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<http://www.forbes.com/sites/morganbrennan/2012/01/04/could-a-110-million-penthouse-be-a-billionaire-bargain/print/>

## Could A \$110 Million Penthouse Be A Billionaire Bargain?

By Morgan Brennan

At this point most real estate enthusiasts have heard about the \$88 million penthouse sale underway in New York City's coveted 15 Central Park West condo complex. But in case you didn't, the 6,744-square foot apartment is being sold by former Citigroup chairman Sandy Weill to the 22-year old daughter of Russian billionaire, Dmitry Rybolovlev. The sale, reportedly for the full \$88 million asking price, breaks down to more than \$13,000 per square foot — the most ever paid in the Big Apple and arguably the entire country.



Rendering of One57 (Courtesy of Extell)

Thanks in part to this behemoth of a home sale, a new up-and-coming luxury building, One57, situated mere blocks away, recently decided to hike asking prices on the condo units it has yet to build. One57's 10,923-square foot penthouse, which will encompass the 89th and 90th floors, now sports a \$110 million price tag. It was originally listed for \$98.5 million, upping nearly 12% a result of the 15 CPW sale nearby, according to the *The Wall Street Journal*. The new nine-figure price tag means the condo unit is now the Big Apple's most expensive residential listing — ever.

Yet the apartment — and the building's inventory in general— is still considered, at least by the developer, a bargain. Gary Barnett, the president of *Extell Development Company*, the New York City-based company behind the building's new construction, believes the asking prices, which were raised throughout the yet-to-be-completed building, are still arguably 20% to 30% lower than where prices currently trade in New York City's comparable ultra luxury buildings.

“Given the pace of sales and interest, we have increased prices and believe there will be more room to increase prices in the near future,” asserts Barnett, who declines to comment on the number of sales underway since the sales office was opened a month ago. “I do feel the new prices in the building are still extremely conservative given where the market is today.” Prices on average inched up about 4% for the entire building, which will be the country's tallest residential high rise. In addition to the \$110 million penthouse, an even larger 13,554-square foot condo referred to as the “winter garden” unit (thanks to a two-story, glass-enveloped garden) now commands \$105 million and there are 11 units priced at \$42.5 million or higher.



Rendering of the penthouse's living room at One57 (Courtesy of Extell)

To members of the 99% these numbers may sound staggering, especially since the condos won't be finished for roughly another two years. But what about for the billionaires who have the means to buy them?

Jonathan Miller, chief executive of [Miller Samuel](#), a New York City-based real estate appraisal firm, says ultra-luxury, multimillion dollar transactions occur in clusters. "Trending the high end market is very difficult, it's more like an on and off switch rather than a gradual ebb and flow," he explains, noting that the switch flipped 'on' in late 2010 and has stayed there since. "When you see a record transaction, other listings enter the market because they are confident that they aren't an outlier. It's a sign there are buyers in this price strata." In other words, there's demand for these types of mega pricey properties right now.

Indeed. Even before Ekaterina Rybolovleva went into contract on the \$88 million Weill pad, the Manhattan neighborhood where 15 CPW is located, on the southwestern end of Central Park, welcomed some [seriously expensive real estate activity in 2011](#). Rich Russian composer Igor Krutoy snapped up a 6,000-square foot spread (not even a penthouse, mind you) in the famed hotel-turned-condo building, The Plaza, for \$48 million last March. He and his wife reportedly shelled out the hefty amount because they lost out on apartments in 15 CPW and the Time Warner Center, according to [The Post](#).

In September, a 4,400-square foot Time Warner Center penthouse [hiked its price up to \\$60 million](#) from \$44.95 million, or up to about \$13,700 per square foot. In December, a newly renovated apartment in The Plaza also listed recently, demanding \$165,000 per month for the privilege of renting.

Why does this area, home to some of the country's [most expensive ZIP codes](#), command such astronomical figures? Because billionaires and rich celebrities have always liked to live here. It's central to almost everything on the island, walking distance to the multi-billion dollar companies headquartered in midtown and yet still somewhat private. And of course there are the highly prized views of Central Park. "Those buildings are there because that's where they [the world's rich and famous] want to be. There is nothing speculative about this market." The buildings themselves are lavish too, boasting private entrances, high-end finishes, designs by famed architects and [outrageous amenities](#). One57 will also tout a five-star hotel in its lower levels.

Both Barnett and Miller agree that \$13,000 per square foot is a sales amount that remains a rare and unrealistic figure for owners and developers of even the most bourgeois buildings to expect. An outlier, if you will. But that doesn't stop Barnett from asserting that his new building's penthouse, valued at nearly \$10,000 per square foot, remains "conservatively priced": "We are seeing a lot of sales in the market on asking prices of \$7,000 to \$10,000 per square foot...on buildings of inferior quality." Miller, along with Realtors who peddle lavish properties in this neighborhood, believe the billionaire buying binge will likely continue through 2012. Compared to the penthouse prices at 15 CPW and the Time Warner Center, Barnett might be right to suggest the prices on his yet-to-built sky-high mansions are a bargain. But he could also be fostering lofty hopes for a building whose construction has yet to yield tangible abodes to base that assumed value off of. We will just have to see if this "buying cluster" yields a billionaire in 2012 who agrees with him.