

Starchitects: An Amenity for Luxury Developments That May Also Add Real Value

Plus, a cooling Miami market, luxury growth in Calcutta, and more news from around the globe this week

BY ANNE MACHALINSKI

In the Manhattan luxury market, there's one amenity that seems ever-present in new condo developments: a well-known architect—a.k.a. starchitect—behind the design.

In fact, starchitect-designed buildings are going up all over New York City right now. Renzo Piano, who designed the Whitney Museum and won the prestigious Pritzker Architecture Prize in 1998, has a SoHo condo going up at 565 Broome St.; Christian de Portzamparc, who won the Pritzker in 1994, is behind the ONE57 building rising from 57th Street above Central Park; and the recently deceased Zaha Hadid, who was honored with the Pritzker Prize in 2004, has two luxury condo buildings being raised at 520 West 28th St. and 220 11th Ave.

But while starchitect-branded buildings are popular in Manhattan as well as in other luxury hubs around the world, including Miami, Sydney and London, the question remains: Do big name architects add any real value, either at the point of initial sale or later on as a resell?

“Adding value depends on the project, the location, how the interiors were executed, and most of all, timing,” said Donna Olshan, president and owner of Manhattan's Olshan Realty Inc. “A starchitect alone doesn't guarantee that a property's going to be a home run.”

For new projects, it seems clear that a starchitect, at the very least, brings potential buyers in the door. In Miami, where there's an oversupply of similar new buildings with the same kind of design and amenities, a starchitect is a differentiating factor that can “draw that worldwide interest,” said Jay Parker, CEO of Douglas Elliman's Florida Brokerage. In today's softening luxury market, “you have to do everything in your power to maximize exposure,” he said, pointing to Rafael Vinoly's One River Point towers and the Renzo Piano-designed Eighty Seven Park as prime examples of how name brand recognition can attract global attention.

In Manhattan, though, a starchitect has become just one of a suite of necessary amenities—like a health club or huge terraces—that you have to have to be at a certain price point, said Jonathan Miller, the chief executive of appraisal firm Miller Samuel. “It's not an option, it's a must,” he said.

And as a result, every new building with condos selling for prices north of \$5 million has a big name attached.

Without this differentiator, the next thing to consider when assessing a property's value is the interior design and the quality of construction, said Leonard Steinberg, the president of Compass.

“A great architect building cannot just be a sculpture,” he said. “A building has to have external beauty as well as internal beauty and internal practical usability. If you don't have all three of these requirements, it could be a disaster.”

When all of these elements are there and the location is right, Mr. Miller and Mr. Steinberg agree that architect-designed buildings can become iconic, and that properties within them can appreciate in value more quickly than others who don't have this distinction.

Examples of that phenomenon are the three Richard Meier buildings that overlook the Hudson River in the West Village that went up around 2000—likely the first examples of a star architect having an impact on residential sales—Mr. Miller said. There's also the Robert A.M. Stern-designed 15 Central Park West, which was completed in 2008, and is still considered one of the most successful condo buildings ever constructed, with prices that have “escalated in value dramatically,” Mr. Steinberg said.

For buildings going up today, retaining value will likely be more about location than anything else. This, at least, is what David Terra, the president and co-founder of Terra, a Miami-based real estate development firm, is banking on. He's currently working on that new Renzo Piano building called Eighty Seven Park, and a Bjarke Ingels building called Grove at Grand Bay. Both, he said, have epitomized what he calls “intelligent luxury,” with unique features—oceanfront property and a private park, and an unparalleled Coconut Grove location with stunning views—that others won't be able to recreate elsewhere.

In the end, Compass's Mr. Steinberg said he only understood the true value of a beautifully designed property when he moved into a architect designed condo building himself. He first lived in the Annabelle Selldorf-designed 200 Eleventh Avenue, and since last fall, has called a condo in the CookFox Architects-designed 150 Charles Street building home. Mr. Steinberg said that everything from well thought-out ceiling height to a landscaped courtyard has improved his quality of life.

“Great design is not purely aesthetic. When a home has been beautifully designed, it's an experience that you actually benefit from each and every day of your life,” he said. “Once you've lived in a space that's been exquisitely designed, it's very difficult to go back.”