

Trump Tower dressing up model units to spur sales

Skyscraper finalizing plans to turn five of its unsold condominiums into furnished models

By Mary Ellen Podmolik

October 12, 2010

Source: *Chicago Tribune*

With the real estate market still reeling and one-third of its units unsold, Trump International Hotel & Tower wants to show potential buyers not just where they can live, but how.

The 92-story skyscraper is finalizing plans to turn five of its unsold condominiums into furnished models, signaling a change in a marketing strategy that until now has focused on attracting buyers to the Trump brand and panoramic views of Chicago.

"We're sitting here with this real estate built in a climate where nothing is getting built. We want to maximize that," Ivanka Trump, executive vice president of development at The Trump Organization, said Tuesday in Chicago. "People are getting off the fence. The gives us the ability to tell the story of the success of the hotel, as well as what lifestyles we perceive for this building."

In September, Donald Trump and his lenders reached a new loan agreement that ended the litigation and extended the term on an approximately \$600 million construction loan for five years. With the longstanding lawsuit settled, it behooves the developer to pump up sales.

Since Trump began closing on units more than two years ago, the Lucien Lagrange-designed Elysian has opened in Chicago's Gold Coast neighborhood, with 52 residences, and the half-sold Ritz-Carlton Residences will bring 86 residences to its high-profile location along North Michigan Avenue in 2011's fourth quarter.

Meanwhile, a \$77 million foreclosure suit filed this month against the developer of the never-built Chicago Spire may cause some buyers who put down deposits there to start looking elsewhere. Trump acknowledged that those serious buyers may be "very disillusioned. Those are the buyers that you can move here tomorrow."

There is also competition within the building from existing owners trying to sell their units, which range from individually owned hotel units to luxury condos with stellar views, all for less than the \$1,000-a-square-foot list price that the building once boasted.

Chris Eigel, chief executive of Prudential Rubloff Properties, remains sold on the building that he decided to invest in seven years ago, before it was built, thinking he'd flip his unit. That strategy hasn't worked out, however, and for the past several months he's tried to sell the two-bedroom condo on the skyscraper's 48th floor. Listed at almost \$1.5 million, it recently went under contract.

"I'm not losing my shirt, but a couple buttons," Eigel said. "It was an investment. I still think the building is a great building. There's still unsold units in there, and that's what keeps the prices down. I just don't want to carry it long enough to wait for the increase in prices."

From mid-June to mid-September, the building recorded 14 sales, including a hotel-condo unit. Those units have fewer financing options.

"That's not so horrible," said Gail Lissner, a vice president at Appraisal Research Counselors. "They are continuing to sell these things. They have been negotiating."

Each of the five furnished models, which should be completed by year's end, are designed to reach a different demographic. A 2,000-square-foot, \$2 million unit on the 34th floor with sweeping views of the Loop and Lake Michigan will be aimed at a slightly older, more established couple with grown children who like to visit. Other units, varying in size, will be designed and furnished to capture the attention of conservative, slightly older women; wealthier established bachelors; single professional women; and those who prefer an urban yet rustic lifestyle.

"We don't have a typecast demographic," Trump said. "We tell a story. Seeing that we're here and we're not going anywhere helps."