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Condo Buying Off Floor Plans Hits N.Y., Miami, S.F.



Sales are stacking up for a planned luxury tower in Manhattan's Tribeca, at 56 Leonard. It's designed by a Pritzker Architecture Prize winner. [View Enlarged Image](#)

Pritzker Prize-winning architectural firm Herzog & de Meuron is best known for the "Bird's Nest" stadium of the Beijing Olympics.

But it's garnering a lot of new buzz for its zigzag glass condo tower in lower Manhattan — where sales are going through the roof — though only seven floors of 60 are poking out of the ground.

The building at 56 Leonard in Tribeca won't be ready until 2015. But more than 80% of the 145 multimillion-dollar units have sold since a sales office opened in April, including a \$47 million penthouse.

With no more than beautiful renderings to go on, buyers are signing up for a bunch of new luxury condominiums planned in and around Manhattan, as well as condo-popular cities Miami and San Francisco.

Many are two years from completion. Buyers often sign contracts before ground is broken, recalling the frenzy of last decade's boom years.

"They're buying off floor plans again," said Sofia Song, a vice president at StreetEasy.com, a real estate information web site. "When the bubble burst, people weren't willing to do that. They wanted to see the finished product first."

Low inventory, an improving economy and pent-up demand has sparked a new wave of high-end condo projects in these three urban markets, where a plethora of eager buyers are willing to pay for homes well into the millions.

"Everything is luxury," Song said of new building in NYC. "There is no incentive for developers to produce anything less than luxury because land is so expensive."



It's the same in San Francisco, where "pretty much everything sells for \$900 a square foot or more" to let developers make a profit after costs are covered, says Alan Mark, president of The Mark Co., a real estate marketing firm.

"There is an appetite for luxury product right now," Song said.

Manhattan Skyline Changing

The new-development market in New York, Miami and San Francisco has indeed heated up.

Though the number of new condo units sold in Manhattan in the second quarter fell 10% from a year ago due to scant inventory, the average price per square foot surged 30.7% to \$1,427, according to Douglas Elliman Real Estate.

New-unit closings remain low, but that should reverse next year as projects finish, the real estate agency noted in its latest sales report.

Luxury builder Toll Bros. (TOL) has a few condos slated for Manhattan, including a tower planned at 400 Park Avenue South, designed by another Pritzker Architecture Prize winner, Christian de Portzamparc.



Sales at the futuristic tower haven't yet begun — the project is still awaiting official approvals — but an "Interest list" keeps growing.

New condos proposed across the rivers from Manhattan in Brooklyn and New Jersey are in high demand too. Take Toll's proposed Pierhouse on the waterfront in the new Brooklyn Bridge Park. Ground hasn't broken and sales of the \$1.8 million to \$10 million units haven't officially begun, but Toll has a long interest list of buyers who want in.

People talk "about combining apartments," said David Von Spreckelsen, head of Toll's City Living.

More than 1,000 people are on Toll's interest list for an unbuilt condo in Hoboken, N.J., with prices from \$500,000 to over \$2 million. Since the sales office opened two months ago for 1100 Maxwell Place, more than 30% of units have sold.

Toll Bros. plans condo sales soon at 400 Park Avenue South, NYC. It's by a Pritzker Prize winner too. [View Enlarged Image](#)

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Miami Goes For Gold

New product in the Miami area comes as unsold inventory left over from the last boom has dwindled, expected to be gone by next year.

"Unlike the last boom where projects appealed to the masses, this latest boom is targeting high-end buyers," said Condo Vultures principal Peter Zalewski, by e-mail.

As prices kept rising in the last boom, buyers used easy credit, and low down payment and deposit terms, to flip units before taking possession. As the market crashed, new buildings were left dark and empty.

This time developers require deposits of 50% to 100% of the price, in installments. Bank financing is scarce — buyers help fund building.


"If a project doesn't have an adequate amount of presale commitments, it is unlikely that construction would begin," Zalewski said.

Of scores planned, 24 towers with more than 3,400 units are under way in South Florida, he says. One soon to join them is a Philippe Starck-designed SLS Hotel & Residences in the Brickell area near downtown Miami. Zalewski says the 450 units in the condo part were "over-reserved" and some wannabe buyers were turned away.

Amid limited resale inventory, Condo Vultures estimates that beyond South Florida's 141 proposed towers totaling nearly 18,800 units, another 20,000 new condos will be unveiled by October — the vast majority in Miami-Dade County.

Bay Area Breaks Ground

San Francisco also has a long list of proposed condo projects, following a post-bust drought.

"Preconstruction sales have come back," Mark said. 

When the housing market was still sliding, he says, "There was no reason to purchase in advance." Those who did buy in the down market, he added, "wanted to walk the actual units."

Real estate giants Tishman Speyer, based in New York, and China Vanke said last week they are breaking ground "immediately" on two condo towers of 655 luxury units in the trendy SoMa waterfront district of San Francisco.

It will be China Vanke's first North America investment. But the partners aren't rushing to lock in sales in a still-rising housing market. A sales office for this "Lumina" project isn't set to open till next summer, well into construction but before completion. Prices, as yet undisclosed, will no doubt be high.

"There's so much pent-up demand for high-end residential housing in San Francisco," said Tishman Speyer spokesman Rick Matthews. And SoMa is "a very hot" area.