

### Condo Living

By BILLIE COHEN

**T**he vibrancy of city living — culture, shopping and the finest restaurants — appeals to a broad spectrum of second-home buyers, including aging boomers looking for a getaway and globetrotting jet setters beefing up their portfolios.

Many of those buying in metropolitan areas may already have a second home or even a third, but their collections are simply not complete without a pied-à-terre in an energetic urban locale. According to the National Association of Realtors, 40 percent of all home sales in 2005 were second homes. And a third of those were in urban areas.

While many American cities offer that type of living and urban amenities, the hottest (and some would argue most prestigious) markets are found in Manhattan, Miami, Las Vegas and San Francisco.

The typical buyer in these cities may be a wealthy executive who counts a city condo as one of many secondary homes that he cycles through over the course of the year, or a baby boomer in her 40's or 50's.

These individuals or couples are still working and consequently have the money to invest in an additional home. Still other buyers are simply empty nesters who may have had a larger house in the suburbs and now want a smaller place in a more central location that they can escape to or lend to their adult children.

#### Why Are They Buying?

Urban buyers are definitely aware of the investment potential of a prime city location (like the Strip in Las Vegas or a building overlooking Central Park in Manhattan), but that is not the only reason they want to own there.

Doug McCafferty, 51, a commercial real estate broker in Southern California who recently bought in the Residences at the MGM Grand in Las Vegas, is interested in both investment and personal use. "I buy in places that I enjoy and in places that other people will pay me to use," Mr. McCafferty said. He also owns houses in Hawaii and Palm Springs, Calif., but the urban energy of Las Vegas appealed to him. "I'm not really a gambler," he said,

"but I like the excitement of the city. I like the entertainment, the dining and all the amenities it offers."

That is a familiar refrain among buyers. Fine food, arts, theater, shopping and sporting events are top reasons they are attracted to cities, as is the ease with which luxury condominiums and condohotels make those activities accessible. An apartment in a plush metropolitan building, for example, often comes with concierge service that can rustle up tickets to hot shows and reservations to crowded restaurants.

"We live in a small town in North Carolina," said Dan Lackey, who just bought fractional ownership of a unit at the Ritz-Carlton in San Francisco. "So we're starved for the culture, shopping and excitement of a big city."

From Broadway in Manhattan to the annual Art Basel exhibition in Miami to the concerts in Las Vegas and the restaurants in San Francisco, metropolitan areas simply offer more to do and see than do secluded vacation spots or rural country homes. In some of those cities, the weather is an additional draw. "I think the next generation looking for second homes, while they want comfort, also want something dynamic," said Marian Davis, who lives in Manhattan and owns an additional home in Miami Beach. "They're going to be doers."

#### Manhattan

For the moneyed, sophisticated breed known as "home collectors," Manhattan is often the first destination to add to a portfolio.

"If I had to use one word to describe New York, it's buzz," said Dolly Lenz, vice chairman of Prudential Douglas Elliman. "It's everything: it's the Financial District, the art, the museums, Lincoln Center, the ballet, the theater district, unbelievable restaurants."

People drawn to all of this run the gamut — empty nesters and family-oriented business folk, young Wall Street types and international buyers who like the strength of the euro. And they expect a certain level of luxury: a high level.

"What's old is new again," said Linda Stillwell, a senior vice president of the Corcoran Group. "The first apartment buildings in New York were hotel-type residences, and this is what is luring

people back into New York again."

The Plaza, 50 Gramercy North at the Gramercy Hotel, and the Residences at the Mandarin Hotel in the Time Warner Center are condominium-hotel projects that are hugely popular because they offer all the conveniences of the upscale hotels they are connected to while giving residents the privacy of their own apartments. A resident can "pick up the phone and say 'I'm coming in, can you have my room ready, can you stock my refrigerator, can you get me theater tickets?'" Ms. Stillwell said. When they arrive, the city's best is at their fingertips. Can't get a reservation at Per Se? Residents at the Mandarin Hotel can have it delivered as room service.

Even buildings that are not attached to hotels offer high-end luxuries. 55 Wall Street inducts residents into the private Cipriani Club, where they have access to their own library, barber shop, movie theater and billiards room. And of course they can dine at the 24-hour Cipriani restaurant that anchors the building. Spas, 24-hour concierge service and fitness centers are often expected to be part of the package in Manhattan. "The amenities are not really amenities anymore," said Howard Lorber, chairman of Prudential Douglas Elliman. "You're not going to buy a place if it doesn't have a gym. You're not going to buy a new condo if it doesn't have a good concierge who can take care of stuff for you."

The other consideration when surveying Manhattan real estate is location. "The park is our draw in New York City," said Elizabeth Lee Sample, a senior vice president of Brown Harris Stevens. "People really want a park view." Such vistas are expensive. Apartments at the Mandarin sold at \$2 million for a one-bedroom and \$45 million for a penthouse.

The downtown neighborhoods of SoHo and Tribeca, which for years were major draws for a younger clientele, are now becoming increasingly popular across the board. High-end developments like 101 Warren, 40 Mercer and 40 Bond, an Ian Schrager project, are attracting such buyers to the area. The Financial District is also seeing a new spark, as retailers like Tiffany and Hermès move into the neighborhood to capitalize on the equally high-end clientele moving into 55 Wall Street, 20 Pine and Downtown, a building at 15 Broad by Philippe Starck.

## Miami

The Miami area sees its fair share of Americans, particularly from Northeast cities, but the Latin influences and bilingualism also make it a comfortable home for businesspeople and families from South and Central America. And the absence of state income tax is an incentive for many buyers.

"We're very urban people," said Marlene Green, an image consultant from Chicago, who with her husband owns a second home on Aqua Allison Island, a new development in Miami Beach. "If you want to play golf, which I do a little, you can, and if you want to go to the modern art museum you can. And if you just want to go to Lincoln Road and people-watch, you can."

First among Miami's important selling points for those buying a second, or in many cases a third, home is its combination of weather and location. Buyers want to be "in an urban environment and be in a vacation place also," said Nelson Gonzalez, an agent with Esslinger-Wooten-Maxwell. "They want to be close to the beach and ocean but don't want to be bored like in Palm Beach and Boca Raton."

Second is the thriving nightlife and cultural scene. The clubs, restaurants and glamorous appeal of South Beach mean there is always something to do. The outdoor complex of Lincoln Road allows visitors to stroll, people-watch, eat and even catch a movie or a musical performance. What's more, the city offers a steady calendar of high-caliber events: Art Deco Weekend in January, the South Beach Wine and Food Festival in February, the Nasdaq-100 Open tennis tournament in March and Art Basel Miami Beach in December. The new Miami Performing Arts Center will only add to the city's cultural draw.

The hottest properties, including Il Villaggio, the Continuum, the Setai and the upcoming W South Beach, offer their residents amenities like in-room spa treatments at the Setai and the W's Whatever/Whenever service, which will fly in bagels from New York. Private planned communities like Fisher Island in Biscayne Bay and the Canyon Ranch complex in Miami Beach (opening in spring 2007) are also prime destinations with opulent extras. Aqua has a mango grove and its own gourmet market, and Fisher Island has a polo field, 18 tennis courts and a golf course.

Marian Davis and her husband, David Parker, whose primary residence is in Manhattan, chose Miami for their third home (they also have a place in Corpus Christi, Tex.) because Mr. Parker has business ties there. But they were not initially looking at an urban location. Ms. Davis craved a home with a backyard and barbecue so she could invite friends over the way she did when she lived in California. "That's something you can't do in Manhattan," she said. "So we looked at a lot of homes. But the thing is that when

you're not there, to have a single-family home, you don't have infrastructure or services."

She and her husband also researched retirement communities, but, she determined, that's not their style. "I don't want to be in a retirement community," said Ms. Davis, who is in her mid-40's. "They feel more staid; it's an older clientele. There's not a dynamic part of it."

Mr. Parker and Ms. Davis paid in the seven figures for their water-view condo, which is not unusual. At Il Villaggio, units start at \$850,000 and can reach \$8 million or \$10 million for a penthouse, while the Setai is asking \$739,000 to \$7 million. Properties at Canyon Ranch are listed at \$1 million to \$5 million.

## Las Vegas

Las Vegas is experiencing a boom in real estate, population and culture (the first two doubtless assisted by the absence of state income tax).

Baby boomers, foreign investors and corporations are all among the investors there, particularly in the new condominium high-rises. But second-home buyers come predominantly from the West Coast because of the easy commute. "We're only an hour-and-a-half flight away versus other parts of the country," said David Martin, 51, who lives in Redwood City, Calif., and owns a unit in the MGM Grand. "Something like Miami is just too far away."

And although the city used to be known only for gambling, the influx of high-end home buyers has helped fuel a need for more sophisticated diversions.

"If you like entertainment, it's the entertainment capital of the world. If you like gaming, it doesn't get much better than Las Vegas," said Bruce Weiner, president and chief operating officer of Turnberry Ltd., which owns three complexes in the city. "If you like shopping, it's world-class shopping. Dining — every celebrity chef from America and other parts of the world has opened up restaurants here. And there's about 35 major golf courses."

While some buyers are still opting for the private communities of luxury single-family homes that are found throughout the Las Vegas area, it is the high-rise condo and hotel-condo explosion that is making news. Dozens have been proposed, but for now only a few are actually open.

Park Towers and Turnberry Place were early entrants. Turnberry, a few blocks off the Strip, opened in 1999, and its overseeing company has since added the Residences at MGM Grand and Turnberry Towers. The company says the average age buying into Turnberry Place in 1999 was 62; today at Turnberry Towers, the average buyers are in their 40's, it says.

Of the new breed of luxury high-rises on the Strip, the Panorama Towers and Sky Las Vegas (with opening dates of October and December, respectively) will be the first to open, while incoming

condo-hotels include the Cosmopolitan, the W Las Vegas, Trump International Tower and the Residences at MGM Grand (the only one now open).

All the units at Turnberry Place have Italian marble Jacuzzis. Panorama Towers will have a screening room and a regulation racquetball court. Sky Las Vegas will have a billiards room, a dog run and professional putting greens. Spas, fitness centers and round-the-clock concierge service are givens.

In general, prices begin around \$600,000 and can reach more than \$9 million. The numbers increase with properties closer to the Strip. "It's like the ocean in California," said Beth Naef, owner of Prime Realty. "The more view of the Strip you have, the more value you have in your real estate."

For others, though, a Strip view does not make up for the more relaxed atmosphere of a gated neighborhood community, which offers privacy and space while still providing a quick link to activities.

Peter and Pia Aigner of Glen Cove, Long Island, bought a home in the gated development of Los Prados Country Club, 12 miles off the Strip. Drawn by the region's warm weather and its proximity to several national parks, the Aigners also take advantage of plenty of restaurants and shows in the city. "It's much easier to get a ticket to see a major performance in Vegas than it is in New York, and it's cheaper," Mr. Aigner said. "We've stopped going to shows in New York. We see them all in Vegas."

## San Francisco

"We joke that it's somewhere between adult camp and assisted living," said Lynn Sedway, 64, a real estate and urban economist who owns in the Four Seasons condo-hotel in San Francisco, as well as in the Napa Valley. "The advantages include the downtown location and the fact that we can walk to theater and to restaurants." As empty nesters, she and her husband wanted a small place that could provide them with amenities to make their lives simpler. "This way there is somebody waiting for us and there is somebody who can take our luggage upstairs," Ms. Sedway said. "We feel total security, and it's very well managed."

Largely from the West Coast, and attracted to the weather and a more relaxed version of city living, San Francisco's second-home buyers want the luxury and culture of a city but not the frenetic pace.

"Bay Area folks tend to like to have that urban living experience and are amenable to it, but we're not New Yorkers," said Rob Levy, a partner with McGuire Real Estate. Fortunately for them, a slew of developments are making that lifestyle accessible. The area south of Market Street, or SoMa, is where the new condominium and condo-hotel projects are sprouting. "They're close to transportation and on flat

ground,” Mr. Levy said. “And the weather is good there because of the microclimates; it’s much less foggy.”

The two main groups moving into the city are people from the Bay Area and investors, who can be local or from overseas (primarily from Asia). Diana Nelson, a broker for Millennium Partners, which developed the Four Seasons Residences, said 80 percent of its buyers were from the Bay Area, and for half of them, this was their second, third or fourth home. Ms. Nelson sees people like lawyers and venture capitalists, but also younger families involved with Silicon Valley.

Peter McCaffrey, a 42-year-old caterer who lives with his family in Napa Valley, spends five or six months out of the year in San Francisco for business. The city was at the top of his family’s list when they started the search process. “We were looking for a second home in a lot of cities, but with me being a chef,” Mr. McCaffrey said, “I’m a foodaholic, and I think it’s the food capital of the United States.” He is also a fan of the city’s

varied arts offerings, which he plans to share with his young children when they move into their condo in the Ritz-Carlton Club and Residences; it is scheduled to open in late 2007 but is already nearly sold out.

In the past few years, the center of the city has shifted from the traditionally desirable Pacific Heights, Russian Hill and Presidio Heights neighborhoods to the area south of Market Street. Three condohotels are the notable residences in that region: the St. Regis, the Four Seasons and an incoming Ritz-Carlton. Units in all three start at over \$1 million, and they all offer prime location and amenities. For example, in addition to having in-room spa treatments and butlers to help with unpacking groceries or purchasing a gift for a party, the St. Regis is within short walking distance to notable restaurants, the San Francisco Museum of Modern Art, Yerba Buena Gardens and, in 2008, the Contemporary Jewish Museum designed by Daniel Libeskind.

In another area of town, by the Embarcadero district, is the Infinity, due

to open in 2008. Located near the Ferry Building — with its gourmet food, wine shops and farmers’ market — the Infinity is a block from the waterfront and, accordingly, offers impressive views. And while it is not attached to a hotel, it does have similar luxury amenities, including a screening room, a huge fitness center and 24-hour concierge service. Prices range from \$600,000 to more than \$3 million.

#### **Other Cities to Watch**

Second-home buyers are not limited to these cities. Dolly Lenz of Prudential Douglas Elliman in Manhattan has already sold several condos in the Trump International Hotel and Tower, scheduled to open in 2008. Honolulu is also on buyers’ radars.

Mr. McCafferty from the Las Vegas MGM Grand is looking into the Waikiki Beach area (where, coincidentally, Donald Trump is building another condohotel). And Atlanta, Seattle and Phoenix are other urban areas attracting buyers.