

Real Estate

Bad News Up North

In a season of sinking sales volume, Harlem's been hit extra-hard.

- By [S.Jhoanna Robledo](#)
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Harlem's annus mirabilis was 2006. A Convent Avenue house smashed records that year, selling for \$3.89 million; prices had appreciated by an impressive 30 percent in twelve months. New condos at 111 Central Park North were selling for \$1,400 per square foot, the going price for similar units in Chelsea and Gramercy, and the penthouses there were rumored to be selling for \$8.5 million, maybe even more. The long-term recovery of Harlem—was it a mirage on the horizon all these years?—seemed finally to have arrived. “[It’s] on the fast track,” predicted one Curbed.com poster in 2007. “In about 3 years ... Harlem will be very, very expensive.”

Except that New York, once again, did not cooperate. According to data compiled by Streeteasy.com, the number of transactions in East Harlem, Central Harlem, and Hamilton Heights is down 60 to 90 percent. Last year, the first quarter's total was 136 new contracts; this year, it's 32 contracts (as of March 18). In West Harlem this past quarter, *not a single deal was struck*. Other formerly edgy areas where prices rose sharply have fared somewhat better: Fort Greene and Manhattan Valley both saw 50 percent drops, and Clinton Hill and Hell's Kitchen fell 60 percent. (The financial district is up 4.4 percent.) One Harlem agent took all her listings off the market because, she says, "nobody's buying."

Why is Harlem hit so badly? Theories abound, none of them telling the whole story. Yes, buyers are skittish, and mortgage approvals don't come easy, but both rationales fail to fully explain the thudding drop. Prudential Douglas Elliman senior vice-president and Harlemite Todd Stevens thinks the postponement of projects that would have cemented Harlem's real-estate values—such as the redevelopment of 125th Street—has hurt momentum. Another broker blames "small-time developers" who rushed to build high-priced condos, simultaneously driving away buyers and glutting the high end of the market. Many new apartments are two-bedrooms or larger, notes Jenny Schuetz of the Furman Center for Real Estate and Urban Planning, and right now studios and one-bedrooms are trading best. Retail establishments with high-rent leases are also faltering, and a lack of services has, for many years, been one of the things that keep affluent buyers wary of Harlem. "[You'd] see a store open and you'd cross your fingers it stays open," says K.S., a screenwriter who moved to Harlem during the past few years. For what it's worth, she says she's staying put.