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BIG DEAL
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Sales Flagging? $30 Million Says No

NOT everyone is worried about the long-rumored collapse of the Manhattan housing market.

One new forecast about the future of the co-op and condominium market in Manhattan predicts that prices will rise 5 percent a year for the next three years, as average Manhattan incomes rise, despite a wave of apartments coming to market.

This is no surprise to Kathleen M. Sloane, a broker at Brown Harris Stevens, who just closed a deal on a duplex penthouse with a rooftop garden at 823 Park Avenue, at 75th Street, for $30 million — at or close to the record price on Park Avenue.

The buyer is said to be one of a wave of richly rewarded hedge fund and finance executives prowling the market for trophy properties, as Wall Street forecasts another huge year for bonuses.

The penthouse at 823 Park, a 1912 rental apartment building with 10-foot-ceilings that was gutted and converted to a condominium, has 7,500 square feet and 3,000 square feet of terraces on two levels.

The contract price, which was $5 million below the asking price, works out to about $4,000 a square foot.

Jonathan Miller, the president of the Miller Samuel appraisal company, said the highest price paid on Park Avenue was in 2000, when Saul P. Steinberg, the financier, sold the huge duplex co-op atop 740 Park Avenue that had previously belonged to John D. Rockefeller Jr. At the time, varying accounts put the price at slightly above or below $30 million.

Since 823 Park is a new condominium still under renovation, the penthouse purchaser will be able to shape his new apartment to his own vision.

"He was able to add as many fireplaces as he wanted," Ms. Sloane said.

And perhaps in a sign of the times, other buyers at 823 Park have snapped up the most expensive apartments on the highest floors first. Of the 12 apartments in the building, most full-floor, the four most expensive apartments, from the ninth floor up, are now in contract. Deals have been struck for apartments on the sixth and seventh floors, too.

823 Park Avenue, at 75th Street.

Elliott Joseph, a partner in the Property Markets Group, which is renovating the building, said that when buyers were looking at apartments costing $10 million or more, they were often willing to pay a little bit more to snag a better apartment on a higher floor.

He said sales in the building totaled $100 million so far, including more than $80 million this month. His partners are Kevin Maloney and Ziel Feldman.

This activity is in sync with a new market forecast by two researchers at Business360 Inc., a small Manhattan consulting group that studied co-op and condominium prices and local economic trends and predictions.

They concluded that rising income, especially among the wealthy, would help the market absorb the new condominiums as they become available.

While they expect price declines in many other metropolitan areas across the country, they predict that "those in Manhattan will hold their ground and advance in the near term."

John Marchant, who prepared the report with Roger Sharp, said incomes were rising in Manhattan, and so was the gap in income between the poorest 20 percent and the wealthiest, who make up the primary buyers of expensive co-ops and condominiums.

Still, the gains in apartment prices they forecast are modest at best and could be derailed by a local economic downturn, especially if it hits high-fliers on Wall Street.

After accounting for inflation, the price increases work out to 2.1 percent a year, a far cry from the 27 percent increase in average co-op prices in 2004, they said.

"I'm still bullish on Manhattan, Mr. Marchant said. "But not as bullish as I was."