REAL ESTATE

Up & at 'em

By Max Gross

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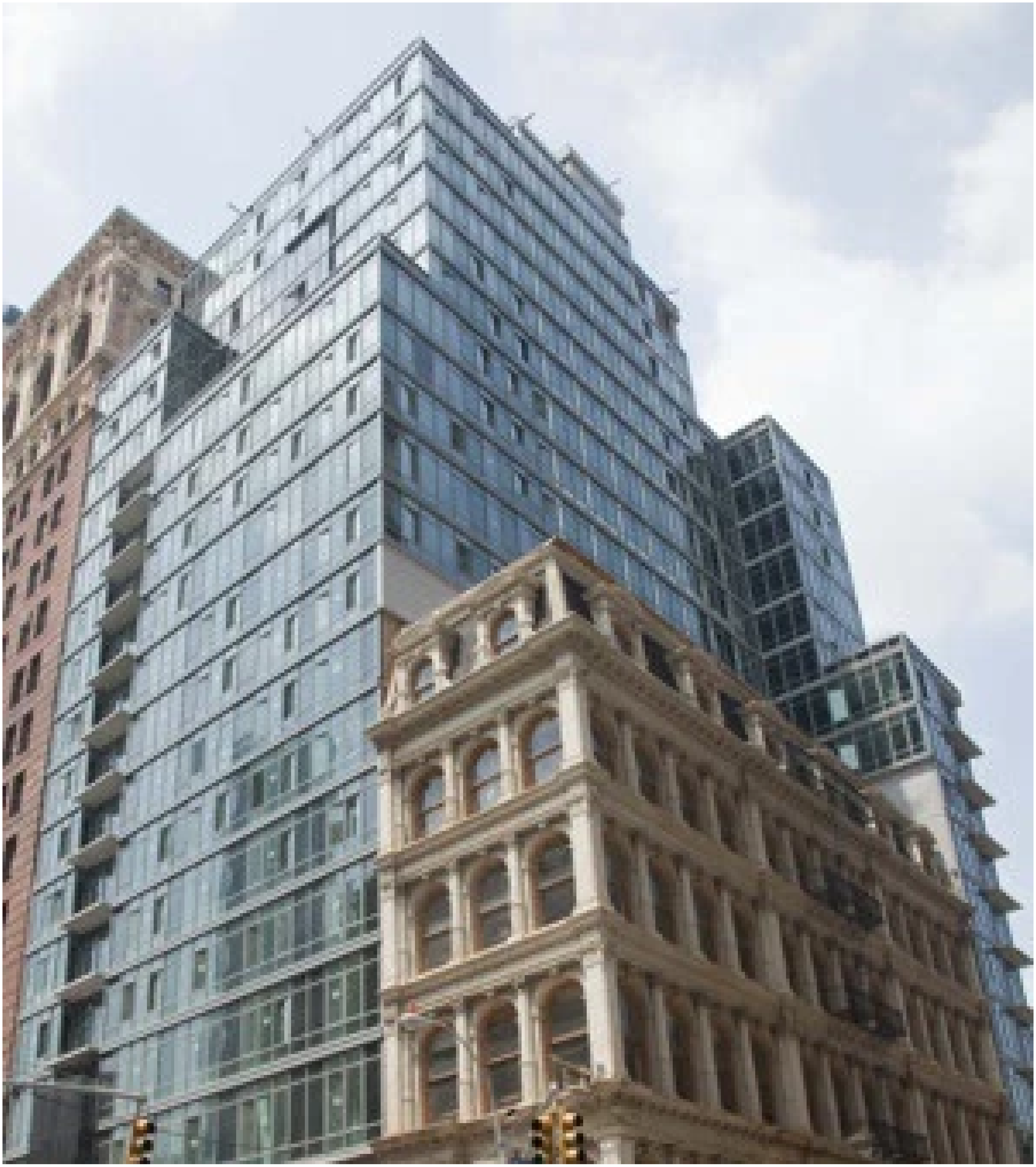

57 Reade This 84-unit TriBeCa condo development is only a couple blocks away from two other projects that are getting ready for market.
Jonathan Baskin

ONE MADISON PARK (Christian Johnston)

For nearly three years, most residential developers have been shuffling around an empty stage like Vladimir and Estragon in “Waiting for Godot” — hoping that some form of capital will eventually show up.

Prices stabilized (sort of), but banks didn’t budge. The economy got better (sort of), and lenders were still silent. Housing stock dwindled and time on the market dropped — and yet, condo development still stalled. In 2009, just 553 new condo units were introduced into the Manhattan market below Harlem, according to Corcoran Sunshine Marketing — less than 10 percent of what it was in 2007 (8,551). (There was an uptick last year, when 1,767 units were brought to market, but most of these units had been conceived long before the recession.)

But capital might show up after all.

“People are sort of coming out of hibernation,” says Town Residential’s Reid Price, a broker who specializes in new developments. Buildings and plans are “there that weren’t there a year ago — or even six months ago.”

Price says that Town is currently looking at “15 to 20 projects — all over Manhattan. Most on the Upper East Side.”

And some are quite ambitious.

Consider one of the projects Town is marketing: 55 Warren, on the edge of TriBeCa. The building is only four units, but workers and materials were brought in from Italy. Each apartment takes up a full floor (about 3,600 square feet). And the penthouse duplex comes with its own resistance pool. Prices range from $6.6 million to about $16.5 million.

1107 BROADWAY (Christian Johnston)

A couple of blocks away, Shlomi Reuveni of Brown Harris Stevens Select is preparing to bring a 20-story, 84-unit building to market at 57 Reade, where one-bedrooms will range from 713 to

56 LEONARD ( )	900 square feet and two-bedrooms from 1,150 to 1,500 square feet. Three-bedrooms will go up to 1,863 square feet. They will be starting on average at $1,173 per square foot. (Occupancy is expected this fall.)
55 WARREN (Jonathan Baskin)	"Unlike most of the inventory in TriBeCa, which is large apartments and conversion buildings with big, deep floor plates at a higher price point, this is something we felt would answer a need," Reuveni says. "Smaller apartments at a lower price point."

"This is a really exciting time to bring new units" to market, says Margaret Streicker Porres, president of Newcastle Realty Services, a boutique developer.

Porres has a new nine-unit West Village building at 84 Bedford St. She's waiting for approval from the Attorney General's Office before she starts selling (Anne Young at Brown Harris Stevens is the broker), and the expected prices are strong, approximately $1,650 per square foot. (Porres also has an adjacent project, a three-bedroom, four-story, 2,000-square-foot townhome, which will be released in the next four to six months at an even higher price point.)

"This is the first time in several years when there was an optimism," Porres says. Buyers have been inquiring about the project, which should make a lender breathe a little easier.

Of course, we're still a long way away from loose money in the market. "It's much harder for a newcomer to come into the market," says Shaun Osher of Core, who notes that his brokerage has six different projects in the pipeline. "The [developers] we're working with have a track record."

Other developers who have jumped into the market include Steve Witkoff, of the Witkoff Group, and Howard Lorber, of Prudential Douglas Elliman and the Vector Group. Earlier this summer, Witkoff and Lorber teamed up and purchased a 375,000-square-foot building at 1107 Broadway that's connected by a skybridge to 200 Fifth Ave. (ever heard of Eataly?). "It's going to be high-end condos," Lorber says. And it's the harbinger of a busy next year, Lorber says: "In 2012, a lot of stuff comes."

Stephen Kliegerman, who recently took over the new Terra Development marketing company, says that he's working with half a dozen different developers on projects ranging "anywhere from 20,000 to 200,000 square feet." Many of them should be hitting the market in the next year and a half.

Of course, all this new development should be kept in perspective, especially compared to previous years.

"We track the whole market, and for 2011 we're expecting 20 new developments," says Kelly Mack of Corcoran Sunshine. "That should be 1,111 units. That's a very small number when you compare it to historic highs."

Over the course of the last 6½ years, 25,000 new condo units hit the market — an average of over 3,800 per year. But the first half of 2011 was terrible for new construction. According to Corcoran Sunshine's figures, only 278 new units appeared on the market. Still, this fall will see a nice spurt of 833 units in 11 new developments. And the company is predicting an average of 1,500 units per year for the next 3½ years.

Mack is bullish on Extell Development's One57, a massive new condo and hotel on 57th Street. "It's opening in the fall, and it should change the dynamic in the marketplace," she says of the planned 90-story building consisting of 135 condo units over a 210-room Park Hyatt.

"It's been a long time since we've seen a very high-end property — the highest end of the market — with services like that and views of Central Park," Mack adds. "It hasn't happened since pre-downturn." (Extell is said to be spending $1.3 billion on the project, but it declined to comment.)

Moreover, around $1 billion is being spent on three construction projects (not all residential) on a single block of Fifth Avenue between 101st and 102nd streets. One of these developments will be a 55-unit condo building, 1212 Fifth Ave., which Durst Fetner just started marketing this June and is priced from $735,000 to $7.99 million.

Buildings that were long left for dead are also experiencing something of a rebirth. Projects like the troubled One Madison Park have been getting their finances in order and are coming back strong.

"I wouldn't be surprised if they didn't come out at the same prices they originally had — or higher," Kliegerman says.

More modest projects — like the Dafina, re-branded as 2130 Adam Clayton Powell — are returning to the market as well (in 2130's case, this week). And Terra is bringing properties to market in Brooklyn like 195 Berry St. and 910 Union St. early next year and just re-launched 109 Gold St. One48, which Terra just released in May, is already approaching 50 percent sold, and is garnering around $1,200 per square foot.

For 2011, "I think the biggest thing to watch is Extell's One57," Mack says. "In 2012, it's going to be the launch of 56 Leonard."

Yes, 56 Leonard is that planned 60-story glass tower in TriBeCa designed by Herzog & de Meuron, which was to feature a $5,300-per-square foot penthouse. The building was frozen after the credit crunch, but Mack is expecting the 145 units to come back next year.

Changes are going to be "pretty minor from what I know," says Mack. "There'll be some minor design alterations, but we're very much committed to building what the original vision was. People call us regularly to ask us when they can buy something in the project."

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