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Manhattan Apartment Prices Hit Record High

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While most of the nation plods through a housing slowdown, [Manhattan](#) is experiencing its highest prices in history.

The average price of a Manhattan apartment in the first three months of this year was \$1.7 million, up 33.5 percent from the same period last year, according to the real estate appraisal firm Miller Samuel Inc., which processed the numbers for the brokerage firm Prudential Douglas Elliman.

But the record prices do not tell the entire story of Manhattan's real estate. Although prices are rising, sales are slowing, and executives of the four largest brokerage firms in Manhattan said they see some trouble, though not disaster, ahead for Manhattan's real estate.

The huge price increase reflects the sale of an unusually large number of very expensive apartments, which skewed the average. In this year's first quarter, 71 apartments sold for more than \$10 million, compared with 17 apartments in that range for all of 2007. This year's first quarter also included the sale of dozens of apartments at the extremely high-priced 15 Central Park West and [the Plaza Hotel](#).

A number of brokerage firms released data about the first quarter that generally showed the same trends. All showed that the median price of an apartment grew. According to Miller Samuel, it was up to \$917,000 from \$840,000, suggesting high prices for many types of apartments.

The median price for studios rose by 22 percent, to \$490,000 from \$401,000; and the median price for one-bedroom apartments grew by 12 percent, to \$750,000 from \$669,000, according to the Corcoran Group, a real estate brokerage firm.

The firms disagree, however, on the extent of the slowdown in sales in the first quarter. According to Prudential Douglas Elliman, the number of sales fell by 34 percent in the first quarter, to 2,282 apartments from 3,474 last year. Data analyzed by Brown Harris Stevens and Halstead Property showed a 1 percent drop in sales. Corcoran also said it saw a slight drop.

No one disputes the fact, however, that inventory is rising, and after a wave of bad news in the financial world, a crucial underpinning of New York's economy, fewer buyers are signing contracts. "We're starting to see a hesitancy in the marketplace," said Diane M. Ramirez, the president of Halstead. "What I look at very carefully is the signed contracts, the deals that are coming to us right now. I'm starting to see a slowdown."

So far, wealthy Wall Street executives and foreign buyers have stayed in the market, paying record prices in a range of buildings. The high average price of Manhattan apartments reflects the popularity of luxury condos. The average price of a co-op rose to \$1.3 million in the first quarter of this year from \$996,000 last year, and the average price of a condo rose to \$1.9 million from \$1.3 million during the same period, according to Halstead. Corcoran and Prudential Douglas Elliman reported similar figures.

The value of a co-op with four or more bedrooms rose an average of 86 percent this past quarter, to \$12.9 million from \$6.9 million the year before, according to Halstead.

The rising prices are not just concentrated among Thurston Howell III types who want to live near Central Park. Apartments in less expensive areas like Inwood, Harlem and Hudson Heights also saw price increases, according to Halstead's data. The average price of a studio rose by 2 percent, one- and two- bedroom apartments by 9 percent and three-

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of a studio rose by 2 percent, one- and two- bedroom apartments by 9 percent and three-bedroom apartments by 57 percent, according to Halstead.

Gregory J. Heym, an economist who prepared the reports for Halstead and Brown Harris Stevens, said that in Harlem, prices rose in new condo projects like the one at 111 Central Park North. In Inwood and Hudson Heights, the prices of co-ops increased.

"In Inwood and Hudson Heights, that just shows you it's a decent resale market," he said.

Contrary to the trend in Manhattan, in Brooklyn, overall prices have started to drop. Median and average sale prices dropped by 2 percent in the first quarter of this year, according to data tracked by the Corcoran Group. Median prices in Brooklyn dipped to \$549,000 from \$560,000, according to the data. Pamela Liebman, president of the Corcoran Group, said this pattern was typical of any slowdown. "When buyers become more cautious, the first markets to feel it are those that have been considered to be emerging neighborhoods," Ms. Liebman said.

All five boroughs are also facing an escalating number of foreclosures. The number jumped by 65.7 percent, to 918 foreclosures in the first quarter of this year, compared with 554 during the same time last year, according to PropertyShark.com, a real estate data company based in Brooklyn.

The numbers make up a small percentage of New York City's three million households, according to PropertyShark.com. The foreclosures are concentrated in Queens neighborhoods like Jamaica and Howard Beach, and Staten Island's Mid-Island and North Island.

Brokers are not as optimistic, however, about the next few quarters in Manhattan. Sales in the first quarter were strong in part because nearly a third of the apartments that closed were for condos that buyers signed contracts for at least a year ago, according to data tracked by Brown Harris Stevens and Halstead.

Now buyers have more choices, with an inventory of 6,194 apartments compared with 5,923 at this time last year, according to Prudential Douglas Elliman. The brokerage firms reported that the number of buyers who went to contract in the first quarter was far lower compared with buyers last year.

Hall F. Willkie, the president of Brown Harris Stevens, said that in the first quarter, the number of contracts signed in Manhattan fell by 21 percent even though the average price rose by 3 percent.

Ms. Liebman said she had fielded calls from several [Bear Stearns](http://BearStearns.com) executives wanting to sell their apartments in the wake of the buyout of their firm. She said that a couple of Bear Stearns executives put their homes on the market.

"Wall Street's pain is definitely real," she said. "We will see less transactions, but stable prices."

But while the brokerage firms say prices may eventually decline, they do not expect Manhattan's real estate market to suffer as much as the rest of the nation's.

"I don't think you're going to see the next quarter being the end of the world," said Dottie Herman, the president of Prudential Douglas Elliman. "You're going to see a market that's a lot more conservative, and things are going to be on the market longer."

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