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BIG DEAL: A Few Signs of Spring Downtown

By Alexei Barrionuevo
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56 Leonard has a sculpture by Anish Kapoor at its base, and will rise to 60 stories.

Late last year brokers fretted that Hurricane Sandy would stigmatize downtown Manhattan. Flood zones and generators were the talk of the town after the superstorm knocked out power to most of the island below Midtown, leaving many residents to stumble in the dark looking for water and a place to charge their cellphones.

But three months into the New Year, two downtown condo buildings shelved during the financial crisis are roaring back to life, selling units like they were the last flashlights at the convenience store after the blackout.

Since starting sales about a month ago, 150 Charles in the West Village and **56 Leonard in TriBeCa** have sold at least half of their buildings, developers say — enough that each claims to have broken some sort of sales record for a new residential development in Manhattan and maybe on Planet Earth.

The numbers their sales teams revealed this week are truly surprising. At 150 Charles, signed contracts have exceeded \$557 million in about a month. **At 56 Leonard**, \$450 million in units have sold in three weeks.

“We have had close to 350 showings in a little over three weeks,” Leonard Steinberg, a broker at Douglas Elliman, who along with Raphael De Niro, is selling 150 Charles, gushed during a tour of the sales center last week. “This is a real estate dream come true.”

At 56 Leonard, Kelly Mack, president of Corcoran Sunshine Marketing Group, said the sales team had to hire additional staff to keep up with the demand and now has three paralegals working to get contracts out the door.

The buildings buck the trend of stalled projects that were eventually sold to new developers who significantly changed the original designs. In the case of 56 Leonard and 150 Charles, the developers stubbornly held on for more than eight years to realize their pre-crisis visions.

The buildings are quite distinctive from each other and are being built in different neighborhoods. But taken together, the huge reaction to both buildings illustrates the pent-up demand for high-end development downtown and the lack of new inventory. Many of the early buyers at the buildings are New Yorkers, including neighborhood locals who have been waiting for the projects to come off the shelf since the 2008 financial meltdown, brokers said.

Clearly any concerns about downtown's fading luster were misplaced.

Five years ago there were doubts that either building would ever grace the skyline. Both struggled to get construction loans in the wake of the financial collapse.

The 56 Leonard sales center first opened the week that Lehman Brothers declared bankruptcy in September 2008. The foundation had already been poured and some \$60 million worth of units had sold when the developers pulled the plug to wait for better market conditions.

The developers thought they had a winner with a slender, 60-story structure designed by the architects Herzog & de Meuron that features a distinctive sculpture by Anish Kapoor that looks like a big silver ball being squished by one corner of the building. They bought air rights from New York Law School, allowing them to construct an 821-foot building that the developers say will tower above all others in TriBeCa. Early this year they finally secured a \$350 million loan from a syndicate led by Bank of America. Virtually nothing changed from the original plans other than some updates of bathroom and kitchen finishings, Ms. Mack said.

Among the more distinctive features at 56 Leonard is that no apartment balcony looks up at another balcony. The architects designed the structure with at least two floors between balconies, which will appear to dance around the building.

Herzog & de Meuron also custom-designed the interiors, including a view gallery in the middle of full-floor apartments that will allow you to see through the apartment from east to west while also providing a good deal of wall space for art collectors.

There will be 17,000 square feet of amenity spaces on the ninth and 10th floors, including a 75-foot pool, a 25-seat screening room, a private dining room and a children's playroom. The building will have seven elevators; owners will share a hallway with at most one other apartment. In a shrewd pre-Sandy move, the developers figured a generator on the ninth floor into the plans. (The building falls into flood zone B.)

There will be eight full-floor apartments at the top, ranging from 5,200 square feet to 6,400 square feet, with 14-foot to 19-foot-high ceilings.

Prices start at \$4 million and go up to almost \$30 million. One full-floor four-bedroom with 1,700 square feet of outdoor space is currently available for \$28 million.

While the developers said they feel they designed large enough apartments to satisfy luxury buyers demanding ever-larger spaces, I wondered if they were thinking in 2005 terms — the year the building was designed. Izak Senbahar, the president of Alexico Group, a co-developer with Hines, said that there is no formal program to combine units. "There is enough product that people shouldn't have to play around," Mr. Senbahar said. "It is not impossible, but it is not encouraged."

So far, plenty of buyers seem willing to live with that limitation. Many of the early buyers have been on an informal waiting list for the past five years, regularly calling Ms. Mack's office to inquire about the building's status. Mr. Senbahar said more than 70 percent of the buyers are New Yorkers, including many TriBeCa residents, although he acknowledged it is tough to say for sure where the buyers hail from, since most are buying through LLCs.

At least a few have swooped in from abroad. One buyer flew from Paris for the weekend to lock in an apartment, drawn mostly by the architecture, said Yejin Berman, a sales associate.

At 150 Charles, where foundation work is almost complete, West Village residents have dominated the early sales, brokers said. Steven Witkoff, the developer, said that locals have jumped at the chance to buy in a full-service building with luxury amenities. “We don’t have any global buyers,” he said. “We didn’t get the L.A. crowd. We didn’t get the pied-à-terre crowd. This went to New Yorkers that wanted to live there with their families.”

Stylistically the development is very different from 56 Leonard. There will be two 16-story towers with maroon brick facades. Eighty different floor plans are being offered for the 91 apartments for purchase, a handful of which have already been designated for potential combinations.

The residences will offer custom features like linear drains in showers (so the water rushes out faster), kitchen countertops with marble mined in Alabama, and design elements like a raised medallion on the walls of the bathrooms. There will be parking for 92 vehicles, 15,000 square feet of amenities in the basement (including a 75-foot pool), and two gas-powered generators with submarine doors on top of the building, which were added to the designs after Sandy.

The development also has 10 attached town houses, ranging from \$8.75 million to \$12.25 million, five of which have private garages. All but two are under contract. A five-bedroom duplex penthouse, with 2,500 square feet of outdoor space, is currently available for \$35 million.

The sales velocity at 150 Charles has stunned all involved and created a mad scramble to adjust to the demand. Since Feb. 12, the development has raised the price of its offering plan nine times to \$785.67 million, a boost of nearly 13 percent. (56 Leonard Street has raised prices three times, by a total of 4 percent.)

Still, 150 Charles is not beloved by all its neighbors. A group of West Village residents is still fighting to stop the development, claiming the developer unlawfully tore down the original building at the site. They wanted Mr. Witkoff to construct a taller, narrower building (up to 32 stories), which he had the right to build, that would have blocked fewer views and allowed in more light. He chose instead to construct a shorter, wider building, supposedly because it was more in keeping with the character of the Village.

In December, the city denied the residents’ request to revoke the building’s construction permit. The residents, who include the author Jean-Louis Bourgeois, son of the late sculptor and artist Louise Bourgeois, have appealed to the city’s Board of Standards and Appeals, which is still considering the case, said Barry Mallin, their attorney.

The lower-profile design includes a 60-by-100-foot courtyard. To help win approval for his preferred design, Mr. Witkoff promised to create 40,000 square feet of landscaped green space, both private spaces and ones for all residents to share.

The Elliman sales team is pitching the notion that the building will be the downtown luxury alternative to 15 Central Park West, and brokers said some owners from the vaunted Robert A. M. Stern building have toured the 150 Charles sales center.

“It is amazing how many people said, ‘We moved to 15 CPW because we loved everything about it, but had always dreamed about something like it in the Village,’” Mr. Steinberg said.

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