

September 9, 2007

Mansions in the Sky

By [CHRISTINE HAUGHNEY](#)

WHEN Jon and Susan Ashley move back to the United States from London next summer, they want their children to have the usual perquisites of suburban living. They will move into a sprawling two-story home where their twins, Zack and Alec, 11; their daughter, Sophie, 6; and their month-old son, Dylan, will have their own bedrooms and a separate playroom.

But they won't be in Greenwich, Conn., or Armonk, N.Y. The Ashleys will move into a 31-story Upper West Side condominium, where they have bought three apartments that they are combining into a six-bedroom, 4,200-square-foot duplex.

Mr. Ashley, 41, said he wanted his family to live in [Manhattan](#) because he works such long hours at a private equity firm that he would see his children less if he had to spend more time commuting.

Many of his contemporaries are also living closer to the office. "A lot of my friends and peers have three kids," he said, "and a lot more of them are staying in the city."

While the national housing market is experiencing a major slowdown, Manhattan's wealthiest families are buying up as many apartments as they can and combining them into rambling mega-units. Brokers and developers say that buyers in this segment of the market are finding that they have few large apartments to choose from, and so they are creating the spaces they want from a half dozen one- and two-bedroom apartments. While some buyers are swallowing up whole floors of new condominiums, others are buying neighboring apartments in older co-op buildings as they become available.

Gary Barnett, the chief executive of the Extell Development Corporation, which is building the Ariel West at 245 West 99th Street, where the Ashleys bought, said the building has 70 apartments after seven units were combined into three.

These combination units are not bargains: two-bedroom apartments in the building typically cost \$1.5 million to \$2 million, and three- and four-bedroom apartments cost \$2.5 million to \$3 million.

Mr. Barnett plans to include 4,500- to 8,500-square-foot apartments in two projects planned for the Upper West Side for more families like the Ashleys. "A number of people we're seeing who have three, four and even five children need these spaces," he said.

This trend is seen most often on the Upper East and Upper West Sides. For example, in the last two months, five families paid \$5.5 million to \$13 million for apartment combinations at the Brompton at 205 East 85th Street. These resulting apartments range from 4,500 to 8,000 square feet, according to the Related Companies, the Brompton's developer.

David Wine, the chairman of Related, said he saw so much demand for the Brompton that he was adding more combination units in the company's next project. Related is building up to 20 4,100-square-foot apartments and 4,500 to 5,000-square-foot town houses at Superior Ink, a new 17-story building in the West Village built on the former site of the Superior Ink factory.

Mr. Wine said he wasn't worried that the demand for large apartments would go away, "as long as the city retains the high-paying financial industry and remains an attractive place where families can live."

Other developers say they have found that apartments sell faster when combined into larger spaces. Orin Wilf, the president of Skyline Developers, said he had buyers coming into the sales office at 170 East End Avenue for about six months saying that they liked the apartments but wanted more space.

So he combined about a dozen apartments into larger units and sold them within a month. In the end, 16 buyers bought two units and two buyers bought three units for combinations. The combined apartments range in size from 4,500 to 7,000 square feet, and what had started out as a 110-unit building now has 90 apartments. Mr. Wilf and his wife, Lisa, who had originally bought one apartment, decided to combine two into a 6,500-square-foot home for themselves and their two children.

"I thought 3,600-square-foot apartments for the Upper East Side would be perfect when we first started designing the building," Mr. Wilf said. "We came to realize people wanted 4,000 square feet, 5,000, 6,000."

But some people question the need for these huge combinations. They note that in the past, many wealthy Manhattan families managed to live in Classic 6's — two-bedroom apartments with living room, dining room, kitchen and maid's room — even during boom periods like the 1980s.

Denise LeFrak Calicchio, a member of a New York real estate family and a longtime real estate broker familiar with the ways of Manhattan wealth, is author of "High Rise Low Down" (Barricade Books, 2007). She says the original Classic 6 typically ranges from about 1,700 square feet to as much as 2,800 square feet.

"Three bedrooms and staff quarters were considered grand apartments in the old days," Ms. Calicchio said. "The families are larger, the egos are larger and the competition is bigger."

Jill Kargman, who wrote "Momzillas" (Broadway Books, 2007), about an Upper East Side family trying to get into a co-op, grew up in a three-bedroom Upper East Side apartment in the 1980s. She said that — with a few exceptions — her friends lived in similar-sized apartments where they shared bedrooms with siblings or had a sibling who slept in what was nominally the maid's room.

Following tradition, Ms. Kargman, who is expecting her third child, said he would sleep in the maid's room in her Upper East Side apartment. She also said that some of her contemporaries had so many rooms that they were running out of colors.

“It becomes a suburban home in the sky,” she said. “Going part and parcel with the four kids is a bigger apartment. I never grew up with a playroom.”

She added that combining units is changing the dynamics of apartment living. Some owners have bought up so many apartments that their children have multiple floors and hallways to ramble through. “The building becomes this Eloise-style story,” she said, referring to the storybook character who scampered through the Plaza Hotel. “They don’t have this tiny block they’re confined to.”

Census figures show that the number of children under age 5 living in Manhattan jumped by a third from 2000 to 2005. And wealthy families argue that they need lots of space if they are going to live in Manhattan.

Such buyers are willing and able to pay more for the privilege. In fact, buyers paid 18 percent more for apartments with four bedrooms or more in the second quarter of this year than in the corresponding period last year, Brown Harris Stevens says.

In the second quarter, apartments with at least four bedrooms were the only category with a shrinking inventory of new listings. While there were 3 percent fewer newly listed four-bedroom apartments on the market last quarter, there were 44 percent more studios, 19 percent more one-bedrooms, 14 percent more two-bedrooms and 5 percent more three-bedrooms.

“It’s the only category in the second quarter where we saw a decline in the number of apartments,” said Gregory J. Heym, an economist for Brown Harris Stevens and Halstead Property.

Manhattan’s wealthiest residents have plenty to spend. Census data show that the wealthiest 20 percent of Manhattan residents made nearly 40 times more than the poorest 20 percent — \$351,333, on average, compared with \$8,855.

Stephanie Coontz, the director of public education for the Council on Contemporary Families, a research group in Chicago, described this as an “hourglass economy” with more rich people at the top and more poor people at the bottom. At the top, the superrich are finding that there are so many “merely rich” people that they have to find new ways to distinguish themselves. They are able to set themselves apart by having larger families and larger combined apartments to house them.

“You’ve got this incredible wealth at the top, and more people jockeying to put themselves at the top of that,” Ms. Coontz said.

The larger apartments are proving to be good investments.

Ian Stone, a real estate and venture capital investor, originally bought five apartments at the Park Millennium at 111 West 67th Street for \$5 million after he and his wife, Alicia, had their first child. He spent nearly two years renovating the apartment before they could move in.

But then he noticed that apartments were selling for high prices nearby at 15 Central Park West. He decided to put the apartment at the Park Millennium on the market and sold it for \$10 million

in January. The Stones, who now have two children, moved into a 4,000-square-foot rental at Trump Place.

The sale convinced Mr. Stone that there was a lot of demand for big apartments. So late last year, he bought six more apartments at the Park Millennium for \$7.2 million to convert into a 4,200-square-foot apartment. The apartment will feature four bedrooms, a den, office and play area. He expects to finish it by January 2009. If he decides to sell it, he said, he will charge at least \$13 million.

He also put down a deposit on two apartments at Linden 78 at 230 West 78th Street to combine into 4,500 square feet. More recently, he paid \$5 million for six apartments at 595 West End Avenue that he will combine into 5,000 square feet.

Mr. Stone, a native of [Long Island](#), plans to sell two of the combined apartments and move into the third apartment. He doesn't know which one he will move into.

He said he had never expected to be such a convert to Manhattan living. "When I moved to the city, I never imagined raising my kids in the city. We can just walk everywhere. Having kids in the city, you form a sense of community."

Louise Phillips Forbes, an executive vice president at Halstead, said that 18 buyers, mostly families, had bought 38 apartments at 595 West End. Mr. Stone was one of three buyers to combine multiple apartments, she said. One family bought five for \$5.5 million and another family bought four for \$4.4 million.

She said she found it difficult to keep up with demand. As she put it, "we had them gone literally in six days."

Ms. Forbes understands first-hand why demand is growing. She and her husband, Christopher, combined two apartments into a 3,000-square-foot home for their sons, Douglas, 4, and Kenneth, 20 months.

She now sells town houses or apartments with more than nine rooms once or twice a month, she said, compared with once or twice a year six years ago. She said these clients all want "mega-mansions" because "my contemporaries, their families and their wealth have expanded."