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# NEW YORK'S FIRST \$100 MILLION APARTMENT

# IS COMING SOON

IN A CITY CONSUMED BY LUXURY CONDOMINIUMS, NO PRICE IS TOO HIGH TO PAY. AS A NEW ROUND OF END-OF-YEAR BONUSES HITS BANK ACCOUNTS, **Michael Gross** REPORTS ON THE RACE TO A NINE-FIGURE SALE.

**F**orget the gated motor court, the private courtyard or the waterfall in the lobby and check out the dizzying view from atop 50 United Nations Plaza. Manhattan's Rocky Mountains—the skyscraper tops of the Empire State, the Chrysler, Rockefeller Center and MetLife—all seem close enough to touch. You can see the network of bridges connecting the city to the rest of the world; the East and Hudson rivers; the Statue of Liberty; the new One World Trade Center. In the distance, airplanes take off from Kennedy and LaGuardia. And straight

down below sit Louis Kahn's Franklin D. Roosevelt Four Freedoms Park and the UN itself. The Foster+Partners-designed condominium tower is still under construction; its triplex penthouse (complete with a 50-foot-long heated outdoor pool and a Foster-created, one-piece stainless-steel staircase—both hoisted up to the aerie by crane) doesn't even have walls yet. But since they will be walls of glass, the views won't change once they're installed. What has changed? The asking price. When 50 UN was topped out in July 2013, two separate apartments—a \$55 million duplex

The Midtown Manhattan skyline, as seen from 56 Leonard, a 60-story condo by Herzog & de Meuron in New York's TriBeCa

and a \$45 million full-floor penthouse below it—were the most expensive units. But in October, developers Arthur and William Lie Zeckendorf (whose grandfather sold the UN its site) and Israeli billionaire Eyal Ofer's Global Holdings upped the ante. The day before DEPARTURES' visit, they sent out word: The two could be purchased together as a triplex. Its \$100 million price, if achieved, would set a new record for a New York City apartment.

Crazy? Hardly. A senior advisor to a Middle Eastern ruler toured 50 UN a day after our visit. And you would want it, too, if you had the dough. As the bar for entry into the heights of New York's real estate market rises ever higher, potential buyers haven't blinked. A nine-figure sale no longer seems like a dream. Instead, it appears inevitable. By the time you read this, it may already have happened. "The psychological barrier has been broken," says Arthur Zeckendorf, sounding a little stunned himself. "It's like a snowball. Everybody wants in on the action, and it gets bigger and bigger. Obviously, an apartment like that is a trophy, but it's also proven to be a sound investment."

*The American tycoon already owns a Manhattan penthouse condo—not to mention several companies and a professional sports team. But when his broker tells him about a newer, better apartment he has to see, he agrees, of course. As he walks around it, he starts hyperventilating. "It's breathtaking, the most beautiful thing I've seen," he gasps, but in an instant, he looks stricken. What's the problem? "Oh my God," says the billionaire. "Do not show this to my wife. If you show her, I'll have to buy it."*

**T**he roots of today's price spike are shallow. As recently as ten years ago, the highest-priced apartments were cooperatives, still the predominant form of home ownership in New York City today. But because co-ops generally require intrusive financial disclosures while limiting purchasers' ability to alter and use their apartments, foreigners, investors and the secretive rich long disdained them. Luxury condominiums are a relatively recent phenomenon; the first, Olympic Tower, opened its doors in 1976. In 2003 a condo in Columbus Circle's Time Warner Center took the most-costly crown for the first time when a Mexican financier bought two apartments for \$45 million and then scooped up a third for a total sum of \$54.8 million. No co-op has held the city's apartment price record since.

In December 2011, former Citigroup chairman Sandy Weill set the current sales record when he unloaded a penthouse at 15 Central Park West to the then-22-year-old daughter of Russian potash oligarch Dmitry Rybolovlev for \$88 million. A frenzy of "can you top this"

listings soon followed; the flag had dropped on the race to nine figures. The following May, Gary Barnett, founder of condo developer Extell, leaked word of a signed contract for a \$90 million-plus penthouse atop his One57, a 1,004-foot-tall, Christian de Portzamparc–designed hotel-condo tower a few blocks from the 15 Central Park West property. Then Steven Klar, also a developer, offered his penthouse at CitySpire—a West 56th Street condo tower by Helmut Jahn—for \$100 million despite its awkward layout (three rings of rooms arrayed



The glass-walled living room overlooks the East River in the Foster+Partners-designed triplex penthouse at 50 UN Plaza.

## “PEOPLE WITH MORE MONEY THAN DRIVE THIS MARKET.” *EGO*

like a race track around the building's core) and the fact that One57 now partly blocks its once expansive view of Central Park. The price attracted so much attention, the listing crashed his broker's website.

In One57's wake, what once might have been deal-breakers became mere bumps in the road; neither its construction crane, famously felled in Hurricane Sandy, nor the sneers of architecture critics ("tall and clunky, preening yet graceless") slowed its juggernaut. In May 2013 it emerged that an investment group led by hedge fund runner Bill Ackman had signed a contract for another penthouse, at

PREVIOUS SPREAD: VUUV STUDIO

## THEY KNOW WHAT TO DO WITH IS A FACTOR, TOO.

penthouse at their Rafael Viñoly–designed 432 Park Avenue, a slender, poured-concrete tower just south of East 57th Street. Not only did it set a higher presumptive price record, but when complete at 1,396 feet, 432 Park will stand 392 feet taller than One57, too. Having seen his sales record fall to Macklowe, Extell's Barnett is aiming higher. His next planned tower, a block west of One57 and a few blocks south of 15 Central Park West, will rise between 1,400 and 1,550 feet. To date, no one has yet sought to exceed its height. But in the hottest, highest real estate market in memory, many are asking, Why not me?

HAYES DAVIDSON/JAMES EWING PHOTOGRAPHY

\$94 million, which will set a new city record once One57 is finished and the deal closes. Casino magnate Steve Wynn's subsequent purchase of a \$70 million penthouse in the Ritz Carlton, a condo-hotel on Central Park South, and David Geffen's \$54 million deal for a 12,000-square-foot Fifth Avenue penthouse (setting the current co-op record) seem comparatively chintzy.

One57's moment in the sun was eclipsed by developers CIM Group and Harry Macklowe, who have inked a \$95 million contract for the

*"On July 4, the fireworks are right up here with us," says developer Steven Klar, standing on one of the three circular terraces of the sky-high midtown triplex penthouse he is selling for \$100 million. "Everything looks nice from up here." So who's looking? "The Russians are coming. Asians. I showed it three weeks ago to a Middle Eastern woman who has 19 homes. I can't imagine that. It's a different stratosphere."*

**M**ost recently, a triplex penthouse atop the Hotel Pierre was listed for \$125 million (the unit set a record when Wall Street's Martin Zweig bought it for \$20 million in 1999). Weeks later the besieged hedge fund runner Steven A. Cohen listed a Charles Gwathmey–designed duplex in Beacon Court on East 58th Street for \$115 million. And River House, a Depression-era co-op known as a bastion of secrecy, listed a private club on its premises as a "mansion within a co-op" for a staggering \$130 million for the raw space alone. Presumably, serious buyers will consider decorating costs a rounding error.

Obviously, few can afford a \$100 million apartment. "It's not a large universe," admits Michael Stern, founder of JDS and one of the developers behind Walker Tower, a 1929 Art Deco structure named for its architect, Ralph Thomas Walker. Until the building's top floor went into contract for the asking price of \$55 million in October (a record-setting number for a downtown apartment), the developers hoped it might be combined with the \$47.5 million penthouse beneath into a \$102.5 million, 12,000-square-foot palace. Because the inventory of ultimate trophy condos is even smaller than the buying pool, their prices, mind-blowing though they may be, are "driven by massive scarcity," says Elliott Joseph, a principal of Property Markets Group, Walker Tower's codeveloper.

Traditionally, uptown trophy buyers came from finance and the corporate sphere; downtown attracted creative and media types. Now the twain have met at the crest of a rising tide of wealth. "The haves have more and more," says Hall F. Wilkie, president of the carriage trade brokerage house Brown Harris Stevens. And "upsetting everything," adds Stern, "are the very wealthy foreign buyers." Take Russian oligarch Roman Abramovich, who reportedly agreed to spend \$75 million on several apartments in a Fifth Avenue mansion-turned-cooperative and is said to be hungry to swallow the rest of the building. Edward Mermelstein, a lawyer who predominantly represents foreign investors from the former Soviet Union, says the needs of clients like his are simple: "Is this the best? they ask. The best location? The best security? The most prestige? The most exclusivity?"

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## Countdown to \$100M

AN ANNOTATED HISTORY OF NOTABLE APARTMENT SALES IN NEW YORK CITY.

**1883**  
**\$31,680**

Units sold at 34 Gramercy Park East (the city's oldest surviving co-op) usher in the age of apartment living.

**1926**  
**\$185,000**

666 Park Avenue, a palatial maisonette within the marginally less glamorous 660 Park, sells at a record price to Mrs. William Kissam Vanderbilt II. She never moves in.

**1931**  
**\$275,000**

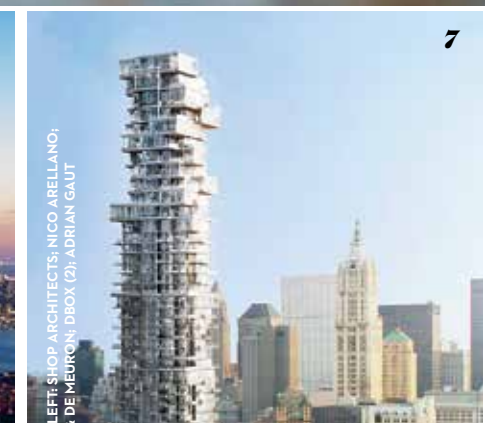
Decades before its private club is listed for \$130 million, River House's tower triplex sells as the ultra-exclusive property's crown jewel.

**1940**  
**\$25,000**

After the Depression, a record low is set when the Beresford (211 Central Park West) and its neighbor, the San Remo (145-146 Central Park West), sell for pennies on the dollar (above existing mortgages).

**1976**  
**\$650,000**

The high-rise condo era begins with a sale at the Aristotle Onassis–developed Olympic Tower (641 Fifth Avenue). Past is prologue: Almost 80 percent of its buyers are foreign.



**1.** West 57th Street's One57 (left) and 1,350-foot tower by SHoP Architects (right) will define the city's new skyline. **2.** Walker Tower, site of a recent \$55 million, record-setting sale. **3.** A sitting room in one of the Puck Building's six new units. **4.** The view from a penthouse at TriBeCa's 56 Leonard. **5.** One Madison's \$50 million triplex includes a glass-and-nickel staircase. **6.** From the outside looking into One Madison. **7.** Herzog & de Meuron's cantilevered 56 Leonard.

How about two penthouses? A wealthy, elegant Briton, who'd already bought one at Walker Tower, showed up there not long ago with his decorator. Learning that the \$55 million full-floor penthouse had just been released for sale, he asked to see it. One look and he wanted it. Badly. But the price seemed insane, and even though he could afford the whole building, he hesitated—until someone else came to the table. The competition sharpened his thoughts. The solution was obvious: He'd give the smaller unit to his kid. And come to think of it, buy a one-bedroom as a staff apartment, too. But before he could pounce, the prized penthouse went into contract—at a record price in Manhattan.

**F**oreign wealth “transformed the marketplace,” adds Frederick Warburg Peters of Warburg Realty, and now locals are beginning to follow. Fifteen Central Park West created this new template, as rich New Yorkers who once would have aspired to live in co-ops instead joined the Europeans, Russians, Asians, South Americans, Arabs and Israelis who turned that building into a new sort of club, where the only qualification for entry is almost-unfathomable wealth. “People with more money than they know what to do with are driving this market,” admits a condo developer. Ego is a factor, too. Says another: “Some idiot Russian will want to be the one who pays the highest number.”

He'll get a lot for his money. Co-ops offered exclusivity, and the best were fabulous homes with lavish spaces and river or park views. The condos that have conquered what was once a co-op city are all that and far more: liquid assets that seem to appreciate at warp speed.

“Real estate has become currency” for the new new money says Izak Senbahar, the Istanbul-born developer of Richard Meier's 165 Charles Street on the West Side Highway and Herzog & de Meuron's under-construction 56 Leonard, which will be the glossiest condo tower in TriBeCa. “New York has become a safe piggy bank” in a lawless world. “And it's sexy. You can only look at gold, but you can enjoy real estate.”

“To be thought of as the best, you have to be different,” says Pamela Liebman, president of the Corcoran Group. Typical amenities like a basement lap pool and health club, climate-controlled wine cellars and private restaurants and screening rooms are all no longer enough. In the past, the wealthy hired architects and decorators to customize their homes and prove they had taste atop wealth. Nowadays they want all that prepackaged.

Where once trophy apartment finishes such as doors, cabinets, hardware and appliances were just adequate, now developers “have to provide impeccable custom touches,” says Related Companies vice president Michael Iannacone, who is selling One Madison, a new tower at the bottom of Madison Avenue. Its \$50 million triplex penthouse boasts a double-height great room with a curving glass-and-nickel staircase, a wraparound terrace and a private elevator. At Walker Tower, radiant-heated floors, a Smallbone kitchen (think expensive, then double that) and a museum-quality zoned humidification system for art protection are among each unit's defining features. “It all sets us apart,” says Walker's Stern, who realizes he must be student as well as teacher. “We have to know, What will people ask for next?”

Jared Kushner, a second-generation developer and the son-in-law of Donald Trump, thinks he knows. His **CONTINUED ON PAGE 147 »**

**1988**  
**\$10,000,000**

The first eight-figure sale occurs, at 820 Fifth Avenue, a notoriously prickly co-op. To wit: A later buyer can't gain entrée despite a phone call to the board from Mayor Bloomberg.

**2000**  
**\$30,000,000**

At 740 Park Avenue (home to the highest concentration of billionaires in the country), financier Stephen Schwarzman shells out for the most expensive co-op in history—for now.

**2011**  
**\$88,000,000**

Young money! Twenty-two-year-old Ekaterina Rybolovleva shatters the city's most-expensive record by purchasing a penthouse pied-à-terre at 15 Central Park West.

**2012**  
**\$90,000,000**

A 90th-floor penthouse contract at One57 (157 W. 57th St.) sets the new presumptive record. Months later, a second penthouse breaks it, going into contract for \$94 million.

**2013**  
**\$95,000,000**

A contract for the penthouse at Harry Macklowe's 432 Park inches ever closer to the \$100 million mark. The race to the top is on. **SOURCES: LUXURY APARTMENT HOUSES OF MANHATTAN, BY ANDREW ALPERN; JONATHAN MILLER. PRICES NOT ADJUSTED FOR INFLATION.**

pride over the six penthouses he is building atop the landmark Puck Building in SoHo is tangible. Despite the deep-downtown location, he says, his ideal buyer “is not an artist in a loft” but an art collector, someone who “wants every luxury imaginable,” including 11½-foot barrel-vaulted brick ceilings; mahogany-framed windows with UV-tinted glass to protect art; a shower built for three; and a kitchen with a terrazzo and mother-of-pearl floor, a lava-stone counter, a La Cornue five-burner restaurant range, a SubZero double-wide fridge and an espresso machine built into the wall.

**S**o you should buy now, as the future looks to be even higher priced. Like 15 Central Park West and the nearby 220 Central Park South, the Zeckendorfs’ newest, “just-announced” residential tower will be designed by Robert A.M. Stern, on East 60th Street off Park Avenue—one block north of Extell’s second 57th Street structure. The limestone façade will hold 31 apartments, seven 8,800-square-foot duplexes and a 13,000-square-foot triplex with “one giant terrace looking north, east and south,” Arthur promises. “When it’s offered for sale, it will probably be the most expensive apartment in New York.” Next stop, \$100 million!

On a small lot next to the landmarked Steinway Hall on West 57th Street, JDS and PMG are planning a needlelike 1,350-foot tower by SHoP Architects with about 100 park- and city-view units inside. Will the highest hit nine figures? “Yes,” says Michael Stern, “but I’m not saying it outright. It’s not through due diligence yet.” And a few blocks southeast, the developer Hines is putting up a Jean Nouvel–designed edifice next door to the Museum of Modern Art. It’s sure to command stratospheric prices, too.

While we wait for those, a broker whispers, unsolicited “astronomical” offers for existing trophy apartments that aren’t even for sale have become increasingly common. The owners of a Time Warner spread, for instance, have spurned \$150 million. So how high is up? Way high, says someone very close to Bill Ackman, the buyer of One57’s \$94 million penthouse: “He’s waiting for the phone to ring. He has no plans to sell—until someone offers him a billion.” ♦