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new york real estate market update

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MARKET STATUS

2013 has been an exciting year for the real estate market in Manhattan. It's been full of surprises, especially as we've seen rising prices and sustained growth entering the fall, a time when the market tends to soften and slow down.

The luxury market started the year off with apartments averaging \$3.8 million per unit and \$2,022 per square-foot, according to TOWN's The Aggregate report. Those averages climbed to about \$4,150,000 and upward of \$2,213 per square-foot at the end of the third quarter. Downtown continues to lead the market in terms of prices with one-bedrooms averaging low in the \$800,000 range, two-bedrooms at \$1,750,000, and three-bedrooms at nearly \$3.6 million.

The rental market has also seen an increase in prices. According to TOWN's Rental Report, median rents for one-bedrooms in downtown neighborhoods are starting in the mid \$3,000s and reaching \$4,400 in Soho and Tribeca. Two-bedrooms are reaching high \$5,000s through mid \$6,000s, and three-bedrooms are hammering

close to \$7,000. In general, prices have increased from 1 to 4 percent among one-, two- and three-bedroom apartments.

The vast price differences between neighborhoods can spark a number of questions. For instance—are some areas overpriced? Which areas are overrated? Where's the best value? Fortunately, these brokers know the hot new neighborhoods—and the ones you should avoid.

BEST NEIGHBORHOOD VALUES

"I still think the Upper East Side has some of the best value when it comes to sales and Murray Hill still has some great rental pricing," says Deidre De Risi of CORE. "I also think that even though the East Village and Alphabet City are quickly gentrifying, there is still good value there too for both sales and rentals."

"Value is a relative term," cautions Sarah Orlinsky-Maitland, a licensed associate real estate broker at NYCRS. "Of course, if you are looking for space for a steal, the



Upper East Side is still the best place to look. The developing Second Avenue Subway might be affecting price per square-foot now, but should benefit future sellers when the project is complete. Just south, Midtown East seems to have the most inventory. Midtown West is rife with new development projects. The value there will certainly depend on the quality of those projects when they come to fruition."

Adding to the votes for Midtown East and Midtown West, Bahar Tavakolian of Stribling says that "Sutton Place and Murray Hill are probably the best values."

Harriet Kaufman, a broker at Warburg Realty, also notes that the best values are in Murray Hill, the east 50s, Turtle Bay and uptown in Harlem.

OVERRATED AND OVERPRICED

"I think some of the new developments in Midtown West are overpriced and overrated," says De Risi. "The price per square-foot is astronomical and it is so congested and busy and in my opinion doesn't have the neighborhood feel that

Tribeca, Soho, the Upper West Side or even Chelsea offers."

"Soho is so crowded. You cannot walk down the streets," says Emily Beare of CORE. "The shopping is amazing, but you feel like you are in a mall rather than in the art district it was known for in the '60s."

"The Village, Tribeca and the Upper West Side may be overpriced," says Kaufman, "but they are not overrated."

NEIGHBORHOODS TO WATCH

"I think that Hudson Square and Nolita are both neighborhoods that are up and coming," says De Risi. "Hudson Square has recently seen more and more of the old plants being renovated and modernized to beautiful, spacious apartments."

"So much is changing in Midtown West with the Highline attracting unmatched architectural living. I would have to say that it is still the most up and coming neighborhood," says Orinsky-Matland, sharing an opposing view on



(above) model living and dining room of 150 East 72nd Street;
 (below) living room at 810 Fifth Avenue

“The Village, Tribeca and the Upper West Side may be overpriced, but they are not overrated.”

Midtown West. “New schools, new eateries and markets are flooding the area once only home to artsy galleries and storage facilities.”

Madison Square Park is spilling North overlapping NoMad (25th through 36th Streets) and is rapidly becoming more residential,” adds Orlinsky-Maitland. “These will be markets to watch closely.”

LOOKING FORWARD

Now that 2013 is drawing to a close, what should we expect in 2014?

“I see the market remaining pretty consistent to what we have seen in 2013,” says Beare. “The tech companies are moving to New York adding a whole new industry that will drive both the commercial and residential markets. New York is known as the intellectual capital of the world, it will always draw people from all over the world to come here to work and live.”

“Long awaited inventory is on its way in the form of stunning new development projects aimed to hit the market in 2014,” says Orlinsky-Maitland. “New developments will target the three- to four-bedroom buyer creating a flood of new inventory in that market space.”

I see a robust yet more stable market for 2014. More sellers are bringing properties on the market which will help ease the inventory crunch,” says Ms. Tavakolian. “Buyers, on the other hand, are sensitive to value and are only willing to engage in competitive bidding scenarios when the property is well-priced.”

She continues, “The key to this market is in intelligent pricing.” ■

