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## **New York Sees a Surge in Off-Market Luxury Deals**

With inventory tight, homes are getting scooped up before the listing is public



When billionaire Jacqui Safra hired Nikki Field to sell his New York City penthouse last year, he made a series of demands. Mr. Safra, a descendant of the Lebanese-Brazilian banking family, told the real-estate agent she had three months to quietly drum up interest in the Upper East Side triplex without listing it on the public market, Ms. Field recalled.

There were no professional photos of the Fifth Avenue co-op—just one snapshot of Central Park taken from the terrace—and Ms. Field was given access to the apartment for a single day of showings.

Ms. Field said she set the asking price at \$40 million the day before showings took place in May. Seven billionaires came to tour the roughly 7,000-square-foot apartment with a glass conservatory on the top floor, where Mr. Safra had lived for about 30 years. Five made offers, she said, and when she asked for their “best and final” bids, one billionaire offered \$60 million if they could seal the deal within the hour.

They immediately sent out a contract, Ms. Field said, and the buyer signed it and sent it back 30 minutes later with a \$6 million deposit. The deal closed in August.

Off-market deals like Mr. Safra’s are fueling a rebound in New York City’s luxury market, which ground to a halt during the pandemic. In 2021, at least five of the top 10 residential real-estate sales in Manhattan took place with no active listing associated with them.

Agents said the approach—common in markets like Los Angeles and the Hamptons—is gaining traction in New York City, and not just in the upper echelon of the market, where private sales have long appealed to discreet buyers and sellers. Across the luxury sector, agents say, sellers are testing the rapidly changing market with whisper listings.

Meanwhile, limited inventory and pent-up demand are pushing buyers to angle for deals where and when they can find them, ushering in a new way of doing business.

“We are matchmaking,” said Clayton Orrigo, a real-estate agent at Compass. Off-market deals typically account for about 4% of his team’s annual sales, he said, but last year that number shot up to 28%.

In addition to Mr. Safra’s sale, recent off-market deals have included billionaire investor Daniel Och’s sale of a Manhattan penthouse and a one-bedroom unit at 220 Central Park South for \$188 million, roughly double what he paid just over two years ago, The Wall Street Journal reported.

Joseph Tsai, co-founder of Alibaba and owner of the Brooklyn Nets, paid \$157.5 million for two full-floor units and a smaller apartment at the building in another off-market deal last year. And Australian hedge-fund manager Greg Coffey, nicknamed the “Wizard of Oz,” bought an Upper East Side townhouse for \$53.5 million in an off-market deal, records show. The seller was New York real-estate developer David Levinson.

Julia Koch, widow of billionaire industrialist David Koch, has been quietly shopping the couple’s 18-room co-op at 740 Park Avenue, seeking around \$60 million or more. Earlier this year, a penthouse at 70 Vestry Street was available for \$79 million, according to people familiar with the property. The owner is Italian businessman Silvio Scaglia, who recently split from Julia Haart, star of the Netflix reality series “My Unorthodox Life.”

While figures are hard to come by for deals intentionally kept out of the public eye, off-market sales of properties \$4 million and up surged more than 75% in 2021 from 2020, and 17.5% from 2019, according to real-estate data analytics firm UrbanDigs. Excluding new development units, which are often intentionally held back, off-market deals \$4 million and up rose 96.7% in 2021 from 2020.

Historically, off-market deals in New York were a rarity thanks, in part, to the industry group the Real Estate Board of New York, which discourages whisper listings. “I just don’t think it’s in the best interest of the seller or the buyer,” said Diane Ramirez, chief strategy officer at Berkshire Hathaway HomeServices New York Properties, who is co-chair of Rebn’s residential board. She said the entire market of buyers needs access to a listing for sellers to get the best price in a reasonable amount of time. “When you whisper a listing, you’re eliminating everyone who doesn’t hear the whisper,” she said.

Agents say the transparency of listing sites also has made the market efficient—meaning properties can fetch top dollar when they are offered to the widest possible buyer pool.

The exception has been for the most exclusive properties. Like fine art, homes with unique architecture and design sometimes don’t need mass market-style publicity, said Adam Modlin of Modlin Group. “You know who the collectors are,” he said. “You just call them.”

Last year, Mr. Modlin represented both sides of the deal when Mr. Levinson sold his Upper East Side townhouse to Mr. Coffey. He also brokered the \$25.7 million off-market sale of a four-bedroom condo at 160 Leroy Street in downtown Manhattan. The identities of the buyer and seller couldn’t be determined.

Mr. Modlin said discretion and privacy are top priorities for his well-heeled clients, some of whom prefer whisper campaigns to public listings that splash photos of their bedrooms and private living spaces all over the internet. "It does get very personal," he said.

The phenomenon accelerated during Covid, especially early on, when holding open houses was verboten. Later, sellers rejected the idea of crowds traipsing through their homes, preferring to vet one or two potential buyers. As some New Yorkers moved out of the city, listing properties off-market was a way to sell quietly without broadcasting the decision to business associates or starting the "days on market" clock on listing websites.

In the case of Mr. Safra, for example, Ms. Field said he didn't want to publicize the listing if it wasn't going to be successful. "If it was out there and he didn't sell it," she said, "he's got a damaged listing."

By the middle of last year, New York's real-estate market had picked up, with luxury sales leading the way. Luxury sales in the fourth quarter of 2021 jumped 87.4% year-to-year and 48.6% from 2019's fourth quarter. Demand quickly depleted the available inventory, which dropped 7.8% year-to-year in the fourth quarter.

Agents said some sellers are holding back inventory because they are unsure where prices are headed. Meanwhile, buyers are eager to get off the sidelines. Some have scooped up properties before they hit the market. For ultra-high-net-worth buyers and investors, whose wealth often grew during Covid, agents are hunting for off-market properties to generate deal flow.

"A lot of the phone calls I'm getting are from people who have come up short on their search," said Tal Alexander of Douglas Elliman, who last year brokered an off-market deal for a penthouse at 421 Broome Street in SoHo that sold for a record \$49 million about a year after trading for just over \$35 million. Mr. Alexander was also involved in the \$29 million off-market purchase of pop star Justin Timberlake's penthouse at 443 Greenwich Street last year, and a \$26 million off-market sale at 432 Park Avenue.

Mike Fabbri, an agent at Nest Seekers International, said he is currently shopping a four-bedroom condo on the Upper East Side for between \$9 million and \$11 million. "With the pandemic, pricing right now is all over the place," he said. By testing the waters off-market, Mr. Fabbri said he is getting a sense of what buyers would pay before officially listing in the spring. "But if they get an offer at \$11 million, they'll take it and run," he said, "and we won't even list it."

Earlier this year, Kayak co-founder and CEO Steve Hafner and his wife, Staci Hafner, sold their condo at Walker Tower in Chelsea for \$23.5 million in an off-market deal. The couple listed the four-bedroom for \$24.995 million in November 2020, but Mr. Hafner said they decided to rent it out after relocating to Miami. Halfway through a two-year lease, the tenant, whose identity couldn't be determined, asked to buy the condo. "We quickly reached an agreement," Mr. Hafner said. The deal closed in December.

For motivated buyers, paying a premium is worth it to secure a coveted property. Amazon founder Jeff Bezos paid \$23 million in July to buy an off-market condo at 212 Fifth Avenue, where he already owns a triplex penthouse and two other units. The seller, Madison Flatiron LLC, paid \$18.1 million in 2018, records show.

At lower price points, agents say off-market deals can have a big impact on price. When sellers have the upper hand, buyers may end up overpaying; without multiple bids, sellers risk leaving money on the table.

Developer Robert Kaliner of RoundSquare Builders recently scooped up adjacent townhouses in the West Village in separate off-market deals, paying about \$9.3 million for 107 Bank Street and \$8.8 million for 105 Bank Street. Mr. Kaliner, in business with his sons, Justin and Jared, said he met the sellers of 107 Bank first, through agents Matthew Lesser, Matthew Pravda and Ravi Kantha of Leslie J. Garfield, who heard they were thinking about selling.

Mr. Kaliner, who plans to combine the buildings into a roughly 40-foot-wide townhouse designed by Robert A.M. Stern Architects, said negotiating a deal off-market kept bidding from getting “excessively high.”

“We got a far better deal on these because they were off-market,” he said.

Gabriel Nussbaum, a filmmaker whose family sold 105 Bank, said he studied neighborhood comps and felt the price was fair. Mr. Nussbaum, 39, said he has been approached many times about selling the building that his great-grandmother purchased for a few thousand dollars in the 1940s, but the timing was never right. Mr. Nussbaum has been living there for 20 years and said the building was in need of repair. Recently, his family considered renovating, but they were put off by rising construction costs and the time it would take to complete the project.

After Mr. Kaliner bought his neighbor’s home, Mr. Nussbaum asked if the developer wanted to buy his property, too. “I feel like we got a very good price,” he said. “This was definitely the bird in hand.”

Cassie Murdoch, 43, and her husband, Jack Fagan, 51, are hoping to sell their Brooklyn home privately. Prior to Covid, Ms. Murdoch, a digital producer, and Mr. Fagan, a stay-at-home dad, began renovating the Windsor Terrace house they bought for \$1.4 million in 2018. The project would have expanded the home into what their agent, Abigail Palanca of Serhant, said would be a roughly \$3.6 million property. But after demolishing the interior, their contractor went out of business, and the couple lost their appetite for completing the project. Given the unique circumstances, and since the house isn’t photo-ready, Ms. Palanca advised a whisper marketing campaign to find a buyer.

Barbara Fox of Fox Residential recently sold an approximately 6,000-square-foot apartment on Fifth Avenue for north of \$25 million for clients who moved to their country home during Covid. She said the longtime owners preferred a whisper campaign because they didn’t need to sell, weren’t entirely sure if they wanted to sell and didn’t want the world knowing their plans.

The co-op was unofficially on the market for two years, and Ms. Fox said she thinks it might have sold in weeks had she been allowed to blast out the listing far and wide. Still, she said, “they didn’t care.”

[https://www.wsj.com/articles/new-york-sees-a-surge-of-off-market-luxury-deals-11645721985?st=0ij2356bmffoekm&reflink=desktopwebshare\\_permalink](https://www.wsj.com/articles/new-york-sees-a-surge-of-off-market-luxury-deals-11645721985?st=0ij2356bmffoekm&reflink=desktopwebshare_permalink)