

THE GLOBE AND MAIL



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Report on Business

HIGH FINANCE IN MANHATTAN

The world's ultra-wealthy find their place to park cash



Jeff Dvoretz is a vice-president at Extell Development Co. Some buyers will be able to move into the company's luxury condo tower One57 this year.
NEVILLE ELDER FOR THE GLOBE AND MAIL

International billionaires are forking over tens of millions for New York's latest in ultra high-end living as a hedge against uncertainty. And many are doing it sight unseen

JOANNA SLATER
NEW YORK

Earlier this month, a buyer plunked down \$32.5-million (U.S.) for a luxury condominium overlooking Manhattan's Central Park.

Nobody batted an eye. To earn headlines in New York these days, a transaction has to be bigger than that - much bigger.

The broader U.S. housing sector may be entering a slow and unsteady recovery, but in a tiny sliver of the market something very different is happening.

Manhattan is in the throes of a boom in ultra high-end condos that has drawn wealthy people from around the globe and shattered previous sales records.

The four most expensive home sales in New York's history have all taken place in the last 14 months - one for \$70-

million, one for \$88-million and two others for more than \$90-million.

At the forefront of the trend is a brand-new glass skyscraper called One57, now the tallest residential building in the city. Buyers have signed up to pay tens of millions of dollars each for apartments there - many without setting foot in the building, which is still unfinished.

The appetite to buy is not simply driven by the opportunity to own an apartment outfitted with opulent materials and offering one-of-a-kind views. Many of these purchasers are looking for a safe place to park their cash in an uncertain world.

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FOLLOW THE STORY

In on the ground floor

Take a look at a three-bedroom, \$27.3-million unit at One57 - more than 4,000 square feet, with three bathrooms and a grand salon.

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The picture of luxury

See the apartments - and the views - at New York's newest, and most exclusive, address. Online photo gallery at tgam.ca/Dnbd

FROM PAGE 1

Luxury: High-end condos tap into a market few believed even existed

» “I’ve never seen a larger group of uber-wealthy people chasing real estate” in Manhattan, said Pamela Liebman, president of The Corcoran Group, a property firm. “The demand is unprecedented.”

In 2012, the number of homes in Manhattan that sold for more than \$15-million doubled, according to figures from The Corcoran Group.

Through a combination of luck and audacity, Extell Development Co., the developer behind One57, was the first to tap into a well of demand that few believed existed so soon after the global financial crisis. But now others are racing to catch up. Several other new super-luxury condos are under construction, including one at 432 Park Avenue that will eclipse One57 in height.

Unlike in the past, the purchasers aren’t concentrated in one region of the world. At One57, the buyers come from China, Russia, South America, Africa and the Middle East. There’s even at least one Canadian: Lawrence Stroll of Montreal, who made his fortune through fashion brands. His estimated net worth is \$1.8-billion.

Many ultra-wealthy buyers are interested in preserving their capital outside the country where they earned it, said Edward Mermelstein, a real estate lawyer in New York who represents clients from Russia and former parts of the Soviet Union. These buyers have plenty of cash and “the U.S. is a great location to minimize risk.”

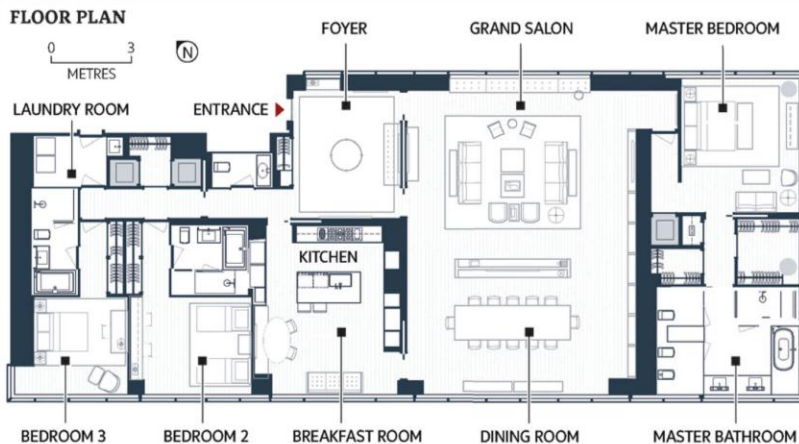
Condos, which are in short supply in New York, are in high demand among this crowd. Buyers can preserve anonymity and skip the trouble of getting screened by a nosy co-op board.

One57, which cost an estimated \$1.3-billion to build, hits the sweet spots: It is a condo comprised of 92 trophy apartments and also a five-star Park Hyatt hotel. No pesky one-bedrooms share the space. “It’s a very exclusive club,” said Ms. Liebman, who acts as a consultant to the building. “The only way in is writing a big cheque.”

Last year, two buyers agreed to pay more than \$90-million each for the two huge duplex apartments in One57: One at the top of the building, and the other – featuring a giant-glassed in terrace – on the 75th and 76th floors.

It took a decade just to assemble the plots of land that make up the site where the building now sits, said Jeff Dvoretz, Extell’s vice-president of development. The project required a good amount of “very politely

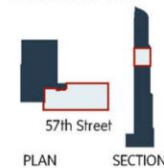
SAMPLE UNIT AT ONE57



UNIT 60B

Similar units	Floors 58 to 60
Listing price	\$27,300,000
Square feet	4,193
Bedrooms	Three
Bathrooms	Three
Ceiling height	3.4 metres

WHERE IT'S AT



THE GLOBE AND MAIL » SOURCE: EXTELL DEVELOPMENT CO.



One57, which cost an estimated \$1.3-billion to build and will hold the title of New York’s tallest building with residences, is comprised of 92 trophy apartments and a five-star Park Hyatt hotel. CHANG W. LEE/THE NEW YORK TIMES

TROPHY HUNTING

A selection of recent eye-popping real-estate deals in Manhattan. All figures in U.S. dollars:

MAY, 2012

More than \$90-million (under contract)
One57
6-bedroom condominium penthouse

JULY, 2012

More than \$90-million (under contract)
One57
6-bedroom condominium

FEBRUARY, 2012

\$88-million
15 Central Park West
4-bedroom condominium penthouse

JUNE, 2012

\$70-million
50 Central Park South
4-bedroom condominium penthouse

NOVEMBER, 2012

\$54-million
785 5th Avenue
7-bedroom co-operative penthouse

Source: Olshan Realty, Globe and Mail research

put, patience,” he said. The building is also backed by Aabar Investments, a fund in Abu Dhabi.

More than 60 per cent of the apartments in the building are already sold. The cheapest one still available is listed at \$17-million. Some owners will be able to move in later this year, Mr. Dvoretz said.

Last fall, a major mishap occurred when Hurricane Sandy snapped the building’s construction crane, leaving it dangling high above the busy streets below. The crane was later secured.

With prices for super-luxury buildings increasing, brokers are already talking about potential froth in the market. So when does the dance stop? “That’s the hundred-million dollar question,” said Ms. Liebman of The Corcoran Group. With a pool of buyers from the U.S. and abroad across a range of industries, she doesn’t see demand slackening any time soon. “This market is bigger than any one segment.”