

REAL ESTATE

## When \$7 Million Is Average for Manhattan

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By Jonathan J. Miller

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It's pretty much universal knowledge that Manhattan real estate is expensive. What isn't so well known is what's happening at the top of the market: Price increases have been crazy.

Ever since the financial crisis, housing prices for the most-expensive 10 percent of the Manhattan market have increased more than 15 percent. Compare that with the modest 2.5 percent gain for the remaining 90 percent of the market.

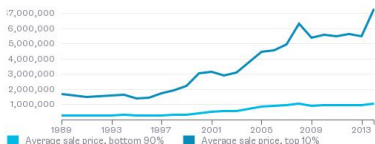
That translates into an average sale price of \$7.3 million at the top, or 6.7 times the \$1.09 million average for the rest of the market.

Here's another surprise: The scale of the disparity is pretty recent.

From 1989 until 2008, the pace of price appreciation in the two segments was almost identical. The average sales price of Manhattan's top 10 percent increased 276.2 percent and the remaining 90 percent rose 276 percent. After that, there was a bump in 2008 for the top 10 percent, followed by a few years of prices that moved sideways. Then there was this year's rocket launch -- prices are up 32 percent so far while the rest of the market is up only 10 percent.

### Heading for the Sky

Two tracks for Manhattan housing prices



Source: Miller Samuel

Some of the difference probably can be traced to the persistence of tight lending conditions and the bigger income gains for those at the very top compared with everyone else. Although about 45 percent of Manhattan sales are made without a mortgage, the highest 10 percent of the market is much less dependent on debt financing.

Expect a wider price gap in the years to come.

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