

August 12, 2013

Read the first half of [Mark Steyn's](#) column on the Hasan trial in Texas, and you will wonder if there is any chance our country can survive.

On December 7, 1941, the U.S. naval base at Pearl Harbor was attacked. Three years, eight months, and eight days later, the Japanese surrendered. These days, America's military moves at a more leisurely pace. On November 5, 2009, another U.S. base, Fort Hood, was attacked — by one man standing on a table, screaming "Allahu akbar!" and opening fire. Three years, nine months, and one day later, his court-martial finally got under way.

The intervening third-of-a-decade-and-more has apparently been taken up by such vital legal questions as the fullness of beard Major Hasan is permitted to sport in court. This is not a joke: See "Judge Ousted in Fort Hood Shooting Case amid Beard Debacle" (CBS News). Army regulations require soldiers to be clean-shaven. The judge, Colonel Gregory Gross, ruled Hasan's beard in contempt, fined him \$1,000, and said he would be forcibly shaved if he showed up that hirsute next time. At which point Hasan went to the U.S. Court of Appeals for the Armed Forces, which ruled that Colonel Gross's pogonophobia raised questions about his impartiality, and removed him. He's the first judge in the history of American jurisprudence to be kicked off a trial because of a "beard debacle." The new judge, Colonel Tara Osborn, agreed that Hasan's beard was a violation of regulations, but "said she won't hold it against him."

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Major Hasan is a Virginia-born army psychiatrist and a recipient of the Pentagon's Global War on Terrorism Service Medal, which seems fair enough, since he certainly served in it, albeit for the other side. Most Americans think he's nuts. He thinks Americans are nuts. It's a closer call than you'd think. In the immediate aftermath of his attack, the U.S. media, following their iron-clad rule that "Allahu akbar" is Arabic for "Nothing to see here," did their best to pass off Major Hasan as the first known victim of pre-Post-Traumatic Stress Disorder. "It comes at a time when the stress of combat has affected so many soldiers," fretted Andrew Bast in a report the now defunct Newsweek headlined, "A Symptom of a Military on the Brink."

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carrying weapons. That's to say, under a 1993 directive a U.S. military base is effectively a gun-free zone, just like a Connecticut grade school. That's a useful tip: If you're mentally ill and looking to shoot up a movie theater at the next Batman premiere, try the local barracks — there's less chance of anyone firing back. ...

John Fund notes Norway's turn to common sense. Maybe it will be a place to escape too.

... "Oil has turned Norway from a sleepy, largely rural economy into an economic powerhouse," says Norwegian businessman Olaf Halvorssen. "So much money comes in to the government that Norway has largely escaped the trimming of the welfare state that many other European countries are going through."

But more and more people recognize that the oil wealth won't last forever, and a real debate is just starting in this country of 4.9 million people over what direction its economy should go. Norway will be holding elections for Parliament on September 9, just two weeks before Germany votes. If polls taken over the last year are accurate, the eight-year-old Labor-party government of Jens Stoltenberg is headed for a landslide defeat.

Normally, you would think it would be a shoo-in for reelection. Labor's social democrats have long thought of themselves as the natural party of government — Labor has been the leading party in Norway for all but 16 of the last 78 years. While much of Europe is wracked by recession, Norway's economy grew by 3 percent last year, and the unemployment rate is only 3.5 percent. Norway's GDP per capita is now over \$60,000 a year.

But Norwegians appear likely to elect a conservative coalition government for the first time in over a decade. Polls show the Conservative party leading with 32 percent of the vote, which should give it 58 seats in the 169-seat parliament, a dramatic increase from 2005, when it won only 23 seats. The Labor party has about 30 percent of the vote, and its left-wing allied parties are floundering. The Progress party — a populist party that supports low taxes and stricter limits on immigration, and that worries about Muslim extremism — has about 16 percent of the vote, and it and the Conservatives, together with their smaller allies, look to have a clear majority in the new Parliament. ...

For another look at our upside down world, **Debra Saunders** has a look at pay scales at UC.

UC Davis hired a associate chancellor for strategic communications, at an annual salary of \$260,000, according to this Fresno Bee story. \$260,000? That's almost \$100,000 more than the state pays Gov. Jerry Brown. It's also a higher salary than UC Davis paid to Luanne Lawrence's predecessors, who had different titles. ...

Science News reports on studies showing talking on cell phones may not cause more crashes. Very interesting methodology in the study.

For almost 20 years, it has been a wide-held belief that talking on a cellphone while driving is dangerous and leads to more accidents. However, new research from Carnegie Mellon University and the London School of Economics and Political Science suggests that talking on a cellphone while driving does not increase crash risk. Published in the American Economic Journal: Economic Policy, the study uses data from a major cellphone provider and accident reports to contradict previous findings that connected cellphone use to increased crash risk. Such findings include the influential 1997 paper in the New England Journal of Medicine, which concluded that cellphone use by drivers increased crash risk by a factor of 4.3 -- effectively equating its danger to that of illicit levels of alcohol. The findings also raise doubts about the traditional cost-benefit analyses used by states that have, or are, implementing cellphone-driving bans as a way to promote safety.

"Using a cellphone while driving may be distracting, but it does not lead to higher crash risk in the setting we examined," said Saurabh Bhargava, assistant professor of social and decision sciences in CMU's Dietrich College of Humanities and Social Sciences. "While our findings may strike many as counterintuitive, our results are precise enough to statistically call into question the effects typically found in the academic literature. Our study differs from most prior work in that it leverages a naturally occurring experiment in a real-world context." ...

Bloomberg News says "modest" homes in Manhattan (those under \$3 million) have never been harder to buy.

With \$1 million to spend and no need for a mortgage, Laiyan Wong expected to be able to easily buy a two-bedroom apartment on Manhattan's Upper West Side. What she didn't anticipate was how much competition she'd have.

Wong viewed more than 10 apartments in two months, gradually increasing her budget to \$1.5 million as it became clear that others were looking for similar properties amid a plummeting supply of homes in her price range.

"I made four bids and was outbid each time," said Wong, a trader at an investment bank, who eventually got a mortgage and paid \$1.6 million for a condo that was about to go under contract to someone else. "You have to be willing to make a decision in a few minutes and overpay the asking price."

Manhattanites with budgets that would buy mansions in most of America are discovering it's tough to find even a two-bedroom apartment in New York as the inventory of homes shrinks. The number of available units for less than \$3 million -- those generally considered nonluxury -- has plunged by the most on record, creating a shortage that's unlikely to be alleviated any time soon as developers focus on ultra high-end condos that have set price records by wealthy investors.

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Samuel Inc. By contrast, inventory in the top 10 percent of the market by price fell only 3.9 percent in the second quarter from a year earlier. ...

Know Thine Enemy

Major Hasan is honest about himself; why aren't we?

by Mark Steyn

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clad rule that “Allahu akbar” is Arabic for “Nothing to see here,” did their best to pass off Major Hasan as the first known victim of pre-Post-Traumatic Stress Disorder. “It comes at a time when the stress of combat has affected so many soldiers,” fretted Andrew Bast in a report the now defunct *Newsweek* headlined, “A Symptom of a Military on the Brink.”

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Maybe this Clinton-era directive merits reconsideration in the wake of Fort Hood? Don’t be ridiculous. Instead, nine months after Major Hasan’s killing spree, the Department of Defense put into place “a series of procedural and policy changes that focus on identifying, responding to, and preventing potential workplace violence.”

Major Hasan says he’s a soldier for the Taliban. Maybe if the Pentagon were to reclassify the entire Afghan theater as an unusually prolonged outburst of “workplace violence,” we wouldn’t have to worry about obsolescent concepts such as “victory” and “defeat.” The important thing is that the U.S. Army’s “workplace violence” is diverse. After Major Hasan’s pre-post-traumatic workplace wobbly, General George W. Casey Jr., the Army’s chief of staff, was at pains to assure us that it could have been a whole lot worse: “What happened at Fort Hood was a tragedy, but I believe it would be an even greater tragedy if our diversity becomes a casualty.” And you can’t get much more diverse than letting your military personnel pick which side of the war they want to be on.

Like I said, we think he’s nuts; he thinks we’re nuts. Right now, there’s a petition on the Internet seeking to persuade the United States government to reclassify Hasan’s “workplace violence” as an act of terror. There are practical consequences to this: The victims, shot by an avowed enemy combatant in an act of war, are currently ineligible for Purple Hearts. The Pentagon insists the dead and wounded must be dishonored in death because to give them any awards for their sacrifice would prejudice Major Hasan’s trial and make it less likely that he could be convicted.

Hence, the Internet petition. Linking to it from their homepage, my colleagues at National Review Online promoted it with the tag: “Thirteen people lost their lives with dozens of others wounded. And now the man responsible wants to claim it was workplace violence.”

That’s not true — and actually it’s grossly unfair to Major Hasan. He’s admirably upfront about who and what he is — a “Soldier of Allah,” as he put on his business card. On Tuesday, he admitted he was a traitor who had crossed over from “the bad side” (America’s) to “the good side” (Islam’s). He has renounced his U.S. citizenship and its effete protections such as workplace-violence disability leave. He professes loyalty to America’s enemies. He says, “I am the shooter.” He helpfully informs us that that’s his gun. In this week’s one-minute statement, he spoke more honestly and made more sense than Obama, Gates, Casey, the Armed Forces Court of Appeals, two judges, the prosecution and defense lawyers, and mountains of bureaucratic reports and media coverage put together.

But poor old Hasan can say “Yup, I did it” all he wants; what does he know?

Unlike the Zimmerman trial, Major Hasan’s has not excited the attention of the media. Yet it is far more symbolic of the state of America than the Trayvon Martin case, in which superannuated race hucksters attempted to impose a half-century-old moth-eaten Klan hood on a guy who’s a virtual one-man melting pot. The response to Nidal Hasan helps explain why, in Afghanistan and elsewhere, this war is being lost — because it cannot be won because, increasingly, it cannot even be acknowledged. Which helps explain why it now takes the U.S. military longer to prosecute a case of “workplace violence” than it did to win World War Two.

National Review

Norway’s Right Turn

A political shift as the country ponders the future of its welfare state

by John Fund

Stavanger, Norway — The National Review cruise pulled in on Tuesday to this coastal city, which clearly is the center of the country’s fabulously successful oil industry.

Outside of Texas, it’s unlikely you would find a Petroleum Museum in the United States like the one that occupies a prominent place on Stavanger’s waterfront. We depend on the oil industry for our daily needs, but then either disparage it or ignore it.

Not so Norway. The museum in Stavanger, which opened in 1997, makes obligatory nods toward climate change and alternative fuels. But among the pictures of modern windmills and solar panels is the cautionary note that such technologies resemble a ketchup bottle in that they deliver either a lot at one time or nothing at all.

The museum guides aren’t oil evangelists, but they make clear that oil from Norway is drilled following strict safety standards, and is then processed and shipped by a dependable NATO member. The profits are invested in stock markets all over the world rather than being siphoned off by corruption.

This country was transformed by the discovery of huge oil deposits off its shores in 1969. Although Norway’s state-owned oil company, Statoil, was quickly established to lead the development of the new oil discoveries, the industry has been open to private investment and participation on a scale seldom found outside the United States. That has led to an extremely efficient and profitable energy sector, which provides 36 percent of the national government’s revenue. The Government Pension Fund, into which much of the oil profits are channeled, had \$445 billion in assets in 2010 and represented nearly 2 percent of the equity in European stock markets. The value of the pension fund’s assets approximately equals the value of all the real estate in Manhattan.

“Oil has turned Norway from a sleepy, largely rural economy into an economic powerhouse,” says Norwegian businessman Olaf Halvorsen. “So much money comes in to the government that Norway has largely escaped the trimming of the welfare state that many other European countries are going through.”

But more and more people recognize that the oil wealth won't last forever, and a real debate is just starting in this country of 4.9 million people over what direction its economy should go. Norway will be holding elections for Parliament on September 9, just two weeks before Germany votes. If polls taken over the last year are accurate, the eight-year-old Labor-party government of Jens Stoltenberg is headed for a landslide defeat.

Normally, you would think it would be a shoo-in for reelection. Labor's social democrats have long thought of themselves as the natural party of government — Labor has been the leading party in Norway for all but 16 of the last 78 years. While much of Europe is wracked by recession, Norway's economy grew by 3 percent last year, and the unemployment rate is only 3.5 percent. Norway's GDP per capita is now over \$60,000 a year.

But Norwegians appear likely to elect a conservative coalition government for the first time in over a decade. Polls show the Conservative party leading with 32 percent of the vote, which should give it 58 seats in the 169-seat parliament, a dramatic increase from 2005, when it won only 23 seats. The Labor party has about 30 percent of the vote, and its left-wing allied parties are floundering. The Progress party — a populist party that supports low taxes and stricter limits on immigration, and that worries about Muslim extremism — has about 16 percent of the vote, and it and the Conservatives, together with their smaller allies, look to have a clear majority in the new Parliament. Both the Conservative party and the Progress party are headed by women — former local-government minister Erna Solberg and economist Siv Jensen, respectively — making it very likely that Norway will soon have its second woman prime minister.

The two parties agree on some basics: lower taxes and reform of the welfare system to encourage more entrepreneurship and less dependence on oil money. But the Conservatives have moved to the center in a bid to pick up disillusioned Labor voters — backing gay marriage and membership in the European Union. Being pro-gay marriage won't hurt them (it has been legal in Norway since 2008), but the public is highly skeptical about joining the EU in the wake of the recent bailouts of insolvent nations — over 70 percent of voters turn thumbs down on EU membership.

Unlike the Progress party, the Conservatives accept the basis of the Norwegian welfare state and largely promise to make it more efficient. Solberg's slogan is clearly humanist if somewhat gauzy: "Human beings, not billions."

Siv Jensen is taking a different approach. An unapologetic admirer of Ronald Reagan and Margaret Thatcher, she has appeared frequently at gatherings of U.S. conservatives such as CPAC to champion individual liberty. "We are rooted in Norwegian values and believe the best way to improve them is to create more opportunity," she told me last year during a visit to the U.S. Her party has slipped in support since 2011, when it was (largely unfairly) linked to an insane gunman's attack on Norwegian schoolchildren in which 77 people died. But it is still likely to enter a conservative government led by Solberg's Conservatives, with Jensen a possible finance minister. It would be the first time Norway's own variant on the Tea Party would ever have been part of a government. It will be interesting to see just how many compromises the Progress party will have to make as it transitions from noisy critic of the status quo to actually being part of the government. Here's hoping it can help the Conservatives demonstrate that it is possible to reform the welfare state even when there is no immediate crisis facing it.

San Francisco Chronicle
UC must stand for Unlimited Cash

by Debra Saunders

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"Mitchel Benson earned \$182,000 in 2011 as UC Davis' associate vice chancellor for university communications. Barry Shiller, who was interim executive director for strategic communications, earned \$203,000 in 2012. Beverly Sandeen made \$218,000 in 2010 as vice chancellor for university relations, a broad position that no longer exists."

It seems that UC Davis Communications czar is a high turnover post.



Want to be a 1 percenter? Work for UC

Lawrence's high salary bothers me of course because UC Davis may need the money to pay for the [next \\$1 million legal settlement](#) it makes with students who do not like how they were treated when arrested for breaking the law.

Over the weekend the Chronicle ran a Center for Investigative Reporting [story](#) about UC's decision to allow administrators with medical needs to fly business or first class.

'What followed at UCLA was an acute outbreak of medical need.

Over the past several years, six of 17 academic deans at the campus routinely have submitted doctors' notes saying they have a medical need to fly in a class other than economy, costing the university \$234,000 more than it would have for coach flights, expense records show.

One of these deans, Judy Olian of the Anderson School of Management, has tackled the arduous 56-mile cycling leg of the long course relay at Monterey County's Wildflower Triathlon at least twice, according to her expense records and race results. She described herself in a 2011 Los Angeles Times profile as a "cardio junkie."

UC has a fundamental problem: Administrators apparently believe that they can work in academia for a state university subsidized by state taxpayers and get paid like the top 1.5 percent. (UC Davis Chancellor Linda Katehi enjoys [a base salary of \\$400,000, which puts her in the top 1 percent.](#)) They have no obligation to pinch pennies, no duty to be careful with Other People's Money — and their solution to their bad reputation? Hire top-dollar image polishers. And then these arrogant academics want the public to feel badly because they are so strapped.

Science News

[Carnegie Mellon research shows cellphone use may not cause more car crashes](#)

For almost 20 years, it has been a wide-held belief that talking on a cellphone while driving is dangerous and leads to more accidents. However, new research from Carnegie Mellon University and the London School of Economics and Political Science suggests that talking on a cellphone while driving does not increase crash risk. Published in the *American Economic Journal: Economic Policy*, the study uses data from a major cellphone provider and accident reports to contradict previous findings that connected cellphone use to increased crash risk. Such findings include the influential 1997 paper in the *New England Journal of Medicine*, which concluded that cellphone use by drivers increased crash risk by a factor of 4.3 -- effectively equating its danger to that of illicit levels of alcohol. The findings also raise doubts about the traditional cost-benefit analyses used by states that have, or are, implementing cellphone-driving bans as a way to promote safety.

"Using a cellphone while driving may be distracting, but it does not lead to higher crash risk in the setting we examined," said Saurabh Bhargava, assistant professor of social and decision sciences in CMU's Dietrich College of Humanities and Social Sciences. "While our findings may strike many as counterintuitive, our results are precise enough to statistically call into question the effects typically found in the academic literature. Our study differs from most prior work in that it leverages a naturally occurring experiment in a real-world context."

For the study, Bhargava and the London School of Economics and Political Science's Vikram S. Pathania examined calling and crash data from 2002 to 2005, a period when most cellphone carriers offered pricing plans with free calls on weekdays after 9 p.m. Identifying drivers as those whose cellphone calls were routed through multiple cellular towers, they first showed that drivers increased call volume by more than 7 percent at 9 p.m. They then compared the relative crash rate before and after 9 p.m. using data on approximately 8 million crashes across nine states and all fatal crashes across the nation. They found that the increased cellphone use by drivers at 9 p.m. had no corresponding effect on crash rates.

Additionally, the researchers analyzed the effects of legislation banning cellphone use, enacted in several states, and similarly found that the legislation had no effect on the crash rate.

"One thought is that drivers may compensate for the distraction of cellphone use by selectively deciding when to make a call or consciously driving more carefully during a call," Bhargava said. "This is one of a few explanations that could explain why laboratory studies have shown different results. The implications for policymakers considering bans depend on what is actually

driving this lack of an effect. For example, if drivers do compensate for distraction, then penalizing cellphone use as a secondary rather than a primary offense could make sense. In the least, this study and others like it, suggest we should revisit the presumption that talking on a cellphone while driving is as dangerous as widely perceived."

Pathania, a fellow in the London School of Economics Managerial Economics and Strategy group, added a cautionary note. "Our study focused solely on talking on one's cellphone. We did not, for example, analyze the effects of texting or Internet browsing, which has become much more popular in recent years. It is certainly possible that these activities pose a real hazard."

Bloomberg News

Manhattan Homes Under \$3 Million Never Harder to Buy

by Oshrat Carmiel

With \$1 million to spend and no need for a mortgage, Laiyan Wong expected to be able to easily buy a two-bedroom apartment on [Manhattan](#)'s Upper West Side. What she didn't anticipate was how much competition she'd have.

Wong viewed more than 10 apartments in two months, gradually increasing her budget to \$1.5 million as it became clear that others were looking for similar properties amid a plummeting supply of homes in her price range.

"I made four bids and was outbid each time," said Wong, a trader at an investment bank, who eventually got a mortgage and paid \$1.6 million for a condo that was about to go under contract to someone else. "You have to be willing to make a decision in a few minutes and overpay the asking price."

Manhattanites with budgets that would buy mansions in most of America are discovering it's tough to find even a two-bedroom apartment in [New York](#) as the inventory of homes shrinks. The number of available units for less than \$3 million -- those generally considered nonluxury -- has plunged by the most on record, creating a shortage that's unlikely to be alleviated any time soon as developers focus on ultra high-end condos that have set price records by wealthy investors.

Listings for nonluxury apartments, encompassing about 90 percent of the Manhattan market, have fallen by more than 36 percent year-over-year in each of the last three quarters, the biggest declines in 12 years of recordkeeping, according to data from New York appraiser [Miller Samuel Inc.](#) By contrast, inventory in the top 10 percent of the market by price fell only 3.9 percent in the second quarter from a year earlier.

'Most Challenging'

"For the bulk of the market, the 90 percent, it's probably the most challenging period for a buyer in the 25-plus years that I've been observing the market," [Jonathan Miller](#), president of Miller Samuel, said in an interview.

In the second quarter, 3,638 units priced at less than \$3 million were listed for sale, the smallest nonluxury inventory in nine years, according to Miller. The absorption rate, or the amount of time it would take to sell all those properties at the current pace of deals, was 3.9 months, the fastest in records dating back to 2004.

In Manhattan, where the median price for a two-bedroom apartment is \$1.35 million and a three-bedroom unit costs \$2.63 million, the nonluxury category encompasses many first-time and move-up buyers, Miller said. Nationally, the [median price](#) for single-family home in June was \$214,200, according to the National Association of Realtors.

Narrowing Gap

Listings for the whole market, from studios to four bedrooms, are falling, Miller said. The costs though to buy a nonluxury apartment are outpacing those of the most expensive properties.

The average price of a nonluxury Manhattan apartment climbed 7.8 percent in the second quarter from a year earlier to \$1 million, according to [Miller Samuel](#). The average price for a unit in the top 10 percent of the market declined 8.4 percent to \$5.25 million.

“Relatively speaking, it’s gotten more expensive to buy a nonluxury property,” Miller said.

The pool of available homes at the lower end of the market is shrinking as owners who bought during [the boom](#) and then saw values plummet wait to list their properties until their equity climbs high enough to justify a sale, according to Miller. New supply isn’t growing fast enough because developers who have revived projects after the credit crisis are almost exclusively building luxury units, he said.

“Everything that’s built has to be considered luxury to succeed,” said Rachel Gilbert Solomon, a principal at Atalanta Advisors LLC, a New York-based firm that helps developers get equity and debt financing for their projects. “Land is trading at a really high price so you have to make it very high-end.”

Development Costs

Developers are paying about \$750 a square foot for development sites, and construction costs push up the price of building new projects to as much as \$1,700 a square foot, Gilbert Solomon estimated. In the last boom, the rate for development sites was \$400 to \$450 a square foot, she said.

At the current prices, builders are counting on selling units for an average of about \$2,400 a square foot to make the returns worth the risk, she said.

“Every project south of 96th Street is assuming sellouts in excess of \$2,000 a square foot, and that really creates a problem” for buyers, said Robert Knakal, chairman of brokerage Massey Knakal Realty Services.

New Condos

A building on West 77th Street that he was planning on marketing for about \$40 million sold last month for \$55.5 million, or about \$725 a square foot, according to Knakal and public records. The buyer, developer Naftali Group, has already gotten calls from people interested in an apartment at the site, which still houses a Hertz parking garage, the firm's chief executive officer, Miki Naftali, said in an interview. He plans to build "ultra luxury" condos after breaking ground next year, according to a statement last month.

At 150 Charles Street, a West Village condominium development by the Witkoff Group where apartments are available for as much as \$35 million, a 541-square foot (50-square-meter) studio was last listed for sale at \$1.1 million, according to StreetEasy. The unit, which is in contract, was initially priced at \$850,000 when sales began earlier this year according to documents filed with New York State Attorney General Eric Schneiderman's office.

At Walker Tower, a former Verizon Communications Inc. building at 18th Street near Seventh Avenue in Chelsea, a 1,730-square foot two-bedroom unit on the ninth floor was listed for \$4.2 million, as of a January price filing.

'Starved' Market

Developer Sonny Bazbaz said he foresaw a 'starved' market for mid-priced apartments, when he drafted plans for the condo conversion of an Upper West Side property he acquired from a lender in a 2011 bankruptcy sale. Buying the former rental property at 101 West 87th Street for \$48 million - or about \$450 per square foot -- Bazbaz saw an opportunity to create a condo project where half of the 62 apartments would be priced for less than \$2 million.

When sales began in December, "the units started flying off the shelf, and we started increasing prices in response to that demand," said the president of Bazbaz Development LLC.

In new condo developments, there were 539 listings for \$1.5 million or less at the end of June, down from 1,792 in the second quarter of 2008, the pricing peak of the last Manhattan construction boom, according to data compiled by property-listings website StreetEasy.com.

For buyers with a budget of \$1 million or less, there were 364 newly built units to choose from in the second quarter, compared with 1,102 in 2008.

Boom Cycle

"The people looking to buy now are the people who were waiting for the last boom cycle to burst and then were kind of watching the market and hoping that this might finally be the time," said Sofia Song, vice president of research for StreetEasy.

The lack of supply is encouraging homebuyers to seek out properties in [Brooklyn](#), driving prices in the neighboring borough to a record in the second quarter.

It's also spurring bidding wars in Manhattan that particularly hurt those dependent on a [mortgage](#), according to Jacky Teplitzky, a broker at Douglas Elliman Real Estate. Fast-rising

home values mean the appraisals that lenders rely on to finance a deal are always out of date, she said.

Some purchasers are agreeing to complete a deal even if they can't get financing. When she represents sellers, Teplitzky requires buyers who waive a mortgage contingency to prove that they can handle the full cost in cash.

Appraisal Values

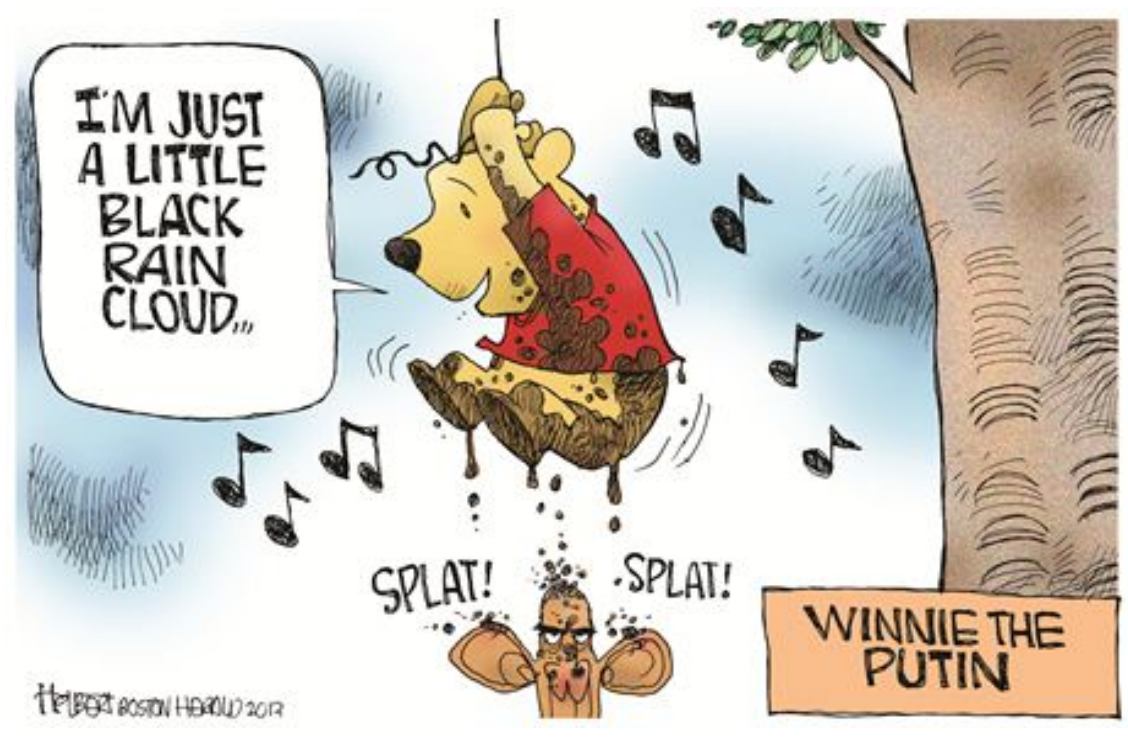
If that apartment doesn't appraise for the full value of the bid, "I have to make absolutely sure that the buyer has enough money in the bank to make up the difference," she said. "We request full financial disclosure."

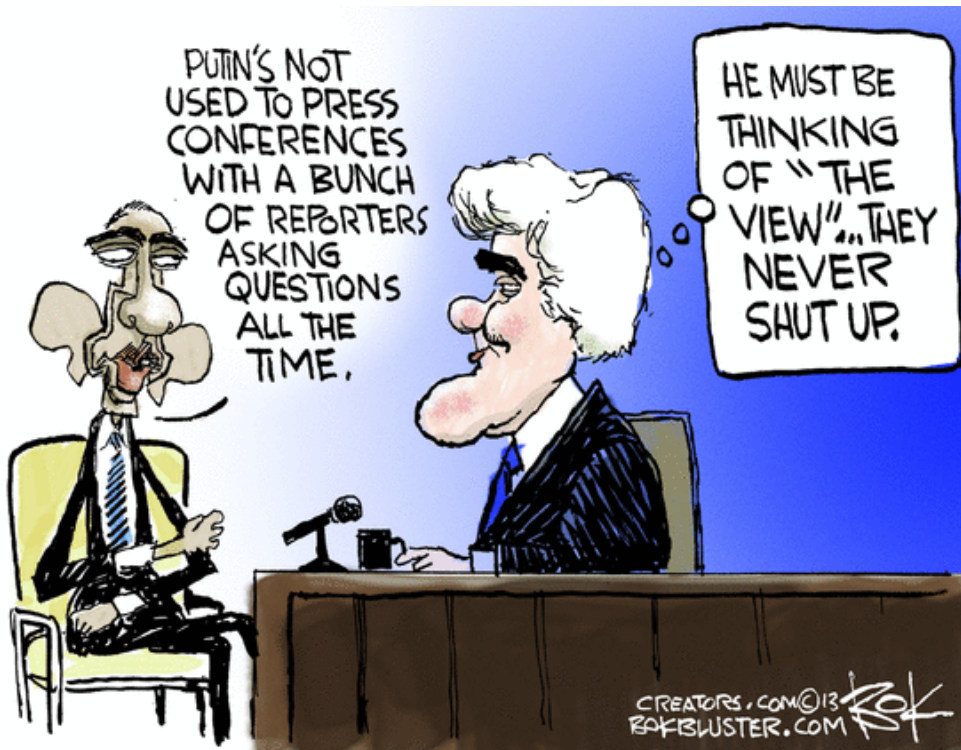
Wong, the bank trader, was among those who agreed to waive a mortgage contingency in addition to boosting her [price range](#). She began looking in April for a two-bedroom apartment with room for an office, seeking to find a weekday apartment closer to the Upper West Side high school her son will attend in September.

"One million sounded like a good number," she said of her initial budget. "But when I looked at the apartments, I knew I needed to increase that."

She arrived the day after an open house to see a co-op on West 104th Street, only to find out from the sales broker that the property had received nine bids, all at or above the \$1.15 million asking price. Wong then hired that broker, Linda Feder of Corcoran Group, for advice on her search.

After four unsuccessful bids, her fifth try was for a three-bedroom condo on West 98th Street near Riverside Park, listed at \$1.4 million. The seller had already accepted an offer and sent a contract to the potential buyer. Wong won the unit by bidding \$1.6 million and pledged to sign a contract within a week and complete the deal in a month. She closed in June.





Hints that the Obamas are vacationing nearby...

