THE REAL DEAL
NEW YORK REAL ESTATE NEWS

July 2019 Issue

# Residential market report

*From luxury sales records in Manhattan to pricey outer borough rents, a look at the biggest trends*

July 01, 2019 10:00AM

## Manhattan's muddled luxury market

A rough year for the top of Manhattan's residential market may have started to see a turnaround near the midway point of 2019. In June, Amazon's Jeff Bezos set a Downtown record with his $80 million purchase of a triplex at 212 Fifth Avenue, while hedge fund honcho John Griffin paid a whopping $77 million to buy financier Philip Falcone's Upper East Side townhouse.

The end of June also saw Manhattan's lagging luxury sector have its best week of the year with 29 contracts signed for a combined $291 million, per a market report from Olshan Realty. The contracts for units signed at $4 million or above were split among 22 condominiums, five co-ops and two townhouses — the ninth week in a row with 20 or more sales — and came on the heels of another week in which 22 contracts were signed totaling about $195 million.

But industry sources were skeptical about a broader recovery, telling *The Real Deal* that the string of big deals says more about the overall economy than it does about the luxury market, which is still hurting. Luxury sales in Manhattan were down 3.2 percent during the first quarter, while days on the market rose 23.5 percent, according to data from appraisal firm Miller Samuel.

“It’s clearly a paradox where you have a softening super-luxury market segment that occasionally churns out all-time records,” said Jonathan Miller, head of Miller Samuel. He noted that the super-luxury market is an entirely new segment created in the wake of the financial crisis. “There was a perfect storm of a flood of capital looking for higher returns after [2008] and a lot of wealth creation coming out of Asia that didn’t exist a decade ago,” he said.

Ultra-rich buyers in Manhattan are now largely domestic and capitalizing on a buyer’s market. Compass’ Michael Graves said the current wave of buyers made their fortunes in technology and communications, and they’re gravitating Downtown. “They’re buying up properties that would never have been purchased—or, frankly, built—10 years ago,” Graves said. “We’re seeing a new concentration of wealth in north Downtown, north of the Flatiron.”

New York City remains home to a high concentration of billionaires — at least 105, per a recent Wealth-X report — which helps facilitate high-end sales. Liam Bailey, global head of research at Newmark Knight Frank, told *TRD* that “there is a willingness to buy and there’s a feeling that this is an opportunity to strike.” Brokers also said buyers were eager to close deals before July 1, when New York’s new mansion tax went into effect.

*— E.B. Solomont and Eddie Small*