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Manhattan Resale Home Prices Drop Most Since 2011

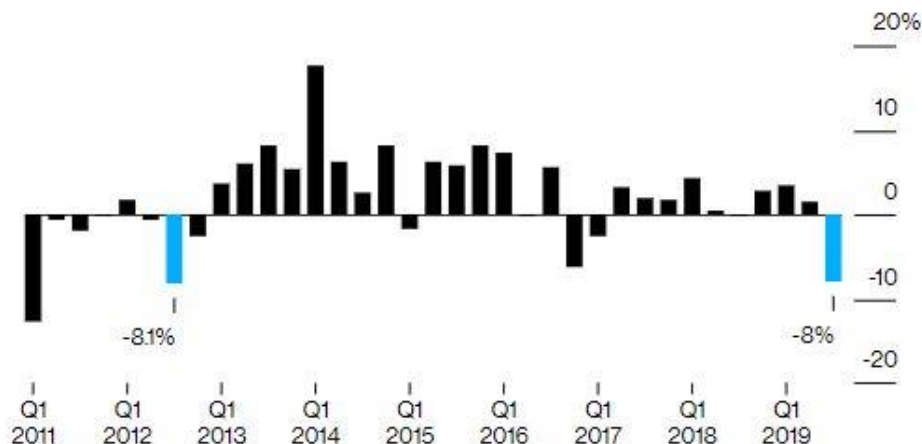
Resale prices for Manhattan apartments tumbled the most in seven years, pushed down by buyer demands for discounts in a market swamped with choices.

Previously owned condos and co-ops sold for a median of \$915,000 in the third quarter, down 8% from a year earlier, appraiser Miller Samuel Inc. and brokerage Douglas Elliman Real Estate reported. It was the first decline in the past 10 quarters and the biggest since the third quarter of 2012.

“It’s just more signs that the sellers are capitulating,” Jonathan Miller, president of Miller Samuel, said in an interview. “The market is going through what could be called a reset.”

Price Cropper

Manhattan resale homes saw biggest year-on-year price drop since 2012



Source: Miller Samuel Inc. and Douglas Elliman Real Estate

Note: Shows change in median resale price

Declining sales over the past two years have sobered Manhattan’s home-sellers, who now realize that the way to a deal is a markdown. In the three months through September, 93.6% of all purchases were at or below the last asking price, the second-highest share since the end of 2011, Miller said. Many homes that sold at the asking price had gotten previous reductions.

Take for example, the buyer of one Upper West Side co-op, who paid \$635,000 for the West End Avenue one-bedroom last month -- or 9.2% less than what the seller had asked when first listing it in January.

There's also a one-bedroom condo in West Chelsea that sold in September for \$1.145 million -- a 15% reduction from its original listing price in June.

"There is an overall sense that prices are settling at a level anywhere between 10% and 20% below their 2015 highs," Frederick Warburg Peters, chief executive officer of Warburg Realty, wrote in his firm's market report today. "And as that happens, some buyers recognize a moment of opportunity."

In its own report, the brokerage Core said homes that sold in the third quarter spent an average of 192 days on the market. There's a mismatch between what buyers want and what sellers are offering, Core's data suggest. Twenty-nine percent of Manhattan's inventory is priced over \$3 million -- yet in the quarter, only 9.7% of closings were in that range.

Prospects won't improve as long as there are so many listings to choose from, Miller said. The number of apartments for sale rose for an eighth consecutive quarter, to 7,352 on the market at the end of September, or 6.2% more than a year earlier, according to Miller Samuel and Douglas Elliman.

The slide in prices and sales will probably continue, Miller said, "because things are confusing: The economy is confusing, Washington is confusing. There's no way we're out of the woods yet."