RUBENSTEIN PUBLIC RELATIONS, INC.

NEW YORK POST
24 HOURS A DAY

February 11, 2010

FREEZE FRAME

Whatever happened to downtown Manhattan?

By MAX GROSS

IF you were walking along lower West Broadway recently, you might have noticed the handsome, gold-colored structure at the southwest corner of Leonard Street.

The building, 34 Leonard, looks ready and waiting for buyers. There's no tarp draped over the side nor scaffolding along its edges. Ads in the ground-floor windows list the phone number for the sales office and a Web site (34leonard.com). But the number is disconnected. And the Web site is "under construction."

Two years ago, 34 Leonard, a new luxury co-op, was one of TriBeCa's heavies (a penthouse was listed for $8.45 million). But last summer, the developer defaulted on loans. The building was foreclosed on. Now, its fate is up in the air. (Attorney Stuart Shorenstein, now handling the property, declined to tell us the plans, and iStar Financial, the lender who initiated the foreclosure, never got back to us.)

If you were wondering whatever happened to downtown Manhattan, you're not alone. We've been wondering, too.

There was a time when TriBeCa and neighboring SoHo were considered invulnerable to the whims of the market. Because land was so scarce, and the areas were so desirable, a luxury building — any luxury building — was going to prosper. And for a while, that seemed to hold true.

Certain properties were priced at $4,000 per square foot — or more — out of the gate in 2008. Even in the first quarter of 2009, according to appraisal firm Miller Samuel, condos in TriBeCa and SoHo averaged a sky-high $1,553 per square foot.

But nothing was immune to the recession, not even in these nabes. Some buildings weathered it fairly well, while others stalled. And prices deflated. By the third quarter of 2009, prices were down 20 percent.

One casualty was 56 Leonard. The building was supposed to be the architectural marvel of TriBeCa. The developer Alexico hired Swiss firm Herzog & de Meuron to design a 60-story glass tower, which would feature a $5,300-per-square-foot penthouse. But then the condo project lost its financing and had to return deposits.

"That was heartbreaking," says

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broker Leonard Steinberg of Prudential Douglas Elliman, who specializes in downtown properties. "I still have a model of it in my office. Hopefully, when the money comes back, that building will come back."

"We're not dead yet," insists Alexico president Izak Senbahar. "There's no real financing for big projects out there — but it will change."

Senbahar predicts construction to resume on 56 Leonard within the next year. "I'm going to build it the way it is," he says. "I'm bummed by the fact that it's not being built now, but I think it's a future landmark."

This small swath of TriBeCa got hit harder than most. "When markets go bad, they say fringe neighborhoods go first," says downtown broker Raphael De Niro of Prudential Douglas Elliman. "In eastern fringe TriBeCa, those projects struggled."

Projects like Five Franklin Place, which someone familiar with the project says is likely "years off" from resuming work, is less than three blocks away from 56 Leonard.

Nevertheless, "these sites are going to have second and third lives — that's the nature of the beast," says Shaun Osher, president of Core, who has been selling in TriBeCa and SoHo since the 1990s. "[TriBeCa is] still amongst the most desirable residential neighborhoods."

Other downtown buildings that are close to being finished have been delayed. Trump SoHo was to open this month, but that's been pushed back. David Chase, the building's GM, did not give a specific date but said it "will be open soon."

And even those that are doing well have had to adjust to the market.

"Certainly, we didn't hit our projected prices, but I don't think anybody did," says developer Gerard Longo, whose Pearline Soap Factory closed on its final unit Dec. 31 and whose Fairchild building has sold roughly 60 percent of its condos in the past few months. (Both are located in north TriBeCa on the West Side.)

"We've had roughly 50 showings a week at Fairchild," says De Niro of a building where prices are about $1,600 per square foot. "That's substantial traffic." (One three-bedroom at the

V-VOOM! One of TriBeCa's successes is V33, a seven-unit condo building at 33 Vestry St. The development, with prices around $2,000 per square foot, has sold five units, and there is a contract out for a deal that would combine the other two.

THE BASICS

34 LEONARD Foreclosed

56 LEONARD On hold

FIVE FRANKLIN PLACE On hold

TRUMP SOHO Opening TBD

PEARLINE SOAP FACTORY 7 units, sold out and fully occupied

FAIRCHILD 13 of 21 units sold, ready in March

V33 7 units, 5 sold and a contract out for a deal to combine 2

TRIBECA LOFTS 29 units, all but 1 in contract or closed, occupied

TRIBECA SUMMIT 62 units, about 80 percent sold, occupied

THE SMYTH UPSTAIRS 15 units, 11 units sold or in contract, ready next week

SOHO MEWS 68 units, 31 units sold and another in contract, already occupied

ONE YORK 33 units, 25 sold or in contract, already occupied

350 WEST BROADWAY 7 units, all available, ready for occupancy in 60 days

211 ELIZABETH 15 units, 10 closed and another in contract, already occupied

building is now $2.045 million less than it was this time last year.)

Then there's V33, at 33 Vestry St., where five of its seven units have sold, and a contract is out for a deal to combine the other two, according to broker Wendy Maitland of Brown Harris Stevens. And not at bargain prices, either. Units in contract range from a $6.2 million, 3,100-square-foot four-bedroom to a $12.5 million four-bedroom townhouse.

"We had very limited debt," says Charles Dunne, managing partner for Dunne Projects, which is developing V33 (the building should be finished this summer). "We had a very, very high amount of equity in the project."

This meant that when the market collapsed, V33's financing didn't disappear.

So, why did other downtown buildings flounder?

"They overpaid for the site," Dunne explains. "They didn't put a lot of care into the design, and they borrowed a lot of money." (Developers like Dunne and Longo have considered buying some distressed properties.)

Another project that has thrived is TriBeCa Lofts, a three-building, 29-unit conversion that came to market at arguably the very worst possible time — April 2009. Yet all but one of its units are in contract or closed. One reason is its low pricing.

"What was so cool about [TriBeCa Lofts] is they were offering the apartment for $1.8 million — or for $2.5 million with their finishes," says Nancy Perla, who closed on a 2,000-square-foot condo around Christmastime. "We thought $1.8 [million] is in our price range, and we can put in our own finishes for much less."

Perla and her husband, Matt Michaelis, paid just $900 per square foot.

Over at the 62-unit Tribeca Summit, condo prices dropped from around $1,500 per square foot to around $1,300 to $1,350 per square foot. This yielded 12 contracts signed since the fall.

And at Smyth Upstairs, a condo project atop a TriBeCa hotel, where prices start at $650,000 for a 530-square-foot one-bedroom, "We had 15 units that came on the market in September," says Sean Turner of Stribling. Ten units are sold or in contract.

Buildings that were mostly finished had a big advantage over those that were not yet in the ground. "I think that's the biggest difference," says Albert Laboz, the developer of SoHo Mews, which is almost 50 percent sold.

"I thought the architects and developer . . . did a really great job on the finishes," says Ken Sawyer, whose primary residence is in San Francisco and who bought a two-bedroom at SoHo Mews. "The ceilings are super high, and the architect had a big belief in allowing in a lot of light. For a guy like me from California, that's a big selling point."

Another example is One York, a 33-unit TriBeCa condo building that began marketing itself in 2006 and one of whose major selling points is that it's finished. (Prices here are about $1,700 per square foot.)

"I did my due diligence," says Daniel Bakalarz, who closed on a One York two-bedroom in December. "I was making sure enough units had sold."

The ability for buyers to see and touch a nearly finished product seems to be what the developers of 350 West Broadway in SoHo are hoping will propel sales.

"We feel this is a unique project," says Justin D'Adamo of Corcoran Sunshine, which is marketing the building. In other words: This is a project that needs to be seen to be appreciated. (Prices in the seven-unit building, which has yet to sell anything, have fallen 10 to 13 percent but are still hovering around $3,000 per square foot.)

And a fully finished product can make a difference: 211 Elizabeth St. in NoLIta, just east of SoHo, hit the market in April 2008, but took itself off after the Lehman Brothers collapse. Sales started again in September.

On Monday, "we [sold] the 10th unit," says Mary Ellen Cashman of Stribling, which is marketing the 15-unit building, where condos are around $2,000 per square foot. "Another one is in contract."