

# Developers uncork a tasty sales strategy

## REAL ESTATE

Wine cellars and associated services are being used to tempt property buyers in New York, writes Alison Gregor

In some of New York City's newest luxury apartment complexes, features involving a rather Old World staple are catching the attention of wine connoisseurs.

More condominiums are offering wine cellars and tasting rooms, especially bottled wines and even sommelier services, than ever before. But as the real estate market has skidded to a halt in recent months, market experts are questioning whether that trend may have, like a fine wine, already peaked.

Marge Nelson, a pharmaceutical account director, and her husband bought their \$1.295m flat at 200 West End Avenue in August 2008 partly because they were looking forward to using the wine-tasting room on the premises.

"We looked at several different properties, and what we liked about this one, among other things, was that the common spaces, including the wine room, were really nice and homey and well designed," Ms Nelson says.

Besides holding a "housewarming" party there, Ms Nelson says she has entertained members of her joint book group/wine club in the space, which has overstuffed armchairs, an oval dining table, upholstered stools and a bar counter along the walls, along with attractive cabinets for storage. A window overlooks the small garden at 200 West End Avenue, which has about 120 apart-

ments with four bedrooms that had dropped its price to \$10.8m from \$11.5m in December. One of the more recent sales there was in March last year, when a 3,228 sq ft apartment sold for \$10.95m. At that time, real estate was changing hands at a tempered, but still lively, pace.

Diego Plaza, a broker with Prudential Douglas Elliman Real Estate who has sold apartments at 515 Park Avenue, says it remains to be seen if the trend toward wine cellars continues at a time when homebuyers are pinching pennies.

"With 515 Park Avenue, they were trying to entice people to pay these high prices for apartments, and it worked," he says. "Now, property developers are cutting out a lot of the extra amenities to give residents lower carrying costs, because all those things, wine cellars included, add up."

A case in point is 100 11th Avenue, a stylish condominium complex with 55 flats originally designed by Jean Nouvel, the French architect, to include private wine cellars. It is under construction but, in December, Craig Wood, managing partner of Cape Advisors, said he had scrapped the private wine cellars.

"We didn't perceive there was a demand for it," he says. "Though a lot of buildings have used wine cellars, and they're a popular amenity, we decided the amenity package we were doing was so expensive as well as expansive that we didn't



Marge Nelson in the wine-tasting room of her New York apartment block

Helayne Seidman

The last flat purchased at 100 11th Avenue was in October by a Swiss buyer, according to Mr Wood. Speculating that property developers might put a cork in wine amenities, at least for the near future, Mr Wood

which range in price from \$900,000 to \$7m, have sold, though sales activity fell off in September, Mr Goldman says.

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before heard of any sommelier having an arrangement similar to his with 34 Leonard.

"To stock their cellars accordingly, if they don't already have cellars of their own, I need to know what

# Never forget the power of networking



James Altucher

I recently advised a company that was getting nervous about the recession and how it could sharpen its business. Every time I visited my friend, the chief executive, we would try to find a free conference room, but none of the 10 or so were available. "What's everyone doing in them?" I asked.

I knew exactly what he had to do to bring his company into the 21st century. "You need to get rid of all the chairs in the conference rooms," I told Bill. He laughed.

"I'm dead serious," I said. "When people go into a meeting they have two goals: eat some doughnuts, and say something that will make them seem important. When you remove the chairs, suddenly everyone has to eat standing up and it's a little harder to wait your turn to say something important. No meeting will last longer than 10 minutes, no matter what the topic is. Profitability will be restored, my friend."

I added: "Maybe get rid of the free doughnuts every morning."

My personal rule is: no more than three meetings a day: one in the morning, one in the afternoon and one meeting over a meal.

I recently broke my rule when my friend Howard

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Besides holding a "housewarming" party there, Ms Nelson says she has entertained members of her joint book group/wine club in the space, which has overstuffed armchairs, an oval dining table, upholstered stools and a bar counter along the walls, along with attractive cabinets for storage. A window overlooks the small garden at 200 West End Avenue, which has about 120 apartments.

Ms Nelson says entertaining a dozen people in her flat, with its narrow galley-kitchen and small dining area, would be difficult, especially with her three-year-old daughter's bedroom next to the living room. The wine-tasting room solved her problem.

"There's a kitchen adjacent to the wine room, so I can entertain without having to buy some massive apartment I can't afford," she says. "Although the wine-tasting room is an unusual idea, it is actually very functional. When I have had people over, they have said, 'This is really nice. It's very glamorous.'"

But features involving wine are not as rare as some might imagine in New York real estate. They have been appearing in both larger numbers and a multitude of forms in Manhattan, where the group of wealthy, urbane buyers, both American and international, includes many oenophiles.

One of the first condominiums to include private wine cellars was 515 Park Avenue on Manhattan's genteel Upper East Side. The tower's developers began marketing its 37 full-floor apartments in 1998, as the real estate boom in New York City was commencing. Reminiscent of the buildings that lined Park Avenue in the 1920s, it was highly successful, selling out at about \$3,000 a square foot in 2000.

Several apartments at 515 Park Avenue were on the market this month, including a 3,257 sq ft apartment

lect, to include private wine cellars. It is under construction but, in December, Craig Wood, managing partner of Cape Advisors, said he had scrapped the private wine cellars.

"We didn't perceive there was a demand for it," he says. "Though a lot of buildings have used wine cellars, and they're a popular amenity, we decided the amenity package we were doing was so expensive as well as expansive that we didn't need to do wine cellars on a building-wide basis."

Instead, 100 11th Avenue has included wine refrigerators in all flats and will accommodate buyers desiring a private wine cellar.

"There are a couple of larger apartments in the building where people have custom-designed their own wine cellars on their floors," Mr Wood says.

However, wine has continued to be a significant marketing tool for 100 11th Avenue. Marketers asked Mr Nouvel to select a favourite from among half a dozen choice wines to be labelled privately for the condominium, with a label designed and signed by the architect.

Mr Wood is presenting each resident with a case when they move in.

"Jean is a big wine drinker," Mr Wood says. "Much of the design, in the early stages, was done meeting with him over bottles of wine, so it fitted with Jean's sensibility. It fitted our buyer profile, and the type of building we were designing, even though we eventually decided against the private wine cellars."

Since marketing began in 2007, 82 per cent of the apartments, which range in price from \$2m to \$20m, have been sold, a large number of them to Europeans, Mr Wood says. And foreign buyers were indeed largely propping up New York's real estate market until September 2008, when the Lehman Brothers' bankruptcy triggered the spread of the economic recession to Europe.



Marge Nelson in the wine-tasting room of her New York apartment block

Helayne Seidman

The last flat purchased at 100 11th Avenue was in October by a Swiss buyer, according to Mr Wood. Speculating that property developers might put a cork in wine amenities, at least for the near future, Mr Wood says those who bought homes in developments with wine-related features may have invested wisely.

"It may be five or 10 years before you see a building equivalent to 100 11th Avenue, just because it will be impossible to get financing," he says. "So there's real value here."

**'As for [providing] a sommelier ... I think people would see through the uber-hype of that'**

Yet there are several buildings with similar offerings being developed. Platinum, a 220-unit condominium at 247 West 46th Street, besides offering wine refrigerators and storage racks in each flat, has privately bottled a red wine from the Tuscan vineyard of one of its first condominium buyers, who happened to be a vintner. Platinum buyers will receive a complimentary bottle, says developer Allen Goldman, president of SJP Residential Properties.

"We're targeting sophisticated buyers, and certainly the vast majority are wine drinkers, so we created a bar area in the lounge where we will invite residents to periodic wine tastings," Mr Goldman says.

Since beginning marketing in 2007, about 80 per cent of Platinum's apartments,

which range in price from \$900,000 to \$7m, have sold, though sales activity fell off in September, Mr Goldman says.

That may signify the end of an era of extravagant comforts, such as wine cellars, in New York property, he says.

"Buyers and prospective buyers who are out there have the opportunity to enjoy some benefits that may not exist in the future," Mr Goldman adds.

But at least one property developer is forging ahead with plans to offer not only a combined wine cellar and tasting room for residents, but also the services of a sommelier. At 34 Leonard, a smaller condominium of 16 apartments under construction, each resident will receive a two-hour consultation with sommelier Roger Dagorn, who works half a block away at Chanterelle, an elegant restaurant specialising in classic French cuisine.

The condominium - which has sold five flats and aims to sell the remainder at \$1,450 a sq ft - will also give its buyers a free consultation with an art consultant.

"We felt the wine cellar and sommelier fitted perfectly into our concept of the building, because it is not just a building for collectors of art, but for collectors of wine," says developer Mitchell Rechler, principal of R Squared.

Each resident will be able to store as many as 300 bottles of wine, and Mr Dagorn will help them stock the cellar - something the sommelier says would be difficult for a larger building.

"There are 16 individual condominiums, and I can imagine 16 different personalities," says Mr Dagorn, who adds that he has never

before heard of any sommelier having an arrangement similar to his with 34 Leonard.

"To stock their cellars accordingly, if they don't already have cellars of their own, I need to know what their interests are, what type of food they like, what they are looking for in terms of wine," he says.

Only time will tell whether wine amenities will appeal, and thus continue to be offered, to buyers. The best features will be the ones buyers actually use, says Veronica Hackett, managing partner of the Claret Group. The developer put a lot of thought into the wine-tasting room at 200 West End Avenue, she says.

"We decided people who were serious about storing wine would be more inclined to store it with a wine merchant," she says. "As for a sommelier, wine appeals to a lot of people, but I think people would see through the uber-hype of that."

On the market since 2007 with a price range of \$1,350 to \$1,400 a sq ft, 200 West End Avenue is about 90 per cent sold. The wine-tasting room is popular, and one buyer even negotiated its use for a christening as part of the closing process. Ms Hackett says she envisioned the wine-tasting room as an intimate cave, like a wine cellar she encountered once at a small inn in Burgundy.

"I think people are interested in a wine-tasting room they can use as a different kind of entertainment space, one they might not have in their own home," Ms Hackett says.

## WEALTH ONLINE

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last longer than minutes, no matter the topic is. Prof will be restored, friend."

I added: "Maybe of the free dough every morning."

My personal rule more than three a day: one in the one in the afternoon meeting over.

I recently broke when my friend Lindzon came to decided to tag along him and Marissa his associate, in learn a bit more what they were particularly since partnering on some venture capital deal.

Howard is one two people I know had a successful other would kill revealed his name is a massive short and probably more than \$1bn from selling last year. built Wallstrip.com sold it in 2007 to year, he exited from limos.com, rent.golfnow.com, and with Lifelock, and protection company.

I'm normally an anti-social guy who like to meet new but what I consider learn from Howard you can't underestimate the power of networking. From the minute up he starts e-mail making phone calls it's a breakfast more meetings, more twittering, meeting coffee, more e-mail dinner meetings, meeting for drinks.

So I followed up day on eight strategy meetings. It was

Part of my goal learn something meeting and also figure out where were seeing opportunity in this recession, what I learned:

A) Quant invest

## THE WEALTH PAGE

Next Tuesday's Wealth page will be the last one. John Dizard's column will continue to appear on Mondays at [www.ft.com/ftfm](http://www.ft.com/ftfm) (click on View from the US)