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GREATER NEW YORK

PROPERTY



More at Home in 4 Bedrooms

City Developers Add to Supply of Larger Apartments as Demand for Space Grows

By MELANIE LEFKOWITZ

After Louise Phillips Forbes had her second child, she didn't even consider moving to the suburbs. Instead, she sought a four-bedroom apartment in Manhattan.

"I joke around with my husband that we had a premp that said that we were raising our kids in the city," says Ms. Forbes, an executive vice president of Halstead Property. "For me, the ability to have a play date in a vertical environment, and not getting in my car and driving somewhere, is phenomenal."

The number of families living in the city has been rising in recent years as has the number of five-person families, according to U.S. Census estimates and state birth-rate data. Those factors, combined with a flood of larger apartments conceived at the height of the real-estate boom, have led to an increase in urban apartments with suburban proportions.

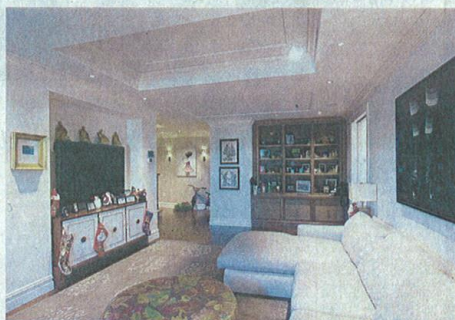
The number of four-bedroom apartments sold in Manhattan has nearly doubled over the past five years, to 270 in 2009 from 136 in 2005, according to the appraisal firm Miller Samuel Inc. Sales of large apartments began rising in the 1990s, only to decline sharply after the economic crash of 2001. But in the past five years they have resumed their upward trend, with sales of apartments with four or more bedrooms rising by 29% in the third quarter from the second quarter.

For many years, Manhattan buyers seeking four-bedroom apartments were largely limited to a handful of prewar buildings or they faced the often tricky process of construction to combine adjacent units. Ms. Forbes, for example, put together two apartments about four years ago.

But more new high-end buildings—especially those in such family-oriented neighborhoods as the Upper West and Upper East Sides—have included a higher proportion of large apartments, and developers and brokers say that those apartments are selling well.

"I believe what we're seeing is, the demographics of New York City over the last five years have really changed significantly, where you see a lot of young families electing to stay in Manhattan and not move to suburbia," said Susan de Franca, president of Related Sales, a unit of developer Related Cos. "There's a significant demand for family-sized apartments."

Starting around 2004, Ms. de Franca says, her company began

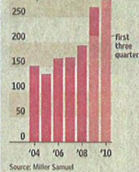


Determined to raise her two children in Manhattan, Louise Phillips Forbes, top, and her husband created a four-bedroom apartment from two units on West End Avenue. Above, the living room; below, master bedroom.



Selling Large

Sales of four-bedroom condos and co-ops in Manhattan



planning its new developments with these larger families in mind. Related's Brompton, on the Upper East Side, includes 27 apartments with four or more bedrooms, and the Harrison, which is on the Upper West Side and includes 10 apartments with four or more bedrooms. Both are "virtually sold out," she says.

Traditionally, new developments consisted mainly of studios and one- and two-bedroom apartments, brokers and developers say. Because they were priced lower, these apartments appeal to a larger segment of buyers and sold more quickly than larger units, so they are considered less of a gamble. But for some developers, that conventional wisdom is changing.

"In the locations where we were building, we felt it wasn't that big a risk," says Gary Bar-

nett, president of Extell Development Co. "We actually have deliberately built quite a few larger-sized apartments, and we have absolutely seen a very strong demand for them."

Over the past few months, he says, several four-bedroom—and even some five and six-bedrooms—have sold at the Lucida, a condominium tower at East 85th Street and Lexington Avenue. Large apartments also have sold at 335 West End and at the Ruskmore, at 80 Everside Blvd. Prices for the units have ranged between \$3.5 million and \$7 million, he says.

According to the U.S. Census's New York City Housing and Vacancy Survey, apartments with four or more bedrooms represented more than 12% of owner-occupied units in New York City in 2008, up from 1% in 2005. The

city's Buildings Department doesn't track new units by the number of bedrooms.

Because they remain relatively scarce, four-bedroom apartments cost more per square foot than three-bedroom units, which, in turn, cost more than two-bedroom apartments; prices for these large units can climb to \$20 million or more.

The median price per square foot for Manhattan four-bedroom apartments in new developments currently on the market is \$1,793, 11% higher than the median price per square foot of three-bedrooms and 46% higher than two-bedrooms, according to StreetEasy.com.

"If you can afford it, it's much more gracious to be able to have a larger space," says Extell's Mr. Barnett. "It's a nicer way of living."