The New York Times
nytimes.com

November 11, 2007

BIG DEAL

What Market Slump?

By JOSH BARBANEL

ALTHOUGH there are many questions about the direction of the Manhattan real estate market, the evidence to date shows that the market remained strong last month, continuing right through the last closings.

The number of sales in October was well above the number recorded during the corresponding month a year earlier although a bit behind the huge volume of sales recorded over the summer, according to a tabulation of co-op and condominium transactions that were filed with the city through the first seven days of November. The number of sales of trophy properties costing more than $4 million increased sevenfold from October 2006.

Prices also remained high, close to the record prices recorded over the summer, and well above the level in October 2006, when the market was in deep doldrums, and there were worries that the market had begun to turn.

Median prices were 16 percent higher last month than a year earlier, and average prices were 45 percent higher than during that slow October a year earlier.

Inventories of unsold co-ops and condos were up from the summer but remained low in October, 22 percent below the inventory reported a year earlier, according to figures provided by Jonathan Miller, an appraiser and an executive vice president and the director of research at Radar Logic.

So far, city records show that 53 properties closed for more than $4 million in October, including a five-story 7,000-square-foot landmark town house bought by Martin Scorsese on East 64th Street on Oct. 10 for $12.5 million. Last October, there were seven closings.

Then there was the full-floor three-bedroom apartment, with two terraces, bought for $8.2 million on Oct. 19 by Douglas R. Lebda, the founder of LendingTree, the mortgage broker and referral company, in the Legacy, a six-apartment condominium carved out of a former garage at 157 East 84th Street.

Mr. Lebda is now the president of IAC/InterActiveCorp, the Internet conglomerate put together by Barry Diller, which acquired Lending Tree in 2003. Property records do not list any mortgages on his new apartment.

Consider, too, the $33.4 million sale at 834 Fifth Avenue on Oct. 30 by Loida N. Lewis, the widow of Reginald F. Lewis, the founder of the Beatrice Foods chain. It was sold to Dr. Mark Rachesky, the founder of a fund that invests in distressed properties, and the former chief investment adviser to the financier Carl

C. Icahn.

To pessimists, the high prices this summer and fall may be remembered as the peak of the New York real estate market, as the impact of the national housing malaise, job cuts and falling bonuses on Wall Street work their way through the Manhattan market.

Marcia Van Wagner, an economist and deputy city comptroller, said that while economists can forecast trends, they have trouble predicting just when a "turning point" will appear. Nevertheless, she said that her agency was updating its economic forecasts as concerns mount, and that she was expecting a slowdown in the real estate market, perhaps later this year or next year.

But there is another view: As long as Manhattan remains one of the world's great cultural and financial playgrounds, the real estate market can continue to rise. While much of the country has been worrying about foreclosures on subprime mortgages, researchers the Furman Center for Real Estate and Urban Policy at New York University found last month that only a tiny fraction of Manhattan apartments, eight-tenths of 1 percent, were bought with subprime loans last year.

Last month, two researchers at the consulting firm Business360, John Marchant and Roger Sharp, analyzed long-term trends in Manhattan real estate prices and despite the national credit crisis that emerged over the summer, they predicted that Manhattan prices would continue to rise 5 percent a year for the next three years.

The pair cited figures showing an expanding base of wealth in New York City: the wealthiest 20 percent of Manhattan residents — the ones who can afford to buy high-end apartments at current prices — have a median income of $350,000, or 50 times the income of the bottom 20 percent. And they concluded that home prices are still catching up from the steep declines in the 1990s.

Last Wednesday, the developers of the new 58-story W New York-Downtown Hotel and Residences on Washington Street found that Manhattan market was alive and well. Michael Shvo, whose firm Shvo Marketing is selling the properties, invited 3,000 people who had expressed interest to show up on the opening day of the sales office for the sale of 159 one- and two-bedroom condos. (Another 64 furnished hotel-style condos will go on sale later).

At 7 a.m., when the office opened, there was a line on the street, Mr. Shvo said. By the time the office closed at 11 p.m., two hours later than planned, he said, contracts for 72 apartments had been signed. Prices began at $2,000 a square foot, he said, or more than $1 million for a one-bedroom.

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