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TRI HARDER

TRIBECA NEWBIES ARE PUT TO THE TEST

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STAND AND BE TESTED: Construction is at a standstill at the 56 Leonard site, once slated for 60 glassy stories of new condos priced at an average of \$2,700 a square foot. Andy Yu (inset) bought in 53 Warren after prices were chopped.

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In many ways, TriBeCa is the coolest kid in school. The neighborhood has cobblestone streets and historic architecture. It has cute shops and hip restaurants. It has celebrities and a Whole Foods and PS 234 (one of the best public schools in the city). And it's home to the Robert De Niro-founded Tribeca Film Festival.

That's a far cry from the days after 9/11, when the city was so worried TriBeCa would be abandoned that it paid residents to stay there.

"It's one of the most evolved neighborhoods with respect to once having been a commercial warehouse neighborhood to [now being] one of the most desirable neighborhoods in the United States," says broker Shaun Osher, CEO of Core Group Marketing.

Indeed, in a mere five years, TriBeCa went from being at risk of being deserted to becoming the 12th-most-expensive ZIP code in the country, with a median home price of just under \$1.9 million, according to Forbes magazine, in 2006.

But things aren't always as they appear. In the harsh light of the new economy, TriBeCa is beginning to look like a case of the higher they fly, the harder they fall.

Today, along its famously quaint streets, you'll find construction sites with nary a crew in sight. These represent a series of spectacular residential development failures that have occurred since the market tanked last year.

Take the little cobblestoned street in front of the stalled 55-unit Ben van Berkel-designed Five Franklin Place. It's become a veritable parking lot, with cars packed around the padlocked fence surrounding the site.

Or witness the corner that was to become the 60-story, 145-unit, Herzog & De Meuron-designed 56 Leonard. The only evidence of the building's existence is the silhouette of its model, which can still be seen glowing in the far reaches of the shuttered sales office, a remnant of a far more optimistic time.

Down the street, 34 Leonard, a 16-unit condo building, looks finished. But try to log on to the building's Web site and it's "under construction." The p.r. person who handles the developers says they have been "unable to complete sales."

Some developers haven't given up. (Izak Senbahar of the Alexico Group, 56 Leonard's developer, says, via e-mail: "There is nothing new to report except that we are working on completing our financing and moving ahead with the building.") But neglected construction sites and rumors of foreclosure betray them.

There's an argument that certain failed projects were the result of a misunderstanding of the market -- developers interpreting the area's astronomical price points as a sign that TriBeCa wanted glass high-rises and starchitecture and the price tags that come with them: 56 Leonard was priced at about \$2,700 per square foot. Five Franklin was around \$2,100.

"If you look at the ones that sold successfully, it's the ones who kept the integrity of the neighborhood," says Osher. "People are drawn to the neighborhood because it's not a high-rise generic location. It's the uniqueness of the loft spaces, the ability to live with a family comfortably in one of the top school districts."

Others blame the precise location -- all three of the troubled projects are within three blocks of one another in southeast TriBeCa. But truth be told, much of the neighborhood seems skittish. Numerous sales directors who were more than willing to speak about their buildings nine months ago did not return calls for this story.

Those who did willingly admit that sales have been slow -- they're slow everywhere, after all -- but insist that they see signs of progress, as well.

The Corcoran Group's Barrie Mandel, for example, just unloaded the last condo at the Zinc building on Greenwich Street. The 3,600-square-foot penthouse and one-bedroom combination sold for "just shy of \$1,400 a foot," after two price cuts, as cited by Streeteasy.com.

Since Core Group Marketing's Fredrik Eklund took over sales of the six-unit 53 Warren two months ago, he has negotiated the signing of three contracts.

The sales came after price reductions of up to \$600,000, which brought buyer Andy Yu back to the table.

Last year, a 53 Warren unit was \$2.1 million, says Yu. "When we went to see it [recently], it was \$1.75 million. They came down \$300,000."

That was enough for Yu. He and his partner, Evan Goldstein, leapt.

"We were concerned because it's only a six-unit building, and at the time there was only one other unit sold. And it's difficult to get a mortgage in that kind of setup," says Yu. "But in two or three weeks they had sold three units. I contacted the bank ... they gave us a loan."

Along with chopping prices, many developers are devising other creative solutions to calm wary buyers.

"If people use our preferred lender, we've been offering a 5 percent credit back at the closing table," says Prudential Douglas Elliman's Jason Walker, who is selling the 73-unit 50 Franklin, built just east of TriBeCa's official boundaries. Units start at \$595,000 for a 604-square-foot alcove studio, and the building is approaching "15 to 20 percent sold."

At the Fairchild, a 21-unit project on Vestry Street, the developer, Atlantic Walk Vestry, is offering a free membership to the Greenwich Hotel's spa and fitness center. Broker Raphael De Niro says incentives like that and the competitive pricing, averaging \$1,300 to \$1,400 a square foot, helped him sell three units. Not bad, considering that the Fairchild went on the market in November, not the most opportune time.

"There are two or three [buildings] that are struggling and have closed up," says Atlantic Walk Vestry's Gerard Longo. "But TriBeCa itself still stands out as a premier area."