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Brooklyn Home Sales Jump 18% as Buyers Seek Deals on New Condos

By Prashant Gopal and Katie Spencer

Oct. 20 (Bloomberg) -- Home sales in Brooklyn, New York's most populous borough, climbed 18 percent in the third quarter as rising apartment rents and low mortgage rates drove demand for condominiums in new developments.

Purchases of condos, co-ops, and one- to three-family homes totaled 2,219, up from 1,879 a year earlier, New York appraiser Miller Samuel Inc. and broker Prudential Douglas Elliman Real Estate said today in a joint report. Sales of newly built condos surged 65 percent. The median price of all homes sold in the period rose 5 percent from a year earlier to \$510,000.

New condos across the East River from Manhattan are luring international buyers and renters who see the properties as relative bargains, according to Jonathan Miller, president and chief executive officer of Miller Samuel. Manhattan apartment rents rose 4.9 percent in the third quarter, to an average \$2,970 a month after landlord-sponsored concessions, the companies said in a report last week. Low borrowing costs were also an incentive for purchases, Miller said.

"Where I see a lot of the kick is on the condo side," he said. "I look at the market as gaining firmer footing, and continuing to improve gradually."

While home sales have increased, they're less than half the peak reached in the third quarter of 2005, according to Miller.

"We're doing a little better than moving sideways in Brooklyn, but just barely," he said.

Sales of all condos jumped 53 percent in the third quarter from a year earlier to 839 units. The median price was \$549,753, up 6.7 percent from a year earlier. New condo sales, which totaled 385, had a median price of \$590,585, a 7.8 percent jump.

Williamsburg Deals

In the Williamsburg and Greenpoint neighborhoods, where 87 percent of transactions were in new condo developments, 307 homes changed hands, a gain of 68 percent from a year earlier, according to Miller Samuel and Prudential.

About 60 percent of buyers in the Edge, a 565-unit complex on Williamsburg's waterfront, came from Manhattan and about half of those moved from rentals, said Highlyann Krasnow, a partner with MNS, the project's marketing and sales broker.

Sales in the Edge's two towers have accelerated this year after a lull that began with the September 2008 bankruptcy of Lehman Brothers Holdings Inc., according to Krasnow. Buyers closed on purchases of 184 condos from May 2008 through the end of 2010. Since then, 155 deals were completed and another 55 are under contract, she said.

'Good Opportunity'

First-time buyer Andrew Chen moved in July to a 1,600 square-foot (149,000-square-meter), two-bedroom condo in Williamsburg's 80 Metropolitan. Chen, 30, had been renting in Manhattan's Hell's Kitchen when he decided to settle down with his fiancée in an area with more of a neighborhood feel.

The couple started surveying the market in February and saw two apartments they liked. When they came back ready to buy about a month later, both units had sold.

"That definitely made an impression on me in realizing if we don't move now, we're going to lose all the good spaces," said Chen, who works with technology and media start-ups at the New York City Economic Development Corp. "It worked with our timing, but it did make me feel much more rushed in wanting to move fast before we lost a really good opportunity."

Mark Grossmann, 34, said low mortgage rates and housing affordability influenced his decision to buy an apartment in the Edge after he and his wife rented in Williamsburg for two years. The couple went into contract on a two-bedroom duplex in July and the deal was completed this week. The price was \$1.34 million.

'Less to Own'

"We're paying less to own than we did to rent," said Grossmann, a financial planner. "It's a great environment out there. If someone is a qualified buyer with good credit and they have 20 percent to put down, banks are lending."

Rates for 30-year fixed mortgages declined from 4.6 percent at the beginning of the third quarter to 4.01 percent in the week ending Sept. 29, according to Freddie Mac. Earlier this month, rates dropped below 4 percent for the first time in the McLean, Virginia-based mortgage financier's records.

Deals for co-ops in Brooklyn climbed 0.8 percent from a year earlier and the median price rose 5 percent, to \$315,000, according to Miller Samuel and Prudential. Sales of one- to three-family homes climbed 5 percent and the median price was \$539,500, a 3.8 percent increase.

Brooklyn homes stayed on the market an average of 149 days in the third quarter, up from 109 days a year earlier.

In Queens, the city's second-most-populous borough, sales fell 12 percent in the third quarter to 2,743, according to the joint report. The median price jumped 8.5 percent to \$385,000. Homes stayed on the market an average of 108 days, an 8 percent increase from a year earlier.