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DESIGN REPORT: THE WORLD'S BEST STYLE

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A slice of the Big Apple

Prices are hitting new heights in a luxury property market that never sleeps, discovers *Ruth Bloomfield*



After a stellar couple of years, the froth is starting to come off the property markets of global cities around the world.

In Manhattan, for example, the median sale price of both condos and co-ops dropped 4.7 per cent in the final quarter of 2022 (and was down 5.5 per cent over the course of the year) to just over \$1.1 million (£905,000), research by Douglas Elliman estate agents found.

Behind this alarming statistic, a more complex property picture is emerging. Rising interest rates have certainly begun damping down demand in the city's mainstream market.

But demand for best-in-class properties remains strong. According to Douglas Elliman figures, the median price of luxury property sales jumped 4.2 per cent during 2022 (and 0.4 per cent in the final quarter of the year), with the median sale price hitting just over \$5.8 million.

And Knight Frank is forecasting prime price growth of two per cent during 2023. In comparison, the firm is simultaneously

According to real estate agents, buyers in New York City are seeking a best-in-class property such as this apartment in Gramercy Park (above and right) which has now sold

predicting double-digit price drops in London over the next two years.

Lauren Muss, a broker at Douglas Elliman, has been selling top-end property in New York City for almost three decades. She is seeing something of a two-tier prime market evolve: while there are plenty of buyers around, most are now holding out for a best-in-class home, she says, and the most sellable sort of property is an immaculate turnkey condo in a prestigious building facing Central Park. "There are definitely buyers out there looking for something



special," Muss says. "But if you have an apartment without a view, or with a slightly awkward layout or no outside space, then you will have to be more realistic with your prices."

Buyers did not shy from paying premium prices for trophy apartments in the aftermath of the pandemic. A total of \$2.7 billion was splashed on luxury \$10 million-plus condos in the first half

Below: currently used as an executive HQ and for client entertaining, this Chelsea townhouse described as ripe for refit is on with Douglas Elliman at \$15,950,000



Right: this \$65m renovated 1905 Beau Arts mansion on Riverside Drive, listed by Sotheby's, has eight bedrooms and a sixth-floor terrace that seats 100



The 69 residences in the 29-floor 5th Avenue Mandarin Oriental, a former Gucci HQ, start from \$2.47m

"New York has a strong domestic market – it's not like London, which is reliant on overseas buyers"

The 69 apartments at the Mandarin Oriental Residences on 5th Avenue that went on sale last January have, Atkinson says, sold "very well" despite an entry price of \$2.47 million for a suite, and \$20 million-plus for a larger apartment.

Rory McMullen, head of the North America desk in Savills' private office, is confident that at the very top end of the New York market super-prime deals of \$10 million or more will continue to be far less affected by issues such as rising interest rates than the mid-tier market. "The thing with New York is that it has such a strong domestic market – it's not like London, which is reliant on overseas buyers," he says. "There is a migration of wealth from all over the country."

McMullen says that Midtown, being adjacent to Central Park and filled with landmark buildings, designer stores and famous cultural hubs, will be the outperformer of 2023. But he is also seeing strong demand in apartments in SoHo and the West Village, both popular with young tech workers returning to their offices.

Zip codes aside, Muss says buyers are becoming increasingly picky about the ownership structure of apartments, preferring to buy a condo outright than invest in a co-op apartment and submit to these buildings' by-laws and restrictions. Not only are prospective co-op buyers scrutinised by the building's board, but many co-ops don't allow rentals, and will control the timing of renovations in the building leading to delays in work being carried out. "Usually, it is about 30 per cent more for a condo – and people are prepared to pay it," Muss adds.

And for those who are keen to take a bite out of the Big Apple's property market, it's certainly worth the investment. ■

of 2022, up from \$1.26 billion in the same period of 2021 according to real estate brokers Serhant.

Location is hugely important. The highest Manhattan condo prices are in Midtown East and Downtown, with average prices of \$5 million and \$4.9 million respectively, followed by the Upper West Side (\$4.6 million) and Upper East Side (\$4.1 million). Georgina Atkinson, head of US residential developments at Knight Frank, says that post-pandemic buyers were keen to invest in New York's most established neighbourhoods – those clustered around Central Park. Indeed, the biggest New York sale of last year was a four-bedroom penthouse at the Aman New York building on 5th Avenue – aka Billionaire's Row – with spectacular park views, which closed at just under \$79 million in July.

International buyers – most of Atkinson's overseas clients are from Asia and the Middle East, as well as Western Europe and Australia – are universally seeking turnkey apartments in stylish buildings, with branded residences performing especially strongly, she says.

This 560m² penthouse on Lafayette Street Downtown will set you back \$35m via Sotheby's

