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Back in Business



From left, Arch Partners; SLCE Architects; Herzog & de Meuron; below, Fred R. Conrad/The New York Times

From left, renderings of Baccarat Hotel and Residences in Manhattan, 388 Bridge Street in Brooklyn and **56 Leonard in Manhattan.**

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IN the mid-2000s, when the iPhone was still a concept and Barack Obama a United States senator, New York was awash in new condos.

Gleaming new high-rises sprang from the ground from Brighton Beach to the Bronx, and especially in Manhattan, where in terms of sheer ubiquity they seemed to rival Starbucks. That is, until 2008, when Lehman Brothers collapsed and the bottom fell out of the housing market. Luxury condos quickly lost their luster.

Now, in a move that seems to parallel the national housing recovery, the condo sector appears to be clawing its way back, according to brokers, developers and industry analysts. Workers are pouring concrete. Lenders are negotiating loans. And projects once written off as dead are coming back to life, which is stoking hopes that this comeback, unlike previous false starts, has some momentum.

“I would call it a swell,” said Stephen Kliegerman, president for new development marketing of Halstead Property. “It’s not a wave yet, but it’s certainly not a drizzle either.”

Not that anyone’s exactly expecting the go-go years to come roaring back. In 2007, at the height of the boom, there were 507 planned condo projects in Manhattan and Brooklyn, according to a tally from the state attorney general’s

office, whose approval is required before any condo plans can become a reality. In 2011, there were just 255 in those boroughs, with about the same number expected this year, according to state documents.

Even so, other data suggest that the next 18 months will see a rush of new projects.

In fact, in Manhattan below 96th Street over the next few years, about 1,500 new condo units are expected to hit the market each year, says Kelly Kennedy Mack, president of the Corcoran Sunshine Marketing Group.

In contrast, about 900 units a year were introduced during the downturn, Ms. Mack said

And while that extra supply might seem copious, far more would be needed to slake the newfound appetite for this type of housing; the scarcity is even putting upward pressure on prices, she said.

Indeed, the current average condo price of \$1,400 a square foot is expected to shoot up to \$2,000 per square foot once all the planned condos go up, said Ms. Mack, adding, "We are truly entering a new development renaissance."

The First Wave

BACCARAT HOTEL

Living in Midtown Manhattan may not be for everyone, but continued interest from foreign buyers and those looking for pieds-à-terre appears to be firing developers' enthusiasm.

An example is the Baccarat Hotel and Residences New York, a 46-story tower under construction at 20 West 53rd Street, across from the Museum of Modern Art.

Co-developed by Starwood Capital Group, the creator of the W hotel chain, and Tribeca Associates, the \$400 million tower will have 114 hotel rooms and 64 condos over 45 stories. The condos will range from one- to three-bedrooms, and there will be a duplex penthouse. The units will have 12- to 16-foot ceilings, and some will have terraces, according to Starwood.

The building, designed by Skidmore Owings & Merrill, will meet feng shui standards, said Barry Sternlicht, Starwood's chairman.

56 LEONARD STREET

At the tail end of the boom, a 57-story tower from the Alexico Group was supposed to be built at this address, and developers got as far as the foundation. But the site, at Church Street in TriBeCa, has mostly been quiet since.

Behind the scenes, though, there's been a big push to line up financing for this long-stalled project, which will open a sales office by the end of the year, said Ms. Mack, whose firm is handling the marketing.

To make this happen, the circle of partners has broadened to include Hines, the national developer, which joined Dune Capital Management, Goldman Sachs and Alexico, she said. Spreading the risk across a syndicate like this is becoming more common in the post-recession period, analysts say.

With 145 one- to five-bedrooms, the tower was **designed by Herzog & de Meuron**, which also created 40 Bond.

Boutique buildings used to dominate Lower Manhattan, Ms. Mack said, but with 56 Leonard, "we will soon see a new product type, on a grander scale, that will be very architecturally driven."

530 PARK AVENUE

This conversion of the 20-story apartment building at East 61st Street is being undertaken by the developer RFR Holding. Sales began this month. Unlike the jazzy designs of RFR projects like One Jackson Square, with its wavy glass facade, No. 530 seems understated.

Its 119 units, studios to four-bedrooms, are priced around \$3,200 a square foot, though there was a one-bedroom listed last week, on the ninth floor, at \$2.32 million, or \$2,800 a foot, according to its Web site. Buyers will begin moving in this fall, according to Aby Rosen, an RFR managing partner, although about 20 pre-conversion renters will stay on.

The building, dating to 1941, retains its cream-brick facade. The apartments will have wood floors, glass-fronted kitchen cabinets and crown moldings. Mr. Rosen, a noted collector of contemporary art, will also take a restrained approach in common areas. "Prewar has its own charm," he said, "so you don't have to overdo it."

The building is to have a fitness center overlooking a garden with a reflecting pool, which will add a level of modernity not usually associated with the area, he said. "We wanted to create a Second Avenue-type building, in terms of amenities, on Park," he said.

ONE MADISON PARK

This 65-unit condo has 50 stories overlooking the park; from afar it resembles stacks of glass cubes. It has had a troubled history: IStar Financial, its lender, foreclosed on the original developer, Slazer Enterprises, for missing millions in loan payments, though that process was derailed when other creditors filed for bankruptcy.

In April the Related Companies, along with HFZ Capital and Amalgamated Bank, took control of the site after striking a deal with those creditors.

Related is renovating the lobby of the building, whose official address is 23 East 22nd Street, and completing construction, even though 12 apartments are sold and some already occupied. The 53 remaining one- to five-bedroom units will most likely hit the market this fall, according to a source close to the project. Prices have not yet been set.

What won't be revived for now is a 22-story condo planned for an adjacent lot. Designed in 2008 by Rem Koolhaas, the cantilevered 21-unit tower has been permanently shelved, according to a source close to the project. No replacement plan for the empty lot has been announced.

18 GRAMERCY PARK

After years of delays, a former women's residence with a warren of 200 tiny rooms is being reborn as a spacious 16-unit condo called 18 Gramercy Park — across from the park, natch.

Its developers, the brothers Arthur and Will Zeckendorf and Eyal Ofer of Global Holdings, teamed up to build the megasuccessful 15 Central Park West, whose prices soared even through the housing bust.

They have once again hired the architect Robert A. M. Stern to design the units, most of which have 4 bedrooms and 18 to 34 windows, many with 6-over-6 sashes. The developer will provide residents with keys to the gated park for Year One, after which they can renew at \$350 a year. Four park keys for residents' use will also be kept by the doorman.

Prices, too, may recall the team's prior project. The average unit will cost \$17.5 million, the developers say; that works out to about \$4,000 a square foot. Factored into the number, though, is the pricey duplex penthouse, with outdoor pool and hot tub, at \$42 million. (The building is costing developers \$60 million.)

But there seems to be interest. A few contracts have already been signed, said Will Zeckendorf, even though the building's in-house sales office will not open till September.

That wait might seem minuscule compared with the delays that dogged the project, including a struggle to find financing when the market went south in 2008. The developers ended up essentially borrowing money from the seller, the Salvation Army, to get the deal done. That's all in the past now, they say. "The market looks strong from my vantage point," Will Zeckendorf said. And "there's only one Gramercy Park," Arthur Zeckendorf added, finishing the thought.

On the Horizon

388 BRIDGE STREET, BROOKLYN

If this project under construction near Fulton Street in Downtown Brooklyn is any indication, developers are thinking bigger this time around. At 594 feet, or 53 stories, the glassy skyscraper from the Stahl Organization will be Brooklyn's tallest residential building when it opens in 2014.

Not all of its 378 units will be condos; hedging its bets, Stahl will also offer 234 rentals, on Floors 7 through 31. The 144 condos will enjoy the best seats in the house, on Floors 32 through 53.

"This is a good way to handle the market," said Gregg Wolpert, a co-president of Stahl, the developer of the Laureate, the Upper West Side condo whose penthouse went for \$3,000 a square foot.

Prices have not yet been determined for Bridge Street, Mr. Wolpert said, but he does not expect it to be nearly as expensive. "We will not be selling \$15 million apartments," he said.

Reflecting a new reality about how these kinds of projects get financed, Stahl is kicking in \$120 million of its own equity for the \$265 million project, or about 45 percent, which is a huge change from the boom years. "The days of putting up 5 or 10 percent are gone," Mr. Wolpert said.

737 PARK AVENUE

One of Park Avenue's few rental buildings, a 21-story red-brick prewar with 103 units, is being converted to condos by Harry Macklowe, a developer who lost much of his Manhattan portfolio during the recession but seems to be in the midst of a comeback.

Work has begun on the low-ceilinged, marble-walled lobby, and is to move on to the market-rate apartments, of which there are about 60, or about two-thirds of the building. The other third, which are rent-regulated, will most likely keep their tenants, a source close to the project said. Other details, like whether any of the units will be combined, were not available, even though an offering plan was filed with the state last summer.

The project's lender, the CIM Group, a real estate investment group based in Los Angeles, declined to comment, as did Mr. Macklowe.

432 PARK AVENUE

Perhaps nothing embodies the renewed interest in large-scale condo projects in quite the same way as 432 Park Avenue, the home of the former Drake Hotel.

Mr. Macklowe bought the hotel for \$418 million in 2006 and tore it down a year later, with the intention of building a condo. Then he lost the site (along with much else) in the recession.

Now, like a phoenix, a condo plan has resurfaced, and so has Mr. Macklowe, though he has partnered this go-around with the CIM Group, which took control of the site in 2010. The plan, according to a source close to the project, is to erect a condo tower 1,398 feet tall, which would easily make it the city's tallest apartment building. (One57, which will be the tallest until 432 Park opens, clocks in at 1,004 feet.)

Designed by Rafael Viñoly, 432 Park will probably have 128 units of one to three bedrooms, according to a source close to the project, though the submitted offering plan has not yet been approved. The L-shaped site, which touches East 56th and East 57th Streets, will also have space for 16 retail stores, according to public documents.

TOWER VERRE

It was one of the most eagerly anticipated high-rises of the last decade, even though the Department of City Planning effectively lopped off its top. Part of that excitement stemmed from the fact that the now-78-story condo was being designed by Jean Nouvel, who also created 100 11th Avenue.

The wedge-shaped skyscraper, which is to be at 53 West 53rd Street, is back on track, according to a spokeswoman for Hines, the developer. When built, it should provide bird's-eye views into the Baccarat across the street.

CARLTON HOUSE

In 2010, Extell joined Angelo, Gordon & Co. to buy this 16-story former residential hotel at 680 Madison, stretching along a full block between 61st and 62nd Streets.

It sits amid Madison Avenue's prime retail offerings — among them Hermès and Barneys — which might explain why so much marketing attention has been paid to its expanded retail space, which will include 34,000 square feet across two stories. But the upstairs is getting a makeover too; 156 units upstairs will become 68 condos and go on sale this fall, according to sources close to the project. When the building is completed in mid-2014, it will have two stories added to its roof, and will also incorporate a town house on 61st Street.