

***SALES DESPITE OVERSUPPLY
IN THE UPPER EAST SIDE TOWNHOUSE MARKET***

December 2016

Reflecting a fiercely fought election year, uncertainty in world financial markets and a slow-down in luxury real estate transactions, the Upper East Side townhouse market has been characterized by oversupply. Nevertheless, there have been a significant number of townhouse sales.

Overview

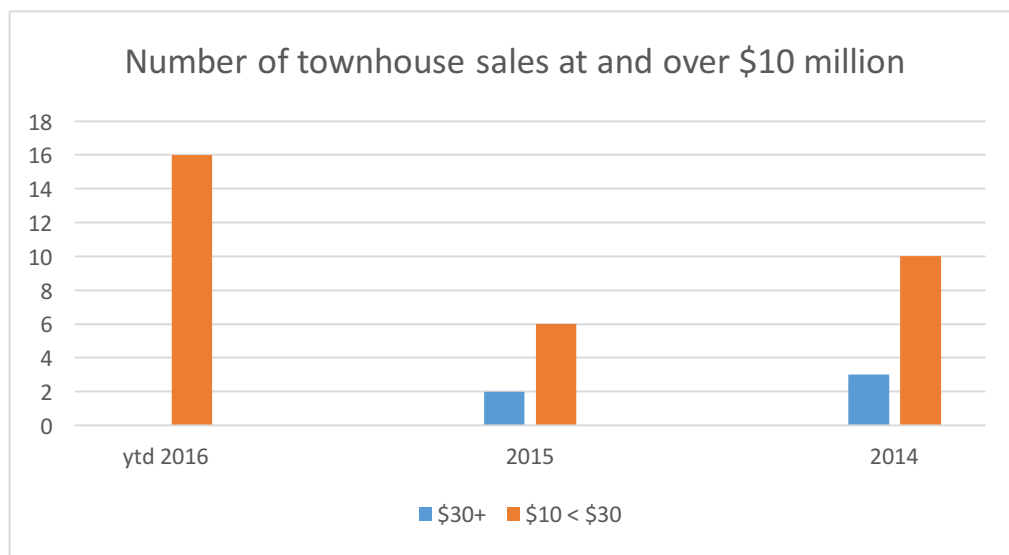
Forty townhouses, from Fifth to Lexington Avenues, and near Sutton Square, asking ten million dollars or more, were available as of December 7. Most of these were listed this year, but ten of these have been on the market since 2014 and 2015.

The vast majority of these listings are asking ten-to-under-thirty million dollars, with only eleven at higher prices. At the very top of the list are three houses available at \$72, \$75 and \$100 million dollars.

So far, in 2016, there have been sixteen sales of townhouses over \$10 million, but for six of these, the contracts were signed in the last quarter of 2015.

Only eight houses sold for ten million dollars or more in 2015 and only thirteen in 2014. In this prime part of the Upper East Side, thirty-seven houses have sold, for \$10 million or more since the beginning of 2014.

Despite a healthy rate of sales this year, inventory is huge relative to the rate of absorption, indicating either an extraordinary selection or overpriced listings.



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\$30 million or more

Among the eleven houses listed at \$30,000,000 or more, nearly all are located on 5th-to-Madison Avenue park blocks. Only two are further east. These houses tend also to be wide, with at least 20' and as many as 48'. The five highest priced townhouses are all wider than 30'.

So far this year, however, no houses have sold at, or over, \$30 million. And there were only two sales at this level in 2015 and three in 2014. Of these five, four were sold in off-market transactions, which means that, with or without brokers, they were never exposed to the market. One of these houses is only 17' wide. Another, at 116 East 70th Street, a 20' house with a distinctive copper bow front, sold in 2014 for \$31,000,000, but was then listed at \$28 and \$22 million and closed last month at \$19,000,000.

Just one of these top-priced houses sold in an open-market transaction, a French provincial house at 127 East 70th Street, that was built in 1965 for Paul and Bunny Mellon. The sale price was \$37,000,000 in January 2015.



A classical façade at 117 East 70th Street

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Houses at less than \$30 million

For the 29 houses asking less than \$30 million, ten are on park blocks; however, seven of these houses are in the East 90's. The remaining are located between Madison and Park or Park and Lexington Avenues. Most are narrower, with the widest measuring 35' and 26' and five others at 25'.

The sixteen houses that have sold this year at \$10 million or more, have all closed at less than \$30 million. The four highest-priced were 49 East 68th Street at \$20,400,000, 7 East 84th Street at \$27,000,000, 684 Park Avenue at \$25,000,000, and 57 East 64th Street at \$28,000,000.

Three of these houses have red brick and limestone Georgian facades, although the interiors varied widely. The two highest priced were designed by historically important architects, McKim Mead & White and Cass Gilbert. All were 25' or 26' wide.

The houses that sold at prices closer to \$10 million vary in style and location, but they do include houses on Park-blocks in the East 80's and 90's. These houses are more eclectic in style.



*Photo of 128 East 93rd Street
A historic clapboard house built in 1866*

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Other comments

There are two important indications from this research.

The number of \$10-million-plus townhouse sales in 2016 has actually increased. However, there have not been any transactions at the very highest townhouse prices.

Nevertheless, the number of prime, Upper East Side houses on the market is very large relative to the annual absorption of the past three years, which generally indicates that buyers are focusing on some combination of the very best houses and the most reasonable prices.

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