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How NYC apartment sellers can get their best price in the buyer's market now



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Hear that? The sound of a needle skipping across a record? That's what some New Yorkers who are trying to sell their apartments now are experiencing. After years of watching their neighbors snag increasingly higher prices for their apartments, the music has changed.

While brokers that Brick Underground spoke to are divided on whether to officially call this a buyer's market, all suggested new ways for sellers adjust their mindset and how to cope with the steep slowdown in sales impacting Manhattan and Brooklyn.

Real estate is always about competition, but sellers are facing a bigger challenge now. Several brokers say there is steeper competition for buyers than in the past—there are

simply fewer buyers out there, but those buyers are in the driver's seat. Other signs of the times: Bidding wars are way down to a five-year low this past quarter and low-ball offers are coming in more frequently. With those factors in mind, it is more crucial than ever to price a listing correctly, brokers say.

Price it right

"Most sellers feel their place is worth more and are used to hearing about how strong the market is by listening to people on the subway," says Mark D. Friedman, a broker on the Friedman-Rosenthal team at Halstead. "If you price it like it's a seller's market, you will sit on the market and watch maybe three buyers come to an open house."

So sellers need to get with the program, says Patrick Mills, a broker at CORE.

"Sellers need to understand that being aggressive with pricing in this market is not productive. There are a dozen properties for every buyer right now, so unless the home is unique or spectacular, no one is paying above market. If a seller is patient, they might get lucky, but they're better off focusing on the reality of the market and price accordingly," Mills says.

And don't be surprised by the offers that come in. The market is encouraging more buyers to make low-ball offers.

In general, Mills says, "Unless the property is listed below market, every offer will be below the asking price. Buyers have nothing to lose right now."

Keep comps in perspective

"Comps by definition are properties that sold three months ago," says Stacey Max, a sales manager at BOND New York. So it is more important to look at what is being listed for sale right now and see what your apartment is competing with.

"If the other apartments are objectively better, buyers won't buy yours," Max says.

With that rivalry in mind, showing sellers some tough love is now more important than ever, including advice on making apartments more attractive.

"You have to be honest, and the help seller understand that their apartment is no longer their home, it is a product that they are marketing for sale," Max says.

An argument for full commission

Sure, you're probably thinking, brokers always want their commission, but paying a full commission makes more sense now than in the past. Kobi Lahav, senior managing director and associate broker at Mdrn Residential, explains why paying the commission works to the seller's advantage, from the seller's broker's and buyer's broker's perspectives.

"In a seller's market, brokers don't have to spend a ton of money on marketing, they don't have to use the best photographer, second best will also do," Lahav says. "However in a buyer's market, the listing has to stand out, so the listing agent has to spend more money on advertising and promotion. A lower commission split will make some brokers cut their advertising budget for an apartment and will hurt the promotion of the listing."

Paying the full commission also encourages the buyer's broker to show the apartment. "In a seller's market, the buyer's brokers will show everything because inventory is low and competition is fierce so they just want to make a deal and will show everything regardless of if they get 2.5 percent or 3 percent for their work," Lahav says.

But now, he says, "If you try to save half a percentage point on the commission, you'll pay more in days on the market."

A new timeline

Lisa Larson, an agent at Warburg, outlines what sellers can expect these days:

"In the past month, I brought seven different types of properties to market in a variety of neighborhoods (including a penthouse condo in Midtown, a Carnegie Hill townhouse, an Upper West Side co-op duplex, and a Greenwich Village condop), and one thing is certain: Bidding wars are a thing of the past except for the rarest and most properly priced property. In new reality sellers must be laser focused on two things: pricing and staging."

Here's what comes next, she says: "After the initial burst of activity in the first two weeks or so, viewing request start to wane and at times there will be weeks without a call. If your apartment has not sold in the first few weeks, sellers should consider a meaningful price drop or risk the property languishing on the market for months. No one wants to be in the position of chasing the market down."

Staging is so important these days that Larson said she invests personally in staging costs, including painting and furniture installations. "I take on that risk when I believe that the staging will result not only in a successful sale, but one that results in my client fetching a higher price."

Larson did in fact have a bidding war for an apartment this spring. The place needed a lot of work, including decluttering, painting, and staging, a process that took over three weeks.

"After one week on the market we had three offers over the asking price," she says.

Of course getting an offer in the first week is a throwback to the seller's market. It's not going to happen for most sellers today. As Allison Chiaramonte, also an agent with Warburg, points out, understanding that sales taking longer these days is essential.

"I think being aware of the slowdown and realizing it applies to your apartment is a mental step that [brokers] need to help most sellers take," she says. "I am working with some sellers who have previously sold an apartment in a few weeks (or even a few days) and they are often discouraged by the lack of offers in the first week on the market."

For sellers who do not have liquidity issues and feel very strongly that current market prices do not fairly reflect the value of the apartment, there is of course another option.

"I suggest looking at renting the unit out to generate some income and minimize the carrying costs. It's a better way to wait out the market," Chiaramonte says.