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## MARKET MAKERS

By MAX GROSS

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For a few dismal months, Paul Purcell wasn't exactly chipper in the morning.

"I didn't want to take the [bed] covers off from December until March," says Purcell, co-founder of Charles Rutenberg Realty's New York office.

Sales at Purcell's firm were off by roughly 80 percent. Prices were way down. Buyers were lowballing, and sellers weren't budging.

But now, Purcell has good reason to get out of bed.

Things picked up dramatically in June, near the end of a second quarter that started slowly. And his brokerage saw a 70 percent climb in deals being inked in the third quarter compared to the second quarter.

Purcell isn't the only one who's noticed a recovery.

"[It] was one of our best Augusts ever," says John Reinhardt, president and CEO of Fillmore Real Estate in Brooklyn. "We were up tremendously in terms of activity."

Yes, the real estate market, which had been hovering over the abyss, has recently taken a step back to safer ground. "There's clearly been a change," says developer Gerard Longo of Madison Estates. "The confidence level is starting to return."

And the driving force behind much of this has been on the lower end.

New York real estate has always been a tale of two markets: the super high end — and everything else. And while the multimillion-dollar market hasn't recovered by a long shot, traffic picked up this summer and early fall for properties priced at less than \$1 million.

"In the sales arena, the vast majority of people out there are younger people and first-time buyers," says Daniel Baum, CEO of TDG/TREGNY. "The studio and one-bedroom market has been doing decently, and anything priced below \$500,000 has seen a lot more activity."

According to Prudential Douglas Elliman's third-quarter market report, the number of sales jumped from 728 in the second quarter to 995 in the third quarter — and 60 percent of these deals were studios and one-bedrooms with a median sales price of \$367,000 and \$575,000, respectively. (Two-bedrooms with a median price of \$1,045,000 accounted for an additional 26 percent of the market.)

These numbers seem to indicate that today's market isn't being fueled by a one-time Wall Street bonus; it's made up of people who have been saving and waiting for an opportunity. And it's the sector of the market that got a shot in the arm from the Obama administration's \$8,000 tax credit for first-time buyers.

It's also the sector that isn't having trouble getting the cash to make a real estate purchase.

"Banks have made all sorts of pronouncements about jumbo mortgages," says real estate appraiser Jonathan Miller of Miller Samuel, referring to loans that are more than \$729,000. "But from what I've seen, it's all lip service.

"For the last two months, whenever I've been speaking with real estate agents and they've said they sold a \$2 million or a \$3 million or a \$4 million property, I've asked them, 'Did your buyer get a mortgage for that purchase?'"

Miller notes that not a single broker said yes. (This was true of every broker NYP Home contacted for this story, as well.)

But for the conforming, non-jumbo-mortgage crowd, things are looking good.

"My general sense is it's the right time," says John Thompson, who's in the market for a one-bedroom in Chelsea or Flatiron for under \$1 million, which he's looking for with Core's Fredrik Eklund.

Given how far prices have fallen (between 20 and 30 percent from last year in many cases) and how low interest rates are (many 30-year fixed mortgages are well below 5.5 percent), Thompson's pronouncement doesn't seem unreasonable.

"I think it's a great time [to buy]," says Baum. "Because the other side of that is, what happens with interest rates? What if they go to 7, 8, 9 percent?"

"There are good real estate deals, and there are opportunities out there," says Barak Dunayer of Barak Realty. "People are getting their cash from under the mattress."

Indeed, prices are starting to look appetizing to patient buyers.

"In the beginning, I was looking at things outside my price range," says Toya Liverpool, who just bought a Midtown East condo. "I figured if I made an offer below asking price, it might be acceptable."

But when Liverpool started looking about a year ago with Susan Forrest-Reynolds of Charles Rutenberg Realty, sellers were still clinging to 2007 prices.

"It took awhile for sellers to get that memo," says Purcell. "They can watch their stock portfolio fall and accept that, but they think, 'This is my home!' It's like their child."

Over the summer, however, Liverpool (and others) saw that asking prices were starting to look reasonable. She jumped on her 500-square-foot junior one-bedroom for \$450,000 and is now in contract.

There have even been stories of the occasional bidding war (which usually occurs under asking price, but still).

"We found a gem on 61st Street [in Sunset Park, Brooklyn] that we made an offer on," says Peter Ahn, who's been looking with Madison Estates for a two-family house with his wife and newborn daughter. The Ahns had focused on Sunset Park and Bay Ridge, and were hoping to spend between \$700,000 and \$850,000. The house on 61st Street was \$695,000. "But the place got something like five or six offers."

The Ahns decided to keep looking, and put a bid on another two-family house for \$799,000 in Bay Ridge, but they got outbid on that one, too. Finally, they found a two-family house in Bay Ridge for \$769,000 that they made an offer on

(under asking) — which was accepted last week.

Of course, most people in the real estate industry are wary of waving a banner reading “Mission Accomplished.” Almost every buyer we spoke to was understandably worried about a further downturn. But the buyers of today’s market are different than those of a few years ago, when many were simply looking to make a quick profit. And this is an important difference.

“Let me put it to you like this,” says Baum. “I, personally, have been a renter for a very long time. I took the initiative to buy because of the market conditions. I’m looking for a place I’m going to grow into . . . even if [prices] come down another 10 or 15 percent, I have the longevity to withstand that.”

Baum found a four-bedroom house in Westchester for less than \$1 million. He got a conforming loan for the property.

“The market was right, the financing was right, and for my expanding family, it was the space I was looking for,” he says.

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