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Billionaires' Row Condos Get Price Hikes Even in Glutted Market



*111 West 57th Street rendering
Photographer: Hayes Davidson*

New luxury condos are proliferating in Manhattan and sales of the priciest units are slipping. But for developer Michael Stern, who's building one of the most lavish, it looks like a good time to raise prices.

Stern, co-developer of 111 W. 57th St., is hiking the list price on eight units in the middle of the 1,428-foot tower on Billionaires' Row. The increases range from \$1 million, on a now-\$27.5 million three-bedroom unit, to \$1.75 million on an apartment now listed at \$29.25 million, according to plans submitted to the New York state attorney general's office. The changes reflect increases of 3.5% to 5.6%.

"Candidly, I think the building is a little bit underpriced," said Stern, chief executive officer of JDS Development Group, who is constructing the tower with Property Markets Group and Spruce Capital Partners. "This building is really a sculpture in the sky. There's nothing else like it, and we're going to price it for what it deserves."

The 60-unit project, which incorporates the landmarked Steinway piano showroom, is nearing completion, and would-be buyers are able to tour the property and see the unobstructed views of Central Park from the higher floors. Stern says that gives the tower an edge over competitors with less-impressive panoramas.

He declined to say how many condos have sold in the property, where a penthouse that was listed at \$58 million is under contract.

Griffin's Penthouse

The price increases come just months after billionaire Ken Griffin set a record by paying \$238 million for a penthouse at 220 Central Park South, a new tower a few blocks away. But on the whole, sales of ultra-

luxury apartments are on the decline. In the second quarter, 19% of all purchases in new developments were priced at \$5 million or higher -- the lowest share in 10 quarters, according to brokerage Core.

Garrett Derderian, market analyst at Core, said other developers are also considering price hikes -- not as a sign of market strength, but as a way to have a higher starting point from which to negotiate down.

In the second quarter, units priced at \$20 million or greater had average discounts of 14%, Derderian said.



*The view at 111 West 57th Street
Photographer: Hayes Davidson*

At 111 W. 57th St., the condos getting markups are in the middle of the 82-story tower. They all have three bedrooms, three baths and about 4,492 square feet of space, according to the plans. With the increases, they'd range from \$6,345 a square foot for an apartment on the 42nd floor, to \$6,901 a square foot for a unit on the 49th story.

"When they walk into this building and see and feel the proportions and understand the grandeur of the spaces -- people get it," Stern said.