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## Love Letters: New Construction, High Prices and a Younger Crop of Renters and Buyers hit Alphabet City

New Yorkers who know their ABCs know to keep away from the D's.

Naturally, we're talking about Alphabet City. Those two words have an uncanny ability to summon up sordid images of Tompkins Square Park in the 1980s, with its infamous homeless encampments and crack vials. And violent crimes and graffiti. And the musical "Rent."

Like in every neighborhood in lower Manhattan, real estate developers flirted with the idea of gentrification, but observers had three assumptions about the neighborhood:

- 1) Prices would never get too crazy.
- 2) It might lure hipsters, but you could forget about well-heeled professionals.
- 3) While Avenue A or B might be OK, no luxury developer would put up anything past Avenue C.

But it also looks like all three notions were seriously flawed. Take Arabella 101. The brand-new rental building is opening its leasing office next week and happens to be on Avenue D, across the street from public housing. Arabella 101 has 78 apartments (half of which are market-rate, the other half affordable) set atop the new Lower Eastside Girls Club.

"Starting prices [for market-rate units] are about \$2,500 for a studio, \$2,900 for one-bedrooms," says Drew Spitler, director of development for the Dermot Company, Arabella 101's developer. "And they're going up from there."

And the building isn't a mere shiny box: The eco-friendly development is shooting for LEED certification, and it promises amenities like a gym and a roof deck.

Dermot is not alone in tackling this heretofore unloved part of Alphabet City.

At 316-318 E. Third St., which hugs Avenue D, the Brody Amirian Group is putting up an eight-story, 33-unit building with studios and one- and two-bedrooms; it should be finished in the fall of 2013. Yearly rents are going to be north of \$50 per square foot (probably around \$52 to \$54 per square foot), which works out to over \$4,300 a month on a 1,000-square-foot apartment.

“We were told you could get \$58 to \$62 per square foot if you really hit the market right, with the proper finishes,” says David Amirian, co-principal of the development firm. “But we’re not looking for those kinds of aggressive numbers.”



Amirian says that a deal was in the works for the empty lot directly across the street by a developer, and another project adjoining his (with frontage on Avenue D) is going to be a rental with both market-rate and affordable units.

Older, walkup apartment prices are also on the upswing.

“We were [trying] to stay under \$3,800,” says Rebecca Newman, 22, a recent Barnard graduate, who went looking for an apartment in Alphabet City with two friends at the beginning of the month.

After seeing a few two- and three-bedrooms in the neighborhood, “our expectations changed,” says Amy Moroz, 21, who was looking with Newman and their friend Ashley Rose Stumbaugh, 21. “We definitely lowered expectations.”



Fortunately, their broker, Josiah Hyatt of Citi Habitats, found them a three-bedroom, two-bathroom walkup within their budget just off Avenue C.

“It was almost like a gem in the rough,” Stumbaugh says.

Indeed, professionals looking for a deal might find themselves startled by how much rents have risen in the area.

“I would say it was much more expensive than I thought it would be,” says Solaiman Futuri, 32, a doctor who went looking for a two-bedroom with

a colleague. Both were excited by the area’s nightlife and restaurants and wanted to be on Avenue A or in the East Village.

“When I first started out it was difficult, very difficult,” says Futuri, who worked with broker Mariko Miyake of Citi Habitats. “Two-bedroom, two-bath apartments were going anywhere from \$4,500 to \$5,000.” (The two doctors finally lucked out and got a two-bedroom duplex for around \$4,000 on Avenue A.)

While a \$4,000 apartment might sound pricey if you're thinking of the Alphabet City of yore, that figure is small fry in comparison to what some of the more tricked-out apartments are asking.

Danny Davis and Vladimir Luzader of Town Residential have a \$25,000, four-bedroom rental in a former synagogue on East Eighth Street between Avenues B and C.

"It's an incredibly unique property," Davis says. "It's a former synagogue, and in addition to being very cool architectural space, it has a great history. There were squatters. And if I remember, a rabbi [who worked and squatted there] was busted for dealing pot. But apparently, none of the transactions were out of the house."

After a moment, Davis adds, "He claims it was for medicinal purposes."

The 3,200-square-foot property is a beaut. There are custom-made stained-glass windows (one of which includes a Star of David), as well as Brazilian hardwood floors, cathedral ceilings, an Italian marble fireplace and more than 900 square feet of outdoor space.

"We've been getting a lot of good feedback," he says. "A lot of interested people want to purchase the house." (The owner isn't interested in selling, Davis says.)

Davis has gotten nibbles from renters including an actress in town for a show.

Of course, the real estate gets more expensive as you move west, toward Avenue A. Potential buyers might want to check out another Town property on the market with Wilbur Gonzalez and Adam Taylor: a 6,000-square-foot, \$8.5 million, four-bedroom, 2 1/2-bathroom townhouse on East Fourth Street between Avenues A and B, with 11-foot ceilings, Sub-Zero, Wolf and Miele appliances, a 900-square-foot patio and much more.

"It really is a trophy house," Gonzalez says. "Which made it sort of difficult to price. If it was West Fourth Street, not East, it would be in the \$12 to \$15 million range."

The big question is how Alphabet City went through such a transformation where properties could fetch high prices. Some, like Gonzalez, attribute it to the hotels and restaurants that cropped up around the neighborhood in the East Village and the Lower East Side.

"Inventory is so limited and so many people want to be in the neighborhood," says Elizabeth Kee, a broker for Core who lived in the neighborhood in the early 2000s. "Never in our wildest dreams did we ever imagine [prices would be this high], but it's a simple supply and demand curve."

Kee has a listing at the A Building on East 13th Street between First Avenue and Avenue A, a \$3.99 million penthouse, which is owned by poker pro Phil Galfond.

Galfond combined two units to make this 2,700-square-foot, four-bedroom, four-bathroom duplex, and added one quirk: He connected the top and bottom floors with a big metal slide in the middle of the apartment.

Kee reports that traffic at the open houses in the condo has been pretty good.

“This kind of property usually get gobbled up immediately,” Kee says. “Unless they have a slide.”