

14 Predictions for NYC's Housing Market in 2014

By [Amy Zimmer](#) on January 2, 2014

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MANHATTAN — [Low inventory](#), [bidding wars](#) and [record-setting prices](#) were recurring themes for New York's residential real estate market in 2013.

In 2014, rising [mortgage](#) rates, a new mayor and administration and a surge in [new construction](#) could be the factors that spark major changes in real estate. DNAinfo asked the experts for their forecasts.

1. Rising mortgage rates will likely dampen price growth by mid 2014

Concern over rising mortgage rates pushed some prospective buyers to seal the deal in 2013. In Manhattan's third quarter, for instance, the number of sales spiked 30 percent compared with the year before — the most transactions since the recession began — according to a report released by [Douglas Elliman](#), the city's largest residential brokerage.

But with rates expected to rise, resulting in higher monthly costs, buying may no longer be an option for some, which may make for a less frenzied market.

"2014 is going to be the year of 'slow and steady,'" said Dottie Herman, president and CEO of Douglas Elliman, "With interest rates inching up, that should help level things off to a more sustainable level of housing price growth."

Frances Katzen, one of Elliman's top brokers, agreed: "I also believe 2014 will reflect an adjustment in purchase power due to mortgage rate hikes, and I do expect the mid-year to mellow down with respect to heated prices."

2. Inventory will expand ... just a bit

In terms of new construction, Manhattan will see more condos and Brooklyn will see more rentals, real estate expert Jonathan Miller said.

"I do see inventory edging higher, but not sharply," Miller said. "That will keep prices making modest gains."

He added: "I don't see 2014 as a bad market, but I view it as a little disappointment relative to the euphoria in 2013."

3. Manhattan will see a wave of ultra-luxury condos opening

A slew of new buildings are slated to open, according to Jeff Schleider, founder of [Miron Properties](#). He noted that nearly every developer his firm represents has a few projects in progress that will hit the market in 2014.

Because land costs have soared in Manhattan, with some areas commanding more than \$700 a foot, these projects are primarily [luxury](#): priced at more than \$2,500 a square foot and above in order to be profitable — which means they won't ease the housing shortage, brokers said.

4. But the prices of these high-end projects may not be sustainable

"It will be interesting to see if the market demand for this product will be strong enough to absorb this volume of units," Schleider said.

Many brokers aren't convinced these prices can be sustained beyond the first wave of these buildings.

"The new construction is so over-luxurious," Elliman's Katzen said. "It comes down to the quality of what you're looking for — a lot of them are like hotel rooms. [But] I think there are a few of us who appreciate more classical homes."

Kirk Henckels, director of [Stribling](#) Private Brokerage's division that focuses on luxury sales above \$5 million, said, "Smart developers are reassessing. Some prices will go up and some will go down."

5. Riverside Drive prices catching up to Central Park addresses

Real estate on the east and west sides of Central Park have always been prime addresses for the [city's most expensive real estate](#). But areas along other parks — especially waterfront parks — are catching up.

"Now you're seeing some homes on Riverside Drive equaling prices on Park Avenue," Henckels said, noting that the Bloomberg administration's push to improve the waterfront is being reflected in the city's real estate market.

6. Manhattan neighborhoods poised for new rental development: Lower East Side, Hudson Yards and East Harlem

With the long-overdue development of the [Seward Park Urban Renewal Area](#), the rise of [Hudson Yards](#) on the far West Side and [plans for rezoning around 125th Street and Park Avenue in East Harlem](#), expect new rentals to rise in these areas, Andrew Barrocas of MNS Real Estate said.

7. Brooklyn will stay hot

Prices in Brooklyn reached a 10-year high with inventory falling to a five-year low, according to a recent Elliman report.

"Brooklyn will certainly continue to shine with significant growth rates and rapidly changing neighborhoods," Miron's Schleider said.

8. Greenpoint, Bushwick, Bedford-Stuyvesant, Crown Heights and Prospect Lefferts Gardens will get even hotter

"In particular, [Bushwick](#) and [Bed-Stuy](#) will look very different by year's end," Schleider said.

[Greenpoint](#) — situated by two rapidly growing markets in Long Island City and Williamsburg — was poised to grow, Barrocas, of MNS, predicted. Also, there was chatter among developers about exploring whether parts of Bushwick's industrial areas could be rezoned for residential buildings, particularly for affordable housing, he said.

He also liked the odds of Prospect Lefferts Gardens and Crown Heights, especially with projects like [1000 Dean St.](#), an office building spearheaded by the founder of the Brooklyn Flea.

9. Brooklyn's growth will likely bump buyers to Queens

"Brooklyn buyers [will] become fatigued from lack of inventory, high prices and bidding wars," said Holly Sose, of City Connections Realty, who predicts [Queens](#) will see a boost in sales and interest.

10. Long Island City will become the next "It" neighborhood

Long Island City, with its easy access to Manhattan, is already seeing a [lot of new development](#) and rising prices.

Prices have already shot up to more than \$1,000 square foot — from \$600 per foot just a few years ago, said Robert Dankner of Prime Manhattan Residential, who admitted he hadn't been out there until 2013.

"The access to the city is amazing. The views are amazing. The selling pace there is amazing," he said.

"I think it's the next DUMBO to come, possibly," he added, though he thought it lacked the "hip factor" and enough supermarkets and conveniences.

11. Some may gripe about Bill de Blasio's proposed tax on the wealthy to fund [universal pre-K](#)

With a proposed hike on city income taxes from 3.9 percent to 4.4 percent for those making over \$500,000, there's rumbling in the high-end market about people wanting to leave the city, brokers said.

12. But don't expect an exodus

"The truth of the matter is, the people buying \$10 million-plus apartments are less than 1 percent of the population," Platinum Properties Daniel Hedaya said, questioning how big an impact the proposed tax would have on the market.

"People may moan about it but they don't pick up [and leave] because of it," Kathy Braddock, of Rutenberg Realty, said. "Maybe more people would think twice about purchasing but there are enough people who want to purchase — and we're not talking just about Manhattan. You have a lot of young families who want to get a piece of the pie."

13. Families want fireplaces, modern interiors and sophisticated entertainment rooms

Many New Yorkers remodeling high-end apartments are opting for clean and modern lines — whether in pre- or post-war buildings — and most want fireplaces, whether fed by natural or artificial gas, said Marc Spector, principal of Spector Group architectural firm.

"A lot of the people who are purchasing are young families that are astute in design and art collections and want a place where the kids can run around and throw-up on the floor and still have a Cy Twombly [painting] on the wall," he said.

Many families are also requesting elaborate home-theater technology, he said, noting that the hot item of the moment is a [\\$45,000 Samsung 85-inch high definition TV](#).

14. Cats and dogs are so 2013; architects are designing spaces for piglets, ferrets and snakes

Piglets and ferrets — despite being illegal to keep in New York City — are becoming more common house pets along with animals like large snakes, said Spector, who has seen a recent influx in requests from homeowners with unusual animals.

"You have to design these large play areas for these animals," Spector said, adding, "You have some with piglets who walk on leashes."