

# Forecast is cool for city's summer housing market

By LINDA BARR

While summer temperatures start to soar, the city's real estate market is expected to remain cool, according to market watchers. Jonathan Miller, of

Miller Samuel Real Estate Appraisals, says inventory and mortgage rates are the two key issues to watch.

"Inventory has been rising throughout the spring and the lions share has been on the condo side, largely

because of new developments," said Miller.

"The spring market is when we tend to see a surge in the number of transactions as well as the most appreciation but, so far, we haven't seen the surge in activity we'd typically expect and we've seen only modest appreciation, so the strength of the spring market was not enough to offset the weakening housing conditions."

The resolve of sellers to catch up with the cooling market will be intrinsic to what happens next, says Miller, who reckons most sellers tend to lag behind the market when it turns and continue to seek unrealistic prices.

He said, "The sellers are still in the mid-2005 era, but if they begin to process the change in the market, we may see a modest up-tick in transactions."

"I think there are a lot of buyers out there on the sidelines waiting because they don't want to jump into the market at the wrong time and we are going through a transition period where properties are not being

absorbed so quickly."

As for mortgage rates, if they continue to trend upwards, that could send prices further down, according to Miller. However, he added, "The economy here is so solid that, at least given the current situation, it would appear unlikely there will be anything worse than a moving sideways or modest downward trend."

"It's really anyone's guess, but the situation of most concern is on the national level. If the Feds are under-estimating the effect that a housing slowdown is going to have on the economy, there's a real concern we could slip into a recession and, if

that happens, we could see rates drop to stimulate demand.

"There's a lot of discussion about 2007 being weaker economically than 2006, which may play into housing's favor."

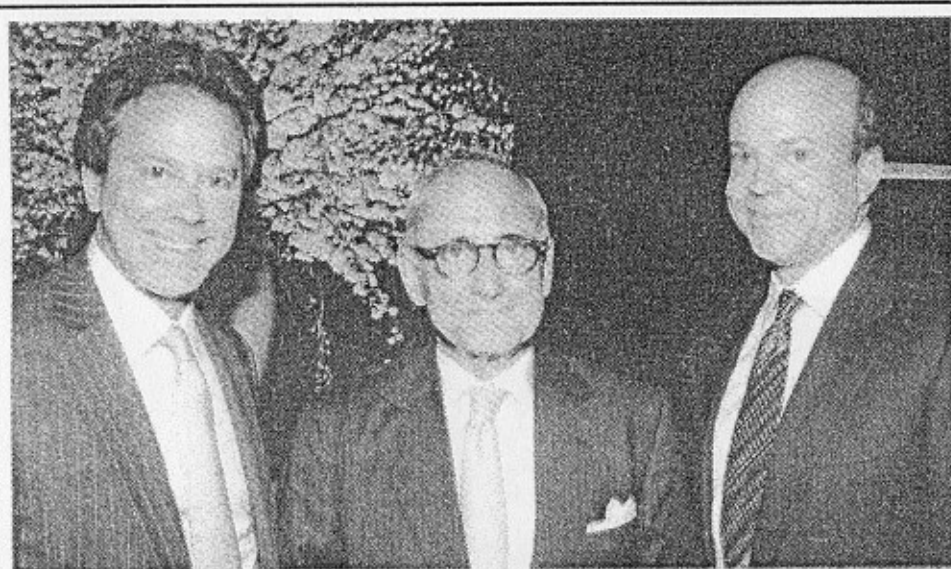
Fred Peters, president of Warburg Realty and chair of REBNY's residential committee anticipates a continued calm market.

"There will continue to be turnover of appropriately priced units, but it is

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*"The doors are not getting blown off, but the bills are getting paid."*

— NEIL BINDER,  
BELLMARC



William Zeckendorf and Arthur Zeckendorf hosted an evening to celebrate over \$1.2 billion in sales at their 15 Central Park West masterpiece. The developers, pictured here with the building's architect, Robert A.M. Stern, joined guests at The Allen Room at Jazz At Lincoln Center to hear world renowned Italian saxophonist, Francesco Cafiso, perform. The fast-paced sales at the luxurious development have set a North American record. Already, over two-thirds of the 200 residences — which range in price from \$2 million for a one-bedroom overlooking Broadway to \$45 million for a full floor penthouse with Central Park views — have been sold.

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definitely a market that doesn't have a great deal of urgency and I see that lasting through the summer," said Peters.

He agrees that the absorption of the "enormous amount" of newly built product will be closely watched over coming months.

"I am waiting to see whether that substantial influx of new condominium product bifurcates the market so that we have markets that are functioning somewhat independently for the new product and then the more traditional, established inventory."

For while he said there is an increasing amount of cross-over between the two markets, often it is more foreign, out-of-town and investment money that drives the new condo market with the existing inventory resale market tending to be more residential. Peters added that,

"If interest rates continue to rise, inflation fears are not tamed and the economy is slowing, if those three things happen at once, that will make people nervous and nervous people are usually more reluctant buyers."

But he agrees with Miller that, "If the Federal Reserve determines that inflation looks like it's more under control, the job data continues to be good and the economy continues to grow, then that will have a significant, positive impact on the market."

On Long Island, Mark Malsky, of REMAX Signature Real Estate, is generally content with the current state of affairs.

"While the market is slower than it was, it is certainly still moving at a healthy level and we have not seen any drop off in prices, although we have seen prices level out.

With more product on the market this year than last, Malsky said, "The message for sellers is, if the house is

properly priced, it will sell quickly. For buyers, the perception that the market is going down in a misconception - real estate as a long term investment is, always has been and always will be a solid investment."

All in all, he believes the market is normalizing and spurring greatest activity among first time buyers - an excellent sign for future upturns as it will create a domino effect of home owners "trading up."

"Whenever we experience a cooling off, typically a lot of first-time buyers come out because they see the potential to get a foothold on the American dream."

Malsky's colleague, Bill LeMaire of RE./MAX South Bay Realty, is also optimistic. "Even if we see slight increase in interest rates, it might help get buyers off the fence."

Jim Mazzeo, of Weichert Realtors Mazzeo Agency in Manhattan expects the summer market to maintain a

"sideways drift." He said, "Buyers are out there, but not as many and the ones that are being very careful and cautious in their search."

Like Miller, he said many sellers are still sitting on the sidelines trying to ignore the market and hoping for their price but he added, "Those sellers who must sell are reducing their prices and those homes are selling."

Neil Binder, principal at Manhattan's Bellmarc brokerage, summed it up saying, "Current rates are keeping business orderly - we are doing fine. The doors are not getting blown off, but the bills are getting paid."

Among the uncertain variable he cites is the also the enormity of new construction, however, he added, "As long as the economy can accept interest rates at current levels and we have adequate absorption of the new supply then prices will remain stable." ■