

Trophy Homes Topping \$100 Million Smash US Price Records

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The U.S. trophy-home market is shattering price records this year as an increasing number of residential properties change hands for more than \$100 million.

Barry Rosenstein, founder of hedge fund Jana Partners LLC, has purchased an 18-acre beachfront property in East Hampton, New York, for \$147 million, according to the New York Post. That would break the U.S. single-family price record of \$120 million set last month with the sale of a Greenwich, Connecticut, waterfront estate on 51 acres. In Los Angeles, a 50,000-square-foot home sold in February for \$102 million in cash after a bidding war.

The world's richest people are moving cash to real estate as they seek havens for their wealth. In the U.S., an improving economy and stocks at a record are bolstering confidence among the affluent. Home purchases of \$2 million or more jumped 33 percent in January and February from a year earlier to the highest level for the two-month period in data going back to 1988, according to an analysis by DataQuick.

"Last year the stock market broke all kinds of records and when that happens, you're going to see art and resort real estate break all kinds of records," said Judi Desiderio, chief executive officer of Town & Country Real Estate in East Hampton.

Rosenstein bought the estate on Further Lane in East Hampton, near the mansions of Jerry Seinfeld and Steven A. Cohen, without the help of a broker, she said. The property, with formal gardens and a pond, was previously owned by the late value investor Christopher H. Browne and his partner, Andrew Gordon, the New York Post reported on May 3.

Who's Who

"It's sitting on a little stretch of land in East Hampton that has had the who's who from the beginning of time," Desiderio said. "You would recognize every name of the oceanfront owners. They are all Googleable."

Charles Penner, a partner at New York-based Jana, declined to comment on the reported transaction.

The Greenwich property, known as Copper Beech Farm, was originally listed for \$190 million. It has a 12-bedroom main house built in 1898, almost a mile of shorefront, two islands, a 75-foot pool with a spa, grass tennis court, stone carriage house and an 1,800-foot driveway. Its buyer hasn't been disclosed.

New Benchmark

Kurt Rappaport, who represented owner Suzanne Saperstein in the \$102 million sale of the 5-acre Fleur de Lys mansion in the Holmby Hills neighborhood of Los Angeles, said that property sold to a European billionaire who beat out two other bidders.

Rappaport, co-founder of Westside Estate Agency, said he is negotiating for a seller of another Beverly Hills property that will probably sell for more than \$100 million.

"The next benchmark will be \$200 million," Rappaport said. "This is a very small segment of the market that very few can afford but they rarely change hands, and when they do, it's an opportunity."

Last month, a Beverly Hills compound once owned by William Randolph Hearst went on the market for \$135 million, making it the highest-priced residence for sale in California, according to listing broker Hilton & Hyland.

Real estate is attractive to foreign billionaires who "want to get their money out of what they think are potentially shaky economies," Jeffrey Gundlach, chief executive officer of Los Angeles-based investment firm DoubleLine Capital LP, said yesterday in an interview with Matthew Winkler, editor-in-chief of Bloomberg News. There's "huge growth at the high end" in cities such as New York and Miami.

Growing Gap

The luxury-property boom coincides with the slowdown in the broader housing market as tight credit, slow wage growth and higher prices and borrowing costs put homeownership out of reach for many Americans.

Purchases costing \$1 million or more, representing 2 percent of sales, rose 7.8 percent in March from a year earlier, according to the National Association of Realtors. Transactions for \$250,000 or less, which represent almost two-thirds of the market, plunged 12 percent in the period as house hunters found few available homes in that price range.

Sales of more than \$100 million, while rare, underscore the growing gap between the rich and poor, said Jonathan Miller, president of New York-based appraiser Miller Samuel Inc.

"The average citizens in the U.S. are looking at this stuff like it's happening on another planet," Miller said. "It's not a proxy for the remainder of the market, it's a phenomenon happening to a tiny fraction of the top 1 percent. It's a few dozen people paying these kinds of numbers."

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