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# NYP Home Real Estate Guide



Hurricane Sandy hasn't stopped downtown development, which will include conversions like the Woolworth.



Shermon Peters had to leave his 2 Gold St. pad, but he's staying in FiDi at this William Beaver House rental.

## NYC buildings get ready for the next battle

By MAX GROSS

**T**HE year 2012 will go down in real estate history as the year of the 100-year storm — and the \$100 million apartment.

From a housing perspective, the biggest story by far was Hurricane Sandy. Millions of New Yorkers were left without power. Neighborhoods like Breezy Point and Red Hook experienced crippling damage. Thousands of residents still have not returned to their apartments in the Financial District, and dozens of buildings in that neighborhood were flooded.

"From a personal standpoint, I was homeless," says Shermon Peters, the owner of Rosetta Wines, at 40 Exchange Place in FiDi, who was living at 2 Gold St.

Peters stayed with his parents in Queens, and then camped out in his van parked outside Rosetta Wines (mercifully spared from the storm). "Several businesses were looted, so I decided to stay in front of my store each night, just to keep an eye on it."

Move-back dates for the 2 Gold rental building are not scheduled until March, so Peters asked one of his customers, Cyrus Eyn, of Platinum Properties, if he knew of any nearby apartments. Eyn found him a one-bedroom at William Beaver House. For about two weeks, Peters would climb 20 stories to get bags of clothing out of his old apartment while wearing a gas mask. (A boiler had exploded during the storm, and the hallways reeked of fuel.)

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# '12 rounds

# Weathering the big storm



Lorenzo Ciniglio



Thomas Loof

**IN BROAD DAYLIGHT:** The 25 Broad St. rental building (left) weathered Sandy and is offering six-month leases to displaced FiDi residents. Construction is going forward at other downtown buildings like 250 West St. (above), which will be ready early next year. The Upper East Side's Charles (below) is one of the expensive newbies that are in the works uptown.

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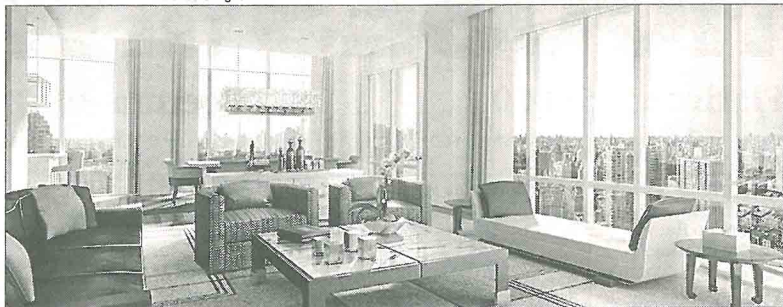
And 2 Gold (which also suffered a rash of robberies in the ensuing chaos) was only one of the luxury apartment buildings — which included 88 Greenwich St., 201 Pearl St., 95 Wall St. and others — damaged by Sandy. According to the appraisal firm Miller Samuel, rental transactions are down a jaw-dropping 70 percent from last year in lower Manhattan.

But the fact that Peters is still living in FiDi says something about the area's staying power.

"In the last couple of weeks, we have rented to a number of people from 2 Gold and 88 Greenwich," says Kristen Risko of LCOR, whose building, 25 Broad, is offering displaced residents six-month leases, or three free months on an 18-month lease. "We've probably gotten 12 residents — and I have two pending applications."

"People are still renting and still looking down there," says Platinum Properties President Daniel Hedaya, who sells and leases apartments all over FiDi. And developers aren't shying away from the area, either.

Ken Horn, the head of Alchemy Properties, is moving full speed ahead with plans to turn the top 30 floors of the 58-



story Woolworth Building into 36 to 42 condos. (Exact numbers haven't been set.) "Our goal is to hit the market in the fourth quarter of 2013," Horn says. The building will feature a 6,000- to 7,000-square-foot cupola penthouse, which will almost certainly be one of the city's top trophy properties.

And the under-construction luxury condo 250 West St. emerged relatively unharmed after Sandy and expects to have move-ins by February.

Indeed, in looking at 2012 overall, it was as though Sandy barely affected the Manhattan luxury market. (The only scare was the crane dangling above West 57th Street that was working on One57, the condo that has done more than \$1 billion in sales.)

"I think of the [2012] market

as... a doughnut — or a bagel," says Jonathan Miller of Miller Samuel. "There's strength at the bottom, strength at the top and weakness in the middle." The strength at the top began late last year with the sale of Sandy Weill's 15 Central Park West apartment for \$88 million and continued unabated.

The top of the market (above \$15 million) performed as never before. At Douglas Elliman the firm completed five deals ranging from \$20.75 million for a penthouse at Millennium Towers to a \$32 million six-story townhouse at 815 Fifth Ave.

Interest from foreign buyers hasn't slowed down. "We are the love child of everyone from overseas," says Aby Rosen, a principal of RFP Holding, who is bringing 119 units to market next year at his conversion of

530 Park Ave., where units will be priced between \$2,400 and \$3,800 per square foot.

New York real estate is still "a secure place to park money," says Paula Del Nunzio of Brown Harris Stevens, who sold a Stanford White mansion at 973 Fifth Ave. for \$42 million earlier this year, and has a \$90 million listing at 4 E. 80th St.

And even when not at those stratospheric price points, inventory shrunk.

"I had a client who had a \$4.5 million budget who lost out three times," says Frances Katzen of Douglas Elliman. Katzen's clients wanted to be on the Upper West Side and found everything needed to be renovated, or that the competition for them was too fierce.

Most brokers believe that Sandy didn't stop the market's

forward momentum. The Marketing Directors represents buildings in hard-hit areas like Staten Island, New Jersey and lower Manhattan, but closings are still happening at the new developments. "I closed on my home on 9/11," says Jackie Urgo, of Marketing Directors. "When you make a smart buy, you continue through with it."

All signs point to a very hot and pricey market in 2013.

"Above 57th on the East Side, there are nine major luxury projects" being unveiled, says Andrew Heiberger, founder and CEO of Town Residential. Town is getting ready to reintroduce the Charles, a 29-unit building on the Upper East Side, which should have units ranging from \$4.5 million to \$8 million and a penthouse priced between \$13 and \$15 million.

But the biggest is Related's multibillion-dollar, 26-acre Hudson Yards, which broke ground last week and will include 5 million square feet of new residential space.

In light of Hurricane Sandy, what are developers doing to prevent the kind of disaster seen across lower Manhattan?

Related was quick to point out that most of the construction will take place on a platform 40 feet above sea level. "All of our electrical systems are located well above that," says Related spokeswoman Joanna Rose, "usually on the second, third or fourth floors of all of the buildings. We are designing everything to with-

stand the 100-year flood."

This might be a big question going forward. "We have people inquiring about the mechanics of the building," says Thomas Guss, president of New York Residence, who is selling the Centurion in Midtown. "These were things we never discussed before. People want to know what happens if there's a blackout. Can I walk down the staircases? Can I see the staircases?"

Developers will no doubt have to have good answers.

"All the new construction [in Florida] has to be hurricane-proof," says Cristiano Piquet, CEO of Piquet Realty, who does business in Miami and New York. "The windows are three layers of almost-bullet-proof glass. The garage needs to have a flood-proof system. The angle of the building needs to be designed to resist at least 150-mile-per-hour winds."

Might this become *de rigueur* in New York City? Perhaps. But most experts predict permanent damage to downtown will be minimal.

"I had people living downtown looking to permanently move uptown — household names — saying, 'Y'know what, I'm done with downtown,'" says Dolly Lenz of Douglas Elliman. "But if you look at the restaurants, the young people, the nightlife, the uniqueness of apartments, uptown is not as interesting a product mix. I say downtown will come back bigger than ever."