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Developers End Fight Blocking 2 More Luxury Towers in Midtown

By CHARLES V BAGLI

The transformation of a once dowdy stretch of 57th Street into Billionaires' Row reached new heights on Tuesday, as two of New York City's leading developers reached a truce that paves the way for two more ultraluxury towers on the northern edge of Midtown.

Like five others under development in the neighborhood, the two new towers will feature apartments selling for tens of millions of dollars and promising spectacular Central Park views.

Taken together, the seven high-rise buildings promise to remake the skyline and to redefine what it means to be rich in a city that is a cradle of capitalism and not so long ago was an emblem of urban poverty.

For seven years, the two developers, Gary Barnett and Steven Roth, blocked each other from moving forward with his respective superluxury project. But the men decided the time had come to settle, and on Tuesday, they signed a deal ending the feud.

Mr. Barnett, president of Extell Development, is already building One57, a 1,004-foot tower on 57th Street just east of Seventh Avenue, where the penthouse is under contract for \$90 million. To the east, the penthouse at the 1,396-foot skyscraper under construction by Harry Macklowe and the CIM Group is selling for \$95 million, or more than \$11,000 a square foot.

Now, Mr. Barnett plans to erect a tower of at least 1,400 feet on 57th Street, just east of Broadway. Directly to the north, Mr. Roth, chairman of Vornado Realty,

will proceed with a 65-story (roughly 900-foot-tall) residential tower. Under their accord, Mr. Roth shifted the site of his building slightly to the west, while Mr. Barnett edged his eastward, so that both skyscrapers could capitalize on what may be their most lucrative features: Central Park views.

“That’s the money shot,” Mr. Barnett said.

But with the surge in construction of apartments at prices only a billionaire could afford, is there a fear of saturation?

“Price really has no relevance,” said Nancy Packes, a real estate consultant and marketing executive. “High net worth individuals look at real estate today not as a place to live, but as an investment.

“It’s more stable than currency, bonds or stocks. And there are only a handful of cities around the globe where they invest: London, Hong Kong, Singapore and New York.”

There seems to be no shortage of billionaires. The Forbes 2013 list of the world’s billionaires had 1,426 names, up 200 from last year.

But Thomas Bender, a cultural historian at New York University, said the ultraluxury towers represented a flouting of the social distribution of wealth around the world.

“These are the kinds of buildings that the robber barons built,” Professor Bender said, “but it’s also what you see in rapidly developing societies where billionaires seek to distinguish themselves in the midst of poverty.”

As is the custom, all of the new luxury towers in Manhattan have celebrity architects, including Rafael Viñoly, Christian de Portzamparc and Robert A. M. Stern. They incorporate chic amenities, like studios for staff and personal wine cellars. But it is the views that are crucial.

“Height is where the profit is,” said Jonathan Miller, president of Miller Samuel Real Estate Appraisers and Consultants. “There’s a premium for views and floor levels. The higher you go, the higher the price you can get.”

Michael Stern of JDS Development is planning a very thin 1,350-foot-tall tower only a few doors east of Mr. Barnett's One57. Not far away, a group led by Steve Witkoff is buying the Park Lane Hotel on Central Park South for \$650 million, with plans to demolish the building in favor of a sleek tower with apartments averaging \$7,000 a square foot, according to real estate executives.

Over at 43 East 60th Street, William L. and Arthur W. Zeckendorf plan to build a 51-story building with park views and 30 apartments selling for \$8,000 a square foot, or \$48 million for a 6,000-square-foot unit.

A century ago, the beauty of the 840 acres that make up Central Park inspired another boom in ultraluxury housing: Millionaires' Row. The Astor, Vanderbilt, Frick and Whitney families built mansions along a stretch of Fifth Avenue north of 50th Street. In 1905, Andrew Carnegie erected a four-story, 64-room palatial home at 91st Street.

But the new luxury towers are not aimed exclusively at New Yorkers or even Americans. The [Web site for 432 Park](#), Mr. Macklowe's project, provides information in Chinese, French, Italian, Portuguese, Russian and Spanish.

It is the lure of enormous profits in a fast-paced residential market that eventually led Mr. Barnett and Mr. Roth to end their bitter dispute.

In June 2005, Mr. Barnett bought the first of a number of parcels for a high-rise project between 57th and 58th Streets, near Broadway.

Two months later, Mr. Roth of Vornado bought a rental building at 220 Central Park South whose lot extended to 58th Street.

Fearing that the Vornado tower would block the views of his planned tower, Mr. Barnett sought a bargaining chip by quickly buying the lease from the garage operator at 220 Central Park South and a small parcel on 58th Street that sat in the middle of Mr. Roth's planned development site.

Over the ensuing years, Mr. Roth bought out all of the tenants in the building's rent-regulated units and fought unsuccessfully in court with Mr. Barnett, whose lease on the garage will eventually expire. Each had something the other wanted.

Several months ago, the two sides began negotiating a deal from which they could both profit. On Tuesday, Vornado said that it had paid \$194 million for Mr. Barnett's parcel on 58th Street and additional development rights that would allow it to build an even taller tower.

With the two developers shifting their towers in opposite directions, Mr. Barnett will go forward with his second ultraluxury building on 57th Street, at 225 West 57th. But he still has one more deal to complete.

Several years ago, he agreed to pay his 57th Street neighbor, the Art Students League, \$23.5 million for its unused development rights. Mr. Barnett is now offering to pay the league another \$25 million for the rights to cantilever his tower over its four-story building.

The cantilever would ensure that more of the apartments in Mr. Barnett's building would have clear views of Central Park. If the league turns down his offer, Mr. Barnett said he would raise the height of the tower to 1,500 feet, from 1,400 feet.

Speaking of the deal announced on Tuesday, he said, "This clears the way for the development of two great buildings that will enhance the skyline and contribute greatly to the economy of New York City."