

REAL ESTATE

New York to see price drop-off in coming year: CityRealty

December 14, 2017



Christie's International Real Estate listing at 795 Fifth Avenue, New York. Image credit: Christie's International Real Estate

By BRIELLE JAEKEL

The current White House administration's polarizing first year has had a negative effect on the Trump-branded real estate properties, including New York, with a record-breaking decline.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

For the first time in history, Trump-branded condos saw below-average sale prices and average price per square foot compared to the median in New York, according to CityRealty's Year-End Report. The upcoming year does not look good for New York as a whole, with CityRealty's report predicting that the city will see a slight decline for the first time since the 2009 global recession.

"Though prices in the Manhattan residential market didn't continue to skyrocket in 2017, they still remained close to the record levels set in 2016," said Gabby Warshawer, director of research at [CityRealty](#), New York. "Prices and sales volume were down in the condo market compared to 2016, while both were up in the co-op market.

"We expect this trend to continue in 2018, we forecast that the average price of a Manhattan apartment will dip for the first time since the recession," she said.

New York slowdown

While prices will not continue to grow in New York in the next year, the city continues to be less and less affordable. It has been years of sharp increases for New York, which means even a steady or slight dip will maintain the city's rent to be what some consider unobtainable.



Condo in New York's One57 building listed with Sotheby's International Realty Affiliates. Image credit: Sotheby's International Realty Affiliates

Apartments that sold for less than \$1 million this year accounted for less than 13 percent of money spent on apartments in New York. This is the lowest it has been in the last five years.

Trump's real estate brand is being damaged by his current term as president. The average price of a Trump condo per square foot has dropped from \$1,891 in 2016 to \$1,759 in just one year.

Hotels both in the United States and internationally managed by the Trump Organization have ended their relationship with the president's Trump Organization, signifying that the brand has become toxic among its desired guests.

After the iconic hotel in SoHo in New York's Manhattan borough dropped the Trump Organization last week, another hotel in Panama has begun the process of stripping the Trump name from the hotel's association, after paying around \$32 million for the association. While President Trump continues to accrue near-daily controversies, the many brands that bear his name are beginning to feel the danger of continuing to associate with the man ([see more](#)).



The Trump hotel in Panama is working to abandon the Trump name and disassociate from the Trump Organization. Image credit: Trump Organization

Average prices at the Trump International Hotel & Tower on Central Park West for residential real estate dropped by 27 percent, likely due to continual protests outside the property.

Urban real estate

By the end of 2017, the combined total sales of apartments in New York sold for more than \$10 million are expected to reach \$4.7 billion.

While new developments in luxury as well as demand from global investors are propelling the house-price dynamics in New York, growth within top-of-the-line properties has slowed.

According to the UBS Global Real Estate Bubble Index 2017, Toronto is at the greatest risk for a housing bubble, while San Francisco and Los Angeles are the most overvalued cities in the United States. Boston and New York were revealed to be fair value, while Chicago is most undervalued ([see more](#)).

"Very expensive sales still make up a large chunk of the market," CityRealty's Ms. Warshawer said. "The total sales of apartments more than \$10 million are projected to reach \$4.7 billion through the end of 2017, and although the number of apartment sales in this price tier is down from 2016, when it set a record, it is still on track to account for

18 percent of all dollars spent on Manhattan residential real estate this year, spread over a scant 240 sales.

"We're also seeing the percentage of dollars spent on apartments less than \$1 million continuing to decrease, reaching its lowest point in at least five years," she said.

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.