

THE WALL STREET JOURNAL.

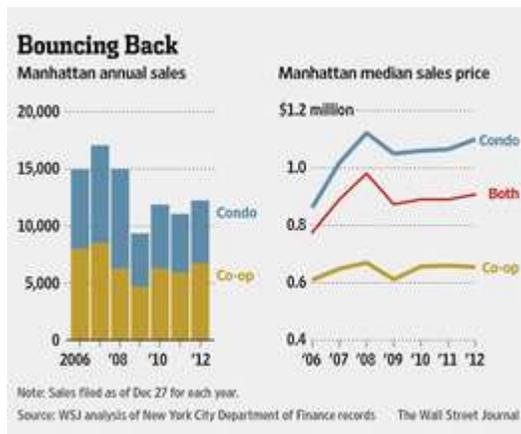
NY REAL ESTATE RESIDENTIAL | December 30, 2012, 11:12 p.m. ET

Glad Tidings Over Big Year In Real Estate

By JOSH BARBANEL

With a surge in record-setting trophy sales to billionaires, the Manhattan apartment market had its strongest year since the peak of the real-estate boom in 2008. It left some luxury brokers and firms celebrating what they said was their best year ever.

The number of sales rose sharply, even for lower-priced apartments, and median prices continued a slow rebound, a Wall Street Journal analysis of city property records show.



Five of the 10 most-expensive residential sales on record in Manhattan closed in 2012, including the three most expensive. There were 11 sales at more than \$30 million each, the second-highest year for such sales and more than double the five \$30 million deals in 2011.

Meredyth Smith, a broker at Sotheby's International Realty involved in several blockbuster deals in 2012, said she expects the strong market to continue, despite uncertainty

over the future direction of the economy. She said there is still a "great amount of wealth chasing" too few "truly spectacular properties."

"These big deals used to be like Halley's comet," she said. "You would only see them now and then. In 2012, it was like a meteor shower."

Brokers say the upper end of the market was driven by American and international buyers who see Manhattan real estate as a haven in uncertain economies, and sellers who were looking to close deals in 2012 because of possible U.S. tax increases in 2013 as "fiscal-cliff" negotiations continue.

Overall, apartment sales were the highest since 2008, rising 10.5% in 2012 compared with the year-earlier period, when sales had weakened. A surge in co-op sales outpaced a smaller increase in condo sales in 2012. Sales of apartments that closed for under \$1 million also rose, by 9.4% compared with 2011 sales.

Prices were up, though more modestly than the percentage increase in sales. The median price of a Manhattan apartment was \$840,000 in 2012, up 1.9 % from the year before. The average price was up 4.5%, to \$1.44 million, because of the pickup in very expensive trophy sales. Median sales prices of co-ops moved down slightly, while condo prices rose. All the figures are based on sales documents filed by Dec. 27 of each year.

Still, sales activity lagged behind the legendary years of the real-estate boom. The number of sales was off 28.3% from the peak in 2007. The median price was off 7% from 2008, when prices surged, and 14% from the levels hit during the second quarter of 2008, when sales in many newly completed condominiums closed.

The year's top-sales list reads like a billionaire's Who's Who. At 15 Central Park West, the new limestone condominium on West 62nd Street, Sanford I. Weill, the former chairman of Citigroup Inc., set a record when he sold a 20th-floor penthouse for \$88 million to a trust linked to the daughter of Russian billionaire Dmitry Rybolovlev. It also set a record price of more than \$13,000 a square foot.

This was followed by the \$70 million purchase by Steve Wynn, the casino magnate, of an apartment near the top of the Ritz-Carlton New York hotel on Central Park South, and the \$54 million paid by David Geffen, the music and movie mogul, to Denise Rich, a socialite, for a penthouse on Fifth Avenue, a record price for a co-op.

Howard S. Marks, the investor and founder of Oaktree Capital Management, paid \$52.5 million for a duplex co-op at 740 Park Ave., while Frank McCourt, the former owner of the Los Angeles Dodgers, paid \$50 million for a full-floor apartment at 944 Fifth Ave.

Many brokers are predicting that the good times in real estate will continue to roll into next year absent an unexpected economic upheaval.

Frederick Peters, the president of Warburg Realty, said the fiscal-cliff negotiations could cause gyrations in the stock market, which could in turn affect real-estate sales over the short term.

But with an improved real-estate outlook across the country and a strengthening economy, he said, the New York market would remain attractive.

"We are still a destination for not only flight capital from all over the world and all over the country, but also people who want to be here and not anyplace else," Mr. Peters said.

Kirk Henckels, director of private brokerage at Stribling & Associates, said inventory of apartments on the market has been very tight during 2012.

He said a new wave of condominiums will be hitting the market this spring, usually the peak selling season in New York, but it is too soon to tell whether there will be a significant increase in the listings of individual apartments and townhouses as well.

Worries by sellers about the fiscal cliff and rising taxes has also spurred sales this year. Sales in the fourth quarter are up 42% from the year-earlier period, and 26% from the 2010 period, but below the final three months in 2009, when the market was beginning to recover from the downturn.

That could cause a slump in closings early next year. On the other hand, there is a string of very expensive apartments at One57, a new condominium and hotel tower on West 57th Street near Carnegie Hall, due to begin closings in 2013. These contracts include two high-floor apartments in contract for more than \$90 million each.

Michele Kleier of Kleier Residential said some sellers who planned to close in 2012 but couldn't complete the paperwork in time will be closing in 2013 instead.

Others who paid high prices at the top of the market in 2007 and 2008 will be closing next quarter because they don't expect to make enough in capital gains to worry about any change in tax rates.

The Top 10 | Highest Manhattan home sale prices

YEAR	ADDRESS OF BUILDING OR UNIT	BUYER	SALES PRICE IN MILLIONS
2012	15 Central Park West	A trust linked to Ekaterina Rybkolev (in dispute)	\$88.0
2012	50 Central Park South	Steve Wynn	70.0
2012	705 Fifth Ave.	David Gaffen	54.0
2006	4 East 75 St.	J. Christopher Flowers	53.0
2012	740 Park Ave.	Howard S. Markis	52.5
2007	768 Fifth Ave.	Henry Macklowe	51.5
2012	944 Fifth Ave.	Frank McCourt	50.0
2007	15 East 64th St.	Leonard Blavatnik	50.0
2008	14-16 East 67th St.	Philip A. Falcone	49.0
2008	1060 Fifth Ave.	Park View Trust	48.8

Source: WSJ analysis of New York City Department of Finance records
The Wall Street Journal

A version of this article appeared December 31, 2012, on page A17 in the U.S. edition of The Wall Street Journal, with the headline: Glad Tidings Over Big Year In Real Estate.