

New York Focus 2021

What does The Wealth Report 2021 tell us about who lives, works and invests in the city and how do perspectives on property investment in the US differ to those globally?

Knight Frank's annual flagship publication, *The Wealth Report 2021*, is packed with data and insight on how wealth is influencing property markets globally. A new series of focus reports delves deeper into the data to explore what the findings mean for some of our key cities.

In this first edition, we assess the importance of New York to the world's wealthy, how its prime market is faring against the backdrop of a global pandemic and draw on the findings of The Attitudes Survey which sits at the heart of *The Wealth Report* to gauge where US ultra-high-net-worth individuals (UHNWIs) think future opportunities lie.

10 things you need to know about the New York market

1

The US remains the world's number one wealth hub

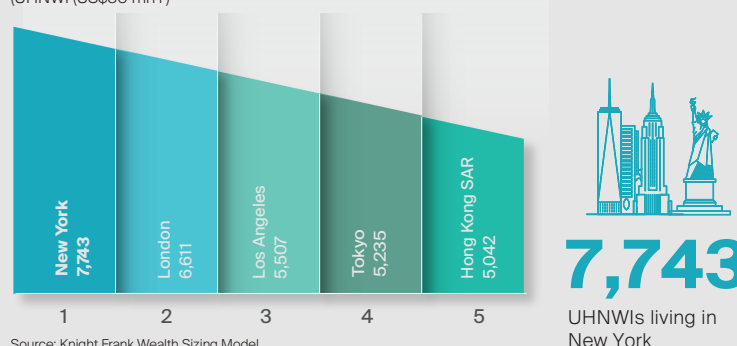
There are now 180,060 UHNWIs in the US, accounting for 35% of the global total....and New York is home to more UHNWIs than any other city worldwide (7,743). US wealth advisors were amongst the most optimistic globally with 58% citing an increase in their clients' wealth and a further 42% seeing their wealth remain stable in 2020.

2

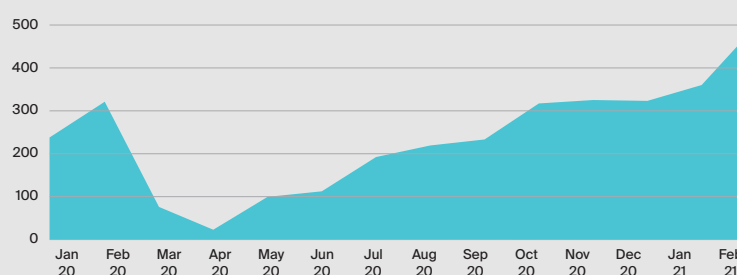
New York and London tie for first place in Knight Frank's City Wealth Index

When it comes to where UHNWIs want to live, work and do business, New York and London are level-pegging at the top of the rankings. New York leads the investment category due to the high number of top global firms headquartered in the city as well as strong domestic investment, whilst London excels in terms of inward investment from overseas.

New York is home to more UHNWIs than any other city (UHNWI (US\$30 mn+))

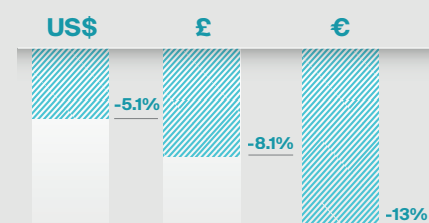


Manhattan Condos: Signed contracts up 55% in February 2021 year-on-year



Currency matters

The one-year discount in Manhattan property values taking account of price and currency changes in the year to 31 March 2021



How much do you need to join the top 1% in the US?

US\$ 4.4m

(US\$1.8m in the UK)

Source: Knight Frank Wealth Sizing Model

3 Prime prices in Manhattan dipped 5% in 2020 but are expected to stabilise in 2021

Prime prices in Manhattan have softened for the past three years but record low interest rates, a reassessment of housing needs and a potential reversal of the 2017 State and Local Tax (SALT) deduction could generate more demand from outside the state of New York. We forecast annual prime price growth will stabilise in 2021.

4 Sales activity is strengthening

December 2020 marked a key turning point as sales activity ticked upwards and by February 2021 the number of signed contracts for Manhattan condos was up 55% year-on-year. First time buyers expanded their market share accounting for 42% of all Manhattan sales in December 2020, a seven-year record, as cheap finance and softening prices improved affordability pushing some tenants into the purchase market.

5 Global UHNWIs will seek exposure to the US recovery

The outlook for the dollar has changed in recent months as a new \$1.9 trillion fiscal stimulus package, a faster-than-expected vaccine rollout and encouraging economic forecasts have boosted the greenback. Although the dollar is likely to strengthen against many currencies in 2021, it will be an indication of improving economic fortunes which in itself will attract more inward investment, with many UHNWIs keen to have greater exposure to the US recovery.

6 Supply is starting to fall

After reaching their peak in August 2020, listing inventories and days on the market indicators drifted lower suggesting a degree of equilibrium is emerging. There were 496 new condo listings added to the market in February 2021, down 31% from 717 a year earlier. Alongside the pick-up in sales, a reluctance on the part of homeowners to open their homes to viewings during the pandemic may also have been a contributory factor.

7 33% of US UHNWIs plan to buy a home in 2021 above the global figure of 26%

The wealthy in the US are looking to increase their exposure to property in 2021 with one in three planning to buy a new home. Some are looking to property as a means of diversification, others motivated by a change in commuting patterns or lifestyle. The Attitudes Survey confirms that on average 24% of UHNWIs' wealth in the US is allocated to their first or second home, this compares to 18% globally.

8 The rental market in Manhattan has stepped up a gear

In January 2021, median rents in Manhattan reached US\$3,000 per sq ft, their lowest level in a decade and down from \$3,595 a year earlier. These discounts, along with the prospect of a shorter commute post the pandemic, motivated renters. By the end of 2020 new lease signings had rebounded to their highest level since the global financial crisis.

9 The market share of international buyers in New York slips to 15% in 2020

Overseas buyers accounted for 15% of all New York sales in 2020 according to Miller Samuel, indicating a surprising degree of resilience despite travel bans being in place for most of the year. Numbers are likely to increase as travel restrictions ease in 2021 although they are unlikely to reach the high of 30% witnessed in 2014.

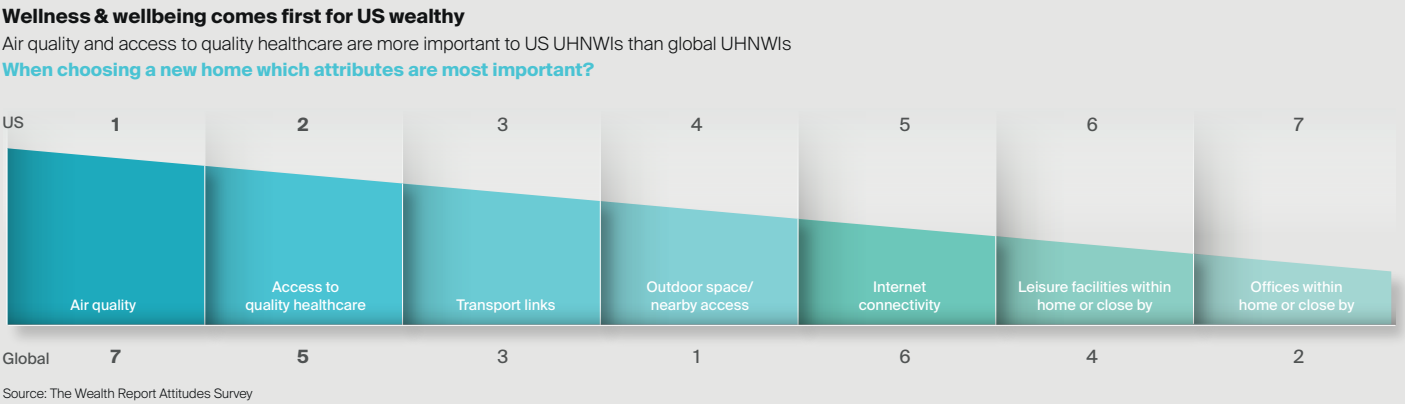
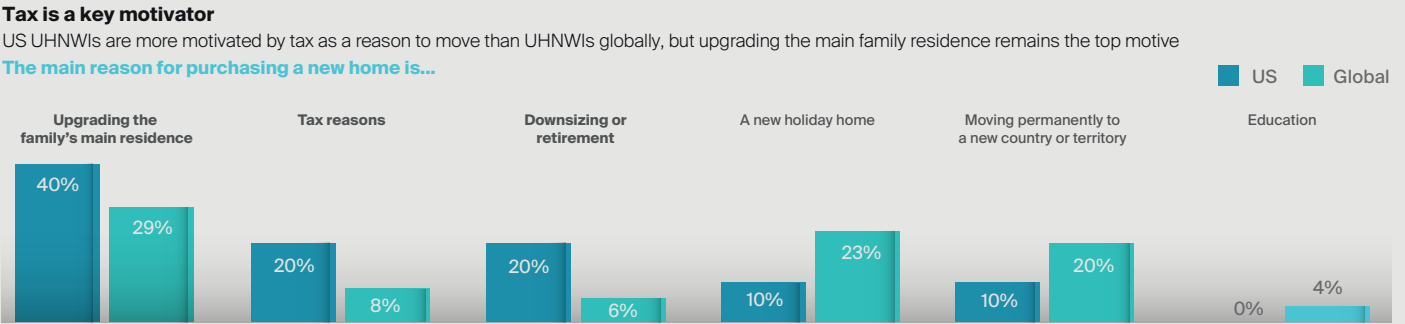
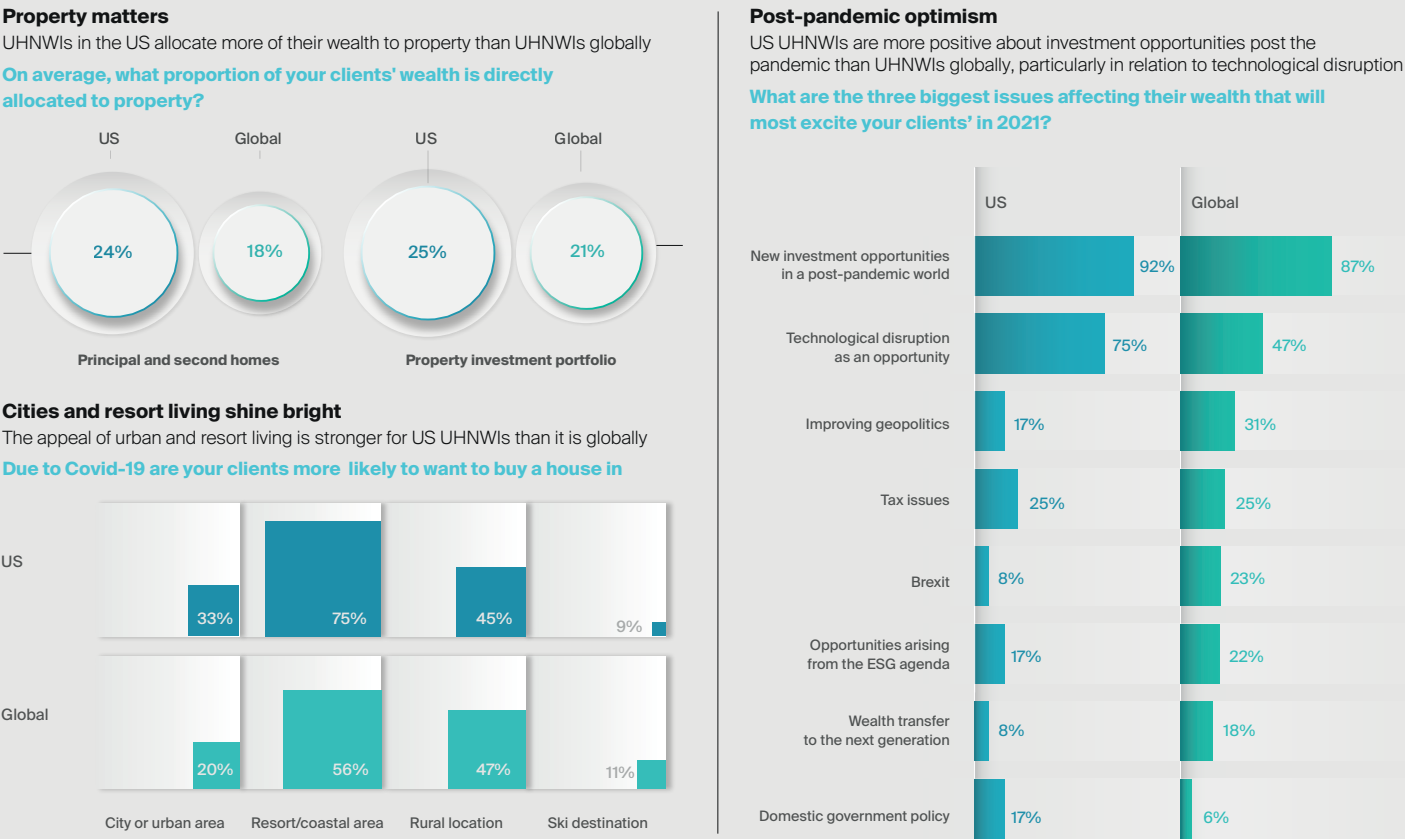
10 Spain and the UK top the preferred overseas destinations for US buyers

A detailed look at where US UHNWIs are interested in buying overseas shows European countries are the frontrunners. Data from The Attitudes Survey confirms that aside from the UK, the southern European economies of Spain, Italy and Portugal continue to appeal. Knight Frank's online viewings data shows that within these markets Barcelona, Tuscany and Lisbon lead when it comes to online property viewings by prospective US buyers.



The Attitudes Survey: A US perspective

Each year over 600 wealth advisors who together manage over US\$3.3 trillion in wealth, respond to The Wealth Report Attitudes Survey. For the first time we've taken a detailed look at the US results to understand how the attitudes of the wealthy in the US differ to those globally.



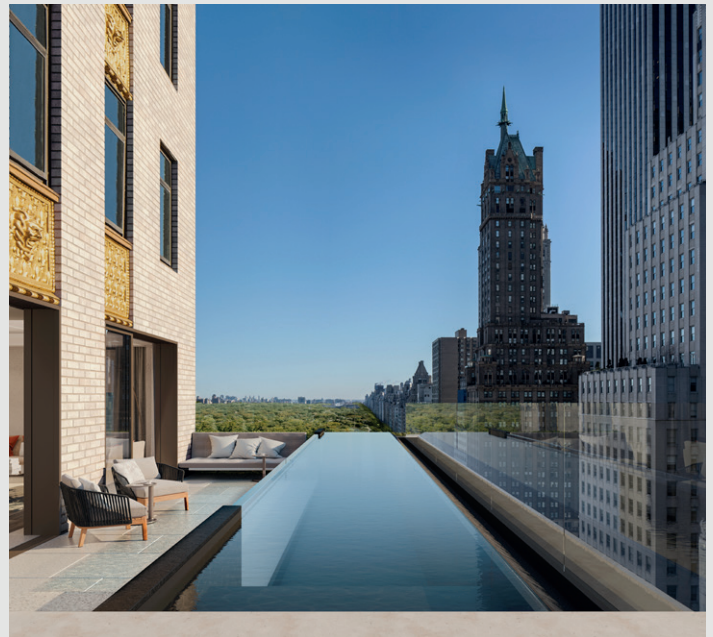
New York's finest addresses



The Waldorf Astoria Residences, New York

- 375 branded residences
- Located on Park Avenue, in the heart of Manhattan's Midtown
- Interiors by renowned French designer Jean-Louis Deniot
- Business and wellness amenities, including a 25-metre skylit swimming pool

Prices start from US\$1.8m



Aman, New York

- 22 exclusive residences
- Located at Fifth Avenue and 57th Street
- Wellness facilities including a spa, fitness centre and 67 ft swimming pool
- Interiors by architect Jean-Michel Gathy of Denniston

POA

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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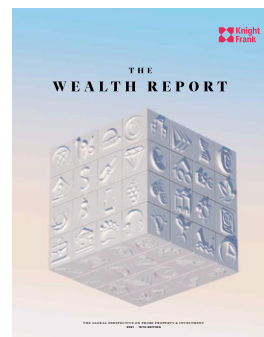
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The data in this report comes from *The Wealth Report 2021*, to read the full analysis download your copy: knightfrank.com/wealthreport

Definitions

UHNWI: Ultra-high-net-worth individual – someone with a net worth of over US\$30 million including their primary residence

HNWI: High-net-worth individual – someone with a net worth of over US\$1 million including their primary residence

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