realtor.com®

Manhattan Luxury Market Gets a Fall Bump as Sales Hit 4-Month High



Realtor.com / Adobe Stock

The week of Sept. 28–Oct. 4 saw an astonishing 13 more luxury sales—defined as $4 million and above—than the previous week, according to Olshan Realty's weekly luxury report. The total transaction count (30) is also the highest it has been since the week ending June 14.

The Manhattan luxury market is heating up, with 30 contracts signed last week, marking a four-month high.

As usual, condos took the lead, outselling co-ops 21 to 7. Co-ops rarely outsell condos—such as they did for the week ending June 21—and typically, condos, which don't have the onerous board approval process that co-ops do, lead luxe sales.

Condos are generally more expensive, and the condo contracts signed this week demonstrated that, with an average ask of $9.3 million versus $5.4 million for co-ops.

Sales included one condop (a small slice of NYC housing stock that combines legal elements of both condos and co-ops) and one townhouse.



The penthouse at the midcentury 500 Park Ave. building near Central Park is listed for nearly $10 million. TIM WALTMAN / EVAN JOSEPH PHOTOGRAPHY / THE KATZEN TEAM

The spike in luxury sales comes as inventory remains extremely tight in the borough.

According to Compass' Manhattan market report, the residential market held up in the third quarter despite a sharp drop in new listings.

New listings fell 28.4%, the lowest level for a third quarter in nearly a decade. Total inventory was down 10.9% from a year ago, yet closed sales still rose 2.7% from the same period last year.

"The biggest gains came at the higher end of the market," said the report. Contracts at $20 million-plus rose 75% to 14, and contracts above $20 million doubled to 13.

MONOCLE
PUBLIC RELATIONS

realtor.com®

Last week, the highest price for a sale in the borough was Unit 9S at 70 Vestry Street, which was listed only last month. The four-bedroom, 4.5-bathroom 4,355-square-foot condo with two terraces is in a waterfront building in Tribeca. While the ask was $34 million, it's not yet clear what it closed at.



The penthouse at 500 Park Ave. comes with sweeping Central Park views and seven bedrooms. TIM WALTMAN / EVAN JOSEPH PHOTOGRAPHY / THE KATZEN TEAM

Designed by the well-known **Robert A. M. Stern** Architects, with interiors by AD100's **Daniel Romualdez**, the building boasts 12,000 square feet of lush amenities, including an 82-foot swimming pool, a separate children's pool, hot and cold plunge pools, steam room and sauna, fitness center and squash court, a café, library, a billiard room and lounge, and dining suite.

The 14-story condo complex has 46 luxe units offering expansive views of the Hudson River.

Why the spike in luxury real estate?

Douglas Elliman's **Frances Katzen** attributes the surge to two events: a judge placing a temporary pause on New York City's pied-à-terre tax on properties worth over $5 million, and the "back-to-school" crowd.

Last Tuesday, a Staten Island judge ruled that the city mishandled the rollout of the levy and ordered officials to redo parts of the process.

"People are back [in the city] and resuming their searches, but it's also that the pied-à-terre legislation was held back," the luxury broker tells Realtor.com. "It made people feel a little more comfortable and able to breathe."

New York City had to scrap roughly 17,000 notices sent to homeowners under its new pied-à-terre tax after a judge ruled officials improperly made New Yorkers prove they didn't owe the surcharge before determining who actually did.

However, the breathing room may not last long. The city has appealed the decision, and the tax remains in place for now.



The 500 Park Ave. penthouse comes with a terrace that boasts skyline views of the city. TIM WALTMAN / EVAN JOSEPH PHOTOGRAPHY / THE KATZEN TEAM

MONOCLE
PUBLIC RELATIONS

realtor.com®

Beyond the potential break on the luxury tax, autumn is normally a busy time for sales, says the broker. People have returned from their vacations or summer homes, the kids are in school, and life has resumed its usual rhythms.

"This is when people begin again," she says. "They assess what's going on. This is when the newer inventory comes onto the market, and it's a time when people are figuring out their next move."

She also points to fall as when high-income earners anticipate their end-of-year bonuses, stock vesting schedule, and tax planning—all of which bodes well for a real estate play.

The broker currently represents what she calls "the best deal on the market"—the penthouse at 500 Park Ave., set atop 500 Park Tower, listed for $9,995,000. This 9,072-square-foot, seven-bedroom "townhouse in the sky" comes with sweeping Central Park views and an entertaining terrace.

While this isn't a new building by any means—it was raised in 1959—the price might be right for a seven-bedroom condo with park views. But don't forget the hefty monthly maintenance of $16,682.

The second-priciest contract of the week was Unit 20AB at 555 West 22nd, asking $20 million. The four-bedroom, 5.5-bath 4,600-square-foot brand-new condo got a price shave from $23 million.

"The fall market is already very active, more so than I had expected, particularly given rate increases and midterm election uncertainties," says Compass' **Lindsay Barton Barrett**, attributing much of the autumn action to the bonus quarter.

However, Compass' **Brian K. Lewis** says the extraordinary number of luxury buys also has to do with the current extremely tight market.

realtor.com®



The penthouse comes with an unusually large amount of bedrooms—seven—plus 4.5 baths. TIM WALTMAN / EVAN JOSEPH PHOTOGRAPHY / THE KATZEN TEAM

"Most of the buyers out there are primary-resident buyers looking to expand their Gotham footprint," he tells Realtor.com. "Buyers don't have much to choose from, and they are flush with all of their stock market gains, and they're all vying for the same few homes."

He says the slim inventory is due in part to the "self-imposed handcuffs" buyers have on because of higher interest rates. The Freddie Mac 30-year fixed-rate mortgage climbed 25 basis points to 7.28%, the highest in nearly three years, according to Realtor.com data.

Homeowners "have decided to hunker down and stay where they are, depriving the market of much-needed inventory flow," he says.

And Compass' **Nicole Hay** surmises the surge in sales has to do with pent-up demand.

"The growth we are seeing is a result of pent-up demand finally breaking loose," she says.

"Buyers who sat on the sidelines waiting for a market crash have realized that prime real estate remains remarkably resilient," she adds. "They are tired of waiting and are deciding to deploy their capital now because they recognize the market has stabilized."

MONOCLE
PUBLIC RELATIONS