

# THE REAL DEAL

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## Is it a buyer's or seller's market?

### Balance tilts away from bargaining as deals continue to heat up

By Philana Patterson

The Manhattan residential sales market continued to heat up in the first several months of the year, giving buyers less negotiating leverage than people who bought apartments in the last half of 2006.

Brokers stopped short of calling it a seller's market, but Manhattan apartments aren't spending as much time on the market, attendance is up at open houses, prices are rising compared to late last year, and some properties are drawing bidding wars.

The average sales price of a Manhattan apartment was \$1.29 million in the first quarter of 2007, up 5.4 percent from \$1.22 million in the fourth quarter of 2006, according to a Prudential Douglas Elliman report prepared by appraisal firm Miller Samuel. The number of sales rose a whopping 42.3 percent, to 3,474 from 2,441 in the prior quarter. The average price per square foot rose 7.2 percent to \$1,070, and the average number of days a property stayed on the market dropped to 131 from 149.

"It's not a buyer's market, and it's not seller's market. It's a transaction market. That means that if it's priced logically, with a nod to market value and a nod to current inventory, then it will sell," said Darren Sukenik, executive vice president of luxury sales at Prudential Douglas Elliman.

Apartments that had been sitting on the market in the fall and early winter began to get offers close to or at full asking price as far back as January, brokers and agents said.

After an apartment at 284 West 114th Street sat on the market all fall, Corcoran Group vice president Valerie Dominguez said the unit in January got four offers and the seller accepted one at the full asking price. Another unit, at 3 West 122nd Street, which had sat on the market for a while, sold for about \$10,000 below asking price, she said.

Much of the hesitation that potential buyers had for a good part of last year has diminished.

"People were waiting for the bottom to fall out to buy low," Dominguez said. "I think collectively people decided that wasn't going to happen."

More recent listings have sold quickly with some negotiation, she said. An apartment she listed at \$950,000 recently sold for \$925,000, and one she listed at \$890,000 sold for \$850,000.

"I am not really negotiating that much," Dominguez said. "If buyers ask for too many things, another

offer comes in."

Still, that doesn't mean that sellers can bank on desperate buyers and push the envelope on price as some did two years ago.

"It's a very healthy market -- there's not an oversupply by any means, and I don't think there's an undersupply," said Citi Habitats sales manager Sara Rotter. "Buyers who are looking to purchase have options."

In the first quarter of 2007 there were 5,923 units on the market, down slightly from 5,934 in the fourth quarter and down from 6,904 in the first quarter of 2006, according to Miller Samuel.

"Now that we see prices appreciating and going for over asking price, an agent might ask -- now that the market has increased -- can we push a little more? It's a fine line -- you want to be careful. You can push a little, but not too much, or you might run the risk of pushing yourself out," Rotter said.

Jonathan Miller, president of appraisal firm Miller Samuel, believes that sellers run the risk of overplaying their hand.

"I think there will be resistance [by buyers] because we are already seeing some sellers raise their prices even though their own units didn't sell. In other words, if sellers get too confident, buyers won't participate," said Miller.

Concessions such as developers' paying transaction fees on the purchase of new condos are evaporating, and sellers aren't agreeing to mortgage contingencies, brokers said. These days, if a seller throws in a plasma TV, it's probably not an effort to entice buyers; it's probably because they don't want to patch a wall, Sukenik said. Sellers who want a shorter or longer sale period may have more leverage, like one client who wants a 45-day closing and another who wants five months, said Dominguez.

"Last year I would have refused," Dominguez said. "Now I will throw it out on the table."

If a good apartment in a desirable area isn't getting offers, it's probably not priced right, Rotter said. If a unit is on the market for 30 days and can't attract about 30 qualified buyers, a seller may need to make an adjustment, according to Rotter.

"It all comes down to pricing right from the beginning," Rotter said. "If it gets to the point where you had a conversation with the seller, and the seller doesn't follow your advice and wants to list at his own price, it's important to send the seller reports of comparables to show where they should be."

And apartments that aren't so desirable -- buyers aren't in so much of a hurry that they're willing to settle for just anything.

"If the apartment is good, there's a bidding war," Sukenik said. "If the apartment is bad, nobody wants it. No one is doing anything frenetic."

**(See Chart Below)**

## Manhattan co-op and condo sales

	Q4 2006	Q1 2007	Change
Average sales price	\$1,224,840	\$1,290,391	<b>5.4%</b>
Average price per sf	\$998	\$1,070	<b>7.2%</b>
Median sales price	\$799,000	\$835,000	<b>4.5%</b>
Number of sales	2,441	3,474	<b>42.3%</b>
Days on market	149	131	<b>-12.6%</b>
Listing inventory	5,934	5,923	<b>-0.2%</b>

Source: Miller Samuel