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Manhattan Househunters Can Expect Better Odds in 2016, Brokers Say

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By Amy Zimmer

This 3,025 square foot, 4-bedroom full floor residence at Village Green West, a new development at 245 W. 14th St., with a 50-foot long great room, is listed for $8.55 million by Douglas Elliman.

Photo credit: Douglas Elliman

MANHATTAN — The year for Manhattan apartment sales seemed to end on a high note, as prices set new records across the board in the fourth quarter.

But as inventory began to expand a bit, many real estate experts predict that 2016 will be a better year for price-conscious buyers.

Manhattan’s median sales price — representing the market’s midpoint — hit a record $1.15 million, marking a 17 percent jump from the year before and shattering the previous pre-Lehman high of $1.025 set in 2008, according to the report released Tuesday from Douglas Elliman.

The borough’s average sales price also surged 12 percent to $1.95 million.

Don’t, however, expect the double-digit increases to continue, Douglas Elliman’s CEO Dottie Herman said.

“What you have right now is sustainable growth,” she said, “and that’s really what you want for a healthy market.”

The price jumps were, in part, the result of a spike in closings in pricey new developments. As buildings were completed in the last quarter, contracts that may have been signed more than a year ago finally closed, said Elliman report author Jonathan Miller, who pointed out that the share of new development closings nearly doubled to 19 percent of Manhattan’s market compared to the year before.

Inventory for the resale market jumped roughly 20 percent from the previous year — but that was still 18 percent below Manhattan’s 10-year average for inventory, Miller said.

Inventory for new development appeared to defy expectations and actually fell by 46 percent. Miller noted, however, that this is likely due to marketing strategies by developers who hold back “shadow inventory” when sales are slowing.

“You can see buildings that should have seven or eight listings, and they have three or four,” he said.

Still, the added inventory will help provide more opportunities for buyers — and give them more power — noted experts from Town Residential, who outlined what Manhattan’s inventory looked like as of Dec. 30: 2,100 units under $2 million; 1,132 units priced at $2-$5 million; 601 units $5-$10 million; and 493 luxury units priced over $10 million.

Andrew Heiberger, founder and CEO of TOWN Residential, noted that the records of the last quarter of 2015 did not show the effects of the “soft patch” that brokers noticed in the fall, in which units stayed on the market longer and sales started to flatten.

“Looking at the existing resale market, we are seeing a stabilization as sellers have begun adjusting their price expectations from the peak levels hit earlier this year,” he said.

But the most “desirable” units, whether priced at $500,000, $2 million or $15 million, will have "multiple suitors" regardless, Heiberger said, stressing the importance of buyers having all of their ducks in a row — like being pre-qualified for a mortgage — so that they are ready to pounce on a purchase if they find the perfect home.

“And if the stars align and you find the best unit in your price point with a motivated seller, maybe you might get an extra 5 percent relief that you wouldn’t have gotten last year instead of being caught up in a 5 percent up-bid,” he said.

It will all come down to pricing, said Frederick Peters, of Warburg Realty.

The most successful sales will continue to be those where the homes are priced slightly under their actual value, he said, noting that twice in the past couple of weeks — in the height of the holidays when the market is considered practically dormant — his firm listed properties 2 or 3 percent under market and saw them surge 10 percent or more over the listed price.

“Less is more,” Peters wrote in his report.

“While sellers often ask why buyers don’t just make offers on these overpriced properties, the fact is, for whatever reason, they don’t,” he said. “Today’s buyers are sophisticated and have done their own price per square foot analysis using data from the numerous available public websites. They simply won’t overpay, and often they prefer not to even view a home which they perceive as excessively priced."