Time For Change

Last year was a historic one for New York City real estate, with price records shattered and the luxury market on fire.

Hedge funder Bill Ackman and a group of investors reportedly paid more than $90 million for a unit at Extell Development’s luxury condo tower One57. If the sale closes at that price, it will set a record for the most expensive Manhattan condominium.

With a new mayor and a slew of luxury condos coming to the market, what can we expect this year? Read on for a look at some key issues.

Interest rate jitters

Speculation that the Federal Reserve could begin to wind down its signature easy-money program has renewed buyers’ sense of urgency to take advantage of historically low rates before the cost of borrowing shoots up.

The interest rate for a 30-year fixed-rate loan is currently hovering around 4.6 percent, but experts predict rates could reach as high as 6 percent this year.
Over the past few months, there’s been an uptick in buying—which was already going strong, despite the relative lack of inventory—as interest rates have inched up, said Jordan Roth, a senior branch manager at GFI Mortgage Bankers, a residential mortgage provider in Manhattan.

“If rates had stayed where they were in the first part of 2013, buyers might have stayed on the sidelines,” he said. “Now, we’re seeing people get into the game.”

**The de Blasio agenda**

Many people are watching to see which of Mayor de Blasio’s real estate-related issues he raised on the campaign trail gets tackled first.

More affordable housing is likely on the way: On the mayor’s agenda is mandatory inclusionary zoning, which would change the rules on affordable housing for developers.

At the moment, many residential projects are planned as 80/20 buildings—a program through which developers receive tax-exempt financing in exchange for making 20 percent of their units affordable—though de Blasio may change that ratio for new residential developments.

**The condo concern**

Luxury super-towers One57 and 432 Park Avenue hogged headlines last year. Now we’ll see if the batch of high-end projects conceived in the wake of those two high-profile condos can survive.

“Developers are looking at those projects as benchmarks, but they’re on a different playing field,” said Shaun Osher, CEO of real estate brokerage CORE, who predicts that new units coming to market with exaggerated price tags will linger. “Buyers are not going to be foolish.”

Among the most anticipated projects set to go up in Midtown is JDS’ so-called “skinny” tower at 107 West 57th Street, which is slated to rise to 1,350 feet, and the 1,423-foot glassy skyscraper Extell is building at 225 West 57th Street.

**The renewal of Seward Park**

Big changes are coming to the Lower East Side, which will see a 1.65-million-square-foot, mixed-use project in and around Seward Park, slightly north of East Broadway.

The six-acre site is the largest swath of undeveloped city-owned land in Manhattan below 96th Street.

The project will include 1,000 units of housing (half of which must be permanently affordable) as well as a 15,000-square-foot open space, a school, a community center, 250,000 square feet of office property and a mix of retail spaces.
“Smart people are buying in the area before this is built,” said Stephen Kliegerman, president of Halstead Property Development Marketing. “This is potentially the most exciting mass new development to happen in the city. You’re going to see values in that area jump by 50 percent over the next five years.”

Other large-scale projects to watch: South Street Seaport, the World Trade Center site and Hudson Yards, which is rising on the far West Side.