

NY Real Estate Residential

New One57 Buyer Tries a Flip

One57 in Midtown Is the Tallest and Most Expensive Residential building Ever to Open in New York City

By Josh Barbanel
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One57, the 1,004-foot-high condominium and hotel tower, has opened in Midtown, making it the tallest and most expensive residential building ever open in New York City—at least for the next year or so.



The buyer of a one-bedroom condo at the new One57 tower, here, is seeking a higher price on the unit. *Andrew Hinderaker for The Wall Street Journal*

But within days of the first closings late last month, one new buyer from China put one of the building's smaller apartments back on the market, seeking to flip it for a quick gain. The one-bedroom that sold for \$3.6 million on the Friday before Christmas was listed for \$6 million on New Year's Eve.

This move raises questions on whether some of the frothy sales carrying record-breaking prices for new condos reflected investor speculation as much as it did the flaunting of wealth by millionaire and billionaire buyers from New York and around the world.

The 90-story glass tower, designed by Christian de Portzamparc, ranks as the sixth tallest building in New York. Among residential buildings, it eclipses the 1932 Art Deco building at 70 Pine St., which is being converted into rental apartments, and 8 Spruce St., a new 76-story rental building near City Hall.

One57 will be home to the Park Hyatt New York, a 210-room hotel due to open later this year, as well as 65 rental apartments and 90 condominiums, including two duplex apartments in contract for \$90 million or more.

State filings show that the 90 condos are listed for a total of \$2.39 billion. Extell Development Co., the developer of One57, has said that 70% of the condos are now in contracts, and brokers say that a number of additional contracts have been signed.

It won't be the only trophy tower in the neighborhood for long. There are now five large residential towers under development on or near West 57th Street south of Central Park. Next year, one of them—the 1,392-foot-high tower known as 432 Park Ave., is due to open. More than \$1 billion in deals in contract at 432 Park include a full-floor penthouse for \$95 million.

Extell has long said it went to great lengths to deter buyers looking to resell apartments. The developer doesn't permit buyers to flip contracts before closings, and it routinely bars most buyers from marketing their units for sale for a year after a purchase.

Yet it appears that Extell made exceptions to make sales on some hard-to-sell apartments, developers said. The one-bedroom apartment just put back on the market is on the 39th floor with a view of Central Park, but the view is partially obstructed by a large sign atop the JW Marriott Essex House New York.

Elliot Joseph, a principal at Property Markets Group, which is developing a tower with JDS Development Group down the street from One57, said that early buyers resell when values increase and that was good news for developers in the neighborhood.

"The first people through the door usually get a better deal," he said.

The One57 buyer, identified in city records as Tao Liu of Shanghai, went into contract in April 2012 before sales took off. Mark Rozell, a lawyer representing the buyer in the transaction, declined to comment.

The condo is now listed with Elizabeth Sample and Brenda Powers of Sotheby's International Realty.

Edward Mermelstein, a lawyer who represents many international buyers, said that he often negotiates deals for investors who want the right to quickly resell apartments, but that this isn't true for the most expensive trophy apartments.

"At the top end they are not looking for anything other than to be able to say: 'I have an apartment in the sexiest new buildings in New York.' "

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