

Manhattan Prices Stay Warm

Average Price of a Co-op or Condo Rises 13.1% to \$1.74 Million



By **JOSH BARBANEL**

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The price of a Manhattan apartment soared to near record levels in the last quarter of 2014, highlighting the increasingly separate apartment markets for the city's superrich and just about everyone else.

Strong fourth-quarter sales in swanky new developments such as One57, the 1,000-foot-high tower on West 57th Street, and the 48-story Baccarat Hotel & Residences on West 53rd Street pushed the median and average prices higher, according to market reports being released Tuesday.

But the rising overall prices masked weakness elsewhere in the market as the number of sales fell 17.6% compared with a strong fourth quarter in 2013.

The median sale price of a co-op or condo in Manhattan was \$980,000, according to a report by Douglas Elliman. It was the second-highest quarter on record and the highest since the end of the last real estate boom in 2008. The average price was \$1.74 million, up 13.1% from a year ago, the third-highest quarter.

Hall F. Willkie, president of Brown Harris Stevens, said "resale prices inch up at a more steady pace" than those for units in new developments.

The quarter "in many ways reflects the ongoing evolution of the Manhattan market into two interconnected but distinctive markets: new development and resale.

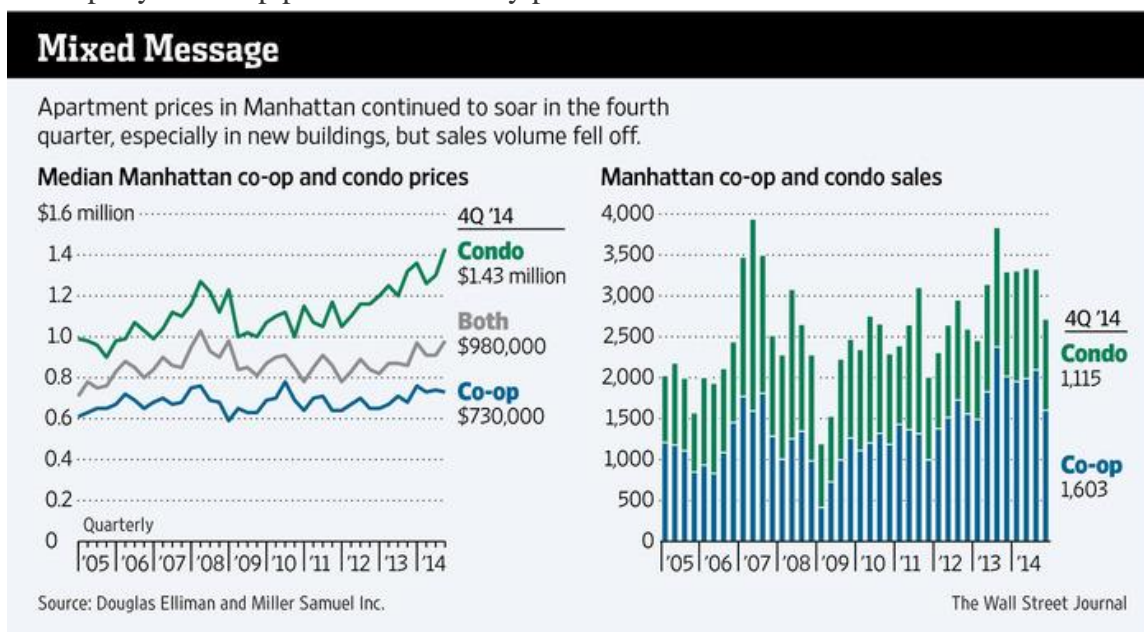
Pamela Liebman, president of Corcoran Group, said that “no part of the market was sluggish” but the spread between the median co-op and median condo price has grown over time.

“As condo prices continue to reach record levels there is an opening for value seeking buyers to pursue co-ops that are now a lot more affordable.”

Corcoran figures showed that median co-op prices were up 5% in the fourth quarter compared with the same quarter in 2013, while resale condominiums were up 8%.

During the fourth quarter, the median co-op price was \$730,000, just over half the median condo price of \$1.43 million. That was the lowest ratio on record, except for the first quarter in 2009, in the aftermath of the financial crisis, when few apartments sold.

Brokers and analysts attributed the shift to a surge as the market recovered at the end of 2013 and early 2014 that rapidly drove up prices as inventory plummeted



With sellers asking higher prices, many buyers at the lower end were frustrated, and unable or unwilling to sign on the dotted line, brokers said. Inventory now remains especially low for lower-price apartments.

According to data from Corcoran Group, apartments selling for under \$1 million made up 38% of apartment listings, but 55% of all sales.

Frederick Peters, president of Warburg Realty, said there was a “frenzy” of activity at the beginning of 2014, but “buyer fatigue” hit around Memorial Day in the co-op market and the market remained more subdued the rest of the year. There were fewer bidding wars, he said.

“We stopped seeing much in the way of price increases,” he said. Among some more expensive co-ops, he said, there were repeated price cuts.

Gregory J. Heym, an executive vice president and chief economist at Halstead Property and Brown Harris Stevens, said there were six co-op sales for more than \$10 million in the fourth quarter compared with 14 in the fourth quarter of 2013.

The number of sales in the fourth quarter was the lowest in two years, despite hundreds of closing in new developments. But Jonathan Miller, an appraiser and president of Miller Samuel Inc., said fourth quarters were usually the slowest, and the 2014 figures were higher than other earlier fourth quarters.

He said this year's fourth quarter included 10 sales at One57—four were for more than \$40 million—six ranging from \$5 million to \$12 million at the Baccarat and three at One Madison on East 22nd Street for \$6 million to \$10 million.

As for 2015, Ms. Liebman said she expected that more sales in new developments that were already in contract will likely close, driving the averages higher.

At the same time, she said that many more new developments are due to come on the market—6,279 compared with 2,453 in 2014. She said they included many “not to the upper wealth buyer but to the larger category of buyers of more affordable and smaller apartments.”

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