

## What's next for Manhattan Real Estate

The first quarter of the

year was a bad one for the national housing market. Nothing much new occurred, however it was an unabated continuation of last year, which was one of the worst years for the national market on record. In that environment, however, the [Manhattan real estate](#) market continued to do OK.

Seemingly against all odds, the average price of New York apartments improved almost twenty percent from the same time last year. The increase in prices was largely driven by the luxury market, which saw several new high end buildings go on the market.

Underlying the effect that the strong numbers from the luxury sector had on the market as a whole, rents actually declined in the first quarter, even as the average price of [New York City apartments](#) increased. There were a some signs of a new weakness in the quarterly numbers &ndash; inventory, for example, increased substantially &ndash; however, the unexpected large increase in the average price buoyed confidence in the market for yet another quarter. New York apartments, it seemed, lived in a different economic universe than the rest of the nation's housing units.

The fate of Bear Sterns, however, has combined with the continuing negativity in the national market to finally put a damper on the New York housing market. Nonetheless, the Spring quarter is typically the best quarter for the market, so once again, no one is really sure what the exact fate of home values in the New York market will be. This very uncertainty has given pause to a number of potential buyers and sellers.

Most

analysts expect prices to decline somewhat, especially among sellers who have had their home on the market for more than a month. Activity is expected to decline from what it was a year ago, though quarter-over-quarter numbers won't seem quite as bad.

Rents are expected to continue to decline, though not at as fast a pace as they did in the first quarter. All in all, the second quarter numbers for the [Manhattan real estate](#) market will be truly fascinating. Until the quarter is finished, and the data is released, however, a sense of uncertainty will place a drag on the market.

Certainly, any number of events &ndash; mostly negative ones &ndash; could clear up that uncertainty. If another Bear Sterns were to occur, for instance, it would be all to clear which direction the market is headed in.

For now, though, the only thing that is clear is that the market is not moving in a particularly strong direction one way or the other. Even if the second quarter numbers are negative, they will be nothing like what the city experienced in its last major housing downturn.

## About the Author

Nicholas Adams Judge is a freelance writer specializing in business, politics and economics. He holds a B.A. in political science and will begin his PhD studies in political economy and public opinion next fall. He has studied economics and political science at a number of different institutions, both

here and in the U.K., including Amherst College, Warwick University, Oxford University and the University of Massachusetts-Amherst.

Source: <http://www.diyresource.com>