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## Cashing Out of New York City

By **CHRISTINE HAUGHNEY**

THERE is a well-worn path between New York City and the surrounding suburbs. Over the years, many New Yorkers have made the move, looking for safer streets, better schools, bigger houses and more room to grow. Now another group is making the trek, and the reason is more squarely focused on money.

People are discovering that with Manhattan's high apartment prices, they can cash out and get much more for their money outside the city, where the inventory is growing and the prices are falling. Some buyers, not quite ready for picket-fence lives, are even finding pockets of urbanism that didn't exist outside the city a few years ago.

Stu Woods and Carole Gass are the kind of devoted New Yorkers who thought they would never leave Manhattan. In the 25 years they lived together in their two-bedroom Upper West Side apartment, they savored every stroll in Riverside Park, every shopping adventure to Fairway and every musical performance they could attend as a side benefit of Mr. Woods's work as a studio musician.

Now they have sold their West 87th Street co-op for \$899,000. It went within two hours at the first open house held by Jill Sloane, a broker at Halstead Property.

Mr. Woods and Ms. Gass used the proceeds to buy a three-bedroom ranch in Norwalk, Conn., for \$690,000. They're spending the holidays unpacking their Manhattan memories in their new home and celebrating the fact the they didn't need a mortgage to buy it.

The widening gap between prices in Manhattan and the suburbs is what Ms. Gass said put this move into the "realm of possibility."

"A couple of years ago, I think it wouldn't have been an even swap," she added. "We would have had to pay much more."

Ms. Gass and Mr. Woods estimate that after taxes and train fare, they will have about \$1,000 more a month to spend than they did before.

Brokers agree that the deals are being found in the suburbs.

"You can negotiate better in the suburbs because their market is — at best — flat, and there's a lot of inventory," said Dottie Herman, the president of Prudential Douglas Elliman. "The prices of the city haven't gone down.

They keep going back up.”

New Yorkers are moving for reasons that are markedly different from those of 20 years ago. In 1990, when Jonathan Miller, the executive vice president and director of research of Radar Logic, a real estate research company, and his family moved to Connecticut from Manhattan, they were concerned about safety. “It wasn’t a move to save money,” he said.

Manhattan real estate prices are showing few signs of slipping. In fact, data from Prudential Douglas Elliman show that buyers spent an average of \$1.37 million for a Manhattan apartment in the third quarter of 2007, a 6.3 percent increase compared with the same period last year.

Certain family-size apartments were more expensive than ever. Apartments with three or more bedrooms on the Upper West Side jumped by 46 percent to an average price of \$4.5 million in the third quarter, according to Brown Harris Stevens.

The numbers stand in stark contrast to those of the suburban market. Figures released on Wednesday by Standard & Poor’s/Case-Schiller showed that prices for single-family homes in the New York City area dropped by 4.1 percent in October compared with October 2006.

Local real estate analysts see many signs that prices have dropped. Homes in Westchester and Connecticut are taking longer to sell, according to data tracked by the Coldwell Banker Residential Brokerage in Danbury, Conn. Even in coveted suburbs like Darien, Conn., the number of houses under contract dropped by 23 percent in November compared with the year before, the Darien Board of Realtors said.

New Jersey sellers face even more problems: statewide, house prices have dropped by about 1 percent a month in the last several months, said Jeffrey Otteau, the president of the Otteau Appraisal Group in East Brunswick.

Buyers in Long Island’s most desirable suburbs are finding that they can get some of the best deals: Radar Logic’s figures show that median prices on the North Shore dropped by 7.7 percent in the third quarter compared with the same period last year.

Buyers are finding luxurious condos in the suburbs that they could not afford in Manhattan.

Jean Hassmer had been searching for an apartment similar to the one-bedroom co-op she owned on the Upper East Side, except that she wanted a doorman and slightly more space. But she couldn’t find anything in her budget — less than \$500,000.

Then, in downtown Stamford, Conn., she saw a new 800-square-foot one-bedroom condo at the Classic that was within her budget. She now has a doorman, more space, sweeping views of woods, a private gym and rooftop swimming pool, a shuttle to take her to the Metro-North station, and free coffee and bagels while she waits for the bus.



She estimates that an apartment with similar perks would cost at least three times more in Manhattan. She also concedes that it was hard to leave. "If I could afford what I have in Stamford in the city," she said, "I probably would still be in the city."

Even more willing transplants to the suburbs are surprised at how much less they are paying today than they might have just six months ago. Gary and Leslie Corrigan were able to buy a three-bedroom house in Darien for \$635,000, though it had originally been listed at \$659,000. Their mortgage is higher than the \$2,000 they were paying in rent for a one-bedroom apartment on the Upper West Side. But they're happier to own the house.

Janine Tienken of Kelly Associates Real Estate, who represented the Corrigans as a buyers' agent, said that a similar house nearby with an extra bathroom and a slightly larger yard had sold eight months earlier for \$702,000.

Three or four years ago, houses like the Corrigans' sold for far more, she said. As she put it: "Sellers are more negotiable now. They're not giving it away. But they're listening."

Buyers are finding that the suburbs are far more competitive than some parts of Brooklyn, which used to be the neighborhoods of choice for buyers priced out of Manhattan.

Ludovic and Fabienne Ledein, who live and work as jewelry designers in Dumbo, visited nearly a dozen lofts in Dumbo, Red Hook and Williamsburg looking for something to buy for less than \$600,000. They needed enough space to work at home and to put up friends and relatives from Europe.

But what they wanted cost more than twice what they could afford. Still, they resisted the suburbs because they wanted a home that had an urban feel and would enable them to live around other artists.

They found their answer in Westchester County, in New Rochelle. For about \$600,000, they bought 1,350 square feet in the newly renovated Knickerbocker Lofts, a converted factory downtown that was built 117 years ago. They liked what they saw and the fact that there was an artists' collective nearby. They estimate that the 30-minute Metro-North ride to Grand Central will take as long as the subway from Dumbo to Midtown on bad days.

They have no illusions that when they move in in February that suburban life won't come with its frustrations, as anywhere else would. "I just see it as an answer without spending \$1.5 million," Mr. Ledein said.

Even buyers with that kind of money to spend are finding that the math makes more sense in the suburbs.

Barbara Pagliuca, a broker with Houlihan Lawrence in Chappaqua, N.Y., recently helped one family who had been looking for a 1,400-square-foot apartment in Manhattan. The couple, who owned a two-bedroom apartment on the Upper East Side, needed more space because they were expecting their second child.

When they started looking around in Westchester, they found that prices had dropped by about 10 percent in the last few months and that more homes were now into their price range.

Earlier this month, they closed on a 5,000-square-foot house in Chappaqua for \$1.665 million, which was \$84,000 less than the original listing.

Ms. Pagliuca said that in the long run, the couple was happy with the price because the house was in a good school district. "They're obviously going to pay more tax on a house," she said, "but they're not going to pay tuition" for private schools.

In 1981, Russell and Cindy Demers met and became engaged in Manhattan. The couple now live in Scottsdale, Ariz., but they want to return to live in the New York City area after they retire in a few years. "Our feeling was that we need to buy now, even though we won't be living in it for another five, six, seven years," Mr. Demers said.

The couple spent six weeks e-mailing and talking by phone with a Manhattan broker about finding a two-bedroom, two-bath apartment with a view for about \$1.5 million. Last summer, they toured apartments in Midtown and Hell's Kitchen, around Madison Square Park and on the Upper West Side, but they found they would have to pay \$1.8 million to \$2 million for the space and amenities they wanted.

The Demerses found what they were looking for in Jersey City, where there are also a lot of new condos. They put down a deposit on a \$1.412 million two-bedroom, two-bath apartment with a home office at 77 Hudson Street.

"We could have afforded Manhattan," Mr. Demers said, "but we didn't want to compromise too much."

Edmund and Fun Li, who live on the Lower East Side, started searching for a house on Long Island after briefly looking for a two-bedroom in Manhattan. They have a budget of \$600,000, and in the last six months, they narrowed their search to Merrick, where they have found that sellers have cut their prices in their range by as much as \$25,000.

With help from their broker, Rhoda Nadell of Prudential Douglas Elliman, they narrowed their list even further. They want a house within a 10-minute walk from a train station, a finished basement and a gas stove, which they favor for cooking Chinese food. They're confident that the market will only continue to work in their favor.

"Unless we see the perfect house, we'll wait," Mr. Li said.

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