

The Glamour Factor

A home is part investment, part consumption. As long as you understand the difference, it's okay to pay a premium for a famous architect.

Latest fad in residential real estate: "signature" condominiums by famous architects like **Richard Meier**, **Michael Graves** and **Robert A.M. Stern**. Even the 94-year-old architecture legend Philip Johnson has one on the drawing board. These brand names add handsome premiums to the price that a developer can charge for an apartment.

Are glamorous condos worth the extra money? If all you want is glamour, yes. If you want a return on your money, probably not. There are instances of early buyers flipping these brand-name condos for a profit, but speculators who come late to the party are unlikely to do so well.

Marketers for famous-architect buildings have big names to drop. Design-conscious buyers, including Martha Stewart and Calvin Klein, have been among early buyers. Will the old mantra "location, location, location" be replaced by "design, design, design"?

"Maybe, maybe, maybe," says Johnson. **Herbert Muschamp**, the erudite *New York Times* architecture critic, has described Johnson's proposed 26-story condo in New York's Soho as "habitable sculpture." The project's developer, **Antonio Vendome**, may even sell the apartments through an art dealer instead of real estate agents. Not a bad idea, considering that last year Christie's got \$11.1 million, more than double its estimate, when it put a two-story Manhattan town house designed by Johnson in 1950 into a 20th-century decorative arts auction.

Interested? There is an array of choices, from holes in the ground to finished buildings. The level of the designer's participation varies, too: In some projects it's only skin-deep, but in others it extends down to faucets.

Miami is where this trend started. In 1997 Michael Graves broke ground on a condominium tower with 110 units in the flashy South Beach district. To sell it, the French developer, **Constructa**, plastered a picture of Graves-not the buildings-on billboards and the sides of buses. At \$180,000 to \$1 million, the apartments brought a 20% premium over comparable real estate lacking the Graves name, according to real estate brokers.

Before long the trend migrated north to New York. Developer **Trevor Davis**, who studied architecture at MIT, saw the Graves billboard in Miami and signed him up to design the Impala on the outer edge of Manhattan's tony Upper East Side neighborhood. The way Davis talks, you'd think he was selling art: "It's a limited edition." Prices range from \$455,000 for a one-bedroom on the third floor to \$2.4 million for a three-bedroom penthouse.

Snob appeal. "Because it's Michael Graves, it's a status symbol," pipes Nicole Schumann, a sales agent for the Impala, which went on sale in March. "It's like putting 'Gucci' on a handbag."

You may be getting a name, but you are not necessarily getting a signature living room. Although the project's exterior and interior public spaces are Graves-designed, apartment layouts and details are by a relatively obscure contract architect.

From Graves' Impala, one can see another Davis-backed building by a star architect, **Robert Stern**, dean of Yale's architecture school. Just topped off, it's his second New York condo. Stern himself has a unit in his first, called the Chatham, which sold out quickly. Stern is not modest: "I'd like to think it was all me."

At Richard Meier's two 15-story luminescent glass towers rising along the edge of New York City's Greenwich Village

overlooking the Hudson River, the minimum apartment size is one floor-1,800 square feet in the north building, 3,700 in the south building. At up to \$2,000 a square foot for raw space-i.e., no bathrooms or interior walls-the price is two or three times that of finished space in new buildings nearby. Finishing the space with Meier as your personal designer could cost another \$500 a square foot.

You're paying for celebrity value. This is where Stewart and Klein have deposits on penthouses. Chic chef Jean-Georges Vongerichten has a 15% stake in the project and is opening a cafe on site. Before the building broke ground this winter, Vongerichten sold his tenth-floor apartment for \$1 million in profit to Sun Microsystems cofounder Bill Joy and moved to a lower floor. It's just like Wall Street-early buyers, especially insiders, do well.

The designer label on Robert Stern's Chatham is still worth something, say real estate agents: Resales are bringing up to 60% more per square foot than space in comparable buildings. Stern says he turned down an offer for his own unit of double what he paid.

But will you get your premium back-along with the opportunity cost of not being able to invest that premium in the stock market-when you sell a name-brand condo two decades from now? Take a look at what happened in Chicago to the 50-year-old twin steel-frame apartment towers designed by none other than **Ludwig Mies van der Rohe**, one of the most famous architects of the 20th century. A renovated 2,600-square-foot penthouse with lake views sold for \$356 a square foot last year-half the going rate for space in new luxury buildings up Lake Shore Drive. "People who move into the Mies buildings aren't looking for glitz," says Gail Missner with Coldwell Banker.

Richard Meier plugs his Manhattan condo carefully. "It's a place to live," he says. "No one's buying this as an investment." Let's hope not.