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Buyer Rivalries Resume

Record low mortgage rates and a scarcity of listings have combined to create a sense of urgency among buyers and drive up prices across many market segments, including Brooklyn brownstones, large Upper East Side apartments and charming one-bedrooms in Chelsea.

The pressure has been building over several months as inventory continues to drop and demand grows. According to a Corcoran Group survey of its agents in Manhattan, more than half said they had been involved in a bidding war in the last three months of 2012, a 70 percent increase from the same time a year earlier. Most of the wars centered on homes listed between \$1 million and \$4 million; the next-most-frequent category was the \$500,000 to \$1 million set.

In many cases, the bidding begins just below the asking price and ends right at the list price or just above it. But in neighborhoods where certain kinds of houses are particularly scarce, brokers report sale prices rising as high as 20 percent above the list price.

Just last month, a five-bedroom Federal-style town house in Clinton Hill, Brooklyn, came on the market for \$1.295 million. Hardly touched since the 1940s, it needed major renovations and had lead paint, but it also retained rich original details and was on a large lot.

The first open house drew 372 people, causing the broker, Merele Williams-Adkins of Corcoran's Fort Greene office, to call in reinforcements. Water and cookies were sent out to people waiting in a line that wound around the block.

"I was in total shock," she said. "My mouth was open the entire time."

Three more weeknight showings drew another 177 people. By the following Thursday, she had 25 offers. All but two were above the asking price. The house went into contract for 20 percent above the listed price to an all-cash buyer, who didn't even ask for an inspection. "That's sort of unheard of," she said.

But brokers say sellers shouldn't be greedy. Although apartments priced below or in line with comparable recent sales are drawing heavy foot traffic and higher bids, listings that start out with high price tags are not.

"The sellers that are pricing things crazy, they're not getting the action," said Emily Beare, a top agent with CORE. "It's



Robert Caplin for The New York Times
Sue Ponce is a veteran — and the winner — of a white-knuckle bidding war for an apartment on the Upper West Side.

not the type of thing where you can ask two, three, four, \$500,000 more than it's worth and think you'll get it. It's more that things are going exactly where they should, or maybe a bit higher."

All-cash offers are a trump card in a bidding war, because closings can proceed more quickly than when a mortgage is involved. But qualified buyers shouldn't be completely discouraged. Rival buyers "can have remorse" and drop out, said Jessica Cohen, an executive vice president at Douglas Elliman. "Some overbid out of angst to not lose out, and then there's this week of due diligence where you wait for a contract to get signed." If the first deal doesn't go through, sellers usually turn back to the other bidders.

And there may be factors that matter to the seller more than getting a slightly higher price. In a tight market, sellers, too, can be having a hard time finding their next apartment, so a flexible move-in date could be an attractive bonus.

Whatever the situation, navigating a bidding war can be emotionally draining. Sue Ponce, the chief administrative officer for a hedge fund, had lived in a studio on the Upper West Side for more than 20 years. Last June, she was tipped off by the superintendent that a one-bedroom fixer-upper in her building was about to be listed for \$599,000. She got in to see it several hours after it was put on the market. Ms. Ponce made an offer for \$585,000. Nail-biting commenced.

The sellers countered with \$592,000, which she accepted. But a couple of hours later she learned that two other people were offering the full asking price. The sellers wanted to know if she would match them. She did, fingers crossed. One buyer dropped out, but the other interested party upped the ante to \$615,000.

At that point, Ms. Ponce said, "I'm miserable and depressed."

She turned to a friend in the real estate business, who asked her a very good question: if the original listing price had been even higher than that, would she still have put in a bid? The answer was yes. Ms. Ponce matched the rival buyer's offer, closing on the place, which is three times the size of her current studio, in November. Now, she is about to begin a gut renovation, which she hopes to complete by summer.

"I'm on the extreme high again," she said.
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