

New York Monthly Real Estate Newsletter

October, 2013

Sales activity has been higher than any time since the economic Downturn of 2008. A total of 4,164 sales closed in third quarter 2013, 5% more than the same period a year before. We still observe a diminishing number of properties for sale. With ten consecutive quarters of shrinking supply, listings are down 53% from the peak (First quarter 2009). The current level is lower than any time since First quarter 2005. The average price per square foot for Manhattan properties was \$1,170, which reflects pre-downtown levels, and a 5% increase over the prior quarter and 11% year over year. (Courtesy of Corcoran)

Cross Marketing: Corcoran meets Ferrari & Maserati

Sunday October 27th, 2013 was my second take on a cross marketing venue that brought together Corcoran real estate and luxury/sport car manufacturers Ferrari & Maserati. A beautiful crisp fall day could not make things any better. I co-hosted the event at Richard Meier's 165 Charles Street tower where a \$12.7M full floor listing was introduced. Guests were able to get an exclusive preview of the apartment and enjoy test-driving Ferrari and Maserati on the West Side Highway. About 50 people attended the event, and the dynamic was very positive. After test drives, invitees relaxed and mingled at the apartment over Peroni beers, Prosecco, and finger food. It was a great venue and a wonderful opportunity for people to meet.



Chinese investors on New York Real Estate

In the US, Chinese homebuyers have spent over \$12B in last 12 months ending March 31st, 2013 and 70% of their purchase was done cash. While this momentum is still going on nationwide and in NY (condominiums), a lot more money has been coming from the investment arms of China.

Their targets are very broad. They are looking for distress assets (good value), iconic/landmark buildings (status), hotels (value added), new residential and commercial developments or parcels of land to hold on to (speculation). Most recently, Fosun International bought One Chase Plaza for \$725M with the goal to convert it to residences or hotel and a consortium of Asian banks delivered a \$1 billion in equity to close on the financing of the Tower Verre, the new residential development by Jean Nouvel. Those are just a sample of what has been happening in New York.

Another category that I am currently working on with a business counterpart in Shanghai relates to passive investors. Their focus is on the appreciation of their asset value over the next 5-7 years; meanwhile, having a team to rent these properties, therefore reducing the cost of carrying them.

Another investment segment that would be great to push is infrastructure. The city of NY has no resources to modernize the subway for instance, a service that continuously failed at being profitable

Ultra Luxury Developments: a focus on niche projects

Established New York real estate developers have been surfing the wave of high-end real estate in New York. Mega projects like Extell's One57, Macklowe's 432 Park Avenue and Herzog & De Meuron's 56 Leonard Street have reached combined sales of billions of dollars within months of being on the market (pre-construction). They are perceived as some of the most ambitious residential real estate developments in the world, bringing a new dimension and experience to New York City living. Other developers, with no less creativity and ambitions are taking on a different road to the development of New York super high-end real estate. There, I selected two parties, Michael Shvo and the Candy brothers, who came out as the boldest, most visionaries and extravagant to bring a rare, inimitable, and timeless products.

Notorious for being the precursor and lead marketer/developer of the first collaboration between fashion and real estate with the Armani Casa condominium at 20 Pine Street, Michael Shvo is back in the game with a new concept. Indeed, Shvo recently made the headlines by paying a record high \$850 per buildable sf for a gas station site at 239 10th Avenue, that he transformed into an art exhibit featuring French artist CLaude Lalanne. As an art collector and aficionados, Shvo is taking on the art collector community to create a product dedicated to art conservation and display. The bet is wild since, according to estimates, selling rates should be at \$3,000/sf minimum to meet developer's required rate of returns, and right now, only Penthouses units are listed or sold above this rate in West Chelsea.

On the other end, the London based Candy brothers who started in the mid 90's with a \$9,300 loan to renovate their grand ma 1-bed flat in London, recently reached sky-high heights with the \$1.8B One Hyde Park residences where units sold from \$32M to \$327M. The Candy brothers have taken on "smaller" step stones to grow their presence in Manhattan, a place where a deep and influential network is essential to get into the luxury real estate game. Just like the way they started in London, they renovated their private home bought in the Plaza for \$25.9M and are now listing it for \$59M. Their next project, which could boost their names and reputations, consists of a \$35M, 17,000sf Italian renaissance style mansion on 70th Street between 5th and Madison, that will be turned into a \$50M single family home after work. That may sound like an expensive bet, but at \$4,000/sf for a product of that caliber, it seems very competitive.

Aside the wave of massive luxury developments, the flourishing of smaller projects will keep entertaining the exclusive and authentic vibes of the most sought after neighborhoods in Manhattan

For any questions regarding your real estate projects, please feel free to contact me Fmaingois@corcoran.com