

THE REAL DEAL

June 01, 2009

Market Vital Signs Improve

By Candace Taylor

Just when things appeared to be looking up for the New York City real estate market, the industry was hit with shocking news: Coldwell Banker Hunt Kennedy would close its doors. The fate of CBHK remains unclear (see sidebar). But one thing is certain: Now that traffic seems to be reviving somewhat in the normally busy early summer market, brokers are scrambling to make up for this winter's very slow months by doing as many deals as possible. And as the demise of CBHK shows, many may find that isn't enough to put them on par with what they've earned in the past.

"My new business model is working seven days a week," said Victoria Shtainer, a senior vice president at Prudential Douglas Elliman. "I am willing to work hard now because the winter was slow."

But working harder doesn't guarantee that she'll make as much money as last year.

"I was selling last year but now I'm renting units," she said. "I hope June is busy regarding my rentals, but I would like to do more sales."

Brokers say the environment has improved from the immediate aftermath of this fall's financial crisis.

"While it has not been the same and certainly not better than previous years, the spring and early summer season has followed the typical upward trend from the winter months," said Kate Davis Campbell, the director of operations at Core Group Marketing.

"In comparison to the fourth quarter of 2008 and the first quarter of 2009, things have actually improved quite a bit," she said.

That's reflected in the inventory of available homes for sale, according to Jonathan Miller, president of real estate appraisal firm Miller Samuel. The number of available units dipped to 10,908 in April of 2009, down just slightly from 11,028 the previous month. But that figure is still 18.7 percent higher than April of last year, when 9,189 homes were on the market.

Miller attributed the fluctuation to the normal uptick in activity that accompanies the spring months, not an end to the real estate slump.

"It's still at a high level but showing fluctuation," he said.

Meanwhile, buyers and sellers seemed to have lost some of the panic associated with the financial meltdown, though they're still unsure about market conditions.

"I think the fear of the abyss has subsided, but some buyers still feel that there is still some room for it to fall further," said Wesley Stanton, an executive vice president at Century 21 New York Metro.

Improvement in the stock market has helped. "The stock market coming back has been a huge confidence builder," said Barbara Fiorino, a sales agent at DJK Residential.

Slight improvement notwithstanding, both sales and rentals are still moving slowly.

"My colleague has a beautiful Upper East Side listing that is well priced. A year ago, it would have moved much quicker," Fiorino said. "Rentals are also sitting longer. I have three rental exclusives down in the Financial District and I rented them a year ago maybe in two weeks. Now one of the listings has taken two months."

Adina Azarian, the founder and principal broker of Adina Equities, said she's seeing the same thing on the rental front. "There are still a lot of renters looking for no-fee deals, low rents and [breaks on] commissions on exclusive listings."

For purchases, one reason it's taking longer is that buyers want to be absolutely certain they're getting the right price. Price — and bargain hunting — still reigns as the dominant factor in the market, brokers said.

"[Buyers] need to feel like they are getting a great deal, or they will just wait six months and see where the market is then," said Stanton.

All of this has changed the dynamics of the marketplace. "The one thing I see across the board is that everyone feels that they have to negotiate," Fiorino said. "It's like when you go to a tourist town, you feel stupid if you try and buy something and take the first offer — you have to bargain."