

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

May 2015

Bidding wars bloom with spring's return

Buyers get aggressive amid tight inventory, but still don't want to overpay

May 01, 2015

By *E.B. Solomont*



From left: Reba Miller, Elizabeth Ann Stribling-Kivlan and Jason Haber

The oldest house in Chelsea is a Federal-style home at 404 West 20th Street, which dates back 180 years. It hit the market this spring, asking \$6.5 million. The house found a buyer within a week.

The seller received 10 bids, including one that was \$1 million over the asking price, said [Elizabeth Ann Stribling-Kivlan](#), president of Stribling, which had the listing. The rapid sale reflects a new wave of bidding wars over residential real estate in Manhattan.

It's not just one- and two-bedroom apartments, said Stribling-Kivlan, the residential market's usual battleground. Instead, she sees heightened competition in different segments of the market, including townhouses like the one in Chelsea. "The townhouse market is incredibly in vogue right now," she said.

In the current market, buyers, even those engaged in bidding wars, are value oriented, in contrast to last year's frenzied buying, she said. "People want what they want, but they don't want to overpay," she added. Not long ago, buyers would "pay anything for anything," she said. "Now, it still needs to be well priced."

To suggest that bidding wars are back, of course, is to imply that they disappeared at some point. In fact, Warburg's Jason Haber said the fall and winter months just tamped down aggressive bids. "There were only so many buyers willing to set their hair on fire to get certain apartments," he said. Now "the kerosene seems to have spread."

Veteran agent Reba Miller said a \$10.5 million penthouse at Dutch developer Kroonenberg Groep's Huys, at 404 Park Avenue South, had a sudden uptick in traffic this spring; the sale closed at the end of March after the unit spent more than a year on the market, according to listings website StreetEasy. "It's the first time I've seen a bidding war on ... brand new construction," said Miller, who was not involved in the deal. "All of a sudden, the spring clock clicked on and we're seeing bidding wars. People are coming out of hibernation."

Overall, listing inventory rose 5 percent year over year, to 5,234 units during the first quarter, according to real estate appraisal firm Miller Samuel. But that's still far below the 10-year average, and resale inventory edged up just 0.8 percent year over year. Meanwhile, the number of days on market, or average number of days to sell an apartment that closed during the quarter, dropped 15 days to 100 days, a reflection of the fast pace of Manhattan's sales market.

Brokers said while business slowed perceptibly during the winter, the spring market shot out of the gate. And buyers are more aggressive than last year.

Haber recently sold a one-bedroom at 115 East 87th Street for over \$1 million, a premium over the asking price of \$899,000. The apartment was part of an estate sale and hadn't been updated since the 1970s. "It was pretty dreary," said Haber, who spent \$2,000 to paint the walls, touch up the floors and stage the unit. Seventy people showed up to the first open house and he received 12 bids, including four all-cash offers and only one mortgage contingency.

"We had someone there who refused to leave, who had a checkbook on them," he recalled. "I was like, 'It's not a rental. You can't leave a deposit here.'"

Rutenberg Realty's Jennifer Breu said she's seen an uptick in overall business, and bidding wars in neighborhoods like Hudson Heights and Inwood. "Many people are coming to open houses having lost two previous bidding wars."

But a byproduct of the fast-and-furious bidding is that she's also seeing buyers walk away from deals. Breu said she recently represented a client who was No. 2 in a bidding war for a \$395,000 one-bedroom on Bennett Avenue; her client bought the apartment when the winning bidder walked away. "Maybe a detail comes up that makes them realize they bid too quickly," she said.

Unlike Stribling-Kivlan, Haber thinks buyers these days are more willing to pay up, since they're frustrated with the market's lack of inventory. He's seeing no mortgage contingencies in bidding wars, as well. "Buyers definitely have more gumption today than they did a year ago."



Jennifer Breu

When it comes to spurned buyers, a growing number are opting to buy an apartment before they even list their current home —provided they can swing it financially.

"If you see something on Sunday, you've got to think it will be gone by Monday," said Zack Elias, listings manager and associate broker at DJK Residential, who personally purchased a two-bedroom in Washington Heights before listing his one-bedroom on the Upper West Side.

"It's certainly less stressful," he said. "Some buyers think, 'I keep losing bids. I'd rather have the comfort of not being in limbo.'"