

THE *REAL* DEAL

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Latest from the Sunshine mind

Linking fine art and real estate in new projects

STUART W. ELLIOTT

When you are already responsible for marketing the Time Warner Center, with all the best amenities, hotel concierge service and the city's priciest apartment at \$45 million, maybe luxury becomes passé.

Louise Sunshine has apparently moved beyond luxury living and onto a new concept – linking real estate and fine art.

“Luxury is such an overused term,” said Sunshine. “We’re so far beyond luxury.”

In the latest project for the city’s most prominent residential marketing company, The Sunshine Group is casting architect Richard Meier’s new glass tower at 165 Charles Street as a “work of art.”

But marketing rivals question how original the new concept is, and how far such high-concept selling can be taken. Some also said developers are doing more marketing in-house now rather than using outside marketing groups.

Last month, Sunshine launched the campaign for Meier’s new condo, just south of his two celebrity-filled Perry Street buildings. The 31 apartments are being marketed as “limited edition” residences, with signed Lucite



Photo by Sam Sunshine

In marketing, what's the limit on high-end?

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models of the building being given to buyers as closing gifts, and viewings of Meier's sculptures being offered as an added bonus.

The pitch is part of a larger strategy by the company, which has done \$8 billion in sales during its history. Sunshine recently relocated its headquarters to the Fuller Building on East 57th Street, home to many prestigious art galleries. Those galleries will now rotate some of their collections in Sunshine's 6,000 square feet of space. A digital library is being created of some of the art to be incorporated into virtual tours the company offers of luxury residences throughout the world.

The Sunshine Group will also move famous pieces of art into expensive units that are not selling. "If we have a penthouse at the Time Warner Center that's not sold, we might move a Matisse sculpture in there," Sunshine said.

"Space takes on a new meaning when it has great art in it," she added. "I think we are always looking to create value. Our business has changed because we are looking more and more to branding space through art and architecture and fashion."

Members of some other marketing groups say the concept of "limited edition" residences is not necessarily new.

"It worked beautifully for us in marketing Sky Lofts [at 145 Hudson], which we did a year and a half ago," said Chris Wilson, director of Stribling Marketing Associates.

Wilson said Douglas Elliman broker Helene Luchnik was also involved in marketing "limited edition" apartments recently in a project on West Broadway.

Adrienne Albert, president of The Marketing Directors, which is second to Sunshine, with total sales of \$4 billion, said the

company's approach to the Meier building is "interesting."

"It may be interesting to have hooks from time to time," said Albert. "What's important, though, is the value that is built into the offering."

There is also the question of how much high-end - in terms of the marketing approach or the units themselves - the market can handle, even if luxury sales are improving (see story on page 13).

Over the last two years, the trend has been towards building smaller luxury apartments, not bigger.

"Suddenly, there is more pressure on the lower end of the business," said Wilson. "Developers used to think people buying small apartments didn't have the same threshold in what they'll pay."

The thinking was that someone might pay \$2 million for a 2,000-square-foot space, but it would be harder to find someone to pay \$1 million for a 1,000-square-foot space. That thinking has changed, many say.

"These days, we're far more confident recommending a mix of units in high-end projects, including a line of one bedrooms," said Wilson. "For large spaces, there is a law of diminishing return once you pass a certain size point."

That law might be at work at the Time Warner Center condos, where some said too many large units were planned.

"You hear about the one sale for \$45 million - but how many of those are there?" asked Andy Geringer, managing director for Douglas Elliman's Development Marketing Group. "You don't have deep absorption."

Geringer said more than one-third of the units in the building are priced at \$10 million or more.

"In the best of times, I don't understand how that was conceived," he said. "I would have gone for more smaller units."

Geringer acknowledged,

though, that his group's niche is the \$2 million and under market, while Sunshine targets "the highest luxury product."

Sunshine - and other marketing groups - might also be affected by a recent trend of developers doing more marketing in-house.

The Related Companies hasn't yet hired the company it normally works with for a new condo project at Astor Place, and Trevor Davis has handled some marketing functions itself for a recent project, in contrast to its usual practice, one marketing professional said.

Regardless, the company that Sunshine formed in 1986 after more than 10 years with the Trump Organization has a near lock on the most exclusive new developments in Manhattan, guiding projects from start to finish with market research, pre-development planning, product design and marketing and sales strategies.

Sunshine is currently working on One Beacon Court atop the new Bloomberg Tower, which will open in March 2005 with prices topping out at \$26 million.

The company is also doing its first development in the Financial District at 15 Broad Street, where the former J.P. Morgan building is being converted into 250 condos, with details by Philippe Starck. The building is scheduled to open in May.

Outside New York, Sunshine is doing a host of projects, including Brazilian Court in Palm Beach, where units are selling for \$1,400 a square foot, Sunshine said.

Then there is 173-176 Perry Street, the first two Meier glass towers, which have attracted celebrities like Hugh Jackman, Nicole Kidman, and Calvin Klein.

Sunshine doesn't think it will be too hard to attract buyers who want to "live in art" at the new Meier building next door.

We expect that to be done in 14" She said. "And we already have a long, long waiting list," she said.

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