

Residential real estate starting to rebound

Sales activity could be thwarted by tightened access to credit, higher interest rates

By CLAUDE SOLNIK

For more than a year, the Long Island residential real estate market has been in a tailspin. Mortgage firms closed. Home sales stagnated as sellers brought down prices, while buyers sat on the sidelines, waiting for better deals.

Yet many residential brokers point to signs that the market could be recovering.

Gary DePersia, senior vice president at East Hampton-based Corcoran Group, is one of them.

"Personally, I have more properties in contract at the moment than I've ever had in the 15 years I've been doing real estate," DePersia said, "from entry-level stuff to luxury stuff, vacant land and houses."

While hardly a return to the salad days of several years ago, a residential rebound appears to be spreading far beyond the Hamptons due to government incentives, low interest rates and pent-up demand.

"I'm having people go into con-

tract before they get married and close after they get married," said Ira Ezratty, a partner at Ezratty, Ezratty & Levine specializing in real estate. "The prices are great. The mortgage rates are excellent."

The annual Long Island Economic Survey and Opinion Poll by Albrecht, Viggiano, Zureck & Co. and the Townsend School of Business at Dowling College found that most respondents expect residential real estate prices to increase in 2010.

"I think it's largely psychology. It's pent-up demand," said Diane Saatchi, senior vice president at Corcoran. "And in cases where prices have come down to what buyers think is reasonable, people are stepping in. Buyers are getting reasonably good deals."

Statistics show similar signs of a residential real estate recovery. There were 1,582 houses in contract in Nassau and Suffolk in November, up from 1,434 a year ago, according to the Multiple Listing Service of Long Island. That included 802 in Suffolk,

up from 658 a year ago, and 782 in Nassau, up from 576 a year ago.

"Part of it is people who put off their decision to buy a house or property for a long time," DePersia said. "We're also seeing builders come back into the market to buy land and do tear-downs."

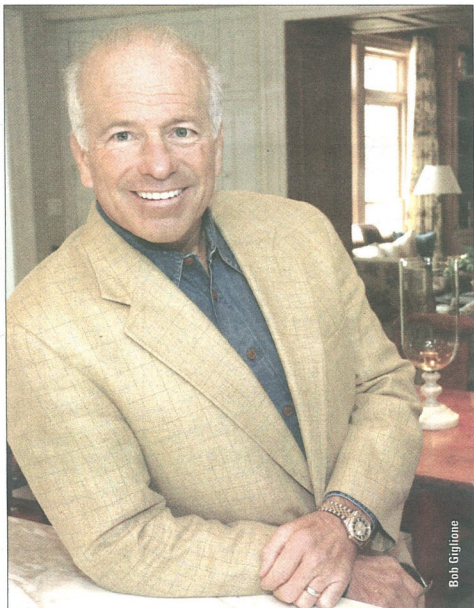
Prices are starting to perk up as well, if only slightly. The median home price in November in Suffolk rose to \$321,000, from \$315,000 a year ago, while the median Nassau price rose to \$399,000 from \$385,000.

DePersia said he's even seeing bidding wars, a relic of real estate's glory days.

"The prices have moved in the direction of the buyers," DePersia said. "They say, 'If not now, when? When will I have this opportunity of increased inventory and better prices and relatively cheap prices for money?'"

Government incentives for home buyers also are likely to be good

See RESIDENTIAL, 32A



Bob Dighione

Corcoran Group's Gary DePersia said part of the rebound is due to pent-up demand.

Foreclosures continue

RESIDENTIAL, from 30A

news as long as they stay in place next year.

"I think it's going to fuel some purchases," Joe Moshe, broker-owner of Charles Rutenberg Realty, said. "I don't think it's going to make or break the market. But it'll continue to put some fuel on the fire."

There are signs residential inventory is trending downward, with 20,774 houses on the market in Nassau and Suffolk as of November, down from 23,367 a year ago.

"I think in 2010 we're going to see an increase in sales. I think inventory is going to start getting dried up," Rutenberg said. "Homes will sell quicker. You're going to see a lot of activity in the marketplace."

Others, however, paint a less rosy picture of the residential market during an ongoing recession.

Patrick Delgado, a sole practitioner in Hauppauge focusing on real estate, said despite incentives, difficulties in obtaining loans will continue to suppress the residential market.

"It's taking a lot longer to get mortgages. They're looking at them a lot closer," Delgado said. "I had a few deals fall through where they didn't get the mortgage."

And Jaime Ezratty, a partner at Ezratty, Ezrat-

ty & Levine, is seeing evictions and foreclosures continue, fueling problems and adding to supply.

"We're evicting many people. There's a tremendous increase of cases in landlord-tenant court. I envision more," Ezratty said. "Most of the people being evicted used to be lower-income people. But now we are seeing foreclosures in more high-end areas."

Higher interest rates could make purchases more expensive, pouring some water on any residential real estate flames. But if rates rise, Saatchi said, that could create a flurry of transactions before any slowdown.

"If mortgage rates start to go up, a lot of buyers will jump in with the idea of wanting to get in before rates get much higher," Saatchi said. "They're afraid they'll have to pay higher interest rates if they wait."

All in all, most brokers seem to have a fairly hopeful view of what they see in the crystal ball for this market – if only because they think some of 2009's clouds will disperse.

"I see it as being better than 2009. You've got to start from somewhere. I don't expect it to be 2006 or 2007 again," DePersia said. "If current trends continue and sellers don't get greedy with prices, I anticipate there being a lot of activity the first quarter of 2010 and into the second quarter."

Some, however, said until employment and the economy rebound, any real estate recovery could prove a mirage.

"Anything we see now is a floppy market. You get incentives that make it go up. Inventory will be sold out. It's not a true market. It hasn't stabilized," Moshe said. "The only time it's going to stabilize is when you see a downturn in unemployment."