

NYC Luxury Tower One57 Has Big Quarter Thanks to Condo Discounts

By
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- Price breaks ‘convince people it’s time to buy,’ Barnett says
- With others discounting, it’s a new day on Billionaires’ Row

One57, the Midtown skyscraper that has symbolized both Manhattan’s luxury condo boom and its slowdown, just had its best sales quarter in more than a year. The secret: a good bargain.



One57’s 41st floor duplex
Photographer: Jeenah Moon/Bloomberg

Four years after completing the 90-story tower -- and setting a New York City record with a \$100.5 million condo deal -- Extell Development Co. is still working to sell it out. In the first three months of the year, the firm sold five apartments totaling \$73 million, according to a filing on the Tel Aviv Stock Exchange, where Extell sells debt. It was the firm’s best quarter at One57, by both unit sales and value, since the end of 2016, according to an analysis of filings and data from StreetEasy.

“They were all discounted,” Extell President Gary Barnett said in an interview. “That definitely has something to do with convincing people that it’s time to buy and that they’re getting a good value.”

With a wave of new luxury apartments still washing over Manhattan, including projects by Extell and others going up on the same block as One57, the developer is committing to the surest strategy to clean the slate.

Across the borough, luxury homes that went into contract in the first quarter had their asking prices cut by an average of 10 percent, the most since 2012, according to a report last month from Olshan Realty Inc., which counts units priced at \$4 million and above. Many condo owners at One57, with whom Extell is also competing for buyers, are offering units at prices below what they paid in order to make a sale.

“If our competitors are giving discounts, and that’s what people really want, that’s how you’re going to move the product,” Barnett said. “We could just hold it -- the market will come back. But we have Central Park Tower coming up,” he said of the 95-story building he’s constructing on 57th Street near Broadway, with 179 planned ultra-luxury apartments. “Clear the deck for that.”

A Lot of Luxury


The market has changed since Extell opened sales at the tower in late 2011, when it was under construction and one of only a few new options. The project logged \$1 billion in sales in the first six months and inspired other developers to build similar offerings, creating what’s known as Billionaires’ Row along West 57th Street. This year, 4,600 newly developed apartments are expected to be listed for sale across Manhattan, with almost half of them priced at \$2,400 a square foot or more, according to brokerage Corcoran Sunshine Marketing Group. That’s on top of the 3,323 new units that reached the market last year.

At Macklowe Properties Inc. and CIM Group Inc.’s 432 Park Ave, the 96-story tower a few blocks away from One57, a buyer in December purchased three apartments near the top for a combined \$91.1 million, according to public records. It was a 25 percent discount from the combined sticker price of \$120.8 million.

“The quiet little secret about the super-luxury market is it’s absorbing” inventory, Barnett said.

Million-Dollar Discounts

At One57, Extell gave discounts in the quarter ranging from “single digit” percentages to bigger deals higher up in the tower, where the units are pricier, Barnett said. In some cases the developer covered the closing costs. Barnett said the two biggest sales were for about \$24 million each. Not all the deals and their exact prices have been filed publicly yet with the city.

Among the largest sales was a 61st-floor, three-bedroom condo with over 4,100 square feet (380 square meters) for which Extell commissioned custom interior design and furnishings by Jeffrey Beers International LLC. That unit, listed at \$29 million, comes with every rug, pillow, sofa and artwork inside, including a large painting in the living room that slides along a movable track to obscure a big-screen TV. 

On the 52nd floor, a bigger apartment without custom furniture was listed at \$29.95 million and also sold in the first quarter. The developer had initially priced it at \$31.75 million.

The other three units included a 1,021-square-foot one-bedroom on the 32nd floor that was listed at \$4.1 million and sold for \$3.56 million, according to StreetEasy. A two-bedroom on the 33rd floor was listed for \$8.65 million and sold for \$7.26 million.

After the five most recent sales, Extell has 36 units left to move at the tower, according to estimates from filings and Barnett. Among those are apartments the firm had planned to lease out and decided instead to sell in 2016 as the luxury-rental market slowed.

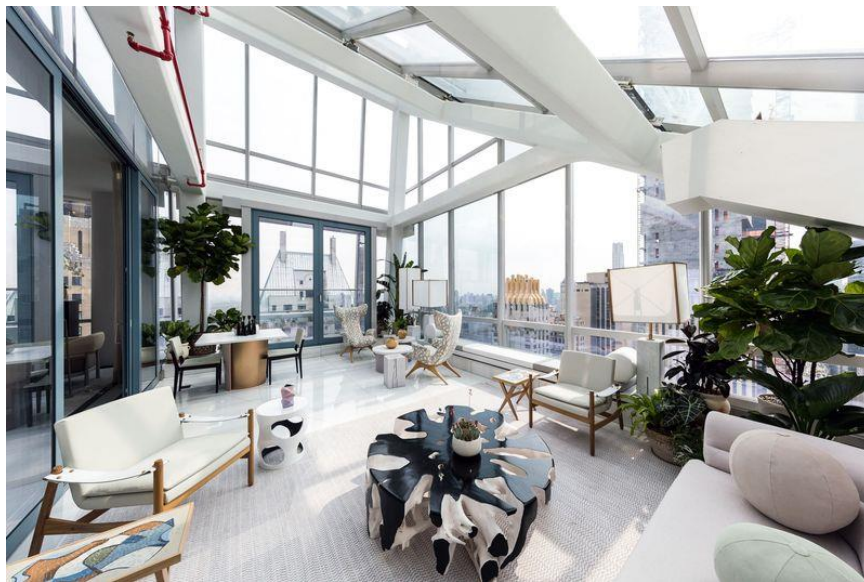
Even as it’s discounting, Extell has high hopes for a 41st-floor duplex of more than 5,000 square feet dubbed the Spring Garden for its solarium and terrace off the main living area. The apartment, with custom furniture designed by Katherine Newman, was listed in March for \$28.5 million, about 70 percent more than what Extell had planned when it set prices for the building in 2011.

“We didn’t realize exactly how nice it was going to look,” Barnett said.

<https://www.bloomberg.com/news/articles/2018-04-30/extell-uses-art-of-the-discount-to-ring-up-big-quarter-at-one57>



Custom furniture at a duplex in One57.
Photographer: Jeenah Moon/Bloomberg



The solarium and terrace in a duplex at One57.
Photographer: Jeenah Moon/Bloomberg