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## New rental tower fills tall order

### Downtown's Beekman seen drawing good crowd, but units are pricey, and market is still shaky

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By [Amanda Fung](#)

June 13, 2010 5:59 a.m.

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**SOARING HOPES:** Leasing at the Beekman Tower is expected to begin in the first quarter of 2011.

Despite years of community opposition over its size, a financial crisis that briefly threatened to halve its height, and falling debris that rendered neighboring streets hazardous, the city's tallest residential spire will officially open its doors in about six months.

And after all that, the 867-foot Beekman Tower is already being hailed as a winner. In a remarkable about-face, many community officials expect their new 76-story, Frank Gehry-designed neighbor to raise the profile of the entire area. Meanwhile, real estate brokers predict developer Forest City Ratner Cos. will not only have little trouble renting the building's 903 high-end apartments but that their arrival on the market will be perfectly timed.

“The Beekman opening up is a good thing because there is plenty of demand,” says Jack Berman, vice president at Metro Loft Management, the developer of nine luxury rental buildings downtown.

In fact, at this point the supply of eager wannabe residents in lower Manhattan appears to be almost infinite. In recent years, the area has ranked as one of the fastest-growing neighborhoods in the city. Today, an estimated 55,000 people live there. That is more than double the population in 2001 and is up from a mere 14,000 in 1995, according to a recent survey by the Alliance for Downtown New York.

The area has always had more rental buildings than condos, but none quite like the Beekman Tower, brokers say, noting that they expect it to draw residents from all over Manhattan.

“There is no other building like it, with views that will be unparalleled,” says Daniel Hedaya, executive vice president of residential brokerage Platinum Properties. “It's the type of tower people want to live in.”

The curvy iron-clad tower is well located, at 8 Spruce St., between William and Nassau streets. It stands just north of the financial district and a stone's throw from both the Brooklyn Bridge and City Hall Park.

## Winning over the locals

To help win over the community, the developer agreed to allocate much of the terra-cotta bottom six stories to a new public school, and roughly 20,000 square feet to New York Downtown Hospital—the tower's neighbor across the street. The developer will also build a 13,000-square-foot public plaza with trees and a fountain.

While the developer declined to comment on details of the project, leasing is expected to begin in the first quarter of 2011, which could be a lucky break. Because of the financial crisis, which forced most developers to cancel or delay their plans, the only other large rental on the market in the area is Metro Loft's 20 Exchange Place. It will have 800 units when completed over the course of the next couple of years, including 180 that are expected to hit the market this summer.

Overall, the rental vacancy rate in the financial district dropped 2 percentage points during the first six months of the year from the same period a year ago, according to a recent report by Platinum Properties. The drop was caused in part by a number of longer-term leases that were signed over the past year in response to landlord concessions that included a few months of free rent.

“Beekman is fortunate to open in a strengthening rental market,” says Gary Jacob, executive vice president of developer Glenwood Management, which raised rents and eliminated concessions in February.

With many of the off-price leases due to expire in the fall, however, the market faces a major test. That factor, combined with a still uneven economic recovery, could yet make Forest City Ratner's hope of garnering rents that brokers predict will work out to be around \$80 per square foot overly ambitious. Rents at nearby Liberty Plaza and 10 Barclay are \$60 to \$65 per square foot—and even those are considered high. According to Platinum Properties, rents in luxury financial district buildings range from the mid- to high \$40s per square foot.

## Aiming high

“They're looking to attract the Wall Street crowd and the upper end of the market,” says Andrew Barrocas, chief operating officer at brokerage The Real Estate Group. “Eighty dollars is extremely aggressive, but I think they have a product that is superior to anything else out there.”

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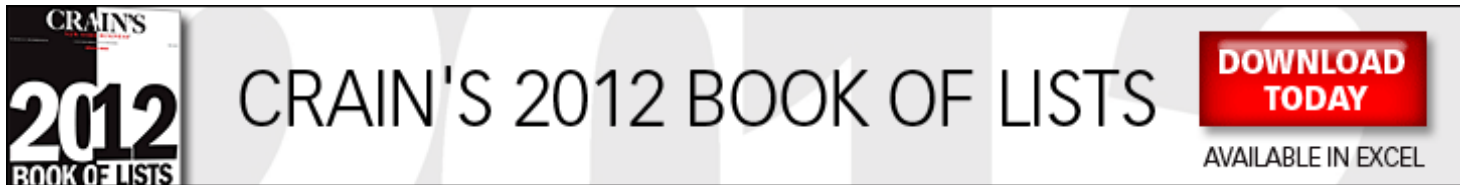
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