

Forbes

August 5, 2013

<http://www.forbes.com/sites/morganbrennan/2013/08/05/developers-create-limited-edition-residences-in-luxury-housings-latest-trend/2/>

Luxury Housing's Latest Trend: 'Limited-Edition' Residences

By Morgan Brennan

When Louis Birdman and Gregg Covin decided to build a luxury condo tower on Miami's Biscayne Boulevard, the developers won approval for a 750-unit tower rising 60 stories. They enlisted internationally acclaimed architect Zaha Hadid – it will be her first skyscraper in the Western Hemisphere — to design a \$300 million concrete tower that will rise over Biscayne Bay.

But rather than carve out hundreds of studios and one-bedroom apartments, the Miami-based developers decided to try something less conventional: offer massive luxury spreads with enough square footage to rival standalone mansions. The resulting One Thousand Museum Tower plan consists of a mere 83 units spanning the full 60 stories.

“We are a very limited-edition building,” says Birdman of the project, which will break ground once a round of financing is complete. “We are not a small building, but we are small in terms of the number of units.” One Thousand Museum Tower's smallest units, half-floor apartments encompassing 4,600 square feet, start at around \$4.9 million. Full-floor units will run up to \$15 million and a duplex penthouse spreading across 11,000 square feet will likely have an asking price of \$30 million. Units will have private balconies, 10- to 20-foot-high ceilings, floor-to-ceiling windows and access to swanky building amenities like a rooftop helicopter pad, a spa, indoor and outdoor pools, valet parking and “security” concierges.

Multifamily construction has roared back to life across the U.S. But rather than build low- to mid-range housing for the lion's share of the population, more developers are going boutique, rolling out ultra high-end condo buildings with extra spacious, amenity-laden units promising a high degree of exclusivity.

Call them “limited edition” residences. Developers like Birdman and Covin are targeting this niche market because it translates into significantly more money for their efforts. “It's a trend we saw in the marketplace of downtown Miami,” explains Birdman. “Units over 3,000 square feet are bringing a premium of almost double [the price per square foot] over average-sized units of 1,100 square feet.”

Other developers in the Miami area have caught on. Boutique hotelier Ian Schrager is peddling The Residences at the Miami Beach Edition, a luxury hotel-condo hybrid in Miami Beach comprised of 26 “limited-edition” condos scattered across the top floors of the existing hotel and in a new neighboring tower. The residences, set to be unveiled next year, are designed by architect John Pawson and will boast “outdoor rooms” stocked with private pools, dining areas and pergolas.

Seven weeks after the sales office opened in January, more than half of the 26 condos – which had been priced 200% higher than the local market — had reportedly already found buyers, for an average of more than \$3,000

per square foot. In March two side-by-side Edition penthouses totaling more than 16,000 square feet (including 9,843 square feet of interior space) went for \$34 million in South Florida's most expensive condo deal to date. Down the street, Related Group is developing One Ocean, a South Beach boutique building that will house 46 condos and four villas. Typical units are 3,000 square feet and prices average about \$1,500 per square foot. Adding to the exclusivity, Jorge Perez, Related Group's billionaire chief, has enlisted a variety of high-profile designers to contribute to the new building including architect Enrique Norten, interior design firm Yabu Pushelberg and landscape designer Enzo Enea. The floors will be designed by Michele Oka Doner, whose public art installations are featured in the New York subway and several airports, and artist José Bedia is designing entrance gates.

"There's a group of buyers that are really not looking to buy into big buildings," says Carlos Rosso, president of Related Group's condo development. "Northeasterners especially that come down every year demand big space when they come to Miami so apartments are getting bigger and bigger."

Those Northeasterners seem to be demanding more space in New York City as well. The Big Apple AAPL -1.06% has dozens of new residential projects in various stages of the construction pipeline including several mega towers. But in a city where limited land has historically spurred real estate companies to pack buildings with as many tiny apartments as possible, some developers have opted to scale back their numbers and cater instead to wealthy buyers, of which most are Americans with families, looking for massive digs and utter privacy, a feature hard to come by in high-density buildings since more units mean more people.

Take the latest project from Zeckendorf Development, the New York brothers behind the famed billionaire-centric building 15 Central Park West. Newly opened 18 Gramercy Park has 16 residences: 14 full-floor condos, a grand maisonette and a duplex penthouse. The full-floor apartments have four bedrooms, 40 feet of frontage overlooking Gramercy Park, gallery-style hallways for art collections and key access to the famously private park. In addition to a 24-hour concierge, each unit is accessible by a personalized key fob that powers the elevator to that specific floor, where it sits behind a locked door that must be opened before stepping off the elevator.

Buyers have shelled out lofty sums for the building. Nearly 70% of the residences have been sold, for an average price of \$4,000 per square foot – a lofty sum not just for downtown New York but for all of Manhattan. By contrast, the average price per square foot of Manhattan luxury apartments sold in the second quarter of 2013 was \$2,006, according to data compiled by Miller Samuel and Douglas Elliman. The average price per square foot for apartments in brand new development was \$1,427. And when Houston Rockets owner Leslie Alexander snapped up the duplex penthouse last October, the \$42 million sales price set a downtown record (dashed recently by 56 Leonard's \$47 million penthouse).

A few blocks away, another boutique building called the Whitman has also lured high-profile buyers. In March former first daughter Chelsea Clinton spent \$10.5 million on one of only four units in the entire building. Three of the condos, including Clinton's, occupy entire floors, spanning about 5,000 square feet with four bedrooms and five-and-a-half baths. The top floor penthouse, listed for \$25 million, stretches across 6,250 square feet plus another 3,000 square feet in private outdoor space. Building amenities for the four homeowners include a full-time doorman, a gym, and private storage.

"It has a super high level of security and there's intimacy because everyone will know each other," says Melanie Lazenby, the Douglas Elliman real estate broker co-representing the building. "We wish there was more product like this ... because it is rare and there is demand for it."

High-end "limited edition" buildings have been rolling out in other major cities around the world. In Paris, the historic Hotel de Noirmoutier site is being converted into 16 residences spread across five buildings. In Switzerland, sited among UNESCO-protected vineyards overlooking Lake Geneva, the Du Parc

Kempinski project boasts 22 units with hotel services, fingerprint recognition entry systems, and televisions hidden in walls.

In London, the city's tallest tower, the Shard, will include 10 residences that reportedly will go on the market for as much as \$75 million apiece once the mixed-use building's hotel is complete. In London's Marleybone neighborhood, sales launched in spring for 7 Portland Place, an eight-unit project, and in Chelsea, Henry Moore Court is comprised of 14 apartments and one house.

"Some buyers like to show off their wealth, but some prefer discreet and understated and these are the kind who look for a boutique development," says Alex Carr of Knight Frank Primus, the real estate group marketing Henry Moore Court. "This under-the-radar nature comes with the size, [creating] the sense that one's property really is 'limited edition.' Smaller developments allow their creators to show the full range of their creativity when it comes to interior design and the personal concierge service offered."