

# THE WALL STREET JOURNAL.

## The U.S. Housing Market Is Losing Some of Its ‘Frenzy,’ as More Homes List for Sale

**An uptick in inventory, especially at the high end, is bringing a crazy seller’s market back to earth**

Candace Taylor | July 16, 2020

When Patrick Coleman bought a home in 2017, he beat out eight other bidders and paid \$100,000 over the asking price.

So this time around, after months of watching the frenzied pace of real-estate sales, he was prepared for even more competition.

Instead, it was much easier. Mr. Coleman wasn’t even looking for a home. He and his fiancée, image consultant Rebecca Jahangeri, loved their townhouse in Washington, D.C. But in late May, he glanced at a listing his father had sent his sister in their native Potomac, Md. “She wasn’t interested,” Mr. Coleman recalled, “but I texted my dad and I said, ‘Man, I might buy this thing.’” Two days later, he and Ms. Jahangeri toured the six-bedroom brick Colonial and made an offer. Within a few hours, it was accepted. It was the first house they saw, and there were no other bidders. They closed in June for \$2 million.



*The kitchen in the new home of Mr. Coleman and Ms. Jahangeri*

“I was a little surprised, that’s for sure,” said Mr. Coleman, 34, a vice president at Jim Coleman Automotive Group. “I feel lucky.”

It seems the wild residential real-estate market of the past year is finally starting to calm down.

More houses are coming on the market, real-estate experts said. For high-end properties in particular, inventory is increasing as owners who delayed selling during the worst of the pandemic list their homes. Owners who weren’t planning to sell have changed their minds after watching prices climb ever higher. Meanwhile, some deals made at the height of the frenzy have fallen through, while overpriced homes sit rather than getting snapped up immediately. The market is still hot, with strong demand buoyed by low interest rates, agents said, but buyers now have more options as a sense of normalcy returns.

“The sales market is not a frenzy anymore,” said Andrea Ackerman, a real-estate agent at Brown Harris Stevens in the Hamptons on Long Island’s East End.

Existing-home sales across the country decreased for a fourth straight month in May, according to the National Association of Realtors. In June, the number of new listings hitting the market nationwide grew 11% from May and 5.5% compared with the same month of last year, according to the Realtor.com Monthly Housing Report. And while total active inventory is down 43% from the same period of last year, that is an improvement from a 60% difference in May, said Realtor.com Senior Economist George Ratiu. ( News Corp, owner of The Wall Street Journal, also operates Realtor.com under license from the National Association of Realtors.)

“We all felt, 60 days ago, that we were literally going to run out of inventory,” said real-estate agent Jonathan Boxer of Douglas Elliman in Aspen, Colo. “And then things shifted. We started bringing on some new sellers.”

Price growth has slowed with more listings hitting the market across the country, Mr. Ratiu said. In June, the median listing price increased 12.7% year-over-year, compared with a jump of 17.2% in April. He said he expects growth to continue slowing over the next year. Overall, said Mr. Ratiu, “I see this current market beginning to look a lot more like a normal market.”

Until recently, Brooklyn residents Michelle and Dan Mannix thought they would never sell their country home in Orient village on Long Island’s North Fork.

“We used it the whole pandemic and it was a godsend,” Ms. Mannix said of the house, which the couple, who are serial entrepreneurs, purchased 14 years ago for weekends and vacations. When the pandemic broke out, they moved to Orient full time with their son. “I would say, ‘We’re never going to sell.’ Then all of a sudden, things started to shift.” They decided to sell after a home near theirs sold in 72 hours for \$2.5 million.

They watched in awe as home prices on the North Fork shot up. A house a few blocks from theirs sold in 72 hours for \$2.5 million, “much more money than anybody had seen recently,” said Ms. Mannix, 50. “That was like, ‘Well, wow. What could you get for ours?’ That got our wheels spinning.”



The couple, who moved back to Brooklyn in October, decided to put the Orient home on the market. They listed it in late May for \$2.466 million with Lori Feilen of Town & Country Real Estate. In mid-July, the Mannixes reduced the price to \$2.196 million. There have been no offers yet, however, and Ms. Mannix said there is more competition than she expected, with new listings popping up after months when the tiny hamlet had virtually no homes for sale. “It felt like there was never anything, and now, since we put our house on the market, I’ve seen three or four really nice listings,” she said. “For Orient, that’s a lot.”

*The country home of Brooklyn residents Michelle and Dan Mannix in Orient village on the North Fork*

There were 13 home listings on the market in Orient in late June, up 62.5% from the monthly average of eight listings the area saw over the past year, according to Realtor.com.

While demand is still strong, some buyers’ urgency has faded as they go on vacation, visit family or spend weekends at the beach rather than at open houses, said Chris Itteilag of Washington Fine Properties, who represented Mr. Coleman in his purchase of a Potomac home. Others, fatigued by the high prices and competition, are taking a break from house-hunting. Very desirable properties still generate bidding wars, Mr. Itteilag said, but others sit on the market, especially if they are overpriced or need renovation. “It’s more hit-or-miss, or property-specific,” he said.

In Montgomery County, where Potomac is located, 1,855 new listings came on the market in May, a leap of 49% from May of 2020, according to Bright MLS.

Across the country, luxury properties are hitting the market in greater numbers than lower-priced homes, Mr. Ratiu said. The number of new listings over \$1 million jumped 17.5% year-over-year in the week ended June 19, according to Realtor.com, while new listings priced under \$350,000 were down 7.4%. The total inventory of homes for sale above \$1 million was still down from last year by 23%, but the number of listings below \$350,000 fell 49%.

High-end listings are more abundant in part because the investors who have been scooping up single-family houses tend to purchase inexpensive homes to maximize returns, Mr. Ratiu said. Another factor is that some sellers are overpricing their homes—a phenomenon he referred to as “a make-me-move price”—but buyers are wary of paying too much, unlike earlier in the pandemic.

For many sellers, it simply wasn’t practical to list their homes during the early pandemic.

That was the case for Ms. Ackerman’s clients Robert Kushner and Trevor Yoder. The couple have owned their barn-style Hamptons home for 20 years, sometimes living there full time and sometimes using it as a weekend escape from their apartment in Manhattan. “We’ve had big Thanksgivings in this house for years,” said Mr. Kushner, 56.

But the couple are now developing a hospitality and residential project in Costa Rica, where Mr. Yoder lives for months at a time. They had been planning to sell the East Hampton property and relocate to Costa Rica, but the pandemic made it difficult to complete the renovations they wanted to do before listing the house. When people are buying or renting out here, they expect things to look as good as when they’re brand new,” said Mr. Kushner.

Rather than sell it, they rented the property. Then, as Covid restrictions began to ease, they did the renovations as quickly as possible, redoing the floors and repainting. They put the house on the market for sale on June 14 for \$7.25 million, as well as for rent asking \$195,000 for the month of August. The rent has since been lowered to \$150,000. Mr. Kushner says they won’t sell unless they are happy with the price. “We want to see what the market can bear right now,” he said. “If it sells, great. If it rents, we’re fine with that as well.”