

What's News

Business & Finance

European lawmakers reached an agreement on the main points of a new digital-competition law focused on the world's biggest tech companies, setting the stage for one of the most sweeping pieces of technology-regulation legislation to go into effect next year. **A1**

◆ **Uber reached an agreement** to list all New York City taxis on its app, an alliance that could ease the ride-hailing giant's driver shortage and temper high fares while directing more business to cabdrivers. **A1**

◆ **Europe's economic recovery** slowed in the first weeks of March after Russia's invasion of Ukraine while U.S. business activity picked up, business surveys showed. **A2**

◆ **U.S. stocks rose**, with major indexes recouping most of Wednesday's losses. The S&P 500, Dow and Nasdaq gained 1.4%, 1% and 1.9%, respectively. **B10**

◆ **European stock indexes** have largely clawed back losses suffered since Putin sent Russian troops into Ukraine, but that doesn't necessarily mean traders are feeling optimistic. **B1**

◆ **Fewer Americans** are leasing new vehicles because of higher prices and scarcity on dealer lots, a pullback that could crimp the supply of used vehicles and interested buyers in the coming years. **B1**

◆ **Credit Suisse** is expected to pay around \$500 million after losing a lawsuit brought by a billionaire who claimed the bank mismanaged his money. **B3**

World-Wide

◆ **Biden said** Russia should be expelled from the Group of 20 major economies and pledged the U.S. would take in up to 100,000 refugees fleeing Ukraine as he met with world leaders to discuss new sanctions and humanitarian aid in response to Moscow's invasion. **A1, A8-11**

◆ **Ukraine said** it struck the Russian-occupied port in the city of Berdyansk, igniting a large fire and hitting a warship at the site, which has become a major logistics hub for the invasion forces. **A1**

◆ **Biden, stepping back** from a campaign vow, has embraced a longstanding U.S. approach of using the threat of a potential nuclear response to deter conventional and other nonnuclear dangers in addition to nuclear ones, U.S. officials said. **A9**

◆ **North Korea said** it had successfully tested a new intercontinental ballistic missile at the direct order and supervision of leader Kim. **A20**

◆ **Republican senators** indicated that they don't plan to take steps to significantly delay or block the confirmation of Supreme Court nominee Jackson. **A4**

◆ **Arizona lawmakers** passed a bill banning most abortions after 15 weeks of pregnancy. The measure now goes to Gov. Ducey. **A3**

◆ **Trump filed** a lawsuit against Hillary Clinton, the DNC and others, alleging that they conspired before the 2016 election to tarnish the image of the then-Republican presidential candidate and his campaign. **A4**

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Biden Wants G-20 to Expel Russia



President Biden met in Brussels on Thursday with North Atlantic Treaty Organization leaders, as well as with those of the G-7 and the European Union. Mr. Biden stressed that NATO and European allies are united in their support for Ukraine.

President widens aid, sanctions, opens door to refugees as he, allies plot next Ukraine steps

BRUSSELS—President Biden said Russia should be expelled from the Group of 20 major economies and pledged the U.S. would take in up to 100,000 refugees fleeing Ukraine as he met with world leaders to discuss new sanctions and humanitarian aid in response to Moscow's invasion.

By Tarini Parti, Robert Wall and Catherine Lucey

Thursday's gatherings in Brussels came amid concerns that President Vladimir Putin of Russia could order the use of chemical or other unconventional weapons in Ukraine, a move Mr. Biden said would trigger a response.

Mr. Biden stressed that NATO and European allies are united in their efforts. The U.S. outlined a new round of sanctions against political figures, oligarchs and defense companies and \$1 billion in humanitarian funding.

"The single-most-important thing is for us to stay unified and the world to continue to focus on what a brute this guy is," said Mr. Biden, referring to Mr. Putin. "And all the innocent people's lives that will be lost and ruined."

Mr. Biden also said he thought Russia should be removed from the G-20, adding that the decision was up to the group. He said that issue was discussed on Thursday among leaders. He said if it wasn't possible to remove Russia, he had raised the idea that Ukraine should be allowed to attend the meetings and observe. A G-20 summit is scheduled to be held in Bali, Please turn to page A8

Ukraine Strikes Port, Enemy Ship

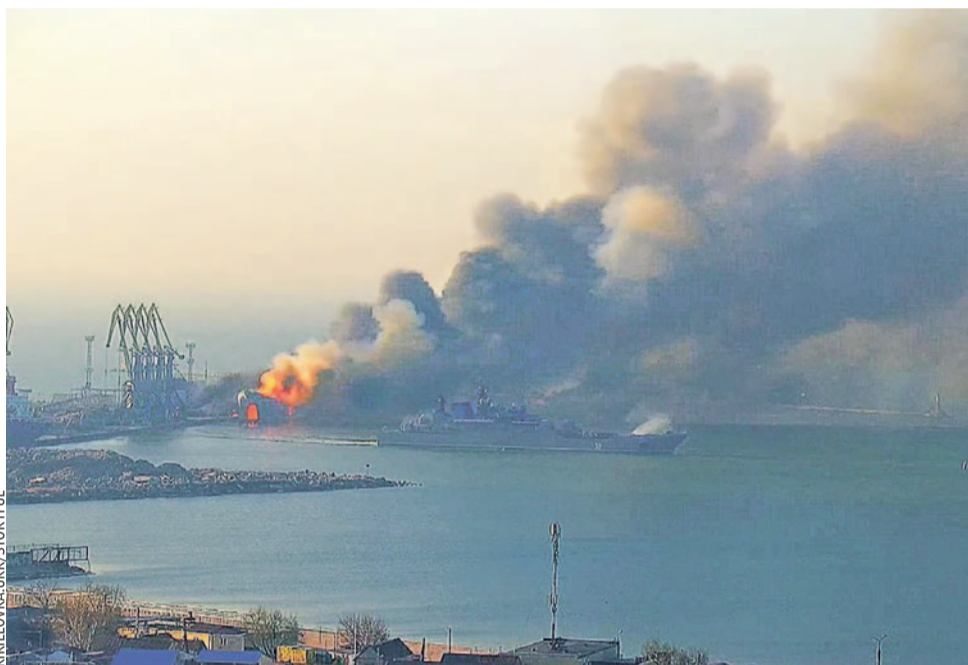
By Yaroslav Trofimov

Ukraine said it struck the Russian-occupied port in the Azov Sea city of Berdyansk on Thursday, igniting a large fire and hitting a Russian warship at the site, which has become a major logistics hub for Moscow's invasion forces.

Footage from the area showed smoke billowing from a ship and secondary explosions from detonating ammunition. Footage also showed two smaller Russian ships fleeing the port after the explosions, one of the ships on fire.

The attack in Berdyansk—50 miles west of the besieged port of Mariupol and nearly 100 miles from the main front line in southern Ukraine—is a sign Kyiv has retained significant military capabilities in its fight against larger Russian forces that are struggling to maintain supply lines in the country.

Russian officials didn't confirm the attack. Kyiv initially said the strike destroyed the Russian navy landing ship, Orsk. Ukrainian news reports named the targeted ship as Saratov, the same class of large landing ship as Orsk. The Ukrainian military said in a later statement that it had hit Russian landing ships in Berdyansk, and that one of



A screen grab from a video shows a Russian ship gutted by flames in the Ukrainian port of Berdyansk.

them was engulfed in fire. It didn't provide the name.

Berdyansk, where pro-Ukrainian protests erupt regularly, is one of a handful of Ukrainian cities captured by Moscow in the month since President Vladimir Putin of Russia invaded Ukraine on Feb. 24.

Ukrainian officials haven't disclosed how Ukraine carried out the attack. Ukraine's new

Neptune antiship missiles have a range of about 200 miles and haven't been used in the conflict so far. Ukraine also has ballistic missiles with a known range of some 75 miles, though there may be modifications with a longer range.

Andrii Ryzhenko, a former Ukrainian navy captain now with the Center for Defense Strategies, a Kyiv think tank

with close ties to the military, said he believed Ukraine used one or more Tochka-U ballistic missiles to dent Russia's supply chain along the Azov Sea coast.

"For the Russians, this is the easiest way to bring and feed their contingent," Mr. Ryzhenko said. "These ships, they can carry a significant Please turn to page A10

Uber to Add Taxis In NYC to Its App To Help Fuel Growth

By Preetika Rana

Uber Technologies Inc. is becoming friends with a former foe.

The company reached an agreement to list all New York City taxis on its app, an alliance that could ease the ride-hailing giant's driver shortage and temper high fares while directing more business to cabdrivers, whose livelihoods were affected by the emergence of car-sharing apps and the pandemic.

While Uber has formed partnerships with some taxi operators overseas, and riders

in several U.S. cities can use its app to book taxis if cabdrivers choose to be listed there, the New York City alliance is its first citywide partnership in the U.S. New York, one of Uber's most lucrative markets, has been a battlefield for the company and the city's iconic yellow taxis for years.

"It's bigger and bolder than anything we've done," said Andrew Macdonald, Uber's global mobility chief. The company expects to launch the offering to riders later this spring.

As part of the deal, the New Please turn to page A2

EU Reaches a Deal on Law To Curb Tech Firms' Power

By Kim Mackrael and Sam Schechner

BRUSSELS—European lawmakers reached an agreement late Thursday on the main points of a new digital-competition law focused on the world's biggest tech companies, setting the stage for one of the most sweeping pieces of technology-regulation legislation to go into effect next year.

The new law, known as the Digital Markets Act, is part of the biggest proposed expansion of global-tech regulation in decades. It seeks to impose new obligations and prohibitions on a small cadre of digital giants

the European Union defines as gatekeepers—backed by fines for noncompliance that, based on early drafts of the legislation, could rise into the tens of billions of dollars.

The legislation could affect many corners of the tech world. It is aimed broadly at limiting the ability of the biggest tech firms from taking advantage of their powerful presence in digital markets—including the app ecosystem, online shopping and online advertising.

Provisions in the text, if they get final approval, would allow developers to make their apps available to iPhone users without going through

Apple Inc.'s App Store and could limit how sites such as Google and Amazon.com can rank their own products and services ahead of those offered by smaller competitors in search results.

It also could have global reach. The EU has for years been at the forefront of creating regulation for a number of major tech markets. Brussels' moves have often been mirrored by other countries. At the same time, many big tech firms—forced to change practices by European rules—have made those changes global.

Tech-industry lobbyists Please turn to page A12

In U.K. Version of the Jersey Shore, Rebranding Plan Strikes a Nerve

Essex, next to London, is a party scene; it doesn't need culture too, devotees say

By James Hookway

BRENTWOOD, England—A lot of people in England make fun of Essex the same way some New Yorkers do with parts of New Jersey.

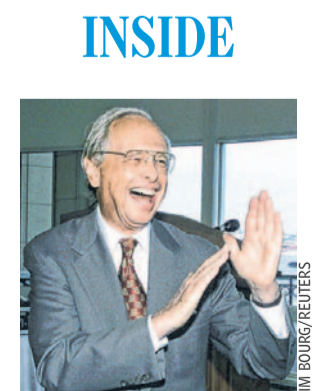
Set just to the east of London, the county is filled with commuter towns, pockets of industrial blight and cheap-and-cheerful resorts, where big-city salaries combine with lower property prices to create a world where 20- and 30-somethings can afford to flaunt expensive high heels and sharp suits, and frequently do.

Before Covid-19, busloads of visitors would flock to the

town of Brentwood, made famous by "The Only Way Is Essex," a glitzy reality show recreating the spray-on tans and loosely scripted dramas of "Jersey Shore."

Now the county council has launched a half-million-dollar campaign to shift perceptions of Essex. It wants to bring a wider range of visitors, the kind of people who might be more interested in some of its Roman ruins, say, or the rural landscapes that inspired John Constable, the 19th-century English painter.

The stars of Towie—that's how "The Only Way Is Essex" is known here—aren't im- Please turn to page A13



OBITUARY
Edward Johnson III, 91, transformed Fidelity Investments into a financial behemoth. **B1**

ARTS IN REVIEW
A look ahead at the Oscars, Hollywood's big night. **A14-15**

In Inflation Hot Spot, Voters Are Restive

Sentiment in Phoenix is sour for Democrats with midterm elections on the horizon

By John McCormick

SCOTTSDALE, Ariz.—This year, with Democrats seeking to defend a narrow Washington majority, will see the first national election since Ronald Reagan defeated Jimmy Carter in 1980 where inflation will be a major issue.

Its prominence is clear in the southern half of Scottsdale's McCormick Ranch neighborhood in the Phoenix metropolitan area, which has seen the biggest inflation surge in the U.S. since President Biden took office. Nationwide, the inflation rate is 7.9%.

Jillian Birnbaum, a 37-year-old nurse and mother of two, says she is frustrated by the rising cost of groceries and diapers in her suburban neighborhood. It is one reason the politically independent voter says she is leaning toward Republicans in this fall's midterm elections.

"There must be some reason for why it's happening with this administration and not the last one," said Ms. Birnbaum, who blames increased federal spending in part for fueling inflation and favors divided government. Please turn to page A13

U.S. NEWS

FDA Says No to Drug Evaluated In China

By PETER LOFTUS

The U.S. Food and Drug Administration rejected an application by Eli Lilly & Co. and a China-based partner to sell a new lung-cancer drug in the U.S., after agency officials raised concerns about the medicine's testing in China.

The FDA was unable to approve the application, and recommended that an additional clinical trial of the drug be conducted in multiple regions, Lilly said Thursday. Lilly said it is assessing next steps for the immunotherapy, named Tyvyt, in the U.S.

Morgan Stanley analysts said in a research note they don't expect Lilly to continue developing the drug for the U.S. because of the high cost and long timeline for the additional study the FDA requested.

The rejection underscores new FDA concerns about a wave of drugs that are being tested only or predominantly in China, which Chinese companies, sometimes in collaboration with Western drugmakers, hope to sell in the U.S.

Regulators have questioned the quality of studies conducted in China, and whether the results of such testing can apply to patients in the U.S.

FDA officials have said they plan to scrutinize such drugs, and have urged companies to conduct drug trials in several countries rather than just in China. FDA officials have said there may be differences between countries in medical care and population that affect how a drug performs.

In February, a panel advising the FDA voted 14-1 to recommend additional studies be conducted for Tyvyt, a drug that Indianapolis-based Lilly has co-developed with China-based Innovent Biologics Inc., which discovered it.

At the February hearing, FDA officials said there were significant shortcomings in how Tyvyt was tested in a Chinese study, and said the results on benefits and risks weren't applicable to U.S. patients.

Lilly had been planning to introduce Tyvyt as a treatment for non-small-cell lung cancer at a lower price than comparable treatments in the U.S., such as Merck & Co.'s Keytruda and Bristol-Myers Squibb Co.'s Opdivo.

Lilly said the FDA recommended an additional clinical study, specifically one conducted in multiple regions, and which compares Tyvyt with standard treatment and tracks overall survival of patients.

Shares of Lilly were up about 1% in Thursday trading.

Policy Aims to Speed Asylum Rulings

By MICHELLE HACKMAN

WASHINGTON—The Department of Homeland Security is planning to overhaul the process migrants at the southern border would follow to apply for asylum, a change aimed at delivering quicker decisions, the agency said Thursday.

The policy could amount to one of the most consequential changes to border processing in recent years if implemented as intended.

Under the new system, migrants crossing the border illegally who ask for asylum would be interviewed about their claim, rather than having a full court hearing as they do now. The entire process is intended to take about six months, rather than the years asylum seekers currently wait, and is designed to relieve the immigration-court backlog, which currently stands at 1.6 million cases, administration officials said.

For migrants who don't receive asylum, the new system would also result in quicker deportations, administration officials said.

The policy will be formally published in the Federal Register early next week and should take effect by late May. It would initially be applied to a subsection of migrants at the border, though exactly which group will enter the new process hasn't yet been decided, they said. As with many of the Biden administration's other immigration policies, the new asylum process is also likely to become the subject of lawsuits from conservative states or groups.

Long a goal for officials in the administration, the policy,



Border patrol agents and members of the Texas Army National Guard light the path as Central and South Americans seeking asylum in the U.S. wade through the Rio Grande this month.

which was first proposed in August, gained new urgency as border agents made a record 1.9 million arrests for illegal border crossings in the first year of President Biden's presidency. The pace of illegal crossings has slowed some but remains historically high.

White House officials view the process change as one of the key policies they want in place as they weigh ending Title 42, a pandemic-era border policy first introduced by the Trump administration that allows border agents to immedi-

ately turn away asylum seekers at the border without considering their claims, according to people familiar with their thinking. Biden administration officials have projected a further increase in border crossings should Title 42 be lifted, and already in March, border detention facilities have become strained, the people said.

The new policy is meant to address one of the reasons officials believe so many migrants from Central and South America seek asylum: While

they wait, they are permitted to live and work in the U.S.

"The current system for handling asylum claims at our borders has long needed repair," Homeland Security Secretary Alejandro Mayorkas said.

The Trump administration sought to address the same issue by requiring asylum seekers to wait in Mexico instead, a policy known as Remain in Mexico. The Biden administration is now once again implementing that policy, albeit on a more limited scale, under a

federal court order that followed a lawsuit brought by the state of Texas.

Under U.S. law, migrants can qualify for asylum, regardless of how they entered the country, if they are fleeing persecution based on their political opinion, religion, race, nationality or membership in a particular social group.

Under the new procedure, asylum seekers would first have their cases heard by an asylum officer, a process that is considered friendlier than court because it isn't a full trial with government lawyers arguing against the applicant. Officers would be given roughly 90 days to consider a case and reach a decision.

If a migrant is denied asylum under that process, their case would then move to an immigration court, where a judge would review the material from the asylum officer, along with any new evidence, and offer another decision within about 90 additional days. Migrants would be allowed to appeal an immigration court decision, as they are now.

The new approach is likely to have detractors on the right and the left. Former Trump administration officials have argued the proposed policy essentially gives migrants two chances to win asylum. More liberal immigration advocates, meanwhile, say the new process doesn't give migrants enough time to find a lawyer and put together a proper case.

Officials have estimated that in order for the overhauled system to work they would need to hire 800 additional asylum officers and receive tens of millions of dollars in funding.

Arizona House Passes 15-Week Abortion Ban

By JENNIFER CALFAS

Arizona lawmakers passed a bill banning most abortions after 15 weeks of pregnancy, becoming the second state legislature to push through this restriction ahead of a pivotal Supreme Court decision that could alter the abortion rights landscape nationwide.

The Arizona House of Representatives passed the bill in a 31-26 vote Thursday. It now heads to the desk of Arizona Gov. Doug Ducey, a Republican who has signed restrictions on abortion since becoming governor in 2015.

A spokesman for Mr. Ducey didn't respond to a request to comment Thursday.

The legislative efforts in Arizona follow similar moves in Florida, where Republican lawmakers this month approved a ban on most abortions after 15 weeks of pregnancy.

These bills are similar to

the Mississippi law at the center of a Supreme Court case that challenges the high court's 1973 Roe v. Wade decision, which established a constitutional right to end a pregnancy. Similar bills in West Virginia and Kentucky passed one chamber in those state legislatures.

The Arizona law, known as SB 1164, bars abortions in the state after 15 weeks of pregnancy, weeks earlier than current precedent established by the Supreme Court. The law allows for exceptions in medical emergencies. It doesn't include exceptions for instances of rape or incest.

Lawmakers who supported these bills say, if passed, the laws would allow states to more quickly and easily enforce abortion restrictions similar to Mississippi's should the Supreme Court uphold the 15-week ban. Some Republican state lawmakers said they an-

tipate the court could either uphold this law or overturn Roe v. Wade. A decision is expected no later than the summer.

Arizona Rep. John Kavanagh, one of the Republican lawmakers who introduced the 15-week ban and voted in favor of the bill Thursday, told

The Supreme Court is expected to issue a pivotal decision on abortion rights.

The Wall Street Journal earlier this year he wished to prepare the state for either of those outcomes. Arizona is one of several states with pre-existing laws banning abortion that were passed before Roe v. Wade. If the high court's precedent is overturned, the law

could be resurrected.

Abortion rights advocates say the 15-week ban is unconstitutional and would be harmful to people who can get pregnant and abortion access. Advocates also say they worry this law would open the door for harsher restrictions in the future.

"Make no mistake—the legislators who voted in favor of this law in the House and Senate will not stop at a 15-week ban," said Brittany Fonteno, president of Planned Parenthood Advocates of Arizona, in a statement. "They will continue to chip away at abortion care until abortion is illegal in Arizona."

Data from the Arizona Department of Health Services showed about 5% of the state's abortions in 2020 happened after 15 weeks of pregnancy.

States aiming to restrict abortion access in recent years have tried to enact bans earlier into pregnancy than what

is currently allowed under Supreme Court precedent. The high court has previously established the right to an abortion until a fetus is able to sustain meaningful life outside of the womb, which falls around 24 weeks of pregnancy. Courts have blocked these more restrictive laws from being enforced.

The Texas Heartbeat Act, which bans abortions after six weeks of pregnancy in the Lone Star State, is an exception. The law, which took effect in September 2021, created a new enforcement structure that allows private citizens to bring civil lawsuits against abortion providers as well as anyone who aids or abets an abortion after six weeks of pregnancy.

Idaho Gov. Brad Little, a Republican, signed a similar bill on Wednesday banning abortions after about six weeks of pregnancy.

Cuomo Probe Opens Rift Over Legal Fees

By CORINNE RAMEY AND JIMMY VIELKIND

When former New York Gov. Andrew Cuomo was under investigation last year for sexual harassment, his administration pledged to cover legal expenses for employees who testified in the probe. But the current administration has concluded the former governor's promise was legally invalid, leaving a trail of unpaid legal bills hanging over state workers and their lawyers.

In the weeks after New York Attorney General Letitia James's investigators opened the harassment probe of Mr. Cuomo about a year ago, the governor's administration told employees in the Executive Chamber—which encompasses Mr. Cuomo's closest aides and advisers—that their legal bills would be covered, including in an email to these employees, according to people familiar with the matter.

While the number of lawyers seeking payment couldn't be determined, investigators said they interviewed 179 people, 41 of whom testified under oath. Officials in the Executive Chamber estimate lawyers representing around 30 current and former employees could submit invoices totaling up to \$5 million, some of the people said.

In June, Mr. Cuomo pro-

posed legislation that amended the state budget in a way that would make legal fees for individuals reimbursable under a pot of money normally used to pay legal settlements. The legislation, approved by state lawmakers, also funded the Assembly's impeachment inquiry. But lawyers said their bills still weren't paid.

Mr. Cuomo resigned in August after the attorney general's investigators concluded he harassed multiple women. He denied touching anyone inappropriately.

In September, Gov. Kathy Hochul's counsel informed outside law firms that their contracts and requests for payments would be re-evaluated, according to an email reviewed by The Wall Street Journal. This review "determined there was no legal basis" to make payments, said Hazel Crampton-Hays, a spokeswoman for Ms. Hochul.

Still, Ms. Hochul is trying to find an "equitable solution," Ms. Crampton-Hays said. "We believe that well-meaning public servants who cooperated with an investigation related to their official duties should not face financial liability," she said.

Under state law, New York is obligated to provide for the defense of employees sued for alleged acts related to their employment.



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U.S. NEWS



Ketanji Brown Jackson arrived Thursday for a meeting on Capitol Hill. Her nomination is on track for a vote early in April.

GOP Won't Delay Jackson Vote

WASHINGTON—Republican senators indicated Thursday that they don't plan to take steps to significantly delay or block the confirmation of Supreme Court nominee Ketanji Brown Jackson, who wrapped up her testimony a day earlier and is on track for a vote early next month.

By Lindsay Wise,
Siobhan Hughes
and Laura Kusisto

Democrats remained hopeful that they could pick up some GOP support for her confirmation, after increasingly bitter and partisan confirmation battles in recent years.

Ten of 11 Republicans on the Judiciary Committee signed a letter Wednesday that requested confirmation hearings be adjourned until they obtained certain legal documents, including some presentencing records in child-pornography cases Judge Jackson had handled. Senate Judiciary Committee Chairman Dick Durbin (D., Ill.) rejected the request, saying information in the records could pose a risk to innocent third parties and children.

The back-and-forth had raised the prospect that Republicans could move to hold up the nominee, as GOP members of the Banking Committee did earlier this year with sev-

eral Federal Reserve picks, by refusing to attend a panel vote.

But on Thursday, several of the Republicans who signed the letter said they wouldn't hold up the process with any such boycott. A boycott by all the panel's Republicans could thwart or slow Judge Jackson's confirmation by denying a quorum in the evenly divided committee and preventing her nomination from being advanced to the full Senate, where she is expected to be narrowly confirmed.

Sen. Thom Tillis of North Carolina, a Republican who sits on the Judiciary Committee and signed the letter, was emphatic that he wouldn't participate in any boycott. "Never even seriously considered—ever, never gonna happen," Mr. Tillis said. Sens. John Cornyn of Texas and Lindsey Graham of South Carolina, both committee members, also said they opposed a boycott.

Sen. Josh Hawley (R., Mo.), the first senator to criticize Judge Jackson's sentencing record in child-pornography cases, said he would consider a boycott if Democrats don't produce presentencing reports Republicans have demanded. But he said if other Republicans don't agree to a boycott, he will show up and vote.

Mr. Durbin said Wednesday that the committee would meet March 28 to consider Judge

Jackson's nomination. That likely would set up an April 4 committee vote, because rules allow the vote to be "held over" one week. Democrats have said they hope the full Senate will approve her nomination by the time the chamber leaves for Easter recess, scheduled to begin April 11.

Democrats are still holding out some hope for bipartisan support. Sen. John Thune (R., S.D.), the No. 2 Senate Republican, predicted a few GOP

Democrats hope to get some Republican support for her confirmation.

senators will vote for Judge Jackson on the Senate floor.

"I think she'll get some—and when I say some, I mean a few," said Mr. Thune, the Senate Republican whip.

Senate Minority Leader Mitch McConnell (R., Ky.) said on the Senate floor Thursday that he won't vote to confirm Judge Jackson, pointing to her refusal to weigh in on expanding the court and what he saw as insufficient explanations of her judicial philosophy.

Republicans seen as potential votes for Judge Jackson

include Sens. Lisa Murkowski of Alaska and Susan Collins of Maine. Sens. Murkowski and Collins voted last year with all 50 senators who caucus with Democrats to confirm Judge Jackson to the U.S. Court of Appeals for the District of Columbia Circuit, along with Mr. Graham. Ms. Murkowski said Thursday she is undecided. Ms. Collins's office said she is undecided, and is reviewing the hearings.

One additional wild card is absences because of illnesses. Sens. Bob Casey (D., Pa.) and Jeanne Shaheen (D., N.H.) are currently out after they contracted Covid-19.

Republicans have focused much of their criticism on Judge Jackson's record in child-pornography cases, saying she has repeatedly sentenced offenders to prison terms shorter than what federal sentencing guidelines recommend. National sentencing statistics show that judges around the country regularly issue below-guideline prison terms.

On the fourth day of hearings held Thursday, senators heard testimony from about a dozen witnesses who testified about the judge's professional qualifications and personal characteristics.

An American Bar Association committee gave Judge Jackson a rating of well-qualified, its highest rating.

Top Court Upholds Religious Rights of Death-Row Inmate

By JESS BRAVIN

WASHINGTON—The Supreme Court blocked Texas from executing an inmate after the state refused to let his minister pray and lay hands on him in the death chamber.

The execution case was the court's latest opinion on the religious rights condemned prisoners retain in the death chamber, an issue that sharply divided the justices when it arose three years ago but has found broad consensus in favor of the inmates.

The decision was 8-1, with Justice Clarence Thomas alone in dissent. The prisoner, John H. Ramirez, was sentenced to die for the 2004 murder of a convenience-store clerk, Pablo Castro, during a robbery in Corpus Christi, Texas. Officials rejected his request to have his pastor, Dana Moore, accompany him to the death chamber where he could pray and lay hands on Mr. Ramirez as he was executed. The state argued that allowing Mr. Moore to pray audibly or touch the inmate risked disrupting the procedure.

A 2000 federal law, the Religious Land Use and Institutionalized Persons Act, prohibits authorities from placing substantial burdens on inmates' religious exercise, unless officials can show their rules are the least restrictive way to further a "compelling governmental interest."

Writing for the court, Chief Justice John Roberts said the state had a compelling interest in the security and solemnity of an execution. The chief justice observed that for centuries, English and American executions have seen spiritual advisers comforting the condemned at their final moments; even Nazi war criminals were permitted a minister who prayed as they were hanged, he wrote.

The ruling issued Thursday in *Ramirez v. Collier* allows Texas to proceed with Mr. Ramirez's execution if it accommodates his pastor.

"The Supreme Court clarified that the rule of law is as ubiquitous as God," said Mr. Ramirez's attorney, Seth Kretzer.

The Texas attorney general's office didn't respond to a request for comment.

Rep. Fortenberry Guilty In Campaign Probe

By DEANNA PAUL

A federal jury in Los Angeles on Thursday found Nebraska Rep. Jeff Fortenberry guilty of lying to federal investigators in a bid to conceal illegal campaign contributions he received during a 2016 California fundraiser.

Jurors convicted the Republican congressman on three felony counts after about two hours of deliberations. U.S. District Judge Stanley Blumenfeld set sentencing for June 28.

Prosecutors alleged Mr. Fortenberry learned that Lebanese-Nigerian billionaire Gilbert Chagoury illegally funneled \$30,000 in contributions to his 2016 re-election campaign through straw donors at a Los Angeles fundraiser. But during interviews with federal agents, Mr. Fortenberry repeatedly denied knowledge of Mr. Chagoury's involvement, prosecutors alleged.

Foreign nationals are barred from donating to candidates in U.S. elections and it is illegal to disguise a donor's identity through third-party contributions.

The proceedings marked a rare instance of a sitting member of Congress standing trial.

Following the verdict, Mr. Fortenberry called into question the fairness of the proceeding. "This appeal starts immediately," he said.

Prosecutors had cited a surreptitiously recorded phone call in which a co-host of the Los Angeles fundraiser told Mr. Fortenberry that some of the contributions were probably funded by Mr. Chagoury.

Mr. Fortenberry's lawyers told jurors that the call was an unmemorable one for the congressman, who may have been distracted or unable to hear—and didn't recall details of the conversation when interviewed by federal authorities.

U.S. WATCH

LOS ANGELES

U.S. Muslims Face Bias At Border, Suit Says

Three U.S. citizens accused federal immigration authorities of stopping them nearly every time they returned to the country from overseas and questioning them about their Muslim faith, making the allegations in a lawsuit filed by the American Civil Liberties Union on Thursday.

The three men live in different parts of the country. One works in commercial real estate, one works in financial services and one is the imam of a local mosque.

All three claim that, when returning from international travel, they were stopped by border officers and brought into secondary screening, where officers asked them questions such as whether they were Sunni or Shia, how often they pray and what aspects of Islam they have studied.

In each case, the men said they were led to believe they wouldn't be free to leave government custody unless they cooperated, the lawsuit states.

The ACLU said in its suit, filed in the U.S. District Court in Los

Angeles, that this practice amounts to religious discrimination and a violation of the citizens' First Amendment rights, because citizens of other faiths aren't routinely subjected to the same coercive religious questioning.

The suit asks U.S. Customs and Border Protection, the agency that oversees air and land ports, to cease religion-based questioning and expunge the records of the three plaintiffs, which the ACLU said are recorded in a database for up to 75 years and accessible to law-enforcement agencies around the country.

"As a matter of policy, CBP does not comment on pending litigation," a CBP spokesman said. "Lack of comment should not be construed as agreement or stipulation with any of the allegations." —Michelle Hackman

NEW YORK CITY

Mayor Won't Rehire Unvaccinated Staff

On the same day that New York City Mayor Eric Adams lifted the Covid-19 vaccine requirement for athletes and performers, he said he isn't considering rehiring



MAJOR LOSS: Part of a kitchen of a home left in ruins remained standing Thursday in the aftermath of a tornado this week that struck Arabi, in the New Orleans area.

the roughly 1,400 city workers who were fired earlier this year for not getting vaccinated.

Mr. Adams on Thursday paved the way for Brooklyn Nets star Kyrie Irving, who is unvaccinated, to return to his home court as

the NBA playoffs approach. The mayor's move also allows unvaccinated Mets and Yankees players to suit up before the start of the Major League Baseball season.

But Mr. Adams's current stance doesn't help the city em-

ployees who were let go earlier this year due to their vaccination status, a stance Mr. Adams said he won't budge on. "Not at this time," Mr. Adams said, when asked if he would rehire unvaccinated city employees who were

let go. "We are not reviewing if we are going to bring [them] back," he said.

He thanked the more than 340,000 city employees who have gotten vaccinated. "I want to take my hat off to those countless number of New Yorkers, municipal employees, that understood what we were going through as a city," he said. "They stood up and did the right thing." —Allison Prang

TEXAS

Rep. Vela to Leave Before Term Is Up

Democratic Rep. Filemon Vela said he would soon leave office for a job in the private sector rather than finish what was already his final term in Congress.

The five-term South Texas congressman confirmed Thursday that he was taking a job with Akin Gump, a law and lobbying firm. Mr. Vela, who was among the first House Democrats to announce he wouldn't seek re-election in 2022, said he hasn't yet determined the date of his final day in office. —Associated Press

Trump Files Lawsuit Against Hillary Clinton, Dozens of Others

By TALAL ANSARI

Former President Donald Trump has filed a lawsuit against Hillary Clinton and more than two dozen other defendants, including the Democratic National Committee, alleging that they conspired before the 2016 election to tarnish the image of the then-Republican presidential candidate and his campaign.

"In the run-up to the 2016 Presidential Election, Hillary Clinton and her cohorts orchestrated an unthinkable

plot—one that shocks the conscience and is an affront to this nation's democracy," says the 108-page lawsuit filed in the U.S. District Court for the Southern District of Florida.

The lawsuit alleges the defendants fabricated ties between the Trump campaign and Russia, to "trigger an unfounded federal investigation and ignite a media frenzy."

In addition to Mrs. Clinton and the DNC, the lawsuit names 26 other defendants, including former DNC Chairwoman Debbie Wasserman

Schultz, Mrs. Clinton's 2016 campaign chairman John Podesta, former FBI Director James Comey along with former FBI officials Lisa Page, Peter Strzok, and Andrew McCabe, and the research firm Fusion GPS, among others. It also lists 20 unnamed "fictitious [sic] and unknown" defendants.

"Under the guise of 'opposition research,' 'data analytics,' and other political stratagems, the Defendants nefariously sought to sway the public's trust," the lawsuit states.

"They worked together with a single, self-serving purpose: to vilify Donald J. Trump."

In the lawsuit, Mr. Trump said he was "forced to incur expenses" in excess of \$24 million, in addition to the loss of current and future business opportunities.

Special counsel Robert Mueller's investigation into Russian interference in the 2016 presidential campaign found several links between that effort and the Trump campaign but no conspiracy between the two.

A number of Trump associates were convicted as the result of the Mueller probe, including one-time campaign chairman Paul Manafort of financial crimes. Longtime political adviser Roger Stone was convicted of obstruction, witness tampering and lying to Congress. Both were later pardoned by Mr. Trump.

Special counsel John Durham, appointed during the Trump administration, has been investigating the origins of the FBI's 2016 Russia probe. Mr. Durham has been inves-

tigating, and in recent months indicted, people who provided some information to the FBI early in the investigation, accusing them of lying about what they knew or who they were working for, including Michael Sussmann and Igor Danchenko. Both have pleaded not guilty and are fighting the charges. Both Messrs. Sussmann and Danchenko are named defendants in Mr. Trump's suit.

Mrs. Clinton and other defendants couldn't be immediately reached for comment.



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U.S. NEWS

U.S. Closely Tracks BA.2 Rise in U.K.

Outbreaks of Delta, Omicron have tended to strike Europe before reaching America

The recent rise in Covid-19 cases in the U.K. has U.S. health experts watching closely, as the Delta and Omicron variant trends in Europe have tended to presage those in the U.S.

By Andrew Barnett, Taylor Umlauf and Jon Kamp

The rapid spread of the highly transmissible BA.2 Omicron variant and an easing of measures aimed at slowing transmission, such as mask requirements, are causing problems in Europe, according to epidemiologists and physicians. The U.S. has also broadly dropped mitigation measures, and federal authorities estimate BA.2 represents about 35% of U.S. cases. Those factors are raising concern that the U.S. could experience another Covid-19 surge.

“Our experience with Delta and Omicron is that what happens with Europe doesn’t stay in Europe. It hits us,” said Jay Varma, a physician and epidemiologist who directs Weill Cornell Medicine’s Center for Pandemic Prevention and Response.

The seven-day average for cases in the U.S. is currently hovering around 31,000, the lowest level since last July, according to Johns Hopkins University data.

Case counts in both the U.S. and U.K. don’t reflect the true number of infections, and testing levels have historically been higher in the U.K., health experts say. The U.S. has faced

a significant challenge tracking cases because of the rise in at-home testing, which generally isn’t captured in state counts, and some states have dialed back on the frequency of their reporting.

Whether U.S. cases will start climbing, once again following the U.K. trends, remains to be seen, public-health experts say. Some factors could help the U.S. avoid widespread surges, including BA.2’s acceleration in the early spring, when people in cold-weather areas such as the Northeast are starting to spend more time outdoors. Built-up immunity from a severe Omicron hit this winter could also provide some protection for the U.S., health experts say.

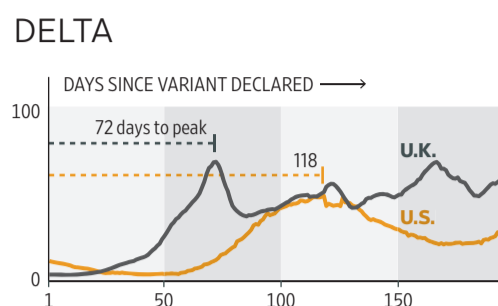
Centers for Disease Control and Prevention Director Rochelle Walensky said Wednesday that reported Covid-19 cases have declined sharply on the national level, but infections have edged slightly higher in New York state—including in New York City—in the past week. Some places in New England have recorded more people in the hospital with Covid-19, she said, specifically in areas where the CDC estimates that BA.2 now accounts for over half of all cases.

“This small increase in cases in the Northeast is something that we are closely watching as we look for any indication of an increase in severe disease,” she said during a White House briefing.

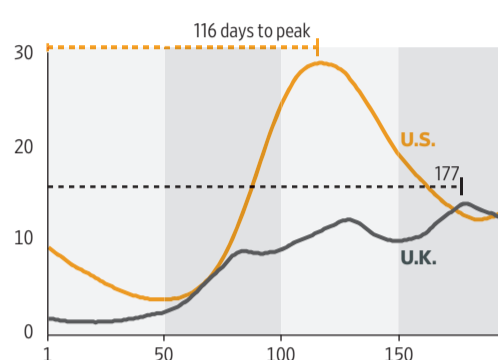
The less-vaccinated population in the U.S. is a potential risk factor. This includes people who are eligible for booster shots, which have shown to help protect against severe illness and death. The U.S. experienced higher rates of Covid-19 deaths per 100,000 people compared with the U.K. during

Looking for Covid clues in Europe’s outbreaks

Covid-19 cases per 100,000 since each variant was declared ‘a variant of concern’ by the WHO, seven-day rolling average



Covid-19 hospitalizations per 100,000 since each variant was declared ‘a variant of concern’ by the WHO, seven-day rolling average



Sources: Our World in Data (cases); U.S. Census Bureau, Office for National Statistics (population 2020); Centers for Disease Control and Prevention (prevalence in U.S.); U.K. Health Security Agency (prevalence in U.K.)
Note: BA.2’s start date is based on Feb. 22, 2022, when the WHO reinforced that the strain should continue to be considered a variant of concern classified as Omicron. Data through March 22

the Delta and Omicron surges.

Hospitalizations in the two countries haven’t followed the same trajectories.

While hospitalizations have risen in the U.K. recently, the number of patients requiring ventilators hasn’t increased at the same pace, according to U.K. health data.

Counts of newly admitted Covid-19 patients in U.S. hospitals are at their lowest recorded level after any prior surge. The seven-day average for newly admitted confirmed cases slid to 1,836 on Wednesday, down from a record that

reached 22,000 in January, a Wall Street Journal analysis of federal data shows. The number of hospitalized Covid-19 patients is also nearing a post-surge low.

The prevalence of BA.2 in the U.K. reached 69% for sequenced samples from Feb. 27 to March 6. While BA.2 hasn’t been found in a majority of cases in the U.S., the CDC on Tuesday estimated that the variant has accounted for more than 50% of cases in parts of the Northeast, including a region that includes New York and New Jersey. Those

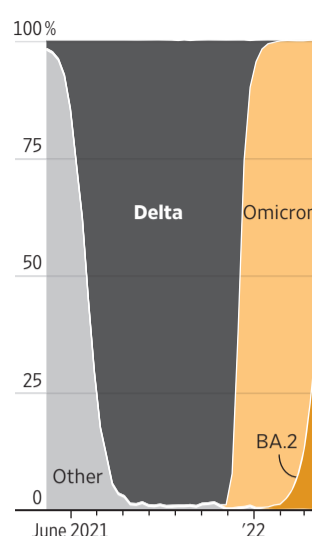
states are among many that recently lifted masking mandates as the winter Covid-19 surge retreated.

At least 40 countries have detected the BA.2 variant, including the U.K., Denmark, India, Sweden, Singapore and the Philippines.

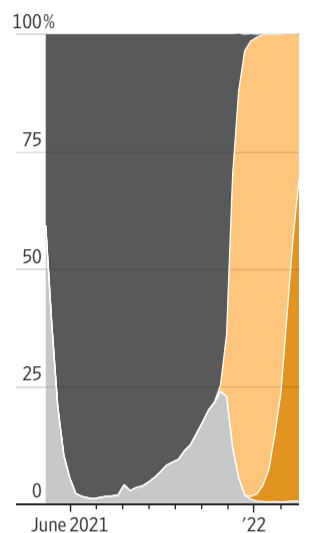
Research has suggested BA.2 is similar to an earlier Omicron version when it comes to the risk of hospitalizations and developing severe disease. But research also indicates BA.2 spreads more easily.

The fact that BA.2 hasn’t set off a new Covid-19 surge in

Prevalence of Covid-19 variants: In the U.S.



In the U.K.



Erik Brynildsen/THE WALL STREET JOURNAL

the U.S. thus far, even as the share of BA.2 cases increases, could be a positive sign, some public-health experts said. Some regional BA.2 hits might occur, but the U.K. might be a poor guide for the U.S. at large, said William Hanage, associate professor of epidemiology at the Harvard T.H. Chan School of Public Health.

“It’s going to come here, it’s going to do stuff,” he said. But, he added, “It’s not going to be as uniform as it has been in Europe.”

—Brianna Abbott contributed to this article.

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THE UKRAINE CRISIS

U.S. Plans to Admit 100,000 Refugees

Biden administration officials say they are looking at a range of legal paths to entry

The U.S. will accept up to 100,000 refugees fleeing the fighting in Ukraine as the humanitarian crisis from Russia's attack on its neighbor worsens, Biden administration officials said Thursday.

By Catherine Lucey, Laurence Norman and Michelle Hackman

More than 10 million people in Ukraine have been uprooted by the fighting, the United Nations estimates. More than 3.6 million of them have fled the country, the U.N. says, most bound for Poland.

The announcement came while President Biden was in Brussels for a series of meetings with NATO leaders and allies over how to respond to Russia's aggression.

Beyond the top-line number, the administration offered few specific details. Officials haven't decided how to structure refugee programs for Ukrainians, a senior administration official said on a call with reporters Thursday morning. Officials are reviewing multiple paths to bring people to the U.S. quickly, the official said.

The administration also hasn't offered a timeline over which resettlements would occur, though two people familiar with their discussions say the government is preparing for arrivals through 2023.

A senior official said the administration is "working in particular to expand and develop new programs with a focus on welcoming Ukrainians who have family members in the United States." The official added that the U.S. is "committed to protecting the most vulnerable among the refugee populations that have already fled," such as gay and transgender individuals, those with medical needs, and dissidents.

Iryna Mazur, an immigration attorney in Philadelphia and the honorary consul representing Ukraine in the city,



Refugees from war-torn Ukraine, mostly women and children, boarded buses in Przemysl, Poland, on Wednesday as they continued their journey to find new homes.

said she was grateful to the White House but hoped details would be made public soon because she knows many Ukrainians who are desperate for help. She also said accepting 100,000 Ukrainian refugees ultimately wouldn't be enough, though she added many people would be happy to return to Ukraine if the situation in their country improves.

"I truly hope this is just the first number, because at this point we are more than three million Ukrainians dispersed throughout Europe," she said.

An undetermined number of the 100,000 could formally come to the U.S. through its Refugee Admissions Program, meaning they would be granted green cards and resettlement assistance.

The U.S. has a special refugee pathway known as the Lautenberg program to help Ukrainian religious minorities and others from countries that make up the former Soviet Union that would likely see a boost under the administration's plans.

The official said others would likely come on expedited visas, such as those designed for Americans to sponsor their family members abroad, or via a temporary immigration program known as humanitarian parole.

The U.S. similarly brought more than 76,000 Afghan evacuees to the country using humanitarian parole following the fall of Kabul to the Taliban. While the program offers

a quicker alternative to most other immigration programs, which involve more paperwork and vetting, it also strands those in the U.S. without a permanent legal status. That could work for Ukrainians who need temporary shelter but who would want to return home if it becomes safe.

Hundreds or more Ukrainians with family or other ties to the U.S. have also flown to Mexico in recent weeks to ask for protection at border crossings into the U.S. Border officials are granting Ukrainians one year of humanitarian parole. Russian or Belarusian migrants asking for similar protections on the U.S. southern border are being denied them.

The announcement came

along with an additional \$1 billion in assistance to European nations and nongovernmental groups caring for Ukrainian refugees in Europe displaced by the conflict, the White House said.

The European Union has admitted around 3.5 million Ukrainian refugees since the war began, with the bloc permitting people fleeing the war to come without a visa and with the right to work for two years.

The bloc has also rolled out core services for the people arriving, providing them with food, shelter and education. Ireland, which is outside the bloc's visa-free travel zone, is waiving visas for Ukrainians. Britain, which is no longer in the EU, is now permitting

Ukrainians to come, provided they have a sponsor.

The government in Poland, where 2.2 million people have arrived, has been appealing for international help, particularly from the U.S. and U.K. Unlike the 2015 refugee crisis—when people escaping wars in Syria and Libya mainly went to the continent's wealthiest nations, like Germany—Ukrainians have been generally settling in Central European states like Poland and Slovakia. Both nations speak a language that is similar to Ukrainian, share cultural ties and centuries of history, and their labor markets have been tight.

—Tarini Parti and Drew Hinshaw contributed to this article.

Biden Adds Aid, Sanctions

Continued from Page One

Indonesia, in the fall. Russia has been excluded from the Group of Seven economically developed nations—previously the G-8—since the 2014 annexation of Crimea.

Mr. Biden met on Thursday with NATO leaders, as well as with those of the G-7 and the European Union. Prime Minister Fumio Kishida of Japan and Prime Minister Justin Trudeau of Canada flew to Brussels for the meetings.

Other countries also used the gathering to announce increased spending for humanitarian relief and other efforts. Chancellor Olaf Scholz of Germany, who led the G-7 meeting, called for a global response to the humanitarian crisis and warned of food-supply disruptions beyond Ukraine because of the fighting.

Before the NATO gathering, Mr. Biden emphasized the need to strengthen the alliance's eastern flank and said he welcomed pledges of increased military spending from various countries, officials said.

NATO leaders agreed to deploy more battle groups—collections of combat-ready forces—to the eastern flank, doubling their number to eight.

President Volodymyr Zelensky of Ukraine addressed NATO leaders and asked them for further support, lamenting that answers haven't always been forthcoming. "You have at least 20,000 tanks. Ukraine asked for a percent, one percent of all your tanks to be given or sold to us. But we do not have a clear answer yet. The worst thing during the war is not having clear answers to requests for help," he said.

He didn't revive his appeal for NATO membership or for a no-fly zone, senior Biden administration officials said.

With Russian forces facing unexpectedly strong and lethal opposition from Ukrainian forces, Western leaders said



President Biden listened to NATO Secretary-General Jens Stoltenberg speak during Thursday's summit of bloc members in Brussels.

they are worried Mr. Putin might resort to using weapons of mass destruction. NATO officials are grappling with the question of what actions by Russia would count as red lines that could prompt more direct involvement by the alliance. Officials said Russia's potential use of chemical weapons was part of the discussion among NATO leaders.

"Allies agreed to supply equipment to help Ukraine protect against chemical, biological, radiological and nuclear threats," NATO Secretary-General Jens Stoltenberg said after the summit. That includes equipment to detect such weapons and protect against them, as well as medical support and decontamination equipment, he said.

NATO, he said, also has activated chemical, biological, radiological and nuclear defense forces. "We are taking measures both to support Ukraine but also to defend ourselves," he said.

Accidental release of chemical agents is also worrying some members. "We are concerned when Russian aggression forces are shelling chemi-

cal plants and similar facilities," Prime Minister Janez Jansa of Slovenia said ahead of the NATO summit. "This could trigger a disaster of large scale."

Mr. Biden and others have been careful not to telegraph exactly what the U.S. and allies would do if Mr. Putin used chemical weapons. "The nature of the response would depend on the nature of the use," he said Thursday.

Mr. Stoltenberg, whose

The president stressed the need to strengthen NATO's eastern flank.

mandate was extended into 2023 amid the crisis, also affirmed the alliance's open-door policy to welcome new members. Moscow has long bristled at the prospect of countries close to its borders joining the Western alliance.

Allies also brought up the need to call on China to not support Russia in its war against

Ukraine, officials said. Mr. Biden said he had a straightforward conversation last week with President Xi Jinping of China.

"I made no threats, but I pointed out the number of American and foreign corporations that have left Russia as a consequence of their barbaric behavior," Mr. Biden said.

He said he reminded Mr. Xi of China's interest in economic growth with Europe and the U.S. and said Mr. Xi would be "putting himself at significant jeopardy in those aims" if he were to back Russia.

The U.S. said Thursday it was imposing a new round of sanctions on more than 400 political figures, oligarchs and defense companies. U.S. officials said Mr. Biden's new sanctions will cover more than 300 members of the Russian State Duma, the lower house of parliament, as well as 17 board members of Russian financial institution Sovcombank; Herman Gref, a longtime Putin adviser who leads Sberbank; and Russian businessman Gennady Timchenko. The White House said 48 large Russian state-owned defense entities would be part of the

new round of sanctions.

The G-7 and EU also made public a new initiative aimed at preventing Russia from evading sanctions already in place.

President Gitanas Nausėda of Lithuania said Thursday that sanctions should also target Russia's middle class amid signs popular support for Mr. Putin may be growing.

Mr. Biden promised more than \$1 billion in new funding to address humanitarian needs. The U.S. will also open its borders to 100,000 Ukrainians and others fleeing Russia's attack, administration officials said. More than 3.6 million people have fled the fighting in Ukraine since the conflict began, most bound for Poland.

Mr. Biden is scheduled to travel to Warsaw on Friday. He plans to hold a bilateral meeting on Saturday with President Andrzej Duda of Poland.

The U.S. is expected to make an announcement on Friday about enhancing European energy security and reducing the Continent's dependence on Russian natural gas, U.S. national security adviser Jake Sullivan said.

Russian Group Aims To Kill Zelensky, U.K. Says

BY MAX COLCHESTER

LONDON—Russian mercenary company Wagner Group is being used by Moscow to try to assassinate Ukrainian President Volodymyr Zelensky, the U.K. government said.

The group of hired soldiers was "reportedly tasked" with killing Mr. Zelensky, the U.K. government said, announcing sanctions against Wagner Group. It didn't provide evidence or details.

Wagner emerged from Russia's covert interventions in eastern Ukraine in 2014, where the Kremlin worked with armed groups funded by politically connected Russian businessmen. Wagner was financed in part by multimillion-dollar catering and construction contracts for the Russian armed forces awarded to companies linked with Yevgeny Prigozhin, a former restaurateur, according to European officials.

A representative of Mr. Prigozhin called into question the existence of Wagner Group and said queries about the U.K.'s claim represents "a severe psychosis of Western media," without commenting on the claim itself. The company couldn't be reached for comment.

The Wagner Group has been sanctioned by the European Union, which accuses it of being a proxy force for Russia's Defense Ministry. The Kremlin has denied any formal connections with the group.

U.K. officials recently have said they are concerned about Mr. Zelensky's safety and reports of attempts on his life.

The U.K., EU and the U.S. have imposed sanctions on Mr. Prigozhin. The U.K. has also sanctioned his mother and daughter.

—Thomas Grove contributed to this article.

THE UKRAINE CRISIS

Poland Steps Into Pivotal Role in Crisis

WARSAW—When President Biden lands in Poland on Friday, he will arrive in a country that has become a central player in Europe’s conflict with Russia.

By Ian Lovett, Drew Hinshaw and Natalia Ojewska

More than two million Ukrainians have fled to Poland since the Russian invasion began a month ago. Arms shipments from the West are largely sent into Ukraine through Poland. Injured Ukrainian soldiers are evacuated to Polish hospitals.

And after warning about Russian imperial ambitions for more than a decade, Poland is now in a position to play a pivotal role in shaping the NATO defense policy and the West’s response to Russian President Vladimir Putin.

Already, a number of allies—including those that previously waved away Poland’s security concerns—are taking steps that the country has been pushing for years: imposing tougher sanctions against Russia, increasing military spending and advocating a larger military presence at the eastern edge of the North Atlantic Treaty Organization.

“Poland’s role is absolutely critical,” said Paweł Szczerba, head of the chancellery of Polish President Andrzej Duda. “It is very sad that the war and Russian aggression was necessary for Europe and the world to admit that Poland was right.”

Messrs. Duda and Biden are expected to discuss strengthening NATO defenses, as well as help for Poland in dealing with the refugee crisis.

“Real strengthening of the eastern NATO flank,” Mr. Szczerba said. “New forces. New equipment.”

Until the invasion of Ukraine began, Mr. Szczerba’s nationalist party, Law and Justice—which has taken steps to undermine the independence of the country’s courts—was seen by some Western allies as an unreliable partner.

On the campaign trail, Mr. Biden listed Poland alongside Belarus and Hungary in “the rise of totalitarian regimes in the world.”

But the war has led Poland to recalibrate its relationship with the West.

Now, there is wide agreement within NATO to send the reinforcements that Poland is requesting. Concerns about the country’s court system and its rule of law, which had roiled Poland’s relationship

with other European Union countries, haven’t been an obstacle.

The past few weeks have been humbling for Western Europeans, who have been forced to acknowledge that their view of Russia was misguided, while the former Soviet bloc countries saw the situation more clearly, said Elisabeth Braw, a senior fellow at the American Enterprise Institute.

In particular, Germany pursued a policy of “change through trade,” hoping that new energy deals with Moscow would help export liberal values into Russia, brushing off complaints from Poland that Europe was becoming too dependent on gas from a hostile government.

“Now we can see that these people we’ve looked down on for so long actually know a thing or two,” Ms. Braw said.

During Russia’s invasion of Georgia in 2008, the president of Poland traveled with the leaders of Ukraine, Lithuania and Latvia to the country’s capital, where he warned Western allies about Russian aggression.

“Today Georgia, tomorrow Ukraine, the day after tomorrow—the Baltic States and later, perhaps, time will come for my country, Poland,” Lech Kaczyński, then the Polish president, said in his speech. “We are here to make sure the world makes an even more powerful response, including, in particular, the European Union and NATO.”

At the time, many allies waved his concerns away as outdated Cold War thinking.

President Barack Obama canceled a planned missile



U.S. Army MIM-104 Patriots, surface-to-air missile system launchers, seen at Rzeszów-Jasionka Airport in southeastern Poland.

Central Europe Has History of Incursions

For Poland and other Central European nations, wariness is born of a history of fighting Russian incursions that goes back hundreds of years.

Czarist Russia annexed parts of Poland in the 1790s. Poland only regained full independence after World War I, then swiftly

faced an invading Bolshevik army it managed to repulse, halting the westward spread of the revolution. The Soviet Union, working with Nazi Germany, invaded the country during World War II and imposed Communist rule after 1945. Poland was Europe’s first country to leave, after it held democratic elections in 1989, accelerating a wave of social movements that led to the fall of the Soviet Union.

At the time, Poland was

roughly as poor as Ukraine, in per capita gross domestic product terms. But while Ukraine languished in Russia’s orbit, Poland jolted westward, let state-owned companies fail, joined NATO in 1999 and the EU in 2004, earning the freedom to trade and travel across the continent. Its per capita GDP is now four times as large as Ukraine’s. Poland has become the model for what Ukraine’s pro-European majority believe

their country could achieve if welcomed into the EU.

Once inside the bloc, Poland became the loudest voice arguing that postcommunist Russia continued to pose a threat to Eastern European nations—especially to Ukraine, whose NATO membership aspirations Poland backed. The way to confront Russia, successive Polish governments argued, was with U.S.-backed military strength, not with economic engagement.

shield in Poland the next year during his effort to reset relations with Mr. Putin.

The Russian president managed to turn Central European leaders who had once been anti-Communist dissidents—Hungarian Prime Minister Viktor Orban and Czech President Milos Zeman—into political allies.

Germany opened a pipeline to bring in Russian gas in 2011,

and agreed to build a second pipeline, over Polish and Ukrainian objections, in 2015.

Former Chancellor Angela Merkel crafted sanctions, following the annexation of Crimea, that eastern countries criticized as too soft.

Though NATO’s posture began to shift after the invasion of Crimea in 2014, Polish officials have continued to complain that there aren’t suffi-

cient NATO troops in the country.

“I participated in so many meetings where the Polish side was telling German politicians, ‘You cannot be so naive...Russia is a threat you have to watch out for,’” said Adam Traczyk, an associate fellow at the German Council on Foreign Relations, who studies the German-Polish relationship.

As a result, Mr. Traczyk said, Polish leaders now believe they have the high ground in their relationship with Western Europe: “Poland was right and Germany was wrong.”

Germany is doing an about-face on Russia, pledging \$100 billion in new military spending and beginning to look at how to wean itself off Russian oil.

Poland, meanwhile, is trying to establish itself as a leader in the defense of Eastern Europe. Dissidents from the neighboring dictatorship of Belarus are welcomed. Immigrants from Georgia, after Russia’s 2008 invasion, built a large community in Warsaw.

Last week, Polish officials visited Kyiv, where they called for a NATO peacekeeping mission to Ukraine—a step most of the alliance isn’t prepared to take.

The attitude toward Ukrain-

nian refugees is a reversal from 2015, when Poland refused to take in evacuees from Syria, while Germany absorbed more than a million.

Since 2015, when the Law and Justice party won a majority in parliament, Poland has embraced a number of policies that much of the West views as illiberal and undemocratic.

The party has drawn criticism from the West for attempts to cement control over the country’s media and for its stance against LGBT rights. The government also has moved to limit judicial independence, and the country’s top court has since ruled that some EU laws might not apply in Poland.

In response, Brussels has linked disbursement of EU funds to the rule of law.

“This is a pivotal moment for Poland,” said Max Bergmann, a senior fellow at the Center for American Progress. “Poland can say, ‘We need to focus on Russia, because it’s a threat to democracy in Ukraine.’ But they can’t stand up to Russia and then undermine democracy at home. I think that will be a big part of President Biden’s message when he comes.”

—Daniel Michaels contributed to this article.



A man waves the Ukrainian and Polish flags outside a building housing Russian diplomats in Poland.

Biden Sticks With Longstanding U.S. Policy on Nuclear-Weapons Use

By MICHAEL R. GORDON

President Biden, stepping back from a campaign vow, has embraced a longstanding U.S. approach of using the threat of a potential nuclear response to deter conventional and other nonnuclear dangers in addition to nuclear ones, U.S. officials said Thursday.

During the 2020 campaign, Mr. Biden promised to work toward a policy in which the sole purpose of the U.S. nuclear arsenal would be to deter an enemy nuclear attack.

Mr. Biden’s new decision, made earlier this week under pressure from allies, holds that the “fundamental role” of the U.S. nuclear arsenal will be to deter nuclear attacks.

That carefully worded formulation, however, leaves open the possibility that nuclear weapons could also be used in extreme circumstances to deter enemy conventional, biological, chemical and possibly cyberattacks, said the officials.

The decision comes as Mr. Biden is meeting with allies in Europe in an effort to maintain a unified Western stance against Russia President Vladimir Putin’s invasion of Ukraine and allied concerns that the Kremlin might resort to nuclear or chemical weapons.

A spokeswoman for the president’s National Security Council declined to comment.

Mr. Biden’s nuclear policy follows an extensive Nuclear Posture Review, in which administration officials examined U.S. nuclear strategy and programs.

U.S. officials said the administration’s review is also expected to lead to cuts in two nuclear systems that were embraced by the Trump adminis-

President steps back from vow that ‘sole purpose’ would be to deter nuclear attacks.

tration. If Congress agrees, this would mean canceling the program to develop a nuclear sea-launched cruise missile and retiring the B83 thermonuclear bomb.

The review, however, supports the extensive modernization of the U.S. nuclear triad of land-based missiles, submarine-based missiles and bombers, which is projected to cost over \$1 trillion.

Congressional Republicans had criticized Mr. Biden for

considering a “sole purpose” doctrine.

In January, Sen. James Inhofe of Oklahoma and Rep. Mike Rogers of Alabama, the ranking Republican members on the Senate and House Armed Services Committees, urged Mr. Biden to stay with the U.S. nuclear doctrine that they said had deterred major wars and the use of nuclear weapons for more than 70 years.

In contrast, a number of Democratic arms-control supporters had urged Mr. Biden to minimize the role of nuclear weapons in the Pentagon’s strategy and stipulate that the U.S. would never make the first use of nuclear weapons in a conflict.

“Allies were concerned that moving too far away from current posture would leave them vulnerable—in theory or in practice—to Russian threats,” said Jon Wolfstahl, who served as the senior arms control and nonproliferation official on President Obama’s National Security Council.

Mr. Wolfstahl, who served as an adviser to Mr. Biden when he was vice president, said it would be disappointing but not surprising if the president shelved his “sole purpose” initiative.

Some Biden administration

officials say, however, that his decision doesn’t diminish his long-term goal to reduce the U.S. dependence on nuclear weapons and reflects the need to consolidate allied support in the face of Russian threats and a rising China.

Mr. Biden, these officials also note, has supported other arms-control moves, including prolonging the New Start treaty limiting U.S. and Russian long-range arms, which he extended for five years.

During the 2020 campaign, Mr. Biden wrote in Foreign Affairs magazine that he believed “the sole purpose of the U.S. nuclear arsenal should be deterring—and, if necessary, retaliating against—a nuclear attack.”

Mr. Biden added that as president he would move “to put that belief into practice, in consultation with the U.S. military and U.S. allies.” Mr. Biden had also staked out a similar position before leaving his post of vice president in 2017.

Mr. Biden’s plan to overhaul U.S. doctrine and strategy, however, ran into firm opposition from allied nations, which were concerned that it might weaken the U.S.’s and allies’ ability to deter a conventional Russian or Chinese military offensive, according to foreign diplomats and U.S. officials.

Central Bank Governor Tried to Quit Over War

Russian Central Bank Gov. Elvira Nabiullina tried to resign after the invasion of Ukraine, people familiar with the matter said. Her effort was rejected by Russian President Vladimir Putin, who instead nominated her for a third term.

By Thomas Grove, Evan GersHKovich and Alexander Ospovich

Over nearly a decade, Ms. Nabiullina has been one of Mr. Putin’s most stalwart allies in buttressing the Russian economy against volatile oil prices and U.S. sanctions in a growing face-off with the West, while remaining one of the few liberals who hold senior positions in the Russian government.

News of Ms. Nabiullina’s desire to resign was reported earlier by Bloomberg. A spokeswoman for the central bank said Thursday: “Bloomberg’s information does not correspond to reality.”

Ms. Nabiullina has led Russia’s central bank since 2013. Last Friday, just hours before she was due to give a speech on the struggles of the Russian economy, Mr. Putin reappointed her to a third term. Her second term was due to expire in June.

One of the people familiar with Ms. Nabiullina’s thinking said she had been blindsided by

the invasion of Ukraine and felt deeply conflicted. Mr. Putin ordered Russian forces into the neighboring country on Feb. 24, unleashing a conflict that has displaced more than 10 million people and reduced some Ukrainian cities to rubble.

Russian government officials and lawmakers have generally marched in lockstep behind Mr. Putin’s decision to invade Ukraine, even as it has caused deep unease among the country’s educated urban elite.

A Kremlin spokesman confirmed Wednesday that Anatoly Chubais had resigned as Mr. Putin’s climate envoy. One of the architects of Russia’s free-market reforms in the 1990s, Mr. Chubais had held senior roles at state-owned companies or within the government under Mr. Putin’s rule, even as other liberals broke with the president.

A person familiar with the matter described Mr. Chubais as distraught over the war and said that he left the country for Istanbul. Mr. Chubais didn’t respond to a request for comment.

But Mr. Chubais was a marginal figure compared with Ms. Nabiullina, who remained key to Russia’s macroeconomic stability and was said to be highly regarded by Mr. Putin.

—Matthew Luxmoore contributed to this article.

THE UKRAINE CRISIS

Telecom Teams Keep Lines Open

Services have shown resilience a month into war, helped by daring repairs, foreign firms

By Drew Fitzgerald

As Russian artillery fire rained on Mariupol, the largest mobile-network operator in Ukraine said repair crews worked to keep its last working cellular tower in the city from going offline for a few extra days.

"Our team was regularly repairing that base station to give people who were staying there some chance to call their families," said Volodymyr Lutchenko, Kyivstar's chief technology officer. The service kept operating on backup generators for days until a direct hit silenced the tower in early March.

Ukraine's telecommunications services—especially its cellphone links—have shown resilience a month into the invasion, according to public data, executives from telecom companies and industry analysts. Broadband connections and wireless signals are largely being maintained despite attacks.

Telecom experts cite a combination of daring repair work, private-sector cooperation and more reliable technology among the factors helping keep the connections alive.

Consistent internet access has helped Ukraine's war defenses, government officials said. Wireless service has allowed locals to feed the military with intelligence on invading troops' positions and helped spread images and videos of attacks on apartments, hospitals and other civilian targets.

"This is one of the factors that probably can explain the success of the Ukrainian resistance," Victor Zhora, deputy chairman of the country's State Service of Special Communications and Information



ALEXEY FURMAN/GETTY IMAGES

Consistent internet and phone access has helped Ukraine's war defenses, government officials said.

Protection, said on Wednesday. Ukraine had about 38 million cellular connections before the war started, according to GSMA Intelligence, the mobile trade association's research unit.

The volume of visible internet data flowing out of Ukraine has sagged about 20% below preinvasion levels, according to San Francisco-based network-monitoring service Kentik Inc. That figure is relatively high in a country where front-line cities are under heavy bombardment and other districts are emptying out. More than three million people have fled the country.

Years of war on Ukraine's eastern flank prepared the telecommunications sector for handling a full-scale invasion, current and former employees of companies serving the country said. All wireless operators started letting their customers roam on each other's networks, making service more reliable.

Companies have also expanded coverage to reach us-

ers pinned down in other cities. Kyivstar last week said it had brought Wi-Fi service to more than 200 bomb shelters. Rival operator Lifecell said its crews spent about two months before the invasion moving some equipment out of eastern areas to stiffen wireless coverage in the west, where millions have since relocated.

Internet providers have added other protections under government supervision. Ukrainian carriers ended service to all phone numbers registered in Belarus and Russia within a day of the February invasion, for instance. That decision made it harder to send malicious network commands that might disrupt those networks, said Cathal Mc Daid, technology chief for Dublin-based cybersecurity company AdaptiveMobile Security.

"While the concept is simple, the execution can take time," Mr. Mc Daid said. The fact that three major Ukrai-

nian operators made the change simultaneously reflects coordination "and was seen to be important enough to implement as soon as possible."

Ukraine's civilian communications networks aren't invulnerable. Internet service in hard-hit cities like Kharkiv, Kherson and Mariupol has degraded or disappeared.

But industry analysts said the telecommunications infrastructure could have fared worse. Russian forces don't appear to have seized control of cell towers in recently captured areas, a contrast with towers captured years ago in Russia-allied breakaway regions to the east.

Other telecom executives say Russia's mounting military presence over the years gave them time to add backup fiber-optic lines and develop contingency plans. They said Russia's forcible annexation of Crimea in 2014, its support for breakaway republics in the

Google News Is Restricted In Russia

By Sam Schechner

Google News is largely offline in Russia, in what appears to be the latest escalation of the Kremlin's crackdown on sources of independent reporting on its invasion of Ukraine.

Alphabet Inc.'s Google said Thursday that people are having trouble accessing its Google News aggregator website and app, adding that the problems weren't related to technical problems on Google's end.

A monitoring service called GlobalCheck that says it checks the availability of internet services by using a network of sensors in Russia also showed limited or no access to Google News' website from inside the country on Thursday. But Google's main search engine and video site YouTube remain accessible, GlobalCheck showed.

"We've worked hard to keep information services like News accessible to people in Russia for as long as possible," Google said.

Russian state news agency RIA reported Wednesday that Russia's telecommunications regulator said it would block Google News because it provided access to what regulators said was false information about the situation in Ukraine. Russia's government has criminalized descriptions of the war as anything other than a "special military operation."

The restriction of Google News comes as Russian regulators have blocked many independent Russian media outlets and Western technology platforms, such as Meta Platforms Inc.'s Instagram.

—Stu Woo contributed to this article.

U.S. Files Hacking Charges Against Russians

By Dustin Volz and Aruna Viswanatha

WASHINGTON—The Justice Department on Thursday unsealed charges against four Russian nationals it accused of carrying out a yearslong hacking campaign that targeted thousands of computers in the U.S. and around the world in a bid to gain access to systems that could disrupt or physically damage vital energy facilities.

The defendants all worked for the Russian government and targeted hundreds of companies in 135 countries, U.S. authorities said.

The indictments cover alleged activity that took place between 2012 and 2018, officials said. In recent weeks the Biden administration has repeatedly warned U.S. businesses that they should be on high alert for the potential of debilitating Russian cyberattacks that could occur as a form of retaliation for the punishing economic sanctions put in place against Russia over its invasion of Ukraine.

Russia has historically denied targeting the U.S. or others with cyberattacks. A spokesman at the Russian Embassy in Washington didn't respond to a request for comment.

One case, filed in 2021 but unsealed Thursday, accused an alleged employee of a Russian Ministry of Defense research institute of targeting and damaging a foreign refinery with malware known as Triton that could shut down its safety system. The malware caused the refinery's safety systems to initiate two automatic emergency shutdowns of operations, prosecutors said, without naming the refinery.

A second case, from August, accuses three alleged officers of Russia's intelligence agency, the FSB, of compromising computers at hundreds of companies in the energy sector in a way that would give the Kremlin access to the systems to disrupt them in the future should they choose to.



People lined up to receive humanitarian aid in besieged Mariupol, Ukraine, on Thursday. The largely destroyed port city continued to hold out against a Russian siege.

Ukrainians Hit Targets At Port

Continued from Page One
amount of cargo. Our specialists say that at least for a few weeks, Berdyansk is closed for them for resupply because of damage to the port."

Ukrainian forces have previously sought to capitalize on Russia's struggle to supply its forces deep inside Ukraine, attacking Russian convoys and hitting supplies of fuel and ammunition.

Mariupol, another Azov Sea port city, has been surrounded by Russian forces and pummeled with artillery and airstrikes for weeks. Thousands of civilians there have been killed, and most of the city has been destroyed, according to local officials. While Russian troops have entered the eastern side of Mariupol in recent days, Ukrainian forces continue to keep most of the city from falling into Russian hands.

Before Thursday's strike, Ukraine managed to inflict severe damage on the Russian navy personnel in the Azov area. Moscow has acknowl-

edged that Ukrainian troops killed the deputy commander of Russia's Black Sea Fleet, Navy Capt. Andrey Paliy, and the commander of the fleet's 810th Marine Infantry Brigade, Col. Aleksey Sharov, both of whom were recently operating in the Mariupol area.

Thursday's attack came as President Biden and leaders from the North Atlantic Treaty Organization, the European Union and the Group of Seven major economies met in Brussels to discuss new measures to help Ukraine.

The U.S. outlined a new round of sanctions against Russian individuals and companies, \$1 billion in humanitarian funding and a plan for the U.S. to accept up to 100,000 refugees fleeing Ukraine.

President Volodymyr Zelenskyy of Ukraine, addressing NATO leaders, asked the alliance to do more.

"Ukraine needs military assistance—without limitations. Just as Russia is using all of its arsenal against us without limitations," he said.

The combat performance of the Ukrainian army and the failure of Russian forces to make significant advances have caught U.S. and allied officials by surprise. Weapons supplied to Ukraine before the invasion were tailored to fuel an insurgency campaign, with

U.S. officials expecting Russia to seize the capital Kyiv in as little as three days.

However, Ukraine has managed to push Russia's much bigger and better equipped military to a standstill, at least for now. Western nations are rushing to get more military supplies across Ukraine's western borders as Kyiv said it risks running short of ammunition.

Russia, which committed some 190,000 troops to the invasion of Ukraine last month,

Russia has lost up to 40,000 troops as casualties or POWs, by NATO estimates.

has lost as many as 40,000 of these troops between those killed in action, injured, captured or deserted, according to NATO estimates, a level of casualties that would render a large part of the Russian force incapable of offensive operations.

Russia hasn't released its casualty statistics since saying on March 2 that 498 service members had been killed in Ukraine. Ukraine isn't releasing any information on its ca-

sualties.

In the vicinity of Kyiv, Ukrainian forces have been able to mount a limited counteroffensive, clearing some areas to the west and northwest of the capital, according to the Ukrainian military and footage from retaken towns.

Ukraine's presidential adviser Oleksiy Arestovych said in a TV interview that only some 12,000 Russian soldiers remain active on the Kyiv front, and that 3,000 of them have been encircled, with an additional 4,000 nearly surrounded. Russian officials didn't confirm those figures.

The Kremlin said that Mr. Putin discussed Russia's military operation in Ukraine and the status of negotiations with Kyiv with members of Russia's Security Council, including top security and government officials.

"A detailed conversation was had on the negotiation process with Ukraine. Regret was expressed in connection with the slowness of the Ukrainian side," said Kremlin spokesman Dmitry Peskov, quoted by state news service TASS.

Asked about contacts between Russian and U.S. military officials, Mr. Peskov said that "contacts at the military level are always important, especially in such hot periods."

Russia and Ukraine exchanged 10 military personnel each, Russia's human-rights commissioner Tatyana Moskalkova told TASS. In addition, the two sides exchanged civilian sailors, Ms. Moskalkova said.

Foreign Minister Sergei Lavrov of Russia met in Moscow on Thursday with International Committee of the Red Cross President Peter Maurer, the foreign ministry said.

The ICRC said Mr. Maurer planned to continue the agency's discussions with Russian authorities about the humanitarian situation related to the war in Ukraine.

"The devastation caused by the conflict in recent weeks, as well as eight years of conflict in Donbas, has been vast," Mr. Maurer said in a statement published Wednesday. "There are practical steps guided by international humanitarian law that the parties must take to limit the suffering."

—Brett Forrest, *Georgi Kantchev* and *Ann M. Simmons* contributed to this article.

Watch a Video

Scan this code for a video on Ukraine's strike on a Russia-occupied port.



THE UKRAINE CRISIS

Fertilizer Prices Surge as War Limits Supplies

Farmers around world struggle as shortages, rising prices take toll on crop production

In his nine years selling fertilizer to corn and rice farmers in West Africa, Malick Niang says he has never seen such a severe supply crunch—or such high prices.

By Jon Emont in Singapore and Silvina Frydlewsky in Buenos Aires

Since Russia invaded Ukraine, shipping companies have avoided docking at St. Petersburg, Russia, to collect goods, Mr. Niang said.

That, together with the impact of the West's financial sanctions against Moscow, means fertilizer exports from Russia—the world's largest producer—have fallen sharply.

Mr. Niang contacted sellers elsewhere, such as in Senegal and Morocco, but was told their order books are full until the end of the year. "Maybe we will find one or two options different from Russia, but it's going to be very expensive," he said.

Fertilizer prices were high before the war. They have now reached record levels amid a precipitous drop in Russian supply, according to CRU Group, which analyzes commodity markets.

At the same time, more-expensive natural gas, another Russian export and a crucial ingredient in fertilizer-making, has led European fertilizer factories to scale back production.

The result is that fertilizer is about three to four times costlier now than in 2020, with far-reaching consequences for farmer incomes, agricultural yields and food prices.

In Indonesia's East Java

province, corn farmer Nurhadi, who goes by one name, has bought half his usual fertilizer stock, relying instead on animal dung, which isn't as effective and will result, he said, in a substantially reduced yield.

In Colombia, which depends on Russia for one-fifth of its fertilizer imports, potato farmer Ana Elvira Sanabria has switched to raising cattle and growing a local fruit called uchuva, which needs less fertilizer. "Last year at this time, most of us had land ready to plant," she said. "This year much of it is fallow."

Farmers' struggles began before the war. Higher energy costs last year pushed up fertilizer prices, as did new curbs and export-licensing requirements by China, Turkey, Egypt and Russia.

Faustin Lohouri Bi Tra, a farmer who grows seeds for other planters in Ivory Coast, said he watched with horror as the price of urea fertilizer quadrupled over the past nine months. "It's like a scary movie," he said.

Smaller harvests will hit developing countries the hardest, forcing their cash-strapped governments to import large quantities of staples such as wheat at high prices, agricultural experts say.

Global food prices in February touched their highest point since the United Nations Food and Agriculture Organization began collecting monthly data three decades ago.

Food insecurity is likely to worsen. The Global Network Against Food Crises, an alliance of humanitarian and development groups, estimates that by last September, 161 million people across 42 nations in 2021 faced acute malnutrition or were forced to sell assets or take other desperate measures to procure food—up 19% from the start of the year.



Imported fertilizer is inspected in China's Shandong province. Below, a worker loads a tractor with fertilizer in Brazil.

companies reduced production of ammonia, which is used to make nitrogen fertilizers.

Although prices of European natural-gas futures have fallen since early March, they remain roughly 40% higher than they were before the invasion of Ukraine.

Borealis AG, a large European fertilizer maker, said it is running its ammonia plants at reduced capacity. Nitrogenművek Zrt., a Hungarian producer, said it is temporarily halting ammonia production.

Norway-based Yara International, one of the world's largest fertilizer producers, said it would limit production at plants in France and Italy, bringing down its European ammonia and urea production to around 45% of capacity.

"Our concern over the coming season is that nations already in a vulnerable position will face deteriorating conditions," Yara spokeswoman Kristin Nordal said.

"I am deeply concerned that the violent conflict in Ukraine, already a catastrophe for those directly involved, will also be a tragedy for the world's poorest people living in rural areas who cannot absorb the price hikes of staple foods and farming inputs that will result from disruptions to global trade," said Gilbert

Houngbo, president of the U.N.'s International Fund for Agricultural Development, last week.

The disruption in wheat supply from Ukraine could have been a boon for some of the world's major food exporters, among them Argentina, and farmers such as Gabriel Pellizzon. Instead, Mr. Pellizzon,

who grows wheat, corn and soybeans on about 3,700 acres in Argentina's central Córdoba province, said he is likely to slash production about 30%.

Fertilizer producers are warning of continuing shortages. After Russia's invasion sent European natural-gas prices to record levels, many

Russia E-Commerce Venture Puts Alibaba in Awkward Spot

By JING YANG

On a business trip to Russia in 2016, Alibaba founder Jack Ma was having lunch and listening to his executives extol the success the company was enjoying in the country.

Skeptical, he pulled aside a waitress and asked what she knew about AliExpress, the Chinese e-commerce giant's international shopping site, a person who was there said. She said she used it almost every week. Pleasantly surprised, Mr. Ma signed off on plowing more resources into Russia, including dozens of employees from Alibaba's headquarters in Hangzhou and, later, investing \$100 million to form a joint venture with three Russian corporate titans.

Russia proved to be a rare bright spot for AliExpress, which accounts for only a small part of Alibaba's revenue but is crucial to efforts to expand overseas. The value of goods sold on the Russian joint venture's platform jumped 46% last year.

Now, Russia joins the headaches that have hit Alibaba over the past year, including a regulatory crackdown by Beijing, rising competition and the halving of its share price.

Russia's invasion of Ukraine puts New York-listed Alibaba in an awkward spot. All of its local partners or their leaders in the joint venture with

Alibaba ADR price



AliExpress have been placed under Western sanctions—but Beijing opposes those measures. Unlike many of its Western peers, Alibaba hasn't taken a public stance on the war.

"Choosing to continue doing business in Russia runs a growing reputational risk for Alibaba in most European markets as well as in the U.S.," said Xiaomeng Lu, director of geo technology at Eurasia Group. "This risk will only heighten as NATO countries ramp up sanctions on Moscow and Western brands cut their ties with Russia and Russian stakeholders."

Some analysts have suggested the Western pullback from Russia is creating opportunities for Chinese tech com-

panies, such as smartphone maker Xiaomi Corp. and PC company Lenovo Group.

On Sunday, China's ambassador to Russia, Zhang Hanhui, urged a group of Chinese business-chamber representatives to seize the opportunity and "fill the void" in the Russian market, according to an article released by the Russia Confucius Culture Promotion Association.

AliExpress Russia, the joint venture, has been trying to maintain a level of normalcy at its operations, and there is no plan to halt business, people familiar with the matter said. In early March, the platform, AliExpress.ru, stopped receiving orders from Ukraine, one of the former Soviet states it services, according to one of the people. Ukraine contributed 8% of the 86 million visits to the site in February, according to a report by yStats.com.

Orders from Russia have dropped since the war started, mainly because of shipping delays and the ruble's depreciation, people familiar with the matter said.

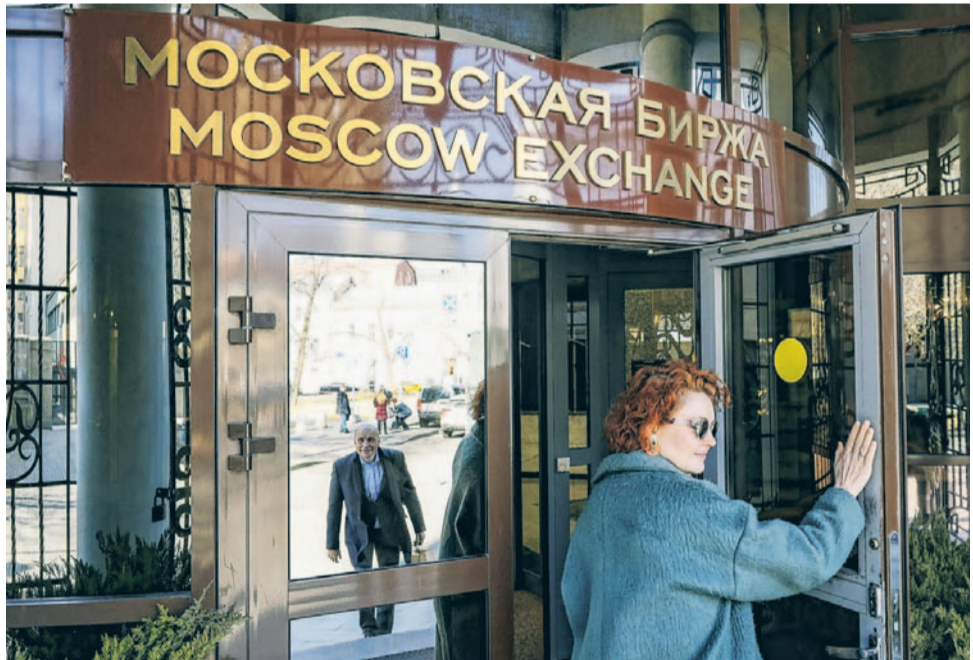
Together with Lazada, the Southeast Asian online retailer Alibaba acquired in 2016, AliExpress underpins the e-commerce giant's global expansion, one of its "three core strategies."

Although international e-commerce accounts for only around 5% of Alibaba's total revenue, analysts say Europe holds great potential—especially with Lazada losing ground in Southeast Asia.

Before the invasion, AliExpress Russia was the country's second-largest e-commerce company, with about a 10% market share, VK Group said.

Europe is the biggest market for AliExpress: Russia, Spain, France and Poland were its top four countries by gross merchandise value in 2019, the most recent data.

"Bad EU-China relations are bad for Chinese companies' expansion in Europe," said Linghao Bao, an analyst at Trivium China.



The exchange on Thursday. Trading had been suspended following Russia's invasion of Ukraine.

Moscow Stock Market Reopens, Foreigners Barred From Selling

By CAITLIN OSTROFF AND CAITLIN MCCABE

Russia's stock market jumped in its first, limited trading session since the West unveiled punishing sanctions nearly a month ago, but the rally was overshadowed by government moves to prevent foreign investors from selling shares.

The benchmark MOEX index rose around 4%. Only 33 shares out of 50 on the index were allowed to trade in the shortened session. Russian energy giant Gazprom PJSC rose 13%, while its peer Lukoil PJSC was up 12%. Energy prices have surged since the last time they traded. Russian bank stocks were mixed despite being the target of sanctions. VTB Bank PJSC fell 5.5%. Sberbank Russia PJSC rose 3.9%.

The resumption of trading is unlikely to be interpreted as a sign that all is well with the Russian economy. To prevent a steep selloff, Russia's central bank banned short selling, where investors bet that a stock's value will decline, and blocked foreigners, who make up a huge chunk of the market, from selling their shares. The Kremlin also directed a Russian sovereign-wealth fund to buy around \$10 billion in shares.

Russia's benchmark stock index, the MOEX



The government's measures cloak underlying selling pressure. If foreigners could sell, they probably would. Russian shares listed in London and New York plunged after the start of the war, and many have been delisted or suspended because of the sanctions.

Before the war, foreigners owned about three-quarters of the freely traded shares in Russia, known as the free float, and were responsible for around half of the trading vol-

ume each day. Without them, Russian share trading provides limited information about the true value of companies.

"We don't know what the market is saying at all," said Charlie Robertson, global chief economist at Renaissance Capital, an emerging and frontier markets investment bank.

The reopening is meant to showcase Russia getting back on its financial feet following sanctions aimed at isolating the economy. It also highlighted how the war in Ukraine is being fought on two fronts, military and financial.

"Russia has made clear they are going to pour government resources into artificially propping up the shares of companies that are trading," said Daleep Singh, the White House's deputy national security adviser for international economics.

"This is not a real market and not a sustainable model—which only underscores Russia's isolation from the global financial system," he said.

Limiting foreigners from selling shares helps safeguard the ruble. If foreign stockholders sold their ruble-denominated shares, they would move that money into euros or dollars. This could weaken the ruble's value.



An AliExpress store in Moscow weeks before the Ukraine invasion.

FROM PAGE ONE

EU Poised To Rein In Tech Firms

Continued from Page One
 have said the law is discriminatory because it focuses largely on big U.S. companies, and unworkable because of its breadth—something they said will hobble tech innovation in Europe. Apple has previously said the legislation’s “one-size-fits all” approach could undermine consumer protections and choice, while Meta Platforms Inc., the parent company of Facebook, has warned about unintended consequences, such as stifling European innovation.

Which companies count as so-called gatekeepers has been the subject of much debate. In early drafts of the legislation, criteria based on the number of consumer and business users, as well as market capitalization and revenue thresholds, suggested services from Apple, Alphabet Inc.’s Google, Amazon.com Inc., Meta and Microsoft Corp. would all be affected, possibly among several others.

Apple said it remains concerned that some of the DMA’s provisions “will create unnecessary privacy and security vulnerabilities for our users, while others will prohibit us from charging for intellectual property in which we invest a great deal.” It said it would work with others to mitigate those vulnerabilities.

Google said it supports many of the DMA’s ambitions on consumer choice and interoperability, but worries that the new rules could reduce innovation and the choice available to Europeans. The company said it would review the final text and work out what it needs to do to comply.

Representatives from Amazon, Meta and Microsoft didn’t respond to requests to comment.

The goal of the legislation, according to the European Commission, the EU’s executive body, is to create a clear



LUDOVIC MARIN/AGENCE FRANCE-PRESSE/GETTY IMAGES

Global tech giants ‘will need to prove that their conduct is fair,’ said Andreas Schwab, below, a member of the European Parliament.

set of rules that would prohibit the world’s biggest tech companies from engaging in certain behaviors that officials view as harmful to competition. Proponents hope it can cut down on the need to open lengthy investigations into a company’s alleged anticompetitive behaviors, a process that often goes to the courts and can in some cases take years to resolve. Rivals have complained that EU antitrust cases have so far had limited impact on big tech companies’ revenue and market share.

“What this law is about is changing the burden of proof so that these companies will need to prove that their conduct is fair,” and not regulators who until now have needed to prove violations of antitrust laws, said Andreas Schwab, a member of the European Parliament from Germany who has been the body’s lead negotiator for the DMA.

Mr. Schwab issued a statement late Thursday confirming that an agreement on the legislation had been reached.

Tech giants’ smaller rivals and other tech-company critics said they hope the legislation could become a global standard as lawmakers in other countries, including the



JEAN-FRANCOIS BADIAS/PRESS POOL

U.S., look for ways to rein in the power of global tech giants and make it easier for smaller players to compete. The U.K. government is working on a code of conduct that could be applied to tech companies with substantial and entrenched market power, and U.S. lawmakers have proposed legislation aimed at curbing dominant tech companies’ market power.

“This will be the first comprehensive attempt at making digital markets more competitive,” said Zach Meyers, a senior research fellow with the Centre for European Reform

think tank. “And when you look at what the U.K. and the U.S. and other countries are doing, even if they’re not replicating the DMA, they’re certainly inspired and influenced by it.”

Negotiators held discussions on Thursday to iron out remaining disagreements on the main points of the legislation. Now that a political agreement on the text has been reached, it is unlikely to undergo further substantial changes, though it will still need final approval from parliamentarians and representatives from EU countries.

The DMA is part of a pipe-

line of recent EU regulations aimed at tech companies. Legislators also are negotiating over the final text of another piece of legislation aimed at forcing tech platforms and social-media companies to do more to prevent the spread of a range of illegal or potentially harmful material, or face similarly big fines. Another bill governing the way companies share industrial data was proposed last month.

Elements of the DMA have been strongly opposed by Apple, Google, Amazon and Facebook, and could lead to court challenges. Penalties for failing to comply with the rules can go up to 10% of a company’s global annual revenue, but repeated infringements raise the ceiling to 20%, and open the way to other penalties such as a ban on some acquisitions, Mr. Schwab said.

Based on recent drafts of the legislation, gatekeeper companies would be limited in how they can privilege their own products or services in rankings compared with those offered by third parties. That could limit the possibilities for Google to push its services, such as its internet browser, flight search or email, to the top of a user’s search results.

It could also make it more difficult for Amazon to prioritize its products to the detriment of a third-party seller.

The rules could also block gatekeeper companies from tying access to some of their services to the purchase or use of another service, and require companies to make it easier for users to move their data from one service to another. In practice, the rules could prevent Meta Platforms from requiring a user to get a Facebook account in order to use its Messenger app, for example.

Another provision could require Apple to allow software makers access to the iPhone without having to go through the company’s App Store. That rule could have a significant impact on the company, which charges up to a 30% commission on in-app purchases, a major source of revenue.

Apple has defended its practices, saying it is giving consumers a choice of a digital platform that has proven popular, and that changes would create security and privacy risks.

One point of contention in the negotiations was over which companies, specifically, would be defined as gatekeepers and need to comply with the new rules.

The initial proposal defined gatekeepers as companies whose European revenue was at least €6.5 billion, equivalent to about \$7.2 billion, or those with a market capitalization of at least €65 billion. Gatekeepers also had to serve more than 10,000 active business consumers and 45 million active end users in the European Union. The original proposal said the threshold needed to be met over the past three years. The final text increased those thresholds to €7.5 billion in revenue and a market capitalization of at least €75 billion.

Experts have cautioned that there are still questions about how the European Commission would implement the new rules and ensure compliance. “The adoption of the text is the easy part,” said Alexandre de Stree, academic director at the Centre on Regulation in Europe. “The difficult part will be the enforcement of that text.”

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FROM PAGE ONE

Essex Fans Spurn Plan To Rebrand

Continued from Page One
pressed. They say they're being mugged off, an Essexism for not being shown enough respect.

cil and see what it is they think they're rebranding." Gemma Collins, a former star of the ITV show known to her fans as "The GC," wrote an angry op-ed in the Sun newspaper. "To say we need to change our 'reputation' is an affront to every hard-working person from Essex," she said.

Some had bought their own homes on public housing estates, one of the late Prime Minister Margaret Thatcher's most popular policies. Others bagged high-paying jobs in the City of London, which had undergone its "big bang" deregulation a few years earlier, opening up the industry for traders who might previously have hustled for business in east London street markets.

Michael Landy, a London-born artist whose family moved out to the border between London and Essex when he was a child, held an exhibition in Colchester last year where he gathered newspaper headlines along with artifacts and representations of the way Essex has been portrayed over the decades.

Michael Landy, a London-born artist whose family moved out to the border between London and Essex when he was a child, held an exhibition in Colchester last year where he gathered newspaper headlines along with artifacts and representations of the way Essex has been portrayed over the decades.

great headlines, like 'You Can't Be in Harry Potter if You're From Essex' and 'There Are No Virgins in Essex.' Like many stereotypes, there might be an element of truth to it.

Says a star of a show set in Essex: 'We're not embarrassed about our success'

of Essex is like that awful TV series," he said, echoing how Chris Christie used to complain about the way "Jersey Shore" portrayed New Jersey when he was governor there.

Inflation Politics Turn Sour

Continued from Page One
"We are giving out money like it's growing on trees." Ms. Birnbaum's McCormick Ranch neighborhood is part of a political battleground that will help determine whether Republicans can gain power in November given the problems facing Democrats, including the highest price increases recorded in four decades.



metal hangers they use each month at a cost of about \$1,150. Adding to pricing pressure, Phoenix was the nation's fastest-growing big city between 2010 and 2020, moving ahead of Philadelphia to become the fifth largest. It saw one of the nation's largest influxes of new residents at the start of the pandemic.

Interviews with residents and local business owners in the neighborhood on Scottsdale's eastern edge suggest any patience for higher inflation could reach a breaking point by November if prices keep rising or stay high.



The Perilsteins, top, are looking for ways to save because of rising prices. Scottsdale Mayor David Ortega, left, thinks Democrats could pay a price in November. At the Vig tavern, right, line cooks earn between \$19 and \$22 an hour, up from \$15 to \$18.



collision of strong consumer demand as the pandemic eased, labor shortages, snarled supply chains and an invasion of Ukraine that have combined to trigger higher prices.

That's why my top priority is getting prices under control." For the Phoenix metropolitan area, the most recently available year-ago monthly comparisons show gasoline costs were up 44%, natural gas jumped 17% and prices for meats, poultry, fish and eggs collectively rose 16%. Housing prices climbed 12%.

A newly mapped congressional district that is also nearly evenly divided. Former President Donald Trump won the precinct that covers the southern half of the ranch by 1.4 percentage points in 2016, before Mr. Biden recorded a 2.7-percentage-point edge in 2020.

confronted him at Costco, upset about the price of a roast she was about to buy. "People don't feel as safe or stable," he said. "At the end of the month, they just don't feel like they have the same amount of money in the bank."

Price pressure

McCormick Ranch residents Joshua and Nicole Perilstein are frustrated by rising prices and said it could influence their feelings when it comes to picking candidates in the November election.

A cheeseburger at the Vig restaurant in the Paseo Village shopping center costs \$19, up four dollars over the past two years. Gas at the Shell station is hovering close to \$5. Prestige Cleaners says the price of metal clothes hangers it uses is up 42% from a year ago, a cost it passes on to consumers.

Economists attribute the surge in inflation to several factors: disruptions to supply chains and shifts in consumption patterns caused by the pandemic, soaring oil prices driven in part by Russia's invasion of Ukraine, a decline in the labor force due to early retirements, concerns about Covid and other factors, and strong demand fueled by repeated rounds of fiscal stimulus and the ultralow interest rates maintained by the Federal Reserve.

Since Mr. Biden took office, Phoenix and its suburbs have recorded the highest inflation jump among the nation's 21 largest metropolitan areas, U.S. Bureau of Labor Statistics data shows. The area's Consumer Price Index rose 10.9% from February 2021 through February 2022, the most recent month available, compared with the national average of 7.9%.

The southern half of McCormick Ranch, a development that began its transition from horse breeding grounds to suburban housing five decades ago, is filled with middle-class and upper-middle-class families, and retirees on fixed incomes vulnerable to inflation. It is territory both parties will compete for in this year's races for an open governor's seat and a U.S. Senate seat incumbent Democrat Mark Kelly wants to keep.

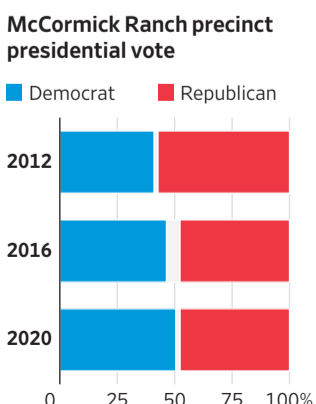
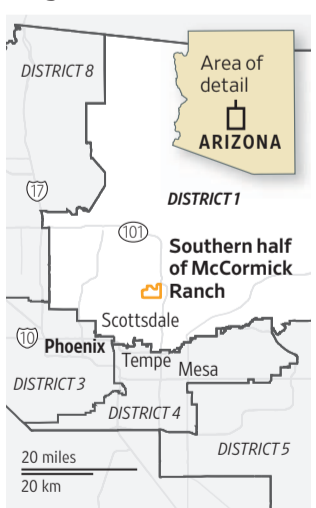
Unsettled voters

"I blame the Biden administration," said Vanessa Weeks, a 54-year-old interior designer who has lived in the neighborhood for more than three years. "There is no other way to look at it."

Ms. Weeks, an infrequent voter who considers herself an independent, said she's cooking at home much more than usual because of restaurant-price increases. She has tried to use as little heat as possible this winter because of high natural-gas prices and cut down on her driving and use of ride-shares because of their higher costs.

Arizona recorded the nation's second-narrowest margin in the 2020 presidential election after Georgia, and the southern half of McCormick Ranch sits inside

Arizona's new 1st Congressional District



Inflation rates' during Biden presidency

Table listing inflation rates for various cities during the Biden presidency. Phoenix is at 10.9%, Atlanta at 10.6%, Miami at 9.8%, Tampa at 9.6%, Baltimore at 9.3%, Riverside at 8.6%, San Diego at 8.2%, St. Louis at 8.2%, Seattle at 8.1%, Denver at 7.9%, Dallas at 7.8%, Houston at 7.8%, Detroit at 7.5%, Los Angeles at 7.4%, Philadelphia at 7.3%, Minneapolis at 7.2%, Chicago at 7.1%, Boston at 6.3%, Washington at 6.0%, San Francisco at 5.2%, and New York at 5.1%. A 7.9% National average is also noted.

Nationwide, the Wharton School of the University of Pennsylvania estimates that last year's inflation required the average household to spend around \$3,500 more to achieve the same level of consumption of goods and services as in 2019 or 2020.

Debate over inflation's causes and how to address the situation have become a political wedge issue. Republicans blame Mr. Biden and other Democrats' injection of trillions of federal dollars into the economy for surging prices and are using the topic as part of their political advertising.

Mr. Biden has at times said inflation will be temporary. He addressed it in a more robust way in his State of the Union address on March 1. "Too many families are struggling to keep up with the bills," he said. "Inflation is robbing them of the gains they thought otherwise they would be able to feel. I get

Following redistricting, the new 1st District where Mr. Schweikert plans to run for re-election is territory Mr. Biden carried by less than 2 percentage points.

Adam Metzendorf, a former executive with the Phoenix Suns professional basketball team and one of the Democrats seeking the congressional seat that covers the neighborhood, said his party needed to make the case for more U.S. manufacturing.

"We need to try to produce more things here, so we aren't hampered as much by supply chain shortages," he said. "You also have to show empathy." Residents and local business owners say they are feeling inflation's pain and will weigh the issue among others as they consider candidates this year.

A retired information-technology worker who has lived in the neighborhood since 2018, Mr. Johnson voted for Mr. Biden but hasn't been very impressed with the administration. "I think he's doing just OK," he said. "He got hit with so many tough nuts to crack, so there is no way for him to look good."

At Prestige Cleaners, owner Donn Frye says "we're getting hammered" by rising costs for cleaning supplies, labor and hangers. His Paseo Village location goes through close to 10,000 of the least expensive

After voting for Mr. Trump in 2016, Mr. Perilstein, 38, said he backed Mr. Biden in 2020. While he doesn't want to see Mr. Trump in the White House again, he also isn't happy with his 2020 vote. "I want to see more done," he said. "It felt like Trump was doing more."

Even with a household income of roughly \$200,000, the couple said they were looking for ways to save because of rising prices.

Ms. Perilstein, a self-described libertarian who mostly backs Democrats, said she has also been disappointed with the president after voting for him. "I don't think Biden is doing a good job, but I also think Congress is dysfunctional," she said. All that has left the couple unsure of which party they will back when they vote in the midterm elections.

At the Vig, a Southwestern-themed tavern, prices have moved higher on most items in recent months. Tucker Woodbury, a 63-year-old part owner, said prices have increased for almost all his ingredients.

The Vig raised line cooks' pay to between \$19 and \$22 an hour, up from \$15 to \$18 before the pandemic, he said, and dishwashers make \$18 an hour, up from \$12.50, and top managers have received 20% pay increases over the period.

Raw chicken wings sell for up to \$6 a pound, roughly triple the price before the pandemic, prompting the Vig to raise an order of wings to \$16 from \$12. "There's a certain point," he said, "where I'm almost embarrassed to price chicken wings where I have to."

ARTS IN REVIEW | THE ACADEMY AWARDS



The Popularity of This Year's Oscars Best-Picture Nominees, Ranked

By ELLEN GAMERMAN, HARRY CARR, AND BRIAN WHITTON

When the Oscars ceremony airs Sunday night, the films Hollywood deems awards-worthy and the films America deems popular will clash as awkwardly as exes on the red carpet.

Consider two top 10 lists. On one, the 10 movies from 2021 that were nominated for this year's best-picture Oscar. On the other, the 10 movies from 2021 that led the U.S. box office. The overlap between the two: Zero.

So what do Americans make of the best-picture nominees? The Wall Street Journal commissioned data-intelligence company Morning Consult to poll more than 4,400 adults nationwide this month to better understand which movies people actually watched. The Journal tracked additional results from Google searches and mentions on Twitter and Reddit. The paper measured films using these metrics and created separate popularity scores by combining all the data.

10 highlights from the WSJ Oscar Rankings:

► The highest quality, low-enjoyment nominee: People appear to have complex feelings about Oscar movies, calling a film high-quality and not fun in the same breath—the movie-watching equivalent of “it’s not you, it’s me.” Here, “The Power of the Dog” reported the biggest gap between perceived quality and actual enjoyment. The cowboy drama set in 1925 Montana directed by acclaimed filmmaker Jane Campion received 12 Oscar nominations, more than any other film. In the poll, the Netflix movie ranked fifth in quality but ninth in enjoyment.

► The movie that Oscars watchers think should win: Americans who plan to watch the Oscars are most likely to say that either “West Side Story” or “King Richard” should win best picture. “West Side Story,” directed by 19-time Oscar nominee and three-time Oscar winner Steven Spielberg, mixes familiar storytelling and modern choreography in a retelling of an American classic. “King Richard,” the story of Richard Williams—father of tennis greats Venus and Serena Williams—stars Will Smith, Hollywood royalty and the anticipated winner for best actor.

▼ Captions from left: ‘West Side Story,’ ‘Dune’ and ‘CODA.’

► The movie that Oscar watchers think will win: Adults overall are most likely to say “West Side Story” will win best picture, with “King Richard” the second-most likely pick, according to the poll.

► The most popular best-picture nominee overall: The one title everyone could agree on: “Dune.” The science-fiction epic, a wind-swept story of spice currency and sand worms, nabbed the top slot for most popular film when polling data, social-media mentions and Google searches were combined for an overall WSJ popularity score. By other measures, the movie also stands apart, beating out every best-picture nominee in grosses last year. The movie, which made more than \$400 million, was the 13th-biggest film at the domestic box office in 2021 and the 11th-biggest globally, according to Box Office Mojo. This, even though it premiered simultaneously on the streaming platform HBO Max—to the chagrin of “Dune” director Denis Villeneuve.

The other nominees on the WSJ rankings, in descending order of popularity: “Don’t Look Up,” “West Side Story,” “King Richard,” “The Power of the Dog,” “CODA,” “Nightmare Alley,” “Belfast,” “Licorice Pizza” and “Drive My Car.”

► The disqualified front-runner in nearly every category: “Spider-Man: No Way Home” was included in the research to serve as a benchmark for popularity, from Oscar worthiness to enjoyment. But the results don’t apply because the movie wasn’t nominated for best picture. It nabbed just one Oscar nomination, for visual effects, a category where “Dune” is favored to win. “Spider-Man” was the biggest hit of 2021, with a pandemic-era global box office haul of nearly \$1.9 billion.

► The most deserving nominee according to ‘Spider-Man’ viewers: “Spider-Man” viewers who saw at least one best-picture nominee—a subset of people who might be more likely to go to the movies—called “Spider-Man” the most deserving of a best-picture nomination, followed by “Dune” and



“West Side Story” in a tie, and “King Richard” in fourth.

► The biggest movie on Twitter: Oscar watchers put “CODA” and “The Power of the Dog” in a tight race for best picture. But when it comes to mentions on Twitter between March 16 and March 22, “CODA” is the clear winner. The movie, about a hearing young woman among deaf family members in a New England fishing community, recently won the top prize in film at the Producers Guild Awards. It racked up roughly twice the Twitter mentions as “The Power of the Dog,” according to the Journal’s analysis of social-media data.

► The most-watched movie according to polling data: Want viewer data? Don’t look up “Don’t Look Up” because the numbers aren’t there. Popularity of the film from Netflix, which like other streaming platforms keeps detailed audience statistics private, has been tough to quantify. But in the poll, more people reported watching “Don’t Look Up” than any other best-picture nominee. What’s more, among best-picture nominees “Don’t Look Up” pleased the largest proportion of its viewers, with 86 percent saying they enjoyed it, according to the poll. The global-warming allegory—a darkly comic take on the end of the world—featured one of last year’s starriest casts with Meryl Streep, Jennifer Lawrence and Leonardo DiCaprio.

► The busiest nominee on social media: “Dune” was the most talked about on Reddit and the most searched on Google among the nominees, according to Journal research. The film’s cast includes Zendaya, the “Spider-Man” love interest and a star of the edgy HBO cult hit show “Euphoria.” Alongside her in the cast are Timothee Chalamet and Oscar Isaac, heartthrobs to Gen Zs and their moms, respectively. Gen Z has thrown its weight behind “Dune,” breaking with older adults by predicting that the space opera will win best picture.

► The least popular films, according to polling, search and social-media data: “Belfast” had Oscar watchers predicting a best-picture win earlier in awards season. Those prognosticators now see its victory as a longer shot, a status reflected in the rankings. Director Kenneth Branagh’s mostly black-and-white film based on his childhood in violence-torn Northern Ireland ranked on the bottom half of the scale. Keeping it company on the lower end of the popularity spectrum: “Nightmare Alley,” a noirish story of a 1940s con man; “Licorice Pizza,” a coming-of-age love story set in California’s San Fernando Valley in the 1970s; and “Drive My Car,” a subtitled Japanese drama about a grieving widower that was two hours and 59 minutes long.

Looking Past the Oscars

By JOE MORGENSTERN

Here’s how the Oscars work, at least according to the account on the official Oscars website. “Each January, the entertainment community and film fans around the world turn their attention to the Academy Awards. Interest and anticipation builds to a fevered [sic] pitch leading up to the Oscar telecast, when hundreds of millions of movie lovers tune in to watch the glamorous ceremony and learn who will receive the highest honors in filmmaking.”

Oh, for the days when such prose didn’t seem to describe a fever dream of global dominance. Everyone knows the best days of the Oscars telecasts are behind us. Yet on Sunday, viewers will once again be tuning in to see how this year’s edition of the show, a work in perennially fitful progress, measures up to the shining ideal of the motion picture medium and its lustrous trappings.

The Golden Age of Hollywood started in the 1930s—much earlier, if you include the Silent Era—and extended at least through the 1940s, but you don’t have to go back that far for great Oscar nights when the nominees for best picture would include a resplendent example of popular entertainment and one or more features that were much smaller in scale but loomed large for their art-

istry. In 1978 the excitement focused on “Star Wars” and “Annie Hall.” In 1998, when U.S. viewership reached a peak in excess of 55 million, two of the main attractions were “Titanic” and “L.A. Confidential,” and Billy Crystal was back on stage for the sixth time as host of the proceedings.

Now, after three years of no-host shows, a concept less welcoming than a no-host bar, we’ll have three hosts but eight fewer categories of awards bestowed during the broadcast, rather than pre-taped and pasted in; maybe the Academy of Motion Picture Arts and Sciences assumes that viewers won’t miss the arts that aren’t part of betting pools. However wrong-headed that decision may be—one of the banished eight, production design, is fundamental to the distinction of best-picture nominees “Dune” and “The Power of the Dog”—the need for some sort of change has been as clear as the show’s chronic problems: fatuous hosts, windy speeches, bloated running times, shrinking audiences, declining ratings.

Other challenges lie beyond the control of the show’s producers. The on-again-off-again, what-are-the-latest-rules-again pandemic keeps inflicting collateral damage on movie theaters, whose bottom lines depend not only on pictures and popcorn but

on regular attendance. (It’s not a good sign that AMC, the world’s largest theater chain, recently bought a substantial stake in a gold-mining venture. The prospect of Oscar gold is one thing, but the value of gold is another.) And, breaking news, there are still too many awards shows, even after the demise, or forced recess, of the Golden Globes.

to the Academy Awards, just as the Academy website says. For decades, in fact, the payment has started in early autumn, when the awards season gets under way. And the annual obsession with who’ll win what—the horse race so beloved by publicists and entertainment journalists, and so distracting or destructive for artists—can make people forget what an in-

movies is attributable only in part to the pandemic. Exhibitors have worried for years about where they’d find enough good movies to fill their screens. Now they’re terrified by a new normal in which features from Pixar, not so long ago the platinum standard of big-screen storytelling, go directly to Disney+, and “Dune,” a theatrical experience if ever there was one, opens simultaneously on HBO Max and in physical theaters. Meanwhile, the streaming revolution proceeds not just as a stream but a ceaseless torrent of bad, good and wonderful product that slakes an ever-growing thirst for home viewing.

Still, movie love continues to burn bright, remarkable movies continue to be made, and many get the nominations they deserve. Rather than dwell on the omissions or snubs, I’ll point to one film that received four nominations in what amounts to a singular feat, considering what it is, and an expression of Academy voters’ respect for exceptional achievement at a time when it’s in short supply, of their yearning to do good work themselves, and of their belief that audiences will continue to welcome new and immersive experiences.

What’s the film? “Drive My Car,” which, no matter what you may have heard, is not this year’s version of “Ford v Ferrari.” What is it, then? Well, it’s one minute shy of three hours long; spoken and/or signed in Japanese plus eight other languages that few Americans understand; steeped in the theater arts; mysteriously poetic; and, against the longest odds in Academy Awards memory, nominated for Directing, Adapted Screenplay, International Feature and Best Picture. That’s entertainment redefined.



Hidetoshi Nishijima and Toko Miura in ‘Drive My Car’

As if all of this weren’t sufficiently heavy baggage for a once-a-year celebration of excellence (with plenty of time-outs for ardent self-congratulation), the Oscars are increasingly seen in the context of the motion picture medium’s future, which is cloudy at best, and its current situation, which is, to put it generously, fluid.

Yes, attention is paid each January

constant source of enjoyment the theatrical medium has become. Once upon a time interesting new movies arrived in neighborhood theaters every week. Now, each January, after the awards season has run its exhausting course, the movie business takes a long winter’s nap and there’s little worth seeing for months to come.

This dearth of worthy mainstream

ARTS IN REVIEW | THE ACADEMY AWARDS

Who Should Win Oscars? Our Movie Critic's Top Picks



BY JOE MORGENSTERN

Every year at this time I've been asked to play—without benefit of costume or makeup—a character who is not myself. That person, who also goes under my name, is supposed to be a cinema clairvoyant who can predict the winners of six main Oscar categories several days before they are revealed on TV.

Here we go again, then, with statements of blithe certitude about who will win, along with asser-tions, by my actual self, about who, in a better world of entertain-ment than this one may be, should go home after the show in the company of a small gold statue.

Best Picture Should win: "Licorice Pizza" Will win: "The Power of the Dog"

Enjoyment is the operative word here. In "Licorice Pizza," Paul Thomas Anderson, a filmmaker who usually takes a darker view of American life, has gone back to the San Fernando Valley in the early 1970s, when he was growing up there, to give us a hugely enjoyable tale of eccentric young love, proto-capitalism and seductive prospects.

scale but popular "CODA" has been winning lots of other awards lately and may profit from the Academy's preferential voting system.



Cooper Hoffman and Alana Haim in 'Licorice Pizza.'

Best Director Should win: Paul Thomas Anderson Will win: Jane Campion

If ever there was a sure-ish thing in Oscar competition, it is that this is Jane Campion's moment to win what she didn't win almost 30 years ago for "The Piano." It is a fascinating category this year. I'm all for Paul Thomas Anderson, for reasons stated above, but you could make a strong case for any of the other nominees: Steven Spielberg, who brought a veteran's assurance and a young man's energy to his renovation of "West Side Story"; Ryūsuke Hamaguchi, the visionary behind "Drive My Car," and Kenneth Branagh, whose "Belfast" has been getting plenty of respect but, given its warmth and urgency, insufficient love.

Best Actor Should win: Will Smith Will win: Will Smith

Here, too, almost any of the nominees would be an unassailable choice—Andrew Garfield as Jonathan Larson in "tick, tick...BOOM!"; Denzel Washington as Macbeth or Benedict Cumberbatch as Phil Burbank, the tormented and tormenting rancher in "The Power Of the Dog." But Will Smith's Richard Williams, the father of the tennis prodigies Venus and Serena Williams, is an irresistible combination of passion, contradiction and magisterial zest. The mystery is why "King Richard" has been seen mainly as a crowd-pleaser—hardly an insult, to be sure—rather than the ambitious, complex and deeply affecting drama that it is.

Best Actress Should win: Penélope Cruz Will win: Jessica Chastain

When you've followed a movie star's career over the decades, you come to feel a familiarity that can be confused with predictability. Penélope Cruz is never less than mesmerizing, especially as the muse of the great Spanish filmmaker Pedro Almodóvar. Another word that is often used to evoke

her screen persona is radiant. New words are frequently needed, though, to describe her growth from one film to the next. Let's just say that Mr. Almodóvar's "Parallel Mothers," in which she plays a radiant single mother-to-be with a war-scarred past, finds Ms. Cruz at the very height of her powers.

Best Supporting Actor Should win: Kodi Smit-McPhee Will win: Troy Kotsur

Whether or not "CODA" pulls off an upset and wins as best picture, Academy voters may well reward Troy Kotsur for his stirring performance as the deaf father and Gloucester, Mass. fisherman. But Kodi Smit-McPhee manages to be at one and the same time the powerfully animating spirit of "The Power Of the Dog"—his character, Peter Gordon, foreshadows the whole story in a brief voice over that precedes the first images—and a self-effacing, almost spectral

presence. Mr. Smit-McPhee plays implacable strength behind a façade of apparent fragility.

Best Supporting Actress Should win: Ariana DeBose Will win: Ariana DeBose

Never mind, at least for a moment, "The Power Of the Dog." Ariana DeBose, as Anita in "West Side Story," is the dynamo who powers the whole production. It is the role that Rita Moreno originated in the 1961 film version of the Broadway musical. Ms. DeBose makes it her own, dominating every scene she appears in. She also dominates a category full of splendid contenders, most notably Aunjanue Ellis as Oracene "Brandy" Williams, the formidable wife and mother in "King Richard," and Judi Dench, in "Belfast," as the grandmother who stays tuned to everyone in the house without looking up from her knitting.

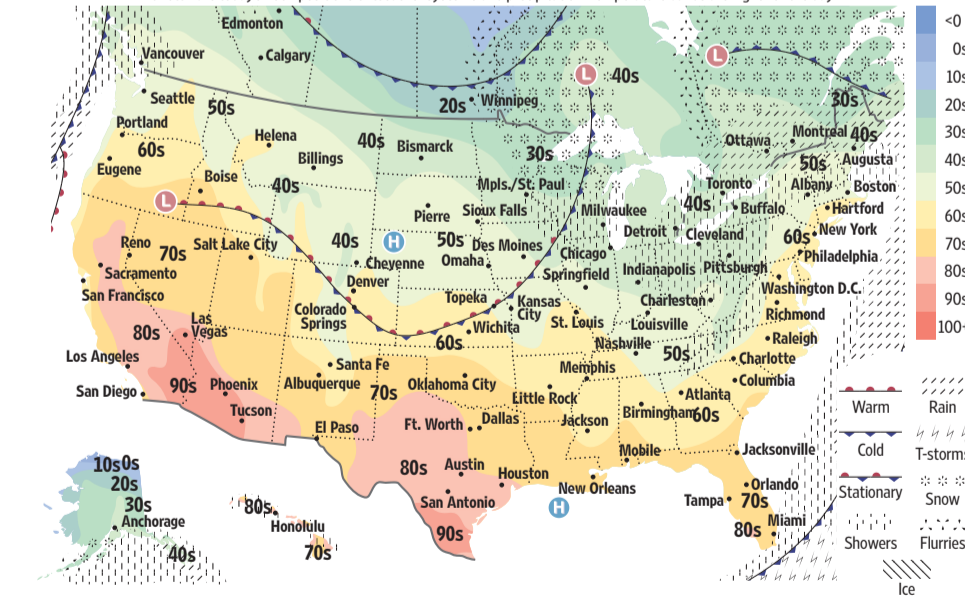


Ariana DeBose, center, is nominated for her role in 'West Side Story.'

Weather

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Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...t-storms; r...rain; sf...snow flurries; sn...snow; l...lce

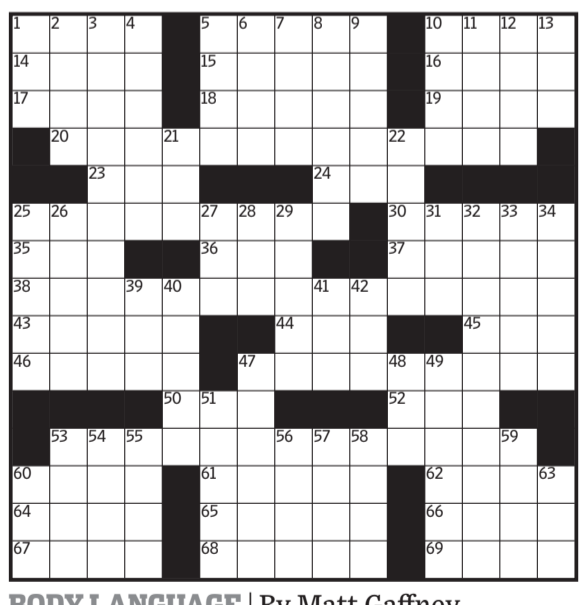
Table with 5 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major U.S. cities and their forecasted weather.

International

Table with 5 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists international cities and their forecasted weather.

Table with 5 columns: City, Today (Hi, Lo, W), Tomorrow (Hi, Lo, W). Lists major international cities and their forecasted weather.

The WSJ Daily Crossword | Edited by Mike Shenk



- 68 "Siddhartha" novelist
69 States
Down
1 Common street name
2 Jacob's first wife
3 Sunday newspaper section
4 Martin who won Best Supporting Actor for "Ed Wood"
5 Poker payment
6 Urge caution
7 Just on the map (Nowheresville)
8 Long list
9 Mexico's Frida Museum
10 Similar
11 Group of players
12 Ways on Waze: Abbr.
13 Wide shoe size
21 FedEx competitor
22 Grandaunt of Drew Barrymore
25 Droll remarks
26 Missouri River city
27 "One last thing..."
28 Speedwagon ("Keep On Loving You" band)
29 Defense contracting giant

Previous Puzzle's Solution



BODY LANGUAGE | By Matt Gaffney
The answer to this week's contest crossword is a part of the body.

- 19 "Makes sense"
20 Skills that surprise people
23 Supportive shout
24 "Kidding!"
25 In an unserious way
30 " la vista, baby" (Schwarzenegger line)
35 Tall bird
36 Four-time role for Keanu
37 Type a note to Helen of Troy's mother
38 Chilean president overthrown in a 1973 coup
43 Bangkok crowd
44 Power or orange suffix

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

SPORTS

Arkansas Knocks Out No. 1 Gonzaga, While Duke Edges Texas Tech

The Razorbacks will take on the Blue Devils for a berth in the Final Four

BY LAINE HIGGINS

San Francisco

For the second straight year, Gonzaga was the No. 1 seed in the men's NCAA basketball tournament. And for the second straight year, Gonzaga has come up short in its bid to land the school's first national title.

Title hopes are still alive for legendary Duke coach Mike Krzyzewski, whose young squad overcame a four-point halftime deficit to beat No. 3-seed Texas Tech 78-73 in the West region. Thursday's win extends Coach K's final season by at least one more game, as the Blue Devils will face 4-seed Arkansas in the Elite Eight on Saturday.

With Texas Tech leading 68-66, Duke freshman Paolo Banchero hit a 3-pointer to put the Blue Devils up by one with just under three minutes left. Duke then held on to win the game.

Elsewhere in the bracket in the South region, No. 2 Villanova ended an unlikely Cinderella bid from Michigan, an 11-seed, by beating the Wolverines 63-55.

Arkansas withstood the Bulldogs' frantic pace of play and its twin menacing big men to beat Gonzaga 74-68, behind 21 points from point guard JD Notae and a double-double from forward Jaylin Williams.

The result knocked out the team many saw as the prohibitive favorite in the tournament. Gonzaga was equally popular with the experts and the fans—in addition to being named the top seed by the NCAA's selection committee, nearly a third of the brackets filled out with ESPN picked Gonzaga to win it all.

It was the kind of advance notoriety that made Arkansas a prototype underdog—underappreciated and underestimated.

"Gonzaga just presents a lot of problems, and that's why they're being talked about, as far as being a team that's going to advance beyond this," Arkansas coach Eric Musselman said before the game. "There's not been much talk about Arkansas."

That changed on Thursday night. The Razorbacks came into the Sweet 16 as fourth-seeded underdogs in the West region. But it was the last team standing from the Southeastern Conference, which had seen higher-seeded teams like Kentucky, Auburn and Tennessee fall on the first weekend.

Arkansas advances to the Elite Eight, where it will play the winner of Thursday night's late game between No. 2 Duke and No. 3 Texas Tech.

Gonzaga was initially in control against Arkansas The Zags, one of the fastest teams in the NCAA, sprinted down the court so fast in transition that every offensive possession felt like a fast break or a chance to shoot an uncontested 3-pointer.

But Arkansas's transition defense came prepared to seize on Gonzaga's mistakes. With every shot the Zags launched, Arkansas was there to snap up the defensive rebound and deny their opponent a second-chance shot. It allowed



Above, Arkansas forward Kamani Johnson celebrates during the win. Right, Duke and Mike Krzyzewski advanced to the Elite Eight.



Arkansas to muscle back into contention when Gonzaga's shots stopped falling and grab a lead, 17-16, just under 10 minutes in. Arkansas finished the half on top, 32-29.

"Their defense was tough to get a rhythm against," Zags coach Mark Few said after the loss. "To me that was the difference in the game."

Chet Holmgren—Gonzaga's lanky 7-foot center, expected to be a lottery pick in the 2022 NBA draft—was not much of a factor early on. He didn't score a single point in the first half, but still managed to affect the game on defense.

But Holmgren awakened for nine points in the opening minutes of the second half, briefly putting the Zags back on top, 33-32, in the first two minutes.

The lead wouldn't last, and the

yawning deficit forced Gonzaga into taking three-point shots—a seemingly comfortable proposition for a team with one of the nation's highest percentage of made 3-point field goals. But the shots from beyond the arc weren't falling for the Zags, who finished 5 for 21 from deep. An additional blow came with 3:29 left, when Holmgren left the game after picking up his fifth personal foul.

Then, Arkansas delivered the knockout punch. Guard Au'Diese Toney blocked a shot that would

have put Gonzaga within one possession of tying it up with 10 seconds left. After the Bulldogs air-balled a 3-pointer and fouled Gonzaga's point guard, Toney stomped down the floor to

On paper, this Gonzaga team was a shade less dominant than last year's Zags, which lost in the title game to Baylor. Its offense was not quite as devastatingly efficient but Few's squad was still viewed as the best of the 68 tournament teams.

Yet Arkansas's upset was just

the latest chapter in an uncharacteristically shaky NCAA Tournament run for Gonzaga in 2022. Pitted against the No. 16-seeded Georgia State, the Zags struggled before settling into a groove in the second half and winning, 93-72.

Then, No. 9-seed Memphis, out-hustled a listless Bulldogs squad and forced Gonzaga to claw its way into the Sweet 16 with a hard-fought 82-78 win.

Gonzaga has been steadily crafting itself into a powerhouse since its surprise run to the Sweet 16 in 1999. In the decades since, the Zags have made nine more regionals and played in two Final Fours. Prior to Thursday, Gonzaga had not trailed at the halfway mark of consecutive NCAA Tournament games since 2009, according to Stats LLC.

It was a trajectory similar to what Krzyzewski did over his four decades at Duke, where he turned the Blue Devils into bonafide blue bloods by winning five national championships and 15 Atlantic Coast Conference tournament titles.

But the Zags also have a history of early NCAA tournament exits. They have lost in the second round eight times and twice more in the opening game of the Big Dance under Few. Things have been trending upwards for Gonzaga since 2015, but they have still never won it all.

The Nets Will Have Kyrie Irving In the Playoffs—If They Get There

BY BEN COHEN

THE NBA'S TRADE DEADLINE has passed and free agency is still months away, but what might be the most consequential move of the season came on Thursday in a baseball stadium, where a mayor introduced a policy carveout that applies to one person in the league.

After his refusal to get vaccinated cost him millions of dollars and months of games, Nets star Kyrie Irving was cleared to play at home by New York City Mayor Eric Adams, who exempted professional athletes from the vaccine mandate for private employers that had vexed one Brooklyn workplace for most of this NBA season.

The mayor announcing his decision on a rainy morning at Citi Field, surrounded by New York Yankees and Mets officials, was a sudden end to the paralyzing uncertainty and months of vaccine drama that hung over the Nets. But the saga of Irving's vaccination status is far from over.

The special permission for New York's sports teams, which one influential public-health adviser who opposes the exception called "the Kyrie carveout," comes weeks before the start of the NBA playoffs. Until Thursday, the Nets had faced the prospect of chasing a title without one of their best players, and the city's politicians feared the dissonant image of a maskless Irving sitting courtside to watch



Memphis's Steven Adams, left, defends against the Brooklyn Nets' Kyrie Irving.

home games instead of being on the court.

Those issues have been resolved, but the Nets are still reeling from the fallout of Irving's vaccine denial and mandate defiance.

The Nets began this season as the overwhelming title favorites with a frighteningly talented roster, and they still have the best odds of winning the Eastern Conference—but that's far more remarkable now than it was six months ago. Instead of cruising toward the playoffs, they're fighting their way in. With a disappointing 38-35 record, they're currently the

No. 8 seed in the East, and they will almost certainly have to win at least one game in the NBA's play-in tournament to qualify for the postseason.

While they no longer have to worry about Irving's availability in the playoffs, there remains a possibility that he won't be cleared for the play-in.

The most likely No. 7 vs. No. 8 matchup would find the Nets heading to Toronto to play the Raptors, which presents another problem for Irving: The league's unvaccinated players are not even allowed to enter Canada. If they were to

lose in Toronto, the Nets would return to Brooklyn with one last chance to make the playoffs. Thursday's exemption would allow Irving to play in that game with the season on the line.

If the Nets do make the playoffs, they will be the Great Danes of underdogs, a No. 7 or No. 8 seed with Kevin Durant, Irving and possibly Ben Simmons. They are the one team the Miami Heat, Philadelphia 76ers, Milwaukee Bucks and Boston Celtics don't want to see in the first round. But the Nets wouldn't exactly be thrilled with any of those series, either, especially since they might have to get past three of those four teams just to make the NBA Finals.

An unexpected battle for the last playoff spots and a potentially brutal path through April, May and June are only the latest aftershocks from Irving's unwillingness to roll up his sleeves for a Covid shot. His resistance made him an outlier in a league with a 97% vaccination and 75% booster rate and placed him alongside tennis star Novak Djokovic as the world's most prominent athletes who refused to get vaccinated and risked the consequences.

Those consequences were severe. Irving has missed 53 of his team's 73 games this season and lost a significant chunk of his \$35 million salary. He was effectively shunned by the Nets in October, when they said he couldn't be a part-time NBA player who played only on the road. He returned from his banishment in December, when their roster was so depleted that the Micron variant they welcomed back their unvaccinated exile. Then he promptly entered the league's Covid protocols and missed two more weeks.

The foundation of a superteam the Nets constructed last season by uniting Durant, Irving and James Harden was already crumbling by then. Then it cracked. In the hours before the NBA's trade deadline in February, under mounting pressure to make a deal, the Nets sent Harden to the Philadelphia 76ers.

What happened in the year since they mortgaged their future to acquire him was unimaginable. Torn apart by injuries and indifference, Brooklyn's three superstars managed to play a total of 16 games together, as the Nets' dynasty on paper was shredded by reality.

Meanwhile, as they plotted for playoff series against Giannis Antetokounmpo and Joel Embiid, the Nets were privately negotiating and publicly bickering with Adams, the former Brooklyn borough president who became New York City mayor in January. The ordinance that sidelined Irving but allowed the unvaccinated from other teams to play the Nets took blistering criticism from Durant, NBA commissioner Adam Silver and Adams himself, who urged Irving to get the shot while acknowledging the rule that he continued to enforce was ridiculous and "makes no sense."

The mayor said repeatedly that "it would send the wrong message" to create a sports loophole, insisting as recently as last week there wouldn't be a carveout for Irving. But he often tempered his defense of City Hall policy with reminders of his own personal rooting interests.

"Listen, I want Kyrie on the court," he said in late February. "I would do anything to get that ring."

OPINION

REVIEW & OUTLOOK

Ketanji Brown Jackson and Antonin Scalia

We're all originalists now, apparently. "I believe that the Constitution is fixed in its meaning," Judge Ketanji Brown Jackson told the Senate during her Supreme Court confirmation hearings this week. "I believe that it's appropriate to look at the original intent, original public meaning of the words." She called it "a limitation on my authority to import my own policy views."

Somewhere Justice Antonin Scalia must be singing, as he was known to do before he ascended. The great Scalia, who brought originalism to the fore before his death in 2016, might furrow his brow at the word "intent," since his judicial philosophy was to examine the plain meaning of words, not to divine what James Madison was really thinking.

Yet Judge Jackson's comment is a mark of Scalia's influence. He once joked that originalism was viewed as a "weird affliction that seizes some people—'When did you first start eating human flesh?'" Now even Judge Jackson, whom President Biden expects to be a reliable liberal vote, wants to be seen as a believer.

That doesn't mean Mr. Biden will regret this nomination. "We're all textualists now," Justice Elena Kagan said in 2015, which hasn't stopped her from flying with the Court's left wing. Originalism doesn't mean that even conservative Justices always agree. Other factors come in play, such as when to overrule a decaying precedent. A Justice who starts with the text can always finish with something else.

To that point, it's no credit that Judge Jackson insists she has no judicial philosophy, merely a "methodology" with three steps: She says that she clears her mind of personal views, evaluates all the facts and arguments, and then applies the law. That's a fine answer for a nominee to be a trial judge, but not for a Justice. If originalism is only one tool in Judge Jackson's toolbox, she

might also have a buzz saw in there.

In other hearing news, Judge Jackson said, appropriately, that she plans to recuse herself from the looming case on Harvard's racial-preference policies, since she sits on the college's board of overseers. But she refused to take a position on progressive calls to pack the Court. Would she be happy serving as one of 28 Justices? "If that's the Congress's determination, yes," she replied. "The Congress makes political decisions like that."

We hope she changes her mind about the institutional interests of the Court if she's confirmed. Precisely because it is a political decision, packing the Court is not a justiciable case that the Justices must refrain from prejudging. Justices Stephen Breyer and Ruth Bader Ginsburg both publicly opposed the idea, and it's healthy to have that message sent by at least one Democratic appointee.

Republican Senators tried to portray Judge Jackson as soft on crime, in particular on sentences for child pornography offenders. The effort wasn't persuasive, though the claim that Republicans were harder on the Judge than Democrats were on Brett Kavanaugh is ludicrous. Democrats demanded that Justice Kavanaugh withdraw his nomination based on uncorroborated claims that he was a sexual harasser and alcoholic.

Judge Jackson is likely to be confirmed as the 116th Justice of the Supreme Court. Although this wouldn't change today's 6-3 Court majority, the game is long, and two of the conservatives are in their 70s. It doesn't take much imagination to see a Justice Jackson writing for a liberal Court within a decade, certainly two.

That's a setback for conservative legal principles, but it's the reality of a Senate run by Democrats. President Trump's election-fraud self-indulgence cost the GOP two Georgia Senate seats, and the price of that defeat keeps going up.

She professes—at least for now—his philosophy of original meaning.

Mugged by Energy Reality

Federal regulators rarely backtrack, especially as quickly as the Federal Energy Regulatory Commission. Yet on Thursday Democratic commissioners hit pause on a new policy requiring a greenhouse-gas analysis for natural gas pipelines and export projects. Good for them.

The commission last month voted 3-2 with Republicans in dissent to revise its policy for approving gas pipelines and export terminals. FERC by law must certify that projects are in the public interest and won't have a significant environmental impact, but Democratic commissioners added greenhouse-gas emissions to their permission analyses. Their excuse was a court ruling that they claimed required the change, though it really doesn't.

Indirect emissions from upstream production and downstream consumption could also have to be tabulated under the rule, even though these are impossible to quantify reliably. Who knows how much more gas will be produced if a pipeline is built? Rest assured, progressives will claim every new pipeline massively increases emissions.

On one point, they are right: Pipelines encourage more energy production. A dearth of U.S. pipeline capacity, especially in Appalachia, has suppressed investment in supply. Crude can be transported by rail or truck. Natural gas can't. The U.S. also can't send more liquefied gas to Europe without more pipelines and export terminals. FERC's climate pol-

icy was a gift to Vladimir Putin.

His bloody war on Ukraine and weaponization of Russian gas against Europe illuminate the stakes. Perhaps Democratic commissioners were mugged by energy reality like the Europeans. We're told Democratic commissioners were also stunned by the backlash in Congress, especially

from Joe Manchin.

The West Virginia Senator blasted the commissioners from his own party at a hearing this month: "I believe you all took the direction from the court and applied it far more broadly than you needed to, setting in motion a process that will serve to further shut down the infrastructure we desperately need as a country and further politicize energy development in our country."

Chairman Richard Glick on Thursday did a soft retreat by recasting last month's policy statements as "drafts" on which FERC will seek public comment. "In light of concerns that the policy statements created further confusion about the Commission's approach to the siting of natural gas projects, the Commission decided it would be helpful to gather additional comments from all interested stakeholders, including suggestions for creating greater certainty, before implementing the new policy statements," he said.

We'll take the reprieve. But the better way to eliminate investment uncertainty would be for FERC to rescind the proposal in toto.

FERC reverses itself on a climate rule for approving gas pipelines.

Meanwhile, in the Pacific . . .

The world is rightly focused on Russia's invasion of Ukraine, but don't sit on the Indo-Pacific. A spate of bad news outside Europe this week is a reminder that the U.S. and its allies face challenges from authoritarian regimes on multiple fronts.

North Korea on Thursday fired an intercontinental ballistic missile, its 12th missile test this year. The first ICBM launched since November 2017, it flew higher than any North Korean missile has. The missile landed in waters off Japan's western coast, but the test demonstrates again that Pyongyang could threaten the U.S. mainland.

The missile launch violated United Nations Security Council resolutions, but that doesn't seem to trouble China or Russia these days. The Russian foreign ministry said this week it hopes to expand bilateral relations with the North, and China seems to like the idea that dictator Kim Jong Un torments the West.

South Korean President Moon Jae-in's conciliatory policy toward the North has clearly been a failure. The good news is that South Korean President-elect Yoon Suk-yeol, who takes office in May, ran on a platform of improving air and missile defenses and deepening cooperation with Washington.

Meanwhile, China keeps expanding its military reach in the Pacific. Beijing has "fully militarized" at least three islands it built in the South China Sea, the Associated Press reported this week. "The function of those islands is to expand the offensive capability of the PRC beyond their continental shores," U.S. Indo-Pacific commander Adm. John C. Aquilino said. "They can fly fighters, bombers plus all those offensive ca-

pabilities of missile systems."

China may also be negotiating a security deal with the Solomon Islands, according to documents that appear to have been leaked from the island government. The deal could eventually lead to Chinese forces deployed to the South Pacific nation a few hours of flight time from Australia.

A Chinese military base with offensive capabilities could follow. Canberra has long guaranteed the Solomon Islands's security but China has gained ground as it assisted the government after opposition protests last year. China's assistance always comes with a fee.

By the way, remember Afghanistan? President Biden would like to forget, but Chinese Foreign Minister Wang Yi dropped by Kabul on Thursday to meet with Taliban officials. China, which has been growing its footprint in Central Asia for years, has no qualms about dealing with unsavory regimes and will look to cut favorable deals on mining or infrastructure.

This is the way the world usually works. Trouble in one theater provides incentive for other rogues to create trouble while the U.S. and other democracies are preoccupied.

Our advice to the Solomons and other smaller nations is to think twice before getting in bed with Beijing or Moscow. Russia's invasion of Ukraine and China's support for Russia are helping to clarify who are friends of the free world and who isn't. China stands with North Korea and Russia with Syria.

America's closest allies are success stories like Japan, Germany, Poland and South Korea. The West isn't perfect, but who would you rather have on your side?

LETTERS TO THE EDITOR

Hunter Biden Finally Makes the Gray Lady

Regarding Gerard Baker's "Hunter Biden's Laptop and America's Crisis of Accountability" (Free Expression, March 22): The media excuse that it ignored the laptop because of "uncertainty about its provenance" is hogwash. We all know that if a similar story had emerged about the Trump family, even with no credible source, the mainstream media would have run it nonstop.

There was no question about the validity of the story, which was verified by Tony Bobulinski. The coverage by the New York Post was extensive and believable. The Biden family never even denied the story—it merely refused to discuss it and the press allowed it to dodge the issue.

ROBERT M. SUSSMAN
Paradise Valley, Ariz.

The "revelations" from the New York Times that Hunter Biden's laptop is real is all the more remarkable in highlighting the media's lack of introspection ("All the News That's Finally Fit to Print," Review & Outlook, March 19).

The media piously condemns Vladimir Putin's propaganda machine, and justifiably so, yet it seems blind to how it has blocked reporting on Biden Inc. The quarantining of valid, important news stories by the media here borders on propaganda.

I predict the media will seriously examine the Biden family influence-peddling schemes late next year—if the president's poll numbers haven't budged and he's showing a determination to run for re-election. The powers that be will then rediscover this scandal to get the president to re-examine his decision.

FRED VAN BENNEKOM
Bolton, Mass.

Why Prices Rise More Quickly Than They Fall

Your editorial "Biden's Vast Oil Conspiracy" (March 17) notes the Federal Reserve's finding that "when oil prices rise after being steady for some time—gasoline prices shoot up quickly," but "when oil prices fall after being steady for some time, gasoline prices retreat slowly." The editorial explains that asymmetry as firms' response to the knowledge that oil-price declines may be temporary fluctuations. This explanation works only because of the more fundamental fact of adjustment costs.

Throughout the production chain, it is easier to cut back production than it is to increase it. It is easier to mothball an existing plant than build

a new one, easier to lay off an employee than search for, hire and train a new one, and so forth. The underlying asymmetry in adjusting quantity leads to the asymmetry in adjusting price that's found in markets for both producer and consumer goods.

In the short run, asymmetric pricing may hurt consumers, and it may seem to help if political pressure speeds cost pass-through. But pressure to artificially lower prices today hurts consumers in the long run by deterring investment to expand output, which means there will be less supply and higher prices later on.

SHELDON KIMMEL
Washington

Montessori Schools Have a Record of Success

In reviewing "The Child is the Teacher" (Bookshelf, March 17), Barbara Spindel asks how those "unpinned butterflies," the children free in Montessori classrooms, turned out. Two lottery-control studies in public Montessori schools showed that Montessori 5-year-olds had better math and reading performance, better social skills and knowledge, more advanced moral reasoning and higher executive function. Findings with lower-income 5-year-olds are particularly impressive. Montessori 12-year-olds wrote more complex and creative stories, were

more socially adept and had a stronger sense of their schools as communities. Another study showed higher adult well being among Montessori grads.

Former Montessori students recall liking school at higher rates, and learning is what they recall liking most about it. Black children in Montessori are significantly more proficient on states' third-grade math exams, and all groups were more proficient on reading and language exams in third and eighth grades. They performed worse on math exams in third grade but slightly better in eighth.

Several studies find Montessori children less creative before age 6, and more creative in elementary school. The research base is growing, and results suggest that unpinning the butterflies in carefully prepared environments might be a very good way to help human flourishing.

PROF. ANGELINE LILLARD
University of Virginia
Charlottesville, Va.

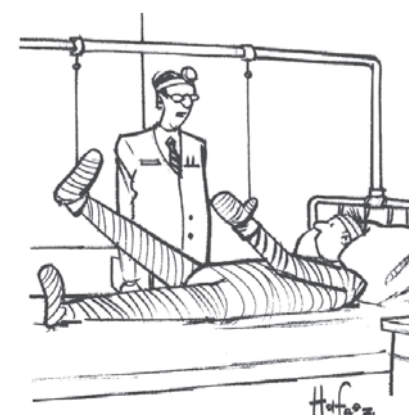
There's a Time to Be Devious

"What to Do With Those Polish MiGs?" (op-ed by Kate Bachelder Odell, March 21). Take a page from the Putin playbook: Deny that the jets will ever go to Ukraine. Tell Ukraine's pilots where by the border they're all parked, and wish them Godspeed.

ROBIN COOPER
Eastpoint, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



"You need to take it easy for a while."

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WORLD NEWS

North Korea Test-Launches ICBM

Engine Parts From Crashed Jet Found

Seoul says weapon traveled farther than 2017 test that showed missile could hit U.S.

North Korea said it had successfully tested a new intercontinental ballistic missile, at the direct order and supervision of Kim Jong Un, who called it a new strategic weapon that

By *Timothy W. Martin* in Seoul and *Chieko Tsuneoka* in Tokyo

makes the whole world clearly aware of the country's military power once again.

Known as the Hwasong-17, the North Korean ICBM was launched Thursday from near the country's international airport on the outskirts of Pyongyang. North Korea's state media reported that it met all the test parameters and that the missile's use "can be guaranteed scientifically, technically and practically under wartime."

Mr. Kim, sporting dark sunglasses and a black leather jacket, boasted of his regime's advancing nuclear deterrence and warned any forces attempting to infringe on his country's security "will have to pay a very dear price," state media quoted him as saying.

The North's strategic forces stand "fully ready to thoroughly curb and contain any dangerous military attempts of



People in South Korea watch a TV news report on North Korea's intercontinental ballistic missile test.

the U.S. imperialists," Mr. Kim said. The country should keep bolstering its nuclear war deterrence to "cope with all kinds of potential crises in the future," he added.

Initial flight data, provided by South Korea and Japan, suggested the missile soared higher and longer than North Korea's previous ICBM test in November 2017—a launch that demonstrated the regime, for the first time, had the capability to strike the U.S. mainland.

The Thursday ICBM launch essentially brings to a close a historic, though ultimately fa-

miliar, chapter of North Korean nuclear diplomacy. For a while, the major provocations stopped and high-level talks occurred. But North Korea is no closer than before to surrendering its nuclear arsenal. Now Pyongyang is back on a missile-testing spree.

The U.S. and North Korea haven't held formal negotiations in more than two years. The Biden administration, which strongly condemned the latest launch, faces greater challenges today to punish the Kim regime. In 2017, China and Russia agreed to additional

United Nations Security Council sanctions following North Korean ICBM and nuclear tests. Support from Beijing or Moscow looks far less certain now.

North Korea's ICBM launch, given the current state of global affairs, is unlikely to create a huge difference in practical terms for the prospect of talks with the U.S. or South Korea, said Ramon Pacheco Pardo, the KF-VUB Korea chair at the Brussels School of Governance.

The missile was launched at 2:34 p.m. local time from the Sunan area, hitting an altitude

of more than 3,700 miles and traveling more than 680 miles, Seoul's military said.

Japan, which provided similar flight data, said the missile had flown for about 71 minutes based on an initial assessment. North Korea state media later reported similar flight data of the launch.

In response to the ICBM launch, South Korea said it had test-fired five missiles from the ground, sea and air, demonstrating it could strike a North Korean launch site and other support facilities at any time, Seoul's military said.

Based on the improved flight data, North Korea demonstrated a new capability: an ability to carry several tons of payload over an intercontinental range—enough for a single, heavy warhead or multiple, smaller ones, said Markus Schiller, a rocket scientist at ST Analytics, a research and consulting firm in Munich.

In an emergency meeting with National Security Council officials, South Korean President Moon Jae-in condemned the launch and said Mr. Kim had broken his promise with the international community to suspend ICBM tests.

White House press secretary Jen Psaki on Thursday said the new launch "needlessly raises tensions."

—*Jiyoung Sohn* in Seoul and *Catherine Lucey* in Washington contributed to this article.

Solomon Islands' China Ties Roil Australia

By *DAVID WINNING* AND *ALASTAIR GALE*

SYDNEY—Australia expressed alarm at the prospect of one of its closest neighbors falling more under Beijing's sway after a document circulated online suggesting China and the Solomon Islands are crafting a new security pact.

The draft document, titled as a framework agreement on security cooperation, said the Solomon Islands could ask China to send armed police and military personnel to quell unrest, among other missions, including disaster response. It also said the Solomon Islands could allow Chinese naval ships to dock in the country and protect the safety of Chinese citizens and major projects.

Australia, which sent a peacekeeping force to the Solomon Islands in November to help restore order after violent protests, said Thursday that Pacific countries don't need security assistance from outside a region that is becoming more crucial for U.S. and allied military planners as they sharpen their focus on Asia.

"We would be concerned by any actions that destabilize the security of our region," a spokesperson for Australia's Department of Foreign Affairs and Trade said.

The Solomon Islands High Commission in Australia and China's Ministry of Foreign Affairs didn't respond to requests to comment. News that the Solomon Islands is considering a broad security deal with China was earlier reported by Reuters, citing comments by Karen Galokale, the country's permanent secretary for the Ministry of Police, National Security and Correctional Services.

Ms. Galokale told The Wall Street Journal that she wasn't authorized to make any statement about a draft security pact or the status of any continuing discussions. "If ever



A woman in Honiara's Chinatown thanked Australian soldiers patrolling the neighborhood after violent demonstrations in December.

there is any...such agreement, it will just be the same as what we have with countries like Australia," she said.

Security experts said Australia has invested heavily in security in the Solomon Islands, as well as law and justice, so it would be alarmed at the prospect of China playing a military role in a country only around a three-hour flight time from its northeast coast.

"It's a pretty expansive security agreement that would be far greater than any agreement that China has made with any Pacific Island nation," said Jonathan Pryke, director of the Pacific Islands program at the Lowy Institute, a think tank.

China's growing presence in the Pacific has increasingly alarmed Australia and the U.S., which have long considered

the region to be part of their sphere of influence. In February, the White House released its formal Indo-Pacific strategy, which called out Beijing for using economic, diplomatic, military and technological might to expand its clout.

The release of Washington's Indo-Pacific strategy coincided with Secretary of State Antony Blinken attending a summit with counterparts from Australia, India and Japan—collectively known as the Quad—to discuss regional security. Mr. Blinken then visited Fiji in an effort to signal Washington's commitment to the Indo-Pacific region, which he said would shape the trajectory of the 21st century.

The U.S. is striving to retain a focus on China as a primary security concern despite the distraction of the war in Ukraine, which has prompted

Washington to plan for an increase in defense spending and expand its military presence near Russia. Australia in February accused the Chinese navy of shining a military-grade laser at a surveillance plane flying over its territorial waters, in the latest escalation of tensions that have seen the two countries clash over issues including trade.

The Solomon Islands, home to around 690,000 people and with a land area slightly smaller than the state of Maryland, illustrates the challenge that the U.S. and allies including Australia have in pushing back against China and building alliances across the Pacific.

In 2019, the Solomon Islands switched diplomatic ties to Beijing, from Taiwan. Many of the stores lining the main street of the country's capital,

Honiara, are owned by recent Chinese migrants.

"The Solomons are strategically located and has deep water anchorages and a ton of natural resources," said Grant Newsham, a former U.S. Marine colonel who studies security in East Asia.

Mr. Newsham said a new security agreement, if approved by the Solomon Islands' parliament, would be a major political success for China because it demonstrated the inability of the U.S. and its allies to limit Beijing's reach. "This is basically a treaty for a protectorate," he said.

The draft security pact circulating on Thursday "looks like China pushing as far as it can in response to the unrest that targeted Chinese people so directly," Mr. Pryke said.

—*Josh Chin* contributed to this article.

WORLD WATCH

AFGHANISTAN

Top Beijing Diplomat Visits Taliban Rulers

China's foreign minister made a surprise visit Thursday in Afghanistan's capital, meeting with the country's new Taliban rulers—even as the international community fumes over the former insurgents' broken promise to reopen schools to girls beyond the sixth grade.

According to the official Bakhtar News Agency, Wang Yi was to meet with Taliban leaders "to discuss various issues, including the extension of political relations, economic, and transit cooperation."

The Taliban, who seized power last August after 20 years of war, have been seeking international recognition to open up Afghanistan's economy, which has been in free fall since their takeover.

—*Associated Press*

SOUTH SUDAN

Peace Deal at Risk As Rival Forces Clash

Fresh fighting broke out between rival soldiers in South Sudan, threatening a fragile peace agreement forged with the help of outsiders including the U.S.

Sporadic fighting was reported Thursday in Upper Nile

state, according to spokesmen for the rival groups.

Army Maj. Gen. Lul Ruai Koang, spokesman for South Sudanese government troops, charged that rival forces—known officially as the Sudan People's Liberation Army In Opposition—had "declared war" in attacking their positions in Longchuk County.

Col. Lam Paul Gabriel, a spokesman for the rival forces, said government troops attacked first. His group's political bureau on Tuesday had approved the suspension of its participation in meetings of the security mechanisms holding together the peace deal between President Salva Kiir and his rival Vice President Riek Machar.

—*Associated Press*

SOMALIA

Lawmaker Among Bombing Victims

A prominent Somali female lawmaker is among at least 48 people killed in a suicide bombing that hit a polling station in rural central Somalia, police and a local official said Thursday.

The attack took place late Wednesday in the town of Beledweyne, the capital of Somalia's Hirran region. Among its victims was opposition lawmaker Amin Mohamed Abdi, an outspoken government critic who was campaigning to retain her seat in the National Assembly.

—*Associated Press*



SHIELDS UP: Guards protected former South Korean President Park Geun-hye, who was pardoned for a government-corruption scandal in December, after a bottle was thrown at her Thursday.

BUSINESS & FINANCE

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Car Buyers Lease Fewer Vehicles

Pullback could crimp supply of used autos and demand in the coming years

By Nora Eckert

Fewer Americans are leasing new vehicles because of higher prices and scarcity on dealer lots, a pullback that could crimp the supply of used vehicles and interested buyers in the coming years.

The percentage of new cars and trucks leased during the Covid-19 pandemic has declined, dropping to 19% of overall retail sales this year through March 13, the lowest since 2009, according to research firm J.D. Power. Leasing accounted for about 30% of the broader retail market in the

years leading up to the health crisis, the firm's data show.

The car shortage has prompted many auto makers to drop the discounts and other types of promotions they typically offer to make leasing attractive.

"Buyers face sticker shock when they come out of one lease into another," said Mike Maroone, chief executive of Maroone USA, which owns six dealerships in Colorado and Florida.

In some cases, leasing a luxury model costs about the same in monthly payments as financing one, spurring more consumers to buy out their existing leases or put their next vehicle lease on pause.

For instance, a 2022 Volvo XC90 is leasing for an average of about \$951 a month, \$8 more a month than to finance

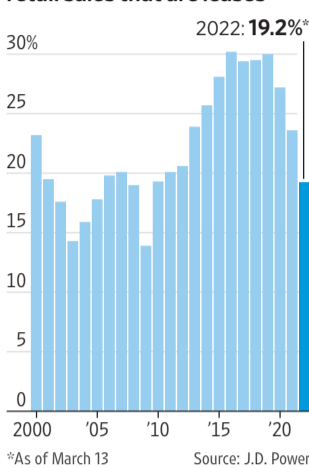
the vehicle, according to data from car-buying site Edmunds. In 2019, it was about \$216 cheaper to lease than finance the same model.

The drop-off in leasing is yet another way the U.S. car market's recovery from the early days of the pandemic is being hampered by a mismatch in supply and demand.

The higher lease rates are also adding to concerns about affordability, as leasing has long been a popular option for consumers looking to get into a new vehicle but at a lower monthly payment than if they were to buy the car outright.

Leasing is typically offered by an auto maker's financing arm, the entity that owns the vehicle and essentially rents it to the customer for a fixed period, often two to three years. At the end of the term, the cus-

tomers can either buy out the lease at a preset price or return it to the dealership. If returned, the car company usually resells the vehicle at auction.



tomers can either buy out the lease at a preset price or return it to the dealership. If returned, the car company usually resells the vehicle at auction.

Leasing has been particularly important for the luxury-car market, where for brands like BMW, Mercedes-Benz and Volvo it has historically accounted for nearly half of their sales, according to J.D. Power.

While leasing is still generally cheaper, the monthly payments are rising at a faster clip than those on financed vehicles. In February, the average monthly lease payment was \$560, about 19% higher than it was in the same month two years ago, according to Edmunds. The average monthly cost of financing a car was \$637 in the same month, a 12% increase from February 2020, the car-shopping website's data show.

To make a lease more attractive, car companies often contribute money to the deal. In

Conflict Upends European Bets by Investors

By Caitlin McCabe

European stock indexes have largely clawed back losses suffered since President Vladimir Putin sent Russian troops into Ukraine. That doesn't necessarily mean traders are feeling optimistic.

Investors around the world say they are still looking skeptically at investing within the European continent, even though the pan-continent Stoox Europe 600 is hovering almost exactly where it closed the day before the invasion. The euro, meanwhile, has rebounded slightly from the nearly two-year low the currency reached this month.

The recent rise in European stocks has come alongside a broader rally that has lifted U.S. and Asian stocks alike, sending the S&P 500 5.5% higher since the war began. Many investors and analysts have chalked the global recovery up to bargain hunting. Some strategists have also suggested shifting into stocks as a hedge against inflation.

Yet many investors are stopping short of putting full faith in European markets. With the European Union dependent on Russia for 40% of its gas, many investors have decided that the potential for surging inflation, new supply-chain snarls and even a recession presents too much of a risk. Instead, they are shifting into regions they perceive to be more insulated from the war, including the U.S. and some emerging markets.

Many investors had expected Europe to produce outsize gains in 2022 after two years of U.S. dominance in global stock markets. Compared with the U.S., where indexes are swayed by technology behemoths, Europe's markets are more dominated by energy companies and bank stocks that do well when inflation is rising.

The war has scrambled those bets. Investors yanked \$23.4 billion from Western European stock-focused mutual and exchange-traded funds in the three weeks between Russia's invasion and March 16, data from fund-flow tracker EPFR show. That is more than

STREETWISE | By James Mackintosh

Yield Curve Flashes Near-Recession, Maybe



Predicting recessions involves a lot of correlation and not a lot of causation.

What many believe is the best predictor is from the Treasury market, and it is back in focus: an inverted yield curve, or higher yields on short-dated bonds than on long-dated bonds.

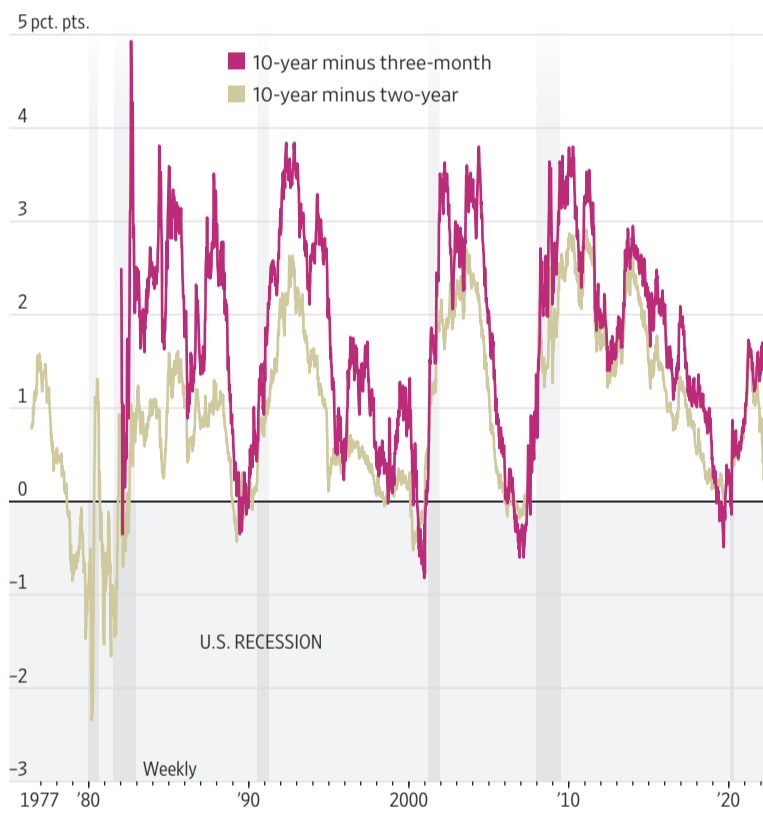
The correlation is what convinces many that we are close to a flashing warning sign. The yield curve has inverted before every recession, and one widely used version is close to inverting again. The gap between the two-year yield and the 10-year yield fell below 0.2 percentage point in the past week for the first time since the 2020 recession.

There are issues with the correlation I will come back to shortly, but first think about the causation. Economic history has some pretty compelling explanations for many recessions, and it strains credulity to think the yield curve predicted at least two of them in advance.

The 1973-1974 recession was clearly caused by the Arab oil embargo that began in October 1973, after the U.S. gave aid to Israel to defend itself. The yield curve had inverted in March that year (data on two-year Treasuries don't go back that far, but one-year yields

The gap between short- and long-dated bonds is often used as a recession indicator. But right now the three-month and two-year are sending different messages.

U.S. Treasury yield curve spread*



*As of Wednesday †As of Tuesday ‡Day three-month yield rose above 10-year **False alarm Sources: Federal Reserve Bank of St. Louis (U.S. Treasury yield curve spread); Refinitiv (10-year minus two-year government-bond yield); Refinitiv, National Bureau of Economic Research (return)

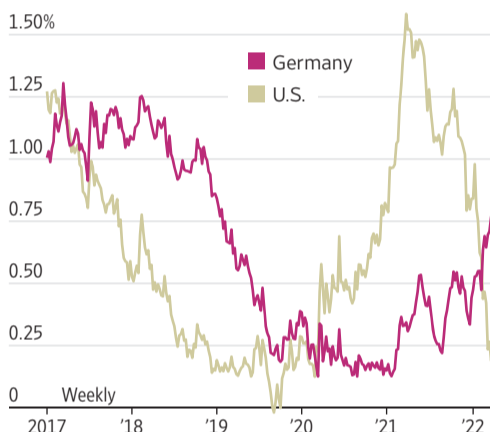
rose above the 10-year), supposedly predicting a recession. Treasury traders hadn't predicted the war or embargo, however, so how could they have predicted

the recession? The brief 2020 recession was equally clearly caused by the pandemic, and we all remember why. The yield curve had inverted in 2019, but even the

most extreme Covid-19 conspiracy theorist would struggle to believe that bond traders had advanced warning that Covid-19 was on the way.

Germany is widely believed to be more at risk of recession than the U.S., but its yield curve suggests otherwise.

10-year minus two-year government-bond yield†



S&P 500 total return from date of curve† inversion to start of recession

March 1989	28.3%
September 1998**	22.2
April 2000	-22.6%
January 2006	18.8
March 2019	7.4

The current yield-curve focus is on the U.S., but Europe, and especially Russian-energy-reliant Germany, is regarded by

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Wall Street Pours Millions of Dollars Into Gym Franchises

By Matt Wirz

Gym chains are back in favor on Wall Street for the same reason Peloton Interactive Inc. is on the outs: Americans are tired of working out at home.

Budget operator Planet Fitness Inc. and its franchises attracted hundreds of millions of dollars from private fund managers in recent months, according to people familiar with the deals. Higher-end clubs like Life Time Group Holdings and Bay Club Co. have also seen fresh investor interest in their stock and debt, respectively.

Oaktree Capital Management LP, MidOcean Partners and Soroban Capital Partners LP are among the investors buying debt and equity of the gyms that made it through the worst of the pandemic. They are betting that the survivors, many of which lagged behind the broader markets last year, are poised to grow. Prices of stock and loans of several chains have rebounded over the past nine

months.

"The smart money is figuring out how to take advantage of the dislocation," said Milwood Hobbs, the head of Oaktree's North American sourcing and origination. "The urban higher-end gym is still struggling, but the...mainstream chains are doing quite well."

Oaktree in December lent roughly \$120 million to a large Planet Fitness franchisee with 70 locations primarily in New York and California, Oaktree executives said on a conference call with Wall Street analysts. The Carlyle Group with Goldman Sachs Asset Management made a similar loan in November, backing private-equity firm HGGC LLC's purchase of another Planet Fitness franchisee with 42 locations.

Oaktree's loan will help the franchisee pay for its recovery and growth, the Oaktree executives said. Oaktree negotiated a roughly 7.5% interest rate on the financing, well above the 6% average for

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Southwest introduces a new type of ticket with perks as it seeks to expand revenue. B2



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Former CEO Made Fidelity Into Investing Powerhouse

By Justin Baer

Edward "Ned" Johnson III, who transformed Fidelity Investments into a financial behemoth and opened Wall Street to millions of Americans, died on Wednesday. Mr. Johnson was 91 years old.

"He passed away peacefully at home in Florida surrounded by his family," Abigail Johnson, who succeeded her father as Fidelity's chief executive in 2014 and chairman in 2016, wrote Thursday in a LinkedIn post.

Mr. Johnson died of natural causes in Wellington, Fla., where he lived in recent years, a Fidelity spokeswoman said. Mr. Johnson inherited the Boston company from his father in the 1970s, as investors were grinding through a bear market. While many of Fidelity's competitors flourished, Mr. Johnson pushed the firm to remake itself through new ventures.

Fidelity was the first to offer a money-market fund that let investors write checks on their holdings. The firm created a toll-free number and



Mr. Johnson and his daughter Abigail Johnson in 2004.

advertised. (Mr. Johnson helped write the ad copy.) Fidelity opened its own discount brokerage, furthering its reach among individual investors, and expanded overseas. Under Mr. Johnson's watch, Fidelity built the nation's biggest 401(k) business.

His enthusiasm for stocks—and talent for marketing star managers such as Peter Lynch—helped rekindle many Americans' love affair with the market. "Fidelity would have

stagnated had Ned not come in and created a brand new company," said Joshua Berman, a longtime legal adviser to Mr. Johnson.

Many of the initiatives represent what may be Mr. Johnson's most-enduring legacy, according to the executives who worked with him: "He wanted to take investment tools available to his social class and spread them across the middle class," said Robert Pozen, a

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Southwest said in December that it expected a new type of fare and other initiatives to add \$1.5 billion to pretax earnings next year.

Southwest Ticket Adds New Perks

By ALISON SIDER

Southwest Airlines Co. is launching a new type of ticket with some additional perks as it looks to boost revenue and its appeal to business travelers.

The new fare will rank above Southwest's cheapest option and be positioned below two pricier tiers. It includes additional features the airline hopes travelers will pay up to get: the option to cancel flights and give the credit to a friend, family member, co-worker or anyone else who is a member of Southwest's frequent flier program; and same-day flight changes without paying any price difference.

Airlines have worked in recent years to carve their offerings into ever narrower niches, embracing an à la carte pricing model to get customers to spend more for ex-

tra leg room, better seat locations and other benefits that were once bundled into the cost of a ticket.

They have bet that this strategy will help them appeal both to bargain hunters and big spenders and to compete with discount carriers that offer cheap base prices with layers of added fees. Southwest has pursued a delicate balance in finding ways to bring in more revenue without taking away the perks that have made it popular with customers in the first place.

The airline allows people to check up to two bags free and doesn't charge change fees—a policy several major carriers emulated for the first time during the pandemic as they looked for ways to spur booking among anxious travelers.

Southwest said in December that it was planning to start offering a new type of fare that, along with other ini-

tiatives like a modernized revenue-management system, would bring in an additional \$1.5 billion in pretax earnings next year.

The new fare will likely go on sale in the coming months, and Southwest hasn't said how much more it will cost. Executives said the airline's new offering, its first new fare type since 2007, won't take any benefits away from its lowest-tier tickets.

Right now, customers who buy the cheapest Southwest tickets get a flight credit they must use within 12 months if

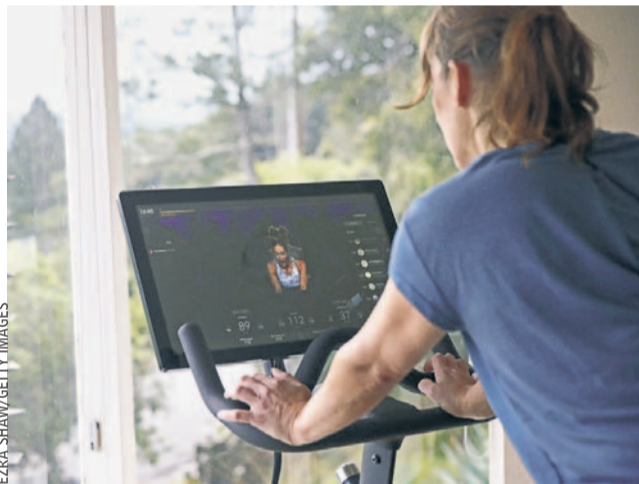
they cancel the trip, while only those who buy pricier tiers of fares can get a refund. Southwest fliers buying the cheapest fares don't pay a fee to change or cancel flights, but they can end up paying for an increased fare to fly on another flight the same day.

Southwest found in its research that customers possess credits they don't have the time or ability to use and would like to transfer them to someone else, said Jonathan Clarkson, Southwest's vice president of marketing, loyalty and products. "That is a pain point that a lot of our customers relay," he said.

Executives said they believe the new offering and other upgrades to Southwest's business-focused fares will appeal to both corporate and leisure travelers, and they come as Southwest is trying to grab a bigger share of corporate travel budgets.

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The same trend of people tiring of home workouts—which hurt Peloton Interactive—is boosting workout club chains.

Wall Street Wagers on Gym Clubs

Continued from page B1

most loans to midsize businesses at the time, according to data from LevFin Insights.

The coronavirus pandemic drove companies like 24 Hour Fitness Worldwide Inc., Gold's Gym International Inc. and Town Sports International Holdings Inc. to file for bankruptcy-court protection. Consumers turned to at-home workout companies like Peloton, with investors pumping the stationary-bike company's stock up more than 500% at its peak.

Last year, as home workouts grew tiresome and the release of Covid-19 vaccines reduced infection risk, more consumers began signing up for gyms again. Planet Fitness customers rejoined at a rate of 30% in 2021 compared with 20% pre-pandemic, Chief Executive Christopher Rondeau told analysts on a February conference call.

Sam Rimland, a 30-year-old television commercial director in Brooklyn, N.Y., quit Planet Fitness in March 2020. He went back about seven months ago after getting a second vaccine dose.

"I was doing exercises in my living room purely to make sure I kept some kind of toning and muscle mass, but I didn't particularly get the satisfaction that one gets at the gym," Mr. Rimland said. "It's been nice to go back to that routine."

Planet Fitness, the public holding company for about 2,200 gyms under its brand, weathered the pandemic in part because most of its locations are franchises, keeping costs low. Membership also rebounded quickly thanks to low fees starting at \$10 a

month. The company added more than 100 new locations and revised its earnings guidance upward last year.

Hedge-fund managers like Soroban and Artemis Investment Management began buying more Planet Fitness stock last summer, according to data from S&P Global Market Intelligence. The shares have gained about 12% since the end of June. Peloton's stock has fallen about 77% over the same period; the company earlier this year replaced its chief executive and cut 2,800 jobs. Soroban and Artemis declined to comment.

Some fund managers are wagering on luxury chains that operate mostly in the suburbs and target affluent families with country-club-style amenities like golf courses, tennis courts, pools and restaurants. The outdoor options and spending power of the clientele helped tide such companies over.

Last summer, alternative asset manager MidOcean started buying the debt of Bay Club, a West Coast company catering to the media and technology elite living around Los Angeles and San Francisco. Some of Bay Club's loans traded as low as 90 cents on the dollar at the time, while MidOcean believes the value of the company's real estate alone exceeds \$800 million, said Dana Carey, chief investment officer of MidOcean's \$7 billion credit arm. The loans now trade sporadically around 95 cents on the dollar, he said.

Some luxury gym owners have taken advantage of investor appetite to take money off the table. Private-equity firms Leonard Green & Partners and TPG purchased Life Time Fitness Inc. in 2015 for more than \$2.8 billion and listed it on the New York Stock Exchange last October. The partial stock offering raised about \$700 million. The company's shares have since lost about 25%.

Leasing Business Declines

Continued from page B1

the first quarter of 2020, auto makers spent on average \$7,000 a vehicle to discount leases, compared with around \$4,200 a vehicle on financing, according to J.D. Power.

But such spending can also cut into profits. Lately, with inventories tight, car companies have had less incentive to offer such promotions, executives and analysts say. The average industry spending on leasing has dropped 44% in the past two years to around \$4,000 a vehicle in early 2022.

Scott Keogh, chief executive of Volkswagen Group of America, said he doesn't see a rebound soon for leasing to its previous levels, because car companies are trying to put priority on more lucrative sales.

"But don't get me wrong, we're not walking away from it," Mr. Keogh said. "I think it's still a smart thing."

For now, consumers such as 36-year-old Los Angeles resident Schuyler Hunt are looking for workarounds to the higher leasing costs.

Mr. Hunt, who works in advertising, was about to turn in his leased Audi A3, planning to replace it with a hybrid or electric car. He said he knew he would likely have to pay more but was stunned to find most dealers quoting him double his current lease payment of \$360 a month.

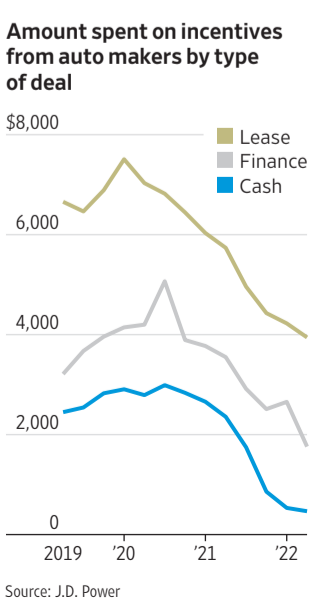
"I laughed, and I think I said something inappropriate," Mr. Hunt said, referring to one lease offer with a payment of more than \$700 a month. Instead, he said he bought out his lease on the Audi because he determined it would be cheaper to finance the car than enter into a new lease.

The impact of such decisions is likely to have longer-term implications for auto makers and dealers, who rely on leasing to drive repeat business and help replenish preowned inventories. Already, the leasing drop-off is taking its toll on the number of vehicles returning to dealerships.

In the fourth quarter of 2021, GM Financial, the financing arm of General Motors Co., reported its U.S. lease returns had dropped to 1%, down from 62% a year earlier.

Auto executives and dealers say many customers are holding on to their leases longer or buying them out at the end of their terms, in part because they can't find a replacement on the lot. "Leases do create this wonderful steady stream of customers who have to come back to market," said Thomas Kar, an analyst for J.D. Power.

Vehicles coming off lease help ensure the used-car market has a consistent supply of low-mileage models that are only a few years old. With fewer people leasing, the pipeline is also being disrupted, compounding an existing shortage of used cars on dealership lots, dealers say.



A Volkswagen America executive says car makers are putting priority on more lucrative sales.

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BUSINESS NEWS

Credit Suisse Sees \$500 Million Hit From Lawsuit

By MARGOT PATRICK

Credit Suisse Group AG is expected to pay around \$500 million after losing a lawsuit brought by a Georgian billionaire who claimed the bank mismanaged his money.

Credit Suisse has spent years fending off claims from Bidzina Ivanishvili, a former prime minister of Georgia. He sued the bank in Bermuda and Singapore for breach of trust, alleging he lost \$800 million on forged trades made by his Geneva-based private banker, Patrice Lescaudron. Mr. Ivanishvili sought \$400 million damages in Bermuda's Supreme Court, where a five-week trial ended in December.

Credit Suisse said it had taken reserves previously, without saying for how much.

In a statement Wednesday, Credit Suisse said a judgment against the bank was expected shortly in Bermuda for potentially more than \$500 million. A person familiar with the matter said the judgment stems from Mr. Ivanishvili's lawsuit.

Mr. Lescaudron was sentenced in Switzerland to five years in prison in 2018 for fraud and forgery. He admitted cutting and pasting client signatures to divert money and buy stocks without their knowledge, causing more than \$150 million in losses, according to the Geneva criminal court.

At his trial, Mr. Lescaudron said his aim was always to make big returns for his clients, and some money for himself, too. He apologized to Credit Suisse, former col-

leagues and his clients for his actions. Mr. Lescaudron served a two-year pretrial detention and was released in 2019. He killed himself in 2020.

Credit Suisse contested Mr. Ivanishvili's claims, and has said it was also a victim of a rogue employee breaking the rules. But evidence in the Bermuda trial included a report for Switzerland's financial regulator in 2017 that found around a dozen executives or managers in Credit Suisse's private bank knew Mr. Lescaudron was repeatedly breaking rules but turned a blind eye, proposed lenient punishment for his misconduct or otherwise glossed over the issues because he brought in around \$25 million in revenue a year.

Credit Suisse tried to block the report, whose contents were first reported by The Wall Street Journal in February 2021, from being shared with Mr. Ivanishvili in the Bermuda proceedings.

The regulator, Finma, publicly censured Credit Suisse in 2018 for inadequately supervising and disciplining Mr. Lescaudron, and said he had repeatedly broken internal rules. Credit Suisse has said it discovered Mr. Lescaudron's fraud in September 2015, when a stock he bought for clients crashed.

The Finma-commissioned report found Mr. Lescaudron's activities triggered hundreds of alerts in the bank that weren't fully probed in the 2009-2015 period studied.

A business-risk manager who tried to escalate the issues told the report's investigators he feared losing his job if he raised the alarm further, according to the report.

Credit Suisse said it had taken reserves previously, without saying for how much, and that it intends to pursue all available legal actions.



The parent company of Olive Garden said sales in the last quarter soared 41%, but the total was below Wall Street expectations.

Darden Restaurants Cuts Outlook And Raises Forecast for Inflation

By WILL FEUER

The parent company of Olive Garden cut its financial guidance for fiscal 2022 and raised its inflation expectations, saying the spread of the Omicron variant in January further disrupted supply chains and is driving costs higher.

Darden Restaurants Inc., which also operates LongHorn Steakhouse, said Thursday that sales jumped more than 41% to \$2.45 billion in the quarter ended Feb. 27. That fell short of analysts' expectations of \$2.51 billion after the Omicron variant surge hurt demand, limited staffing and drove a surge in operating expenses.

Roughly 8%, or 13,000, of the company's employees missed days in January as a result of the surge in Covid-19 cases, Darden Chief Operating

Officer Ricardo Cardenas said. At the same time, he added, warehouse staffing issues, driver shortages, higher meat prices and back-to-back winter storms drove costs higher.

Those challenges among others prompted the company to raise its inflation expectations for the fiscal year to 6% from 5.5%, Mr. Cardenas said. It expects commodity inflation of 9%, with hourly wage inflation approaching 9%. The company's current quarter is its last of the fiscal year.

In response to higher costs, Darden raised prices last quarter, though at a slower pace than its costs, finance chief Rajesh Vennam said. For the full fiscal year, the company said its prices will be about 3% higher.

Mr. Vennam added that the company is weighing whether

to raise prices further while looking for cost-saving opportunities.

Darden also narrowed its guidance on sales and lowered its view on earnings for the year. It now expects annual sales of \$9.55 billion to \$9.62 billion. It previously issued sales guidance of \$9.55 billion to \$9.70 billion.

The company now expects net earnings from continuing operations of \$7.30 a share to \$7.45 a share, down from its December guidance of \$7.35 a share to \$7.60 a share.

Despite the downward revision to guidance, the departing Chief Executive Gene Lee said that consumer demand remains robust and that wages across the U.S., especially among lower-income workers, are rising faster than costs such as higher gasoline prices.

"We believe that wage in-

flation throughout the country is rising at a pretty rapid rate, and so we believe that the consumer can handle that right now based on where things are today," he said, referring to higher costs.

"The environment can shift pretty quickly on us here, but what we're seeing today is that consumer demand remains fairly strong."

Shares of Darden rose more than 1% to \$132.40 a share.

In the fiscal third quarter, the company posted a profit of \$247 million, or \$1.93 a share, compared with \$128.7 million, or 98 cents a share, a year earlier. Analysts polled by FactSet had been expecting adjusted earnings of \$2.10 a share.

Mr. Vennam said the sales slowdown tied to the surge in Covid-19 cases negatively affected earnings by about 30 cents a share.

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TECHNOLOGY

WSJ.com/Tech



Freight technology company Einride is providing the shipper with electric trucks under an agreement. An artist's rendering of a vehicle.

Maersk Line to Electrify North American Operations

By DENNY JACOB

Danish container shipping giant **A.P. Moller-Maersk A/S** is electrifying its North American businesses through a five-year agreement with Swedish freight technology company **Einride AB** that includes the use of 300 electric heavy-duty trucks.

Einride will provide digital and electric freight shipping support and the use of its operating system for the trucks to electrify Maersk's North American warehousing, distribution and transportation

business. The agreement will launch in Los Angeles, Chicago, Newark, N.J., and Savannah, Ga.

Maersk Growth, the company's venture arm, is an investor in Einride, having participated in a \$110 million funding round last year.

The deal comes as Maersk is promising to bring carbon emissions across its global business to net zero by 2040. The work with Einride will help increase capacity and drive the company's sustainability strategy, said Narin Phol, regional managing direc-

tor at Maersk North America.

The 300 electric trucks, which both companies claim to be the largest heavy-duty electric truck deployment so far, will be delivered between 2023 and 2025. Maersk isn't buying the trucks outright but will use the capacity.

Maersk declined to disclose the total cost of the deal.

Maersk Line is the world's second-largest container line by capacity, according to maritime research group Alphaliner, but it has been resetting its strategy to go beyond ocean freight into inland logis-

tics through a series of acquisitions.

The company in February bought U.S. logistics operator Pilot Freight Services in a \$168 billion deal in a purchase aimed at bolstering its ability to move big and bulky freight in North America.

Maersk said its long-term goal in North America is to move toward a fully electric trucking fleet.

"If this is a success, there is no reason why we don't have the same operation across all port cities in the U.S.," Mr. Phol said.

Apple Makes Case With Appeals Court On Epic's Lawsuit

By TIM HIGGINS

Apple Inc. on Thursday said a judge's ruling that it was violating California's unfair competition law should be overturned because she had already found the iPhone maker's in-app payment system was competitive.

It is the first full-throated filing by Apple laying out the Cupertino, Calif., company's argument in the appeals fight over the high-profile legal battle between it and "Fortnite" maker **Epic Games Inc.**

Apple's filing Thursday with the Ninth U.S. Circuit Court of Appeals comes weeks after Epic gave its own reasons for its appeal in the case that mostly swung in Apple's favor. U.S. District Judge Yvonne Gonzalez Rogers had previously ruled against nine of Epic's 10 claims. A hearing before the Ninth U.S. Circuit Court of Appeals is expected later this year with a decision unlikely for several months afterward.

Apple said the earliest it expects a decision is the summer of 2023. Meanwhile, it has already won a reprieve from the appeals court in rolling out changes to the App Store ordered by Judge Gonzalez Rogers.

While she found that Apple wasn't violating antitrust laws in mobile games transactions, the judge ruled that its conduct enforcing antisteering restric-

tions was anticompetitive under California law. She had instructed Apple to allow developers to communicate with users inside of their apps about alternative payment methods outside of Apple's App Store.

"This Court already recognized that Apple is likely to succeed on the principal issue—whether conduct that does not violate the antitrust statutes can be enjoined as 'unfair' under California law—in staying the injunction pending appeal," Apple said in its filing Thursday.

At this phase of the fight, as the two sides argue over Judge Gonzalez Rogers's ruling, they are trying to prove legal errors in the decision. It is a less dramatic battle than last May, when the companies' lawyers faced off in an Oakland, Calif., courtroom for 16 days, a drama that saw the chief executives of both companies take the witness stand.

At the core of Epic's original argument were the claims that Apple held an improper monopoly over the distribution of third-party software on its iPhones and forced apps to use its own in-app payment system that takes as much as a 30% commission.

In January, Epic filed its own argument with the appeals court, saying the judge erred in her interpretations of the law and should be reversed.

Inflation Boosts SpaceX Prices

By MICAH MAIDENBERG

Prices are going up at **SpaceX**, with the company citing inflationary pressures as the reason.

The Elon Musk-led space company's Starlink unit, which uses satellites to provide broadband internet connections, recently said the price of its user kit for clients with deposits already in is increasing to \$549 from \$499, while new customers will pay \$599, according to a message viewed by The Wall Street Journal. The monthly charge for the service will increase to \$110 from \$99, the message said.

"The sole purpose of these

adjustments is to keep pace with rising inflation," Starlink said.

The message didn't specify what input costs drove the change, but said that Starlink has quickly added new infrastructure since October 2020, including tripling the number of satellites in orbit, and made improvements to its network.

The company didn't respond to a request for comment. Earlier this month, Mr. Musk said in a tweet that SpaceX, as well as **Tesla Inc.**, the electric-vehicle manufacturer he leads, are "seeing significant recent inflation pressure in raw materials & logistics." Users tap into Starlink via a terminal that SpaceX ships to them.

The company has been adding ground infrastructure for the service and now has 250,000 subscribers, an executive for **Space Exploration Technologies Corp.**, the formal name for SpaceX, said at a re-



The standard price to reserve the company's workhorse Falcon 9 rocket for certain launches is listed at \$67 million, up from \$62 million.

cent industry conference.

Hawthorne, Calif.-based SpaceX also raised prices it charges to get customers' assets to orbit. SpaceX's ride-share program, in which satellite operators reserve space on

a rocket with unrelated operators, now lists costs as low as \$1.1 million for certain launches on its website, up from a previous price of \$1 million. SpaceX said on its website it made the change in March "to account for

excessive levels of inflation."

Meanwhile, a document on the company's website now lists the standard price to reserve the company's workhorse Falcon 9 rocket for certain launches at \$67 million, com-

pared with an older guide that showed that cost at \$62 million.

SpaceX also boosted prices for Falcon Heavy, a bigger rocket than the Falcon 9, to \$97 million from \$90 million, the documents show.

Watch a Video



Scan this code for a video on SpaceX's Starship rocket.

Get this with your money at a typical auto parts store.

Or ALL this at [www.RockAuto.com!](http://www.RockAuto.com)

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Mayo Clinic Tests Google AI Tool

By ISABELLE BOUSQUETTE

The Mayo Clinic said it is testing a product from Google Cloud that uses artificial intelligence to better track and analyze language-based information in patients' electronic health records, such as doctor's notes.

This technology, known as natural language processing, has made strides in recent years, say experts, although it remains in its early days. **Alphabet Inc.**'s cloud unit is one of many technology companies pouring investment and research into the area.

Vish Anantraman, chief technology officer of the Mayo Clinic, said Google's Healthcare Natural Language API could help clinicians search and access patient data a lot more easily, although he said Mayo is still in early trial phases.

Some 80% of patient data in electronic medical records is unstructured, including transcribed reports and doctor's notes, Dr. Anantraman said. Natural-language processing allows the hospital system to turn the data that aren't organized into discrete fields into structured data, meaning clinicians will have an easier time searching and analyzing it, he said.

Once patient data are structured, the hospital will be able to find ideal patients for clinical trials and run various types of prediction tools that

look for indicators that certain patients might be at higher risk for certain diseases early on, said Dr. Anantraman. This type of work was possible in the past but required a lot of human involvement, he said.

The Mayo Clinic has used natural-language processing tools to index unstructured information from medical records in the past, but Dr. Anantraman said the Google technology is more scalable and would allow Mayo to do so more accurately and efficiently.

"We just have a lot of data that is not accessible and locked down because they're in an unstructured format," said Dr. Anantraman, adding that the data are now much more accessible.

The application of AI to

healthcare has met with varying degrees of success, complicated by factors such as access to patient datasets reflective of the population, lack of healthcare expertise on the part of tech vendors and hype.

International Business Machine Corp.'s decision to sell assets from its Watson Health business, which heralded itself as a way to help doctors diagnose and cure cancer, highlighted the challenges various AI healthcare tools have faced trying to make an impact.

Still, the trillion-dollar healthcare industry remains a target. Tech companies point to investments in AI products, advances in the technology and natural-language processing in particular, as well as partnerships with hospitals to collaborate on tools.



The Mayo Clinic uses natural-language tools to index records.

BUSINESS NEWS

Former Fidelity CEO Dies

Continued from page B1
former Fidelity president.

Fidelity ended 2021 with \$11.78 trillion in assets under administration, or what is in Fidelity accounts as well as Fidelity funds held by rivals' clients. The firm's assets under management, or the amount overseen by Fidelity's funds, totaled \$4.48 trillion, up from \$3.8 trillion a year earlier.

Fidelity grew into a financial giant but remained, like Mr. Johnson, fiercely private. The Johnsons control 49% of **FMR Corp.**, Fidelity's parent.

Mr. Johnson is survived by his wife, Elizabeth, his three children, Abigail, Elizabeth and Edward, and seven grandchildren.

"He loved his family, his co-workers, work, the stock market, art and antiques, tennis, skiing, sailing, history, and a good debate," Abigail Johnson wrote. "He could be counted on to have the contrarian view on just about anything."

Edward Crosby Johnson III was born in 1930. He grew up in the Brahmin enclave of Milton, Mass.

The Johnsons, who can trace their Boston roots to the 17th century, had wealth and prestige long before Mr. Johnson's father, a lawyer by training, founded Fidelity in 1946. But Edward Johnson II loved the stock market and all of its imperfections, and he imbued his son with the same lifelong fascination.

Associates and colleagues said the younger Mr. Johnson struggled with dyslexia, bouncing through several prep schools before he headed to Harvard College. "Reading was very hard for him," said James Curvey, a former Fidelity president. "But he was very visual."

Years later, when he struggled to explain how he wanted Fidelity's first website to look, he cleared his calendar and spent six weeks working alongside the firm's software engineers, Mr. Curvey said.

Mr. Johnson spent two years in the Army before re-

turning to Boston for a brief stint at **State Street Corp.** Mr. Johnson joined his father's firm in 1957 as an analyst working with Gerald Tsai, then Fidelity's top manager.

By the 1960s, Mr. Johnson's investments began to outperform other growth-stock funds—including Mr. Tsai's. When Fidelity launched its future flagship fund, Fidelity Magellan, in 1963, Mr. Johnson was its first manager.

In 1972, when Mr. Johnson became president of the firm, Fidelity managed \$3.9 billion in assets—most of it in stock funds that would bleed money until the market began to rally a decade later.

Fidelity made its first direct contact with Main Street in 1974 with its new money-market fund offering. The firm launched its brokerage in 1978, and in 1982 started selling retirement accounts to U.S. companies. In 1995, Fidelity became the first major investment firm with a website.

‘He could be counted on to have the contrarian view on just about anything.’

For Mr. Johnson, the ideas flowed with a staccato rhythm; some worked, others failed. Fidelity was a family business—there were no public shareholders or quarterly reports to limit his horizon or imagination, and there were fewer critics to condemn the firm's missteps.

"I don't think there was ever a strategic plan," said Mr. Lynch, Fidelity's onetime star manager.

In retirement, Mr. Johnson stayed out of the spotlight. "I'm proud of what we built, and equally proud of what Fidelity has become," Mr. Johnson said in a January 2022 statement to *The Wall Street Journal*. "The focus has been on our customers from day one, and that holds true today."

At a 2012 dinner honoring the Johnsons, Mr. Johnson watched as his daughter recounted the family dinners interrupted by Fidelity customers. Her father, she said, would always take those calls.

approach so much it built a probability model from it based on the idea that the more inverted the curve, the more likely recession is. At the moment, the answer is: It isn't very likely at all. In February it put the chance of a recession in the next 12 months at 6%.

Frustratingly for those trying to drum up recession concerns, using the three-month yield curve is actually further away from inversion now than it was before the Russian invasion, as the 10-year yield has risen more than the shortest yields. The Fed might cause a recession by jacking up rates too far, too fast—but so far it has only raised rates once, so this remains an issue for 2023 or 2024, not today.

The response of doom-mongers—of whom I am usually one!—is to say that the yield-curve warning is often dismissed: This time is always different. Deutsche Bank strategist Jim Reid highlights former Fed Chairman Ben Bernanke's March 2006 comments explaining why it would be fine that time and Chairman Jerome Powell joined in the dismissals on Monday. He pointed to Fed research that concluded that what really matters is the gap between three-month yields now and the implied three-month yield in 18 months' time. If traders are betting on lots of rate cuts in the next 18 months, they are expecting a recession. Right now, they aren't.

The yield curve will be talked about a lot more as the increasingly hawkish Fed means it is likely to be flatter and inverted on more measures over the next couple of years. The correlation doesn't mechanically mean recession is on the way and especially not soon. But investors should be closely watching the causation. The higher rates go, the more likely the Fed overdoes it and slows the economy too much.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made only by the Offer to Purchase (as defined below), dated March 25, 2022, and the related Letter of Transmittal (as defined below) and any amendments or supplements thereto, and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the securities, "blue sky" or other laws of such jurisdiction. In jurisdictions where applicable laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Offeror (as defined below) by one or more registered brokers or dealers licensed under the laws of such jurisdiction to be designated by the Offeror.

Notice of Offer to Purchase for Cash All Outstanding Shares of Common Stock of Volt Information Sciences, Inc. at \$6.00 Per Share, Net In Cash Pursuant to the Offer to Purchase dated March 25, 2022 by Vega MergerCo, Inc. a wholly owned subsidiary of Vega Consulting, Inc.

Vega MergerCo, Inc., a New York corporation (the "Offeror") and a wholly owned subsidiary of Vega Consulting, Inc., a Delaware corporation ("Parent"), is offering to purchase all of the issued and outstanding shares (the "Shares") of common stock, par value \$0.10 per share (the "Common Stock"), of Volt Information Sciences, Inc., a New York corporation ("Volt" or the "Company"), at a purchase price of \$6.00 per Share (the "Offer Price") in cash, net of applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated March 25, 2022 (the "Offer to Purchase"), and in the related Letter of Transmittal (the "Letter of Transmittal") which, together with the Offer to Purchase, as each may be amended or supplemented from time to time, in accordance with the Merger Agreement described below, collectively constitute the "Offer"). Following the consummation of the Offer, and subject to the conditions described in the Offer to Purchase, the Offeror intends to effect the Merger described below.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT, NEW YORK TIME (I.E., ONE MINUTE AFTER 11:59 P.M., NEW YORK TIME), ON APRIL 21, 2022, UNLESS THE OFFER IS EXTENDED OR EARLIER TERMINATED.

The purpose of the Offer is for Parent to acquire control of, and all of the outstanding equity interests in, Volt.

The Offer is being made pursuant to the Agreement and Plan of Merger, dated as of March 12, 2022, by and among Parent, the Offeror and Volt (as it may be amended and supplemented from time to time, the "Merger Agreement"). The Merger Agreement provides, among other things, that following the consummation of the Offer, and subject to the satisfaction or waiver of certain conditions, the Offeror will merge with and into Volt (the "Merger"), with Volt being the surviving corporation (the "Surviving Corporation") in the Merger as a wholly owned subsidiary of Parent in accordance with applicable provisions of the Business Corporation Law of the State of New York (the "NYBCL"). At the effective time of the Merger, each issued and outstanding Share (other than (i) Shares owned by Parent, the Offeror, Volt or any of their direct or indirect subsidiaries and (ii) Shares owned by any shareholders who are entitled to and properly demand and exercise their statutory appraisal rights, if applicable, and who comply in all respects with Sections 910 and 623 of the NYBCL will be cancelled and converted automatically into and will thereafter represent only the right to receive an amount in cash equal to the Offer Price (the "Merger Consideration"), net of applicable withholding taxes and without interest. As a result of the Merger, the Shares will cease to be publicly traded, and Volt will become a wholly owned subsidiary of Parent. The Offer, the Merger and the other transactions contemplated by the Merger Agreement are collectively referred to as the "Transactions".

Under the Merger Agreement, Volt has granted the Offeror an irrevocable option (the "Top-Up Option") for so long as the Merger Agreement has not been terminated pursuant to the provisions therein, which the Offeror may exercise in certain circumstances following the consummation of the Offer, to purchase from Volt such number of authorized and unissued shares of Common Stock (the "Top-Up Shares") equal to the lesser of (i) the lowest number of Common Stock that, when added to the number of Common Stock owned by Parent, Offeror and any of their respective subsidiaries at the time of exercise of the Top-Up Option, shall constitute one share more than 90% of the outstanding Shares immediately after the issuance of the Top-Up Shares on a fully-diluted basis (which assumes conversion or exercise of all derivative securities regardless of the conversion or exercise price, the vesting schedule or other terms and conditions thereof) and (ii) the aggregate number of authorized but unissued and unreserved Common Stock (including as authorized and unissued Common Stock, for purposes hereof, any Common Stock held in the treasury of the Company). If the Offeror acquires at least 90% of the Shares in the Offer (including pursuant to the Top-Up Option), the Offeror will consummate the Merger under Section 905(a) of the NYBCL without a shareholders' meeting and without action by the Company's shareholders.

The Offer is not subject to any financing condition. The obligation of the Offeror to purchase the Shares validly tendered pursuant to the Offer is conditioned upon, among other things: (a) the number of Shares validly tendered and not validly withdrawn prior to the expiration of the Offer, when added to the Shares owned by Parent and its affiliates, would represent at least two-thirds (2/3) of the Shares then outstanding determined on a fully-diluted basis; (b) if exercise of the Top-Up Option is necessary to ensure that Offeror and Parent own one share more than 90% of the total Shares on a fully diluted basis then outstanding, the number of Top-Up Shares issuable on the Top-Up Option, together with Shares validly tendered in the Offer and not withdrawn, must be sufficient to ensure that the Offeror and Parent collectively own one share more than 90% of the total Shares on a fully diluted basis; (c) the expiration or termination of any waiting period (and any extensions thereof) applicable to the Offer or the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"); (d) any court or governmental authority having jurisdiction over Parent, the Offeror or Volt not enacting, issuing, promulgating, enforcing or entering any restraint that would prohibit, render illegal or enjoin the consummation of the Offer or the Merger; (e) the accuracy of Volt's representations and warranties contained in the Merger Agreement (subject to certain qualifications); (f) since the date of the Merger Agreement, there has not been any Company Material Adverse Effect (as defined in the Offer to Purchase); (g) Volt's performance or compliance, in all material respects, with its covenants and agreements required to be performed or complied with by it under the Merger Agreement at or prior to the expiration of the Offer; (h) the receipt by Parent of a certificate of a senior executive officer of Volt as to the satisfaction of the conditions referred to in clauses (c) through (g) above; (i) the No-Shop Period Start Date (as defined in the Offer to Purchase) having occurred; and (j) the Merger Agreement not having been terminated in accordance with its terms (the conditions in clauses (a) through (j), the "Offer Conditions").

The term "Initial Offer Expiration Time" means Midnight, New York time (i.e., one minute after 11:59 p.m., New York time), on April 21, 2022, unless the Offeror has extended the Offer, in which event the term "Offer Expiration Time" means the latest time and date at which the offering period of the Offer, as so extended by the Offeror, will expire.

The board of directors of Volt (the "Company Board") has (i) determined that the terms of the Merger and the Transactions are advisable, fair to and in the best interests of Volt and its stockholders, (ii) approved the execution, delivery and performance of, and adopted and declared advisable the Merger Agreement and the Transactions, including the Offer, the Top-Up Option and the Merger, on the terms and subject to the conditions set forth in the Merger Agreement, and (iii) resolved to recommend that the shareholders of Volt tender their Shares in response to the Offer, and, if required by applicable law, approve the Merger Agreement and the Merger, in each case subject to the terms and conditions set forth in the Merger Agreement.

Subject to the terms and conditions of the Merger Agreement, unless the Merger Agreement is terminated in accordance with its terms, the Offer may be extended from time to time as follows: (a) if at any then-scheduled expiration of the Offer, any Offer Condition is not then satisfied or, to the extent permitted by the Merger Agreement and applicable law, waived, then the Offeror may, in its sole discretion, extend the Offer on one or more occasions for any period, until such time as all Offer Conditions are satisfied or waived; provided, that if, as of any then-scheduled Offer Expiration Time, all of the Offer Conditions other than the occurrence of the No-Shop Period Start Date (and other than those conditions that by their nature are to be satisfied at the Offer Expiration Time) have been satisfied or waived in accordance with the terms of the Merger Agreement, Offeror will extend the Offer until one minute after 11:59 p.m. (New York City time) on the day prior to the No-Shop Period Start Date or, if such date is not a business day, the first business day thereafter; and (b) if the Offeror is required to extend the Offer on one or more occasions for the minimum period required by any rule, regulation, interpretation or position of the U.S. Securities and Exchange Commission ("SEC") or the staff thereof or of the NYSE American stock exchange ("NYSE American") applicable to the Offer, provided that such extension is subject to the parties' respective rights to terminate the Merger Agreement in accordance with its terms, and that Offeror will not be required to extend the period during which the Offer remains open to any date after September 12, 2022 (the "End Date").

Any extension of the Offer, waiver, amendment of the Offer, delay in acceptance for payment or payment or termination of the Offer will be followed, as promptly as practicable, by public announcement thereof, the announcement in the case of an extension to be issued not later than 9:00 a.m., Eastern Time, on the next business day after the previously scheduled Offer Expiration Time in accordance with the public announcement requirements of Rules 14d-4(d), 14d-6(c) and 14e-1(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Subject to the applicable rules and regulations of the SEC and the provisions of the Merger Agreement, the Offeror expressly reserve the right to waive, any Offer Condition (other than the Specified Offer Conditions, as defined in the Offer) or modify the terms of the Offer. However, pursuant to the Merger Agreement, Parent and the Offeror have each agreed that it will not, without the prior written consent of Volt: (i) reduce the number of Shares subject to the Offer, (ii) reduce the Offer Price, (iii) modify or waive any Specified Offer Condition, (iv) add to the Offer Conditions or otherwise modify or waive any term of the Offer in a manner adverse to any holders of Shares or that makes such Offer Conditions more difficult to satisfy, (v) change the form of consideration payable in the Offer or (vi) provide for a "subsequent offering period" (or any extension thereof) in accordance with Rule 14d-11 under the Exchange Act.

In order to tender all or any portion of your Shares to the Offeror in the Offer, you must (a) follow the procedures described in the Offer to Purchase or (b) if your Shares are held through a broker, dealer, commercial bank, trust company or other nominee, contact such nominee and request that they effect the transaction for you and tender your Shares. **Beneficial owners of Shares holding their Shares through nominees should be aware that their broker, dealer, commercial bank, trust company or other nominee may establish its own earlier deadline for participation in the Offer. Accordingly, beneficial owners holding Shares through a broker, dealer, commercial bank, trust company or other nominee and who wish to participate in the Offer should contact such nominee as soon as possible in order to determine the times by which such owner must take action in order to participate in the Offer.**

If you desire to tender Shares to the Offeror pursuant to the Offer and the certificates representing your Shares are not immediately available, or if you cannot comply in a timely manner with the procedures for tendering your Shares by book-entry transfer, or cannot deliver all required documents to Computershare Trust Company, N.A. (the "Depository and Paying Agent") by the expiration of the Offer, you may tender your Shares by following the procedures for guaranteed delivery set forth in the Offer to Purchase.

For purposes of the Offer, the Offeror will be deemed to have accepted for payment and thereby purchased Shares validly tendered and not properly withdrawn if and when the Offeror gives oral or written notice to the Depository and Paying Agent of its acceptance for payment of those Shares pursuant to the Offer. Payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depository and Paying Agent, which will act as agent for the tendering shareholders for purposes of receiving payments from the Offeror and transmitting those payments to tendering shareholders. If the Offeror extends the Offer, is delayed in its acceptance for payment of Shares or is unable to accept for payment Shares pursuant to the Offer for any reason, then, without prejudice to the Offeror's rights under this Offer, the Depository and Paying Agent may nevertheless, on behalf of the Offeror, retain tendered Shares, and those Shares may not be withdrawn except to the extent that tendering shareholders are entitled to withdrawal rights as described in the Offer to Purchase. **Under no circumstances will interest be paid on the Offer Price for Shares, regardless of any extension of the Offer or any delay in payment for Shares.**

Shares tendered pursuant to the Offer may be withdrawn at any time on or prior to the Offer Expiration Time, and, if not previously accepted for payment at any time, after May 24, 2022, the date that is 60 days after the date of the commencement of the Offer, pursuant to SEC regulations. For a withdrawal of Shares to be effective, a written or, with respect to "eligible institutions," facsimile transmission, notice of withdrawal with respect to the Shares must be timely received by the Depository and Paying Agent at the address set forth on the back cover of the Offer to Purchase. Any notice of withdrawal must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from that of the person who tendered those Shares. The signature(s) on the notice of withdrawal must be guaranteed by an eligible institution, unless those Shares have been tendered for the account of any eligible institution. If Shares have been tendered pursuant to the procedures for book-entry transfer, any notice of withdrawal must specify the name and number of the account at The Depository Trust Company to be credited with the withdrawn Shares. If certificates representing the Shares to be withdrawn have been delivered or otherwise identified to the Depository and Paying Agent, the name of the registered owner and the serial numbers shown on such certificates must also be furnished to the Depository and Paying Agent prior to the physical release of such certificates. If a shareholder tenders Shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, the shareholder must instruct such broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of those Shares.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares will be determined by the Offeror (which may delegate such power in whole or in part to the Depository and Paying Agent) in its sole and absolute discretion, which determination will be final and binding absent a finding to the contrary by a court of competent jurisdiction. In the Offeror reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance for payment of or payment for which may, in the opinion of the Offeror, be unlawful. The Offeror also reserves the absolute right to waive any defect or irregularity in the tender of any Shares of any particular shareholder whether or not similar defects or irregularities are waived in the case of any other shareholder. No tender of Shares will be deemed to have been validly made until all defects and irregularities relating thereto have been cured or waived. None of Parent, the Offeror or any of their respective affiliates or assigns, the Depository and Paying Agent and Geogeson LLC (the "Information Agent"), or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. The Offeror's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto and any other documents related to the Offer) will be final and binding. Withdrawals of tenders of Shares may not be rescinded, and any Shares properly withdrawn will be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be retendered by following one of the procedures for tendering Shares described in the Offer to Purchase at any time prior to the Offer Expiration Time.

The information required to be disclosed by paragraph (d)(1) of Rule 14d-6 of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Offer to Purchase and the related Letter of Transmittal are being mailed to record holders of Shares whose names appear on Volt's shareholder list and will be furnished to brokers, dealers, commercial banks, trust companies or other nominees whose names, or the names of whose nominees, appear on the shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

The Offer to Purchase, the related Letter of Transmittal and Volt's Solicitation/Recommendation Statement on Schedule 14D-9 and the other documents to which such documents refer contain important information that should be read carefully before any decision is made with respect to the Offer.

Questions and requests for assistance and copies of the Offer to Purchase, the Letter of Transmittal and all other tender offer materials may be directed to the Information Agent at its address and telephone number set forth below and will be furnished promptly at the Offeror's expense. Neither Parent nor the Offeror will pay any fees or commissions to any broker, dealer, commercial bank, trust company or other nominee (other than to the Depository and Paying Agent and the Information Agent) in connection with the solicitation of tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

Geogeson

Geogeson LLC
1290 Avenue of the Americas, 9th Floor
New York, New York 10104
Shareholders, Banks and Brokers
Call Toll Free: (888) 613-9988

March 25, 2022

BUSINESS NEWS

For Nestlé, Nature and Climate Are Tied

Executive who developed disclosure framework says identifying the right metrics is a key challenge

By Ed Ballard

A Nestlé SA executive who helped put together a new framework for biodiversity reporting said companies should release integrated disclosures related to climate change and nature, because the two things are so interconnected.

Alison Bewick, head of risk management at Nestlé, was one of the executives in-

BOSS TALK **BOSS TALK** involved in creating the initial framework

from the Taskforce on Nature-related Financial Disclosures that was published last week.

The framework, devised by businesses working in collaboration with scientific organizations and nonprofit sustainability standard-setters, is meant to serve as a guide for companies about reporting on nature-related risks and opportunities. It follows the model of the climate-risk framework devised by the Task Force on Climate-Related Financial Disclosures.

Ms. Bewick said signing up to work on the framework was a natural step for the Swiss packaged-food company. Nestlé says protecting the ecosystems it depends on for food ingredients is a key part of its plan to achieve net-zero carbon dioxide emissions by 2050. In December 2020, the company started a five-year plan to spend 3.2 billion Swiss francs, equivalent to about \$3.43 billion, on climate-related initiatives including efforts to encourage farming practices that restore soil.

Ms. Bewick discussed with The Wall Street Journal the challenges of measuring companies' impact on nature, how nature-related data will fit in with climate-change disclosures, and how biodiversity affects Nestlé's supply chain. The interview was edited for length and clarity.



Coffee beans being unloaded from a container at Nestlé SA's Nescafe plant in Orbe, Switzerland.

WSJ: How did you get involved with the TNFD?

MS. BEWICK: The TNFD asked Nestlé to join as a task-force member last year. I very much welcome the pragmatism of the TCFD framework, so I said that that would be great. It also tied in very nicely with the fact that we were on the first year of the implementation of our net-zero road map. It focused on carbon reduction, but as we go on this journey of understanding the different levers we can use to reduce a carbon footprint, you start to realize it's much broader than just carbon, it's about the soil fertility, the soil health, the land use.

WSJ: How do you see the two frameworks working together?

MS. BEWICK: The way I see it developing is that companies would have integrated climate and nature disclosures. When we think about how we can address our carbon footprint, a lot of it's through nature-based solutions. It's beyond just the greenhouse-gas measurement, it's around the avail-



Alison Bewick

ability of water, it could be the soil profile, how you approach land-use in terms of rotation of crops, that type of thing. I think the underlying principle is that this should be ultimately an integrated disclosure, because there's a very strong interconnectivity and dependency between nature and climate.

WSJ: How should metrics and targets for nature be defined?

MS. BEWICK: We've had quite a lot of conversations within the TNFD as to how do you start to define measurable units of nature, the way the Greenhouse Gas Pro-

ocol has done [for emissions]. And we've actually got that as a sort of gray area, but we're looking for feedback from the market around what's the best way to evolve that. The thing for me is, and this is the feedback I gave to TNFD: We need support here from science-based organizations. We need some help to say, "OK, how would you scope that out?" Maybe there's more than one—maybe there's one for water, soil health, atmospheric health, because it's more than greenhouse gases, it's pollutants as well. So I think there's more work to be done in the metrics and targets, and a lot of it is a challenge around the scope of nature. When you say nature, it's just so broad.

Technology is going to help massively in the ability to collect data as well. We're improving our data availability, and accuracy on the greenhouse gas, and we have to do the same thing for things like soil health—how do you track that on a consistent basis, and what would be the metric you would report on?

WSJ: What gives you confidence that the TNFD can be a success?

MS. BEWICK: What I'd say is, take a look at the partnerships they have in place, a lot of them around the science.

I think that's what we need to help us develop the scenarios, as well as the data and the metrics. So that needs to start in earnest. I think there's a lot of work ahead, but I'm very encouraged about the level of participation with the companies. I think having standard-setters helps as well, to drive some discipline.

This all ultimately has to be able to be disclosed so we've got to keep it as simple as possible and as pragmatic as possible even though nature is very, very complicated. So I'm positive that the momentum is good.

WSJ: What are the challenges when it comes to understanding how your supply chain affects nature and is affected by it?

MS. BEWICK: This maybe goes back to the Scope 3 for greenhouse gas. For nature, it's very challenging. The TNFD could help set out those standard methodologies, those standard scopes—I would say that'd be incredibly useful.

Also, our suppliers and our farmers are going to be impacted by climate, impacted by changing ecosystems. So the other thing is understanding their needs, and the challenges they're going to meet. So we've got a coffee plan, we've got a cocoa plan, and I think that's actually really helped to inform our net-zero road map in terms of understanding how we can better adapt to physical changes—actually adapting to say, hotter weather, or more variability when it comes to water availability.

Dispute Drives Plant's Chapter 11

By Andrew Scurreia and Akiko Matsuda

A Salem Harbor, Mass., power plant backed by **Oaktree Capital Management LP** filed for bankruptcy protection to weather a \$236 million arbitration award to its former contractor and pursue a dual-track restructuring to either sell itself or hand control to lenders.

Footprint Power Salem Harbor Development LP has proposed handing over 100% of its equity interests to lenders owed \$290 million or selling itself out of chapter 11 if a suitable buyer emerges, court papers said.

The company owns a 674-megawatt natural-gas-fired plant located along Salem Harbor that was embroiled in lawsuits and arbitration proceedings since 2018 with its engineering and construction contractor, **Iberdrola Energy Projects Inc.**

Construction delays pushed back the project's opening by 11 months and caused the plant to terminate its contract with IEP in 2018, according to papers filed late Wednesday in the U.S. Bankruptcy Court in Wilmington, Del., by chief restructuring officer John Castellano. A different contractor finished the construction.

IEP filed an arbitration claim over the termination and last year was awarded more than \$236 million, damages that were confirmed by a New York state court in January. Combined with the amounts owed to secured lenders, the IEP award put the plant at "significant risk of an inability to satisfy its debts," Mr. Castellano said in court papers.

A few months before the state court's confirmation of the arbitration award, the company formed two special committees to evaluate its restructuring options.

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Member Voices | Four of our members respond to the below question:

What do you foresee as the biggest opportunities or threats to CEOs and their organizations in the year ahead?



Jo Ann Jenkins

CEO, AARP

"This year as we begin to look beyond Covid-19, one of the biggest challenges that CEOs face is figuring out how to best structure their workforce. Working through COVID has not only heightened the need to create more flexible work environments, it has also opened the door to new possibilities for building a multigenerational workforce. We know that multigenerational teams are more productive and create better results. Employers who seize this opportunity can leverage the multigenerational workforce as a key to success and a competitive advantage for years to come."



Wayne Berson

CEO, BDO USA, LLP.

"As leaders, we have the opportunity to create a more equitable and sustainable form of capitalism that considers all stakeholders and ensures that everyone benefits when business does well. Businesses that transform operations to reduce negative impacts on future generations can reap very real rewards, but it will require a considerable mindset shift to address these issues directly. Very simply—beyond the clear business benefits—it's the right thing to do."



Carmine Di Sibio

Global Chairman & CEO, EY

"In 2022, organizations understand that they need to focus on updated supply chains, net-zero planning, digital transformation and increased agility. However, in a changed geopolitical environment, now is also the time to examine and map global dependencies. It is important for CEOs and their organizations to remain global—and continue to be a connector of people—but it's equally important to plan for both near and long-term risks to their strategy, operations, supply chain and workforce."



Brian Tyler

CEO, McKesson

"One of the biggest opportunities we have as leaders is to create an environment that maximizes our talent and their capabilities. At McKesson, the foundation of our strategy is focusing on people and culture, because a healthy culture improves teamwork and productivity, creating value for our customers, employees and partners. Whether adopting flexible working models, celebrating different perspectives or recognizing performance – our efforts to develop our team's capabilities unlock innovation and speed while creating a meaningful sense of belonging and purpose."

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BIGGEST 1,000 STOCKS

Table with 12 columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists top 1,000 stocks by market cap.

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, March 24, 2022

Main stock table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections for A B C, D E F, G H I, J K L, M N, O P Q, R S, T U V, W X Y Z.

Main stock table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Includes sub-sections for A B C, D E F, G H I, J K L, M N, O P Q, R S, T U V, W X Y Z.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists various international and specialty stocks.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table with columns: ETF, Symbol, Closing Price, Chg, YTD (%). Lists various exchange-traded funds and their performance.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table with columns: Stock, Sym, 52-Wk % Hi/Lo, Chg, Stock, Sym, 52-Wk % Hi/Lo, Chg, Stock, Sym, 52-Wk % Hi/Lo, Chg. Lists stocks that reached new 52-week highs or lows.

Table with columns: Stock, Sym, 52-Wk % Hi/Lo, Chg, Stock, Sym, 52-Wk % Hi/Lo, Chg, Stock, Sym, 52-Wk % Hi/Lo, Chg. Lists stocks that reached new 52-week highs or lows.

Dividend Changes

Dividend announcements from March 24.

Table with columns: Company, Symbol, Yld %, Amount, New/Old, Frq, Payable/Record. Lists companies with dividend changes.

Foreign

Table with columns: Stock, Sym, Close, Chg, Stock, Sym, Close, Chg. Lists foreign stocks.

Special

Table with columns: Stock, Sym, Close, Chg. Lists special dividend-paying stocks.

KEY: A: annual; M: monthly; Q: quarterly; R: revised; SA: semiannual; S2L: stock split and ratio; SO: spin-off.

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MARKETS

Chip, Materials Stocks Spark Rebound

S&P 500 jumps 1.4%, with all 11 sectors of benchmark index moving higher

BY CAITLIN OSTROFF AND PAUL VIGNA

Wall Street stock indexes recouped most of Wednesday's losses, led by gains among semiconductor and materials shares.

The S&P 500 rose 63.92 points, or 1.4%, to 4520.16, the Nasdaq Composite Index climbed 269.23 points, or 1.9%, to 14191.84, and the Dow Jones Industrial Average gained 349.44 points, or 1%, to 34707.94.

THURSDAY'S MARKETS

All three declined in the previous session as concerns about rising energy prices and supply shortages again rattled investors.

All 11 sectors in the S&P 500 rose. The tech segment climbed 2.7%, followed by materials with a 2% gain. Energy, by far 2022's best-performing sector, was the worst performing group but still managed to eke out a 0.1% gain.

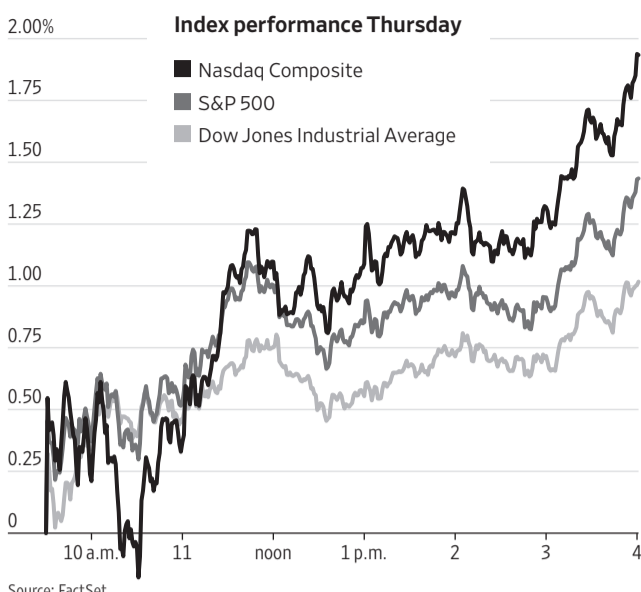
Stocks have come under pressure this year amid rising inflation, mixed economic signals, the war in Ukraine and disruptions from the pandemic. The S&P 500 is down 5.2% in 2022, while the Nasdaq, off 9.3%, is in its longest bear market since 2008.

That slump, however, comes on the back of a long rally. Wednesday marked the second anniversary of the stock market's pandemic lows. Since then, the S&P 500 and Nasdaq have doubled, while the Dow is up nearly 90%.

The market looks like the February lows won't be breached and equities are entering a more temperate period where investors will try to digest everything that has happened so far, said JMP Securities analyst Mark Lehmann. "We've had a lot in a very short time," he said. "The market's trying to figure itself out."

Thursday's market gains followed a bag of mixed economic data.

The number of Americans applying for first-time unemployment benefits fell to 187,000 in the week ended March 19, the lowest level since September 1969, down from



Source: FactSet

215,000 a week prior.

But new orders for durable goods—products designed to last at least three years—fell 2.2% in February from the month prior after auto production was again held back by supply-chain bottlenecks and Boeing had a weak month for aircraft orders.

Investors have grappled with how Russia's war with Ukraine will put additional pressure on

\$112.34 a barrel.

"Through mid-February, it was all about rising rates, and then it was all about the war, and what's concerning now is that they've combined," said Daniel Morris, chief market strategist at BNP Paribas Asset Management. "The challenge in this environment is what do you buy. You can't sit in cash. It is a 'least-bad option' type of market."

Among individual stocks, Nikola rose 52 cents, or 5.7%, to \$9.66 after the company confirmed that production has begun on its electric commercial truck, the Tre. Uber gained \$1.64, or 5%, to \$34.70 after saying it would list all New York City taxis on its app.

In the semiconductor industry, Nvidia rose \$25.16, or 9.8%, to \$281.50, and Intel rose \$3.35, or 6.9%, to \$51.62, its biggest one-day gain since January 2021, as investors bet booming demand for chips would overwhelm short-term logistics issues.

The yield on the benchmark 10-year Treasury note ticked up to 2.340% from 2.320% Wednesday. Yields and prices move inversely.

The Stoxx Europe 600 fell

0.2%. Early Friday, Japan's Nikkei was down 0.2%, Hong Kong's Hang Seng Index was down 0.6% and South Korea's Kospi was down 0.3%. S&P 500 futures were up 0.1%.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with 2 columns: Metric and Value. Includes NINE-YEAR, 10-MONTH TIPS and EIGHT-WEEK BILLS.

Table with 2 columns: Metric and Value. Includes FOUR-WEEK BILLS.

China's Stock Market Weathers Foreign Outflows

BY REBECCA FENG

Foreign investors unloaded \$9.5 billion of mainland Chinese stocks this month, reflecting a reassessment of geopolitical risk following the financial isolation of Russia.

The outflow as of March 24, via a trading link with Hong Kong known as Stock Connect, is on pace to be the second-largest monthly drawdown since the program began in 2014. The biggest occurred in March 2020 when Covid-19 rattled markets and offshore investors sold a net \$10.6 billion of onshore stocks.

Foreign investors have poured huge sums into China in recent years. As onshore markets ballooned in size, Beijing made them easier to trade and these securities have joined influential indexes run by providers such as MSCI Inc. In December, foreigners held more than \$600 billion each of onshore shares and bonds, central bank data shows.

Analysts and investors say it is too early to call a turning point in that gradual embrace of China. But they say something could have changed amid

the recent market turmoil, which was also fueled by U.S. delisting concerns and China's worsening Covid-19 outbreaks.

Foreign investors got a wake-up call when Russia invaded Ukraine, said Robin Brooks, chief economist at the Institute of International Finance. The questions they are now asking about China are different from a few weeks ago, he said.

"Questions are being asked about why did we get Russia so wrong, and what else might we be getting wrong. I think that's where China could potentially be coming in," said Mr. Brooks, who tracks international capital flows.

China's ambiguous stance on the war is part of the problem, said Qi Wang, chief executive of MegaTrust Investment (HK), a Hong Kong fund manager that focuses on onshore stocks, or A shares.

"There is much misunderstanding, confusion and speculation surrounding China's position, which seems a big risk factor for global investors," said Mr. Wang.

The exodus was at its worst on March 14 and 15, as Chinese

shares onshore and offshore plunged. After Chinese policy makers stepped in on March 16 to reassure investors, there were two days of robust inflows, after which more moderate outflows resumed.

Jim McCafferty, the joint head of Asia-Pacific equity research at Nomura, said many money managers focused on emerging markets had been told by end-investors to exit Russia. He said some of those asset owners had also decided to exit China, given some political similarities between the two countries.

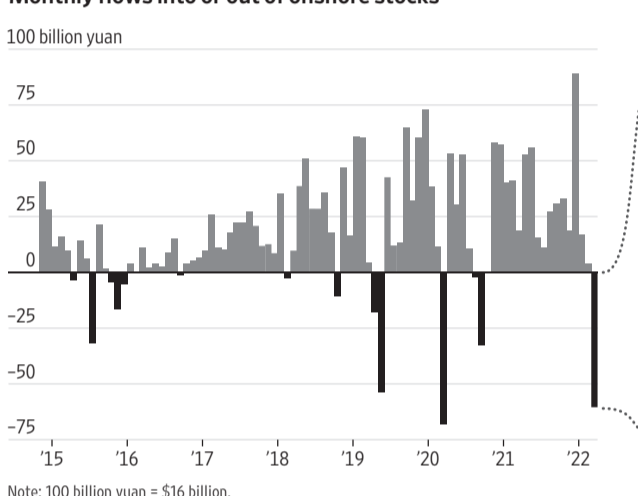
"Some global investors just want nothing to do with it," Mr. McCafferty said.

The sell-down is modest compared with the overall scale of the Shanghai and Shenzhen markets, which are valued at roughly \$13 trillion in total. Some international banks and asset managers have said some Chinese stocks have sold off more than is justified based on their financial prospects and these shares remain attractive despite the risks of short-term volatility.

Analysts at Goldman Sachs said they remained overweight

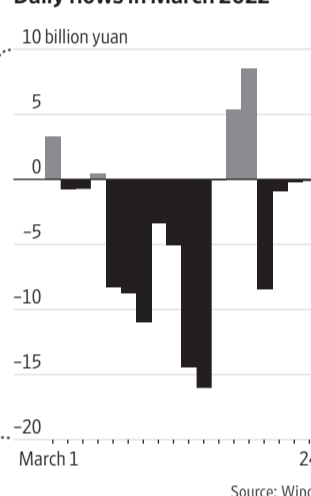
Offshore investors have been net sellers of mainland Chinese shares this month via the Stock Connect trading link with Hong Kong. If the pattern holds, this would be one of the biggest monthly drawdowns in the program's history.

Monthly flows into or out of onshore stocks



Note: 100 billion yuan = \$16 billion.

Daily flows in March 2022



Source: Wind

Conflict Upends Wagers

Continued from page B1 twice as large as the outflows seen during the first three weeks of the pandemic selloff of early 2020.

Investors, meanwhile, poured \$40.5 billion into U.S. stock funds during the three weeks ending March 16, EPFR data show.

James Beaumont, head of multiasset portfolio management at Natixis Investment Managers Solutions, said his team has been forced to reshuffle their model portfolios. Last year, his team allocated portfolios in line with expecta-

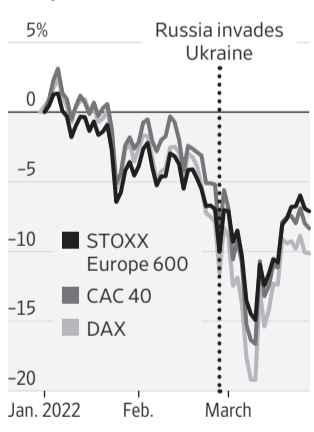
tions that the U.S. market—and particularly growth stocks—would outperform. At the start of 2022, they shifted their bets to be more bullish on European and value stocks.

"We thought we were nicely positioned coming into January and February. Then Putin put a stop to that," Mr. Beaumont said.

Recently, he said, his team has made the switch to shift back to a neutral stance on Europe. "We don't feel you can trade in this environment because there could be a peace deal tomorrow," he said.

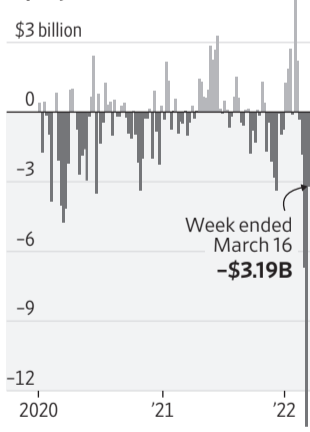
Recent surveys from BofA Global Research show that global fund managers have been unwinding similar wagers. In January, for example, a net 35% of respondents said they were overweight European Union equities, while a net 5% were overweight U.S. stocks.

Performance of European indexes this year



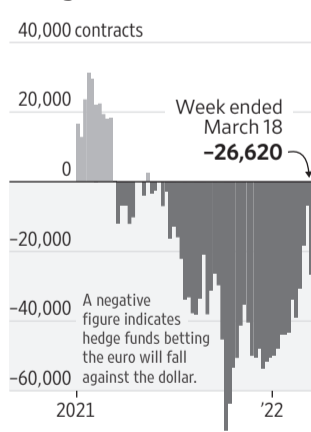
Sources: FactSet (Indexes); EPFR (flows); Commodity Futures Trading Commission via FactSet (positions)

Weekly flows to Western European equity funds



Sources: FactSet (Indexes); EPFR (flows); Commodity Futures Trading Commission via FactSet (positions)

Weekly net speculative positions on the euro's strength in the euro's market



Sources: FactSet (Indexes); EPFR (flows); Commodity Futures Trading Commission via FactSet (positions)

mists now expect GDP growth of 2.3% for the eurozone in 2022, down from 3.3% in February. They also raised inflation expectations, forecasting consumer prices would rise 6.5% in the eurozone for the year, versus 4.6% last month.

Data suggest there is little conviction in the recent global stock-market rally, Mr. Montagu said, with index futures showing that investors are expecting more pain ahead for the Stoxx Europe 600 and Germany's DAX index. Short bets against both indexes—meaning wagers that they will fall—have remained firmly in place, he said. "We're not seeing new long positions established," he said.

Data from the Commodity Futures Trading Commission show that hedge funds on a net basis continue to bet that the euro will weaken against the dollar.

Mutual Funds

Data provided by LIPPER

Table with 5 columns: Fund, NAV, Net YTD Chg %Ret, Fund, NAV, Net YTD Chg %Ret, Fund, NAV, Net YTD Chg %Ret, Fund, NAV, Net YTD Chg %Ret. Lists various mutual funds and their performance.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Rising Rates Shift Housing Foundations

Some people may be forced to keep homes; others opt for small ones in cheap places

Rising interest rates will stagger the housing market. Don't expect it to go down for the count, though. Mortgage rates have been very low for a very long time. Even though they rose significantly over the past year as the pandemic loosened its grip and inflation picked up, the average rate on a 30-year mortgage rose to 4.4% from 3.2% over the past year, according to Freddie Mac. That compares with what had been a historically low average of 4.1% during the decade before the pandemic struck and 6.7% in the decade before the 2008-09 financial crisis. The persistence of low mortgage rates reshaped people's perceptions of what is a reasonable price to pay for a house. Consider: The monthly payment on a 30-year mortgage for \$500,000 carrying a 6.7% rate is \$3,226, but it is \$2,176 at 3.25%, which CoreLogic estimates that as of January was the median rate on outstanding mortgages. The difference helps explain why home prices have been able to rise so much without killing demand. As of December, U.S. home prices were 31% higher than two years earlier, according to the Federal Housing Finance Agency. The decline in mortgage rates during the pandemic set off a refi-



THOMAS FUCHS

ancing surge that dramatically lowered payments for many homeowners. A significant increase in mortgage rates would lead to two big problems for the housing market: First, it would make it harder for people hoping to buy their first homes at current prices; and second, it would make it difficult for existing homeowners now paying low rates to move because moving would mean giving up a lower interest rate for a higher one. Some will keep their homes much longer than planned, denting businesses that rely on housing turnover. The faster rates go up, the more it will hurt.

Economic conditions are less than ideal for home buying. The Fannie Mae Home Purchase Sentiment Index fell in January to its lowest level since May 2020. Mortgage rates aren't the only factor at play right now in housing, though. Many members of the millennial generation were slow to step into homeownership, in part as a result of the setbacks they experienced after the 2008-09 financial crisis. Despite the high and increasing financial hurdles, they are taking the plunge. The pandemic reshaped attitudes about owning a home, while high savings and a strong job market are giving people the where-

withal to buy. It isn't as if the housing market hasn't weathered a significant increase in rates before. In the 1970s, mortgage rates doubled. And yet, over the decade ended in 1979, the number of total homes rose by 25%—then the result of a boomer push for homeownership. But with higher rates, the prices people are willing to pay for homes could come under pressure. While it is rare for prices to fall nationally—the housing bust that helped precipitate the 2008-09 financial crisis was a rare exception—there have been periods when prices haven't kept up with inflation, which in effect made homes more affordable

over time. The search for affordability could create shifts in what types of homes people buy and where they buy them. Some of these shifts are under way. Existing-home sales in February were down 8.3% in the West from a year earlier, according to the National Association of Realtors, but up 3% in the South, where the median home price was nearly \$200,000 less. Demand for homes in the more-affordable exurbs was picking up even before the pandemic hit and has continued to swell given more-flexible work arrangements. The low number of available homes for sale—in February there were only enough existing homes on the market for 1.7 months of sales compared with 3.1 months two years earlier—should continue to provide a good backdrop for builders. But they might benefit from focusing their efforts on building smaller homes in more-affordable areas—especially if more people who already own their homes are forced to ditch the low mortgage rates they have locked in. After decades of growth, the average square footage of new single-family homes sold in the U.S. started easing in 2015, according to the Commerce Department. Higher interest rates might not lead people to give up on their dreams of owning a home, but they could lower expectations on what kind of home that is. —Justin Lahart and Laura Forman

Management Battle At Toshiba Will Go On

Toshiba remains in limbo after management faced another setback in its battle with activist investors. Acquiescence to its turnaround plan would probably have been a negative signal for the stock and corporate-governance reform in Japan. But there is no clear path for what activist investors appear to really want: a sale to private equity. Shareholders voted down Toshiba's proposal to split into two on Thursday. Curiously, the resolution proposed by Singapore's 3D Investment Partners requesting Toshiba to consider all alternatives, including going private, was rejected. Activists including Effissimo Capital Management and Farallon Capital Management, came out publicly against Toshiba's proposal. Recommendations from proxy advisory firms to vote against the plan probably helped convince some undecided institutional investors. The proxy



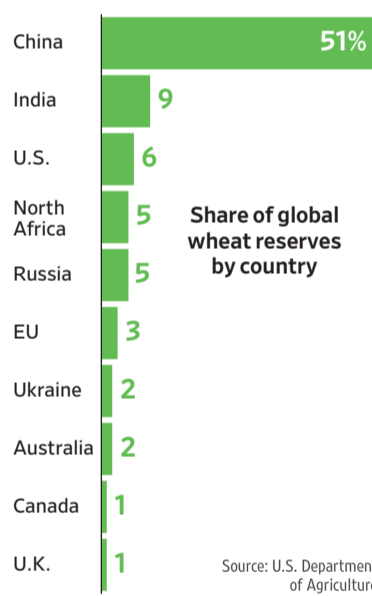
firms were divided on 3D's proposal: Glass Lewis suggested investors vote in favor, while Institutional Shareholder Services was against. That means the saga, which saw Toshiba's chairman ousted last year at a shareholders meeting, will continue. Voting down 3D's proposal doesn't necessarily mean shareholders are against going private. The language of the resolution may be too strong, as it asked the company to regularly report in detail to shareholders all efforts and proposals received, which might not necessarily be conducive to finding the best bid. Even though the vote is nonbinding, Toshiba will face pressure to placate its investors. Activists may try to put their own representatives on the board. Selling the company to private-equity funds might take time and will face opposition within the company and probably the government. Toshiba's nuclear-power and defense businesses could bring up national-security concerns.

"So it is worthwhile trying to figure out what would constitute a win for activists so they could sell," says Travis Lundy, an independent analyst who publishes on investment-research platform Smartkarma. He suggests returning capital and conducting the initial public offering of chip maker Kioxia, of which Toshiba owns 40%, as fast as possible. Toshiba said last month that it would increase shareholder payouts over the next two years to the equivalent of \$2.5 billion and sell its non-core assets. Toshiba's corporate drama will go on. Although there is no firm resolution, one thing is clear: Toshiba can't avoid dealing with its shareholders' demands anymore. —Jacky Wong

Food Hoards Can Ease Inflation

Reserves offer a shield from rising prices, but only some countries are prepared

Food stockpiles might look comfortable at the global level. In reality, only a handful of governments have provisions to cope with grain shortages caused by the war in Ukraine. For important cereals such as wheat and corn, the world-wide stock-to-use ratio—a measure of inventories as a proportion of annual demand—will finish the year at 29%, according to forecasts by the Food and Agriculture Organization of the United Nations. This is lower than before the pandemic, although not worryingly so. But the headline number is deceptive as a small number of countries control the biggest share. The U.S. Department of Agriculture estimates that China holds half of the world's wheat reserves and 70% of its corn. After five consecutive record crops, India has almost one-tenth of global wheat stockpiles. The U.S. has 6% and 12% of global wheat and corn reserves, respectively. Combined, countries in North Africa that are especially reliant on grain imports from the Black Sea region have a roughly 5% share of global wheat reserves. With the largest grain inventories in the world, China is best prepared for a global crunch. Beijing has given priority to food security for its 1.4 billion-strong population for several years and began steadily building the country's strategic reserves after the 2008 food-price crisis. China significantly ramped up imports at the beginning of the Covid-19 outbreak. In 2020, the country brought in 26% more



grains and oilseeds than the year before, according to agricultural market data provider AgFlow. Import volumes rose a further 11% in 2021 and continued to show year-over-year growth in January and February of this year. As Ukraine and Russia are major international grain exporters, tensions between the two countries began to push up the cost of commodities well before Russian troops first crossed the Ukrainian border on Feb. 24. Since December last year, cash prices for Argentine wheat and corn—a likely substitute for Ukrainian crops for a number of importing nations, especially in Africa—are up 27% and 38%, respectively, according to AgFlow.

Countries with plentiful reserves can avoid paying these elevated prices by dipping into their existing grain silos. This could help to shield citizens from food price inflation. Egypt, which was the breadbasket of the Roman empire but now imports around 70% of its wheat needs from Russia and Ukraine, has reserves to keep its subsidized food program going for around 4½ months. Other countries such as Benin and Somalia have few reserves at all. China's stockpile is formidable by comparison: Late last year, officials said that they had enough wheat to meet 18 months of the country's needs. Food inflation is high even before the impacts of the war really kick in. In February, prices in the U.S. rose 7.9% compared with the same month a year earlier. Many emerging markets are experiencing double-digit food-price increases. Turkey's latest official inflation statistics show a 64.5% year-over-year increase. Chinese consumers are actually paying less at the supermarket—February food prices fell 3.9% compared with a year earlier. In Aesop's fable, the grasshopper played in summer and went hungry in winter, while the ant that stored food away was comfortable. After consecutive shocks from the pandemic and now a war, more governments may follow the ant's example. As they give priority to building stockpiles, inflation in important food commodities may have further to go. —Carol Ryan

Rapid Grocery Delivery Gets Some Insta-Validation

Instacart fears it's running late. The company said Wednesday it will be getting into ultrafast delivery, beginning with grocery store Publix's customers in Atlanta and Miami. The news came in conjunction with a push to enhance its partner retailers' ability to transact online with tools like ads. Rapid delivery hasn't been kind to all platforms. Intense competition meant heavy losses as platforms dole out discounts to vie for business. Compared with typical food-delivery models that use contract workers, some platforms favored a more expensive employment model to ensure workers can quickly source and deliver goods from small warehouses that the companies must pay to operate called "darkstores." Last year, New York rapid-delivery service 1520 shut down after burning through its funding. And startup Fridge No More is no more

as of a few weeks ago after deal talks with DoorDash reportedly fell through. That isn't to say its service wasn't popular with consumers: From early August 2021 through late February of this year, YipitData research shows Fridge No More's New York City transaction volume grew fourfold. But even **Gopuff**—rapid delivery's largest pure play platform, valued at \$15 billion as of last July—didn't turn a profit last year on the basis of earnings before interest, taxes, depreciation and amortization. (It said this year it was "contribution profit positive.") The losses led many investors to question the viability of the rapid-delivery model for smaller players, especially since some established platforms that typically have longer delivery times such as **Uber Technologies'** Uber Eats only just started to turn profitable on an adjusted Ebitda basis.

Instacart's move into quicker delivery seems to offer validation of the Gopuff-like model, at least in terms of customer demand. Instacart's chief financial officer, Nick Giovanni, said Wednesday he thinks the rapid-delivery trend has legs, noting consumers will absolutely still be demanding rapid delivery of groceries in 10 years because the customer will have become accustomed to the speed. But there are a few notable distinctions to be made between what most instant-delivery startups are offering and what Instacart is trying to build. First, Instacart appears to be joining with retailers rather than becoming one. This could help from an economic perspective since its partners have many bricks-and-mortar locations. Instacart says it is the largest grocery marketplace in North America, helping facilitate online delivery and pickup services from more

than 70,000 stores. Instacart's announcement notes it will conduct 15-minute delivery in its first two cities from its own warehouses. It said it would be flexible with retailers based on their preferences, offering them the ability to use warehouses Instacart operates and manages, or to co-locate its warehouses within their bricks-and-mortar locations. Rapid-delivery players are investing in private-label brands—Gopuff recently launched "Basically"—to help boost margins. Instacart should be able to offer traditional brands through its retailer partners and avoid owning the inventory. Another difference is that rapid delivery will be part of a more holistic product offering at Instacart. As such, the company will have the ability to subsidize potential losses from other offerings such as its traditional delivery service and

ads. The company declined to comment on what an ideal mix of ultrafast versus regular delivery would look like at maturity, but Mr. Giovanni did say delivering only small orders quickly would be "a tough business model." After booming early in the pandemic, Instacart's growth has since moderated significantly, leading the company to lean into additional growth avenues. New Chief Executive Fidji Simo has favored the company's push into higher-margin advertising, for example. But it is unclear whether Instacart's move into rapid delivery is a bid to rekindle growth or one to retain key retail partners that may feel they are missing out as rapid delivery grows in popularity. Either way, its launch will be a high-profile experiment worth watching: If the grocery-delivery giant can't make the economics work, who can? —Laura Forman



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MANSION

Family Ties
An architect son designs a home for his parents. **M4**

A Tempting Home
This couple built a home to lure their kids. **M5**



Upsizing Is the New Downsizing

Instead of moving into a smaller, lower-maintenance home for their golden years, these empty nesters decided to purchase a much bigger house



\$417,000

Moved from 2,800 sq. ft. to 4,225 sq. ft.



Suzanne and Mark White moved to a home that is much bigger than the one in which they raised children.



\$4 million
Construction costs

Moved from 3,000 sq. ft. to 5,500 sq. ft.



Michael and Janet Verlander built their new, larger home to look like a cluster of farm buildings on 15 acres.



\$1.85 million

Moved from 3,400 sq. ft. to 4,351 sq. ft.



Lizzie Padro and Russell Beyer bought a new home so large that one of their daughters and her boyfriend moved in.

BY NANCY KEATES

Suzanne White, 58, longed for a swimming pool. Her husband, Mark White, 60, wanted a music studio and a space for a workshop. They both wanted to host more parties. After living in a 2,800-square-foot ranch house with four bedrooms and two bathrooms for 17 years in East Memphis, Tenn., where they raised four children, the couple sold it for \$250,000 in January 2021. Two months earlier, they had paid \$417,000 for a much bigger house on an acre of land about 10 miles away in Cordova.

“When I would hear about empty-nesters moving to bigger homes, I thought it was crazy. But now I understand,” says Ms. White.

The typical story line is that when people get older and their children leave home, they downsize to a smaller house. But for many empty-nesters, later in life is a prime time to upsize. An anal-

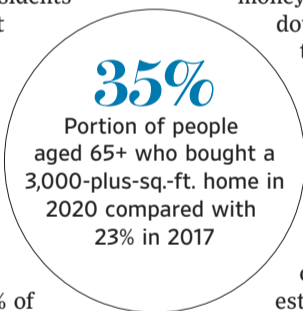
ysis by down payment assistance provider Home.LLC looked at urban neighborhoods with a minimum population of 500, using the median size of homes listed as an indicator of demand. Neighborhoods in which a majority of its residents are 65 and older have seen the biggest increase in the size of homes demanded over the past few years. The study found that neighborhoods that have seen a significant influx of older homeowners have also seen a large rise in the size of homes demanded, says the company’s CEO Nik Shah.

Surveys back this up: The National Association of Realtors found that 35% of people aged 65 or above bought a 3,000-square-foot, or larger, home in 2020, compared with only 23% in 2017.

Real-estate agents say their older clients tell them they have the resources to spend on a larger home now since they are done pouring all their

earnings into raising children. They also say they don’t have to worry about the quality of the school district anymore, which means they have more flexibility and can get more room for their money. Some buyers start out wanting to downsize but change their minds when they can’t find a smaller house that is at the level of quality they are seeking. Others want room for a live-in caretaker, should that become necessary.

Dean Jones, owner of Realogics Sotheby’s International Realty in Seattle, says there is also the “grand-child trap” scenario: buying a larger estate with attractions to entice grown children and grandchildren to visit. For many buyers, the pandemic magnified the importance of having room for extended family. “People got really lonely in 2020,” says Carolyn Joy, an agent with the Tishelman Joy Team at Houlihan



Please turn to page M6

Retirement Communities? No Thanks.

Hungry for excitement, some in the over-65 crowd are trading traditional senior living for city life

BY KATHERINE CLARKE

BOB GARST, 65, was looking to shake things up. Last year, after roughly three decades living in a six-bedroom home in a sleepy suburb of Atlanta, he unloaded most of his possessions and relocated to a luxury apartment in a high-rise tower in the middle of the bustling Midtown area.

He was motivated, in part, by his dad. Mr. Garst recalled watching his late father’s health decline at a retirement home a decade prior. It seemed like his father grew older and closer to death each day from being around other older people, Mr. Garst said. He would take him out of the facility to Little League games, bars and restaurants in an effort to inject some excitement into his



Brookhaven, Ga., → Atlanta

days. With the move into Midtown, he’s now hoping to do the same for himself.

“There’s the saying, ‘If you

want to be happy, hang around happy people, if you want to be successful, hang around successful people,” Mr. Garst

said. “Well, if you want to be old, hang around old people.” Mr. Garst is part of a small

Please turn to page M10

Bob Garst, third from left, bought a \$1 million condo in a tower in Midtown Atlanta. He said he enjoys the energy of being around younger people.



BRANDON CLIFTON FOR THE WALL STREET JOURNAL (3)

PRIVATE PROPERTIES

Venture Capitalist Marc Andreessen Makes Another Big Malibu Buy



Original asking price: \$55 million

Venture capitalist Marc Andreessen and his wife, Laura Arrillaga-Andreessen, have purchased another trophy home in Malibu, this time for \$44.5 million, according to people familiar with the deal.

The four-bedroom house on Escondido Beach was originally listed for \$55 million in June 2021. The deal comes on the heels of the Andreessens' purchase of a

\$44.5 MILLION
4 bedrooms, ocean views, wraparound deck, basement wine cellar

\$177 million property from fashion mogul Serge Azria last year. The sale of that property, which is just down the street from the Escondido Beach house, set a record for the most expensive home ever sold in California, The Wall Street Journal reported.

According to public records, the seller of the Escondido Beach property was investor Richard Weintraub, who



bought it for \$15 million in 2018. That same year, Mr. Weintraub sold an elaborate Malibu compound once rented by entertainment power couple Beyoncé and Jay-Z for

roughly \$50 million, the Journal reported.

Mr. Weintraub confirmed the sale to the Andreessens, but said he was unaware of the couple's plans for the property.

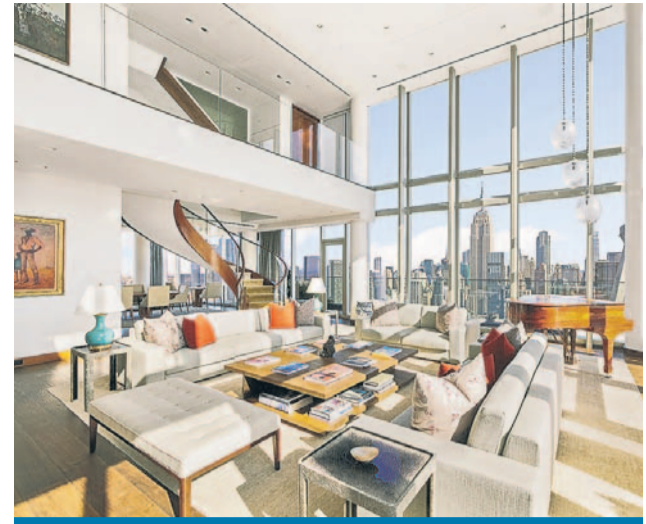
A spokeswoman for the Andreessens didn't respond to a request for comment.

The Escondido Beach home has high ceilings, walls of glass and ocean views from almost every room, according to the listing with Chris Cortazzo of Compass.

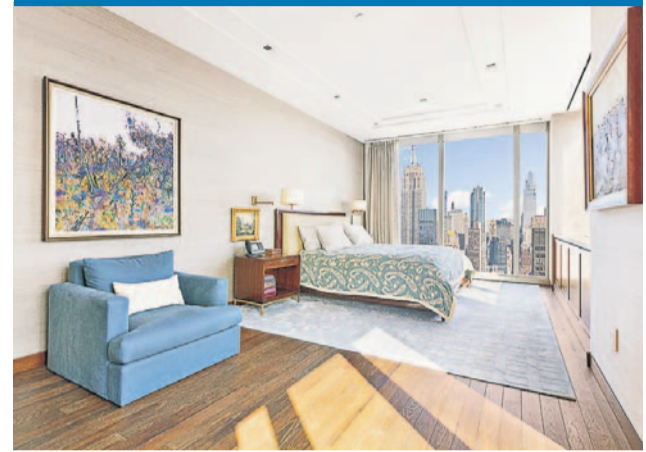
There is an entry courtyard with a koi pond, a media room, a custom oceanfront bar and a wraparound deck, the listing says. There is also a basement wine cellar.

Mr. Andreessen is the co-founder of venture-capital firm Andreessen Horowitz. Ms. Arrillaga-Andreessen is on the faculty at Stanford Graduate School of Business.

—Katherine Clarke



The larger unit is asking \$62 million.



Rupert Murdoch Lists Two New York City Apartments

News Corp Executive Chairman Rupert Murdoch is listing two units at New York's One Madison condo tower for a total of \$78 million.

One of the units, asking \$62 million, is a triplex penthouse measuring about 7,000 square feet and spanning the 58th, 59th and 60th floors of the condo tower, which is located in the Flatiron District and overlooks Madison Square Park. Mr. Murdoch is also listing a smaller

apartment, one floor below, for \$16 million, according to listing agent Deborah Grubman of the Corcoran Group.

Mr. Murdoch paid about \$57.9 million for the two apartments in 2014, records show. He had the triplex delivered as a "white box," and had it built out to his specifications, Ms. Grubman said. During construction he lived in the 57th-floor unit, a three-bedroom with roughly 3,300 square feet, she said.

After moving into the penthouse, she said he used the smaller apartment mainly for staff and guests. The two units could be combined with the building's approval, she said.

The triplex has a total of five bedrooms, including the primary suite, as well as a staff room. The unit has floor-to-ceiling windows and 360-degree views of the Hudson and East rivers, Empire State Building and the World Trade Center.

"You see every iconic building practically, and on a clear day you can see the ocean," Ms. Grubman said.

The great room has 20-foot-high ceilings, and there is a roughly 590-square-foot wraparound terrace. A curved glass staircase leads

to the second level and an internal elevator serves all three floors.

Mr. Murdoch declined to comment through a spokesman. He has owned various properties in New York over the years and thinks it is a good time to sell, according to Ms. Grubman. "There continues to be strong demand," especially for trophy properties, she said. "He thinks it is a good market."

Mr. Murdoch briefly listed the penthouse for \$72 million in 2015 but didn't sell it.

New York's luxury market has rebounded after stalling during the pandemic. In 2021's fourth quarter, the number of luxury sales in Manhattan rose 87.4% year-over-year and 48.6% from 2019's fourth quarter, according to real-estate appraisal firm Miller Samuel. The median sales price in the luxury market was flat year-over-year, but 16.67% higher than 2019's fourth quarter.

News Corp owns The Wall Street Journal's publisher. Last year, Mr. Murdoch and his wife, Jerry Murdoch, purchased a Montana cattle ranch spanning about 340,000 acres near Yellowstone National Park from Matador Cattle Co., a subsidiary of Koch Industries, The Wall Street Journal reported. The purchase price was about \$200 million, making it the largest ranch sale in Montana history.

The Murdoch family also owns a ranch in California and a roughly 25,000-acre sheep and cattle farm in Mr. Murdoch's native Australia.

In 2013, Mr. Murdoch purchased an estate and winery in Los Angeles's Bel-Air neighborhood.

—E.B. Solomont

FOR SALE
\$78 MILLION
A triplex with 7,000 sq. ft., 5 bedrooms and an elevator, plus a separate 3-bedroom unit



Tommy Hilfiger Flips Aspen Ski Home

In Aspen's booming luxury market, fashion designer Tommy Hilfiger has sold a slopeside mansion for \$50 million, roughly three months after buying it for nearly \$31 million.

The ski-in, ski-out home traded in an off-market deal that closed Tuesday, said Steven Shane of Compass, who represented both parties in the transaction. He declined to disclose the identity of the buyer. Mr. Hilfiger and his wife, Dee Ocleppo Hilfiger, bought the Aspen Mountain property in December, property records show.

Mr. Hilfiger declined to comment. The designer, known for his all-American clothing brand, is also a prolific house renovator. Last year, the Hilfigers traded a grand Connecticut estate for a mansion in Palm



2021 purchase price: \$31 million



Beach, The Wall Street Journal reported.

Mr. Shane said the Hilfigers had spent several years looking for a "legacy property" in Aspen to remodel and make their own. "It was never their intention to buy it

and sell it," he said. "It's difficult to pry a property like this one away, but I think everything has a price."

Built in 2003, the house is about 7,150 square feet with four bedrooms, Mr.

Shane said. It is located on the Little Nell ski trail on Aspen Mountain.

The Hilfigers bought the home from the family of the late Cynthia and George P. Mitchell, property records show. Mr. Mitchell was a Texas real-estate developer and oil baron who pioneered fracking.

Thanks to limited inventory and high demand, Aspen's luxury market is burgeoning. Last year, a mansion overlooking the tony ski town sold for a record \$72.5 million, the Journal reported.

Mr. Shane said he's doing an increasing number of off-market deals. "When somebody wants something, they buy it," he said. "Most often it will be worth more tomorrow than what they paid for it today."

—E.B. Solomont

SOLD
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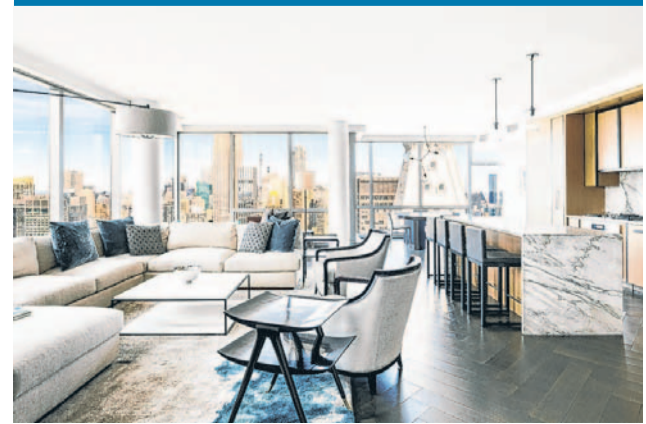
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michael@maxwellbaynes.com

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Karin Sinclair | Web ID: MB1018-G
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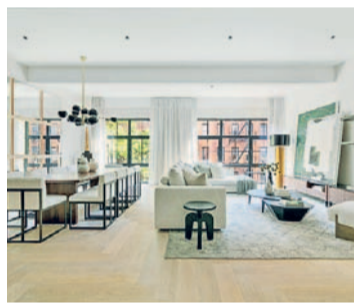


Aspen, Colorado

5-bed, 3-bath, 3,138 sq ft. Wonderful duplex home set on a 20,000 sq ft lot in East Aspen. This property is peaceful and private. \$7,499M.

Stephanie Lewis | +1 970 948 7219

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Yorkville, New York City

This 3-bed, 3.5-bath home offers an elegant atmosphere with a versatile layout. Private driveway & chef's kitchen. \$5.9M.

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Staci Donegan | +1 912 247 2052
staci@stacidonegan.com

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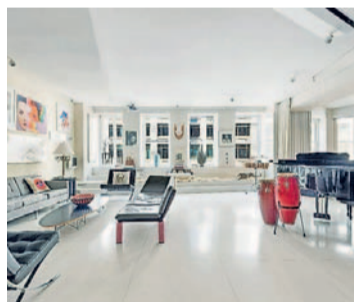


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Classic, quality built 6-bed, 10,000 sq ft waterfront estate perched along the shore of Lake Norman. \$4.5M.

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Roseanne De Vere Hunt
roseanne.hunt@sherryfitz.ie

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Elizabethan Renaissance Revival townhouse, 20 ft wide building located on a highly desirable block between West End Avenue and Riverside Drive. \$4.15M.

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Christie's International Real Estate Group



Upper West Side, New York City

Grand space, architecture set the tone for this 3-bed, 3.5-bath home. Residence occupies entire 12th floor of Fifth Avenue's most coveted residential buildings. \$14M.

Edward Joseph | +1 212 974 4434

Offered For Sale By:
Christie's International Real Estate Group



Tybee Island, Georgia

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PRIVATE PROPERTIES

Judge Approves Sale of The One Megamansion, Despite Lender Objections

A U.S. Bankruptcy Court judge approved the \$126 million sale of The One, the over-the-top Bel-Air megamansion once slated to list for \$500 million, dropping the curtain on a saga that has long captivated the Los Angeles real-estate world.

In a two-day hearing, U.S. Bankruptcy Court Judge Deborah J. Saltzman said that, while the sale “doesn’t feel like a success,” it had met the legal standard for approval. She said the purchase price is “within the range of what other courts have accepted as a fair and reasonable price.”

The ruling is a victory for Richard Saghian, the chief executive of fast-fashion giant Fashion Nova, who submitted the winning bid at the auction earlier this month.

“I’m grateful that Judge Saltzman approved my bid and I look forward to collaborating with the City of Los Angeles, the Bel-Air Association, my new neighbors and my design team to complete and perfect this iconic property,” Mr. Saghian said in an emailed statement.

Judge Saltzman approved the sale despite strenuous objections from some of the property’s major creditors, including multiple lenders on the property.

Some creditors argued that the price obtained at auction—\$126 million plus a buyer’s premium to the auction house, bringing the total amount to roughly \$141 million—fell far below the true market value of the property, citing previous offers and appraisals in excess of that number. Some cited an appraised value of \$228 million dating to 2019.

They claimed that the ultimate price had been dragged down by geopolitical events in Ukraine and the subsequent ripple effects in international markets, and alleged that the auction wasn’t appropriately administered. Some said the auction house Concierge Auctions confused buyers with mixed messages over how the sales process would be conducted, including over whether to place a reserve price on the house, which was developed by spec home king Nile Niami.

In a video following the hearing, Mr. Niami accused Mr. Saghian, who he described as a close friend, of going behind his back to rip the property out from under him. He said he would not speak to Mr. Saghian again.

The judge mandated that the bulk of the proceeds of the sale be held and not distributed until further agreement between the cred-



Original price: \$500 million



Auction price: \$126 million



had given buyers the impression that they could bid far below market value, and that Concierge chief executive Chad Roffers had dramatically oversold the potential of the auction, telling her he expected the property to sell for \$265 million to \$310 million.

As the auction unfolded and the price wasn’t approaching anywhere near the figure Mr. Roffers had projected, Ms. Niami said in her declaration that she texted Mr. Roffers asking that the auction be extended, but didn’t receive a response until the company had already put out a press release announcing the sale.

She said in these court documents that she believes “Concierge Auctions saw an opportunity to be a part of [the sale of] one of the most valuable properties in the United States and intentionally misled the lien holders...to generate publicity and advance their company’s status without the best interests of the other involved parties.”

Mr. Roffers said he believed the property achieved fair-market value and that, before and after the auction, there was not a “single credible offer that was superior to the final offer.” With regards to the Ukraine war affecting the sale, he said Russian buyers haven’t been a major force in the trophy real-estate market for years.

“With interest rates and geopolitical instability gaining momentum, many (including myself) would argue it’s the best time to sell this property,” he said.

Mr. Roffers said the discussion of a reserve was moot, since any reserve would have been below the final bid achieved at the auction.

He said estimates to Ms. Niami were based on the notion that the property was going to be completed and have a certificate of occupancy, neither of which occurred before the sale. “Those two elements proved to be a significant headwind in our discussions with potential bidders,” he said.

Hamid Rafatjoo, an attorney for Mr. Niami, said he and Mr. Niami will discuss an appeal.

“What has happened here is wrong....To see [the value] get obliterated through an auction process like this is very hard for [Mr. Niami,]” Mr. Rafatjoo said during the hearing.

—Katherine Clarke

Jeffrey Epstein’s private islands to list for \$125 million. M16



Top left: Fashion Nova CEO Richard Saghian, the buyer of The One. Bottom left: Nile Niami, developer of The One.



itors was reached. Lenders include Don Hankey, known as the king of subprime car loans, who lent more than \$100 million for the project. Other lenders on the property include Inferno Investment, associated with Canadian investors Julien and Lucien Remillard, and an entity controlled by physician Joseph Englanoff. During the two-day hearing, Mr. Hankey’s attorney argued in favor of approving the sale, while attorneys for Inferno and Mr. Englanoff’s entity argued against.

Before the hearing, Mr. Hankey told The Wall Street Journal he believed the property was marketed well and that there was no guarantee circumstances would change if the sale was delayed.

“The war might last, interest rates might go higher and inflation could hurt the economy. So,



it makes no sense to stop the sale for economic reasons,” he said.

In a legal declaration asking the judge not to approve the sale, Mr. Englanoff said he and Mr. Niami’s ex-wife Yvonne Niami, who personally guaranteed at least one loan on the house, both agreed that there should be a reserve placed on the property.

Neither Ms. Niami nor Mr. Englanoff responded to requests for comment.

Mr. Englanoff also claimed in the declaration that Concierge

told interested parties that the auction would employ a “soft gavel” approach, meaning that it could be extended for days and that bidders might have the opportunity to enter the fray after the scheduled close. That didn’t happen. This messaging from Concierge “almost certainly caused confusion amongst potential bidders,” Mr. Englanoff said.

Ms. Niami also asked that the judge block the sale. In her legal declaration, she said that failing to put a reserve price on the house

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MANSION | RETIREMENT

BALANCE SHEET

A Family Affair In Australia

The couple, longtime grape growers, broke even on their retirement property, sticking close to home and vine

By J.S. MARCUS

In the heart of Australia's wine country, on the Fleurieu Peninsula south of Adelaide, two longtime grape growers were in search of a new house for their active retirement. They found what they were looking for in their own backyard.

Tony French-Kennedy, now 67, and his wife, Sally French-Kennedy, 68, asked their son, Reuben, to design a new single-level house on a parcel of their existing half-acre property. After completing the project in April 2020, they sold off the previous house—and broke even in the process.

They spent about \$518,000, or 700,000 Australian dollars, to build and furnish their new two-bedroom, two-bathroom, 1,970-square-foot home, which overlooks a newly designed terraced garden. Ms. French-Kennedy spends time each day in the garden looking after her plantings. Otherwise, she works on art projects in her home's new studio.

The French-Kennedys have spent the better part of the past 30 years growing red grape varieties in McLaren Vale, one of Australia's premier wine regions. They sold the bulk of their Shiraz and Cabernet Sauvignon grapes to local winemakers, but they saved a portion to make their own wine. The two are still working their way through the 2020 vintage—their last before retiring—now kept in the garage under the studio wing, which doubles as a wine cellar.

Mr. French-Kennedy, a Sydney native and avid surfer, also uses the garage to store his three boards, including shorter ones suited for the biggest waves and a longer board for "small fun days."

Reuben French-Kennedy, 33, designed a home with the sunny north-facing views that are ideal in the Southern Hemisphere. The project has a number of energy-efficient add-ons, including solar panels, a gray-water system that redirects laundry and bathwater for use in the garden, and three climate zones to keep costs down and comfort levels up.

The couple spent \$21,600 on a corrugated-metal roof and cladding, which gives the home "an Australian aesthetic," says their son. The galvanized metal needs minimal attention, which has been a guiding principle for the house.



Terrazzo-effect flooring: \$21,700



Landscaping with native plants: \$12,000

The main timber used is Silver-top ash, a type of eucalyptus that the couple sourced from sustainable forests in the state of Victoria. It "needed a couple of coats of oil and that's it," says the older Mr. French-Kennedy.

The couple relocated to their corner of the McLaren Vale region in 2003, after paying \$163,000 for the original lot, which came with a two-room 1860s cottage that the couple converted into a two-story, three-bedroom house. Their new home next door is nearly stairs-free: All the living space is on one level, and there are ramps to the

garden that are suitable for a less-active phase of their retirement and ideal now for wheelbarrows.

McLaren Vale has a Mediterranean climate but can still get freezing temperatures in the winter and reach well over 100° in the summer. The couple ran an air conditioner in their former house, but their new underfloor heating-and-cooling system keeps their home comfortable.

On cold July nights, they warm up the living room with their \$8,700 fireplace, housed in an oversize radiant surround of pale-yellow limestone from West-

Tony and Sally French-Kennedy on their deck, below. Their home's exterior has corrugated-metal cladding and eucalyptus eaves.



KEY COSTS

Heating, cooling and ventilation	\$20,500
Bathrooms	\$9,000
Kitchen	\$22,000
Corrugated metal (roof and cladding)	\$21,600
Landscaping	\$12,000
Lighting and electrical work	\$1,700
Fireplace, including stone surround	\$8,700
Plumbing, including gray-water system	\$10,200
Solar panels and batteries	\$10,000
Flooring	\$21,700
Sliding doors and windows	\$48,000

CONSTRUCTION COSTS
\$518,000

from trees being pruned or cleared near Adelaide.

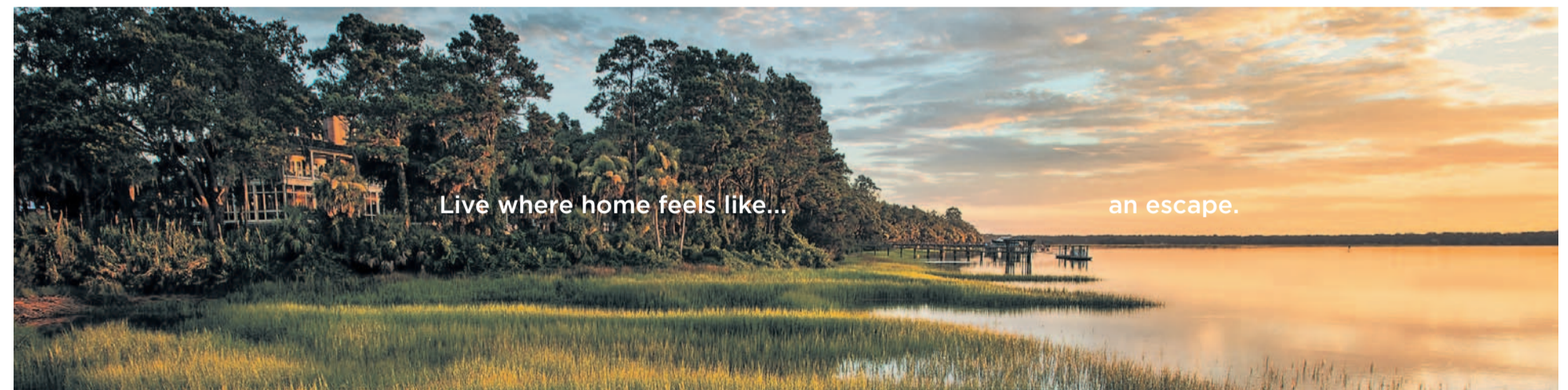
A commitment to native species marks the landscaping. The deck is edged by Lomandra, an Australian grass species, and a native juniper, along with bamboo. On the terrace proper, they've gone exotic with Virginia creeper vines that have rapidly framed the home in dark green.

Rather than erect walls or room dividers in the main living area, the space is broken up by large planters. "We knew we wanted something that wasn't permanent," says their son, who returned to Australia this year.

For flooring, the couple chose polished concrete, poured on site, that has in it quartz, offering a terrazzo effect. And they spent \$48,000 on sliding-glass doors and windows, giving the house an open-pavilion effect in temperate springs and autumns.

The interior greenery has an added acoustic benefit. "We have so many plants inside the house that the noise doesn't bounce around at all," says Mr. French-Kennedy.

PETER E. BARNES (4)



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40 Remington Road | \$2,990,000
bed: 5 | bath: 4.5 | sq ft: 5,157



233 Vinson Road | \$2,850,000
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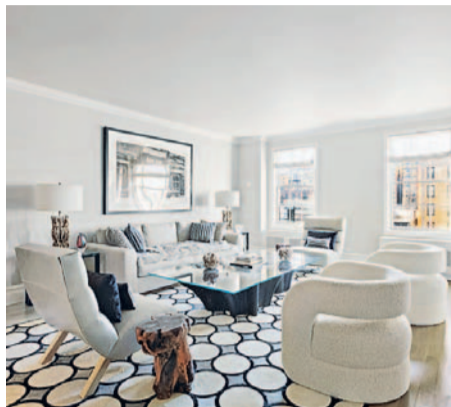
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MANSION | RETIREMENT

INSIDE STORY

A Retirement Home to Tempt the Kids

Stephanie and Brandon Hunt fell in love with Park City and built a home to take advantage of its outdoorsy, sporting lifestyle

By HANNAH SELINGER

Stephanie and Brandon Hunt, both 55, knew they wanted their forever home to be in Park City, Utah. But until November 2017, when the couple found and closed on a 5-acre parcel of land, which would eventually become the site of their dream house, they had not yet decided on their exact Park City address.

The Hunts' long-term relationship with Utah began when their youngest son, Chandler, now 23, a competitive snowboarder, was placed on the U.S. Snowboard team in 2014. The couple, who then called California home, soon became enamored with the Beehive State, purchasing, in that same year, land for \$2.95 million and building a ski-in, ski-out property in an area of Park City then called The Colony. The build cost \$4.3 million—\$3.1 million for the main house and \$1.2 million for a guesthouse.

"We didn't expect to fall in love with Utah over California," says Mrs. Hunt, an interior designer and owner of the design firm Flair-hunter. Mrs. Hunt and her husband, a financial advisor at Morgan Stanley, lived between Montecito and Newport Beach, Calif., and Park City, Utah, before settling full-time in Utah in November 2021.

Although they loved their new build, the location provided some practical issues. "It could be easily 30 minutes to get anywhere," Mrs. Hunt says of the home's location. Knowing that they wanted to stay in the area permanently, the couple decided to start fresh, directing their real-estate agent to look within the flats of Park City's Old Ranch Road Corridor, an area that hugs the 5-mile-long Old Ranch Road and that is home to farms, wide-open spaces and horse and hiking trails. Not yet retired, their vision was of a home that would eventually see them through retirement, and attract both their children and future grandchildren. In July 2018, they sold their home in The Colony for \$7.5 million.

The Hunts paid \$2.8 million for the lot and existing barn structure, and then, over the course of the following four years, invested an additional \$5.5 million into it. They worked with architect Solim Gasparik of 4C Design Group and builder Paul Berman of Big Canyon Homes to construct their dream home: a 11,000-square-foot, Scandinavian-style compound that includes six bedrooms, 10 bathrooms, a home gym, ski locker, saloon, barn, bocce ball court, Jacuzzi, full-sized swimming pool, disc golf course and design studio.

The aspirational project—seven small barn-like buildings linked by long glass hallways—was inspired by a trip to Reykja-



Brandon and Stephanie Hunt, in front of their Park City home, the design of which was inspired by a trip to Iceland.

in from everywhere." That natural light has also offered optimal opportunities to display vintage finds, like a set of bowling balls from the 1800s and Mrs. Hunt's great-grandfather's Louis Vuitton and Goyard trunks, as well as other personal mementos. Reminders of the family's Southern California beach life, like sets of flippers occupying a wall, take advantage of the home's art-friendly glass.

From the perspective of empty-nesters who have welcomed their children back into the fold, the layout has also been useful, affording extra privacy.

The result is a home that merges form and function, and that will serve its purpose as the Hunts tack toward retirement. "We hope this is the magnum opus," Mrs. Hunt says. "I'm not in a giant hurry to move and build again."

vik, Iceland. During the construction, the couple lived at another home, a rental, within walking distance.

The home, the Hunts say, was designed both with retirement in mind and also as a space that could bring their family together. "We wanted it as a place that our kids could feel comfortable bringing their friends back to and, hopefully, in the future, their own families," Mr. Hunt says.

"We really want them to want to be back here," Mrs. Hunt says. "And so far, it's working." The Hunts' oldest son, Riley, 26, lives in New York City and works in the natural wine industry. Their youngest son lives in Los Angeles, where he is a senior at the University of Southern California. Since the completion of their home, Mrs. Hunt says, they have returned often.

A barn built to resemble

the property's original structure, using salvaged horse stalls, now houses a skateboard half-pipe mini-ramp and two rock-climbing walls, Mr. Hunt says. Outside, features, including the bocce court, Nordic ski track, disc golf course and hatchet-throwing area, all exist as a result of their two sons' input.

The Hunts and their friends do all of these sports and activities now, they say, but they haven't ruled out future plans, either. "The back area could easily be converted into putting greens and pickleball," Mrs. Hunt says. "The barn could be used in the future for horses, or alternatively, RV and boat parking and storage."

Glass walkways connecting the home's buildings bring the outside in. "The natural light is delightful," Mrs. Hunt says. "Streaming



The property has seven barn-like buildings.



The guest room, above, is designed with younger guests in mind. The game room, below.



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MANSION | RETIREMENT



Moving On Up

Continued from page M1

Lawrence. Russell Beyer, 67, the chief financial officer of a biotech company, and Lizzie Padro, 62, a real-estate agent, lived in the same 3,400-square-foot house in Miami for 20 years. Then, this past November, they bought a roughly 5,000-square-foot house a five-minute walk away. Both houses have five bedrooms, but the additional square footage means larger rooms and bathrooms. "There's just so much more space and privacy," says Mr. Beyer.

This helped convince one of their three grown daughters, Danielle Beyer, 38, and her husband, who live in New Jersey, to spend a month there, along with their puppy. "It makes it much easier for us to stay," says Ms. Beyer. She says they used to just come down for a weekend at a time. "You don't want to intrude, to feel like you're in someone else's space."

Another daughter, who is 27, and her boyfriend, now live full time with the Beyers, while their grandchildren from their third daughter sleep over with their friends multiple times a week. The Beyers sold their smaller house for \$1.675 million and bought the bigger new house for \$1.85 million, making their new house cheaper for them per square foot.

In July 2020, Michael Verlander, 78, who owns a vineyard, and his wife, Janet Verlander, 69, moved from a 3,000-square-foot craftsman on a 9,000-square-foot lot near the center of Healdsburg, Calif., to an ultracontemporary house about twice that size, with 26-foot-high ceilings, on 15 acres about 4 miles away.

They had been living in the smaller home since the house where they raised their three children burned down in 2017. "It wasn't the house we wanted. It's what we needed at the time. Now we have the house we want," says Mr. Verlander. They designed their new home, which cost around \$4 million to build, to look like a cluster of farm buildings, with wide doors and a place where a potential caregiver could live. There is a guesthouse and an oversize garage with a room where Mr. Verlander makes his own balsamic vinegar.

It took very little time for Tom Willingham to realize how much he disliked living in a small space. The 73-year-old retired private investigator and his wife, Jean, sold their 4,500-square-foot house on 3 acres in Bedford, N.Y., in 2016 for \$1.65 million after living there for 17 years and bought a two-bedroom, 1,600-square-foot condo for \$950,000 in White Plains, N.Y., where he was still working at the time. He thought it might be OK, since the couple also owns a house in Calistoga, Calif., but Mr. Willingham says he had a visceral reaction. "Living in the small space wasn't for us. I knew it the moment I got there," he says.

The Bedford house had been the center of everything—their children and grandchildren would come swim and stay over. That stopped when they moved to the condo. "I felt like I was losing them," says Mr. Willingham. "We wound up being really isolated. It was terrible."

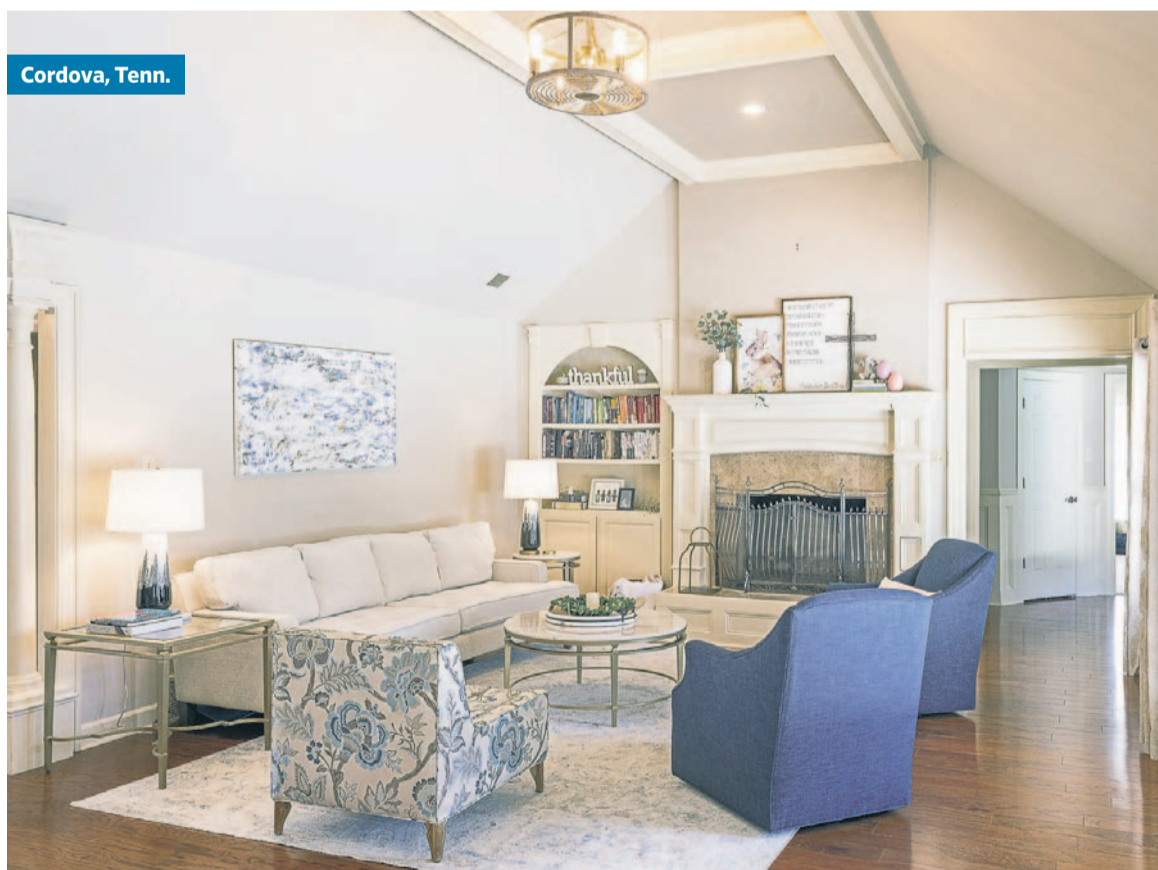
This past August, the couple bought a four-bedroom, five-bath-room, 3,225-square-foot historic carriage house with a loft-like living area, large windows and a landscaped grounds house for \$2 million in Irvington, N.Y. They have filed for permits to renovate it to add 1,500 square feet by putting in a main bedroom on the first floor.

David Carter, who is 66 years old and has been retired for more

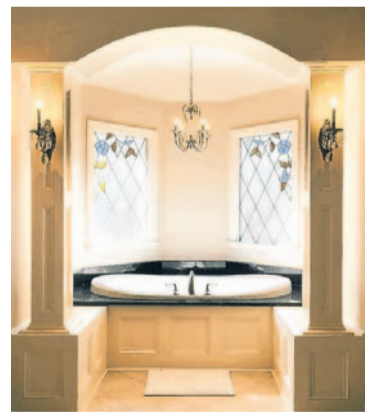


Healdsburg, Calif.

Michael and Janet Verlander, above with their dog, Roameo, built this house on 15 acres about 4 miles from the center of Healdsburg, Calif. They moved here from a home that measured 3,000 square feet, to which they moved when their previous home burned down.



Cordova, Tenn.



Suzanne and Mark White upsized to this larger house last year from a smaller place in East Memphis, Tenn., because she wanted a swimming pool and he wanted space for a recording studio and a workshop.



JASON HENRY FOR THE WALL STREET JOURNAL (7)

HOUSTON COFIELD FOR THE WALL STREET JOURNAL (5)

MANSION | RETIREMENT



Miami

Moving to a larger home has allowed Russell Beyer and Lizzie Padro to easily host their family. Daughter Danielle Beyer, above left, and her family visited the new home for a month. Daughter Gaby Beyer moved into the house full time with her boyfriend, Andres Arechabala, both above right.



than seven years, moved last August from a 3,700-square-foot house in San Diego to a two-bedroom apartment in Nyack, N.Y., to be closer to his son and grandson. Mr. Carter, who is divorced, initially thought he would want a home under 3,000 square feet, but quickly discovered that despite his budget of around \$1.3 million, he couldn't find something that size with everything he wanted: three bedrooms so he could have a guest room and an office, a place for gym equipment, a rec room that would hold a pool table, and a yard big enough for his grandson to play.

"I'm not willing to give all I want up," he says. His budget hasn't changed, but finding something larger means he might have to look at a wider geographic range—farther north, in Westchester County. "It's been

tough living in a small apartment. It's reinforcing my decision to buy a bigger house again."

At the moment, Deborah Watkins, who is a 64-year-old homemaker, is living in her dream community of Palmetto Bluffs in Bluffton, S.C. However, the two-bedroom, two-bathroom, 1,400-square-foot house she and her husband, Lee Watkins, bought for \$820,000 last April is much too small. They are living in what she calls "the little house" while they build their new 4,000-square-foot home in the same development. The new house will have a swimming pool, walk-in closets, a walk-in pantry, a writing room with stationery and stamps, and four bedrooms and four bathrooms.

"I wanted this to feel like my forever house. I'll never do this again. My next move is going to be to heaven," she says.

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noun

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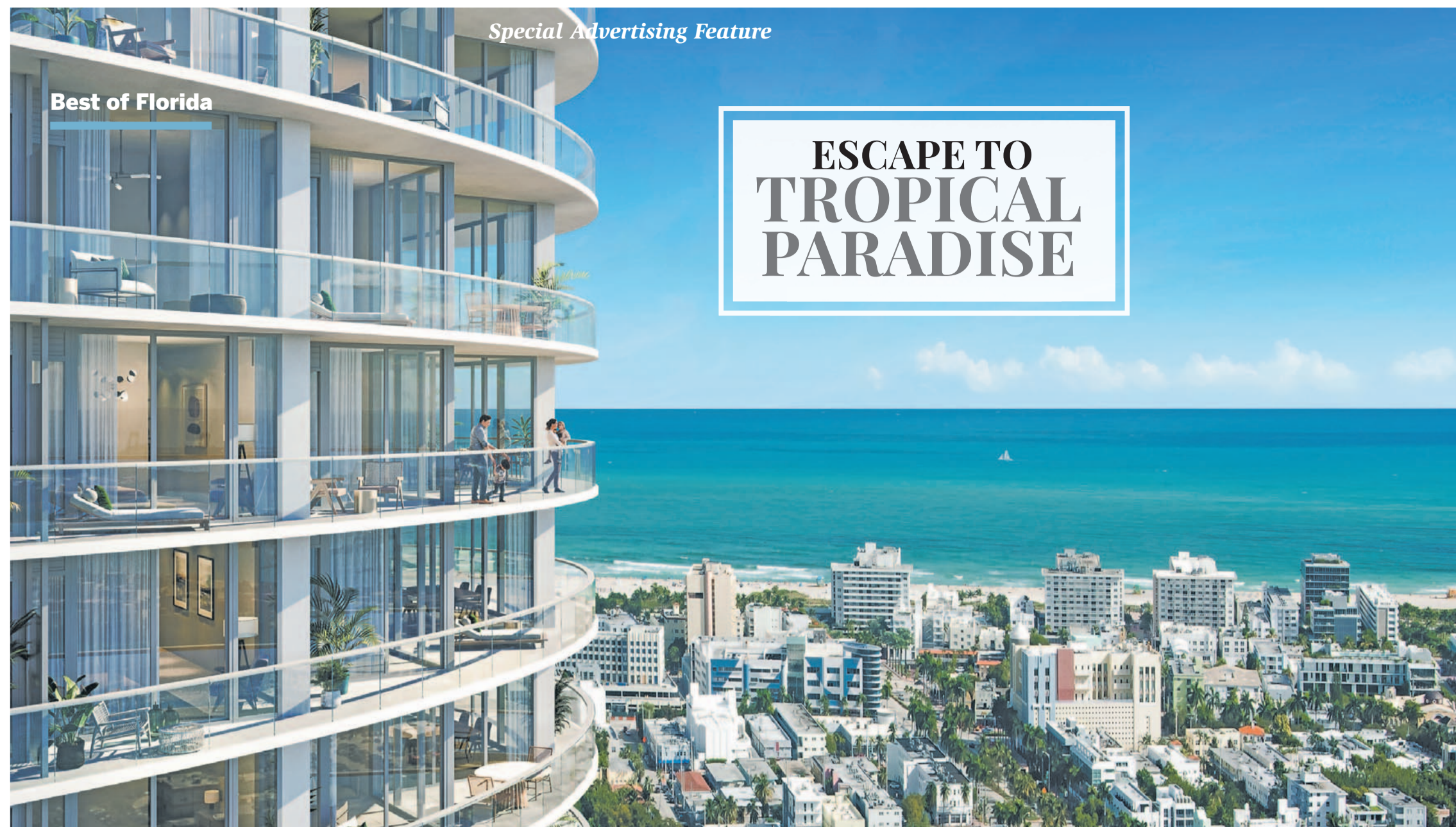
We are pleased to present the 25 largest residential real estate brokerage firms in the United States from our survey of more than 1,730 of the nation's leading firms. These elite firms are ranked by total closed residential transaction sides in the calendar year 2021, accompanied by respective closed sales volume.

COMPANY	HEADQUARTERS	SIDES	VOLUME
1. HomeServices of America, Inc	Minneapolis, MN	388,098	\$ 198,739,502,598
2. Realty Brokerage Group	Madison, NJ	376,892	\$246,052,872,000
3. eXp Realty	Bellingham, WA	355,627	\$132,373,314,489
4. Compass	New York, NY	224,067	\$251,100,000,000
5. Hanna Holdings Inc	Pittsburgh, PA	124,016	\$35,625,185,300
6. Redfin	Seattle, WA	76,680	\$52,503,000,000
7. HomeSmart	Scottsdale, AZ	56,679	\$25,162,914,396
8. United Real Estate	Dallas, TX	48,840	\$14,257,117,761
9. @properties	Chicago, IL	46,031	\$ 23,931,729,431
10. Fathom Realty	Cary, NC	38,434	\$12,169,879,000
11. Keller Williams Realty, GO Network Offices	Arlington, TX	37,067	\$ 13,382,861,368
12. Douglas Elliman Realty, LLC	New York, NY	32,281	\$51,031,187,364
13. William Raveis	Shelton, CT	28,944	\$21,000,445,000
14. RE/MAX Gold, representing Gold Nation	Rancho Cordova, CA	28,500	\$16,807,267,091
15. RE/MAX Results	Eden Prairie, MN	27,743	\$ 9,539,615,163
16. Crye-Leike Real Estate Services	Memphis, TN	25,781	\$7,445,189,705
17. West USA Realty, Inc.	Phoenix, AZ	25,420	\$ 6,637,131,163
18. Keller Williams Realty Pinnacle Partners Group	Duluth, GA	25,160	\$ 8,650,215,184
19. Coldwell Banker Sea Coast / Advantage	Wilmington, NC	24,565	\$ 7,120,636,231
20. Real Estate One	Southfield, MI	21,832	\$6,806,074,143
21. Coldwell Banker Real Estate Group	Shorewood, IL	20,933	\$ 5,006,294,754
22. Berkshire Hathaway HomeServices PenFed Realty	Alexandria, VA	20,844	\$8,191,039,795
23. CENTURY 21 Affiliated	Madison, WI	20,316	\$5,191,108,134
24. My Home Group	Scottsdale, AZ	20,308	\$7,716,179,000
25. Samson Properties	Chantilly, VA	20,240	\$9,601,719,110



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The residences at Five Park Miami Beach are courting the influx of young professionals looking for luxury in the culturally rich city with stylish amenities and stunning views.

Not just for snowbirds, a fresh new flock of homebuyers are descending on the Sunshine State

by Kelly Bryant

Like so many industries across the world, real estate has seen a tremendous shift since the start of the COVID-19 pandemic. More than two years in, the market is still reeling. Remote work is making people rethink where they can (and want to) live, while inventory remains frustratingly low for homebuyers at every price point. One of the busiest markets has to be South Florida, which is receiving a migration of diverse groups from nearly every point in the United States.

The Wall Street Journal news organization was not involved in the creation of this content.

“There has been an influx of professionals of all ages and industries moving to South Florida,” says Cathy Strafati, executive vice president and managing director of Douglas Elliman development marketing. “There has also been an overarching trend of those who once visited Miami seasonally now making the city their year-round home.”

Strafati looks at Miami’s globally influenced, vibrant culture as a beacon for people from all over the world because it’s a one-of-a-kind place to settle. She describes her buyers as savvy, educated, well-traveled and successful individuals with discerning tastes that extend across all facets of their life.

Here to meet the needs of this esteemed group of newcomers is Five Park, a stunner of a luxury community merging function, beauty and sustainability. Not only are the residences rich in amenities, state-of-the-art technology and sumptuous finishes, but the property also encompasses so much more than the living spaces. This includes Canopy Park, three acres of lush greenery that honor Florida’s exceptional ecosystem. It’s a feature that sets Five Park apart from other prominent developments. When one thinks of new construction, it’s rare to see so much attention paid to showcasing nature, but it’s just another example of how its visionaries really thought of everything.

“From the onset of the project, Five Park’s

mission has been to create an entirely new Miami Beach lifestyle, one that prioritizes residents’ ability to balance well-being and productivity within their own community, and the addition of Canopy Park does just that,” says Russell Galbut of TCH 500 Alton LLC, developers of the property.

However, Galbut and his team weren’t merely thinking of the human component when they designed the space. They also want to protect the health of the land.

“We integrated groundbreaking sustainability and environmental resiliency efforts into the foundation and landscape of the area that will offset flooding in this traditionally watershed neighborhood,” he says. “This will, in turn, protect our precious Biscayne Bay because the water captured by Canopy Park will be filtered through a sophisticated system installed underground, ensuring that harmful toxins, pollutants and debris are removed before it’s safely reused to maintain the native and exotic canopy of trees and plants adorning the park.”

LOCATION, LOCATION, LOCATION

The old saying still rings true: When it comes to real estate, it’s all about the neighborhood. This is yet another box Five Park checks off for its residents, with an artistically significant passage to some of the most beautiful parts of Miami Beach.

“A major component of the property will be the addition of Miami Beach Canopy

Bridge, designed by world-renowned French conceptual artist Daniel Buren,” says David Martin, also a developer with the project. “The bridge will give pedestrians safe and easy access to cross the MacArthur Causeway. It will achieve long-term, overarching connectivity goals for the city, creating a continuous loop of access for all the South Beach neighborhoods. Five Park will be the new gateway to Miami Beach.”

With such an affluent group of buyers coming into the market, Strafati says they crave exclusive lifestyle offerings. To that, Five Park offers a residents-only members area, The Canopy Club. Located on the building’s 26th floor, it’s outfitted with wellness and fitness accoutrement, a spa, private dining room, lounge and bar, along with a dedicated club-level concierge to personalize each experience.

“Residents will also have access to a private beach club, further enhancing their unrivaled amenity options at Five Park,” Strafati says.

The energy of Miami Beach is hard to beat, but South Florida encompasses a lot of land dotted with eye-catching neighborhoods for every personality and lifestyle.

Positioned in the arts and entertainment district of downtown Miami, Casa Bella is a soaring 57-story tower featuring 306 luxury residences. The lucky occupants will be treated to not only gorgeous views, but also the kind of five-star service and amenities these well-heeled city dwellers command.



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Drive about 35 miles north up the coast through many gorgeous seaside communities, and you’ll arrive at the future home of The Ritz-Carlton Residences, Pompano Beach. Its two towers will each have their own perspective, either gazing over the beachfront or enjoying glistening marina views.

A FORTUITOUS FIND

Beth Booker, owner of public relations and marketing firm Gracie PR & Marketing, was living in Charlotte, North Carolina, when the pandemic hit in 2020. Not more than six months later, in September of that year, she found herself buying a home in Naples, Florida, over video chat, sight unseen.


“Southwest Florida has a very special place in my heart,” Booker says. “It’s where I vacationed through my childhood, where I went to get my undergraduate degree and it’s where I got married. My mother decided to make it her permanent residence, my best friends are here and my in-laws are only a couple of hours away.”

When she and her partner arrived at their new home with their two young children in tow, it wasn’t long before they realized how many other people their age had the same idea. Florida is the place to be.

Dawn McKenna, founder and owner of the Dawn McKenna Group, first noticed a dramatic increase in young professionals’ interest in Naples back in 2016. This prompted her to open an office there a year later.

“Everyone wants to be near the Gulf or close to the town center,” she says. “They want amenities in their condos like workout rooms and food service. With single-family homes, they are looking for things like great outdoor space, pools, spas, putting greens, pizza ovens and boat access. The young professional buyers want new. They are not willing to live with an 80s, 90s or even 00s style.”

A palatial estate might certainly catch their eye. Premier Sotheby’s International Realty recently listed a five-bedroom, seven-bathroom Old Naples home for \$14.9 million. It came to market after the owner decid-



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Introducing Miami Beach’s premier resident-only members club, The Canopy Club. Five Park residents will have unrivaled amenities at their fingertips. Equipped with a private dining room, bar and lounge, wellness and fitness centers, signature spa, adult and family pools with a poolside cafe and bar, business working stations, screening room, children’s play area and teen lounge, as well as an exclusive beach club dedicated to residents, Five Park will be the only property of its kind on Miami Beach for years to come.

Pre-construction sales have begun, with two- to four-bedroom residences starting at \$2.6 million. Douglas Elliman Development Marketing is the exclusive sales agency.

For more information, email sales@fivepark.com, visit fivepark.com or call 786-460-7242

shift in his market not long after the pandemic started, in line with Booker’s relocation timeline.

“It began to open up in May and June of 2020 and by September or October there was a noticeable shift in what I would call the ‘normal’ buyer profile,” Zeder says. “We would usually see the majority of buyers coming from out of state closer to a retirement age. The new buyer is significantly younger, consistently in their late 20s to mid-50s with young families and looking to relocate completely to Miami.”

Slightly ahead of the curve, Marc Lotenberg, CEO of *Surface Magazine* and Future Media Group, made the Florida migration from New York in March 2020. Having lived in Miami before, he was familiar with different neighborhoods in the city.

“Miami Beach is like a village,” Lotenberg says. “It’s a super tight-knit, family-oriented community — which was important to me as the father of two young children.”

Since then, many of his employees have also made the move to South Florida. While he admits the pandemic was limiting at first, Lotenberg feels that, in the long-run, it expanded opportunities for industries previously tied to the biggest metropolitan cities to operate from anywhere.

“What better place than a tropical paradise with no state income tax?” Lotenberg asks. “Top-tier finance, tech and media companies flocked to Miami, and of course the restaurant and hospitality players quickly followed suit. Right now, South Florida is the center of the universe; it’s the best place to build a brand or launch a new business, surrounded by elite talent from across the country thriving in 80-degree weather.”

It’s hard to argue with that logic. And with some of the country’s most sought-after developers creating homes with these high-net-worth individuals in mind, it feels like a win-win for both sides.

Kelly Bryant is a freelance writer in Los Angeles specializing in real estate and lifestyle topics.

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MANSION | RETIREMENT

Big City Living

Continued from page M1

demographic of retirement-age Americans who are rejecting traditional ideas about retirement in favor of growing old in major urban metropolises. While big cities typically conjure up images of crowded, dirty streets, crammed subway cars and lots of stairs, many retirees are finding that cities come with perks. They can get rid of their cars and maintenance-heavy single-family homes and be closer to cultural institutions and a wider variety of restaurants.

It is a trend fueled in part by the fact that Americans are living longer and staying healthier into their 60s, 70s and 80s. Life expectancy in the U.S. was about 79 years in 2019, up by close to a decade since the 1960s, though there was a notable decrease in 2020 as the result of the Covid-19 pandemic, records show.

Mr. Garst, like many Americans his age, wasn't ready to be old. An unmarried IT consultant who is still actively working, he purchased a \$1 million condo at Atlanta's 40 West 12th Street, which is part of a larger Midtown mixed-use development that includes Google's newest office tower and the Epicurean Hotel, he said.

Mr. Garst said he heads out to the bars and restaurants at night and dines solo at the counter. A salesman by trade, he inevitably starts chatting to a fellow diner or staff member and often finds himself happily surrounded by young people. He is so social that the concierges and doormen at his building call him "the mayor."

"I have friends my age, and don't get me wrong, it's not that I don't enjoy being around people my age," he said. "But I enjoy being around younger people because of the energy."

It is a huge contrast to his life in the suburbs, where he said he didn't know all seven people who lived on his quiet cul-de-sac in Brookhaven. When his Realtor suggested he move farther into the suburbs, he felt like he would be moving to another version of



Paid \$4.25 million last November

"Anywhere, U.S.A." "It was a beautiful house but when I shut the door I was all alone," he said. "Now, I meet people on the elevators, in the lobby. I meet people at the pool and at the bar. I love it."



Cynthia Starké recently purchased an apartment in New York's Chelsea district. 'I'm 66 years old, and I'm going to enjoy this last bit,' she said.

anything were to happen to me, the staff would be there to take care of me immediately," he said.

Mr. Garst is moving against the grain. People migrate across the U.S. for numerous reasons, with a high percentage of those moves happening around retirement age, according to the U.S. Census Bureau. Though just 17% of the U.S. population is 65 or older, relocation company United Van Lines reports that seniors in that age group completed 29% of all its moves in 2020, according to an analysis by SmartAsset, an online hub for financial advice. The top states that typically draw retirees are Florida and Arizona, states with year-round warm weather, relative affordability and favorable tax laws. In 2019, the most recent year for which data was available, there was a net migration of roughly 95,000 people ages 60 and older to both states.

The county with one of the highest levels of inbound migration of seniors is Sumter County, Fla., thanks in large part to the Villages, the sprawling retirement community more than 50 miles northwest of Orlando, which draws retirees looking to take advantage of favorable tax rates and enjoy amenities like shuffleboard and pickleball as well as a break from the congestion and hustle and bustle of neighboring cities.

It looked like Cynthia Starké was going to live a quiet retirement too, until a divorce threw a wrench in the works. Newly single and looking for a change, she recently traded her large three-bedroom home in the suburbs of Madison, N.J., for a condo in New York City's Chelsea district last November.

"My kids are emancipated. It was time to reimagine what was next for me," she said.

Ms. Starké, a self-described adventurer, said she felt dissatisfied by life in the suburbs. In the city, she's already made a group of friends; their biggest problem is deciding which museum, show or restaurant to enjoy on their weekend get-togethers, she said. From her apartment, she strolls up to Bryant Park or south to the farmers market at Union Square.

Ms. Starké, who formerly worked in sales and marketing for a pharmaceutical company, paid \$4.25 million for her gut-renovated three-bedroom duplex condo townhouse. It was more than she had intended to spend, but she decided to throw caution to the wind. "I'm 66 years old, and I'm going to enjoy this last bit," she said. "If I want it, I'm going to have it." She sold her Madison home for \$1.5 million, according to her Realtor, Ann Marie Battaglia of Kienlen Lattmann Sotheby's International Realty.

Ms. Starké said she recognizes that she's flipping the script by moving to the city and especially by choosing a multilevel home with stairs at her age. "For me, that was less of a worry than my competence in managing and running a single family home," she said. "Snow plowing and lawn mowing and home maintenance and all that crap."

Similarly, after roughly three

Please turn to page M11



Oakland, Calif., → Washington, D.C.



Philip Anderson and Jim Tibbs are eyeing \$2 million homes in the trendy Logan Circle neighborhood.



Recently sold \$3,000 worth of their belongings

FROM TOP: CLOCKWISE: TAYLER SMITH FOR THE WALL STREET JOURNAL (4); CHRISTIAN KLUGMANN (2); JIM TIBBS

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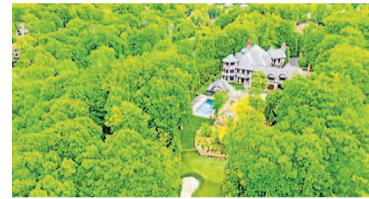
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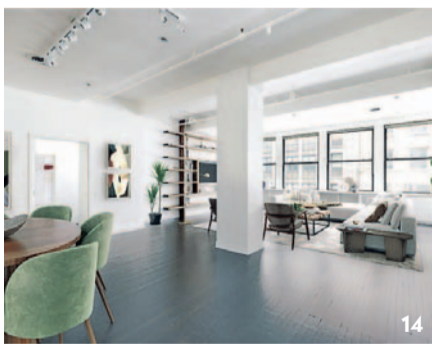
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MANSION | RETIREMENT

decades of living within the tree-lined streets of Crocker Highlands area of Oakland, Calif., where they own a sprawling three-bedroom home with an additional guest-house, Phillip Anderson, 74, and Jim Tibbs, 63, have decided to relocate to the middle of Washington, D.C., where they are eyeing \$2 million homes in the trendy Logan Circle neighborhood.

“Neither of us have really lived in a metro area, so we’re making a pretty dramatic shift,” Mr. Tibbs said. “We’re taking a lot of risk, but that’s okay. One of the things that keeps life really interesting is to continue challenging yourself.”

The motivation: The couple wants to get rid of one of their cars in favor of a more walkable environment, be closer to Europe so that travel is easier in their later years, and be nearer to their families, who live in different areas along the East Coast. They are also excited about having more distinctive seasons, rather than Oakland’s more consistent climate. Mr. Anderson is already retired from his role heading a remodeling company and Mr. Tibbs plans to wrap up as executive director of the Berkeley Symphony this summer. They have found a buyer for their Oakland home according to their Realtor, Herman Chan of Golden Gate Sotheby’s International Realty.

“I’m bored with paradise,” Mr. Anderson said. “I would like to wear a scarf. I would like to wear galoshes. I would like to walk the dog among the newly fallen snow.”

The couple recently hosted a massive yard sale at their Oakland home, selling about \$3,000 worth of their belongings in a bid to downsize. Among the most unusual items was a three-foot tall Tang Dynasty Chinese porcelain horse, which they said they won’t have room for in D.C.

Similarly, Mr. Garst said it has been “freeing” to get rid of all his “stuff,” referencing a famous comedy routine by George Carlin that partially inspired his desire to simplify. As his IT business took a temporary dip during Covid lockdowns, he took the opportunity to start getting rid of all his things,



Linc Kinnicutt and Sally Kinnicutt sold a home they had built to retire in for a 43rd floor condo.



including an enormous stash of leftover IT equipment that was spilling out of his basement.

He admittedly may have gone too far. Determined to start fresh, he decided to buy all new furniture—a friend is helping him since he describes his style as “dogs playing poker”—but delivery has been delayed by supply chain issues. He slept on an air mattress for three months.

Some retirees are opting for a second chapter of retirement. Roughly 17 years ago, after Linc Kinnicutt retired from his career in asset management, he and his wife Sally Kinnicutt built a classic

Revival-style home on a bluff on Spring Island, a nature preserve and island residential community in Beaufort County, S.C. The island had a slew of amenities, from clay shooting to equestrian facilities—and the Kinnicuts enjoyed a break from the rat race—but life there had its downsides. The nearest grocery store was roughly 20 minutes away and cultural experiences required bringing in artists from elsewhere. After 15 years, the couple,



now in their mid-70s and still in good health, decided it was time for a break from more physical pursuits in favor of city life.

“When you initially retire, you’re so happy to not have to work all the time and respond to clients,” said Mr. Kinnicutt. “It feels heavenly to play golf three or four times a week. But as we got older—and we still love playing golf, no ques-



tion about it—it just felt like we wanted more excitement.”

So, in 2019, they purchased a 43rd floor apartment at Boston’s new Four Seasons Hotel and Private Residences, One Dalton Street, in the city’s center. They knew the area well, having lived in the Boston suburbs with their children decades prior, and found themselves enticed by the services of the condo building, which seemed like a more glamorous alternative to assisted living. Property records show they paid close to \$7 million for their apartment. They have since sold their home in South Carolina, they said.

So far, the couple said it has been a dream. They enjoy being near the youthful energy of students from the surrounding colleges, like the Berklee College of Music and MIT, and said they feel spoiled by the staff at the building, who help them with their groceries and are at their beck and call if they have issues.

“I haven’t opened a door for myself in two years,” Ms. Kinnicutt said. The proximity to some of the country’s best hospitals is also comforting as they age.

“If we want to travel, we fly out of Logan and we’re home in 10 minutes. If we want to go get pasta in the North End, we’ll just hop on the T and off we go,” she said. “If there’s a snowstorm coming, I really don’t give a damn because I’ll UberEATS something.”

FOUR SEASONS ONE DALTON (3): KINNICUTT FAMILY PHOTO

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MANSION

COUNTING HOUSE | ROBYN A. FRIEDMAN

Executing the 1031 Exchange

The opportunity for savings makes the effort worth it if your property or transaction qualifies

Thinking about swapping your ski chalet in Aspen for an oceanfront mansion on Miami Beach? If you've used your vacation home as an investment property, and collected rental income, you might be able to take advantage of a popular tax break that allows you to defer payment of any capital-gains taxes due on the sale or perhaps avoid them entirely.

Like-kind exchanges, also known as 1031 exchanges for the section of the Internal Revenue Code they fall under, allow taxpayers to exchange real property used for business or investment purposes for "like-kind" property without paying taxes on the proceeds. Instead, those gains are rolled over until the taxpayer ultimately cashes out by selling the property. Under the tax code, any type of real estate used for business or investment is considered "like kind." However, under IRS rules, a home used solely for personal use, whether as a primary residence or vacation home, wouldn't qualify for like-kind exchange treatment.

Although like-kind exchanges are a popular tax strategy for large institutional investors that buy and sell commercial real estate such as office buildings, individual investors often take advantage of the break as well, whether they own small apartment buildings, single-family rentals or vacation homes used for business purposes. In fact, according to data firm CoStar Group, the share of transactions worth \$1 million or less has increased to 32% in 2021 from 18% in 2017.

Miltiadis Kastanis, a senior director of luxury sales for Douglas Elliman Real Estate in Miami, said more of his clients are seeking 1031 exchanges now than in past



years due to the run-up in housing prices. "Markets around the country are so robust that people are taking advantage of the great values of their properties and rolling those gains into properties in other markets," he said. "The opportunity to defer capital gains is the main driving force of doing a 1031 exchange."

To successfully complete a 1031 exchange, investors must comply with strict time limits. First, the taxpayer must identify one or more replacement properties within 45 days of the date of the sale. Then, the replacement property must be acquired within 180 days of the sale. Miss these deadlines, and you'll lose the tax bene-

fits of Section 1031.

But finding and closing on replacement property within the required time frames can be a challenge in today's market, where inventory is, in many markets, at historic lows. Mr. Kastanis said that he often looks for off-market opportunities due to the scarcity of inventory in Miami.

Under the current tax code, taxpayers who complete successive 1031 exchanges without paying capital-gains taxes who then die may avoid taxes altogether since their heirs will inherit that property with a stepped-up basis equal to the value of the property at the time of death. That makes 1031 exchanges a great estate-

planning tool.

Here are some things to consider if you're thinking about a like-kind exchange.

Be aware that the rules may change. The American Families Plan proposed by President Biden calls for limiting the deferral of capital gains in a 1031 exchange to a maximum of \$500,000 for single taxpayers or \$1 million for married couples filing a joint return. Although these provisions are pending and subject to change, realize that 1031 exchanges might be curbed in the future.

Use a qualified intermediary. To avoid triggering a taxable event,

always use a so-called qualified intermediary, such as a lawyer, accountant or title company, to facilitate a 1031 exchange. That intermediary will hold the sales proceeds from the relinquished property and use them to acquire the replacement property, preventing the taxpayer from coming into contact with the proceeds of the transaction, which is prohibited. Marilyn Wright, a broker with Premier Sotheby's International Realty in Asheville, N.C., always requires her clients to use a qualified intermediary when doing a 1031 exchange. "It's imperative to make sure it's done properly," she said. "Most real-estate agents

'The opportunity to defer capital gains is the main driving force of doing a 1031 exchange.'

are not proficient in handling the paperwork involved, and I know I don't want to be responsible for messing up the transaction. Even the agents I know who regularly do 1031 exchanges have a company handle it for them."

Bone up on Delaware Statutory Trusts. To avoid challenges complying with the strict time periods required by the Internal Revenue Code, Steve Moskowitz, a tax attorney in San Francisco, recommends naming a Delaware Statutory Trust, a separate legal entity similar to a real-estate investment trust, as one of the replacement properties. That way, since the IRS ruled in 2004 that certain DST shares are treated as replacement property in a 1031 exchange, if the seller cannot find or close on a suitable replacement property in time, they can move ahead with the purchase of DST shares to complete the exchange. "Because of the strict time guidelines, a lot of people fall into a trap," he said. "They think they're going to do a 1031 but they miss the deadline and get stuck paying the taxes." By naming a DST as replacement property, however, taxpayers can avoid that risk.

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MANSION

HOUSE CALL | GEORGE CHAKIRIS

From Choir Boy To Gang Leader

The Oscar-winning 'West Side Story' actor on how he played both a Shark and a Jet

MY PARENTS' MARRIAGE was arranged. My father came to America with his family from Bursa, a Greek village in Turkey, when he was 12 and his brother was 14. Eight years later, his father went back to the village to find brides for his sons. He returned with two age-appropriate young women seeking husbands.

As primitive as it sounds, the arranged pairing worked for both brothers and wives. My father was a wonderful person. So was my mom. They loved each other and never had a problem in their relationship.

My family first lived in Norwood, Ohio. My grandfather ran a confectionery store with a beer garden out back. We lived upstairs.

When I was 3, we moved to Ar-

izona for the warmer weather and then to Miami. We returned to Arizona when I was 6, where my father, Steven, drove a laundry truck in Tucson while my mother, Zoe, mended clothes at home.

There were five children to look after. From oldest to youngest, there was Virginia, Catherine, Viola, Harry and me. Steve and Athena arrived later.

At age 10, I took singing lessons with Eduardo Caso, head of the Tucson Arizona Boys Chorus.

Tucson was warm but bone dry. Southern California was more tropical. So we moved to Long Beach, Calif., when I was 12. Before we left, Mr. Caso urged me to join the St. Luke's Episcopal Church Choristers there. We wound up singing in a scene in



George Chakiris, left, in Los Angeles in 2018, and, right, at age 4, with his brother Harry in Arizona.



GEORGE CHAKIRIS ARCHIVE (2)

Dance on Hollywood Boulevard.

Attending the school, I wound up in a dance scene in "The 5,000 Fingers of Dr. T," a 1953 musical fantasy film.

From there, I danced in a series of major films, including "The Farmer Takes a Wife," with Betty Grable, "Gentlemen Prefer Blondes" with Marilyn Monroe and "White Christmas" with Rosemary Clooney.

By 1958, dance work was drying up. I moved to New York at the invitation of a dance friend. Her friend told me about an audition for the London stage production of "West Side Story." I landed the role of Riff, leader of the Jets.

the 1947 movie "Song of Love." To be on the MGM lot was thrilling for me. Movies were my entire world growing up.

In high school assemblies, I performed swing and ballroom dance routines with another student, Joan.

I knew I wanted to dance in the movies, but I didn't know where to get the training. Joan told me about the American School of

It was my first acting job.

In 1959, we heard that Hollywood was casting for the movie version, I auditioned for both the Riff and Bernardo roles. Jerome Robbins offered me the role as Bernardo, leader of the Sharks.

Today, I live in a single-story, two-bedroom house in West Hollywood. It's just a little bigger than an apartment. I've always been comfortable in small spaces.

—As told to Marc Myers

George Chakiris, 89, is an actor and dancer best known for his film roles in the original "West Side Story" and in "The Young Girls of Rochefort." He is the author of "My West Side Story," a memoir (Lyons).

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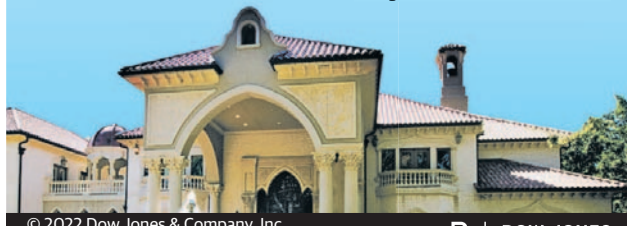
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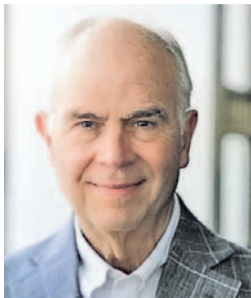
CEO Robbie Briggs on why this may be the most opportune time to sell your home, ever

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Let's do it. If you have been considering selling your home, I suggest you talk to us soon. Maybe even today.

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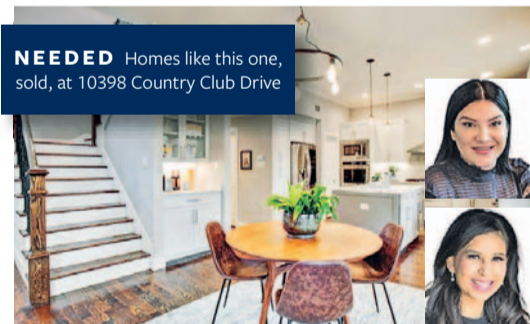
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PRIVATE PROPERTIES

A Castle in the Caribbean Sells



Original asking price: \$15 million in 2016

On the island of St. Croix, a hilltop castle surrounded by terraced gardens has sold for \$9.5 million.

The Moorish-style structure, set on about 110 acres, was built in the 1980s by the late Bulgaria-born Countess Nadia de Navarro-Farber. After her death in 2014, her husband, Yuri Farber, listed it for \$15 million in 2016. The most recent asking price was \$8.99 million, according to real-estate agent Peter Briggs of Christie's International Real Estate the Saints, who shared the listing with Honnie Edwards of Calabash Real Estate.

The buyer is John Alexander, 60, an entrepreneur with several technology and real-estate finance companies. Mr. Alexander, who was born on St. Croix but grew up primarily in Idaho, said his family goes back four generations on the island. He said he moved back in 2021 and had been eyeing the castle property for years. "It's been on my to-do list for 15 years," he said. "It's an amazing property."

Mr. Alexander, who has a home elsewhere on St. Croix, said he plans to renovate the domed white castle and convert it into an event space and short-term rental. "I'm not a duke or a contessa," he said. The castle property, which extends from the top of a mountain to the beach, has about 8.5



acres of commercially zoned land where he would like to put retail shops, a grocery store and a restaurant, he said.

Mr. Farber couldn't be reached for comment. The countess lived primarily on Long Island but spent several months a year on St. Croix.

The castle is approximately 10,000 square feet. Inside, a domed ceiling is painted to look like a blue sky with clouds. "It's an absolutely iconic property on St. Croix," said Ms. Edwards.

The property also includes three cottages and the remains of a pier that was part of the now-closed Fairleigh Dickinson University West Indies Laboratory. Mr. Alexander said he

SOLD
\$9.5 MILLION
110 acres,
3 cottages,
beachfront

plans to subdivide roughly 70 acres of vacant land on the property for residential development.

Mr. Alexander said he has a property management business that owns and operates a rental portfolio on St. Croix with more than 100 units. Over the past year, he said, Ms. Edwards helped him buy the castle and several other properties, including two hotels.

The Virgin Islands benefited from an influx of city-dwellers during Covid, Mr. Briggs said, noting that his sales volume is up 300% from pre-pandemic levels. "In the old days, a \$2 million, \$3 million, \$4 million home was quite something," he said. "And now we've broken the \$10 million mark."

—E.B. Solomont

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Jeffrey Epstein's Private Islands to Go on the Market

Two private islands that were owned by the late disgraced financier Jeffrey Epstein are going on the market for \$125 million, according to the listing agents.

In the U.S. Virgin Islands, the properties were a key piece of Epstein's substantial international property portfolio, which also included a storied New York townhouse, a Paris apartment, a Palm Beach mansion and a New Mexico ranch, The Wall Street Journal has reported.

The larger of the two islands is known as Great St. James. Encompassing more than 160 acres, it is located roughly five minutes across the bay from St. Thomas and is largely untouched, with just a small collection of structures and a marine preserve known as Christmas Cove, according to listing materials.

The smaller of the pair is Little St. James. Spanning over 70 acres, it includes a helipad, a private

dock, a gas station, two pools, a main residential compound, four guest villas, three private beaches, a gym and a tiki hut, the marketing materials show.

In early 2020, Virgin Islands prosecutors alleged that Epstein had brought girls as young as 11 to the secluded islands by yacht and private helicopter, and that he and his associates had sexually assaulted the girls. Epstein was found dead of an apparent suicide at a New York detention center in 2019, while awaiting trial on federal sex trafficking charges.

Epstein purchased Little St. James in 1998, according to court records. He bought Great St. James in 2016 for close to \$20 million.

Brokerages Modlin Group and Bespoke Real Estate are marketing the islands in partnership with Christie's International Real Estate the Saints.

—Sarah Paynter and Katherine Clarke

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