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## Along 57th, New Signs of Edifice Complex

By Craig Karmin

The battle to build New York City's tallest, and possibly priciest, residential building is heating up along Manhattan's 57th Street corridor.

Extell Development Co. has leapt ahead. The New York developer already has built 22 floors of a 90-story condo and hotel project that will sprout 1,004 feet high, near Carnegie Hall.

Four blocks to the east, on Park Avenue, Los Angeles-based real-estate investors CIM Group with developer Harry Macklowe are building a tower that they have said privately has the rights to top off at more than 1,000 feet. While they haven't revealed their final plans, people in the New York real estate community expect they will build close to that height.

Meantime, Houston-based developer Hines is trying to revive the stalled MoMA tower project on West 53rd street that has been approved to build up to 1,050 feet.

Any of these developments would easily surpass the Frank Gehry-designed 870-foot twisting tower on Spruce Street as the city's tallest residential building. Just this year, that downtown rental building shot past Trump World Tower as the city's tallest residential property.

"My guess is ours will be the tallest in the western hemisphere," Gary Barnett, president of Extell, exuded in an interview last week, referring to his \$1.4 billion project.

But Donald Trump, whose east side residential tower could slip to fifth tallest in New York in a few years, wasn't about to concede ground. "I still have a lot of the tallest buildings in the city," he puffed, adding that the Trump International Hotel and Tower in Chicago, a condo-hotel with a roof that sits 1,170 feet above ground, "is taller than all of them."

Owning the world's tallest building has been the obsession of many of a developer, a trait known as the "edifice complex." New York used to claim the distinction but it's long since passed first to Chicago, then Malaysia, Taiwan and, most recently Dubai's Burj Khalifa.

At 2,700 feet, that building is likely to hold the crown for awhile. So lately developers have been looking for other distinctions, like the world's tallest residential property.

Aside from a dizzying height that could attract King Kong, these skyscrapers share a common pursuit of the moneyed elite. The Extell project is aiming to sell condos at an average price per square foot of about \$5,000, Mr. Barnett said. The others are expected to be shooting for the same heights.

Whether there's enough cash sloshing around for all three remains to be seen. "The Manhattan market can handle only one or two high-end developments at a time," says appraiser Jonathan Miller. "The buyer pool for the high-end luxury market is not unlimited."

The new developments are expected to be heavily marketed to foreigners. "That means you may be at the mercy of the vagaries of the foreign exchange market," says Donna Olshan, president of Olshan Realty, which closely tracks luxury sales. "Where will the euro be in three years?"

The new high-rise projects would also compete with existing luxury buildings. While the sleek, soaring 15 Central Park West and Time Warner Center look almost squat in comparison, "they have the benefit of being next to Central Park," Ms. Olshan said of two of the city's most exclusive buildings.

Yet despite these and other challenges, each of the mega-developments has enjoyed some encouraging news of late.

Extell is close to securing a \$700 million construction loan, according to people familiar with the matter. Up until now, Extell has been raising eyebrows by building using only equity financing, something developers rarely do.

But now Bank of America and Banco Santander are leading a lending group and are in the process of syndicating the debt. A deal could close this quarter, according to people familiar with the matter.

The developer's partner is an Abu Dhabi government fund that also is supporting the loan by agreeing to buy any unsold condo units at a certain price, these people say. Both banks and the Abu Dhabi fund declined or couldn't be reached for comment.

Designed by Christian de Portzamparc and known as One57, the Extell building will house a Park Hyatt hotel on the first 30 stories and some 95 luxury condominiums on the next 60 floors. About three-quarters of the apartments will offer at least partial Central Park views, Mr. Barnett said.

Earlier this month, he received state attorney general approval to begin selling condos. He hasn't signed anyone up yet but says there are contracts out.

CIM, meanwhile, recently reached agreements to relocate two existing tenants on the south side of 57th street, British clothier Turnbull & Asser and Italian jewelry maker Buccellati. Their departures will allow CIM to demolish the existing stores and open up about 100 feet of space on the block, say people familiar with the matter.

The Los Angeles investors considered a boutique hotel at the site, which faces the five-star Four Seasons Hotel on 57th street, but are now expected to devote that space to luxury condos or office and retail, people who know CIM say.

The project is being designed by Rafael Vinoly.

CIM acquired the site of the former Drake Hotel on Park Avenue last year for \$305 million, according to public property records. A CIM spokesman declined to comment on the project's financing.

The MoMA tower, designed by Pritzker prize winner Jean Nouvel, would be a mixed-use building that would include residential units next to the museum. After being stalled, Hines recently submitted revised plans to City Planning and expects to release renderings soon, a spokeswoman for the developer said.

While having bragging rights to the tallest building is important to developers, many residents don't seem to care. Bill Reed, a Bank of America employee who lives on the 24th floor of the Spruce Street building with his wife, says he cares mostly about the design of the tower.

As for someone developing a taller building, "I'm not too much concerned as long as it's not blocking our view," he says.