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Luxe Developments Blur Neighborhood Boundaries

MANHATTAN — The sales office for the new condo at 5 Franklin Place opened less than three months ago and prices have already increased four times.

Franklin Place — a 20-story development situated in an area once named ChiBeCa and now branded as "East TriBeCa" — is located just outside the ritziest part of the neighborhood, but those lines of demarcation are blurring.



Similar scenarios are playing out across the neighborhood, most notably with the eye-popping "Jenga-like" 60-story tower coming to 56 Leonard St., where a \$47 million penthouse recently broke Downtown sales records.

Across Manhattan, new high-end projects are rising at addresses outside traditionally coveted zip codes, turning the island's core into one large domain for deep-pocketed buyers, real estate experts said.

"It was kind of a backwater of TriBeCa," said Richard Cantor, from marketing firm Cantor & Pecorella, of Franklin Place's location. "TriBeCa ended on the west side of Church Street for many people."

But the four price jumps didn't dampen buyers' fervor.

The "velocity" of the sales — nearly 90 percent of its 54 units were snatched up — "astonished" Cantor.

A year ago, Cantor's firm estimated that Franklin Place would fetch an average of \$1,550 per square foot. It's now getting upwards of \$1,800 per square foot, he said.

Remaining apartments in the building — which has a gym, children's playroom and roof decked out with a pool, cabanas and an outdoor kitchen — include 3-bedrooms starting from \$3.5 million, and 4-bedrooms with outdoor space starting at \$5.75 million. (Buyers include a "well-known sportscaster" and a judge from "Dancing with the Stars," Cantor noted.)

Though prices were still lower than projects going up to the west that could get more than \$3,000 per square foot, the upscale area's center was now shifting east "a little," Cantor said.



"You have neighborhoods without boundaries," real estate expert Jonathan Miller said, calling the blurring of lines "neighborhood creep."

"The disparity between the cheapest neighborhood and the most expensive has narrowed. It's just one big luxury haven."

It's a trend that concerns advocates such as Barika Williams, from the Association for Neighborhood and Housing Development. Williams said most of the housing going up in Manhattan was not accessible to 75 percent of the population.

"We have a lot of wealthy people and wealthy housing, but we're not a city of multi-billionaires," she said.

Yet much of Manhattan's new residential construction targets the luxury market — which is homes priced at \$3 million and above, Miller said.

The average sales price of active new development listings Downtown and on the east and west sides was \$9.3 million and the median sales price was \$4.9 million, Miller wrote in a recent post for the real estate blog Curbed.

The prices were much higher than Manhattan sales from the second quarter, where the average sales price was \$1.4 million and the median sales price was \$865,000.

By focusing on this segment, however, new projects leave out 90 percent of Manhattan's housing market, which means that these developments will not provide an adequate supply to put a dent in the tight inventory, Miller said.

But with land prices now averaging an estimated \$800 a square foot, developers don't think they can make money on projects that sell for less than \$2,000 a square foot, Cantor said.

Though real estate will always be about "location, location, location," the "locations are evolving with the passage of time," Tom Postilio, of the boutique real estate brokerage CORE, said.

Amenities and layouts trump addresses these days, such as with Walker Tower, an Art Deco condo conversion outside of the heart of Chelsea at 212 W. 18th St., where the cheapest available listing on the project's site is for \$8.25 million. 250 Bowery, on a street once famous for "Bowery bums," has active listings for an average of \$2,078 a square foot, according to StreetEasy.

"There was a time when people didn't venture beyond 86th Street, then 96th Street. It keeps evolving," said Postilio, whose firm is handling sales at One Museum Mile, which is actually located at 1280 Fifth Ave. at East 109th St., putting it at the northern end of Fifth Avenue's stretch of iconic institutions where it will house the Museum for African Art.

The building, which is designed by renowned architect Robert A.M. Stern with a rooftop pool and terrace overlooking Central Park, a children's playroom, teen game room and fitness center, recently set a record for the neighborhood when a 3-bedroom residence sold for \$3.565 million, or \$2,030 per square foot.

"If someone can come in and see a beautiful product, floor plan and finishes, and [if location] is the last hurdle, because of the times we're living in and the lack of inventory, people are able to see past that," Postilio said, "obliterating an old boundary."