

## MANHATTAN REPORT

DEEDS & DON'TS

Manhattan property market, the signs are both ominous and surprisingly positive.

To help figure out where the market's heading, start with a few known quantities. First, state of mind. The first three months of this year saw the city's real estate economy take a real hit—Wall Street bonuses weren't as bad as some feared, bonuses that still have an outsize effect on apartment prices—but the credit crunch and those rather bleak days at Bear Sterns didn't do much for consumer confidence. And, let's face it, perception matters: national home builders Toll Brothers went so far as to blame excessive media coverage of the housing slump for scaring off buyers.

And then there's inventory. According to data gathered by Miller-Samuel's Jonathan Miller, who pens the quarterly market report for Prudential Douglas Elliman, Manhattan apartment sales fell in January and February from a year earlier and new properties came to the market at the fastest pace since at least 2000. The makings of a deluge?

Seems not. Over the past few months, the supply of apartments for sale in Manhattan has more or less flatlined as buyers and sellers resume the staredowns that became commonplace after the go-go days came to their end last year. And while the debate over when's the right time to buy (or sell) rages on across real estate blogs like *Curbed* and *Brownstoner*, let's dig into the insights that savvy folks in the market are kind enough to pass along.

### HIGH END STRONG

The high end—the too-too palaces and penthouses priced over \$10 million—moves as usual in a world of its own. Every day seems to bring news of yet another billionaire buying



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at Robert A.M. Stern's paeon to the pre-war, 15 Central Park West, begging the question, jeez, are there really any apartments left for sale in that place? And then, of course, there's The Plaza, a favorite with the overseas set, where smart early purchasers continue to profit from the fine art of the flip. As Russian rubles continue to rain down on the city, expect this part of the market to show no signs of flagging—and we haven't even started to see what's liable to be another great influx: the new Chinese aristocracy. One real estate marketer we spoke with recently says the hardest part of this game is figuring out which international magazines



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and newspapers to advertise the fanciest apartments in—nice problem to have.

A tick or two down the price scale, there's still a fair number of apartment owners who want to

sell but think they're going to get something close to the peak prices of a few years back. By and large, that isn't happening. A check on property research sites *NateFind.com* and *StreetEasy.com* shows an

increased number of what *Curbed* likes to call PriceChops—dramatic price reductions. A few samples from mid-June: a co-op at 910 Park Avenue sliced \$250,000 from \$4.75 million to \$4.5 million, or a loft at 157 Duane Street in Tribeca that knocked \$50,000 off its new \$1.745 million asking. Yes, some of these reductions—like that Duane Street loft—are more cosmetic than anything else, but that's the point: Many sellers now see that buyers want, at least, the perception of a deal, which gives a good sense of the market psychology overall.

(And yes, if you're one of the owners in this class, a quick parlor trick. Go ahead and mentally discount what you think your apartment is worth by 10 percent. Not as bad as you feared, right?)

How else are deals trickling in? Consider the condo market, which still has plenty of new inventory from buildings that broke ground back when credit flowed free and easy coming to market this year and next. For the prime new buildings—think Jean Nouvel's glittery 100 Eleventh Avenue in the chicified Far West Chelsea neighborhood, or the Frank Gehry tower now rising in the vicinity of City Hall, a needed jolt in the arm to the still-sleepy Financial District so desperate to live up to its hip new FiDi monicker. There's no cause for concern, assuming developers price to the market. But, in other condo buildings, incentives are bubbling up. Among throw-ins: minor renovations requested by purchasers and the covering of closing costs. And then there's what these throw-ins also indicate about the condo market: that the endless suites of amenities ranging from gyms to FreshDirect lockers in the lobby that developers leaned on so heavily in 2005 and 2006 just don't cut it anymore. People want value in their square footage, not in some underutilized bauble.

Whither the next six months? Miller and his ilk say that the downward draft on pricing hasn't yet shown up in the Manhattan housing market statistics, but could later this year. Still, it's hardly a time of panic for brokers or sellers—well-priced apartments are moving, even in fringe neighborhoods that some experts predicted would be the first to feel the wrath of a down market. Sales in Manhattan were down 20 percent in May over the previous year—but still up over the same month in 2006. The more things change, eh? —L.S.

*Lockhart Steele is the founder and president of Curbed.com.*