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Doyenne of luxury Elizabeth Stribling says high-priced homes moving again. **Page C5**

NEWS

Manhattan's luxury market stirring back to life

By John Majeski

Mirroring the change of seasons, the sun is beginning to shine on the luxury residential market.

According to the new state-of-the-market report from Stribling & Associates: "Spring has arrived with a new buoyancy in the New York City residential real estate world.

In a four-page update, president Elizabeth Stribling wrote: "Gone are the gloomy doldrums of one year ago."

Falling real estate prices have resulted in a rise in transactions, with sales doubling in volume in first-quarter 2010 when compared with first-quarter 2009, Stribling said. Stribling said prices hit bottom in Summer 2009, leading to a "surge" in the market that began in Fall 2009.

ELIZABETH STRIBLING

It is important to take a closer look, however.

Quoting Miller Samuel figures, Stribling said the average sales price in first-quarter of 2010 is $1.43 million, down 22% from first-quarter 2009's $1.8 million. Yet the average sales price is looking skyward, with the current figure up 10% from last-quarter 2009's $1.3 million.

"Thus, a slow improvement appears underway," she said. "In addition, the backlog of unsold inventory from a high of over 10,000 units in the first quarter of 2009 dropped 23% over the course of the year as prices were lowered, and eager buyers pounced on deals."

Today, that number seems to be on the rise as former sellers re-list their property in hopes of a sale, Stribling said, adding asking prices appear to be more realistic at the moment. Properties are also spending less time on the market and properly priced units can sell in two weeks or a month, according to Stribling.

When properties have a realistic price tag, Stribling said, buyers — more savvy than ever — are willing to engage in bidding wars. The rest of the properties aren't even being given a second thought.

While much has been made of Wall Street bonuses beginning their return, Stribling said they are not having much of an impact on the luxury market, though sales "are once again occurring."

And although there are hundreds of stalled new residential projects throughout the Big Apple and a shadow inventory of 6,500 units yet to be listed in Manhattan, completed and ready-to-move-in projects are slowly being absorbed.

While transactions of under $1 million dominated 2009 and formed the majority of deals in first-quarter of 2010, the number of $2 million-$10 million deals is at 19 so far in 2010. This reflects an increase from only a "handful" in 2009, Stribling said.

One of the obstacles to completing transactions continues to be the tight credit market. Today, Stribling said, more and more sellers are being forced to consider offers with a mortgage contingency. This can be tough when there are multiple offers.

"Potentially, a seller could lose out by accepting the highest offer if it comes with a mortgage contingency," Stribling said. "In a worse case scenario, if the loan is denied, a seller might be forced to accept a much lower offer at a later date if the market goes down. Thus, tight financing creates a difficult scenario for both buyers and sellers in which the deal remains uncertain until the contingent loan is secured."

Is now the time to buy? Stribling says that the market will continue to remain active, though with flat prices.

"Global economic uncertainty, continuing unemployment, and the specter of rising interest rates will all combine to keep the lid on over-exuberant real estate spending," Stribling wrote.