

# THE REAL DEAL

NEW YORK CITY REAL ESTATE NEWS

## Supply glut stalling out luxury resi market

At least 300 units at \$5K psf will be available over the next two years

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A visualization of what Midtown's skyline could look like in 2018 (Credit: CityRealty)

So many ultra-luxury apartments, so few ultra high-net-worth individuals who want to buy them.

The top of the end of the city's residential market – embodied in the Billionaires' Row condo towers – is showing more and more signs of overheating.

At least 300 apartments priced at or above \$5,000 per square foot are either selling now or will hit the market in the next 24 months. Last year, just 47 apartments sold at that price level, down from the peak year of 2014, when 55 ultra-luxury units sold, the New York Times reported.

Trouble in China, Russia and other emerging economies suggests foreign buyers – who have account for as many as three-quarters of all top-end sales – may not be as inclined to spend as they once were, brokers told the Times.

"I wouldn't take a bet on doing a high-end condo building and trying to sell apartments at \$5,000 per square foot," TF Cornerstone's Thomas Elghanayan told the Times.

The problem may not be a lack of potential buyers, as [a back-of-the-envelope analysis by The Real Deal suggested](#) last year. Rather, real estate consultant Nancy Packes told the Times, rich buyers may have simply already left the market, deciding the time to buy had passed.

"We did not run out of wealthy people," Packes told the Times.

Sponsors have recently begun [reducing prices](#) and [dividing large units](#) at some of the priciest buildings. Joseph Beninati's Bauhouse Group recently [defaulted on the loan for its planned 3 Sutton Place condo tower](#) on the Upper East Side. The property will now be sold at auction.

Steve Witkoff also recently set aside plans to convert the Park Lane Hotel at 36 Central Park South to luxury condos, citing a lack of "velocity" in the market.

"My personal view is that, in this cycle, we have passed the toy," [said Naftali Group head Miki Naftali](#) at a summit hosted by the magazine Haute Living in November.

"For those who think that it will continue to go up – that if they have something that is selling for \$3,000 a foot today, it will sell for \$4,000 a foot tomorrow or a year or two years from now – I don't see that happening. There is definitely a slowdown in the velocity of deals."

[\[NYT\] – Ariel Stulberg](#)

