DEEDS & DON'TS

THE INSIDE SCOOP ON NEW YORK REAL ESTATE

REAL ESTATE ROLLER COASTER

BY JEAN NAYAR

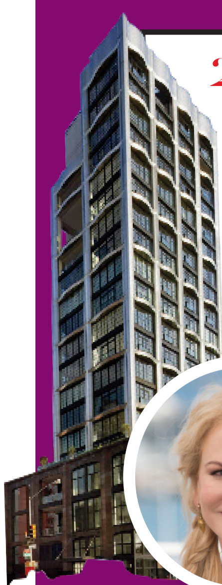
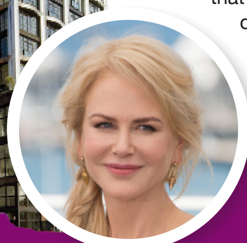
IN SPRING 2012, WHEN *NYC&G* LAUNCHED, New York City and the surrounding suburbs were clawing their way out of the Great Recession, precipitated a few years earlier by the subprime mortgage crisis and housing market collapse. Thanks to the Fed's efforts to stanch the bloodshed by dropping interest rates and buoying the faltering real estate market, which had bottomed out in Manhattan in 2011, New York began to bounce back. Low prices and low interest rates lured bargain hunters both locally and from farther afield—particularly China. "If you had a Chinese buyer," recalls New York power broker Ryan Serhant, "then you'd hit the jackpot." In 2014, China-based Anbang Insurance Group, flush with cash, notably purchased the Waldorf Astoria Hotel for almost $2 billion.

Sales volume and prices increased in delayed luxury developments such as One57, Manhattan's first super-skyscraper, which had broken ground in 2010 on Billionaires' Row. Designed by Pritzker Prize–winning architect Christian de Portzamparc, the tower's ultra-luxurious full-floor condos were "snapped up quickly, many by Chinese buyers ready to purchase off-plan at record-breaking prices,"

ONE57 (FAR LEFT): HAVESEEN/SHUTTERSTOCK.COM

A DECADE OF DEEDS

NYC&G CHARTS 10 YEARS OF THE TOPSY-TURVY REAL ESTATE WORLD

2012

In its first year of publication, *NYC&G* reports on one of the earliest cutting-edge "starchitect" residential buildings in the former no-man's land of far west Chelsea: Annabelle Selldorf's 200 Eleventh Avenue, alluring enough to snare pioneering boldface-named tenants such as actress Nicole Kidman, fashion designer Domenico Dolce, decorator Jamie Drake, and mega-broker Fredrik Eklund. In the years that follow, new High Line–adjacent developments join the club, including Bjarke Ingels's XI tower, 520 West 28th Street by Zaha Hadid, and the much-ballyhooed Hudson Yards.

2013

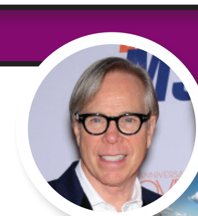
Plans are announced to restore the 1909 Bossert Hotel in Brooklyn Heights to its original Italian Renaissance grandeur, reopening it as a 280-room boutique hotel. Once known as the "Waldorf-Astoria of Brooklyn" and the place where the Brooklyn Dodgers celebrated their 1955 World Series win over the New York Yankees, the building had fallen into disrepair and was last being used by Jehovah's Witnesses for overflow housing. Cut to 2022, and the hotel, now reportedly owned by IHG Hotels & Resorts, still hasn't opened its doors, after nearly a decade of delays and management changes.

2014

An 1878 Upper East Side townhouse with a modern 1956 façade—added by the home's onetime owner, celebrated architect Edward Durell Stone—is listed at the end of 2013 for $9.995 million, but it doesn't sell till July 2015, after several price chops and a deeply discounted final ask of $6.75 million. Meanwhile, developers realize that Madison Square Park is, duh, located in the middle of the city and start building luxury towers around it, including One Madison, where New England Patriots quarterback Tom Brady and model Gisele Bündchen scoop up a 48th-floor apartment for around $11.7 million.


2015

Not all high-end real estate takes a long time to change hands. In its April issue, *NYC&G* notes the recent listing of the late Joan Rivers's 5,100-square-foot triplex penthouse at One East 62nd Street. By July, her estate sells the lavishly decorated pad for its full asking price of $28 million. The buyer: an LLC briefly described as "Middle Eastern royalty," according to a writeup in *The New York Times. NYC&G*'s 2014 Innovator award winner, interior designer Mario Buatta, recalls that Rivers, a close friend, "entertained in the apartment all the time. It's beautifully done."




2016

The fashion business, like real estate, is notoriously fickle, which is likely why Tommy Hilfiger was able to weather the storm clouds that seemed to hover over his turreted 5,655-square-foot duplex penthouse at the Plaza for more than a decade. In the late 2000s, Hilfiger and his wife, Dee Ocleppo, bought the apartment for $25.5 million, quickly put it back on the market for $50 million, and then later renovated it and listed it again, in 2013, for $80 million before reducing the ask to $68.95 million. Finally, at the end of 2019, the place sold for a reported $31.25 million.

2017

It looks like one-percenters are not immune to the vicissitudes of real estate. *NYC&G* reports on the deep discounts being seen on Billionaires' Row, where apartments on the market are suddenly undergoing price cuts of up to 20 percent. Maybe the developers of luxury buildings such as One57 and 111 West 57th Street overshot the mark? Even in New York City, there aren't that many people who can plunk down $50 to $80 million on an apartment the same way their housekeepers buy a quart of milk. "There's still an appetite for high-end units," comments Douglas Elliman Real Estate broker Mickey Conlon. "Developers are simply willing to negotiate."

2012: KIDMAN: FEATUREFLASH PHOTO AGENCY/SHUTTERSTOCK.COM. 2015: INTERIOR: THE CORCORAN GROUP; RIVERS: HELGA ESTEB/SHUTTERSTOCK.COM. 2016: INTERIOR: COURTESY OF RINFRET, LTD. 2017: EVEN JOSEPH.

THEM AGAIN?!

2018

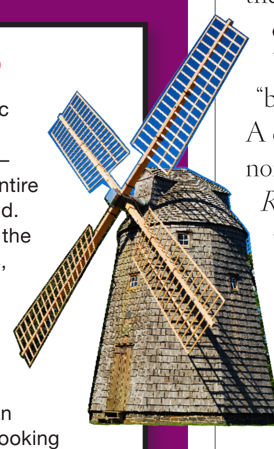
Perhaps the crowds at Eataly and Shake Shack became a bit too much for Tom Brady and Gisele Bündchen (see 2014), who decided to sell their Madison Square Park digs for about $14 million (reduced from an initial ask of $17.25 million) and decamp for the somewhat quieter environs of Tribeca, plunking down about $25.5 million for a unit on the 12th floor of the Robert A.M. Stern–designed 70 Vestry. A little more than a year ago, the freshly minted (and now retired) quarterback for the Tampa Bay Buccaneers and his wife flipped the pad for a whopping $37 million.

2019

Manhattan, Schmanhattan. Brooklyn's where it's at, and formerly sleepy neighborhoods like Fort Greene, Greenpoint, and Cobble Hill are suddenly hotter than ever—with prices to match. As with most things in life, celebs are leading the charge, including Matt Damon, who has closed on Brooklyn's most expensive sale to date, for a reported $16.75 million. His new six-bedroom penthouse abode at the Standish, a converted 1903 Beaux-Arts hotel in Brooklyn Heights, features sweeping views of the New York skyline. Fellow neighbors include actors Emily Blunt and John Krasinski, who purchase two units for $11 million, with plans to combine them.

2020

The pandemic turns the real estate world—indeed, the entire world—on end. People leave the city in droves, fleeing to homes upstate or on Long Island and leaving an apocalyptic-looking Manhattan in their wake. *NYC&G* reports on the multitudinous businesses that have been following the money, mostly to the Hamptons, where blue-chip art galleries such as Hauser & Wirth, Phillips, and Sotheby's set up shop, alongside assorted high-end fashion and home accessories brands. Meanwhile, residential real estate sales volume tanks to a 30-year low in Manhattan, creating a buyers' market for the intrepid.



2021

The times, they are still a-changin', and Manhattan real estate sales (and sale prices) surge dramatically compared to the year before, along with fierce bidding wars. Pandemic or no, people still need to move along with their lives, including entertainer Bette Midler, who sells her longtime Upper East Side penthouse for $45 million, and British actress Kate Winslet, who unloads her 3,000-square-foot four-bedroom Chelsea duplex for $5.3 million and moves to an estate outside London. Still, inventory remains low in all markets, leading many people to treasure what they already have.

2018: EXTERIOR: JANNIS TOBIAS WERNER; BRADY AND BÜNDCHEN: SKY CINEMA. 2019: BLUNT AND KRASINSKI: DFREE/SHUTTERSTOCK.COM; DAMON: JAGUAR PS/SHUTTERSTOCK.COM. 2021: EXTERIOR: COURTESY OF BROWN HARRIS STEVENS; MIDLER: LEV RADIN/SHUTTERSTOCK.COM. SERHANT: RON ADAR/SHUTTERSTOCK.COM.

says Brown Harris Stevens broker Leslie Singer, who adds that most sales occurred sight unseen, thanks to drone footage and virtual walk-throughs. Upon One57's completion in 2014, billionaire Michael Dell had bought a palatial duplex penthouse for $100.5 million.

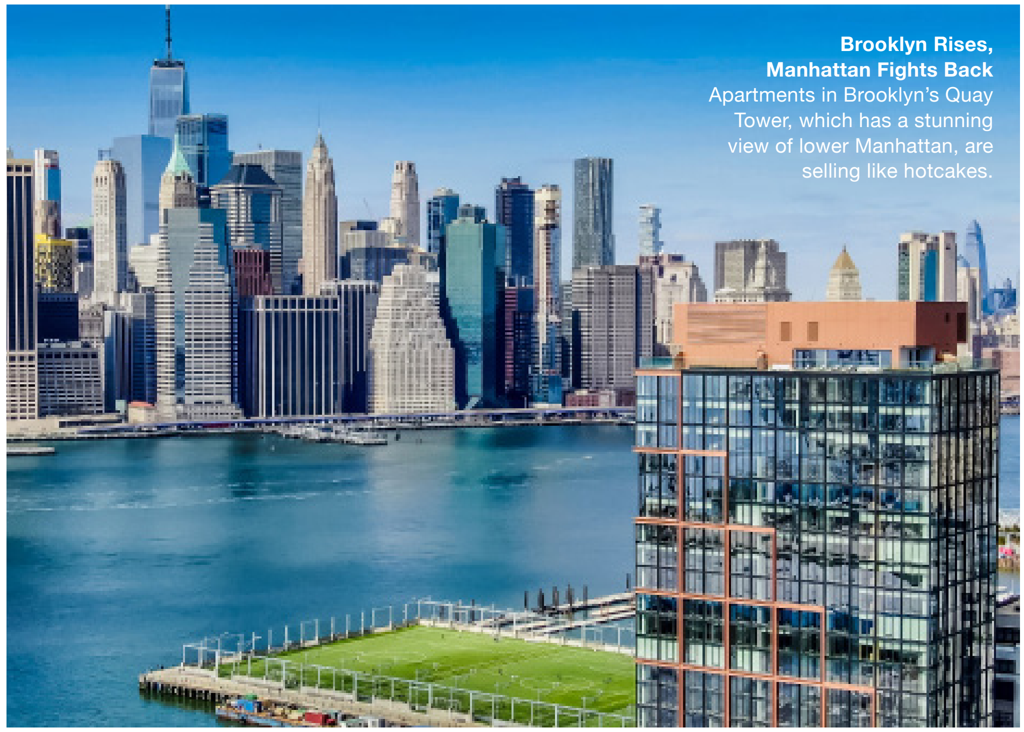
In a less quantifiable way, reality TV and social media began to affect the future of real estate marketing overall. Serhant and his telegenic industry peers Fredrik Eklund and Michael Lorber were cast in Bravo TV's reality show *Million Dollar Listing New York*, which first aired in 2012 and catapulted the brokers into the international fame game, attracting more than a million viewers during the first season and inaugurating the notion of "celebrity brokers." "I had almost no business at the time," recounts Serhant, "but I knew what to do in front of a camera." A decade later, Serhant is a brand-builder nonpareil, with spinoff shows like *Ryan's Reno* and *Sell It Like Serhant,* in addition to running an eponymous firm featuring an in-house studio that creates videos and branding aids for his team.

Social media emerged as an essential business tool, and agents began marketing properties on YouTube, Facebook, and Instagram. "In 2010, we were faxing our listings to co-brokers and advertising only in newspapers and magazines," says Hara Kang, a broker with Elliman's Atlantic Team in the Hamptons. His partner, Justin Agnello, adds, "We started marketing digitally in 2013 with more videos and high-quality virtual tours. Now more of our marketing dollars are spent on social media than on traditional media."

Ryan Serhant
Real Estate Broker

Luxury towers not only grew taller during the post-recession years, but pedigree became de rigueur. Rafael Viñoly (432 Park), SHoP Architects (111 West 57th), Robert A. M. Stern (220 Central Park South), Jean Nouvel (53 West 53): All, says Compass broker Vicki Barron, offered both the imprimatur of famous architects in addition to "a whole new level of luxury amenities, such as swimming pools, concierge jet service, residents-only dry-bars for blowouts, full-service kitchens helmed by Michelin-star chefs, and wine and cigar lounges." And then, well, let's not forget about Brooklyn, where hipster havens upset the Big Apple cart among a certain demographic. Now cutting-edge towers in downtown Brooklyn, Dumbo, and Brooklyn Heights offer equally sumptuous luxury amenities and extraordinary views. Designed by ODA, Quay Tower at the foot of Brooklyn Bridge Park has posted some of the borough's priciest condo sales. "In the past two quarters, we've sold more than 20 units, most between $2 million and $7 million," says Robert Levine, CEO of RAL, a partner on the development team. "There's strong demand for quality." Among the driving forces accelerating the shift in interest to Brooklyn are "good public and private schools and family-oriented neighborhoods," says Lindsay Barton Barrett, a Douglas Elliman broker who closed a deal last year on a Brooklyn Heights townhouse for $25.5 million, the priciest sale ever in the borough. "People who were getting edged out of Manhattan realized that you didn't necessarily have to move to the suburbs once you had children."

But nothing could have thrown the real estate world off course more than the pandemic, which brought about a paradigm shift on multiple levels. In January 2019, hedge-fund manager Ken Griffin purchased the most expensive home in the U.S.—a $238 million condo at 220 Central Park South—and little more than a year later, urban dwellers were fleeing to suburban and exurban homes with large yards, leaving the city devastated. Predominantly seasonal regions like the Hamptons "became year-round communities overnight," recounts James Keogh, a broker with Elliman's Atlantic Team, noting that any inventory languishing on the market all but vanished. Appraisal firm Miller Samuel reported that the median Hamptons sales price in third quarter 2021 was 51.7 percent above the same period two years before, noting the "chronic lack of listing inventory" as the key driver of price increases. Hudson Valley counties boomed as well. In Westchester, brokers Amy Smith Sroka and Joanna Rizoulis of Julia B. Fee Sotheby's International Realty tallied a 19 percent increase in the median sales price and a 61 percent drop in inventory in fourth quarter 2021 versus the same period in 2019.



Brooklyn Rises, Manhattan Fights Back
Apartments in Brooklyn's Quay Tower, which has a stunning view of lower Manhattan, are selling like hotcakes.

Despite everything, the city that never sleeps has staved off a deep slumber: A massive influx of New Yorkers returned to the Big Apple last year, proving its enduring resilience. Brokers responded to huge leaps in sales volume and prices as well as frenzied bidding wars for rentals, even as many commercial buildings continue to struggle with high vacancy rates and discounted lease renewals. "The amount of commercial real estate leased in the city dropped from 40 million square feet in 2019 to 10 million in 2020, then went up again in 2021 to 25 million, but there's still a vacancy rate of 18.8 percent, compared to the [previous] norm of 8 percent," says Bert Rosenblatt, founder of commercial brokerage firm Vicus Partners, who nevertheless projects a rosy comeback fueled by tech companies. "Former pillars of the commercial sphere, such as financial companies, hedge funds, and big law firms, have shrunk," he says, "but Facebook rented more than 2 million square feet in office space during COVID, Google's footprint will exceed 3 million square feet when it finishes construction on its offices in the St. John's Terminal Building near Holland Tunnel next year, and even Amazon bought the old Lord & Taylor Building for a 630,000-square-foot office. Tech firm employees want to be in an office and networking with their colleagues and friends." An influx of young people filling these tech jobs, Rosenblatt predicts, will soon bolster the city's rental market.

The city that never sleeps has staved off a deep slumber: A massive influx of New Yorkers returned to the Big Apple last year, proving its enduring resilience

What will happen in the years to come? It's always an interesting game, especially with the advent of blockchain and cryptocurrencies. "Web 3.0 technologies will transform the way we buy and sell real estate," Serhant opines. "The digital ledger will change public recordkeeping, contracts will become NFTs, and the metaverse will affect how real estate is experienced and sold. Imagine the possibilities of meeting someone in the virtual world to show property without the need to board a plane or travel by train or car for a showing. It's going to change everything for the better."

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