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Residential contract signings soar in August

Greater volume, firmer prices raise hopes of market turn.

By [Amanda Fung](#)

A flurry of signings of sales contracts in the normally slack summer months is raising hopes for a recovery in the city's beleaguered residential market.

Last month saw a 47% spike in the number of contracts signed for homes below \$500,000 from severely depressed levels a year earlier, according to Streeteasy.com. Overall, there were 838 contracts signed in August, up 27.2% from the same month a year ago.

In another sign of a possible market plateau, prices for units that went into contract during the summer have stabilized, according to the most recent monthly report by boutique brokerage CORE Group Marketing. Meanwhile, local residential brokerages report increased business volumes.

“There has been a lot of pent-up demand,” said Shaun Osher, CORE's chief executive. “A lot of people in the beginning of the year were gun shy, now they are stepping into the market.”

Industry experts note that data on contract signings—as opposed to sales closed—is a more accurate indicator of how the market is currently performing. The rub is that such data are difficult to track; brokerages do not share figures with each other and there is no public record of contract signings. Instead, most market reports track closed sales, which sometimes reflect buy decisions and prices that are a year old.

“This season has seen a dramatic increase in contract activity since a year ago,” said Sofia Kim, vice president of research for Streeteasy.com. “While this seems like very good news for the industry, one has to keep in mind that average prices of these contracts are down 20% from a year ago.” They were also well below the asking prices. For instance, last month signed contract prices for studio apartments were down 13% from original asking prices, according to the CORE report.

Prices on contracts signed in Manhattan, however, actually increased monthly from June to August, according to CORE.

Prudential Douglas Elliman, one of the city's largest residential real estate firms, has seen an increase in transactions since May, with activity outpacing the number of transactions during the same time period last year. July was actually a record month for two-and-a-half-year-old brokerage Charles Rutenberg, according to the firm's co-founder, Paul Purcell. Half of his 300 brokers were getting contracts signed in July and August, he said.

“There is clearly an uptick in business,” said Mr. Purcell. “But we are not out of the woods yet.”

Jonathan Miller, chief executive of appraisal firm Miller Samuel Inc., is also cautiously optimistic and believes the market has not hit bottom. “We have to maintain current levels,” he added. “Activity leads prices, if an uptick continues we will see prices level off.”

Mr. Osher believes buyer confidence has returned and activity will continue causing prices to continue to stabilize. As long as sellers keep pricing things to move, contracts will continue to increase, noted Ms. Kim.