

July 2019 Issue

## NYC's billionaire buyers

*There are only a few dozen of these red-velvet-rope players looking to buy in Manhattan at any given time, but snagging one is a golden ticket for a broker or developer*

By [E.B. Solomont](#) and [Erin Hudson](#) | July 01, 2019 10:00AM



Nikki Field felt certain that she'd already laid eyes on the buyer of the penthouse at 212 Fifth Avenue.

Looking with a forensic lens at her sign-in sheet last May, the [Sotheby's International Realty agent](#) calculated that uber-wealthy buyers were waiting a minimum of eight months before signing contracts. "I said to Bob Gladstone, 'There's going to be no one new,'" she recalled, referring to the founder of Madison Equities, who converted the former manufacturing building into 48 condos with Building and Land Technology and Thor Equities. "We know every buyer," she told him. "I just have to get them back."

Roughly a year later, [Amazon chief Jeff Bezos](#) agreed to buy three units in the building in a deal totaling \$80 million.

There are currently 65 listings in Manhattan that are priced at \$30 million or more — not counting the shadow inventory that developers are intentionally holding back, or whisper listings that aren't officially on the market. That includes 23 properties asking more than \$50 million.

While there are roughly 2,600 billionaires worldwide, top brokers in the city said there are only a few dozen uber-wealthy buyers shopping for a New York property at any given time.

“There’s this pool of buyers, and a lot of people know when they’re making the rounds,” said [Bess Freedman, CEO of Brown Harris Stevens](#). “Agents that are in the market all know about these buyers; they’re walking around seeing different product.”

Those in that exclusive club of buyers are surrounded by an army of agents, advisers, attorneys, designers, accountants and others who fiercely guard their privacy and go to great lengths to protect their anonymity.

“My business wouldn’t be what it is if I ever said anything,” said the Corcoran Group’s Hilary Landis, who in 2017 represented the buyer of a \$55 million co-op at the Rosario Candela-designed 960 Fifth Avenue. (While Landis remained mum on that buyer’s identity, public records indicate it was [Colombian beer heir Carlos Alejandro Pérez Dávila](#).)

While the rest of the luxury market has been struggling and dealing with an oversupply of inventory, the last few months have been buzzing with activity among the billionaire set. The same week Bezos closed on his pad at 212 Fifth, hedge funder John Griffin paid around \$77 million for an Upper East Side townhouse, setting a residential record. Earlier this year, [Citadel hedge funder Ken Griffin](#) (no relation) closed on New York’s priciest residential property to date, a \$238 million penthouse at 220 Central Park South.

[Douglas Elliman’s Tal Alexander](#) — who represented Griffin in that deal — said the \$25 million-to-\$30 million market “might be the strongest segment of the market today.”

Even trophy apartments, he said, are being offered at fair prices since sellers and developers acknowledge that it’s a buyers’ market. And buyers with deep pockets are well equipped

(and eager) to pounce, particularly after circling a market with ample

**While the rest of the luxury market has been struggling and dealing with an oversupply of inventory, the last few months have been buzzing with activity among the billionaire set.**

inventory. “The ultra-rich buy what they want to buy,” agreed Landis. “When they want something, they want something. You’ve got to catch them at the moment.”

“You’re right; I do like this.”

It’s hard to quantify precisely how many ultra-high-net-worth individuals — aka UHNWIs — are shopping for New York real estate at any one time.

According the research firm Wealth-X, the world’s 2,604 billionaires saw their collective net worth drop 7 percent in 2018 year over year. But they were still worth a staggering \$8.6 trillion.

The number of U.S. billionaires has inched higher as their counterparts in Asia have weathered slowing global trade and other headwinds. In New York City, there were 105 billionaires in 2018 — overshadowing cities like Hong Kong (87), San Francisco (75) and Los Angeles (39).

Though purchasing luxury real estate is discretionary, owning a portfolio of homes in strong markets around the world is also a way to preserve (and grow) wealth.

In fact, UHNWIs own an average of 3.63 homes, according to Knight Frank’s 2019 Wealth Report.

---

“The clients I deal with are buying for some kind of hedge against an investment risk they face in another part of the world,” said Peter Rosenberg of Terra Nova Services, a subsidiary of Stonehage Fleming, a U.K.-based wealth management company.

But that reality can also make for interesting timing when it comes to big-ticket purchases.

“When you take the wealthiest people on the planet, they don’t really go for market timing,” said Jeffrey Fields of R New York, who represented the buyer of a \$32 million condo at [Zeckendorf Development’s 520 Park Avenue](#). “They’re always shopping; they’re always kicking tires and out there looking. They pull the trigger when it’s right for them.”

Often, that means purchasing something that’s not officially for sale.

Brokers working with UHNWIs are accustomed to making a few well-placed phone calls to find a buyer for an off-market listing.

“You have to understand, when we list those types of properties — both on and off market — the buyer isn’t necessarily someone who’s in the market right then and making offers,” said [Ryan Serhant of Nest Seekers International](#). “A lot of times you have to go find the buyer.”



That was the case with Serhant's clients who paid eight figures at 520 Park. The "Million Dollar Listing New York" co-star said the couple — prior clients — was living happily on the Upper West Side until he called and said, "I know you probably don't want to sell, but there's an amazing new property, you should see it." He said he sent a car and asked for just 15 minutes of their time. They closed on the \$32 million pad in October 2018.

More recently, Serhant pulled off a similar stunt in the Hamptons, where he brought the buyer to natural gas mogul Michael Smith's Bridgehampton home, which is now in contract for close to the \$42.5 million asking price.

"It's about creating deals at that price point more than finding them," Serhant said.

In the latter case, Serhant said, he chartered a plane to maximize the client's time. When the buyer saw the estate, he uttered six words that would be music to any broker's ears: "You're right; I do like this."

### **The client & the "apparatus"**

An analysis of the priciest deals in Manhattan over the past five years shows the wealthiest buyers rely on a [web of LLCs](#), attorneys and money managers to purchase real estate.

This year, when [billionaire Ken Moelis](#) plunked down \$62 million for a penthouse at 520 Park, the deed was signed by attorney Susan Ly, care of Squar Milner, a Santa Monica-based accounting and financial advisory firm.

Likewise, property records show that when Pérez Dávila — whose family controls SABMiller — bought the \$55 million co-op at 960 Fifth in 2017, he did so via Quadrant Capital Advisors, a New York-based fund he co-manages. With offices at 499 Park Avenue, Quadrant has backed hospitality startup onefinestay; Bigfoot Biomedical, a medical tech startup; and others.

Part gatekeepers and part expeditors, money managers often play a crucial role.

“They can build and maintain the trust of clients,” said Sotheby’s Field. “All of these properties are sold through wealth managers. They have the buyers.”

Field, who works with a team of 19, said she strategically hires agents to work with targeted groups of clients. Noticing an uptick of Russian buyers, she said, she just hired an agent who will split her time between New York and Moscow, where she’ll rub shoulders with the advisers and deputies of the ultra-wealthy.

Other brokers said financial advisers often do walk-throughs of properties — or might simply be on call to facilitate deals.

“They are there to free up liquidity,” said Serhant, adding that even the wealthiest buyers don’t have piles of cash lying around. “They move so fast.”

But Douglas Elliman’s Noble Black noted that the “apparatus” of staffers who usually accompany these clients — sometimes based in different countries — can also slow a deal.

## **Sending cars and chartering planes to bring billionaire buyers to listings are par for the course.**

“Everyone wants their bite of the apple of this big transaction,” said Black, who last year closed roughly \$177 million in deals.

He added, however, that in some cases it’s also “a matter of protecting themselves”: Some clients use their “handlers” more to ensure that “nothing gets screwed up” than to get deals to the finish line.

With that in mind, Stribling & Associates’ Pamela D’Arc said the due diligence that UHNWIs conduct (or that their handlers conduct) is fastidious. Inspections occur into all aspects of the building — from the elevator to the boiler to the property’s debt.

At the Carlton House, an unknown buyer forked over \$52 million to purchase the penthouse in 2015 via a shell company, Azalea Holdings LLC. The deed was signed by Stonehage's Rosenberg.

Rosenberg, who is based in Philadelphia but works with a global clientele, said he generally advises clients to buy property via trusts or LLCs for privacy and estate planning purposes — or as a means of protecting assets and easing the administration of a property after the closing.

"If they're not living here on the ground in New York, they want someone to be able to deal with the condo board, the building management, caretakers, banks, accountants, decorators and plumbers," Rosenberg said.

Elliman's Richard Steinberg, who's represented [Macklowe Properties](#) at 432 Park Avenue and a steady flow of tony Uptown properties, described this tier of buyers as "extremely discerning" and apt to walk away if they're not satisfied. He's currently working with two buyers shopping in the \$50 million range, and his biggest challenge is finding quality properties.

"You want the best of the best because you can basically afford anything," he said.

### **NDA or bust**

Before Bezos forked over nearly \$80 million at 212 Fifth, the world's richest man dispatched a team of trusted representatives to vet properties for him. They left no stone unturned, also touring [HFZ Capital Group's XI](#) in West Chelsea as well as the [Zaha Hadid-designed 520 West 28th Street](#).

Like the Amazon chief, other UHNWIs often send interior designers and assistants to scout out properties.

"The incredibly wealthy absolutely just don't want to waste time," said Serhant, who recently sold a \$43 million estate in the Hamptons to a client who saw the property in person once for "five seconds."

Before closing the deal, Serhant returned to the house several times, sometimes FaceTiming with his client, who didn't have time to be there in person.

Other agents also say they'll do whatever they can to accommodate clients' often-crazy schedules. "You do not want to waste the time of someone who says, 'I have one hour on Tuesday,'" said D'Arc.

# THE BILLIONAIRE BREAKDOWN

## ULTRA HIGH-NET-WORTH INDIVIDUALS VS. EVERYBODY ELSE

As the overall luxury real estate market has sagged in New York City, the billionaire set is still on the make, sending handlers to scout out penthouses and townhouses and finalizing transactions left and right. Here's a look at some key numbers surrounding the buyers who make top NYC developers and high-end sellers salivate.

# 2,604

*The number of billionaires worldwide as of 2018, including 705 in the U.S. Oh, and their combined net worth is a staggering \$8.6 trillion.*

# 105

*The number of billionaires in NYC as of 2018. By comparison, Hong Kong has 87, San Francisco has 75 and Los Angeles has 39.*

# -3.2%

*The drop in overall luxury sales volume in 2019's first quarter year over year, with days on market also up 23.5 percent.*

# 55%

*The vacancy rate on Billionaires' Row, where there are 496 available units out of 907.*

# 3.63

*The average number of homes that ultra-high-net-worth individuals — aka UHNWIs — own globally. The average is 4.63 among UHNWIs from the Middle East.*

# 65

*The number of Manhattan listings priced at \$30 million and up, including 23 above \$50 million.*

# 4,500

*The number of NYC "Wall Street Financiers," who are estimated to be worth an average of \$132 million each.*

# 10

*The number of sales above \$30 million in 2019's first quarter, including three above \$50 million. By comparison, in 2018's first quarter, there were four at \$30 million-plus and none above \$50 million.*

SOURCES: WEALTH-X, KNIGHT FRANK, MILLER SAMUEL AND STREETEASY