

THE REAL DEAL

NEW YORK CITY REAL ESTATE NEWS

The W's long road

July 01, 2010 07:00AM
By [Alison Gregor](#)

After four tough years, Moinian's luxe downtown hotel-condo has first closing

It's been a long haul for the Moinian Group to deliver the W Hotel and Residences Downtown, and the most strenuous part may still lie ahead.

But executives at the project, located at 123 Washington Street, said they closed the sale of their first condo (there are a total of 159) on June 25. Meanwhile, the 217-room W New York-Downtown Hotel, in the same tower, is scheduled to open on July 26.

About 64 furnished condos in the building were to be leased in late June to an unidentified company for two years, which will then re-lease them to corporate entities for short-term use, W executives told *The Real Deal*. The Moinian Group declined to reveal how much the company was paying for the lease.

Onlookers have been watching the high-profile hotel-condo project eagerly. The developer said he was thrilled that the tower, which had been plagued since its 2006 inception by construction delays and stop-work orders (not to mention the Great Recession), was finally open.

"The building opens, design and vision intact, after a dramatic period in commercial and residential real estate," said developer Joseph Moinian in a statement. "The Moinian Group's goal was to deliver this building, as we originally envisioned three years ago. ... We've achieved that."

While the blog [hotelchatter.com](#) reported that it booked rooms for \$399 and \$429 a night for next month, Jacqueline Bayer, a senior managing director with Moinian, said Starwood Hotels & Resorts Worldwide, which owns the W brand, had not yet finalized room rates at the 58-story tower.

With the hotel market not yet back to its pre-recession strength, the project's condo sales at the Gwathmey Siegel & Associates-designed tower are that much more important.

According to brokers, the residential market has been perking up in Lower Manhattan in the last few months, despite a glut of inventory.

The building will have a BLT Bar and Grill with indoor and outdoor seating on its first two floors, a lounge and a spa, as well as the highest residential roof deck in Lower Manhattan, where BLT food will also be served. Bayer predicted that the roof deck would become "a destination for everyone."

Meanwhile, the 159 unfurnished condos that aren't being leased out include one- and two-bedroom apartments, and 24 penthouse units on the 53rd through 56th floors. The apartments offer many top-of-the-line amenities, such as Sub-Zero refrigerators, and even peek-a-boo showers in some lines. The large bathrooms have a whimsical animal theme, with



Jacqueline Bayer, a senior managing director with Moinian, and the W New York-Downtown Hotel

black crocodile porcelain tile on the floors.

The Moinian Group has taken on a large amount of debt to finish the project, including a \$290.6 million loan from PB Capital and a \$39 million loan from KeyBank. It also defaulted on a collateralized \$25 million mezzanine loan with special servicer CWC Capital Asset Management in February. (In addition, a lis pendens has been filed against the property by Sunbeat Rentals.)

Bayer declined to comment about specifics of the tower's financials, but said the Moinian Group has satisfied lenders enough to move forward with the closing of condo sales.

"We're closing our first unit tomorrow," Bayer said on June 24, during an interview at the site. "It's going to be free and clear title – it has to be, or we can't close. We're working with lenders in the closing, and any lien that exists will be resolved."

Bayer said there were 64 units that had been signed in 2007 prior to the recession, with previous marketer Michael Shvo. But the Moinian Group pulled the units off the market after 2007 and didn't put them back on the market until six months ago, with Bayer leading the marketing effort. Street Easy.com now shows 37 units in contract, and Bayer said she has gotten six contracts signed under her watch.

"We have roughly \$100 million in contract," Bayer said.

The marketers are taking the bold move of sticking to their 2007 pricing of \$2,100 a square foot, about double what other nearby luxury condos are asking.

Ryan Serhant, a vice president and head of business development at Nest Seekers International, is the sales manager at 99 John, a FiDi tower that is priced from just under \$800 to \$1,000 a square foot. He said his building has 37 percent of its 442 units either in contract or sold.



"If

you look at the W, it's a very unique product, and the developer has priced it as such," Serhant said. "There's no line out the door. I think people are still trying to figure out if that's what they want to pay."

Bayer said foreign buyers, in particular, have been attracted to the W, with all paying in cash. The first sale to close was to Italian investors who paid the \$2,100 a square foot in cash for two apartments (a two-bedroom and a one-bedroom) with plans to conjoin them, she said. No public record of the sale was recorded at press time.

Another hotel-condo project nearby, 75 Wall (it has a 253-room Andaz, a Hyatt hotel), has 110 recorded sales, 37 active listings and a median asking price of \$1,219 per square foot, according to StreetEasy.com. Marketers did not respond to calls for comment.

Arie Abadi, president of EU sales at brokerage Platinum Properties, which represents a number of international buyers, pointed out that the Setai Wall Street at 40 Broad Street, which has sold about 45 percent of its approximately 160 condos, has slashed pre-recession prices of \$1,500 to \$1,600 a square foot to \$900 to \$1,000.

So is Moinian realistic to continue to hold out for pre-recession prices?

Abadi noted that the W brand might justify its higher price.

“If we compare the W hotel in New York to, say, the W hotel in Miami, the price in Miami is \$2,000 a square foot, so why in New York can't they be selling at \$2,100 or \$2,200 a square foot?” Abadi asked.

“I honestly think they will have to discount heavily. But who knows? If people start to close, and they do close smoothly, they may get around \$2,000 a square foot.”

Plus, Abadi — who's been bringing buyers to the W and 75 Wall, which he believes is the only other comparable area building — said he thinks the Financial District market bottomed “over three months ago.”

“At the beginning of the year, developers were offering 17 or 18 percent discounts off their asking prices,” he said.

“Now it's only 9, 12 or 13 percent discounts. Developers are becoming less negotiable month by month by month.”

RELATED POSTS



[The W's long road](#)



[The W's long road](#)



[Buyers moving to W Downtown](#)