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Queens buckles under subprime pressure



Long Island City

By Candace Taylor

The Queens real estate market continued its downward spiral at the end of 2008, according to a fourth-quarter market report released today by Prudential Douglas Elliman.

The median sales price in the borough declined 11.4 percent to \$400,001, down from \$451,250 during the same period of 2007, the report showed. The average sales price dropped 12.4 percent to \$436,575 from \$478,752 in the prior year quarter.

Queens continued its streak of performing generally worse than Manhattan, where the median sales price in the fourth quarter increased 5.9 percent year-over-year despite declines in recent quarters, and Brooklyn, where the median home price slipped 7.5 percent from the quarter a year earlier.

The number of homes sales in Queens also plummeted, the report showed, sinking 39.1 percent to 2,737 in fourth-quarter 2008 from 4,491 in the same three months in 2007. That's a steeper drop than in the third quarter of 2008, when the number of sales in the borough fell 35.2 percent from the prior-year-quarter. It was also a more dramatic drop than in Manhattan, where the number of homes sold slipped 9.4 percent in the fourth quarter from the same period of 2007. Brooklyn, however, fared even worse than Queens, with the sales volume falling 42.7 percent year-over-year.

Queens owes its poor performance to a [high concentration of foreclosures](#) and a great vulnerability to subprime lending during the recent housing boom, said Jonathan Miller, president of real estate appraisal firm Miller Samuel, who prepared the report.

Still, he said, the credit crisis is taking its toll on the whole New York region, and the large drop in sales volume is "a direct function of the contraction of credit and the general malaise in the regional economy."

And unlike in previous quarters, Long Island City didn't do much to brighten the news. In fact, Northwest Queens -- an area that includes Astoria and Long Island City -- showed the largest decline in sales volume in the borough, with 173 sales, down 58.5 percent from the prior year quarter. Meanwhile, median sale prices fell 20.3 percent to \$400,000.

But Miller said the dramatic figures don't necessarily mean Northwest Queens fared worse than the rest of the borough. Rather, the decline could reflect a surge in new development closings in the area at the end of 2007, and the fact that many of the units that closed in the last three months of 2008 were smaller and less expensive.

"It doesn't mean that region is weaker than any other," he said. "It's just a shift in what actually closed during the period."

Meanwhile, in Elliman's Long Island report, the median sales price declined 10 percent to \$450,228 from the prior year quarter, while the average sales price dropped 10.2 percent to \$377,000 year-over-year. The number of sales dropped as well, 3.4 percent to 4,427 units versus 4,584 at the end of 2007.

The report measured Nassau and Suffolk counties, excluding the Hamptons and the North Fork.

Long Island has been experiencing a decline for the past two years, Miller said, mirroring trends of other suburban markets across the country.

"The level of sales has reached a fairly low level," he said. "People aren't putting their properties on the market unless they have to sell."