

THE WALL STREET JOURNAL.

March 19, 2013

Luxury Condo Builders in New York Find Eager Takers

Field Is Crowded for Manhattan High-End Residential Projects, but Developers Are Netting Record Prices for Units

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432 Park, shown in a rendering, will be the tallest residential building in the U.S. when completed in 2015.

In the latest sign that New York City's luxury market remains hot, the developer of Manhattan's tallest residential tower said it has signed contracts to sell more than a third of its luxury condo units two years before the building is set to be completed.

The building, known as 432 Park, has a total asking price for its 126 units of \$2.7 billion, according to a filing this week with the New York attorney general. That amount reflects a 13% increase over July and is the highest total asking price ever for a Manhattan condominium. The building's average asking price of \$6,742 a foot also is near the top.

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Located at Park Avenue and 56th Street, the \$1.2 billion project is being developed by Los Angeles-based real-estate investor CIM Group and New York developer Harry Macklowe.

The Park Avenue skyscraper is part of an usually crowded field of high-end condo buildings jockeying for the well-heeled buyer in search of an exclusive Manhattan address.

A few blocks to the west of 432 Park, Extell Development Co. is erecting a 1,004-foot-high luxury building known as One57. Also in Midtown, a group of investors led by Chetrit Group that just bought the [Sony](#) Corp. building for \$1.1 billion is planning to convert part of it into condos.

In addition, real-estate investor Starwood Capital Group and New York developer TriBeCa Associates recently started marketing the opulent Baccarat Hotel & Residences, with 61 luxury apartments, which is under construction in Midtown.

There is concern among some developers that too much big-ticket supply is arriving over a short period. Another economic downturn could blunt demand for top-of-the-market real estate.

But for now, demand for the high-end units remains strong. For example, Extell said it has signed contracts to sell about 70% of its 92 units. The average price per square foot of units sold is about \$6,000, a spokeswoman said.

At a downtown Manhattan luxury project called 56 Leonard, \$450 million in contracts were signed in the first few weeks, including more than half the 145 apartments, according to Corcoran Sunshine Marketing Group.

Hall Willkie, president of New York residential broker Brown Harris Stevens, said that contracts signed by his brokers in January and February were the highest ever.

Condo developers in New York often begin marketing units years before completion. Buyers typically sign nonrefundable contracts and put down deposits, paying the balance when the apartments are delivered.

The developers of 432 Park were allowed to begin selling units in July and since then have increased prices three times. Official marketing for 432 Park begins on Wednesday.

When finished in 2015, the Rafael Viñoly-designed tower will rise 1,396 feet, making it the tallest residential building in the U.S. The exterior features 1,800

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glass windows, each measuring about 100 square feet, that are part of every apartment.

Demand for high-price apartments is strong partly because, for now, not that much inventory is available. Brokers also point to a rush of affluent investors looking for hard assets that offer a view and other amenities.

Much of this demand is coming from overseas. But 432 Park's developers have been recruiting New Yorkers and other U.S. residents, who have signed the majority of the contracts so far.

Avi Shemesh, a CIM founding principal, said if savvy local buyers see 432 Park as a desirable place to live, it would build credibility with the market. "When you have people from New York buying, it validates the building," he said.

The most innovative element of 432 Park may be the developer's approach to financing the project when large construction loans are an endangered species.

Instead of turning to a bank syndicate, CIM and Mr. Macklowe received a six-year loan for \$400 million from The Children's Investment Fund Foundation. The foundation was started by London-based hedge-fund investor [Christopher Hohn](#) and his wife.

CIM put in \$400 million of equity from one of its real-estate funds. It raised another \$415 million equity from high-net worth clients of [Citigroup](#) Inc. in the U.S. and abroad, who put up at least \$1 million each. Property executives say no other high-profile project has raised as much money from individual investors.