

Get ready for seller's market

After a three-year rout, condo, co-op prices are finally rising.

By [Amanda Fung](#)



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A rendering from The Laureate's website, LaureateNYC.com.

Asked recently to conduct searches for two clients seeking Upper West Side apartments—one seeking a four- to five-bedroom, the other a two-bedroom—Malcolm Carter made a startling discovery. The prices on half a dozen apartments that fit the bills had been raised 3% to 4% since they were first listed.

Among them was a 717-square-foot one-bedroom at Trump International at 1 Central Park West, now listed at \$1.295 million—up 4% from five months earlier. Similarly, a four-bedroom at The Laureate at 2150 Broadway is \$5.2 million, up 3% from just a month earlier.

“Sellers see any market movement as an opportunity to collect more money for their properties,” said Mr. Carter, a broker at Charles Rutenberg Realty.

These days, many of them are seizing that opportunity, driving apartment prices upward across the city for the first time in three years. Most of the increases fall into the modest 3% to 10% range. While that pales in comparison with the boom years, when prices soared by more than 25% in a single year, it is clear that a turning point has been reached and that higher prices are sticking.

Prices started inching up late last year as the residential sales market began to stabilize after years of slipping. Despite conditions in the rest of the nation, where reports last

week showed that new home prices had slumped to a seven-year low, here in the city buyers seem to be betting that there is money to be made once again in owning—or at least wagering that prices will not go down from here. Historically low interest rates and a small supply of new units resulting from the construction drought are also contributing to the rising prices.

“There is pent-up demand, more buyers are out, and there seems to be quite an appetite,” said Adrienne Albert, chief executive of residential sales firm The Marketing Directors Inc. To capitalize on that trend, she recently upped prices 3% to 5% on selected apartments at Apex, a new 44-unit condo development atop the Aloft Hotel in Harlem, and at The Sheffield, the city's largest—and just two years ago its most troubled—condo conversion. Marketing Directors is the exclusive agent for both buildings.

“The market is now slowly but surely becoming a seller's market,” Ms. Albert added.

Well off the peak

But one thing remains certain: It is still a long way from the pre-crash peak. In fact, as of the final quarter of last year, the median sales price of a Manhattan condo stood at \$825,000, down 15% from the peak in the second quarter of 2008, according to appraisal firm Miller Samuel Inc.

Finally, however, the stars seem to be aligning for a bounce back.

“If people are going to increase prices, the time to do it is now as we're going into the spring season,” said Jonathan Miller, Miller Samuel's chief executive, adding that some owners use small price increases as a way to build an image of a thriving development.

For whatever reasons, owners are springing into action. Among them is the developer of 80 Metropolitan in Williamsburg, a 122-unit property with just 14 units available. There, prices were hiked by up to \$50,000 for eight units ranging in size from one-bedrooms to penthouses.

The increase isn't scaring buyers off. Last week, an offer was made on a \$1.18 million three-bedroom penthouse, which was 4% cheaper just a month earlier, according to Jay Overbye, senior vice president at Halstead Property, the exclusive marketing agent for the project.

“The price increase was a calculated low-risk move based on market feedback and demand,” he said.

Similarly, just a month after sales began at The Laureate, prices for some units have been notched up by as much as 20% from the levels set when the 20-story project's offering plan was approved last summer, according to Shlomi Reuveni, a Brown Harris Stevens Select broker, who is handling sales there. So far, 27% of the units are in contract.

Even more surprising is the story of 123 Third Avenue, a new 47-unit development, where 92% of the units are in contract despite three recent rounds of price increases.

“There is still demand,” said Henry Hershkowitz, sales director at the Union Square property. “I can count on one hand the number of new condo developments within a few blocks from here. There are no new projects out there.”

The statistics bear him out. The inventory of listings for new projects in Manhattan stood at 1,720 as of March 25, according to Corcoran Sunshine Marketing Group. That is down 7% from the first quarter of 2010 and off 41% from the first quarter of 2009.

A tight market seems to be inspiring owners of all sorts of projects, including The Sheffield on West 57th Street. Since Marketing Directors took over sales there a year ago, it has hiked prices for studios by as much as \$10,000 and for three-bedrooms by as much as \$185,000.

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