

New York new development has a looming inventory crisis

Condo market faces a reckoning as the development pipeline has dried up



Corcoran Sunshine Marketing Group's Kelly Mack, Reuveni Development Marketing's Daniel Pupke and Brown Harris Stevens Development Marketing' Robin Schneiderman (Getty, Corcoran, Reuveni Development, Brown Harris Stevens)

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By Jake Indursky

New York City's new development market is facing a reckoning in 2026.

It's not that demand has ground to a halt. A number of new buildings launched in the last year have sold quickly and with few discounts.

But the new buildings for buyers to tour in the back half of the year have all but disappeared in the proverbial fog of high financing costs and scarce assemblage opportunities, a trend that will only continue into next year, according to data shared from new development teams and analysts in the city.

In the second quarter of this year, the 3,600 unsold units in Manhattan marked a 10-year low, according to data from Corcoran Sunshine Marketing Group, and that number will only shrink heading into next year.

This year, only five more buildings are projected to deliver 245 units in Manhattan, according to data from Brown Harris Stevens Development Marketing.

"It's surprising to me that it's taken so long for so many people to actually catch on, because this has been in the making for quite some time," said Corcoran Sunshine Marketing Group president Kelly Mack.

Caught between cycles

"In terms of actual inventory delivery to the market, you're seeing a lull," said Reuveni Development Marketing's Daniel Pupke. "We're in between two eras of cycles." The first was the [post-pandemic boom](#) that brought one of the best markets the city had seen in years. Buyers rushed into available buildings, while developers scooped up parcels with cheap financing.

"People bought and mobilized very quickly," Pupke said, pointing out that many of those projects had seen success since coming to market in the last 18 months.

Take Avdoo's 105-unit Boerum Hill project, Bergen. The firm [acquired the site for \\$44 million](#) at the end of 2021, and six months later had filed permits for the condo project. The project launched sales in the spring of last year and has been one of the best-selling condos in the city, with over 70 of its units sold.

But when interest rates [rose heading into 2023](#), the first step of the development cycle was "essentially on pause unless you had a contract and financing," Pupke said.

"The biggest factor in why we have less new projects today on the market is available equity," said BHSDM managing director Robin Schneiderman. "That, to me, is what sort of drives the market overall."

The equity dry spell went hand-in-hand with an increase in land prices, making ground-up developments more difficult to pencil, and the 2019 Housing Stability and Tenant Protection Act that made it more difficult to convert rental buildings to condominiums.

From the midpoint of 2025 to the end of year, only 1,450 units are expected to be delivered to the market on a yearly basis, a 29 percent decrease from historic average, and new development sales outpaced launches by 60 percent this year, according to Mack.

Bright spots

Amid the downturn, the Upper East Side stands out. The neighborhood is expected to bring more units to the market through the end of 2026 than has historically been the case. [The largest launch there will be Related Companies' 144-unit rental-to-condo conversion, The Strathmore, at 400 East 84th Street, which Corcoran Sunshine Marketing Group will be selling.](#)

The project, which will have some units offered at under \$1,800 per square foot, is also filling a gap in what Mack referred to as entry-level inventory.

"With new projects harder and more expensive to build and finance, most new projects are coming in at higher price points than we've historically seen," she said, making the under \$1,800 per square foot offerings "increasingly rare." The average annual delivery of units in that price range will fall by over 60 percent through the end of 2026, according to data from Corcoran Sunshine.

Across the park, the Upper West Side is bereft of development opportunities, on track to exhaust its new development inventory as soon as 2027, according to Mack, with only 30 units expected to be released in the neighborhood through the end of 2026.

The only other development over 100 units with a planned sales launch this year is Rotem Rosen's Billionaire's Row development at 126 East 57th Street, the Malabar Residences. The project, which is being sold by Douglas Elliman Development Marketing, recently lost its sales director when [Noble Black departed for Corcoran last week](#).

“There’s some very high price profile, sort of exciting new developments are going to enter the market, but they’re going to be in the luxury category and the super luxury category,” Mack said.

One noteworthy market entrant will be the Brodsky Organization and Sorgente Group’s 38-unit conversion project at the Flatiron Building, where some onlookers have said prices could reach as high [as \\$6,000 per square foot](#).

Grid Group’s boutique 22-unit Chelsea project will also launch sales this year, offering 16 parking spaces.

The two developments fit the mold of what’s coming to the market downtown, where buyer demand remains relentless: boutique, private and expensive. Projects like 140 Jane Street and The Katharine, which quickly sold seven of its 8 units after launching sales this spring, have laid out a playbook for developers that can find assemblages below 34th Street.

Larger projects expected to come to market next year include Elad Group’s condo conversion at 419 Park Avenue South and Continuum Company’s 137-unit development at 26 East 35th Street, according to data shared by Corcoran Sunshine.

Brooklyn is facing many of the same issues, albeit at a smaller scale. The nearly 1,000 units in the pipeline for next year are well above the yearly historical average of 535, according to data from BHSDM, but the average condo size is just 17 units, as many of the borough’s projects center on brownstone conversions or smaller ground up developments.

Sales are expected to launch in the first quarter of next year at Charney Companies 182-unit project at 95 Rockwell Place in Fort Greene, according to a spokesperson for the project. Urban Development Partners will also be launching sales at a 71-unit project at 285 Schermerhorn Street this year in Downtown Brooklyn.

Looking ahead

The good news for developers is that any project coming online in the next several years will face limited competition.

“I think that if you today presented a B+ or better site with views, you could be extremely successful if you deliver in three to five years,” Pupke said.

He added that the activity around projects have shifted and developers are buying again.

“You wouldn’t see action following the conversations that were happening,” he said of developers eyeing opportunities the last few years. “Speaking to the same groups, you’ll read three months later that the site closed.”

The paucity of sales launches also is good news for projects with significant inventory still to move, like One Wall Street or The Greenwich, two condos in the Financial District with hundreds of units still to sell. In the last 12 months, The Greenwich has been the third-fastest selling building in the city, according to Marketproof.

Still, the volcanic winter of 536 lasted for 18 months, and had ripple effects for years after. Mack similarly doesn’t see a quick fix on the horizon.

“It’s going to take at least five years to turn that picture around,” she said.