

FINANCIAL TIMES
how to
spend it

shrewd
COVETABLE HOMES
CLEVER INVESTMENTS
moves

*New York's sophisticated new residences
Where to buy in back-on-track Dubai
Idyllic Greek islands coming up for sale
Canary Wharf's beguiling work-life balance*

“I WANT TO WAKE UP IN THAT CITY”

New York is now home to the world's highest concentration of billionaires and some 389,000 millionaires. David Kaufman reports on how this new demographic is redefining the city's prime residential property market



Much like alchemy or the explorer-era search for El Dorado, developing ultra-high-end Manhattan real estate is the ultimate exercise in the unknown. Or at least the uncertain. Build properties that are too big, and younger buyers and singletons may turn away; too small, and families could feel squeezed out. Price them too high, and value-seekers might look elsewhere; too low, and the project may lose its sense of exclusivity. Which is why a select group of New York City developers is hoping that a finely calibrated mix of size, location, world-class architecture and canny pricing will appeal to the market's deepest-pocketed buyers. Ranging

from towering Park Avenue penthouses to sprawling SoHo lofts, grand Madison Park mansions to private Tribeca town houses, these new luxury property schemes arrive just as New York's uppermost real estate is fetching record figures. Last year, former Citigroup chairman Sanford Weill sold his penthouse at 15 Central Park West to Russian billionaire Dmitry Rybolovlev for \$88m. At roughly \$13,000 per square foot, the Rybolovlev sale was the most ever paid per square foot for a NYC apartment, and more than twice Weill's 2007 purchase price.

Since then, penthouses at a pair of nearby skyscrapers currently being built – One57 and 432 Park Avenue – have exceeded \$90m. Unlike in London, where a penthouse at One Hyde Park sold to Ukrainian billionaire Rinat Akhmetov for £136.6m, no New York apartment has yet gone for nine figures. But with both

One57 and 432 Park Avenue's developers apparently still raising prices, a \$100m sale is certainly possible before all the apartments have been purchased.

Fuelling this price hike is an unprecedented increase in New York-based wealth. According to a May report from consultancy WealthInsight, the city is now home to the world's highest concentration of billionaires and the second-largest millionaire community after Tokyo. Along with their foreign counterparts, these 70 billionaires and some 389,000 millionaires are redefining the concept of "prime" residential property. And Manhattan developers are scrambling to meet – if not exceed – their ever-more sophisticated demands.

"Billionaires were always bullish on Manhattan, but they were never prepared to pay these kinds of prices before," says Nikki Field, senior global real-estate

A rendering of the now sold-out 150 Charles Street, whose 91 residences quickly retailed for prices from \$3m



At The Marquand, 41 former rental units are being converted into 22 four- to six-bedroom apartments, which will be accompanied by a gym and concierge



Clockwise from left: a sitting room at 432 Park Avenue, apartments from \$7m. Renderings of The Whitman, whose penthouse is priced at \$25m, and 56 Leonard, where the last penthouse is available for \$31m



storey homes when occupancy began in 2009. A neo-Georgian-styled unit was bought by Louis Vuitton designer Marc Jacobs for \$10.5m, and a final, 4,865sq ft town house is still available for \$14m. Now, a handful of similarly designed schemes is entering the market in Manhattan's most desirable neighbourhoods. Close to Superior Ink is 150 Charles Street (rendering pictured on previous pages) – a recently sold-out development with 91 homes, including 10 maisonettes that all have private entrances and, in many cases, their own garage. Units at the 16-storey building – which features a 75ft pool, 3,000sq ft gym, landscaped courtyard garden and panoramic Hudson River views – retailed from \$3m, rising to between \$8.5m and \$12m for the maisonettes. Directly across the street is the aforementioned Printing House, mostly consisting of lofts (from \$1,775,000), but where Berman's firm is also building maisonettes and town houses.

In NoHo, three late-19th-century industrial buildings are being converted into The Schumacher, with a mix of lofts, penthouses and four three- and four-bedroom mansions, in which the lowest level could be configured as a wine cellar, home cinema or bijou swimming pool. The mansions are sized from 2,500 to 4,500sq ft, priced between \$6.75m and \$11m, and are partially illuminated by an enclosed central courtyard garden. Three of the mansions have sold, two of them to a prominent New York-based billionaire art dealer and collector.

Far larger (or pricier) town houses have also entered the market – including the 5,900sq ft East Mansion and 9,600sq ft West Mansion at The Abingdon in the West Village, which sold for \$13.2m and \$23.4m respectively. On East 61st Street, The Carlton House is a 68-unit co-operative scheme run along condominium lines and anchored at ground level by a new-build, five-floor, 9,742sq ft town house priced – like the building's 8,743sq ft penthouse – at \$65m. At 18 Gramercy Park (designed by Superior Ink and 15 Central Park West architect Robert AM Stern), there's a 3,750sq ft duplex maisonette costing \$9.53m. And finally, over in Tribeca, 7 Harrison Street – a redbrick former warehouse punctuated by Palladian arches – is being converted into 12 condominiums, including a town house with a private entrance and garden. Pricing will be announced later this

adviser at Sotheby's International. Pamela Liebman, president and CEO of The Corcoran Group, adds: "And it's not just the typical group of foreign buyers, but a whole new class of billionaire buyers from across America – high-tech folk, energy-boom moguls, people from businesses and places you've never seen before."

While its members may vary in industry and origin, Manhattan's new generation of billionaire buyers has already established clear priorities and patterns. "Many of today's wealthiest buyers are seeking properties of at least 6,500sq ft," says Jonathan Miller, president of Miller Samuel Real Estate Appraisers. "What's more, they want those spaces to be more 'open plan' in design, with high ceilings, large windows and full 'concierge-style' services." With properties on this scale still relatively scarce, Manhattan developers are recognising the value of city-centre residences sized like suburban homes.

At The Marquand on East 68th Street, for instance, 41 former rental units in a 1913 building are being converted into just 22 four- to six-bedroom apartments, which will be accompanied by services such as a gym and concierge. The residences, which start at roughly 3,800sq ft, are priced from \$15m to \$43m, while two approximately 7,000sq ft triplex penthouses are going for \$46.5m. Forty-two blocks south, there are a mere four apartments at the brick-and-limestone-clad Whitman – a former textile showroom overlooking leafy Madison Square Park that has been converted into entire-floor homes sized from 4,967sq ft and costing from \$10m. Three have been sold (including one to Chelsea Clinton), while the 6,540sq ft penthouse (rendering pictured above right) is still available for \$25m. "Everyone who has toured the penthouse so far has been an American billionaire," says Melanie Lazenby,

executive vice president at Douglas Elliman Real Estate, which is co-selling the building.

A similar buyer class will be targeted by Jared Kushner, president and CEO of the Kushner Companies and developer of The Puck Building, the Romanesque-revival icon in SoHo built between 1885 and 1893. He is quietly converting the building's top two floors and adding a third level to create seven penthouses, ranging from 4,895sq ft to one that is more than 7,000sq ft and will cover almost the entire roof (rendering pictured overleaf). They will start at roughly \$20m, and Kushner says that the main penthouse – a duplex entering the market next year – could be listed for three times that. Meanwhile, over in Chelsea, veteran developer Adam Gordon's new building at 560 West 24th Street will include just eight homes in total, from 3,300sq ft.

Along with sprawling apartments, billionaires are also gravitating towards town houses. These are not the classic century-old brownstones lining leafy Upper East Side or West Village blocks, but rather new-build "mansions" typically attached to larger luxury developments with comprehensive services and amenities. Intended mainly for families, town houses offer benefits to both developers and buyers. For the former, they create "a diversity of units that can help a project appeal to the broadest base of buyers," says architect Matthew D Berman, whose Workshop/APD business partner, Andrew D Kotchen, is designing residences at The Printing House in the West Village. "And buyers enjoy the space and privacy of their own home without the sense of isolation that often comes with it – which is increasingly important as New York becomes more international."

The town house trend is not entirely new – the West Village's Superior Ink featured seven three- and four-

56 Leonard's sales were derailed by the financial crisis, but this March the developer relisted it with asking prices almost 20 per cent above 2008 levels



year, with buyers – as with the rest of Downtown – expected to be mostly from New York.

In fact, 7 Harrison Street is one of several new projects now being built in Tribeca after nearly half a decade of development dormancy. The most architecturally ambitious of them is 56 Leonard (rendering pictured on previous page), a 60-floor tower designed by Pritzker Prize-winning duo Herzog & de Meuron as a series of translucent cantilevered boxes footed by a gleaming Anish Kapoor sculpture. Its 145 apartments came briefly onto the market in 2008, but sales were derailed by the financial crisis. This March, however, developer Izak Senbahar relisted it at prices almost 20 per cent above 2008 levels. He says that the 820ft-high building is 80 per cent gone, with sales totalling \$900m. A 7,800sq ft duplex sold for \$47m in June, a record price for a condominium south of Midtown Manhattan, and the last apartment on the market, a 5,489sq ft penthouse, is still available for \$31m.

With its “brand-name” architects and towering design, 56 Leonard exemplifies the most conspicuous target of Manhattan’s billionaire buyers: ultra-luxurious residential skyscrapers. Two aforementioned Midtown projects currently dominate this sector – architect Christian de Portzamparc’s 94-condominium One57 (rendering of an interior pictured top) across from Carnegie Hall, and the 115-unit 432 Park Avenue (an interior pictured on previous page) between East 56th and 57th Streets, designed by Rafael Viñoly. While differing in amenities and aesthetics, the towers are emblems of what Sotheby’s Field calls “the best of brand New York”. Their views stretch from Central Park to the Hudson and beyond; they are close to Manhattan’s commercial, cultural and retail cores; and each one upon completion – One57 in mid-2014 and 432 Park Avenue in 2015 – will become New York’s tallest residential building (the tallest in the hemisphere in the case of the 1,396ft 432 Park Avenue). Perhaps most crucially, the apartments will be delivered

Clockwise from top: renderings of a condo at One57, \$27.5m; Baccarat Hotel & Residences, which has a penthouse for \$60m; and a penthouse terrace at The Puck Building, from about \$20m



fully – and meticulously – finished. Unlike a decade ago, when top-end projects such as Richard Meier’s Perry Street Towers arrived as empty shells, “buyers today want their apartments completely liveable from day one”, says Corcoran’s Liebman. “They are now more sophisticated, more international and have little interest in ripping out walls or bringing in their own architects.”

As with One Hyde Park, both 432 Park Avenue and One57 are backed by seasoned, high-profile developers as wealthy and discerning as many of their buyers: Macklowe Properties’ Harry B Macklowe (working in conjunction with CIM Group) at the former and Gary Barnett of Extell Development Company at the latter. For Macklowe (a noted art and architecture enthusiast), Viñoly’s grid-like arrangement of 10ft by 10ft windows is “seductive and classical – a wonderfully pure example of architecture inspired somewhat by Austrian Secessionist architect Josef Hoffmann”. Viñoly’s design stands in sharp contrast to One57’s darkly fluid, glass-panelled façade.

Another key difference is that One57 will include – and be fully serviced by – a flagship Park Hyatt hotel, while 432 Park Avenue is residential only, though with a private restaurant, spa, screening room and concierges. Macklowe says that this set-up is a nod “to privacy and

exclusivity. 432 Park Avenue is totally dedicated to its residents.” And with 70 per cent of the building’s buyers coming from the US, including many already based in Manhattan, it makes sense that it has forgone the hotel.

But for One57 buyer Michael Holtz, the Park Hyatt proved key. “There is a desire today to replicate the lifestyle experienced when travelling,” says the owner of upmarket travel agency Smart Flyer, who purchased a three-bedroom, park-facing unit earlier this year. With half of One57’s buyers based abroad, the hotel component is likely to hold equal appeal with them. Indeed, four blocks south, on West 53rd Street, the 114-room, 61-condo Baccarat Hotel & Residences (rendering pictured left) is being constructed and will be capped by a \$60m five-bedroom penthouse.

As New York’s new billionaire buyers push prime-property figures close to that magical \$100m mark, real-estate insiders are quietly wondering whether these prices can be sustained. Already, One57 developer Extell is working on a mixed-use tower poised to top 1,500ft in height – and exceed its predecessor’s prices. But Macklowe is adamant that 432 Park Avenue, despite its \$7m entry point (rising to \$95m), represents value: “The ceiling heights, finishings and unusual windows are like works of art,” he says.

Hyperbole aside, Macklowe may not be entirely off base, notes London-based Liam Bailey, head of residential research at estate agent Knight Frank. New York, he explains, now rivals London as a key destination for global wealth and the global wealthy, “but prime New York property prices remain below London levels” – roughly \$2,200 per square foot in New York, compared with \$4,300 in London and more than \$5,000 in Hong Kong. “As an ever-widening pool of people acquires ever-widening wealth, there’s no reason to think New York’s prime-property prices couldn’t rise even further.” ♦

THE BIGGER APPLE

7 Harrison Street, +1917-385 0565. **18 Gramercy Park**, +1212-490 1818; www.18gramercypark.com. **56 Leonard**, +1212-965 1500; www.56leonardtribeca.com. **150 Charles Street**, www.150charles.com. **432 Park Avenue**, +1212-432 5657; www.432parkavenue.com. **560 West 24th Street**, www.560w24.com. **The Abingdon**, +1212-352 8224; www.flankonline.com. **Baccarat Hotel & Residences**, +1212-765 5300; www.baccaratresidencesny.com. **The Carlton House**, +1212-680 0166; www.thecarltonhouse.com. **The Marquand**, +1212-418 2028. **One57**, +1212-570 1017; www.one57.com. **The Printing House**, +1212-675 0421; www.printinghousewestvillage.com. **The Puck Building**, +1212-460 0655. **The Schumacher**, +1212-418 2060; www.theschumacher.com. **Superior Ink**, +1212-488 0012. **The Whitman**, +1212-727 6131.