

# Bloomberg

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## **Manhattan's Luxury Housing Slowdown Has Hit Co-Ops the Hardest**

*Buyers preferring newer condos, without restrictive rules  
Co-op sales at \$5 million-plus plunge to the fewest since 2011*



*Photographer: krblokhin/iStockphoto via Getty Images*

It's been a rough decade for luxury Manhattan co-ops, and the future doesn't look so rosy either.

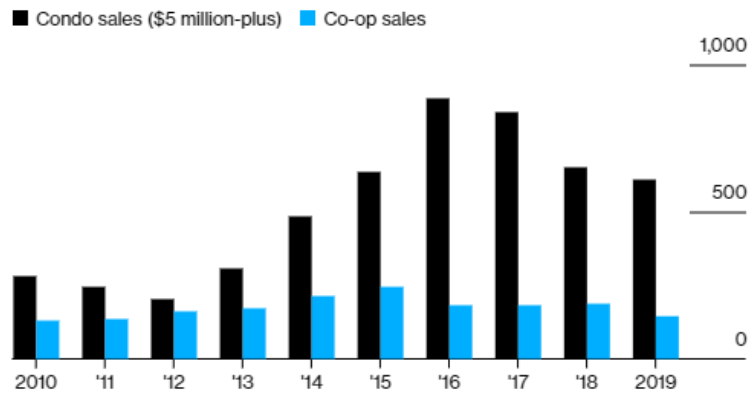
A condo construction boom has created a surplus of pricey properties across the borough. And while buyers are dithering and haggling on all high-end purchases, co-ops, with their restrictive rules and invasive purchase requirements, are faring worse.

In 2019, sales of co-op apartments priced at \$5 million or more fell 22% from a year earlier to 148, the fewest since 2011, according to a report by Core, a Manhattan-based brokerage. The median price of those deals dropped 7% to \$6.53 million, the lowest since at least 2009.

Once a sign of status and exclusivity, co-ops are accounting for an ever-decreasing share of luxury deals in Manhattan. Purchasers of co-ops -- usually older and with fewer amenities than condos -- get shares in a corporation that owns the building rather than hold deeds to their units. Boards have the power to reject buyers, and govern everything from how much residents must have in the bank to whether they can rent out their apartments.

### Lag of Luxury

Manhattan's wealthiest homebuyers increasingly prefer condos



Source: Core

Last year, co-ops made up 19% of all purchases above \$5 million, according to Core. In 2012, the share was 44%.

“There’s a desire for something new, something you don’t need approvals for,” said Garrett Derderian, managing director of market analysis at the brokerage. “The co-op process, especially in the super-prime buildings, is often arduous and you have to disclose really your entire background.”

Manhattan’s new condo projects -- with perks like vegetable gardens, sports simulators and pet spas -- also appeal to privacy-seeking buyers who relish the ability to purchase under an anonymous shell company. That’s something many co-ops don’t allow.

“I don’t anticipate we’re going to see a huge surge of activity absent the rules changing for many of these co-op boards,” Derderian said.