

The New York Times

November 18, 2012

The Take-It-on-Faith Condo



Because new construction is scarce, buyers are snapping up condos still at the floor-plan stage.

By MICHELLE HIGGINS

RISING demand and a scarcity of new apartments are creating something of a rush on new luxury condominiums in choice New York neighborhoods, with buyers increasingly signing contracts for spaces even before they are built.

Last month sales opened for 200 East 79th Street, a Skyline Developers project. The building is still going up, but already contracts have been signed for 25 of the 39 units. In late August the sales team for Sackett Union, 11 town houses and 32 condos being developed by Alchemy Properties in Carroll Gardens, Brooklyn, began calling prospective buyers who had asked to be notified when sales started. By the end of September, half the condos were in contract at the asking price, as well as one town house. As of last week, 24 of the condos had sold, as well as another town house.

All of those properties were snapped up in the construction phase. Most buyers had little more than a floor plan, some artists' renderings and perhaps a model kitchen and bathroom on which to base one of the most important purchases of their lives.

"We were inundated," said Kenneth S. Horn, Alchemy's president. "There is such a dearth of new properties that if you deliver a nice product with nice finishes in a good area, they're going to sell."

Housing inventory has been dropping across the country, with available listings in September down more than 30 and 40 percent respectively from a year ago in markets like Miami and San Francisco, according to Zillow.com. As a result, some condos in neighborhoods like Brickell in Miami and Mission Bay in San Francisco have been experiencing robust sales from floor plans as buildings go up.

In New York City, housing inventory was down about 25 percent in September from a year earlier, according to Zillow. But a combination of tight lending and high land costs means most of the buildings entering the market are relatively small — thereby further intensifying the competition for new apartments. Of the 31 buildings that have opened or are projected to start sales by the end of the year, just one has more than 100 units, according to data compiled by the Corcoran Sunshine Marketing Group.

In all, by the end of 2012, 1,249 new apartments are expected in the Manhattan market. That's up from just 277 new units last year, which had the second-lowest number of new units over the past decade (in 2009, more apartments were taken off the market than were listed). But it's still far from a peak of 8,052 in 2007.

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64% Sold

200 East 79th Street
39 apartments by Skyline Developers

Projected Opening:

Summer 2013



RENDERING BY SEVENTH ART

50% Sold

Warren Lofts
37 Warren Street
18 apartments by Bazbaz Development

Projected Opening:

Spring 2013



RENDERING BY ARCHPARTNER