

Bidding Wars: Bigger Price Jumps and Faster Deals Are Trending, Brokers Say

By Amy Zimmer | June 17, 2015

MANHATTAN — After the first open house for a 1,522-square-foot three-bedroom Harlem condo, [Teresa Stephenson](#), the real estate agent representing the seller, knew it would fetch above the asking price of \$1.195 million.

More than 25 separate parties came to the initial showing of the fourth-floor walk-up at 251 W. 123rd St., with some telling her they'd offer more than the asking price. One broker even offered a reduction in her commission to strengthen her clients' offer, Stephenson noted.

Ultimately, five offers came in, all well above the asking price, with the winning bidder offering nearly 11 percent — or \$130,000— more than the listed price. But the \$1.325 million offer came with the condition that Stephenson's clients had two hours to decide.

Offering a big bid right out of the gate — and often attaching a tight timeframe to the offer — has become more popular this spring, brokers said. Many are seeing bid increments of \$50,000, \$100,000 or even more, especially for apartments priced below \$2 million, since inventory in that price range

remains limited and the competition is so fierce. Buyers sometimes place these time constraints on large bids in order to force a seller to consider that offer ahead of the competition.

"If a buyer has seen enough places and they've lost enough places, they're willing to pay a premium to get a place they love. [They want] to knock out the other bidders and avoid having to go back into the market to look again," said Stephenson, of [Platinum Properties](#).

Her sellers didn't hesitate to accept the aggressive deal, which closed last week.

"When you go 10 percent over ask, you can ask for that deadline. You kind of paid for the right to do so," Stephenson said.

Aleksandra Scepanovic, of [Ideal Properties Group](#), which specializes in Brownstone and North Brooklyn, said that if you're on the brink of losing a property, offering another \$50,000 or so and saying, "'I need to know whether we have a deal before end of day,' shows you're literally putting your money where your mouth is. It brings a sense of immediacy and shows you're serious."

For buyers hoping to take advantage of historically low mortgage rates, upping their offers might be a bold move for the negotiating table but only adds an incremental increase to mortgage payments, many said.

In Brownstone Brooklyn and North Brooklyn, 47 percent of apartments went for above asking price in the first quarter of the year, compared to 42 at the same time last year, according to an analysis by Ideal Properties. The average

over the asking price was 6 percent (or \$66,989) in the first quarter of 2015, up from 4.4 percent the same time last year.

Ideal's numbers show buyers are pushing the upper limit of what they'll pay, with some paying nearly 30 percent above the listed price. A year ago, the upper limit was roughly 20 percent.

In Manhattan, for the first quarter of 2015, nearly 19 percent of apartments went for over the listed price; while a year earlier, less than 15 percent went for over the asking price, according to real estate expert [Jonathan Miller, who has been crunching this metric for the Manhattan market for years.](#)

For listings that went above ask, the average premium buyers paid was 4.1 percent, up slightly from the year before, when it was 3.9 percent.

Miller expects that the number of sales from this spring going for over-ask will be higher — and with bigger premiums — since [inventory is still well below average levels](#) and there's a seasonal effect of people willing to make high offers and exhibit "irrational behavior."

"If you had to pick a point in the year where this [is] more likely to happen, it's the second week of May through the third week of June. That is what historically we've seen," Miller said. "We're in the thick of it. Everyone is freaking out about timing" — since they want to know where they'll be moving by September and also lock-in before [possible mortgage rate jumps.](#)

This type of behavior usually subsides by the time Fourth of July hits and the market slows down for summer.

Eugene Litvak, a broker with **Compass**, employs the big-bid strategy when working with some buyers, depending on "what you think the unit is worth to you" and what he anticipates the property will trade for, which he can often anticipate by tracking transactions in certain neighborhoods.

"It's like playing chess instead of checkers. You have to think ahead, three or four moves out," he said.

When Litvak was working with a couple looking for a two-bedroom in the Village last year, they saw an apartment listed for \$1.6 million. The couple offered \$100,000 over the ask for the best and final.

They lost.

For the next place they liked, listed for \$1.5 million, they offered \$150,000 over the asking price immediately, on the condition that the contract be executed in five business days.

They won.

"Same day we signed, I was told that there were already offers above ours, but we were first and they felt comfortable," Litvak said.

"The goal isn't to overpay and blow everyone out of the water, because it's not worth it," he added. "But it's to make the process faster, so you're not funneled with everyone else's offer."

Using this strategy, however, depends not only on the emotional interest a buyer has in the property but also on how a property is priced to begin with,

brokers said, noting that some agents purposely underprice to get bidding wars.

[Corcoran's Sydney Blumstein](#) listed the 1,360-square-foot one-bedroom loft at 708 Greenwich St. at a "high price" of \$2.388 million in November. When it didn't get enough traction, she lowered it to \$2.249 million in January. Then one deal fell through and Blumstein re-listed the West Village loft a month later for \$1.999 million.

"That opened us up to [the] audience searching for under \$2 million," she said.

There were nine offers, mostly \$50,000 or \$100,000 over the asking price. Ultimately, it went for \$260,000 — or 13 percent — more than the listed price, closing at \$2.26 million.

[Katya Rybka](#), of [Miron Properties](#), working with a client desperate to find a two-bedroom in Brooklyn near Prospect Park, recently bid above \$650,000 on a \$559,000 800-square-foot condo with private parking space in Prospect-Lefferts Gardens.

He still lost out.

"Our offer and what we were willing to pay was quite competitive," she said.

"The market is completely insane."