

Going, Going, Gone! \$2.5 Million Bid Takes the Town House

By Lauren Ramsby

It took less than 10 minutes for a Manhattan town house to be sold for \$2.5 million at an auction on May 6. The intense bidding war for the six-story town house at 113

Real Property East 61st Street, just east of Park Avenue, was won by Edward R. Lewis, a real estate broker whose

firm, Brener & Lewis, is based in New York. Several real estate brokers familiar with the building said that the property was leveraged by a heavy mortgage and that the auction took place as the last recourse for the owner, architectural designer Philip Lamb, and with the permission of his creditors. Though the creditors were permitted to bid, they didn't. But some brokers say the price for which the town house sold at auction may make it difficult for the new owner to sell on the market.

Mr. Lewis, who has handled the sales of a number of Manhattan hotels, including the

St. Regis four times and the Ritz twice, visited the property several times with his wife, Constance, during the weeks leading up to the auction, and said he was prepared to leave the auction as the home's new owner.

"I thought it might go for that much, but I was hoping that I could get it for less," Mr. Lewis said. "There was an awful lot of bidding there."

The heated proceedings, which took place on the second floor of the town house, began at 7:45 P.M. with a starting bid of \$1 million. There were offers from Henry Lambert, Richard Kriesel-Kilstock, Malory Factor and representatives of several embassies, among others. Twenty-two bidders had registered and approximately 200 bystanders had made a donation to the Humane Society in order to witness the swift and exciting sale.

William Bone, director of J.P. King Auction Group, the company that organized and promoted the auction, said that the town house had been on the market for four

years. "The only way it would get sold was at an auction," he told *The Observer*.

Thousands of visitors toured the site in the 10 days prior to the event, including several interested buyers who flew in from as far away as Geneva and Los Angeles

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to see the town house. One man wired his \$250,000 registration fee from Milan.

On the same block as homes owned by Gay Talese, Ron Perelman and Robert Siegel, the building was originally constructed at the turn of century. Mr. Lamb refurbished it when he bought it for \$2.165 million in 1989. The town house includes two kitchens, two dining rooms, 4½ baths, an elevator, eight fireplaces, a solarium on the top floor, a finished basement with a wine cellar and a fully modernized electrical and security system.

After the price hit \$2 million, the number of bidders dropped off sharply; three remained in the running. Then the gavel fell. "We got it!" Mrs. Lewis cried out. A little while later, she inscribed "Lewis Residence" on the auction sign hung on the building's facade.

Mr. Bone, whose firm has sold other million-dollar-plus properties throughout the country—including Calumet, the Kentucky horse farm that New Yorker Henryk de Kwiatkowski bought for almost \$20 million last March—said he was not surprised that the Lewises ended up as the new owners of the town house.

"Ed Lewis has bought tens of millions of dollars of art at auction. He loves auctions and he has wondered why he has never bought real estate at auction," Mr. Bone said.

Though the home was put up for absolute action, which means that the sale is final regardless of the amount of the final bid, one broker who attended said the sale price was higher than the appraisal would have indicated.

But Leslie Garfield, president of Leslie J. Garfield & Company, said the final bid was "a low price in view of the amount of money spent on the renovation." On the other hand, Mr. Garfield said, "that por-

tion of 61st Street near Park Avenue is more suited for professional offices than one-family homes. I don't think many families bid on the home."

Among the spectators who crowded the second floor of the home were people who own similar properties in the neighborhood, and several Manhattan real estate brokers. One woman who recently paid \$1.7 million for a five-story home in the same area expressed shock that the bidding went over \$2 million.

Other million-dollar town houses in the neighborhood have been on the market for nearly a year or longer, including a four-story home at 59 East 64th Street, near Park Avenue, which features seven fireplaces, a gym, central air-conditioning and a state-of-the-art electrical and security system. Two others, at 121 and 129 East 64th Street, have been on the market for several years, though Paul Massey, of Massey Knakal Realty Services Inc., said that the sellers had not been very motivated to move the properties until recently. Mr. Massey said that currently there are 28 properties available in the same market—from 54th to 64th streets between Fifth and Lexington avenues.

Mr. Bone's firm, meanwhile, is negotiating for the right to sell more such homes in Manhattan. "We have found a vehicle to sell many of these properties in the multi-million-dollar price range. A lot of these people don't owe any money on their homes, but for various reasons they have trouble selling them," Mr. Bone said. "There's money here and there are buyers here."

Mr. Bone said he recently toured a similar home in the same area; the seller, he noted, has had to lower his asking price from \$2.7 million to \$1.7 million, and still has not found a buyer. The property will be auctioned soon.

Auctions like the one of 113 East 61st Street strike a nerve in the real estate community. "It is tough to auction property because real estate is not as liquid a commodity as art. There are other factors that have to be figured into the contract," Mr. Massey said. "The price was predictably a low price. Sales at auctions send the wrong signals to potential buyers."

According to Mr. Garfield, "Auctioning more of these houses would bring distressed prices to the owners. If owners think more realistically as to where the market is now, as opposed to two or three years ago, the houses are sellable."

Among recent sales in the town house market, a three-story building at 431 East 57th Street, between Sutton Place and First Avenue sold through Garfield and Stribling and Associates for \$1.055 million. Also through Garfield, a landmark building at 75 Murray Street between Greenwich Street and West Broadway sold recently for \$635,000. The 1858 building was previously owned by the Knickerbocker Annunciator Company.