Bonus Time for Manhattan Real-Estate Brokers
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NEW YORK—The Fairchild condominium development in lower Manhattan opened for sale in December 2008, just after the collapse of Lehman Brothers rippled across the financial sector and paralyzed the Big Apple's real-estate market.

Gerard Longo, principal of Atlantic Walk Vestry, which developed the 21-unit building, saw just two sales in the first six months. It took cutting the asking prices by some 15%, a three-bedroom unit that was to go on the market for $3.6 million sold for $3.1 million, to generate activity.

But, these days, Mr. Longo is upbeat, cheered by the return of buyers ready to spend Wall Street bonuses. Roughly half of last week's 30 appointments to view condos came from workers in the financial sector.

"They're more aggressively looking, and now we're starting to see the offers come in," he said. More than half of the 21 units are under contract.

While public outrage looms over Wall Street's 2009 bonuses, potentially record payouts expected in coming weeks, New York's real-estate community is outright giddy. Local brokers said the money will help stabilize the nation's quirkiest sales market by boosting sales, particularly in the $2 million to $5 million range, and restoring confidence.

"There's a happier feeling," said Paul Purcell, co-founder, Charles Rutenberg Realty. "Our leading indicator is the Street....We're grabbing on to anything that is a positive."

Statistics on residential sales in January and February won't be available for months, but anecdotal evidence supports the view that workers on Wall Street are window shopping. Brokers said that visits to their Web sites have increased and foot traffic is rising at open houses. Appointments, which show more serious interest, particularly during the recent cold snap, also are up.

Last week, an employee from a big bank inked a contract in the $6 million range for a four-bedroom unit on Central Park West, said Jacky Teplitzky, managing director with Prudential Douglas Elliman, who considered the deal a good start to the new year and a good sign of more deals to come.

"It shows a comeback," she said. "Four months ago, they didn't feel comfortable buying," she said. Now, however, "after they found out what their bonus was going to be they felt very comfortable proceeding with the purchase."

Meanwhile, at PS90, a Harlem elementary school converted into condos, a financial-services employee is expected to sign a contract for a two-bedroom penthouse with an asking price of $799,000 by Friday. The potential buyer declined to be interviewed. The expected deal shows how some secondary condo markets are feeling the ripples.

New York apartment sales have long been tied to the fortunes of Wall Street, as bankers, traders and money managers used a large portion of their bonuses to find new digs. And price tag often didn't matter. To prepare for a return to brisk sales, some agents are rehiring assistants laid off during the downturn, and marketing is being ramped up.

But while some brokers are hopeful that the pickup in interest will turn into solid sales, analysts aren't so sure. They see several factors that could keep sales down. First, thousands of jobs that were lost on Wall Street still haven't returned. So while the employees who are left will reap big bonuses, the total number of workers with big pay packages will be smaller, and some bonuses payments will be made in stock, not cash, limiting the amount available for real-estate purchases.

Moreover, credit remains tough to secure, particularly at higher price points, and buyers are becoming more conservative.

"I wouldn't assume that these large bonuses are going directly back into real estate. That was an assumption that was made in a previous era," said Sofia Song, vice president of research for real-estate Web site StreetEasy.com. "This is a new economy and people are thinking differently and valuing things differently."

Such conditions took a toll on the market's sky-high prices. Since peaking in the third quarter of 2008, co-op prices have fallen 13%, to a median of $622,250, while condos, which peaked the next quarter, have plunged 22%, to a median of $1.033 million, according to a fourth-quarter report by the Corcoran Group and ProperyShark.com.

As with many markets nationwide, falling prices sparked activity. Fourth-quarter closings soared nearly 50% from a year earlier. But much of that activity came in under $1 million, considered Manhattan's lower end. Now, brokers report increased interest in pricier units, as well as the new product planned during the heyday—and delivered during the downturn—but now ready for quick sales.

Still, brokers report that this year's bonus crowd is skipping the flashiness. Prospective buyers aren't being overindulgent, and they aren't bragging about expected payouts.

"There's sort of a whisper factor about it," said Pamela Liebman, Corcoran's chief executive. "In the go-go days, they would stretch to buy the biggest, most luxurious apartment they could find. Now, we have this era of hush-hush conservatism