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## RealEstate The New York Times

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# Downtown Momentum

Condos and rentals have changed the financial district into a real neighborhood. And prices are surging.

By C. J. HUGHES

Anyone who enjoys a good comeback tale might find a lot to like in the financial district.

Loss framed the narrative of the neighborhood not long ago, as Wall Street banks relocated to Midtown, and far more profoundly, when thousands of lives were taken by terrorists on Sept. 11, 2001. But this waterfront neighborhood at Manhattan's tip has renewed itself with vigor.

By some definitions, the financial district takes up the southern tip of Manhattan south of Chambers Street and the Brooklyn Bridge, including the South Street Seaport and, for the purposes of this story, Battery Park City. But the area does not always give off the vibe of a settled place.

Some blocks, and even whole streets, have for years been dusty, clanging and occasionally barricaded works-in-progress. Now, to the relief of residents, some areas are completely open to foot traffic for the first time in years. Much of the fencing at the National September 11 Memorial & Museum came down in May.

Still, construction zones dominate, including once-empty offices being converted to apartments, like 70 Pine Street, along with newer high-rises, like W New York Downtown and 5 Beekman, two hotel-condo buildings. To the east, the Seaport is partitioned with green fences as the Howard Hughes Corporation redevelops retail sections. And to the west, a chain-link fence hung with a massive white sign directing tourists to the Statue of Liberty rings a section of Battery Park, which is gaining bike paths.

On a recent afternoon, laborers in work boots and orange T-shirts spilled onto Vesey Street from the almost-completed One World Trade Center, joining a throng of commuters in the process.

Yet neither the commotion, nor the security barriers by the stock exchange that some consider a nuisance seem to be a turnoff. Residents, many of them families, are streaming downtown, even if the neighborhood no longer offers the discount it once did. This winter, prices edged above the average for all of Manhattan for the first time.

The area has about 43,000 residents, ac-

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As if waiting for the construction of stores at the South Street Seaport to be finished, footsore visitors take advantage of chairs on an artificial lawn on Fulton Street. There's also an outdoor bar. The Seaport is at the east side of the reinvigorated financial district.

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# Manhattan Momentum

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According to census figures compiled by Andrew A. Beveridge, a sociology professor at Queens College, which is almost double the population in 2000, when it was 23,000.

In 1970, in the ghost-town era, the population barely reached 700, with some census tracts devoid of a single resident, data show.

And though financial giants like JPMorgan Chase, Goldman Sachs and Barclays bank may have pulled out in recent decades, other companies, like Conde Nast, GroupM and Revlon, are poised to replace them.

Today, there are more lights in windows, children on swings and beer gardens in plazas to infuse the old curved, off-the-numbers grid streets with new energy.

"It's where Manhattan began, and it's now where Manhattan is being reborn," said Scott Schramm, a fashion executive who since 2012 has lived at 15 Broad Street, a bank-headquarters-turned-condo across from the New York Stock Exchange. Mr. Schramm, who lived in Tribeca for more than a decade, added, "It's very exciting."

## Buildings

What is clear is that there are a whole lot more places for people to live than just a few years ago, and more than a dozen apartment buildings are on the way.

Rentals still dominate, as they did in the late 1970s, when the first sustained wave of contemporary market-rate housing arrived. Around that time, most of the action was at the southern end of Battery Park City, the planned community that added its last two towers, the rentals Liberty Green and Liberty Luxe, in 2011. But in the 1990s, apartments started going in east of Broadway, where developers, spurred by property-tax benefits, snatched up office buildings with an eye to turning them residential.

Then, after Sept. 11, 2001, the residential vacancy rate soared past 30 percent. So the government dangled incentives, in the form of \$1.6 billion in federal Liberty Bonds, which paved the way for rental buildings like 90 West Street, 99 Washington Street and 2 Gold Street.

Now, Rose Associates, a major city landlord that has had a light footprint in the area — its sole property is Le Rivage, a former office building at 21 West Street that was converted in the late 1980s, is now upgrading kitchens and baths — will soon change that fact.

Next spring, Rose expects to cut the ribbon on 70 Pine Street, the Art Deco former headquarters of the American International Group, which is to house 644 apartments, mostly studios and one- and two-bedrooms. In the process, the 952-foot-high space-age tower will become one of the city's tallest residential buildings.

Co-developed with DTH Capital, the \$500 million project will also feature 122 extended-stay hotel suites, as well as 35,000 square feet of retail space across the lower levels, said Adam R. Rose, a co-president of Rose Associates.

He is most excited, though, about 70 Pine's window-lined top-floor observatory, which along with several lower floors, will be given over to a "gastro pub." He said he'll name the operator when the deal is done.

## 'It's where Manhattan began, and it's now where Manhattan is being reborn.'

"What the financial district really still needs is a destination restaurant that New Yorkers will go to regularly," he said, echoing a common complaint.

The district is already eating better. This spring Hudson Eats, a high-end food court at the revamped Brookfield Place, opened at the edge of Battery Park City. Past the 1988 Winter Garden and its palm trees, patrons dig into barbecue, sushi and burgers on high marble counters.

In a few months, Hudson Eats will be joined downstairs by Le District, which will be like "a French Eatery," said Melissa Coley, a spokeswoman for Brookfield Property Partners, its owner, referring to the well-known Italian restaurant and market complex on Madison Square Park.

Le District will be managed by Harry and Peter Psoulakos, the father-son team that owns many financial district restaurants, including several on popular Stone Street.

It also has been reported on dining sites like Eater.com and the blog Grub Street that Tom Colicchio and Keith McNally are opening restaurants in the hotel at 5 Beekman.

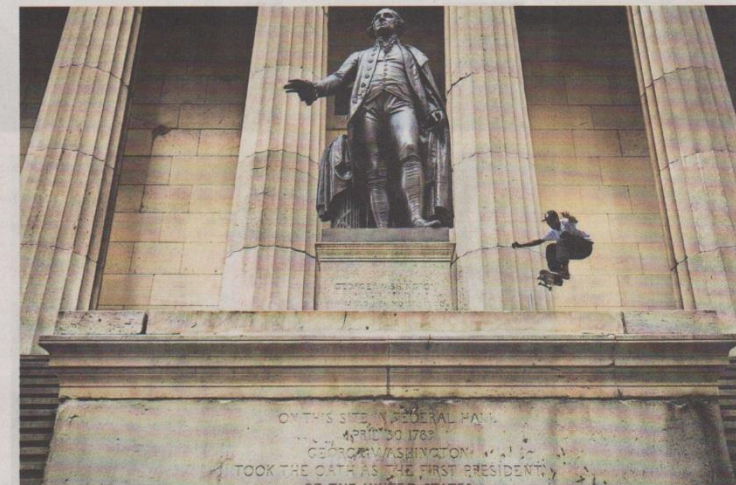
Though the shopping can be mixed — near the Hermès boutique on Broad Street, jewelry stores offer diamonds at 60 percent off — the area seems poised to be more consistently upscale going forward. The Brookfield complex, after an extensive renovation, is installing shops like Ferragamo, Michael Kors and Paul Smith, which will open their doors next spring.

Also, Westfield Group, a global mall owner, is creating Westfield World Trade Center, a snaking and mostly below-ground megalith with its own fashionable tenants. Several of its stores will be inside the Oculus, the curvaceous centerpiece of the new transportation hub at the World Trade Center.

## Families

While Mr. Rose, who is offering relatively small units, is betting on single people, other developers are counting on the financial district to become even more family-friendly than it already is.

Indeed, about 4,000 homes in the neighborhood have people below the age of 18 living under their roofs, according to 2012 census data, or about 19 percent. In 2000, about 1,600 homes fit that description, or 14



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percent, even as the percentage of family households in the borough of Manhattan declined slightly.

Suitability for families can be a deal-closer, said Eileen Hinton, a resident of the financial district since 2013. Although Ms. Hinton has lived in New York for 20 years, she had been to the financial district exactly once, for a party at the condo at 40 Broad Street. "It felt like New Jersey," she recalled, in that it seemed so far away.

But Ms. Hinton, who was living in a Flatiron district rental and expecting a child, decided to give the area another look, as it seemed to offer roomy apartments for prices well below most Manhattan neighborhoods.

What she ended up with was a 2,300-square-foot three-bedroom at 99 John Street, a condo conversion. This year, Ms. Hinton, who runs a marketing agency, bought a next-door one-bedroom, which she's renting out.

Though she declined to say what the units cost, a three-bedroom at the condo was listed earlier this month for about \$2 million.

Ms. Hinton admits the nearby construction projects can be a pain: the stroller she bought for her daughter, Chloe, is engineered to absorb bumps on the sometimes indifferently paved streets. But, she added, "if you're looking for space, value, convenience and family-friendliness, this is a great place."

Other parents cite good playgrounds, like the one shaded by London plane trees at Pearl and Fulton Streets, which reopened in 2012 after a two-year makeover. On a recent afternoon, while children ran around, the luminous facade of One World Trade Center loomed over rooftops — an insistent reminder of the area's tragic history, and, perhaps, its ability to bounce back.

Parents also like the public schools, which generally receive high marks, though several were recently added after complaints about wait lists, including Public School 276 in Battery Park City, and Public School 397, which is at the base of New York City's Gehry, an 870-foot rental on Spruce Street.

Also, the two-year-old Public School 343 is supposed to move from a temporary home to a former post office on Peck Slip, in the Seaport, in 2015.

Postcards from the financial district, descending from top and from left to right: George Washington ignores Tyslaw Jones, 15, leaping past at Federal Hall National Memorial at 26 Wall Street; at South Street Seaport, people hit the grass on Pier 15; the roof deck at W New York Downtown; foam Lady Liberty crowns are a favorite souvenir; and courting sunburn at Pier 15.

ker with Douglas Elliman in charge of sales.

"We're not going to have people walking around with martini in their hands," said Ms. McDonough, a resident of the building who also helped market it last time around.

There will be interior changes, too. A little-used handball court is being turned into a play space for older children; a common area on the penthouse level that suffered wear and tear from partying will be refreshed with new banquettes, a dining table and plants, Ms. McDonough said. Coupled with the makeover, the CIM Group, the owner, will begin a sales effort this fall for the 184 units that didn't find buyers before. And, Ms. McDonough explained, about a third of those units could be combined to accommodate families. Prices will be mostly between \$1,200 and \$1,600 a square foot.

Overall condos are expected to make up a larger slice of the housing pie going forward, according to figures from the Downtown Alliance, a civic and business advocacy group. From the beginning of 2014 to the end of 2017, the financial district is expected to welcome about 1,000 condo units and 1,200 rental units, after years when rentals were built almost exclusively.

For buyers, opportunities include 50 West Street, a long-delayed 64-story, 191-unit glass-walled tower from Time Equi-

ties on the West Side Highway. It has been 30 percent sold since June, with prices averaging about \$2,500 a square foot, a spokesman said. Buyers there and elsewhere don't seem fazed by the fact that the low-lying edges of the financial district were inundated with water by Hurricane Sandy, forcing out some residents for weeks.

Developers like Time Equities were able to revise plans after the storm hit, many relocating key equipment to high floors.

In a few weeks, sales are to kick off for the Beekman Residences at 5 Beekman, a project of the GFI Development Company. The 68 condos will be in a new tower adjoining the 287-room Beekman Hotel. The hotel is part of a conversion of a Victorian office building that was one of New York's first skyscrapers and is a source of fascination because its atrium and pyramid-shaped skylight were sealed up for much of the 20th century. The condos are to be finished in 2015.

## Prices

For years, buyers headed south in search of discounts, and found them.

In the second quarter of 2012, for example, the average sale price in the financial district for co-ops and condos was \$969 per square foot, according to Jonathan J. Miller, the president of Miller Samuel, an appraisal company. The average for all of Manhattan that quarter was \$1,065 a square foot, he said, or about 10 percent higher.

This winter, the gap closed. And this spring the trend continued, with the average financial district sale price at \$1,271 a square foot, exceeding the rest of Manhattan, which was \$1,268.

And while the financial district still may be cheaper than many Manhattan neighborhoods, the difference can be negligible. Sure, Chelsea may have averaged \$1,423 a foot in the second quarter, according to Mr. Miller's data, but the financial district is catching up with the Upper West Side, \$1,293 a foot, and Greenwich Village, \$1,284.

Big-ticket luxury sales are driving the market, brokers say. According to the Corcoran Group, for instance, the median price of new-development condos in the neighborhood jumped 37 percent in the second quarter of this year, or to \$1,147 million, from \$835,000 a year ago.

Going forward, that category will be boosted by two blockbuster sales that closed last month, both for penthouses at W New York Downtown at 123 Washington Street, completed in 2010.

The deals — one at \$2,500 a foot, and the other at \$2,600 a foot — broke records for the area, Mr. Miller said.

The building, which has sold 127 of 157 units since 2008, ran into trouble in the recession, and has cycled through several sales teams, according to the Marketing Directors, its sales agent. More than 60 other units are being offered as furnished long-term-stay apartments.

Ariel Cohen, a broker at Douglas Elliman, who is not connected with the project but focuses on downtown, said the record prices bode well. "The market is very, very healthy," he said.