

THE REAL DEAL

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As market shifts, brokers follow buyers

Buyers, now perceived as more serious, wooed instead of ignored

By Janet Huege

Gea Elika opened a brokerage serving buyers only seven months ago.

It's a buyer's market out there: The average apartment is sitting on the market for 146 days, 11 percent longer than a year ago, and inventory is up 20 percent over last quarter.

In response, many in the brokerage community are shifting their emphasis from chasing seller listings to representing buyers. In some cases, brokers say they are now representing twice as many buyers than they did in previous "boom" markets.



During the recent bull market, it made sense for brokers to represent sellers. Virtually every apartment listing would sell for above asking price, so snagging a listing practically guaranteed a commission. Much of the challenge for brokers was waiting to see which buyer emerged victorious.

"Prices were skyrocketing, and there were constant bidding wars," said Jonathan Miller, president and CEO of Miller Samuel, the appraisal firm that supplied *The Real Deal* with the market statistics. "Brokers were virtually ignoring buyers."

But now, even though prices are still rising in New York, sales volume is slowing dramatically — as much as 34 percent from the comparable quarter last year. So brokers are going where they can get deals done. Some brokers even claim there are more buyers out there than before, even if they clearly aren't always pulling the trigger — "twice as many buyers than before," according to Gilad Azaria, a partner with Prudential Douglas Elliman's Bracha Group — and brokers are moving to service them.

"I've seen an increase in brokers who want to work with buyers," said Azaria.

Miller said the current market is fueling the trend.

"Because of the market, it is more costly, time-consuming and possibly frustrating to be a seller's broker," he said.

The crop of shoppers in the market is enjoying their new-found leverage. Priced out and ignored during the height of the market, many are now at least saying they are ready to buy. "They know the prices are great. It's a wonderful time to get a deal. Before, no one could buy anything," said Azaria.

Halstead sales associate Terrence Le Ray said that before, "many brokers didn't want to deal with these buyers because they knew they could make a lot more on a good seller with less time spent."

Azaria said his business is actually better now than it was last year because he is representing multiple buyers.

Moreover, there is a larger proportion of actual homeowners shopping — and fewer investors. According to Miller, within the past year, investors have been accounting for only 4 percent of sales, compared with over 30 percent in the 1980s.

These buyers are smart, not greedy. "They waited and realized that what goes up must come down," said Miller.

"Buyers know that most sellers here in New York are not in a position where they must sell in order to live, as we are seeing across the country," argued Klara Madlin, president of the Manhattan Association of Realtors and president of her own real estate agency.

The new wooing of buyers has shifted the brokerage scene.

"Lots are making the switch. I see much more competition out there as a buyer's broker," said Le Ray.

Gea Elika opened Elika Associates, a Manhattan brokerage serving buyers only, seven months ago.

"When we first opened, we had no inquiries from brokers wanting to join us," Elika said. "Then in January, we started getting calls from brokers who were noticing the trend of more buyers. Now we are getting an average of five calls a week from brokers wanting to join us."

And these are not just new agents. "We have people call from every well-known top brokerage house in New York City," he said.

But will this trend be gone before it gets really big?

"We will have to see if the economy continues to decline and if jobs continue to be threatened,"

said Miller. "If that is the case, I project that buyers will actually be more worried about making the investment of buying a home in such uncertain times. So even though it's a buyer's market, less and less people will want to buy."