NYC Real Estate Business Analysis

by

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Executive Summary

This report analyzes the real estate market in Flushing North, Queens, focusing on residential sales performance and revenue potential. In 2023, home sales in the neighborhood were $7 million, which at a commission rate of 5% would generate $331,300 in revenue. With a market penetration of 12.5%, a real estate firm could earn approximately $41,410. The market has seen modest but steady growth over the past 5 years, and in 2023, the average sales price reached $389,770. The report states that the Flushing North neighborhood is an appropriate place to open a real estate office targeting both homebuyers and investors.

Introduction

This report provides an in-depth analysis of the real estate market in Flushing North, Queens, focusing on the key performance indicators (KPIs) that are important in evaluating the potential for establishing a real estate firm in this area. The visualizations and calculations presented in this report have been developed to highlight the overall performance of the residential real estate sector, including the total amount of home sales in 2023, as well as market trends and fluctuations over the past 5 years.

Through the utilization of historical data, the report also looks at the revenue potential of a real estate firm operating in the Flushing North area. Assuming that real estate firms earn an average of 5 cents on the dollar on home sales, this report calculates the total commission income earned over the past year and potential revenues it could bring if a firm achieves a 12.5% market penetration mark.

Market Analysis

The sales in NYC real estate market showed an impressive $94 billion total (Appendix A) in 2023. The dynamics in different districts show significant variabilities in both the volume of transactions and price indicators. Some of the major market trends in recent years will be summarized below.

Manhattan's real estate market shows the highest prices, with the average sales price and price per square foot outperforming other boroughs (Appendix C). When analyzing price per square foot, Manhattan leads the market with an average of $464 per square foot, reflecting Manhattan's position as the city's luxury real estate center. However, in terms of the number of transactions Queens is the leader with 24.3 thousand closed deals, followed by Brooklyn with 21.7 thousand deals and Manhattan with 16.9 thousand deals. Staten Island and the Bronx fall behind with 7.6k and 5.9k deals, respectively (Appendix B). This suggests that Queens and Brooklyn are the most active markets, which may be due to more affordable housing options and increased demand for residential real estate.

While Manhattan remains the primary market for luxury real estate, other boroughs, particularly Queens and Brooklyn, are seeing significant activity and are offering buyers more affordable options. The Flushing North neighborhood in Queens may be a strategic

area to focus on given the high volume of transactions and relatively high price per square foot.

Analysis of Flushing-North Neighborhood

In 2023 the market of real estate in Flushing North reached $7 million in residential sales with a total of 17 transactions (Appendix E). The average sales price in the neighborhood for 2023 was $389,770, making Flushing-North a more affordable option compared to other New York City neighborhoods. Over the past 5 years, average sale prices in the area have been somewhat unsteady, with peaks as high as $1.4 million, although typical home prices are in the range of $0.5 million (Appendix F). These fluctuations, combined with the recent slight recovery in sale prices by the end of 2023 ($0.86 million), indicate that while there is some instability in the market, there is still room for growth.

There have been 105 transactions in the market over the past 5 years, with residential properties making up the majority of sales (Appendix E). The average sales price over the past 5 years was $489,130, indicating that the market is experiencing fluctuations, but has a good chance of a price recovery and potential future growth. One important trend in the Flushing North neighborhood is the prevalence of older buildings, especially those built around 1940, which have accounted for a large share of transactions over the past 5 years (Appendix H). The presence of older buildings can appeal to buyers and investors looking for remodeling or redevelopment opportunities, or those looking for more affordable housing options compared to new construction. The lack of new buildings supports the idea that this market may be attractive to those interested in value-added real estate.

While the number of commercial transactions is limited, with commercial properties accounting for only 14.29% of total sales over the past 5 years (Appendix G), the data shows periodic spikes in commercial real estate prices (Appendix F). This suggests that while the Flushing North neighborhood is predominantly a residential market, there are still some opportunities for high-value commercial deals.

In summary, the Flushing North neighborhood represents a stable, predominantly residential market with affordable prices compared to the broader New York City real estate landscape. The consistent transaction volume and potential for price improvement make this neighborhood attractive to real estate firms looking to focus on residential properties. There is a limited potential to capitalize on opportunities in the commercial sector, although the market is primarily driven by residential real estate.

Recommendations

Launching in Queens can be a good starting point because of the lower initial investment costs compared to Manhattan, with the possibility of scaling up as the firm penetrates the market. The calculations of the 2023 data show that Queens has total commission revenue of $610 million (Appendix I) and a potential revenue of $77 million with market penetration of 12.5% (Appendix J).

Analysis of the Flushing North neighborhood has shown that it represents a promising opportunity for a real estate firm looking to establish itself in the NYC area. In 2023, total home sales in the Flushing North neighborhood totaled $7 million, which equates to $331,300 in commission income at a typical rate of 5 percent. If the firm can achieve 12.5 percent market penetration, it could generate an estimated $41,410 in revenue from this neighborhood. The market of Flushing North consists mostly of residential properties, with older buildings dating back to the 1940s, which provides potential for renovation or redevelopment projects, offering additional opportunities for a real estate firm specializing in residential real estate. With growing demand, affordability and a strong focus on residential real estate, Flushing-North offers a stable and scalable entry point into the broader Queens real estate market.

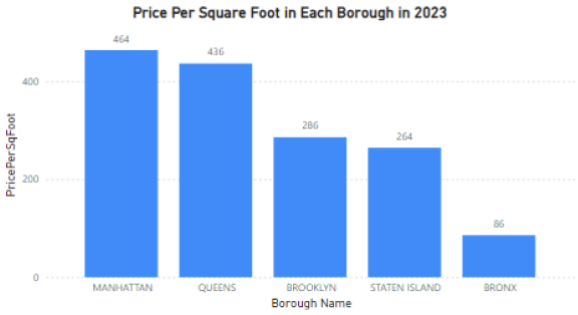
Appendixes A-E

Appendix A

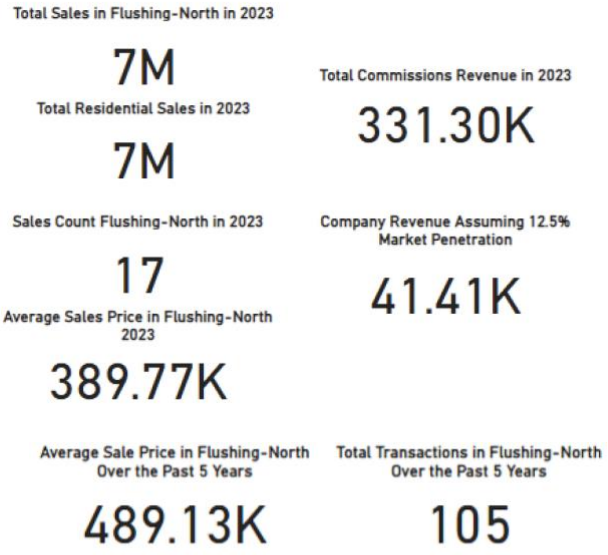
Appendix B

Appendix C

Appendix D

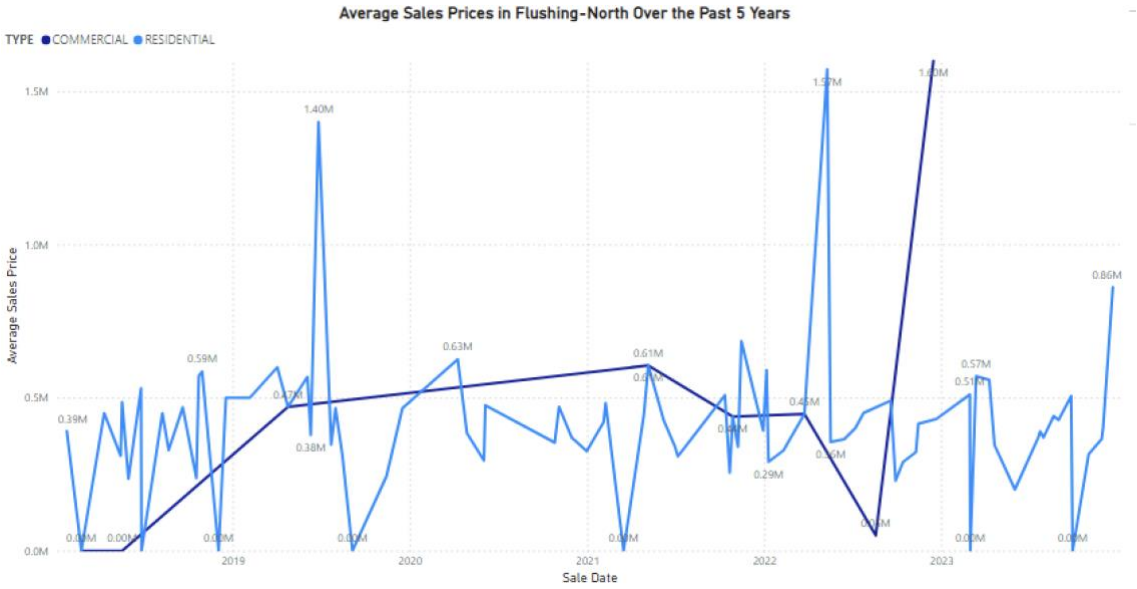


Appendix E

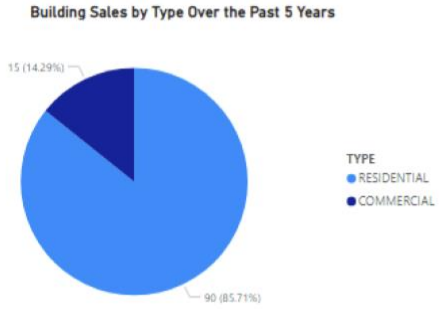


Appendixes F-I

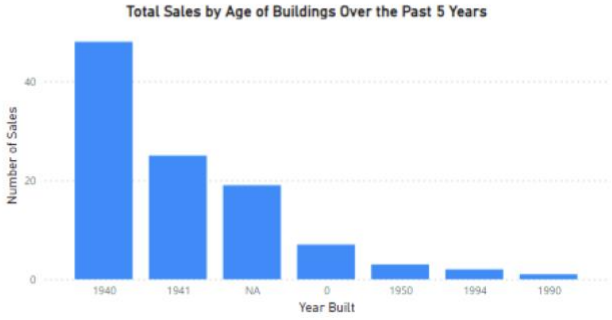
Appendix F



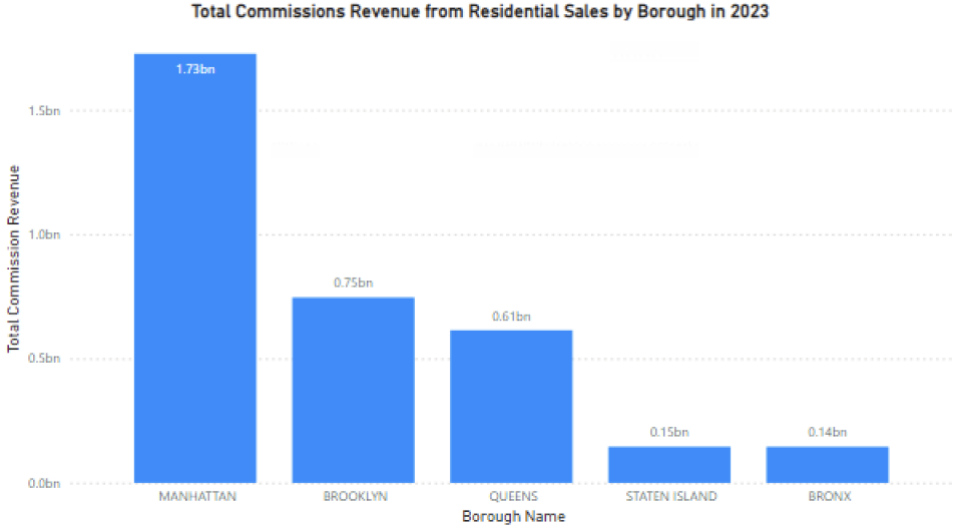
Appendix G



Appendix H



Appendix I



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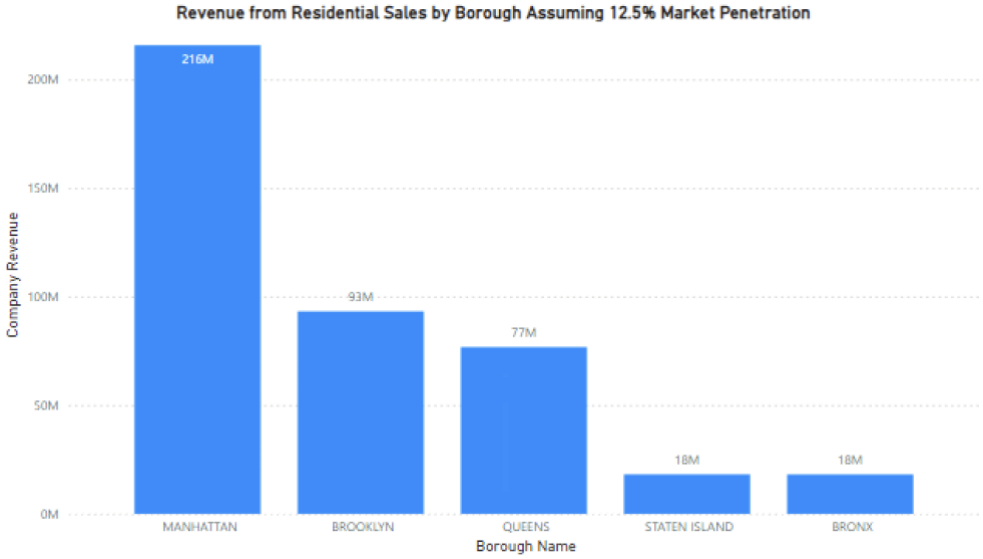
Appendix J