

6 Predictions for the Fall Real Estate Market

By Amy Zimmer | September 22, 2015



MANHATTAN — As the real estate market emerges from its summer lull amid a volatile world economic backdrop, brokers are watching what direction things will take for the fall season.

Many are doubtful that out-of-control bidding wars — which became commonplace this spring — will return, at least in Manhattan. But limited inventory will still be a thorn for many buyers, especially at the "lower" price points of the market, which nowadays many brokers consider to be under about \$2 million.

"This might be the first fall in years where buyers have a bit more leverage due to the rising level of volatility in global markets," Noah Rosenblatt, founder and CEO of UrbanDigs, a site that analyzes the

Manhattan market. "The only force working against buyers is that the market continues to be 'inventory constrained.'"

Here's what experts are saying:

1. August was slower than usual.

August tends to be a sleepy month, as brokers and their clients vacate the city. But this August was even sleepier than usual in Manhattan, at least, where sales activity was down 17 percent from the same time last year, according to Rosenblatt.

"The data shows August 2015 as the second slowest month for total Manhattan deal volume over the past eight years — since we have been keeping records — behind only August 2010," he noted.

That said, he and others are hesitant to base a trend on one month.

"Whether the steep decline was due to uncertainty in the financial markets or just a combination of the summer doldrums plus low inventory remains to be seen," Julie Park, of Level Group, said.

2. Buyers may be more price conscious.

Unlike in the spring, when bids were coming in over the asking price in increments of more than 10 percent right off the bat, the tenor this fall may be different (though maybe not in parts of Brooklyn.)

"I think we will see bidding wars, but I don't think they'll be wild," said Joel Moss of Warburg Realty.

"Buyers will be a little more conservative and more conscious of overpaying," she said. "From a selling perspective, we need to be cautious when pricing."

If overly optimistic sellers price too high initially, they might avoid the initial surge of buyers, which is the critical make-or-break window for sales nowadays.

3. The dip in global markets might help buyers... a little.

This summer's dip in the stock market was the "first wave of real volatility" since the 2008 credit crisis, Rosenblatt said.

But the events of seven years ago marked a "once in a generation type of event," while "today's markets resemble more of deflating asset bubbles caused by years of progressive reflationary policies by central banks and governments across the globe."

With Manhattan real estate prices up nearly 50 percent since 2009 — with the higher end up nearly 100 percent — he added, "The world will not end if Manhattan experiences a 10 percent breather."

Still, don't expect a "cliff dive" effect on Manhattan prices, but do try to get a leg up — something that's been difficult the last 18 months.

"From my point of view, if buyers can get a private one-on-one 'negotiation' again and not have to deal with best-and-final bidding wars and removing the financing contingency, that is a general trend they have not seen in years," Rosenblatt said.

4. Brokers are already very busy.

Though sales overall may have dipped last month, [Daniel Hedaya](#) of [Platinum Properties](#) said his office got "extremely busy" in the two weeks before Labor Day as buyers were looking to get a head start.

The resale market, particularly for Manhattan apartments in the \$1 to \$3 million range — where the "new normal" for a one-bedroom is \$1 million, \$2 million for two-bedrooms and \$3 million for three bedrooms — is still quick-paced, Hedaya said.

And sales of "starter" apartments — those in the \$400,000 to \$600,000 range — are especially brisk.

A one-bedroom in Battery Park City his firm listed for \$525,000 just before Labor Day, for instance, had eight bids within a day.

"As long as there remains a dearth of supply and a steady stream of eager and capable buyers, I don't see any negative impacts of so-called market jitters," Park said.

"In fact, historically sleepy neighborhoods such as Yorkville, are seeing median home prices climbing higher, and fast," he added.

Also, now that rates are expected to stay low for the time being, fence-sitters might seize the moment, brokers said.

5. Don't expect foreign buyers to disappear.

World economic events might impact foreign buyers on high end of the market, but international buyers aren't going away, brokers said.

"Uncertainty everywhere else in world is good for us," Hedaya said, since many view New York City real estate as a safe place for their money. "People want to park money in New York City."

6. Hot neighborhoods: LES, Astoria, deeper into Brooklyn.

Manhattan's Lower East Side continues its ascendance as the borough's hippest neighborhood: It's seeing a "significantly higher price point" and "a very different audience," especially when compared to neighboring East Village, said Jeffrey Schleider, of Miron Properties.

"The East Village is post-collegiate frat boy, where the Lower East Side is cool, artistic, fashion," he said, noting how one of the buildings they run in the area has attracted art dealers, kids of famous actors and others.

BOND New York recently opened a building in Astoria, amid a wave of new construction, that's the first in the area to fetch more than \$1,000 a square foot, broker Douglas Wagner said.

So he's keeping an eye on that area as well as the neighborhoods at the southern end of Prospect Park — Prospect-Lefferts Gardens and Prospect Park South — where a lot of buyers are now starting their searches, he said.

He's also looking at Bay Ridge, where BOND recently sold an un-renovated three-story "little limestone house" asking \$810,000.

There were 11 offers and it went for more than \$900,000.