

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL.

WSJ.com

NY REAL ESTATE RESIDENTIAL | JUNE 28, 2010

Condo Auction a Rare Success

By [JOSH BARBANEL](#)

A Madison Avenue condominium that struggled through the downturn and had been facing the risk of foreclosure sold out its last six apartments in just more than an hour in heavy bidding on Sunday, in what real-estate brokers say may be a harbinger for condo auctions in Manhattan.

Misha Haghani of Paramount Realty USA, who auctioned the property, said that while individuals and banks had auctioned off apartments in the past, this was the first successful auction by a Manhattan developer in more than two decades.

The developers of the narrow, 12-story building at 127 Madison Ave., known as m127, put the apartments up for auction, including five without any reserve or contingencies, after failing to sell the deep full-floor units as well as a penthouse with a terrace for several years.

The auction attracted more than 100 registered bidders to the Roosevelt Hotel, and the winners took apartments at an average of \$840 per square foot, a steep discount from original asking prices. A 1,577-square-foot fifth-floor apartment sold for \$1.24 million, including a 5% auction premium, 25% less than a similar apartment sold for in the spring of 2008, when apartment prices were near a peak.

Malcolm Carter, a broker and blogger who closely follows auctions in New York City, said the m127 auction appeared more successful than some auctions in other boroughs, but said the final sale price was disappointing.

"I think the auction was successful in bringing people in the door and successful in providing an unwelcome sense of reality," he said.

The threat of foreclosure had placed a cloud over the auction, but late Friday afternoon the developer announced that their lender, the Bank of Smithtown, "had been satisfied in full."

Within hours of the auction, the developer, Cardinal Investment, signed contracts to sell five full-floor units to the buyers. Kyle Ransford, a principal of Cardinal Investment, said the auction "gave us an opportunity for some recovery."

David Nguyen offered the winning bid of \$2.05 million for a penthouse apartment that he hopes to live in someday.

When the developer offered the penthouse, it reserved the right to reject the bid, and Mr. Nguyen said he is now worried that he may not be able to buy it. "Its just a gamble that we are taking," he said. "I work in finance and it is just another trade for me."

Write to Josh Barbanel at josh.barbanel@wsj.com

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com