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PROPERTY

Co-op Prices Lift High End

By JOSH BARBANEL

Sales of the most expensive Manhattan cooperative apartments rebounded sharply during the first half of the year, as sellers reduced asking prices to attract value-conscious millionaire buyers.

A report on the luxury market by Stribling Private Brokerage recorded 80 co-op sales costing more than \$5 million during the first half, the most since 2008 when the financial crisis was chilling the market.

Despite the continuing economic uncertainty, many high-net-worth buyers still have plenty of cash to spend, according to Kirk Henckels, director of Stribling Private Brokerage and the author of the report. "The rich will deny themselves their toys only so long," he said.

The report suggested that momentum from contracts signed by buyers during the first half may continue to drive sales totals higher during the rest of the year, perhaps surpassing 2008 levels despite continuing uncertainty about the economic outlook. Closings of co-ops are often delayed for weeks or months for review by co-op boards.

Overall, apartment sales so far in 2011 remain slightly below the sales pace last year, brokers say.

The Stribling report said condo sales recorded for more than \$5 million are off 16.5% from the 2010 first half when buyers snapped up many heavily discounted condominiums.

At the same time, sales in the co-op market rebounded strongly in the first half of the year. A key reason cited by the report was the decision by sellers to finally cut asking prices on some of the most expensive listings, a number of which had languished on the market for years. Prices on the most-expensive listings on Fifth and Park avenues were cut about 50% or more in certain cases.

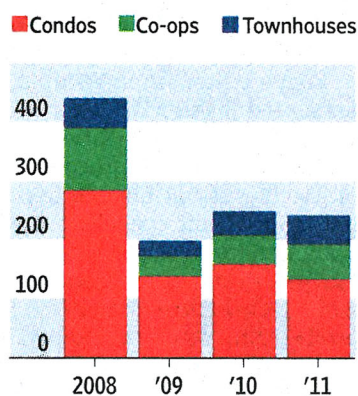
After the bankruptcy of Lehman Brothers Holdings in September 2008, the market for high-end apartments froze, as luxury spending "became politically and socially incorrect," Mr. Henckels said.

But even as unemployment remains stubbornly high and the world economy remains at risk, brokers say that luxury buyers have stepped back into the market. Leighton Candler, a broker

Luxury Market

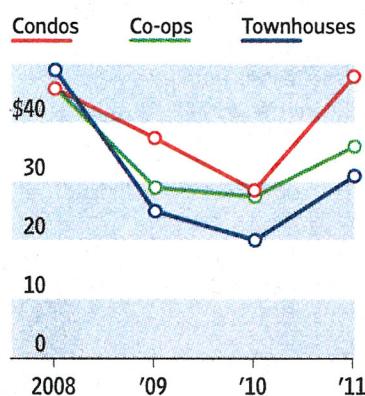
Manhattan homes that sold for more than \$5 million during the first half of each year

Number of sales, by type



Source: Stribling Private Brokerage

Highest sale price, in millions



with Corcoran Group, said that over time people have gotten used to living with the uncertainty in the economy.

"It is odd to say it, but the market stabilized because people got used to uncertainty. We have had a stable uncertainty for a while," she said. "You can't wait for the perfect time when you need to get a bigger place or a smaller place."

For co-ops, condos and townhouses, the highest prices paid during the first half exceeded the top prices paid in 2009 and 2010.

Still the top of the market is nowhere near as strong as it was in 2008, when 13 co-ops sold for more than \$20 million in the first half. During the same period this year, only three closed

for \$20 million or more.

And some of those very expensive sales have already suffered steeply reduced expectations.

In 2007, an ornate 17-room co-op at 1020 Fifth Ave. owed since the 1920s by the family of Samuel H. Kress, the founder of a dime-store empire, went on the market for \$50 million. In July it sold for \$26.75 million, a discount of 46.5% from the original asking price.

A few blocks away at 778 Park Ave., the duplex apartment once owned by Brooke Astor, the philanthropist and socialite who died in 2007, is listed in contract for about \$19 million, according to brokers, nearly 60% below the original asking price in May 2008.