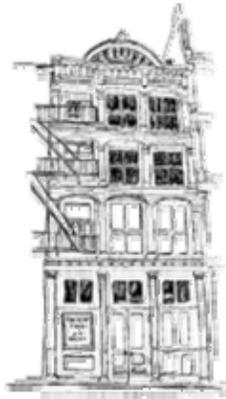




*From the Law Office of Ronald H. Gitter, Esq.*

Addressing the Realities of Residential Real Estate

## It's Not Over



**September 7, 2010**

### **Back to Residential Reality**

Here we are, the Tuesday after Labor Day, 2010, and many of us are wondering what the rest of the year will look like in the New York residential market. Many attempts have been made to keep home ownership out of the abyss: bailing out the banks; bailing out Fannie and Freddie; a home buyer's tax credit; extraordinarily low interest rates; short sales; mortgage modifications; and deep discounted home prices. Yet despite the best

efforts of government and industry, there has been no significant sign of a housing recovery.

### **The New Remedy**

Apparently, there is a new remedy on the horizon that some real estate "experts" are starting to advocate: do nothing. Seriously. As David Streitfeld points out in his September 6<sup>th</sup> New York Times article, "[Housing Woes Bring New Cry: Let Market Fall](#)", some real estate professionals are asserting that it's time to stop additional attempts at stimulating the market and allow prices to fall further. Once this additional price dip occurs, the hordes of purchasers waiting in the wings (who supposedly are currently renting) will finally come into the market, and scoop up housing inventory at the deeper discounted and finally affordable pricing.

### **Not all Professionals Agree**

Of course, some are advocating additional stimulus, like a new tax credit or government refinancing of millions of government owned or insured mortgages, as Bill Gross of Pimco has suggested. Taking the political mood into consideration at the moment, the chance of additional dollars being spent on yet another attempt to prop up the housing industry are twofold: slim and none. By default, there's a good shot this new approach will be tested in the markets which can least afford a further price drop.

### **What About Us?**

In the end, we're all New York centric, and the question has to be asked, will this new "remedy" find its way to the New York market? I'll let the real estate

economists and statisticians make their predictions, but it seems unlikely that this new approach will be a significant factor here in Gotham. Why?

Here's a good rule of thumb: So goes the financial industry in Manhattan, so goes New York. And bonus season may be early this year...

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