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Sky High and Going Up Fast: Luxury Towers Take New York

By CHARLES V. BAGLI

Only 10 floors have been completed in what is intended to be the tallest residential building in the Western Hemisphere — a slender, 84-story tower on Park Avenue at 56th Street in Manhattan. But the top penthouse is already under contract for \$95 million.

Other buyers have snapped up apartments on lower floors for prices that are almost as breathtaking. While their identities are not known, it is likely that many are the rootless superrich: Russian metals barons, Latin American tycoons, Arab sheiks and Asian billionaires.

Ultraluxury housing and construction is booming across Manhattan, which is now beginning to rival London in popularity with the world's wealthy. The number of condominium buildings in the borough with apartments selling for more than \$15 million has risen to 49, up from 33 in 2009, according to CityRealty.

And an additional 20 or so are under construction or in plan-



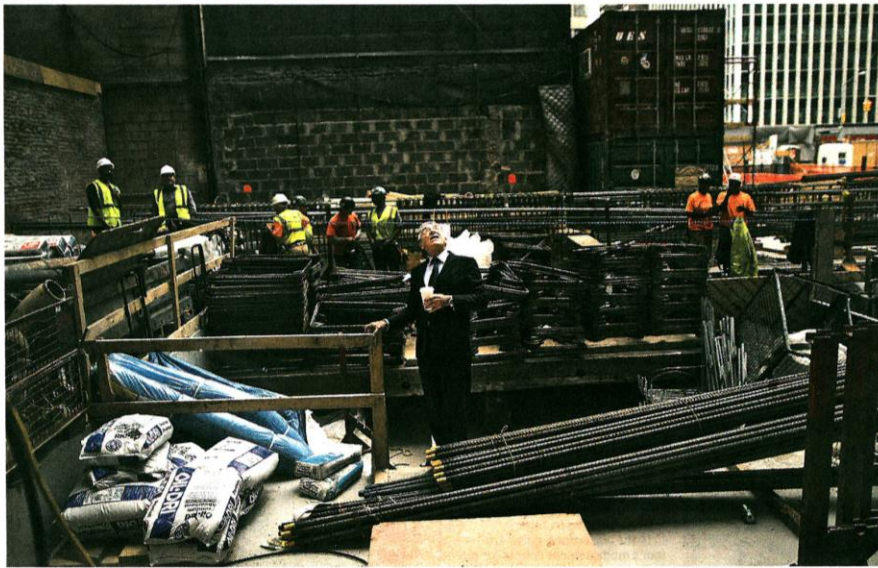
DBOX FOR CIM GROUP
AND MACKLOWE PROPERTIES

A rendering of 432 Park Avenue, an 84-story tower.

ning.

"There's a great deal of interest in New York, which is seen as relatively cheap compared to other global cities," said Yolande Barnes, director of research for Savills, an international real-estate firm.

The growth in high-end
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Harry B. Macklowe, the developer of 432 Park Avenue, where a penthouse has already been sold for \$95 million.

Amenities in the Sky

An apartment building being constructed at 432 Park Avenue, between 56th and 57th Streets, at the site of the former Drake Hotel, will be the tallest residential building in the Western Hemisphere. It will also be one of the most expensive.

RENDERING OF 432 PARK AVENUE, LOOKING NORTHWEST



A sampling of the apartments offered at 432 Park Avenue:

Full-floor penthouse apartment
8,255 square feet;
6 bedrooms, 7 baths, 2 half-baths.
MONTHLY COMMON CHARGE \$17,805
UNDER CONTRACT **\$95 million**

4-bedroom apartment
5,421 square feet;
4 bedrooms, 5 baths, 2 half-baths.
MONTHLY COMMON CHARGE \$11,693
ASKING PRICE **\$44.8 million**

3-bedroom apartment
4,019 square feet;
3 bedrooms, 4 baths, 1 half-bath.
MONTHLY COMMON CHARGE \$8,669
ASKING PRICE **\$31.8 million**

2-bedroom apartment
1,789 square feet;
2 bedrooms, 2 baths, 1 half-bath.
MONTHLY COMMON CHARGE \$3,859
ASKING PRICE **\$9.7 million**

Staff apartments
Studios on the 28th and 29th floors are available only as maids' quarters to residents already owning a larger apartment. They range from \$1.5 million to \$3.9 million.

Personal wine cellars
Range from \$158,000 to \$378,000

In New York, Luxury Towers Are Going Up Fast

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projects in Manhattan comes as housing for the working and middle class is in increasingly short supply in the city. These buildings are proving so profitable that they are warping the local real-estate market, making it more difficult to put up more-affordable housing.

Developers have long complained that the prices of land, construction materials and labor are high in New York, even if they are somewhat less expensive than in London or Hong Kong.

But builders of ultraluxury apartments have much more latitude on costs because they are securing spectacular prices for their projects.

As a result, the luxury building trend is driving up the overall cost of land in the city. Several developers maintained that they could build moderately priced housing only if they could get significant tax breaks.

"There are only two markets, ultraluxury and subsidized housing," said Rafael Viñoly, the architect who designed the tower on Park Avenue at 56th Street,

which is called 432 Park.

The rush to build these towers underscores the gap between rich and poor in New York City, said James Parrott, chief economist for the Fiscal Policy Institute, a liberal research organization supported by unions. He said that median family income in the city had fallen 8 percent since 2008.

"Manhattan's superluxury condo boom, along with rocketing foreclosures in Queens and record homelessness, present an unobstructed view of accelerating polarization in this recovery," Mr. Parrott said.

Still, it is not hard to see why developers are flocking to the high end.

Izak Senbahar, the developer of 56 Leonard, a 60-story tower in TriBeCa where penthouses are going for more than \$20 million, signed contracts with buyers for 70 percent of the 140 apartments in just 10 weeks.

"We were all surprised," Mr. Senbahar said. "This was not what we expected. There's a pent-up demand for condos with helicopter views."

A decade or two ago, luxury buildings were largely confined to Park and Fifth Avenues.

Today, they are rising all over Manhattan — from One57 and the Baccarat in Midtown Manhattan to 825 First Avenue on the East Side, 150 Charles Street in Greenwich Village and 30 Park Place downtown.

"It's not that location is unimportant," said Nancy Packes of Signature Marketing Services. "But it's now all about bigness, lifestyle and views."

Determining who is buying many of these properties is a challenge. The superrich often go to great lengths to shield their identities, requiring confidentiality agreements with builders and brokers and using anonymous corporate entities for purchases.

In an interview, the developer of 432 Park, Harry B. Macklowe, said he and his partner, CIM Group, already had contracts for nearly \$1 billion worth of apartments at the building. Total sales are expected to surpass \$3 billion for a building that will cost about \$1.25 billion to complete, he said.

The cheapest apartment in the building, a 351 square-foot studio, costs \$1.59 million, according to the offering prospectus.

About half the buyers are foreigners, Mr. Macklowe said.

As with many of these build-

ings, only about a quarter of the units will be occupied at any one time.

Mr. Macklowe bought and demolished the former Drake Hotel during the real estate boom of 2006 to make way for the tower, before nearly losing the property during the downturn. Mr. Macklowe said he and his architect, Mr. Viñoly, designed the tower around the "purest geometric form: the square." The tower floors are 93 feet square; each side of the building has six 10-foot-by-10-foot windows.

"This is the building of the 21st century, the way the Empire State Building was the building of the 20th century," Mr. Macklowe said. The penthouse has six bedrooms, seven bathrooms and a library. A sculptured bathtub sits in front of a window, offering IMAX-like views of the city. A buyer can also pick up a \$3.9 million studio for the housekeeper and a private wine cellar for \$300,000.

The building offers residents an indoor-outdoor event space for 350 of their closest friends.

Mr. Macklowe has sought to reach out to potential buyers with a lavish marketing campaign developed by Dbox, an advertising

and branding agency. He distributed an oversize glossy magazine around the world that resembles Vogue, with ads from retailers including Armani and Piaget, and essays by writers including Ruth Reichl and Blake Gopnik.

He also produced a short film that places the tower in the context of classic images: the ceiling

of the Pantheon, New York movie stills, fashion plates and sculptures by Giacometti.

In one film clip, the aerialist Philippe Petit walks a tightrope that stretches from the Empire State Building to 432 Park with the aid of computer-generated imaging, while Mr. Macklowe emerges from a King Kong outfit.