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## Manhattan Apartments Hold Steady Amid Banks' Decline

With the number of Wall Streeters finding themselves out of jobs is mounting, it is unclear what this will all mean for the Manhattan residential market. So far, **Debra Duneier**, senior associate broker with **Corcoran Real Estate** who covers the Manhattan market, says of the latest financial crisis: "It's not really shaking my world."

The mortgage crisis has affected sales in that there is more inventory on the market and that inventory is taking longer to sell. Duneier says that at Corcoran, the company's sales in dollar terms are actually up compared to last year due to a slew of new luxury developments. These apartments were contracted about two years ago and have been closing last year and this year. Meanwhile, the prices of Manhattan apartments have held up well and even increased a bit this year, Duneier notes. The average price of a Manhattan apartment at the end of 2007 was \$1,345,000. After 9/11, the average price fell to \$821,000 from \$837,000 before climbing back up to \$881,000 in 2003. Any setback in the Manhattan residential market could just be a shorter-term blip. "When I think about Lehman Brothers and Merrill Lynch and people being laid off, Duneier says, "that is not going to be enough to bring Manhattan Apartments to their knees. There is a bigger worry in New Jersey." The places that will likely be most affected will be the "emerging markets" of Manhattan, i.e. the financial district and East Harlem. This could create an attractive buying opportunity as investors seek to put their money in hard assets. A 5% drop in residential prices would lure people back to Manhattan whereas a 10% drop will create "a buying frenzy," Duneier says. So who's interested? Foreign buyers have been driving up prices in Manhattan for a while now and continue to look for opportunities to buy a slice of the Big Apple. Restrictions by co-ops also keep a tight rein on the types of customers that enter the market. But over the past 5-to-7 years, Duneier says a clear trend has emerged where more families are demanding large apartments and even stringing together three-to-five smaller units to get the size they need. During yesterday's mayhem, for instance, Duneier received phone calls from two potential buyers. One was from a South African interested to buy a place in the financial district with cash and the second call was from a West Coast woman who also does business on the East Coast. "There is still a lot of money out there," says Duneier. "And if the people that created this mess can't get us out of it, people with money are going to have to put that money somewhere, and with real estate you know where it is."

– *Naureen Malik, Reporter, Barron's Magazine*

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