

NEW YORK

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PRISONERS OF THE CITY

By Aimee Lee Ball





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FOUR-YEAR-OLD MARISSA DIAZ HAS THREE Barbie dolls (and one overworked Ken) squeezed into

a gleaming white Barbie Ferrari on the living-room rug. This attractive touring group is one of her most prized possessions, but it may soon be history. The yard-long kiddie car takes up more than its fair share of the crowded one-bedroom apartment where Marissa lives with her baby brother and their parents. The family is living not in a tenement but in a gracious Park Avenue building where the uniformed staff operates wood-paneled elevators and polishes the imported-marble lobby floors. But the real-estate market is in a horrific slump, and the apartment has been listed for a year with no takers, while Marissa's parents dream of the suburbs.

They are far from alone. New York has a

growing population of couples who bought in the fervor of co-op conversions, confident that their apartments' value would only grow, and have now become families. They long for affordable space in the suburbs, but they're stuck in the city, unable to sell in this soft market—their savings eaten up by private-school tuition, their children sleeping behind Chinese screens in cordoned-off corners of their bedrooms, their sex lives resumed only when they can steal away for a weekend special at the Plaza.

Real-estate brokers claim that anything will sell at the right price, but today there is a huge discrepancy between the inflated dreams of apartment owners and the greedy goals of bargain-hunters. According to a common refrain, sellers still think it's the eighties and buyers think it's the thirties—the two groups engaged in mutual torture. "We have people who are aware of the opportunities, look at hundreds of apartments, make

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**Roger Rowe and
Louise Weadock
with Paul.**

offers all over the place, and never close on anything," says Clark Halstead, whose brokerage escorts some prospective buyers around the city in swank chauffeur-driven London taxis. "The real-estate market has been on a roller-coaster ride over the past few years. The higher the quality and the larger the apartment, the firmer the market. The smaller it gets, the worse it gets. And anybody who bought such an apartment in the mid-eighties or after is going to sell at a loss. With the recovering economy of the city and the region, there will be more customers for these apartments. People will come in at entry-level jobs and take them. But there will be a lot of pain in the meantime."

SIX YEARS AGO, LAURA AND TONY PETRI were living in Florida—four bedrooms, three baths, on the water, no children. "But we really wanted the excitement of New York City," says Laura, "and we thought, It's now or never, before we have kids." Their careers transferred easily—she was a travel agent, he works at McKinsey & Company—and they bought a spacious one-bedroom in Murray Hill for \$156,000. "We felt fortunate to find anything," recalls Laura. "When we moved here, I think there were four apartments listed in the paper. We got this place through a friend, after looking at three others that were all smaller and darker."

When their daughter, Sara Bell, was born three years ago, the Petris put their apartment on the market with no sense of urgency. "Our bedroom was big enough for her bed on one side and ours on the other," says Laura, "and we made a little room for her with wardrobes and wall units. It was bright for all of us, and we had our privacy." The market still seemed strong, since neighbors occasionally knocked on the door saying they had a friend who wanted to be in the building. "The first offer we got was for \$150,000, and we turned up our noses," says Laura. "The second offer was for \$144,000, and we turned up our noses at that, too. The next day we found out I was pregnant again and called the woman back pleading with her to buy it, but she had already decided to do something else."

With their year-old son, Christian, now joining them in the bedroom, the Petris are seriously squeezed—and continually on parade for the prospective buyers trooping through their home. "Some people look at our apartment and rave," says Laura. "It is large and quiet, and we face west, so it's sunny but not sun-drenched. With other people, I can see claustrophobia on their faces—they can hardly breathe in here with the high chair and the playpen and the toy kitchen and the two cribs in the bedroom. I have three strollers, a walker, two bicycles. When I was pregnant, I read articles that said to get three crib sheets if you didn't have a washer and dryer, and I remember thinking, What poor soul wouldn't have a washer and dryer? Well, I'm one of those poor souls."

In a buyer's market, the Petris have learned to accommodate certain eccentricities, like the woman who asked them to hold a tissue up to the bathroom vent to check the suction. "Had we the option, we would have told her to get lost," says Laura. "But she was *very* interested. So we called her and said we'd vacuumed the vent, and would she like to come back? And she said, 'Do you think your hall smells strange?'"

The Petris keep their sanity by spending one weekend a month at a midtown hotel without the kids and using airline coupons left over from Laura's travel-agenting days for long vis-

its with her mother in Florida. "I can't wait for vacation so I can read in bed," says Laura. "I can't even turn a light on in the bedroom after seven o'clock at night. I swore I would never put a baby in school, but I sent my daughter to school at two and a half to get her out of the house. We're out of this apartment at eight o'clock in the morning, and we don't come home until we can't *move* anymore."

Most weekends, as an exercise in masochism, the Petris go house-hunting in Yorktown Heights and upper Westchester. There's no way they can buy a house and take on an additional mortgage. "But we tell people: If you want to buy this apartment, you can have it *tomorrow*," says Laura. "We'll rent, we'll go to a hotel, we don't care—we just want out of here." They've had eleven real-estate agents, some of whom have been candid enough to explain that the Petris are just one of 500 similar listings—all the families equally desperate to move—so they're trying more creative networking. "Every time I get my hair cut, I remind my hairdresser," says Laura, "and my husband solicits every new employee. He keeps saying, 'I'm 43 years old, I have a

great job and a great salary—I shouldn't be living this way.' But we tell ourselves all the time, If it's either being stuck in this apartment or being laid off, we'd rather be stuck. It's nothing to go to the park and find out yet another person has lost a job."


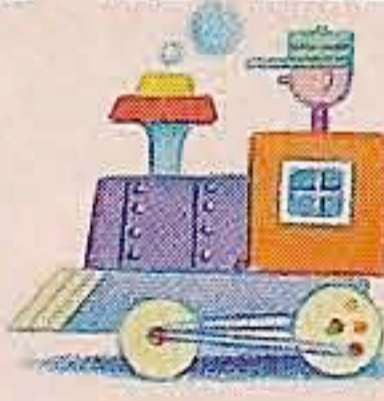

They do try to hone a competitive edge. "We keep painting," says Laura. "We decide we're going to start running ads again, so we paint. And we just got trees in front of our building in June, so I finally ran an ad: 'Tree-lined street.'"

THERE'S PLENTY OF activity in the market for anyone willing to negotiate and discount, according to Hall Willkie, director of residential sales for Brown, Harris, Stevens. "It's all a matter of pricing," he says. "Sellers haven't become accustomed to the new values in the market—in many cases, we've seen the market drop by as much as 30 percent. If you bought at the height, you're probably going to take a loss."

In this market, features such as river or park views, aeries in the sky, or chic prewar addresses help the seller more than ever, as indicated by the following summer sales claimed by Brown, Harris, Stevens: Fifth Avenue Greenwich Village, high floor, four rooms, \$312,000; Madison Avenue in the Nineties, high floor, four rooms, \$475,000; Third Avenue in the Seventies, very high floor, four and a half rooms, \$440,000.

"The cliché about what sells is still true: location, location, location," says Willkie. But he also cites a gloomy new wisdom he calls realism. "For the last twelve or fifteen years, people have looked at their primary residence as a major portfolio item: They buy at one price and think they should be able to sell for double or triple. People are getting back to basics now. A residence is, first of all, *shelter*, a place to get you out of the rain. Historically, residential real estate has proven to be a good investment, but it's not necessarily a way of making money."

AS YOU WALK AROUND THE WEST 78th Street brownstone of Dorothy O'Leary and Julio Velazquez, it is not immediately apparent where fifteen-month-old Max sleeps. "People come over and ask, 'Where is Max's room?'" says his mother. "I tell them, 'This is Max's *apartment*.'"

 "I CAN'T TURN
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LAURA PETRI. 



Laura, Tony, Christian, and Sara Bell Petri.

Max's apartment is the typical Upper West Side warren of small living room, bedroom, kitchen, and bath. "When we first moved in, we thought, Oh, this will just be a temporary space," says O'Leary. "Well, eleven years later, we're still in the apartment. It's quite small for three people, two fish tanks, and two cats." Storing their furniture cost \$400 a month, so three years ago when they bought their apartment for \$94,000, they decided to make better use of their space. "We renovated, thinking we would be able to sell for more," says O'Leary, "but that wasn't the case. We were asking \$140,000. Friends who live upstairs in the same apartment put an ad in the newspaper for the best offer over \$100,000, and they didn't even get a call."

Contributing to their clutter is the paperwork and computer gear of the self-employed—she's a travel-bag designer and manufacturer and he's a contractor—so they have evolved a philosophy: "If we don't sit on it, eat it, or wear it, we don't have it." They searched almost a year for a sofa that fit exactly, lived with it one day, and sent it back to Bloomingdale's. The living room now has built-in seating with storage underneath and industrial shelving up to the ceiling (the bottom shelves are Max-accessible). "We've tried to make it aesthetically pleasing without taking up space," says O'Leary, "and we used lots of mirrors to create the illusion of space. When you live in a small place for so long, you can really get tired of it, so we change it." One friend told them, "I'm going to call this the 'apartment-of-the-month club'—every time I come over, it looks different." And the four-year-old daughter of an out-of-town friend recently got tired walking around the city and asked O'Leary if they could go to her "hotel room."

"I've found there is an upside to this kind of living," says O'Leary. "You don't spend a lot of time making decisions about what you're going to wear, what you're going to eat on, or what your son's going to play with. You don't have that much stuff because you don't have that much space. I used to have my bicycle, skis, and tennis racquet on the ceiling. I hadn't biked,

skied, or played tennis in so long, I gave them away. I have two sets of sheets, two sets of towels. I have my mother's china and my everyday. I don't have good silver. I figure someday when I have a house, I'll get that stuff, but right now I have no place to put it."

In an effort to get out of the apartment, O'Leary discovers wonderful child-friendly things to do in the city and escapes in her car. ("It's my one luxury. That's my weekend home. It gives me a psychological edge.") And she's created a new "social hour" on the front steps of her building, where residents coming home from work gather over a pitcher of daiquiris. "One of my neighbors who's a lawyer was telling someone in her office that we hung out on the stoop, and this person said, 'That's so low-class. People who don't have air-conditioning do that.' And she said, 'No, no, this is quite different.' It's like we gave people permission to hang out on the stoop. Of course, I don't know how we're going to fare in the winter."

Thoughts of winter turn to thoughts of the suburbs. "I often long for a big house with a backyard and a barbecue," she says.

"But I also get scared. I think, Omigod, I'm going to wear stretch pants, drive a station wagon, and get my nails done on Fridays." Riverdale sounds like a good compromise, if only the apartment would sell. "I'm just not willing to give it away right now," she says. "I think I can live here through the winter, and that'll be it. With an older child, and wanting another child, it's going to be too difficult. This is a tough town, and it's really tough in this economy. In the eighties,

we were living it up—clothes, vacations, the Hamptons every weekend, dinner out every night. Boy, am I sorry. Poor planning."

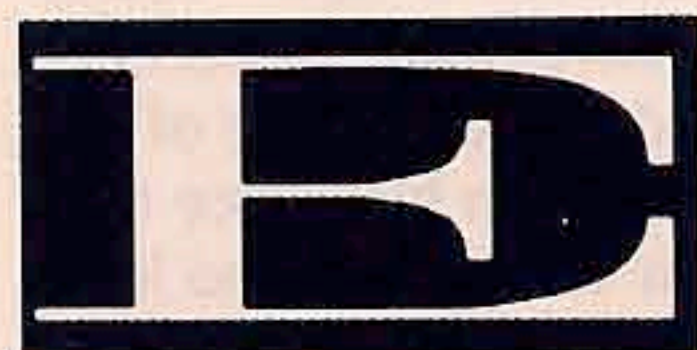
For grown-up privacy, they reinstated all the walls that had been torn down during the pre-parenthood loftlike phase of their apartment, and they separated the rooms with a solid-core door for soundproofing. "Max goes to bed around nine o'clock," says O'Leary, "and we have the living room to our-

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Julio Velazquez and Dorothy O'Leary with Max.

selves. And then we do the things that couples do. But your sex life definitely goes downhill when you have a child—I don't care if you have *twenty* bedrooms." O'Leary also indulges in any piece of high-tech equipment that's miniaturized and performs five different functions in one. "I feel like Minnie Mouse most of the time," she says. "I'm always asking, 'Do you have a smaller phone? And can I watch TV on it?'"



EVERY TIME FOUR-YEAR-OLD ANNE ORCHIER gets a new toy or doll, she knows that an older model has to go live at Grandma's house. "It's so pathetic," says her 35-year-old mother, Poppy, "because she keeps remarking, 'When we move, I can get this or that.'" But Poppy, an art historian, and her husband, Jonathan, a computer-systems analyst, have been trying to sell their Murray Hill one-bedroom for more than a year.

"We had our apartment on the market right before the baby was born," says Poppy, "and we refused a good offer because we weren't emotionally ready to move: I was expecting imminently, I was working at Christie's, and I wasn't sure when I would go back to work. We turned the offer down and decided we would stay in the city for a while."

Newborn Anne moved into the Orchiers' bedroom without much fuss. "Just a little renovation and reshuffling," says Poppy. "We redid our closets to make more storage, threw away clothes, books, and paraphernalia. We were putting off a move. I think we didn't want to admit to ourselves that we were going to leave the city. We're real New Yorkers—I went to school here, my husband grew up here—and we felt we would live in the city always."

They just might. "We have a nice apartment on a high floor with a good view," says Poppy. "The maintenance is low, and the building is well financed. But agents say there are a lot of apartments like ours. They want the sale, so they keep saying, 'Lower, lower, lower the price.'" A decision about their daugh-

ter's education is hanging in the balance. "When she was a baby, I was able not to think about it, but now it's like 'What are we going to do?' Private school is so expensive that staying in the city would mean my going back to work full-time, which I hope to do eventually, but I want to stay home with her as long as possible."

And she knows where she'd like that home: in Rockland County, specifically New City or Suffern, where the Orchiers have family and admire the school system. "The commutes are a little inconvenient because you do have to cross a bridge at some point," says Poppy, "but there's a train to Hoboken and then the PATH to the World Trade Center."

The only move they've made so far is to the sofa bed in their living room, turning over the bedroom to their daughter, and their compromised situation has come to personify the adage "Whatever does not kill me makes me stronger." Jonathan sometimes goes out for walks. Long walks. Poppy often uses headphones to listen to music or TV. "There are times I find myself going into the bathroom and closing the door," she admits. "Anne has a general bedtime, at which point she knows that she doesn't have to go to sleep but she has to stay in her room because Mommy and Daddy need some time alone. We try not to fight. There are times it gets tense because you're constantly on top of each other. But we must have a good relationship, because this situation either makes you or breaks you."

They keep telling themselves the slump can't last forever, even though the closest they've come to a sale was one woman who looked at the apartment twice, and since they haven't had any luck with brokers, they're thinking about ways to sell on their own.

"I have my parents asking if any of their friends would like a little pied-à-terre in the city," says Poppy. "And we have friends with a single sister in the suburbs. They're trying to persuade her to buy our apartment and move to Manhattan to improve her social life."

B

ROKERS ARE PAID BY SELLERS AND, BY law, are supposed to represent their interests, but they may actually end up in alliance with the buyers they escort around town. That's the position

of Susan W. Bird, a lawyer who saw her own apartment languishing on the market in 1985. She went on to create an agency representing sellers, not buyers, and to lobby for a new state law requiring brokers to disclose in writing whose advocate they are.

"If someone's willing to negotiate on your apartment, you can generally make a deal," she says. "More frightening to sellers is the deafening silence of the market: no offers, no traffic. That's the result of several things, the most obvious being that there is a slim market, and you have to get people's attention. This market underscores the problem in a city without a central source of information. It's insanity—there's not another city in the world that functions like this. Most cities have a multiple-listing service. Mind you, that does not cure all ills, but if you have an apartment for sale and you place it with Firm A, you get Firms B, C, D, E, F, and G to know about it. That's a tremendous efficiency of information."

In real estate, as in other arenas, information is power, and brokerage firms don't want to share their Rolodexes or their commissions, says Bird. "If they do take a listing and tell only their friends about it, they haven't done you a service, and there isn't any real incentive for them to tell other firms. You're caught in the peculiar position of trying to sell in a market where the motivation on the part of the professionals is actually in conflict with your interests." In the past few years, fortunately, "co-broker-ing"—where any listed apartment is open to all brokers willing to share commissions—has begun to flourish.

Bird stresses that real estate is basically a marketing game and recommends offbeat techniques for attracting an audience. When one client mentioned the glut of APARTMENT FOR SALE notices on a local bulletin board, Bird suggested wording the ad differently: "Weekend in Paris for sale—\$150,000. We'll throw in our apartment."

MARYANN WHITE AND ALFREDO DIAZ ALWAYS hated *thirtysomething*, admitting its characters' problems were too much like their own. In 1984, the newly married bankers paid in the neighborhood of \$120,000 for a small one-bedroom apartment in a prewar Park Avenue building. There were ten-foot beamed ceilings and a fireplace, but there were also ancient bathroom fixtures and a Pullman kitchen that could barely produce toast and coffee. They blasted new glaze on the tub tiles and built a *Molly Dodd*-ish open kitchen with an eating counter. They paid off the mortgage with their bonuses—his from Shearson, hers from Citibank.

Then she got pregnant. When Marissa arrived, in March 1987, they didn't think about moving. "Partly it was just the shock of adjusting to a new child, and partly it was inertia," says White. "All three of us lived in the bedroom. We put a screen around her crib, because she'd wake up and see us and want to play. She slept much better when we tried moving to the sofa bed, so she got the bedroom."

They started looking at houses from the time Marissa started to walk. The manicured lawns of Pelham looked good after summers spent at the suburban retreat of the New York Athletic Club there, but they finally zeroed in on the bedroom communities of Long Island's North Shore for several reasons: White,

who'd left Citibank after her pregnancy, was doing some work for her father's business in Great Neck two days a week, and the Port Washington line was an easy commute to the city for Diaz, now working at Merrill Lynch.

"It was right after the Crash," he says, "but people didn't seem to know property values were going down. In the mid-\$400,000 range, we could get a three-bedroom house with one and a half baths—no family room, no basement, no frills. For anything decent, we'd have to pay \$650,000. It didn't make sense, and we decided this was not the time to buy. In the city, we had friends, we were comfortable, and we were into our groove."

Then White got pregnant again. Alfred John ("A.J.") was born in July 1990, and the house-hunting resumed in earnest. Diaz and White scouted out Plandome, Flower Hill, Manhasset—there were no bargains. "We figured you got more for your

money as you moved farther out," says Diaz, "and we even looked at Fort Salonga, which is the boonies—it's God's country and it's beautiful, but it's too far away." They put a bid on a three-bedroom Cape in Manhasset, propelled by the Realtor's urgent insistence that someone else was going to steal it. But the sellers had two young children themselves and explained that they needed more space, and Diaz and White began to think, What's wrong with this picture?

All along, they figured they'd put their apartment on the market when they got serious about a house ("It's like falling in love," says White—"you know it when you see it"), and this past January, they decided to buy the Manhasset house owned by White's brother.

"It's not perfect," she says. "It's on a busy street, and there's no master bath—the one thing we were holding out for. But it'll be our bigger apartment."

They called seven brokers and listed their apartment at \$250,000, which is what their line was fetching in the glory days. No nibbles. They dropped the price to \$235,000. Six people called; only one came to look. "We were told to advertise ourselves," says White, "so we decided to do an open house, but it was the first sunny weekend after what seemed like 40 days and nights of rain, and nobody showed up." With two toddlers

sharing the bedroom and almost a year without an interested buyer, they're thinking, If we could just get \$200,000 and tack on the 6 percent broker's fee. . . .



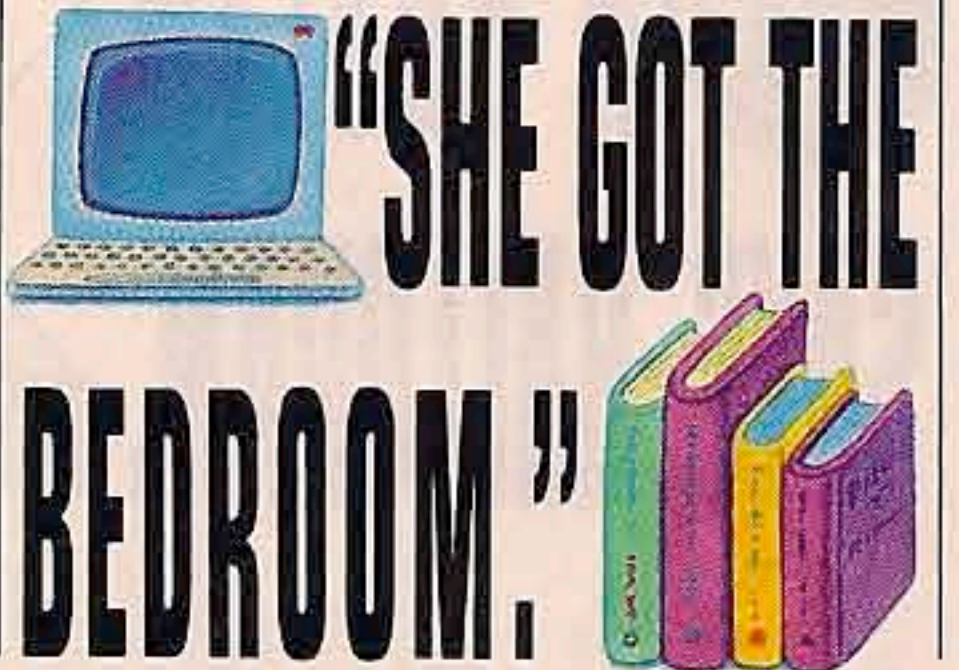
And if they could just trade in the Barbie Ferrari.

M

ARTIN HALLORAN (AS WE'LL CALL him), a 40-year-old internist, has actually treated contemporaries who think they have ulcers and blame their pain on the stress of feeling trapped in unsold apartments. Halloran is a humane sort of fellow, a doctor who sometimes sees patients in his office on Saturday mornings rather than make them wait in an emergency room, but he has a special empathy for this particular dilemma: He and his wife, Rita (also not her real name), a public-relations executive, have been trying to sell their own apartment—an Upper East Side two-bedroom/two-bath—since January.

"We would like to move to the suburbs," admits Halloran, "but we're probably going to take a \$100,000 loss on our apartment, and we're not ready to swallow that yet, although push

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 "SHE SLEPT BETTER WHEN WE MOVED TO THE SOFA," SAYS WHITE.  "SHE GOT THE BEDROOM." 

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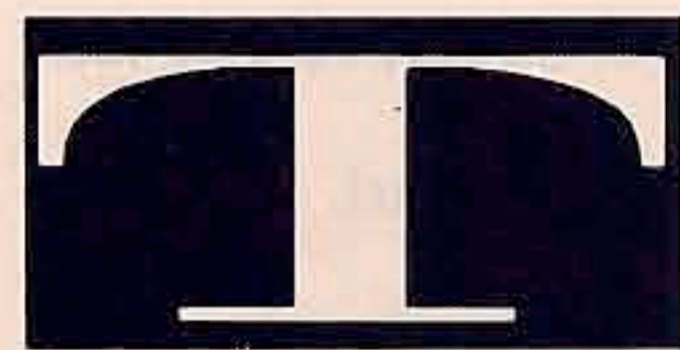
may come to shove. We bought in 1987, at the peak. We paid \$380,000, we're asking \$330,000, and we'd accept \$300,000. We're priced in such a way that we have about \$30,000 of bargaining room to get down to what feels comfortable, figuring that's the way the game is played. But nobody's interested. There's been a lot of traffic, but nobody's placed a bid. Most of these people are not really interested unless they get what they consider an unequivocal steal."

His four-year-old son and one-year-old daughter share a bedroom, and the little girl has adapted to confinement with a bigger, brawnier roommate: "She plays with his cars and guns and none of her dolls," says Halloran. "We keep a lot of favorite toys with my parents in Connecticut or my in-laws in Roslyn. We're obligated to leave New York because my son wants to drive his electric Jeep. We could convert the dining room into a third bedroom and raise our family here without feeling cramped by Manhattan standards. But we can't afford to send our children to private school. That's our crunch. We're budgeting an extra \$12,500 per child per year. Even nursery school is \$6,000 for a half-day. And there are so many hidden costs in New York. It's \$3,000 a year to garage my unfancy car because I don't want it stolen and I can't go through the alternate-side-of-the-street routine."

So far, Halloran hasn't gotten one offer. "All the agents said the market was picking up in the spring, and now they tell me it's dead again," he says. "Basically, the reason they give is that nobody's sure the market has hit bottom, and they all want to make sure they buy at the bottom. By doing that, they create no bottom."

Halloran has resisted the idea of subletting his apartment because of the 10 percent fee imposed by his co-op board to discourage the practice and because of his fear that an absentee landlord can end up with destroyed property. Nor has he sought out more unconventional ways of finding a buyer.

"We haven't done anything creative yet because we don't feel pressed," he says. "By January, we're going to feel pressed, and then we'll explore more creative things—like lowering our price."



THE BOTTOM OF THE MARKET IS IN SIGHT, according to Clark Halstead. "What's finally going to bring this market out of the doldrums is that prices have fallen so much, it will be cheaper to buy something and take a mortgage on it than to rent. That is the ultimate floor."

The two factors contributing to the problem, says Halstead, are the 1987 stock-market Crash and the glut of smaller apartments created by the building boom of the mid-eighties, when the Section 421A tax-abatement program produced some 30,000 new units. "In those days, the popular wisdom was that developers should put as many small units as possible in their buildings because they could get more per square foot for the small ones than for the big ones. Now it's just the opposite. But too many apartments were created, and the market never digested the oversupply."

The New York market is 80 percent co-ops and 20 percent condominiums, but official sales statistics are kept only on the

latter. Since July 1987, co-op boards have been required to provide the city's Department of Finance with information on all sales, ostensibly for tax purposes, but the transactions are not recorded publicly because co-ops are not real estate (you do not own real property—you own shares in a corporation). "It's probably the largest legal phenomenon in America on which there's absolutely no data," says Halstead. But his company does track asking prices as a Baedeker to the current market, and the most recent average asking prices are studio apartment, \$122,369; one-bedroom, \$228,316; small two-bedroom, \$357,000; large two-bedroom, \$608,584.

"Obviously, this includes Trump Tower as well as the East Village," says Halstead, "and the actual sales prices are somewhat less." Right now, sellers are getting about 75 percent of their asking prices. Five years ago, says Halstead, the figure was probably about 98 percent—you could name your own deal. "In 1990, prices plummeted. People just have to accept that they may sustain a tremendous loss. It's a bitter pill, and coming to terms with that loss is a highly personal thing: You're not just losing money on some abstract investment. This is your *home*, and it seems outrageous that someone else doesn't adore it as much as you do. But with a recovery of the general market, all of this will be reversed, and we'll have another boom in the mid-nineties. Tell your readers that, too."

David Hirshey is not so sure. At the peak of the real-estate market, the articles editor of *Esquire* and his pregnant wife, writer Susan Squire, bought a five-room apartment on 86th Street between Madison and Park—"in the mean heart of Sherman McCoy country," deadpans 40-year-old Hirshey. "That was three years ago. It gives us a tremendous luxury of time to wait for the next peak in the market, which I feel pretty confident will take place in the next 20 or 30 years."

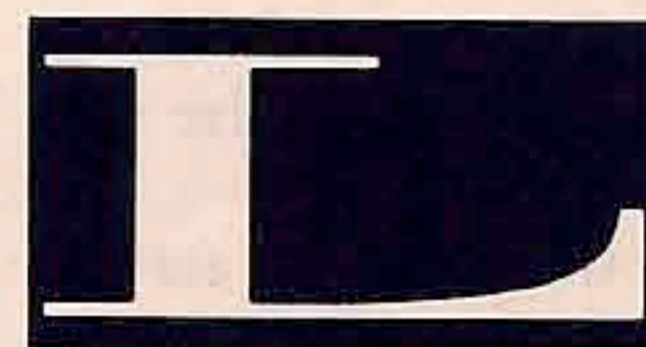
The crunch is on. "I'm not saying our bedroom is cozy," he says, "but I wonder what it would be like *not* to touch all four walls just by reaching out."

Two-year-old Emily does have her own room. "That's a generous description," says her father. "It's the size of Imelda Marcos's shoe closet. We *have* to find more space. It's simply not possible to add one single

thing to our apartment."

Talks with brokers began about six months ago. "Every real-estate agent I've met has reduced me to tears," says Hirshey. "The only thing that cheers us is friends who have paid four times what we did and lost a lot more. That's the bright side."

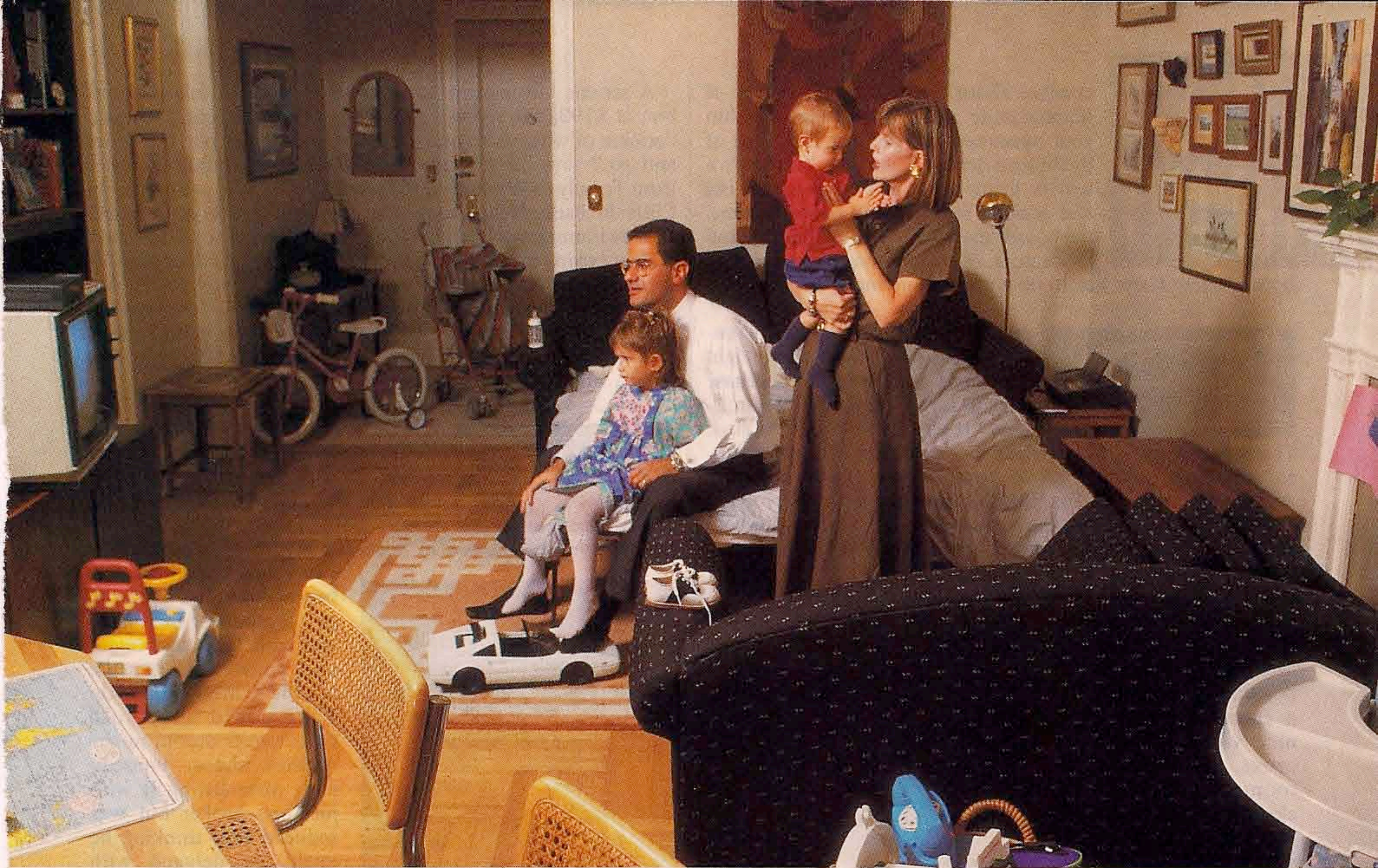
Emily is much more interested in leaving New York than her parents are. "Pool, backyard, second bathroom—she's into all that," he says. "We make fantasy sojourns into the suburbs to see where we can't live. Our favorite place where we can't live is Larchmont, where I grew up in splendor and graciousness." He tries not to make comparisons between his childhood home and his child's home. "I was raised to believe in the small, cohesive family unit," he says, "and boy, are we cohesive."



LOUISE WEADOCK IS ON THE BOARD OF HER co-op in the East Seventies. "We're refinancing the entire building," she says, "and the lawyer who's trying to facilitate this was saying, 'We can evaluate any units in the building by seeing what happened on the last sale.' Do you know there had not been a sale in three years?"

Weadock bought her one-bedroom apartment as an insider

"WE KEEP A LOT OF FAVORITE TOYS WITH MY IN-LAWS IN ROSLYN," SAYS HALLORAN.



Alfredo Diaz and Maryann White with Marissa and A.J.

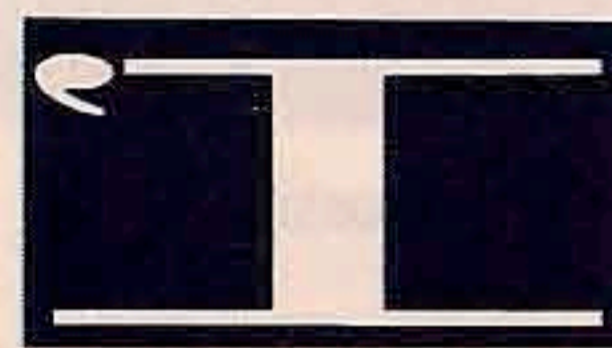
for \$50,000 in 1983. Two years later, she took out a second mortgage to finance a new business, supplying nurses to major hospitals and home-care patients, and the apartment was evaluated at \$195,000, which made her feel rather clever and proud. She happily made room in her closets when she married Roger Rowe, who manages investments for Gibson Island Management Fund. And when their son, Paul, was born eighteen months ago, he moved into a port-a-crib. "But he's getting too big for a crib," says Weadock, "and that's the point where I just can't take it anymore."

Since Weadock both works for and lives near so many hospitals, she decided to advertise there for a buyer. "The Upper East Side is bedpan alley," she says, "and I know the number of transients and the need for convenience. But the maintenance here is outrageous—\$835 a month—because this building was so hungry to go co-op that we bought it from a guy who left nothing in the kitty if there was a hole in the roof or a leak in the boiler." Their upstairs neighbor has been asking \$120,000 for an identical apartment, hasn't gotten a phone call in six months, and recently rented to someone completing a fellowship at Sloan-Kettering. And *she's* in the real-estate business. "I'm not even being greedy," says Weadock. "I'm asking \$120,000, but I'm willing to go a whole lot lower so that I don't have to be a longtime short-term landlord, with three tenants every year, and when they leave, it's months before you fill the apartment again. If I rent, I'll probably eat \$500 a month. That's assuming there's no increase in maintenance. And that's assuming it's rented all the time."

In the meantime, the couple have thrown out everything from leather chairs to stereo speakers, and they eat at their coffee table. "The baby's high chair is part of our living-room furniture," says Weadock. "We have a huge toy pile that took the place of the dining table, and we can order in from the talking phone. It looks like a Kids "R" Us annex. Someone came through and said, 'Oh, can you use this as a dining room?'" Their weekend escape clause is Sleepy Hollow Country Club in Tarrytown, and they've looked at real estate up to Chappaqua. "A lot of houses there are very

reasonable," says Rowe, "and you can get an awfully good deal. If we sold this apartment, we could put the money down on a nice-size house, and our payments would be less than we're paying right now for maintenance and mortgage."

They'd also regain a measure of the privacy they've lost by sharing a bedroom with their son. "As for sex lives and stuff like that," says Weadock, "he's only eighteen months old, so he just thinks Daddy's playing horsey. It's when he's three that I think we'll be checking into that hotel."



IT'S UNDENIABLE THAT THERE'S BEEN AN enormous downward plunge, and I am desperately doing everything I can to turn the market around," says Mary Ann Rothman, executive director of the Council of New York Cooperatives, which helps its member buildings deal with new taxes, new laws, energy conservation, difficult shareholders, and other issues facing co-op boards. The council recently held a seminar called "Admissions Issues in Difficult Financial Times."

"It was our point," says Rothman, "that nobody wins if the board says, 'The philosophy of this co-op is that resident shareholders should be in residence, and we're not going to let you sublet this apartment when you can't sell.' Lots and lots of co-op boards have a sublet policy that says you have to demonstrate an intent to return, and in theory that's a philosophy I would love to live by. I very much advocate that co-ops should be the homes of their shareholders. But these are trying times. At least subletting allows people to recoup part of the cost and maybe all the cost of maintaining an apartment until things get better."

The council is encouraging the co-op boards to revise their financing policies (some boards still require 100 percent cash). "They screen out an enormous number of potential buyers that way," Rothman says. "That doesn't mean I would advocate 90 percent financing, but that's okay—the banks aren't offering it anymore." And Rothman thinks co-op owners must be more

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creative about alterations. "One way of finding more space is creating it within your apartment, to get that child out of the bureau drawer," she says. "If there's a widow living alone in a large apartment and another family living in four rooms, the board can work to match them up and facilitate a swap/sale that's beneficial to both parties. There has to be creative thinking."

R

ON LEVY CHEERFULLY ADMITS OFFERING a real-estate broker an outright bribe: one percent of the purchase price in cash on top of the commission. "It was to no avail," he says.

Thirty-two-year-old Levy, who's vice-president of a computer-software company, and his 31-year-old wife, Shelly, a former account executive in the health-insurance business, took a \$40,000 loss on their classic "junior four" in Yorkville, which has been on the market for a year and a half. With a three-year-old son and another child due in December, they gave up on the promise of profiting—or just breaking even—on the co-op they bought five years ago. "It's a corner apartment with nice views, great light, cross ventilation, big rooms, and tremendous closets, on a street so quiet that you can sleep with the windows open," brags Levy. Nobody wanted it.

Almost three years ago, Levy began a reverse commute to Fort Lee, New Jersey, and the suburbs began to look good. "With one child the apartment was fine," he says, "but we started thinking, What if we want to have another one? We were seriously wondering, How old does a child have to be before you can put in bunk beds?, because David's room with two beds would be impossible—like one giant mattress."

Levy waited a year to make sure his job was secure before putting the apartment on the market. "That was a rude awakening," he says. The Levys gave an exclusive to one broker, who claimed she could get them \$375,000 and then showed the place once. They spent several thousand dollars on a new bathroom vanity and kitchen floor, and they ran ads in the *New York Times*, attracting no buyers but many brokers, who called religiously to keep the listing. "I often wondered if they were getting paid for managing inventory as opposed to selling apartments," says Levy.

A hot prospect appeared when one man wanted to make a second bathroom out of a large walk-in closet, an idea the Levys had had when they bought the place. "We never got around to it," he says, "but we figured it was a good selling point, since the pipes were all in place and other people in our line had done it." Then Levy found out about New York City Local Law No. 58, which requires that if any structural changes are made, the new structure must be accessible to the handicapped. That meant a 32-inch doorway and walls adaptable for grab bars—in a bathroom for an able-bodied buyer with no such needs. The red tape was enough to discourage his buyer, and, says Levy, "even the plan examiner told me, 'I don't understand why we have this rule. It's very stupid.'"

A serious buyer came along the first week of July—serious but, at \$190,000, representing quite a financial loss. "It was a decision of whether to bite the bullet and stay or bite the bullet and go," says Levy. After many futile house-hunting sorties from Tenafly to Wyckoff to Ridgewood, the Levys are renting in Cliffside Park, New Jersey—"a huge two-bedroom/two-bath with swimming pool, tennis court, and a power shop I can build in. Not buying now had to do with the loss we're taking and the desire to reinvest what we're walking away with, to try and make some money back." They'll buy next year—if they can get an agent to take them on. "They have our pictures in brokerages all over New Jersey," says Levy, "with a red flag: 'If you see this family, run. They will waste your weekend.'"

E

VEN THE HAPPY-ENDING STORIES OF THIS real-estate slump are tinged with remorse. Psychiatrist Larry Fischman and his wife, Margaret Groban, a lawyer, both in their mid-thirties, are

now happily ensconced in northern Westchester with their

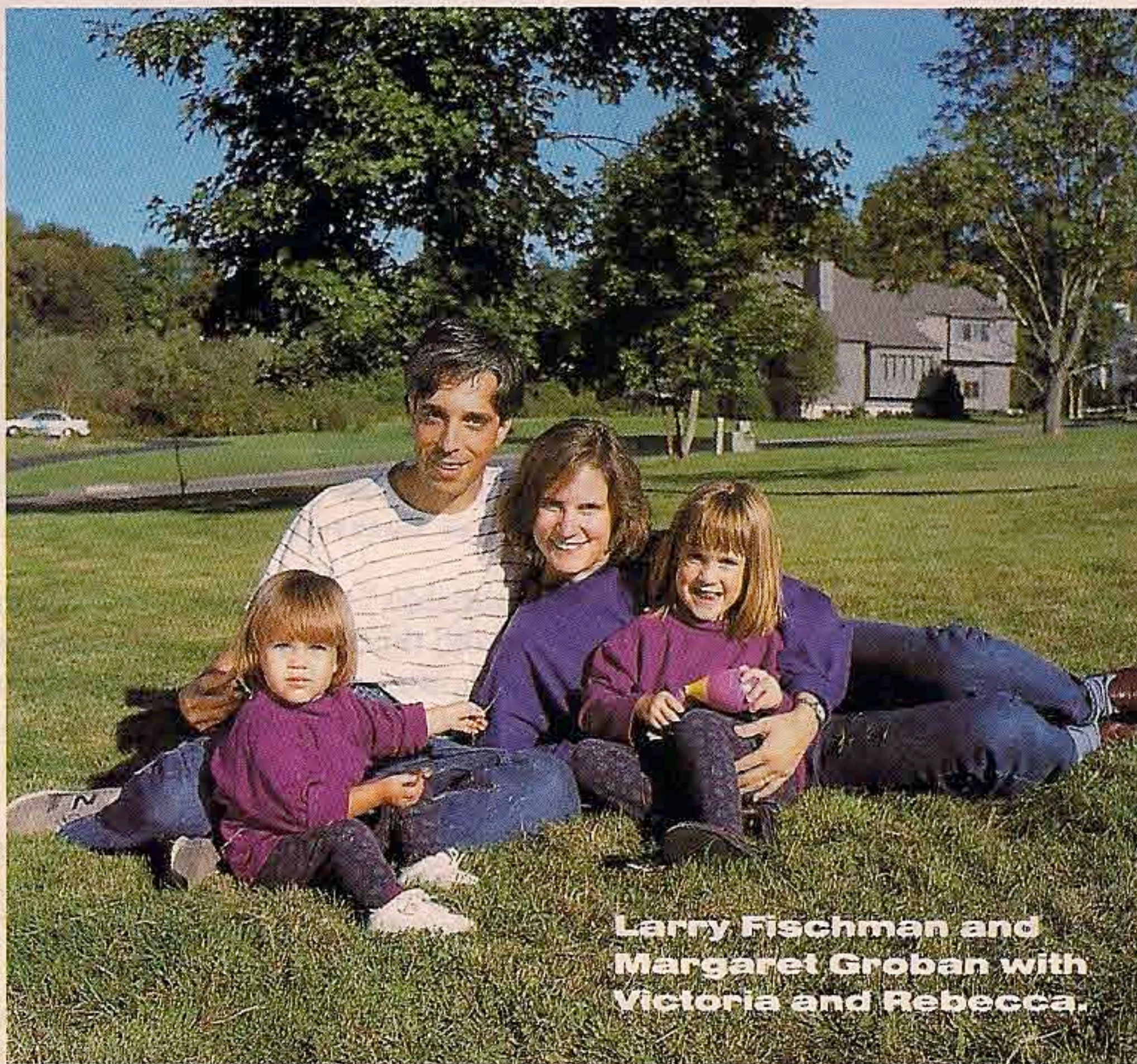
two young daughters, Rebecca, four, and Victoria, one. But selling their Central Park West apartment took an ironic toll on the couple's mental health. They could have sold their two-bedroom in the Ardsley almost immediately after listing it with just one broker but was seduced into thinking he might be deluged with other, better offers just as effortlessly. "That turned out to be a bad idea," Fischman says.

They spent the next year negotiating with a buyer who never seemed able to complete the contract, always offering some version of "The dog ate my homework"—disappearing, returning, befriending, and disappointing yet again. "The day before we were

going to put a bid on a house," says Fischman, "we told them we had to close the deal. They said, 'Not to worry. We'll send the signed contract over tomorrow by messenger.'" The couple lost that house, even lost their baby-sitter, when, thinking a move was imminent and not wanting to leave the young woman stranded, they offered her services to neighbors.

They moved grown-up furniture to the basement and explained the concept of sharing a room to their three-year-old when her baby sister was born. They bought an expensive Art Deco mirror for the hallway to make a good first impression on buyers, kept the apartment in a spotless state of on-alert ("That was the hardest part"), and tolerated finicky strangers who complained about the schoolyard view across the street. "One broker asked a million questions about every crevice in the apartment," says Fischman. "We never heard from her again."

Sixteen months later, a woman who already knew and liked the building looked at the apartment in the morning and bid in the afternoon. "Life can change in five hours," says Groban, although they accepted about \$75,000 less than their original offer. It took them only a week to find a house in the exurbs, where Fischman tries to think charitably about the Buyers From Hell—and fails. "I still dream about what they put us through," he says, "and of revenge." ■



Larry Fischman and Margaret Groban with Victoria and Rebecca.