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Where the Deals Are

Clockwise from top left: Dith Pran/The New York Times; Alan Zale for The New York Times; Douglas Healey for The New York Times; Suzanne DeChillo/The New York Times

Clockwise from top left: **Caldwell, N.J.**, original price: $615,000, price paid: $595,000; **Yorktown Hts., N.Y.**, original price: $785,000, price paid: $735,000; **Newtown, Conn.**, original price: $624,900, price paid: $525,000; **Dix Hills, L.I.**, original price: $1,395,000, price paid: $1,150,000.

By LISA PREVOST
Published: September 16, 2007

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FOR more than a year, home buyers who have been looking in the suburbs of Manhattan have struggled to reconcile market rhetoric with metro-area reality. Technically, the overstocked and sluggish market gave them the upper hand. But when it came to actual negotiations, sellers were clinging tightly to the past, and many scoffed at price reductions of more than a few percentage points.

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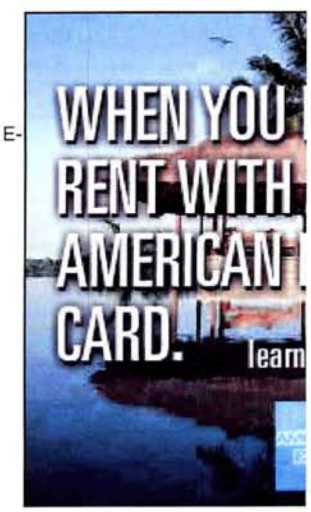

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Douglas Healey for The New York Times

Moving In and Moving On Peter and Beverly Becker and their sons, Josh, 8, and Ben, 5, are moving to a colonial in Newtown, Conn. The house was listed at $624,900 and sold for $525,000.

Dith Pran/The New York Times

Jeffrey G. Otteau, president of the Otteau Appraisal Group in East Brunswick, N.J.

Suzanne DeChillo/The New York Times

A clapboard two-story, in Brewster, N.Y., was on the market for 296 days and went through a series of price reductions.

Now, after a nearly nonexistent spring selling season and a summer marred by stock-market jitters, buyers and sellers are closer to a meeting of the minds. Real estate agents and market watchers throughout the region report that houses are selling at prices 5 to 18 percent lower than a year ago. When a property draws multiple bids these days, agents say, it's usually because it's in fantastic condition and priced for the current market.

"Homes that have come on the market in the last two or three months have started at prices that are more conservative," said Savo Fries, manager of the Houlihan Lawrence offices in Yorktown and Croton-on-Hudson, both in Westchester County. "Sellers are finally more willing to listen."

Even in the most exclusive enclaves, like Greenwich, Conn., where the median sale price has remained relatively flat this year at around $2 million, sellers impatient with the market are entertaining lower offers.

"There is an awful lot on the market that is languishing, particularly in the $1.5-million-to-$3.2-million range," said Nancy Healy, a partner in Shore and Country Properties. "You're not going to get a huge discount, but for properties that have been sitting, they will at least listen to you now."

Bargain hunters are likely to find sellers far more receptive elsewhere in the metropolitan area — but not everywhere. Prices in some towns are falling more steeply than in others. While it's difficult to generalize across such a broad market, one overriding factor appears to be driving the differences: the proximity to Manhattan.

Jeffrey G. Otteau, president of the Otteau Appraisal Group in East Brunswick, N.J., picked out the pattern while analyzing the unsold housing inventory in towns on and around the commuter rail lines into New Jersey. Communities directly on the rail lines and fairly close to the city, like Maplewood, Montclair and Chatham, tend to have less than six months' worth of inventory, a level more characteristic of a rising market than a falling

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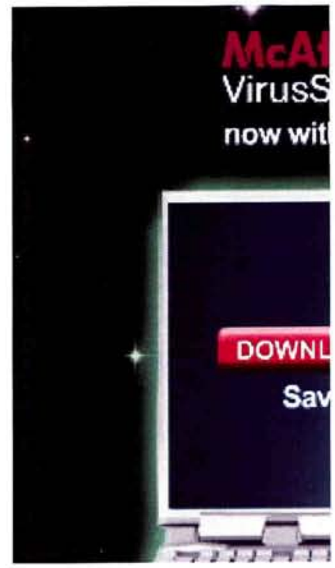
one. Some towns still on rail lines but farther out have slightly higher levels, and those off the rail lines altogether, including Caldwell, Belleville and Harding, more consistently show 6 to 12 months of inventory, an indicator of a downward market.



Mr. Otteau surmises that metro-area suburbs are reverting to their pre-1980 dependence upon Manhattan for high-paying jobs. Since 2000, he noted, rising housing costs in the suburbs coupled with the slow rate of job growth outside the city, particularly in high-salaried occupations, have contributed significantly to a trend: more residents who are United States citizens left New York, New Jersey and Connecticut than moved in.

In New Jersey from 2000 to 2006, for example, the number leaving the state exceeded the number who moved in by nearly 278,000, according to census data.

Because the Manhattan economy remains strong and its roaring housing market has yet to slow, housing demand is being driven outward along the rail lines. The towns least accessible to the city, however, are more vulnerable.

“We’ve returned to a market where Manhattan is once again king,” Mr. Otteau said.

Mr. Otteau has not analyzed inventory levels across the region, but interviews with real estate agents and appraisers suggest the same pattern fits. There are exceptions, of course. Proximity to Manhattan cannot compensate for the socioeconomic challenges facing Newark, for example; it shows a housing inventory of 16 months. And towns an hour or more from Manhattan but close to smaller employment centers, like Stamford or White Plains, are less affected by their distance.

Take Basking Ridge, N.J., in Somerset County. Although it’s a 90-minute rail commute from Manhattan on New Jersey Transit’s Gladstone branch, Basking Ridge shows just four months of housing inventory, most likely because of the concentration of high-paying employers close by. Its housing market is currently oversupplied with four-bedroom colonials in the $600,000-to-$1-million range, but newly built houses costing more than $1.2 million are still selling quite well, said Michael Lattmann, a sales associate with Burgdorff ERA Realtors.

“Properties that have held their value have made updates,” like renovations or new appliances, Mr. Lattmann said. “Others are down anywhere from 8 to 15 percent — effectively, you’re paying for that update.”

Town-by-town differences aren’t evident in the countywide data gathered by multiple listing services. Agents interviewed made their own calculations for individual towns based on the most current multiple listing data available and on their personal experience.

For the most part, housing prices in areas at the outer edges of commuter territory, and especially off a rail line, appear to be under considerable downward pressure, particularly at the upper end of the market.

Southbury, Conn., about 80 miles from Manhattan just off Interstate 84, had about 150 houses on the market earlier this month, about a year's supply, according to David Nyman, an associate broker with Century 21 Home Services. At least 25 of those listings were priced above $850,000, far more than the market could absorb in a good year, never mind a year in which the market for New Yorkers buying second homes "has totally dried up," Mr. Nyman said.

Just below Southbury, in northern Fairfield County, Newtown's inventory "just keeps climbing and climbing," said Valda Thompson, sales manager for the local William Raveis office.

Checking the number of listings earlier this month, Ms. Thompson let out a squawk. "Holy cow!" she exclaimed. "There are 327 homes on the market, not including condominiums, which is absolutely incredible. We're back in a market like the '80s, where it did take six months to sell a house."

The slower market worked to the benefit of Elise Sher, who recently closed on a newly built 5,800-square-foot home in a new subdivision in Southbury. The price — just over $1 million — wasn't such a great deal compared with prices in Houston, where Ms. Sher and her family had lived.

But she acknowledged that the builder gave her and her husband a host of add-ons, including a $20,000 appliance package and a larger patio, without increasing the price. "Basically, everything I asked for I got," she said.

Similar houses in the area were priced at $1.2 million to $1.3 million, "but the builders were just holding out," she said. "Our builder told me he would not have worked with a buyer like this a year ago. He said he had sold a similar house close to a year ago for $150,000 more."

Likewise, builders in Orange County, N.Y., which has seen a wave of new construction over the last few years, are adjusting their designs downward to put them in lower price ranges. The houses at Oxford Landing, a luxury development in Blooming Grove, in southeast Orange, were originally going to start in the $800,000 range, but the builder has added a slightly smaller model with less expensive exterior finishes that will sell for $600,000 to $700,000, said Matthew Rand, managing partner for the Rockland and Orange County operations at Prudential Rand Realty.

At the Fairways, a gated development of town houses and single-family homes priced from $380,000 to $750,000 in Wallkill, the developer, Martin Ginsburg, has put off opening the project's second phase because of the slow market, but he hasn't lowered prices yet. "The very fact that our pricing is comparable to what it was a year ago is an incentive," he said. "Our costs have gone up, even though our prices haven't. Our margins are disappearing."

Ron Valure, the owner and principal broker at Viking Realty in Middletown, said that so much new construction in Orange County is languishing that "builders left and right are flipping the lots now, just selling off the lots, where a year and a half ago, you never saw that." More than 700 lots were for sale earlier this month, though not all have been approved for building, he said.

In Putnam County, the median sale price of a single-family home dropped 9 percent, to $398,500, during the second quarter of this year compared with the same period last year, according to the Westchester-Putnam Multiple Listing Service.

Although that figure overstates price declines in the Brewster and Carmel market, said Donald A. Mituzas, the Brewster office manager for Prudential Serls Prime Properties, market pressures are evident in the appearance of short sales — sales of distressed properties in which the lender agrees to accept less than the amount owed. He said he had recently shown four or five such properties in a single weekend.

Ellen and Joseph Mazzei negotiated what they felt was a very good deal on a house in Carmel that was in foreclosure. They spent months looking at houses in nearby Mahopac last year, only to become frustrated with sellers' unwillingness to negotiate.

They had sold their house in Carmel relatively quickly by lowering the price early on, but in Mahopac, prices still seemed "too high for the condition of the homes," Ms. Mazzei said.

Raeann Mazzei, Mr. Mazzei's aunt who is an associate broker with Houlihan Lawrence, helped them find the house they bought from the bank that owned it. It's a contemporary, built in 1989; it has a new kitchen, but other improvement projects, like the master bath renovation, were left unfinished.

The house was listed at $525,900. The Mazzeis offered $475,000 and eventually agreed to pay $485,000, an amount that would have bought only what they considered junk in Mahopac, Ms. Mazzei said. They closed in January.

In Yorktown Heights, situated between the Hudson and Harlem Lines of the Metro-North Railroad in northern Westchester, sale prices are down about 12 percent from the height of the market, agents said. The oversupply is highest at the upper end — above $600,000 —

where there is less demand. Those homeowners "have competition not only in their own town, but the surrounding towns," said Robert Mulvey, vice president for sales at Century 21 Mulvey.

In pricier Chappaqua, on the Harlem Line about 10 miles to the south, a decline in the median sale price of about 6 percent in the last year has opened up an "under $1 million" category. "We have 18 properties on the market between $800,000 and $900,000" said Sena Baron, an associate broker in Houlihan Lawrence's Chappaqua office. "Two years ago, we had six. It's a new price range."

On Long Island, the median sale price on single-family homes in Manhasset, on the North Shore in Nassau County, is also down about 6 percent, according to Judi Lovecchio, branch manager of Coach Realtors' Manhasset office. The fairly stable market there has benefited substantially from its proximity to Manhattan — it's the second Nassau County stop on the Port Washington branch. "The train line makes a big difference," Ms. Lovecchio said. "You're there in 26 minutes, and there's a million of 'em every day."

Farther out along the high-priced North Shore, prices are coming down more sharply. Figures supplied by Jonathan Miller, the president of Miller Samuel, the Manhattan appraisal company, showed declines in median sale prices of 10 to 18 percent in many North Shore localities during the first half of the year compared with the same period last year.

But the shift there appears to be less tied to commuting times. Joyce Styne, an executive vice president at Century 21 Laffey Associates, said prices were dropping sharply on some shoreline properties, the reason being that they rose so quickly during the housing boom. The market was still so hot in the East Hills and Roslyn area in August 2006 that it took just under 60 days to sell a house. This August, Ms. Styne said, the average number of days on the market was closer to 190.

The North Shore was similarly affected in the late 1980s and early 1990s after the downturn in the defense industry, said Pearl M. Kamer, chief economist for the Long Island Association, an influential business group. At that time, she said, prices at the higher end, "where there's more room to adjust," dropped by some 20 percent.

Roberta Feuerstein, a sales associate with Shawn Elliott, said that in the Dix Hills and Melville area in Suffolk County, just over the Nassau border, prices have come down about 10 percent. Some homeowners are having to reduce their prices by much more, she said, but those houses are usually the ones that were most grossly overpriced.

Not all sellers have come around to the new reality. "We have homes overpriced by $300,000 or $400,000 out of just pure insistence," she said.

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