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REAL ESTATE

Forget the $238 Million Penthouse Sale. The Manhattan Luxury Market Is Reeling.

Condo sales for $5 million or more fell 28% in 2018, the biggest decline in a decade

Billionaire hedge-fund founder Ken Griffin set a record with the $238 million purchase of the penthouse at 220 Central Park South. PHOTO: JEENAH MOON/BLOOMBERG NEWS

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What does a record-breaking $238 million penthouse sale on Billionaires' Row in Manhattan say about the state of the New York luxury market?

Not much, says broker Kirk Henckels of Stribling & Associates, who sees few signs of recovery this year in the slumbering high-end condo market.

In a new report on sales or listings of $5 million or more, Mr. Henckels noted luxury apartment sales in 2018 were down 22% from the previous year. A particularly weak January followed, he said, during the uncertainty of the federal government shutdown. The sales decline last year was the steepest drop in the past decade, the report said.

The poor sales trend underscores the disparity between the “super wealthy and the merely wealthy,” Mr. Henckels said in the report. The super wealthy are setting auction records for jewelry and artwork while buying up real estate at record prices, but other buyers are hesitating.

> “The rest of the luxury market seems to be struggling with the degree of uncertainty in the current world,” he said in the report.

Condo sales for $5 million or more fell 28% in 2018, the second decline in two years, after having risen steadily during the previous five years. Co-op sales were up slightly last year, by 3.8%, compared to 2017 figures, the report found, but still remain mired in a slump far below a sales peak set in 2015. Brokers attributed the modest rebound in co-op sales—amounting to seven additional sales for $5 million or more—to sellers’ willingness to lower prices to make deals.

Garrett Derderian, director of data and reporting at Stribling, said the good news for buyers is that condo developers are willing to negotiate, with discounts last year averaging between 9% and 10% below list price for luxury sales below $30 million, and rising to 23% for units selling for $50 million or more.

The $238 million purchase price for a roughly 24,000-square-foot condo atop 220 Central Park South by billionaire hedge-fund manager Ken Griffin was also priced at a discount: 4.8% below the $250 million asking price, Mr. Derderian said, under a deal signed back in 2015. He said that deals on new condominiums often close years later and don’t reflect activity in the current market.

But Hall Willkie, president of brokerage Brown Harris Stevens, said that even though the Griffin purchase is nothing like the typical Manhattan listing, it will “impact the entire market with a positive vibe.”

“Someone bidding on a studio apartment would feel encouraged that there are obviously very smart and wealthy people who are willing to spend that kind of money for a place in New York,” he said. “It shows they believe in New York.”

Write to Josh Barbanel at josh.barbanel@wsj.com

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