

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL

WSJ.com

NY REAL ESTATE RESIDENTIAL | JUNE 22, 2010

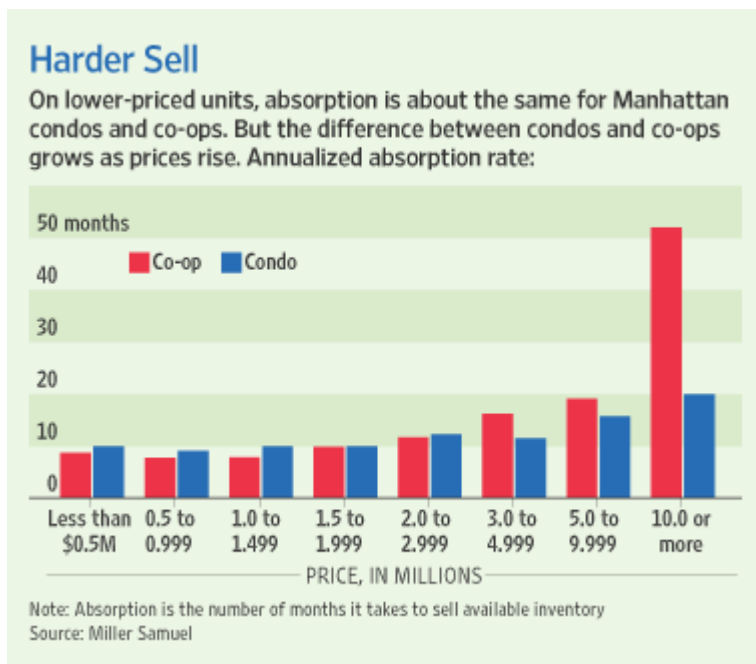
Condos Rule Over Co-Ops at High End

Foreign Buyers Help Propel Sales of Luxury Condominiums; Gap Between Types of Apartments Narrows for Cheaper Units

By BRITTANY HUTSON

Though apartment sales have picked up in Manhattan's luxury housing market, the gains aren't hitting all property types equally. It turns out that demand is stronger for high-end condominiums than for cooperatives.

According to data from New York real-estate appraisal firm Miller Samuel Inc., it takes longer to sell a high-end co-op than a condo. In May, for example, Miller Samuel found that the absorption rate—the number of months it takes to sell available inventory—was 16.2 months for co-ops priced between \$3 million and \$5 million. For condos in the same price range, it took 11.5 months. For co-op units priced \$10 million and above, it was 52 months, versus condos which had an absorption rate of 20 months.



Jonathan Miller, president of Miller Samuel, said the gap between condos and co-ops partly reflects changes in demand. Foreign luxury buyers, a big part of Manhattan's luxury market, continue to buy and tend to favor condos because they're easier to acquire.

But high-paid executives in the finance industry, traditionally a big part of the market for luxury co-ops, aren't spending as much and are buying less. Those who remain in the market are having trouble meeting the

stricter guidelines of the notoriously picky co-op boards.

"It is more difficult for the Wall Streeter who wants the big prewar apartments to buy one than before," said Mr. Miller.

One of the consequences of these changes is that expensive co-ops saw larger price adjustments than lower-end co-ops. However, some brokers believe that co-ops haven't lost their appeal with buyers. Elaine Clayman, a managing director at Brown Harris Stevens LLC, said home buyers still prefer co-ops because they can get between 33% and 35% more square footage for the same money.

But for inexpensive units, priced \$1.5 million and under, the absorption rate for co-ops was slightly faster than the rate of absorption for condos. For example, the rate for co-ops was 7.8 months versus 10 months for condos priced between \$1 million and \$1.5 million.

Justine Bray, a sales associate at Brown Harris Stevens, said in the condo market for \$1.5 million, a buyer can get a convertible two bedroom but a buyer can get a two- or three-bedroom co-op for the same price. "Under \$1.5 million, the inventory is greater to choose from in a co-op than there is a condo," she said.

The overall first-quarter absorption rate was 10.1 months.

Mr. Miller said there has been an improvement in absorption since May 2009. For example, co-ops had a 24.4-month absorption rate versus 16.8 months for condos in the \$3 million to \$5 million price point.

Absorption for lower-end condos and co-ops is being driven by conforming mortgage financing being more readily available than jumbo financing.

Though weaker, there are improvements in the higher-end market from last year. Mr. Miller attributed the improvement to buyers taking advantage of the larger drop in housing prices at the high-end. Also, consumers with smaller apartments have begun to trade up to larger units. Wall Street bonuses, though not as high as they once were, fueled some demand for high-end properties, according to Mr. Miller.

Write to Brittany Hutson at brittany.hutson@wsj.com

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com