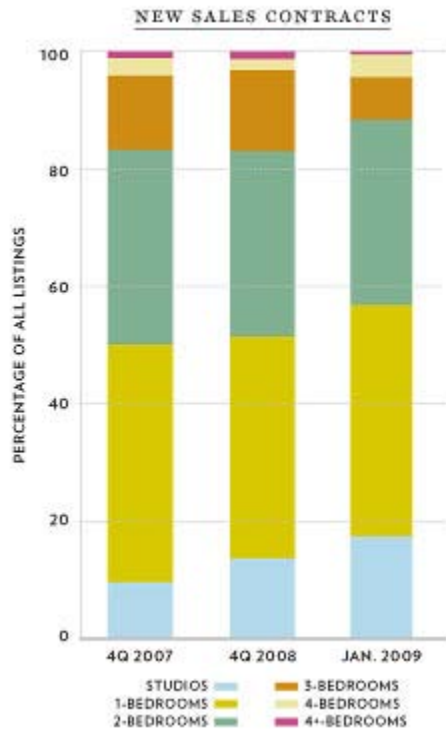


# The Little Guy's Doing Okay

Studio apartments aren't faring as badly as bigger ones. Why?

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Published Feb 8, 2009



Considering how sluggish business has been, Century 21's Mary Lou Currier has had a pretty good month. Traffic at the open houses for two studios she's handling has been steady, and one got an offer within three days of hitting the market—practically a land-speed record for the month. (Three more bidders followed, and it's now in contract.) "It's a good way to start the year," she admits, sounding almost surprised. Mark David's Stephanie Davis is seeing the same pattern; her studio is getting steady calls, while her listing for a townhouse gathers moss.

Though sales are definitely looking frail right now, the starter-apartment segment of the Manhattan market appears to have the strongest pulse. According to Brown Harris Stevens's most recent market report, the average price per square foot for studios rose by as much as \$49 from the fourth quarter of 2007 to 2008; one-bedrooms were a distant second, improving by \$19, while the rest of the market declined. Corcoran's survey found median condo prices gaining the most among studios from 2007 to 2008 (16 percent). "Studios are selling better than they did a year ago, while much larger units aren't," says Streeteasy.com's Sofia Kim. (One-bedrooms are also doing

well, but the differences are not nearly as striking.)

Some hard data, reproduced in the accompanying chart: Over the past year, studios have consistently made up about 10 percent of the listings on the market. In the last three months of 2007, they represented 9.6 percent of properties going into contract—in other words, they sold at an average rate. This past quarter, with inventory noticeably higher, they generated nearly 14 percent of the contracts, and in the first two weeks of January, studios made up 17 percent of deals. Studios that found purchasers also spent a week less on the market than in 2007; nearly everything else logged more time.

Why? It seems to be that large-apartment buyers are staying put and waiting to see how the economy shakes out, but those in need of starter apartments may be sensing opportunity. Many of them are first-timers who were scared off or priced out until now—it wasn't unusual to see a place and make a bid on the same day—and are making a go of homeownership once more, explains Halstead's Michael A. Goldenberg. Plus interest rates are quite low, and recent price corrections mean most studios and many one-bedrooms can now be financed with conforming loans—capped at \$625,500—for which it's easier to get approval than jumbo mortgages. No wonder starter-apartment buyers are back. "The market wasn't navigable for them before," says Davis. "[Now] they're like, 'Wow, maybe it's my time.'"

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