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Analysis paralysis

Buyers, slogging through data, are dragging their feet

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By Candace Taylor

In real estate these days, a little knowledge is a dangerous thing. As January's snowdrifts finally melted, would-be buyers and renters flocked to open houses last month, tempted by low interest rates and visions of discounted dream homes.

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"Buyers are out in full force and bonus checks have hit the bank," said Prudential Douglas Elliman's John Gomes.

But brokers complain that the sheer amount of market data available these days can hinder deals, especially in a still-uncertain economic environment.

"Real estate buyers are savvier than I've experienced in the past," said Stacey Chametznik, a senior vice president at City Connections Realty. But this newfound knowledge "is also handicapping their execution in actually pulling the trigger. We seem to have a lot of buyers in our pipeline, but [getting] deals on the books has been rather frustrating as a real estate broker."

These days, buyers pore over websites like PropertyShark, Trulia and StreetEasy. "Most buyers don't want to view a property unless they have already seen pictures and a floor plan," said Citi Habitats senior vice president Rado Varchola.

This stockpiling of knowledge does have some benefits.

"People are more well informed, and have less pie-in-the-sky rental dreams, because you can see almost everything online," said Chametznik's colleague, City Connections agent Holly Sose.

But sometimes the amount of information they gather creates a paralysis, leaving customers unable to make decisions. The phenomenon is especially prevalent among would-be buyers, agents say.

"It's as if buyers are studying the market too hard, gathering too much information -- sometimes unnecessary information -- which causes them to second-guess themselves when it comes time to purchase," Chametznik said. "They still feel the need to keep researching."

Sellers, by contrast, haven't done quite as much research on current market conditions.

"Some sellers want the 2006 pricing, and you have to be very honest that they will not get that," said Kirk Rundhaug, a managing director at Core. Rundhaug last month sold hotelier Ian Schrager's penthouse at 285 Lafayette to "a tech kid," he said, for \$11 million in cash, down from its asking price of \$12.5 million.

Not surprisingly, owners excited to sell their homes in this environment remain rare.

"While buyers are jumping in, I find sellers still are not thrilled about going into this market unless they have to," Sose said. When they do, they are loath to pay the traditional 6 percent commission, and brokers often have no choice but to comply.

"Sellers are all wanting to get a 5 percent commission instead of 6 percent," she said. "While I don't love this idea, I have done it a few times."

Thanks to sellers' reluctance to put their homes on the market, the continuing inventory squeeze continues, posing yet another challenge to deal-making.

"Buyers are complaining about the lack of 'good' inventory, which is causing anxiety," said Sotheby's International Realty vice president Jeremy Stein. "They are unable to locate anything to buy after many months of searching."

Desirable properties priced between \$3 and \$6 million are particularly rare, he said.

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**Stacey Chametznik,
City Connections Realty**

Buyers' desperation only adds to sellers' confusion. "Sellers sense a slight shift in the market for the better and are expecting higher prices as a result," Stein said. "The market is seemingly on more solid ground ... but that does not give sellers the green light to bump their asking prices back to where they would have been during the peak."

The resulting disconnect has prompted "more protracted negotiations and both sides playing hardball," he said.

Still, deals are getting done, if slowly. In late February, there were 2,018 signed contracts in Manhattan, down slightly from 2,033 at the same time last year, according to property analytics platform UrbanDigs.com.

One of those contracts was signed by Yankees slugger Alex Rodriguez. Last month, A-Rod finally ended his epic house-hunt, settling on a 3,600-square-foot four-bedroom at new Upper West Side condo the Rushmore, according to the developer, Extell Development Company, though the firm declined to say how much he's paying for the full-floor apartment.

"People understand that the process won't be a piece of cake, but that it's doable, especially with a little bit of counseling, and a lot of patience and creativity," said Kristin Hitsous, an associate attorney at real estate law firm Rosabianca & Associates.