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Brooklyn Apartment, Home Prices Drop 7.5% as Recession Hits

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By Dan Levy



Jan. 13 (Bloomberg) -- Brooklyn, New York, apartment and house prices fell 7.5 percent in the fourth quarter as the recession pushed buyers out of the market and banks reduced lending.

The median declined to \$490,000 from \$530,000 a year earlier, the biggest percentage drop since the survey began six years ago, New York-based appraiser Miller Samuel Inc. and broker Prudential Douglas Elliman Real Estate said in a report today. The number of sales fell 43 percent.

"The price decline has been successively larger each quarter, and that's a reflection of the credit contraction," **Jonathan Miller**, chief executive officer of Miller Samuel, said in an interview. "This whole situation is predicated on credit stabilizing, and that's anybody's guess."

The U.S. recession and the global credit crisis that claimed Lehman Brothers Holdings Inc. and Bear Stearns Cos. may cost New York City as many as 243,000 jobs by the end of March, according to estimates from the city's Independent Budget Office. New York's reliance on financial institutions makes it vulnerable to a more prolonged slowdown than the rest of the nation, the office said.

Brooklyn, the city's most populous borough, is located southeast of the Wall Street financial district and has drawn many buyers from Manhattan as a "less expensive alternative" with architecturally distinct neighborhoods, Miller said.

Condominium Prices Drop

The fourth-quarter declines mirror those seen in the final three months of 2007 in Manhattan. Luxury prices declined 3.9 percent and the median for all resale apartments slid 3.6 percent in Manhattan, Miller Samuel and Prudential said last week.

The median price for condominiums in Brooklyn, which account for 28 percent of units in the borough, dropped 4.7 percent to \$514,216, Miller Samuel and Prudential said. Co-ops, a quarter of units, rose 2.9 percent to \$267,500. One- to three- family houses, almost half of all units, fell 4.2 percent to \$584,250.

South Brooklyn prices, including Bay Ridge, Coney Island and Sheepshead Bay, fell 11 percent to \$434,600 and sales tumbled 40 percent to 1,027. East Brooklyn prices slid 15 percent to \$450,000 and sales plunged 52 percent to 281, the report said.

Greenpoint Gains

North Brooklyn prices, including the Greenpoint and Williamsburg neighborhoods, rose 3.7 percent to \$596,125. Sales fell 42 percent to 142.

In Northwest Brooklyn, the area closest to Manhattan which includes Park Slope, Clinton Hill and Fort

Greene, prices fell 8.9 percent to \$615,012. Sales dropped 42 percent to 396.

Price of one-to-three family homes in neighborhoods including Brooklyn Heights, Park Slope and Carroll Gardens, the median rose 12 percent to \$1.29 million, according to Miller Samuel and Prudential.

Prices in Brooklyn's luxury market, defined as the top 10 percent of properties, declined 6.2 percent to \$1.14 million and the number of sales fell 43 percent to 184.

Even at the top end of the market, sellers are dropping prices.

In Brooklyn Heights, a two-bedroom, two-bath co-operative on Clark Street went into contract for \$1.075 million after sellers cut the price by \$50,000, or about 4 percent, according to the listing on StreetEasy.com, a Web site that advertises real estate.

The apartment, on the top floor of pre-World War II building, includes a formal dining room, renovated kitchen and washer and dryer.

Lots of 'Pretend'

"Sellers want to pretend that the market is not as bad as it is and buyers want to pretend that the market is worse than it is," said Catherine Cleland, a real estate broker with Manhattan-based Citi Habitats. "There doesn't seem to be a happy medium."

Michael Slattery, senior vice president for research at the Real Estate Board of New York, said some shoppers who planned to buy in Brooklyn may be waiting for prices to fall further before entering the market.

"You may have been pushed into Brooklyn because Manhattan was so expensive," Slattery said. "There could be some thought that Manhattan could get a little more affordable and they may want to wait."

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