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Serial buyers trade "old" condos for new on Billionaires' Row

Sting, Daniel Och and Bob Diamond are just a few who've left 15 CPW for "newer" condos

From left: 220 Central Park South, 15 Central Park West, 520 Park Avenue, 35 Hudson Yards, Sting, Juan Beckmann Vidal, Daniel Och, Bob Diamond, and Stephen Ross (Credit: Getty Images, Wikipedia, StreeEasy, and Google Maps)

By E.B. Solomont

For many, a move coincides with a huge life event — relocating when a marriage begins or ends, upsizing to make room for a new baby or downsizing when kids move out. But for an uber-rich set of buyers in Manhattan, it comes down to shininess.

Over the past few months, serial buyers with deep pockets have swapped "older" condos for new ones. They've traded Central Park West for Park Avenue; limestone for a glass curtain wall; Christian de Portzamparc for Robert A.M. Stern.

Take Sting and his wife, Trudie, who paid $65.7 million for a penthouse at 220 Central Park South after unloading their pad at 15 Central Park West for a cool $50 million. The couple paid $26.5 million at 15 CPW in

2008, records show. Or the rocker's neighbor, Daniel Och, who is reportedly among the buyers at 220 CPS and recently listed his penthouse at 15 CPW for $57.5 million.

Real estate developers are doing it, too. This summer, Related Companies boss Stephen Ross listed his Time Warner Center penthouse — which he received as a "distribution" — for $75 million. Now, Ross is moving west, to his company's Hudson Yards megadevelopment.

"There's a certain personality that wants the new 'It,' whether it's a handbag, car, vacation spot or home," said Douglas Elliman's Noble Black.

Up until a few years ago, investors who bought early in a new development were "almost guaranteed to make money if they sold within a year or two of the building being finished," said Noel Berk of Engels and Volkers.

As land and construction prices have gone up, developers have come out of the gate with higher prices for sponsor units, thereby reducing buyers' potential profits down the line. Still, serial buyers haven't been dissuaded.

Berk is currently marketing a 28th floor condo at 15 Central Park West that's asking $17.5 million, $6 million more than her clients paid in 2010. She said they purchased in "another new building" not far from 15 CPW.

"There are so many beautiful new buildings, it's like getting a new car to some people," said Berk. "They want to upgrade."

Investment cycle

Early buyers at 15 CPW amassed profits more often than buyers at other new development buildings during a 10-year time period, according to a 2017 analysis by The Real Deal. In fact, the 29 most profitable resales were at 15 CPW.

More recently, former Barclays' CEO Bob Diamond traded in his digs at 15 CPW for a slightly-smaller pad at 520 Park Avenue. Records show Diamond got $50 million for his 15 CPW pad, a 5,300-square-foot penthouse he bought for $21.89 million in the wake of the financial crisis. In February, he and his wife, Jennifer, closed on a 4,300-square-foot condo at 520 Park Avenue for $36 million.

Speculators at other buildings have had mixed results.

In 2014, an early buyer at One57, Investor Sso Enterprises, flipped an apartment for a $3.45 million profit just five months after paying $30.55 million.

By 2016, investors looking for a quick payday at the Extell Development tower were discounting units, including Canadian billionaire Lawrence Stroll, who took a $1.6 million loss on his apartment last year, after paying $55.6 million in 2014. Meanwhile, there have been two foreclosures at the building, even as the developer looks to sell off remaining sponsor units.

Agents said the building's slow sales are part in parcel with what's happening in the rest of the market.

"There's zero sense of urgency," said Compass' Brian Lewis.

Last year, Lewis sold an apartment on Billionaires' Row for north of $40 million because the owner felt the building had become "yesterday's news." But the client isn't in a rush to buy something new.

"He has been sitting on his money and we are constantly looking for a moment for him to seize his next opportunity in whatever he deems is the next new thing for New York City luxury," Lewis said.

Berk countered that the oversupply of condos has pushed some buyers off the sidelines. If anything, some buyers are making moves now in order to lock in prices while sellers are negotiable. "They'd rather have bought in a new building at the same price that they could buy an old building," she said.

Serial buyers

Over the past decade, many foreign investors became serial buyers as a means of preserving capital.

Last year, Chinese buyers Fong Chi and Zhen Zhong Li bought a 26th floor condo at 220 CPS for $13.3 million. Records show a string of other purchases over the past decade.

In 2008, the duo paid just over $5 million for a fifth-floor condo at 15 Central Park West. In 2016, they sold it for $12.25 million to Goldman Sachs COO John Waldron (who owned an adjacent unit.) The same year, they bought a $5.2 million condo at the Naftali Group's 210 West 77th.

Pierre Debbas, a real estate attorney who works with foreign investors, said they're not all looking to move money. "A lot of it is social status," he said. "If you're going from 15 Central Park West to 220 Central Park South, you're going from what was the coolest building to the new coolest building."

Some uber-wealthy investors are also serial buyers.

At Macklowe Properties and CIM Group's 432 Park Avenue, an entity named Kanab Capital sold Unit 72B for $29.5 million last year, up from the $27.5 million purchase price in 2016. Kanab's address before that? 15 Central Park West.

Mexican billionaire Juan Beckmann Vidal has also bought and sold a handful of Manhattan apartments in recent years.

Most recently, the tequila mogul bought a condo at Extell Development's 1010 Park Avenue for $24.9 million, several days before New York's new mansion taxes went into effect. He also snapped up two condos at Trump Tower for a combined $6.7 million.

Previously, Beckmann Vidal bought a duplex penthouse at the Plaza Residences for $22.54 million; he sold that unit this summer for $29 million. And in 2017, an entity linked to Vidal bought Unit 84B at 432 Park Avenue for $44.6 million. But after a "catastrophic water flood" damaged the pad, Beckmann Vidal sued the developers months to recoup an $11.56 million deposit and did not close.

10-year itch

The expiration of tax credits or impending capital requirements are often the catalyst for trading up.

In April, a StreetEasy analysis found that of 12,000 condos sold in 2010, one in three benefited from a tax exemption. But people who bought in the early aughts, though, are bracing for higher taxes as their abatements expire.

Lewis said he's seen buyers migrate from Extell's Orion, where buyers were eligible for 421a tax abatements in 2007, to Hudson Yards.

“You’re looking down the road,” he said. Of the tax credit expiration, he said, “You get a lot of calls at year eight, nine.”

At the Atelier, built in 2007, there are currently 56 condos for sale. There are 21 at the Orion and 18 at the Rushmore, which was built in 2006.

But it’s more than just tax perk expirations at play. In the average condo, the 10-year mark is when the building’s mechanicals often need to be changed or lobbies upgraded. “That’s a cost to the owner,” Berk said.

in 2016, for example, the board at 15 Central Park West filed work permits with the city to make “façade repairs” at a projected cost of $1.6 million, city records show. Berk said the building has since redone the lobby, restaurant and gym. “They [want to] keep current with the new buildings,” she said. “Everything is being done impeccable to match, or be better than, the brand-new buildings because people want to protect their investment.”

Black said the same can be true for interior renovations.

He said one of his clients — who did a “gorgeous” renovation at their old apartment — liked the idea of buying at 220 Central Park West where they wouldn’t have to go through the process of renovating again.

“My guess is with Trudie and Sting, they did the apartment when they moved in but it’s a dated renovation,” he said. “It wasn’t new.”

All in the neighborhood

Brokers said they see common themes among clients who trade up: a desire to stay in the same neighborhood, an affinity for a developer or architect or a preference for a certain aesthetic — say, glass tower versus limestone.

For example, an entity tied to Joseph Betesh — the Chinatown landlord and owner of Dr. Jay’s streetwear — shelled out $22.5 million this year for a condo at 220 Central Park South, Vornado Realty Trust’s under-construction limestone tower. Records show Betesh previously owned in another Vornado building, One Beacon Court, which was built in 2005. Betesh, who paid $3.075 million for an apartment there in 2005, sold it for $5.3 million earlier this year. (For what it’s worth, Betesh also paid $5.7 million for a condo at 15 CPW in 2008 that he sold for $11.38 million in 2010.)

Douglas Elliman’s Lauren Muss said at 160 Leroy, where she represented developer Ian Schrager, buyers came from Superior Ink, 150 Charles and 1 Morton. “We had a ton of people in the neighborhood,” she said.

Uptown, Muss’ team sold a unit at the Laurel (a circa 2005 condo at 400 East 67th Street) and the client moved to a larger unit at Citizen360, a circa 2017 condo at 360 East 89th Street.

Muss said over the past few years, developers have tried to outdo each other by offering bigger amenity packages, more sophisticated services and high-end finishes. And by and large, the shininess wins out.

“I’ve had a few clients who went from condo to fancy co-op, but more or less you always want the newest thing,” she said. “What was new five years ago, and what was the rage, is a little dated now.”