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BIG DEAL

A Delicate Market

By JOSH BARBANEL

KIRK HENCKELS, the bow-tie-wearing broker serving the rich and would-be rich on the Upper East Side, offered a sobering thought in his latest report on the luxury Manhattan market.

“It is a remarkably precarious time to be writing an analysis of the Manhattan luxury real estate market, ” he wrote.

On the one hand, 2007 was a year of record prices and they show no sign of abating in 2008; on the other, there were fears that recession, the mortgage mess and falling prices in the rest of the country would dampen the Manhattan market. Rarely, he said, has there been such a clear-cut division in the economy between “that was then” and “this is now.”

But brokers can rarely shake their optimism for long, and the report prepared by Mr. Henckels, the director of the private brokerage division at Stribling & Associates, noted in glittering detail apartments and houses that sold for $20 million or more in 2007 and beyond. While there may be thoughts of a downturn, there is the reality of a shrinking inventory of trophy apartments, he said.

“There is a shortage of unaffordable housing,” he said in an interview. “The inexorable march of money goes on, at least for now.”Mr. Henckels found that so far this year, 13 co-ops worth $20 million or more had closed or were in contract, compared with only 11 completed sales in that price range for all of last year.

After excluding co-op conversions, he found only six prewar co-ops available for $20 million or more. The list includes the $70 million tower apartment atop the Pierre Hotel, at Fifth Avenue and 61st Street, on the market for more than two years.

Some would-be buyers have a bleaker view of the market. Daniel Alpert, the managing director of Westwood Capital, which specializes in real estate investment banking, sold his Manhattan co-op and hasn’t bought anything since.

Mr. Alpert argues that the disparity between the cost to rent an apartment in Manhattan and the cost to buy and maintain one is too high and cannot continue forever. He worries that a tightening of mortgage standards and future job cuts on Wall Street will drive away buyers of $1 million to $3 million apartments and eventually cause prices to sag across the market.

But many recent buyers of the most expensive apartments have been bankers and hedge fund managers. Records filed last week show that Raymond C. Mikulich, until recently a managing director of Lehman Brothers and a head of its real estate private equity group, paid $17.9 million for a four-bedroom apartment earlier this month at 15 Central Park West.

In January, Ronald N. Beck, a managing director and portfolio manager at Oaktree Capital Management, a hedge fund, paid $19 million for a duplex penthouse with two 43-foot-wide terraces at the Beresford, at Central Park West and 81st Street. It was one of four rarely sold penthouses atop one of the most celebrated buildings on Central Park West.

The seller was Nari Hira, an Indian magazine mogul and movie producer, who created a leading Bollywood news and gossip magazine, Stardust. The listing, with Maria and Joanna Pashby of the Corcoran Group, started out at $28 million last June.

Among co-ops, condos and town houses that sold for $5 million or more last year, average prices rose, according to Mr. Henckels's report. For the $5 million co-ops alone, however, the total value sold — $1.29 billion — fell 6.5 percent from the year before. He ascribed the decline to a shortage of inventory.

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