August 5, 2025

Jessica Levine Team
At Douglas Elliman

Cooling Sales, Rising Rents, and Why Local Politics Matter

As August gets underway, NYC real estate is entering a recalibration stretch. Buyer activity has softened in many segments, rents continue to rise, and local political shifts are adding a layer of uncertainty to both.

Slower Sales, But Resilient Pricing

In July, Manhattan's median sale price reached $1.4 M, up 2.5% year-over-year. While prices remain stable, closed and pending sales fell about 5% from June, with buyer activity slowing overall. And cash remains king: roughly 60–70% of Manhattan sales closed in all-cash deals, particularly concentrated in the luxury tier and in top-tier neighborhoods.

Rents Hit New Records

In the rental market, Manhattan median rent surged to $4,625 in June, marking the fourth record high in five months—a 7.6% year-over-year increase. Average rent hovered near $5,450, reflecting heightened demand and tight inventory.

While there's speculation that this rent spike stems from the FARE Act, NYC's new broker-fee law that took effect June 11, early analysis shows asking rents rising 5.3% annually in units that dropped broker fees—just slightly higher than the market average. However, some landlords have responded more aggressively, raising rents by double-digit percentages on an annualized basis to offset the added cost of covering broker commissions, according to separate findings.

Mortgage & Interest Rate Signals

Mortgage rates held steady around 6.7% in late July, offering some relief to homebuyers after months of volatility. Meanwhile, the Federal Reserve kept its benchmark rate unchanged, awaiting further inflation data and evaluating the impact of new tariffs on imported goods. These tariffs—which reportedly affect roughly 14% of the U.S. GDP—are beginning to push consumer prices higher, but the long-term effect on real estate remains unclear.

SALT Relief—and Political Ripples

The recently passed One Big Beautiful Bill raised the federal SALT deduction cap to $40,000, an increase from the previous $10,000 limit. While this change offers some relief for NYC homeowners, some lawmakers have argued the cap remains too low, especially in high-tax states like New York.

At the same time, political uncertainty at the local level is adding another layer of hesitation to the real estate market. Zohran Mamdani, the Democratic mayoral frontrunner, has proposed rent freezes, wealth taxes, and broader regulatory oversight—policies that could make waves among developers and high-net-worth buyers if Mamdani is elected in November.

Bottom Line

NYC real estate is a unique market at the moment. Sales are slower, buyers are selective, and politics are shaping perception more than they did in previous years. On the rental side, rising prices and legislative shifts are beginning to redraw market dynamics.
If you're considering a sale—or simply want a better read on how these trends affect your real estate strategy—reach out to the Jessica Levine Team to help you navigate the nuances.

*check out the underlined words for helpful links and references.

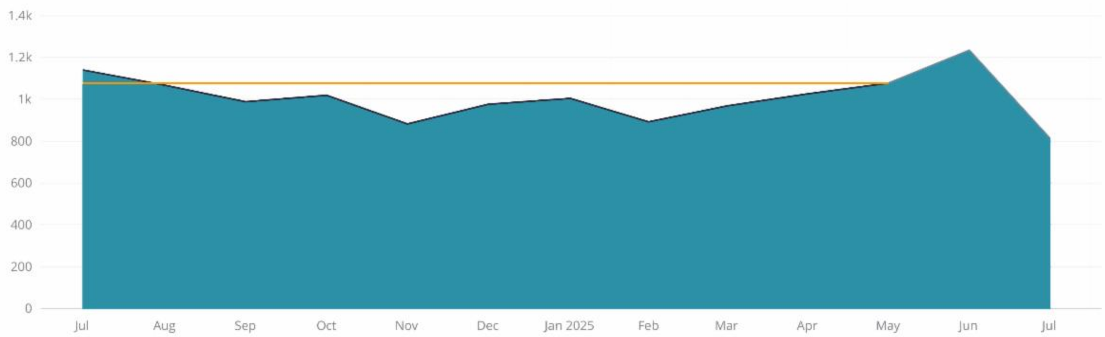
The Market at a Glance

Monthly Closed Sales

Showing Monthly Closed Sales for any bedroom configuration in All Manhattan for all prices

Manhattan Monthly Closed Sales (Jul 2025)
814

▼ -34.1% from last month
▼ -28.7% from last year



Monthly Contract Activity

Showing Monthly Contract Activity for any bedroom configuration in All Manhattan for all prices

Manhattan Monthly Contract Activity (Jul 2025)
903

▼ -7.2% from last month
▲ -% from last year

Rolling Seasonal Averages (Jul 2025)
917

▼ -13.1% from last month
▲ -% from last year

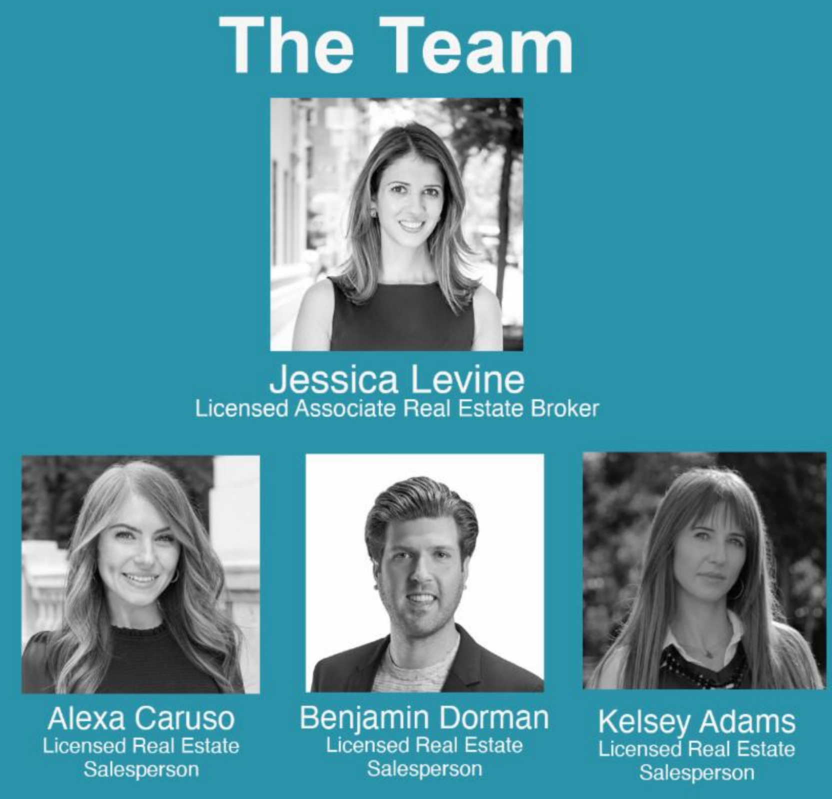
Fun Reads

Let's Ride

Nothing says the end of summer like a bike ride around the city. To better facilitate that experience, Citi Bike is giving away free rides every Saturday in August. They're giving away free day passes every Saturday now through August 23 so you can experience all the city has to offer. Click here for more information.

Fly Away

Taking a sky taxi could be closer than you think next year due to a $125 million dollar boost that will expand the airborne ride plans after taking over Blade's business so you might be able to get to the airport even faster. Click here for more information.



We are always looking to partner with other realtors and currently have partnerships globally and internationally! For more information, email us.

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