

September 24, 2009

NYP Home

Real Estate Guide

**FALL
SPECIAL**
20 PAGES

INSIDE



**GIMME
SHELTER**
TWO VILLAGE
TOWNHOUSES
HIT MARKET FOR
\$33 MILLION



NEW IN JERSEY
LOW-PRICED HOMES
INCLUDE CRACKER
FACTORY CONDOS



**AT HOME
WITH ...**
KYP MALONE
MAKES IT RAIN

Devonshire House, a 103-unit rental building, is being converted into condos (54 units will remain as rent-regulated apartments) that start at \$1.05 million.



FALL THAW

Look out! Big buildings
are still on the march

By MAX GROSS

BEING a developer in New York City in the past year was a bit like being dropped into a field of land mines. You had two choices: (a) Proceed very, very carefully, or (b) Don't move at all and hope for a rescue.

For the most part, developers chose the second option. "I'd say 95 percent of pre-development or planning has been canceled or shelved," says Shaun Osher, CEO of Core.

With good reason. Buildings have gone belly up. Panicked developers are renting

out condos. Sold-out buildings are embroiled in lawsuits with unhappy buyers. The luxury market is a shell of its former self.

Even if a brave developer wanted to take option (a), "There's no construction financing," says Kelly Mack, president of Corcoran Sunshine, "even for some of the most experienced developers in the world."

But a handful of developers are charging forward. Their buildings are worth watching because they represent different, distinct segments of the NYC market. Gutsy pioneers? Colossal suckers? Only time will tell.

See **FALL** on Page 48

Roll with the new

FALL from Page 41

Rumors of the death of the trophy property have apparently been exaggerated.

Consider the Townhouses on Washington Street, due to break ground this fall. These two six-story, new-construction townhouses in the West Village are a combined 14,000 square feet with price tags at a staggering \$23 million and \$21 million.

"I think that's the discounted price," says Robert Gladstone, owner of Madison Equities, which is developing the townhouses alongside a new hotel.

In a more bullish time, Gladstone muses, each townhouse could sell for \$30 million and up.

The townhouses are aiming for LEED certification, and the eco-friendly flourishes and other features can be tailored to the buyer. The residences will share a big garden and have unobstructed city and river views.

This isn't Gladstone's only project for 2009; over the summer, Madison Equities unveiled 57 Irving Place, a nine-unit building where prices go from \$6.75 million to \$18 million. And the project has been doing business. (Three units have contracts out.)

Gladstone is confident that he won't be the only developer breaking ground in the near future. "The loan market



TOWNHOUSES ON WASHINGTON

will be available to [developers] in six months," he says. "You see [the recession] ending in Europe. For a while, we'll pay higher rates . . . but construction loans will be more and more available and rates will travel downward." Contact: Dan Tubb and Norma-Jean Callahan, Corcoran Sunshine, 347-702-3760

One type of development that doesn't seem to be slowing down is rentals, as evidenced by Glenwood's massive new Manhattan apartment complex, Emerald Green. (It is also Glenwood's first dip into LEED certification.)

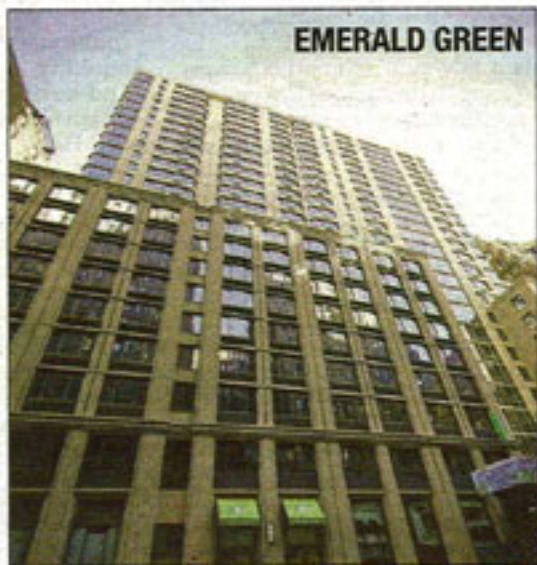
"We never would have stopped," says Glenwood's executive vice president, Gary Jacob. "If we were supposed to break ground a week after Lehman collapsed, we still would have gone through with it."

At its first open house held just after Labor Day, the 568-unit complex rented out 52 units — nearly 20 percent of the apartments in the first tower. (The project consists of two 24-story towers on West 38th Street between Eighth and Ninth avenues; the first tower will have its first move-ins next month. Studios start at \$1,900, one-bedrooms at \$2,300 and two-bedrooms at \$3,995.)

Usually, when a sales market softens, the rental market gets stronger. But that hasn't happened during this recession.

"Rents have dropped, depending on the location, 10 to 15 percent, and depending on the building," says Gary Malin, president of Citi Habitats.

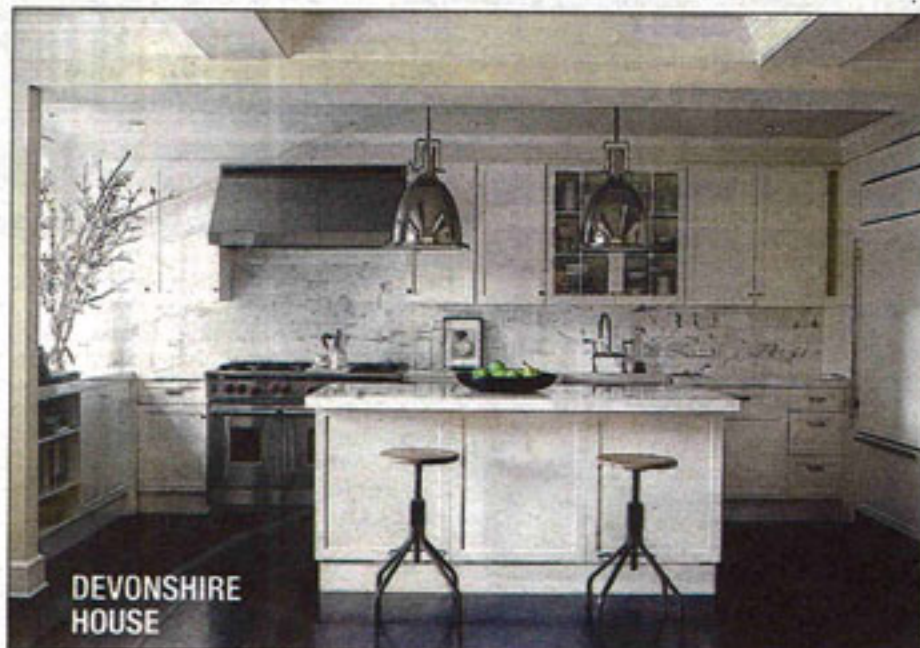
Big landlords like Glenwood have thrown in all sorts of incentives, like a month's free rent (or more) and no broker's fee. And despite the market



EMERALD GREEN

downturn, Glenwood is looking at developing even more rentals. "We're actively seeking new development sites," says Jacob. "Rents have been dropping, but they're stabilizing. We're going to be pushing rents back up again."

Banks "know there was a 10 to 20 percent dip [in rental prices]," says Cliff Finn of Citi Habitats. "But the reality is there's still enough activity to keep [rental buildings] filled." Contact: Steve Bello, 212-695-3838



DEVONSHIRE HOUSE

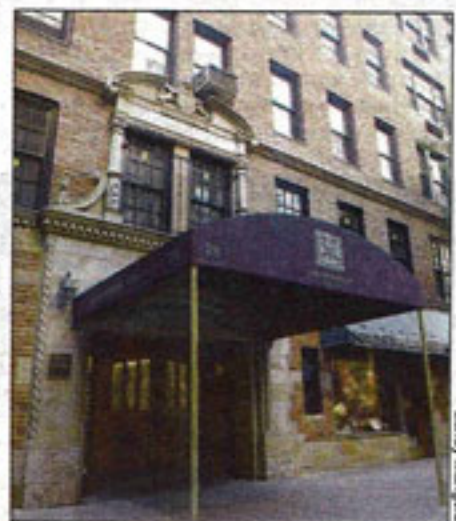
"Ideally, we were hoping to get this on the market in the spring," says Jenifer Steig, principal at Cheshire Group, referring to the recently unveiled Devonshire House condo conversion in Greenwich Village. "That didn't happen."

Devonshire House's offering plan was held up by the attorney general's office — a big stumbling block for many buildings. When the project finally got approval in August, it turned out to be a blessing: "I'm so happy it didn't go through [in the spring!]" Steig says.

The market has improved since then. "What I've been seeing is a change in buyer mentality," says broker Paula Del Nunzio of Brown Harris Stevens. "That frozen aspect has loosened up."

"A year ago, there was very little interest in the \$3 [million] to \$6 million range," says Corcoran Sunshine's Kelly Mack. "But now we're seeing more interest and more deals."

That's good news for Devonshire House, which has one-bedrooms starting at \$1.05 million and penthouses going for \$6.25 million.



Steig notes that selling a conversion is a lot easier than dealing with ground-up construction. "You can see the building, you can see the workers," she says. "And people are already living there." Contact: Robert McCain, Stribling, 212-475-2810

For broker David Maundrell of Aptsandlofts.com, the summer hasn't been as terrible as one might expect.

Since May, he sold all but two of the 16 units at 15-17 Judge St., in Williamsburg, Brooklyn. He moved eight of 14 units at 273 Manhattan Ave., also in Williamsburg. And of the 12 units at 38 Wilson Ave., in Bushwick, he sold eight.

After all this success in Brooklyn, Maundrell has set his sites on Queens. He's working on Ria, a 70-unit loft building in Astoria. "We're hoping for a move-in date before the end of the year," he says.

Units range from 627 to 1,250 square feet and average \$565 per square foot.

"It's a little nerve-wracking," Maundrell says of the market. "You don't know what's going to happen. But attendance [at Ria] has been very good." Contact: David Maundrell, Aptsandlofts.com, 718-384-5304



RIA

Maundrell says of the market. "You don't know what's going to happen. But attendance [at Ria] has been very good." Contact: David Maundrell, Aptsandlofts.com, 718-384-5304