

# The New York Times

May 26, 2013

## Real Estate

BIG DEAL | ALEXEI BARRIONUEVO

### The Year of Pricing Audaciously

Early last year, the virtual sales center at One57 set the tone for a year of astronomical listings in the high-end residential real estate market.

Billionaires found the green-carpet views of Central Park — meticulously captured by a remote-control helicopter — to be irresistible. Gary Barnett, the president of the Extell Development Company, announced sales of full-floor apartments for more than \$50 million apiece in the unfinished building, later confirming that the duplex penthouse and an even larger duplex 14 floors below had each gone into contract for more than \$90 million.

Success begat boldness. And boldness begat listings like the penthouse at CitySpire, which at \$100 million is now perceived as the highest F.S.B.O. listing in New York history, although the owner, Steven Klar, has listed the property with his own brokerage. The sales contract that Mr. Klar, who is also a developer, signed with Douglas Elliman and its brokers Raphael De Niro and Victoria Logvinsky, has expired, and now Mr. Klar is trying to sell the

#### Some high-end listings collect dust waiting for a trophy collector.

8,000-square-foot octagonal residence himself. (An Elliman spokeswoman had no comment this week on whether any serious offers had ever been received.)

New York was not alone. In Miami, owners and their agents took their cues from the frenzy seizing Manhattan. The developer Bruce Eichner listed his penthouse at the Continuum for \$39 million. The telecom mogul Peter T. Loftin listed Casa Casuarina, the former Gianni Versace mansion, for \$125 million, dropping the price five months later to \$100 million. The buyers of Mr. Loftin's 23,000-square-foot spread on Ocean Drive will have to tangle with a pile of litigation; the latest suit, from Barton G. Weiss, the restaurateur who has been operating the property as a hotel, revealed that the 54-foot mosaic-tiled swimming pool lined in 24-carat gold was never approved for use by hotel guests.

None of those properties have sold yet. And others with eye-popping price tags in Manhattan, including co-ops at the Sherry-Netherland and the Pierre, as well as Leroy Schecter's combo unit at 15 Central Park West (recently reduced to \$85 million from \$95 million), continue to collect dust waiting for a trophy collector.

If there is a defining feature of the last year, it is that the mania over listing prices for trophy properties was built on a mirage

of big sales creating new comps in the market. Consider that in Manhattan only one monster sale above \$80 million — the \$88 million sale of a penthouse at 15 Central Park West — has actually been recorded as a sale so far. The others are contracts that could be torn up if the prospective buyers somehow change their minds.

Which isn't to say that extremely wealthy people aren't paying extraordinary prices for amazing apartments in New York and Miami. It's just that the mega-rich in both cities are gravitating not to resales, but to spectacular new penthouses designed with them in mind. Properties like the duplex penthouses at Ian Schrager's Residences at the Miami Beach Edition, which sold as a package for \$34 million (or \$3,800 a square foot, a new Miami Beach record), or the penthouse at 432 Park Avenue, which the developer Harry Macklowe said is under contract for \$95 million, continue to prove the point.

"The only properties that are getting these numbers are new development projects, and those can't be confirmed until the year after when they close," said Jonathan J. Miller, the president of Miller Samuel, a property appraiser. "So in many ways this is a phenomenon that is hard to document or prove. However, it has launched the next wave of development."

And that new wave of development, in New York, at least, is focused almost entirely on the top 10 percent of the market, Mr. Miller said, as developers feel pressured to build luxury units to justify soaring land prices.

Still, it may well be that the trophy property craze spawned a wave of transactions for more modest — believe it or not — \$20 million and \$30 million apartments.

"When we look back," Mr. Miller said, "the legacy of this period is going to be that it jump-started with a handful of trophy property sales that led the way for a lot of top-tiered transactions that we haven't seen in the last two or three decades. The trophy sales broke the ice."

The same can be said of Miami, where the going rate for trophy penthouses climbed above \$3,000 a square-foot this past year, driven by the boldness of Mr. Schrager and other developers reacting to an influx of prospective buyers from Brazil, Russia and China.

"Everywhere there is a grand property, we have these great buyers, and there is no end to them," said Mark Zilbert, the president of the Zilbert Realty Group in Miami Beach.

What is attracting wealthy buyers to Miami, Mr. Zilbert said, are quality buildings with grand spaces, like Edition, 1000 Museum and even Related's recently announced Marea, a six-story building with



only partial views of the ocean and bay where buyers have nevertheless already reserved about half of the 30 units.

"It is sort of build it, they will come," Mr. Zilbert said. "We didn't have this a few years ago. But now developers are building these exceptional properties."

But not all properties are created equal. And some, like Casa Casuarina, are saddled with complications. It's tough enough that it sits on a touristy stretch of Ocean Drive and has no parking — not exactly the kind of privacy and exclusivity the superwealthy demand these days.

Mr. Versace was killed outside the entrance gate in 1997. Mr. Loftin bought the property in 2000, initially living in it and running it as a members-only club. Then, faced with impending foreclosure and eviction, he invited Mr. Weiss in 2009 to open a Barton G. restaurant on the property and to run it as a high-end hotel and event site.

Clockwise from top left: Casa Casuarina in Miami; a rendering of the Residences at Miami Beach Edition; One57 in Manhattan; and the CitySpire Building at 150 West 56th Street.

CLOCKWISE FROM TOP LEFT: HANS DERYK/REUTERS; THE RESIDENCES AT MIAMI BEACH EDITION; MARILYNN K. YEE/THE NEW YORK TIMES; MICHAEL APPLETON FOR THE NEW YORK TIMES.

Last summer Mr. Loftin decided to sell, inflaming Mr. Weiss, who had a lease to operate his business there until 2019.

Mr. Weiss's business, 1116 Ocean Drive L.L.C., filed suit earlier this month, saying Mr. Loftin misled him and had not told him that the mansion's swimming pool was not approved by the state of Florida for hotel use. (A few months after Mr. Weiss signed the lease, the state required that a "no swimming" sign be posted at the pool, meaning guests paying upward of \$2,250 a night were not allowed to swim there.)

Adam J. Steinberg, Mr. Loftin's attorney, called the suit "baseless" and said that Casa Casuarina had "provided a tremendous amount of slack to Barton G.'s company to comply with the lease." He said Mr. Weiss never made an issue of guests not being able to use the pool.

Until this week, I viewed Casa Casuarina as a symbol of the irrational exuberance that permeated the highest end of residential real estate the past year, despite it being listed by the prominent Coldwell Banker agents Jill Eber and Jill Hertzberg, known as "The Jills."

Earlier this month, Mr. Loftin said that he expected the property to sell "soon." "We have had some very good offers and have some very good prospects," he said.

Then on Tuesday night, Mr. Loftin sent out a press release announcing that the price of Casa Casuarina was being lowered again, to \$75 million — a 40 percent price drop in 11 months in a supposedly red-hot Miami market. Mr. Weiss plans to leave the property by the end of the month, so "the timing is now perfect for a quick and easy sale," Mr. Steinberg said in the statement.

So maybe the 10-bedroom, 11-bath home has turned into something else: the first sign that owners shooting for the moon are finally letting some of the air out of the balloon, and floating gently back to earth.