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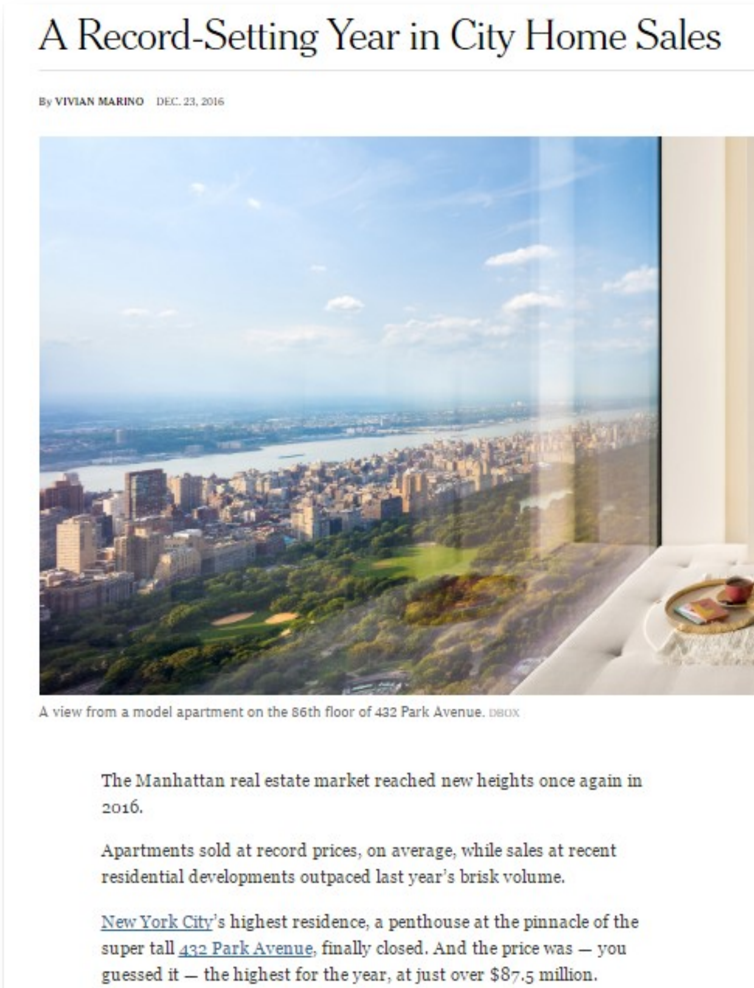

A Record-Setting Year in City Home Sales

By VIVIAN MARINO DEC. 23, 2016

A view from a model apartment on the 86th floor of 432 Park Avenue. DBOX

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New York City’s highest residence, a penthouse at the pinnacle of the super tall 432 Park Avenue, finally closed. And the price was — you guessed it — the highest for the year, at just over $87.5 million.

But the market also showed signs of slowing down, particularly in the ultraluxury sector, where units like those at 432 Park Avenue are taking longer to sell and discounts are becoming more common. An increase in inventory, from new developments and resellers still hoping to cash out big, is partly responsible. Another contributing factor is the absence of the pent-up demand that lingered after the recession, when construction came to a near halt.

“There’s definitely more negotiating going on,” said Kathryn A. Korte, the chief executive of Sotheby’s International Realty, which specializes in luxury properties. She has seen a shift at a range of prices, she said: “I wouldn’t say it’s completely a buyer’s market, but buyers have jumped in when they’ve seen value.”

And therein lies the rub, said Jonathan J. Miller of the appraisal firm Miller Samuel: “There’s a mismatch between price and value, and the buyers know that.”

At 432 Park Avenue, buyers who signed contracts and completed their transactions this year received price reductions averaging 10 percent, Mr. Miller said. In one recent closing, a penthouse on the 88th floor sold for $60.9 million to the money manager Lewis A. Sanders and his wife, Alice, at a 20 percent markdown from the original price of $76.5 million.

“The current contract prices reflect the new market,” Mr. Miller said, “not the one established several years ago,” when many new high-rises were little more than holes in the ground.

But he and others are optimistic about New York’s housing market going into the new year. While certain buyers can afford to be more choosy because they have more options, he noted, demand remains strong. In some circles, there is even talk of an eventual undersupply of inventory (beyond what’s already happening in the market’s lower end), as the city’s population continues to grow.

“This is the one place in the world that continues to be a safe place to put your dollars,” said the developer Ben H. Shaoul, the principal of the Magnum Real Estate Group. Mr. Shaoul said he is willing to negotiate with buyers on a building-by-building basis, though he is quick to reject offers considered too low. He, for one, thinks supply in the “non-uber-high-end” will be limited in the not-too-distant future. “The growth of the population continues,” he said. “People need to move and they’re buying larger apartments.”

Not surprisingly, the properties that are priced well seem to be moving fastest. “There continue to be some robust bidding wars, and apartments selling quickly,” said Pamela Liebman, the chief executive of the Corcoran Group. But “for 2017 to be a successful year," she added, "the seller will have to get on board and understand that prices have taken a pause — even in the lower end of the market."

Higher-priced homes are taking considerably longer to sell. The median number of days that properties $9.5 million and higher spent on the market was 187 as of November, 37 more than last year, said Jonathan Smoke, the chief economist of Realtor.com. The median time on the market for all Manhattan properties so far this year, he said, was 87 days.

The average sales price of those properties — all apartments, co-ops and condominiums sold in Manhattan this year — reached a record $2.2 million, or $1,886 a square foot, according to a year-end market report by CityRealty, which tracks apartment sales. The previous record, set last year, was $1.9 million, or $1,735 a square foot.

This upward trajectory, however, reflects the steady stream of transactions at higher-priced developments like 432 Park Avenue, Greenwich Lane on West 11th and 12th Streets and 150 Charles Street. More than two dozen properties, in fact, closed above $30 million this year, according to city property records, almost half of them at 432 Park Avenue.

About 1,800 new-development sales are expected to be recorded at year's end by CityRealty's calculations, compared with 1,464 in 2015. The average unit price at these developments: a record $4.9 million, up from the previous record of $4.8 million, set in 2014.

432 Park Avenue

There was a flurry of closed sales at this slender concrete-and-glass skyscraper on Billionaires' Row, between 56th and 57th Streets. The tallest residential tower in the Western Hemisphere, topping out at 1,396 feet, this Rafael Viñoly-designed building has helped redraw the city's skyline.

But some of these 2016 transactions had been in the works for years, like the full-floor penthouse on the 96th floor, which closed in September at $87,660,898. The buyer was the Saudi retail magnate Fawaz Alhokair. He apparently renegotiated the price: When news of the sale first surfaced more than three years ago, the contracted price was reported to be $95 million.

Richard Wallgren, the executive vice president for sales and marketing at Macklowe Properties, the building's developer, along with the CIM Group, said he couldn't comment on individual deals, most of which involve buyers using limited liability corporations to shield their identities. But he did confirm that price reductions were continuing.

“We are negotiating — we want to sell apartments,” Mr. Wallgren said, adding that about three-quarters of the building’s 104 units have sold or are under contract. “We’ve already had significant price increases over two to three years, so there’s plenty of room to be negotiating.”

Even so, he added, “Because of our strong financial footing, there’s no urgency at all. By the end of next year, it’ll be sold out.”

Although the top-floor penthouse was the priciest sale at 432 Park Avenue (and in the city this year), it was still nearly $13 million below New York’s current sale-price record-holder: the penthouse at neighboring One57, which officially closed at nearly $100.5 million in early 2015.

Other Condominiums

Nearly all the top sales this year were in condominiums.

Many of these closed transactions were at new luxury developments like 150 Charles Street, a brick-and-glass building in the West Village that had all its units spoken for just weeks after sales opened almost four years ago. (The rocker Jon Bon Jovi was among the buyers.) A duplex penthouse there, with landscaped terraces, closed for $34.4 million; another penthouse, which also had outdoor space, closed for $29.4 million.

Several apartments sold at the Greenwich Lane complex, on the site of the former St. Vincent’s Hospital campus in Greenwich Village. But the biggest condo sale that wasn’t at 432 Park Avenue was at One57. Unit No. 83, a four-bedroom four-and-a-half-bath apartment, sold for $45.8 million; it had been listed for as much as $58.5 million last year.

Just behind that transaction was a sale at Walker Tower, an Art Deco condo conversion in Chelsea, at 212 West 18th Street. A full-floor penthouse there sold for $45 million.

And for $42.8 million, the bottom four floors of the Atterbury Mansion, part of a condo complex at 33 East 74th Street, sold; it has an alternate address of 933 Madison Avenue. This apartment is being combined with an adjoining three-bedroom that the unidentified buyer previously purchased for $15.8 million.

While most buyers hid their identities through LLCs, others with recognizable names weren’t afraid to go public — among them, the developer Jared C. Kushner, the son-in-law of President-elect Donald Trump, who sold the second of six loft-style apartments at Puck Penthouses, a luxury condominium his firm assembled atop the landmark Puck Building in NoLIta. The price was $28.5 million. Katie Couric and her husband, the financier John P. Molner, bought an apartment that spans the entire 10th floor of 151 East 78th Street, a new limestone-and-brick condo, for $12.2 million.

Co-ops

Co-op apartments generally sell for less than condos, but three co-ops with Central Park views closed above $30 million.

The most expensive, at $52 million, encompasses the whole fifth floor of 4 East 66th Street, a 1920 limestone building designed by James E. R. Carpenter. The home, with more than 7,500 square feet, is just one of 16 apartments in the building, also known as 845 Fifth Avenue. The hedge fund manager and philanthropist Daniel L. Nir and his wife, Jill E. Braufman, were the sellers.

At 101 Central Park West, unit 9BC closed at $35.3 million. The sellers were Keith Anderson, a founder of the asset management company BlackRock, and his wife, Peggy. The couple had initially wanted $42 million when they placed the apartment on the market in early 2015.

And the chief executive of the Loews Corporation, James S. Tisch, paid $32 million for an apartment at 1040 Fifth Avenue, a prewar building designed by Rosario Candela and home to many prominent residents over the years, including Jacqueline Kennedy Onassis. The purchase was made through a trust.

In other notable co-op sales, the former Citigroup chairman Sanford I. Weill, whose $88 million penthouse sale at 15 Central Park West set a city record in 2012, was revealed to be the buyer of an Upper East Side penthouse. Mr. Weill, who also used a trust, paid $22.5 million for PHAB at 791 Park Avenue, between East 73rd and 74th Streets. The sellers were the celebrity stylist Jill Swid Rosen and her husband, Eric S. Rosen, a money manager; the couple overhauled the apartment in a nearly three-year renovation. It came on the market in early May for $26.9 million.

Helen Gurley Brown’s turreted quadruplex atop the Beresford, at 211 Central Park West, sold for $19.4 million. The longtime editor of Cosmopolitan magazine had lived there for four decades, until her death in 2012.

And former Mayor Michael R. Bloomberg paid $14 million for a triplex at 19 East 79th Street, the co-op townhouse next to his Beaux-Arts limestone house. He is apparently looking to create a double-wide mansion for himself eventually.

Townhouses

Double-wide seemed to be a catchphrase in townhouse activity this year. The celebrity couple and real estate aficionados Sarah Jessica Parker and Matthew Broderick paid $34.5 million for two adjoining brick buildings on West 11th Street in the West Village: Nos. 273 and 275. Dolly Lenz, their broker, noted in an Instagram post that the combined townhouses would serve as the couple’s new home.

Another big townhouse sale, just a few houses away, involved the media mogul Rupert Murdoch. He sold his mansion at 278 West 11th Street for $27.5 million.

The year’s biggest single townhouse purchase was made by the developer Matthew Adell. He paid $28 million for 27 East 79th Street, just a few doors down from Mr. Bloomberg’s mansion.

2017 and Beyond

Market watchers are predicting few changes in the new year, although interest rates are edging up.

“There’s not going to be that much of a difference between this year and next,” Mr. Miller, the appraiser, said. “The local economy here is strong, and that’s been an important driver.”

He and others say they have observed a slight uptick in sales activity since the election, which may carry into next year.

A number of developers and brokers, in fact, expressed optimism about how New York City real estate might fare under a President Trump, who has a long history of development here. “This administration is going to be pro real estate,” said Dorothy Herman, the chief executive of Douglas Elliman Real Estate.

CityRealty’s year-end report predicts that average prices for Manhattan apartments will remain about the same, though it forecasts a slight dip in average condo prices, to $2.9 million from $3.1 million this year.

All of that could change in 2018, however, when 220 Central Park South, being developed by Vornado Realty Trust, is expected to open. One of the listings there, brokers say, is a four-floor apartment at a record-breaking price: $250 million.