

# CRAIN'S

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### Developer tries to outpace competitors by commencing condo sales this month

Ben Shaoul says he's looking to unload Magnum's portfolio of apartments under \$3 million within the year



Shaoul's firm will be selling lower-priced units at 389 E. 89th St. on the Upper East Side, and the Luminaire in Gramercy

Manhattan condo developer Ben Shaoul is in a hurry.

In a market where apartments for less than \$3 million are scarce, Shaoul's [Magnum Real Estate Group](#) is starting sales this month at two projects filled with them. He said he hopes to move the condos quickly—to stay ahead of competition that is only now shifting toward lower-priced units after a four-year construction boom that shut out all but the wealthiest buyers.

“Our entire business plan here is velocity,” Shaoul said in an interview. “Sell the buildings out this year, be done this year, deliver this year. This product is not available right now in the marketplace, so let’s get it delivered in 2016 before anyone comes around in 2017.”

Magnum is getting ready to open sales at 389 E. 89th St. on the Upper East Side, and the Luminaire in Gramercy, both former rental towers bought in 2014 that are now getting

guttled and glossed on their way to becoming condos. At the Upper East Side property, where marketing starts Monday, two-bedroom apartments start at \$1.58 million for a unit with 1,098 square feet, according to documents filed with the New York State attorney general's office. The cheapest three-bedroom, with 1,315 square feet, is listed at \$1.95 million.

The priciest residence at the 156-unit tower—where amenities include a landscaped rooftop terrace and a children's playroom—is an 1,860-square-foot penthouse commanding \$5.25 million.

While those sums would buy mansions in most of America, they're a relative bargain in luxury-saturated Manhattan, where the median sale price of a newly built apartment was a record \$2.06 million in the fourth quarter, according to a report by appraiser Miller Samuel Inc. and brokerage Douglas Elliman Real Estate.

"Clearly, this is not solving the affordability problem," said Jonathan Miller, president of Miller Samuel. But to offer something new, between \$1 million and \$2 million, "is so unusual and so rare that it appears to be filling a niche."

### **Development surge**

Soaring costs of land and construction have forced Manhattan developers to build ever larger and lavish units to collect a profit. This year, 5,126 newly built apartments will be added to the sales market, the most since 2007, according to Corcoran Sunshine Marketing Group. Of those listings, 63% are considered "luxury," which the brokerage defines as \$2,400 a square foot or more. At 389 E. 89th St., prices will average \$1,596 a square foot, and at the Luminaire they'll average \$1,789.

With so much competition, sales are slowing for the most-expensive homes, prompting luxury builders such as Toll Brothers Inc. and Extell Development Co. to shift down to a lower price point for their latest ground-up projects. Extell has said that apartments at its South Street tower would range from \$1 million to \$3 million, and Toll Brothers is planning a preponderance of one- and two-bedroom condos at its West 17th Street property, which may be ready for occupancy at the end of this year.

"A whole wave of buyers have been ignored over the last few years," said Leonard Steinberg, president of brokerage Compass, who is marketing the units at Magnum's Luminaire. "What's wonderful here is these are available for quick delivery, and I think that's very meaningful in a low-interest rate environment."

### **River views**

At Luminaire, a former 140-unit rental tower on First Avenue near East 23rd Street, the developer is tearing down walls and redrawing floor plans to create 103 condos. The largest share—53 apartments—will be two-bedrooms, ranging from \$1.75 million to \$2.73 million, Shaoul said. The building's 41 one-bedroom units will start at \$950,000. The top floors, with unobstructed views of the East River, will have nine three-bedroom homes. The priciest, listed at \$4.95 million, has 1,982 square feet of living space and a

1,265-square-foot terrace, the developer's filings show. Sales will start at the end of the month.

The Luminaire's common areas aim to evoke a hotel-like experience, with two separate outdoor lounge spaces designed by Francis D'Haene, one on the second floor and one on the roof.

With more than 250 apartments across both properties, Shaoul is setting some benchmarks, including plans to move his first buyers into their finished units by August, and a complete sellout by the end of the year. He's also pledging not to raise prices—a common developer tactic when condos start selling briskly—until half of the units are sold.

“I have no interest in carrying these buildings,” he said. “I want to sell these apartments and I want to move on to my next project.”

[http://www.crainsnewyork.com/article/20160208/REAL\\_ESTATE/160209868/developer-tries-to-outpace-competitors-by-commencing-condo-sales](http://www.crainsnewyork.com/article/20160208/REAL_ESTATE/160209868/developer-tries-to-outpace-competitors-by-commencing-condo-sales)