

Taking the bite

There may never be a 'good time' to purchase property in New York, but there could be a glimmer of hope for those ready to move quickly in this supply-heavy market

As desirable – and space-starved as ever – New York presents a luxury property market for the opportunist.

First uncertainty around the strength of the greenback following President Trump's election, now federal tax changes that could increase the cost of home ownership and reduce the deductibility of New York's high tax burden.

Thanks to these restrictive government policies and a shortage of developable land,

New York has an 'inelastic' supply of housing which has driven the median sales price up and left nowhere for the luxury market to go.

Historically, with the majority of wealthy New Yorkers in finance, the luxury housing market has followed the fortunes of the stock market, but not of late.

According to a luxury market report from New York-based brokerage Stribling & Associates (stribling.com), the Big Apple's luxury apartment market (\$5m and above) dropped

31 per cent in the first half of this calendar year on 2017 prices.

"This is simply a market that is adjusting itself to chronic overpricing relative to buyers' perception of value," argues Kirk Henckels, vice chairman of brokerage Stribling & Associates, in *The Wall Street Journal* last August.

Below: Designed by world-renowned architect Zaha Hadid, the new Chelsea condominiums at 520 West 28th Street

"It is very clear that this market is enduring what is the kindest, gentlest major price-correction in memory."

Sellers, however, are starting to reduce the prices in the face of buyer resistance.

One Tribeca five-bedroom penthouse (11 North Moore Street), with terrace and soaring ceiling, sold for \$20m in August after its first listing was slashed from \$40m in 2014 to a final asking price of \$22.5m. Leonardo DiCaprio had reportedly shown interest in the unit, which was listed with Douglas Elliman (elliman.com).

Additionally, co-operatives are becoming more popular, especially close to Central Park, where ➤





Above: Residential co-operatives are becoming popular close to Central Park Right: Brooklyn Heights waterfront condo Quay Tower has added contemporary details to the iconic brownstone

people are investing in shares, rather than deeds, to combat the stagnant supply.

Housing supply has only increased 11 per cent since 1996 in New York, compared with a 53 per cent increase in stock in Atlanta and a relatively modest, balanced, price increase.

While the space-starved city waits for Hudson Yards (the \$25b megaproject development on the far west side of midtown Manhattan) to provide a little extra breathing space – and perhaps a little impetus to stir up the supply market – some have been heading below street level.

Buyers and developers are starting to circumnavigate the age-old issues associated with underground housing by installing walls of glass, raised ceilings, outdoor spaces, bespoke studios and wine cellars.

At The Shephard (275w10.com), a West Village condominium complex, the average listing price was \$9.1m, according to StreetEasy, while a large ground floor unit with below-grade space listed for \$1.785m has already sold.

Equally, a luxury 2,100 sq.ft two-bed duplex condominium conversion at 350 West 71st Street on the Upper West Side (350w71.com) sold for \$1m less than an apartment one floor above despite it being 430 sq.ft smaller.

The below-grade level “gave us an opportunity to create larger apartments at a lower price,” David Berger, a partner at DNA Development, told *The New York Times* in August.

Prices at the 38-unit condominium conversion, set to open in 2019, range from \$1.8m to \$5.85m, with units on the first floor selling for up to \$1,200 per sq.ft, and up to \$2,000 higher up in the same building.

Elsewhere, sales have recently launched at luxury residential developments 108 Leonard

(108leonard.com) in Tribeca, with more than 150 state-of-the-art condominiums (by Jeffrey Beers and SLCE Architects) available in a historic building that was originally constructed in 1894 by the McKim, Mead & White.

15 Jay Street (15jay.com) in Downtown Brooklyn is set on a rare cobblestone street in the Tribeca West Historic District, featuring five residences in a luxury condominium.

The project, designed by the Meshberg Group for Jay Hudson LLC, maintained the existing historical brick facade, transforming the interiors with spacious loft conversions.

Brooklyn Heights waterfront condominium Quay Tower (quaytowerbk.com) is located by Brooklyn Bridge Park and

offers wide vistas of the famous Manhattan skyline. The scheme, designed by ODA’s Eran Chen will house 126 two- and five-bedroom apartments, with interiors by renowned Los Angeles-based designers Marmol Radziner.

At \$5m, the most expensive median sale price in 2018 so far was registered at 160 Leroy St. (160leroy.com) in Manhattan.

The most densely populated of New York’s five boroughs has enjoyed three of the city’s top-ten best-selling buildings this year, including 64 units in Steiner East Village (steinereastvillage.com).

Queens’ The Grand at Sky View Parc (thegrandsvp.com) sold the most units in New York, with a total of 98, followed by Dutch LIC (dutchlic.com) in Long Island City, with 66 units sold. ■

