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Shutdowns spur some NYC luxury pieds-à-terre owners to sell



This loft, 236 West 26th St., #2W, has large, curved windows framed in bronze. The owners are selling because they haven't visited NYC due to Covid restrictions. Fox Residential

If you don't make it to New York City anymore because of the pandemic, why keep an apartment here? That's the conclusion some international and out-of-state owners of second homes in NYC have come to because much of the city's cultural life is on hold, or they face Covid travel restrictions. They're selling their luxury pieds-à-terre for not much more than they originally paid in an effort to unload them quickly.

Brokers who represent these listings say buyers stand to benefit from rarely available apartments coming to the market that were renovated at the spare-no-expense level for the owners' use.

At the same time, first-time, pied-à-terre buyers are pouncing on these apartments and taking advantage of still-low mortgage rates, says Vickey Barron, a broker at Compass. "New buyers see an opportunity to own a piece of the apple," she says. And the market is indeed showing signs of life: After months of stagnation, new signed contracts for Manhattan apartments jumped 28 percent in January.

An opportunity at low-turnover buildings

"Foreign owners of highly desirable and rarely available units have an appetite to sell because they are not making use of their property," says Ruthie Assouline, a broker at Compass. "This is opening up rare opportunities for local buyers to take advantage and get into low-turnover buildings and luxury, triple-mint renovated units that wouldn't be available otherwise," she says.

Assouline is representing 94 Thompson St., PHT, which was used as a pied-à-terre by a family from Europe to take advantage of New York City's restaurants and cultural attractions. "They were visiting a few times a year but since the pandemic hit and everything is on pause, they have not been able to visit," she says.

The three-bedroom penthouse is over 3,500 square feet, with 2,200 square feet of terraces. It has a great room with a 23-foot ceiling, a gas fireplace, and built-in seating. At night, this room becomes a home theater. More unusual—the apartment has glass walls that enclose a Zen garden with a Weeping Cherry tree.

It is currently listed for \$10,900,000—nearly the same price the owners paid a decade ago.

It's a similar story for sellers represented by David Favale, a broker at Compass. The couple say they never planned on letting go of their "dream" apartment at 33 Bleecker St., a co-op in Noho. The last sale there was over five years ago, according to StreetEasy.

"But life has changed and we're spending more time in our Florida home and decided to enlarge our footprint down here," the seller says. They're planning on starting a family and will be putting the apartment on the market soon.

The couple renovated the apartment, adding a second bathroom and custom millwork that went "way over budget." As the seller says, "We wanted a seamless look, so it had to be all custom and it kind of got out of control."

It's priced for a quick sale. "We didn't want to drag out the process as it's painful for us to say goodbye to this space. It's definitely a price much less than we would have considered a year ago before life changed for all of us," the seller says.

No plans to visit the U.S. soon

Ethan Assouline, an agent at Compass, is about to list a 1,400-square-foot pied-à-terre facing Central Park at 923 Fifth Ave., 7C, one of the few condo buildings on Fifth Avenue. The owners are also selling because of the pandemic.

"They are from Europe and as a result of lockdowns and borders being closed, they have not visited the U.S. and don't plan to visit any time in the near future, so they decide to put the unit on the market," he says.

The owners of 440 East 57th St., #9B in Sutton Place are selling their co-op because they quarantined elsewhere and have decided to not return to New York, their brokers, June and Steve Gottlieb of Warburg Realty tell Brick.

They did a high-end renovation (with a price tag of \$250,000) that was intended for their own use—they were not planning to sell but their plans changed.

The extensive gut renovation added voice-controlled, smart home technology; central air in all rooms; automated Lutron LED lights; updated wiring; and built-in speakers for surround sound. The newly renovated windowed kitchen has anti-microbial stainless steel countertops and high-end appliances from Miele, Blue Star, and Sub-Zero.

The apartment is listed for \$1,398,000—the owners paid \$1,350,00 in October 2015.

Similarly, the owners of 236 West 26th St., #2W bought the co-op in October 2019 as a pied-à-terre to stay when visiting the city to see Broadway shows, shop, and dine out. Because of Covid restrictions and closures, **Charles Curkin**, a broker at **Fox Residential**, says they are not coming into the city and have not used the apartment, so they too are selling.

This loft has over 4,100 square feet with three bedrooms, four and a half baths, a home office, great room, and chef's kitchen—and large, arched windows framed in bronze.

It is listed at \$4,950,000. The owners appeared to have paid \$4,575,000 for it, according to StreetEasy.

Getting out before a new tax?

These moves come as New York State legislators weigh an annual pied-à-terre tax to help plug looming budget gaps. The tax appears likely, thanks to the Democratic supermajority in Albany.

On the one hand, the tax is intended to collect monies from part-time residents who don't pay state or city income taxes—these taxes support the services and institutions that make NYC so desirable to second-home buyers in the first place. On the other hand, there have been concerns that imposing a new, annual tax will have a "catastrophic" impact and deter buyers.

Martha Stark, a professor at NYU and former NYC finance commissioner, has analyzed the impact of a potential pied-à-terre tax. By her estimate, there are a total of 10,415 pied-à-terre properties in Manhattan—and about 80 percent are condos.

For condos and co-ops, the tax would apply to units with an assessed value of \$300,000 and higher.

But NYC's property tax system is so screwed up, Stark says, that a \$300,000 assessed value could represent an apartment worth \$1.4 million—which is low for Manhattan prices. About half of the apartments that could be subject to the proposed annual tax are priced below what's considered luxury, or \$5 million.

However, the tax is not the reason most pied-à-terre owners are selling, brokers say, at least not for these luxury property owners.

“For our sellers, at this price point, taxes were not a factor in their decision, says Ethan Assouline.

<https://www.brickunderground.com/sell/luxury-renovated-pied-a-terre-co-op-condos-manhattan-covid-discount-price-nyc>