

Chelsea Housing Gets Google Lift



Daniella Zaloman for The Wall Street Journal

Google's Chelsea offices have helped spur residential projects.

Google Inc.'s decision five years ago to move its New York headquarters to 111 Eighth Ave. was expected to bring a flurry of new office tenants to the Chelsea area. Less anticipated was that some developers would seek to cash in on the influx of tech workers in the design of their residential projects.

One such developer, Harlan Berger, chief executive of Centaur Properties, began assembling several prime plots of land at West 16th Street and Eighth Avenue in 2004 when the sprawling brick building across the street at 111 Eighth was more of an eyesore than an attraction.

But in 2006, Google signed its first 270,000-square-foot lease there, and Mr. Berger quickly saw an opportunity. At one point, he said he had informal talks with the Internet search giant to create "Google House," a residence solely for Google employees, who would live across the street from work. The project ran into bumps with zoning, and never materialized, he said.

Google declined to comment about whether it was ever in discussions with Mr. Berger.

Nonetheless, a building that the developer erected at 305 W. 16th St. clearly caters to the area's growing tech set. "Google is a game-changer for the neighborhood and the city," said Mr. Berger.

At least two Google employees have purchased condos in the building, and Mr. Berger also said he is seeing an unusual number of young and first-time buyers, including parents who purchased a two-bedroom for a New York University student.

To attract more tech-savvy buyers, the developer plans to offer several tech features, including an iPhone app that would allow residents to talk to the doorman remotely.

But not all aspects about 305 W. 16th have been universally appreciated. The building's black angular design doesn't fit with Chelsea's wood-beamed art galleries and brick townhouses, critics say.

Mr. Berger said he has sought to help offset a masculine feel of the design by purchasing a 38-foot daisy flowerpot weighing more than 6,000 pounds to sit in the building's rooftop garden.

While developers in many neighborhoods have turned to building rentals as condo financing has become hard to come by, Chelsea's condo market is reviving, in part thanks to the growing community of tech and other workers in the area, developers say.



Chelsea has more new condo projects in the pipeline than any other neighborhood, according to Shaun Osher, founder and chief executive of the Core Group, which specializes in new development. Indeed, the number of condo unit sales in Chelsea jumped to 121 in the third quarter, from 78 in the year-earlier quarter, according to Miller Samuel Inc., a real-estate appraisal firm.

Other developers are moving to meet residential demand in Chelsea. DDG Partners recently received a \$26 million construction loan and has already broken ground on a condo building with roughly 40 units at 345 W. 14th St.

"For young, tech professionals, when they get married and have families, we don't see a lot of them leaving the neighborhood," said DDG Chief Executive Joe McMillan. "Living close to work is not a bad thing."

One of Chelsea's largest, and sometimes controversial, luxury condo projects also plans to launch sales near the beginning of next year. The Brodsky Organization has gradually

assembled two rows of landmark buildings on 20th and 21st streets, between Ninth and 10th avenues from the General Theological Seminary over the last couple of years.

The developer is completing the interior renovation of the second of these buildings, which will be a 38-unit condo project at 422 W. 20th St.

The first building, the Chelsea Enclave at 177 Ninth Ave., was a ground-up development and is already almost sold out at a near top prices for Chelsea of \$1,711 a square foot, according to StreetEasy.

A jigsaw of zoning laws in Chelsea and the Meatpacking District has helped protect the neighborhood's diverse commercial and residential uses. However, in some cases this has prevented developers from creating more residential projects to cater to demand.

At 837 Washington St., Taconic Investment Partners is building a new office building, where the company says it could fetch top commercial office rents of \$100 a square foot on top floors. Still, Taconic Co-chief Executive Paul Pariser conceded a residential building would have been desirable.

"It would have been unbelievable to go residential, but the district doesn't like the use," Mr. Pariser said.