

Ultra-luxury high rise boom amid New York's housing crisis

By Dorian Griscom
24 June 2013

As the number of people in New York City homeless shelters continues to swell and affordable housing for working people is increasingly impossible to find, housing developers in the city have undertaken a series of bold new projects. They are building, however, not for workers or the homeless, but for the upper crust of the financial elite.

The most ambitious—and infamous—among the new wave of housing projects for the incredibly wealthy is 432 Park Avenue, presently under construction at the former site of the famous Drake Hotel, between 55th and 56th streets. When completed, this monstrosity will stand 1,398 feet, making it the tallest building in New York City to the roof and second in overall height only to One World Trade Center, which presently blights the skyline of lower Manhattan. The prices of 432 Park's 147 apartments are likewise stratospheric.

A two-bedroom apartment costs \$9.7 million. A penthouse goes for \$95 million. Personal, climate controlled wine cellars range from \$158,000 to \$378,000—well over the price of the average American home—while studio apartments for tenants' maids are between \$1.5 million and \$3.9 million.

432 Park Avenue will cost roughly \$1.25 billion to build, and its properties are expected to yield \$3 billion. It won't be completed until late 2015 or early 2016, yet the super-rich are already snatching up apartments. Even so, only about a fourth of these properties will actually be occupied at any one time, as the tenants drift from one to another of their various residences around the globe.

The past year has witnessed a boom in New York City's luxury housing market, with well over 600 properties costing more than \$10 million put up for sale in 2012. There is an eager market for such homes. As one high-end developer enthused: "There's a pent-up

demand for condos with helicopter views."

Indeed, the next generation of dwellings for the richest of the rich is to be characterized by bombastic, 1,000-foot skyscrapers. Soon to be completed One57 at 157 West 57th St., where the least expensive property costs \$55 million, will stand at 1,004 feet, while 30 Park Place (also known as 99 Church St.) and 56 Leonard St. will be a more modest 926 feet and 821 feet respectively.

The prices of these and other properties are so astronomical that they are actually driving up the cost of housing for everyone else in the city, further exacerbating the housing crisis bearing down on the working population of New York. Moreover, the extreme profitability of building properties with virtually unlimited price tags drastically reduces the incentive to develop properties the general population can actually afford.

The constantly increasing hunger of the ultra-wealthy for unthinkable extravagant dwelling places is driven by the massive redistribution of wealth into the pockets of the wealthiest 1 percent. At the outset of the 2008 financial crisis, average household wealth in the US collapsed spectacularly and has remained stagnant. Practically all gains since have gone to the richest layers of society. Between 2009 and 2011 alone, the richest 7 percent of the population saw their net worth increase by 28 percent, while that of the remaining 93 percent declined by 4 percent.

The frenzied increase in purchases of extravagant New York City properties has a significant international dimension as well. There are now 608 billionaires in Asia, more than any other continent, and the number of billionaires worldwide continues to swell. As the New York Times noted in March: "The buyers of luxurious penthouses, town houses and

country estates are increasingly coming from the so-called BRIC countries—Brazil, Russia, India and China—where people are becoming very rich at a stunning rate.”

The scale on which the world’s wealthiest have been laying out ever more astronomical amounts of money for their own status and pleasure has given rise to a new term: ultra-luxury.

A piece appeared in *Forbes* last month entitled “What’s The Future For Ultra-Luxury?” It lists four different Paris hotels with rooms in excess of \$25,000 for a single night. The article quotes the CEO of a luxury watch retailer as saying “high five figure watch sales are growing, and so are watches in the high six figures into the low seven figures.”

“This is the building of the 21st century, the way the Empire State Building was the building of the 20th century,” gloated Harry B. Macklowe, 432 Park Avenue’s developer. This boast says a great deal more than Macklowe intended.

The Empire State Building was constructed in the midst of the Great Depression and its lights were first turned on remotely from Washington, DC by Herbert Hoover. Owing to the Depression, much of the building’s space intended for lease to businesses remained unoccupied a long time after its completion, earning it the derisive nickname, the “Empty State Building.” The first suicide at the site occurred before the “building of the 20th century” was even completed, when a construction worker who had just been laid off hurled himself down the elevator shaft.

The notion that an 84-story playground for millionaires and billionaires is “the building of the 21st century” gives more or less perfect expression to the mentality of the ruling class and its vision for the future. While the vast majority of humanity is to be pauperized and stripped of its most basic rights, the sky is the limit for the modern-day aristocrats.

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