ONE FOR THE BOOKS
Author Doris Kearns Goodwin's muses in Massachusetts
M8

MANSION

'It is vain to do with more what can be done with fewer.'
—Philosopher William of Ockham (1288-1347)

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Clockwise from top: Bryce Vickmark for The Wall Street Journal (Goodwin); Dorothy Hong for The Wall Street Journal; Beach House 8; CBT Architects

Number of Units: Six

Size of Units: 4,895 square feet-7,000 square feet

Price range: $21 million-$60 million

NEW YORK The living room of a penthouse at Puck Penthouses, which are on two floors of a historic building. Developer Jared Kushner and his wife, Ivanka Trump, plan to move into one of its six units.

DELUXE, WITH FEW NEIGHBORS

New boutique condos have just a handful of units, each priced as high as a mansion. They are clubby and lavishly detailed, but beware of steep monthly charges—and don't fight with other residents.

BY CANDACE JACKSON

A new wrinkle in the boom of ultra high-end condominium development is the rising popularity of small buildings, each with just a handful of units. In many cases, each unit is priced as high as a penthouse or a mansion.

Under construction in Miami Beach is a 10-story, 8-unit building called Beach House 8, which has 3,900-square-foot four-bedrooms with 1,200-square-foot terraces starting at $5.9 million. In Boston, No. 6 Newbury Street, in the heart of the upscale shopping district in the Back Bay neighborhood, is almost completed; its four, 5,600-square-foot condos perched above a Chanel store are priced at $7 million and up. In New York's SoHo neighborhood, 33-year-old developer Jared Kushner is converting the eighth and ninth floors above offices at the historic Puck building into the Puck Penthouses: six apart-

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Number of Units: Four

Size of Units: 5,600 square feet

Price range: $7-$10+ million

BOSTON An unfinished unit at No. 6 Newbury Street, shown here in a rendering, sold for $7.8 million.

MIAMI Beach House 8, shown here in a rendering, was designed partly as a smaller alternative to sleek high-rises.

Number of Units: Eight

Size of Units: 3,900-5,200 square feet

Price Range: $5.9-$14 million

MANSION

Deluxe Living, With Few Neighbors

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ments listed between $21 million and $60 million apiece. Mr. Kushner says he and his wife, developer and fashion designer Ivanka Trump, plan to move into one of them.

Many of the buildings are new to the market, and some real-estate veterans warn that living in small multi-unit buildings come with trade-offs. But the strategy has shown some signs of success. Last year, an unfinished unit at Boston's Newbury Street project sold for $7.8 million, breaking the record for the city's most expensive condo sale in 2013.

In New York, Chelsea Clinton and her husband Marc Mezvinsky paid $9.5 million last year for a fourth-floor unit at the Whitman, a small building with three, 4,900-square-foot condo units. Hedge-fund trader John Silvetz purchased the third-floor unit, and Nascar racer Jeff Gordon bought the second-floor unit for just under $10 million after selling his apartment in 15 Central Park West, a 202-unit building, for $25 million. (The Whitman's fourth unit, a 6,500-square-foot, two-story penthouse with a 3,100-square-foot terrace, is asking $25 million.)

Alan Matthews, a 55-year-old software entrepreneur, recently put a large deposit on an $8.4 million, 14th-floor apartment in Glass, an 18-story Miami Beach building with 10 units, expected to be completed in June 2015. Mr. Matthews says he was impressed with the building's views, the level of finishes and its intimate size. With the number of foreign pied-à-terre buyers in Miami, he doubts that more than a few will live there full-time. "I will have a lot of privacy, I like that," he says.

Luxurious multifamily buildings with large units are common in cities like Paris and London, and in some prewar buildings in the U.S. But newly built smaller buildings with spacious condos are relatively rare.

Agents and developers say the higher prices for smaller buildings mirror the higher-end shift that is happening in the market overall. Zoning rules and construction economics can sometimes play a role as well.

After developing 15 Central Park West, the luxury Manhattan building where Mr. Gordon recently sold a unit, developers William and Arthur Zeckendorf bought a former women's residence and converted its more than 200 single-occupancy studios into 14 full-floor apartments, a duplex and a mansionette. Units at 18 Gramercy Park went on the market in 2012 with prices starting at $9.53 million.

LIVING LARGE A penthouse apartment in New York's Puck Penthouses, which are on two floors of the historic building. Clockwise from left: media room, bedroom, kid's bedroom, kitchen, 'hers' bathroom, living-room detail.

Dorothy Hong for The Wall Street Journal (6)

One advantage of developing a smaller project, says William Zeckendorf, is that with less space dedicated to common areas like hallways, a much larger percentage of the building's square footage is salable. Many boutique buildings have elevators that open directly into apartments, or small private landings. "You give up a lot of space to corridors," he says.

Lori Ordover, a consultant for condo developers, says limited air rights in a number of desirable locations, like neighborhoods in Lower Manhattan, have partly contributed to the rise in super high-end, smaller projects. Plus, smaller buildings where all the units are similar in size makes sense from a development standpoint because things such as ventilation and bathrooms can all be stacked on top of each other, as opposed to being arranged to maximize the number of apartments on each floor. "It's very cost-efficient," she says.

But it is sometimes less cost-efficient for owners. Because employee salaries and other major building expenses are spread across a smaller number of homeowners, monthly charges can be very high. Monthly condo association fees for a 3,400-square-foot, $7.9 million listing at Glass, the Miami Beach building, are about $1.79 per square foot, compared with about $1.48 per-square-foot for condo and amenity fees for a 2,800-square-foot, $7.49 million listing at Continuum on South Beach, a large beachfront complex with a 40-story tower and a 37-story tower nearby, according to listing data. (A real-estate agent for Glass says the building offers more personalized service, and its monthlies are less than some other comparable buildings nearby.)

Even the most luxurious smaller buildings have relatively limited amenities compared with larger condominiums. Newer, larger buildings often include everything from private screening rooms to pet spas. Smaller ones typically have a small gym and maybe a lobby lounge area. At the Puck Penthouses, where monthly charges average $9,364, there is a 24-hour doorman and refrigerated storage for groceries, but few additional amenities. "[Buyers] have enough space where they could do gyms in their home, and the master bathrooms include steam showers," says Mr. Kushner, the developer.

Also, having just a few neighbors can have its downsides. Steven Sladkus, a New York-based attorney who handles condo and cooperative-board issues as well as disputes between neighbors and developers, says disputes between neighbors can become more pronounced in smaller buildings.

"The bigger the building, the more diluted the population, which might make the frequency of arguments less," he says. In general, ultraluxury buildings of all sizes are prone to neighborly disputes and what he terms "clashes of the egos." William Zeckendorf said disagreements between neighbors can be equally contentious in large and small buildings.

Even in new buildings, issues like roof replacement can occasionally arise, which can cost a building's owners' $1 million or more, says Mr. Sladkus, a significant cost when split just a few ways. If "there's something wrong with the structure, you're dividing it by a smaller number of people that have to pay," adds Donna Olshan, a New York real-estate agent.

Many of the developers and real-estate agents behind these buildings argue that smaller condominiums appeal to high-profile, privacy-seeking buyers looking for similarly wealthy neighbors. In cities like New York and Miami, where many high-rises are under construction, smaller buildings offer an alternative, they say.

Beach House 8 in Miami was designed partly for buyers looking for a "more intimate" alternative to Miami's sleek high-rises, says developer Valerio Morabito. The size of the building means owners won't have the "inconvenience that exists when you come down to your lobby and have to meet people," he says. In addition to the 3,900-square-foot units, a 5,200-square-foot, two-story penthouse will have 6,000-square-feet of outdoor space and a price tag of $14 million.

Developers also say that proximity to other similarly priced homes is appealing to potential buyers. Don Peebles, a real-estate developer, is breaking ground soon on the Bath Club Estates, a 13-unit condo in Miami Beach with one unit per floor and outdoor terraces so large "they resemble yards." The building will also have two spas, a screening room, a gym and two chauffeur-driven Maseratis. Monthly fees will be roughly $2 a square foot. Buying a penthouse on top of less expensive units "means you've got the best home in the neighborhood," Mr. Peebles says. "In real estate, that's not really what you want."

Small projects can give developers a way to design a place where they can live. Mr. Peebles is getting a unit for himself at Bath Club Estates. On a tour, Mr. Kushner, who is moving into Puck Penthouses with his wife, showed off custom-made, nickel-and-glass doors that he says went through more than a dozen design revisions. "That's really hard to justify when you're doing 50 apartments," he says.

The space could have been split up into a larger number of smaller apartments, but Mr. Kushner says the 6-unit size would keep it "a little bit clubby....People will be kind of able to know each other."

Some buyers just want more space. Stefano Frittella, a restaurateur who splits his time between New York, Miami and Monaco, is planning to buy a 6,000-square-foot unit at Bath Club Estates. He already owns a 4,000-square-foot unit in a larger building built by the same developer nearby. "It's like you're living in a house," he says.

Terra Group

BUILDING FOR 10 A rendering of Glass, an 18-story Miami Beach building with 10 units, nine residents, expected to be completed in June 2015. Alan Matthews, a 55-year-old software entrepreneur, recently put a large deposit down on an $8.4 million apartment. "I will only have eight other neighbors," he says.

FROM STUDIOS TO SPRAWLING Formerly a building of over 200 studios, 18 Gramercy Park now has 14 full-floor apartments, a duplex and a mansionette.

L-R: Zeckendorf Marketing, LLC; Rich Caplan

BOLDFACED BUILDING The penthouse at the Whitman, a four-unit building in New York, asks $25 million; Chelsea Clinton and Jeff Gordon own two other units.