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Sales Keep NYC Housing Market Hotter Than Ever

Apartments at 22 central park south should start at $6.7million.

Traditionally, the fall is the start of real estate's busy season, where brokers — well-rested from a summer in Sagaponack — are champing at the bit, ready to unveil the next big thing. But it's almost as if summer never even began. A busy spring just kept going and going. "There was no rest for the weary this summer," says Wendy Maitland, managing director of Town.

According to Corcoran Sunshine, 3,400 contracts were signed in Manhattan in the third quarter of 2013 — a 17 percent jump from last year. And the second quarter was even better. The second "quarter there were $7.6 billion in sales," says Kelly Mack, president of Corcoran Sunshine. "That was the second highest ever."

And one can only expect it to get busier. "So far in 2013, we've seen 1,660 new development units enter the market," says Mack. "We're projecting another 1,000 by the end of the year."

One would hope these new units would ease pressure on prices and increase the vacancy rate. But it doesn't look like that's in the cards. According to a market report released this week by Jonathan Miller, CEO of Miller Samuel, for Douglas Elliman, Manhattan inventory

dropped to the lowest level in 13 years (when Miller started tracking the market) and the number of sales — 3,837 — is the most since 2007. And most units coming to market are expensive.
“Land costs have gone up, which means cost of development has gone up and that has required the purchase price to go up,” says Susan de Franca, president and CEO of Douglas Elliman’s new development division.

In August, veteran developer Michael Shvo returned to the market spending $23.5 million — about $850 per square foot, the most ever paid for a residential site in New York — for a gas station at 239 10th Ave. His hope is to put up a new condo off the High Line, one of the most sought after new neighborhoods.

Prices are far from being set yet (the building is slated for 2015) — but if the nearby condos are any indication, numbers will be insane. At developer Cary Tamarkin’s 508 W. 24th St., the smallest unit is $3.35 million (it’s in contract), and the 3,018-square-foot penthouse is on the market for $10.5 million, or $3,479 per square foot. The developer Blackhouse recently announced it was building a six-unit condo at 534 W. 29th St.

According to Sean Ludwick, a partner at Blackhouse, “The penthouse should be $3,500 per square foot … Lower units should be in the $3,000 per-square-foot range.”

But the High Line is hardly the only downtown hood to command crazy prices. At 66 E. 11th St. by Delos, the new five-unit building in Greenwich Village that is being marketed by Dolly Lenz, the starting price is $15 million for a three-bedroom and goes up to $50 million for a 7,693-square-foot four-bedroom (an average of $4,764 per square foot).

Over in SoHo, at Jared Kushner’s Puck Penthouses at 293 Lafayette St., the six units — ranging from 4,895 square feet to 7,000 square feet — start around $21 million. And at the FXFOWLE-designed Greenwich Lane on the site of St. Vincent’s Hospital in Greenwich Village, prices haven’t been set but one can expect them to start at $2 million and go up to $20 million, or higher.

Nor is this a downtown phenomenon. This summer, the Witkoff Group shelled out $650 million for the Park Lane Hotel on Central Park South, which will include a condo component. “We’re big on downtown — and the other downtown neighborhoods,” says Steve Witkoff. “But Park Lane was a once-in-a-lifetime opportunity. How often do you get to build on the Park?” Down the block at 22 Central Park South, Lisa Lippman at Brown Harris Stevens is selling six full-floor two-bedroom residences, each spanning 2,021 square feet and starting at $6.7 million. A 2,943-square-foot penthouse is going for $26.5 million.

Resales have also gone through the roof. Last year, Tony Sargent, a broker with CORE, sold a TriBeCa apartment at 28 Laight St. for $3.8 million (it was featured on “Selling New York”) — he just closed on the same unit for $4.58 million, or $780,000 higher than a year ago.

In August, Corcoran broker Jana Koplen got a listing for a full-floor loft in SoHo for $3.5 million that she was planning on putting on the market after Labor Day, but decided to strike early. She had 10 showings within 24 hours, and 19 buyers came to the open house on the second day — with four offers. The property got eight offers and is in contract at $225,000 over the asking price.

And Witkoff, like other developers, is looking at sites in Queens and Brooklyn.

“While Manhattan is rising [in price] modestly, Brooklyn is rising sharply,” says Miller. Over the summer, Miller released a report showing the median price of housing was up 15 percent in Brooklyn from the year before and inventory was down 19 percent. Brooklyn is “no longer seen as a less expensive alternative — it’s now a specific destination,” says Miller. “I saw, the other day, a banner touting [a building in Queens] and the slogan was, ‘Queens is the new Brooklyn.’ I thought that was pretty clever.”

Some are slightly wary of the exuberance in the air. “Every market has to correct at some point, right?” poses Shaun Osher, CEO of CORE.

But most are bullishly riding the wave. “We’re in a comfortable place,” says John Gomes of Douglas Elliman, who is selling 11 N. Moore in TriBeCa. “Prices are strong [and] I think it’s healthy that interest rates are inching up … The temperament of the buyer is more relaxed, less rushed, more in control than the spring market. It’s a very healthy, very strong market.”