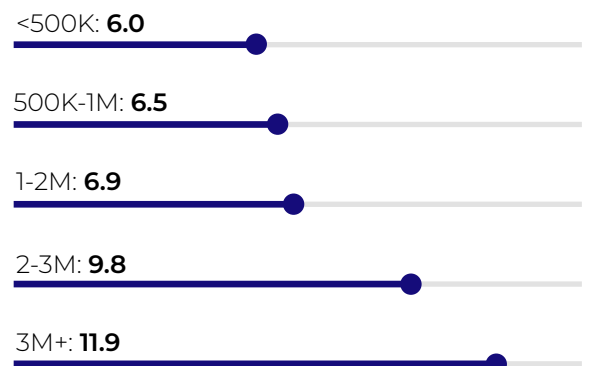
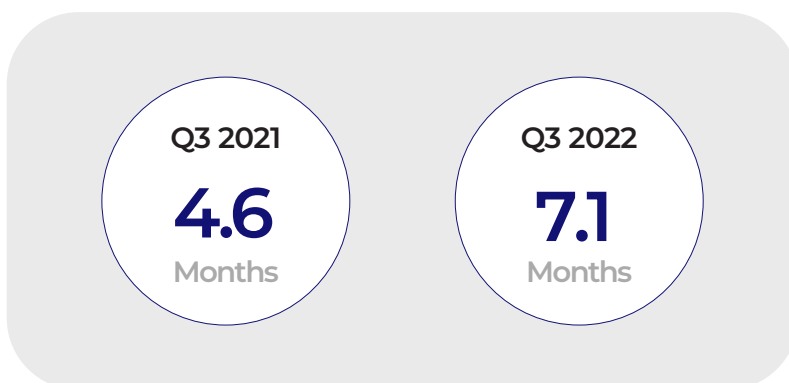
	% Units	Median Price	YoY	Average Price	YoY	Average PPSF	YoY	Average SF	YoY
North Brooklyn	10%	\$1,475,000	14%	\$1,803,777	10%	\$1,161	9%	2,006	12%
Northwest Brooklyn	25%	\$1,750,000	19%	\$2,177,749	5%	\$1,355	4%	1,840	7%
East Brooklyn	14%	\$1,150,000	15%	\$1,381,157	11%	\$756	2%	2,106	9%
South Brooklyn	50%	\$798,000	1%	\$1,101,583	4%	\$609	-2%	1,801	5%

By Price

For the third consecutive quarter, there were more homes on the market priced between \$1-2 million than \$500,000-1 million. The \$1-2 million tranche totaled 32.2% of the market while the \$500,000-1 million made up 31.0%. 11.7% of properties were priced between \$2-3 million and 8.8% were above \$3 million. As sales have slowed, Brooklyn is now back to being a buyers' market, with 7.1 months' supply. The greatest supply level is for homes priced \$3 million at higher, at 11.9 months, followed by the \$2-3 million range with 9.8 months. While these homes sold at the quickest pace, price growth in the borough exploded over the last two years, and there is now a larger supply of these homes available.



Months of Supply



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