

Time to raise residential prices? Depends on whom you ask

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From left: Diane Levine of Sotheby's International Realty, 168 West 73rd Street, Neil Binder of Bellmarc Realty While a significant portion of listings -- roughly 33 percent, according to Streeteasy.com -- saw price cuts last month, there was an increase in sales and many brokers started elevating asking prices to enhance their units' image, to leave room for haggling or because they thought the market was turning around.

Upwards of 850 homes in Manhattan sold in August, according to figures compiled by *The Real Deal* using Streeteasy.com data, up from approximately 760 deals made a month prior. Almost 5 percent of all Manhattan homes on the market last month, the data shows, saw price increases; those price changes averaged 6.4 percent.

And those price increases were seen across the price spectrum.

On the lower end, Dan Neiditch, president of River2River Realty, raised the asking price of the 1,000-square-foot, two-bedroom, two-bathroom Clinton Hill condo he's representing at 635 West 42nd Street to \$1.2 million, a \$15,000 increase, citing optimism about the market.

"The buyers are coming in and putting in higher offers," Neiditch said of the recent influx of interested parties at the listing. "I've definitely seen more volume in the last couple of months. I can't say that for the entire city."

Andy Kim, an executive vice president at Nest Seekers International, and his client decided to raise the asking price for a 585-square-foot studio condo at 240 Riverside Drive at 71st Street to \$625,000, up 5 percent from \$595,000. Although the unit had been sitting on the market for two months -- Kim first listed the property in June and raised the price this August -- he said that they saw a rising demand for units like theirs.

"Where the [market] price is set is most important," Kim said, when explaining his rationale. "We realized we have a lot of exposure and we have a decent amount of traffic. [Last June] we priced that [unit] at below the market rate."

Price increases among the highest echelon of the market included a six-bedroom carriage

house at [168 East 73rd Street](#), for example, which saw its price jump to \$18 million from \$16.5 million. And a townhouse at [3 East 94th Street](#) saw its asking figure raised to \$24.75 million, up \$1 million from its previous price.

The price increases are not surprising, and should not be too heavily weighted, one market watcher says.

"I would expect to see some price increases at the end of summer as people anticipate price increases in the fall," said Jonathan Miller, an appraiser with Miller Samuel and preparer of market reports for Prudential Douglas Elliman. "The story to me, based on the numbers, is not that listing prices are rising; it's that because asking prices fell sharply you didn't see the same amount of increase that you did last year."

Miller, whose third quarter market report is being released in a few weeks, was reluctant to divulge specific numbers. Derrick Gross, a business analyst at Streeteasy, said his data indicated that last month's median asking price for Manhattan homes was \$1.005 million, while August 2008's was \$1.21 million.

Some brokers say they are not seeing any real changes in pricing.

Neil Binder, a principal at Bellmarc Realty, said he hasn't been seeing high-volume movement in the market or changing prices.

"We're seeing a pretty flat market," Binder said. "We don't see anything that justifies a price increase right now."

Diane Levine, brokerage manager of the Downtown Manhattan office of Sotheby's International Realty, attributed August's success to more reasonable sellers. She said she was surprised by figures suggesting that prices might be turning around; in her view, August marked the month when "sellers [had] finally gotten real!"

"People in August were frustrated," Levine said. "Sellers are becoming more realistic."

Contrary to expectations that prices would be cut significantly after Labor Day, sellers of some of the city's most expensive properties [have not](#) deeply slashed their prices, according to the New York Observer.

Of course, raising prices, even in a forgiving market, can work against a seller.

Kathy Braddock, a founding partner with real estate consultancy Braddock + Purcell and the New York brokerage Charles Rutenberg Realty, said that in any market, price hikes are a risky move. Because apartment histories -- including price fluctuations -- are readily available, she believes that they'll dissuade buyers.

"The consumer knows everything," Braddock said. Speaking hypothetically, she said that

a price hike could stop many buyers, purely from the visceral reaction it can bring. "Why, psychologically, would I pay \$50,000 more?"