

***West Village Townhouse Market:  
2008 List Prices Challenge 2007 Values***

The West Village is one of the most desirable neighborhoods in New York City. Its combination of historic charm, intimate seclusion and artistic trendiness attracts buyers from a diverse range of professions.

We define the West Village from Fourteenth Street to Houston Street and Sixth Avenue to the Hudson River. From a market standpoint, the West Village is a unique neighborhood. There are two reasons for this. The first is the asymmetrical---and often confusing---configuration of its streets. Certain blocks are absolutely pristine, with narrow, tree-lined streets and beautiful townhouses stretching from end to end. Yet these secluded passages are tightly woven between busy avenue corridors with trendy restaurants and heavy foot traffic. This creates a market where residential value can vary widely from block to block. There is nothing else like it anywhere in Manhattan.

The second reason is that the West Village is the only neighborhood in Manhattan (this includes Charlton Street) that has preserved a significant number of townhouses built in the earlier part of the 19<sup>th</sup> Century.

For both these reasons, it is difficult to compare the West Village townhouse market to any other townhouse market in Manhattan. None of the major brokerage firms in New York City (Corcoran, Brown Harris, Douglas Elliman, Stribling) publish market reports specifically on townhouse sales in the West Village. An analysis solely focusing on West Village townhouse sales will produce a more accurate understanding of value for this unique micro-market.

The goal of this article is to provide an overview of West Village townhouse sales in 2007, chart those criterion that caused townhouses to be more or less valuable, and to compare those trends in 2007 with townhouses currently on the market. Some patterns will be fairly obvious to those familiar with this market; others may be less apparent.

As of January 14, 2008 we found 21 single family townhouses<sup>1</sup> that sold in the West Village since January 1, 2007 and another 23 currently available, four of which had signed contracts through January 14, 2008. One of the most interesting occurrences in the West Village townhouse market is that sixteen of those townhouses currently available were listed within the last three months, from October 2007 to the present. This is somewhat surprising given that West Village townhouses are typically in very low supply.<sup>2</sup>

***Framing Value***

In order to frame any analysis of value, it is necessary to define what characteristics are most valuable and what characteristics are undesirable. The highest sale of 2007 was on West 4<sup>th</sup> Street, just south of Bank Street, for \$14,000,000 (\$2,333/sf) in July. The lowest sale price for 2007 was for a single-family dwelling on Washington Place, between Barrow and 6<sup>th</sup> Avenue, which sold for \$3,500,000 (\$992/sf) in March. By comparing these two properties, a number of differences emerge that can serve as a rough index for understanding the sale and current asking prices of other townhouses in between.

The first difference, obvious as it might seem, is size. The townhouse on West 4<sup>th</sup> Street has around 6,000 square feet of above grade floor space, plus an additional 2,500 square feet of below grade, windowed space. The townhouse on Washington Place has just over 3,500 square feet. While this is by no means the smallest townhouse that has been sold in 2007 (twelve of 21 townhouses are actually smaller!) the West 4<sup>th</sup> Street sale was by far the largest. Furthermore, the townhouse on West 4<sup>th</sup> Street is 38' wide, which provides a spaciousness seldom encountered in West Village townhouses—many of which are less than 20' wide.

Condition also varied between these two properties. The West 4<sup>th</sup> Street townhouse is being completely rebuilt. It was originally a film studio, not a house, and it is still being renovated. The buyer bought the house as it existed at the date of sale; "raw space with new mechanicals." Among these mechanicals were central air conditioning and a hydraulic elevator.<sup>3</sup> By contrast, the house on Washington Place was owned by the same family since 1880 and left largely untouched.

Finally, the West 4<sup>th</sup> Street house is on a superb block, just south of the Bank/West 4<sup>th</sup> Street intersection, which features two trendy cafes and an antique store. The block itself, between Bank and West 11<sup>th</sup> Streets is narrow, tree-lined, secluded, and complemented by elegant townhouses lining both sides of the street. The townhouse on Washington Place is east of Seventh Avenue, not a prime location, on a wide street and facing a Catholic School.

One conventional index of value that the West 4<sup>th</sup> Street townhouse lacked was historic detail. By contrast, the home on Washington Place had been left untouched since the late 19<sup>th</sup> Century; it had a tasteful dark red brick façade and lots of historic detail, despite its low sale price.

### ***The Most Expensive: Above \$10,000,000***

#### Sales:

In addition to the \$14,000,000 townhouse on West 4<sup>th</sup> Street, three other West Village townhouses have sold since January 1, 2007 for over \$10,000,000. A beautiful Federal townhouse on Bank Street, between West 4<sup>th</sup> Street and Bleecker, sold for \$12,500,000 (\$2,552/sf). A 4,536 square foot townhouse on Grove Street, between Bleecker and Bedford, sold for \$10,900,000 (\$2,403/sf). Most recently, a more contemporary townhouse on Jane Street, just east of Washington Street sold in January 2008 for \$13,425,000 (\$2,685/SF). Like the 6,000 square foot West 4<sup>th</sup> Street townhouse, these other three sales are large townhouses with over 4,000 square feet of available floor space and two of them—the houses on Bank and Grove Streets—are located on beautiful West Village blocks. The townhouse on Jane Street is not on a typically beautiful block—there are a number of non-residential buildings nearby--but it is also close to the Meatpacking district which has become a very desirable location, and where buyer expectations are somewhat different. Additionally, the Bank Street, Grove Street and Jane Street houses all had extensive renovations prior to sale.

Given that the \$14,000,000 house on West 4<sup>th</sup> Street was not fully renovated when it sold, why did it sell for more? The immediate answers are size and spaciousness. It is over 1,000 square feet larger than the other three townhouses, and it is 38' wide, whereas none of the other three townhouses selling for over \$10,000,000 were more than 25' wide. Furthermore, townhouses with more than 6,000 square feet are very limited in the West Village. There were

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no other sales in 2007 of townhouses over 6,000 square feet, and there are only two others currently available. One of them is an enormous townhouse containing over 20,000 square feet on Jane Street; it has a contract signed with a last asking price of \$38,500,000; \$1,925/SF. The other, a 6,400 square foot house on West 4<sup>th</sup> Street, just south of Charles, is asking \$11,250,000 (\$1,758/SF).<sup>4</sup>

While all four townhouse sales that sold for over \$10,000,000 contained more than 4,000 square feet, this by itself does not guarantee a townhouse will sell for more than \$10,000,000. The sale of a 4,200 square foot townhouse on Bank Street for \$6,750,000 (\$1,607/sf) and the sale of a 4,600 square foot townhouse on Grove Street for \$6,900,000 (\$1,493/SF) both provide an interesting contrast. Each of these homes are on respectively beautiful townhouse blocks. However, the Grove Street house is currently divided into separate apartments and the Bank Street dwelling, along with having no backyard, has very dated renovations and had unappealing industrial facade. These negatives reduced the prices of both houses to below \$7,000,000.<sup>5</sup>

Our analysis of townhouse sales over \$10,000,000, shows that these townhouses contained more than 4,000 square feet, but that this needed to be combined with other desirable features—a trendy location, recent renovations, and usually both—for a townhouse to sell for more than \$10,000,000.

### Listings:

How do townhouse sales over \$10,000,000, correspond to townhouses that are *asking* over \$10,000,000? In a limited sense, there is a fair amount of consistency. Of the 23 townhouses available, eleven were asking over \$10,000,000. Of these eleven, eight of them contained more than 4,000 square feet and most of them have been significantly renovated. In addition, none of these townhouses are in less desirable areas; east of Seventh Avenue or close to Houston Street for example.

However, what we also see from the listings is that both sellers and brokers think that prices can go higher. There are three obvious indications of this. The first is that of the 23 townhouses currently available, almost 50% are asking above \$10,000,000. This is significant contrast to our figures for actual sales since January 1, 2007, where the number of townhouses selling for over \$10,000,000 was less than 20% of West Village's 21 townhouse sales. The second indication is that unlike 2007, where every townhouse that sold for over \$10,000,000 contained more than 4,000 square feet, there are currently three townhouses asking over \$10,000,000 that are smaller than 4,000 square feet. Two of them, an early 19<sup>th</sup> century townhouse on Perry Street, just east of Bleecker (\$11,995,000; \$3,635/SF) and a newly renovated townhouse on Jane Street, just west of Eight Avenue, (\$10,750,000; \$3,265/SF) actually contain less than 3,500 square feet.

The last indication that sellers think the market can go higher is that five of the available townhouses are asking more than \$14,000,000. Take the example of a 4,600 square foot Bank Street home which is asking \$15,750,000 (\$3,424/SF). This townhouse is on beautiful block, between West 4<sup>th</sup> and Bleecker, but it actually needs some work, according to the broker. Compare this with the \$12,250,000 (\$2,552/SF) sale of the Federal townhouse on the same block this past June. Both townhouses are 25' wide and are similar in size. However, while the townhouse that sold was meticulously renovated, the listing has dated renovations. And yet the

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listing is asking \$15,750,000, \$3,500,000 more than a similarly-sized townhouse on the same block sold for less than one year ago.

Another example is of a large, 5,550 square foot townhouse on West 10<sup>th</sup> Street, between Bleecker and Hudson Streets, which is asking \$20,000,000 (\$3,604/SF). It has been on the market for this price since April 2007. This townhouse encompasses two lots; the front part of the house is long and narrow, the rear section of the house is more square. While it is technically in the prime area of West Village, its block is not entirely secluded, and the entrance is next to a restaurant. This house has, of course, been extensively renovated, but will this allow it to sell for \$3,604/SF? After remaining on the market for almost nine months, the answer so far is no. Almost all townhouse sales in 2007 were on the market for less than seven months before going into contract.

Four of the eleven townhouses asking over \$10,000,000 are part of the new Superior Ink townhouse development on Bethune Street, and are asking \$17,250,000 (\$3,539/SF) for the largest and \$10,950,000 (\$2,861/SF) for the smallest. These will range between 4,874 and 3,828 square feet, and are still in the early stages of construction.

### ***The Low End: \$3,000,000-\$5,000,000***

#### Sales:

On the low end of our sales analysis, condition and location also play major roles, but size has tended to be less significant. The un-renovated house on Washington Place was one of four sales that sold in 2007 for under \$4,000,000. The others were a tan house on Horatio Street (\$3,950,000; \$1,175/sf), a Federal townhouse on Commerce Street (\$3,850,000; \$1,750/sf), and most recently a house on Downing Street for \$3,850,000 (\$1,750/SF). Three of these properties lacked recent renovations. The house on Washington Place had remained largely untouched since 1880, the Horatio Street townhouse had renovations dating from the 1970's and the house on Commerce Street was in excellent condition but did not have recent renovations or central air. Three of these properties were also impacted by additional negatives.

The houses on Washington Place and Downing Street are east of Seventh Avenue and considerably less desirable for that reason alone. The tan Horatio Street house was on a very nice townhouse block, near the Meatpacking district, but this house had been divided into four separate rental units, which is no longer desirable.

Of the four sales under \$4,000,000 only two of them—the houses on Commerce Street (2,200sf) and Downing Street (2,788sf)—could be considered "small". The average square footage of sold townhouses in 2007 was 3,440. The Horatio Street townhouse contained 3,360 square feet and the dwelling on Washington Place contained 3,528 square feet, yet neither of these properties were renovated and both sold for under \$4,000,000. What this tells us is interesting: buyers are saying that they will not pay a premium for space alone.<sup>6</sup> As we saw previously, this is also consistent with larger, more expensive properties such as the \$6,750,000 townhouse on Bank Street that sold for a discounted \$1,607/SF because tired renovations, unappealing façade and no backyard.

Our analysis of less expensive townhouses also reveals that buyers will pay more for smaller townhouses if the location is right. Consider the sale of a small, but beautiful townhouse at the west end of Bank Street, just east of Washington, which sold for \$4,500,000 (\$1,953/sf). This

townhouse contained only 2,304 square foot and had not been renovated in many years. However, it was on a very beautiful Bank Street block, among a beautiful row of matching townhouses, and the townhouse itself was an older Federal design. Like the unspoiled house on Washington Place, the townhouse on Bank Street had lots of beautiful historical detailing inside and was un-renovated, but the Bank Street house sold for \$1,000,000 more despite being quite a bit smaller and more narrow. Buyers will also pay more for smaller, renovated townhouses in crummy locations. Another house on Commerce Street sold for \$4,100,000 (\$1,627/sf). This three story house contained just 2,520 square feet and was in a terrible location; very close to the corner of busy Seventh Avenue. But it had been recently renovated and managed to squeak above \$4,000,000.

Listings:

Perhaps what is most fascinating about the low end of the townhouse market in the West Village is the current discrepancy between sales and listings. Seven townhouses—33% of the townhouses that sold in the West Village after January 1, 2007—sold for under \$5,000,000. By contrast, only two houses in the West Village under \$5,000,000 are currently listed. This is the logical counterpart to what we saw at the high end of the market where there were many *more* listings than sales. Brokers and sellers are banking on the traditional surplus of buyers for West Village townhouses, and are pricing them very aggressively.

***Moving Towards the Middle: Quality over Quantity***  
***\$5,000,000-\$10,000,000***

Sales:

In the previous section we saw how a small townhouse can sell for a premium if it is in a good location or has been recently renovated. But what about smaller townhouses that have been recently renovated *and* are in excellent locations? The reader may have already guessed the answer: such a townhouse sells for an even greater premium. Indeed, the majority of sales that fall into this middle category are smaller townhouses that have recent renovations and are on great blocks. Six of the ten townhouses that sold between \$5,000,000--\$10,000,000 in 2007 were below the square foot average of 3,440, and five of those contained less than 3,100 square feet. These smaller townhouses sold for high per square foot prices and seemed to reach a maximum sales price of around \$7,000,000.

Consider a tiny Federal townhouse on West 12<sup>th</sup> Street, which sold in August for \$5,980,000 (\$2,831/sf). It contains only 2,112 square feet just 22'x 24'. This house has no library and no real master bedroom (there are two smaller bedrooms). However, it had been newly remodeled, with a combination of modern and historic renovations, sports of beautifully historic façade, and it is also on a beautiful and chic West Village block---between West 4<sup>th</sup> and Greenwich Avenue.

Just east of the previous townhouse, a slightly larger townhouse on West 12<sup>th</sup> Street sold in April 2007 for \$6,995,000 (\$2,623/SF). This house contains 2,667 square feet and is only 16'8" wide. It is in a mid-block location on one of the most beautiful townhouse blocks in the West Village. Both West 12<sup>th</sup> Street sales are of older Federal townhouse that were fully renovated and restored. Other similar sales are of two houses at the western end of Waverly

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Street, along with a tall, four story townhouse on Charles Street with a plain facade. These are all narrow townhouses that contain between 3,000-3,300 square feet; they are selling for \$6,800,000, \$6,127,000 and \$7,050,000 respectively. All three are all located on quaint townhouse blocks and all three have been restored.

What we see with all five of these sales is a pattern of smaller, renovated townhouses on excellent blocks selling for premium square foot prices, but also reaching a maximum sale price of around \$7,000,000. There were only two townhouses that sold in 2007 for between \$7,000,000-\$10,000,000 and both were significantly larger than those selling for less.

One sale was of a Federal townhouse on Jane Street, between Hudson and Greenwich, for \$7,900,000 (\$1,959/sf) and the other was of a house on Perry Street, between West 4<sup>th</sup> and Waverly, which sold for \$9,100,000 (\$2,492/SF). Both of these townhouses were around 4,000 square feet, and on good blocks. However, the Jane Street townhouse had not been recently renovated and the renovations for the Perry Street townhouse, while recent, were not of the highest quality.

### Listings:

Of the ten townhouse listings asking between \$5,000,000--\$10,000,000, seven of these are smaller townhouses that have been renovated and are on great blocks. However, the current asking prices for these townhouses reveal two challenges to sale prices in 2007.

The first is that sellers and brokers are trying to increase the price per square foot premium overall. For sales of smaller, renovated townhouses on good blocks in 2007, per square foot prices ranged between \$2,132 and \$2,831. By contrast, current listings of smaller, renovated townhouses on good blocks are asking significantly more, between \$2,474/SF and \$3,269/SF. Three of these listings are asking more than \$3,000/SF.

In 2007 there were no smaller townhouses that sold for significantly more than \$7,000,000. Currently, however, there are two listings of smaller townhouses that are asking quite a bit more than \$7,000,000. The more expensive of these is a beautiful Federal townhouse on West 11<sup>th</sup> Street, between West 4th and Bleecker, which is asking \$9,600,000 (\$3,265/SF). This house contains just under 3,000 square feet, with access to a large shared garden that is privy to several other prestigious townhouses around the block. It is on an excellent block, although a bit close to a restaurant on Bleecker Street. The other listing is a 2,600 square foot house at the western end of Bedford Street, which is asking \$8,500,000 (\$3,269/SF). This is also a very beautiful, recently renovated townhouse, on a historic block. However, neither townhouse is large enough to have warranted this asking price last year. Both came on the market in December 2007.

We note that two smaller, renovated townhouse listings are currently in contract. However, both of them are asking less than \$7,000,000 and below \$2,800/SF.

### ***Final Thoughts***

Throughout this analysis, we see that sale prices of West Village townhouses, have been generated through specific *confluences* of desirable features, or lack thereof. Townhouses selling for more than \$10,000,000 tended to be over 4,000 square feet with recent renovations and located on beautiful or trendy blocks. Larger townhouses on good blocks, but with fewer or

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dated renovations tended to sell between \$7,000,000 and \$9,000,000. Townhouses selling between \$5,000,000 and \$7,000,000 tended to be smaller, but highly renovated and on great blocks. Finally, townhouses selling for less than \$5,000,000 often had only one of these desirable aspects. Almost all of these properties were in poor locations, and most of them had not been renovated.

One of the more interesting ways we see the market operating under the confluence principle is the valuation of historical detail. As we saw with the unspoiled home on Washington Place—a decently sized, unrenovated townhouse on a less desirable West Village block—historical detail does not readily translate into value without other *accompanying areas* of desirability. By contrast, the tasteful Federal townhouse at the far end of Bank Street (\$4,500,000) was on a beautiful townhouse row and sold for \$1,000,000 more even though it was significantly smaller and unrenovated. Obversely, a contemporary townhouse on a beautiful Bank Street block sold for a price per square foot discount, in part because its industrial-style façade clashed with the surrounding aesthetic.

The most striking pattern we note in our analysis is how, across the board, townhouses were priced much higher at the end of 2007 going into 2008. Only two townhouses in the West Village are asking less than \$5,000,000, close to 75% of those available are asking over \$7,000,000, and almost half are asking above \$10,000,000. Perhaps most telling is that nine of the 23 available townhouses are asking above \$3,000/SF, which no West Village townhouse sale reached in 2007. In 2007, eleven of 21 townhouses sold for less than \$2,000/SF. Currently, there are just four townhouses asking less than \$2,000/SF. This indicates a strong assumption among sellers and brokers that sale prices are increasing

There are currently an unusually large number of townhouses available in the West Village; 23 listings, sixteen of which became available within the last three months. Six of these listings are in new developments that are still in the early stages of construction, and four others are currently in contract. There are significantly more available West Village townhouses for purchase than we found earlier in 2007, when available listings were in the single digits. Will such aggressive pricing pay off in the present economic environment? It is too early to tell.

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<sup>1</sup> Along with single family townhouses, we have also included multi-unit townhouses which are vacant and likely to be converted to single family by a new owner.

<sup>2</sup> We first began our research in July 2007, updated it in late September 2007, and then updated it a final time in January 2008. Our previous searches revealed available listings in 2007 to be in the single digits. Suffice to say, the number of current listings is a sharp increase from our two previous "snapshots" in 2007.

<sup>3</sup> Any references made to condition and/or interior space townhouses in this article comes from conversations with brokers, Real Plus listings, or both.

<sup>4</sup> One reason for this lesser price per square foot is that the house had been divided into apartments and, according to the broker, "needs work." Another reason is that its large size is a result of its depth, not its width; its dimensions are 23x76.

<sup>5</sup> Another interesting question raised by the sale of 48 Bank Street is the desirability of historic detail. 48 Bank Street is an industrial-style townhouse on a beautiful, historic block. 48 Bank Street's modernist look would actually be more "at home" in this area of the West Village close to the meatpacking district, where there are some townhouses (such as 38 Bethune Street, which also has a modern facade and was available earlier this year for \$15,000,000; \$2,806/SF). In its actual location, 48 Bank Street clashes with the aesthetic on the rest of the block.

<sup>6</sup> The exception is, of course, for townhouse that are unusually large—over 6,000 square feet.