

# THE REAL DEAL

NEW YORK REAL ESTATE NEWS

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## Making sense of market reports

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Apartment sales in Manhattan were either flat or down 34 percent in the first quarter of the year. Meanwhile, the average price of a studio was either \$518,000 or \$484,280. The average price per square foot of a co-op? Either \$1,002 or \$1,128.

To homebuyers, Manhattan market reports can sound like multiple-choice tests. The reports, put out by some of the biggest firms in the city and by their collective trade association, the Real Estate Board of New York, often paint a muddled picture of the market.

"The consumer looks at four reports and gets four stories," said Paul Purcell, a founding partner at Charles Rutenberg Realty. "What kind of value is that? It's a waste of paper."

Under the current listing system in Manhattan, there is simply no easy way of getting a standardized report on the residential real estate market. The experts who write the reports often use similar databases, including the city's ACRIS system, but they also rely on proprietary databases, and information from the brokerages they work for or managing agents they work with. Because every expert's data is slightly different, and because they don't all track sales in the same way, the numbers don't add up.

The Real Estate Board of New York puts out a report based entirely on the publicly available data on closings, according to Michael Slattery, senior vice president for research at REBNY. But Jonathan Miller, an appraiser and principal at Miller Samuel who puts out a report for Prudential Douglas Elliman, said that by the time a closing is recorded in the city database, the data may be stale.

"Especially in the last couple of quarters, there have been a slew of closings that may have gone to contract 18 months earlier," Miller said.

New York is unique in this respect. Most metropolitan areas are covered by a comprehensive multiple listing service that makes asking and selling prices available to everyone, and thus makes it easier to establish an average price and track sales volume. However, whenever Manhattan real estate firms have discussed putting together an MLS, the process has fallen apart over issues of control. Manhattan is also a particularly tricky market because it is dominated by co-ops, which do not face the same disclosure rules as traditional single-family homes.

"It is a real hole in the data not having an MLS for Manhattan," said Walter Molony, a spokesperson for the National Association of Realtors. "It makes it a very challenging market to measure."

Jeffrey Jackson, chairman of appraisal firm Mitchell, Maxwell and Jackson, used to make his market report available to the public, but now keeps his numbers private.

"The numbers are so frequently misused and misinterpreted," Jackson said. "All these discrepancies were the reason I stopped publishing the report."

The commercial system is similarly problematic. The major commercial real estate reports survey varying information — and define the boundaries of neighborhoods differently.

"The office market has had multiple reports with different numbers for inventory," REBNY's Slattery said.

But while real estate professionals acknowledge that the discrepancies among the reports can often be substantial, they don't all agree that they constitute a problem. Miller said the reports that present the data in different ways serve different clients. And because the reports rely on different sources, they allow the appraisers and economists to "showcase our expertise," he said.

"What we're doing is, we're showing our clients and government agencies that use our

reports that we are more than just an appraisal firm — that we do market analysis," he said. "If you just want to mechanically cite the change in a market metric like median sale price, that's a mechanical process."

Still, some real estate executives proposed ideas to make the reports jibe and give consumers and agencies a better feel for the direction of the market.

Purcell said he thinks the city needs an MLS that lists all available properties. An MLS would be a major shift because brokerages don't currently share all of that information, which some firms consider a crucial competitive advantage. (In a previous job as president of Prudential Douglas Elliman, Purcell himself was reticent to open Elliman's listings to other agents.)

Still, if companies shared listings and made them public, buyers and sellers would have a better feel for the market and homes would change hands faster, he said. Brokers from competing firms would then make listings available in one comprehensive database, allowing buyers to compare prices and amenities. Brokers from competing firms could show each others' listings, (splitting the commission if a broker from a different firm sold the apartment) and buyers could rely on one broker for advice rather than going to multiple brokers. And at the end of a month — or even in the middle of the month — the market data could be compiled much more easily.

"You would know all the median price information, the negotiability factor — everything we're interested in looking at and the consumer is interested in," Purcell said.

Molony said the National Association of Realtors would also welcome a comprehensive MLS for Manhattan. The Manhattan Association of Realtors currently has an MLS, but the system doesn't include enough properties to make it anywhere close to comprehensive. REBNY also has a public listings site, but not all the biggest firms have signed up.

"From our perspective it would be useful, so we could have more accurate data for the New York area," he said. "From a consumer's point of view that would certainly be

advantageous because they could see what's available and be better informed."

Jackson, however, doesn't think an MLS would necessarily make the market more understandable for the consumer. The most accurate information to gauge the strength of the market, he noted, is repeat sales data, because it eliminates the confusion that arises when a new luxury building opens and average sales prices soar. Since the city only recently began tabulating the sales price data for co-ops, repeat sales are currently hard to access. But within about four or five years, the city should have enough repeat sales data so that economists can create an index and determine more accurately how the market is doing, he said.

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