

FINANCIAL TIMES

Can New York's property revival survive tariff turmoil?

2025 pointed to a pick-up following the city's lengthy post-pandemic malaise — but the top-of-year glow now has to be filtered through a new lens



By Mark Ellwood
April 18, 2025

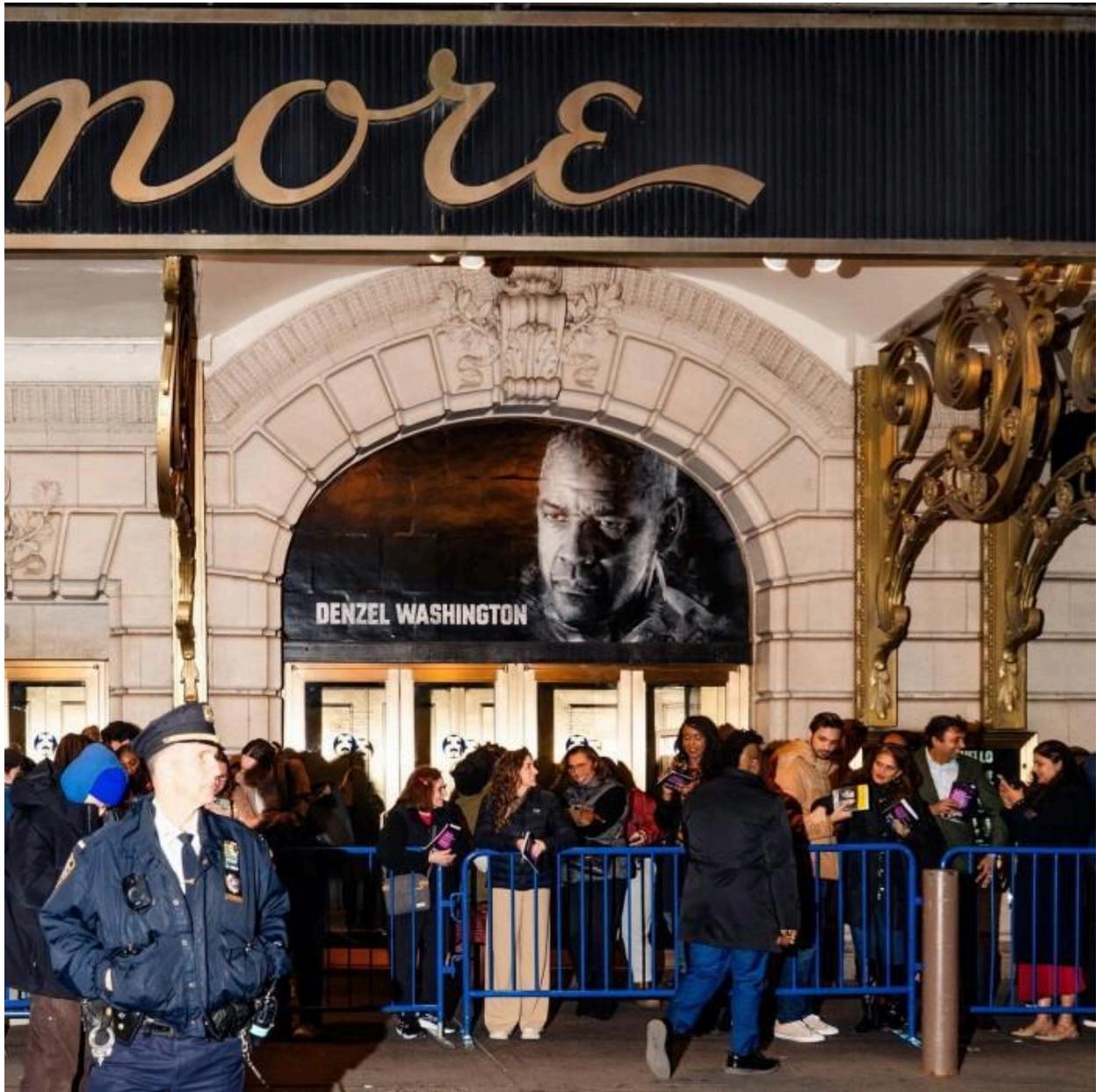
It had been shaping up to be a strong year for prime real estate in New York City. The market here typically has an annual rhythm, where transactions only truly begin after private schools return from spring break, which means it's often frenzied between April and mid-June. Yet over the past three months, there has been a surge of winter activity: data from top tier real estate firm Corcoran showed closings in that period rose 14 per cent year on year, the largest annual increase in the past three years. What's more, 215 of them were for properties worth more than \$5mn, 16 per cent above the five-year average for the first quarter. Knight Frank's latest Wealth Report, published in early

March, suggested a market revival in 2025 following a five-year period where prices fell 3.1 per cent; a true market expansion, perhaps, for the first time since 2019.

It's perhaps not surprising, given that — after its pronounced pandemic malaise — the city seems to be on a high-spending mission to enjoy itself: face value for top-price tickets to see Denzel Washington's middlingly reviewed turn as Othello opposite Jake Gyllenhaal's *Iago* hit \$921, helping it set a record for highest-grossing week for a non-musical in Broadway history after it opened in late March. Private members' clubs are mushrooming, competing for deep-walleted patrons to pay annual dues and fees — take San Vicente, which opened in the West Village last month as an east coast outpost of the Hollywood favourite, and which charges up to \$15,000 in initiation costs and \$4,200 in annual fees. French department store Printemps opened a 55,000 sq ft shop at One Wall Street at much the same time, unperturbed at the supposed challenges in that sector.

"I've been in New York City for a long time now. Its energy is back: crowded restaurants, busy streets, plenty of traffic," says Rebecca Patterson, former chief investment strategist at Bridgewater Associates who's now senior fellow at the Council on Foreign Relations.

Yet, as Patterson also recognises, the momentum — in housing and in city life — might well stall as a result of the presidential policy on tariffs instituted this month. Average rates for a 30-year fixed mortgage, the US default, reached 7.07 per cent on April 11, 47 basis points up from a week earlier, according to Mortgage News Daily, though some experts predicted they could climb higher.



Crowds wait outside the Ethel Barrymore Theater in March, where Denzel Washington and Jake Gyllenhaal star in 'Othello' © Amir Hamja/New York Times/Redux/eyevine



Printemps, the latest high-end department store in Manhattan, opened in March © Carlos Chiossone/ZUMA Press Wire/Shutterstock

She also cites data showing widespread caution around home-buying across the US as a whole; a University of Michigan consumer sentiment survey published on April 11 showed 83 per cent of respondents saying it was a poor time to buy a house. “The same survey showed consumer inflation expectations for the year ahead at 6.7 per cent, the highest recorded since 1981”.

Yet data from the Mortgage Bankers Association, published on April 9, showed mortgage applications up 20 per cent from a week earlier; the Refinance Index increased 35 per cent over the same period and was 93 per cent higher than the same week in 2024. Even though Americans might be nervous about real estate, it doesn't seem to be stopping them from making the investment.



San Vicente private members club, which recently opened in the West Village as an east coast outpost of the Hollywood favourite.

Real estate, of course, is fundamental to the economy of New York City, not least as a source of income for the authorities: since 2010, real estate-related taxes have provided an average of 51 per cent locally gathered taxes there. These revenues totalled \$37bn in 2024; more than double the \$18bn collected in 2010. The positive mood of the first quarter of 2025 suggested that this year could prove even better. But what was driving that unexpected fillip in the calendar, not to mention the general upward move?

One significant element is the Great Return: to normal, to office and to New York City. Much was made of the flight from its cramped streets as Covid took hold, and as

statistics from global location data company Melissa show: in 2020, the peak move month of August saw more than 35,000 moves away from NYC, versus 22,780 arrivals. Anecdotally, the city's population seemed to be deflating, like a punctured tire. Yet Melissa's figures show that the number of moves to the city in August 2024 were higher than in August 2019, before the pandemic: 19,636 versus 17,851. Census data showed that the city's population grew by 87,000 to 8.48mn people in the year to July 2024, a second year of growth following pandemic falls.

Ask a real estate agent dealing with prime buyers in Manhattan and they'll offer an intriguing explanation as to who those arrivals — or returnees — are.



520 Fifth Avenue, a new mixed-use new development, with apartments available through Corcoran Sunshine

Rob Jackson is an agent with Corcoran. He facilitated 15 clients selling their city homes as a result of the pandemic, moving to the Hudson Valley or Connecticut. In late March this year, when a buyer went into contract on a one-bedroom co-op on the Upper East Side, they were the last of that 15 to buy back into Manhattan. “When nobody knew

when they would be returning to work full-time in person, if ever, they all left the city. But if you're a New Yorker, it's hard to go full-time to country living."

Jeremy Stein, of Sotheby's International Realty has seen the same rebound from many longtime clients, including one couple and their young child who moved to the tony commuter haven of New Canaan, Connecticut, and bought a \$3mn home. They've just listed that property, with the intention of moving back to Manhattan, now as a family of four. "We're racing around trying to find an apartment for them," he says, diplomatically. "The lifestyle you have in the suburbs is not the lifestyle she wanted to lead."

That family is bucking the trend of the last few years: the under 5s population of New York dropped by 18 per cent between 2020 and 2023, while Department of City Planning data showed a decline in average household size of 5.49 per cent from 2020 to 2022.



Many feel that New York's energy is back after a quiet several years © Getty Images



Agents are holding their breath to see what Trump's tariff policy might mean for real estate here — as is Wall Street (pictured) and the world © Spencer Platt/Getty Images

Smaller household size could, however, be a sign of the type of new arrivals, especially from a growing relocating tech sector. Smaller homes or pieds-à-terre are in high demand, according to Knight Frank's research head Liam Bailey. He points out that condo sales in the \$1mn-\$2mn range — typically a one or two-bedroom home — were up 42 per cent year on year in February 2025. "No other segment in terms of price saw such strong growth."

Corcoran agent Jackson adds that smaller properties are also being snapped up by twenty and thirtysomething NYC residents. Some moved back in with their parents during Covid's bleakest period and so made savings on rent, accumulating that 20 per cent downpayment more easily than they might have anticipated.

Still, not everyone's idea of best is bijoux, as two of Stein's clients highlight; both are west coast-based. One of them, a couple with young children, had planned to buy a NYC apartment before the pandemic; they pivoted and instead invested in a holiday home in Aspen. "Two years ago, he called me and said, 'I can't get New York out of my system, let's go'. It took a week and we found him an apartment," says Stein.

The other family, empty nesters, already owned a pied-à-terre here, but decided to upsize after the wildfires in Los Angeles made them keener to spend more time on the east coast. "They bought a bigger apartment, with three bedrooms, that can house the whole family," he says, of their trading up from an 1,800 sq ft home to one that's 50 per cent larger: "It's a place they can spend more than the weekend in."



140 Jane Street, a new boutique high-end building in the West Village near the San Vicente private club, marketed through Corcoran Sunshine

West coasters aside, an August 2024 report from PropertyShark on out-of-state buyers found that at the top end of the sector, Florida residents were the largest group investing in NYC, buying \$315mn worth of real estate in the first six months of the year. Wendy Sarasohn from Brown Harris Stevens says that many who moved to Florida, often for tax reasons, have been starkly reminded that “the New Yorkiness of New York is not anywhere else”. She shrugs: “There are active bidding wars again.” She cites a prewar co-op on the market just before Christmas for \$10mn. “The first two days they had 65 showings, and ended up with eight bids over asking, including one that was double.”

One major change was also highlighted in that same report: a slump in international buyers. Among those buying property from out of state, the number of foreign buyers went down in the decade to 2024. In the first half of 2024, foreign buyers made up 0.3 per cent of home purchases, far fewer than the same period in 2014, when they comprised more than 1 per cent.



Crowded restaurants, busy streets — and traffic — are back © Stephen Shepherd/Alamy

Whether that downward trend will continue is likely reliant on whether push or pull factors win out. Push, of course, are tariffs, but for the very wealthy, there's the newly announced Gold Card visa, which allows foreigners to buy a Green Card-style permanent residency for \$5mn. President Trump proudly displayed a prototype recently: a golden card, emblazoned with his photo and the words The Trump Card, among other details.

The uncertainty in the broader economy has — at least until recently — encouraged domestic buyers to park money in real estate, notes Angela Remigio, of Compass, who specialises in prime real estate in Manhattan. Many of her clients are “pulling money from the market”, she says, noting that all but one of the recent deals she's handled, at up to \$10mn, have been cash buyers. “They've taken the full sum out of a big money market fund to pay for a new apartment.” Last year all-cash deals in Manhattan regularly comprised around two-thirds of transactions: in April 2024, for example, they were at 64 per cent, compared with the national metro area average of 39 per cent, according to data from Marketproof and ATTOM respectively.

But what are they buying? Sarasohn says that prewar co-ops are back in fashion, after a period when they were seen as “old ladies who got no attention at all” beside the amenity-crammed new-builds that were flooding the market. Compass agent Collin Bond agrees, but cautions that only move-in-ready inventory is likely to sell quickly right now. Co-ops usually constrain renovations to a set time frame each day, often only over the summer; recent political developments make that an even dicier risk. “Someone is going to think twice about buying something that needs a significant amount of work if tariffs are imposed and the cost to do construction goes up by 30 per cent,” he says.

Remigio also highlights time-sensitive potential among those newer buildings: some of the bigger developers are keen to close the sale of all inventory in existing projects so they can finance and move on to their next. If a top-tier building reaches 80-90 per cent sell-through, the developer can offer sweeteners to the final potential buyers. “They could sell you the apartment at asking price, but throw in a storage unit, or pay the mansion tax or transfer tax — some sort of deal in the back end,” she says.



56 Leonard aka the Jenga building: developers are finding it more difficult to underwrite large luxury new-builds like this © Richard Levine/Alamy

So much for demand, and its role in the resurgence of real estate here, but there are supply side factors in play, too, as Ryan Schleis, senior vice-president of research & analytics at Corcoran Sunshine, explains. “We’ve seen a steep drop in inventory since Covid, and that is driven by two main factors,” he says. “Mortgage rates being where they are means people are waiting out the market, and there’s a lot less new development entering the market than in the past [few years].” Schleis cites data showing that new for-sale development inventory downtown peaked at the end of 2018, at 3,070 units; in the first quarter of 2025 the number was 900, or a 70 per cent decline. The for-sale pipeline south of 34th Street is 520 units annually (2025-2028), down 50 per cent from 1,020 units annually (2015-2024).

There are several reasons for the decline, he says. The 2019 Housing Stability and Tenant Protection Act made it much harder to convert rental buildings into condos, at any price point, while developers are also finding it much harder to underwrite large luxury new-builds like the 145-unit 56 Leonard (aka the Jenga building). “Thirty to 60

residences in a prime location — that's what they're seeing is selling well and what they can get financing to build.”

Still, agents are now holding their collective breath to see what Trump's tariff policy might mean for real estate here. “April is the most important month of the year,” says Stein, “and uncertainty is the death knell for real estate, the exact opposite [scenario] of what a buyer of a home wants to be in.”

There are already signs that it's cooling the market. Bond had one buyer who wired \$300,000, a 10 per cent deposit for his \$3mn purchase, before the first tariff press conference. Before Trump paused his policy on April 9, that buyer changed his mind. “He was at the one-yard line, and decided, ‘OK we're not going to sign because there's too much volatility right now,’” says Bond. “That volatility is gripping people.”