

February 2, 2012

## Manhattan Families Forsake Suburbs for Sprawling Apartments

By Amy Zimmer



The townhouse at 16 E. 95th St. is for sale for \$24.3 million.  
(Prudential Douglas Elliman)

Bye-bye suburbs. Manhattan is where families want to be, and they're on the hunt for sprawling apartments.

Though the island isn't getting any cheaper — apartment prices have shot up 80 percent over the decade to an average of \$1.4 million, according to a report **Prudential Douglas Elliman** released Thursday — families don't seem to be fleeing.

In looking at real estate trends over the past 10 years, the Elliman report found that the past two years saw the most sales of three and four-bedroom apartments, with 3,263 such transactions.

Many experts believe that these large apartments, whether in new full service high-rises or a rare historic townhouse, are the most coveted at the moment and could soon hit stratospheric prices.

"Large apartments are in demand right now," said Andrew Barrocas, CEO of **MNS**, a real estate firm that released its fourth quarter 2011 Manhattan new development market report on Thursday.

"People want to stay in the city and not go to the suburbs," Barrocas said. "And buyers want space." The Upper West Side's **Aldyn** on Riverside Boulevard, for instance, was designed with over-sized three-bedroom apartments, he said. With that project, the neighborhood had three bedrooms comprise 43 percent of its new inventory sales.

The **Isis**, on East 77th Street, has strategically placed studios next to large units for families who want to combine apartments or have one for their nanny, he said.

John Tashjian, principal of **Centurion Real Estate Partners**, believes that three Upper East Side buildings soon to hit the market could see record prices, including a condo conversion at **737 Park Ave.**, a hotel to condo conversion at **Helmsley Carlton House** at 680 Madison Ave. and the **Brodsky Organization's** **luxé condo going up on East 79 street at Lexington Avenue**, replacing the Hunter College School of Social Work.

"If you gave me a piece of land in a neighborhood setting," Tashjian said, "I would build only three- or four-bedroom apartments."

The Elliman report's author, real estate appraiser Jonathan Miller, noted that the large apartments have benefited from unstable global economic conditions luring foreign buyers and wealthy people to invest in high end Manhattan real estate.

Buyers from **China, Russia and Brazil**, in particular, continue to seek out New York real estate as a safe investment, brokers said.

This has also helped the very small niche market of townhouses, Miller noted, where average prices have more than doubled over the decade to nearly \$5 million in 2011 from \$2.3 million in 2002, according to a separate report Elliman released on Thursday.

"The fact that this market has doubled is amazing," said Steven James, president of Manhattan Brokerage at Prudential Douglas Elliman. "I think you'll see in the not too distant future a townhouse selling for around \$80 million. That might be achieved if the market stays steady."

Townhouses only accounted for 2.3 percent of Manhattan's sales in 2011.

The average price per square foot for townhouses in 2011 was \$1,127, which was down 6.3 percent from the year before but up 104.5 percent from \$551 a square foot in 2002.

On the Upper East Side, the average sales price for townhouses in 2011 jumped to \$10 million from 2002's \$4.8 million. The average price per square foot in 2011 was \$1,697.

"It's clearly a lot more expensive," Miller said. "I remember in 2002 when we were about to reach \$1,000 a square foot [on the Upper East Side] it was a big deal. Then it was \$953. Now that price is considered a deal."

Townhouse prices have jumped more over the decade than the overall market, Miller noted, because "the high end of the market, in general, is outperforming the balance of the market."

Also "there's a finite supply," he said.

The overall market during the last three years has seen prices and sales remain generally stable, the report noted.



The Aldyn, at 60 Riverside Blvd., has over-sized three-bedroom apartments.



The Aldyn, at 60 Riverside Blvd., was built with families in mind.