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The Divide Between Manhattan, Other Boroughs
By MICHAEL STOLER
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With "stagflation" the buzzword of the month, the price of oil rising past \$100, an increase in the consumer price index, turbulence in the stock and capital markets, and general uncertainty in the minds of investors, the fate of New York City's residential condominium market — the ever present symbol of the latest real estate boom — is cloudy.

As thousands of condominium units are being developed across the five boroughs, members of the banking community, brokers, and developers have divergent views, but many see a growing divide between the luxury market in Manhattan and some of the more speculative projects in fringe areas...

The president of W Financial, Gregg Winter, said: "Mediocre projects — uninspired designs thrown up in ho-hum locations — are now justifiably suffering and selling at a pace akin to Chinese water torture. For years these projects would somehow manage to get financed, built, and slide through the system buoyed by a rising tide that caused amateur developers to believe they actually knew what they were doing. Winter 2008 is indeed a time of reckoning; however, my current experience is that the strong, well-designed, and well-located projects are still selling. We are now leaving the no-brainer zone, where most projects would fly off the shelves regardless of their actual merit, powered by the kind of easily available loans that led us right into the subprime debacle."

Even though dark clouds are overhead, I concur with Gregg Winter when he says, "Once the logjam of mediocre projects eventually clears through the system, 'condominium' will cease to be a dirty word. And with the barriers of entry raised higher than any time in recent memory, New York's strong and talented developers will meet the challenge and continue to innovate and draw buyers to the projects."