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## Economy

### **New York's new billionaire street**



One57 is the first of several new high-rise buildings promising billionaires Central Park views like this

by Mark Garrison

One street in Manhattan will soon have a lot more billionaires living on it. Though currently better known for hotels, offices and retail, a central stretch of 57th Street is being transformed by three new luxury high-rise residential towers. Developers are scrambling to build skyscrapers with dazzling Central Park views and market the apartments for tens of millions of dollars each, often to moguls buying their third, fourth or tenth homes.

The first of the three to open will be One57. Armies of workers are putting the finishing touches on its 90 floors. One57 had an unfortunate moment in the spotlight during Hurricane Sandy. High winds wrecked its crane, leaving it dangling by the penthouse, one of two duplex condos in the building that have sold for at least \$90 million.

That mishap is all cleaned up now, but the developers are still skittish about letting visitors all the way up. So prospective buyers get a taste of the building through its opulent sales office down the street. Every inch is designed to look and feel very, very expensive, from the stylishly dressed woman who greets buyers to the St. Laurent marble floor to the video presentation that begins each pitch.

A staffer taps a tablet and the wall projection comes to life. Soaring orchestral music builds as an elaborate animation shows the building forming out of water rising from the street. A model in a black evening gown saunters around an apartment, savoring a breathtaking view of Central Park, two blocks north.

After the video, prospective buyers are taken through scale models of the building and shown the elaborate custom kitchens and bathroom fixtures they can choose to have installed. The tour ends in a room with a giant projection of a time-lapse image of Central Park, a simulation of the helicopter view that costs dearly.

The pitch is working for a global cast of buyers, the types of hedge fund titans, metals magnates and oil barons who can write eight-figure checks. One57 is 70 percent sold, which represents about \$1.5 billion in revenue. The lowest-priced apartment still on the market runs \$17 million.

“Certainly in this area where you can have this view corridor, Manhattan is a very developed place,” says Extell Development Company Vice President Jeff Dvoretz, One57’s project manager. “These kind of sites don’t come around very frequently.”

That’s certainly true -- it took Extell more than a decade to piece together the land and rights to build One57 -- but other lofty choices for the ultra-rich are emerging on 57th Street. Just a few doors down, developers recently purchased Steinway Hall, showroom of the famed piano maker. They’ll combine that with an adjacent vacant site to mount another high-rise luxury residential building.

Further east, another construction site buzzes, where workers are building 432 Park Avenue. When finished, it will be the tallest residential building in the Western Hemisphere. Growing global wealth is driving demand for these kinds of super-tall, ultra-expensive apartments.

“Assets like real estate and art are big draws for parking a lot of money,” says Lynne Sagalyn, director of Columbia Business School’s Milstein Center for Real Estate. “And there’s a lot of money floating around the globe that’s looking for a home in real solid assets.”

Manhattan real estate can fluctuate, but investors believe buildings like these, in prime locations with panoramic views, will hold their value. Billionaires put their money into trophy apartments around the world for some of the same reasons that they snap up pricey works from hot artists.

One might imagine lush living happening in these buildings, with swank cocktail parties buzzing on floor after floor every night. But in reality, these astonishingly expensive apartments could sit dark and empty most of the year. Few owners will use them as primary residences.

Jonathan Miller, CEO of the real estate appraisal and consulting firm Miller Samuel, likens these properties to “the world’s most expensive safety deposit boxes.”

“People buy them and put their possessions in them and maybe visit them a couple times a year,” Miller says, gazing up at the construction under way at 432 Park Avenue.

These popular multimillion-dollar condos aren’t a proxy for the larger American housing market, but the boom in luxury buildings is a boon for New York. It’s creating well-paying jobs and will generate blockbuster property tax revenues that will fund the city’s education and public safety.

With glorious views, central location and unprecedented height, 57th Street is now the prime spot for billionaires in the market for a place in the sky.