

## Choosing With Their Dollars: High-End Real Estate Buyers Make A Run For Newly-Built Condos

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Real Estate

New York is in love with the new. During week after week in the fall of 2021, buyers at the upper end of the real estate market have been choosing with their dollars. What they choose, time and again, is newly constructed (or not even yet constructed) condominiums. While fewer billionaires are actually purchasing units on Billionaire's Row on 57<sup>th</sup> Street, other parts of town see unprecedented absorption rates in new condo inventory. The largest deals of the past week include a 13,000-square-foot double penthouse at 1165 Madison Avenue for \$66 million and a \$27-million, 5,835-square-foot penthouse at 200 East 83<sup>rd</sup> Street. According to Olshan's Luxury Market Report, these deals headline another week in which over forty Manhattan contracts were signed at \$4 million or more. Of the top ten, only one, a large and glamorous apartment on the second floor at 625 Park Avenue (a co-listing between Douglas Elliman and Warburg), is a co-op. The other nine, ranging in price down to \$8.5 million for a south-facing beauty at 200 East 65<sup>th</sup> Street (built in the late 1980s and aimed at the Japanese market which was so active at that time) are condominiums. New development properties offered by sponsors account for eight of these.

So eight of the top ten sales last week, all at \$9 million and above in asking price, come from the supposed oversupply of just-built (or not yet built) units which, in the minds of many prognosticators at this time last year, would weigh down the Manhattan market for years to come. In fact, the current outcome defies expectations in almost every respect. Some of the most salient characteristics of this trend are:

•**The preponderance of New Yorkers among the buyers.** All over town, New Yorkers are buying New York. They may settle in Chelsea or the Financial District, or Brooklyn or Harlem, but the new condo buyers skew native.

•**The enormous success of the Upper East and West Sides.** Apparently, these traditional neighborhoods, with their proximity to schools and Central Park, continue to draw affluent families. During the first week of November, the condos at 1165 Madison, 109 East 79<sup>th</sup>, and 200 East 83<sup>rd</sup> (on Third Avenue) saw contracts signed for close to \$150 million worth of apartments. While not represented in this week's top ten lineup, the homes at 378 West End Ave and 200 Amsterdam Avenue on the Upper West Side have also racked up numerous 8-figure sales.

•**The absolute dominance of the postwar/prewar concept, as exemplified by the designs of Robert A. M. Stern.** In 1999, Robert Stern's building The Chatham appeared on the corner of 65<sup>th</sup> Street and Third Avenue. With its red brick exterior and limestone detailing, it cast a look back at the prewar buildings of the late 1920s; the interiors as well eschewed the loft aesthetic so prevalent through the preceding decade in favor of foyers, corridors, and rooms with formal designations separated into public and private spaces. Buyers loved it! Stern, and many other high-end architects such as Peter Pennoyer, have duplicated the style, with variations, at building after building, all over town. These new edifices have great amenities, high ceilings, well-proportioned rooms, and an absolute commitment to architectural déjà vu. In this week's roster, 1165 Madison Avenue and 200 East 83<sup>rd</sup> St both carry the Stern name.

As many co-ops languish, victims of invasive board review and onerous renovation requirements, the new condominiums thrive in every part of town and at every price range, from Long Island City to Bayside to Gowanus. Buyers find fully appointed, spanking new, amenity-rich spaces, many with high ceilings and ample proportions, into which they can move with only their furniture, clothing, and a toothbrush. It's easy, and in the wake of the pandemic, who is not looking for that?