New York real estate’s new number to beat? One hundred million dollars.

That was the closing price in December for an 11,000-square-foot duplex penthouse at Extell Development’s One57 condo building.

Handily setting the record for the city’s most expensive single-family-home sale, the deal served as a reminder of Midtown Manhattan’s place at the white-hot core of New York’s luxury housing market.

And with a veritable forest of 1,000-plus-foot-tall residential high-rises sprouting in the area, things are certain to stay scorching.

Indeed, the asking price for a new 21,504-square-foot triplex penthouse in the iconic Sony building at 550 Madison Ave. was just revealed as $150 million. For one apartment.

The rise is inevitable, notes Steven Rutter, director of Stribling Marketing Associates: “If you look at New York City as the center of the universe — Midtown is the center of New York City.”
A trend of superluxe residential high-rises like including 432 Park Avenue are sprouting in Midtown are drawing the world’s wealthiest buyers to NYC.

Along with its 1,004-foot-high, 94-unit One57, Extell has started construction on the 1,775-foot-tall Nordstrom Tower, just down the way at 225 W. 57th St. Macklowe Properties, meanwhile, is putting the finishing touches on its 1,396-foot-high, 104-unit 432 Park Avenue condo tower, where a penthouse is in contract for $95 million. A few blocks south, the 1,058-foot-tall, Jean Nouvel-designed 53W53 tower is prepping for a spring sales launch.

And back on the 57th Street corridor, JDS Development Group and Property Markets Group are at work on 111 West 57th Street, which is slated to be one of the tallest condo buildings in the world, at 1,421 feet high, and also one of the skinniest.

Developer ambition, starchitect power and global demand have turned Midtown into one of the most coveted residential neighborhoods in the city, and, by extension, the world.

“In the next two months, I’m off to São Paulo, Beijing, Hong Kong, Delhi, Rome and Paris, and they all want to buy in New York,” says Lee Summers, senior global real estate advisor at Sotheby’s.

This trend reached its apotheosis with the news in 2013 that a Chinese buyer had purchased a $6.5 million apartment in One57 for her 2-year-old daughter. As Sotheby’s International senior vice president Kevin Brown told Chinese state television, the toddler needed a place in the city, as she planned to one day attend college at either Columbia, NYU or Harvard.
But as the New York Times reported this month, many foreign buyers have been criticized for hiding behind controversial shell companies that can obscure illicit financial dealings and tax-avoidance schemes.

“The articles zoomed in on the darker sides of the luxury-condo boom,” notes Jonathan Miller, president and CEO of property appraisal firm Miller Samuel. “But it paints an exaggerated picture — it doesn’t reflect the majority of high-end buyers. The LLC concept has been around for years for privacy and security reasons; it doesn’t imply anything negative or evil about buyers’ motivations.”

In fact, the Midtown explosion has been brewing for a decade. Buildings like the Plaza and the Time Warner Center acted as early catalysts for the neighborhood’s new rise.

Perhaps most significant was Zeckendorf Development’s massive Midtown hit, 15 Central Park West.

“It shocked everybody,” recalls Robert Knakal, chairman of New York investment sales at Cushman & Wakefield, of the $401 million the Zeckendorfs paid back in 2004 for the development’s full-block lot between 61st and 62nd streets.

“In retrospect, they probably could have paid twice that for it and still had a very successful development.”

The building, which went to market in 2005 and sold out in 2007, drew star-studded buyers, including singer Sting, actor Denzel Washington and Goldman Sachs CEO Lloyd Blankfein. (Its total sales hit the $2 billion range.)

“It really established that the market was there for that kind of development,” Knakal explains. “A new construction condo with park views — there really wasn’t a significant supply of that kind of apartment.”
With demand kindled, other developers hunted for suitable lots. Among the first was Extell, which began acquiring the land for One57 nine years ago.

“These sites just don’t come into existence overnight,” says Anthony Mannarino, executive vice president for Extell. “There were a number of parcels we had to assemble. We had to move tenants, relocate businesses and so forth. But [Extell president] Gary [Barnett] had a vision that if you could assemble the sites and assemble the air rights, you could have unprecedented views of Central Park.”

Extell wasn’t alone. In fact, in the case of its follow-up, super high-rise Nordstrom Tower, the company’s vision ran smack against another developer’s lofty Midtown dreams. Vornado Realty Trust’s original plans for its 950-foot-high condo tower at 220 Central Park South threatened to obstruct the Nordstrom building’s all-important park views. In an effort to block the development, Barnett and Extell purchased the lease to a parking garage Vornado needed to tear down in order to build.

The two parties eventually settled, with Vornado paying Extell $194 million for the garage and related rights, and both developers agreeing to shift their buildings slightly so each would have a view onto Central Park.

Extell wasn’t the only developer with a bone to pick with 220 CPS. As author Michael Gross reported last year, the Zeckendorfs were none too pleased with how similar initial renderings for the Robert A.M. Stern-designed building were to their 15 CPW, also created by Stern.

The brothers, meanwhile, have their own Stern-designed, 15 CPW copycat underway at 520 Park Avenue.

The limestone-clad, 54-story, 31-unit condo tower is scheduled for completion in 2017 and includes a 12,394-square-foot triplex penthouse priced at $130 million, which could shatter One57’s $100.5 million record.
But even with the global appetite for Midtown real estate, is there enough demand to keep the boom going as more and more high-end product hits the neighborhood?

In addition to the aforementioned supertowers, buildings like the Baccarat Hotel & Residences at 20 W. 53rd St. (where the duplex penthouse is going for $60 million), 252 East 57th (where prices range from $4.2 million for a two-bedroom to $21.3 million for a five-bedroom), and Zeckendorf’s 50 United Nations Plaza (where the 14-bedroom penthouse can be had for $100 million) are all bringing pricey Midtown properties to market.

And, indeed, there are some hints of a looming cool-down.

For instance, lurking beneath One57’s recent record-setting closing is that fact that, after selling roughly 70 percent of its 94 apartments in its first 18 months on the market, the building sold just three units in the first three quarters of 2014.

“Up until a year or two ago, there was no supply — there were only one or two buildings, and we saw significant price increases,” Miller says of Midtown. “So I don’t think that demand has changed so much as I think the projects that have slowed overshot the market.

“I think what we’re going to see is [the market] going back to more regular absorption levels,” says Susan de França, president and chief executive of Douglas Elliman Development Marketing, which represents 432 Park.

“But I don’t think there’s a concern that there aren’t buyers out there.”

That concern is present, however, among the buyers themselves, Sotheby’s Summers notes.

“That is the question the majority of my clients ask when they are looking: ‘Are there enough of us?’

“And, well,” she continues, “it’s a big world. So the answer is to keep my fingers crossed and hope for the best.”
WHO’S BUYING IN MIDTOWN?

Sting
Claim to fame: Grammy-winning singer/composer
Building: 15 Central Park West
Price: $26.5 million

Tommy Hilfiger
Claim to fame: Fashion designer
Building: The Plaza
Paid: $18 million

Denzel Washington
Claim to fame: Academy Award-winning actor
Building: 15 Central Park West
Paid: $12 million

Silas Chou
Claim to fame: Billionaire early investor in Michael Kors and Tommy Hilfiger brands
Building: One57
Paid: $50 million
Tyler Ellis
Claim to fame: Handbag designer, daughter of fashion icon Perry Ellis
Building: 15 Central Park West
Paid: $11 million (Ellis sold the apartment last year for $31 million)

Howard Lorber
Claim to fame: Chairman, Douglas Elliman real estate firm
Building: 432 Park Avenue
Paid: $30 million

TOP: A duplex penthouse in the One57 building sold for a record-setting $100.5 million in December. $3.6M to $100.5M. Credit: EVAN JOSEPH IMAGES