

BROWN HARRIS STEVENS

Established 1873

**ONLY SOME ARE BEAUTIFUL,
BUT
HOW IS BEAUTY DEFINED?**

COMMENTS ON THE MARKET FOR SEVEN AND EIGHT ROOM APARTMENTS

A FICTIONAL NARRATIVE THAT BEGINS IN DECEMBER 2001

INTRODUCTION

Following September 11th, the housing market stalled, affected like everything else by economic and security uncertainties. Since January 1st, however, demand has strengthened and actually exceeds that of early 2001. As real estate experts, we are often asked whether housing prices are as high as they were prior to September 11th. In Manhattan, answering this question is particularly difficult since the market is so large and varied. The direction of prices is sometimes difficult to discern, and always difficult to quantify, since, very often, we are comparing apartments that are different from one another.

Everyone in New York talks about apartment prices, but the most important thing about housing is *not* that it be purchased at the appropriately inexpensive moment. Of course it must meet our budget, and it must be functionally practical, and conveniently located. It must also express our taste and our values, our present identities and our aspirations. Our needs are far beyond those of basic shelter.

With so many buyers looking at so many different types of apartments, it is often useless to look at the market as a whole. Nearly everything is lost in the generalization, and it is the specifics that are important when we are looking to purchase something so basic, and so elevated, as a house or an apartment. To explore the process by which buyers choose housing in Manhattan, this article attempts to characterize one particular type of buyer, in a specific category of the market, at the present time--a period of unusual insecurity and uncertainty.

LOOKING FOR A SEVEN OR EIGHT ROOM APARTMENT AFTER SEPTEMBER 11TH

To do this, I tried to step out of my usual roles, as appraiser, analyst, and observer. Instead, I transformed myself into what I am not, the married father of two children, looking for a new apartment at a cost of \$2,000,000 to \$4,000,000.

Like other New Yorkers my wife and I were overwhelmed by the attacks and the collapse of the World Trade Center towers. Our assumed security

and assurance were damaged. I wondered about the validity of my job and income if I couldn't even protect my wife and children. We talked endlessly about what is really important. I don't know if we found the right answers, but I am sure that we will never feel the same about living in the United States again.

My wife thought, initially, that she should move the children to Bridgehampton. Some of our friends did move, but we resisted. I can't tell you why. We both knew that the city is a target, and therefore more dangerous, but the danger faded. Our old preferences re-asserted themselves, and we again began to talk about buying another apartment.

My wife and I have always felt that living in the city is for us. We both work, and we didn't move here from California, or wherever, to spend two-to-three hours commuting from the suburbs. Besides, we can afford it. Our net worth is several times our budget—I have a well-paid job on Wall Street, which used to seem secure. We own a house in the country, and we want our children to be exposed to everything that a large city has to offer and that a suburb does not.

We are traditionalists. We both want good schools for the kids, and private schools are our likely choice. (We are not sure that we want, or that are children will be admitted to Stuyvesant or Bronx Science.) My wife wants a neighborhood with quality services and interesting restaurants. (We eat out once a week, and the baby sitter likes to leave by 11 PM.) We both

want security, translated as a safe neighborhood and doorman building. We like the variety of Manhattan, but we want to live among our socio-economic peers. We like a certain amount of elegance and status. We need three bedrooms. My wife wants a dining room. We both want an eat-in kitchen. We have a live-in housekeeper during the week, so we need a room for her.

We decided to look for a prewar seven or eight room apartment on the Upper Eastside.

THE IMPORTANCE OF SEVEN AND EIGHT ROOM APARTMENTS

As described, we are, I think, significant buyers. Our money comes from Wall Street. Wall Street is the city's major export industry, and its economic health speaks to the immediate and longer-term health of the local economy and our housing market. Wall Street is also a high-paying industry; thus we can afford to purchase a significant apartment.

We know that seven and eight room apartments are available in different types of buildings, new condominiums, prewar condominiums, post-war cooperatives, rental buildings, and townhouses. We are also aware that we could live less expensively on the Upper West Side or Downtown. These are available choices that we do not want. The golden standard for seven and eight room apartments is the prewar cooperative. It was the first of the different types indicated. It is the most common. With the exception of some condominiums, it is the most expensive.

In our opinion, it is also the most beautiful.

The typical prewar “seven” or “eight” has a formal dining room, three bedrooms, or two bedrooms and a library. (In our case, we need all three bedrooms.) Most have a bathroom for each bedroom, and one or two maid’s rooms. Seven and eight room apartments are located anywhere prewar apartment houses were built, but classic “sevens” and “eights” were most frequently built in the uptown neighborhoods. The most elegant were built on the Upper East Side. The largest concentration is on Park Avenue.

The seven or eight room apartment is significant in Manhattan because it is considered large enough for family living. Three bedrooms are considered a minimum for families who can afford them, thus their appeal to families like ours.

There were additional considerations. Although we survived the attacks and still had our well-paid jobs, business was not good in 2001. The economy and the market were affected by the uncertainty of war, and I expected a lower bonus in the coming year. We wanted and needed a new apartment, but didn’t want to be stupid. We expected lower prices in 2002.

DEFINING A BEAUTIFUL APARTMENT

In my new role as husband, father, and investment banker, I fit into a distinct sub-category of householder looking into a distinct sub-category of

the housing market. There is, however, one slight eccentricity (that is a holdover from the real me). I like beautiful things.

Of course, everyone likes beautiful things, but I really must have a beautiful apartment. My wife has a practical eye for things like closets and kitchens that work. It is I who must have beautiful things. I will renovate. I will talk endlessly to architects and contractors. I will walk a bit farther to the office. I will live on the second or the third floor. I may even pay a premium, but not too large a premium. I must be inspired.

Tastes vary, but in my opinion there are standards of beauty. I am advised that the market defines some of these standards, paying more for some visual characteristics than for others. Plaster walls, hardwood floors, and large rooms command a premium price. The market does not always recognize other differences. Some elements of superiority may be too unusual, or too subtle. Buyers like me—who indulge in the search for beauty—become experts in these not-so-evident differences.

There are many elements of beauty. Through reading, many trips abroad, and conversations with architects and real estate brokers, I have developed the following list to use as a basis for evaluating and comparing apartments.

- *Space* is a very important aesthetic consideration, particularly in Manhattan. Certainly smaller apartments can be more beautiful than larger ones. Other

elements aside, however, spacious rooms are more comfortable and attractive than rooms that are alternatively too small or too large.

- *Proportion* is closely associated with space and is the quality that refers to the dimensions of the rooms. Without exploring renaissance or beaux arts theories of proportion, it is clear that some rooms are too long, relative to their width, and that some ceilings are too low, or even too high, relative to room size. In Manhattan, many rooms have sacrificed proportion to capture views.
- *Plan* refers to the configuration of rooms. The Manhattan apartment was arguably perfected by the introduction of the foyer-based plan by James Carpenter, Rosario Candela, and others, in the 1920s. Market preferences indicate that the increased efficiency of many post-war plans is not synonymous with quality. Even prewar plans vary in their utility. Desirable plans include public rooms that open into one another, clear separation of sleeping, service, and living zones, and maid's rooms that can be incorporated into larger kitchens.
- *Ornament* is secondary to proportion and plan, but embellishment is important. The quantity and scale of ornament defines its aesthetic contribution. Generally, the

quantity of ornament should be such that it appears to be "integral" rather than "applied" to the rooms it decorates.

- *Daylight and Outlooks* – It is difficult to find beauty in an apartment that is dark or that faces brick walls and rear yards. Apartments benefit if at least some rooms have sunny southern exposures, or two exposures from one or more rooms.¹ Pleasant outlooks add immeasurably to the most ordinary apartment. We emphasize outlooks rather than views, since an apartment with pleasant outlooks from every room may be more consistent, and therefore more beautiful, than one with views from one or two rooms but with other rooms facing buildings or courtyards.
- *Materials* – In addition to hardwood floors and plaster, other details and materials are associated with beauty, including stone floors and counters, thick walls,² real paneling, and white porcelain.
- *Special features* such as *fireplaces* are beautiful for reasons that are greater than their ornament, or their association with tradition. Properly placed, they are "a

¹ For a discussion of the benefits of double exposures, see *A Pattern Language* by Christopher Alexander and others, Oxford University Press, 1977, page 747.

² *Ibid.*, page 909

natural focus for talks and dreams and thought.”³

THE PLAYERS

Because of my slight eccentricity, my wife ceded the role of finding our new apartment to me. She doesn't want me to drive her crazy. I don't mean the money; we both know what we can afford. I don't mean that I get to choose—my wife will say “no” to whatever isn't practical or doesn't suit her. By ceding, I mean that I get to do the looking.

Although I am not a native New Yorker, I was educated in the East, have lived here for some time, and have many friends. My wife is also active, professionally and socially. Among our trusted friends are a Brown Harris broker and, an unusual contact, a Brown Harris appraiser (the real me). Being an analytical guy by nature and trusting my friend's analytical capabilities, I called him first, to get a handle on prices, and on the direction of prices.

My friend is very generous and sent me a list of twelve seven and eight room apartments that sold in 2001.

APARTMENTS AND PRICES IN 2001

I have not reproduced this list here. However, ten of the apartments were on Park Avenue, another was on Madison, and one was on Fifth. All of the sales prices were negotiated prior to September 11th. All had formal dining rooms, maid's rooms, and either three

bedrooms or two bedrooms and a library. They ranged in size from approximately 1,800 to 3,000 square feet. The sale prices were as low as \$2,200,000 and as high as \$3,925,000. All of them sold for at least \$1,000 per square foot.

I was struck by the pricing, since I had always assumed that Park Avenue's East 70s were more pricey than the East 80s or 90s. In actuality, the indicated price differences seemed to depend more on other characteristics. Our broker agreed that some of Manhattan's grandest buildings are on Park in the East 70s. However, she explained, their apartments typically have more than seven or eight rooms. With perhaps one exception, these buildings were not on the list. At the same time, Carnegie Hill's village quality, schools and other family amenities have an appeal that is apparently equivalent to the polish of the East 70s, for apartments of equivalent size. Other elements, particularly condition, floor-height and outlooks, and overall size, are much more important determinants of price.

FOLLOWING SEPTEMBER 11TH ...

Following September 11th the upper end of the market slowed and many more apartments were available.

The upper end of the market was particularly hard hit. Our broker admitted that the seven to eight room market was at a standstill. According to Brown Harris Stevens research—again my appraiser friend—the number of \$1,000,000 sales negotiated at the firm in December 2001 was less than half the number in December 2000.

³ *Ibid.*, page 842.

As we began our search in December 2001, there was a marked increase in the number of listings. An early December survey of the Brown Harris listing system indicated 89 prewar seven and eight room apartments available between Fifth and Third Avenues. By the same definition, there were only 36 available at the beginning of January 2001. September 11th does not appear to have been the seminal event in this market. The number of these apartments steadily increased after the beginning of the year. Availability in our segment of the market more than doubled in 2001. Buyers had more choices.

FACED WITH TOO MANY CHOICES, I LET OUR BROKER DO THE SCREENING

Of course not every available seven and eight room apartment met our location or price criterion. Our broker handed me a list of 26 apartments to look at. The asking prices ranged from \$2,250,000 to \$3,995,000. Even this number seemed large and confusing. I knew some of the addresses, but could not distinguish most of them from one another.

I asked her to schedule showings on some of the apartments, but not to narrow the choices too much, initially. I wanted to see a fairly broad selection, so that I could begin to get a handle on the trade-offs between size, location, condition and ... beauty. Our broker suggested that we look at four or five apartments in various price ranges and locations.

The first apartment should have been screened out. Never mind, it was magnificent, and I told her so. The apartment is on Park Avenue in the East 70s and was listed for \$3,500,000. It has an attractive foyer based plan, with a 12' x 26' oval foyer, beautiful crown moldings, 9'6" ceilings, a lovely square living room with a fireplace and southern exposures, a library and two master bedrooms. The kitchen area was re-configured and remodeled, with a laundry room and a breakfast room, but the apartment was set-up for a couple, not for a family with children. This line of apartments typically has three bedrooms facing Park Avenue. The third bedroom, in this case, was ceded to the neighboring apartment many years ago. The kitchen was appealing but not as open as I would like, although it could have been enlarged. My wife enjoys the four of us together on those rare occasions when we have the opportunity to cook. The decoration and the art were magnificent, but belonged to the owners, and were far too elegant for our children.

The second and third apartments were in the same building, on Park Avenue in the low 90s, but were not as magnificent. I noticed that the asking prices were both below \$3,000,000 for apartments that are not small.

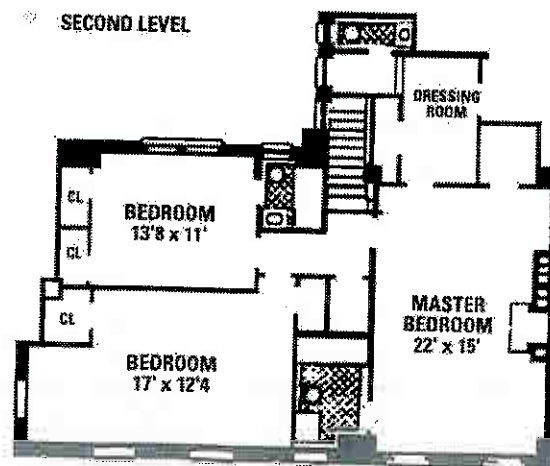
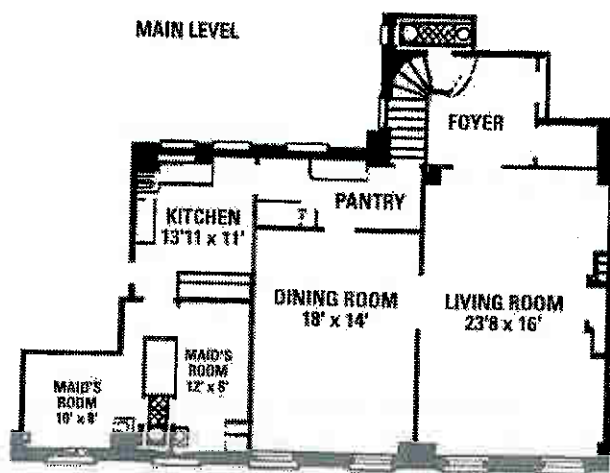
The building lobby was plainer than the one in the first building, its detailing and furnishing more ordinary. My broker advised that the plainness was purposeful in this very good building. The first apartment, listed at \$2,700,000, at the back of the building, was on a high floor with great light and open outlooks from every room. The

living room faced north over a brick church. The bedrooms and dining room faced west over townhouses. The bathrooms were original, tiled white, and in fairly good condition. One of the three bedrooms had been converted into a glossy paneled library, which was not useful to us, and the living room was a somewhat ordinary rectangle, with its single window at the shorter end, but the apartment was spacious and bright.

The second apartment was in the same line, but on a lower floor. Its differences were primarily due to the power of decorating. The kitchen was in better condition, perfectly usable but not new. The white tile baths were also in useable condition, although they might immediately or eventually be redone. The decorating was traditional, more so than we like, but very intelligent. The longish rectangular living room was broken into three sitting areas, and its more evident length upstairs was invisible on this floor. Each room was carefully and colorfully decorated. The master bedroom had

ample room for a couch, and its corner windows overlooked townhouses on the side street. Despite the needed renovation, nothing was wrong with this apartment. With about 2,700 square feet, it had the right amount of space and a convenient location. But it wasn't enough, and I couldn't say why. I wanted something, not larger, but more beautiful. This apartment was asking \$2,600,000.

Next we looked at a duplex apartment, in the mid-80s, on Park, that blew me away. The price had just been reduced to \$3,150,000. The architect was Rosario Candela. Although the rooms were not large—the apartment totaled about 2,300 square feet—the proportions were perfect. There was a comfortable foyer with a curved staircase, a 24' living room with a fireplace, two large paned windows, and an 18' x 14' dining room. The kitchen was not brand new, but in very good condition, and easily could have been improved by repainting the wood cabinets and changing the vinyl tile



ROSARIO CANDELA DUPLEX

floor. The master bedroom also had a fireplace, a bathroom, a large dressing room and plumbing for a private second bath. Each of the two remaining bedrooms had its own bath, although one was not well conceived, and all three bathrooms needed some work. Never mind, I thought this was an exquisitely laid-out apartment. We showed it to my wife. She said that the rooms were too small. She agreed that it was beautiful, but wanted something larger while the kids are younger. The living room wasn't big enough in her opinion, and the kitchen could not be expanded. She loved the master, but we have the family to consider, she said. So much for Rosario Candela—maybe in another lifetime . . .

I loved this apartment so much, that I asked my broker what she thought it was worth. She indicated that a completely renovated apartment, in the same line, but on a high floor, was available at \$4,700,000 but that there had been no sales in its "line" of apartments since 1997. My appraiser friend could not give me precise guidance, but noted that none of the apartments on his 2001 list had sold for less than \$3,000,000, unless they were fairly small. This one was not large.

Our next visit was to a seven room apartment, also in the East 90s, asking \$2,750,000. The apartment was on a high floor facing Park Avenue and was in very good remodeled condition, but it was a portion of what was formerly a much larger apartment. My agent indicated that "cut-ups" are sometimes very attractive. A portion of a formerly larger apartment might have offered a grander living room, foyer or dining

room. This was not true in this apartment. It had been attractively remodeled, and the living room had a fireplace, but the living room was the former master bedroom, and the master bathroom fit awkwardly into the new master bedroom. All three bedrooms were accessible from the same foyer as the living room and dining room, and the maid's room and the kitchen were accessible only through the dining room. My wife would not have found this functional. I did not find it pleasing. The apartment was listed at the beginning of September for \$3,275,000.

One of my favorite apartments was in an old-fashioned building that dates from 1912. I particularly liked the lobby with its tall Elizabethan plasterwork ceilings and strongly framed doorways. The apartment was a beautiful duplex, with an old-fashioned living-hall gallery, that I have sometimes seen in shingled late-19th century beach houses. There was great light and a large bay window in the dining room. The living room, gallery, and dining room are *en suite*, and appear much larger than their true dimensions. The living room was about 14' 6" x 19'. This apartment was in superb condition, and the improvements were exquisitely layered in time. The kitchen was a period piece of the mid-20th century, with metal cabinets and bordered *formica* counters. The pantry closets were original. The three upstairs bathrooms had been recently redone in a white-tiled prewar style, but not too perfectly reproduced. The renovations were sensitive; it was clear that they were new. The master bedroom had wood-framed storm windows, designed and installed like shutters. I can't say

enough about the decorating, but the apartment was not that large, perhaps 2,000 square feet, and the third bedroom was small. I knew that my wife would say no. The asking price was \$2,900,000.

In early January we looked again, at another apartment, in a very established building in the East 70s, where a 4½ room apartment sold last year for \$2,500,000. The asking price for the larger apartment was \$2,950,000. It was a duplex, with seven rooms, in a building that has many larger apartments, with some very valuable smaller units. According to the broker, the configuration of the dining room and kitchen had been modified. The living room measured 30', but the dining room was without windows. The kitchen was efficient, but its galley configuration did not work well for a family. The apartment was large enough, but the kitchens and baths were out-dated and I could not visualize a plan that would work for us.

THE CHOICES CLARIFY

We had seen a number of apartments. Some of these were suitable only for adults and were often located on Park Avenue, in the East 70s. All of these were affordable, and some, like the Candela duplex, were beautiful, but generally these were not large enough to suit us (or rather my wife). The alternatives, that my broker had shown me on upper Park, I generally found to be uninspiring. I was starting to classify the seven to eight room market, into two categories—the large, practical, Carnegie Hill apartments that my wife

was responding to, but that I consistently found boring, and the more elegantly proportioned, sometimes smaller apartments that I knew my wife would find impractical.

THE MARKET SHIFTS

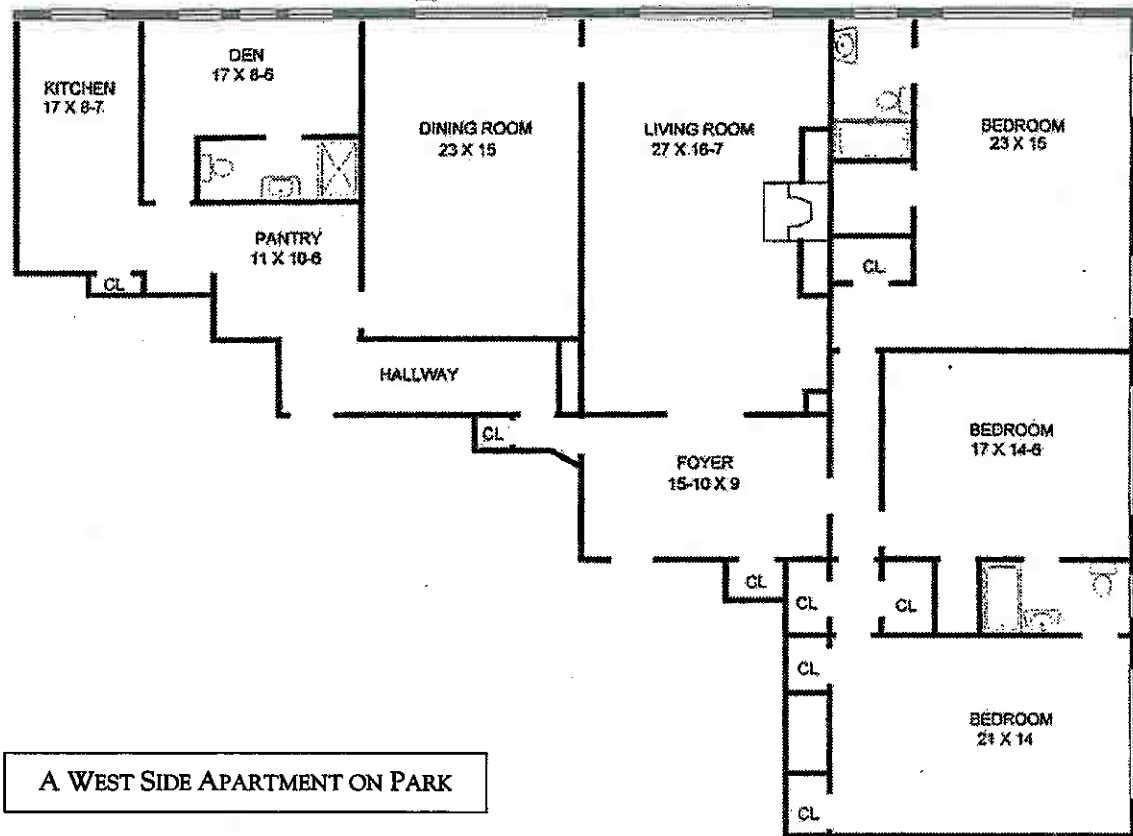
January was a very busy month at the office and it is not until early February that I had a chance to look again. My broker indicated that the market was more active than it was in the few months following September. She showed me a list of available apartments, between Fifth and Park. There were 58, and 23 of them had accepted or signed offers. However, the first lovely apartment on Park Avenue was still available, and the two spacious but plainer apartments were temporarily off the market, as was the lovely Candela apartment. Clearly buyers were not willing to pay a premium for a not-too-large Candela. The second duplex, with the Elizabethan ceiling, was still available. That still left 35 listings. There were more apartments selling, and fewer listings, but many apartments were still not moving. I saw no reason why we could not still do well price-wise.

I BEGIN TO CHOOSE. . .

At this point I was asking our broker for something that was both practical and beautiful. Condition was not an issue for us—we remained perfectly willing to undertake a remodeling—as long as the asking price was reflective of the apartment's condition.

She showed me another apartment on Park, in the high 80s, a prime Carnegie Hill location that strongly appeals to my wife. I fell in love with a golden retriever in the lobby, but I found it to be otherwise rather typical of upper Park Avenue buildings, with its long, narrow, front-to-back lobby, polished terrazzo floors, “colonial revival” detailing and

an old West Side apartment. Its large entry foyer looked into a 27’ living room with original casement windows and a gothic revival fireplace. The dining room was large, 23’ x 18’, and there were three separately zoned and generously sized bedrooms. They said that this apartment needed work, but I was taken with its outdated charms. The kitchen had been spruced up but was absolutely



“English” furniture. The *faux* candle chandelier finished it for me. This wasn’t our kind of place, I thought.

The apartment itself was much more interesting. I had asked for elegance, but found myself intrigued with about 2,900 square feet of comfortable, funky space that a previewing broker described as similar to

original, with original glass-front cabinets, narrow counters, white tile wainscot and freestanding sink and stove. The two maid’s rooms, next to the kitchen, were combined and converted into a den—not a bad idea, and these rooms faced the street, which my broker said was an unusually good exposure for maids’ rooms. The bathrooms needed remodeling, but my

major objection to this apartment was its side-street exposures. The views of the street were really unspectacular. Worse, the children's bedrooms faced nothing, absolutely nothing, but the nearby walls of other buildings. Still, I liked this apartment, and asked that we show it to my wife. She liked it! Give me better light and a better view, she says, and we'll take it. I was simply relieved that we could both respond to the same space.

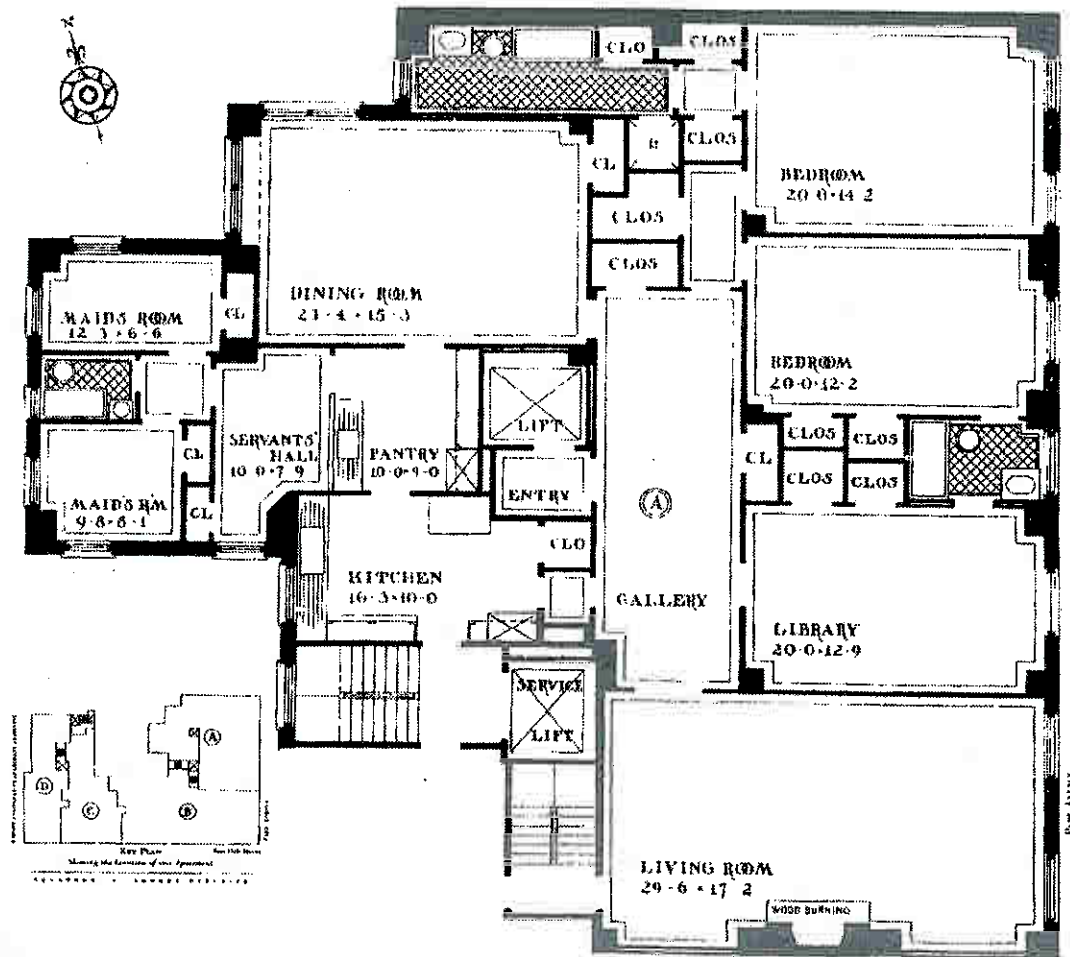
This apartment was asking \$2,950,000. Another seven room apartment, in the same building, but in

perfect condition, and on a high floor facing Park Avenue, sold at the beginning of 2001 for \$3,800,000.

AND BEAUTY CLARIFIES

A couple of months ago, my wife accepted a dinner invitation from one of her friends who lives with her family in another Candela building at the northern end of Carnegie Hill.

Her friend's apartment had a private elevator landing and a 27' gallery, the most impressive I had seen. Four of its eight rooms faced Park



ANOTHER PERFECT CANDELA PLAN ON UPPER PARK AVENUE

Avenue, from a high floor that lets in great light. It was grand, with about 3,000 square feet, a superb example of the foyer-based plan, with main rooms and a bedroom hallway opening directly from the foyer. The ceiling height was 9' 4". A third bedroom was carved out of servants' rooms at the back. There was still one useable maid's room, and the library was intact. The only possible flaw was the longish living room, 29' 6" x 17' with only one exposure along the 17' width, but the room has a working fireplace. There wasn't much to complain about. This was one of the best apartments we had seen. The perfection of Candela combined with the practicality of Carnegie Hill. Another, in the same line, was apparently available at \$3,100,000. There seemed to be absolutely no price premium for the quality of the architecture. We decided to see it.

I AGONIZE OVER LOCATION

...until I woke up too early one morning in early May and realized that this wasn't what I wanted. (This is what drives my wife crazy. She lets me look so that I don't waste her time.) True, Candela designed the most beautiful apartments, but I now realized that my notion of beautiful was not that of the perfect thing at the perfect address. I no longer wanted to live on Park Avenue, with its incredible sweep of uniform affluence, in itself another perfect image. I now realized that I wanted a beautiful, but imperfect thing, at an address that was wonderful, but more varied. We talked again, at length, about what was important to us. My wife agreed and suggested that from my new

perspective, uniformity was no longer conveying a sense of security. Our previous conservatism was just slightly challenged, by the desire to be somewhat more engaged with variety.

I called Brown Harris with our new thinking, sure that I would confuse or annoy our broker. Our broker kindly accommodated my idiosyncrasies, and indicated that I might be happier with the citified atmosphere of side street addresses, where the finest cooperative buildings are often neighbors to buildings of differing sizes and types. The side street addresses of some of these buildings camouflage their locations, on less desirable "commercial" avenues, but the more varied street life on Madison or Lexington Avenues gives these buildings their urbanity, and their charm.

She suggested an eight-room duplex in the East 60s, in an old turn-of-the-last century building. It had fireplaces in the living room and library, an elegant curved staircase and four upstairs bedrooms. There are two outside maid's rooms, which would make an excellent office. The apartment needed work, but measured over 3,500 square feet and was asking \$3,850,000. (The asking price has recently been increased to something over \$4,000,000.)

MY UNCERTAINTY DOES NOT REFLECT THE MARKET

However, my uncertainties do not reflect the market. As I look, and search, and doubt and refine our preferences, other buyers have restored the market to its previous condition.

My broker and even my appraiser friend insist that the market is stronger than it was at this time last year, even in our higher-priced category. Prices may not yet be rising, but recent sales figures indicate a substantial increase in sales volume at the upper end of the market.

It is as though nothing ever happened. The agony that we felt in September has not gone away, but it has faded. The war in Afghanistan appears to have been successful, but the war on terrorism is far from over. We are still at risk, yet our housing market is as strong as it has ever been. We will eventually find an apartment that meets our new preferences, but the market around us has not changed significantly.

Larry Sicular

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