

The Value of Views and Floor Height
On Fifth Avenue and Central Park West

The basis of this study is a search of cooperative and condominium sales on Fifth Avenue and Central Park West from the beginning of 2010 and through August 21, 2011. In order to estimate the value of views and floor height on Central Park, “matched pairs” were selected; these are apartments in the same vertical “line”, with the same plan and exposures. In real estate appraisal, the principle of this type of analysis is that the matched pairs are identical in all characteristics, except one. In this case, the matched apartments ideally by only floor height and view. However, perfectly matched apartments are very hard to find. In addition to views, they may vary by other factors, including the following.

--Condition. Some have been remodeled recently; others were remodeled some years ago, or have never been redone. Remodeling is time consuming and expensive and can have a large impact on value.

--Date of sale. 2010 and the first eight months of 2011 were a period of market recovery from the worst of the financial crisis, but did not yet reflect the impact Standard & Poor’s down-grade of US debt in August, and ongoing sovereign debt crisis this fall. A review of sales data published by Miller Samuel Inc., indicates quarterly variation in average square foot prices, in most size categories, without clear appreciation until the third quarter of 2011.

Nevertheless, along with “pairs” that varied, my research uncovered a number of similar apartments, differentiated by view and floor height, that were virtually identical in other factors. Detailed descriptions of each pair follow the conclusions.

The Value of Central Park Views

The most commonly asked questions relate to the value of Central Park views; in this analysis, I was specifically interested in estimating the view premiums for apartments above the Central Park tree-line, as opposed to those that face the Park, but do not clear the trees. There were very few of these matches available during the time period studied. Indeed, I found matched pairs and trios in only seven buildings, but the data is nevertheless interesting in its inconsistency.

In some examples the park view contributed about 20% +/- to the sale price, a premium that does not seem at all unreasonable. In other cases the premium is much larger, as high as 43%, 45% or 67%, but in two of these cases, the lower floor sale was on the second floor.

Finally, in a couple of examples, the non-view apartment sold for the same or more than the higher floor apartment, facing the park, and differences in dates of sale and condition do not account for the unexpected lower floor premium.

The Value of Floor Height

Higher floors are generally preferred due to better views and light and are generally assumed to be more valuable. Still, view differences in these cases are much less distinct than between apartments above and below the Central Park tree line.

Among these matched pairs, I found eleven examples where higher floors sold for higher prices. The premiums ranged from less than 1% to as much as 10% per floor. Among many of the remaining examples, the lower floor apartment was in better condition, and it sold at the higher price. However, there were three examples where the lower floor sold for more, for no apparent reason. The per-floor premiums for the lower floor were 3.6%, 3.9% and 10%.

Conclusions

The conclusion to draw from this research is not that Central Park views or floor height have no value, but that other factors, including availability and the vagaries of individual buyers and sellers, that may have greater impacts on price.

All of the sales examined here were re-sales. The simultaneous availability of a number of similar apartments in a new building, varying primarily by height and view, allow a pricing structure that more clearly reflects these differences. However, in the resale market, on Central Park, simplistic attempts to quantify the values of view or floor height are misguided and may be difficult to support with the available sales data.

Larry Sicular
November 19, 2011

Who is Larry Sicular?

He is an Associate Broker and Vice President at Brown Harris Stevens, in the Edward Lee Cave Division, and a member of the Appraisal Institute (with both the MAI and RM designations). He holds state licenses in both appraisal and brokerage. Previously he was Executive Director of Brown Harris Stevens Appraisal & Consulting LLC and Managing Director of Douglas Elliman Appraisal & Consulting. He is an arbitrator with the American Arbitration Association and an adjunct professor at New York University's Schack Institute. Mr. Sicular is a graduate of Princeton's Woodrow Wilson School and Columbia University's Graduate School of Business.

Detail on the Value of Central Park Views

At 912 Fifth Avenue, a pre-war cooperative at East 73rd Street, apartment 7A sold in July of 2011 for \$5,100,000, and apartment 4A sold for \$4,000,000 in August 2010. Both were eight room apartments, originally with three bedrooms, and with two rooms facing Central Park. The fourth floor faces into the trees, whereas, according to a listing photograph, the 7th floor faces to and over the tops of the trees. These were described as having been in poor or estate condition. The \$1,100,000 difference, or 27.5% premium, might be considered a reasonable estimate of the value of the difference in the views, except that there is nearly a year's difference in the closing dates.

Review of market trend data published by Miller Samuel Inc. indicates some upward trend in three-bedroom prices during this period. The actual increase in the third quarter average square foot prices from 2010 to 2011 was 8.49%, suggesting that the value of view difference, in this case, was 19% (27.5% - 8.49%).

At 923 Fifth Avenue, a post-war building and one of the rare condominiums on Fifth Avenue, apartment 11C, with 1,386 square feet, two bedrooms and open park views, sold for \$4,500,000 in June of 2011. Apartment 7C, looking to and over the tops of the trees, sold in October 2010 for \$3,562,000, and apartment 2C sold for \$3,150,000 in June 2011. 2C faces the park, but below the tree line.

In this case, apartments 11C and 7C are identical in plan, with balconies, although 7C's balcony was enclosed. However, 2C has about an additional 80 square feet, without the balcony.

Regarding 11C, there was no information about its condition, except that it was "beautifully decorated". 7C was in "excellent" condition with a "tastefully renovated master bath and modern, windowed kitchen", a "mint, sophisticated residence". 2C was in "good" condition.

The difference between the sale prices of 2C and 11C was \$1,350,000, and the sales closed in the same month. The buyer paid a premium 43% for the view and height of 11C, the balcony, and whatever differences there were in condition. The slightly greater size of 2C and higher carrying costs, which were \$3,078 for 2C and \$2,661 for 11C, were no more than a minor offset.

Regarding 7C, its remodeled condition and just-over-the-tree-line views merited a \$412,000 premium (13%) over the sale price of 2C. 7C sold in October 2010, but a review of the market average does not indicate a clear difference in two-bedroom sale prices.

The more open views and higher floor of 11C captured an additional \$938,000 (26%), relative to the sale price of 7C. Again, differences in condition may affect the result.

At 936 Fifth Avenue, a post-war cooperative at 75th Street, apartment 7A, a six-room apartment with two rooms on the Park, sold in November 2010 for \$3,382,500. This apartment had views to the tree-tops with some skyline view beyond them. Apartment 12A, with open views, sold in August 2010 for \$4,175,000, a 23% premium. 7A was a traditional apartment that had been "beautifully renovated." 12A had a contemporary renovation in "mint" condition.

At 956 Fifth Avenue, a pre-war cooperative at 77th Street, the 5th floor sold for \$7,500,000 in January 2010. The 10th floor also sold in January 2010 for \$12,500,000, a 67% premium. These are full-floor apartments, originally with two bedrooms and a library. Although both had been remodeled, I am advised that the 10th floor was a much better apartment, in part because the 5th floor had been re-designed for a couple.

At 1035 Fifth Avenue, a pre-war cooperative at 85th Street, apartment 2B, facing the park, sold in July 2010 for \$5,350,000. It was meticulously renovated. Apartment 10B sold in November 2010 for \$7,750,000. These are nine-room apartments in a building designed by J.E.R. Carpenter. The premium for the higher floor was 45%, not accounting for its likely lesser condition.

At 1 Central Park West, the Trump International Hotel and Tower, the lower floor units are condominiums, furnished and operated by the hotel, when the owners are absent. Apartment 606, a one-bedroom apartment of 943 square feet, sold in August 2010 for \$1,600,000. This apartment faces into the trees of Central Park. Apartment 806, identical in plan, sold in January 2010 for \$1,605,800. This apartment clears the tree line, yet the prices were virtually identical.

At 320 Central Park West, The Ardsley, a pre-war cooperative at 92nd Street, apartment 4B sold for \$2,653,700 in August 2011. It was in "very good" condition. Apartment 11B sold in December 2010 for \$2,270,000, an estate apartment, meticulously maintained, and with excellent park views. In this case, the higher floor sold for about 14% less, but it sold earlier, and both the one and two bedroom market segments show some appreciation between the end of 2010 and the third quarter of 2011. These are five room apartments, in a classic layout that includes one bedroom, a formal dining room, and a maid's room.

Detail on the Value of Floor Height

At 880 Fifth Avenue, a post-war cooperative, apartment 3K sold for \$1,375,000 in January 2010. The apartment was described as having been in "good" condition. Apartment 8K sold in March 2010 for \$1,600,000. This apartment was "flawlessly" renovated with renovated marble baths and a "stunning" chef's kitchen. These are two-bedroom, 4.5-room apartments facing south to 69th Street. The 16% premium may have more to do with condition, than it does with floor height.

Also at 880 Fifth Avenue, a post-war cooperative, apartment 6L sold for \$970,000 in January 2011. Apartment 10L sold for \$1,300,000 in July 2010. These are four-room, one-bedroom apartments with 1.5 baths at the rear of the building. I have no information on the condition of apartment 6L. Apartment 10L, however, was fully renovated, so the 34% price difference likely reflected both floor height and condition.

At 1 East 66th Street, a very exclusive post-war cooperative, apartment 4D sold in November 2010 for \$2,225,000 and apartment 3D sold for \$2,400,000 in April 2011. Both were four room

apartments in good condition, although I am told that the lower floor was in better condition. In this case, the lower floor sold at a 7.9% premium.

At 785 Fifth Avenue (Park V at 60th Street), apartment 14C, with direct Central Park views, sold in February 2011 for \$3,000,000. It is a five-room, two-bedroom apartment, with a dining room, and I am told it had a highly stylized and expensive renovation that was no longer new. In March 2011, apartment 12C, also on the park, sold for \$3,500,000. The listing here indicates that the apartment was in “mint, fully-renovated condition. In this case the lower floor sold at a 17% premium, probably due to its condition.

At 900 Fifth Avenue, another post-war cooperative, apartment 7C sold for \$2,200,000 in March 2010. Apartment 8C sold in July 2010 for \$2,000,000. Both were six-room, two bedroom apartments, facing towards the Frick and Central Park, and both needed work. Judging by a listing photo, 8C partially clears the tree-line, 7C presumably less so. In this case, the lower floor sold at a 10% premium at an earlier date.

At 980 Fifth Avenue, a post-war co-op at the north side of East 79th Street, apartment 3B sold for \$6,075,000 in April 2011. This is a six-room, two bedroom apartment that was newly renovated, with a terrace at the rear, facing townhouses.

Apartment 20B, also with six rooms, sold in July 2010 for \$4,225,000.

Apartment 23B, sold in June 2010 for \$4,350,000.

Both 20B and 23B have park and city views, and both were in “good” condition.

The 3% (1% per floor) difference in the sale prices of 20B and 23B is almost perfectly attributable to floor height.

Condition and good fortune had an enormous impact on the sale price of 3B, which sold at a 39.6% premium over 23B. Arguably the terrace may have contributed to this premium, although terraces on low floors do not typically add a lot of additional value.

At 1025 Fifth Avenue, a post-war cooperative complex with a large central garden, apartment 4FN sold in May 2010 for \$1,550,000. Apartment 7FN sold in June 2011 for \$1,800,000.

These are 4.5 room apartments with 2 bedrooms and separate dining areas facing south to the garden. Apartment 4FN was nicely renovated, but the work was not new. Apartment 7FN was in pristine move-in condition. The premium for the higher floor was 16%, but the difference may have been entirely due to condition.

At 1056 Fifth Avenue, a post-war cooperative at 87th Street, apartment 5C sold for \$2,000,000 in January 2011. Apartment 6C sold in April 2010 for \$2,200,000. Both are six room apartments facing into the trees of Central Park. Neither was extensively remodeled, although 6C may have been in better condition. The premium for one floor was 10%.

At 1148 Fifth Avenue, a pre-war cooperative, apartment 14C, with 9 rooms, sold for \$3,450,000 in March 2011. The apartment needed work. Apartment 6C sold in May 2011 for \$4,350,000. This apartment was in “mint” condition. Both apartments face north to 96th Street, with angled views of the Park. Clearly in this case, condition had much more impact on value than did the differences in height and view.

LAWRENCE SICULAR & ASSOCIATES

At 1 Central Park West, the Trump International Hotel and Tower, apartment 408, a one-bedroom unit with Central Park and Columbus Circle views, sold for \$1,450,000 in August 2010. Apartment 308 sold in March 2011 for \$1,400,000. Both were in “excellent” condition. In this case, the lower floor sold for an additional 3.6%.

Apartment 1014, a one-bedroom apartment that faces west, sold in May 2011 for \$1,175,000. Apartment 1114 sold in June 2010 for \$1,200,000. Here the higher floor sold for an additional 2%.

Apartment 1222, with views of Broadway and partially of Central Park from the living room, sold in June 2011 for \$1,000,000. Apartment 1622 sold in November 2010 for \$1,342,381, with spectacular views of the Manhattan skyline and beyond. In this case the higher floor sold for an additional 34% (8.5% per floor).

At 15 Central Park West, the iconic new condominium designed by Robert Stern, apartment 26C sold for \$16,500,000 in March 2011. Apartment 36C sold for \$19,000,000 in September 2010. These are 7 room apartments of about 2,700 square feet, with three rooms on the park and two facing west towards the Hudson River. Here the premium for the higher floor was 15%, or 1.5% per floor.

Also at 15 Central Park West, apartment 24B sold in December 2010 for \$8,830,000. Apartment 25B sold in June 2010 for \$8,499,620. These are four room apartments of 1,736 square feet with views of Central Park. In this case the lower floor sold for an additional 3.9%.

At 55 Central Park West, a pre-war cooperative at 66th Street, apartment 4G sold in June 2010 for \$1,750,000. The apartment was in “mint”, “ready-to-move-in” condition. Apartment 5G, in only fair condition, sold for \$1,500,000 in May 2011.

Also at 55, apartment 8B, a one-bedroom apartment with side-street views, sold in July 2010 for \$835,000. Apartment 4B, which was beautifully renovated, sold for \$998,000 in January 2011.

At 65 Central Park West, apartment 12D sold in March 2011 \$2,725,000. It was in “good” condition. Apartment 11D sold in May 2010 for \$2,847,202. It was a sponsor sale, in only “fair” condition. These are five room apartments facing Central Park. Sponsor sales typically do not require board approval, which in this case may account for the premium price for the lower floor.

At 80 Central Park West, a post-war high-rise, apartment 23D, an “exquisitely renovated” one bedroom apartment with Central Park views, sold in April 2010 for \$1,350,000. Apartment 22D sold un-renovated for \$1,325,000 in October 2010.

At 91 Central Park West (69th Street), at the back of the building, apartment 8E sold for \$1,450,000 in April 2010. Apartment 4E sold for \$1,352,000 in August 2010. The premium for the higher floor was 7.2%, 1.8% per floor. I have no information on the condition of either apartment.

At 101 Central Park West, one of the finest buildings on the Avenue, apartment 11E, with 9 rooms and four rooms on Central Park, sold in August 2010 for \$12,100,000. It was beautifully renovated, with central air and sound systems, top-of-the-line kitchen, etc. Apartment 12E sold for \$9,750,000 in September 2010. I am advised that the apartment was in good condition, but not redone.

At 145 Central Park West, the San Remo, apartment 8A, 7 rooms with open views west, sold for \$6,600,000 in July 2010. The apartment was described as impeccably maintained and in excellent condition with a renovated kitchen and original pristine baths. Apartment 7A, in highly renovated condition, sold for \$7,400,000 in May 2011.

Also at the San Remo, apartment 2G, sold for \$4,680,000 in July 2010. The apartment was in excellent condition. The kitchen was renovated with restored original steel and glass cabinets. The baths had the original tiling with updated fixtures. A powder room had been added, and there was a combination of central and through-the-wall air-conditioning. Apartment 4G sold in January 2011 for \$4,800,000. I am advised that it was in very good condition, renovated within the last 10 years, with the original windows and an added powder room. These are eight room apartments facing north to 75th Street. The higher floor sold for 2.6% more (1.3% per floor).

At The Beresford, 211 Central Park West, there were several sales of 6-room apartments in the J-line, which faces north and has some open views, on the higher floors, to the northwest. Apartment 5J sold for \$2,925,000 in June 2010. It was in "good" condition. Apartment 8J sold for \$3,000,000 in July 2010. This one needed some work. Apartment 2J sold for \$2,800,000 in February 2011 (no further detail), and apartment 12J sold for \$2,907,000 in July 2011. (Very dated decorating in the photos.) In these examples, floor height does not appear to have made much difference.

At 239 Central Park West, a pre-war cooperative at 84th Street, apartment 5C, six rooms facing south and west and beautifully renovated, sold for \$1,765,000 in July 2010. It is at the rear of the building; the quality of the views was apparently poor. Apartment 6C sold for \$1,800,000, also in July 2010. This apartment has open city views. The apartment had some contemporary renovations and central air-conditioning, but their age is not clear.

At 257 Central Park West, apartment 7A, with 8 rooms and direct Park views, sold for \$3,900,000 in October 2010. It faces to and over the treetops. Apartment 6A sold in August 2011 for \$3,900,000. Both were in "excellent" condition. However, market averages in the three-bedroom segment indicate appreciation in the third quarter of 2011. The square foot price average was 12% higher than in the last quarter of 2010.

LAWRENCE SICULAR & ASSOCIATES

At 279 Central Park West, a 1988 condominium, apartment 9C sold in January 2011 for \$2,613,500. It was in “good” condition. Apartment 8C sold for \$3,035,000 in July 2011. It had been reconfigured and renovated. These are six-room, three bedroom apartments of about 1,800 square feet, facing primarily south. I am advised that the views were the same. Again, appreciation in the three-bedroom segment accounts for some of the difference.

At 320 Central Park West, apartment 10I, a 4.5 room apartment with street views north from the living room, sold for \$1,450,000 in July 2010. (It had a renovated eat-in kitchen and restored baths.) Apartment 5I sold for \$1,212,500 in January 2011. (It had a dramatic new kitchen.) The higher floor sold for a 19.5% premium. (3.9% per floor)

At 327 Central Park West, a pre-war condominium at 93rd Street, apartment 9C, a 956 square foot one-bedroom unit, sold for \$950,000 in May 2010. This was a very traditional, remodeled apartment in “mint” condition, facing 93rd Street. Apartment 12C sold in February 2011 for \$1,100,000. It was in “excellent” condition, with a renovated kitchen and 1.5 marble baths. The higher floor sold for a 15.8% premium. (5.3% per floor)

At 336 Central Park West (94th Street), a pre-war cooperative, apartment 9F, with six rooms, but not facing the park, sold in April 2010 for \$1,875,000. It was described as being in very good condition, including new windows and some renovations. Apartment 4F sold in May 2011 for \$2,480,000. It was described as being in “mint” condition with newly renovated kitchen and baths.

Also at 336 Central Park West, apartment 14D sold for \$620,000 in October of 2010. It had a renovated kitchen, one bedroom, 1.5 baths and open views. Apartment 8D sold in the same month for \$515,000. It was in very good condition with potential for a half bath. Views were described as “garden/skyline”. The higher floor sold for 20% more. (4% per floor)

At 353 Central Park West, a condominium at 95th Street, the 9th floor, with 2,733 SF, sold for \$4,150,000 in February 2010. It has three bedrooms and maid’s room and direct Park and skyline views. It was in very good condition. The 10th floor sold in May 2011 for \$5,000,000, 20.5% more. It was also in good condition. An increase in average 3-bedroom prices, of about 10.2%, may have contributed to this difference.