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MURRAY HILL, GRAMERCY & MIDTOWN EAST Real Estate

Manhattan Median Home Price Crosses $1M Mark for First Time, Report Says

By Amy Zimmer | December 16, 2015 4:39pm
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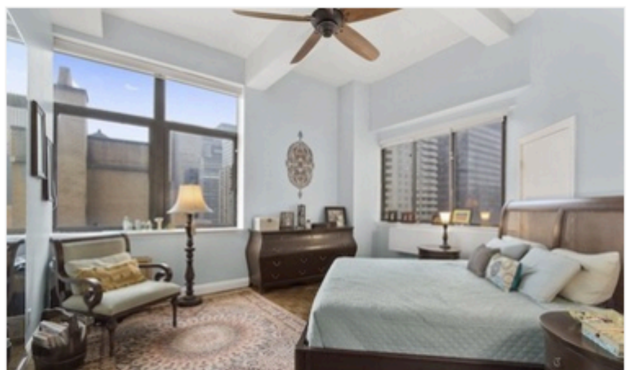

This 1-bedroom at 310 East 46th St. is listed for $1.095 million...

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NEW YORK CITY — For the first time ever, the median price for Manhattan apartments surpassed the $1 million mark, according to a year-end report released Wednesday from CityRealty.

That means that more than half of all condos or co-ops sold in Manhattan in 2015 through Nov. 30 located below East 96th Street or West 110th Street (which was the span the report covered) cost more than $1 million.

And the record $1.1 million median sales price for the first 11 months of 2015 was more than 13 percent higher than last year's median record of $970,000.

"It's a benchmark. It feels like a point of no return," Gabby Warshawer, director of research for CityRealty. "It seems like this is the new normal for Manhattan."

Average prices hit a record, too, at $1.9 million, up from $1.8 million the year before.

Though these prices may be "sustainable," according to Warshawer, "whether we'll see this level of growth and records: I wouldn't bet on that."

In fact, many real estate brokers have already have been seeing some changes in the market indicating that buyers may find themselves in a slightly more comfortable position for 2016.

"The talk among realtors is that we're already starting to see a bit of a correction with things staying on the market longer," said broker Carole Armstrong, of DJK Residential. "Buyers have more of a negotiating standpoint, whereas recently everything was at or above ask. We're trending away from that."

But there are still buyers who are out there, waiting in the wings, she noted.

"Now they can get a property that's a little less," Armstrong said, adding, "I'm not saying price points are going to drop drastically — maybe a 10 percent sway downward for some time until we figure out where we go next."

Doug Perlson, founder of RealDirect, an online real estate brokerage, said he began noticing a cool down, with homes sitting "significantly longer on market," in September in areas across the city, from the Upper East Side to Williamsburg.

"Homes with price increases like last year won't sell," he said. "I think we'll see flat prices."

Sellers for the past couple of years have felt "entitled" to higher and higher prices than their neighbors. That might not pan out, Perlson said.

"More and more, properties are priced wrong," he said of sellers who are shooting too high. "That's what's killing the market. It's turning this market into more of a buyer's market because those properties [priced too high] will sit and sit and sit.

"When you only have one interested buyer for a property, that changes everything," Perlson said. "And that's what's happening. You have less competition because buyers have said, 'I won't pay that price.'"

The market, however, was still "crazy" for homes that are "priced right."

He and others are still seeing bidding wars "in places you would expect: the two- to three-bedroom apartment in the $1.5 to $2.5 million range that's renovated and in the school zone everyone wants to be in," Perlson said.

"There are lots of families that are out there that want to make that purchase."

An added layer that's expected to affect the real estate market is the expectation that mortgage rates will rise — albeit very slowly — now that the Federal Reserve announced Wednesday that it will raise short-term interest rates for the first time since the financial crisis.

"When interest rates finally increase, even if only incrementally, we will see an overdue correction at all levels of the market," said Douglas Wagner, of Bond New York. "The 'affordable luxury' buyer will suddenly scramble to identify property to buy upon first signs of any interest rate hikes, and buyers for the highest end inventory will thin out yet again."