

North America Property

Can condos bring new money to Manhattan's 'Gold Coast'?

A new cluster of apartments on the Upper East Side attracts buyers put off by 'picky' co-op boards



New York's Upper East Side © Getty
Dan F Stapleton
6 HOURS AGO

At first glance the former Qatari prime minister Sheikh Hamad Bin-Jaber al-Thani and the singer Barbra Streisand appear to have little in common.

But there's at least one experience they share: both have been turned down by co-operative boards when they tried to buy apartments on Manhattan's Upper East Side.

Co-op boards are notoriously picky, and applications from prospective residents — which routinely include bank statements, tax returns and other potentially compromising material — can run to hundreds of pages.

In Streisand's case, the board of residents rejected her application because they feared her music-making would disturb the neighbours. Sheikh Hamad's attempt in 2012 to buy two apartments on Fifth Avenue was knocked back in part because he had diplomatic immunity at the time, complicating the board's chances of ever bringing legal proceedings against him should the need arise.

In future, Streisand and Sheikh Hamad might have better luck with something like the four-bedroom penthouse at 1010 Park Avenue. In many ways, it's typical of the Upper

East Side’s so-called “Gold Coast” — the area between 59th and 96th Streets and Fifth and Park avenues (sometimes it’s described as stretching to Lexington). It has high ceilings, an abundance of marble, impressive views over Central Park and a suitably eye-watering price tag of \$50m — but unlike most of its neighbours, there’s no co-op board to get around.



The Metropolitan Museum in Central Park © Getty

1010 Park Avenue is part of a small cluster of condominium buildings in this old-money neighbourhood offering sanctuary to the international super-rich — a group notoriously shunned by co-op boards.

News of its launch will be music to the ears of local estate agents, who report that resident boards can damage prices by being overly discerning — they have even been accused of discrimination: in 2011 a disgruntled resident sued the board of the Dakota building, accusing them of rejecting his attempt to buy an apartment on grounds of race rather than any legitimate financial concerns. The lawsuit was later thrown out.

“These co-op boards intend to protect shareholder value by making their buildings ‘exclusive’ yet they are really reducing the size of their buyer pool,” says Jonathan Miller, president of real estate appraisers Miller Samuel. According to Miller Samuel data, Gold Coast condos commanded \$2,846 per sq ft in the third quarter of 2017, a 24 per cent premium over the \$2,288 per sq ft commanded by co-ops.

A few blocks from 1010 Park Avenue is another new condo block under construction at 27 East 79th Street. The 12-storey structure is the first new building to be erected on this

stretch of 79th Street in 40 years and is surrounded by some of the most famous late-19th-century apartments and townhouses in the city (Michael Bloomberg owns a house a few doors down). The building, designed by HTO Architect, mimics the Beaux-Arts townhouses nearby. Interiors have been designed by Paris-based firm Cabinet Alberto Pinto, whose lavish, old-world style is a favourite of Saudi royals. A 3,006 sq ft five-bedroom duplex is on the market for \$11.5m, through Corcoran. Developers hope new prime condo buildings such as this — and the 20 or so others under construction in the wider Upper East Side area — will lure wealthy buyers back uptown since a raft of megaglitzy towers started going up farther south.

“Thirty years ago, the gold standard was a pre-war building on Park Avenue or Fifth Avenue or Central Park West [on the Upper West Side],” says John Burger, a broker with Brown Harris Stevens. “Now, downtown condos are giving the Gold Coast buildings some real competition.”

These new high-end apartment buildings are coming to market at a time when buyers may be able to get more for their bucks. In the year to last September, the average sale prices among the top third of Manhattan homes dropped 8 per cent, according to Trulia. Today, years after their launch, high-end apartments on Billionaires’ Row in Midtown are still unsold, with developers offering wider and wider discounts to get them shifted. Across Manhattan, \$20m-plus condo sales saw the biggest yearly price declines in 2017, with the average price per square foot dropping 21 per cent, according to data from Stribling. “Downward market forces at the high end are expected to continue to restrain price growth [in 2018],” says Miller. He doesn’t expect the pressure being felt along the stretch of 57th Street in Midtown known as Billionaires’ Row to affect the Gold Coast, where there is very little newly built stock. “The Billionaires’ Row narrative is all about excessive newly built supply while the Gold Coast is not,” says Miller.



Three-bedroom co-op condo with views over Central Park, \$13.5m © Evan Joseph Images

Despite the buzz about the Gold Coast’s new condos, Miller says pre-war co-ops remain attractive to many aspiring Upper East Side buyers, who value their architectural sophistication and connections to New York’s past.

“A lot of the storied co-op buildings on Fifth Avenue were built by Sicilian and Italian stone masons 100 years ago,” says Raphael De Niro, a broker at Douglas Elliman. “Those craftsmen aren’t around any more and their techniques are almost a lost art.”

Next door to the condos at 27 East 79th Street, Burger from Brown Harris Stevens has the listing for a full-floor, three-bed pre-war co-op with 3,500 sq ft of space. Unlike the condos next door, the co-op has views of Central Park — a feature that many Gold Coast buyers will pay handsomely for. The only thing stopping you — apart from mustering up the \$13.5m price tag — is getting your application past the co-op board.

Buying guide

- Some of New York’s top private schools are on the Gold Coast, attracting buyers with children from elsewhere in the city
- The average price per square foot for the entire Upper East Side in the third quarter of 2017 was \$1,542 per sq ft, according to property website Trulia
- Buyers should factor in about 3 per cent in local and state transfer taxes plus 1 per cent mansion tax on properties above \$1m

What you can buy for...

\$5m A two-bedroom pre-war co-op along Fifth Avenue with Central Park views

\$15m A four-bed condo in a new-build

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