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Democracy Dies in Darkness

Capital Business

What would the White House bring on the open property market?

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By Thomas Heath

The Royal Institution of Chartered Surveyors of London may sound like a stuffy outfit, but the 150-year old association that accredits real estate professionals in the land, property and construction sectors knows how to get a little buzz.

RICS, as it is commonly referred to, decided to put a real estate market value on the White House when it met for its 2016 Summit in Washington earlier this year.

“The White House is a truly iconic property, one of the most recognized and well-known not just in the U.S. but the entire world,” said Neil Shah, the Americas managing director for RICS. ”Valuing such a complex, iconic property is highly subjective, so we thought it would be interesting to try to put on number on that.”

The fact that this is an election year and one of the candidates is a real estate mogul made the White House project even more timely, Shah said, not to mention the fun of putting a dollar figure on the contents, from artwork to decades of White House china.

Washington is full of iconic, difficult-to-value properties left off the tax rolls. Besides, one of the whispered pastimes in Washington’s salons is who is buying what real estate.

“It is quite the goofy concept,” admits Barden Prisant, president of International Art Advisors in New York , who has helped put a number on the Statue of Liberty and who took part in the estimation of the U.S. landmark at 1600 Pennsylvania Avenue.

Prisant and Ann Gray, a real estate consultant from Los Angeles, took on the assignment for RICS.

The professionals arrived at an estimation of value for the White House and its 132 rooms, 18 acres of land and some 750 artifacts at $250 million.

Prisant and Gray said in interviews that they used the three standard methods of appraising anything of value: cost, income and comparables.

Gray said she arrived at an $90 million value for the White House and its land by comparing it with the construction costs of the Smithsonian Institution's National Museum of African American History & Culture nearby. She tried to measure the White House income potential by analyzing it against the Jefferson, a high-end hotel up the street.

She put the value of the 18 acres the residence rests on at zero because the property, technically owned by the Interior Department, has no zoning. It has so many rules and regulations governing it, and so little vacant land nearby to compare it with, that it is difficult to measure.

Any developer ambitious enough to try and build a hotel, mall or office building on it would eat up any value the land had to begin with.

Why?

"This one is so over the top, by the time you got [development] rights you'd have spent what it's worth on legal and lobbying fees."

Gray said her analysis involved all kinds of brain twisters, including comparing the White House with 10 Downing Street, the home of U.K.'s prime minister. The U.K. prime minister's house is easier to value because is it one in a series of similar row houses.

She even stumbled across Donald Trump's Mar-A-Lago Club in Florida, which was donated to the United States by heiress Marjorie Merriweather Post as a presidential and diplomatic retreat.

The U.S. Government didn't want it, and eventually deeded it back to the Post family in 1980 and Trump bought it in 1985.

"I was looking for presidential retreats, White Houses and Mar-A-Lago popped up. It has tunnels, fallout shelters and a full package of sports amenities, tennis courts, swimming pool," just like the White House.

Once she arrived at land and building worth $90 or so million, Prisant took over. His research included the 750 items and works of art contained across the White House's six floors and 55,000 square feet.

“Most intriguing is that a number of the most valuable items are not Americana at all,” Prisant said. “You would think American Gothic, Whistler’s Mother, when you think of the White House It’s exactly the opposite. The most valuable paintings are French Impressionists and Post-Impressionists.”

Prisant said he believes the most valuable paintings are five works of art by Paul Cezanne, bequeathed to the White House by American art historian and collector Charles Loeser. He values them at $72.5 million.

Prisant said he used comparables as a way to value the White House contents. For example, a dinner plate from the Thomas Jefferson administration sold on the market for $25,000. He used that to put a value on the thousands of other pieces of china remaining.

“My whole fun in this project has been pondering all these assumption. . .what if, what if, what if,” he said.

With the Chinese paying big bucks for American icons such as the Waldorf Astoria, the sale and lease-back of The White House would be one way to get some of those dollars back from our rivals across the Pacific.

Let’s say the $20 trillion in national debt comes due, the country goes broke and we sell the White House off.

“What happens to the $8.1 billion in $20 bills with the White House on the back,” Prisant asked. “ The cost to reprint those bills without the White House on them is half a billion dollars. If you are talking about selling the White House for $250 million with a half billion dollar liability chasing you down the pike, you are going to think twice.”