

THE WALL STREET JOURNAL.

D DOW JONES | News Corp *****

FRIDAY, OCTOBER 25, 2024 ~ VOL. CCLXXXIV NO. 99

WSJ.com

★★★★ \$5.00

DJIA 42374.36 ▼ 140.59 0.33%

NASDAQ 18415.49 ▲ 0.8%

STOXX 600 518.98 ▲ 0.03%

10-YR. TREAS. ▲ 10/32, yield 4.201%

OIL \$70.19 ▼ \$0.58

GOLD \$2,734.90 ▲ \$20.50

EURO \$1.0828

YEN 151.84

What's News

Business & Finance

◆ Southwest Airlines struck a truce with Elliott Investment Management, giving the activist a significant presence on its board. **A1**

◆ Keurig Dr Pepper has struck a deal to acquire energy-drink maker Ghost for more than \$1 billion. **B1**

◆ A federal judge blocked Tapestry's \$8.5 billion acquisition of rival Capri that would unite brands including Coach and Michael Kors. **B1**

◆ U.S. stocks were mixed with the S&P 500 and Nasdaq rising 0.2% and 0.8%, respectively, while the Dow fell 0.3%. **B10**

◆ Unilever's underlying sales increased more than expected in the third quarter as shoppers welcomed easing price hikes and began buying more of its branded products. **B1**

◆ Spirit Airlines is selling some of its planes, a move that comes as the budget airline is struggling with financial pressures and exploring a bankruptcy filing. **A3**

◆ Harley-Davidson slashed third-quarter motorcycle shipments by almost 40% year-over-year as dealers try to work out a glut. **B2**

◆ American Airlines said moves to reset its business-travel strategy are progressing, as it reported a narrow quarterly net loss. **B2**

◆ UPS shares climbed after the parcel carrier posted gains in quarterly revenue and earnings for the first time in over a year. **B3**

◆ Hermès sales climbed for the third quarter as the Birkin handbag maker continued to defy a slowdown in demand for luxury goods. **B3**

World-Wide

◆ Russia provided targeting data for Yemen's Houthi rebels as they attacked Western ships in the Red Sea with missiles and drones earlier this year. **A1**

◆ The Los Angeles county district attorney said he would recommend the resentencing of the Menendez brothers, who were convicted of killing their parents in a famed 1990s murder case. **A3**

◆ The Justice Department has reached a \$102 million settlement with the owner and operator of the container ship that crashed into a Baltimore bridge. **A3**

◆ Taco Bell, Pizza Hut and KFC restaurants in the U.S. have removed fresh onions from some locations as the CDC probes an E. coli outbreak linked to McDonald's Quarter Pounder burgers. **B1**

◆ Tech problems are complicating a move to ease congestion at airports in the New York City area, rattling air-traffic controllers and prompting aviation officials to seek fixes before the holiday season. **A3**

◆ Turkey launched air-strikes against what it said were sites linked to a Kurdish separatist group in Iraq and Syria, after an assault on a Turkish defense company killed five people. **A8**

◆ Israel's military remains engaged in a ferocious campaign against Hamas forces in northern Gaza while it fights its other war in Lebanon. **A10**

◆ The Biden administration is imposing strict new limits on dust from lead-based paint in older homes and child-care facilities. **A2**

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New York Basketball Fans Proclaim Liberty for All



BIG SHOTS: Thousands gathered in Manhattan's Canyon of Heroes for a ticker-tape parade on Thursday to honor the Liberty basketball team, winners of the WNBA championship. It was the Liberty's first title win since the team's debut in 1997.

Inflation Has Cooled, but Americans Are Still Seething Over Prices

Psychological toll remains, despite wage increases that helped people keep pace

The economy is humming. Inflation has cooled off. Americans are well-employed, getting raises and spending freely.

But—with an election in days—people still haven't gotten over how much higher prices are today than in 2020.

By Jon Kamp, Joe Pinsker and Aaron Zitner

People find it unsettling that price tags don't look like they did before inflation took off during the pandemic, surging to the highest level in four decades. Even though the growth in prices has eased

significantly, prices themselves aren't getting lower.

"It's hard to adjust," said Marilyn Huang, a 54-year-old engineer in Doylestown, Pa.

As with many Americans, Huang's pay has increased since 2020, and she and her partner continue to spend on travel and even dine out more than in the past. But the higher prices are aggravating. "You lived with these stable prices for all your life," she said. "Mentally, it's hard."

The couple took to trimming shrubs themselves because they couldn't stomach forking over \$1,000 to landscapers.

Huang said she paid less for yardwork on a significantly larger property before she moved in 2022, and the cost now feels unreasonably high.

Americans are grappling with dramatic price hikes that, for most, are unprecedented. In the latest surge, inflation peaked in mid-2022, with prices up more than 9% from a year earlier. In the years prior to the pandemic, inflation was unusually cool, and the last time it was a real problem was the 1970s and early '80s. That means most Americans weren't yet born or were children when worries

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Please turn to page A10

Game Time for Microsoft

Microsoft is facing the biggest test yet of its \$75 billion bet on videogames: the release of a new installment of the 'Call of Duty' franchise on its Game Pass subscription service, which customers will be able to access for the first time Friday. The company's acquisition of Activision Blizzard was a wager on the future of how people will access and pay for videogames. **B1**

Microsoft revenue by business*

Server products and cloud services	\$97.7 billion
Office products and cloud services	54.9
Windows	23.2
Gaming	21.5
LinkedIn	16.4
Search and news ads	12.6
Other	18.8

*For the fiscal year ended June 30

Source: the company

Elliott Wins 5 Board Seats At Southwest, Ending Feud

By ALISON SIDER

Southwest Airlines struck a truce with Elliott Investment Management, giving the activist a significant presence on its board but not the majority control the hedge fund initially sought.

The settlement announced Thursday deflects a potentially rancorous proxy fight and ends the acrimonious four-month battle over whether Southwest's management is capable of pulling the airline out of a funk.

Elliott got much of what it

wanted. Five of its proposed directors will be added to the budget-airline pioneer's board, including former Virgin America boss David Cush and former WestJet Chief Executive Gregg Saretsky. Former Chevron finance chief Pierre Breber will join the board, which will be reduced to 13 members next year.

Southwest Executive Chairman Gary Kelly, who served as the airline's CEO for nearly two decades, will leave the board earlier than planned and hold the title chairman emeritus. A new independent chair

will be named later, Elliott and Southwest said. The airline managed to defend keeping CEO Bob Jordan, whom Elliott had initially looked to push out. Jordan—for now—has a chance to see through a turnaround plan the airline articulated to investors last month.

"The main thing is, it is a portion of the board. It is not control," Jordan said on a conference call. He said he interviewed each of the new board members, and that their breadth of experience

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France Has Met the Enemy And They Are ACRONYMS

Proliferation of jumbles of letters sows confusion across nation; 'We've gone too far!'

By MATTHEW DALTON

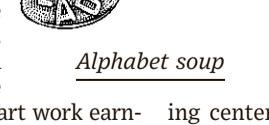
PARIS—In France, many people encounter their first acronym at birth in a CHU, the French initials for a university hospital center.

The acronyms pile up in elementary school, where first through fifth grades are called CP, CE1, CE2, CM1 and CM2. Some

French might start work earning the SMIC (acronym for the minimum wage), then open a TPE (very small business) and end up paying the IFI (tax on real-estate wealth). Finally, they might die in an EHPAD, acronym for a nursing home.

Cradle-to-grave acronyms are an inescapable feature of life in France. Political parties, schools, taxes, subsidies, public and private institutions and more are known by jumbles of letters, ranging from the short—this summer's Olympic Games became the JO—to the strangely long, such as CNFC-STAGN, which refers to a training center for officers in the gendarmerie.

They arouse periodic ridicule in a nation that exalts great writers and its linguistic heritage. Yet their proliferation continues, resistant to re-



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Partner Fight Roils Dealmaker EF Hutton

By ALEXANDER OSIPOVICH AND AMRITH RAMKUMAR

Two years ago, EF Hutton was riding high. The bank was the top dealmaker in the speculative world of special-purpose acquisition companies, making millions of dollars taking risky startups such as Donald Trump's social-media platform public.

Now, the firm that revived a storied Wall Street name is reeling from a vicious fight between two top executives. In dueling lawsuits last month, the partners accused each other of mismanagement and abusing drugs and alcohol. The suits revealed a federal investigation into securities fraud and allegations that one partner lost millions of dollars gambling and the other partied with strippers and prostitutes.

EF Hutton said Sunday that

the partners had withdrawn their lawsuits, but the reputational damage and a slowdown in business threaten the bank's future. The SPAC boom has turned into a bust, and the pace of initial public offerings has slowed to a trickle. Investors have collectively lost tens of billions of dollars betting on companies that went public during the frenzy.

For much of the 20th century, EF Hutton was a successful brokerage. "When EF Hutton talks, people listen" was its catchphrase in commercials. The firm was eventually sold and the brand retired before two bankers, Joseph Rallo and David Boral, resurrected it in 2021.

The new EF Hutton has come under fire from some investors who have said it pushed speculative investments on them, such as a

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Russia Provided Data for Houthi Assault

Moscow helped Iran-backed militants target ships and disrupt global trade

By BOENOT FAUCON AND THOMAS GROVE

Russia provided targeting data for Yemen's Houthi rebels as they attacked Western ships in the Red Sea with missiles and drones earlier this year, helping the Iranian-backed group assault a major artery for global trade and further destabilizing the region.

The Houthis, which began their attacks late last year over the Gaza war, eventually began using Russian satellite data as they expanded their strikes, said a person familiar with the matter and two European defense officials. The data was passed through members of Iran's Islamic Revolutionary Guard Corps, who were embedded with the Houthis in Yemen, one of the people said.

The assistance, which hasn't been previously reported, shows how far President Vladimir Putin of Russia is willing to go to undermine the U.S.-led Western economic and political order. Russia, in this case, supported the Iran-backed Houthis, which the U.S. designates as a terrorist group, as they carried out a series of attacks in one of the world's most heavily traveled shipping routes.

More broadly, Russia has sought to stoke instability from the Middle East to Asia to create problems for the U.S., analysts said. The widening conflict in the Middle East, triggered by last year's Oct. 7 attack on Israel, has absorbed resources and attention.

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INSIDE



MANSION

Mansion taxes are becoming more common as cities look for new revenue. **M1**



BUSINESS & FINANCE

Judge blocks Tapestry's Capri deal—and plans for house of high-end brands. **B1**

U.S. NEWS



CAPITAL ACCOUNT | By Greg Ip

U.S. and IMF Disagree on China

Eighty years ago world leaders meeting in Bretton Woods, N.H., created the International Monetary Fund to prevent the sorts of economic imbalances that had brought on the Great Depression.

Today, imbalances once again threaten global harmony. China's massive trade surplus is fueling a backlash. The U.S. attributes those surpluses to China holding down consumption while subsidizing manufacturing and exports, inflicting collateral damage on its trading partners. And it would like the IMF to say so.

The IMF, though, has steered a more neutral path. It has prodded Beijing to change its economic model while playing down any harm from that model for the world.

Decades ago, U.S. leaders thought bringing China into the postwar economic institutions such as the IMF and World Trade Organization would make Beijing more market-oriented and the world more stable. They now think the opposite. China has doubled down on an authoritarian, state-driven economic model that many in the West see as incompatible with their own.

The IMF, the world's most influential international economic institution, may find itself torn between irreconcilable visions of the global economy, especially if former President Donald Trump is re-elected next month.

Trump has prioritized reducing the trade deficit, especially with China, through tariffs, an approach the IMF has criticized. Many of his advisers are deeply suspicious of both Beijing and international institutions. Project 2025, an agenda for a second Trump

term that includes many Trump advisers as authors, has suggested the U.S. should leave the IMF, though there is no sign Trump agrees.

The U.S. has been upset about the growth in China's trade surplus since it joined the World Trade Organization in 2001, wiping out U.S. factory jobs in what became known as the China shock.

China's surpluses have since shrunk as a share of its gross domestic product. But because China's economy is now so large, that surplus has grown as share of world GDP, to 0.7%. Other countries are alarmed at a growing flood of cheap manufacturing imports, dubbed "China Shock 2.0."

Jake Sullivan, President Biden's national security adviser, said at the Brookings Institution Wednesday that China "is producing far more than domestic demand, dumping excess onto global markets at artificially low prices, driving manufacturers around the world out of business, and creating a chokehold on supply chains."

Treasury Undersecretary Jay Shambough told me at a panel organized by the Atlantic Council two weeks ago that China is "already 30% of global manufacturing. You can't grow at a massive rate when you start from 30% of the world without displacing not just us, but lots of countries."

Pointing out such tensions is part of the IMF's job, Shambough said at the event. While the IMF has said China's industrial policies may be hurting its trading partners, "I would like to see them pay more attention...to the aggregate external imbalance."

The IMF's architects believed a breakdown in economic cooperation contrib-

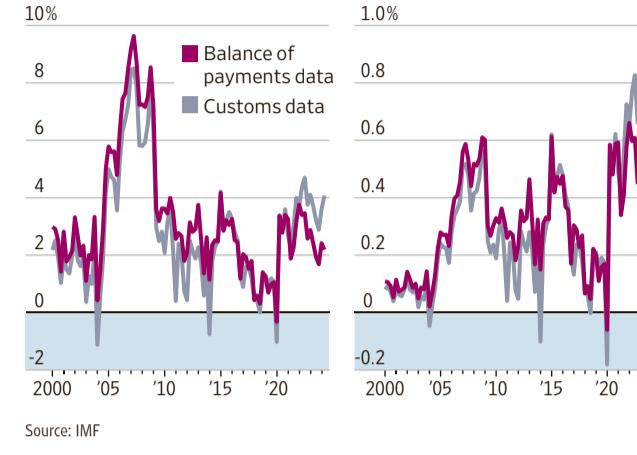
uted to the Depression. Countries such as the U.S. that ran large trade surpluses felt no pressure to help those with deficits, like Britain. Countries going through the Depression sought to limit imports and boost exports by devaluing their currencies or imposing tariffs, in effect seeking to export their unemployment.

To end such "beggar-thy-neighbor" policies, British economist John Maynard Keynes proposed that trade be conducted through a global bank and currency that would prevent big deficits and surpluses. Instead, at Bretton Woods, delegates agreed to peg their currencies to the dollar with the IMF overseeing periodic revaluations.

By the 1970s, inflation and growing trade deficits caused fixed exchange rates to collapse. Cross-border capital flows soared, enabling poor countries to borrow from Western banks and investors. When they defaulted, the IMF had a new mission: helping them restructure their debts,

China's trade surplus shrinks as a share of Chinese output, but rises as share of world output.

China's trade surplus as a share of:



Source: IMF

lied on data that understates the surplus.

Setser also raps the IMF's advice to Beijing to let interest rates and the exchange rate fall while tightening fiscal policy—that is, raising taxes or cutting spending. That, he said, will weaken imports, boost exports and thus widen the trade surplus.

"Their analysis is all about how bad the fiscal situation is, with no real analysis of the balance of payments position," Setser said.

Pierre-Olivier Gourinchas, the IMF's chief economist, disagreed. He noted the IMF has consistently urged China to boost household consumption such as by strengthening the social safety net and shifting more of the tax burden from the high-consuming poor to the high-saving rich. He also noted that the IMF has argued for fiscal stimulus now and consolidation later.

Does the IMF's opinion make a difference? Most countries—the big ones especially—will never need to borrow from the IMF and can thus ignore its advice. The IMF has long urged the U.S. to rein in its budget deficit, noting this contributes to its trade deficit, and the U.S. has just as long ignored it.

And yet when the IMF speaks, it does so with an authority and credibility that no private analyst or individual country commands.

China's approach to boosting exports is "killing jobs elsewhere, and that's something the IMF should call out," said Martin Mühleisen, a former senior IMF official now at the Atlantic Council. "China doesn't want bad publicity from the IMF, in part because the criticism would resonate in many countries."

Services Lift Gauge Of Business Activity

By ED FRANKL

The U.S. economy continued to grow robustly in October, with confidence in the outlook in the year ahead improving amid current business uncertainty surrounding the presidential election.

The S&P Global Flash U.S. Composite PMI—which gauges activity in the manufacturing and services sectors—ticked up to 54.3 in October from 54.0 in September.

Growth was driven exclusively by the services sector, where activity edged up—to 55.3 in October from 55.2 in September—matching expectations of economists polled by The Wall Street Journal. The manufacturing gauge also improved on month, but was still in contractionary territory.

Demand strengthened, with new orders inflows hitting the highest for nearly one-and-a-half years, the survey said.

"October saw business activity continue to grow at an encouragingly solid pace, sustaining the economic upturn that has been recorded in the year to date into the fourth quarter," said Chris Williamson, Chief Business Economist at S&P Global Market Intelligence.

But businesses were more cautious about hiring, with firms worried about uncertainty caused by the coming presidential election.

Confidence in the longer-term, year-ahead outlook has improved, however, in the expectation that the business environment following the Nov. 5 election is more conducive to growth, Williamson added.

U.S. WATCH



MOURNED: Turkish Muslim cleric Fethullah Gulen's casket was carried after a prayer service Thursday at Skylights Stadium in Augusta, N.J. He was in self-imposed exile in the U.S. for more than two decades and he died in Pennsylvania. Turkey accused him of plotting a short-lived military coup against President Recep Tayyip Erdogan in 2016. Gulen denied involvement.

Elliott Wins 5 Southwest Board Seats

Continued from Page One

will be a welcome addition to the company.

Still, the large contingent of Elliott-backed directors looking over his shoulder means that Jordan and other executives likely have little room for error. The reconstituted board will include four former top airline executives apart from Jordan.

Most activist campaigns do not result in board control changes but even from a minority position—or often with no board seats—Elliott has proven able to pressure companies to make significant changes. Several companies in which Elliott has recently built positions have ultimately replaced their CEOs, including the big wireless-tower owner Crown Castle, NRG Energy and Goodyear Tire & Rubber.

The settlement comes less than two weeks after Elliott called for a special shareholder meeting Dec. 10 for investors

to vote on its director slate. Elliott said Thursday it withdrew that request, adding that the board overhaul puts the company in a strong position.

Shares in Southwest fell 5.6% in regular trading, as the company posted better-than-expected profit and sales in the latest quarter, but noted additional progress was needed to cut costs.

Other activism campaigns at airlines have ended with more modest tweaks to corporate boards. Billionaire investor Carl Icahn quickly struck a deal for two JetBlue Airways board seats after unveiling a nearly 10% stake in the airline earlier this year. United in 2016 added two directors backed by dissident investors and a third both sides agreed on.

Elliott argued that Southwest, which started flying in the 1970s, was due for a shake-up. It said the carrier had refused to jettison old business strategies and missed out as rivals seized opportunities to bolster revenue as more travelers shelled out for premium perks.

The carrier's share price had plunged by more than half in the three years before the activist announced its \$2 billion stake in June. Elliott now owns about 10% of South-

west's shares.

Southwest plans to ditch its more than 50-year-old open-seating model and will introduce premium sections of its planes with extra legroom. The plans, which the airline has said were in the works before Elliott began its challenge, also involve culling unprofitable routes, making its operations more efficient, selling planes and buying back \$2.5 billion of its shares. The airline said it would stick to its policy of offering passengers two free checked bags.

Analysts and industry observers have credited the agitation with igniting a fire under the often slow-moving airline. Some investors were also wary of backing a leadership change without knowing who might replace Jordan as CEO.

Southwest said that some of its efforts are starting to pay off. The airline said its quarterly financial results out Thursday were helped by higher prices and other efforts to boost the top line. Stiff competition on domestic routes has weighed on U.S. airlines in recent months, as budget carriers have resorted to price cuts to fill a glut of seats.

Southwest and others have since throttled their growth plans, helping to bolster fares.

NEVADA

Lithium Mine Gets Final U.S. Approval

An Australian company said Thursday that it received final U.S. approval for a lithium mining project in rural Nevada, part of the Biden administration's effort to boost domestic production of a mineral critical for electric-vehicle batteries.

Ioneer said its Rhyolite Ridge Lithium-Boron Project will be the first U.S. lithium project approved by the Biden administration, and that the site is the only known lithium-boron deposit in North America. It will supply batteries for more than 370,000 American-made electric vehicles annually.

The Biden administration has been pushing to build up a domestic supply chain of lithium and other battery minerals, with a goal of having EVs comprising half of new vehicle sales by 2030.

The White House said last month that the U.S. is set to supply more than 20% of global lithium demand outside of China by 2030.

—Jasmine Li

The airline also said that travel demand remained healthy and that bookings for the holiday season were strong.

Before Thursday, Southwest had already started reshaping its corporate board as pressure from Elliott mounted. The airline previously added two respected industry veterans: Bob Fornaro, who served as CEO of AirTran before Southwest bought the airline in 2011 and also of Spirit Airlines; and Rakesh Gangwal, who held executive roles at U.S. airlines before founding IndiGo in India.

Gangwal backed Southwest's management with a stock purchase valued at over \$100 million, according to a securities filing this month. In a statement Thursday, Gangwal said the board would work with Jordan to preserve the company's business model and culture while boosting its financial performance.

Even as rhetoric heated up in recent weeks, the two sides had continued to trade proposals to restart settlement talks. On Oct. 9, Kelly asked to interview Elliott's nominees. Elliott said it was prepared to discuss "meaningful board changes" in a potential settlement.

—Roshan Fernandez
contributed to this article.

ECONOMY

Jobless Claims Decline to 227,000

Fewer Americans filed for initial jobless benefits last week, according to a Labor Department figure that indicated a lower tally of newly unemployed workers than economists had expected.

The week through Oct. 19 brought 227,000 initial jobless claims, compared with 242,000 a week earlier. Economists polled by The Wall Street Journal had been expecting to see 245,000 initial claims.

The number of continued claims, a gauge of the size of the unemployed population, rose to 1.897 million in the week through Oct. 12, compared with 1.869 million the week before. The Oct. 12 figure is the highest level for insured unemployment since November 2021, the Labor Department said Thursday.

Economists will be using the numbers to update their expectations for the official October tally of job creation and unemployment, due next Friday.

—Matt Grossman

WASHINGTON

New Limit Set on Lead-Paint Dust

The Biden administration is imposing strict new limits on dust from lead-based paint in older homes and child-care facilities.

A final rule announced Thursday by the Environmental Protection Agency sets limits on lead dust on floors and window sills in pre-1978 residences and child-care facilities to levels so low they can't be detected.

Paint that contains lead was banned in 1978, but more than 30 million American homes are believed to still have it, including nearly 4 million homes where children under the age of 6 live.

Lead paint can chip off when it deteriorates or is disturbed, especially during home remodeling or renovation.

"There is no safe level of lead," said Michal Freedhoff, EPA's assistant administrator for chemical safety and pollution prevention.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Former Dodgers pitcher

Fernando Valenzuela died at age 63. In some editions Thursday, the headline of a U.S. Watch obituary and a Page One What's News item incorrectly said he was 69.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

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U.S. NEWS

Prosecutor Seeks New Sentence for Menendez Brothers

BY VICTORIA ALBERT AND JOSEPH PISANI

The Los Angeles County district attorney said he would recommend the resentencing of Erik and Lyle Menendez, who were convicted of killing their parents in an infamous 1990s murder case and spotlighted in a recent Netflix hit.

District Attorney George Gascón said he would ask the court on Friday to consider resentencing the brothers, which could ultimately lead to their release. "I believe they have paid their debt to society," Gascón said Thursday, adding that they have spent approximately 35 years behind bars.

Gascón said he would recommend a sentencing for murder of 50 years to life with the possibility of parole. He noted that the brothers would be immediately eligible for parole given that the crimes were committed when they were under the age of 26. Erik Menendez, who was 18 at the time of the shooting, and Lyle, who was 21, are both being held at a prison in San Diego. They are now in their 50s.

The fate of the brothers will

now be decided by a judge, who could agree with the recommendation, keep the current sentence or shorten it.

Mark Geragos, a lawyer for the brothers, said he is hopeful they will be released soon.

"These boys need to come home, and today is a monumental victory on that path," Geragos said.

The 1989 murder of Kitty and Jose Menendez in their Beverly Hills mansion shocked the nation. The brothers said they were the victims of repeated sexual abuse and argued the shooting was self-defense.

In the brothers' first trials, in 1993, defense lawyers presented evidence of sexual abuse by Jose. They had separate juries, both of which couldn't reach a verdict. In 1995, the brothers were tried again—but much of the evidence of abuse was excluded. In 1996, they were both convicted of first-degree murder and sentenced to life without parole.

In September, TV hitmaker Ryan Murphy released "Monsters: The Lyle and Erik Menendez Story" on Netflix. The show prompted calls for a re-examination of the case.



Lyle, left, and Erik Menendez in court in 1990. They have spent about 35 years behind bars for their parents' murder.

DOJ Settles With Owner Of Ship in Bridge Crash

BY C. RYAN BARBER

The Justice Department reached a more than \$100 million settlement with the owner and operator of the containership that crashed into the Francis Scott Key Bridge in Baltimore, in a deal that covers the federal government's costs responding to the bridge's collapse.

The settlement came just a month after the Justice Department sued the owner and operator of the shipping vessel, named the Dali, which collided with the bridge after losing power in the early hours of March 26. Six construction

workers were killed in the collapse, which severed a critical highway and brought shipping traffic to a standstill out of the Port of Baltimore.

The Justice Department had sought \$103 million when it sued two Singaporean corporations: the ship's registered owner, Grace Ocean Private, and Synergy Marine, which managed it. The two companies agreed to pay \$102 million in the settlement, the Justice Department said Thursday.

A spokesman for Grace Ocean and Synergy didn't respond to a request for comment on the settlement.



Workers at the United Airlines Station Operation Center at Newark Liberty International Airport in March this year.

ANGUS MORDANT/BLOOMBERG NEWS

Tech Issues Plague New York's Air Traffic Despite Newark Shift

BY ANDREW TANGEL

Technology problems are complicating a move to ease chronic congestion at airports in the New York City area, rattling air-traffic controllers and prompting aviation officials to seek fixes before the busy holiday-travel season.

Airlines and the Federal Aviation Administration for years have struggled with air-traffic snarls around the region that frequently result in delays across the country. To help alleviate disruptions, the FAA last summer shifted oversight of Newark Liberty International Airport's airspace to an air-traffic facility in Philadelphia.

The FAA has said the change will improve congestion over the long term, but in the interim, several tech glitches related to the move have disrupted flights—particularly during recent holiday weekends. The tech problems compound a staffing shortage that has stretched controllers and fueled safety concerns.

A recent hiccup emerged ahead of Columbus Day. The FAA on Oct. 11 delayed departures and arrivals at Newark after radar used by Philadelphia-based controllers wasn't showing planes in their correct positions, people familiar with the matter said.

The FAA said it was investigating the Columbus Day incident. Agency officials said they are working to resolve the technical problems and, along with airline executives, expressed confidence the shift would pay off over time.

"We knew there would be bumps in the road," United Airlines Chief Executive Scott Kirby said in September. Calling the move well-managed, he said: "That's going to help the whole

Dozens of flights bound for Newark Liberty International Airport were diverted Labor Day after a technical glitch disrupted a new air-traffic control setup in Philadelphia.

Newark-bound flights that were diverted to other airports on Labor Day



Source: Flightradar24

CARL CHURCHILL/WSJ

country's aviation system."

For decades, the New York Terminal Radar Approach Control, or Tracor, managed airspace around Newark and several regional airports, including Teterboro Airport, as well as the LaGuardia and John F. Kennedy International airports. Controller shortages at the FAA site known internally as N90 have long been a problem for the FAA and a source of flight delays nationwide.

This past summer, with Tracor staffing at about 60% of targeted levels, the FAA moved 24 controllers from Long Island, N.Y., to Philadelphia.

The agency thinks staffing will be easier in Philadelphia because the city has drawn more interest from controllers elsewhere looking to transfer, though the move for now has left the agency with fewer em-

ployees overseeing Newark airspace while it trains replacements.

Since the July 28 shift, controllers now based in Philadelphia have faced a brief radar blackout as well as the malfunction of a system that warns of potentially dangerous wind shear, according to people involved with the move and internal FAA documents reviewed by The Wall Street Journal.

Controllers overseeing Newark airspace from Philadelphia have complained privately and in internal safety reports about handling more planes and juggling more tasks amid thinner staffing since the move.

In late August, airplanes facing stormy weather over Newark started aborting their landings. Alarms for potentially dangerous wind shear

and microbursts were going off in the airport's tower, according to an Aug. 26 internal FAA email.

The recently shifted controllers overseeing Newark's higher-altitude airspace from Philadelphia weren't getting the alerts, hindering their ability to warn pilots as they neared the airport.

Frank McIntosh, the FAA's deputy chief of air traffic, said in an interview that the alarms are more critical at Newark's airport tower, where planes are closer to the ground. The FAA said the alert system is now working for Philadelphia controllers overseeing Newark airspace.

A separate outage in late August interrupted a data feed from Long Island, cutting off a Philadelphia-based controller's radar contact with planes on approach to Newark, a United hub, and Teterboro Airport, in New Jersey. "My radar went dark," the controller wrote in an internal FAA report.

McIntosh said that outage, which was caused by an agency contractor, didn't result in any planes getting too close together or interrupt radar at the Long Island facility before the systems quickly reset as designed. FAA systems are 99.73% reliable, he said.

The FAA internal report prompted the controller for recommendations. "Equipment that is reliable," he wrote.

Controllers said in interviews that short staffing at the Philadelphia facility could lead to more errors and imperil safety.

The FAA said its initial investigation into the incident didn't identify staffing as a contributing factor, and that it never sacrifices safety for efficiency.

The Hidden Casualty of 2 Hurricanes



The environmental costs of hurricanes Helene and Milton are now becoming clear.

The storms damaged or destroyed 200,000 commercial beehives—a vital resource for pollinating U.S. crops—in Florida, Georgia and North Carolina. (Above, hives affected by Hurricane Helene at Noble Nectar Apiaries, a family-owned beekeeper in the Tampa, Fla., area.)

Hundreds of landslides

devastated communities throughout Appalachia. And a 40-mile-long toxic red tide hovers just off Florida's Gulf Coast, threatening fish and humans. The hurricanes killed more than 250 people in six states and, according to Moody's RMS Event Response, caused total insured losses between \$35 billion and \$55 billion.

Across northern Florida, beekeepers are scrambling to

repair hives and replace millions of bees wiped out by Hurricane Milton that are critical for the state's \$3.3 billion orange crop.

Mike Sadler lost 505 of his 1,800 beehives after Milton dumped 15 inches of rain on his operation in Lakeland, Fla.

Sadler said the storm damage cost him about one-third of his annual beekeeping revenue of \$600,000.

—Eric Niiler

U.S. Faces Increasingly Aggressive Election Threats at Home, Abroad

BY SADIE GURMAN AND ZUSHA ELINSON

A 27-year-old Lyft driver in Oklahoma City allegedly messaged his contact in the Islamic State terrorist group last month.

Nasir Ahmad Tawhedi was set to buy a pair of AK-47 rifles to attack a crowd on Nov. 5, according to prosecutors.

"With the help of God, we will get ready for the election day," Tawhedi wrote on the messaging app Telegram. He was arrested this month after allegedly attempting to buy weapons from an undercover FBI agent. Tawhedi's lawyer has cited his client's previously spotless record.

U.S. officials say the case exemplifies an unprecedented convergence of aggressors this election season: foreign actors maneuvering to sow chaos, lone wolves like the men authorities say tried to assassinate Donald Trump, and homegrown extremists and conspiracy theorists spoiling for conflict.

The jolts are coming daily. Just this week, U.S. officials said Russia and Iran might stoke violence by amplifying

protests on and after Nov. 5; U.S. spy agencies said Russians created and spread fake viral online content about Democratic vice presidential nominee Tim Walz; and prosecutors charged a man in connection with three shootings that damaged a Democratic National Committee office near Phoenix.

"I have never seen a time where the threats we're facing are more diverse, more aggressive, more fueled by a polarized environment," Deputy Attorney General Lisa Monaco said during a recent event. Federal authorities are publicly sharing more than they have before about foreign-influence efforts, "so individuals and voters can be discerning about what they're seeing."

U.S. officials expressed confidence in the election process. Yet, they worry threats alone could discourage voter turnout—perhaps the intended effect.

With narrow margins expected between Trump and his Democratic rival, Vice President Kamala Harris, law-enforcement officials especially worry about potential violence by those unhappy with results.

The federal government is planning dramatically heightened security for when Congress meets to certify election results on Jan. 6—four years after Trump supporters stormed the Capitol as lawmakers certified Joe Biden's election win.

Lone extremists or small groups inspired by false claims of election fraud and other "election-related grievances" could mobilize between Nov. 5 and at least the Jan. 20 inauguration, the Federal Bureau of Investigation and Department of Homeland Security warned state and local officials.

The memo said polling sites, ballot-counting centers, drop-box locations and party officials could be most at risk. Authorities have also cautioned Russia and Iran might spread disinformation about how and where to vote and disrupt access to election websites.

Representatives from an election-threats task force created by Attorney General Merrick Garland have been on the ground meeting with poll workers. "Election officials and administrators do not need to navigate this threat environment alone," he said.

U.S. NEWS

Trump Circle Preps for a New Term

Transition team, if he wins election, bars people linked to Project 2025

WASHINGTON—As Donald Trump's allies began staffing up the transition team that will lay the groundwork for his potential second term, they drew a line in the sand.

By Andrew Restuccia,
Vivian Salama
and Rebecca Ballhaus

Anyone associated with the Heritage Foundation's Project 2025, which Trump and his advisers denounced after it became a political target for Democrats, would be barred from working on the team. Transition staff used "Control+F," a keyboard shortcut, to search through Project 2025's 900-plus-page policy blueprint for the names of potential hires.

Even a brief mention of a name in an author's note at the end of a chapter was enough to prevent that person from getting a job on the team. In several cases in recent weeks, informal discussions about working on the team came to an abrupt halt after a name was spotted in the document, said people familiar with the matter.

The swift backlash to Project 2025 has left hundreds of conservative policy wonks on the sidelines as the election nears—and paved the way for the project's biggest competitor, a nonprofit run by former Trump administration officials, to play a formative role in the official presidential transition operation that launched late this summer. The establishment of the transition team, which is meant to operate as a clearinghouse for Trump's policy plans and personnel picks, hasn't stopped outside groups and Trump associates from jockeying for influence, prompting confusion and frustration from some of the former president's allies.



Linda McMahon and Howard Lutnick, below, are overseeing Trump's transition team if he wins the election. McMahon is working on policy issues and Lutnick is focusing on personnel.



Trump's friends regularly approach him directly with suggestions about who he should pick for top jobs if he wins, bypassing the transition team entirely. Several Trump economic advisers are developing their own lists of candidates for jobs such as Treasury secretary, said people familiar with the discussions.

The number of groups and people that purport to be preparing for a potential second Trump term has left some prospective staffers unsure about where to turn.

Trump's transition team began its work months later than his 2016 transition team did,

prompting some of the president's allies and good-government groups to raise concerns about how well-prepared Trump will be to take office should he defeat Vice President Kamala Harris. Trump's 2016 transition team was plagued by disorganization, firings and backbiting.

Brian Hughes, a senior adviser for the Trump campaign, said that Trump "will oversee a smooth transition and choose the best people to serve our nation."

Top officials at the America First Policy Institute, which had competed with Project 2025 for influence and donor cash, are hoping things will be different this time. The chairwoman of the group's board, former Small Business Administration chief Linda McMahon, is now a co-chair of Trump's transition team, allowing her to tap the policy expertise AFPI has been quietly amassing for years. Several Republicans have described AFPI as the shadow transition operation, and McMahon has brought on AFPI staff to fill roles for the official

transition. The group's president, Brooke Rollins, a former Trump administration policy adviser, is widely seen as a leading contender for White House chief of staff.

For more than a year, the group has been churning out policy papers and building lists of potential political appointees, according to people with knowledge of the matter.

"The America First Policy Institute does not speak on behalf of any candidate, campaign or transition," AFPI spokesman Marc Lotter said, describing the group as an independent policy organization.

According to people familiar with the plans, Trump's allies have drafted more than 300 executive orders in line with Trump's policy views that would be ready for him to approve as soon as the first day of his presidency. Among them are orders to eliminate programs that promote diversity, equity and inclusion, as well as to crack down on illegal border crossings and withdraw from the Paris climate accord.

Staffers working on Trump's

formal transition team—as well as people who are being vetted for top jobs in the administration—have been instructed to sign nondisclosure agreements, a practice that the former president used liberally during his time in the White House and earlier in his career.

Trump's allies hope the agreements, which threaten legal consequences for the unauthorized disclosure of information, will help stem the flurry of leaks that infuriated him during his 2016 presidential campaign and while he was in office.

In addition to McMahon, the transition is overseen by Howard Lutnick, the billionaire chairman and chief executive of financial-services firm Cantor Fitzgerald. Trump also named as transition co-chairs Sen. JD Vance, his running mate, and his sons Eric and Donald Trump Jr. But Lutnick and McMahon are taking the lead at this stage of the election. McMahon is working on policy issues and Lutnick is focusing on personnel.

Trump's team has declined to sign agreements with the Biden administration that would give his team access to government office space and pave the way for coordination with White House and agency officials if Trump wins.

As part of any agreement with the government, Trump's transition team would be required to consent to ethics rules, disclose its donors and limit contributions to \$5,000. Since it is currently run outside of government channels, Trump's team isn't obligated to adhere to those restrictions.

Harris's transition team has signed agreements with the federal government and accepted limits on donors and ethics rules. McMahon and Lutnick have said they have imposed their own ethics rules on transition staff.

Harris's transition team so far appears to be smaller than Trump's. Hers is being led by Yohannes Abraham, a former diplomat and national-security official.

ELECTION 2024

Trump Says He Would Fire Special Counsel

Donald Trump said Thursday that he would "fire" special counsel Jack Smith if he were elected to a second term. The comments came after the former president had called into a conservative talk-show podcast in the morning. "You're either going to have to pardon yourself, or you're going to have to fire Jack Smith. Which one will you do?" host Hugh Hewitt asked. Trump, calling Smith a "crooked person," said the decision would be easy. "I would fire him within two seconds," he said.

Smith was appointed by Attorney General Merrick Garland to oversee two primary investigations. Trump was indicted on several charges relating to his attempt to overturn the results of the 2020 election. Charges related to alleged misuse of classified documents were dismissed. These legal proceedings are separate from Trump's state cases, including fraud convictions in New York related to hush-money payments in the 2016 election cycle.

While Trump couldn't directly fire Smith—only the U.S. attorney general can make special counsel-related personnel moves—he could choose an attorney general who would dismiss the federal cases.

—Xavier Martinez

Tax-Credit Rules Boost Montana Democrat

Sen. Jon Tester, the Montana Democrat fighting an uphill battle for his political life, got a boost Thursday from new Biden administration tax-credit rules that should help the state's mining industry.

The final rules implement a tax credit that was part of the 2022 climate law known as the Inflation Reduction Act. An earlier version would have prevented companies from claiming tax credits for certain costs for extracting and refining critical minerals such as lithium, and Treasury officials were concerned that allowing those breaks could create potential duplicate credit claims.

But Western senators including Tester urged the administration to expand eligibility, and the Treasury Department did so Thursday over environmental groups' objections, while including some rules to prevent abuse.

"We're creating real incentives for domestic mining here in the United States," said Deputy Treasury Secretary Wally Adeyemo.

In statement that cited the senator's "relentless pressure," Tester said the changes would help a mine that produces palladium and platinum.

"I'm glad to see the administration is listening to our calls to ensure American mines like the one in Stillwater receive additional support and keep more Montanans in their jobs," Tester said.

—Richard Rubin

Early Voting Draws a Crowd as Election Day Nears



LINING UP: People waited to cast early ballots or register to vote outside the Douglas County Election Commission on Thursday in Omaha, Neb. The state's electoral college votes are partially awarded by congressional district, and Democrats are hoping to snag one from an Omaha-based seat, as they did in 2020.

Win or Lose, Candidates Have Income for Life

By ANNE TERGESEN

National Taxpayers Union Foundation.

Donald Trump

Trump has at least three pensions.

Since leaving office in 2021, he has received the presidential pension, currently \$246,400.

This taxable benefit is periodically adjusted for inflation. If Melania Trump outlives her husband, she is eligible to receive \$20,000 a year, according to the National Archives.

Trump's financial disclosures show he also receives pensions for his film and television work: \$6,484 a month from the Screen Actors Guild and \$727 from the American Federation of Television and Radio Artists.

Kamala Harris

There is no special pension for being vice president. Instead, vice presidents accrue benefits under the pension for Congress.

Harris, 60, was a senator for four years before becoming vice president. That makes her

eligible for a federal pension of about \$18,800 a year. If she chooses a benefit that continues for her husband, Doug Emhoff, if he outlives her, the sum declines to about \$17,000, said Brady. The survivor benefit for Emhoff would be about half of that, he said.

The pension for members of Congress and vice presidents is based on years of service and the average of their three highest years of pay. These pensions are financed through a combination of employee and employer contributions.

Harris is eligible to start her federal pension at age 62. If she becomes president, those payments won't begin until she leaves office, when she would also get the \$246,400 annually for former presidents. Harris has two other pensions she earned while working in public-sector jobs in California. Under one, she is eligible for \$3,981 a month starting at age 60, according to her financial disclosures. Harris and Emhoff have retirement assets and bank account balances worth between \$3.1 million and \$7.2 million.

Tim Walz

Tim Walz, 60, and wife Gwen Walz have a net worth of between \$117,000 and \$330,000—not including several pensions they have earned.

The couple each have a Minnesota teachers pension, one of which would pay \$13,332 a year if taken today, according to disclosures. From his time in Congress from 2007 to 2019, Walz earned a pension of about \$35,000 a year.

If elected vice president, that payment would increase to either \$63,900 or \$80,000, depending on how many terms he serves. The payments would be about 10% lower for a benefit that covers both spouses for life, said Brady. Walz could continue to save in his Thrift Savings account, from which he pulled \$135,000 last year to pay for his daughter's college education. He also qualifies for a National Guard pension, estimated at around \$8,000.

JD Vance

JD Vance and wife Usha Vance have retirement, brokerage, bitcoin and bank account balances worth between \$3.6 million and \$10.9 million.

With nearly two years in the Senate, Vance isn't yet eligible for a federal pension, which requires at least five years of service.

If Vance, 40, serves the rest of his term as senator from Ohio, he would accrue a pension of about \$10,440 a year starting at age 62. If he becomes vice president, his salary would rise from \$174,000 to \$235,100, bumping his pension to \$14,100.

Joe Biden

When he left the vice presidency in January 2017, Biden was eligible to tap the federal pension he earned in the Senate for 36 years and as vice president for eight years. It is likely \$166,374 a year, said Brady. The survivor benefit for first lady Jill Biden would be about half of that, he added.

Starting next year, Biden, 81, will receive the \$246,400 pension for former presidents. His total pension income will exceed his current \$400,000 salary.

Republican Ex-Congressman Backs Harris

Former Rep. Fred Upton, a Republican from Michigan, is endorsing Vice President Kamala Harris, telling reporters that if Donald Trump loses, "he'll spread another big lie, and that could spark even more political violence."

Upton didn't seek re-election in 2022 after being one of 10 Republicans to vote to impeach Trump in January 2021. He recalled being in the U.S. Capitol on Jan. 6, 2021, which he described as "one of the darkest moments in the history of our nation." Upton said Trump encouraged the rioters and jeopardized the peaceful transfer of power.

Upton said he has already cast his ballot for Harris. "I've never before voted for a Democrat for president, and I honestly never thought I would."

—Ken Thomas

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G R A F F

FROM PAGE ONE



In 1964, E.F. Hutton was under different ownership.

EF Hutton Unsettled By Feud

Continued from Page One
failed bet on a plant-based foods startup called Veg House Holdings.

Henry Ikezi, a real-estate developer in New York City, isn't sure he will get back the \$1 million he invested in Veg House ahead of an IPO that never happened. He said he invested, in part, because of EF Hutton's work with Trump Media & Technology Group. An EF Hutton broker suggested he could get a 10-fold return on his investment.

"This was being done by a bank that had a good name, it had a license, assets and it had done the Trump deal," said Ikezi, a Republican who is running for Queens borough president. He has filed an arbitration claim against EF Hutton with the Financial Industry Regulatory Authority.

An EF Hutton spokeswoman said the bank informed investors of the risks. Veg House said it is trying to make investors whole.

Many of the companies that EF Hutton helped take public are burning through their cash. They include several Chinese technology startups; a company that says it helps people pursue health, wealth and happiness; a startup trying to use artificial intelligence to make better electric cars and a maker of optionally manned air vehicles.

On average, shares of companies that went public via SPAC deals underwritten by EF Hutton are down about 70% from their listing price, figures from data provider SPAC Research show. Companies that did IPOs involving the bank are down about 60% on average, according to Dealogic.

"People assume it's the old EF Hutton," said Jonathan Kurta, a lawyer who is working with investors in Veg House. "But in reality, they're doing these really terrible deals."

In 2021, a SPAC working with EF Hutton called Digital World Acquisition announced a deal with Trump's social-media company and then became a meme stock popular with Trump supporters.

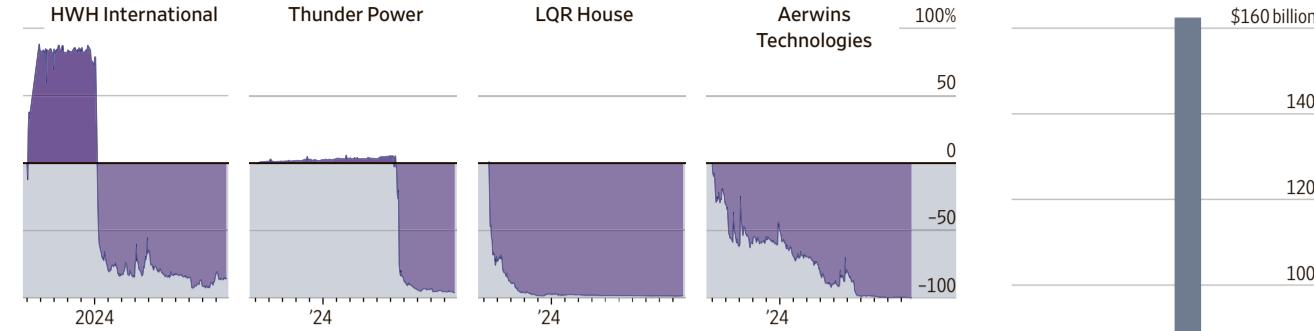
At the time, many banks avoided deals involving Trump because of reputational concerns after the Jan. 6, 2021, assault on the Capitol. Fees and shares from the deal eventually made EF Hutton over \$15 million, a big payday for a bank of its size.

"Roping TMTG into a story about events in which we played no role whatsoever is a hilarious example of this reporter's all-encompassing biases," a Trump Media spokeswoman said in response to questions for this article.

Operating on the fringes of Wall Street, Rallo and Boral specialized in small-company IPOs and SPACs. SPACs are blank-check companies that merge with firms looking to go public. They are essentially backdoor IPOs that have historically enriched insiders at the expense of ordinary investors.

Flush with fees from the

Share-price performance of companies that went public in deals involving EF Hutton since last summer*

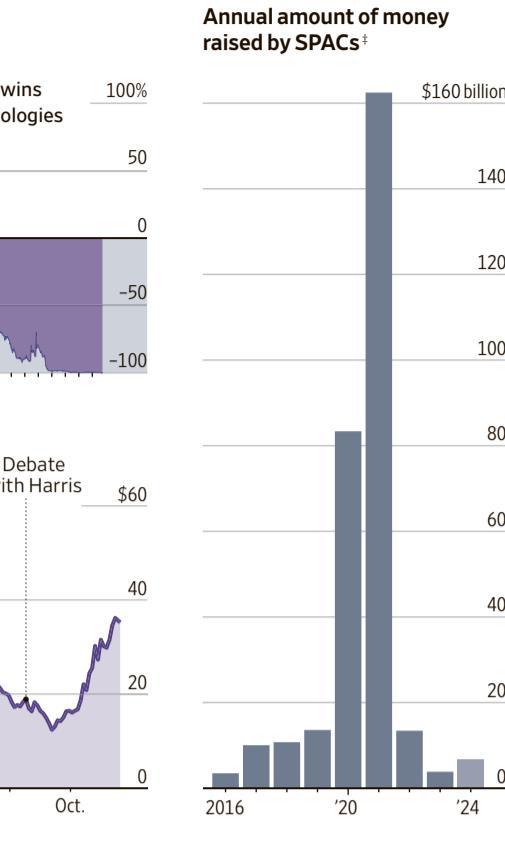


Trump Media & Technology Group share price†



*Some trading in HWH International and Thunder Power was in SPACs that took the companies public before deals closed.

†Trading before late March was in SPAC taking the company public. ©2024 through Oct. 23



Sources: FactSet (performance, share price); SPAC Research (money raised)

SPAC bubble, EF Hutton's revenue from underwriting and banking hit nearly \$150 million in 2021, and Rallo made more than \$26 million that year, the firm said in a lawsuit. The next year, EF Hutton became the top underwriter of SPACs. Rallo, then the firm's chief executive, bought a \$25 million penthouse on Manhattan's Upper East Side in 2023.

In May this year, federal agents served Rallo with a search warrant as part of a fraud investigation, prompting Boral to oust him as CEO. EF Hutton said in the suit. "We have no indication that Joe will be charged with a crime," said Seth DuCharme, a lawyer for Rallo.

In its lawsuit, the bank said Rallo had a severe gambling problem, frequently drank to excess and had drained millions of dollars from EF Hutton to fund an extravagant lifestyle. Rallo had the firm reimburse him for expenses such as New York Knicks playoff tickets, private-jet flights for family vacations and intravenous drips from a practitioner called the "IV doc" to help him recover from hangovers, EF Hutton said. A spokesman for Rallo denied the allegations.

Rallo responded a few days later. In his countersuit, he accused Boral of overthrowing him in a "coup d'état."

In April, the firm held a celebration in Palm Beach, Fla., shortly after the Trump Media listing. Following a night of partying, Boral paid a prostitute \$500, accidentally taking the money from an EF Hutton account, then tried to cover it up when the payment raised red flags at the firm, Rallo contend in his lawsuit.

The claims in the lawsuits

"should not be viewed as a reflection on Mr. Rallo or Mr. Boral," EF Hutton said in its statement Sunday.

The bank worked with business such as Sean Dollinger, a serial entrepreneur who has run companies in

fashion, telecommunications and cannabis. Last year, EF Hutton underwrote the listing of LQR House, an alcoholic-beverages company led by Dollinger. Its shares have fallen more than 99% since then, adjusting for splits.

Dollinger also founded Veg House, which aims to build vegan food halls and grocery stores. Ikezi, the New York real-estate developer, learned about Veg House from an EF Hutton broker, Keith D'Agostino.

"Do I think it's 10x? It very well could be,"

D'Agostino told Ikezi about the potential return

on his \$1 million investment

in a recorded call heard by

The Wall Street Journal. D'Agostino didn't respond to requests for comment.

Ikezi and other investors

bought private shares of Veg

House in January ahead of a

planned IPO. They signed pa-

perwork stating that if the

listing were canceled, their shares would be repurchased, giving them a refund.

Veg House repeatedly delayed its IPO, then withdrew it in June. The investors still haven't gotten their money back. Veg House said it extended the date by which it would return the money to investors. Ikezi and other investors say they never agreed to the extension.

Veg House accused EF Hutton of mishandling the deal. The EF Hutton spokeswoman said the bank did nothing wrong.

After the failed IPO, Veg House tried to sell itself to another company, Above Food Ingredients. Dollinger told the Journal that investor funds could have been returned with money from the sale. But the sale fell through.

In recent weeks, the Securities and Exchange Commission's enforcement arm has inquired about the Veg House deal, according to messages seen by the Journal. The SEC declined to comment.

—Elisa Cho contributed to this article.

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WORLD NEWS



A victim of Wednesday's attack was mourned on Thursday.

Turkey Bombs Sites Of Separatist Group After Terrorist Attack

BY JARED MALSIN

Turkey launched airstrikes against what it said were sites linked to a Kurdish separatist group in Iraq and Syria, hours after an armed assault on a Turkish defense company that killed five people.

The Turkish Defense Ministry on Thursday said its warplanes destroyed 32 targets of the Kurdistan Workers' Party, known as the PKK, an organization Turkey and the U.S. regard as a terrorist group.

No one has claimed responsibility for Wednesday's attack, in which explosions and gunfire were heard at the facilities of a defense contractor near the Turkish capital, Ankara. Turkey called it an act of terror.

Turkish authorities released the names of five people killed in the attack, which included employees of the company, Turkish Aerospace Industries, and a taxi driver.

Another 22 people were injured, authorities said. Turkey's interior minister earlier said two assailants had been killed.

The company is a major player in Turkey's defense industry, a sector President Recep Tayyip Erdogan has sought to develop to expand the country's international influence.

Turkish-made drones played an important role in Ukraine's initial fight against Russia's full-scale invasion in 2022.

Erdogan condemned the violence as "a despicable attack targeting the survival of our country, the peace of our nation, and our defense initiatives."

Turkey has fought a slow-burning war with Kurdish separatists.

Turkey has fought a slow-burning war with Kurdish separatists in the southeast of the country in a conflict that has left thousands of people dead.

In recent years, the fighting has been a source of tension with the U.S., which has partnered with Kurdish militias in Syria in a campaign to stamp out Islamic State extremists.

Mazloum Abdi, the commander of the U.S.-backed Syrian Democratic Forces, which includes Kurdish fighters with ties to the PKK and its Syrian offshoot, on Thursday accused Turkey of attacking "indiscriminately and unjustifiably," hitting civilian targets, including health centers.

The SDF said in a separate statement that the airstrikes killed 12 civilians and hit bakeries, power stations, oil facilities and security checkpoints.

The Turkish Defense Ministry said its forces took "all necessary measures" to avoid hitting civilian targets during the strikes.

Turkey has wrestled with gun and bomb attacks on its major cities by both PKK affiliates and Islamic State during the past decade, though the pace of the violence has slowed in recent years.

Last year, two attackers died in an attempted bombing of a security building in Ankara, in an attack claimed by the PKK.

In November 2022, a bombing killed at least six people and wounded dozens of others on a busy pedestrian boulevard in the heart of Istanbul. The Turkish government blamed Kurdish militants, who denied responsibility.

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Hospital Operates in Bunker

Ukraine is building 20 underground centers along front lines to avoid bombs

BY ALISTAIR MACDONALD
AND IEVGENIA SIVORKA

Artillery thudded nearby as medics recently rushed a soldier with blast wounds into a new type of Ukrainian field hospital buried underground.

In the relative safety of their bunker, which lies under 10 feet of sandbags, earth, steel and pine logs, surgeon Yevhen Antoniuk and his team got to work. After 30 minutes, they had stabilized the soldier and sent him farther from the front line for additional treatment.

Antoniuk's field hospital on the southern front is the first of 20 such underground medical facilities Ukraine plans to build to protect patients and staff from Russia's military, which Kyiv says has targeted hospitals.

Its seven rooms, including two operating theaters, are packed with supplies and the latest medical technology, and can handle up to 100 patients daily. Ukraine's combat care has improved dramatically since Russia invaded in 2022, as medics adopt Western practices, and those drafted from civilian life get used to dealing with war casualties.

The Ukrainian medical profession is under strain. Critical positions are unfilled and staff face burnout after 2½ years of fighting. Members of Antoniuk's team have at times worked nearly two weeks with less than three hours of sleep a day. Many in this close-knit team are haunted by one patient they couldn't save—a member of their own crew who died in a Russian missile strike.

"It is a different world in care" since 2022, said Antoniuk, who in addition to being a surgeon is the underground hospital's commander. "But the biggest problem is the mental health of the staff."

The hospital acts as a so-called stabilization point, where patients are patched up before going on to more treatment. They typically are small and don't contain operating rooms.

This one was built under-



Ukrainian patients are treated at an underground hospital. Below, a soldier waits to be transferred to another facility.



ground out of six large steel bunkers. Its corridors and some rooms are lined with newly cut pine logs, giving parts of the facility the smell and feel of a country cabin. The site is so well hidden that a visitor's car parked on top of it by mistake.

The hospital should be able to withstand a direct artillery hit, but likely wouldn't survive one from larger glide bombs.

During a visit by The Wall Street Journal, the hospital was warned that two glide bombs were heading in its direction. Staff waited in silence before the bombs landed elsewhere.

The World Health Organization has charted more than 2,000 attacks since the start

of the war on Ukraine's medical facilities and transport, including children's and maternity hospitals, leading to 186 deaths. Kyiv says this is deliberate targeting. Russia's Ministry of Defense didn't respond to a request for comment.

Standards in Ukraine's combat-medical care have improved significantly. Many medics have been trained abroad. Now every doctor knows how to administer local anesthetics, and all know how to perform an ultrasound, said the chief anesthetist.

Civilian doctors have gotten used to the different circumstances, wounds and treatments in military medical

care. But Ukraine faces shortages of staff, including nurses.

In Ukraine, nurses are mainly women, who haven't been drafted, said Roman Kuziev, deputy commander of Ukrainian medical forces on the eastern front. Anesthetists, who administer pain relief, are in particularly short supply.

Antoniuk's team of about 10 have worked together since the start of the invasion. During a lull, laughter bounced around the center's walls. The hospital has two dogs and three puppies they are trying to get adopted.

This stabilization point can see as many as 30 patients a day, but with Ukraine in defensive mode, it can be fewer.

At about 10 p.m., a man was brought into surgery. Shrapnel from a drone had broken one leg, left him with a head wound and torn a large hole through one buttock. A nurse wound several feet of dressing out of his injured buttock, where it was packed to soak up the blood, and dressed the wound. A medic administered pain relief. Doctors examined his head wound. The patient called out in agony.

Soon another ambulance arrived and three patients got out with concussion and flesh wounds. All were patched up and moved on.

Amid the hubbub, Antoniuk projected calm. "You learn to abstract from the situation," he said.

WORLD WATCH



PICTURE PERFECT: Women take photos at an art installation titled 'Padma/Pulse and Bloom' near the Pyramids of Giza in Egypt.

UNITED KINGDOM Ex-Nurse Loses Baby Case Appeal

Former British nurse Lucy Letby lost her bid on Thursday to challenge her conviction for the attempted murder of a baby girl in her care.

Letby, 34 years old, is serving several life sentences with no chance of release after being convicted of murdering seven babies and trying to kill seven others while working as a neonatal nurse at the Countess of Chester Hospital in northwestern England between June 2015 and June 2016.

Letby has continued to proclaim her innocence. She watched the hearing from a prison video link and showed no emotion when judges denied her petition to appeal.

—Associated Press

MEXICO Car Bomb Injures Three at Precinct

A car bomb left outside a police station in the town of Acámbaro in western Mexico has wounded three people, prosecutors in the violence-wracked state of Guanajuato said Thursday. Another blast occurred in the nearby town of Jerezco, but no one was hurt.

The attacks suggested the involvement of drug cartels that have been fighting turf battles for years in Guanajuato.

Despite the violence, newly inaugurated President Claudia Sheinbaum pledged to continue the "hugs, not bullets" approach of her predecessor. Sheinbaum on Thursday said she has ordered the army "not to have confrontations" with the cartels.

—Associated Press

NORWAY At Least One Dead In Train Derailment

At least one person was killed and four injured when a train running along Norway's northern coast derailed on Thursday with 55 people on board, police said.

The Arctic Circle Express was on its way to the northern town of Bodø, above the Arctic Circle, from Trondheim when it left the mountainside track. The four people injured were hospitalized. Their condition was unclear.

Police told Norwegian news agency NTB that a rock slide likely caused the derailment of the train, which was made up of a locomotive and five carriages. The VG newspaper carried a photo of a huge rock that smashed into the train.

—Associated Press

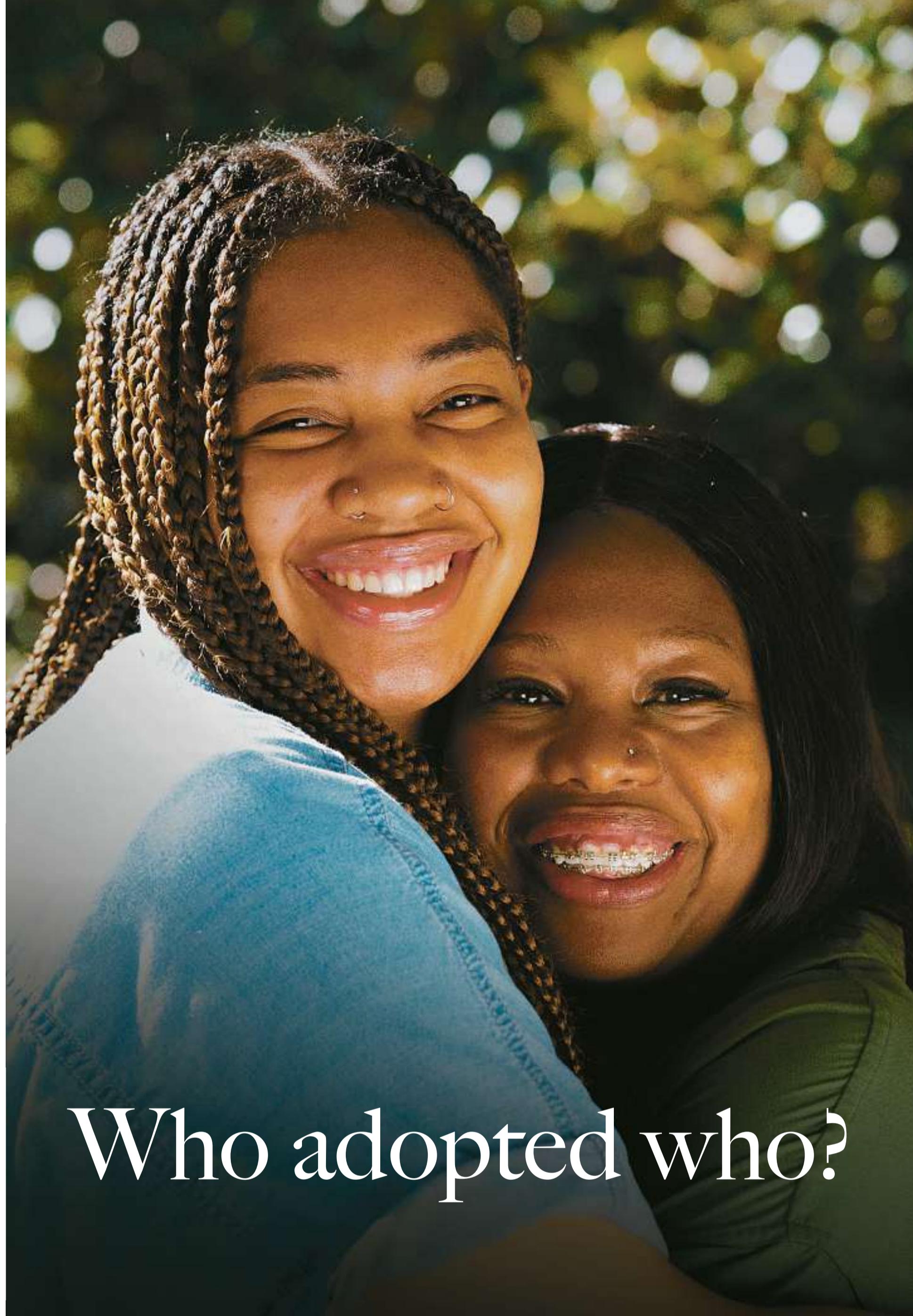
CANADA Immigration Targets Will Be Cut

Canadian Prime Minister Justin Trudeau on Thursday said the country would significantly reduce the number of new immigrants it allows into the country after acknowledging that his government didn't get the balance right after the pandemic.

His Liberal government was criticized for its plan to allow 500,000 new permanent residents into the country in each of the next two years. On Thursday, he said next year's target will be 395,000 new permanent residents, and that the figure will drop to 380,000 in 2026 and 365,000 in 2027.

Trudeau is facing calls from within his party not to seek a fourth term.

—Associated Press



Who adopted who?

Adopt a teen.
You can't imagine the reward.



A D O P T U S K I D S . O R G

WORLD NEWS

Israeli Accusation Imperils Beirut Hospital

After evacuation, health officials deny Hezbollah kept cash, gold in bunker below

By JARED MALSIN
AND ADAM CHAMSEDDINE

BEIRUT—When Israeli military officials said this week that Hezbollah had stashed \$500 million in gold and cash underneath Beirut hospital, the accusation set off a scramble to evacuate the large medical facility out of fear it would be bombed.

Al-Sahel Hospital still stands, though empty of patients and staff. And a debate is raging about whether there are any Hezbollah funds under the medical center, with Lebanese officials vehemently denying the accusation.

The Lebanese Army has launched its own investigation into the claims. U.S. Defense Secretary Lloyd Austin weighed in on Tuesday, saying Israel hasn't provided evidence of its assertion.

Israeli officials have stood by their allegation, saying military intelligence found the

presence of the bunker full of cash and that they are certain of the finding. In the past month, Israel has shown that its intelligence has penetrated Hezbollah thoroughly, pulling off deadly attacks with explosive-laden pagers and walkie-talkies, and killing much of the group's leadership.

Israel said it had refrained from striking the hospital when it hit other Hezbollah-linked economic targets on Monday, which included airstrikes on a nonprofit bank linked to Hezbollah and a separate underground vault of cash and gold used by another bank linked to the group, Al-Qard Al-Hassan. Israeli officials have said they are trying to undermine the group's finances and base of political support.

"The Israeli air force is monitoring the compound, however we will not strike the hospital itself," Israeli military spokesman Daniel Hagari said Monday night.

During the news conference, Hagari showed a video that Israel created to illustrate the bunker below Al-Sahel hospital, and said it includes "rooms, beds, and infrastructure for long stays and the



Al-Sahel Hospital still stands, though empty of patients and staff, after the Beirut facility was evacuated this week.

ability to direct combat from underground," and a vault with hundreds of millions of dollars in cash and gold.

Israeli officials told the public where to look for the money, issuing a set of instructions for where to find a tunnel shaft to what it said was a Hezbollah bunker accessible through a building adjacent to the hospital.

Wall Street Journal reporters visited both Al-Sahel Hos-

pital and one of the two adjacent buildings where the Israeli military said the tunnel could be entered. Journal reporters found the door of a nonfunctioning elevator in the basement location where Israeli officials said one entrance would be.

Al-Sahel's director-general, Dr. Mazen Alame, called the allegations about a Hezbollah bunker with money under his hospital false. He called the al-

legations "a direct threat not only to us but to the health system in Lebanon. It's like dominoes. If we close, the other hospitals will start to close."

Alame and other hospital officials, along with half a dozen people in the area interviewed by The Wall Street Journal, said they had seen no evidence of any tunnels under the hospital and adjacent buildings, which they said also house offices of people opposed to Hezbollah. The private hospital isn't affiliated with Hezbollah or any other political party, and also functions as a teaching facility, Alame said.

"Hezbollah doesn't want you to find the money, so they are likely blocking and hiding the entrance to the bunker in various ways, possibly by building walls to obscure the entrances to the bunker," said Nadav Shoshani, another Israeli military spokesman.

The Israeli claims came as pressure is mounting on the Lebanese healthcare system as a whole. Another Israeli strike on Monday night destroyed several buildings across the street from the nearby Rafiq Hariri University Hospital, killing at least 18 people, Leba-

nese officials said. Rescue workers searching for missing people dug through a mountain of concrete on Wednesday.

Israel said the strike was directed at a terrorist target near the hospital and the hospital wasn't hit. "The hospital was not targeted, and the hospital itself and its operation were not affected," the military said.

The World Health Organization said this month that it verified 23 attacks on health-care facilities and workers since Israel intensified its military campaign in September. The attacks led to 72 deaths and 43 injuries among health workers and patients, the WHO said. In areas affected by the conflict in Lebanon, nearly half of 207 primary health centers have closed, the U.N. body said.

"Israel has not provided enough information about the nature of these funds or how they would be used," said Brian Finucane, a former State Department official who is now a senior adviser at International Crisis Group. "They've got a lot of work to do to establish that this stuff is there and the loot, if it exists, meets the standard for being a lawful military objective," he said.

Israel Steps Up Fight in Gaza's North, Where War Began

A year into the war in Gaza, Israel is back at the site of its first battles and engaged in one of the most ferocious campaigns of the conflict, a do-over that offers a cautionary tale for its other war in Lebanon.

By Omar Abdel-Baqi,
Saleh al-Batati
and Suha Ma'ayeh

Homed in on northern Gaza, Israel has issued evacuation orders for every town north of Gaza City and dispatched two new brigades, in what the military says is its latest attempt to eradicate Hamas from the enclave. It is the third major offensive in the area since the start of the war.

"Jabalia is falling," Chief of the General Staff Herzi Halevi told Israeli troops on a visit this week to the northern area that was the initial focus of Israel's invasion of the enclave.

On Thursday, Israel said the campaign had led to the arrest of more than 200 militants. Earlier in the week, it also cost the life of Israeli Col. Ahsan Daksa, who oversaw the operation that led to Sinwar's killing.

Accounts from residents, health responders and aid groups in the north paint a grisly scene as Israel pursues the operation: Bodies on the street for days and the cries of trapped people emanating from rubble, paramedics unable to reach them because of the risks involved. Footage from Jabalia—verified by Storyful, which is owned by The Wall Street Journal's parent company News Corp—shows Palestinians carrying limp bodies, some with missing limbs, and covering corpses on the street with blankets.

More than 550 people have died in the operation, according to Gaza health authorities whose figures don't say how many were combatants. Aid



Palestinians the Israeli military ordered to evacuate fled Jabalia in northern Gaza on Tuesday as the campaign intensified.

has slowed to a trickle.

Conditions for aid workers and first responders have become untenable, they say. North Gaza's civil-defense team ceased operations this week after saying that it was targeted by Israel and that several of its members were detained. Israel's military didn't respond to requests for comment.

In Beit Lahiya, one of the towns in Gaza's north, an Israeli air raid killed at least 80 people on Sunday, according to health authorities, who still haven't been able to count how many are trapped under the rubble.

Israel disputed the death toll. "We emphasize that the area in question is an active war zone," the Israeli military said.

As the campaign in the north has taken shape, U.S. and Israeli officials have been pressed about reports in the Israeli and international news media of a plan calling for forced civilian displacement in northern Gaza.

A population transfer would allow the Israeli military to regard those remaining as combatants and to impose a complete siege to flush out Hamas, according to

the reported proposal. Brig. Gen. Elad Goren, who heads the Israeli Defense Ministry's aid coordination in Gaza, said the plan wasn't Israeli policy.

Secretary of State Antony Blinken said the U.S. rejected "any effort to create a siege, to starve people [or] live off northern Gaza from the rest of Gaza."

The World Health Organization this week suspended its polio-vaccination campaign in the north because of the danger in the region, and the United Nations said its teams couldn't find food, water or

medicine there.

Israel barred aid trucks from entering the north at the start of October to make way for the two advancing Israeli brigades. Those troops are now operating in Beit Lahiya, Beit Hanoun and Jabalia, where Israel says Hamas militants have resurfaced.

The Israeli military body in charge of aid delivery across the strip, known as Cogat, authorized a restart under pressure from the U.S., Israeli officials said.

—Alexander Ward contributed to this article.

Russia Aided Ship Attackers

Continued from Page One

tion when Washington has sought to focus on the threats from Russia and China.

"For Russia, any flare up anywhere is good news, because it takes the world's attention further away from Ukraine and the U.S. needs to commit resources—Patriot systems or artillery shells—and with the Middle East in play, it's clear where the U.S. will choose," said Alexander Gabuev, director of Carnegie Russia Eurasia Center, a think tank based in Berlin.

A spokesman for the Russian government didn't respond to requests for comment. A Houthi spokesman declined to comment.

Moscow has sought to build tighter military partnerships with autocracies, pulling Iran and North Korea deeper into its Ukraine war effort. The countries have provided am-

munition, drones and missiles, and North Korea sent 3,000 troops to train in Russia in recent weeks, according to U.S. and South Korean officials.

The assistance gives battlefield help to Russia, which is running short on manpower and materiel, but it serves Moscow's strategic aims by destabilizing two regions where its partners are facing off against the U.S. and its allies.

South Korea, a top U.S. ally in East Asia, has expressed increasing concern at the prospect that North Koreans could gain battlefield experience through their exposure to the Ukraine war. South Korea is one of the world's fastest-growing weapons manufacturers, and Seoul warned it would take measures in response, including potentially sending lethal aid to Ukraine.

While South Korea sent weapons to countries supporting Ukraine, it declined to send arms directly.

In the Middle East, the Russian assistance underscores a tectonic shift in its strategy. Putin has strengthened ties with Iran, while turning a cold shoulder to his longstanding relationship with Israel and

Prime Minister Benjamin Netanyahu. Israel has engaged in a growing conflict with Iran and the militias it backs in the region, such as Hamas in Gaza, Hezbollah in Lebanon and the Houthis in Yemen. Putin criticized the U.S. and Israel over the Gaza conflict. On Thursday, he said the region was on the brink of a full-scale war.

The Houthis began launching their attacks in the Red Sea, where ships travel to and from the Suez Canal, late last year in protest against Israel's ground invasion of Gaza, and continued them through the first months of this year. In total, the militants attacked more than 100 ships since November 2023, sinking two and hijacking another.

The attacks caused major disruptions to global trade, as shippers diverted vessels for a period south around the Cape of Good Hope, a longer and more expensive voyage. Almost 1-in-10 barrels of oil shipped every day worldwide transit through Bab al-Mandab, the strait that separates the Red Sea from the Indian Ocean. The tanker traffic through that route was 77% lower in August 2024 com-

Attacks in the Red Sea

● Confirmed Houthi attacks (Nov. 19, 2023-Oct. 9, 2024)



worth of automatic small arms to the Houthis, The Wall Street Journal reported. It was unclear whether the sale had been initiated or blessed by the Kremlin.

Since the Houthis started attacking vessels connected to Israel and its allies almost a year ago, most vessels undertaking the dangerous crossing near their territories have started switching off their radio signals, complicating efforts to track them. Once a vessel goes dark, its live movements can only be continuously accessed through high-quality satellite imaging. Commercially available satellite services tend to suffer gaps in coverage and delays in transmission.

Tankers carrying Russian oil cargoes exported, including by Kremlin-connected Rosneft, have been attacked by the Houthis on several occasions. But these shipments are carried out through a so-called ghost fleet owned by shell companies to evade sanctions whose Russian connection is only known by a close circle of Russian oil officials and market players.

—Saleh al-Batati contributed to this article.

FROM PAGE ONE

Americans Still Seethe Over Prices

Continued from Page One
over prices were last omnipresent—along with disco balls and bell bottoms.

Inflation has slowed dramatically in the past two years, and it was down to 2.4% in September, according to the Labor Department. At the same time, employment and consumer spending have stayed strong, and wages have on average grown faster than prices.

Many economists and Federal Reserve policymakers consider the current economy to be in excellent shape. Cooling inflation has enabled the Fed to start lowering interest rates after raising them in 2022 and '23 to try to bring price increases under control.

Even so, people continue to face painfully high and sometimes rising prices for big-ticket items, including housing, cars, child care and insurance, which contributes to their sense of unease. Many are also struggling to keep pace with price hikes or have been forced to make painful adjustments to keep up. In a fresh sign of strain, a Fed report Wednesday noted some signs of Americans shifting toward cheaper purchases.

Others are simply irritated by having to pay much more for groceries, a deli sandwich or their morning coffee—even if their own pay hikes have made such items even more affordable than they were before the pandemic. Some in this camp feel the higher prices have devalued raises they worked hard to get.

Deep unease

Polling has reflected deep unease for months, despite the inflation figure's sharp improvement. The latest Wall Street Journal national survey, released Wednesday, shows about three-quarters of respondents believe costs for everyday goods and services outpaced household income in the past year.

In the Journal's survey in late August, 38% of voters said the cost of living was still rising and creating major financial strains for their families. It was the highest level since the Journal started asking the question in November 2021, when inflation was much higher.

The numbers present a challenge for Vice President Kamala Harris, as polls steadily show voters give former President Donald Trump higher economic marks. Even though many economists say Trump's policies would mean more inflation and higher deficits, periods of higher prices typically cast long shadows on incumbent parties.

Both campaigns understand the need to appeal to voters' continued sense of anger over prices. Trump has said he would push to end taxes on Social Security benefits and overtime pay, as well as to make car-loan interest tax-deductible. Harris has proposed offering \$25,000 in down-payment assistance for many first-time home buyers, a new Medicare benefit for in-home elderly care and measures against price gouging.

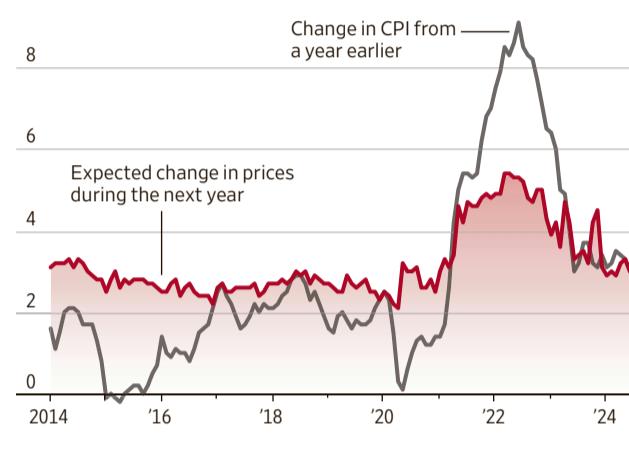
The mid-2022 inflation peak came after Covid-19 badly disrupted supply chains, and



Marilyn Huang and her partner, Andy Huber, do yardwork themselves instead of hiring someone at their home in Doylestown, Pa.

HANNAH YOON FOR WSJ

Consumer views of 12-month inflation



Sources: University of Michigan (consumer expectations and sentiment); Labor Department (change in CPI)

High prices' impact on economic views



Americans, flush with savings from government stimulus programs, kept on spending. Russia's invasion of Ukraine also drove up oil and gas prices.

The Labor Department figures measure year-over-year change in consumer prices. The Federal Reserve's preferred measure, from the Commerce Department, tends to run cooler. It shows prices up 2.2% from a year earlier as of August.

Still, if there were five stages of inflation grief, Americans have yet to reach acceptance.

For Jeannie Ricketts, the remainder comes when she shops for organic raspberries. She has a price stuck in her head from a few years ago: \$3.99 for a small package. Now, she sees them going for \$4.99 or more in her Austin, Texas, supermarket.

She's opting instead for frozen berries when the fresh ones aren't on sale.

The 56-year-old, a state government attorney, said her pay raises have outpaced average price increases since 2020.

"It's really irrational to say you wouldn't just pay an extra dollar for raspberries," Ricketts said. "But when I get raspberries for \$3.99, I'm happier."

The University of Michigan's Surveys of Consumers from late September and early October show Americans have significantly lowered their expectations for continued inflation. At the same time, 44% of those surveyed said high prices were worsening their personal finances. This is near the 47% who said the same thing just after the 2022 inflation peak.

"Consumers know that inflation has slowed," said Joanne Hsu, the Survey's director. "Their views of the economy are very much colored by the fact that they remain frustrated by high prices."

Survey data show consumer sentiment has improved from its mid-2022 trough, but it remains well under where it was before the pandemic took off.

Cristian Cook in Leland, N.C., still feels frustration when grocery shopping. "When you get to the cash register, it's like, wow, I didn't really get a whole lot here and it's still over \$100," the 33-year-old phone and internet field technician said.

For Cook and many others,

the reaction is about more than just sticker shock. His pay has increased about 8% in the past four years, less than average price increases. He and his wife used to take their 5-year-old daughter out each weekend for a restaurant meal and fun activity, like a trampoline park. Those outings are now monthly.

They live in one of the seven swing states likely to decide the November election. After voting for President Biden in 2020, Cook said he is undecided this year but was recently leaning toward Trump. At the same time, he said he is intrigued by Harris's proposal to crack down on price gouging.

A key question is how long those scars last, and there are limited examples to draw on for answers. During the 1970s and

Surging prices were a mainstay of the 1970s and early '80s, when inflation sometimes reached double digits. Paul Volcker, then a new Fed chairman, remarked in late 1979 that "an entire generation of young adults has grown up since the mid-1960s knowing only inflation, indeed an inflation that has seemed to accelerate inexorably." That long-running surge meant an item that cost \$25 in December 1965 cost more than \$60 in December 1979.

Ulrike Malmendier, an economics and finance professor at the University of California, Berkeley's Haas School of Business, has studied the way living through inflation and other eco-

nomic turbulence affects people long afterward. This is even true for members of the Federal Reserve, whose views on inflation often appear linked to the times they lived through.

Most models say that once problems like high inflation subside, people are expected to resume their prior behavior, Malmendier said. But her research shows people actually carry scars that can long influence how they spend and save.

"We are not robots," she said.

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ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

Coming of Age in Clay

'Memoir of a Snail' is a wry stop-motion movie about Australian twins

Early childhood is like being drunk, we learn in the stop-motion animated feature "Memoir of a Snail": "Everyone remembers what you did except you."

Ah, but later childhood, that's where the most indelible memories are generated. In this utterly charming, homemade-looking film from Australian writer-director Adam Elliot, the lead characters make a point of clinging fiercely to every memory, from the transcendent to the embarrassing, about growing up.

Launching with a tiny mystery—a dying old woman croaks her last word, and that word is "Potatoes!"—"Memoir of a Snail" traces the life stories of two loving twins, Grace and Gilbert, voiced by Sarah Snook and Kodi Smit-McPhee, who are inseparable until they get separated. After losing their mother in childbirth, they also lose their alcoholic father, and each is adopted by a different family, more than a thousand miles apart in Australia. They write longingly to each other about their cramped, miserable lives.

Grace, who is so obsessed with snails that she not only keeps them as pets but collects gastropod-related memorabilia and almost always wears a snail hat, is raised by a kindly, well-meaning couple ("their favorite color was beige") in the East, in sleepy Canberra. They are also flamboyantly odd nudists, and eventually lose interest in the little girl. (Despite its childlike tone, the film is rated R because of those nude figurines,

its references to sexual situations and a scene featuring disturbing violence.)

Gilbert, sent to Perth on the west coast of the continent, grows up in a clan of hypocritical fundamentalist Christians (his new brothers are Wayne, Dwayne, Shayne and Ben) who wear magnets to ward off disease, run an apple orchard and have their own church on the property, where the father collects money from the other family members so he can

spend it on whiskey.

A delighted appreciation for eccentricity is everywhere in this feature, which takes a caricaturist's pleasure even in the characters targeted for mockery. Mr. Elliot, whose best-known previous work, also in this form, was "Mary and Max" (2009), has said he pours a lot of biographical elements into his work, and his script is saturated with oddball details that sound too colorful to have been manufactured. For instance,

Pinky (Jacki Weaver), the elderly woman who becomes Grace's only friend ("She smelled like ginger and second-hand shops," we are told), earned her nickname when she got a finger chopped off in a ceiling fan while dancing madly in Spain. No regrets bedevil her, though; among many fond memories from an exceptionally busy life, she says, is having made love with John Denver in a helicopter. Grace and Gilbert's father was a Parisian street performer, and so

▲ Grace (voiced by Sarah Snook), a girl obsessed with snails.

Gilbert vows to move to Paris to be a fire-eater. Grace confesses her secrets to a snail named Sylvia, after her mother's favorite writer, Sylvia Plath, and the mention of that poet is one element by which Mr. Elliot conjures a frail, delicate, but somewhat arch sadness that recalls the childhood-revering films of Wes Anderson and the Netflix adaptation of "A Series of Unfortunate Events."

Mr. Elliot's script is so rich and gently funny that he could easily have made an excellent live-action feature from it. As it is, though, the animation makes it even more lovable. The clay figurines are lumpy and malformed, and everything is as disarming as if a child made it at summer camp. As though in answer to the polish of big-budget Hollywood animation, the sets are a bit dingy and worn, a cross between the earnest simplicity of the Rankin/Bass animated TV specials of the 1960s and '70s (such as "The Year Without a Santa Claus") and the light grotesqueries of such Tim Burton offerings as "Corpse Bride."

The humility is central to the appeal of this deeply felt feature, easily one of the best films in a year that has been the cinematic analogue of Grace and Gilbert's childhood. Their strange misadventures are so specific as to take on a universal quality, at least for those who recall every mishap, failure and indignity of the past with a combination of sorrow and wry acceptance. As Pinky wisely puts it, "Life can only be understood backwards, but we have to live it forwards."



► Pinky (voiced by Jacki Weaver) in Adam Elliot's moving film.

TELEVISION REVIEW | JOHN ANDERSON

Sideline Sleuths In an English Village

"YOU TOLD ME YOU'D STOP poking around," the weary detective says to the amateur sleuth in "The Marlow Murder Club." The response is detective-fiction gold: "Yes, but I was lying. We both knew that." The Marples, Fletchers and Cordelia Grays of the world have seldom been so honest about their nosy pastimes. Or, like the women of the "Club," so happy to be getting in the way.

Created by Robert Thorogood, who also adapted the first in his book series, "The Marlow Murder Club" has a title that recalls "The Sisterhood of the Traveling Pants," "The Jane Austen Society" or even "The No. 1 Ladies' Detective Agency." But why does it have to be about a group? Couldn't it refer to a blunt instrument? It doesn't in this case, nor is the four-part series close to blunt, except perhaps in its portrayal of the police, who are regularly trumped by our heroic trio—Judith Potts (Samantha Bond), Suzie Harris (Jo Martin) and Becks Starling

(Cara Horgan). All are at loose ends in their Buckinghamshire village. A serial murderer tightens things up.

As directed by Steve Barron, Marlow itself is presented visually in get-me-on-an-airplane fashion, a precisely postcard England of hedges, churches and Tudor-style houses that telescopes down to Judith, a retired archaeologist who

has just composed a crossword for the local paper, has a drink at the stroke of 6, and then takes her daily naked plunge into the Thames—which is just outside the door of the majestic home she has recently inherited. (Lest anyone think archaeology pays.)

Hearing a "kerfuffle" and a gunshot, she calls the police (after getting dressed), gets little response, and the next day punts herself across the river with a handsome leather pouch of archaeologist's tools; locates, photographs and measures what turns out to be a Nazi-era shell casing; and finds a body.

Suzie is a dog walker and empty-



▲ Jo Martin, Samantha Bond and Cara Horgan in 'The Marlow Murder Club.'

nester whose client list suddenly seems endangered. Becks is the local minister's wife, whose husband is distracted and whose children are ungrateful wretches. Judith, however, is a genuine original, portrayed with a healthy dose of mustard by Ms. Bond and dressed to perfection by costume designers Helen Ashley and Lucia Santa Maria. Having been pooh-poohed by the recently elevated police detective Tanika Malik (Natalie Dew), Judith indicates quite strongly that she doesn't trust her. But Tanika's colleagues don't really either. This is especially true of the resident misogynist on the force (Phill Langhorne), a standard-issue villain in this type of thing, adjacent to the actual villain.

That malefactor might be Marlow's arts-and-antiques dealer Elliot Howard (Daniel Lapaine), who has the temerity to try selling a figure he claims Howard Carter brought back from King Tut's tomb in 1922 and to do it right in front of Judith. ("Your Anubis is a fakel" she says, triumphantly.) Or it might be the town's obsessive collector of Nazi memorabilia (including a Luger). Or someone who rode in the taxicab of

Iqbal Kassam (Umit Ulgen), whose meter has been turned off for good.

"The Marlow Murder Club" does engage in some outright silliness; Judith pushes her luck outrageously; Suzie thinks dogs are people; the police department briefings are staged either to bring us all up to speed on the official investigations—which languish without the Murder Club ladies—or to show how inept small-town law enforcement can be. I think it is the former, a writerly glitch rather than an editorial about crime and punishment.

Besides, there are only so many conventions one can avoid in putting together mysteries about epidemic murder in tiny English villages, gentle-folk-turned-private eyes and a criminal-justice system so clumsy at doing what it does.

"Marlow" begs our indulgence, in other words, but given its various charms, it needn't make very much doing so.

The Marlow Murder Club
Begins Sunday, 9 p.m., PBS

Mr. Anderson is the Journal's TV critic.

ARTS IN REVIEW

THEATER REVIEW | CHARLES ISHERWOOD

New York You might think of the new Broadway production of "Romeo and Juliet" as a teddy-bear picnic—with ecstasy as party favors. Actually the ecstasy is only a conjecture, but both the stage and the lobby of the Circle in the Square, where the director Sam Gold's raucous riot of a production is playing, are awash in stuffed bears of all sizes, from standard cuddly to larger than a grizzly.

Whimsical it may be, but the motif is apt for Mr. Gold's interpretation of Shakespeare's tragedy of thwarted love, which stars Kit Connor, a heartthrob from the popular British young-gays-in-love series "Heartstopper" on Netflix, and Rachel Zegler, who played Maria in Steven Spielberg's "West Side Story." The lovestruck pair and most of their Montague and Capulet allies act with the headlong impulsiveness of teenagers channeling their inner kindergartner. They leap before they look, whether the matter at hand is a sudden swoon into—or out of—love, or a brawl that turns deadly. It's "R and J" with ADHD.

It's hard to think of a show that smells more like teen spirit, to riff on a song title from a band that was (sadly) defunct before most of the actors onstage were born. And while Mr. Gold's flashy, neon-hued staging is unlikely to leave anyone in floods of tears or even a modest puddle at its famous denouement, the boundless energy radiating from the stage lends the production a rollicking momentum that's hard to resist.

The setting is, as might be guessed, contemporary. Verona is depicted as an endless party, with the characters wearing costume designer Enver Chakartash's glittery athleisure wear, flashy sneakers, flesh-baring tops and fashionably unskinny jeans (lots of them); a DJ spinning now and again; and a few original electro-pop songs by the 11-time Grammy-winning songwriter and producer Jack Antonoff, best known for his frequent collaborations with Taylor Swift. Whatever the Gen Z term for hipness is, this "Romeo and Juliet" is amply stocked with it. (A visit from Ms. Swift and her football-playing, teddy-bearish boyfriend, Travis Kelce, seems inevitable.)

But all the frenzied activity, which spills off the stage into the auditorium, and even into the rafters above it, doesn't get in the way of Shakespeare's enduring tale, even when it seems to be trying to. "Romeo and Juliet" benefits from a pedal-to-the-floor approach, as events conspire with accelerating speed to destroy the newborn love of the title characters.

Mr. Connor, whose handsome, freckled baby face sits somewhat startlingly atop a body that suggests many

Raucous Romance on Broadway

Directed by Sam Gold, 'Romeo + Juliet' is a frenzied, youthful production of Shakespeare's tragedy



hours logged at the nearest Equinox, gives the evening's standout performance. His Romeo, first drenched in broody gloom as he laments his unrequited love for Rosaline, is lightning-struck when he sees Juliet at the Capulet ball. (Maybe his silver-sequined suit con-

hangs above the stage, a clever touch—she is seen idly flipping through a celebrity magazine, which does not suggest a young woman so overwhelmed by love that she has to share her tortured thoughts (she has learned Romeo is of her family's enemies, the hated Montagues) with the night air.

Several actors play more than one supporting role.

Gabby Beans portrays three characters: a feisty, teasing Mercutio whose hotheadedness helps set the tale's dark turn in motion when he tangles with Tybalt; the Friar ("I'm the Friar now," Ms. Beans helpfully announces, donning a somewhat incongruous neon-yellow safety vest); and the Prince of Verona. Tommy Dorfman plays Tybalt with seething antagonism, but also Juliet's loquacious Nurse—I would imagine the first time a single performer has essayed these diverse roles. (Funny that they both go to the same salon for a bad blond dye job and worse perm.)

Both Lord and Lady Capulet, their parts somewhat truncated (no complaints), are played by Sola Fadiran, whose imperious presence captures their nobility effectively. And Tahseen Modak, who makes for an impeccably spoken Benvolio, returns in the small role of the apothecary whom Romeo bribes into

The director takes a constantly accelerating approach to the star-crossed story.

ducts electricity.) Mr. Connor brings a moving transparency as well as a sense of fervid urgency to Romeo's devotion, and his handling of the verse is marked by a fine limpidity.

Ms. Zegler's Juliet is less comfortably idiomatic. Shakespeare's language comes across cleanly but mechanically, as if she is reciting the verse but not fully entering into the rich feeling embedded in it.

Some of the fault might lie with Mr. Gold. As the famous balcony scene opens—Juliet's balcony is actually her bed, which descends to

▼ Ms. Zegler ('West Side Story') and Mr. Connor ('Heartstopper').

▲ Rachel Zegler and Kit Connor in the production of the classic play.

giving him the fatal poison.

As the lovers hurtle toward their deaths, the already-speedy production gains more steam. (Romeo's fatal encounter with Paris goes by the wayside.) As a result the ending feels abrupt—wait, the party's over, and everyone's dead?

This may in part be why Mr. Gold doesn't succeed in making us feel the awe and horror, the sense of waste, we should at the mischances that result in the deaths of the lovers.

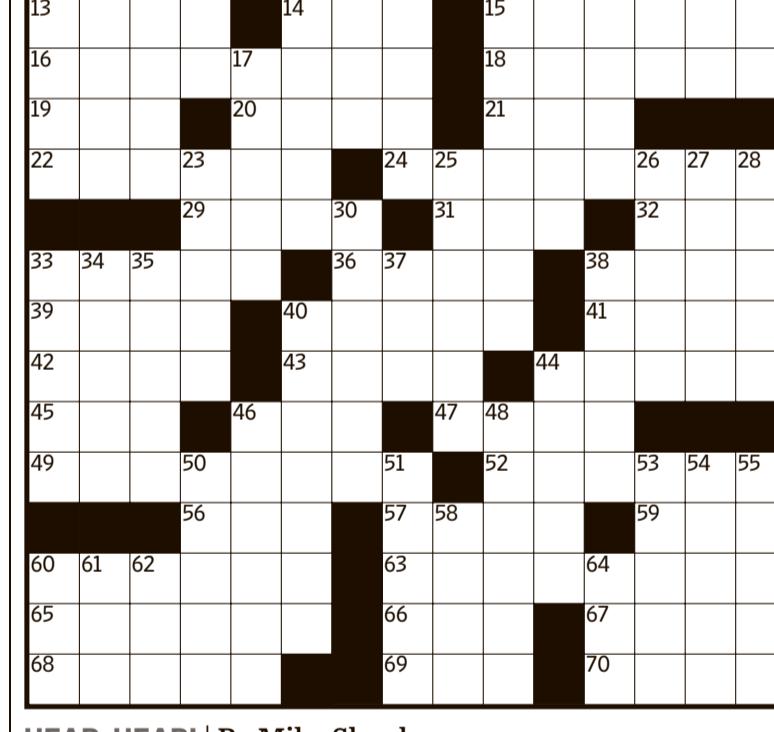
But at least it lets Mr. Connor and Ms. Zegler out at a reasonable hour to greet the hundreds of fans waiting for them after the performance. While this isn't the most subtle or emotionally resonant "Ro-

meo and Juliet," it is unquestionably bringing enthusiastic younger audiences to the theater, in itself a worthy and impressive achievement.

Romeo + Juliet
Circle in the Square, 235 W. 50th St., New York, \$84-\$380, 212-239-6200, closes Feb. 16, 2025

Mr. Isherwood is the Journal's theater critic.

The WSJ Daily Crossword | Edited by Mike Shenk



PUZZLE CONTEST

- 26 Serengeti beast
- 27 Played slowly
- 28 Maker of Supersonic Nural hair dryers
- 30 Modest
- 33 Tribe leader
- 34 Cersei's twin brother on "Game of Thrones"
- 35 Listless feeling
- 37 Brooks with an EGOT
- 38 Car part with a blade
- 40 Hauls in
- 44 Deli device
- 46 Went around in circles
- 48 Squirrel's hoard
- 50 Zenith's opposite
- 51 Falling-outs
- 53 "Gone With the Wind" surname
- 54 Slash, say
- 55 "On Photography" writer Sontag
- 58 Active sort
- 60 "The Equalizer" network
- 61 Join the crew
- 62 Analysis topic
- 64 Settle up

HEAR, HEAR! | By Mike Shenk

The answer to this week's contest crossword is an apt 10-letter phrase.

Across

- 1 Bruiser
- 5 H.S. subject
- 8 Bit of inspiration
- 13 Hand price
- 14 Tennis star Shriver
- 15 Difficult to find
- 16 Site for a pregame party
- 18 President from Missouri
- 19 Quirk of behavior
- 20 Bear in the sky
- 21 Sushi bar staple
- 22 Deals with a mistake, perhaps
- 24 Dvořák symphony subject
- 29 Pre-owned
- 31 Fifth of a dozen
- 32 Casual greeting
- 33 VCR button
- 36 Dubai dignitary
- 38 Part of a pitcher's record
- 39 Tall and gangly
- 40 Add to, as a bill
- 41 A big fan of
- 42 Clamors
- 43 Occupy the throne
- 44 One might stir things up
- 45 Green egg layer
- 46 Make a mistake
- 47 Pumpkin spice ingredient, often
- 49 Comet, e.g.
- 52 Songs in the snow
- 56 Spots
- 57 Beloved one
- 59 Rockets, on scoreboards
- 60 Charging need
- 63 Dogs offer them when asked to shake
- 65 Unidentified planes, in military slang
- 66 One of a pair of numbers before "good buddy"
- 67 Field of expertise
- 68 Foil, e.g.
- 69 Coll. applicants, typically
- 70 Story Down
- 1 Barista's creation
- 2 Way to walk
- 3 City east of Syracuse
- 4 Aviv
- 5 Thinly scattered
- 6 "Mr. Mistoffelees" show
- 7 Clarifying words
- 8 Rather odd
- 9 "The Alchemist" author Coelho
- 10 Radius setting
- 11 Letters once atop 30 Rock
- 12 2023 role for Ryan Gosling
- 15 Liner worker
- 17 Member of the party?
- 23 Is really awful
- 25 "Not Afraid" rapper

Previous Puzzle's Solution

APES AMIGAS SAG
POLK MODELS USE
PLAY STATION SIT
OSLO BACH SHAM
STINE GOAL LINE
SHOT GUN SUE
AIM RAUL SWIPE
GRE POP TART NHL
ATRIA SEMI CEL
RNA ACETONE
MEGATRON ALAMO
AXON CRED STEM
GUY TAKE ALLETTER
IRA IN IDLE LANE
CBS SENSE EXAM

► Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Oct. 27. A solver selected at random will win a WSJ mug. Last week's winner: Thomas P. Smolucha, Kearny, NJ. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)



SPORTS



Here it is: Major League Baseball's fantasy World Series. Will it live up to their dreams?

For years, we've heard what a better baseball world it might be if the game's biggest teams and brightest stars met in the Fall Classic.

A noisy marquee showdown, the theory went, would lift a shrinking sport beyond regional attachment and hardcore freaks into something broader and culture-spanning.

Spoiler alert: I'm not sure it can. The world has changed, as has TV, to say nothing of attention spans and taste. The horse is out of the dugout, to coin a nonsensical phrase.

Baseball will never be as big a deal as it was in the good old three-network rabbit ear days...but could it inch closer to, say, semi-excited water cooler and podcast talk, like "Thursday Night Football" or the finale of "Succession"?

Now we find out. The New York Yankees and the Los Angeles Dodgers, led by superstars Aaron Judge and Shohei Ohtani, open the 2024 World Series with Game 1 Friday night in Chavez Ravine.

Baseball couldn't ask for more. Here are two brassy, profligate, polarizing coastal powerhouses with massive fan bases, proud traditions, and plenty of haters in other cities (or their own) who can't stand either club.

You love them, you hate them, you'll watch. At least that's the idea.

Once upon a time, of course, Yankees vs. Dodgers was as big as it got in sports. The 1978 Series remains the most watched Series ever—an astonishing average of 44 million viewers per game.

Back then, baseball sucked up the national oxygen in the way the NFL does now. Indelible names come roaring back: Reggie Jackson, of course, and his manager/antagonist, Billy Martin. Mickey Rivers. Willie Randolph. Thurman Munson. Goose Gossage. Lou Piniella. Gator Guidry. Bucky Dent. (Or Bucky F. Dent, as he's known north of Connecticut.)

Across the diamond in blue: Steve Garvey. Ron Cey. Dusty Baker. Davey Lopes. Don Sutton. Tommy John—the pitcher, not the operation. Steve Yeager holding court in the dirt. Rick Monday. Bill Russell, the baseball one. Tommy Lasorda, a quippy Philly kid who transformed into a quintessential Angelino.

The pivot to the 1980s brought boldfaced additions to the rivalry like Dave Winfield, Pedro Guerrero, and rookie dynamo Fernando Valenzuela. No one who saw young Fernando twirl will ever forget him. May he look skyward in peace. Sixty-three is too young.

That's as far back as I go. Perhaps you go back further, to even more iconic Yankee-Dodger days, to Sandy and Drysdale, Mickey and Yogi, Duke and Gil and Larsen's Perfect Game. Some of you are lucky to have rich memories of Joe D. and Jackie. You can still hear the velvety young voice of Vin Scully,

JASON GAY

Is This Yankees vs. Dodgers World Series Baseball's Salvation—or Its Last Stand?

A shrinking pastime gets a marquee matchup of superstars and love-to-hate coastal cities



Above: Reggie Jackson hit three home runs in Game 6 of the 1977 World Series. Left, the Dodgers celebrate after winning the 1981 World Series.

took shape over years, if not decades.

Baseball's different now. The sport's never been more stuffed with money, but the national mindshare has dropped. The game is more transient. MLB deserves credit for recent innovations—its godsend pitch clock to accelerate play; the limits to bullpen changes; incentivizing stolen bases—but the pastime doesn't grip the country in the way it did when Reggie smacked three taters in '77.

Again: what does, besides football? Mostly everything else has been cannibalized by competition, dwindling attention spans, social media, and other digital ephemera. Sports columnists are dodos, too! Back in the old days, you wouldn't scroll through this column on your phone. You would read it in print, with a healthy fistful of bacon, plus a morning cigar, then fold it neatly and stuff it in the bottom of your parrot's cage.

Nostalgia is a crutch, of course. Life goes on, as do human habits. The temptation to say everything was better way back when is a stubborn trap.

Here's what's better about this

World Series: Ohtani. The outrageous 30-year-old slugger-slash-pitcher from Japan, who escaped witness protection with the hapless Angels to join the Dodgers, finally gets the biggest possible showcase for his talent—albeit only at the plate, as he continues to rehabilitate from offseason arm surgery.

He's worth the ticket, in any capacity. Ohtani is the most talented player in baseball and would have been the most talented player on the field in any one of the 11 World Series meetings of the Dodgers and Yankees. His immaculate swing can change a game in an instant; his mere appearance at the plate changes the ions inside a stadium.

That's the energy baseball needs. A magical finale from Ohtani and/or Judge likely won't pull this Series even halfway to that 44 million milestone (though add the wild ratings in Japan, you'll get close). But it will get people talking in a way they haven't talked about this game in a while. You may love these two teams, you may despise them both, but baseball's dream Series is here. Let's see what its reality has become.

MLB/GETTY IMAGES; ASSOCIATED PRESS

The Professional Golfer Finally Hitting His Prime at the Age of 52

BY ANDREW BEATON

NOBODY KNOWS how cruel the game of golf can be quite like a guy named Tim O'Neal.

He spent decades grinding his way through rounds on the sport's far-flung, low-rung tours, taking him everywhere from Morocco to Colombia. He never reached his way onto the PGA Tour. And he missed out getting there in excruciating fashion—twice.

But O'Neal's decision to never quit the game he loved just paid off in epic fashion. At 52 years old, he pulled off the biggest win of his life.

With a score of 13-under par last weekend, O'Neal won the first PGA Tour Champions playoff event of the season for a payday of \$350,000—hundreds of thousands more than he had ever before earned at a single tournament.

Yet O'Neal's out-of-nowhere success on the senior circuit for players aged 50 and older came as no surprise to one person: himself.

Despite his age and a career that included a pair of flameouts at qualifying school, O'Neal believes he's playing better than ever at an age when his body should be breaking down—because he's mentally stronger than ever on the course.

"I was always one of the big disappointments or disasters that happened there at Q school," O'Neal says. "You don't want to be remembered as a guy that almost made it and didn't quite get there."

Before O'Neal was golf's ultimate journeyman, he thought he was scratching the surface of a

bright career. After a successful college tenure playing under coach Eddie Payton—the brother of a guy named Walter—at Jackson State, the Savannah native won Georgia's amateur championship in 1997. For a short time, he was even sponsored by actor Will Smith.

But soon after he turned pro, he learned just how maddening his chosen profession can be.

O'Neal walked onto the 18th tee box of qualifying school at PGA West in 2000 needing a mere boogey to earn his PGA Tour card. That's when he sent his drive into the water. He later found the sand, sent a shot past the green and by the time he found the bottom of the cup, he had re-coded a triple.

That wasn't his only heartbreak in the event. Four years later, he missed out at qualifying school yet again, this time by a single stroke.

"He's not a slouch," said caddie Lorcan Morris, who had followed O'Neal for years before working for him this year. "For whatever reason, because of the rub of the green, he had never gotten to the next level."

In the meantime, O'Neal was left to try to make his way through golf's backwoods. He played on circuits even golf fanatics haven't heard of, from the EPD Tour (a developmental circuit in Germany) to the Golden Bear Tour, a third-tier outfit in the U.S. founded by Jack Nicklaus that no longer exists.

The life of a golfer like O'Neal is particularly arduous not simply

because the paydays are minuscule. The exorbitant costs also make even breaking even a distant hope for most players.

There are hotel stays, caddie rates and entry fees. They have to decide between making a 14-hour drive or splurging for a flight. O'Neal even remembers using a lighter bag rather

than the bulky pro-style one to avoid overweight baggage fees at the airport.

For a time, O'Neal worked at a golf store and gave lessons to supplement his income. He thought about quitting until his mother told him he was simply too talented. As it happened, O'Neal agreed with her.

"I always felt that I had the potential to win bigger tournaments," he says.

Over the last decade, he began to play his way up the minor circuits. He had a successful run on the Alps Tour and in 2013 won twice on PGA Tour Latinoamericas. Two years after that, he played his way into his first major, the U.S. Open, where he missed the cut by two strokes—which was still nine strokes ahead of Tiger Woods. He also spent time on the APGA Tour, which aims to give opportunities to minorities in golf.

Finally, two years ago, O'Neal faced a situation that was all too familiar: trying to qualify his way onto the Champions Tour, which

many view as the hardest to get onto. As usual, it came down to the final hole. Knowing what he had been through in the same situation, it was that much sweeter when his par putt went in to secure a berth that placed golf's nearly man on the same circuit as former major champions such as Ernie Els and Padraig Harrington.

Then, this past season, he and his team put more focus than ever into honing his game. He was already one of the biggest hitters on the senior tour (297.8 yards per drive), but he had to improve the worst parts of his game, such as his distance control with his irons, to come out on top.

Last weekend's Dominion Energy Charity Classic was proof of how far he had come in that regard. Despite his power, he laid up on every par five—and birdied nearly all of them en route to his first-place finish.

"We didn't win last week playing our best golf," Morris said. "We won being the best mentally."

The win wasn't only big because of the life-changing payday, or because O'Neal found the Champions winner circle for the first time. He entered the tournament 55th in the standings—and only 54 would make it to the next stage. Finishing first easily sent him through.

That meant O'Neal couldn't spend too long celebrating. He has another playoff tournament to try to win this weekend.



SCOTT TAELSON/GETTY IMAGES

OPINION

Kamala's Basket of Deplorables



POTOMAC WATCH
By Kimberley A. Strassel

comment and decision. Yet if Democrats lose this election, it will be because of a choice her team made long ago: to replay the Hillary Clinton campaign.

Ms. Harris spent her week alongside former GOP Rep. Liz Cheney, courting disaffected Republicans and making herself more available to the press. This in theory is a sound use of valuable closing time. Polls show a narrow slice of undecided voters in swing states could decide this election, and many are independents and moderates who harbor deep reservations about Mr. Trump. Polls also show that voters still don't know enough about Ms. Harris's intentions.

Yet they aren't learning anything new. Ms. Cheney spent the entirety of a Birmingham, Mich., town hall excoriating Mr. Trump for his misdeeds, complete with the following thesaurus: "depravity," "misogyny," "vicious," "vitriolic," "erratic," "unstable," "venom," "dangerous" and "cruel." She lectured audiences that they must vote their "conscience."

Ms. Harris filled in the blanks. Her opening remarks

at the event consisted of two sentences noting she'd been a prosecutor and lived outside Washington, before pivoting to what was at "stake" in an election in which her opponent has contempt for both the Constitution and "the rule of law." The next 40 minutes: Mr. Trump is "unserious," "unfit," "exhausting," "harmful" and easily "manipulated" and stands for "fascism 'to his core.'"

Americans have heard all this before—thousands of times. Mrs. Clinton battered Mr. Trump in 2016 as more toxic than botulism, utterly unfit for the Oval Office. The press and Democrats spent the next four years accusing him of conspiracy, fraud, self-enrichment, authoritarianism and ineptitude, after which President Biden turned "MAGA Republicans" into a pejorative. This is so familiar by now that the definition of an undecided voter is someone who is aware of Mr. Trump's problems yet unpersuaded to vote for his opponent.

Ms. Harris is giving them nada. Undecided participants in this week's CNN town hall pleaded with her for details. She responded with the barest of platitudes. What "specific" actions would you take to bridge the partisan divide? Ms. Harris: I'll be "a president for all Americans" with "common-sense" and "practical" solutions. What one policy goal would be your priority in Congress? Ms. Harris: There's "not just one," and we need to "get

past this era of politics and partisan politics," and I will "invest" in "the industries of the future." After four years of Mr. Biden, please (please! please!) "differentiate" your policies from his. Ms. Harris: I represent a "new generation" with "new approaches," and I bring "my experience, actually taking care of my mother." All the space in between these nothingburgers was, of course, filled with casting Mr. Trump as the root of all evil.

If she loses, it will be because she decided to reprise Hillary Clinton's campaign.

Her bigger problem: This portrayal of Mr. Trump as an unconscionable pick is potentially turning voters away—as in 2016. Even Mrs. Clinton in retrospect admitted that her description of would-be Trump voters then as a "basket of deplorables"—"racist, sexist, homophobic, xenophobic, Islamaphobic, you name it"—might have lost her the election. Her attempted clean-up was just as bad, when she allowed the next day that not all Trump voters were loathsome—many were just losers or dupes who didn't understand Mr. Trump was conning them, and if anything deserved liberal empathy. This smug arrogance turned off millions of voters.

Ms. Harris hasn't been so stupid as to revile openly the great Trump unwashed, but the Harris/Cheney tour amounts to the same. How else to think of anyone voting for—or more to the point, thinking of voting for—a "toxic," "unstable" "fascist" "threat" to the Constitution? Americans like to be treated as if they have a brain—in this case, to assume they are well aware of Mr. Trump's risks and shortcomings but also understandably worried about electing a vapid Biden retreat. Ms. Harris's closing argument amounts to: Good people vote for Democrats.

A last problem: Americans are sick of rehashing the past eight years. A campaign obsessing on what Mr. Trump did or didn't do years ago is a campaign failing to scratch the huge public itch for a candidate with a plan for the future.

Ms. Harris's stall (decline?) in polls neatly coincides with her decision around debate time to ditch her focus on "joy" and the "future" in favor of making the race all about her opponent. It also coincided with a growing public and press demand that she offer more policy specifics. She doesn't want to go there, since that agenda remains a supersized version of Mr. Biden's, which is unpopular. Her campaign seemed to hope that a pivot to Trump would further spare it the conversation. It isn't working.

Write to kim@wsj.com.

How to Recover American Jewish Identity

HOUSES OF WORSHIP
By Elliott Abrams

people. Those in Israel endured Hamas's savagery, while many in the U.S. experienced the largest wave of antisemitism in decades, mostly on elite campuses Jews had idealized for a century.

As the new year begins, the state of the American Jewish community is daunting. While American Jews are proud of their achievements, they are mostly secular in nature: high levels of assimilation, education and income. The record of distinctly Jewish achievements is mediocre at best: less Jewish education and knowledge of Hebrew and fewer visits to Israel than any other major diaspora community. If these trends continue there will be fewer Jews who strongly support Israel, are involved in Jewish life, and are interested in passing their identity to their children and grandchildren.

The numbers tell the story. About a third of those raised Jewish, or with at least one Jewish parent, no longer identify as such. A 2020 Pew Research Center report found that of the 2.4 million children living in a household with at least one Jewish parent, half are being raised exclusively as Jews. For the non-Orthodox, the intermarriage rate is more than 70%. Only 45% of those who practice their Jewish faith say it's "very important" to them that their grandchildren be

Jewish. Only 4% of Jews who no longer practice their faith say the same. Roughly 45% of American Jews have visited Israel at least once—and 48% of those under 30 say they're "very" or even "somewhat" attached to Israel.

Campus antisemitism is unlikely to slow the decline in support for Israel among this younger cohort. How students react to displays of Jew-hatred depends on what they bring to campus—a robust or weak sense of Jewish identity. In any case, it's unclear that the emotional reaction of American Jews to Oct. 7 will make much long-term difference in their support for Israel. There were great upsurges of Zionist activity during the Nazi period when Jews needed a refuge, and Jews strongly supported Israel in its 1948 War of Independence. The wars of 1956, 1967 and 1973 evoked deep emotions too, but awakenings of Jewish activity in the U.S. didn't last. The underlying trends overwhelmed them.

This dynamic is owing to the openness of American society and the success of Jews in America. Jewish identity was natural, almost automatic, to earlier generations. The kind of antisemitism that kept them out of many neighborhoods, hotels, clubs and companies, plus the social segregation that led to a low intermarriage rate, meant that the American Jewish community lived somewhat apart. That kind of antisemitism has disappeared. Jews now live, work and study throughout Amer-

ican society, which as of 2020 was 2.4% Jewish. Their sense of identity, or peoplehood, isn't automatic.

That isn't true for everyone. The sense of Jewish peoplehood comes naturally for the Orthodox, who are about 9% of the American Jewish population and growing. Their faith pervades their lives, and the need to walk to synagogue on the Sabbath means they live in dense Jewish communities.

The openness of the U.S. is a blessing, but it can diminish our sense of peoplehood.

But what of the roughly 90% who aren't Orthodox? The status quo only erodes their sense of uniqueness. Should they want to preserve their identity, they must revisit how their children are raised and educated.

Israel is central for bringing young American Jews into a collective identity that goes vertically through time, the Jewish past and future, and horizontally to include Jews around the world. As Charles Krauthammer wrote of America, decline is a choice. Studies have affirmed what's been successful in fostering a Jewish identity among non-Orthodox Jews: immersive experiences in which young Jews live, study, spend time as Jews among Jews.

That means pursuing at

least three goals. The first is better Jewish education, whether in day schools for more students or better Hebrew schools than are available in synagogues. Second is an expansion of Jewish summer camping, which gives kids between two and eight weeks of living in a fully Jewish environment. Third is more time in Israel. Birthright's 10-day trips, high-school semesters, a gap year before college or a year of collegiate studies in Israel all help build a connection between young Americans and the Jewish state. The more time in Israel the better, to construct or deepen a sense of peoplehood and identity.

American Jews and Israel have needed each other more in the past year than they have for decades. The natural forces of assimilation will, however, continue to erode the size and vitality of the American Jewish community unless we intentionally cultivate countervailing forces. Spending time in Israel—a state that faces new and dangerous threats every day—is essential to supporting an ally and developing a sense of peoplehood and identity.

As Theodore Herzl wrote, "If you will it, it is no dream." It is a worthy and necessary task for the year ahead.

Mr. Abrams is senior fellow for Middle Eastern Studies at the Council on Foreign Relations and author, most recently, of "If You Will It: Rebuilding Jewish Peoplehood for the 21st Century."

The Civil-Rights Issue of Our Time

By Joshua C. Robertson

Harrisburg, Pa.
Who wants to talk about education, the civil-rights issue of our time? Unfortunately, neither Gov. Tim Walz nor Sen. Bob Casey. My organization invited these and other candidates to two town halls at my church over the next week, so they could discuss how to get our children the schooling they deserve. JD Vance and Dave McCormick agreed to show up.

My organization is nonpartisan, but we recognize that answering Jesus' call to care for the "least of these" sometimes requires wading into political debates. Our children deserve a world-class education—one that empowers them to make the most of their God-given gifts and help build a better society. Our two largest priorities are to

secure proper funding for public schools and provide families equitable access to schools that better fit their needs, including private schools.

Among eighth-graders in 2022, 91% of black students, 86% of Hispanic students and 64% of white students weren't proficient in math.

Why did Democrats ignore my invitation to discuss education?

In reading, 84% of black students, 79% of Hispanic students and 62% of white students weren't proficient. As a result, many of the families that attend my church are sending their children to the learning center I run. Traditional schools aren't helping them succeed, and

families are desperate for other options.

Messrs. Walz and Casey should be willing to talk about the desire for school choice and funding, just as Messrs. Vance and McCormick are. Perhaps Democrats think they're already doing enough for black families. Kamala Harris recently launched her "Opportunity Agenda for Black Men." Along with Democrats' continued focus on racial justice, isn't that enough?

Respectfully, no. The best-laid plans and intentions don't matter if we aren't actually tackling the crisis afflicting our children. What good are forgivable loans for black entrepreneurs if today's black 10-year-olds don't get a quality education? What good is equal justice in the legal system if black teenagers get inequitable education that leaves them with fewer paths

after they graduate? If we don't fix education, our children will be held back for the rest of their lives.

This is an exciting election for black Americans: A black woman has a real shot at becoming president. This reflects the progress America has made toward realizing our national principles, which are deeply rooted in Christ's message of equality, liberty and justice. But we have more progress to make. To get there, we have to look beyond politicians' skin color—we have to look at their policies.

My church's town halls are a chance for all the candidates to talk about education. What a pity if Messrs. Walz and Casey don't show up.

Mr. Robertson is senior pastor of the Rock Church in Harrisburg, Pa., and founder and CEO of Black Pastors United for Education.

BOOKSHELF | By David M. Shribman

The Blue Devils Get Their Due

Five Banners

By John Feinstein

Duke, 208 pages, \$29.95

Fifteen Atlantic Coast Conference championships. Thirteen appearances in the Final Four. Five national championships. Overall, 1,202 victories. One initial.

Coach K—or, as he is sometimes known, Mike Krzyzewski—may be the best college basketball coach of all time. His teams at Duke certainly satisfied the definition of greatness. They were so dominant for so long a time that they were openly hated. (In this respect, a book of perennial interest is 2012's "Duke Sucks: A Completely Even-Handed, Unbiased Investigation Into the Most Evil Team on Planet Earth.") Though based in the South, Coach K's Duke teams were the Yankees without the pinstripes, and, though American, the Canadiens without the Francophone accent.

More than a dozen books treat the Krzyzewski era in Blue Devils basketball, which stretched from 1980 to 2022. But there is always room for one more. "Five Banners:

"Inside the Duke Basketball Dynasty" is a chronicle of the Special K years by John Feinstein, the prolific sports-writer—he's out with another book, on Ivy League football, this fall—who just happens to be a member of Duke University's class of 1977.

It's a brisk treatment, to be sure, with few of the 1,438 games Mr. Krzyzewski coached at Duke meriting more than a 30-second violation of reading time. The result is a rapid, rat-a-tat series of summaries, one game after another, one season

after another. A shrewd reader can fast-break through the game accounts, the way readers breeze through battle descriptions in a Civil War history, and get to the good Coach K vignettes. There are many.

One of them shows an old-school coach at an old school (this one founded during the Van Buren administration) throw out the old offense in midseason and, applying sports analytics before there were sports analytics, decide that his 2001 team would, just before facing arch rival North Carolina, emphasize the three-point shot. "If the ball went inside," Mr. Feinstein writes, "it was with the intention of having it pass back outside." This abrupt transformation led to Duke's third national championship. Jay Williams made 43% of his three-point attempts that year, Shane Battier 42%. That's better than Caitlin Clark's best season at Iowa.

In 1991, Mr. Krzyzewski was so outraged by his team's performance in its Saturday afternoon 81-64 loss to Virginia that he called for a Saturday-night practice session. "You didn't show up for the game today," he told his minions, "so now you'll show up for practice." Grant Hill, then a freshman but eventually a star who would become a seven-time All-Star in the NBA, broke his nose in that practice and had to miss some games. But the season turned out well anyway, with Duke winning the national championship.

After suffering his worst loss ever—109-66 in the first round of the 1983 ACC tournament—Mr. Krzyzewski repaired to a Denny's restaurant outside Atlanta at two in the morning. Mr. Feinstein himself, a game-going fan and a kind of Zelig in the Duke basketball world, was there too. Tom Mickle, Duke's sports-information director, offered a water-glass toast to "forgetting tonight." Mr. Krzyzewski countered by saying: "Here's to never . . . forgetting tonight." And Mr. Krzyzewski never did forget. "It was actually an important night for me," he remembered later. "I had to face up to the fact that I hadn't done a good enough job. I had to look at myself first and foremost."

Coach K was so outraged by Duke's performance in a Saturday afternoon game that he called for a practice that night. The season turned out well.

Mr. Krzyzewski is inevitably at the center of "Five Banners"—the title is a reference to the NCAA titles of 1991 and '92, 2001, 2010 and '15—but other dazzling figures make appearances. We see Tommy Amaker, a Duke point guard who as Harvard's coach would take the Crimson to an unlikely four NCAA tournament appearances. Christian Laettner, an NCAA player of the year, is still regarded as having had one of the greatest collegiate basketball careers. Jon Scheyer, the captain of Duke's 2010 national championship team who followed Mr. Krzyzewski as head coach two years ago, seems to have the potential to be a worthy successor, having taken the Blue Devils to the ACC tournament championship in 2023. Also pacing the sidelines is Bobby Knight, Indiana's onetime coach and another NCAA winner. He was a mentor—Mr. Krzyzewski was assistant coach at Indiana in the mid-1970s—and a yearslong rival.

No one really knows the origin of the tension between the two, even Mr. Krzyzewski. After winning the 2001 national championship and being voted into the basketball Hall of Fame, he called Knight. "I'm not even sure at this point what you and I have been angry about for nine years," he said. "But one thing I do know for sure is this: if I hadn't played for you and coached for you, I wouldn't be going into the hall of fame." They reconciled, kind of.

Mr. Feinstein provides a lot of detail about Duke basketball, but one of the great mysteries remains: How much, where and how do these prize athletes at a highly selective academic institution study? When the Blue Devils defeated Kentucky in a landmark 1992 game in Philadelphia, returned to Durham and then turned around to fly to Minneapolis to meet Indiana in the Final Four of the NCAA tournament, did any of them miss a class, a lab or a test? Mr. Feinstein does tell us that Mr. Krzyzewski required his freshmen to take summer-school classes to "start the fall ahead of the curve academically." But what would have set "Five Banners" apart from the endless parade of sports books would have been an examination of how these players performed on exams.

Mr. Shribman, a former executive editor of the Pittsburgh Post-Gazette, is scholar in residence at Carnegie-Mellon University.

Coming in BOOKS this weekend

The story of the Brothers Grimm • A little-loved Founding Father • Glimpses of John Lennon and Yoko Ono • Henri Bergson's life in philosophy • Armand Gamache's latest case • Spooky audiobooks for Halloween • & much more

OPINION

Harris Stops Talking About Climate

By Bjorn Lomborg

In an election characterized by bitter clashes, it's notable that one typically divisive topic has gone almost unmentioned: climate change. President Trump doesn't have much to say on the subject. But Vice President Harris's silence is revealing—not only about American voters, but also the fundamental problem of climate policy today.

You might think Ms. Harris could use the partisan divide on climate policy to her advantage. If she hammered Mr. Trump's frequent recitations of "drill baby, drill," it could drive turnout from liberal voters who fear the Republican would increase fossil fuel production. She has hardly been neutral on this issue in the past. The vice president personally made the most expensive U.S. climate policy in history into law when she cast the deciding vote for President Biden's Inflation Reduction Act in 2022.

As the high costs of green policies hit, it's becoming a lose-lose issue for politicians of the left.

Yet Ms. Harris mentioned climate just once in her acceptance speech. The environment hardly figured in her debate with Mr. Trump. Ms. Harris used her time to champion domestic gas production and make it "very clear" she won't ban fracking.

One reason for her silence is that, despite a media and elite fixation on climate, the issue can easily become a vote loser. Cutting emissions is a particular problem in swing states like Pennsylvania where such policies would lead to sweeping layoffs of energy workers. Across the country,



Americans rank climate change far down among their priorities—below the availability and cost of energy.

As climate policy turns from distant, grandiose promises of future carbon cuts into the very real prospect of present-day energy price hikes, U.S. voters are asking whether it's worth it. This is the first presidential election in which the economic consequences of green ideals have become real with less reliable power and higher total energy costs. A new YouGov survey shows that less than a quarter of the electorate supports a rapid transition to renewables. Among Democrats, the idea only gets about a third of respondents' support. Only 47% of voters said they would support spending even \$1 more each month on their electricity bill to fight climate change.

Underlying this electoral problem for Ms. Harris is a tricky policy one: The climate policies she would offer promise huge costs for negligible benefits. It'd be one thing to ask for sacrifices that could save the planet. But even at a whopping official price tag of \$369 billion over 10 years, the Inflation Reduction Act's climate measures as written were likely to lower the projected global temperature in 2100 by less than 0.03 degree Fahrenheit. In reality, the IRA has turned out to be an even rawer deal. The cost has rapidly ballooned to somewhere north of \$3 trillion over 30 to 40 years, even as emission cuts have been slower and smaller than predicted. No wonder Ms. Harris isn't trumpeting it.

The truth of the matter is that nothing Ms. Harris does to cut carbon can stop climate change. It's developing nations that are driving emissions in this century. Even if the U.S. achieved net-zero carbon emissions overnight and stayed that way for the rest of the century—basically destroying its economy and much of American quality of life—the 2100 projected global temperature would only drop 0.3 degree Fahrenheit based on the United Nations' climate model.

Climate policy has increasingly become a lose-lose for progressive poli-

cicians. Mentioning climate policies alienates moderate voters who worry about their tremendous cost. But acknowledging these downsides alienates the young voters who are enthusiastic about green ideals. If you admit net zero could be a bit unrealistic, they feel betrayed.

Cynically though, the same green activist groups that urged the Biden administration to spend trillions of dollars on climate policies have publicly supported Ms. Harris's decision to stay quiet about climate. They worry that being too green in the campaign could turn off voters. But if Ms. Harris wins, they'll be right back at the White House, lobbying for even more expensive policies.

A far more honest approach from advocates and politicians would be to abandon unrealistically expensive carbon cuts for cheap investments in green energy research and development. American ingenuity could hasten the day the world finds a clean energy source that is genuinely cheaper than current fossil fuels—whether that be much cheaper solar and wind energy with massive storage, fourth generation nuclear, or another technology altogether. Countries would then voluntarily transition to green energy because it is cheaper. Not only would American voters get on board, but so would this century's biggest emitters, India, China and Africa.

For politicians, climate policy was much easier to sell when it involved far-off, monumental promises. This is the first U.S. election in which it has become evident that though benefits remain distant, the costs are increasingly large and immediate. Voters see that—and by staying silent, it's clear that Ms. Harris does too.

Mr. Lomborg is president of the Copenhagen Consensus and author of "False Alarm" and "Best Things First."

DEI Is Crushing Military Recruitment

By Kevin Wallsten
And Owen West

The veteran community has lost faith in the country's national security leadership. The military is a family business—80% of volunteers have a family member who served. Three years into a recruiting crisis, however, the Pentagon hasn't specifically surveyed this core constituency to determine what's going wrong.

Pew surveys in 2011 and again in 2019 found approximately 80% of veterans would advise young people to join the military. We recently commissioned a demographically representative YouGov survey of 2,100 veterans. Our data show the share of veterans recommending military service plunged 20 percentage points in five years, to just 62%.

Veterans worried about the quality of leadership are counseling young family members not to join up.

After watching four presidents lose two wars, buffeted by polarizing policy changes from one administration to another, veterans are no longer confident that their children and grandchildren will enjoy proper leadership. When asked to grade performance in the Iraq and Afghanistan wars, veterans gave presidents a C-minus. More than 80% of veterans who wouldn't recommend service cited "mistrust of political leadership" as a "major factor." Generals didn't fare much better, receiving a C-plus for their performance in recent wars.

More generally, a large section of the veteran community believes the military has lost mission focus. In 2017, then-Defense Secretary James Mattis declared that lethality was the military's lodestar. In our survey seven years later, only 18% of veterans say lethality has more focus. Lethality now competes with a fixation on the internal composition of the force. "We are going to make sure," Defense Secretary Lloyd Austin said in 2021, "that our military looks like America and that our leadership looks like what's in the ranks of the military."

Over the past three years, the Pentagon steadily erected a diversity, equity and inclusion bureaucracy. Diversity officers were installed throughout the ranks, systematically replacing Colin Powell's "colorblind" philosophy with identity reporting up the chain of command. The Air Force issued a memorandum in 2022 setting specific race and sex quotas for officers. In 2023 President Biden stated diversity was necessary for "all successful military operations," ordering DEI to be embedded throughout the ranks.

Our survey underscores the unpopularity of these moves among veterans. Contrary to President Biden's claim, 57% say that diversity is "not essential" for military success, and 94% oppose race and sex preferences in military promotions. Only 14% of veterans want the military to pay more attention to DEI.

The focus on DEI is driving an especially profound disillusionment among conservative veterans, the military's longstanding support bedrock. Between 2019 and 2024, the percentage of conservative veterans who would advise a young family member to join the military declined from 88% to 53%. That almost entirely explains the shift in the broader veteran population. Far more conservative veterans cited the "military's DEI and other social policies" as a "major factor" (85%) in withholding their endorsement than the "possibility of physical injury or death" (33%) or the "possibility of psychological problems" (27%). The military is heading in the wrong direction, say 90% of conservative veterans.

The recruiting crisis is a symptom of the leadership crisis. Recent presidents haven't heartily encouraged military service. Defense funding is near a record low as a percentage of gross domestic product. Rather than advocating for a stronger defense, retired generals alienate the force by weighing in on bitter political campaigns. The military's current leaders nervously balance racial head counts as they prepare for major war.

The values of a liberal democracy are different than those required to protect it. DEI has done more harm than good to the military. A refocus on war fighting will help restore the trust of our veterans.

Mr. Wallsten is a professor of political science at California State University, Long Beach State. Mr. West, a former Marine, served as an assistant secretary of defense for special operations, 2017-19.

The Nerdiest Sleeper Issue of the Presidential Election

POLITICAL ECONOMICS
By Joseph C. Sternberg

If he wins the election, Donald Trump will have a mandate for two things above all else: cracking down on illegal immigration and controlling inflation. What can or should be done about the former

is a matter for some other columnist. As for the latter, it'll be a tougher job than many may realize—in some surprising ways.

This isn't to take seriously the theme now circulating among liberal economists that Mr. Trump's economic agenda of tariffs and tax cuts would be inflationary. The best word to describe that argument is "silly." Notwithstanding all the excellent reasons to oppose the Trump tariffs, as a theory this particular argument flies in the face of the lived experience of the 1980s and the first Trump term. As politics, it's less about inflation than about trying to scare Republicans off implementing supply-side policies the left hates.

The bigger inflation challenges facing any new administration in January instead will be theoretical and institutional. The next president will inherit Federal Reserve staffed by economists—and their intellectual helpmates in academia—who still don't fully understand what has happened over the past few years, let alone over the past few decades. The central bank's very structure, meanwhile, increasingly arouses suspicion among politicians and voters.

As concerns economic theory, the one thing the Fed should have learned in recent decades is that much of what it thinks knows about the economy is wrong. The central bank's leaders and researchers failed to anticipate the 2008 sub-prime-mortgage panic (and still seem to be in denial about their role in creating the conditions for that meltdown). At most turns since then, their assumptions about how the economy would react to various policy stimuli have been wrong.

Inflation didn't appear when it was expected and then did when it wasn't. Monetary policies affected

the economy in ways the Fed's models didn't see coming and still don't understand. The relationship (if there ever was one) between economic growth, unemployment and inflation has broken down in ways that boggle the Fed's economic models. Officials can't answer basic questions such as how large the balance sheet should be in the future—they have no plausible way to estimate that.

Voters are suspicious of the Fed, which seems structurally incapable of learning from its mistakes.

These intellectual shortcomings interact in unfortunate ways with quirks of the Fed's structure. The Federal Open Market Committee's voting system encourages group-think. It underweights input from regional reserve-bank presidents who can feed the committee on-the-ground observation of the economy, and overweights the votes of members of the Washington-based Board of Governors in thrall to the central

bank's research department. Fed leaders exacerbate the problem by straining to achieve consensus at policy meetings.

In a perfect world, the Fed's dual role as monetary-policy maker and bank regulator would allow insights from the bank inspectors to inform the conduct of monetary policy and vice versa. In the real world, these functions often work at cross purposes—as we saw in Silicon Valley Bank's implosion.

Looming over it all is the uncomfortable reality that the Fed's independence from the rest of the government means politicians and voters can't enforce accountability even when the central bank has made its worst series of inflationary errors in 40 years. Most troubling was the moment when, in August 2020, the central bank overhauled its policy objectives to adopt a pro-inflation tilt with no democratic approval. The decision came on the eve of the steepest inflation in a generation.

The bad news for either incoming administration is that to have any hope of whipping inflation for good, political leaders (and Fed officials themselves) need to get some kind of handle on these systemic central-

bank failings. Otherwise inflation might fall back to the Fed's 2% target eventually—perhaps more likely on Mr. Trump's watch than on Kamala Harris's, if he can unstick the supply side of the economy—but the risk of future mammoth policy mistakes will remain. A special temptation for Mr. Trump will be the mistaken notion that merely firing Chairman Jerome Powell will fix any structural problems.

The good news is that recent policy mistakes have catalyzed an intellectual ferment about Fed reform, particularly but not exclusively on the political right. This includes proposals to overhaul its institutional structure, or to limit its scope to set policy independent of congressional approval, and also a nascent discussion about the best means by which Congress could exercise oversight.

These plans all have theoretical pluses and minuses and varying levels of political plausibility. But this is more debate about the whys and wherefores of central banking than Americans have witnessed in a while, and at a time when you can see the stakes every time you buy groceries or gas up your car. Fed reform could be the nerdiest sleeper issue of this campaign season.

Expect the GOP to Win Big in the Senate

By James Johnson
And Callum Hunter

Two Democratic senators up for election touted their links to Donald Trump last week. Pennsylvania's Bob Casey released an ad declaring he had "sided with Trump" on trade and tariffs, while an ad from Wisconsin's Tammy Baldwin boasted that she "got President Trump to back her Made in America bill."

One conclusion from these ads is that Mr. Trump is in the ascendancy in these states. He might be. But the ads also speak to a hidden dynamic that may hand the Senate to the GOP. Candidates in Arizona, Michigan, Montana, Nevada, Ohio, Pennsylvania and Wisconsin are fighting for the support of undecided voters.

These voters tend to account for between 5% and 10% of states' electorates, enough to sway the result of a close race. These crucial voters look a lot more like Mr. Trump's supporters than Kamala Harris's.

According to our latest Pennsylvania poll, 51% of undecided Senate voters intend to vote for Mr. Trump, compared with 23% for Ms. Harris. This pattern replicates itself across our internal research. In Ohio, 78% of undecided voters in the Senate race would opt for Mr. Trump, in Montana 59%, and in Arizona 77%. Overall, twice as many undecided voters in Senate races back Mr. Trump over Ms. Harris.

Democratic and Republican Senate candidates alike, including Sens. Casey and Baldwin, are scrabbling for those Trump-supporting undecided voters. But Democrats' efforts may be doomed to fail.

Steve, a 58-year-old factory worker from Pittsburgh, told us in a focus group two weeks ago that he's definitely going for Mr. Trump but has no preference in the Senate race. He seldom votes in midterm elections, and he doesn't know the two candidates. But when the day comes, he'll vote for the Republican, because "that's what Trump would want."

Steve and voters like him tend to be older, low-information, less-educated Trump voters. Come Election Day, we expect them to vote Republican down the ballot.

Current polls don't reflect this likelihood. Mr. Trump leads in swing states, but several Republican Senate candidates are running behind.

RealClearPolitics has Republican Bernie Moreno trailing by 0.6 point in Ohio, David McCormick by 1.9 in Pennsylvania, Sam Brown by 5.3 in Nevada and so on.

In our internal polls of Ohio, Montana and Pennsylvania, more than 60% of undecided Senate voters lean toward the Republican candidate when pushed for an answer. That puts the Republican candidate in these states in the lead or within reach of victory.

The party's secret weapon: Trump voters who have no idea who the candidates for the upper chamber are.

When we run our machine-learning model, which predicts how undecided voters will vote by surveying their policy priorities, demographics and more, we see the same dynamic. In Ohio, these undecided voters break 65% for Mr. Moreno, putting him on course for a clear win.

In Britain's July election, our model performed much better than our rivals' because we accounted for undecided voters. In the 2024 election, undecided voters could take the GOP from a 51-seat majority to a comfortable 53, or even more. This hidden dynamic will guarantee the Senate for the GOP.

Mr. Johnson is a co-founder of and Mr. Hunter a senior data scientist at J.L. Partners, a polling firm.

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Keurig Plunges Into Energy Drinks



The sweet-flavored drinks are part of a \$1 billion deal.

Beverage maker to buy Ghost in bid to enter expanding lifestyle market

By LAUREN THOMAS

Keurig Dr Pepper has struck a deal to acquire energy-drink maker Ghost for more than \$1 billion.

The deal was announced Thursday morning, confirming an earlier report from The Wall Street Journal.

Under the terms of the agreement, Keurig is ex-

pected to make an initial cash investment of about \$990 million in exchange for a 60% ownership stake in Ghost. Keurig said it would acquire the remaining 40% stake in 2028.

It would be a relatively small bite for Keurig, which has a market value of nearly \$50 billion. The Burlington, Mass.-based company's shares are up about 10% so far this year.

Keurig's portfolio of beverage brands includes Sunkist, Canada Dry, Green Mountain Coffee Roasters and Swiss Miss. It also owns Venom En-

ergy as well as Bai, which makes low-calorie, coffee-flavored drinks.

Ghost would mark Keurig's biggest deal since the maker of Keurig coffee machines took over Dr Pepper Snapple Group in 2018, paying nearly \$19 billion in cash. That acquisition catapulted Keurig into the global soda business, taking on bigger rivals Coca-Cola and PepsiCo.

Keurig has also made a number of smaller investments, including when it took a minority stake of more than \$50 million in Athletic Brew-

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Judge Blocks Tapestry Takeover Of Capri

By SUZANNE KAPNER

A federal judge blocked **Tapestry** from closing its acquisition of rival **Capri**, dealing a blow to their ambitions to create a house of brands that would include Coach, Kate Spade, Michael Kors, Versace and Jimmy Choo.

U.S. District Judge Jennifer Rochon in New York sided with the Federal Trade Commission, which had sued to block the \$8.5 billion deal on the grounds that it would reduce competition in the accessible luxury handbag category and raise prices for budget-strapped consumers.

The ruling is a blow to Capri, which had tried unsuccessfully for years to turn around its Michael Kors brand, before agreeing to sell itself in 2023 to Tapestry. Following the ruling, shares of Capri tumbled 46% while shares of Tapestry gained 13% in after-hours trading.

Rochon granted a preliminary injunction. Please turn to page B2

Tesla's Solid Results Fuel Its Tech Ambitions

By SEAN MC LAIN

Elon Musk says **Tesla** will produce millions of robots and self-driving cars in the future that will propel the company's market capitalization to stratospheric levels.

How he will fund that future is coming under sharper scrutiny. Musk is under pressure to wring better profitability from the core auto business to help pay for those moonshot bets.

Investors on Thursday applauded Tesla's better-than-expected third-quarter results, which offered a glimpse of how he might try to cross that chasm, including cost-cutting efforts that made Tesla vehicles cheaper to build and growth in the company's highly profitable energy-storage business.

Tesla shares rose 21.9%, the largest single-day gain since 2013, adding \$150 billion to the company's market cap, according to Dow Jones Market Data.

After years of breakneck growth, revenue from the car business has plateaued, and operating margins—while up in the third quarter—are down from a few years earlier. Now Tesla's chief executive says the company needs to increase spending for its next phase of growth, which includes rolling out a \$30,000 self-driving Cybercab, AI-powered robots and more-affordable vehicles.

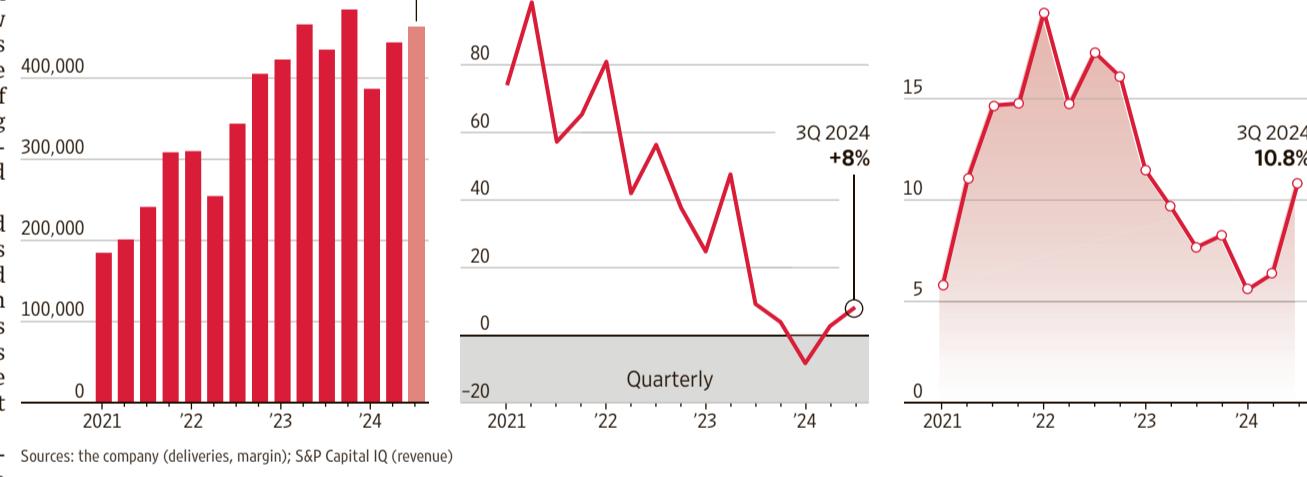
The billionaire has urged investors to think of Tesla as an artificial-intelligence and robotics company, rather than a typical carmaker, and has said its efforts in these areas could eventually boost the electric-car maker's market cap to \$30 trillion.

Wolfe Research analyst Emmanuel Rosner wrote in a note Thursday that Tesla needs to convince investors of two things: that the car business can reaccelerate, and that the

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Tesla plans to ramp up its spending as it develops moonshot projects such as a \$30,000 self-driving Cybercab, rendered here.



Sources: the company (deliveries, margin); S&P Capital IQ (revenue)

company's plans for full vehicle autonomy are on track. "Overall, they struck a very confident tone" on both points, he wrote.

Musk said Wednesday that the company was targeting a

increase in deliveries of 20% to 30% next year, assuaging some concern about stagnating growth. Tesla's bottom line got a lift from sales of Tesla's driver-assistant feature, marketed as Full Self

Driving, giving investors more confidence in the autonomy story, analysts said.

Musk has stressed development of a robotaxi that could ferry passengers for paying rides, and aims to start selling

a humanoid robot, called Optimus, in 2026.

Investors have largely bought into this vision, with Tesla's \$681 billion market cap more akin to Silicon Valley in-

Please turn to page B5

Taco Bell Pulls Onions Amid E. Coli Outbreak

By HEATHER HADDON

Taco Bell, Pizza Hut and KFC restaurants in the U.S. have removed fresh onions from some locations as federal officials probe an E. coli outbreak linked to **McDonald's** Quarter Pounder burgers.

Yum Brands, parent company of the three chains, said Thursday that Taco Bell, Pizza Hut and KFC restaurants removed fresh onions from select locations. Food-safety officials investigating the Quarter Pounder-related E. coli outbreak haven't linked any cases to Taco Bell or the other Yum brands.

"We will continue following supplier and regulatory guidance to ensure the ongoing safety and quality of our food," a Yum spokeswoman said Thursday. She declined to specify how many restaurants removed the onions or where they were located.

The Centers for Disease Control and Prevention said Tuesday that the E. coli out-

break associated with Quarter Pounders had sickened at least 49 people and killed one. Illnesses were reported in 10 states, with the most cases in Nebraska and Colorado.

McDonald's has removed Quarter Pounders from locations in the affected areas, the chain said, and other menu items were safe to consume.

Federal officials are examining the onions and beef patties used in McDonald's Quarter Pounders.

The Food and Drug Administration said that preliminary information from its investigation showed that slivered onions served on the sandwiches are a likely source of contamination.

McDonald's spokespeople have said that the onions used on Quarter Pounders in the affected regions came from a single supplier, and were processed at a single facility.

They said that the Quarter Pounder beef patties, which McDonald's has also exam-

ined.

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INSIDE
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Intel wins its fight to scrap a big fine in the European Union. B4

Unilever Sales Jump as Brands Benefit From Easing Price Rises

By DOMINIC CHOPPING

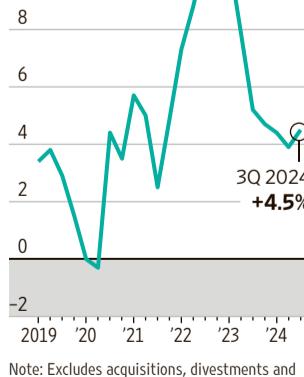
Unilever's underlying sales grew in the third quarter as shoppers welcomed easing price hikes and began buying more of the company's branded products.

The consumer-goods giant behind brands such as Dove soap and Knorr stock cubes said sales of its top brands that make up most of its turnover proved popular with consumers in the quarter, with particularly strong sales of its Dove, Liquid I.V., Comfort and Magnum products.

Underlying sales grew by 4.5% in the quarter, while prices increased just 0.9% on the year.

The results come as the consumer-goods industry has begun dialing back the pace of price increases in an attempt to win back hard-pressed shoppers that traded down to cheaper products during the yearslong cost-of-living increases.

Unilever quarterly sales, change from a year earlier



Note: Excludes acquisitions, divestments and changes in currency
Source: the company

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With inflation now under control, the industry is fighting to regain those lost customers by limiting price rises, while some are offering more discounts.

Speaking on a call with analysts, Chief Financial Officer Fernando Fernandez said that while price increases will probably remain subdued for the next couple of quarters, higher prices of some commodities could mean the company needs to lift prices again soon.

"Several key commodities in our materials basket are starting to pick up, leading to moderate cost inflation and what we expect will be higher pricing over time."

Cocoa, aluminum and palm oil have all risen in price in the fourth quarter, the company said.

Under Chief Executive Hein Schumacher, the company has embarked on a turnaround that includes a spinoff or sale of its ice-

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G	N
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Grace Ocean Private	Polaris
H	S
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Harley-Davidson	Solventum
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HP	Spirit Airlines
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International Business Machines	Tesla
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Kering	Unilever
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Unilever Gains as Prices Ease

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cream business and cost-cutting measures that will shed 7,500 jobs globally. It said Thursday that it started implementing efficiency measures while the ice-cream separation is on track to be completed by the end of 2025.

"We are starting to see the positive impact from scaling fewer, bigger innovations across our markets supported by increased brand investment," Schumacher said.

Unilever said the volume of goods sold in the quarter rose 3.6%, with its ice-cream business being the standout performer in the quarter.

Unilever cut prices overall in Europe during the quarter, which boosted sales and volumes, as its ice cream, home care and personal care all performed well.

In the Americas, the company also saw strong sales and volume growth as it increased prices by 1.1%, with

the Vaseline, Dove and Popsicle brands all helping drive growth in the region.

However, China continued to be weighed down by weak consumer sentiment and the company has appointed new leadership in the country as it switches product and strategic focus.

In Indonesia, where the company has lost market share and faced issues from a boycott of Western brands over the war in Gaza, underlying sales slumped 18%.

Unilever said it is taking significant actions to stabilize prices and reset stock levels but the benefits of the changes in Indonesia and China aren't expected to be felt until the second half of 2025.

On a group level, the company still expects to report underlying sales growth for 2024 within its multiyear range of 3% to 5%, with most of the growth driven by volume. Underlying operating margin for the full year is still expected to be at least 18%.

RBC Capital Markets analyst James Edwardes Jones said the company's reiterated guidance "is a testament to the extent to which Unilever has been rehabilitated."

Unilever shares rose 2.9% Thursday in London.

Revenue in the September

quarter fell 26% to \$1.2 billion, but was higher than the \$970 million predicted by analysts polled by FactSet. Earnings of 91 cents a share were 10 cents higher than anticipated.

That set up the company for a bleak full-year outlook. Harley said it now expects its annual revenue to decline 14% to 16%, compared with the 5% to 9% it forecast earlier. It said its profit margin would likely decline as well.

Harley's stock slid 7.2% despite the company beating Wall Street expectations for quarterly revenue and profit.

The Milwaukee-based company faces slack demand damped by high interest rates, inflation and the typical consumer wariness that comes in presidential election years.

A new line of well-received touring motorcycles, the company's most expensive and profitable category, has failed to lift overall sales.

That has led to tension between Harley and its network of dealers, some of whom

have accused the company of loading them with hard-to-sell bikes.

Harley previously said it planned to cut shipments in the second half of the year to help dealers trim their inventories.

The quarterly results of Harley rival Polaris, released Tuesday, indicated tough times for the power sports industry in general. Sales of Indian, Polaris's motorcycle line, declined by a low-double-digit percentage.

Harley's financing arm saw quarterly revenue grow 10% as it profited from steep interest rates.

But credit losses, a sign of

financially strapped consumers, hit a six-year high.

Executives didn't address the effects of the summer boycott instigated by conservative activist Robby Starbuck, who accused the company of being "totally woke."

Some dealers have said it contributed to lower sales and fewer leads in the quarter.

Harley's LiveWire electric-motorcycle spinoff continued to struggle, selling only 99 bikes in the quarter.

The company adjusted its full-year sales projection downward but left its expected annual loss of \$105 million to \$115 million unchanged.

American Airlines Narrows Its Net Loss As Carrier Chases More Business Travel

By ROSHAN FERNANDEZ

American Airlines on Thursday said moves to reset its business-travel strategy are progressing, as it reported a narrower quarterly net loss.

The airline said it renegotiated contracts with many top corporate customers as it works to win back business, while increasing sales staff and reintroducing benefits for corporate travelers.

American has backed away from an earlier bet that it could coax more travelers to book directly on its website and app. The airline had slashed its sales staff and removed some fares from the channels big companies tend to use.

American's quarterly loss narrowed to \$149 million, compared with a \$545 million loss in the same period a year earlier.

Adjusting for one-time items, quarterly earnings totaled 30 cents a share in the latest quarter, above the 16 cents projected by analysts. Third-quarter revenue rose 1.2% to a record \$13.65 billion, beating analysts' projections of \$13.5 billion.

American projected full-year adjusted earnings of \$1.35 to \$1.60 a share, up from a range of 70 cents to \$1.30 forecast in the prior quarter.



American is playing catch-up after a fare shift last year pushed away business customers.

The carrier in July slashed its annual earnings outlook and said it expected to break even in the third quarter as it contended with an overhang of airline seats that pressured U.S. fares.

American last year pulled fares from business-travel channels used by big companies, part of a broader strategy to get more corporate travelers to book directly on the airline's app or website. The move back-

fired, and Chief Executive Robert Isom said on Thursday that American was missing out on about \$1.5 billion in annual revenue stemming from corporate-agency-related travel.

"Our intent is to win the vast majority of that back over the course of 2025 and based on the efforts that we're taking right now, I feel confident we'll be able to do that," Isom said on the carrier's investor call.

Isom said American's share

of corporate bookings improved in its most-recent quarter, though it is still below historical averages.

"The reaction I've received from the countless CEOs and professionals at agencies and corporate buying groups has been 'Thank goodness you're back. We want to engage,'" Isom said.

Shares of the carrier finished Thursday's trading 0.4% lower.

Khan, with mixed success in court. While some enforcement actions have split the five-member body along partisan lines, both Democratic and Republican commissioners voted in favor of the suit against the Tapestry deal.

Rochon captured the Biden administration's fervor for enforcing competition laws in the first sentence of Thursday's order: "Antitrust has come into fashion."

The FTC positioned itself as a champion of working- and middle-class American women. FTC lawyer Nicole Lindquist said half the people buying Coach and Michael Kors handbags come from households with annual incomes of less than \$70,000. By combining these brands under one roof, she said, the companies would have more incentive to raise prices. The FTC estimated that

such price increases could cost American consumers \$365 million.

Tapestry and Capri argued that the handbag market is far broader than the FTC's definition and highly competitive. Tapestry and Capri executives said in court testimony that consumers won't tolerate price increases without improvements to the quality and design of products. They added that new entrants had flooded the market in recent years, making it even more cutthroat.

In her ruling, Rochon found that the merger would result in the loss of head-to-head competition because Capri and Tapestry are close competitors.

Tapestry and Capri said they would appeal the ruling.

Tapestry said it faces competition from both lower and higher price brands.

Keurig to Buy Ghost Drinks

Continued from page B1
ing, the biggest nonalcoholic beer brand in the U.S., in 2022.

Ghost was co-founded as a lifestyle sports nutrition brand in 2016 by Dan Lourenco and Ryan Hughes. In 2020, they teamed up with Anheuser-Busch InBev to launch Ghost Energy.

Ghost's energy drinks, which come in flavors such as Sour Patch Kids and Warheads, are available in retail chains nationwide, including 7-Eleven and Kroger. Ghost

also sells supplements, such as whey protein and vitamin-infused powders for hydration.

Lourenco and Hughes are expected to stay on and continue leading Ghost when it becomes part of Keurig's U.S. refreshment beverages segment.

Keurig also said it plans to invest up to \$250 million beginning in the middle of next year into Ghost's distribution network as it moves the energy-drink business over to its own delivery network.

The market for energy drinks is full of options. Players range from closely held Red Bull to Bang Energy owner Monster Beverage,

which has a market value of over \$50 billion, to Celsius Holdings, which has a market value of about \$7 billion. Coca-Cola is Monster's biggest shareholder today, and PepsiCo took a \$550 million stake in Celsius two years ago.

Then there are smaller, up-and-coming brands like Alani Nu, which is popular with younger women, and Prime, the sports drink founded by social-media stars Logan Paul and KSI.

The battle for market share comes as many consumers opt for energy drinks on the way to the gym, at the office or to start the day instead of coffee.



The Dove soap maker reiterated its guidance for growth.

Tapestry-Capri Deal Is Blocked

Continued from page B1
nary injunction that prevents the companies from merging while the FTC continues a case to permanently kill the deal through its administrative court. In many cases, companies abandon their proposed deal if a federal judge grants the injunction, making the administrative case moot.

The administrative case is set to begin on Dec. 9, according to FTC records.

The FTC has been aggressive in challenging mergers under the tenure of Chair Lina

BUSINESS NEWS

Anglo American Stays Bullish

Mining giant holds to targets for metals, sees progress in restructuring plan

By CHRISTIAN MOESS LAURSEN

Anglo American kept its production targets for key metals and struck an upbeat tone around the progress of a large-scale restructuring that will see it shed of most of its assets.

Shares of the giant mining company closed up 2.9% Thursday in London.

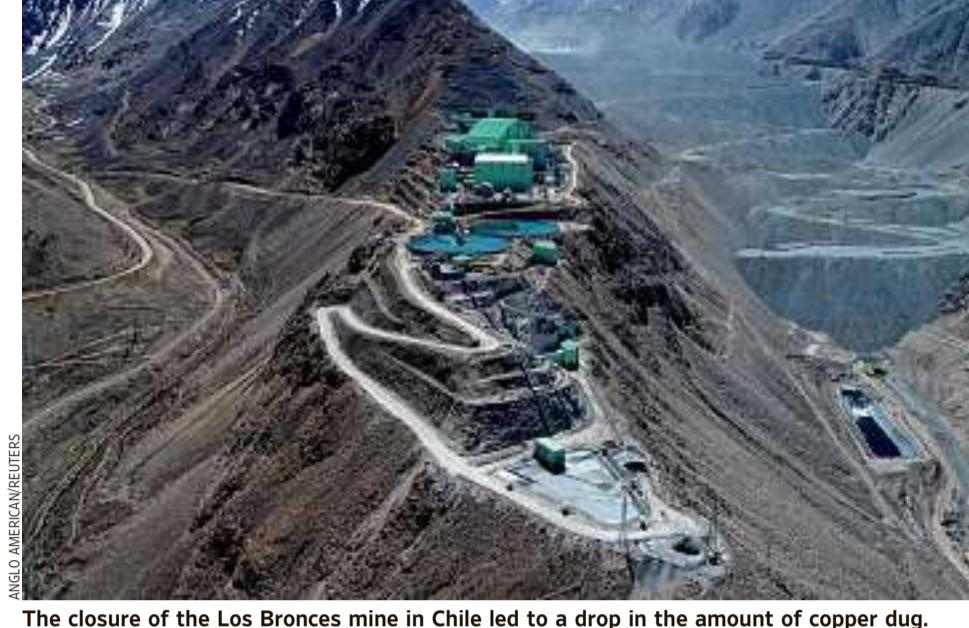
The global diversified miner is under pressure to execute on a large-scale trimming of operations that will pivot its portfolio heavily toward copper.

It said Thursday that it dug out 13% less of the red metal in the third quarter compared with the same period last year, due to a planned closure of a processing plant at its major Los Bronces mine in Chile.

Still, Anglo remains on track to meet its copper production target for the year, it said.

The groupwide restructuring will see the miner keep only its copper, iron ore and crop nutrients assets, as it works to avoid being a takeover target for its rivals.

It was outlined nearly six months ago to fend off a



The closure of the Los Bronces mine in Chile led to a drop in the amount of copper dug.

roughly \$50 billion takeover attempt from Australian rival **BHP**. Under U.K. takeover rules, BHP is allowed to bid again once a six-month standstill ends next month.

However, analysts say the likelihood of BHP quickly making another bid for Anglo American is low given its rival's ongoing restructuring.

The first unit to be carved out from the group is its steel-making-coal division. The company said Thursday that the final round of bidders are in place and that it expects to announce execution of a sale agreement in the coming

months.

According to analysts at Jefferies, the unit was worth around \$4.5 billion before a fire incident in late June at the Grosvenor site. Mining operations have since been suspended at the Australian mine, which accounts for around 30% of the coal unit's value, according to Jefferies.

Anglo said recent imagery shows limited damage in the underground area. Its quarterly output of the steelmaking ingredient fell 6% due to the Grosvenor suspension.

Meanwhile, its diamond production tumbled 25% due

to a cut in output in response to a prolonged period of lower demand, the miner said. It added that it plans to assess options for further production cuts as the diamond market remains challenging.

Elsewhere, the platinum-metals division, which Anglo confirmed is set to spin off in the middle of next year, produced 10% less during the quarter.

Anglo raised its full-year production guidance for nickel and platinum metals slightly, while it kept its outlook for all other assets.

3M Spinoff Explores Sale of a Unit

By LAUREN THOMAS

Solventum, the healthcare company spun off from **3M** this year, retained bankers to explore a sale of its purification-and-filtration business, according to people familiar with the matter.

The process is in its early stages, and it is possible the efforts won't result in a deal, the people cautioned.

The unit, which makes products that help filter commercial and residential water, is expected to draw interest from strategic and private-eq-

uity buyers, they said. Solventum would likely use the proceeds of any deal for debt repayments or research and development, the people said.

St. Paul, Minn.-based Solventum has a market value of nearly \$13 billion. The company reported sales of \$8.2 billion in 2023.

Solvantum is focused on wound care, oral care, healthcare information technology and biopharma filtration. It was spun off from 3M, which wanted to focus its remaining operations on industrial and consumer products. Solventum

started trading on the New York Stock Exchange in April.

The company's purification-and-filtration business reported about \$1 billion in revenue in 2023, or about 12% of overall sales.

Solvantum executives said at an investor day in March that it was focused on fine-tuning its portfolio, which could entail acquiring new businesses or getting out of ones that don't fit its strategy.

The company repeated that those efforts were under way when it reported its second-quarter earnings in August. It

raised its full-year outlook.

Companies across industries have been thinking about streamlining their operations as investors demand clearly defined businesses that make stocks easier to value. Storied conglomerates, including DowDuPont and General Electric, completed spinoffs or breakups in recent years.

Honeywell International this month said it plans to spin off its advanced-materials business, which could be valued at more than \$10 billion. It has been looking to sell some of its smaller businesses.

Danone's Growth in Sales Tops Estimates

By MICHAEL SUSIN

Danone reported third-quarter organic revenue growth that exceeded market expectations after a slower pace of price increases lifted sales volumes.

The French food company behind Activia yogurt and Evian water cautioned that it was facing a challenging market environment, though its update showed that sales volumes picked up as price hikes eased. The company said a strong performance in North America contributed to its results.

Danone on Thursday posted sales growth on a like-for-like basis of 4.2% for the third quarter. Analysts had expected growth of 3.9%, according to consensus estimates compiled by the company.

The company said the sales increase was mainly driven by higher volumes, up 3.6%, while prices contributed with a 0.7% increase.

Danone's organic sales growth accelerated slightly in the latest quarter from 4.0% in the second quarter, when volumes were up 2.9% and prices contributed with a 1% increase.

Barclays analysts said the update provided evidence of the work made to bring back sustainable volume growth.

Sales on a reported basis fell to €6.83 billion, or \$7.36 billion, from €6.91 billion, missing expectations of €6.85 billion. Reported sales were dragged by the depreciation of several currencies against the euro.

Danone said it continued to expect like-for-like sales growth in 2024 of between 3% and 5% and a moderate improvement in recurring operating margin.

Hermès Revenue Rises Despite Wider Luxury Industry Cooling

By ANDREA FIGUERAS

Hermès reported a rise in sales for the third quarter as the Birkin handbag maker continued to defy a slowdown in demand for luxury goods that is harming most of its rivals.

The French luxury company said it achieved quarterly sales of €3.70 billion, equivalent to \$3.99 billion, up 11% at constant exchange rates compared with the year-earlier period. The figure was roughly in line with analysts' forecasts of €3.69 billion, according to Visible Alpha consensus.

Growth has decelerated from 13% in the second quarter and 17% in the first, but the figures suggest a sectorwide slowdown didn't hit Hermès as hard as many of its peers. Analysts credit the company's relative resilience to its greater reliance on wealthier clients.

Hermès's results come after **LVMH**—considered a bellwether for the industry—last week sounded the alarm on the sector's fortunes. The French luxury behemoth led by billionaire Bernard Arnault reported lower third-quarter revenue than missed market estimates.

Analysts at Bernstein said Hermès's sales growth was stronger than expected as the company plowed through the sector's difficulties and delivered double-digit growth in all regions except Asia.

In the Asia-Pacific region, which excludes Japan, sales rose 1% in the third quarter, Hermès said Thursday. The company had experienced a downturn in store traffic in China, Hong Kong and Taiwan since the end of the Lunar New Year.

The performance of luxury companies in China has been a major focus of attention for analysts and investors, following challenges flagged by rivals including LVMH, the owner of Louis

Vuitton and Dior. The country has for years boosted the sector, but is now facing economic challenges. A sluggish real-estate industry and a weaker labor market led many Chinese consumers to cut their luxury budgets.

In Japan, quarterly sales were roughly 23% higher, helped by demand from local clients. Japan became a bright spot for luxury names in the past reporting season, boosted by a surge in demand from tourists, who took advantage of the weak yen to buy luxury at lower prices.

After the sales surge in Japan in the second quarter, many luxury brands lifted prices and companies such as Gucci owner **Kering** are now grappling with a deceleration there, as the price gap with other countries is becoming less attractive.

Kering said earlier this week that its operating profit would nearly halve this year after it posted third-quarter sales below analysts' expectations due to lower demand for luxury goods in the Asia-Pacific region.

Meanwhile, Italy's **Salvatore Ferragamo** joined its larger rivals and said it anticipated the increasingly challenging market environment to persist into the



At the beginning of the year, Hermès lifted its prices by 9%.

year's last quarter.

Despite the industry's woes, some companies have managed to perform better than others. Brands targeting the most-affluent shoppers are faring better, as these consumers have continued to be big spenders. In contrast, brands more exposed to a younger, less-affluent clientele more vulnerable to economic ups and downs are facing greater difficulties.

Hermès is among the handful of companies that have managed to buck the current slowdown, with Italy's **Brunello Cucinelli** also reporting growth. Strong pricing power and brand desirability, particularly for its Birkin and Kelly bags, has allowed Hermès to continue to achieve growth.

At the beginning of the year, Hermès increased prices by 9%. For 2025, price increases will be lower, but they will cover the impact from a negative currency effect as well as higher costs, Hermès's executive vice president of finance, Eric du Halgouet, said in an earnings call.

The company continues to anticipate revenue growth at constant exchange rates in the medium term, but cautioned on global economic, geopolitical and monetary uncertainties.

UPS Sales, Profit Record Increases

By DEAN SEAL

United Parcel Service shares climbed after the parcel carrier posted gains in quarterly revenue and earnings for the first time in over a year.

UPS stock jumped more than 5% in Thursday's trading. Shares of rival **FedEx** rose, too.

Domestic package revenue rose nearly 6% in the latest quarter on higher volumes, after a demand slump that prompted the company to cut prices over the summer.

"After a challenging 18-month period, our company returned to revenue and profit growth," Chief Executive Carol Tomé said.

UPS said it now expects \$91.1 billion in annual revenue, trimmed from prior estimates for \$93 billion. This follows the sale of its freight-brokerage business, **Coyote Logistics**, to RXO for around \$1 billion this summer.

In the third quarter, UPS's revenue rose 5.6% to \$22.25 billion, beating analyst projec-

tions for \$22.1 billion, accord-

ing to FactSet. Both domestic and international package revenue increased.

Profit climbed to \$1.54 billion, or \$1.80 a share, from \$1.13 billion a year earlier.

Stripping out one-time items, adjusted earnings were \$1.76 a share. Analysts had ex-

pected \$1.63 per share.

Source: S&P Capital IQ



Spirit has struggled after years of losses and a failed deal.

Spirit Airlines Agrees To Sell 23 Airplanes

By CONNOR HART

Spirit Airlines is selling some of its planes, a move that comes as the budget airline is struggling with financial pressures and exploring a bankruptcy filing.

The company will sell 23 aircraft to **GA Telesis** for about \$519 million, according to a Thursday filing with the Securities and Exchange Commission. Deliveries of the planes—Airbus A320 and A321 models—will begin this month and conclude in February.

Proceeds from the sale, combined with discharging aircraft-related debt from its balance sheet, will benefit Spirit's liquidity by approximately \$225 million through the end of next year, the company said.

Shares rose 9.5% to \$2.65 in after-hours trading.

The airline, which expects

to report its third-quarter results next month, said capacity fell 1.2% during the recent quarter. Looking ahead, it estimates fourth-quarter capacity will be down 20% compared with last year's quarter.

Next year, capacity is expected to fall in the midteens, in part due to the sale and removal of some of its aircraft fleet.

Spirit has struggled with financial pressure after a previous failed merger with JetBlue and years of losses.

The company is also aiming to address maturities with its \$3.3 billion debt load, though it got some breathing room last week after reaching a deal with its credit-card processor to delay a deadline to refinance some of its debt.

On Tuesday, The Wall Street Journal reported that **Frontier Airlines** is exploring a renewed bid for Spirit.



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EXCERPT OF MARKET SURVEY NOTICE

Subject: Market survey for radio and television production and post-production services and ancillary services to be carried out outdoors and in areas set up by the contractor within RAI's premises in the Correspondence Office of New York and in the branch office in Washington, for a duration of 36 months.

Estimated amount: 7,187,527.44 USD.

Deadline for expression of interest: 31/10/2024 12:00 noon (local time UTC+1)

The full notice is published on the websites www.fornitori.rai.it and <https://piattaformaacquisti.rai.it/PortaleAppalti>

TECHNOLOGY

WSJ.com/Tech

Intel Wins Fight to Scrap Big EU Fine

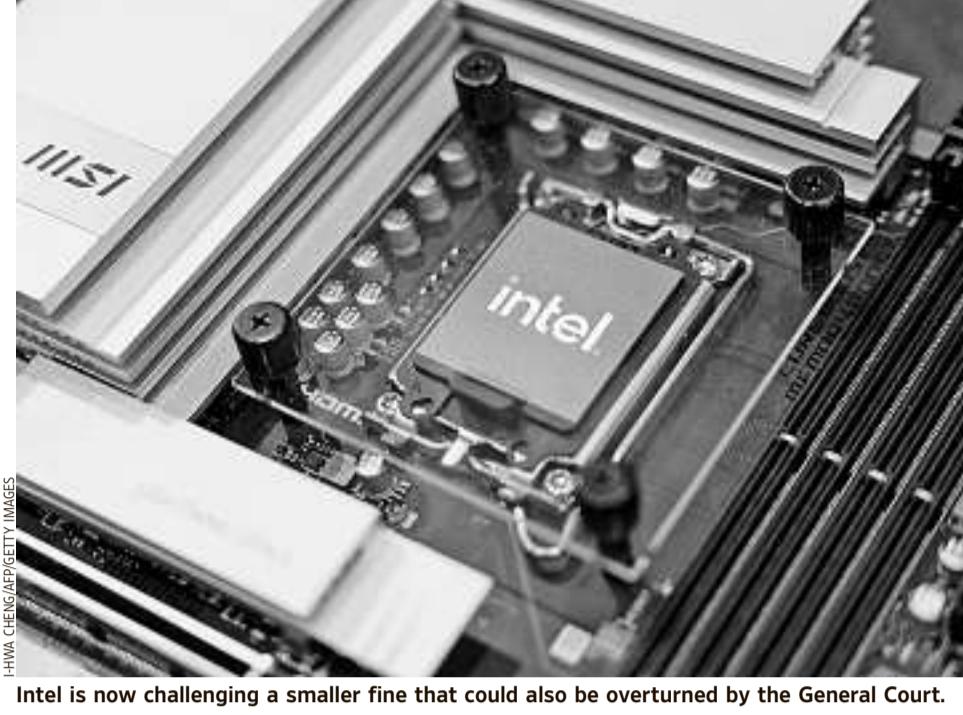
By MAURO ORRU

Intel scored a win on Thursday after the European Union's top court ruled the bloc couldn't reimpose a penalty of €1.06 billion, equivalent to \$1.14 billion, on the company in a long-running case over alleged anticompetitive practices in the market for computer chips.

The European Commission, the EU's executive arm, levied the record fine in 2009, saying the chip maker had abused its dominance in the market for computer chips known as x86 central processing units by paying manufacturers to halt or delay the launch of specific products with competing chips.

Officials also alleged at the time that the company was handing out rebates to manufacturers on the condition they bought x86 CPUs from Intel.

The group went on to appeal the penalty, giving way to a long legal tussle stretching 15 years. The General Court of the European Union, the bloc's second-highest court, overturned the fine in 2022, saying the analysis of



Intel is now challenging a smaller fine that could also be overturned by the General Court.

the case by antitrust officials was incomplete and didn't prove the rebates could stifle competition. The EU subsequently imposed a smaller fine of around €376 million and lodged an appeal.

On Thursday, the European

Court of Justice said it dismissed the commission's appeal. The ECJ ruling is final and can't be appealed. An EU spokeswoman said the commission would carefully study the decision.

An Intel spokesman said

the chip maker was pleased with the decision that would let it put this part of the case behind.

The company is now challenging the smaller fine that could also be overturned by the General Court. EU officials

levied that penalty last year over alleged payments to **HP**, **Acer** and **Lenovo** between November 2002 and December 2006 to halt or delay the launch of specific products containing competitors' x86 CPUs and to curb sales channels available for those products.

Intel declined to comment on the alleged payments, which the commission said would be in breach of EU legislation. HP, Acer and Lenovo didn't respond to requests for comment.

Thursday's ECJ decision marks a win for the chip maker after a long legal battle and yet another setback for EU officials, who faced legal defeats in recent months.

The second-highest court in September overturned a fine of €1.49 billion the bloc had imposed on **Alphabet**'s Google for restricting how some websites could display ads sold by its rivals.

The top court also rebuked the bloc's competition regulators for overreach in **Illumina**'s takeover of Grail, saying the legal tool that officials relied on to look at the case was used improperly.

Ireland Fines LinkedIn Over Personal Data Privacy

By MAURO ORRU

Ireland's data-protection watchdog fined LinkedIn 310 million euros, or \$334.3 million, saying the Microsoft-owned career platform's personal-data processing breached strict European Union data-privacy and security legislation.

The Irish Data Protection Commission in 2018 launched a probe into LinkedIn's processing of users' personal data for behavioral analysis and targeted advertising after its French equivalent flagged a complaint it received from a non-profit organization. Irish officials raised concerns on the lawfulness, fairness and transparency of the practice, saying on Thursday that LinkedIn was in breach of the EU's General Data Protection Regulation.

"The lawfulness of processing is a fundamental aspect of data-protection law and the processing of personal data without an appropriate legal basis is a clear and serious violation of a data subjects' fundamental right to data protection," said Graham Doyle, deputy commissioner at the Irish Data Protection Commission. Irish officials said LinkedIn wasn't sufficiently informing users when seeking their consent to process third-party data for behavioral analysis and targeted advertising and ordered the platform to bring its processing into compliance.

A LinkedIn spokesman said the group was working to ensure its ad practices comply with the decision, though it believes the company hasn't been in breach of the GDPR.

A month ago, Ireland fined **Meta** Platforms €91 million, saying the Facebook and Instagram owner stored passwords of some social-media users without proper safeguards.



RICHARD B. LEVINE/LEVINE ROBERTS/ZUMA PRESS

'The big picture vision is a Netflix for videogaming,' says one portfolio manager of Microsoft's strategy in the area.

New 'Call Of Duty' Is Big Test

Continued from page B1

Activision deal. The company decided to make the latest installment of the shooter series, called "Call of Duty: Black Ops 6," available at launch for streaming or downloading via Game Pass for \$19.99 a month, hoping it will drive a surge in sign-ups.

It will also be on sale separately for one-time purchase starting at \$69.99.

Microsoft sees streaming—and the subscription model that supports it—as a brighter path forward for its videogame business, which trails rivals **Sony Group** and **Nintendo** in console sales. So far, persuading gamers to trade downloads and a-la-carte pricing for the cloud and monthly fees has proved difficult for the tech giant.

"The big picture vision is a Netflix for videogaming, and I think that's a very viable op-

tion," said Joe Tigay, a portfolio manager at Equity Armor Investments, a longtime Microsoft bull. "I don't know it will happen all at once, but Microsoft is in a good position to do that."

Microsoft said its mission is to bring more games to more players across devices, allowing them more flexibility.

The videogame industry is facing structural obstacles similar to those Netflix faced before the streaming era began for movies and TV. Some players are concerned about potential delays that could hurt their chances of winning in competitive games, while many of the most popular games today, such as "Fortnite," are also free to play. Enthusiasts also tend to devote themselves to only a handful of games at any given time because developers continuously update them.

Some analysts are skeptical that Game Pass—whether people use it for streaming or old-fashioned downloading—can ever achieve mass appeal. "The videogame business is not suited for an all-you-can-eat model—at least not at a price that makes sense for publishers," said TD Cowen

analyst Doug Creutz. "There's no market for this product."

Microsoft launched Game Pass in 2017, offering people access to a large, rotating library of its own games and third-party titles that could be downloaded to an Xbox for a monthly fee. PC games were added in 2019, and the option to also stream games, including mobile titles, was added in 2020.

Game Pass had 34 million subscribers as of January 2022, a number that Microsoft disclosed in February 2023 and hasn't updated. That is just a fraction of the estimated 3.1 billion people who play videogames—including mobile titles—worldwide, according to analytics firm Algora Intelligence.

Wedbush Securities analyst Michael Pachter said Game Pass subscriber numbers are likely about the same today. He expects the new "Call of Duty" game to boost subscribers by two to three million. A recent price increase "may have triggered churn but more likely just stalled growth since it is prospective," Pachter said.

With streaming, also called cloud gaming, Micro-

soft aims to appeal to people looking to play high-end games on a big screen without spending hundreds of dollars on a console. Another goal is to accommodate those who want to be able to start a game on one device, such as a smart TV at home, pause and resume playing on another, such as a smartphone while on the go.

But millions of consumers upgraded their consoles during the pandemic, another reason the transition to streaming and subscriptions has been slow, analysts said.

Last year, consumers worldwide spent \$183.9 billion on game content alone, and this year such spending is expected to increase 2.1%, according to industry tracker Newzoo.

Thanks to the Activision deal, gaming is now Microsoft's fourth-largest business, nearly on par with its Windows division and larger than its LinkedIn and advertising units.

In addition to its Xbox consoles, the company owns more than 30 studios that make popular franchises such as "Halo," "Minecraft" and "Fallout."

Google's Anthropic Pact Faces British Scrutiny

By MAURO ORRU AND IAN WALKER

U.K. antitrust officials said they were probing whether **Alphabet**-owned Google's investment in artificial-intelligence startup Anthropic poses a threat to competition, a setback for the search-engine giant after British regulators cleared a similar partnership between **Amazon.com** and Anthropic.

The Competition and Markets Authority launched an initial review of Google's investment in Anthropic in July. Officials have now opened a merger inquiry, with a decision due by Dec. 19 on whether or not a more in-depth investigation is warranted.

Tech giants have been splurging on AI startups since OpenAI's release of ChatGPT in late 2022 ushered in a spending bonanza. Google agreed to raise its investment in Anthropic to up to \$2 billion late last year as the company sought to strengthen its foothold in the AI race to better compete with rivals like Microsoft, OpenAI and Amazon. Amazon poured \$4 billion into Anthropic. The startup, founded by several former OpenAI employees, has been locked in a battle with the ChatGPT maker to secure big-ticket investments from companies willing to provide the training resources needed for its large language models.

The launch of a merger inquiry into Google and Anthropic comes nearly a month after British antitrust enforcers cleared Amazon's bigger investment in the same startup, saying that partnership didn't qualify for an in-depth investigation. The CMA also cleared Microsoft's hiring of former employees from Inflection AI and its partnership with the startup.

"Google is committed to building the most open and innovative AI ecosystem in the world," a Google spokesman said. An Anthropic representative said the startup would cooperate with the CMA.

"We are an independent company and none of our strategic partnerships or investor relationships diminish the independence of our corporate governance or our freedom to partner with others," Anthropic said.

According to Google, it doesn't have veto rights over Anthropic's strategic commercial decisions because it doesn't have board seats or voting rights at the startup.

The probe marks a setback for U.S. big-tech companies as it shows their ties to AI startups are still under the microscope on both sides of the Atlantic after the Federal Trade Commission launched an inquiry into generative AI partnerships earlier this year. That inquiry includes Google owner Alphabet, Amazon, Anthropic, Microsoft and OpenAI. The FTC issued orders to the five companies to provide information on their investments into AI startups.

News Corp, owner of Dow Jones Newsweek and The Wall Street Journal, has a content-licensing partnership with OpenAI.

Higher Costs, Tepid Demand Dent Profit for LG Electronics

By KWANWOO JUN

LG Electronics' net profit slumped in the third quarter, hurt by rising logistics costs and higher raw-material prices, as it continued to struggle with tepid demand.

The South Korean consumer-electronics giant said that uncertainty in the business environment will likely persist through the final quarter of 2024 due to fluctuating oil prices amid escalating Middle East tensions and intensifying market competition after years of sluggish consumer demand.

Net profit for the July-September period dropped 81% from a year earlier to 90.20 billion won, equivalent to

\$65.3 million, badly missing the 448.21 billion won estimate in a FactSet poll of analysts.

Revenue for the quarter rose 11% to 22.176 trillion won and operating profit fell 21% to 751.90 billion won. Both figures were largely in line with the company's preliminary forecasts.

LG Electronics said Thursday that increased prices of liquid-crystal-display panels used to make televisions and other electronic goods, higher maritime freight rates and a delayed recovery in demand

for electric-vehicle parts continued to weigh on earnings.

Faced with a slower-than-expected recovery in demand for televisions and other con-

sumer electronics, the company is diversifying its business model and doubling down on transforming itself into a platform-based and business-to-business service provider.

Despite the tough business environment, LG Electronics earlier this week guided for annual revenue to grow to 100 trillion won by 2030, a roughly

20% increase from 2023.

The company has set a 7% target for both annual sales growth and operating profit margin as part of its 2030 vision and seeks to raise its enterprise value to seven times its earnings before interest, taxes, depreciation and amortization by the end of the decade.

LG Electronics quarterly net profit/loss

600 billion won
400
200
0
-200

2023 '24

Note: 1 billion won = \$724,400

Sources: S&P Capital IQ; the company



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BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, Finra, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes: i-New 52-week high; 1-New 52-week low; dd-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Thursday, October 24, 2024

Stock	Symbol	Net Sym Close	Net Chg	Stock	Symbol	Net Sym Close	Net Chg
A AON	AON	106.26	-0.63	C H Robinson	CHR	106.73	-1.13
A ECOM	ECOM	104.89	-0.48	C Group	CME	229.69	-0.55
AES	AES	16.98	-0.10	C NCA	CNA	71.77	-0.33
Aflac	AFL	120.01	-0.13	C GRH	GRH	91.00	-0.28
AGNC Inv	AGNC	9.94	...	C CVS	CSX	33.10	-0.49
Ansys	ANSS	321.37	-0.48	C V Health	CVS	56.12	-0.66
APA	APA	24.67	0.31	CadeDesign	CEN	251.29	-2.19
ASE Tech	ASX	10.10	-0.02	CamdenProperty	CPT	120.35	-0.28
ASML	ASML	71.01	2.19	Carmen	CCJ	53.85	-0.23
AT&T	T	32.22	-0.22	CarrollSoft	CM	63.05	-0.21
AbbottLabs	ABBV	116.54	-0.48	CanadianNRGs	CNS	35.10	-0.20
AbbVie	ABBV	109.65	-0.77	Carnival	CCL	20.91	-0.09
Accenture	ACN	364.23	-0.60	Carnival	CUI	19.09	-0.15
AcuityBrands	AYI	298.7	-2.57	C FedEx	FDX	272.87	-4.82
Adobe	ADBE	492.27	-2.16	C Edpnet	COF	153.26	-0.99
AdvOrinageSys	AMWS	159.08	1.70	C CardinalHealth	CAH	121.16	0.24
AdvMicroDevices	AMD	153.44	0.53	C Carlisle	CSL	458.62	-0.23
AkamaiTech	AEG	6.44	0.04	C Catalyst	CTL		

1-New 52-week high; 1-New 52-week low; dd-Indicates loss in the most recent four quarters.

Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.

Thursday, October 24, 2024

Stock **Symbol** **Net Sym Close** **Net Chg** **Stock** **Symbol** **Net Sym Close** **Net Chg**

A B C

AAON AON 106.26 -0.63 AECOM ACOM 104.89 -0.48 AES AES 16.98 -0.10 Aflac AFLC 120.01 -0.13 AGNC Inv AGNC 9.94 ... Ansys ANSS 321.37 -0.48 APA APA 24.67 0.31 ASE Tech ASX 10.10 -0.02 ASML ASML 71.01 2.19 AT&T T 32.22 -0.22 AbbottLabs ABBV AbbottVie ABBV 109.65 -0.77 Accenture ACN 364.23 -0.60 AcuityBrands AYI 298.7 -2.57 Adobe ADBE 492.27 -2.16 AdvOrinageSys AMWS 159.08 1.70 AdvMicroDevices AMD 153.44 0.53 AkamaiTech AEG 6.44 0.04 Alerus ALR 49.5 -0.21 AffirmA AFRM 42.03 0.22 AgilentTechs AYI 298.7 -2.57 AkzoNobelAkzoNobel AMWS 87.93 -0.68 AgreeTechs AGRE 75.00 -1.68 AirProducts APD 322.10 -4.52 Airbnb ABNB 132.75 0.83 AlamedaGold ALG 21.00 -0.01 Albermarle ALB 95.15 1.19 Albertsons ACI 18.77 -0.17 Alcoa AA 42.02 0.14 Alcon ALC 94.39 -0.12 AlexandriaREst AXLE 116.35 -3.55 Alibabaa BABA 9.63 -1.64 AlignPilot ALGN 216.42 8.76 Allegion ALLEG 145.27 -5.59 AlliantEnergy ENER 61.91 -0.01 AlliantTransn AlliantTransn 61.91 -0.01 Allstate ALL 19.00 -0.01 AllU Financial ALLU 24.49 -0.49 AlvinPharm ALH 229.69 -1.18 Alphabet GOOGL 162.72 -0.06 Alphabat C GOOG 164.53 0.60 AltairEngg ALT 104.49 -2.16 Altira MGR 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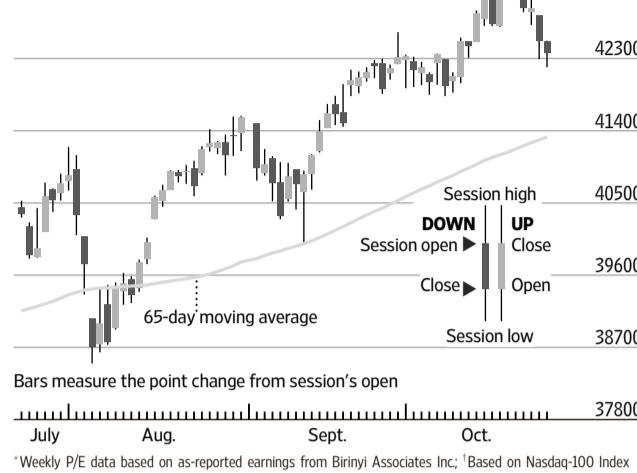
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

42374.36 ▼140.59, or 0.33%
High, low, open and close for each trading day of the past three months.

Current divisor 0.15221633137872



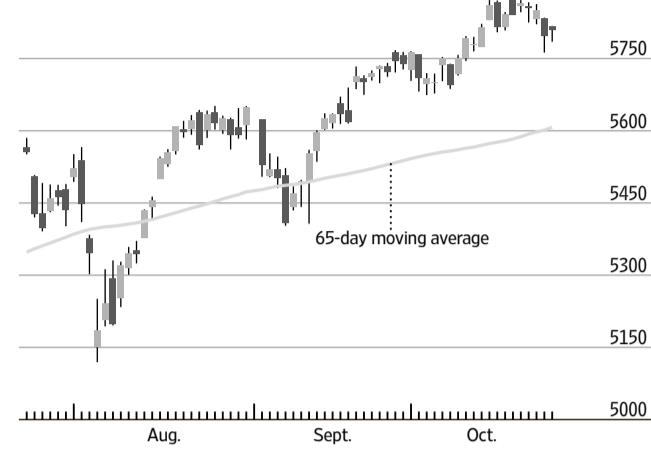
Bars measure the point change from session's open

July Aug. Sept. Oct.

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

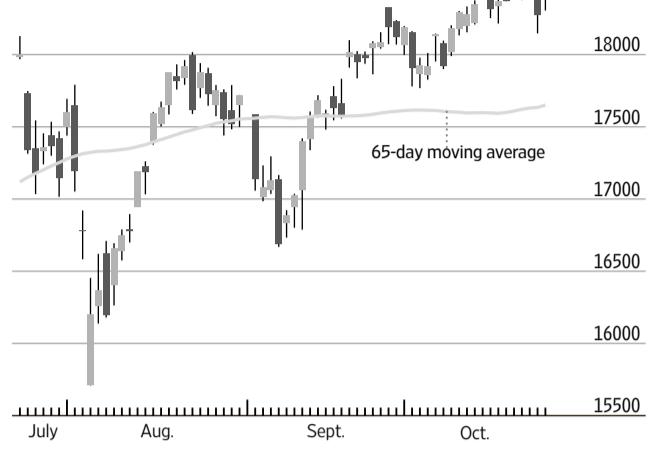
5809.86 ▲12.44, or 0.21%
High, low, open and close for each trading day of the past three months.



July Aug. Sept. Oct.

Nasdaq Composite Index

18415.49 ▲138.83, or 0.76%
High, low, open and close for each trading day of the past three months.



July Aug. Sept. Oct.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
Dow Jones										
Industrial Average	42522.55	42191.83	42374.36	-140.59	-0.33	43275.91	32417.59	29.3	12.4	5.9
Transportation Avg	16216.83	15959.88	16077.10	-10.40	-0.06	16562.66	13556.07	17.7	1.1	0.6
Utility Average	1074.31	1061.43	1063.48	-7.79	-0.73	1071.27	812.89	28.4	20.6	4.9
Total Stock Market	57618.64	57285.27	57539.63	138.80	0.24	58160.93	40847.04	40.1	20.4	6.9
Barron's 400	1238.47	1230.58	1235.03	1.01	0.08	1263.18	907.97	34.8	15.2	5.0
Nasdaq Stock Market										
Nasdaq Composite	18435.37	18305.42	18415.49	138.83	0.76	18647.45	12595.61	46.2	22.7	6.9
Nasdaq-100	20256.38	20116.88	20232.87	165.91	0.83	20675.38	14109.57	43.4	20.2	9.6
S&P										
500 Index	5817.80	5784.92	5809.86	12.44	0.21	5864.67	4117.37	40.4	21.8	8.5
MidCap 400	3134.28	3114.54	3127.72	5.26	0.17	3198.21	2326.82	32.6	12.4	3.8
SmallCap 600	1399.54	1388.27	1397.61	4.38	0.31	1442.34	1068.80	29.4	6.0	0.4
Other Indexes										
Russell 2000	2227.00	2206.35	2218.92	5.08	0.23	2286.68	1636.94	33.9	9.5	-1.1
NYSE Composite	19620.02	19496.22	19560.73	-33.51	-0.17	19884.81	14675.78	31.6	16.1	4.5
Value Line	618.37	614.33	616.95	1.17	0.19	630.13	498.09	22.4	3.9	-3.0
NYSE Arca Biotech	5856.56	5776.94	5782.43	-29.87	-0.51	5953.12	4544.40	24.0	6.7	1.0
NYSE Arca Pharma	1063.48	1051.88	1052.76	-10.72	-1.01	1140.17	845.32	20.6	15.7	11.4
KBW Bank	122.49	121.21	122.41	0.75	0.62	122.91	71.71	66.7	27.5	-5.0
PHLX® Gold/Silver	173.12	166.27	169.44	-2.99	-1.73	175.74	102.94	50.1	34.8	8.0
PHLX® Oil Service	75.01	73.51	74.60	0.09	0.12	95.25	72.67	-15.2	-11.1	5.0
PHLX® Semiconductor	5175.00	5116.41	5157.61	26.24	0.51	5904.54	3185.18	61.8	23.5	15.2
Cboe Volatility	20.24	18.63	19.08	-0.16	-0.83	38.57	11.86	-7.7	53.3	7.3

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours				
			Last	Net chg	% chg	High	Low
Capri Holdings	CPRI	15,172.3	22.19	-19.41	-46.66	41.60	18.31
Arcadum Lithium	ALTM	7,452.0	5.50	...	unch.	5.51	5.49
SPDR S&P 500 ETF Trust	SPY	5,151.6	579.45	0.21	0.04	579.94	578.88
Tesla	TSLA	4,458.3	257.55	-2.93	-1.12	316.29	164.04
NVIDIA	NVDA	4,349.2	140.18	-0.23	-0.16	147.52	139.98
Comcast C/I	CMCSA	4,341.6	41.22	-0.43	-1.03	41.87	22.24
AT&T	T	3,691.0	22.16	-0.04	-0.18	22.44	22.16
Intel	INTC	3,578.1	22.27	-0.07	-0.31	22.37	22.20

Percentage gainers...

Company	Symbol	Volume (000)	Latest	Session	52-Week
			Close	Net chg	% chg
Tapestry	TPR	618.9	50.00	5.53	12.44
Spirit Airlines	SAVE	1,696.4	2.71	0.29	11.98
Deckers Outdoor	DECK	739.8	166.66	14.62	9.62
Western Digital	WDC	2,516.5	72.39	6.07	9.15
ResMed	RMD	156.6	258.00	18.95	7.93

...And losers

Company	Symbol	Volume (000)	Latest	Session	52-Week
			Close	Net chg	% chg
Capri Holdings	CPRI	15,172.3	22.19	-19.41	-46.66
3M	MMM	97.1	92.02	-34.45	-27.24
Coursera	COUR	1,228.9	6.52	-1.10	-14.44
Joby Aviation	JOBY	2,652.8	5.46	-0.58	-9.60
Olin Corp	OLN	90.1	41.50	-3.54	-7.86

Percentage losers...

Company	Symbol	Volume (000)	Latest	Session	52-
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COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Contract				Open
	Open	High	Low	Settle	Chg	Interest	Open

Copper-High (CME)-25,000 lbs.; \$ per lb.
Oct 4,3670 4,3670 4,2930 4,3195 0.0150 520
Dec 4,3335 4,3995 4,3225 4,3515 0.0150 125,295

Gold (CMX)-100 troy oz.; \$ per troy oz.
Oct 27,29.00 2736.10 2729.00 2734.90 20.50 48
Nov 27,17.40 2743.30 2717.40 2736.50 19.40 1,083
Dec 27,29.20 2756.30 2728.70 2749.80 19.50 47,647
Feb'25 2753.50 2780.50 2753.40 2773.30 19.50 73,983
April 2774.90 2800.80 2774.90 2793.70 19.50 20,998
June 2795.50 2820.00 2795.50 2814.20 19.30 15,010

Palladium (NYM)-50 troy oz.; \$ per troy oz.
Oct 1041.00 1049.50 1041.00 1161.00 103.50 15
Dec 1069.50 1173.00 ▲ 1068.50 1163.90 99.20 16,449

Platinum (NYM)-50 troy oz.; \$ per troy oz.
Oct 1024.10 1024.10 1021.50 1024.20 4.40 30
Jan'25 1029.20 1053.40 1028.60 1033.60 3.90 74,104

Silver (CMX)-5,000 troy oz.; \$ per troy oz.
Oct 34.140 34.140 33.890 33.611 -0.029 4
Dec 33.875 34.480 33.420 33.795 -0.094 127,540

Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.
Dec 71.02 72.34 69.77 70.19 -0.58 339,104
Jan'25 70.62 71.88 69.41 69.84 -0.53 175,484
Feb 70.20 71.47 69.11 69.52 -0.50 104,986
March 69.91 71.13 68.85 69.26 -0.47 117,244
June 69.30 71.39 68.32 68.72 -0.39 149,845
Dec 68.12 69.04 67.29 67.66 -0.26 155,728

NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.
Nov 2,2265 2,2594 2,1964 2,2023 -0.0193 46,174
Dec 2,2341 2,2688 2,2069 2,2129 -0.0182 125,925

Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.
Nov 2,0457 2,0760 2,0139 2,0277 -0.0137 47,098
Dec 2,0100 2,0387 1,9783 1,9923 -0.0118 131,535

Natural Gas (NYM)-10,000 MMbtu's; \$ per MMbtu.
Nov 2,400 2,582 2,373 2,522 -.180 47,756
Dec 2,952 3,062 2,903 3,018 .177 279,184
Jan'25 3,214 3,304 3,160 3,270 .107 268,550
Feb 3,116 3,199 3,065 3,168 .099 122,067
March 2,854 3,166 2,808 2,898 .084 224,247
April 2,792 2,857 2,755 2,835 .076 95,620

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.
Dec 418.75 424.00 418.25 421.50 2.50 747,184
March'25 431.75 436.75 431.25 435.00 3.00 437,875

Oats (CBT)-5,000 bu.; cents per bu.
Dec 380.00 383.75 373.50 376.75 -3.75 3,105
March'25 378.00 380.75 372.75 375.00 -3.00 711

Soybeans (CBT)-5,000 bu.; cents per bu.
Nov 997.50 1012.25 994.25 996.25 -1.25 208,789
Jan'25 1005.00 1018.00 1002.50 1005.00 ... 308,801

Soybean Meal (CBT)-100 tons; \$ per ton.
Dec 314.50 317.40 310.10 310.40 -4.60 213,248
Jan'25 313.30 316.00 309.90 310.20 -3.50 129,289

Soybean Oil (CBT)-60,000 bbls.; cents per lb.
Dec 43.40 45.10 43.38 44.33 .94 202,417
Jan'25 43.33 44.93 43.30 44.25 .94 119,173

Interest Rate Futures

Ultra Treasury Bonds (CBT)- \$100,000 pts 32nds of 100%
Dec 124-240 126-050 124-210 125-260 30.0 1,736,087
March'25 125-050 126-070 124-250 125-290 30.0 38,733

Treasury Bonds (CBT)-\$100,000; pts 32nds of 100%
Dec 118-010 119-010 117-290 118-240 23.0 1,781,751
March'25 118-110 119-070 118-060 118-310 23.0 10,372

Treasury Notes (CBT)- \$100,000; pts 32nds of 100%
Dec 111-005 111-135 110-310 111-090 8.0 4,625,119
March'25 111-075 111-210 111-070 111-165 8.5 8,734

5 Yr. Treasury Notes (CBT)- \$100,000; pts 32nds of 100%
Dec 107-210 107-300 107-207 107-262 5.0 6,244,761
March'25 107-315 108-057 107-287 108-022 5.2 1,599

2 Yr. Treasury Notes (CBT)- \$200,000; pts 32nds of 100%
Dec 103-047 103-081 102-045 102-064 1.7 4,538,484
March'25 103-165 103-172 103-139 103-157 1.9 131

30 Day Federal Funds (CBT)- \$5,000,000; 100-daily avg.

Contract

	Open	High	hilo	Low	Settle	Chg	Open
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Rough Rice (CBT)-2,000 cwt.; \$ per cwt.
Nov 15.09 15.09 14.95 15.04 15.04 -.07 2,784

Wheat (CBT)-5,000 bu.; cents per bu.
Dec 579.00 584.25 575.00 581.50 3.00 201,918
March'25 599.25 603.50 594.25 600.75 2.50 102,747

Wheat (KC)-5,000 bu.; cents per bu.
Dec 585.25 589.75 579.50 580.70 1.50 124,489
March'25 600.00 603.75 594.25 601.25 1.00 71,531

Cattle-Feeder (CME)-5,000 bu.; cents per lb.
Oct 248,700 249,775 248,400 249,400 .825 2,798
Jan'25 243,775 245,800 243,775 245,525 1.700 21,518

Cattle-Live (CME)-40,000 lbs.; cents per lb.
Oct 187,725 189,375 187,600 189,300 1.675 2,294
Dec 188,000 189,325 187,600 189,250 1.375 141,397

Hogs-Lean (CME)-40,000 lbs.; cents per lb.
Dec 79,800 80,300 ▲ 78,425 78,650 -.1525 138,326
Feb'25 83,225 83,650 ▲ 82,350 82,800 -.600 71,127

Lumber (CME)-27,500 bd.ft.; \$ per 1,000 bd.ft.
Nov 528.00 529.50 525.50 529.50 4.50 4,050
Jan'25 550.50 554.00 549.00 554.00 5.00 3,800

Milk (CME)-200,000 lbs.; cents per lb.
Oct 22.75 22.75 22.72 22.72 -.03 4,166
Nov 20.35 20.42 20.17 20.27 -.13 4,786

Cocoa (ICE-US)-10 metric tons; \$ per ton.
Dec 6,953 7,002 6,717 6,756 -.245 46,322
March'25 6,381 6,425 6,210 6,245 -.167 45,529

Coffee (ICE-US)-37,500 lbs.; cents per lb.
Dec 251.90 256.10 244.10 245.45 -.690 85,294
March'25 250.20 254.65 243.15 244.45 -.600 66,131

Sugar-World (ICE-US)-112,000 bbls.; cents per bbl.
Dec 22.44 22.58 22.12 22.20 -.14 374,019
May 20.69 20.82 20.42 20.50 -.11 159,891

Sugar-Domestic (ICE-US)-112,000 bbls.; cents per lb.
Jan 38.10 38.10 38.10 38.10 ... 1,633
March 38.34 38.34 38.34 38.34 ... 2,459

Cotton (ICE-US)-50,000 lbs.; cents per lb.
Dec 72.46 72.69 71.25 71.53 -.98 122,954
March'25 74.46 74.69 73.32 73.62 -.91 65,485

Orange Juice (ICE-US)-15,000 lbs.; cents per lb.
Nov 500.05 509.65 ▲ 500.05 506.95 6.85 694
Jan'25 480.00 484.80 478.10 480.45 3.75 7,475

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return	YTD total return (%)	Index	— Yield (%) —
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Thursday

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Boeing Needs to Tackle Its Balance Sheet

Before working on the plane maker's long-term issues, new CEO Ortberg will need to buttress its damaged finances

Boeing's new chief executive, Kelly Ortberg, has many active fronts in his battle to "reset" the company, including addressing labor strikes, re-establishing a culture of accountability, fixing ongoing problems at the defense division and figuring out how to build innovative plane models again.

Now he has to seriously worry about the company's deteriorating balance sheet.

On Wednesday, the plane maker said it incurred a loss of \$6.2 billion and experienced a free cash flow of negative \$2 billion during the third quarter, as a result of a strike that started in September. But the worse news came later in the day, when its largest machinist union rejected a deal to increase wages by 35% over the next four years.

Shares in Boeing, which fell 1.2% on Thursday, have shed 55% in five years.

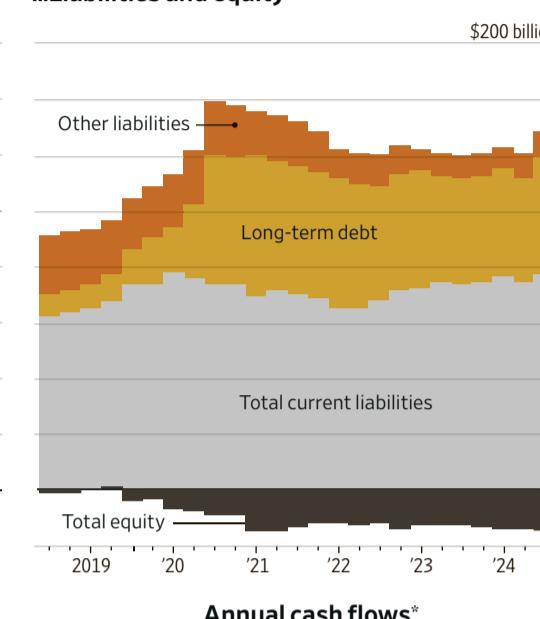
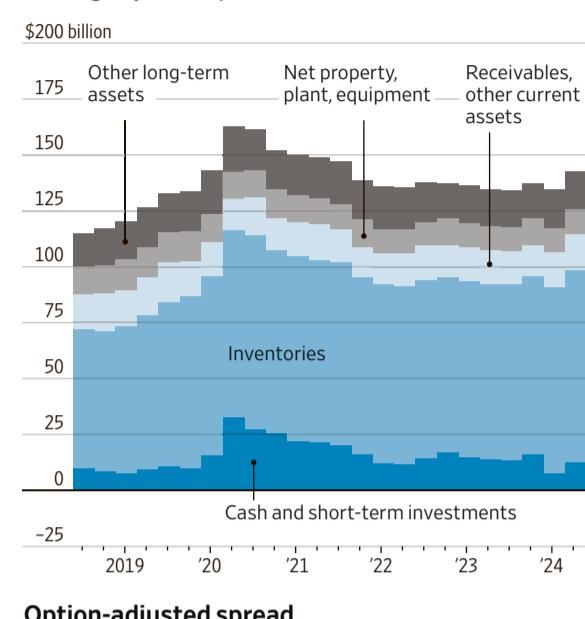
Remarkably, Wall Street is starting to turn against the debt, too. This month, S&P Global Ratings placed the plane maker on a watchlist for potentially being downgraded to a "speculative" grade.

It would be the largest-ever company to suffer this fate. The yield on its bonds went from trading less than 1 percentage point above Treasury yields in the summer to almost 1.4 percentage points above now, edging closer to the average spread of the highest-rated "junk" bonds.

Until recently, Boeing seemed insulated from any default risk by the fact that its only true rival is Europe's **Airbus**, which can't service all of the world's airlines alone. Its order backlog spans 5,400 airplanes, valued at \$428 billion.

But the continuing strike comes at a huge cost of about \$1 billion in cash a month, and markets are worried about a \$12.5 billion wall of debt maturing in 2025 and 2026.

"We do have a plan to address the balance sheet," Ortberg said in a call with investors on Wednesday. "The priority is to protect our investment grade."



*Figures from 2024 onward are median analyst estimates made before 3Q 2024 earnings were posted on Oct. 23.

Sources: the company (annual assets, liability and equity); FactSet (spread); Visible Alpha (cash flow)

To be sure, Boeing's ability to get hold of liquidity is undiminished. Despite the production stoppage, it had \$10.5 billion in cash and short-term investments at the end of September. This means the ratio of current assets to current liabilities—a key measure of a business's capacity to honor its near-term obligations—remained healthily above one.

And, this month, the plane maker secured a \$10 billion line of credit, bringing its access to untapped credit facilities to \$20 billion. Investors don't have the stomach for much more leverage, however. Debt was \$57.7 billion at the end of September. After accounting for the \$10 billion cash buffer, net debt amounts to more than three times the earnings before interest, tax, depreciation and amortization, or Ebitda, that Boeing would be expected to generate in five years' time if it overcame the current problems and fully ramped up production of 737 MAX and 787 Dreamliner jets.

That is heavy baggage to carry, and is generally a threshold for large companies beyond which markets start to get worried. By

ach for much more leverage, however. Debt was \$57.7 billion at the end of September. After accounting for the \$10 billion cash buffer, net debt amounts to more than three times the earnings before interest, tax, depreciation and amortization, or Ebitda, that Boeing would be expected to generate in five years' time if it overcame the current problems and fully ramped up production of 737 MAX and 787 Dreamliner jets.

That is heavy baggage to carry, and is generally a threshold for large companies beyond which markets start to get worried. By

comparison, Airbus's ratio was negative as of June.

Before Boeing reported results on Wednesday, analysts had penciled in, based on prior input from the company, that free cash flow would be positive next year, and debt would start getting repaid, bringing the ratio back below one by 2028.

Yet, even under that over-optimistic scenario, hefty debt repayments would eat up all of the cash expected to be generated over the next two years, according to Visible Alpha, and roughly 40% of it in the following three.

On Wednesday, Boeing said it is instead likely to keep burning cash in 2025, and this was assuming the strike would end that day.

Yes, the plane maker has a whopping \$83 billion in inventories, which is a \$20 billion increase relative to 2018, and includes 30 parked 787s that would release a lot of extra cash if sold.

But this is misleading: Allegedly finished planes have a lot of flaws that are costly to fix—what executives call "the shadow factory."

So Boeing is left without much room to maneuver.

As an analyst at a ratings agency puts it: "Investment-grade firms don't have negative cash flow."

Were a downgrade to happen, most investment funds would be forced sellers, since they don't have the mandate to hold speculative-grade debt.

Of course, those with the ability to buy bonds in the aftermath might then benefit, as the Arlington, Va.-based manufacturer is unlikely to default.

Even in the worst-case scenario, U.S. officials would likely protect one of their fallen industrial champions from bankruptcy, especially considering its importance to the defense sector.

The really hard pill to swallow is for shareholders. They are very unlikely to see any significant payoff in the foreseeable future, as the company goes from slashing the debt to eventually having to invest in new aircraft programs. Even after a prolonged equity slump and using 2028 earnings, Boeing's enterprise value is 10 times Ebitda, compared with Airbus's 11.5. The only upside is at a very long-term horizon.

Boeing is expected to raise \$10 billion in new shares, though it could do as much as \$25 billion over the next three years.

If the end figure ends up being closer to the maximum, stock investors might counterintuitively join their bondholder peers in celebration: Dilution is a far lesser concern than a damaged balance sheet.

—Jon Sindreu

Gucci's Biggest Problem May Be a Safe New Look

A tough market for luxury goods is covering up deeper issues at Gucci. The brand's revamp isn't taking off yet and its owner's pockets are shrinking.

Kering, the French luxury group that is Gucci's owner, issued its third profit warning of the year on Wednesday evening as it unveiled quarterly results, and now expects 2024 operating income to be barely half of last year's levels. Its star brand is weak.

Sales at Gucci fell 25% in the third quarter compared with the same period of 2023. The label has been shrinking for more than a year and its performance has fallen behind rival fashion brands at luxury giant **LVMH**.

Kering is giving Gucci a makeover and replaced its creative team a year and a half ago. The

flashy designs that Gucci had become known for are out in favor of a more subtle look.

If the brand can successfully pull off this new classic image, it should be less vulnerable to the fickle fashion cycles that have made Gucci's sales volatile in the past.

New designer Sabato de Sarno's collections only make up around one-third of what is available in Gucci's stores. But when asked how new handbag models are selling, Kering's finance chief sounded muted.

Gucci's wholesale business had a very weak quarter. This could be a sign that the brand is being disciplined about who it sells inventory to, as luxury brands battle a surging parallel market for designer goods in China.

Or it might instead be a sign that Gucci's new collections haven't been a hit with industry buyers who select the stock for luxury department stores.

Some challenges are out of Kering's control. Gucci's sales to Chinese consumers fell 35% in the quarter. Many of the factors that led China's shoppers to spend heavily on luxury goods over the past decade, such as booming property prices and strong economic growth, have evaporated, with implications for the entire luxury goods industry.

But Americans and Europeans reacted tepidly to Gucci's new look, with third-quarter sales down one-fifth in both regions. Luxury shoppers have become more selective as they have less money to splurge. The trend is

benefiting the highest-quality brands such as **Hermès**, whose sales rose 14% in the third quarter, while hampering weaker labels like Gucci and **Burberry**.

Kering relies heavily on Gucci as its main cash cow. In better years, the Italian brand generated two-thirds of the group's total operating profit.

The Paris-listed company has spent billions of euros over the past year on luxury real estate in New York and Milan and a 30% stake in luxury brand Valentino. Net debt is expected to hit €11 billion this year, equivalent to around 2.5 times the company's estimated earnings before interest, taxes, depreciation and amortization for the year.

That isn't at uncomfortable levels yet, and Kering still expects to

maintain its dividend, but the cash needs to start flowing again at Gucci soon.

Luxury makeovers take time to build momentum, and it is still early days at Gucci. That could leave profit margins under pressure for a while. There is only so much cost cutting a top luxury brand can do without damaging its image. Kering will close some Gucci stores next year to reduce its rent bills, probably in China.

But absolute spending on advertising will stay the same as last year as the company tries to grab attention for its new collections.

After a 40% fall so far this year, Kering's stock is back at levels last seen in early 2017. The shares will surge at the first signs of recovery at Gucci, but there aren't any yet.

—Carol Ryan

A More Profitable Tesla Is Still a Pricey Ride

Elon Musk thinks of **Tesla** as an artificial-intelligence company. He would be seriously bummed if it were valued like one.

Tesla's third-quarter results gave the electric-vehicle maker's stock price a strong boost on Thursday, recovering the ground lost after the company's disappointing robotaxi event this month. The reaction wasn't entirely unwarranted: Tesla managed to surprise Wall Street by reversing the steady decline its automotive gross margins suffered over the past two years. Strong growth in sales and gross profits in the company's energy generation and storage segment helped. Tesla's total operating profit came in at \$2.7 billion for the quarter—37% above Wall Street's consensus forecast, according to FactSet.

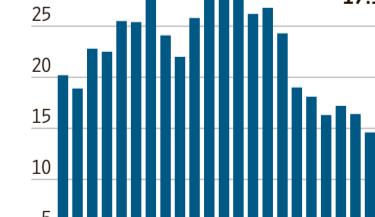
Still, Tesla's overall growth is far below normal, or at least what has long been the company's version of normal. Total automotive revenue rising 2% year over year

in the third quarter comes after two consecutive quarters of declines. That is a fraction of the 45% growth Tesla's core business averaged on a quarterly basis from 2020 through 2023. The world's largest EV maker can't escape the gravity of a global auto-sales slowdown.

And even the profit boost might not be built to last. "Sustaining these margins in Q4, however, will be challenging, given the current economic environment," said Tesla Chief Financial Officer Vaibhav Tanuja on the company's conference call on Wednesday.

Analysts boosted their profit targets anyway. The consensus projection for Tesla's per-share earnings over the next four quarters rose more than 5% after the company's report. But even that doesn't cover Tesla's chunky valuation: Thursday's jump of nearly 22% puts the stock price at 83 times forward earnings. That is more than twice the multiple that

Tesla's automotive gross margins



Note: Excludes regulatory credits
Source: WSJ analysis of S&P Global Market Intelligence data

tech giants such as Apple, Microsoft and Amazon.com fetch. If Tesla were valued on par with Nvidia, whose chips Tesla is snapping up to power its ambitions in AI, autonomous driving and robotics, the stock price—and a good chunk of Musk's net worth—would be half of its current level.

Hence, Tesla needs much, much more to go right than just a recovery in the global EV market. But its biggest ambitions are distant and by no means slam dunks. Musk reiterated his plan to have robotaxis begin production in 2026. The ultimate fate of that business, though, lies in the company's ability to clear the necessary regulatory hurdles for self-driving cars in states like California—not to mention catching up to rivals such as Waymo that are already on the road.

"While compute capacity growth is a positive indicator that will support accelerated learning cycles, we remain cautious on Tesla's system performance vs. peers given lack of driver-out regulatory approvals and limited detail on miles between engagement," wrote Colin Rusch of Oppenheimer on Thursday.

The humanoid robot called Optimus is even more of a long

shot—not that Musk qualifies it as such. "So I think it has a good chance of being the most valuable product ever made," Musk said on Wednesday's call.

Even some of Tesla's near-term targets look ambitious. After scrapping its Model 2 project earlier this year, the company reiterated a plan to launch a "more affordable" car in the first half of next year, though details on that vehicle remain sparse. And Musk projected vehicle-sales growth of 20% to 30% next year—a sharp jump from the 13% pace analysts were projecting, according to FactSet.

"We struggle to handicap the unit growth, given the uncertain timing of volume production, a limited sense of how different the offerings will be relative to the current Model 3 and Y, and true delivered price," wrote Toni Sacconaghi of Bernstein.

Tesla has to get an awful lot of rubber to meet the road.

—Dan Gallagher

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\$108 Million
An estate modeled after Versailles lists in San Diego. **M3**

HOMES | MARKETS | PEOPLE | REDOS | SALES

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THE WALL STREET JOURNAL

\$15 Million
An aviation-inspired home sells near Las Vegas. **M16**

Friday, October 25, 2024 | **M1**

TAXES



If developer Wylan/James sells this L.A. spec home at its \$5.895 million list price, the company will have to pay about \$235,800 in mansion taxes.

TYLER HOGAN (2)

Real-estate pros love to hate them, while local governments embrace them as a new source of funding. How much does the rise of 'mansion taxes' actually affect the housing market?

By CANDACE TAYLOR

After years of saving for a down payment, Hamza Sheikh was ready in 2022 to buy his first home—a one-bedroom apartment in Manhattan.

Sheikh, who is in his early 30s and works in technology, was "dead set" on paying less than \$1 million, according to his real-estate agent, Phillip Salem of Compass. That's because New York charges a so-called mansion tax for properties of \$1 million or more, meaning he would have to pay an additional 1%, or at least \$10,000, in cash at closing.

"It wouldn't have been a total deal breaker," says Sheikh, who likely would have borrowed the extra cash from his family. But avoiding the tax "made the whole process a lot more feasible."

They focused on apartments priced around \$1.1 million, seeking sellers who might be willing to go below \$1 million, Salem said. Eventually, they found a Chelsea condo asking \$1 million; Salem negotiated the price down to \$995,000, and they made a deal.

Mansion taxes—shorthand for taxes on high-end real-estate sales, usually in the form of a one-time payment at closing—are becoming more common as cash-strapped local governments look for new funding sources. In New York, buyers typically pay

5.5%
L.A. tax rate on sales of \$10.3 million and up

3.9%
Tax rate on NYC purchases of \$25 million and up

\$403 MILLION
Measure ULA funds raised

\$324 MILLION
Funds raised from San Francisco's Prop. I



the mansion tax; in other markets, like Los Angeles and San Francisco, sellers are usually on the hook to pay such fees. Often popular with voters, these taxes face vehement opposition from the real-estate industry and business groups, who say such measures will cripple the residential real-estate market.

The impact is often much more nuanced. The data show that new mansion taxes tend to have a significant but short-

term impact on the number of home sales, creating a rush of deals before the tax goes into effect and suppressing transactions for several months afterward. Then, the market begins to normalize.

Take Los Angeles, for instance. Since its new mansion tax, called Measure ULA, went into effect in April 2023 to raise money for affordable housing and homelessness prevention, the controversial law

Please turn to page M6

Creating a Home to Match the Dog

While renovating their house, this couple channeled their greyhound's stylish aesthetic

By NANCY KEATES

WHEN YOUR DOG has amassed over 10,000 followers on Instagram because she's just so stylish, maybe it makes sense to design your home renovation around her.

That's what XJ Teo and Helen Chen decided, anyway.

Dani, their greyhound, is a doggy influencer who has won fans on social media with her faux-fur coats and understated, urban-chic aesthetic. So when the couple started a \$500,000 renovation of a brownstone in Brooklyn's Bed-Stuy neighborhood, they decided to channel Dani's style, down to the green and blue tiles in the primary bathroom, which echo her signature brass and dark-green collar.

Dani was even a factor in the couple's decision to move out of their small Manhattan apartment: They wanted something near



DOROTHY HONG FOR WSJ (2)

green space where she could play.

Chen, 34, works in client relations in the tech industry, and Teo, 35, works in financial services. They both graduated from Villanova University, but they didn't meet until 2013, when they were both living in New York.

They adopted Dani in 2017 after she retired at age 3 from racing in Florida. She wasn't a very successful racer, says Chen: In the one race they saw on video, Dani came in dead last after tripping.

Please turn to page M10

PRIVATE PROPERTIES

A Billionaire's Cliffside Versailles

Perched above La Jolla Bay, billionaire Darwin Deason's ornate mansion isn't so much a California beach house as a cliffside Palace of Versailles.

The Sandcastle, as it is locally known, has become a local curiosity with its carved stone columns, elaborate balconies and private elevated beach. Now coming on the market for \$108 million, the roughly 13,000-square-foot home would shatter the San Diego

County record if it fetches its asking price, according to listing agents Brett Dickinson and Ross Clark of Compass.

The county record was set earlier this year when private-equity billionaire Egon Durban paid \$44 million for an oceanfront Del Mar home.

The Sandcastle's interior evokes Old World Europe, the agents said, with mosaics, marble floors, antique statues and rooms clad in solid-gold detailing. An adjoining guesthouse was inspired by Versailles's Le Petit Trianon, which was built for

France's Louis XV and

was later presented to

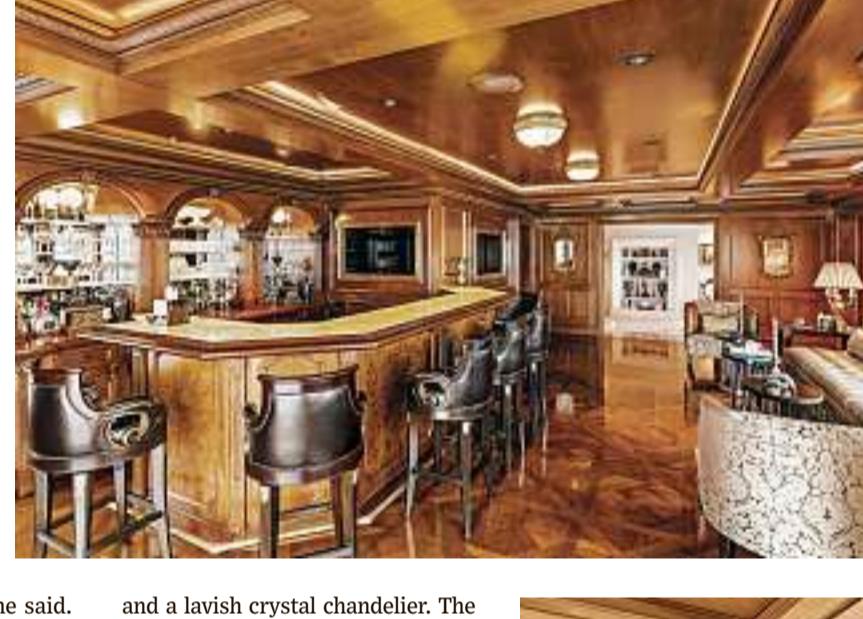
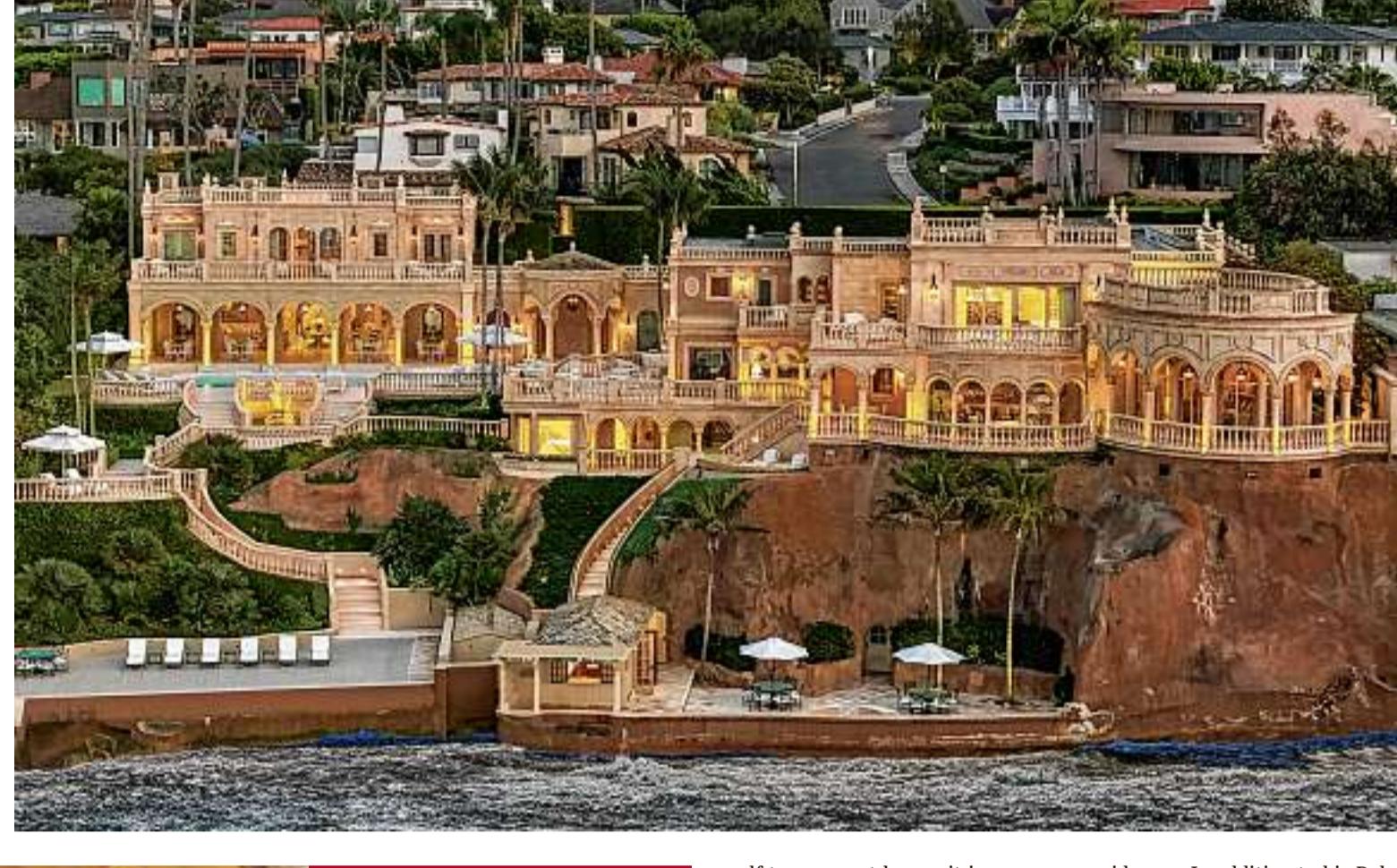
Marie Antoinette.

Deason is a founder of Affiliated Computer Services, which was sold to Xerox for more than \$6 billion in 2009. That same year, Deason paid about \$26 million for the Sandcastle and a neighboring parcel. A major Republican political donor who is based in Dallas, Deason uses the Sandcastle as a vacation home.

The original home was built around 2005 by local builder Doug Manchester. Deason was drawn to the property for its unobstructed views in three directions, he said.

Deason significantly renovated the house, the agents said, tearing it down to the studs and building the guesthouse from scratch. He drew much of his inspiration from France, he said, both from Versailles and from the Hotel du Cap-Eden-Roc in Antibes, which he has always admired. For the interiors, he tapped designer Timothy Corrigan, whose clients include Hollywood celebrities and the Qatari royal family.

The roughly 0.8-acre compound has 10 bedrooms. In the main house, a grand living room has detailed coffered ceilings and a series of arched windows overlooking the bay. It leads to a large, wraparound terrace. A dining room, which accommodates at least 16 people, has gold-leaf detailing, antique cabinets



The interiors evoke Old World Europe.

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golf tournament knows it is a spectacular shade of white," he said.

The grounds also include two cabanas and a beachfront boathouse with a small kitchen. The slate tiles for the boathouse roof came from a single vein of the rock in a Chinese quarry, which Deason said he deemed the perfect color and pattern. "I bought as much of the material as could be extracted," he said.

At the base of the property are two naturally occurring caves.

Deason estimated that he spent as much as \$60 million constructing the house, in addition to the cost of the land.

He said he is selling the property because he doesn't use it as frequently as some of his other

residences. In addition to his Dallas home, he has recreational properties on Cedar Creek Lake near Dallas and in Cabo San Lucas, Mexico. His yacht, Apogee, spends time in both the Mediterranean and the Caribbean, he said.

The Sandcastle is rare in La Jolla for its direct beach access and elaborate sea wall, the agents said. Neither of those features would be permitted today following the California Coastal Act, they said. Deason said he priced the Sandcastle based partially on its replacement value, estimating that the land alone would be worth as much as \$40 million. He said he believes the property has an "X factor" because of its sea wall and beach access.

—Katherine Clarke

and a lavish crystal chandelier. The guesthouse has a nautical-themed bar that is reminiscent of the one on Deason's yacht, he said: The room features hand-painted sea imagery and a pair of 18th-century mermaid statues.

The property also has a pool, a fitness center and a wood-paneled office off the primary suite. Most of the furnishings, including the rugs, drapes and furniture, were custom made for the house, the agents said.

Also on the property, Deason built a small private, elevated beach for lounge chairs. Not a fan of the coarse California sand, the billionaire spent about \$40,000 to import the Georgia sand found at Augusta National Golf Club, he said.

"Everyone who watches the



AUSTIN ASHLINE/FUTURE HOME PHOTOS (3)



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Pritchard Hill, which is known for producing some of the best Cabernet Sauvignon in the world, according to listing agent Will Densberger with Engel & Völkers St. Helena.

Pires, 68, was born in Portugal's Douro Valley wine region and grew up making wine with his grandfather. As a teenager he moved with his family to Connecticut, where he eventually acquired the security-management company Morse Watchmans. Pires sold the company in 2021 for an undisclosed amount.

He had visited Napa Valley several times and dreamed of making wine there. He was drawn to this property for the views of the valley and the lake.

He built the winery, digging underground caves for wine storage. He calls it "Gandona" after the nickname he received from his grandfather. The four-bedroom main house is shaped like a comma. Inside, there are walls made from stones that Pires harvested from the caves. Rounded slabs of Venetian plaster hang from the ceiling of each room.

He also renovated the older stone home into a two-bedroom guesthouse.

In 2012, he moved from Connecticut to the Napa Valley with his wife, Cristina Pires, and one of their children; the other two were already adults at the time.

While Gandona Winery was a "passion project," he said, he has decided to sell because he is getting older and feels it is the right time to let it go.

During the pandemic, he and his wife acquired a Hawaii home that came with a coffee farm.

They have been producing coffee for several years now, he said, and the process isn't as hands-on as winemaking.

—Libertina Brandt

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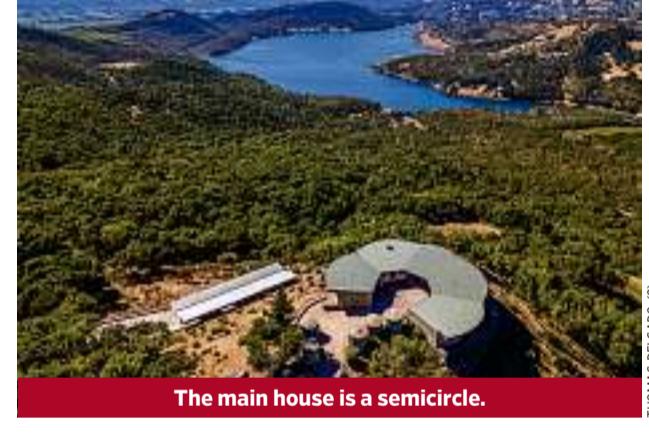
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The main house is a semicircle.

THOMAS DELGADO (2)



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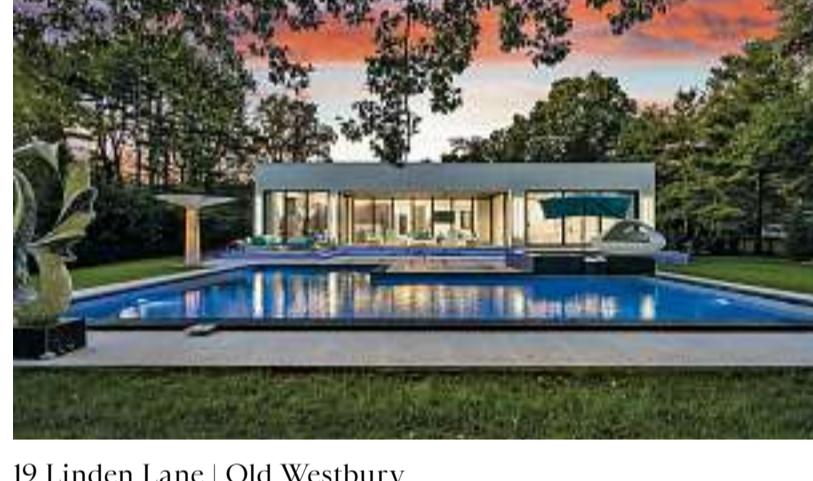
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MANSION

THE MARKET

Rooms With a Ballpark View

Residential buildings are popping up outside baseball stadiums, giving people a chance to enjoy the game without a TV or a ticket

BY JESSICA FLINT

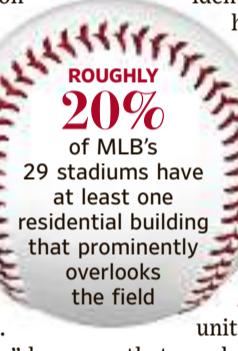
When the New York Yankees and Los Angeles Dodgers play in the 2024 World Series, spectators won't be able to easily watch the action on the field at Yankee Stadium or Dodger Stadium live in person from the comfort of their own homes. But for a growing number of baseball fans such as Randy and Sylvia Moyers, in San Diego, home-field advantage has taken a whole new meaning.

That is because the Moyerses, both 67, live in an 1,800-square-foot, three-bedroom downtown San Diego townhouse that has a 700-square-foot outdoor space that overlooks the San Diego Padres' stadium, Petco Park. They bought their unit for \$998,500 in 2007. "I walk out on my private roof deck and watch the action and listen to the people screaming in the stadium," Randy says.

During this year's National League Division Series, in which the Padres eventually lost to the Dodgers, Randy could feel the energy of the Padres fans waving rally towels in the ballpark while he watched from home. "It's like being there," he says of his perch.

The couple's townhouse is in the Legend, a 23-story building with 170 condo units and eight townhomes, located in the outer perimeter of left field within the actual confines of Petco Park. Roughly 35% of units have views in the stadium's direction. The seventh floor shared amenity space has an unobstructed field view.

"It's a great lifestyle," says Randy of having a roughly 42,000-person capacity stadium as his neighbor.



Lately, however, new residential buildings have been specifically constructed to take full advantage of field views. In the case of St. Louis's One Cardinal Way—a 29-story, 297-unit rental tower that overlooks Busch Stadium—there is even programming that makes tenants feel like part of the clubhouse: Cardinals President Bill DeWitt III has sat down with residents to chat about running a ball club.

Rents at One Cardinal Way, which opened in 2020, range from about \$1,500 a month to more than \$6,000 a month. "I can literally watch the game from my living room, my balcony or on the best days, the pool," says resident Drew Clary, 33, who works in commercial real estate. The building has

Across the U.S., a small number of people like the Moyerses live in residences where watching a professional baseball game live from their inside living spaces or outdoor balconies and roof decks is a real possibility. Only about a half-dozen or so of the country's 29 active MLB stadiums currently have at least one residential building that prominently overlooks the field.

Some residences have turf views somewhat by happenstance. In Chicago's Lakeview neighborhood, about a dozen roof decks on West Waveland and North Sheffield Avenues—some of which predate the 1900s—overlook the outfield of Wrigley Field, where the Cubs have played since 1916. In downtown Pittsburgh, a 1960s building was converted into the Venue residential complex, which has updated rental apartments, some of which look across the Allegheny River into PNC Park, home of the Pirates.



A North Loop Green 360 apartment overlooking Target Field. Roughly 27% of the units have front-facing views of the field.

a 30,000-square-foot indoor-outdoor amenity level with an infinity pool.

In Minneapolis, North Loop Green 360 is a 34-story residential building with 450 units, roughly 27% of which have front-facing views of Target Field, home to the Twins. It started leasing in January and rents start around \$1,750 a month and go up to about \$12,000 a month.

Field views rent at a premium. For example, on the ninth floor, a two-bedroom unit that faces the stadium—but isn't high enough for a field view—is currently for rent for \$3,345 a month. A similar unit on the 33rd floor, which has a front-and-center field view in addition to penthouse finishes, is for rent for \$6,990.

Since the 1990s, mixed-use districts have been cropping up around U.S. sports stadiums of all kinds, turning what had traditionally been seas of parking-lot asphalt into large urban development projects. More are in the works. In Queens, N.Y., around Citi Field, Mets owner Steve Cohen and Hard Rock International have proposed an \$8 billion Metropolitan Park project that would include a casino, hotel and food-and-beverage venues.

Washington, D.C., has a version of this on steroids. Just south of the U.S. Capitol, the Capitol Riverfront, a roughly square-mile district on the Anacostia River, is home to the Navy Yard neighborhood, which is the location of Nationals Park, where the Nationals have played since 2008. Since the pandemic, the Navy Yard has become a thriving neighborhood with 22,000 residents and a daytime population of 32,000. There also happen to be about a half-dozen residential buildings with ballpark field views.

The Kelvin, for example, has 312 rental apartments with an average rent of

\$2,700 a month. It opened in 2020 and has views of the field from its rooftop amenity space and some apartments on the N Street SE side.

Back in San Diego, the Moyerses have had the option of attending roughly 1,420 San Diego Padres games without ever needing a ticket. They reserved their unit in the Legend 2005, before the building was even built. Randy owned a company in San Diego and viewed his townhouse as a place to enjoy downtown living.

The median listing home price in the East Village, where the Legend is located, is currently \$602,425, according to Realtor.com. (News Corp, owner of The Wall Street Journal, also operates Realtor.com.)

There are four units for sale, including the Moyerses' unit, which is listed for \$1.549 million. Now that the Moyerses are retired, they want to switch things up.

"Most of the time, I have enjoyed the vibe and ambience," Randy says. "If you don't want to be involved in

the action, you shut your windows." He says outside noise is greatly reduced by cement and brick construction with dual-pane windows. He has motorized blackout shades on all of the windows because that is his nature, not because the stadium is too bright at night. "If I do want to go to sleep earlier than the town goes to sleep, I just pull the shades down," he says.

"When you live here all the time, you get used to it," Randy says. "But when you stop and think about it, it really is special."



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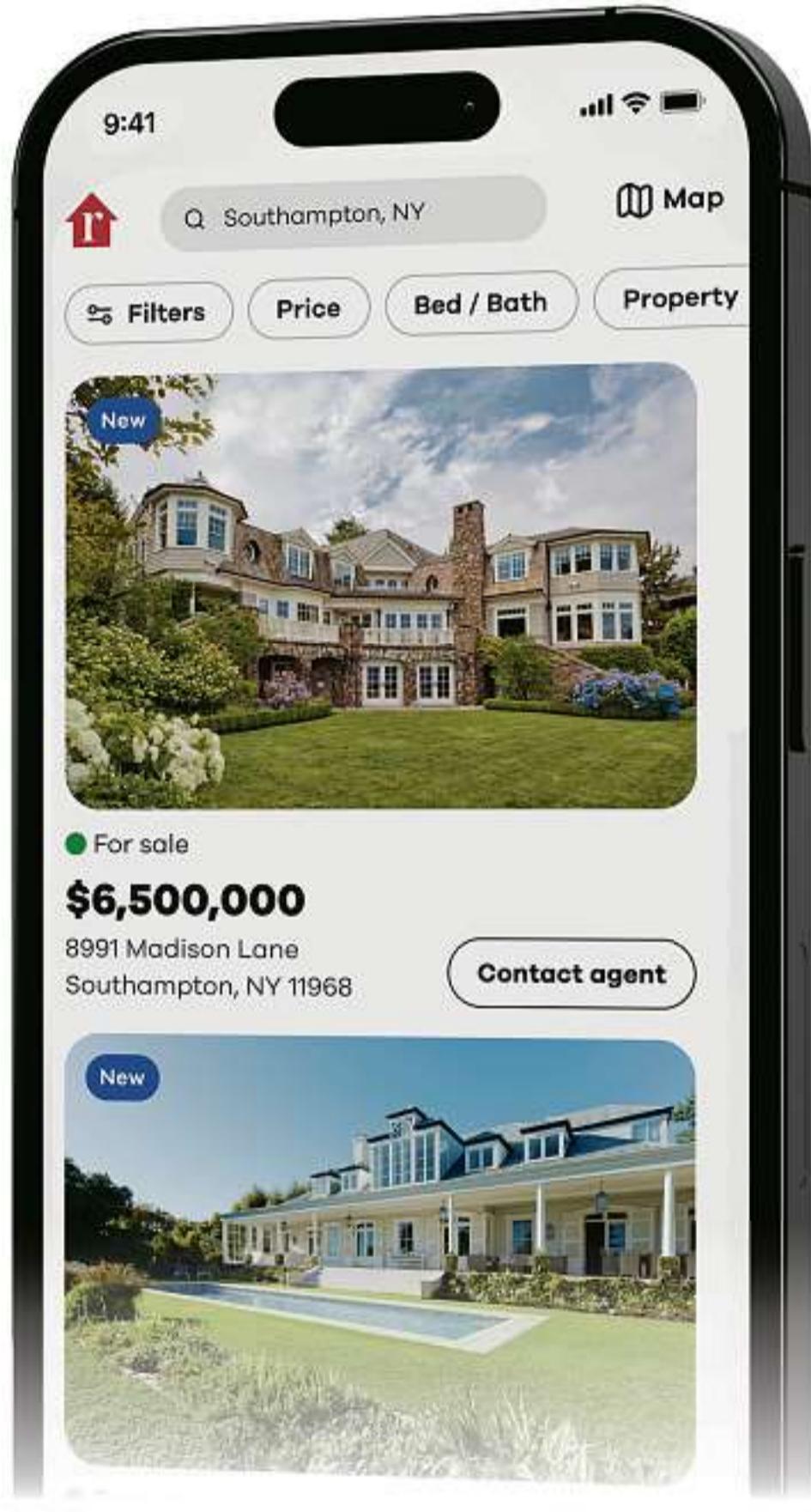
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MANSION

Continued from page M6
 funds had been proposed to expedite the building of 795 affordable housing units, and an estimated 11,000 people had been approved for ULA-funded emergency rent assistance, according to a report by Dreier and others. Between June and August, more than 1,500 people received legal services in eviction cases, Dreier said.

Governments often fail to anticipate the initial ups and downs when forecasting how much money mansion taxes will bring in, Miller said. For example, Measure ULA was projected to raise nearly \$1 billion a year. Instead, from the time it went into effect to early October, it had generated only about \$403 million from 623 transactions.

Dreier acknowledged that after ULA was introduced "for the first couple of months, the tax numbers were nowhere close to what we had anticipated." He attributed this largely to the real-estate industry going "on strike, basically, against the measure. It worked for a while, but eventually people had to sell their properties."



David Alexanderian finished a six-bedroom spec home in L.A. in 2023. He waited several months to put it on the market, hoping Measure ULA would be repealed. He eventually sold it for \$21 million and says the mansion tax ate into his profit.

When New York City increased its mansion tax in 2019, it saw a similar pattern. In June 2019, the month before the increase took effect, the number of Manhattan sales of \$2 million or more jumped to 661

from 355 the previous month, then plummeted to 164 in July 2019, Miller's data shows.

"There was a sharp drop-off in transaction volume after a bit of a frenzy just before the enactment," re-

called Steinberg. By December, the number of sales had returned to normal and even surpassed the number in December 2018.

Now, New York buyers are accustomed to the tax. "It's become the norm," said real-estate attorney Shaun Pappas with Starr Associates.

When North Carolina oncologist Dr. Sean Wang started looking for a Manhattan pied-à-terre, he didn't realize that New York

has a mansion tax.

In August, he paid \$985,050 for a one-bedroom in Midtown. While he said he feels "lucky" to have avoided the tax, his choice had little to do with that—mostly, he liked that the south-facing condo has an extra half bathroom, unlike many of the apartments he looked at. For the right apartment, "I was prepared to pay more than \$1 million," said Wang, 55. The mansion tax was "a minor contributing factor."

Like Wang, most buyers are more focused on finding the right home than avoiding mansion taxes, agents said. "I don't think a buyer is going to lose out on their dream property because of a 1% payment," said Salem of Compass, who works in both New York and Los Angeles.

In San Francisco, real-estate agent Nina Hatvany of Compass said the tax only factors in a bit. "No one has said to me, 'I'm not buying

an expensive house because when I sell I'll have this big tax,'" she said. There are some situations when it comes into play, she said; for example, if a homeowner is renovating their home and considering buying a house to live in temporarily, the high cost of selling may be a deterrent.

In Washington state, which expanded its excise tax in 2020, sellers also pay little attention to it, in part because home values have steadily increased for years. "It has been a nonissue, other than that people do not enjoy paying it," said real-estate agent Jen Cameron of the Agency Seattle.

Buyers and sellers try various tactics to avoid paying mansion taxes, especially for homes on the cusp of a price threshold where the tax kicks in or increases. Hirsch and her colleague Howard Morrel, who listed the New York home that Wang eventually purchased, purposefully priced it just below \$1 million to help lure buyers. "If they can avoid the tax, it sets our listing apart," Hirsch said.

For communities considering measures like a mansion tax, Shane Phillips of the UCLA Lewis Center for Regional Policy Studies advises governments to implement marginal taxes, where the effective rate increases gradually with every dollar spent, rather than all-or-nothing thresholds. That would avoid "these weird threshold effects that occur," he said, calling them "inefficient and wasteful."

Another challenge with the politics of mansion taxes is how the funds are allocated, according to Auxier, the tax policy expert. The money collected fluctuates with the real-estate market, making it hard to predictably fund programs.



Dr. Sean Wang of North Carolina bought a Manhattan pied-à-terre for \$985,050.



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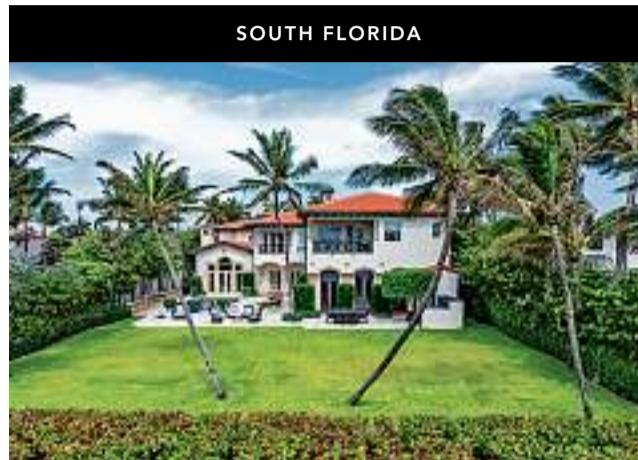
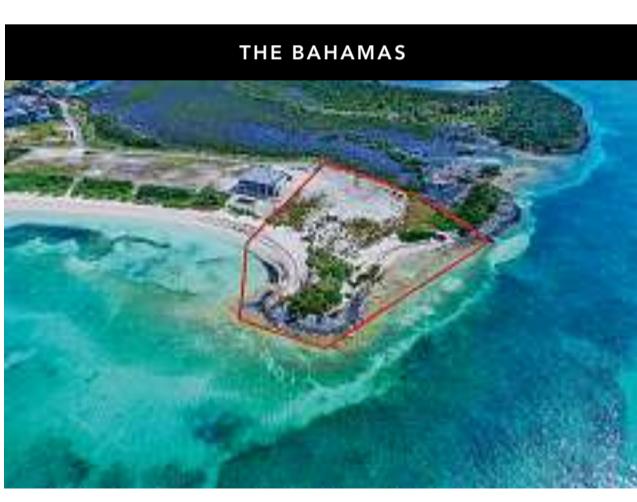
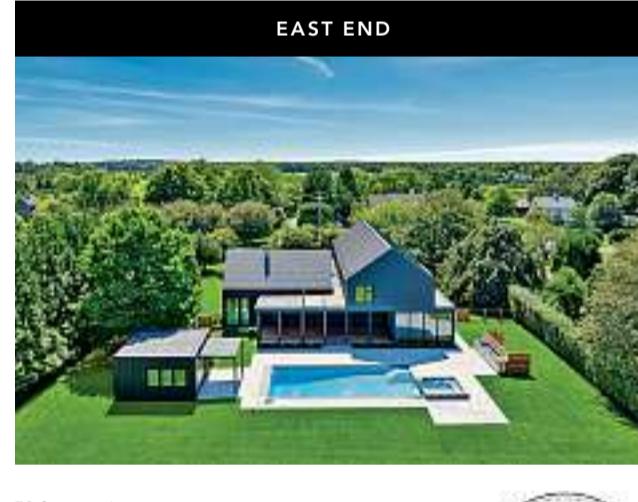
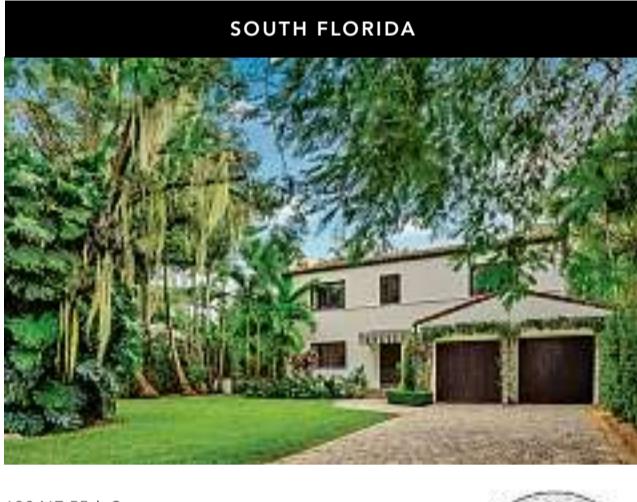
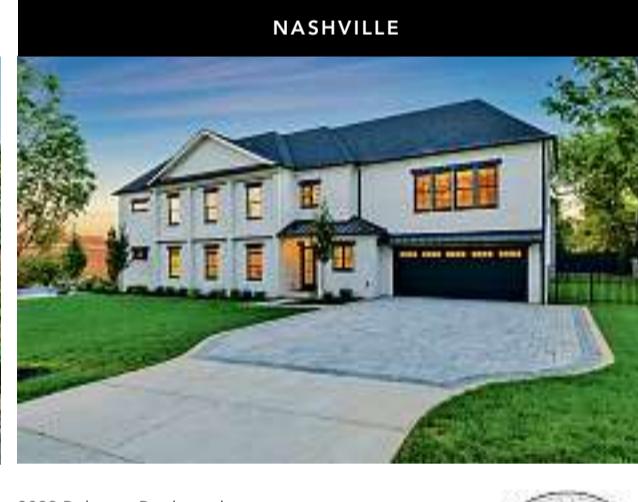
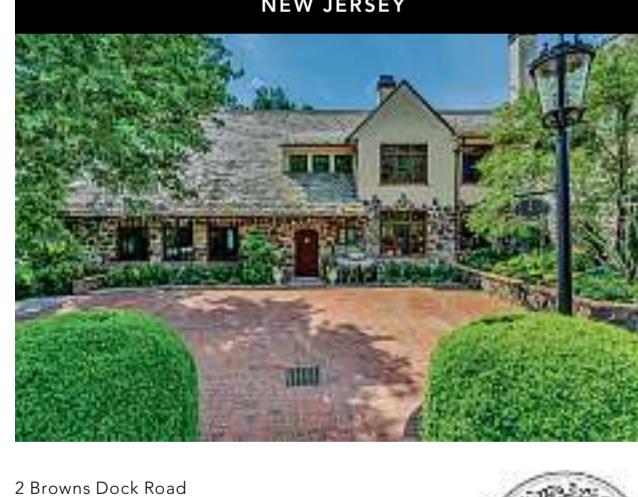
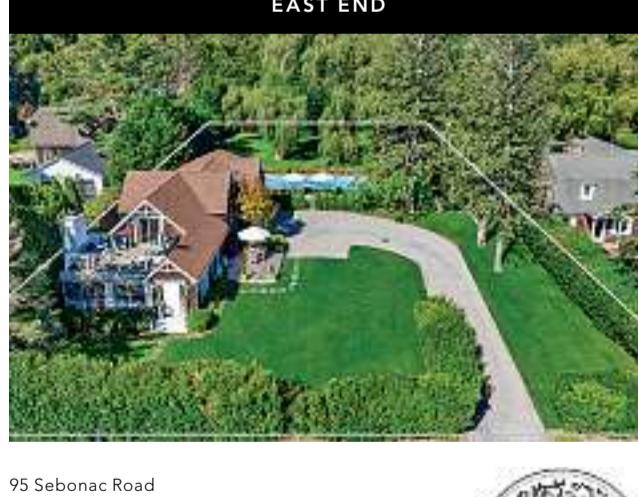
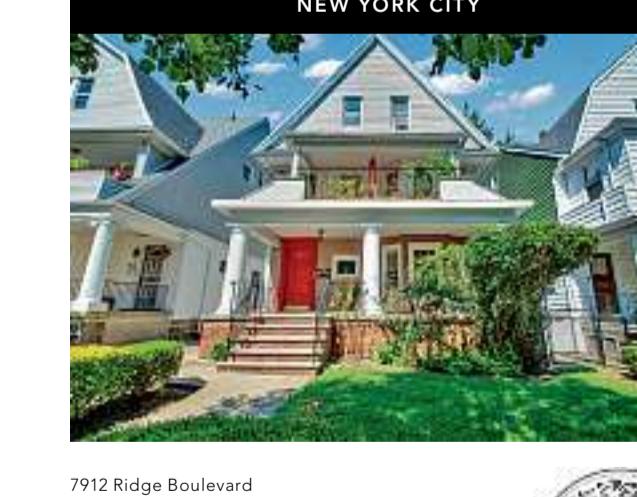
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1300 Monad Ter, PH-E Miami Beach, Florida 5 BR 5 Full/1 Half Bath \$16,500,000 Isaac Lustgarten (m) 305.450.8045	286 Spring Street, Penthouse New York, New York 4 BR 4 Full/1 Half Bath \$15,900,000 Fern Hamberger (m) 646.660.0060 Michael Hamberger (m) 551.206.8594	Bakers Bay Abaco, The Bahamas Vacant Land \$14,999,000 Corcoran CA Christie Bahamas Gavin Christie (m) 1.242.376.1537 Julian "Shaq" Gibson (m) 1.242.806.4873	9001 Collins Avenue, 1009 Surfside, Florida 2 BR 4 Full/1 Half Bath \$14,900,000 Mick Duchon (m) 732.754.7535 Eloy Carmenate (m) 305.582.7179	8002 E Co Highway, 30A Inlet Beach, Florida 9 BR 9 Full/2 Half Bath \$13,495,000 Corcoran Reverie Jacob Watkins (m) 850.797.8694 Hilary Farnum-Fasth (m) 850.685.0171	211 Central Park West, 4G New York, New York 4 BR 4 Bath \$8,500,000 Daniel Douglas (m) 646.573.9600 Eileen LaMorte (m) 917.328.2868
					
EAST END	EAST END	SOUTH FLORIDA	NEW JERSEY	EAST END	NASHVILLE
					
72 Strong Lane Water Mill, New York 7 BR 8 Full/2 Half Bath \$8,400,000 Mala Sander+Team (m) 917.902.7654	5 New Lane Southampton, New York 5 BR 5 Full/1 Half Bath \$5,395,000 Jason B Schommer (m) 917.553.7383	630 NE 55th Street Miami, Florida 3 BR 2 Full/1 Half Bath \$4,195,000 Cyril Bijaoui (m) 786.326.3774	11 Woodfield Lane Saddle River, New Jersey 6 BR 7 Full/2 Half Bath \$4,150,000 Corcoran Infinity Properties Roi Klipper (m) 201.780.1234 Kelly Healy (m) 201.407.0280	59 Madison Drive Montauk, New York 4 BR 3.5 Bath \$3,550,000 Mary Ann Peluso (m) 917.992.2251	3899 Belmont Boulevard Nashville, Tennessee 5 BR 7 Full \$3,269,000 Corcoran Reverie - Nashville Joey Skibbie (m) 615.979.6319
					
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2 Browns Dock Road Rumson, New Jersey 6 BR 7 Full/3 Half Bath \$8,900,000 Corcoran Baer & McIntosh Matthew Taetsch (m) 732.676.3151	95 Sebonac Road Southampton, New York 3 BR 3 Bath \$2,695,000 Kathleen E McMahon (m) 631.335.9792	49 Chambers Street, 15H New York, New York 2 BR 2 Bath \$2,595,000 Joe Pellegrino Lic. as Joseph Pellegrino (m) 923.204.3606 Nick Helmuth Lic. as Nicholas Helmuth (m) 760.586.2560	7912 Ridge Boulevard Brooklyn, New York 6 BR 4 Bath \$2,500,000 Diane L. Henning (m) 917.974.0005	55 Long Woods Lane East Hampton, New York 3 BR 2 Bath \$2,395,000 Sheila A Smith (m) 516.318.7264	7 Lincoln Street Westhampton, New York 5 BR 3 Full/1 Half Bath \$1,999,000 The Hamptons Edge Team (m) 631.879.2069; (m) 631.241.8168
					

MANSION



Doggy Influencer

Continued from page M1

Chen and Teo created an Instagram account for Dani in 2018 after meeting a group of fellow greyhound owners on a walk in Manhattan. "Greyhound people love to stay connected with one another, so they asked us for Dani's Instagram," says Chen.

Several times a week, they posted photos of Dani in various fur coats, posed in front of architecturally interesting Manhattan buildings. Teo was the photographer, and Chen made the clothes and styled and assisted in staging Dani, sometimes appearing in photos alongside her.

Before long, Dani had over 10,000 followers, composed mainly of greyhound lovers, architects and designers. She appeared in a commercial for Barkworthies dog treats and a photo shoot for Australian fashion brand Twoobs. She was supposed to appear in the Paramount Pictures movie "Clifford the Big Red Dog," but after four days of filming, her scene was cut.

Meanwhile, the couple started looking for a new home. Teo grew up in Malacca, Malaysia, where he



The dining room, above, has a light fixture by Apparatus. The green and blue tiles in the primary bathroom, below, are a nod to Dani's signature brass and dark-green collar.

says he was surrounded by colonial architecture, giving him an appreciation for old buildings. "It was basically a heritage site," he says of his hometown.

Chen grew up in Bayside, Queens. She says her appreciation of design comes from her parents, who owned a company that made and distributed socks, including some patterns taken from Chen's childhood drawings; there was a whole series of a pig with a pizza. But her yearning for an old home was in a way a rebellion against her parents, who wanted her to buy a practical, new house with lots of bedrooms, she says.

Part of the appeal of the three-



story house in Bed-Stuy was its location across the street from a park where Dani could play. But it would need work: The exterior was in bad shape, with a crumbling stone facade and a dirty red-and-white-striped awning caked in pigeon excrement. Inside there were metal shelves on the walls, which were painted gray.

"It was known as the eyesore on the block," says Chen. But she thought it had character and a good "aura," having been lived in for decades by a family who was integrated into the community. A friend who claims a special power to see ghosts determined it wasn't haunted, Chen says.

Teo was slightly annoyed by what he calls his wife's "unquantifiable" criteria, but he was sold by the house's potential. "I saw it as something we could put our stamp on," he says.

The couple bought the four-bedroom home for \$1.5 million, closing in June 2021, and started a year-and-a-half long renovation, hiring architect Jon Powell, who lives in a brownstone around the corner. Before the project started, Powell concluded that the guts of the house, especially its plumbing and mechanical systems, were sound. "So many of the houses we are hired to renovate in Bed-Stuy are in such bad shape," he says. "It's easy to spend half a million dollars on stuff you don't even see."

Most of the work was design-oriented. They redid the exterior, highlighting the Italianate elements of the facade, and eliminated recessed lighting that Powell says looked like an operating room. They stripped the painted fireplace mantel, designed new crown molding to match the old, and replaced missing parts of baseboards. They put in a new front door and a skylight. Upstairs they renovated a wall with pocket doors between the main bedroom and the main bathroom, as well as a vanity and a glass shower. "It was bringing back the character, but making it work," says contractor Elijah Saintonge, owner of Gowanus Custom Installations.

What Powell and Saintonge didn't know at the time—and were surprised to find out later—was the extent to which Dani influenced the home's decor and color scheme.

Chen describes Dani's Instagram style as "elegance and a fashionable N.Y.C. vibe," which she says comes from pairing the dog's natural confidence and attitude with bold coats.

Please turn to page M12



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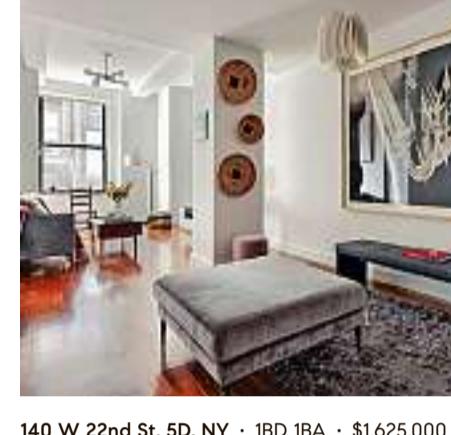


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308 E 79th St, 9E, NY • 1BD 1BA • \$890,000
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J. Hall + Anna Hall • jameshall@compass.com

435 E 57th St, 7D, NY • 1BD 1.5BA • \$599,000
Emery Roth spac pre-war w lg clsts & dining area.
Sharon W. Flynn • sharon.flynn@compass.com

Manhattan

127 E 73rd St | 6 BD 6 BA 2 HB | \$31,000,000
Historic 22' wide mansion, approx 10,000 SF.
Laurie Stolowitz • laurie.stolowitz@compass.com

157 W 57th St, 56C | 4 BD 4.5 BA | \$21,500,000
Perched on a high flr with views of CP. DM condo.
Jorge Lopez • jorge.lopez@compass.com

993 Fifth Ave, Flr 4 | 6 BD 6.5 BA | \$17,500,000
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Melissa R. Kaiser • melissa.kaiser@compass.com

953 Fifth Ave, PH | 3 BD 3 BA 2 HB | \$15,000,000
Exceptional pre-war triplex w stunning CP views.
Elizabeth Goss + J. Hall • lib.goss@compass.com

115 CPW, 18JK | 3 BD 3 BA 2 HB | \$8,500,000
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Rosette Arons • rosette.arons@compass.com

275 W 10th St, 10C | 3 BD 3 BA 1 HB | \$7,200,000
Mint condo at The Shepard. Location, amenities.
M. Cashman • maryellen.cashman@compass.com

40 E 66th St, 6A | 2,455 SF | \$6,450,000
Rosario Candela xxx mint 3BD condo. Private elev.
Katie Tozer • katie.tozer@compass.com

25 E End Ave, PH16 | 3 BD 3.5 BA | \$5,995,000
Grand pre-war penthouse w terraces on the River.
Laurie Stolowitz • laurie.stolowitz@compass.com

360 E 72nd St, C1801 | 6 BD 6.5 BA | \$5,850,000
Modern duplex on a high floor with terrace.
Alexa Lambert • alexa.lambert@compass.com

465 W B'way, 5N | 2 BD 2.5 BA | \$5,250,000
Fab ~ 3,000 SF loft, wbfpl, 17 windows. Low mtc.
M. Grau + N. Gavin • marcy.grau@compass.com

252 7th Ave, PHY | 2 BD 3 BA 1 HB | \$4,650,000
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132 W 22nd St, Flr 10 | 4 BD 2 BA | \$4,349,000
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Eyal Zabari • ezabari@compass.com

535 Park Ave, 14C | 2 BD 2 BA | \$3,999,999
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165 W 91st St, 9AB | 3 BD 3 BA | \$3,999,000
Pre-war DM condo w home offc. Southern expos.
Tracie Golding • tracie.golding@compass.com

22 E 18th St, 4E | 2+ BD 2 BA | \$3,995,000
Renovated, spacious dream loft with orig details.
Jonathan Lavoie • jlavoie@compass.com

Manhattan

24 Gramercy Park S, 1/2E | 3 BD 3 BA | \$3,900,000
Gramercy Park classic duplex, wbf. Prestige co-op.
M. Cashman • maryellen.cashman@compass.com

23 E 22nd St, 12B | 2 BD 2 BA | \$3,650,000
Conv 2BD corner condo w Madison Sq Park views.
Tracie Golding • tracie.golding@compass.com

900 Fifth Ave, 4B | 3 BD 4 BA | \$3,495,000
Beautiful classic 7 with a lib & direct views of CP.
Karen Whiton • karen.whiton@compass.com

302 E 96th St, PH6* | 3 BD 3 BA | \$3,395,000
Lux modern PH condo, 2 terrs & rooftop cabana.
Cornelia V. • cornelia.vanamburg@compass.com

151 W 129th St | 7 BD 4 BA 1 HB | \$3,200,000
Invest oppty. Cntrl Harlem 25' w TH. Bsmt & grdn.
John Barbato • john.barbato@compass.com

215 W 88th St, 9H | 3 BD 2 BA 1 HB | \$2,745,000
Mint renovated condo. W/D, 24hr DM, prime loc.
Shari Cohen • shari.cohen@compass.com

525 E 80th St, 10B | 4 BD 3 BA 1 HB | \$2,595,000
Spacious, S&N expos. FS condo on a charming blk.
William Vitiello • william.vitiello@compass.com

10 Leonard St, 6N | 2 BD 2 BA | \$2,498,000
Tribeca pre-war loft with orig details. Exposed brk.
Amy Bonomi • amy.bonomi@compass.com

1160 Park Ave, 8C | 2 BD 3 BA | \$2,495,000
Grand & light-filled classic 6 with wbfpl & high ceil.
Christine Miller Martin • cmm@compass.com

60 E 8th St, 10E | 2 BD 2 BA | \$2,350,000
GV mint, light, bright & airy with a balcony.
Melissa R. Kaiser • melissa.kaiser@compass.com

133 W 22nd St, 12B | 2 BD 2 BA 1 HB | \$2,295,000
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James J. Schoenfeld • jschoenfeld@compass.com

131 E 66th St, 8/9EF | 4,780 SF | \$2,250,000
4BD 3.5BA duplex + lib, historic bldg, dbl ht LR.
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615 E 11th St, B1 | 3 BD 2 BA | \$1,895,000
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38 E 85th S, 10E | 2 BD 1 BA 1 HB | \$1,845,000
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350 W 71st St, 5F | 2 BD 2 BA | \$1,750,000
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C. Appelbaum • cappelbaum@compass.com

Manhattan

167 Perry St, 2F | 1 BD 1 BA | \$1,695,000
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35 E 85th St, 6F | 2 BD 2 BA | \$1,650,000
Large LR/DR with W/D, wine cellar. FS lux co-op.
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234 E 23rd St, 9A | 1 BD 1 BA | \$1,445,000
Gramercy modern, casement windows. FS condo.
Leila Yusuf • Leila.yusuf@compass.com

414 E 52nd St, 8A | 2 BD 2 BA | \$1,375,000
Emery Roth mint pre-war with wbfplc & doorman.
M. Kaiser + C. Miao • mkaiser@compass.com

415 E 54th St, 3C | 2 BD 2 BA 1 HB | \$1,275,000
Sunny cnr, 9'2" ceilings, low cc in 24hr drmn condo.
Christine Miller Martin • cmm@compass.com

125 E 63rd St, 2B | 2 BD 3 BA | \$1,200,000
Sunny, south-facing pre-war classic 6 with wbfplc.
Christine Miller Martin • cmm@compass.com

305 E 40th St, 5K | 2 BD 2 BA | \$1,160,000
Mint, 2 expo, low mtc: \$2,300/mo, DM, rf deck, gar.
Julie Perlin • julie.perlin@compass.com

575 Park Ave, 1401 | 2 BD 2 BA | \$999,000
Mint pre-war. Land lease extended until Dec 2124.
Maureen McCarron • mmccarron@compass.com

137 E 36th St, 6G | 1 BD 1 BA 1 HB | \$925,000
Flex 2BD, mint; light; 2 expo; gym; rf deck; bk rm.
Julie Perlin • julie.perlin@compass.com

33 E End Ave, 9F | 2 BD 1 BA | \$850,000
Sunny co-op with a balcony & a large primary BD.
Lori Powers • lori.powers@compass.com

1185 Park Ave, 1A | 2 BD 2 BA | \$725,000
Med office, can be configured as a pre-war apt.
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225 E 86th St, 207 | 1 BD 1 BA | \$715,000
Chic condo triplex in Yorkville, 16' ceilings. Views.
Robert Faust • robert.faust@compass.com

215 W 105th St, 5D | 1 BD 1 BA | \$650,000
Charming co-op nestled bet CP & Riverside Park.
Jeanne Kempton • jkempton@compass.com

137 E 36th St, 7H | 1 BD 1 BA | \$575,000
Walls of windows, clsts galore, DM, gym, roof deck.
Julie Perlin • julie.perlin@compass.com

350 E 62nd St, 2R | Studio 1 BA | \$520,000
Bright mini loft condo w 13' ceilings & x-lrg windows.
Cornelia V. • cornelia.vanamburg@compass.com

166 W 76th St, 4E | Studio 1 BA | \$375,000
Newly painted, quiet, sunny. Prime loc. Roof deck.
Laurie Stolowitz • laurie.stolowitz@compass.com

6801 Shore Rd, 1L | 1 BD 1 BA | \$345,000
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20 W 9th St | 3 BD 3 BA 1 HB | \$22,500/mo
Indoor/outdoor living in GV duplex townhouse.
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191 Chrystie St, 5R | 4 BD 3 BA | \$15,000/mo
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8028 Harbor View Terrace | \$3,549,000
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637 Carlton Ave | 4 BD 1 BA 2 HB | \$3,450,000
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7923 12th Ave | 7 BD 4.5 BA | \$3,150,000
Renov & modern Dyker Hts 2 fam brick w garden.
Violette Tonuzi • violette.tonuzi@compass.com

103 Grand St, Flr 1 Garden** | \$2,995,000
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Roseanne D. • rdegliuomini@compass.com

38 Miller Farm Rd | 5 BD 4.5 BA | \$2,450,000
Claverack. Catskill mountain views on 53+ acres.
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610 Warren St, Grdn B | 3 BD 2.5 BA | \$2,350,000
Boerum Hill duplex condo, 840 SF outdoor space.
Brad Bateman • brad.bateman@compass.com

265 20th St, Garden R | 3 BD 2.5 BA | \$2,295,000
Greenwood Hts sunny duplex condo w garden.
Cornelia V. • cornelia.vanamburg@compass.com

312 Madison St | 4 BD 3 BA | \$1,460,000
Bed Stuy 1 family townhouse + rental 1st fl & bsmt.
Brad Bateman • brad.bateman@compass.com

726 Sackett St, 1L | 1+BD 1.5 BA | \$1,195,000
Prime Park Slope duplex condo w private yard.
Jonathan Lavoie • jlavoie@compass.com

350 Ocean Pkwy, 3M | 2 BD 1 BA | \$545,000
Mod & light-filled, tree top views in Kensington.
Brad Bateman • brad.bateman@compass.com

200 E 24th St, 201 | Alcove 1 BA | \$399,000
Spacious renovated loft-like layout, 4 closets.
Christine Miller Martin • cmm@compass.com

MANSION



Teo and Chen put in a new front door, above. They also stripped the painted fireplace mantel, right, and designed new crown molding to match the old.



mainly stays at the parlor level, rotating from her bed to the couch, and then of course the dining room to be fed. Any rustling in the kitchen will send her straight there to investigate any potential treats.

The renovated facade of the house, which looks more polished than most homes around it, has brought a lot of attention to the block, says Lakisha Hawthorne, 43, who has lived in a house four houses down from Teo and Chen for decades. People stop and take photos of the house and sit on their stoop, she says.

Hawthorne thinks their renovation has contributed to an increase in the value of her home over the past year, and it has inspired her to renovate her house. But while she admires the dog's style and influence on the house, she says, "I'm scared of Dani."



DOROTHY HONG FOR WSJ. (4)

Continued from page M10
That same aesthetic is what Teo and Chen wanted for their home. The home's color palette came from Dani's creamy-white and brown faux-fur coats, along with her natural fur color of cream with dark and light brown spots. These colors are reflected in a nubby cream rug, the marble tones in the main bathroom, the bedding and tapestry in the main bedroom and the upholstery on the chairs and sofa. In addition to the tiles in the primary bathroom, the paint in the dining room also came from Dani's collar. "We kept it to her scheme," says Chen.

During the renovation, the couple took a break from posting on Dani's Instagram because they were so busy. But now that the home is done and Dani has turned 10—and doesn't have that much time left, says Chen—they have returned to posting three times a week.

Dani loves the new house because it's much more spacious than their tiny Manhattan apartment, says Chen. The greyhound



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MANSION

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The Cowgirl Who Wanted to Sing

The 'Happy's Place' TV star and Queen of Country on working the family ranch as a kid, heading to Nashville and landing her first No. 1 song

I didn't play cowgirl growing up. I was one. My family lived on an 8,000-acre ranch in Chockie, Okla., where my father ran several thousand cattle a year.

I began working on our ranch at age 5. If Daddy needed a driver to move grain, he got whoever was there.

I was so little that Daddy put a 50-pound feed sack on the driver's seat before putting me on



top. I'd be on my knees to work the steering wheel. He'd put the truck in granny gear, jump out and off I'd go.

Our house was gray, with a little porch and slate shingles. We had one bathroom for six of us.

In addition to being a rancher, my daddy, Clark, was a champion steer roper and competed in rodeos. He wasn't a hugger nor was he much good at expressing his love. It wasn't in his nature.

My mama, Jackie, picked up the slack. Mama had always wanted to be a country singer. She was our best friend, our cheerleader and our disciplinarian. And she was our rock.

Alice was the oldest, followed by Pake, the only boy, me and then Susie, the baby. There were

no kids nearby to play with, so we just had each other.

Daddy was gone rodeoing between June and September. Running that big ranch while he was away fell to us kids. We also had a hired hand and Grandpap, a champion steer roper himself.

In my teens, in the fall, Pake and I would gather the horses in a 40-acre patch while Daddy fixed breakfast. We'd get them saddled and head back to eat. After, we'd hop in the truck, load the horses into a trailer and take them to help steer the cattle into the area where they would be weighed and sold. Then we'd go to school with Mama. She was the school secretary.

I played basketball and ran track. I also played piano and guitar. I loved every minute of all of it. I don't remember ever getting bored.

I always wanted to be on stage. I was the third of four kids, so I was pretty much invisible. I had to carve out something for me to gain attention, and that was singing. Performing gained Mama's adoration. I yearned to hear her say, "That was real good, Reba."

From junior high all through high school, Pake, Susie and I had a little cowboy country band. We were the Singing McEntires.

At Southeastern Oklahoma State, I majored first in music, but it was way over my head. I switched to an education major, and music became my minor. Teaching was my backup plan.

Sophomore year, I sang "The Star-Spangled Banner" at the National Finals Rodeo in Oklahoma City. Country artist Red Steagall



At left, McEntire, second from right, with her parents and siblings. Above, in Pasadena, Calif., in July. Top right, with Rex Linn on 'Happy's Place.'

heard me.

Mama wasn't shy. She said, "Red, can you get Pake, Reba and Susie to Nashville?" He said, "Jackie, I'm doing all I can to keep my head afloat. But I'll take Reba to cut a demo tape and we'll see

what happens."

The following year, in 1975, I was in a Nashville studio. Honestly, I didn't know if I wanted to do it. Doing well as a singer would mean leaving my family.

Glenn Keener at PolyGram



REBA'S BLISS

Love? Daddy finally said it to me in his hospital room after triple-bypass surgery in '87. When I said I had to go, he said, "OK, well, I love you."

Reaction? We all looked at each other. We figured he was still on his surgery meds.

Home spot? Rex and I love the TV room and our backyard in Nashville. We also have a ranch/farm 20 minutes away. He's on the new sitcom, but out there, that's our happy place.

Unwind? Sitting on my porch in a rocking chair.

brought two reels to the label's Chicago headquarters—mine and another gal's. It could've been her, but they chose me and here I am.

Today, I divide my time between Nashville and Los Angeles. Actor Rex Linn, my boyfriend, has a home in L.A., so I stay with him there. I moved to Nashville in 1988 and lived in four different homes before settling in where I am now. The house is out in the country but close to Nashville.

In 1983, my tour bus broke down, and I called my manager. He said my single, "Can't Even Get the Blues," had just gone to No. 1. I called Mama. She said, "Well, you finally did it." I said, "No, ma'am. We did it." I still tear up just thinking about that call.

—As told to Marc Myers

Reba McEntire, 69, is a Grammy-winning singer with 24 No. 1 hits on Billboard's Hot Country Songs chart. She starred in the six-season sitcom "Reba" and is a coach on "The Voice." She currently stars in NBC's "Happy's Place."

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Rendering courtesy of "The Boundary".

FROM LEFT: REBA MCENTIRE (FAMILY PHOTO); SQUARED PHOTOGRAPHY/NBCUNIVERSAL; CASEY DURRIN/NBC

PRIVATE PROPERTIES

One of San Francisco's Oldest Homes Lists



One of San Francisco's oldest surviving homes, a circa-1850 mansion in Russian Hill, is coming on the market for \$22 million.

The house was one of the few that survived the devastating fires following the 1906 San Francisco earthquake, according to Brett Robertson, whose late father owned the home for decades. The story goes that the house was wrapped in sacks doused in wine from the wine cellar, she said.

The roughly 8,400-square-foot house has five bedrooms and an outdoor pool, according to listing agents Stacey Caen and Joseph Lucier of Sotheby's International Realty. While many of the façade's original architectural elements remain, the inside has been modernized.

The house is said to have been built with timbers from a ship belonging to prospectors who arrived in California during the Gold Rush, Brett said. Her father, the late financier Sanford Robertson, purchased the house with his second wife, the late Jeanne Pollock Sollitt Robertson, for an undisclosed sum in the mid-1980s, according to Brett, who was an adult at the time.

Sanford was the founder of the technology investment bank Robertson, Stephens & Company, which was sold to Bank of America in 1998. He later co-founded Francisco Partners, a private-equity firm focused on technology investments.

Sanford and Jeanne fell in love with the home's views, which encompass Alcatraz, the Golden Gate Bridge and the downtown skyline. They tapped interior designer Paul Wiseman and architect Sandy Walker to renovate the house, adding a library and office and building a new entrance on the west side of the property. The Robertsons were enthusiastic

The house has views of the bay.



swimmers, so they expanded the existing outdoor pool, Brett said.

The house has a large reception foyer, a library, a formal dining room and multiple terraces. There

is a so-called "hill-a-vator," an elevator built into the hillside that shuttles between a two-car garage and the home's main living area.

Other features include a play-

room and a temperature-controlled wine cave.

Brett said her father particularly loved the library, where he often watched football. Having

gone to the University of Michigan, he always rooted for the Michigan Wolverines, she said.

He frequently entertained at the house, and hosted Presidents Barack Obama and Bill Clinton there, she said. American jazz pianist Dave Brubeck played one of his final private concerts at the house, she said.

Jeanne died in 2018 and Sanford, who went on to marry a third time, died earlier this year, Brett said.

The San Francisco luxury market has topped out at around \$20 million so far this year, largely failing to reach its previous highs, according to the listing agents.

Lucier attributed that largely to a lack of available inventory.

"What's moving in the market right now? Certainly well-priced homes, but also those one-of-a-kind, once-in-a-generation homes," he said.

"Those activate the buyer pool."

—Katherine Clarke



JACOB ELLIOTT (4)

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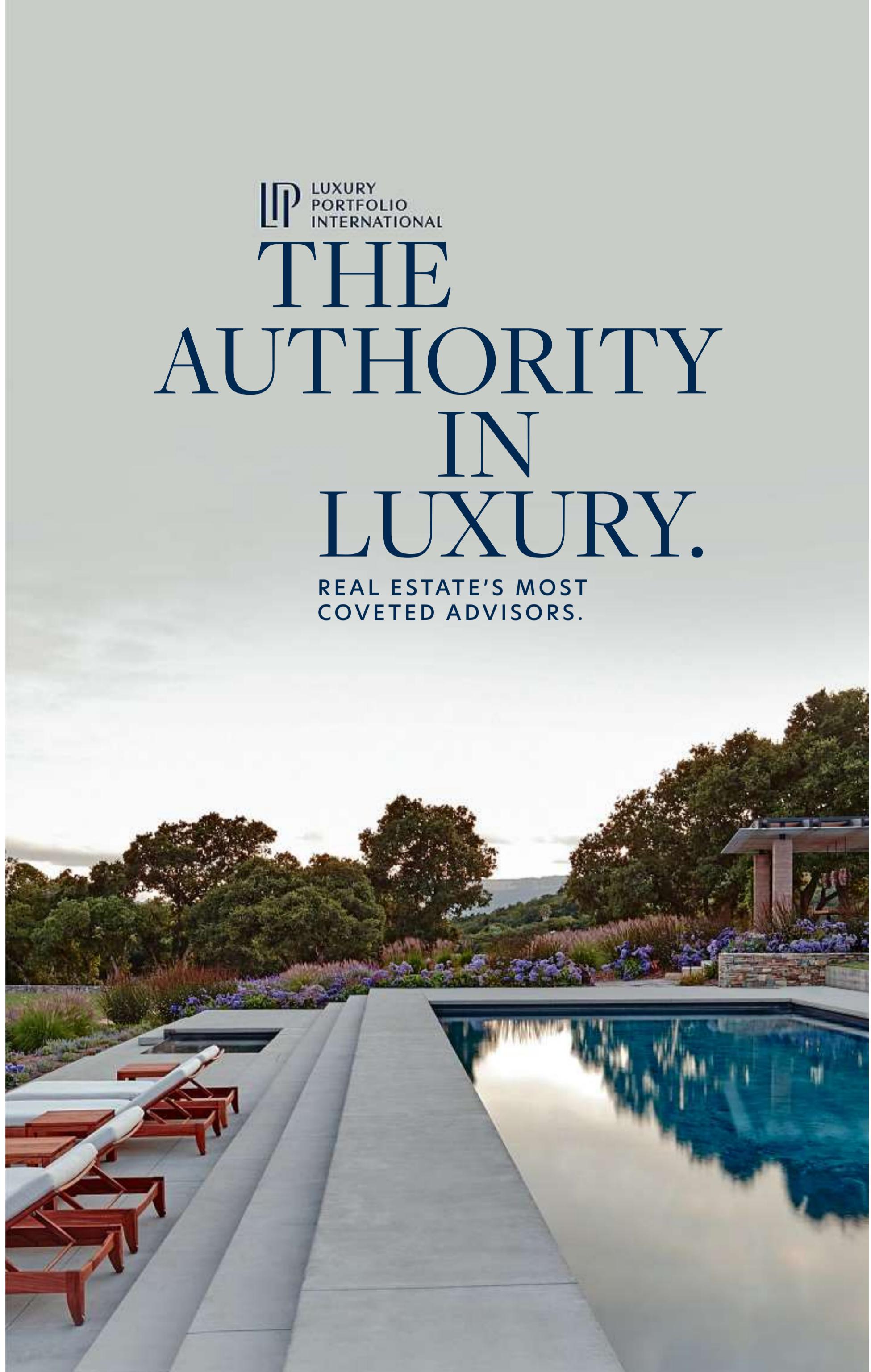
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An Airplane-Like Home Takes Flight



Cleared for takeoff:
An airplane-like home
in Nevada has sold
for \$15 million.

The roughly 10,000-square-foot home in Henderson was listed in January for \$18.5 million.

About 15 miles southeast of the Las Vegas Strip, it was built by couple Stephanie Goetz and Endre Holen, who are both aviators, around four years ago.

The buyers are billionaire brothers Joshua and David Walters, heirs to a family real-estate portfolio with commercial properties across the country, according to David. The family is also an equity owner of United Bankshares, the parent company of United Bank, he said.

The Walters brothers are currently building a Las Vegas-based fintech company, they said, and plan to live in the Henderson home during the launch process.

Located in the gated community of MacDonald Highlands, the home's angular rooms and glass

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10,000 sq. ft., pool

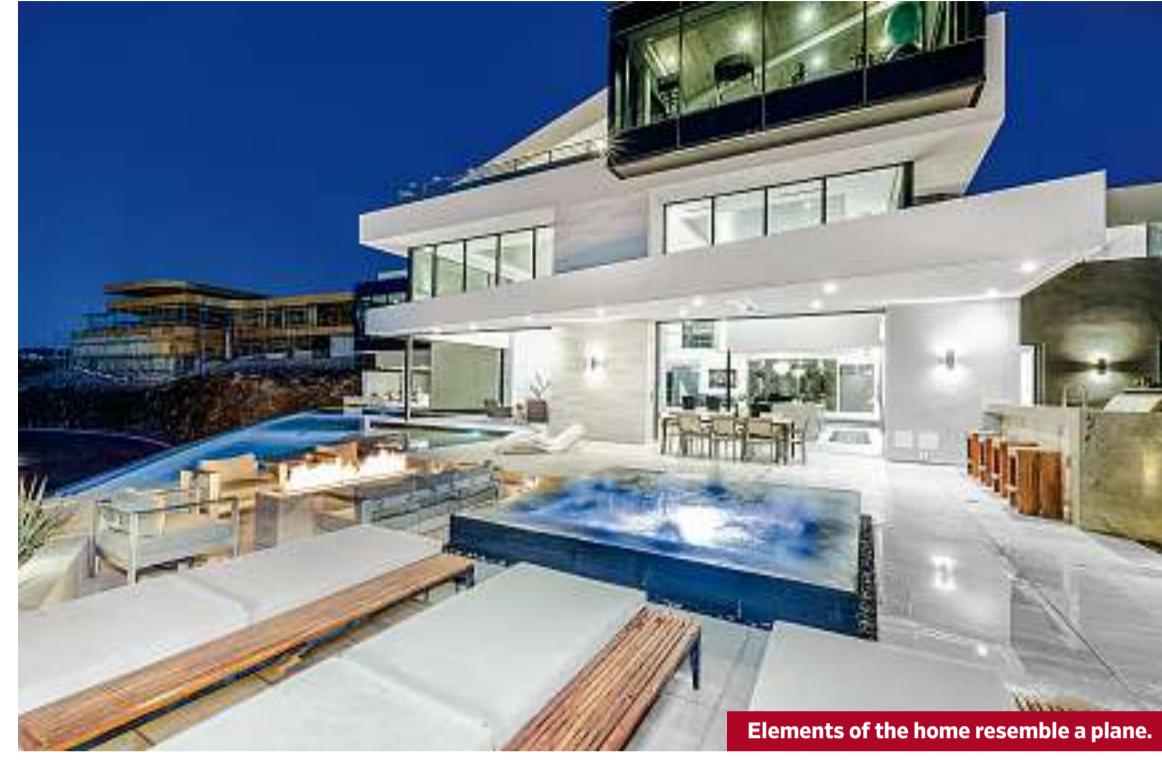
pocket doors are reminiscent of the nose and wings of a jet. Goetz and Holen told The Wall Street Journal in January that they didn't plan for aviation to be a central theme of the home, but its openness and ceiling heights made them feel like they were living in an elegant and futuristic airplane hangar.

The Walters brothers toured the property about a week before it officially went to market and fell in love with it, they said. After several months of negotiations, they signed a contract in July.

David, who is in the process of obtaining a pilot's license, said he and Joshua were drawn to the home's grand feel and contemporary design.

"We know they will love it as much as we did," Goetz said.

The home received another offer when it listed, but it wasn't attractive to the sellers at the time, according to Natalia Harris of Las Vegas Sotheby's International Realty,



Elements of the home resemble a plane.

JOHN MARTORANO/LAS VEGAS SOTHEBY'S INTERNATIONAL REALTY

who had the listing with her husband and colleague, Ben Harris.

The Walters brothers, who grew up in Florida, said they decided to invest in the Las Vegas area because they believe its popularity among businesses and home buyers will continue growing.

"We witnessed a major trans-

formation of really every major city within Florida experiencing an incredible economic boom," said Joshua. "We relate that to what's going on here in Las Vegas."

Daniel Schweer of Wall Street Realty represented the brothers in the sale.

Luxury real-estate prices in the

Las Vegas area have skyrocketed in recent years, especially in MacDonald Highlands because of its views of the Strip, according to Harris.

—Libertina Brandt

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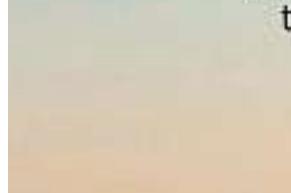
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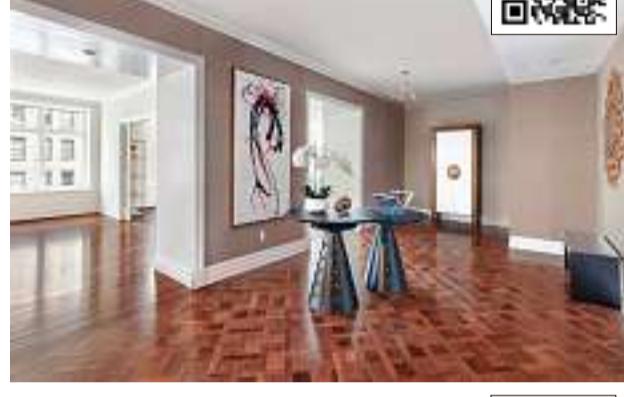
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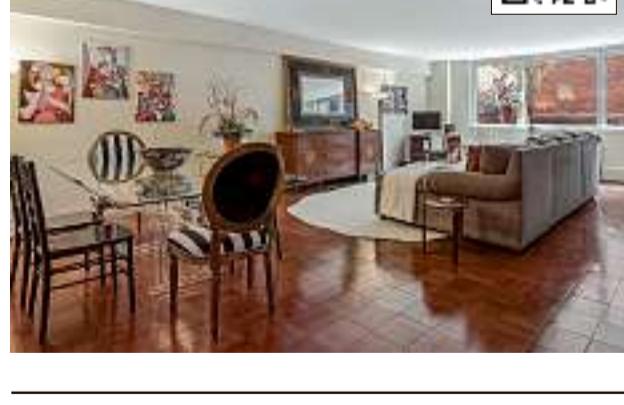
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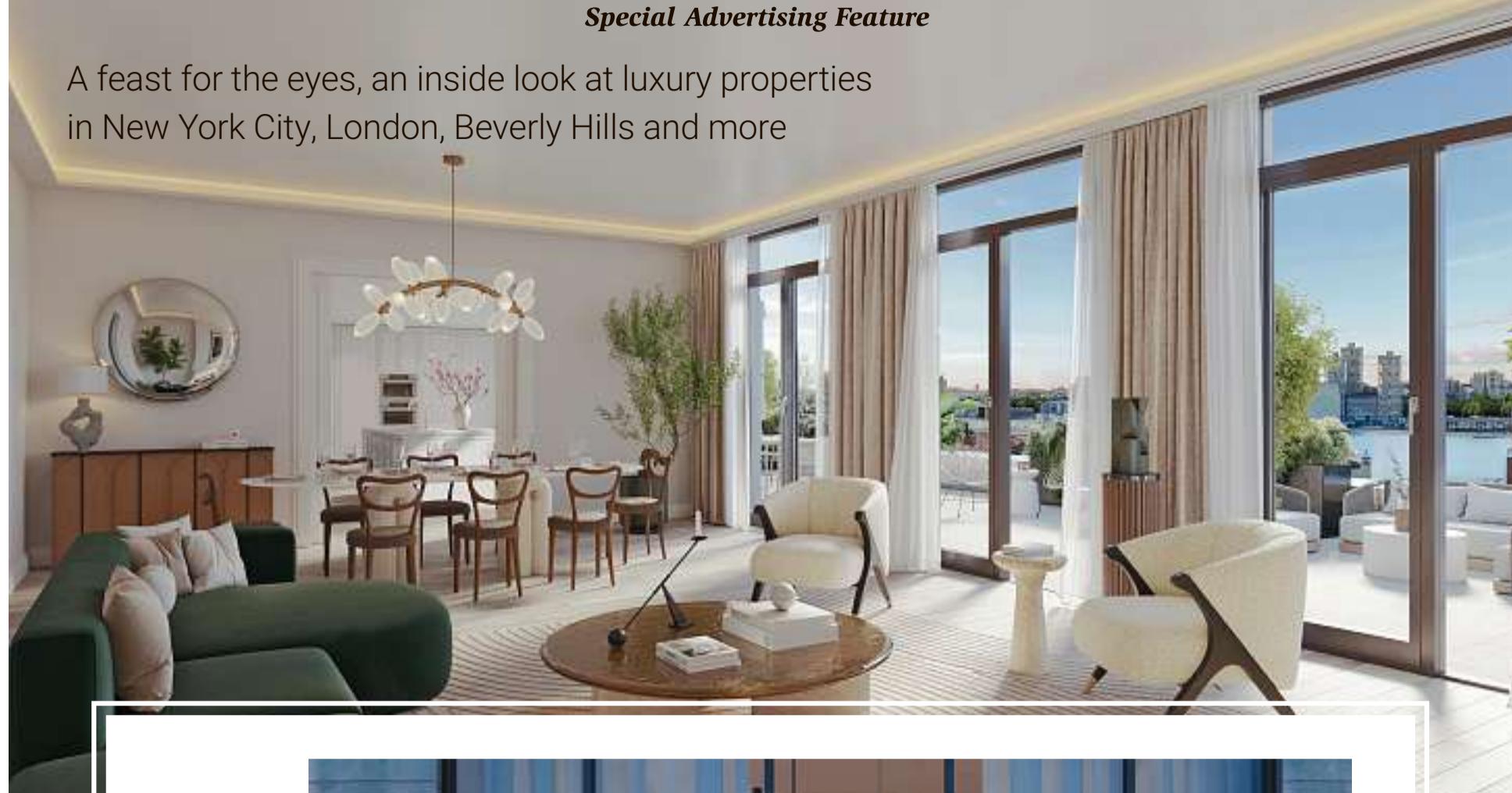
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The interiors of 720 West End Avenue in New York City, formerly Hotel Marcy, reflect designer Thomas Juul-Hansen's style — with notes of Emery Roth, the original architect of the historic building (top). Rosewood Residences in Beverly Hills is the colorful picture of elegance (center). The Old War Office (the OWO) in London has been transformed into a Raffles Hotel and 85 luxury residences with private terraces (bottom left). Exploring new innovations in technology, Fleetwood Windows and Doors delivers sleek durability to coastal retreats around the world (bottom right).

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In New York, discerning buyers are increasingly drawn to historic neighborhoods, such as Sutton Place. In the 1920s, this Upper East Side area was called Little London because of its riverside setting, architecture and parks. Today, Sutton Tower, a newly constructed condo high-rise, brings back art deco touches while giving residents of the 81-story building astounding views of the East River, the ocean and the rest of their city.

Carl Gambino, principal of the Gambino Group at Compass, represents penthouse 71 and unit 39A along with Justin Montero of Gambino

Group. "This building is for sophisticated people who want to own something unique," he says. "The architect, Thomas Juul-Hansen, has created a striking building and beautiful homes in a dignified part of the city." Juul-Hansen, who is from Copenhagen, combines simplicity with nature, exemplified by a sculpture garden just beyond the lobby.

Gambino describes the building as "innovative yet timeless, with one-of-a-kind design elements like a reception desk carved from a single block of Italian marble." At the tower's peak is an art deco-style pale gold frieze of geometric facets that provide an ornamental crown.

"Anyone who has seen the building immediately starts talking about its architecture," Gambino says. "They are also surprised by the Sutton Club, four light-filled floors of amenities, including an elegantly furnished lounge area and terrace, a small private dining room

Continued on page R3

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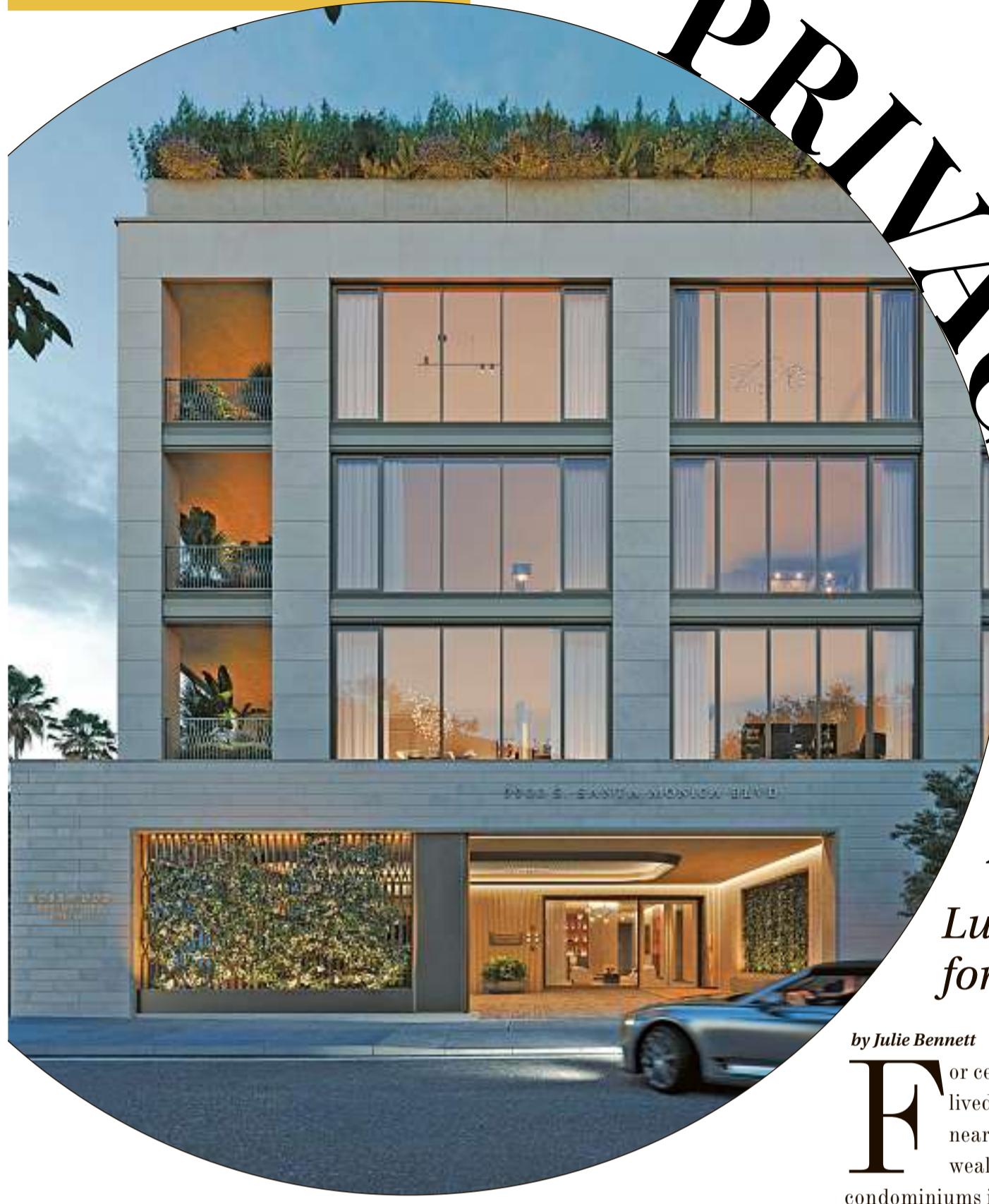
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PRIVACY



RENDERING BY THE BOUNDARY

Rosewood Residences in Beverly Hills contains 17 residences that can be entered in complete privacy, because elevators in the parking garage open directly into each home.



The OWO Residences in London feature 85 different living spaces within England's former Old War Office building. Owners seeking privacy can enter and exit through the Spies' Entrance, a discreet door once used by real spies.



What could be more British than a terrace outside your OWO residence that provides this skyline view (above)? World leaders once walked up these stairs in London's Old War Office building, which was not open to the public. Now anyone who visits the new Raffles Hotel in London can climb them (right).



JOHN ATHIMARITIS

Special Advertising Feature

THE ELUSIVE AMENITY

*Luxury getaways
for the well-to-do*

by Julie Bennett

For centuries, the highest-net-worth families lived on grand estates and hobnobbed at nearby social or country clubs. Today, the wealthiest few want several trophy homes or condominiums in different parts of the world — and to be left alone to enjoy them.

Rosewood Residences, 17 spacious estate alternatives in prime Beverly Hills, were designed with just such families in mind. Local Compass real estate agent Sally Forster Jones and her fellow agent Tomer Fridman were part of a consulting team in collaboration with Morgan Ball, managing director of the Compass Development Marketing Group, to help developer Nahla Capital figure out what was lacking in existing luxury condominium projects in the area.

"We assumed the primary buyers would be owners of Beverly Hills estates who wanted to downsize, but did not want to give up their indoor-outdoor lifestyle or their privacy," Forster Jones explains. "They may have multiple homes in different parts of the country and want to feel their Beverly Hills residence is secure when they live elsewhere. For many, Rosewood Residences will be their primary home or a strong secondary."

BEHIND THE CURTAIN

The building's manager, the Rosewood Hotel brand, will provide a doorman, parking and 24/7 concierge services, and round-the-clock roaming security since safety is of utmost importance to the buyers.

"The architect, Thomas Juul-Hansen, designed a multi-residence building in which there are no corridors," Forster Jones describes. "There is valet parking, but if owners want to park themselves, there are elevators in the garage that will take them directly into their residences. And each residence has a second elevator that opens into a back-of-house service room for laundry and deliveries."

"The Rosewood Residences is located on a prominent site in downtown Beverly Hills, but the residents' entrance is on the side, on a very quiet side street," Ball adds. "Residents and their guests can access it without drawing attention."

Rosewood Residences will have a restaurant on the first floor that will be open to the public, likely an establishment that includes a cafe and a more formal restaurant. "But we are talking to potential operators who will provide some kind of room service," Ball notes.

THE ROYAL TREATMENT

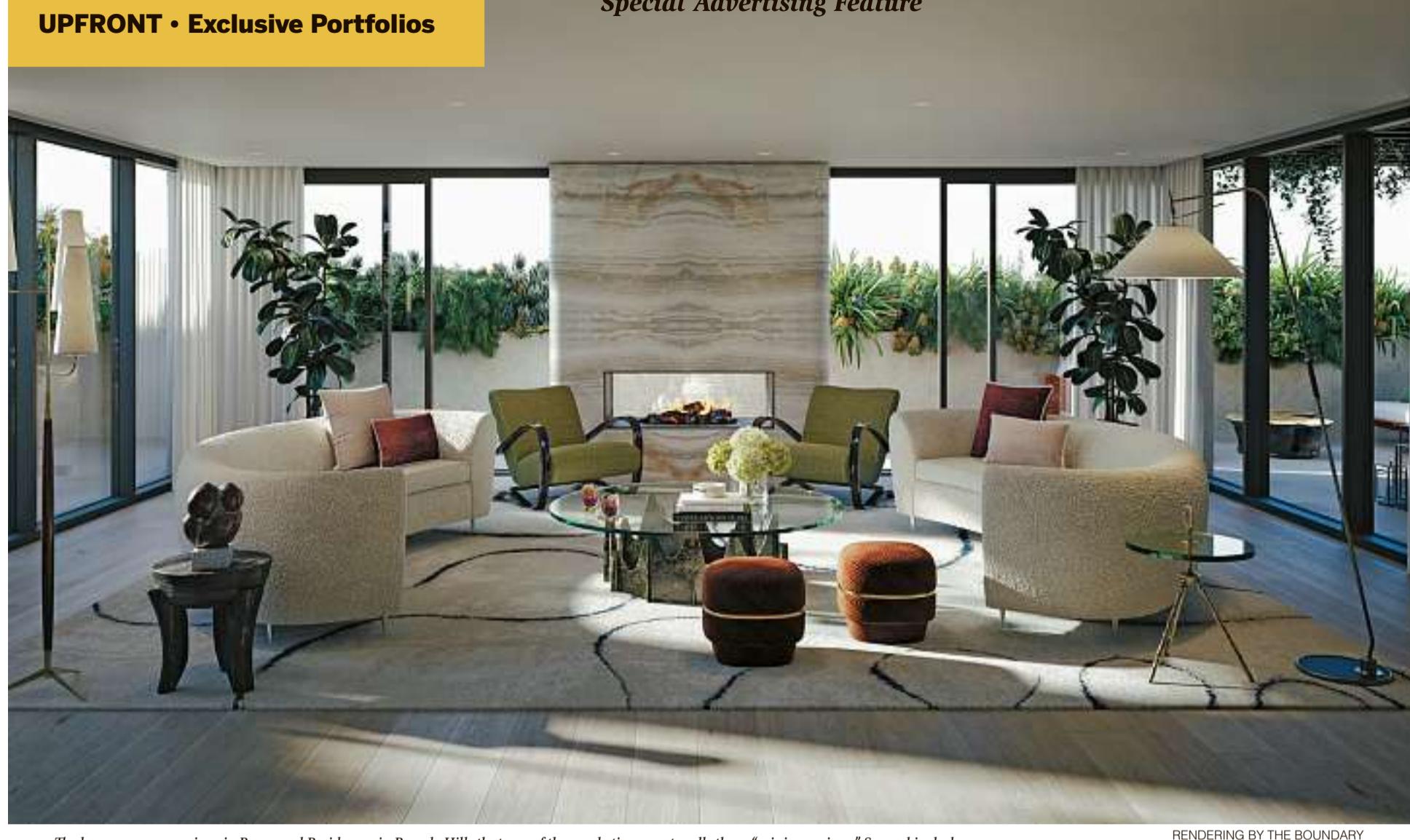
There was a time when the finest of Englishmen gathered in gentlemen's clubs, highly exclusive establishments where they could eat, drink and mingle away from female and less fortunate company. Today, residents of Raffles London at The OWO, once called the Old War Office, have found a similar atmosphere and camaraderie — without all the club rules and dress codes.

Developers recently completed the refurbishment and redevelopment of this unique property, the largest in London's history, repurposing the country's Old War Office into a Raffles Hotel and 85 bespoke private residences. About half the unique condominiums were sold to a mix of Americans, Brits and high-profile families from all over the world, reveals Charlie Walsh, head of sales and marketing for the residential elements of the building.

Although residents of The OWO do share a building
Continued on page R5

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The homes are so spacious in Rosewood Residences in Beverly Hills that one of the marketing agents calls them "mini mansions." Several include private pools, and all residents can use the building's rooftop pool, fitness center and entertainment spaces.

RENDERING BY THE BOUNDARY

Continued from page R4

with the hotel, they can remain completely separate from guests and other residents. "The only amenity they share is the pool," Walsh states, noting that residents even have their own private entrance.

Similarly, the nine restaurants and three bars at The OWO are open to the public, but residents have special seating privileges. "What's more, residents can have any available cuisine delivered to their homes or they can arrange to have one of the chefs prepare a meal in their kitchen," Walsh says.

The OWO homes are connected by

hallways, extra-wide corridors that some workers in the old war building rode bicycles along when carrying messages between offices. And to enter or exit without going through the main entrance or the hotel, residents seeking privacy can always slip in the secret entrance spies used for almost a century.

"Our owners enjoy complete privacy, but they also enjoy being together," he says. "During King Charles' coronation, we invited all the residents to a champagne and canapes reception in the hotel to watch his carriage roll by. It was lovely to see them mix and socialize so freely."

NOT SHARING LIVES,
BUT MAYBE A DECORATOR

Jenny Naylor, in charge of marketing at The OWO, notes an unexpected draw to the property. Rather than show prospective buyers an empty residence with plain white walls, a number of the city's top interior designers were recruited to each decorate and furnish a single home, so buyers could visualize what they might do with their own space themselves. "But the minute we finished one, a buyer would want to purchase it with all the furniture and fittings. Then we'd have to start all over again," Naylor laughs.

Walsh says they never set out to sell residences this way, "but found that if we dress the units with tailor-made furniture, including beds, buyers immediately want them. It's the appeal of instant gratification among wealthy people from all over the world."

At Rosewood Residences, which will be completed at the end of 2024, no furnished units are available for buyers to snap up. But Ball notes that some "have engaged with Juul-Hansen to help them pick out furniture and the interior design. Others are using their own interior designers to have their units furnished and ready before they move in."

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Crafting Views:
WINDOWS AS ART

MATTHEW CARBONE

*Fleetwood Windows and Doors
dives into the details*

by Lori Cullen

When it comes to designing luxury homes, discerning buyers and architects alike know that windows and doors are more than just functional — they're an integral part of creating an elevated living experience. Fleetwood Windows and Doors, a company known for its sleek, high-performance products, has mastered the art of combining design with durability, particularly for homes in coastal environments like the Hamptons.

Fleetwood's story began in 1961 with a single door and a simple but transformative insight: The hardware is the heart of the product. "Everybody would design a door and then throw the hardware in after," says Gary Gumbleton, Fleetwood's CEO. "But when they designed their new door, they started with the hardware." This approach would come to define the company, which was later acquired by Gumbleton's father-in-law Glenn McCoy and named after the Fleetwood Brougham Cadillac, reflecting its ambition to become the "Cadillac of the industry."

Today, Fleetwood's products are featured in some of the world's most exclusive homes, and its newest line, the EDGE Collection, continues to push the boundaries of luxury and functionality.

HARDWARE AS THE FOUNDATION

At Fleetwood, the hardware has always been the foundation of design. "We are fanatical about the little things — how the door lines up, the sharp lines, the finish we use on the anodizing and the painting," Gumbleton shares. The company's

obsession with detail, particularly in the smooth operation of sliding glass doors, has set them apart in the industry.

This philosophy led to the creation of The EDGE Collection, a sleek, minimalist line inspired by European design. "We saw products out there and knew we had to get in the game," Gumbleton says, noting how the company's focus on functionality has helped it create goods that are both beautiful and practical.

Ben Ballantine, principal architect at Ballantine Architects, agrees, pointing to one of his firm's prize creations, the Katz Residence, a gorgeous Bel Air estate in the hills of Los Angeles that features the new EDGE windows. "Given the hillside site's location and orientation, with breathtaking panoramic views from downtown Los Angeles to the Pacific Ocean, a 'zero-edge' system was the only acceptable choice for the Katz Residence," he says.

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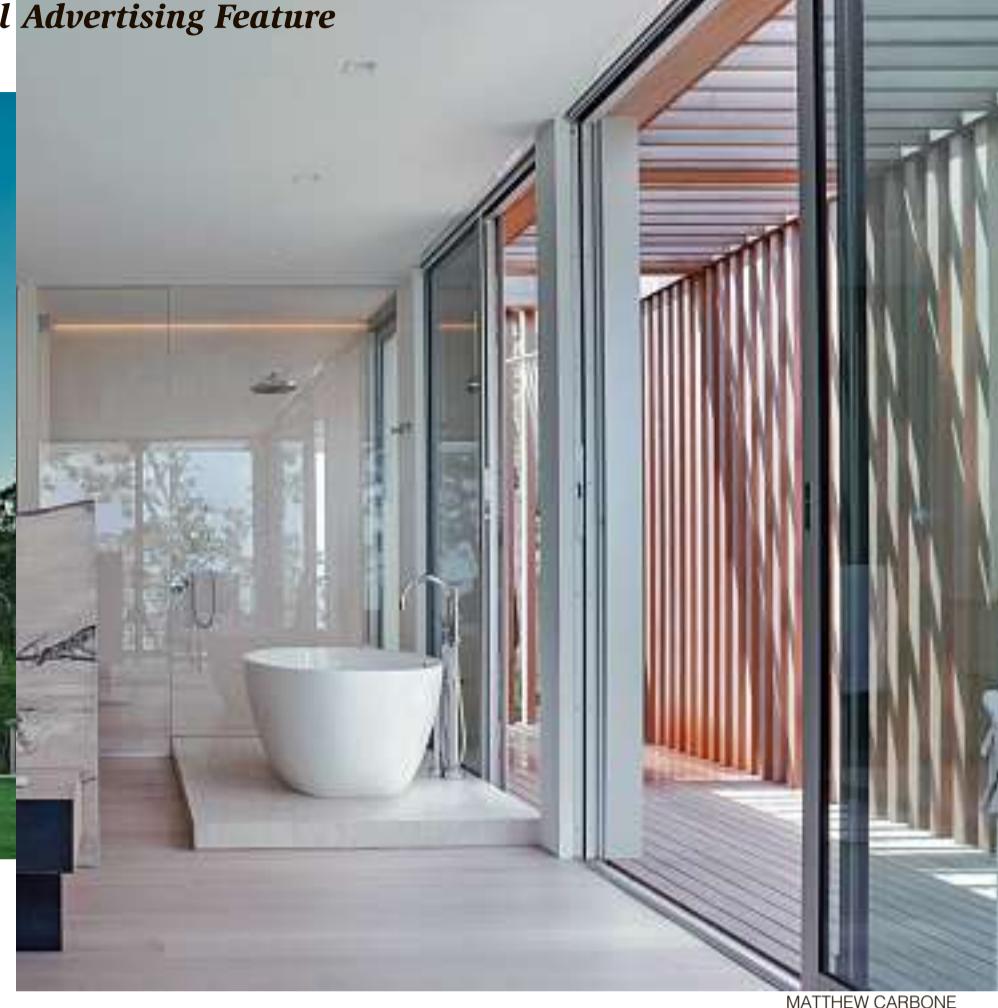
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Nestled within lush greenery, this contemporary retreat features Fleetwood's signature glass walls and sliding doors (left). An elegant master suite features a freestanding tub positioned to embrace the surrounding views (right). Both open designs enhance natural light while blending indoor and outdoor living spaces, creating a serene yet luxurious experience.



MATTHEW CARBONE

Continued from page R6

"Having had over a decade of successful projects with Fleetwood and its incredible support team, the EDGE system was the frontrunner for this house," he explains. "Its innovative design, particularly its thin sightlines and massive panel sizes, perfectly complements the goal of maximizing natural light and unobstructed views."

DURABILITY AND COASTAL LIVING

Luxury homes in coastal areas in California, Florida and New York face unique challenges — salt air, wind and hurricanes can take a toll on doors and windows. Fleetwood's products are built to withstand these harsh conditions. "We've dealt with this the whole life of the company, from California to the East Coast," Gumbleton says. "All the hardware we make is completely stainless steel."

The company's finishes, which include a class-one anodized coating and a two-coat baked-on enamel paint, are designed to protect against the corrosive effects of Mother Nature.

Fleetwood also offers hurricane-resistant glass, which has become a key feature for homes in high-risk coastal areas like Florida and the Hamptons. "We have a hurricane-certified product, and a lot of homes now use hurricane or laminated glass," Gumbleton explains.

SEAMLESS INDOOR-OUTDOOR LIVING

While Fleetwood's lines are designed to handle the elements, its real appeal lies in how the brand seamlessly blends indoor and outdoor spaces. "We are trying to bring the outside in," Gumbleton explains. With massive glass panes and minimal aluminum framing, Fleetwood's windows and doors maximize views

while minimizing visual obstructions.

The brand's pivot doors, in particular, offer an impressive combination of aesthetics and functionality. "It's completely automated," Gumbleton says. "You can walk up to the door, hit a fob and the door will open and close." The company has pushed the boundaries of what's possible with glass and aluminum, creating doors that are as sleek as they are sturdy.

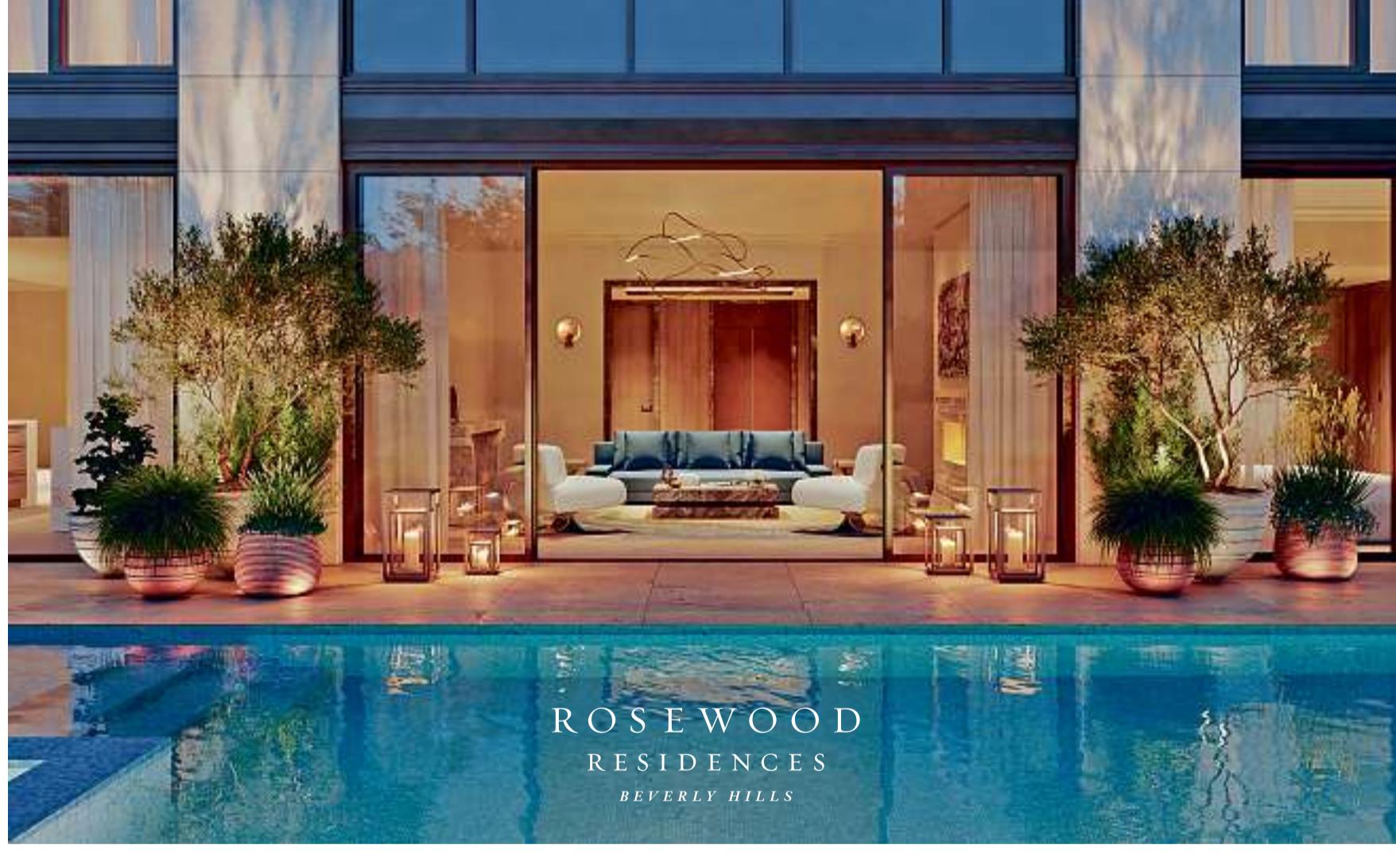
COLLABORATION WITH ARCHITECTS AND DESIGNERS

Fleetwood's close collaboration with architects and designers has been key to its success. "We ask architects, 'What more do you want? What is our product line missing?' And they are not shy telling us what they want us to design and build for the future," Gumbleton says. This feedback loop helps the company stay ahead of trends and continue to innovate.

For Gumbleton, Fleetwood's success is more than just a professional achievement — it's a family legacy. "When I moved into my first home, it had a typical track home door that was hard to open. I immediately switched it out with one of our doors," he recalls. The smooth operation of Fleetwood's sliding doors, even at massive sizes, is a tribute to the company's origins.

Reflecting on his father-in-law's vision, he is proud of what the company has achieved. "He was a Depression-era baby," he says. "He came from nothing and built this company to what it is today. I couldn't be more proud of him and more proud of being part of this company."

Lori Cullen is a freelance writer in Pittsburgh specializing in education and lifestyle topics.



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SAVING HISTORY AND THE ENVIRONMENT

Adaptive reuse projects make the old new again

by Julie Bennett

Buildings that once housed hotel guests in the roaring 1920s, showcased pianos or served as offices for the entire war department of the British Empire are being repurposed into residences for high-profile buyers. The adaptive reuse of such older buildings may be an environmental necessity, but it also adds a certain cachet to luxury projects.

According to the U.S. Environmental Protection Agency, it takes the environment 65 years to recover whenever an old building is demolished to make way for a new one. The demolition of existing structures, the clearing away of building debris and the transportation of it to landfills creates carbon-intensive damage that lingers for decades.

On the flip side, the restoration of a historic building can revitalize a neighborhood, conserve building materials and, in some cases, save developers money. David Gromet, vice president of marketing for Corcoran Sunshine Marketing Group in New York, reports that the developers of 720 West End Avenue on the Upper West Side purchased the landmark building after its interiors had already been demolished, which provided a blank canvas for a complete interior transformation. "While they may not be saving money, the developers are preserving a facade that would be nearly impossible to reproduce today given the level of detail and craftsmanship."

RICH HISTORY

720 West End Avenue began its life in 1927 as the Hotel Marcy. "It was designed by Emery Roth, one of the foremost architects in New York then," Gromet reports. "He was something of a legend."

Gromet says the 17-story building's ex-

terior was known for its classic Renaissance Revival architectural style, with stone marquee lights and intricate hand-carved terra-cotta designs. "All of that has been lovingly restored," he announces. The hotel's interior, which had 150 rooms, will be rebuilt into 131 condominiums and shared spaces. "The designer, Thomas Juul-Hansen, isn't recreating a prewar building for the modern buyer, but instead will have the interiors reflect his contemporary design style with some touches that pay homage to Emery Roth — including a foyer in each apartment so that residents can take a moment of transition from the outside to the inside."

Prices start at \$995,000 for a one-bedroom home and climb to over \$12 million for larger residences. The building will offer private on-site parking and a host of indoor and outdoor amenities, including basketball and squash courts, a fitness center, a children's playroom with an outdoor area, a library and co-working spaces, landscaped terraces and courtyards with lounge seating and dining, a pet spa, a private dining room connected to a bar and much more.

"We expect some buyers will come from the immediate Upper West Side neighborhood," Gromet observes. "People who live there never want to leave. They love the area's rich architectural history and mix of museums

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RENDERING BY VMI STUDIO

The former Marcy Hotel has long been a fixture on Manhattan's Upper West Side. And it will remain so, because the building's original brick and carved stone facade, as designed by Emery Roth in 1927, is being carefully restored (above).

This dining room in Saison by Mauro Colagreco, one of the restaurants in the new Raffles Hotel in London, was once the library of the Old War Office building (right).



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Continued from page R8

and cultural venues that can only be found here. We also expect to attract buyers from throughout New York City drawn to the vibrancy of the area as well as from across the U.S. and abroad who are seeking a pied-à-terre in New York."

720 West End Avenue is now scheduling appointments at its on-site sales gallery and offering previews of its completed model residences.

IN TUNE WITH THE PAST

A few blocks away, a residential project that incorporates the former headquarters and showroom of Steinway & Sons, 111 West 57th Street, is also attracting buyers with discerning taste. While the project sports a new 91-story tower, many of its design elements come from the adaptive reuse of the connected 16-story landmark building, built by the piano makers in 1925, on the same block as Carnegie Hall.

According to Marci Clark, managing director for the developers, JDS Development Group, "Steinway Hall was designed by the acclaimed firm Warren & Wetmore and was designated as a New York City landmark in 2001. The interior rotunda was designated an interior landmark in 2013, and its custom ceiling mural has been restored by expert conservationists." The exterior features a restored panel by sculptor Leo Lentelli.

The project's interior architect, Studio Sofield, "integrated references to the

historic building, from the black doors to the great room to piano hinges and custom hardware in the residences and from reclaimed flooring from the original showrooms in the lobby to restored chandeliers and pendants throughout the amenity spaces."

The property is represented by the Nikki Field Team at Sotheby's International Realty.

FOR YOUR SPIES ONLY

The people who visited and worked in the Old War Office (The OWO) building in London from 1906 until it was sold in 2014 were heads of state, leaders of the British military and famous spies. The building, in the Whitehall section of London, had over 1,000 offices and 2½ miles of corridors that some workers traversed on bicycles.

If demolishing a regular building causes 65 years of environmental distress, tearing down The OWO, with its fortress-like design and meter-thick walls, could cause a catastrophe. Instead, a 250-year lease on the building was purchased by the international Hinduja Group and Onex Holding, which transformed it into a 120-room Raffles Hotel and 85 homes, The OWO Residences by Raffles.

"Being in The OWO is like walking through history," remarks Jenny Naylor, head of marketing for The OWO. "The transformation took over six years, and the developers had to work with over 30 different historical preservation groups



A music room is but one of the modern amenities you'll find at 720 West End Avenue (left). Indoor basketball and squash courts are also part of the building's transformation from the historic Hotel Marcy into luxury condominiums (right).

VMI STUDIO

and other organizations to be sure nothing important was destroyed."

The Raffles Hotel, she adds, contains the building's original grand staircase, and the former Army Council Room is now the Churchill Suite. It boasts nine restaurants, including three operated by famed Argentine chef Mauro Colagreco and another overseen by Jason Atherton, as well as three bars.

"The 85 residences are unique because every single apartment is different. So much of the original building has been preserved, so residences may contain amazing fireplaces, grand oak paneling or double-glazed windows. The huge corridors where heads of state once marched are now part of the hallways in the residence amenity areas or within some of the apartments. Some of the grille work that hid communication lines has also been retained," Naylor notes.

One of her favorite features is the old spies' entrance, a plain door at the rear of the War Office through which real spies could slip in and out. Today, high-profile owners of The OWO Residences can use the same door to discreetly access their homes.

PEACEFUL TRANSITION

The renovation included adding four new basement levels to contain a ballroom, underground parking and lots of amenities. The large swimming pool, Naylor says, is the only space residents share with hotel guests. Otherwise the gym, yoga and Pilates studios, gaming room, theater, lounges, and

private dining room and catering kitchen are strictly for owners. Owners also receive priority at the Raffles Hotel restaurants and can even request one of the hotel's chefs to prepare a special meal in their own kitchens.

Prices for The OWO Residences by Raffles begin at \$5 million for a one-bedroom unit and rise to over \$22 million for a four-bedroom unit, says Charlie Walsh, The OWO Residences' head of sales. Almost half the units are already sold. "Americans are the biggest nationality among our buyers, including some very high-profile names. I think that's because they realize how rare it is to own a piece of a heritage building. Americans have an affinity for all things British, like Churchill and Downing Street, and they love living somewhere with 24/7 hotel services."

Walsh sees the adaptive reuse of his country's War Office as a move toward opening the building up. "This building was completely out of bounds for the general public for over 100 years. After such a long time of being secretive, it is amazing to see it open up and welcome the public. This is an incredible and beautifully intricate reuse. I hate to think of the alternative, that The OWO might have gone to ruin."

Julie Bennett is a freelance writer specializing in franchising, small business and lifestyle issues.



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UPFRONTS Presented by NY's The SOCIETY Group

The OWO Residences by Raffles in London



After party at Sutton Tower's Penthouse 80



The Rosewood Residences Beverly Hills



Ed O'Donnell, Richard Angel

UPFRONT AND PERSONAL WITH REAL ESTATE SOCIETY

The world of design, development, and power brokers collided for a dazzling second annual **UPFRONTS NY** showcase, from the creative minds at **The SOCIETY Group**, and sponsored by **The Wall Street Journal**. Coup Champagne flowed freely as the who's

who of closers filled Neuhause Madison Square's private screening room for an exclusive first-look at properties before they're released. The night began with Rosewood Residences Beverly Hills by Nahla Capital, with **SALLY FORSTER JONES** introducing designer **TRAVIS GRIMM**, of Travis Grimm Interiors, who unveiled his personal home at Rosewood's The Carlyle House. **CHARLIE WALSH** of The OWO Residences by Raffles in London followed, showcasing a New York buyer's home with designers, **ED O'DONNELL** and **RICHARD ANGEL**, of Angel O'Donnell including the iconic building's history and nine culinary destinations. Fleetwood Windows & Doors CEO **GARY GUMBLETON** wowed the crowd with the brand's history and the launch of their new line, The Edge, in a lively interview with The SOCIETY Group's CEO, **ALEXANDER ALI**.

Corcoran's **BLAKE WEISSBERG** unveiled a stunning duplex penthouse at 720 West End Avenue, the prestigious building on the Upper West Side. **AUSTIN ALLISON**, CEO of Pacaso, held court while discussing Global Swap, their newest revolutionary offer for owners. Visionary CEO **DAVID VIALLI**, debuted his collegiate private member's club, Alum, alongside **ANDREW BOWEN**, Partner at Ash, the project's interior designer. Compass' **ISIDORA FRIDMAN & LAUREN RAUSCHENBERG** shared The Ambassador, a unique offering known as "the Carnegie Hall of the West." Closing out the presentations, **JOE ALVAREZ & ELIZABETH UNGER** kept the audience enthralled with a first look inside Penthouse 80 at Sutton Tower developed by JVP Development and Gamma Real Estate.

Immediately following, esteemed guests were invited to experience Penthouse 80 themselves, ending the night at the after-party hosted by Corcoran Sunshine Marketing Group with champagne towers, live music, and breathtaking sunset views from the east side's tallest waterfront tower.

UPFRONTS partners included Fleetwood Windows & Doors, Ash, and Nu World Title.



David Grommet, Deborah Kern



Eleonora Sruogu



Austin Allison

Carina Tom
Julia Spillman, Shari Scharfer Rollins, Jade Chan

Blake Weissberg



Gary Gumbleton, Kimberly Koza



Joe Alvarez

Kane Manera, Charlie Walsh

Isidora Fridman, Lauren Rauschenberg

Carl Gambino

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