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Apartment Recovery Taking Root as Spring Sales Skyrocket

Following a flurry of sales at the tail end of 2012, entry and mid-level price range apartment contract activity is on fire.

“It’s like the peak spring selling season arrived a month early,” said vice president of StreetEasy.com, Sofia Song, in a preview of the expected April 1 sales numbers for the first quarter of the year.

“February was enormous for contracts. It’s the most number of contracts we’ve seen since the bubble bursting in 2008, in terms of a monthly numbers.”

Homes in the \$1 million and under range are seeing the most contract activity, followed by homes in the \$1 million to \$3 million range.

“The one and two bedrooms are very hot,” Song said.

It’s a trend that is continuing from the fourth quarter of last year, when contract activity increased 10.5 percent for starter entry-level studio and one bedroom apartments, while contract volume for apartments two bedrooms and up rose by 30 percent from the first quarter of 2011, according to StreetEasy’s 4Q report.

Though rumors have been swirling in the industry that the ultra-luxury market is exploding at the moment, Song, who released StreetEasy’s 1Q report April 1, said the numbers don’t reflect that.

“There are fewer contracts this quarter in that [ultra-pricey] range than compared to last quarter or the year prior,” said Song of the luxury market’s contract activity.

According to a housing report from Realtor.com, it’s not just Manhattan that’s seeing the spring selling season arrive early.

Nationwide, buyers are getting a head start on spring, despite record lows in inventory.

“The median age of inventory was down by 9.26 percent month over month and total listings are up 1.15 percent month over month, suggesting that many reluctant home sellers are starting to take an early advantage of the recent improvements in housing prices,” said the report.

While the Q4 numbers showed that inventory is still very low, fourth quarter sales numbers were the largest in 25 years, with a record 2,598, according to the Douglas Elliman 4Q reports.

Sales peaked in part due to the Bush-era capital gains tax ending at the close of 2012, leaving some owners scrambling to unload their properties.

“Sales are really on fire this year,” said Eric Benaim, president and founder of Modern Spaces.

“There’s a real lack of one-bedrooms we’re seeing, not just in our area in Long Island City, but also in Williamsburg and Chelsea, where we have also a lack of larger apartments.”

Benaim said the firm got two re-sales in Chelsea in the past two weeks, both one-bedrooms that each sold within 24 hours. “We have people looking for everything experts have taken for everything, but there’s probably more supply of two bedrooms,” said Benaim.

Doron Zwickel, an executive vice president and associate broker at CORE, is director of sales at 93 Worth in Tribeca. In the first quarter of this year he said he has seen more interest and activity with larger apartments.



Doron Zwickel

“We’ve been getting a lot of action lately in three bedrooms, especially in relation to high-profile buildings like 150 Charles and 56 Leonard,” said Zwickel.

“There’s a stronger than ever demand for new development. I believe today the market is definitely stronger for new development. It is as strong if not stronger than the days of 2006, 2007, at the peak of the condo market.”

Zwickel believes the resale market will see stronger-than-ever demand as well.

“It will trickle down to resale as well,” he said. “It already is. I’m sure it’s going to take off and trickle down to the outer boroughs like Long Island City, Williamsburg and Park Slope as well.”