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Markets

Manhattan Luxury Homebuyers Make the Upper East Side Cool Again

By [Oshrat Carmiel](#)

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- ▶ New projects without stringent co-op rules are drawing locals
- ▶ Neighborhood has had some of city's priciest recent contracts



A rendering of the Benson facade. Source: Hayes Division

Manhattan's Upper East Side, known for its stodgy, old-money co-ops, is suddenly in vogue with luxury homebuyers again.

The neighborhood -- [overshadowed](#) in the past decade by sky-piercing glass towers in Midtown and lower Manhattan -- has had the borough's priciest contracts nearly every week since November, data from [Olshan Realty Inc.](#) show.

Almost all those sales were in new towers designed to mimic the style of century-old co-ops, but without the onerous restrictions of those buildings. And they're attracting the main source of luxury demand these days: locals looking to upgrade.

"I'm not saying the glass box is over," said Donna Olshan, president of the brokerage that bears her name. "But it might be over. It may have had its day."

Luxury sales have outperformed the broader [Manhattan market](#) even as foreign investors who put the skyscrapers of Billionaires' Row on the map have all but disappeared. New Yorkers are helping to fill the void, giving a boost to developers on the Upper East Side, whose offerings are filling a niche for buyers already living in the city.

In all but three of the 14 weeks since the beginning of November, the priciest or second-priciest deals in Manhattan -- sometimes both -- have been for homes on the Upper East Side, according to Olshan.

Some of those purchases were at [the Benson](#), a condo tower under construction on Madison Avenue near 80th Street, where eight of the 15 full-floor units have found takers since sales began in September.

A 15th-story apartment at the Naftali Group project went into contract in early December at the asking price of \$14.15 million, the second-costliest deal in Manhattan for that week, according to Olshan.

A week later, the Upper East Side was home to the borough's most expensive transaction: a contract by a New York buyer for two apartments in the building rising at [1228 Madison Ave.](#), seeking a combined \$27.85 million.

Manhattan's top pending sale the week of Jan. 4 was a penthouse listed for \$32.5 million at [109 E. 79th St.](#), a building opening next year. The buyer currently lives on the Upper East Side, Olshan said in her report on the sale.

Discounted Deals

As with luxury deals elsewhere in the city, some of the Upper East Side's top transactions were [spurred by discounts](#). Extell Development's [1010 Park Ave.](#), which had the second-biggest Manhattan contracts for two weeks in January, lowered asking prices on both those units, according to marketing documents. The week of Dec. 14, a townhouse in the neighborhood, reduced 48% from its 2018 asking price to \$9.75 million, was the second-most-expensive contract.

The new Upper East Side projects are a hit with well-heeled locals who want to stay in the area but don't want the hassle of getting renovation plans approved by a co-op board, or deal with rules that limit construction to the warmer months, said John Usdan, chief executive officer of Midwood Investment & Development, which is building a condo tower at 78th Street and Lexington Avenue.

"Younger people who are in the market for the first time, to really buy a permanent home, just don't have the time or expertise to navigate those kind of issues," said Usdan, himself an Upper East Side native.



Rendering of a penthouse at 150 E. 78th St. Source: Hayes Division

The 25-unit project at [150 E. 78th St.](#) is Midwood's first in New York City, and more than 20 years in the making since the company bought its first parcel for it in 1997. Sales began last month, with units including a \$5 million three-bedroom and a \$20 million duplex.

Midwood's marketing efforts had been delayed since May. To Usdan, that might have been a good thing because Upper East Siders who fled the city to ride out the pandemic are planning their [return](#), and focused on upgrading their urban digs.

"When you look historically about what's happened in pandemics, wealthy people have been the first to leave the centers of diseases," Usdan said. "Then they come back."