

THE WALL STREET JOURNAL.

December 29, 2018

Manhattan Apartment Sales in 2018 Sink to Low Hit After Financial Crisis

Sales fell 12% from 2017 levels and 22.5% from peak sales levels in 2013, Wall Street Journal data show



Apartment sales between \$4 million and \$10 million saw the steepest declines of 22.9% in 2018. PHOTO: SARAH BLESENER FOR THE WALL STREET JOURNAL

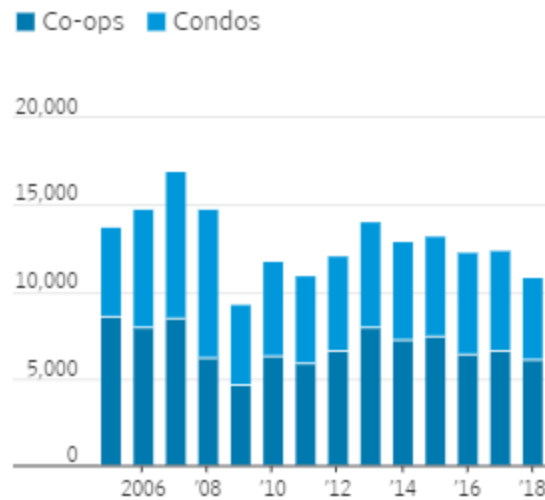
After slowing for several years, the Manhattan apartment market dropped to a new low in 2018, as co-op and condominium sales fell to the lowest level since the economy last bottomed out in 2009.

Few brokers are predicting a recovery anytime soon.

Sales were down 12% from 2017 levels, a Wall Street Journal analysis found, and 22.5% from peak sales levels in 2013, the high point since the financial crisis that began in the fall of 2008.

Sales Stumble

Sales of co-ops and condos in Manhattan have fallen to the lowest since 2009.



Note: Sales through Dec. 24 of each year

Source: WSJ analysis of NYC property records

While home sales across the country have shown recent signs of slippage, they have been retreating for far longer in Manhattan, a bellwether for luxury markets, despite a strong local economy.

Inventory in Manhattan has been rising for several years, and brokers said it was likely to rise further during the peak spring season.

The steepest falloff was in sales of new, expensive luxury condominiums, the analysis found, based on comparable sales that were filed with New York City by Dec. 24 of each year.

Price trends were mixed. The median apartment price fell 5.2% in 2018, with condo prices down 6.5%, while co-op prices rose 2.5%.

The median price of a Manhattan apartment was \$1.09 million, while the average price was \$1.96 million, following two years when the average topped \$2 million.

The decline in apartment sales is likely to continue, following the recent stock market declines and rising volatility, brokers said.



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“It’s rough,” said Noah Rosenblatt, a real-estate broker who founded the real-estate data and listing site urbandigs.com. “We head into 2019, beaten, battered and now kicked by the recent stock market volatility.”

In an unusual shift for the typically optimistic real-estate industry, some brokers have been urging some buyers to wait if they can because prices may be lower next year.

Louise Phillips Forbes, a broker at Halstead Real Estate, said that she would advise first-time homeowners to lock in current interest rates and buy now.

But she said she is telling older retirees who are downsizing their homes to sell now and wait to buy. “It will be better to buy after prices go down to maximize retirement funds,” she said. “Patience is your friend.”

Unlike 2009, when sales plummeted after the economy spun into recession, much of the decline in Manhattan happened during a period when the economy was growing both in New York and around the country.

Through much of this period the stock market was rising. Usually it is an important predictor of real-estate trends because many affluent buyers work in finance, but the trends diverged during the past few years.

Brokers say that the Manhattan market was hit by a perfect storm of other problems, after several euphoric years when sales and asking prices rose rapidly.

They cited weakening demand from foreign buyers amid a strong dollar and currency restrictions in some countries, rising interest rates, worries about the impact of federal tax

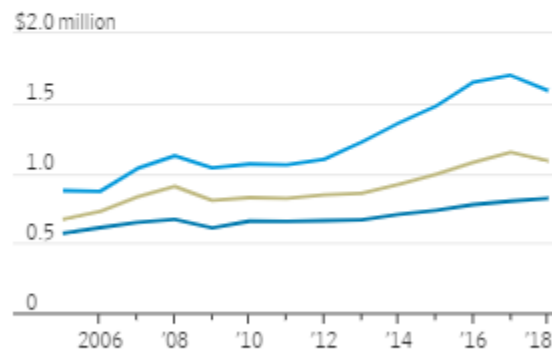
changes that make holding real estate more expensive, and continuing political uncertainty over the leadership and direction of the country.

Apartment Prices

Condo prices have weakened but co-op prices show strength in Manhattan.

Median prices

■ Co-ops ■ Condos ■ Both



Note: Median prices through Dec. 24, 2018

Source: WSJ analysis of NYC property records

“It is definitely challenging to be an agent in this market,” said Shaun Osher, founder of brokerage CORE Real Estate. Mr. Osher said many sellers are reluctant to lower asking prices, while buyers want to have their pick of property at any price. “The vultures are swarming,” he said.

Gregory J. Heym, the chief economist for brokerages Brown Harris Stevens and Halstead, said that “negotiability is expanding.” But when brokers want to know when sales will come in again, he tells them: “when sellers cut their prices enough.”

The Manhattan slowdown began among the most expensive apartments but has more recently spread across the entire market, with sales of apartments for less than \$1 million falling by 8.3%.

Apartment sales between \$4 million and \$10 million showed the steepest declines of 22.9% in 2018. Sales of apartments for \$25 million or more rose slightly, as closings began at several very expensive condominiums.

During the fourth quarter of 2018, 10 of 14 sales above \$25 million were at two new luxury towers, 220 Central Park South and 520 Park Ave. near 60th Street.

Both were designed by Robert A.M. Stern. The two most expensive sales during the quarter, penthouses at 520 Park Ave., both went into contract in June of 2017. One sold for \$73.8 million and the second for \$62 million.

But overall during fourth quarter of 2018, new development sales fell by 24.6% compared with the same quarter in 2017, when the median price of a new condo fell by 27.2%.

The market is going through a “period of price discovery” that is going to take a while, said Donna Olshan, a broker who closely tracks contracts signed for listings for \$4 million and above. She found that contracts signed during the fourth quarter, many of which won’t close until next year, were down 14% from the same quarter in 2017.