Fed Report Singles out Manhattan Apartment Market

If you are looking to buy a New York apartment – especially a luxury apartment – you are already familiar with the disconnect between Manhattan's real estate market and the national market.   While most markets are currently in free fall, Manhattan's prices have remained both incredibly high and incredibly resilient. Though some of the market has faced downward pressure on its prices the luxury New York City apartment market seems almost fully separated from the rest of the economy.

Everyone that works in the luxury New York apartment market already knows that, and it's nothing new.

That being said, the fed's “beige book” – published last week – almost makes that separation official. Talking about the entire country's real estate market in its general introduction, the report singles out Manhattan: “Districts that reported home prices all saw overall declines; one exception was the Manhattan co-op and condo market, where prices increased 5 percent compared with a year ago.”

This is held in stark contrast to the rest of the country. Indeed, even most of the other typically-hot markets took hits recently: “Residential real estate markets were generally weak over the last couple of months,” according to the report. “Sales were low in every District with very few local exceptions. Sales declines were particularly large in the Boston, Minneapolis,

Richmond, and St. Louis Districts; at least some respondents in each of these Districts reported drops in home sales of more than 20 percent year-over-year.”

The beige book – or “Current Economic Conditions” report, as it's officially called – is based on interviews by each of the twelve Federal Reserve Districts with bankers and industry leaders in each of district's most important sectors. Tighter credit and worries about the subprime crisis effected the vast majority of industries.

Eschewing the typically guardedly optimistic language of the report, the first sentence is a simple, brutally honest statement of fact: “Reports from the twelve Federal Reserve Districts suggest that economic growth has slowed since the beginning of the year.”

As the national economy worsens – about 90,000 jobs were lost in the past two months alone – the stark separation between the New York City Real Estate market and the rest o the country is good news for the city as a whole, if not for those who are seeing declining wages but still-huge housing bills.

Those interested in the luxury apartment market, however, should feel exceptionally lucky: They are in the hottest market in the country right now.

About the Author

Nicholas Adams Judge is a freelance writer specializing in business, politics and economics. He holds a B.A. in political science and will begin his PhD studies in political economy and public opinion next fall.

New York City Real Estate