

Summer doldrums take hold of residential market

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The pace of residential sales in Manhattan continues to slow, causing a backlog of inventory. The rest of the summer doesn't look any more promising.

Sales activity is down by roughly one-third from the same point last year, Jonathan Miller, president and CEO of appraisal firm [Miller Samuel](#), said last month.

Brokers said that their buyers were not as quick to pull the trigger, between worrying about the market, job security, their ability to obtain financing and whether prices will drop.

"Some speculators are thinking that purchase prices should drop and want to hold out for a 'good deal,' or negotiate more aggressively," said Jorden Tepper, executive director of sales at Century 21 NY Metro, Fine Homes & Estates. "Others are a bit skittish, taking time to scrutinize their financials more conservatively, worrying about the economy and job security. Some are having a more difficult time getting mortgages, as lender requirements are now more stringent."

The picture is rosier if one compares sales from month to month, instead of year over year. Between April and May, the most recent period for which data was available at press time, sales increased only 1 percent, according to statistics prepared by Terra Holdings, parent company of Halstead Property and Brown Harris Stevens. The number of sales increased to 1,070

transactions from 1,059.

And that increase is largely due to seasonality.

"Sales activity accelerates in May and peaks in June, absorbing inventory nearly as quickly as it enters the market," Miller of Miller Samuel said, referring to contract signings. He said he considers the July 4 weekend the close of the traditionally busy spring season.

But when it came to prices in May, there was only a modest price gain. The median price was \$967,130 in May, a 2.3 percent increase over April. Gregory Heym, chief economist at Terra Holdings, said he saw no reason for the uptick. It was "probably just a monthly fluctuation," he said. Compared to last May, the median has risen \$167,130, Terra Holdings data indicate.

"I'd say it's luxury increasing share of the market," Heym said. "Typically it doesn't impact the median as much as the average price, but in a given month it can lead to a larger jump."

The slower pace of sales is contributing to a growing supply of homes on the market.

"Summer months are always slower, and you may see a larger-than-usual inventory," said Shai Shustik, president of Manhattan Residential.

But this May fared particularly badly, compared to last May.

"Relative to last year, which saw elevated activity, activity is lower," Miller said.

This May, there were 7,320 homes on the market, a sharp 27.5 percent jump year over year, according to data from Miller Samuel.

The uptick in inventory between April and May, however, was smaller than between the two months earlier — 1.5 percent versus 11 percent.

The rental market is not on fire either. "Rentals haven't been as busy for me as they have been in previous years in June," Adina Azarian, founder and CEO of Adina Equities, said in mid-June. "We did not see as many new hires and relocations as last year in June." And, she added, "Renters are spending more time looking for deals and trying to negotiate."

Rents are increasing, but barely, according to data from Citi Habitats. The average price for a studio through three-bedroom was \$3,428 in May, up .66 percent from April.

Marc Lewis, COO of Century 21 NY Metro, said in the middle of

June, "normally by this late date in June there is a 'grab bag' for [rental] apartments, but we are just not seeing that, with owners reducing rents more than in past summers."

He does not expect the rental market to improve next month, with college graduates facing difficulties finding employment.

"August is normally the busiest month in rentals, but this year we might be in for a surprise," Lewis said.

If it's special, it moves

As the summer heats up, *The Real Deal* wanted to see if the residential real estate market was at all following suit. So, the magazine sent out a survey to industry pros to get their take on the market. Here are some of their insights:

Louise Phillips Forbes, executive vice president, Halstead Property: Buyers now have the luxury of having more time to make choices. The negative is longer selling cycles for those looking to unload apartments.

Jorden Teppr, executive director of sales, Century 21 NY Metro, Fine Homes & Estates: I notice a slight uptick in the lower end of the market right now, as the higher-end purchasers are spending less time in town for the summer.

Barak Dunayer, president, Barak Realty: Inventory will rise by 5 to 10 percent as properties take longer to sell. Prices should remain flat with pressure from buyers to make deals within 5 percent of asking prices.

Adina Azarian, founder and CEO, Adina Equities: I would expect that July will bring out more renters. It would just be too strange to have two slowish summer months in a row for renting.

Joseph Tedeschi, associate broker, Manhattan Apartments: More people are trying not to use a broker and I am finding with my rental exclusives that when using a broker they are asking for a two-year lease as well as utilizing OPs (owner-paid commission) more than ever.

Stefani Pace, associate broker, Prudential Douglas Elliman: The summer is always slower, but the determined buyers are back in the market the second week of July.

Diane Joffe, associate broker, City Connections Realty: The only reason sellers are dropping their price is because they may have entered into the market very high. I believe patience is a virtue that needs to be practiced.

Tom Postillo, senior vice president, Core Group Marketing: Softness in the market seems to be in the \$2 million and under listings.

Darren Sukenik, executive vice president, Prudential Douglas Elliman: The low-end is very, very active. Middle has to be special to sell. Perfect renovations in unique buildings in top locations sell fast. Anything lackluster, facing a brick wall or cookie cutter will sit.

Ken Scheff, executive vice president, Stribling & Associates: Right now buyers are unwilling to reach for a property unless it is truly special.

Marcia Donen Roma, vice president, Fox Residential Group: Buyers are citing that they are taking more time to do deals because of the economy, but mostly [it's] because the media is giving people second thoughts.

Julie Pham, vice president, the Corcoran Group: Buyers are uncertain about the economy. Also the current lending environment is making things more difficult. The upside is that savvy buyers can take advantage of the uncertainty and get a much better deal now.

Compiled by Lauren Elkies

Author: Lauren Elkies

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