

REAL ESTATE

## Only Brooklyn Is Over the City's Housing Bust

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By Jonathan J. Miller

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Housing prices in four of New York's five boroughs still haven't reached their pre-crash highs. The outlier? Brooklyn.

Housing prices in Brooklyn now are more than 8 percent above the peak reached in 2007. The other four boroughs, meanwhile, are all more than 10 percent below their highs, with the Bronx still down by almost a quarter.

### Hello Brooklyn

Change in median sales price from pre-crisis high



Source: Miller Samuel

The surprise is Manhattan, particularly because of all the hype about the super-luxury end of the market. Yet that only represents a small sliver of the housing market.

How did Brooklyn win? Two things came together for the borough.

First, Brooklyn has had a substantial amount of luxury-housing development, much of it started before the crash, while more land was made available for redevelopment after extensive rezoning from commercial to residential use. More newcomers to the city, as well as those priced out of Manhattan, chose Brooklyn rather than one of the other boroughs.

What's more, after being too lax, lenders have over-corrected since the financial crisis, and it still can

be tough to qualify for a mortgage. But buyers of higher-priced housing tend to be less dependent on credit, and are more likely to pay in cash or make a larger down payment than those in less-expensive markets. Tight credit is one reason the lower-priced housing markets in Staten Island and the Bronx have lagged.

Even amid rising prices, Brooklyn is a good deal less expensive than Manhattan. The median sales price for a home in Brooklyn was \$587,515 in the third quarter, 36 percent less than in Manhattan. As for whatever resistance buyers might have had about Brooklyn as an alternative to Manhattan? Fuggedaboutit.

As Brooklyn's fortunes continue to improve, I suspect it's inevitable that we'll soon be saying "Queens is the new Brooklyn."

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