

A Tale of Two Cities

In New York City, the condominium has been the symbol and substance of the last real estate building boom. As rents and property values soared, the city walked away from its traditional reliance on housing co-ops and into a brave new world of condo building. Though 85% of all [NY apartments](#) for sale are still co-ops, the condo market is the newer of the two. As new buildings full of hundreds of brand new apartments go on the market, vacancy rates rise and fall depending on the success of those new buildings.

As the market has slowly but steadily shifted towards a buyer's market again, new worries about the health of the condo market have begun to surface. Owners of many new condo buildings are starting to feel the market pressure come down on them, and are being forced to lower prices in the wake of tougher loan standards and a weakening economy.

What is perhaps most striking about the whole trend is the divide between Manhattan and the rest of the city. Apartments on the island have always done better than other [NY apartments](#), but the divide between Manhattan and the rest of the market has more been a question of degree than of fundamentals.

However, the new condo market might be changing that, at least somewhat. While much of the new construction in Manhattan has been for new luxury condominiums, new buildings in most of the rest of the city have been designed for regular income brackets.

So, it seems to be a tale of two cities: The condo market in Manhattan has been strongly supported by the the luxury market, which is less effected by the ups and downs of the business cycle. So, prices have stayed close to level as of late. The condo market in the rest of the city, however, is starting to become a place where buyers can find better and better deals, as relatively large amounts of new supply is not being greeted with the level of demand that the builders anticipated several years ago when they began construction.

So, the two-tiered nature of the New York City apartment market has been growing more distinct. This may be a good thing for the city's real estate market, which seems to be acting as a market should act, with relatively smooth adjustments in price levels in the wake of changes in supply and demand. It is, however, certainly a bad thing for the city as a whole, which will see an uptick in the already stark income divide between sections of the city. Such divides are, in the long run, always a bad thing for a city's culture and people. In fact, it's the exact same type of division Dicken's had in mind when he came up with his famous title, a book about what was threatening his beloved home city.

About the Author

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