

THE REAL DEAL

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Building in a changed market

Are we running out of room?

With the largest tracts spoken for, developers seek lesser-known sites Uptown

BY LAUREN ELKIES

There's a reason Manhattan building plots are so valuable. They aren't making any more of them, or are they?

A decade-long building boom has reached the farthest corners of the island with former fringe neighborhoods like Lower Manhattan and the Far West Side being built out. In New York's priciest borough, it may seem that there's no room for large-scale new construction. But developers are pushing hard to find new undeveloped sites.

"Manhattan has finally run out of large developable land," said Arthur Zeckendorf, owner and co-chairman of Zeckendorf Development. His solution is to convert dormant or depressed commercial sites by rebuilding or renovating properties that can be transformed for residential use.

The World Trade Center site is getting gobbled up by developers, but the future of the West Side railyards, a 26-acre site in the West 30s, still remains uncertain. Five of the city's largest developers, along with their corporate partners, submitted bids last month for the various sites, now owned by the Metropolitan Transit Authority.

"That really is the last really, really large site that will be able to demonstrably change an entire neighborhood," said Robert Knakal, chairman and founding partner of Massey Knakal. "This is almost like building a city within a city. Those opportunities are just not available elsewhere in Manhattan."

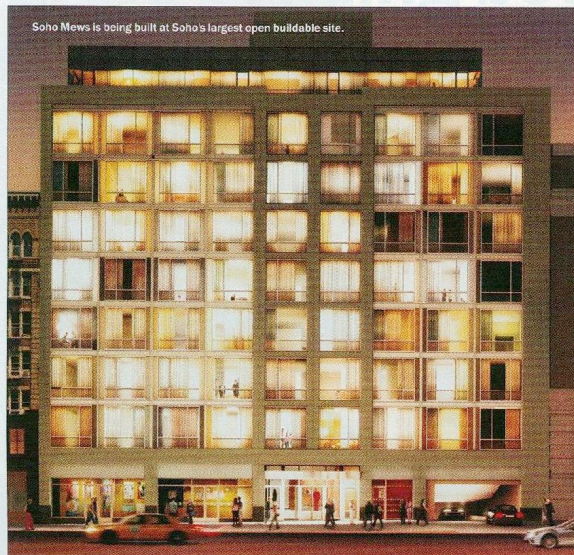
While the World Trade Center site redevelopment and the Hudson Yards have received the most press, developers are also eyeing lesser-known sites.

Some have staked out Upper Manhattan, where they believe there are areas that haven't reached their full potential.

Perhaps the last large tract of undeveloped land at the tip of the island is Sherman Creek, a 36-block area in Inwood that lies along the Harlem River waterfront. The area runs from Dyckman Street north to West 207th Street and then Broadway west to the Harlem River.

"I think Sherman Creek will be the next wave of development in Northern Manhattan," said Gus Perry, the principal broker and owner of Stein-Perry Real Estate, a brokerage specializing in the Washington Heights and Inwood areas. "I don't see why big developers wouldn't come up here. This neighborhood is ready for that kind of development."

Like the far West Side, the Sherman Creek area is neglected. Its streets are lined with warehouses, parking lots and car re-



pair shops. Both areas sit along a river [here the Harlem River waterfront] and have a marina and park.

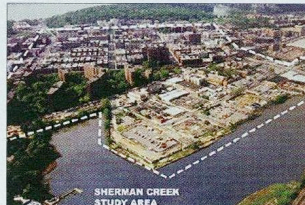
Residential, commercial and waterfront development in Sherman Creek hinge on the approval of proposed rezoning. The Department of City Planning is working with the community and elected officials to reach a consensus before unveiling the proposal for public review, said Jennifer Torres, an agency spokesperson.

"There's buzz out there," Perry said. "I think until [the upzoning] goes through, I don't think you're going to see people buying upland." He also noted, "There are a few [local] developers with plans in the works."

In Manhattanville, which runs from the Hudson River to St. Nicholas Avenue between 120th and 135th streets, there is a large developable tract of land that is likely to be taken off the market for good.

Columbia University seeks to expand its campus northward by 2030 in an area where the school's impact would create far greater value than the current state of development. The proposal for the four blocks from 129th to 133rd streets and Broadway to 12th Avenue passed the public review process last month and awaited approval from the Department of City Planning as of mid-October, said Torres, the agency spokesperson.

"You have a whole swath of land in northern Manhattan," said Stuart Saft, a partner at Dewey & LeBoeuf, a law firm



Development in Sherman Creek hinges on rezoning.

that represents many top developers. "It's just a question of how long it will be until development gets there."

The waterfront portion of Sherman Creek is ripe for development, Saft said. "Also, the portion of Inwood immediately south of the George Washington Bridge adjacent to the West Side Highway is ready for redevelopment."

Along the East River near the United Nations, developer Sheldon Solow is hoping to construct a 6 million-square-foot mixed-use development on the former Con Ed plant, which spans 34th and 41st streets along the East River. The community board, which has expressed some opposition, was reviewing the developer's waterfront proposal at the end of last month, said Torres at the planning department. If accepted, the zoning amendments could be adopted by mid-March.

"I wouldn't consider that available [land]," Knakal of Massey Knakal said. "He owns it. He's building. It's just a matter of how much square footage he will get."

Downtown also presents some development opportunities, though most significant parcels have already been spoken for.

Ground was recently broken on Soho Mews, a two-building development at Soho's largest open buildable site, at 311 West Broadway. The buildings will comprise residences and retail. Along the Hudson Square waterfront, Peter Moore Associates purchased the last known sizable development site in the neighborhood this summer for \$34 million. The parcel can accommodate an 88,000-square-foot commercial building.

Developers can still build at piers dotting the Hudson River between Battery Park City and West 59th Street, although sites are limited to commercial use.

"We have such underutilized pier space that can be developed to serve the community better by including some form of development," said Adelaide Polsinelli, a senior executive broker and head of the Platinum Team at Besen & Associates.

Pier development, however, is an uncertain undertaking, said Knakal, a commercial real estate veteran of long standing. "You don't know what the development potential of the piers are. They're zoned on a spot-zoning basis. I don't think there's any way to know the square footage of the sites."

Optimistic real estate pros know that there are always development opportunities around the corner. "Any large sites in the future will have to be created through land assemblages," said Knakal.

Kenneth Horn, president of Alchemy Properties, said, "I think there's more infill than large [open] swaths."

Still, available land might be hard to find unless it is created.

The New York Times reported last month that Charles Urstadt, who spearheaded the 1960s creation of landfill that became Battery Park City, wants to do more of the same. The chairman of Urstadt Biddle Properties would like to build in the Hudson River a 40- to 50-acre addition to Lower Manhattan.

To locate property, existing boundaries—and perceptions—may need to be redrawn.

"When I was a little boy, my father once came home and said to my mother, 'They're running out of land in New Jersey. I think that that perception is always going to be the case amongst real estate developers as land becomes more scarce,' said Charles Kushner, chairman of New Jersey-based Kushner Companies. "Who knows that they won't be tearing down Harlem one day and creating bigger development sites or extending the borders of New York northward?" **TRE**