

## In the BUY Zone

Written by Noah Rosenblatt & John Walkup of UrbanDigs  
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On **December 5th**, we issued a **Buy Signal** in our premium research section. Today we are issuing a secondary buy alert reiterating that we are likely in what we refer to as **Stage 2 of the Buy Zone**. Let's discuss.

### The Buy Zone

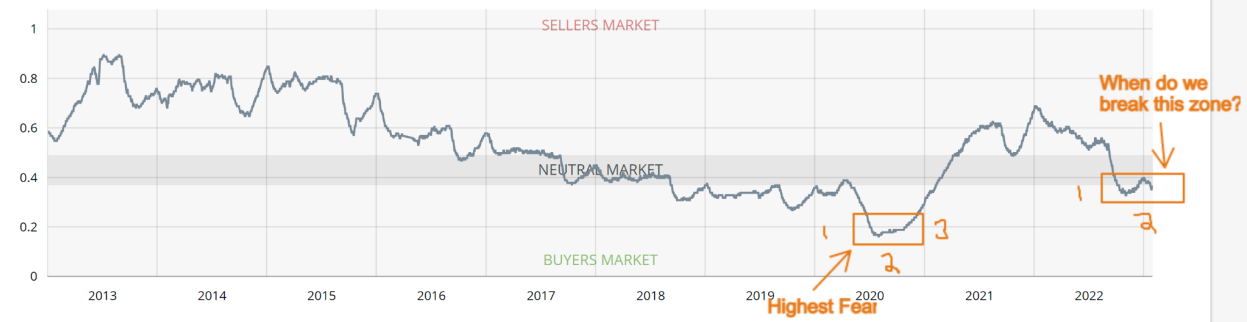
Using the [UrbanDigs Market Pulse](#) and the pandemic down cycle as a case study, we can identify signals and zones as our markets shift from deceleration to acceleration in real-time. We point out zones to buyers and sellers to identify and take advantage of the leverage and sentiment advantages that likely will prove to be “a moment in time.” Look at the chart below with the two Buy Zones pointed out. Let's review each stage briefly.

### Market Pulse

Showing Market Pulse for any bedroom configuration in All Manhattan for all prices

Manhattan Market Pulse  
0.37

▼ -7.5% year to date  
▼ -5.1% from last month  
▼ -43.1% from last year



### Buy Zone Stages

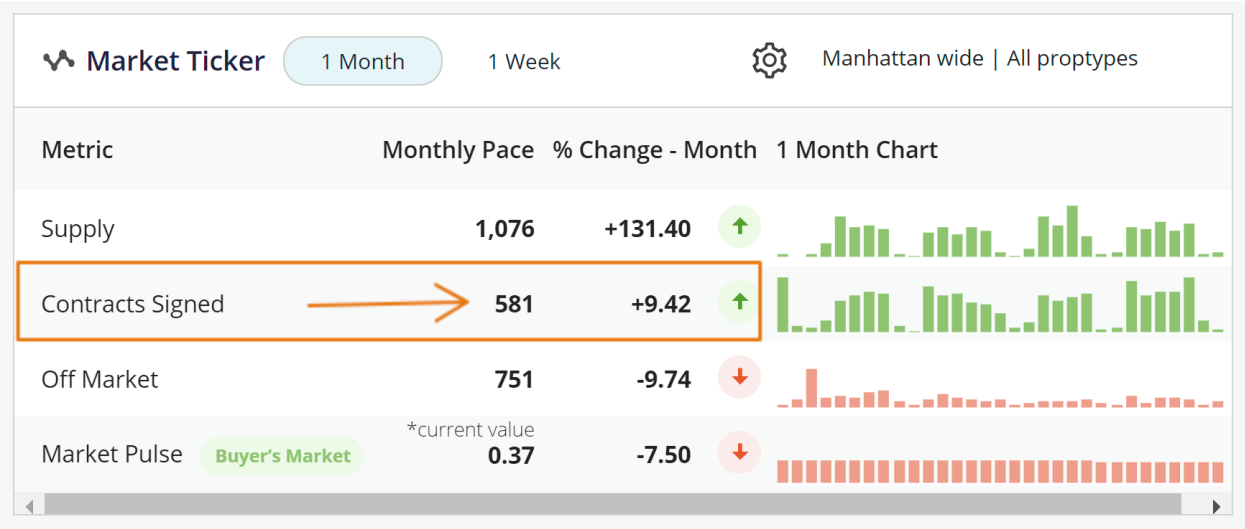
**Stage 1 of Buy Zone** → **Markets decelerating.** Highest level of fear. Unknown bottom. Wide bid/ask spreads. Those sellers who need to sell will likely hit a “gap-down” bid in this zone.

**Stage 2 of Buy Zone** → **Market stabilization.** Market sentiment and dynamics are starting to shift from deceleration to re-acceleration. These “bottoming” formations can resemble a V, a U, or a **choppy L-shape**, as it appears to be doing today.

**Stage 3 of Buy Zone** → **Market re-accelerating.** Market sentiment and liquidity (deal volume) are improving. While there are still deals to be had, buyers no longer have the leverage advantage they did in zones 1 & 2 as sell-side fear subsides and market internals improve.

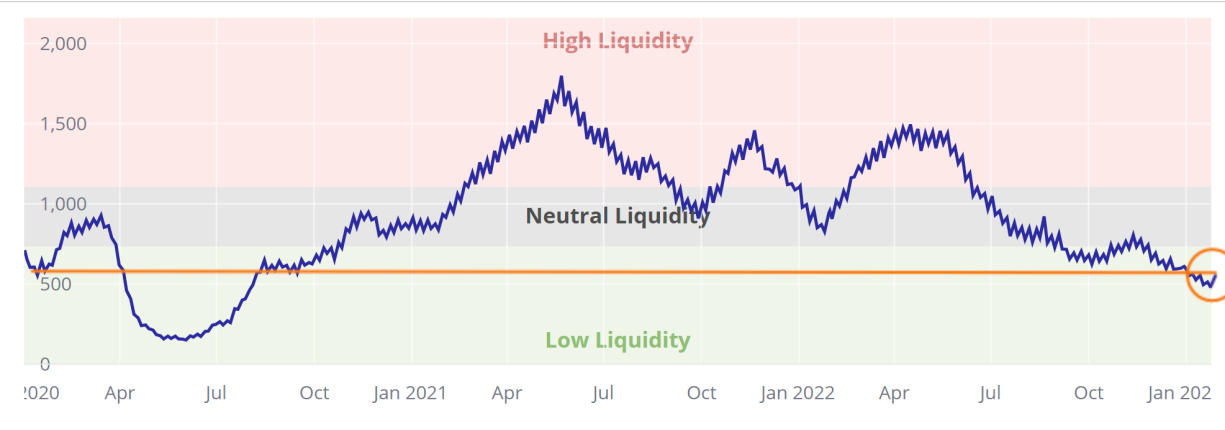
We always have to be open and aware of another potential wave down, but that is what we have the Market Ticker for.

January deal volume is coming in light (currently at 581 deals) relative to historical trends (Jan typically sees 765 deals signed) but is increasing as the active season is about to kick off.



**Liquidity is low, but we are slowly improving.**

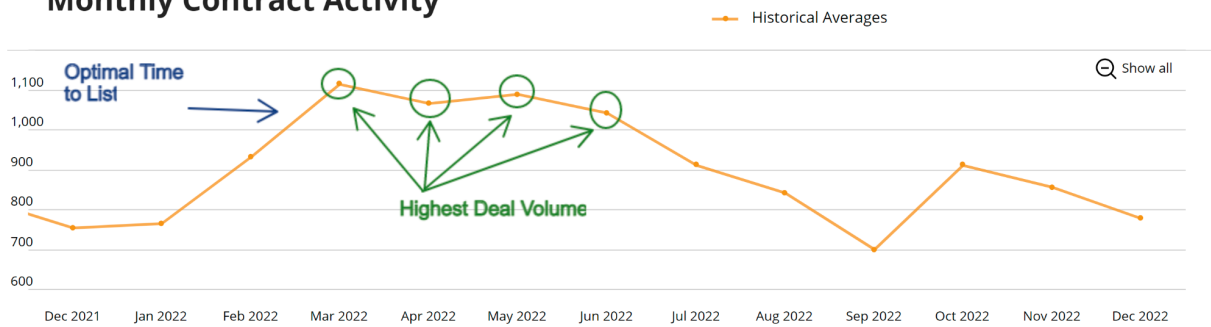
This new & upcoming chart below shows our **30-day moving window of deal volume over time with low, neutral, and high liquidity zones** pointed out using historical data. This demand side measure **seems to be bottoming and slowly increasing**, and we expect it to increase further as we get into late spring. It is the pace of that increase that we worry about, and do expect deal volume to remain historically light for the next few quarters.



**Optimal Time to List**

This [seasonal monthly demand chart](#) below points out the optimal months to list into, assuming deal volume will follow this historical trend.

## Monthly Contract Activity



**Advice for Sellers:** Don't confuse bottoming with recovery. While anecdotal reports from agents with boots in the ground suggest an active buyer pool, it is too soon to be confirmed by the data. The good news is we no longer seem to be in aggressive decline, and price action has only dropped 5-7% from peak levels mid-last year. The bad news is liquidity is very low, and we are slated to have a slow start to the active season. Tight inventory trends may be the case now, but in 3-4 months, we will likely see supply at higher levels than today. **The optimal time to list is in February and March. Price for action in the first 30 days of listing and have a reduction strategy in place to act on during peak months.**

**Advice for Buyers:** The market has already shifted, and you currently have the leverage advantage, for now. Fear levels do not seem as high as in late Fall, and we are showing signs of a choppy bottom forming. New listing activity is coming in higher than deal volume, pushing the pulse lower and giving a false impression that the market is decelerating; this is a purely seasonal activity that happens this time every year. Expect this trend to reverse over the coming months. Price action is only down 5-7% from peak levels, and many sellers are hesitant to hit low bids. **Bid for value, but be aware of the lack of panic in this market. Prepare for increasing buy-side competition which under tight inventory conditions may lead to surprising bidding wars in certain well-priced situations.** The ultimate questions are the duration of the buy zone and depth; that is, if another risk-off wave hits general markets as the Fed navigates terminal and post-terminal Fed Funds Rates.