

FINANCIAL TIMES

January 17, 2020

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North American prime property

Luxury property downturn in New York hits Hudson Yards

The number of homes sold in Manhattan for more than \$10m has fallen 28 per cent in three years



The Vessel, a \$200m sculpture by Thomas Heatherwick © Alamy

Hugo Cox

With its domination of the local skyline, [Hudson Yards](#), New York's largest private real estate development for a decade, is bringing the recent craze for high-rise, high-end living to West Chelsea. The average price of the 153 homes sold across its two luxury towers last year was \$4.36m, compared with \$1.48m in the local area.

Last year, the developers launched Penthouse 90, a grand five-bedroom apartment on the 90th floor of 35 Hudson Yards — the second and plusher of the two towers. The property is being marketed with Corcoran, and has an asking price of \$59m.

The timing could have been better. The development — which includes a new shopping mall and [“The Vessel”](#), a giant \$200m sculpture by Thomas Heatherwick — has been hit by the downturn in New York prime property.

Manhattan’s luxury market — the top 10 per cent by value — recorded 241 completed sales in the three months to December, according to agency Douglas Elliman. The average price was down 14.5 per cent on the same period a year earlier. Over the past three years, the number of homes sold for more than \$10m has fallen 28 per cent, according to another luxury estate agent, Core.



Since most of the homes at 35 Hudson Yards went on sale in March, only 13 of the 143 apartments have found buyers, according to one data provider who did not want to be named. Related, the site’s developer, declined to confirm the sales figures for 35 Hudson Yards when contacted by the FT.

The development has had some bad press recently. Last August, several months after it had settled a long-running dispute with trade unions, the developers of Hudson Yards made headlines when fashion brand [Rag & Bone pulled out](#) of hosting its New York Fashion Week show at The Shed, the development’s cultural space.

The move was a backlash against Related chairman Stephen Ross’s decision to host a fundraiser at his Hamptons home for President Donald Trump — where tickets were going for up to \$250,000.

Annette Lo, 28, who runs her own fashion brand, moved into 15 Hudson Yards in March when it opened. She thinks the backlash was unnecessary. [“The Shed](#) is not political,” she says, pointing to the fact that it is run by a non-profit organisation. She and her fiancé, Robert Krayn, 31, bought their apartment back in 2017 — viewing the proposed home on a virtual-reality headset — and were the first residents to move in.

Besides the facilities of the building — on New Year’s Eve they hosted their engagement party in a private residents’ space on the 90th floor — they enthuse about the “neighbourhood” that has been conjured almost overnight, including a host of top-end restaurants, hotels, bars, fashion outlets and the Equinox gym, another Related venture.

“We were here the first day before the mall was open,” says Lo. “Now they’re opening schools, greens, an ice-skating rink.”

The couple visit Chelsea to walk their dogs — two chihuahuas named Charcoal and Ashes — but admit that otherwise they spend little time outside the Hudson Yards development, which was built on the site of a former storage yard for railway trains. Both use the new facilities extensively, with Lo doing photo shoots around the building and using the meeting rooms on the 51st-floor business centre for work.

At 15 Hudson Yards, Compass is selling a one-bedroom apartment for \$1.5m. Outside the development, the same agent is selling a one-bedroom apartment at 407 West 40th St for \$529,000, after recently having its price cut by \$20,000.

“I don’t view Hudson Yards as part of Chelsea: it’s a brand-new neighbourhood,” says Krayn. “There was nothing here before: it was just a pit of trains, then a construction zone. Now a lot of New Yorkers are visiting this area for the first time because of it.”



15 Hudson Yards, where a one-bedroom apartment is on sale for \$1.5m

Others see the potential for pieds-à-terre. “A lot of people are using the building for second homes,” says **Ann Cutbill Lenane**, a 57-year-old estate agent who owns an apartment in the development and has sold three others. She says it is popular with empty nesters from Westchester, New Jersey and upstate New York.

“It’s part of a trend of people shedding themselves of big landed homes and moving to more of an urban environment,” she says. Some have moved out of New York state for tax purposes and return to visit in the portion of the year that they are permitted, she adds.

Lenane admits that “two or three years ago” the slowing market made early sales hard. Today, the market is even weaker. It may take more than a glass of champagne at a fashion show to persuade buyers.

Buying guide

- In 2019, the average Hudson Yards sale was \$2,679 per sq ft. Homes sold in the local area went for an average of \$1,493 per sq ft
- In the last three months of 2019, the median price for the top 10 per cent of Manhattan’s homes was 28 per cent lower than during the first three months of 2017

What you can buy for . . .

\$500,000 A one-bedroom apartment on West 34th Street

\$2.2m A two-bedroom apartment in 15 Hudson Yards

\$6m A three-bedroom apartment in the Soori High Line building in West Chelsea