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<https://www.wsj.com/articles/luxury-condos-on-billionaires-row-are-slow-to-sell-out-1501671601>

## Luxury Condos on 'Billionaire's Row' Are Slow to Sell Out

*As one tower looks to fill its last apartment, prices fall amid a sluggish market.*

By Josh Barbanel



The Baccarat Hotel and Residences sold a two-bedroom apartment on the 37th floor, like the one pictured, in May. That leaves only one empty apartment, listed at \$22 million. If it sells, the Baccarat will be the first tower on 'Billionaire's Row' to completely sell out. PHOTO: EVAN JOSEPH

From the 47th floor of the Baccarat Hotel & Residences on West 53rd Street there are views not only of lush Central Park, but also the other new ultra-luxury condominium towers crowding the skies in a stretch of Midtown Manhattan known as Billionaires' Row.

At 605 feet, the Baccarat is neither the tallest nor the priciest of the condo towers, but it is on the verge of achieving one benchmark: becoming the first of the group to sell out amid a prolonged slowdown in the ultra-high-end market.

The apartment towers that compose Billionaire's Row began sprouting up in the neighborhood immediately south of Central Park as the economy began to recover from the crash of 2008. The real-estate market was hot then, and the apartments sold at a brisk pace.

Lately, however, the market has cooled as the ultra-wealthy become more selective about buying, and some brokers have had to lower prices to spur sales.

In May, a two-bedroom apartment on the Baccarat's 37th floor listed for \$5.395 million went into contract, leaving only one of its 59 condos left: A full-floor, four-bedroom unit with a fireplace listed for \$22 million on the 47th floor, down from \$27 million in 2014.

Three groups of potential buyers have been circling, each visiting the 47th floor apartment three or four times, said Mark Gordon, a managing partner at Tribeca Associates, which developed the Baccarat in a venture with Starwood Capital Group.



An analysis of condominium records shows the ordeal the Baccarat and other new Midtown developments are going through. The average discount on nine contracts signed at the Baccarat in 2016 was 22% below the peak asking prices of 2014, when the market was red hot.

These include the sprawling 7,300 square foot penthouse plus terrace that sold in June 2016 for \$42.6 million, soon after the asking price was cut from \$60 million to a reduced \$54 million. Overall that amounted to a 29% price cut.

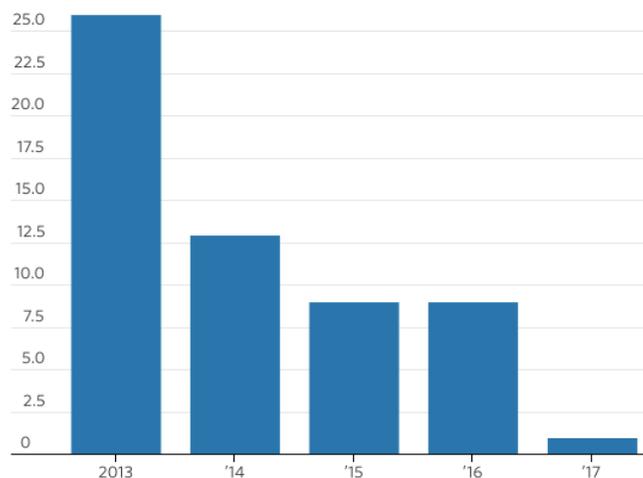
Mr. Gordon said he was pleased with the prices achieved in the building, an average of \$3,937 per square foot, including more than \$5,760 per square foot for the penthouse. The price reductions were “certainly consistent with our luxury competitors,” he said.

“We don’t consider it a discount, we always tried to make market deals,” he said. “We had a very successful sales pace, which speaks to the quality of our project and our unique amenities.”

#### The Long, Slow Sellout on Billionaire's Row

Number of sales at the Baccarat Hotel & Residences

27.5 units



Note: One unit in contract and one on market. Numbers for 2017 through July.

Source: WSJ analysis of city and state records

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From the 47th floor one can look out at the curved prow at the top of the 1,005-foot-tall One57, on West 57th Street, as well as the soaring rectangular concrete and glass facade of the 1,396-foot-tall 432 Park Ave., at East 56th Street. Construction cranes for other newer condo buildings dot the skyline.

One57 went on the market in 2011, and there are still five of the original sponsor units for sale, according to listing site Streeteasy.com. That includes a five-bedroom apartment on the 52nd floor listed for \$29.95 million, down from \$31.75 million in 2014.

At 432 Park Ave., which went on the market in 2012, there is still a full floor unit available for \$82 million, as well as a range of half-floor units. Two of these are currently listed in contract, according to Streeteasy.com, for more than \$44 million.

The Baccarat came on the market in 2013 at a frothy time for developers. There was inventory available as buyers began yearning for trophy apartments amid the recovery from the 2008 financial crisis. The Baccarat saw a burst of sales and was able to raise prices.

“There was a high tide in the desert all of a sudden, and everybody who had good projects did very well,” Mr. Gordon said.



There were 26 deals signed the first year, including eight contracts in April 2013, a record for the building, according a review of public records. Asking prices were raised four times through 2014.

Now the market is completely different. There were only three contracts signed in all of last year.

Lauren Muss, a broker at Douglas Elliman Real Estate, who is listing the 47th floor apartment at the Baccarat, said buyers, including both New Yorkers and international buyers, are still active, but with so many choices they had no urgency about making a decision.

At the top tiers of the market, she said, many buyers are looking for a second, third or fourth home, and are in no hurry. Some make offers, walk away and circle back.

“There are a lot of listings and a lot of buyers,” she said. “I have never worked harder in my life to close fewer deals.”