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## The Jaw-dropping Details on New York City's "Ultra-luxury" Condo Boom

From Bloomberg:

Apartment owners at Manhattan's 15 Central Park West, home to Goldman Sachs Group Inc. (GS) Chief Executive Officer Lloyd Blankfein and the musician Sting, are seeking to double their investments after the complex shattered price records and sparked a wave of ultra-luxury listings.

Four condos have hit the market since May with asking prices at an average 192 percent premium over what owners paid in 2007 and 2008, according to data from StreetEasy.com. The priciest listing came last week, with Leroy Schecter, chairman of metalworks firm Marino/Ware Industries Inc., seeking \$95 million for a five-bedroom unit on the 35th floor.

The dual limestone towers have set a standard for New York's trophy-home market, which has seen a surge in demand from investors and foreign buyers. The sale in February of former Citigroup Inc. Chairman Sanford Weill's penthouse for a record \$88 million has emboldened owners in Manhattan to "test the waters" for expensive properties, said Jonathan Miller, president of appraiser Miller Samuel Inc.

"Sellers are a lot more confident in this building than probably any other building," said Sofia Song, vice president of research at New York-based StreetEasy, a property-listings website. "There's not a whole lot of inventory or product out there that's like 15 Central Park West. When the demand is intense, that's when you get these crazy prices."

Beats Gold

If history is an indication, the sellers aren't far off the mark. The 12 most recent transactions at 15 Central Park West averaged \$17.3 million, 103 percent more than their original purchase prices, according to data compiled by StreetEasy. That return beat gold, which rose 88 percent since the beginning of 2008, when most buyers at the complex were moving into their apartments.

Weill and his wife, Joan, paid \$43.7 million for the 6,744-square-foot (627-square-meter) full-floor condo in 2007, city property records show.

Schecter's apartment offers unobstructed views of Central Park to the east and the Hudson River to the west. The property is a combination of two units, one of which was rented by New York Yankees star Alex Rodriguez, that were purchased in 2008 for a total of \$26

million, according to Emily Beare of CORE, the broker representing him. Schecter is renovating the space.

“It’s almost like a work of art,” Beare said. “It is an investment. You’re investing in one of the best properties in the world.”

“Anything’s Possible”

The market will determine whether he and the other sellers get what they’re asking, said Miller.

“Anything’s possible,” he said. “But just because one transaction or a couple of transactions broke a record doesn’t translate into guaranteed results for its neighbors.”

A fifth unit at 15 Central Park West is listed for \$35 million, 76 percent more than the purchase price.

Arthur and William Lie Zeckendorf built the \$800 million project on a plot two blocks north of Columbus Circle, the traffic hub that connects the Upper West Side and Midtown. Robert A.M. Stern, now dean of the Yale School of Architecture, designed the 19-story “house” and 43-story “tower,” as they are known, to evoke the Art Deco luxury apartment buildings of the early 1900s.

“The ambiance of the entire property is casual elegance,” said Noel Berk, a broker at Mercedes/Berk Private Real Estate in New York. “There’s an informality about it, a non-pretension.”

Private Garden

Residents have access to a swimming pool, dining room, movie theater, conference rooms and a communal deck that’s the site of the annual building-organized viewing of the Macy’s Thanksgiving Day Parade. A driveway off 61st Street into the garden allows discreet passage for residents who want privacy.

It’s “the single best amenity package I have ever seen,” said Dolly Lenz, vice chairman at Prudential Douglas Elliman Real Estate.

Lenz represents the seller of the \$35 million condo. The three-bedroom unit on the 15th floor, purchased for \$19.9 million in 2009, has been on the market since December, according to StreetEasy. It was remodeled by Michael Smith, the White House interior designer, and includes a guest apartment and wine cellar, said Lenz, declining to name the owner.

A smaller three-bedroom apartment, which sold for \$10.3 million in 2008, is listed at \$26 million, StreetEasy data show.

“We determine the list price by comparable sales,” said Berk, the broker for the seller, whom she declined to name. “We basically have to use the comparables of sales in the building itself, because the other buildings are nowhere near it.”

## Broader Market

At the Plaza Hotel on Central Park South, resale prices for the property’s luxury condos dropped 8.6 percent on average from their purchase prices in 2007 and 2008, based on the 12 most recent transactions recorded by StreetEasy.

For the broader luxury market, the top 10 percent of Manhattan co-op and condo deals, the average sale price was \$5.7 million in the second quarter, down from \$7.7 million in the first three months of 2008, Miller Samuel data show.

In the aftermath of the recession and Lehman Brothers Holdings Inc.’s bankruptcy filing in 2008, “you had what seemed to be prices going down in other buildings, at least temporarily,” said Christopher Delson, a real estate lawyer with New York-based Morrison & Foerster LLP. “But that really didn’t happen with 15 Central Park West. The prices seemed to increase.”

## “New Category”

Since Weill’s penthouse was purchased for the daughter of Russian billionaire Dmitry Rybolovlev, wealthy buyers seeking havens for cash are clamoring for a limited number of trophy properties and helping push prices to levels never before seen in New York, according to Miller.

“It’s defining a new category in real estate,” he said.

One57, a tower under construction on West 57th street, is emerging as a competitor to 15 Central Park West in the super-luxury market. The duplex penthouse at the property went into contract in May for more than \$90 million, toppling the Weill-Rybolovlev deal’s record for a single Manhattan home. The price worked out to \$8,000 to \$9,000 a square foot for the unit, which spans the 89th and 90th floors, Gary Barnett, president of builder Extell Development Co., said at the time. He wouldn’t name the buyer.

Earlier that month, Oaktree Capital Group LLC Chairman Howard Marks bought a duplex at 740 Park Ave. for \$52.5 million, city property records show. It was the most ever paid for a Manhattan co-op, according to Miller.

Steven Klar, a Long Island-based developer, was probably inspired by those deals when he put his penthouse at 150 W. 56th St. on the market in July for \$100 million, Miller said. That asking price, the city’s highest, would work out to about \$12,500 a square foot, just shy of the record \$13,000-a-square-foot paid for Weill’s condo, Miller said.

## \$100 Million

Klar bought the triplex atop the 72-story tower known as City Spire for \$4.5 million in 1993, the New York Times reported.

Victoria Logvinsky, a listing broker at Prudential Douglas Elliman, declined to comment. Raphael De Niro, who is sharing the listing, didn't return telephone messages. Klar didn't respond to an e-mail seeking comment.

"I think someone will buy it, but I don't think they'll pay \$100 million," said Noah Rosenblatt, founder of UrbanDigs.com, a real estate analytics and consulting company in New York. Klar "clearly wants to be the highest sale."

Soon after Schecter listed his Central Park West apartment last week, the nine-room duplex penthouse atop the Ritz-Carlton hotel hit the market, also with a \$95 million price tag, according to StreetEasy.

### More Competition

While tight supply is supporting the current spate of "eye-popping" asking prices, there is going to be an influx of "very expensive" inventory hitting the market in the coming years that will create more competition among sellers, said Donna Olshan, president of Olshan Realty Inc. and author of a weekly newsletter on the New York luxury market.

In addition to One57, slated to open in 2013, properties that will vie for wealthy buyers include the revived development of One Madison Park in the Flatiron District and 440 Park Ave., where CIM Group and Harry Macklowe plan to build Manhattan's tallest residential tower, Olshan said.

Still, 15 Central Park West will retain its allure and value because "it's its own exotic animal," she said.

Also on the market is the three-bedroom, 32nd-floor condo bought by Piofrancesco Borghetti, former chairman of German cosmetics company Marbert AG. The limited liability corporation that owns it is seeking \$27.75 million, almost triple what Borghetti paid in January 2008, property records show.

A four-bedroom apartment purchased by Arthur Estey, a partner at hedge fund Realm Partners LLC, and his wife, Evelyne, was listed last month for \$36 million, more than twice its November 2007 price, according to property records.

Estey didn't respond to telephone calls seeking comment and Borghetti couldn't be reached.

### "Exquisite" Design

Hugh Verrier, chairman of New York law firm White & Case LLP, said he hadn't considered what might happen to the value of the 12th-floor apartment at 15 Central Park West that he and his wife, Celia, purchased in November 2010.

“We just really thought of it as a living space,” said Verrier, who was especially drawn to the complex’s 75-foot (23- meter) pool.

They paid \$3.37 million for the one-bedroom condo, property records show, even as Verrier’s friends questioned the investment in the wake of the recession.

“The design of the building is exquisite,” he said. “I think those are things you can only fully appreciate when you inhabit the space.”